BOARD MEETING OF MARCH 12, 2009

C. Kent Conine, Chair

TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

Gloria Ray, Vice-Chair
Leslie Bingham Escareño, Member
Tomas Cardenas, Member
Sonny Flores, Member
Juan Muñoz, Member

MISSION

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

A G E N D A

12:00 noon
March 12, 2009

Galveston Island Convention Center
5600 Seawall Blvd
Galveston, TX 77551

CALL TO ORDER, ROLL CALL — Kent Conine, Chairman
CERTIFICATION OF QUORUM

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

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

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

Executive Division: — Tim Irvine, Secretary to the Board

a) Presentation, Discussion and Possible Approval of Board Meeting Minutes of November and December 2008

Multifamily Finance: — Robbye Meyer, Dir. Multifamily Finance

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

04478	Villas at Winkler Senior Housing	Houston
05446	Providence at Marine Creek	Fort Worth
060186	Sunset Way Apartments	Port Arthur
07194	Villas of Brownwood Apartments	Brownwood
07103	Oak Tree Village Apartments	Dickinson

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

d) Presentation, Discussion and Possible Approval of a Change in the Fee Schedule for Multifamily Tax-Exempt Bond Issuances through the Department

Housing Resource Center: — Brenda Hull, Mgr. Housing Resource Ctr.

e) Presentation, Discussion and Possible Approval of the 2009 State of Texas Low Income Housing Plan and Annual Report

Community Affairs: — Amy Oehler, Dir. Community Affairs

f) Presentation, Discussion and Possible Approval of the 2009 U.S. Department of Energy Weatherization Annual Plan

g) Presentation, Discussion and Possible Approval of the 2009 Low Income Home Energy Assistance Program and Department of Energy Weatherization Awards

Office of Colonia Initiatives: — Homer Cabello, Dir. OCI

h) Presentation, Discussion and Possible Approval of a Memorandum of Understanding (MOU) between the Texas Department of Housing and Community Affairs (TDHCA) and the Office of Rural Community Affairs (ORCA) regarding the management of Community Development Block Grant (CDBG) funds for the Colonia Self-Help Center (SHC) Program

i) Presentation, Discussion and Possible Approval of new members to the Colonia Resident Advisory Committee

HOME and Housing Trust Fund Programs: — Cameron Dorsey, HOME/HTF Manager

j) Presentation, Discussion and Possible Approval of the 2009 Housing Trust Fund Capacity Building Program Request for Qualifications (RFQ)

k) Presentation, Discussion and Possible Approval of Housing Trust Fund Program Award Recommendations:

Homebuyer Assistance Program

2009-0001	Brownsville Housing Finance Corporation	Brownsville

Housing Rehabilitation Assistance Program

2009-0002	City of Taylor	Taylor

Rental Production Program

08335	Meadow Park Village	Lockhart
08339	Crown Point Apartments	Venus

ACTION ITEMS

Item 2: Executive: — Tim Irvine, Dep. Executive Director

a) Presentation, Discussion and Possible Approval of policy regarding use of the American Recovery and Reinvestment Act (ARRA) 2009 Exchange Program and HOME Partnership Tax Credit Gap Financing

Item 3: Multifamily Division Items - Housing Tax Credit Program: — Robbye Meyer, Dir. Multifamily Finance

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

04456	Providence at Marshall Meadows	San Antonio

b) Presentation, Discussion and Possible Waiver of Requirements of the Qualified Allocation Plan and Rules for 2007 Applications that Returned Awards and Reapplied Under the 2009 Competitive Housing Tax Credit Application Cycle

c) Presentation, Discussion and Possible Action on Housing Tax Credit Appeals:

Appeals Timely Filed

Item 4: Multifamily Division Items–Private Activity Bond Program: — Robbye Meyer, Dir. Multifamily Finance

a) 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 2009

09603 Willow Oak
White Settlement, Tarrant County
Resolution #09-032

Item 5: Real Estate Analysis: — Tom Gouris, DED - Programs

a) Presentation, Discussion and Possible Action for 2008 Competitive Housing Tax Credit Appeals of Underwriting

08255	West Park Senior Housing
08256	Westway Place

Appeals Timely Filed

Item 6: Community Affairs: — Amy Oehler, Dir. Community Affairs

a) Presentation, Discussion and Possible Action on the appeal from the Texas Association of Community Action Agencies on application matters

b) Presentation, Discussion and Possible Approval of the 2009 Community Services Block Grant State Discretionary Awards

Item 7: Disaster Recovery: — Kelly Crawford, DED - Disaster Recovery

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

b) Presentation, Discussion, and Possible Action regarding a Notice of Funds Availability for a $58 million affordable rental housing set-aside under CDBG disaster funding related to Hurricanes Ike and Dolly

Item 8: Bond Finance: — Matt Pogor, Dir. Bond Finance

a) Presentation, Discussion and Possible Approval of Resolution No. 09-029 authorizing the Department to enter into substitute liquidity facilities provided by the Comptroller of Public Accounts of the State of Texas and approving amendments to the Supplemental Indentures for the 2006 Series H and 2007 Series A Single Family Variable Rate Mortgage Revenue Bonds

b) Presentation, discussion and preliminary approval authorizing the Department to utilize available funds to provide assistance to the remaining allocation of unassisted mortgage rate funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009

c) Presentation, discussion and preliminary approval authorizing the Department to utilize Housing Trust Fund (HTF) funds to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009

Item 9: HOME and Housing Trust Fund Programs Division: — Cameron Dorsey, HOME/HTF Manager

a) Presentation, Discussion and Possible Action for Appeals:

08328	Estates at Northside	Pilot Point

Appeals Timely Filed

b) Presentation, Discussion and Possible Approval of HOME Program Award Recommendations:

Rental Housing Development Program

08346	Quail Run Apartments	Decatur
08347	Northview Apartments	Kilgore
08345	First Huntington Arms	Huntington
08154	Mineral Wells Pioneer Crossing	Mineral Wells

c) Presentation, Discussion and Possible Approval of Requests for Amendments to HOME Program Contracts/Loans from the following list:

1000437	Windvale Park Apartments	RHD

Item 10: Executive: — Tom Gouris, DED - Programs

a) Presentation, Discussion and Possible Approval of the Notice of Funding Availability for the Texas Neighborhood Stabilization Program

EXECUTIVE SESSION

Kent Conine, Chairman

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

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

c) Consultation with Attorney Pursuant to §551.071(a), Texas Government Code:

1. With Respect to pending litigation styled *Rick Sims v. Texas Department of Housing and Community Affairs* filed in federal district court (new filing of previously dismissed suit)

2. With Respect to pending litigation styled *The Inclusive Communities Project*, *Inc. v. Texas Department of Housing and Community Affairs, et al* filed in federal district court

3. With Respect to pending litigation styled *M.G. Valdez Ltd. v. Texas Department of Housing and Community Affairs* filed in District Court, Hidalgo County

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

5. Potential sale of agency owned real estate and/or sales of loans

OPEN SESSION

Kent Conine, Chairman

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

1. TDHCA Outreach Activities, December 2008
2. Single Family MRB Rescue Fund Update

ADJOURN

To access this agenda & details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Nidia Hiroms, 512-475-3934; TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Gina Esteves, ADA Responsible Employee, at 512-475-3943 or Relay Texas at 1-800-735-2989 at least two days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Nidia Hiroms, 512-475-3934 at least three days before the meeting so that appropriate arrangements can be made.

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

To Be Posted
three days
prior to the meeting

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
March 12, 2009

Action Items

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

Required Action

Approve, Amend or deny the requests for extensions related to one (1) 2004, one (1) 2005, one (1) 2006 and two (2) 2007 Housing Tax Credit allocations.

Background

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

HTC No. 04478, Villas at Winkler Senior Housing
(Cost Certification Extension)

Summary of Request: Pursuant to §49.16(a) of the 2004 Qualified Allocation Plan "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...". The owner missed the April 1, 2007, deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on June 24, 2008, but requested the extension on March 2, 2009 as a response to a deficiency notice. The Real Estate Analysis Division is currently reviewing the remaining documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Winkler Senior Housing, LP
General Partner:	Winkler Senior Housing
Developer:	Odyssey Property Holdings
Principals/Interested Parties:	Saleem Jafar
City/County:	Houston/Harris
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	234 HTC units
2004 Allocation:	$689,215
Allocation per HTC Unit:	$2,945
Extension Request Fee Paid:	$2,500
Current Deadline:	April 1, 2007
New Deadline Requested:	June 24, 2008
New Deadline Recommended:	**June 24, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

ODYSSEY RESIDENTIAL HOLDINGS, L.P.
5420 LBJ FREEWAY, SUITE 1235
TWO LINCOLN CENTRE
DALLAS, TX 75240
972-701-5551
972-701-5562 FAX

Ms. Audrey Martin
TDHCA
221 E. 11th Street
Insurance Building Annex
Austin, TX 78711

February 26, 2009

RE: Extension of time to file the cost certification package for issuance of 8609 for Villas at Winkler Senior Housing, TDHCA #04-478

Dear Audrey:

In follow up to our call today, we are requesting an extension for submission of our cost certification package for issuance of 8609s to June 2008. The buildings are all completed and placed in service as of December 31, 2006. The property is fully operational at this time..

The audit of the costs by Reznick Group is complete and the as-built surveys are available. We needed the additional time to prepare all the required back up for the submission. This time allowed us to insure the submission is both complete and accurate to allow for ease of processing. Since we did not submit in time we are asking for extension at this time.

I have enclosed the required fee with the request for this extension. Your consideration is appreciated.

If you need additional information, please do not hesitate to contact us.

Sincerely,

James R. (Bill) Fisher
Vice President

HTC No. 05446, Providence at Marine Creek
(Cost Certification)

Summary of Request: Pursuant to §49.15(a) of the 2005 Qualified Allocation Plan "…Developments requesting IRS Forms 8609 must submit the required Cost Certification documentation no later than April 1 of the year following the date the buildings were placed in service...". The owner originally requested an extension to the April 1, 2008 deadline to July 1, 2008 to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on July 17, 2008, which was past their extended deadline. They requested a extension of the late submission on January 20, 2009 as a result of a deficiency notice. The Real Estate Analysis Division is currently reviewing the remaining documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Cottonwood Hammer, LP
General Partner:	Cottonwood Hammer GP, LLC
Developer:	Provident Realty Development, LP
Principals/Interested Parties:	Leon Backes
City/County:	Fort Worth/Tarrant
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Elderly
Units:	252 HTC units
2005 Allocation:	$992,460
Allocation per HTC Unit:	$3,938
Extension Request Fee Paid:	$2,500
Current Deadline:	July 1, 2008
New Deadline Requested:	July 17, 2008
New Deadline Recommended:	**July 17, 2008**
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

COTTONWOOD HAMMER, LP

5400 LBJ FREEWAY, SUITE 975
DALLAS, TEXAS 75240
TEL. 972.385.4131
FAX 972.385.9088

NOV 06 2008

October 16, 2008

Audrey Martin
Real Estate Analysis Division
221 East 11th
Austin, Texas 78701

RE: Request for Information for Cost Certification of Providence at Marine Creek #05446

Dear Ms. Martin:

The following along with attachments are the response to your request sent October 2, 2008.

1. **<u>Tab 3, Ownership Structure:</u>** Attached is the corrected Organizational chart including the MHH Holding, LLC entity. Although the original chart in the application listed Cottonwood Hammer, LLC as the general partner, Part B and C had the entity correctly named.
2. **<u>Exhibit 5A Development Summary with Architect's Certification:</u>** a. The reason there are 12 buildings listed and not the 9 proposed is that the City of Fort Worth would only issue TCO's for the senior building in four sections, so although the exhibit states 12 buildings building 9 is one physical building., Volume 1 Tab 2 Part G of the original application indicates 4,526 square footage which is the combined square footage of both senior and family clubs. The NRA was corrected to match the other exhibits.

b. The listed items were provided but weren't marked by the Architect; a revised exhibit page is attached.
c. The listed items were provided to both family and elderly portions of the development.
d. The land purchase contract was for 20.01 acres pending a survey, after the survey it appeared there was 21.554 acres but this included 2.7696 acres that was right of way and street improvements of Old Decatur Road which were ceded to the City of Fort Worth, so the correct acreage is 18.784. Attached is a revised exhibit page.

3. **Tab 6, Survey:** Attached is the second page of the survey.
4. **Tab7, Settlement Statement:** Attached is a signed copy of the settlement statement.
5. **Legal Description:** See response to number 2 item d. above.
6. **Tab 9, Certificates of Occupancy:** Attached are the Certificates of Occupancy.
7. **Exhibit 10C, Total Development Cost Schedule:**

a. Offsite Costs – To be discussed.

b. Garages - $25,570 identified in the G702 is included in the Accessory Buildings line item on Exhibit 10C. All costs included in this line are ineligible. The client allocated $100K for garages since the line item on the G702 did not include woodwork and roofing costs with the garage costs. $9,743 is also included on this line for washer and dryers at the property.

c. Reznick Group allocation for hard costs is as follows:

	Total	
G702 Contract Total	16,805,598	
CO to increase fees	90,000	
Contract	16,895,598	
Garages	109,743	$100K for Garages and $9,743 for Washer/Dryers allocated by client
Site work	2,885,601	G702 Div 2 Total
Off-site		Offsite was treated as eligible costs on Site Work line
General Conditions	880,280	Increased from G702 amount by $40K
Profit	880,280	Increased from G702 amount by $40K
Overhead	290,093	Increased from G702 amount by $10K
Net Hard Costs	11,849,601	

8. **Exhibit 11C, Annual Operating Expenses:**

a. Property Tax bill – Attached is the 2007 Tax Statement as the 2008 Property tax is still being litigated.

b. Debt service – The Exhibit 13A is correct, attached is a revised Exhibit 11D

9. **Exhibit 11D, 30-Year Proforma:** The $29,580 is the annual trustee fee, issuer admin fee, the bond issuer fee, asset oversight fee, tax credit compliance fee.
10. **Tab 12, Rent Roll:** The rent roll is correct, the construction plans tabulation page didn't list the C-1 units accurately I have revised the affected exhibits.

11. **Tab 13, Financing Structure:** The document is from the Bond Purchase Agreement.
12. **Late Cost Certification Fee:** The cost certification was delayed in being submitted because the bond purchaser would not allow the trustee to sign the Consent and Subordination of Lienholder for the LURA, as soon as we received the recorded LURA back from TDHCA we filed the cost certification if we must request this extension please consider this our request.
13. **Additional Credit Fee:** Noted

If you have any questions or need additional information please contact me at 972.385.4131 or email at mharris@providentrealty.net or you can reach Doug Backes at 972.385.4110 or email at dbackes@providentrealty.net

Sincerely,

Doug Backes
Development Associate

<u>HTC No. 060186, Sunset Way Apartments</u>
(Cost Certification Extension)

<u>Summary of Request:</u> Pursuant to §50.15(b)(2) of the 2006 Qualified Allocation Plan, "…Required Cost Certification documentation must be received by the Department no later than January 15 following the year the Credit Period begins…". The owner missed the January l5, 2008 deadline to submit cost certification documentation for the above referenced development. The owner submitted the full cost certification documentation on February 6, 2009 and the Real Estate Analysis Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Sunset Way, Ltd.
General Partner:	Sunset Way, I, LLC
Developer:	Sunset Way Development, LLC
Principals/Interested Parties:	Rick J. Deyoe and John O. Boyd
City/County:	Port Arthur/Jefferson
Set-Aside:	N/A
Type of Area:	Urban
Type of Development:	New Construction
Population Served:	Family
Units:	96 HTC units
2006 Allocation:	$825,046
Allocation per HTC Unit:	$8,594
Extension Request Fee Paid:	$2,500
Current Deadline:	January 15, 2008
New Deadline Requested:	February 6, 2009
New Deadline Recommended:	February 6, 2009
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

SUNSET WAY, LTD

February 13, 2009

Audrey Martin
Senior Cost Certification Specialist
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Sunset Way Apartments (TDHCA #060186)
Cost Certification Package

Dear Ms. Martin:

Please accept this letter as our written request for approval of an extension of the filing of the 8609 application package for the development referenced above. The cost certification package was not submitted by the January 15th deadline. However, the cost certification package has since been submitted, reviewed, and all deficiencies are currently being resolved to the satisfaction of the Real Estate Analysis Department.

As required, please find enclosed a check in the amount of $2,500.00 which represents the extension fee.

We respectfully request approval of this extension. Should you have any questions or require additional information, please do not hesitate to contact us.

Sincerely,

Rick J. Deyoe,
Managing Member of Sunset Way I, LLC

COST CERTIFICATION
FEB 16 2009

912 S. Capital Texas Hwy Suite 200, Austin, Texas 78746 Office: (512) 306-9206 Fax: (512) 306-9010

<u>HTC No. 07194, 377 Villas of Brownwood Apartments</u>
(Commencement of Substantial Construction)

<u>Summary of Request:</u> Pursuant to §49.14(c) of the 2007 Qualified Allocation Plan, "The Development Owner must submit evidence of having commenced and continued substantial construction activities. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with a possibility of an extension…". The owner missed the December 1, 2008 deadline to submit commencement of substantial construction for the above referenced development. The owner submitted the full commencement of substantial construction documentation on December 8, 2008 and the Compliance Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	377 Villas of Brownwood Apartments, LP
General Partner:	377 Villas of Brownwood Developers, LLC
Developer:	377 Villas of Brownwood Developers, LLC
Principals/Interested Parties:	G. Granger MacDonald, T. Justin MacDonald, and John S. Ford
City/County:	Brownwood/Brown
Set-Aside:	N/A
Type of Area:	Rural
Type of Development:	New Construction
Population Served:	Family
Units:	73 HTC units
2007 Allocation:	$687,210
Allocation per HTC Unit:	$9,414
Extension Request Fee Paid:	$2,500
Current Deadline:	December 1, 2008
New Deadline Requested:	December 8, 2008
New Deadline Recommended:	December 8, 2008
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

MACDONALD COMPANIES

MULTI-FAMILY DEVELOPMENT • CONSTRUCTION • MANAGEMENT

Via Electronic Mail & 1st Class U.S. Mail

February 10, 2009

Kent Bedell
Multifamily Housing Specialist
TDHCA
P.O. Box 13941
Austin, Texas 78711-3941

RE: 377 Villas, TDHCA #07194

Dear Mr. Bedell,

We respectfully request that the Department grant an extension of the deadline to file the notice of Commencement of Substantial Construction.

While the deadline for filing was December 1, 2008, we were unable to complete the required documentation until December 8, 2008. The reason for this 7-day delay is that we were waiting on the syndicator's inspector report to come in. As you will notice, all other documentation submitted was dated prior to the December 1 deadline. As this delay was only seven days, and was purely due to paperwork, there is no change anticipated in the construction schedule, and completion is expected as planned.

As you noted in your email of February 9, 2009, the Department has already received our extension request fee of $2500.

Please feel free to contact me if you need any additional information to process this request.

Sincerely,

377 Villas of Brownwood Apartments, L.P.
By: 377 Villas of Brownwood Developers, L.L.C., its General Partner

By: T. Justin MacDonald, its Manager

2951 Fall Creek Road • Kerrville, Texas 78028 • (830) 257-5323 • Fax (830) 257-3168

HTC No. 07103, Oak Tree Village Apartments
(Commencement of Substantial Construction)

Summary of Request: Pursuant to §49.14(c) of the 2007 Qualified Allocation Plan, "The Development Owner must submit evidence of having commenced and continued substantial construction activities. The evidence must be submitted not later than December 1 of the year after the execution of the Carryover Allocation Document with a possibility of an extension…". The owner missed the December 1, 2008 deadline to submit commencement of substantial construction for the above referenced development. The owner submitted the full commencement of substantial construction documentation on February 19, 2009 and the Compliance Division is currently reviewing the documentation for completeness. The owner's extension request included all documentation necessary to comply with the requirement.

Owner:	Community Retirement Center of Galveston County, L.P.
General Partner:	Community Retirement Centre, Inc, JAH Development LLC, and I-Integrity Management, Inc.
Developer:	OTV Development Group, LLC
Principals/Interested Parties:	Charles Holcomb, Joseph Hoover, and Star Rhodes
City/County:	Dickinson/Galveston
Set-Aside:	N/A
Type of Area:	Urban/Exurban
Type of Development:	New Construction
Population Served:	Elderly
Units:	36 HTC units
2007 Allocation:	$371,883
Allocation per HTC Unit:	$10,330
Extension Request Fee Paid:	$2,500
Current Deadline:	December 1, 2008
New Deadline Requested:	February 19, 2009
New Deadline Recommended:	**February** 19, 2009
Previous Extensions:	N/A
Staff Recommendation:	**Approve the extension as requested.**

COMMUNITY RETIREMENT CENTRE, INC.

1013 VAN BUREN HOUSTON, TX 77019 713 522 4141

February 17, 2009

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78711

02-19-09P12:04 RCVD

ATT: Kent Bedell

RE: Oak Tree Village, TDHCA # 07103
Commence of Substantial Completion

Dear Mr. Bedell,

Please accept this letter as our request in submitting the data required for "Commencement of Substantial Completion". We do not need an extension in achieving the requirements for Commencement of Substantial Completion. We only need an extension in submitting the required documentation. Because we became preoccupied with closing into the Permanent Mortgage on our other LIHTC development (Cedar Drive Village) by the end of the year we simply forgot to submit the required documentation.

The documentation herein will indicate that we easily achieved the requirements of Commencement of Substantial Completion as of November 2008.

Attached hereto you will find:

1. Extension fee in the amount of $2,500.00.

2. Copy of building Permit issued 12/21/07

3. Photos showing current completion of the development. We have accepted three of the buildings and will begin leasing this month.

4. Copy of the Contractors pay request (AIA G 702) showing that:
   - A. 100% of the slabs were in place prior to November 2008.
   - B. 100% of the framing was in place prior to November 2008
   - C. 76 % of the work was completed by November 2008

5. Architects Construction Report dated November26, 2008 stating that:

   A. 100% of the slabs were in place prior to November 2008.

   B. 100% of the framing was in place prior to November 2008.

   C. 76% of the work was completed by November 2008

6. Hard and Soft Draw Request showing that $2, 303, 717.19 (51.42 %) of the Development Budget ($4,481,995) had been expended by November 2008.

The work is currently 97% complete and will be 100% complete by April 2009.

For the above reasons we beg your approval of this request.
Thank you for your affirmative action.

Charles Holcomb
OTV Partners, GP
Community Retirement Centre, Inc. / Managing member
Community Retirement Center of Galveston County, LP

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of Trustees for the Multifamily Mortgage Revenue Bond Transactions.

Requested Action

Approve, Amend or Deny the Recommended Trustee Mentioned Below.

Background

The Department currently has an open Request for Qualifications (RFQ) published on the website. On January 20, 2009, the Department received a RFQ from Bank of Texas which has requested to serve as a trustee for the Department's multifamily housing revenue bond transactions. Bank of Texas is a smaller bank, an affiliate of Bank of Oklahoma. For multifamily bond transactions, the Applicant selects a trustee from an approved list published by the Department. The trustee administers the Trust Indenture, makes payments to the Bondholders and disburses bond proceeds, and provides reports on bond issues and fund balances to the Department.

The Department currently has four (4) trustees on its approved trustee list. After reviewing the qualifications submitted by Bank of Texas, staff is concerned with the limited experience and history as a trustee for multifamily bond transactions, the small size of multifamily transactions that Bank of Texas has handled, overall size of the bank's trusteed multifamily bond portfolio, and lack of trusteeships in Texas. The Department is unable to conclude that Bank of Texas possesses the requisite level of demonstrated capability in the administration of bond trust indentures to be added to the Multifamily Bond Approved Trustees List at this time.

Recommendation

Staff recommends that the Board not approve Bank of Texas as a trustee for multifamily bond transactions.

Experience Summary

Corporate Trust Group Engagements
Multifamily Housing Revenue bond issues

Issuance Name	Bond Amount	Date
Southwest Rural Development Multifamily Housing Revenue Bonds Series A	$4,900,000	12/29/2005
Southwest Rural Development Multifamily Housing Revenue Bonds Series B	$2,365,000	12/29/2005
Arkansas Development Finance Authority Multifamily Housing Revenue Bonds	$6,360,000	2006
Multifamily Housing Revenue Bonds (Plaza Hills East Apartments Project) Refunding Series 2006	$7,047,000	9/28/2006
The Town of Shalimar Florida Multi-Jurisdictional Multifamily Housing Revenue Bonds Series 2007	$3,980,000	12/26/2007

The Bank of Texas does not have any direct experience with the Texas Treasury Safekeeping Trust Company. The Bank does have experience with various types of Variable Rate Demand Notes, Auction Rate Securities, Commercial Paper and Medium Term Notes.

Approved Trustees for Multifamily Bond Transactions

Wells Fargo Bank Texas, N.A. (6/08)
Contact: Sherri H. Owen or Greg Hasty
1445 Ross Avenue, 2nd Floor
Dallas, Texas 75202
Phone: (214) 668-6450
Sherri.h.owen@wellsfargo.com
Phone: (214) 740-1548
greg.hasty@wellsfargo.com

Bank of New York Mellon Trust Company, N.A. (6/08)
Dallas Contact: Kathy McQuiston
2001 Bryan Street, 8th Floor
Dallas, Texas 75201
Phone: (214) 468-6117
kathy.mcquiston@bnymellon.com

U.S Bank National Association (08/07)
Contact: Ronda Parman
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MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of a Change in the Fee Schedule for Multifamily Tax-Exempt Bond Issuances through the Department.

Requested Action

Approve changes and authorize credit of a portion of previously collected fees for Private Activity Bond Program where TDHCA was the issuer.

Background and Recommendations

The recent economic stresses have been particularly difficult on rental developments funded with mortgage revenue bond funds. The Department has received a number of requests to re-evaluate the Department's fee structure to determine if any financial relief is available for properties under financial pressure. The Department has received public comment that a redundancy in the compliance monitoring and asset oversight activities exists. Therefore, asset oversight activities, as an additional review activity rather than regulatory activity, should be available at the choice of the owner. However, if it is believed the added reviews provide material added value, then the reviews should be considered for all Bond financed developments, not just multifamily tax-exempt issuances by the Department. The Department has conducted an assessment of the current fee structure for TDHCA issued Bond developments which have associated tax credits.

The results of the review indicate that the Department should not cut the tax credit per unit fee since it very closely covers the cost of monitoring and related operations and is consistent with the tax credit fees for non-Bond funded developments. However, two means of providing relief to developments that have been financed through Bonds issued by the Department have been identified: one through a perspective reduction and crediting of past compliance monitoring fees collected and another by making the asset oversight activities and associated fee optional.

The Department's Bond rules have included a $40 per unit annual compliance fee in addition to the $40 per unit tax credit compliance fees in the tax credit rule. The Department has determined that the cost for monitoring properties layered with bonds and housing tax credits was overestimated. Compliance monitoring for this portfolio can be covered with the standard tax credit compliance monitoring fee of $40 and a $25 per unit bond compliance monitoring fee. This decrease in fees will reduce the Department revenue by an estimated $96,000 per year and result in a direct savings of the same amount for the development community.

In addition, the Department believes that previously collected fees can be credited back to the properties that paid them in the amount of $139,830. The Department has sufficient compliance fee reserves and will utilize these previously collected and reserved funds to fund the ongoing monitoring activity.

The Bond rules include a $25 per unit fee for asset oversight in addition to the compliance monitoring fee. The Bond and asset oversight fees were included in the Bond rules for the first time in 2008; however, they have been collected as a separate fee at various rates in prior years. The additional $25 per unit fee for asset oversight is collected by and the activity is currently performed by the Texas State Affordable Housing Corporation (TSAHC) through a contract with TDHCA which provides $3 per unit returned to TDHCA. The provision for this activity and its related fees are included in the bond transaction documents. In some earlier developments, TSAHC is specifically identified as the asset oversight entity, but in most cases TDHCA is identified as the oversight entity.

The asset oversight fee and asset oversight review are proposed to be eliminated except where the developer requests or bond documents require that this separate activity continue. This would result in a $25 per unit reduction in fees. Again this will be a voluntary agreement to stop performing the third party asset oversight activity based on the owner's interest in discontinuing the program.

The Department held a roundtable discussion regarding these fees on January 21, 2009. There were 7 individuals present with representation from Texas Affiliation of Affordable Housing Providers, Texas Apartment Association, management companies, the development community, the Governor's office and TSAHC. There was general agreement in reducing fees where possible and eliminating those that are unnecessary. In doing so, it would help create more leverage resulting from the loss of credits. It is noted that TSAHC is opposed to the changes.

Another suggestion was to use the TDHCA Annual Owner's Compliance report to determine which properties need an asset oversight review. It has been determined that the existing report already collects much of the pertinent information needed to make such a determination. The report could be expanded in future years to gather additional asset oversight information. If such things as occupancy rates, debt coverage ratio and cash flow were cause for concern then the Department could recommend or require an asset oversight review.

The Department believes that routine compliance monitoring combined with an expanded Annual Owner's Compliance Report to detect property management problems will ensure that the properties who elect not to continue asset oversight reviews will be maintained at a high quality and there will be no negative impact to the residents.

Staff Recommendation

Staff recommends approval of the reduction of fees, the credit back to tax-exempt bond/tax credit properties that previously prepaid compliance fees in excess of $65 per unit per year in total compliance monitoring fee, and providing an option for bond properties to elect not to participate in the asset oversight program going forward where bond documents allow.

Housing Resource Center

BOARD ACTION REQUEST

March 12, 2009

Action Items

2009 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

Required Action

Approval of the release of the *2009 SLIHP*. The following attachments are provided:

- Attachment A - Summary of Substantive Changes from the *2008 SLIHP* and the *2009 SLIHP (Draft for Public Comment)*
- Attachment B - *2009 SLIHP*

Background

The Texas Department of Housing and Community Affairs is required to submit the *State of Texas Low Income Housing Plan and Annual Report* (SLIHP) annually to the governor, lieutenant governor, speaker of the house, and legislative oversight committee members not later than 30 days after the TDHCA Board receives the final SLIHP. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on 2008 performance during the preceding fiscal year (September 1, 2007, through August 31, 2008).

The SLIHP was made available for public comment on January 5th through February 2nd, 2009. There were no public comments received during the public comment period.

Recommendation

Approval of the *2009 SLIHP* is recommended.

Attachment A

Summary of Substantial Changes from the 2008 SLIHP

- Updated Annual Report section reflecting FY 2008 program performance by households/individuals and income group for the state and each region; updated performance measure information for goals and strategies reflecting FY 2008 performance, including updated targets for FY 2009.
- Reorganized and updated program action plan section. The action plan is now organized around a Housing Support Continuum, which details programs provided by the Department from homelessness assistance through foreclosure mitigation and recovery. The action plans have also been updated to reflect any programmatic changes.
- Updated Regional Allocation Formula reflecting updated data and updated Colonia Action Plan.

Summary of Changes from the 2009 SLIHP (Draft for Public Comment)

- Updated performance figures for FY 2008; clarified program descriptions; reorganized the Housing Support Continuum; general formatting and editing for clarity
- Updated disaster recovery efforts for Hurricanes Dolly and Ike
- Updated projected funding amounts from the American Recovery and Reinvestment Act of 2009 (ARRA)

Attachment B

2009 State of Texas Low Income Housing Plan and Annual Report

Texas Department of Housing and Community Affairs, March 2009

2009 State of Texas Low Income Housing Plan and Annual Report

Spring Terrace, Austin, is a Single-Room-Occupancy complex funded through the Multifamily Bond Program. The development features environmentally-friendly solar panels and a rain collector.

2009 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

TABLE OF CONTENTS

SECTION 1: INTRODUCTION

The Texas Department of Housing and Community Affairs (TDHCA, Department) is the State's lead agency responsible for affordable housing. TDHCA offers a Housing Support Continuum for low- to moderate-income Texans with services ranging from poverty and homelessness prevention to disaster recovery.

INSTITUTIONAL STRUCTURE

In 1991, the 72nd Texas Legislature created the Texas Department of Housing and Community Affairs. The Department's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs and the Community Development Block Grant Program from the Texas Department of Commerce.

On September 1, 1992, two programs were transferred to TDHCA from the Texas Department of Human Services: the Low Income Home Energy Assistance Program (LIHEAP) and the Emergency Nutrition and Temporary Emergency Relief Program (ENTERP). Effective September 1, 1995, in accordance with House Bill 785, regulation of manufactured housing was transferred to the Department. In accordance with House Bill 7, effective September 1, 2002, the Community Development Block Grant (CDBG) and Local Government Services programs were transferred to the newly created Office of Rural Community Affairs (ORCA). However, TDHCA, through an interagency contract with ORCA, administers 2.5 percent of the CDBG funds used for the Self-Help Centers along the Texas-Mexico border. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

AGENCY MISSION AND CHARGE

TDHCA's mission is "to help Texans achieve an improved quality of life through the development of better communities."

TDHCA accomplishes this mission by administering a variety of housing and community affairs programs for households whose incomes are low to moderate as determined by the Area Family Median Income (AMFI). A primary function of TDHCA is to act as a conduit for federal grant funds for housing and community services. Additionally, because several major housing programs require the participation of private investors and private lenders, TDHCA also operates as a housing finance agency.

More specific policy guidelines are provided in §2306.002 of TDHCA's enabling legislation:

> *(a) The legislature finds that:*
>
> > *(1) every resident of this state should have a decent, safe and affordable living environment;*
> >
> > *(2) government at all levels should be involved in assisting individuals and families of low income in obtaining a decent, safe and affordable living environment; and*
> >
> > *(3) the development and diversification of the economy, the elimination of unemployment or underemployment and the development or expansion of commerce in this state should be encouraged.*
>
> *(b) The highest priority of the department is to provide assistance to individuals and families of low and very low income who are not assisted by private enterprise or other governmental programs so that they may obtain affordable housing or other services and programs offered by the department.*

Funding sources to meet the legislative goals include the U.S. Department of Housing and Urban Development, U.S. Treasury Department, U.S. Department of Health and Human Services, U.S. Department of Energy and State of Texas general revenue funds. With this funding, TDHCA strives to promote sound housing policies; promote leveraging of state and local resources; prevent discrimination; and ensure the stability and continuity of services through a fair, nondiscriminatory and open process. Because of the great amount of need in proportion to the federal and state funding available, the Department strives to provide the most benefit by managing these limited resources to have the greatest impact.

TDHCA is only one organization in a network of housing and community services providers located throughout the state. This document focuses on programs within TDHCA's jurisdiction, which are intended to either work in cooperation with or as complements to the services provided by other organizations.

HOUSING SUPPORT CONTINUUM ACTIVITIES OVERVIEW

TDHCA's Housing Support Continuum can be divided into six categories. It should be noted that, with the exception of the Section 8 Housing Choice Voucher Program, TDHCA administers its programs and services through a network of organizations across Texas and does not fund individuals directly.

The TDHCA Housing Support Continuum is as follows:

(1) Poverty and Homelessness Prevention

For Texans who struggle with poverty or are currently homeless, TDHCA offers several programs that provide essential services to assist with basic necessities. The Community Services Block Grant Program provides essential services such as child care, health and human services, job training, farmworker assistance, nutrition services and emergency assistance that may prevent poverty. To assist low-income Texans who may have a residence but struggle to pay energy costs associated with housing, the Comprehensive Energy Assistance Program provides utility subsidies and education. The Emergency Shelter Grants Program funds homeless shelter development or preservation and emergency rental assistance.

(2) Rental Assistance and Multifamily Development

TDHCA offers a wide range of rental assistance, from subsidizing the rent of low-income Texans in market-rate units to subsidizing developments that provide reduced rent for low-income Texans. The Section 8 Housing Choice Voucher Program, the HOME Program's Tenant-Based Rental Assistance and the Housing Trust Fund Program's Rental Assistance help low-income Texans who need rent subsidization in order to retain their housing. The HOME Program's Rental Housing Development, the Housing Trust Fund Program's Rental Development, the Housing Tax Credit Program and the Multifamily Bond Program subsidize developments that provide reduced rents for low-income Texans.

(3) Homebuyer Assistance and Single-Family Development

After a low-income household has become self-sufficient, the household may be ready for homeownership. TDHCA works to ensure that potential homeowners understand the responsibilities of homeownership by offering homeownership education courses as well as providing financial tools to make homeownership more attainable.

To help create informed consumers, TDHCA's Colonia Self Help Centers Program and Texas Statewide Homebuyer Education Program provide homebuyer counseling through experienced homebuyer education providers.

TDHCA also offers a broad range of financial tools to help low-income Texans transition into homeownership. The HOME Program's Homebuyer Assistance and the Housing Trust Fund Program's Homebuyer Assistance programs provide down payment and closing cost assistance. The First Time Homebuyer Program has unassisted funds which provide below-market mortgage financing through participating lenders and assisted funds which provide below-market mortgage financing along with down payment and closing cost assistance. The Mortgage Credit Certificate Program provides tax credits that reduce the federal income taxes, dollar-for-dollar, and thus reduce monthly mortgage payment for qualified households.

Beyond down payment assistance, below-market mortgages and tax credits, TDHCA offers programs that assist in the development of housing to increase homeownership opportunities for low-income Texans. The Texas Bootstrap Loan Program promotes homeownership by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing through an owner-builder model. TDHCA also works with Community Housing Development Organizations to subsidize the development of single-family housing that will be sold to low-income households. The HOME Single-Family Development and Colonia Model Subdivision programs offer Community Housing Development Organizations loans or grants to construct residential subdivisions, acquire and rehabilitate single-family homes and offer down payment assistance.

(4) Rehabilitation and Weatherization

In the course of homeownership, there may come a time when substantial rehabilitation or reconstruction needs to take place. The HOME Program's Owner-Occupied Housing Assistance and the Housing Trust Fund Program's Rehabilitation Assistance provide loans or grants for the repair or reconstruction of a low-income homeowner's existing home.

Furthermore, low-income Texans may need weatherization services to help control energy costs and thus keep the home affordable, whether they rent or own. TDHCA offers the Weatherization Assistance Program which allocates funding regionally to help households control energy costs through the installation of storm windows, attic and wall insulation, weather-stripping and sealing and energy consumption education.

(5) Foreclosure Relief

As a result of the national foreclosure crisis, TDHCA has undertaken several programs to mitigate foreclosure.

TDHCA applied for and received federal funding through the National Foreclosure Mitigation Counseling program. Under this program TDHCA supplies funds to reimburse foreclosure counseling agencies for different levels of foreclosure counseling.

TDHCA is in the process of implementing a Neighborhood Stabilization Program which will use federal funds to rehabilitate, resell or redevelop foreclosed or abandoned properties. This program will stabilize communities by using properties that have the potential to become sources of blight.

(6) Disaster Recovery

When natural and man-made disasters strike, low-income households are often the most dramatically affected. In an effort to reduce the recovery time, almost every department in TDHCA offers some sort of disaster assistance.

After a disaster, basic needs must be met as soon as possible. The Community Services Division offers a portion of the Community Service Block Grant funds for low-income persons who live in communities impacted by a disaster. The emergency disaster relief funds provide persons with emergency shelter, food, clothing, pharmaceutical supplies, bedding, cleaning supplies, personal hygiene items and replacement of essential appliances including stoves, refrigerators and water heaters.

Some TDHCA programs are dedicated specifically to meet the needs of communities affected by natural disasters. TDHCA's Disaster Recovery Division helps to administer two Community Development Block Grants (CDBG) Disaster Recovery Programs for Hurricanes Rita and Katrina and will help to administer one CDBG Disaster Recovery Program for Hurricanes Dolly and Ike. For households affected by natural disasters, CDBG Disaster Recovery Program funds may be used for home rehabilitation and reconstruction, reconstruction of affordable rental housing stock in the impacted areas, restoration of critical infrastructure, restoration of community facilities and economic development.

For the low-income households who rent, the Housing Tax Credit Program has certain amounts allocated specifically for recovery from Hurricanes Rita, Dolly and Ike. In 2005, Housing Tax Credits were set aside for building income-qualified apartments in the Gulf Coast Opportunity Zone after Hurricane Rita. In 2008, Housing Tax Credits were reserved for low-income apartment development for the counties affected by Hurricane Ike.

To address longer-term recovery, deobligated HOME Program funds may be used for disaster relief through the HOME Program's Owner Occupied Assistance. These funds target eligible homeowners in the repair, rehabilitation and reconstruction of their existing home affected by the natural disaster.

Although some household's may receive federal assistance after a disaster, some homeowners may still lack a small amount of funds for repair or rehabilitation. The Housing Trust Fund Program offers the Disaster Recovery Homeowner Repair Gap Financing Program to assist qualified households, who are lacking only a small portion of funding, fulfill their full cost of construction.

To strengthen the recovery efforts of communities affected by disasters, the Texas First Time Homebuyer Program offers targeted funds which are used for home loans to qualified homebuyers wishing to purchase within the 22 East Texas counties designated under the Gulf Opportunity Zone Act and the 22-county area known as the Rita Go Zone.

HOUSING SUPPORT CONTINUUM ACTIVITIES CHART

The following table outlines TDHCA's programs. For more detailed program information, please see "TDHCA Programs" in *Section 4: Action Plan* on page 129.

Continuum	Program/Activities	Description	Eligible Households
(1) Poverty and Homelessness Prevention	Community Services Block Grant	Funds local agencies to provide essential services and poverty programs	<50% AMFI
	Comprehensive Energy Assistance	Funds local agencies to offer energy education, financial assistance and Heating, Ventilating and Air Conditioning (HVAC) replacement	<50% AMFI
	Emergency Shelter Grants	Funds entities to provide shelter and related services to the homeless	<30% AMFI (Homeless)
(2) Rental Assistance and Multifamily Development	Section 8 Housing Choice Vouchers	Acts as a public housing authority to offer tenant-based rental assistance vouchers in certain areas	<50% AMFI
	HOME Program – Tenant-Based Rental Assistance	Grants for entities to provide tenant-based rental assistance for two years	<80% AMFI
	Housing Trust Fund Program – Rental Assistance	Grants for entities to provide rental subsidies for a period of time specified in the Notice of Funding availability	<80% AMFI

Continuum	Program/Activities	Description	Eligible Households
	HOME Program – Rental Housing Development	Loans or grants to develop or preserve affordable rental housing	<80% AMFI
	Housing Trust Fund Program – Rental Development	Loans or grants for rental housing development and other industry innovations	<80% AMFI
	Housing Tax Credit Program	Tax credits to develop or preserve affordable rental housing	<60% AMFI
	Multifamily Bond Program	Loans to develop or preserve affordable rental housing	<60% AMFI
(3) Homebuyer Assistance and Single-Family Development	Texas Statewide Homebuyer Education	Training for nonprofits to provide homebuyer education	<115% AMFI (All)
	Colonia Self-Help Center Program	Homebuyer education offered through Colonia Self-Help Centers and Office of Colonia Initiatives (OCI) field offices	<115% AMFI (All)
	HOME Program – Contract For Deed Conversion	Stabilizes colonia resident ownership by converting contract for deeds into traditional mortgages, allowing equity to be earned	<60% AMFI
	HOME Program – Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	Housing Trust Fund Program – Homebuyer Assistance	Loan and grants for entities to offer down payment and closing cost assistance	<80% AMFI
	First Time Homebuyer Program – Unassisted Funds	Low-interest loans for first time homebuyers	<115% AMFI
	First Time Homebuyer Program – Assisted Funds	Low-interest loans for first time homebuyers with down payment and closing costs	<80% AMFI
	Mortgage Credit Certificate Program	Annual tax credit for qualified homebuyers based on the interest paid on the homebuyer's mortgage loan	<115% AMFI
	Texas Bootstrap Loan Program	Funds entities to offer owner-builder loans programs	<60% AMFI
	HOME Program – Single-Family Development	Loans or grants for Community Housing Development Organizations to construct single-family housing and offer down payment assistance	<80% AMFI
	HOME Program – Colonia Model Subdivision	Loans for Community Housing Development Organizations to develop residential subdivisions as an alternative to colonias	<60% AMFI
(4) Rehabilitation and Weatherization	HOME Program – Owner-Occupied Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Housing Trust Fund Program – Repair Assistance	Loans and grants for entities to provide home repair assistance	<80% AMFI
	Weatherization Assistance Program	Funds local agencies to provide minor home repairs to increase energy efficiency	<50% AMFI

Continuum	Program/Activities	Description	Eligible Households
(5) Foreclosure Relief	National Foreclosure Mitigation Counseling	Fund Foreclosure Counselors to assist households avoid foreclosure	None required
	Neighborhood Stabilization Program	Purchase foreclosed properties to demolish or create affordable housing and stabilize existing neighborhoods	<120% AMFI
(6) Disaster Recovery	Community Development Block Grant Program – Round One	Targeted disaster recovery funding to provide home repair assistance and preserve affordable rental housing	<80% AMFI
	Community Development Block Grant – Round Two	Targeted disaster recovery funding to provide home repair assistance, preserve affordable rental housing, provide infrastructure repairs and provide community services for areas with evacuees	<80-150% AMFI
	Community Development Block Grant – Hurricanes Dolly and Ike	Funds for disaster relief, long-term recovery and restoration of infrastructure, housing and economic revitalization	50% of the funds used for <80% AMFI
	Housing Tax Credit – Disaster Recovery	Tax credits to develop or preserve affordable rental housing for the Gulf Coast Opportunity Zone and counties affected by Hurricane Ike	<60% AMFI
	HOME Program – Disaster Recovery Owner Occupied Assistance	Deobligated HOME funds may be used in non-Participating Jurisdictions to assist with home repair, rehabilitation and reconstruction of homes affected by a disaster	<80% AMFI
	Housing Trust Fund Program – Disaster Recovery Homeowner Repair	Assists households who are lacking only a small portion of funds to fulfill their full cost of construction	<80% AMFI
	Texas First Time Homebuyer – Targeted Funds	Assist those affected by natural disasters by improving existing residential housing through self-help construction	<60% AMFI

ADMINISTRATIVE STRUCTURE

Agency programs are grouped into the following divisions: Multifamily Finance Production, Texas Homeownership, HOME and Housing Trust Fund, Office of Colonia Initiatives, Disaster Recovery and Community Affairs. The Manufactured Housing Division is administratively attached to TDHCA, though it is an independent entity with its own governing board.

Additionally, there are several Divisions within TDHCA which are involved in the administration of the agency as a whole but which do not administer specific programs. The Department of Policy and Public Affairs disseminates information and is a liaison between TDHCA and industry stakeholders, advocacy groups and the executive and legislative branches of state and Federal government. The Housing Resource Center acts as a central clearinghouse for information regarding TDHCA programs and general housing-related issues. The Real Estate Analysis Division provides TDHCA with analytical reports necessary to make well-informed decisions about the funding of affordable housing developments. The Portfolio Management and Compliance Division ensures housing program and financial compliance with federal and state regulations by using various oversight measures including onsite monitoring visits and desk reviews. Other divisions that are involved in TDHCA's internal management include Administrative Support, Bond Finance, Financial Administration, Information Systems, Internal Audit and Legal Services.

2009 STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

The *2009 State of Texas Low Income Housing Plan and Annual Report* (SLIHP, Plan) is prepared annually in accordance with §2306.072–2306.0724 of the Texas Government Code (TGC). This statute requires that TDHCA provide a comprehensive statement of activities in the preceding year, an overview of statewide housing needs and a resource allocation plan to meet the state's housing needs. It offers policy makers, affordable housing providers and local communities a comprehensive reference on statewide housing need, housing resources and performance-based funding allocations. The format is intended to help these entities measure housing needs, understand general housing issues, formulate policies and identify available resources. As such, the Plan is a working document whose annual changes reflect input received throughout the year.

The Plan is organized into eight sections:

- *Introduction:* An overview of TDHCA and the Plan
- *Annual Report:* A comprehensive statement of activities for 2008, including performance measures, actual numbers served and a discussion of TDHCA's Strategic Plan goals
- *Housing Analysis:* An analysis of statewide and regional demographic information, housing characteristics and housing needs
- *TDHCA Action Plan:* A description of TDHCA's program descriptions, initiatives, resource allocation plans, and goals.
- *Public Participation:* Information on the Plan preparation and a summary of public comment
- *Colonia Action Plan:* A revised biennial plan for 2009–2010, which discusses housing and community development needs in the colonias, describes TDHCA's policy goals, summarizes the strategies and programs designed to meet these goals and describes projected outcomes to support the improvement of living conditions of colonia residents
- *Texas State Affordable Housing Corporation (TSAHC) Plan:* This section outlines TSAHC's plans and programs for 2009 and is included in accordance with legislation
- *Appendix:* Includes TDHCA's enabling legislation

Because the Plan's legislative requirements are rather extensive, TDHCA has prepared a collection of separate publications in order to fulfill requirements. TDHCA produces the following publications in compliance with §2306.072–2306.0724 of the Texas Government Code:

- *State of Texas Low Income Housing Plan and Annual Report* (this document)
- *Basic Financial Statements and Operating Budget*: Produced by TDHCA's Financial Administration Division and fulfill §2306.072(c)(1)
- *TDHCA Program Guide*: A description of TDHCA's housing programs and other state and federal housing and housing-related programs, which fulfills §2306.0721(c)(4) and §2306.0721(c)(10)
- *TDHCA Housing Sponsor Report*: A report that provides property and occupant profiles of developments that have received assistance from TDHCA, which fulfills §2306.072(c)(6), §2306.072(c)(8) and §2306.0724

SECTION 2: ANNUAL REPORT

The Annual Report required by §2306.072 of the Texas Government Code includes the following sections:

- TDHCA's Operating and Financial Statements
- *Statement of Activities*: Describes TDHCA activities during the preceding year that worked to address housing and community service needs
- *Statement of Activities by Region*: Describes TDHCA activities by region
- *Housing Sponsor Report*: Describes fair housing opportunities offered by TDHCA's multifamily development inventory
- *Analysis of the Distribution of Tax Credits*: Provides an analysis of the sources, uses and geographic distribution of housing tax credits
- *Average Rents Reported by County*: Provides a summary of the average rents reported by the TDHCA multifamily inventory

OPERATING AND FINANCIAL STATEMENTS

TDHCA's Operating Budgets and Basic Financial Statements are prepared and maintained by the Financial Administration Division. For copies of these reports, visit http://www.tdhca.state.tx.us/finan.htm.

STATEMENT OF ACTIVITIES

The Department has many programs that provide an array of services. This section of the Plan highlights TDHCA's activities and achievements during the preceding fiscal year through a detailed analysis of the following:

- TDHCA's performance in addressing the housing needs of low-, very low- and extremely low-income households
- TDHCA's progress in meeting its housing and community services goals

This analysis is provided at the State level and within each of the 13 service regions TDHCA uses for planning purposes (see Figure 2.1). For general information about each region, including housing needs and housing supply, please see the Housing Analysis section of this document.

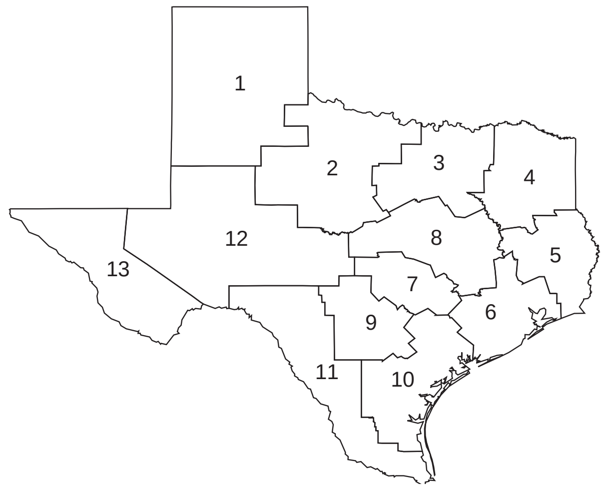


Figure 2.1 State Service Regions

FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY ACTIVITY AND PROGRAM

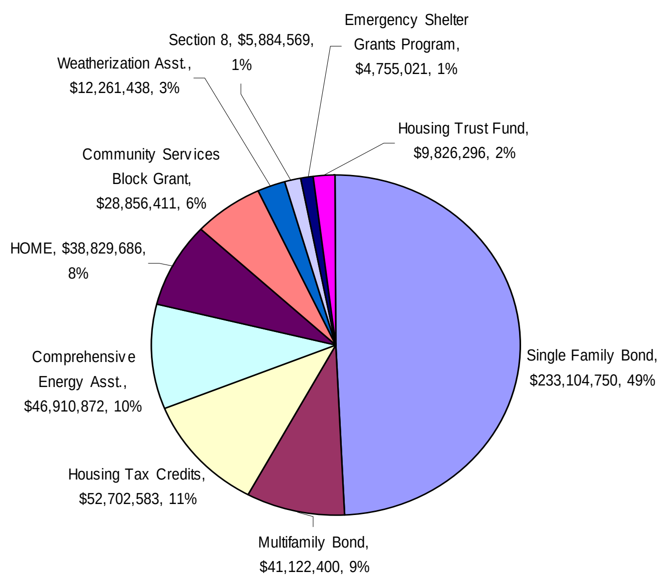
For the state and each region, a description of funding allocations, amounts committed, target numbers and actual number of persons or households served for each program is provided. Along with the summary performance information, data on the following activity subcategories is provided.

- Renter
  - New Construction activities support multifamily development, such as the funding of developments and predevelopment funding.
  - Rehabilitation Construction activities support the acquisition, rehabilitation and preservation of multifamily units.
  - Tenant-Based Assistance supports low-income Texans through direct rental payment assistance.
- Owner
  - Single-family development includes funding for housing developers, nonprofits, or other housing organizations to support the development of single-family housing.
  - Single-family financing and homebuyer assistance helps households purchase a home through such activities as mortgage financing and down payment assistance.
  - Single-family owner-occupied assistance helps existing homeowners who need home rehabilitation and reconstruction assistance.
  - Community services includes supportive services, energy assistance and homeless assistance activities.

In FY 2008, TDHCA committed $474,254,026 in total funds. Almost all of this funding, approximately 99 percent of the total came from federal sources. TDHCA committed funding for activities that predominantly benefited extremely low-, very low- and low-income individuals. The chart below displays the distribution of this funding by program activity.

Total Funding By Program, FY 2008

Total Funds Committed: $ 474,254,026



Funding and Households/Persons Served by Activity, FY 2008, All Activities

Household Type	Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Renter	Rental Assistance	$10,866,106	1,617	2.3%	0.2%
	New Construction	$97,707,895	4,714	20.6%	0.7%
	Rehab Construction	$22,059,228	2,386	4.7%	0.3%
Owner	Financing & Down Payment	$244,583,155	2,862	51.6%	0.4%
	Rehabilitation Assistance	$6,253,900	224	1.3%	0.0%
	Homeless Services	$4,755,021	111,291	1.0%	16.0%
	Energy Related	$59,172,310	71,996	12.5%	10.4%
	Supportive Services	$28,856,411	500,296	6.1%	71.9%
Total		$474,254,026	695,386	100.0%	100.0%

Funding and Households/Persons Served by Housing Program, FY 2008

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Rental Assistance	$0	-	$4,168,721	422	$812,816	86	$0	-	$0	-	$5,884,569	1,109
Rental New Construction	$0	-	$17,763,882	239	$0	-	$38,821,613	3,803	$41,122,400	672	$0	-
Rental Rehabilitation	$0	-	$8,178,258	258	$0	-	$13,880,970	2,128	$0	-	$0	-
Owner Financing & Down Pmt.	$233,104,750	2,065	$4,403,925	448	$7,074,480	349	$0	-	$0	-	$0	-
Owner Rehab. Asst	$0	-	$4,314,900	97	$1,939,000	127	$0	-	$0	-	$0	-
Total	$233,104,750	2,065	$38,829,686	1,464	$9,826,296	562	$52,702,583	5,931	$41,122,400	672	$5,884,569	1,109

*This dollar amount represents the first year's allocation. The allocation is repeated once a year for ten years. This amount includes $7,430,557 in additional awarded Housing Tax Credits. The households served with the additional awards were reported previously and are not reported for 2008.

Funding and Households/Persons Served by Community Affairs Programs, FY 2008

	ESGP^		CSBG^*		CEAP		WAP*	
	Funds	Ind	Funds	Ind	Funds	HH	Funds	HH
Homeless Services	$4,755,021	111,291	$0	0	$0	0	$0	0
Energy Related	$0	0	$0	0	$46,910,872	68,055	$12,261,438	3,941
Supportive Services	$0	0	$28,856,411	500,296	$0	0	$0	0
Total	$4,755,021	111,291	$28,856,411	500,296	$46,910,872	68,055	$12,261,438	3,941

*For these programs, funds and households served reflect different 12 month periods.

^ ESGP and CSBG programs represent individuals served, not households

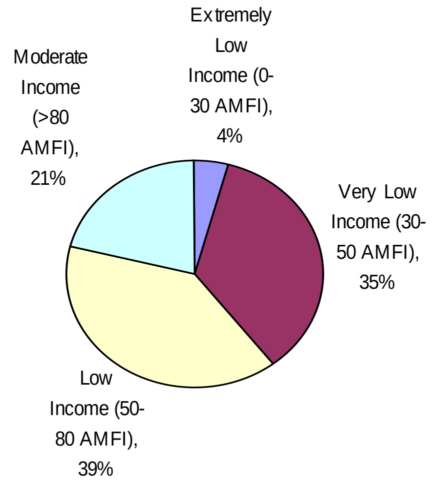
FUNDING COMMITMENTS AND HOUSEHOLDS SERVED BY INCOME GROUP

The SLIHP uses the following subcategories to refer to the needs of households or persons within specific income groups.

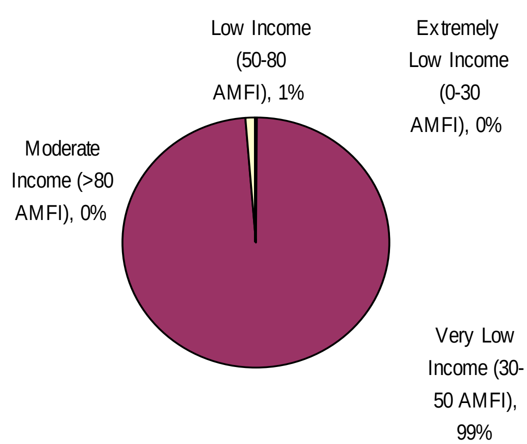
- Extremely Low Income (ELI): 0% to 30% Area Median Family Income (AMFI)
- Very Low Income (VLI): 31% to 50% (AMFI)
- Low Income (LI): 51% to 80% (AMFI)
- Moderate Income and Up (MI): >80% (AMFI)

The vast majority of households and individuals served through CEAP, WAP and ESGP earn less than 30 percent of the AMFI. However, federal tracking of assistance from these programs is based on poverty guidelines, which do not translate easily to an AMFI equivalent. For conservative reporting purposes, assistance in these programs is reported in the VLI category.

Total Funding by Income Level, FY 2008



Total Households Served by Income Level, FY 2008



Funding and Households/Persons Served by Income Category, FY 2008

Activities

Activity	Committed Funds	Number of Households/ Individuals Served	% of Total Committed Funds	% of Total Households/ Individuals Served
Extremely Low Income (0-30 AMFI)	$20,408,591	1,544	4%	0%
Very Low Income (30-50 AMFI)	$163,843,791	686,953	35%	99%
Low Income (50-80 AMFI)	$184,312,977	6,410	39%	1%
Moderate Income (>80 AMFI)	$98,567,110	731	21%	0%
Total	$467,132,469	695,638	100%	100%

Housing Activities

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8	
	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH	Funds	HH
Extremely Low Income (0-30 AMFI)	$5,742,993	60	$6,617,871	385	$883,692	39	2,427,551	274	$0	-	$4,736,484	786
Very Low Income (30-50 AMFI)	$28,461,733	349	$21,196,247	704	$5,141,711	263	15,199,103	1784	$0	-	$1,061,255	270
Low Income (50-80 AMFI)	$100,332,914	927	$11,065,568	619	$4,059,893	268	27,645,372	3873	$41,122,400	672	$86,830	51
Moderate Income (>80 AMFI)	$98,567,110	729	$0	-	$0	-	-	0	$0	-	$0	2
Total	$233,104,750	2,065	$38,879,686	1,708	$10,085,296	570	$45,272,026	5931	$41,122,400	672	$5,884,569	1,109

*This Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

Community Affairs Activities

	ESGP*		CSBG*		CEAP		WAP	
	Funds	Indvd	Funds	Indvd	Funds	HH	Funds	HH
Extremely Low Income (0-30 AMFI)	$0	-	$0	-	$0	-	$0	-
Very Low Income (30-50 AMFI)	$4,755,021	111,291	$28,856,411	500,296	$46,910,872	68,055	$12,261,438	3,941
Low Income (50-80 AMFI)	$0	-	$0	-	$0	-	$0	-
Moderate Income (>80 AMFI)	$0	-	$0	-	$0	-	$0	-
Total	$4,755,021	111,291	$28,856,411	500,296	$46,910,872	68,055	$12,261,438	3,941

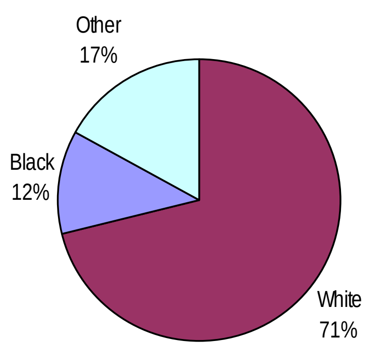
*These programs report by individuals served rather than households served.

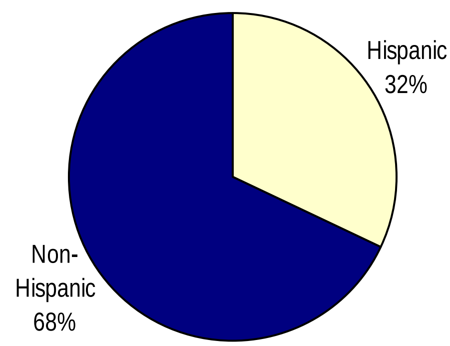
RACIAL AND ETHNIC COMPOSITION OF HOUSEHOLDS RECEIVING ASSISTANCE

As required by legislation, TDHCA reports on the racial and ethnic composition of individuals and families receiving assistance. These demographic categories are delineated according to the standards set by the U.S. Census. Accordingly, "race" is broken down into three sub-classifications: White, Black and Other. "Other" includes races other than White and Black, as well as individuals with two or more races. As ethnic origin is considered to be a separate concept from racial identity, the Hispanic population is represented in a separate chart. Persons of Hispanic origin may fall under any of the racial classifications. Households assisted through each TDHCA program or activity have been delineated according to these categories. Regional analyses of this racial data are included in the Statement of Activities by Uniform State Service Region section that follows. Note that the state population racial composition charts examine individuals, while the many program racial composition charts examine households.

Racial Composition of the State of Texas | **Ethnic Composition of the State of Texas**

20,851,820 Total Individuals





Housing Programs

Racial and ethnic data on housing programs is presented below using two general categories: Renter Programs and Homeowner Programs.

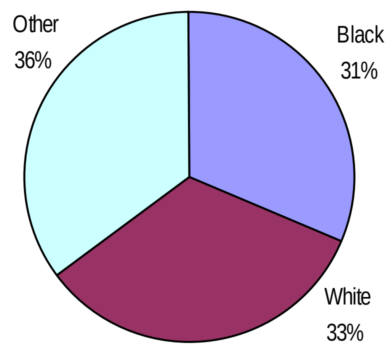
Renter Programs

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA renter programs. Included in this category are households participating in TDHCA's Tenant-Based Rental Assistance (TBRA) Program and Section 8 Housing Choice Voucher Program, as well as households residing in TDHCA-funded multifamily properties.

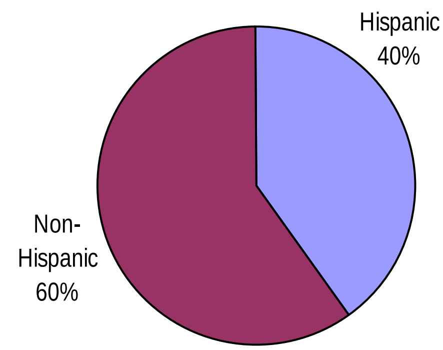
Multifamily properties receive funding through one or more of the following TDHCA programs: the Housing Tax Credit Program, Housing Trust Fund, HOME Investment Partnership Program and Multifamily Bond Program. Data for these programs is collected from the Fair Housing Sponsor Report, which is gathered each year from TDHCA-funded housing developments. The report includes information about each property, including the racial composition of the tenant population as of December 31 of the given year. Accordingly, the 2008 report is a snapshot of property characteristics on December 31, 2007.

It should be noted that the Housing Sponsor Report does not report on or represent all units financed by TDHCA. Some submitted reports describe properties under construction, which do not yet have occupied units. Some properties did not submit a report and still others did not fill out the report accurately. Therefore, TDHCA is left with usable data for only a portion of existing multifamily units. As a result, the following charts present a picture of race and ethnicity based on samples and may not represent actual percentages.

Racial Composition of TDHCA-Assisted Renter Households



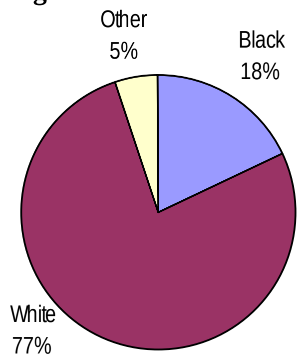
Ethnic Composition of TDHCA-Assisted Renter Households



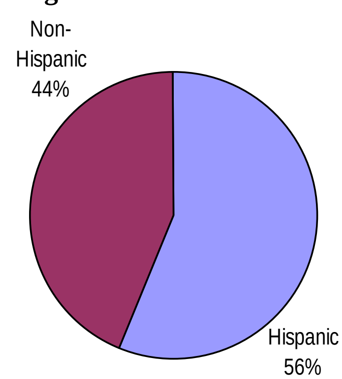
Homeowner Programs

The following charts depict the racial and ethnic composition of households receiving assistance from all TDHCA homeowner programs. TDHCA homeowner assistance comes in the form of three programs: the Single Family Bond Program, HOME Owner-Occupied Home Repair Program and HOME Homebuyer Assistance Program. Office of Colonia Initiatives programs are reported in the Homeowner Programs category under the following funding sources: HOME Program for Contract for Deed loans, Single Family Bond for some Contract for Deed loans and some Texas Bootstrap Program loans and the Housing Trust Fund for some Texas Bootstrap loans. Due to the data reporting techniques of the Single Family Bond Program, race and ethnicity are combined into one category.

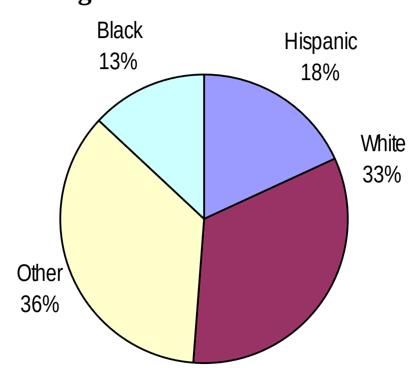
Racial Composition of HOME Program Owner Households



Ethnic Composition of HOME Program Owner Households



Ethnic Composition of SF Bond Program Owner Households



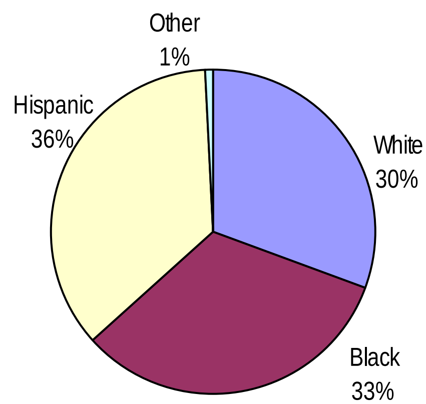
Community Affairs Programs

The Community Affairs programs allocate funding to entities with service areas that span across two or more uniform state service regions, so racial data for these programs is reported by entity rather than region. Due to the data reporting techniques of the Weatherization Assistance Program (WAP), Energy Assistance Program (CEAP) and Community Services Block Grant (CSBG) Program race and ethnicity are combined into one category. The Emergency Shelter Grant Program (ESGP) reports race and ethnicity as two separate categories

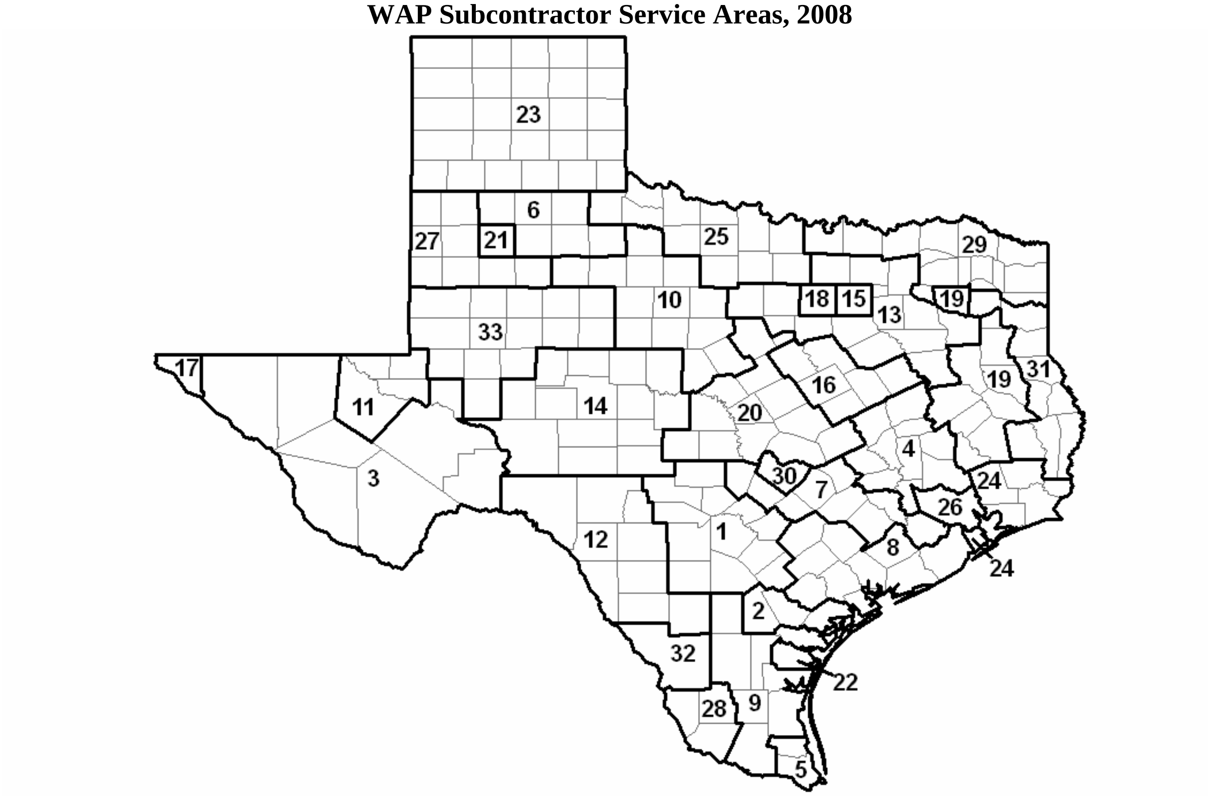
Weatherization Assistance Program

The Weatherization Assistance Program (WAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, WAP racial composition data for FY 2008 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial and ethnic composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of WAP Assisted Households, Statewide, 2008



WAP Subcontractor Service Areas, 2008



Racial and Ethnic Composition of Households Receiving WAP Assistance by Subcontractor, Statewide, PY 2008

#	Contractor	WAP Counties Served	PY 2008 Allocations	HH Served	White	Black	Hispanic	Other
1	Alamo Area Council of Governments	Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	980,650	384	95	67	218	4
2	Bee Community Action Agency	Bee, Live Oak, Refugio	50,965	17	2	4	11	0
3	Big Bend Community Action Committee, Inc.	Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	153,480	42	2	0	39	1
4	Brazos Valley Community Action Agency	Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	401,105	98	61	30	6	1
5	Cameron and Willacy Counties Community Projects, Inc.	Cameron, Willacy	349,427	96	1	0	95	0
6	Caprock Community Action Association, Inc.	Crosby, Dickens, Floyd, Hale, King, Motley	122,331	40	1	7	32	0
7	Combined Community Action, Inc.	Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	227,389	67	45	14	8	0
8	Community Action Committee of Victoria Texas	Aransas, Brazoria, Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	316,276	46	10	13	23	0
9	Community Action Corporation of South Texas	Brooks, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	735,005	151	13	3	126	9
10	Community Action Program, Inc.	Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens, Stonewall, Taylor, Throckmorton	271,731	72	52	6	14	0
11	Community Council of Reeves County	Loving, Reeves, Ward, Winkler	46,087	18	3	0	15	0
12	Community Services Agency of South Texas	Dimmit, Edwards, Kinney, La Salle, Maverick, Real, Uvalde, Val Verde, Zavala	242,614	51	2	0	49	0
13	Community Services, Inc.	Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	657,683	179	105	60	12	2
14	Concho Valley Community Action Agency	Coke, Coleman, Concho, Crocket, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	238,175	69	24	0	45	0
15	To Be Determined	Duval, McMullen	40,383	0	0	0	0	0

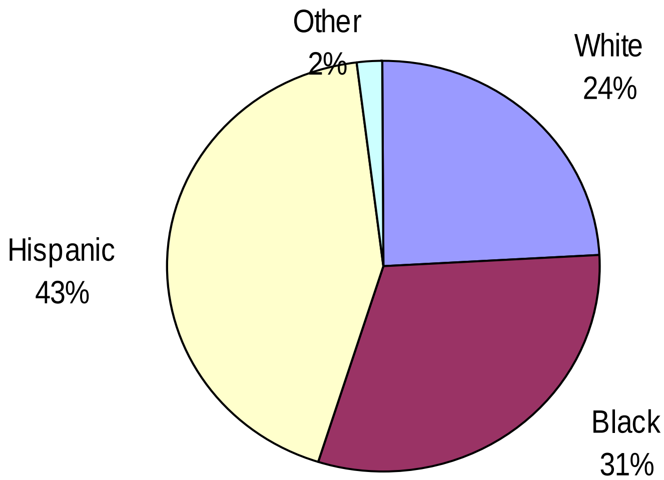
#	Contractor	WAP Counties Served	PY 2008 Allocations	HH Served	White	Black	Hispanic	Other
16	Dallas County Department of Health and Human Services	Dallas	909,553	367	114	206	43	4
17	Economic Opportunities Advancement Corporation of Planning Region XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	250,477	61	18	39	4	0
18	El Paso Community Action Program, Project BRAVO, Inc.	El Paso	486,938	186	6	1	179	0
19	Fort Worth, City of, Department of Housing	Tarrant	510,974	188	58	98	32	0
20	Greater East Texas Community Action Program (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	389,968	84	55	23	6	0
21	Hill Country Community Action Association, Inc.	Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	293,576	124	94	12	18	0
22	Lubbock, City of, Community Development Department	Lubbock	164,903	63	16	22	24	1
23	Nueces County Community Action Agency	Nueces	207,447	61	13	1	47	0
24	Panhandle Community Services	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	412,968	139	73	11	54	1
25	Programs for Human Services, Inc.	Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	427,378	195	84	107	2	2
26	Rolling Plains Management Corporation	Archer, Baylor, Cottle, Clay, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	217,780	70	39	17	14	0
27	Sheltering Arms, Inc.	Harris	1,514,169	489	21	409	53	6
28	South Plains Community Action Association, Inc.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	103,489	58	6	0	52	0
29	South Texas Development Council	Jim Hogg, Starr, Zapata	116,083	0	0	0	0	0
30	Texoma Council of Governments	Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	397,788	151	91	57	3	0

#	Contractor	WAP Counties Served	PY 2008 Allocations	HH Served	White	Black	Hispanic	Other
31	Travis County Health and Human Services Department	Travis	306,460	121	38	27	54	2
32	Tri-County Community Action, Inc.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	229,263	85	29	56	0	0
33	Webb County Community Action Agency	Webb	156,825	81	0	0	81	0
34	West Texas Opportunities, Inc.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	332,098	88	28	10	50	0
	WAP TOTAL	STATE	12,261,438	3,941	1,199	1,300	1,409	33

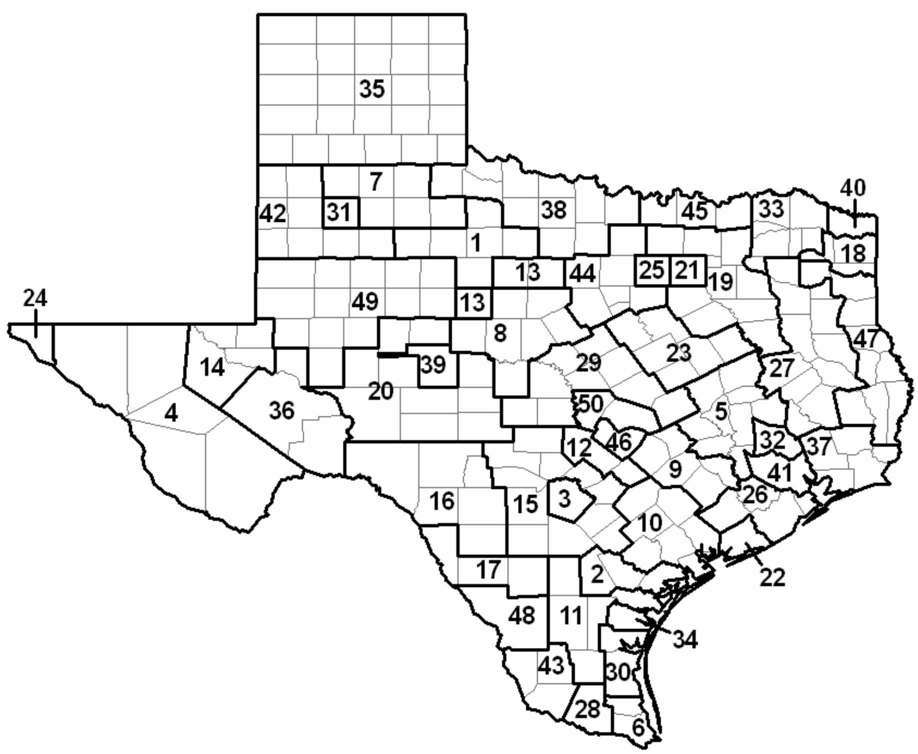
Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. Because of this, CEAP racial composition data for FY 2008 is listed according to subcontractor. A map is provided in order to locate subcontractor service areas. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of CEAP Assisted Households, Statewide, PY 2008



CEAP Subcontractor Service Areas, FY 2008



Racial and Ethnic Composition of Households Receiving CEAP Assistance by Subcontractor, Statewide, FY 2008

#	Subcontractor	Counties Served	PY 2008 Allocation	HH Served	White	Black	Hisp.	Other
1	ASPERMONT SMALL BUSINESS DEVELOPMENT CENTER, INC.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	353,753	493	229	74	188	2
2	BEE COMMUNITY ACTION AGENCY	Bee, Live Oak, Refugio	195,452	277	32	22	221	2
3	BEXAR COUNTY DEPT. OF COMMUNITY INVESTMENT	Bexar	2,830,521	4,408	341	608	3,406	53
4	BIG BEND COMMUNITY ACTION COMMITTEE, INC.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	387,377	759	90	2	666	1
5	BRAZOS VALLEY COMMUNITY ACTION AGENCY, INC.	Brazos, Burleson, Grimes, Leon, Madison, Robertson, Walker, Waller, Washington	1,142,253	1,321	289	909	114	9
6	CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS, INC.	Cameron, Willacy	1,340,061	3,627	423	97	3,107	0
7	CAPROCK COMMUNITY ACTION ASSOCIATION	Crosby, Dickens, Floyd, Hale, King, Motley	469,143	848	198	110	533	7
8	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahan, Coleman, Comanche, Eastland, McCulloch, Runnels	533,906	763	591	41	123	8
9	COMBINED COMMUNITY ACTION, INC.	Austin, Bastrop, Colorado, Fayette, Lee	374,946	451	129	250	71	1
10	COMMUNITY ACTION COMMITTEE OF VICTORIA TEXAS	Aransas, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Victoria	653,615	893	274	277	340	2
11	COMMUNITY ACTION CORPORATION OF SOUTH TEXAS	Brooks, Jim Wells, San Patricio	444,486	862	48	11	802	1
12	COMMUNITY ACTION INC., OF HAYS, CALDWELL AND BLANCO COUNTIES	Blanco, Caldwell, Hays	258,153	341	111	105	119	6
13	COMMUNITY ACTION PROGRAM, INC.	Shackelford, Stephens, Taylor	353,311	502	211	113	177	1
14	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	176,743	241	33	15	192	1
15	COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	930,291	1,658	494	79	1,073	12
16	COMMUNITY COUNCIL OF SOUTHWEST TEXAS, INC.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	542,177	510	19	6	477	8
17	COMMUNITY SERVICES AGENCY OF SOUTH TEXAS, INC.	Dimmit, LaSalle, Maverick	388,255	493	5	1	487	0
18	COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.	Camp, Cass, Marion, Morris	309,374	661	261	364	16	20
19	COMMUNITY SERVICES, INC.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	1,672,646	2,417	1,232	886	256	43
20	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton	455,197	647	257	3	385	2
21	DALLAS COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES	Dallas	3,488,157	2,200	239	1,747	166	48
22	ECONOMIC ACTION COMMITTEE OF THE GULF COAST	Matagorda	118,950	190	40	94	55	1
23	ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	960,583	1,286	410	737	137	2
24	EL PASO COMMUNITY ACTION PROGRAM, PROJECT BRAVO, INC.	El Paso	1,867,413	3,934	110	100	3,685	39

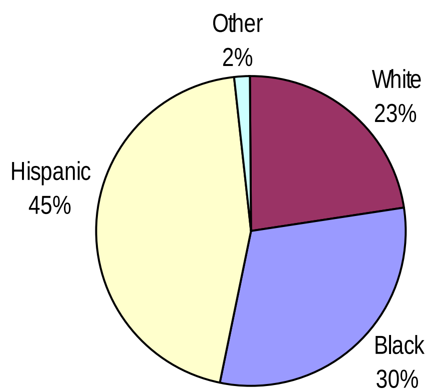
#	Subcontractor	Counties Served	PY 2008 Allocation	HH Served	White	Black	Hisp.	Other
25	FORT WORTH,CITY OF, PARKS & COMMUNITY SERVICES DEPARTMENT	Tarrant	1,959,596	3,094	794	1,742	532	26
26	GALVESTON COUNTY COMMUNITY ACTION COUNCIL, INC.	Brazoria, Fort Bend, Galveston, Wharton	1,157,635	1,455	287	857	299	12
27	GREATER EAST TEXAS COMMUNITY ACTION PROGRAM (GETCAP)	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	1,881,776	3,035	1,017	1,820	188	10
28	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Hidalgo	2,029,569	4,180	52	5	4,118	5
29	HILL COUNTRY COMMUNITY ACTION ASSOCIATION, INC.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	811,981	967	578	200	167	22
30	KLEBERG COUNTY HUMAN SERVICES	Kenedy, Kleberg	387,602	413	24	40	349	0
31	LUBBOCK, CITY OF	Lubbock	632,407	914	217	319	373	5
32	MONTGOMERY COUNTY EMERGENCY ASSISTANCE	Montgomery	395,991	1,875	1,211	535	107	22
33	NORTHEAST TEXAS OPPORTUNITIES, INC	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	531,728	749	400	331	18	0
34	NUECES COUNTY COMMUNITY ACTION AGENCY	Nueces	795,562	762	54	180	526	2
35	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	1,583,740	2,955	1,332	393	1,224	6
36	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	201,223	350	32	0	318	0
37	PROGRAMS FOR HUMAN SERVICES	Chambers, Hardin, Jefferson, Liberty, Orange	1,160,671	1,338	320	941	12	65
38	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	760,322	816	487	179	125	25
39	SAN ANGELO-TOM GREEN COUNTY HEALTH DEPARTMENT	Tom Green	259,329	339	151	27	159	2
40	SENIOR CITIZENS SERVICES OF TEXARKANA, INC.	Bowie	249,714	297	89	208	0	0
41	SHELTERING ARMS, INC.	Harris	5,806,864	7,318	785	4,869	894	770
42	SOUTH PLAINS COMMUNITY ACTION ASSOCIATION, INC.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	396,882	740	132	81	520	7
43	SOUTH TEXAS DEVELOPMENT COUNCIL	Jim Hogg, Starr, Zapata	445,179	271	2	0	269	0
44	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	645,574	863	742	49	67	5
45	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	434,709	454	300	144	8	2
46	TRAVIS COUNTY HEALTH AND HUMAN SERVICES DEPARTMENT	Travis	1,175,282	680	152	297	218	13
47	TRI-COUNTY COMMUNITY ACTION, INC.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	879,228	1,011	417	574	19	1

#	Subcontractor	Counties Served	PY 2008 Allocation	HH Served	White	Black	Hisp.	Other
48	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	601,422	1,061	0	1	1,033	27
49	WEST TEXAS OPPORTUNITIES, INC.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	1,273,603	1,963	533	338	1,081	11
50	WILLIAMSON-BURNET COUNTY OPPORTUNITIES, INC.	Burnet, Williamson	206,520	373	194	67	103	9
	TOTAL	STATE	46,910,872	68,055	16,368	20,848	29,523	1,316

Community Services Block Grant Program

The Community Services Block Grant Program (CSBG) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions. In addition, some CSBG subcontractors have been awarded funding for special projects that overlap existing service areas. Because of this, CSBG racial composition data for FY 2008 is listed according to subcontractor. Racial composition for the state is available, but because this data does not fit into regional boundaries, regional data is not available.

Racial and Ethnic Composition of Individuals Receiving CSBG Assistance, Statewide, FY 2008



Racial Composition of Individuals Receiving CSBG Assistance by Subcontractor, Statewide, FY 2008

#	Contractor	Counties Served	2008 Allocation	Individuals Served	White	Hispanic	Black	Other
1	ALABAMA-COUSHATTA INDIAN RESERVATION	Polk, Tyler	63,056	158	0	1	0	157
2	ASOCIACION PRO SERVICIOS SOCIALES, INC	Jim Hogg, Starr, Webb, Zapata	109,393	999	937	62	0	0
3	ASPERMONT SMALL BUSINESS DEVELOPMENT CENTER, INC.	Haskell, Jones, Kent, Knox, Stonewall, Throckmorton	150,000	1,351	477	612	202	60
4	AUSTIN, CITY OF, HEALTH & HUMAN SCVS DEPT	Travis	825,902	8,443	781	4,842	2,675	145
5	BEE COMMUNITY ACTION AGENCY	Aransas, Bee, Kenedy, Kleberg, Live Oak, Refugio	255,266	2,373	633	1,540	162	38
6	BIG BEND COMMUNITY ACTION COMMITTEE, INC.	Brewster, Culberson, Hudspeth, Jeff Davis, Presidio	150,000	2,527	212	2,301	8	6
7	BRAZOS VALLEY COMMUNITY ACTION AGENCY, INC.	Brazos, Burleson, Chambers, Grimes, Leon, Liberty, Madison, Montgomery, Robertson, Walker, Waller, Washington	886,036	7,330	1,656	2,435	3,076	163
8	*CAMERON AND WILLACY COUNTIES COMMUNITY PROJECTS, INC.	Cameron, Willacy	983,572	9,720	62	9,626	31	1

9	CAPROCK COMMUNITY ACTION ASSOCIATION	Crosby, Dickens, Floyd, Hale, King, Motley	171,146	2,208	369	1,608	216	15
10	CENTRAL TEXAS OPPORTUNITIES, INC.	Brown, Callahn, Coleman, Comanche, Eastland, McCulloch, Runnels	208,961	1,854	1,251	461	101	41
11	COMBINED COMMUNITY ACTION, INC.	Austin, Bastrop, Colorado, Fayette, Lee	190,846	1,002	341	175	481	5
12	COMMUNITY ACTION COMMITTEE OF VICTORIA TEXAS	Calhoun, De Witt, Goliad, Gonzales, Jackson, Lavaca, Victoria	277,548	3,623	890	1,837	871	25
13	COMMUNITY ACTION CORPORATION OF SOUTH TEXAS	Brooks, Jim Wells, San Patricio	237,087	2,003	134	1,829	35	5
14	COMMUNITY ACTION INC., OF HAYS, CALDWELL AND BLANCO COUNTIES	Blanco, Caldwell, Hays	190,787	1,681	570	817	249	45
15	COMMUNITY ACTION PROGRAM, INC.	Mitchell, Shackelford, Stephens, Taylor	227,174	1,501	533	616	336	16
16	*COMMUNITY ACTION SOCIAL SERVICES & EDUCATION, INC.	Maverick	234,902	1,981	1	1,980	0	0
17	COMMUNITY COUNCIL OF REEVES COUNTY	Loving, Reeves, Ward, Winkler	202,820	938	136	746	52	4
18	*COMMUNITY COUNCIL OF SOUTH CENTRAL TEXAS	Atascosa, Bandera, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	582,854	6,924	1,694	4,917	255	58
19	*COMMUNITY COUNCIL OF SOUTHWEST TEXAS, INC.	Edwards, Kinney, Real, Uvalde, Val Verde, Zavala	329,175	2,001	45	1,925	16	15
20	*COMMUNITY SERVICES AGENCY OF SOUTH TEXAS, INC.	Dimmit, La Salle	165,472	741	67	674	0	0
21	COMMUNITY SERVICES OF NORTHEAST TEXAS, INC.	Bowie, Cass, Marion, Morris, Camp	261,465	2,006	861	102	943	100
22	COMMUNITY SERVICES, INC.	Anderson, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt	969,308	7,572	3,323	1,137	2,888	224
23	CONCHO VALLEY COMMUNITY ACTION AGENCY	Coke, Concho, Crockett, Irion, Kimble, Menard, Reagan, Schleicher, Sterling, Sutton, Tom Green	260,587	1,140	355	733	43	9
24	DALLAS INTER-TRIBAL CENTER	Collin, Dallas, Denton, Ellis, Hood, Johnson, Kaufman, Parker, Rockwall	113,561	393	12	22	6	353
25	ECONOMIC ACTION COMMITTEE OF THE GULF COAST	Matagorda	150,000	926	196	366	347	17
26	ECONOMIC OPPORTUNITIES ADVANCEMENT CORPORATION OF PR XI	Bosque, Falls, Freestone, Hill, Limestone, McLennan	473,480	3,812	937	487	2,341	47
27	EL PASO COMMUNITY ACTION PROGRAM, PROJECT BRAVO, INC.	El Paso	1,308,998	12,338	305	11,625	293	115
28	FORT WORTH,CITY OF, PARKS & COMMUNITY SERVICES DEPARTMENT	Tarrant	1,266,652	26,435	3,527	12,903	9,675	330

29	GALVESTON COUNTY COMMUNITY ACTION COUNCIL, INC.	Tarrant	762,942	4,982	813	1,217	2,856	96
30	GREATER EAST TEXAS COMMUNITY ACTION PROGRAM (GETCAP)	Brazoria, Fort Bend, Galveston, Wharton	869,691	10,203	3,345	1,137	5,580	141
31	GUADALUPE ECONOMIC SERVICES CORP	Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Smith, Trinity, Wood	186,994	1,451	82	1,333	36	0
32	GULF COAST COMMUNITY SERVICES ASSOCIATION	Bailey, Briscoe, Castro, Cochran, Crosby, Deaf Smith, Dickens, Floyd, Garza, Hale, Hall, Hockley, Lamb, Lubbock, Lynn, Motley, Parmer, Swisher, Terry, Yoakum	4,073,115	12,915	724	5,136	6,961	94
33	HIDALGO COUNTY COMMUNITY SERVICES AGENCY	Harris	1,661,164	14,529	114	14,364	29	22
34	HILL COUNTRY COMMUNITY ACTION ASSOCIATION, INC.	Bell, Coryell, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba	439,247	1,822	957	343	445	77
35	LUBBOCK, CITY OF	Lubbock	373,952	213	56	98	36	23
36	NORTHEAST TEXAS OPPORTUNITIES, INC	Delta, Franklin, Hopkins, Lamar, Rains, Red River, Titus	244,068	2,547	1,248	112	1,097	90
37	NUECES COUNTY COMMUNITY ACTION AGENCY	Nueces	490,346	1,930	150	1,408	320	52
38	PANHANDLE COMMUNITY SERVICES	Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallum, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	568,347	10,808	4,503	4,951	1,286	68
39	PECOS COUNTY COMMUNITY ACTION AGENCY	Crane, Pecos, Terrell	150,000	725	65	656	1	3
40	ROLLING PLAINS MANAGEMENT CORPORATION	Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Young	302,806	3,651	1,811	679	867	294
41	SAN ANTONIO, CITY OF, DEPARTMENT OF COMMUNITY INITATIVES	Bexar	1,777,581	27,481	1,900	21,332	3,934	315
42	SIN FRONTERAS ORGANIZING PROJECT	El Paso	111,939	1,861	0	1,861	0	0
43	SOUTH PLAINS COMMUNITY ACTION ASSOCIATION, INC.	Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	187,077	2,803	389	1,935	409	70
44	SOUTH TEXAS DEVELOPMENT COUNCIL	Jim Hogg, Starr, Zapata	283,611	310	0	310	0	0
45	SOUTHEAST TEXAS REGIONAL PLANNING COMMISSION	Hardin, Jefferson, Orange	502,064	1,703	526	195	961	21

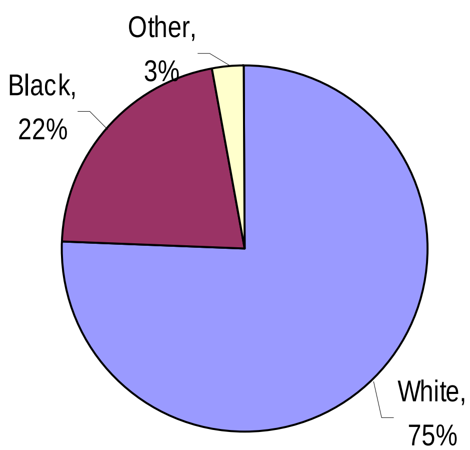
46	TEXAS NEIGHBORHOOD SERVICES	Erath, Hood, Johnson, Palo Pinto, Parker, Somervell, Wise	353,167	3,519	1,885	636	926	72
47	TEXOMA COUNCIL OF GOVERNMENTS	Cooke, Fannin, Grayson	221,012	3,251	2,841	70	277	63
48	TRI-COUNTY COMMUNITY ACTION, INC.	Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	364,875	3,393	1,639	153	1,557	44
49	URBAN LEAGUE OF GREATER DALLAS	Dallas	2,430,223	8,266	2,343	1,672	4,160	91
50	WEBB COUNTY COMMUNITY ACTION AGENCY	Webb	510,728	11,356	511	7,292	3,414	139
51	WEST TEXAS OPPORTUNITIES, INC.	Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Nolan, Scurry, Upton	565,128	6,056	555	5,121	353	27
52	WILLIAMSON-BURNET COUNTY OPPORTUNITIES, INC.	Burnet, Williamson	180,286	2,234	781	854	507	92
	TOTAL	STATE	28,856,411	251,989	47,543	139,244	61,314	3,888

*These contractors receive some additional funding to fund specialized activities for a few counties that fall outside their service area.

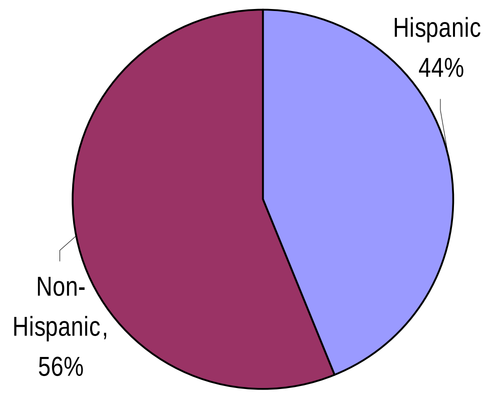
Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) funds a network of subcontractor organizations, some of which have a service area that spans across two or more regions or multiple subcontractors serve the same area. Because of this, ESGP racial composition data for FY 2008 is listed according to subcontractor. Racial composition for the state is available, but is unavailable at the regional level.

Racial Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2008



Ethnic Composition of Individuals Receiving ESGP Assistance, Statewide, FY 2008



Racial and Ethnic Composition of Individuals Receiving ESGP Assistance by Subcontractor, Statewide, FY 2008

Contractor	County	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
ADVOCACY RESOURCE CENTER FOR HOUSING	Hidalgo	$51,481.00	2094	2093	1	0	2094	0
AMARILLO, CITY OF	Potter	$123,754.76	2990	2167	565	258	591	2399
AMISTAD FAMILY VIOLENCE AND RAPE CRISIS CENTER	Val Verde	$32,391.39	1382	1337	8	37	1255	127
ARLINGTON LIFE SHELTER	Tarrant	$51,690.00	1067	589	450	28	122	945
BASTROP COUNTY WOMEN'S SHELTER, D.B.A. FAMILY CRISIS CENTER	Bastrop	$55,473.00	734	483	156	95	130	604
BETHANY HOUSE OF LAREDO, INC.	Webb	$60,000.00	128	111	8	9	84	44
BONITA HOUSE OF HOPE	Harris	$61,084.00	121	43	78	0	4	117
BRIDGE OVER TROUBLED WATERS, INC., THE	Harris	$48,750.00	280	207	62	11	130	150
BROWNSVILLE, CITY OF	Cameron	$193,902.93	14004	13961	35	8	12739	1265
CATHOLIC CHARITIES, ARCHDIOCESE OF SAN ANTONIO, INC.	Bexar	$51,408.00	232	188	40	4	156	76
CHILDREN'S CENTER, INC., THE	Galveston	$75,798.42	670	287	278	68	104	529
COLLIN INTERVENTION TO YOUTH	Collin	$64,492.70	141	83	48	10	31	110
COMAL COUNTY FAMILY VIOLENCE SHELTER	Comal	$40,554.00	1394	1285	29	71	635	750
COMPASSION MINISTRIES OF WACO, INC.	McLennan	$33,192.57	171	117	24	30	58	113
CONNECTIONS INDIVIDUAL & FAMILY SERVICES	Comal	$49,699.00	417	380	23	13	240	176

Contractor	County	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
CORPUS CHRISTI HOPE HOUSE	Nueces	$54,143.69	1844	1739	80	9	998	830
COVENANT HOUSE TEXAS	Harris	$70,070.00	1700	575	1103	21	233	1466
DALLAS JEWISH COALITION/VOGEL ALCOVE	Dallas	$35,172.66	301	87	209	5	47	254
DENTON, CITY OF	Denton	$129,460.34	1769	1328	368	54	272	1478
EAST TEXAS CRISIS CENTER, INC.	Smith	$68,737.00	482	325	137	20	143	339
FAITH MISSION AND HELP CENTER, INC.	Washington	$84,092.00	419	189	226	4	49	370
FAMILY ABUSE CENTER, INC.	McLennan	$44,494.31	253	166	72	15	23	230
FAMILY CRISIS CENTER, INC.	Cameron	$145,601.00	3637	3541	50	44	3082	553
FAMILY GATEWAY, INC.	Dallas	$46,548.00	462	70	366	26	28	434
FAMILY PLACE, THE	Dallas	$47,198.00	845	370	375	100	235	610
FAMILY SERVICES OF SOUTHEAST TEXAS, INC.	Jefferson	$62,494.99	927	432	463	32	88	839
FAMILY VIOLENCE PREVENTION SERVICES, INC.	Bexar	$64,870.00	1769	1466	184	119	1163	606
FIRST STEP OF WICHITA FALLS, INC.	Wichita	$22,671.24	351	246	82	23	57	294
FOCUSING FAMILIES	Waller	$52,884.18	357	253	87	17	158	199
FORT BEND COUNTY WOMEN'S CENTER	Fort Bend County	$53,070.00	388	223	134	31	151	237
GRAYSON COUNTY JUVENILE ALTERNATIVES INC	Grayson	$57,254.00	86	60	19	7	8	78
HARMONY HOUSE, INC.	Harris	$53,968.08	24	11	12	1	1	23
HAYS COUNTY WOMEN'S CENTER	Hays	$86,398.00	532	453	57	22	304	228
HOPE ACTION CARE	Bexar	$64,561.23	183	128	53	2	97	86
HOPE'S DOOR, INC.	Collin	$39,548.81	230	144	61	25	67	163
HOUSTON AREA WOMEN'S CENTER	Harris	$65,000.00	4867	3478	1194	157	2717	2112
JOHNSON COUNTY FAMILY CRISIS CENTER	Johnson	$48,300.00	202	186	13	3	32	170
MID-COAST FAMILY SERVICES, INC.	Victoria	$42,763.14	362	259	82	21	173	189
MIDLAND FAIR HAVENS, INC.	Midland	$58,734.43	1175	882	263	30	500	675
MISSION GRANBURY, INC.	Hood	$52,196.23	116	108	3	5	0	116
MONTGOMERY COUNTY WOMEN'S CENTER	Montgomery	$72,141.07	712	481	176	55	232	480
NEW BEGINNING CENTER	Dallas	$44,754.87	737	542	157	36	328	407
NORTHWEST ASSISTANCE MINISTRIES	Harris	$63,665.82	123	37	84	2	24	99
OPPORTUNITY CENTER FOR THE HOMELESS	El Paso	$70,000.00	1937	1628	226	83	1091	846
PANHANDLE CRISIS CENTER, INC.	Ochitree	$67,249.00	590	578	0	12	310	280
PORT CITIES RESCUE MISSION MINISTRIES	Jefferson	$77,814.05	394	136	222	6	0	364
PROMISE HOUSE, INC.	Dallas	$60,000.00	226	84	139	3	47	179
PROVIDENCE MINISTRY CORPORATION	Cameron	$37,756.00	190	149	38	3	161	29
SABINE VALLEY REGIONAL MHMR CENTER	Gregg	$53,719.99	25	16	9	0	0	25
SAFE HAVEN OF TARRANT COUNTY	Tarrant	$66,048.00	5623	3652	1443	461	1973	3583
SALVATION ARMY OF ABILENE	Taylor	$73,530.98	6966	5691	1029	246	2944	4022
SALVATION ARMY OF BIG SPRING	Howard	$41,090.00	386	351	31	4	94	292
SALVATION ARMY OF CORPUS CHRISTI	Nueces	$70,259.00	1232	1081	143	8	486	746
SALVATION ARMY OF DALLAS FOR CARR P. COLLINS SERVICE CENTER	Dallas	$29,987.79	155	60	90	5	58	97
SALVATION ARMY OF EL PASO	El Paso	$42,450.58	779	736	40	3	597	182
SALVATION ARMY OF FORT WORTH FOR THE FIRST CHOICE PROGRAM	Tarrant	$66,048.00	153	69	78	6	22	131
SALVATION ARMY OF GALVESTON	Galveston	$69,995.00	15899	11623	4160	116	2256	13643

Contractor	County	Award	Total Individuals	White	Black	Other	Hispanic	Non-Hispanic
SALVATION ARMY OF KERRVILLE	Kerr	$49,934.00	467	436	28	3	110	357
SALVATION ARMY OF MCALLEN	Hidalgo	$64,999.00	1255	1228	23	3	1082	172
SALVATION ARMY OF ODESSA	Ector	$33,218.00	631	543	82	6	168	463
SALVATION ARMY OF TYLER	Smith	$72,872.10	8817	5387	3389	41	2007	6810
SALVATION ARMY OF VICTORIA	Victoria	$43,376.00	209	173	36	0	118	91
SAN ANTONIO METROPOLITAN MINISTRY, INC.	Bexar	$40,000.00	2159	1590	412	102	1104	1000
SEARCH	Harris	$129,328.00	3627	1316	2211	95	354	3268
SETON HOME	Bexar	$53,046.00	207	180	27	0	112	95
SHELTER AGENCIES FAMILES IN EAST TEXAS	Titus	$39,205.00	758	614	90	54	222	536
SIN FRONTERAS ORGANIZING PROJECT	El Paso	$70,000.00	812	811	0	1	812	0
STAR OF HOPE MISSION	Harris	$65,000.00	1911	602	1255	54	301	1610
TRAVIS COUNTY DOMESTIC VIOLENCE AND SEXUAL ASSUALT DBA SAFEPLACE	Travis	$38,666.00	706	452	110	104	355	311
TWIN CITY MISSION	Brazos	$70,000.00	769	450	210	109	156	613
WESLEY COMMUNITY CENTER	Harris	$64,779.00	464	130	333	1	102	362
WINTERGARDEN WOMEN'S SHELTER, INC.	Dimmit	$54,696.76	1268	1207	0	61	1170	98
WOMEN TOGETHER FOUNDATION, INC.	Hidalgo	$57,740.00	681	677	1	2	645	35
WOMEN'S HOME, THE	Harris	$61,917.00	97	70	25	2	7	90
WOMEN'S SHELTER OF EAST TEXAS, INC.	Nacogdoches	$47,489.00	440	250	149	41	79	361
YMCA OF METROPOLITAN DALLAS	Dallas	$42,350.00	116	68	40	8	22	94
ESGP Total	State	**$4,755,021.31**	**111,291**	**83,720**	**24,019**	**3,228**	**48,790**	**62,177**
				77%	18%	4%	46%	54%

PROGRESS IN MEETING TDHCA HOUSING AND COMMUNITY SERVICES GOALS

The goals, strategies and objectives established in the Legislative Appropriations Act, the TDHCA *Strategic Plan* and the *State of Texas Consolidated Plan*, guide TDHCA's annual activities through the establishment of objective performance measures. TDHCA's resulting goals are as follows:

1) Increase and preserve the availability of safe, decent and affordable housing for very low-, low- and moderate-income persons and families
2) Promote improved housing conditions for extremely low-, very low- and low-income households by providing information and technical assistance.
3) Improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.
4) Ensure compliance with the TDHCA's federal and state program mandates.
5) Protect the public by regulating the manufactured housing industry in accordance with state and federal laws.
6) Target its housing finance programs resources for assistance to extremely low-income households.
7) Target its housing finance resources for assistance to very low-income households.
8) Provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable Area Median Family Income
9) Work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs through funding, research and policy development efforts.

Progress made towards meeting those goals, the upcoming year's goals and information on TDHCA's actual performance in satisfying in FY 2008 goals and strategies is provided in *Section 4: Action Plan* on page 129.

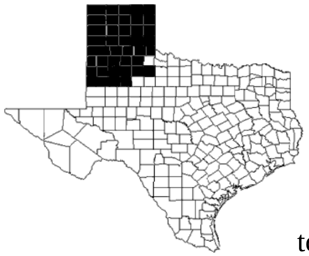
STATEMENT OF ACTIVITIES BY UNIFORM STATE SERVICE REGION

This section describes TDHCA's FY 2008 activities by Uniform State Service Region. The regional tables do not include information for WAP, CEAP, ESGP, CSBG and CFNP because figures are not available for these programs at the regional level. Additionally, for purposes of reporting, Office of Colonia Initiatives figures do not appear as an independent category, but rather the figures are grouped under their respective funding sources. For example, most Contracts for Deed Conversion are reported under HOME Program Homebuyer Assistance.

As required by legislation, TDHCA reports on the racial composition of individuals and families receiving assistance. Regional information has been organized into two generalized categories of housing activity type: Renter Programs and Homeowner Programs.

For more information on the housing activity types and racial reporting categories, please see "Racial Composition of Households Receiving Assistance" under the Statement of Activities section on page 12.

REGION 1



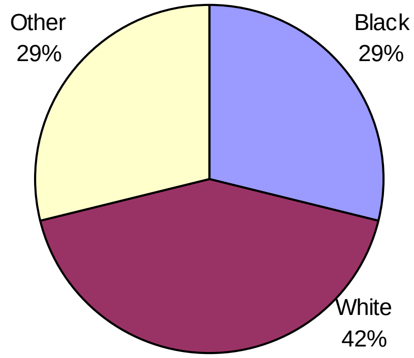
TDHCA allocated $3,502,753 in Region 1 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

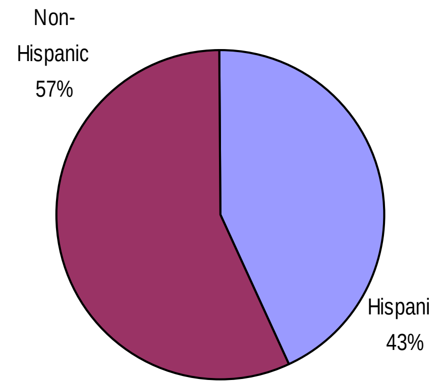
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

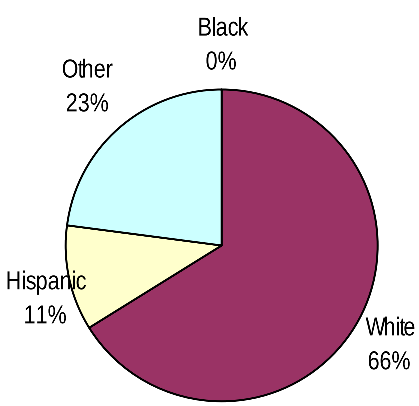


PERCENT OF COMMITTED FUNDS BY ETHNICITY



SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 1

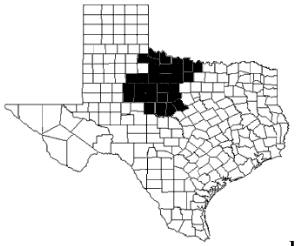
Activity	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC* Committed Funds	HTC* Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
Homeowner Programs	$2,317,376	35	$0	0	$0	0	$0	0	$0	0	$0	0	$2,317,376	35
Renter Programs	$0	0	$84,558	28	$0	0	$1,100,819	252	$0	0	$0	0	$1,185,377	280
Total	$2,317,376	35	$84,558	28	$0	0	$1,100,819	252	$0	0	$0	0	$3,502,753	315

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 1

Income	SF Bond Committed Funds	SF Bond Number of Households Served	HOME Committed Funds	HOME Number of Households Served	HTF Committed Funds	HTF Number of Households Served	HTC* Committed Funds	HTC* Number of Households Served	MF Bond Committed Funds	MF Bond Number of Households Served	Section 8 Committed Funds	Section 8 Number of Households Served	All Activities Committed Funds	All Activities Number of Households Served
0-30% AMFI	$94,254	1	$79,243	26	$0	0	$0	0	$0	0	$0	0	$173,497	27
30-50% AMFI	$1,259,423	21	$5,315	2	$0	0	$0	0	$0	0	$0	0	$1,264,738	23
50-80% AMFI	$870,699	12	$0	0	$0	0	$1,100,819	252	$0	0	$0	0	$1,971,518	264
>80% AMFI	$93,000	1	$0	0	$0	0	$0	0	$0	0	$0	0	$93,000	1
Total	$2,317,376	35	$84,558	28	$0	0	$1,100,819	252	$0	0	$0	0	$3,502,753	315

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 2



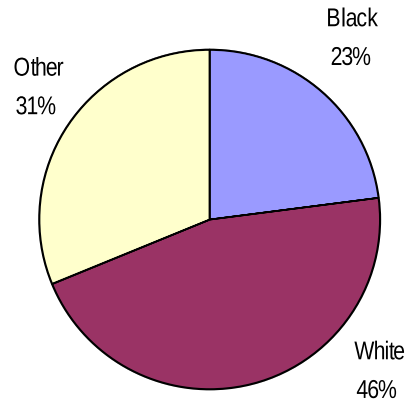
TDHCA allocated $3,364,057 in Region 2 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

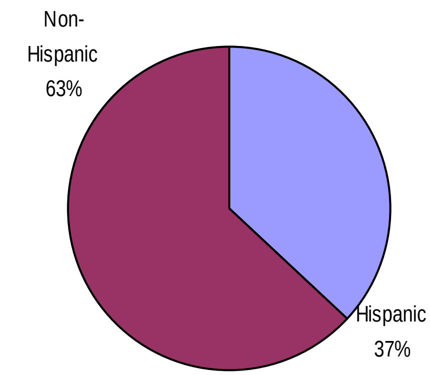
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

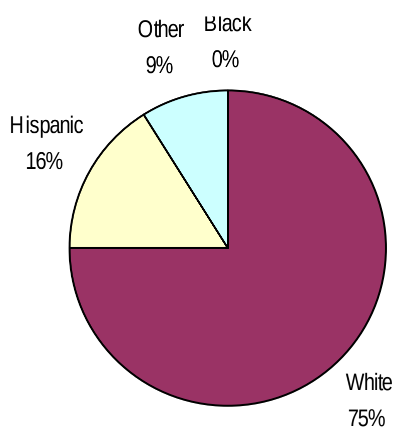


PERCENT OF COMMITTED FUNDS BY ETHNICITY



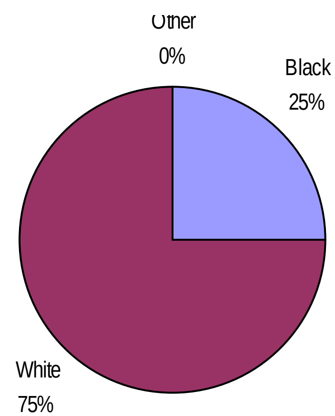
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

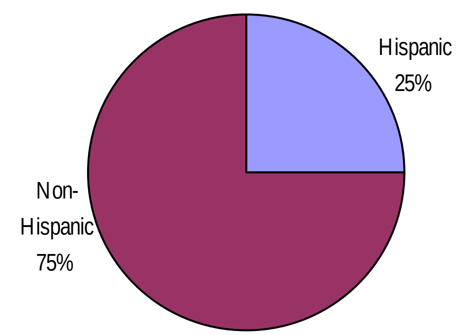


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 2

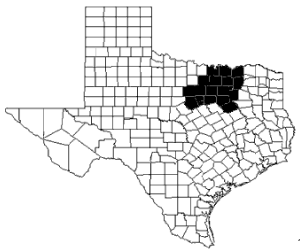
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$1,991,713	32	$239,996	4	$117,800	4	$0	0	$0	0	$0	0	$2,349,509	40
Renter Programs	$0	0	$30,696	11	$0	0	$884,554	80	$0	0	$99,298	28	$1,014,548	119
Total	$1,991,713	32	$270,692	15	$117,800	4	$884,554	80	$0	0	$99,298	28	$3,364,057	159

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 2

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$28,336	10	$0	0	$44,228	4	$0	0	$79,402	20	$151,966	34
30-50% AMFI	$1,207,454	19	$122,358	3	$87,800	3	$309,594	28	$0	0	$16,344	5	$1,743,550	58
50-80% AMFI	$784,259	13	$119,998	2	$30,000	1	$530,732	48	$0	0	$3,552	3	$1,468,541	67
>80% AMFI	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$1,991,713	32	$270,692	15	$117,800	4	$884,554	80	$0	0	$99,298	28	$3,364,057	159

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 3



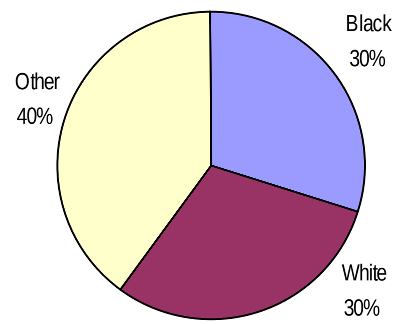
TDHCA allocated $56,698,544 in Region 3 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the very low-income households group (30-50% AMFI) was the most served income group.

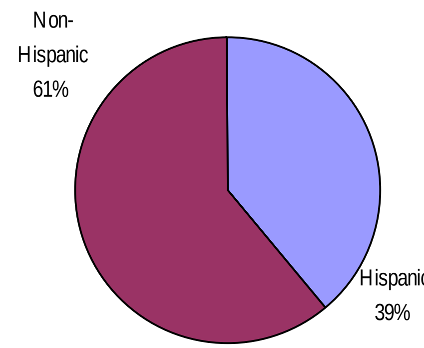
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

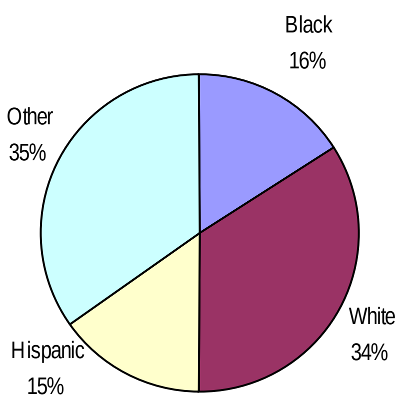


PERCENT OF COMMITTED FUNDS BY ETHNICITY



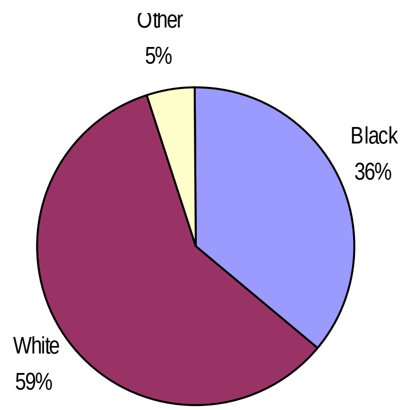
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

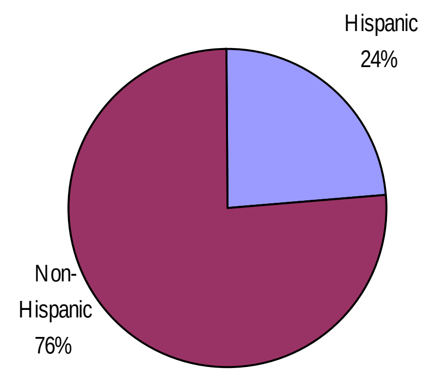


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 3

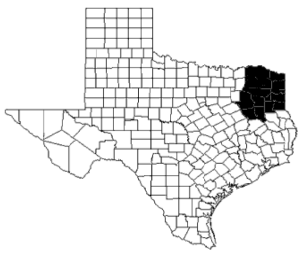
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$39,245,299	362	$783,397	31	$772,188	28	$0	0	$0	0	$0	0	$40,800,884	421
Renter Programs	$0	0	$4,723,901	145	$0	0	$9,108,071	1,006	$0	0	$2,065,689	327	$15,897,661	1478
Total	$39,245,299	362	$5,507,298	176	$772,188	28	$9,108,071	1006	$0	0	$2,065,689	327	$56,698,545	1899

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 3

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$1,142,187	13	$1,654,598	35	$55,000	2	$644,705	74	$0	0	$1,597,602	224	$5,094,092	348
30-50% AMFI	$7,128,324	82	$3,787,800	128	$610,688	22	$3,939,831	436	$0	0	$425,857	85	$15,892,500	753
50-80% AMFI	$17,776,697	167	$64,899	13	$106,500	4	$4,523,535	496	$0	0	$42,230	18	$22,513,861	698
>80% AMFI	$13,198,091	100	$0	0	$0	0	$0	0	$0	0	$0	0	$13,198,091	100
Total	$39,245,299	362	$5,507,297	176	$772,188	28	$9,108,071	1006	$0	0	$2,065,689	327	$56,698,544	1899

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 4



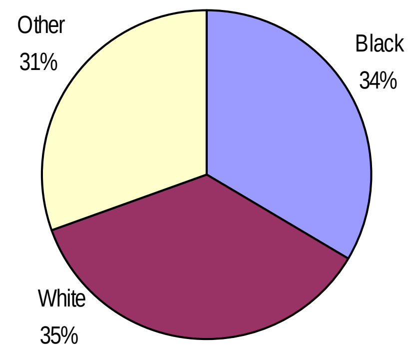
TDHCA allocated $7,897,726 in Region 4 during FY 2008.

Renter programs accounted for the largest segment of this total and the very low-income households group (30-50% AMFI) was the most served income group.

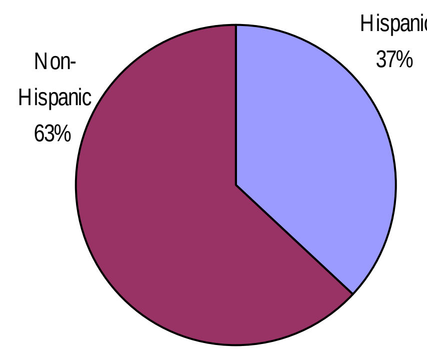
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

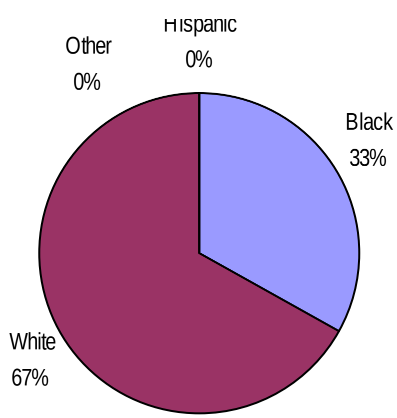


PERCENT OF COMMITTED FUNDS BY ETHNICITY



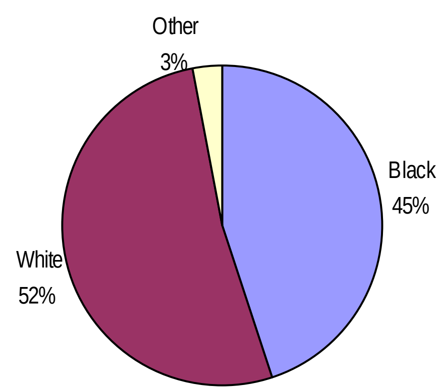
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

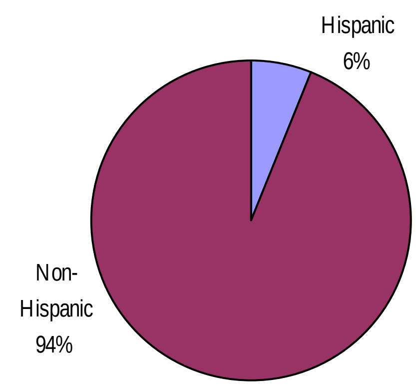


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 4

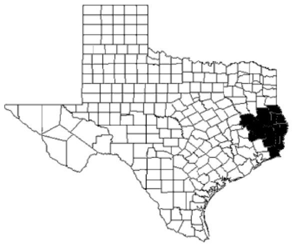
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$239,979	3	$298,410	26	$112,000	5	$0	$0	$0	0	$0	0	$650,389	34
Renter Programs	$0	0	$5,018,090	123	$0	0	$2,229,248	$210	$0	0	$0	0	$7,247,338	333
Total	$239,979	3	$5,316,500	149	$112,000	5	$2,229,248	210	$0	0	$0	0	$7,897,727	367

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 4

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$803,544	16	$0	0	$116,767	$11	$0	0	$0	0	$920,311	27
30-50% AMFI	$0	0	$3,125,004	108	$112,000	5	$838,354	$79	$0	0	$0	0	$4,075,358	192
50-80% AMFI	$49,634	1	$1,387,951	25	$0	0	$1,274,127	$120	$0	0	$0	0	$2,711,712	146
>80% AMFI	$190,345	2	$0	0	$0	0	$0	$0	$0	0	$0	0	$190,345	2
Total	$239,979	3	$5,316,499	149	$112,000	5	$2,229,248	210	$0	0	$0	0	$7,897,726	367

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 5



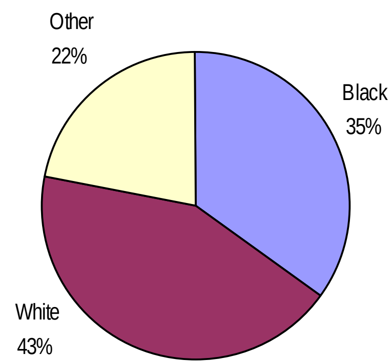
TDHCA allocated $8,303,979 in Region 5 during FY 2008.

Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

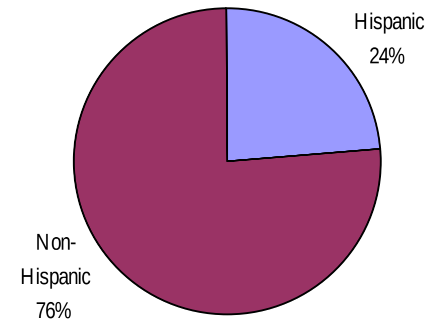
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

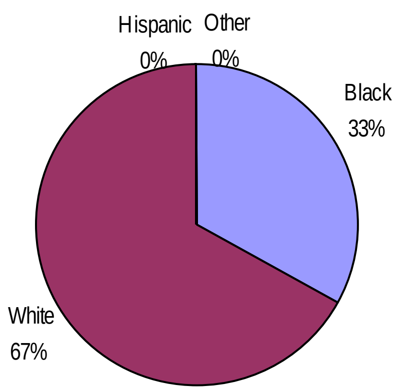


PERCENT OF COMMITTED FUNDS BY ETHNICITY



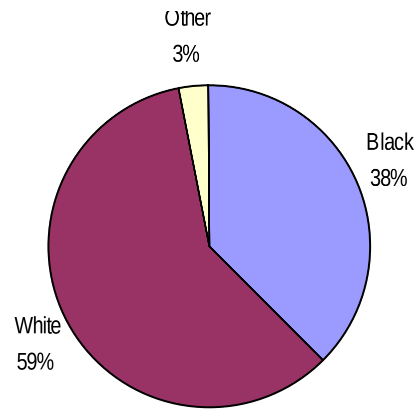
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

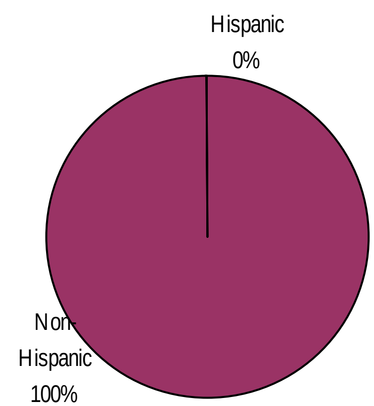


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 5

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$2,095,446	27	$1,600,693	30	$448,535	83	$0	0	$0	0	$0	0	$4,144,674	140
Renter Programs	$0	0	$844,786	105	$0	0	$3,319,518	475	$0	0	$0	0	$4,164,304	580
Total	$2,095,446	27	$2,445,479	135	$448,535	83	$3,319,518	475	$0	0	$0	0	$8,308,978	720

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 5

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$153,784	1	$1,644,125	120	$123,773	26	$127,961	12	$0	0	$0	0	$2,049,643	159
30-50% AMFI	$333,396	5	$157,733	5	$207,833	35	$937,091	88	$0	0	$0	0	$1,636,053	133
50-80% AMFI	$700,802	10	$643,621	10	$116,928	22	$2,254,467	375	$0	0	$0	0	$3,715,818	417
>80% AMFI	$907,464	11	$0	0	$0	0	$0	0	$0	0	$0	0	$907,464	11
Total	$2,095,446	27	$2,445,479	135	$448,535	83	$3,319,519	475	$0	0	$0	0	$8,308,979	720

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 6

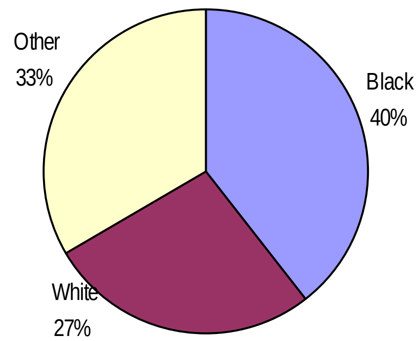
TDHCA allocated $121,656,132 in Region 6 during FY 2008.

Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

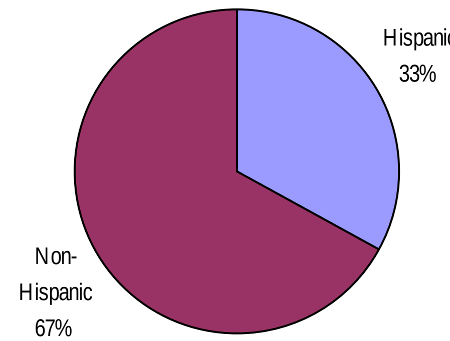
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

Renter Programs

Percent of Committed Funds by Race

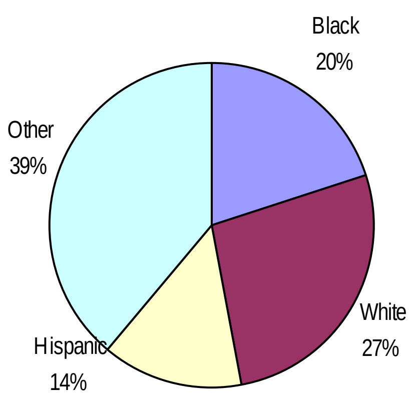


Percent of Committed Funds by ethnicity



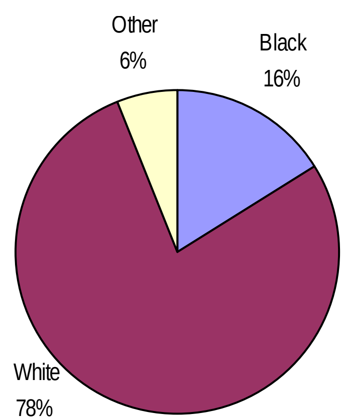
Single Family Bond Program

Percent of Committed Funds by Race and Ethnicity

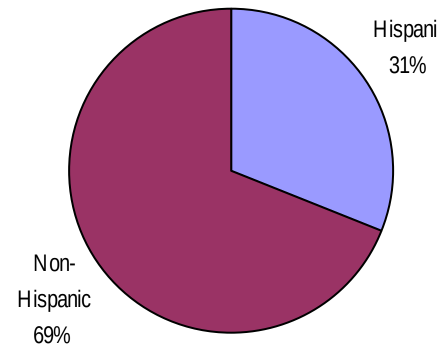


HOME Program Owner Programs

Percent of Committed Funds by Race



Percent of Committed Funds by Ethnicity



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 6

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$78,957,663	649	$952,290	30	$85,344	27	$0	$0	$0	0	$0	0	$79,995,297	706
Renter Programs	$0	0	$860,110	117	$0	0	$11,951,168	$1,631	$26,122,400	448	$2,727,157	485	$41,660,835	2681
Total	$78,957,663	649	$1,812,400	147	$85,344	27	$11,951,168	1631	$26,122,400	448	$2,727,157	485	$121,656,132	3387

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 6

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$1,240,595	12	$998,007	82	$67,208	15	$531,173	$63	$0	0	$2,246,850	351	$5,083,833	523
30-50% AMFI	$4,347,720	50	$704,006	54	$8,341	8	$4,481,769	$583	$0	0	$446,168	115	$9,988,004	810
50-80% AMFI	$27,357,355	250	$110,387	11	$9,795	4	$6,938,226	$985	$26,122,400	448	$34,139	19	$60,572,302	1717
>80% AMFI	$46,011,993	337	$0	0	$0	0	$0	$0	$0	0	$0	0	$46,011,993	337
Total	$78,957,663	649	$1,812,400	147	$85,344	27	$11,951,168	1631	$26,122,400	448	$2,727,157	485	$121,656,132	3387

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 7

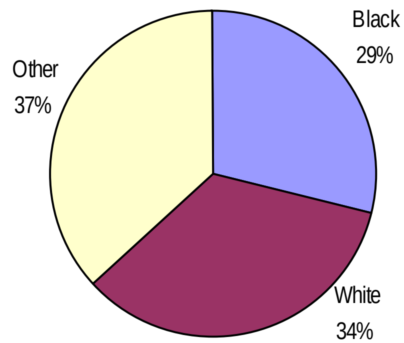
TDHCA allocated $89,612,721 in Region 7 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

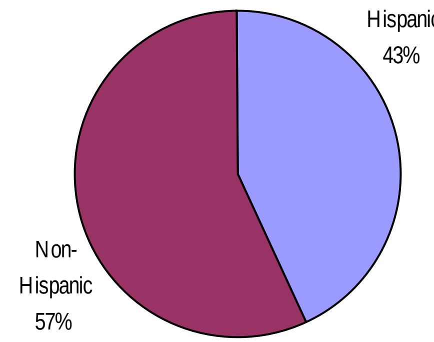
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

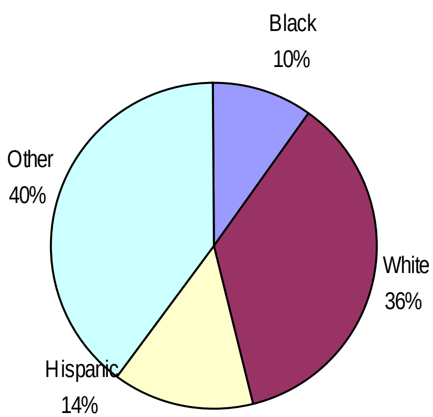


PERCENT OF COMMITTED FUNDS BY ETHNICITY



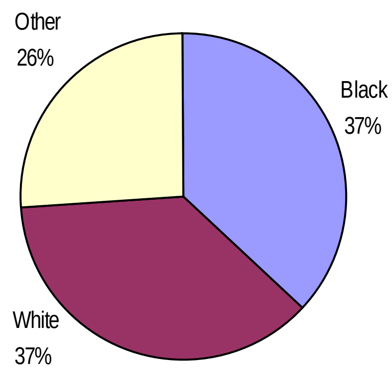
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

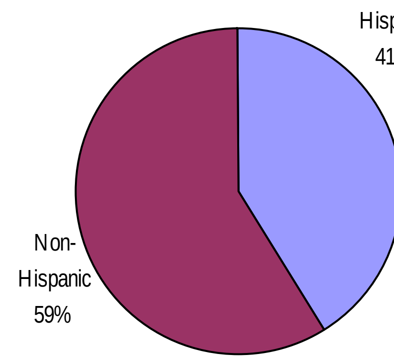


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 7

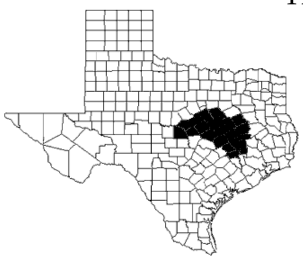
Activity	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$64,628,025	476	$207,454	20	$201,512	7	$0	0	$0	0	$0	0	$65,036,991	503
Renter Programs	$0	0	$6,905,971	87	$0	0	$2,259,992	460	$15,000,000	224	$409,766	98	$24,575,729	869
Total	$64,628,025	476	$7,113,425	107	$201,512	7	$2,259,992	460	$15,000,000	224	$409,766	98	$89,612,720	1372

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 7

Income	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$2,300,962	18	$1,560,953	33	$81,512	3	$100,898	12	$0	0	$346,165	73	$4,390,490	139
30-50% AMFI	$7,558,279	67	$1,089,261	21	$120,000	4	$757,704	98	$0	0	$63,160	24	$9,588,404	214
50-80% AMFI	$31,914,583	242	$4,463,211	53	$0	0	$1,401,391	350	$15,000,000	224	$441	1	$52,779,626	870
>80% AMFI	$22,854,201	149	$0	0	$0	0	$0	0	$0	0	$0	0	$22,854,201	149
Total	$64,628,025	476	$7,113,425	107	$201,512	7	$2,259,993	460	$15,000,000	224	$409,766	98	$89,612,721	1372

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 8



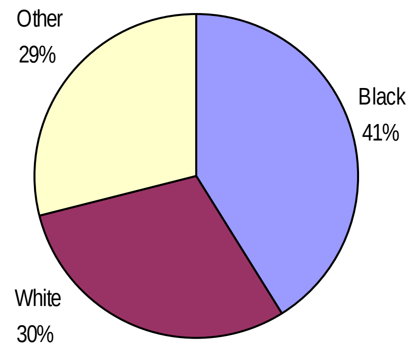
TDHCA allocated $13,509,400 in Region 8 during FY 2008.

Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

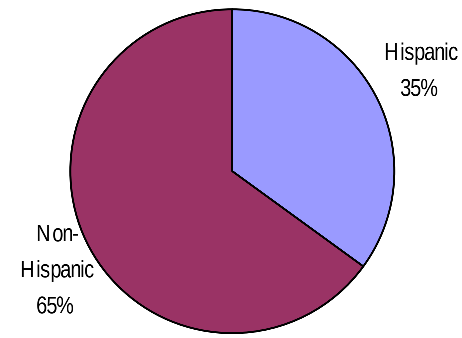
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

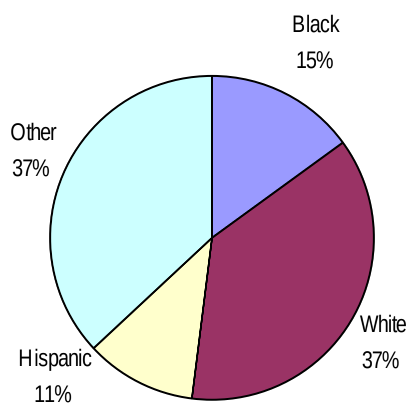


PERCENT OF COMMITTED FUNDS BY ETHNICITY



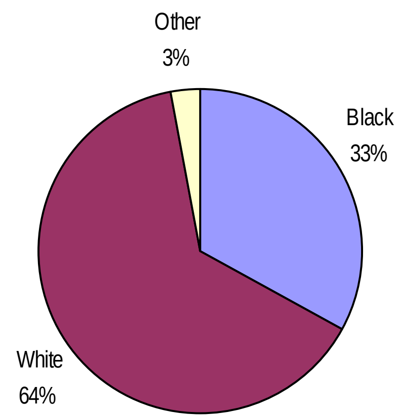
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

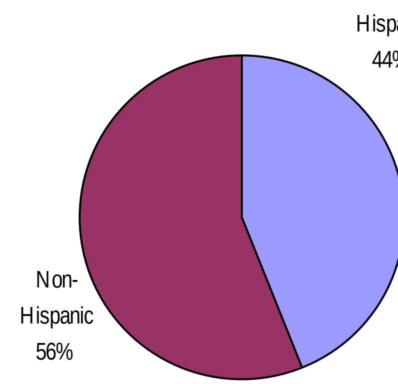


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 8

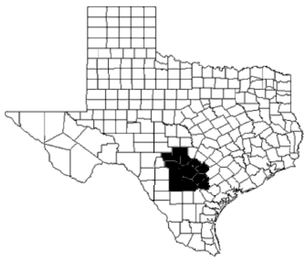
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$6,842,804	73	$159,010	7	$774,500	26	$0	0	$0	$0	$0	0	$7,776,314	106
Renter Programs	$0	0	$3,440,000	93	$0	0	$1,966,585	249	$0	$0	$326,501	93	$5,733,086	435
Total	$6,842,804	73	$3,599,010	100	$774,500	26	$1,966,585	249	$0	0	$326,501	93	$13,509,400	541

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 8

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$33,474	1	$486,520	11	$120,000	4	$110,289	14	$0	$0	$259,270	59	$1,009,553	89
30-50% AMFI	$738,655	12	$2,793,740	64	$505,000	17	$766,550	99	$0	$0	$63,631	25	$4,867,576	217
50-80% AMFI	$3,306,196	38	$318,750	25	$174,500	6	$1,089,746	136	$0	$0	$3,600	7	$4,892,792	212
>80% AMFI	$2,764,479	22	$0	0	$0	0	$0	0	$0	$0	$0	2	$2,764,479	24
Total	$6,842,804	73	$3,599,010	100	$799,500	27	$1,966,585	249	$0	0	$326,501	93	$13,534,400	542

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 9



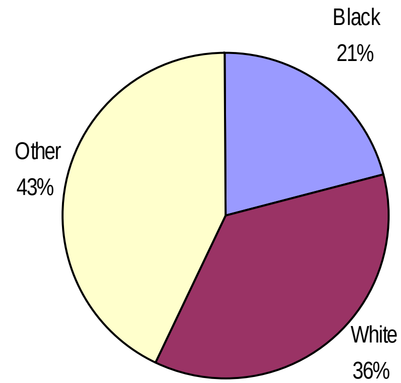
TDHCA allocated $24,163,729 in Region 9 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

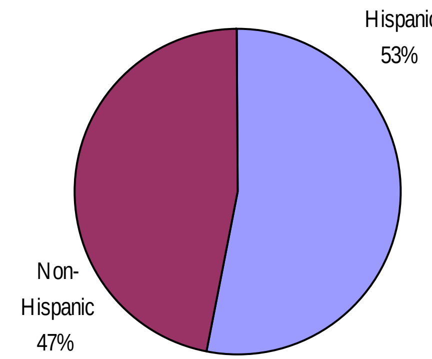
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

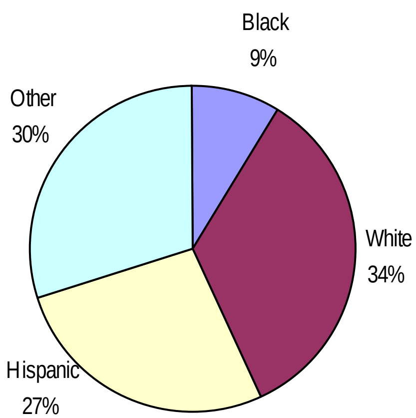


PERCENT OF COMMITTED FUNDS BY ETHNICITY



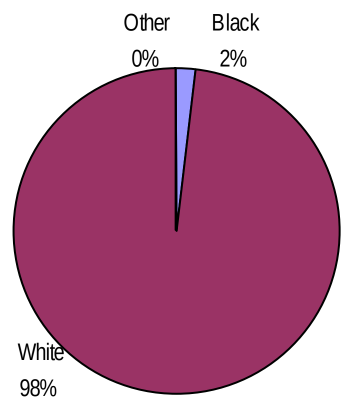
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

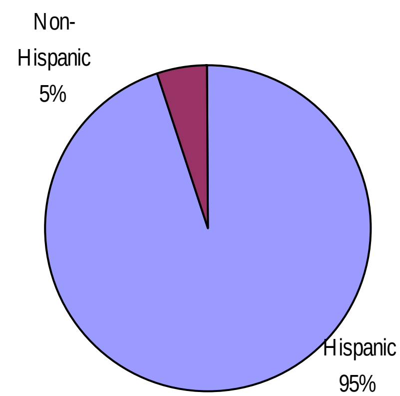


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 9

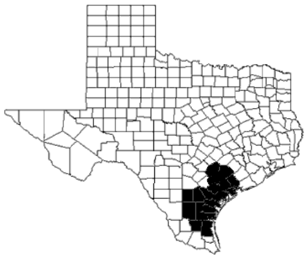
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$14,862,130	128	$0	0	$1,066,880	41	$0	0	$0	0	$0	0	$15,929,010	169
Renter Programs	$0	0	$4,204,933	117	$0	0	$3,824,133	657	$0	0	$205,653	59	$8,234,719	833
Total	$14,862,130	128	$4,204,933	117	$1,066,880	41	$3,824,133	657	$0	0	$205,653	59	$24,163,729	1002

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 9

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$135,339	2	$485,449	29	$203,097	8	$222,641	28	$0	0	$158,747	43	$1,205,273	110
30-50% AMFI	$382,836	5	$1,937,592	66	$810,236	31	$812,716	121	$0	0	$44,038	14	$3,987,418	237
50-80% AMFI	$7,269,139	66	$1,781,892	22	$53,547	2	$2,788,776	508	$0	0	$2,868	2	$11,896,222	600
>80% AMFI	$7,074,816	55	$0	0	$0	0	$0	0	$0	0	$0	0	$7,074,816	55
Total	$14,862,130	128	$4,204,933	117	$1,066,880	41	$3,824,133	657	$0	0	$205,653	59	$24,163,729	1002

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 10



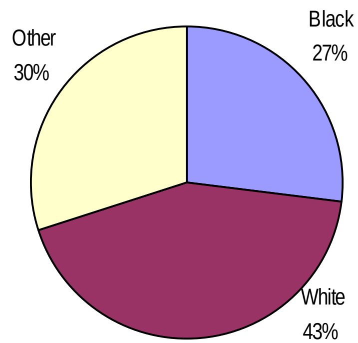
TDHCA allocated $4,369,784 in Region 10 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

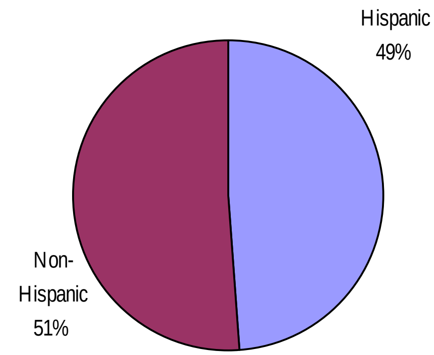
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

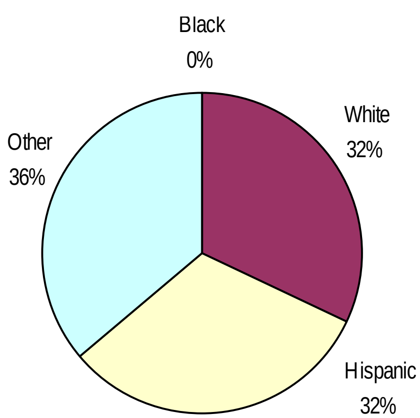


PERCENT OF COMMITTED FUNDS BY ETHNICITY



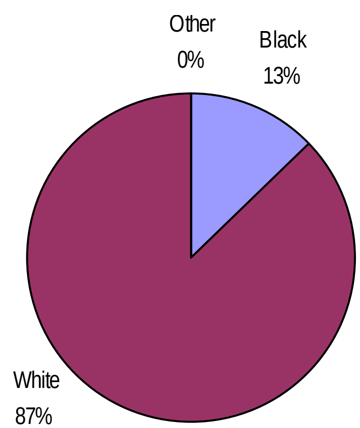
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

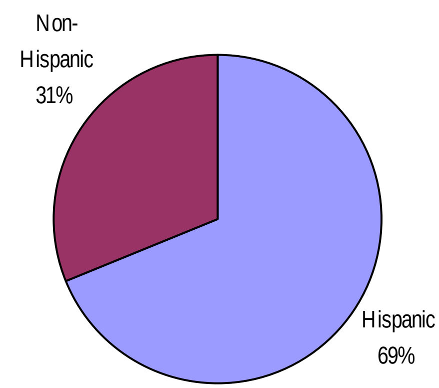


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 10

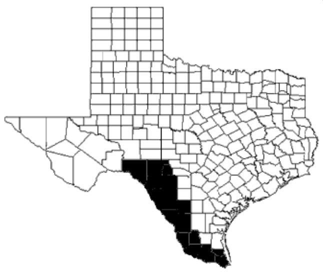
Activity	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$2,074,135	23	$336,222	7	$236,490	8	$0	0	$0	0	$0	0	$2,646,847	38
Renter Programs	$0	0	$787,790	40	$0	0	$929,969	100	$0	0	$5,178	4	$1,722,937	144
Total	$2,074,135	23	$1,124,012	47	$236,490	8	$929,969	100	$0	0	$5,178	4	$4,369,784	182

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 10

Income	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$205,472	2	$338,730	21	$30,000	1	$46,498	5	$0	0	$5,178	4	$625,878	33
30-50% AMFI	$251,394	4	$725,282	25	$180,000	6	$325,489	35	$0	0	$0	0	$1,482,165	70
50-80% AMFI	$894,816	10	$60,000	1	$26,490	1	$557,981	60	$0	0	$0	0	$1,539,287	72
>80% AMFI	$722,453	7	$0	0	$0	0	$0	0	$0	0	$0	0	$722,453	7
Total	$2,074,135	23	$1,124,012	47	$236,490	8	$929,968	100	$0	0	$5,178	4	$4,369,783	182

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 11



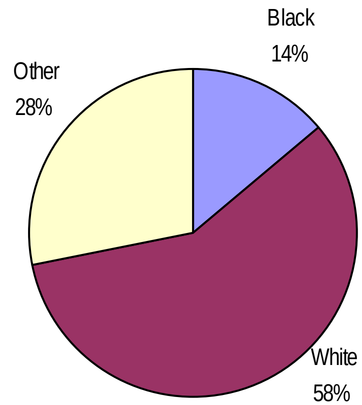
TDHCA allocated $20,615,590 in Region 11 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80%) was the most served income group.

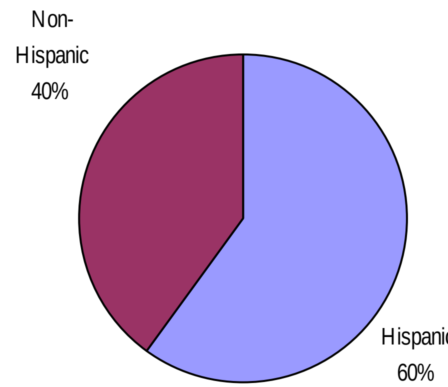
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

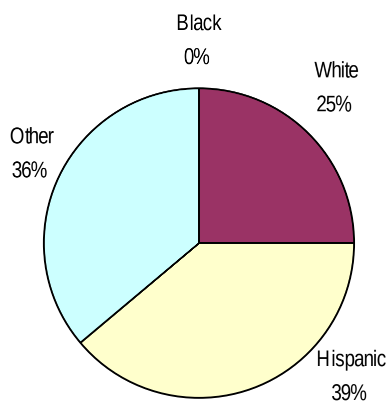


PERCENT OF COMMITTED FUNDS BY ETHNICITY



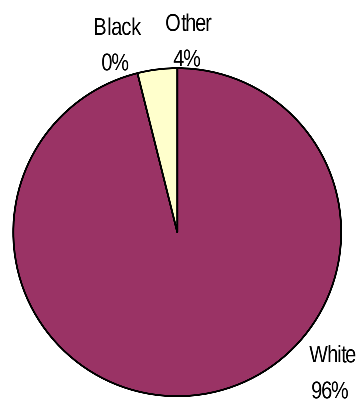
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

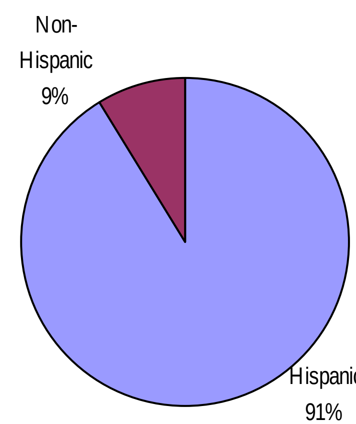


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 11

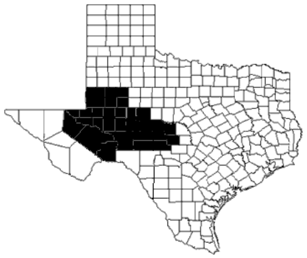
	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$12,622,908	178	$1,192,962	68	$1,322,110	45	$0	0	$0	0	$0	0	$15,137,980	291
Renter Programs	$0	0	$2,022,194	94	$0	0	$3,431,908	292	$0	0	$23,508	5	$5,477,610	391
Total	$12,622,908	178	$3,215,156	162	$1,322,110	45	$3,431,908	292	$0	0	$23,508	5	$20,615,590	682

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 11

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$381,826	9	$611,053	31	$0	0	$192,456	16	$0	0	$23,508	5	$1,208,843	61
30-50% AMFI	$3,571,640	62	$2,393,503	111	$402,570	14	$1,211,348	103	$0	0	$0	0	$7,579,061	290
50-80% AMFI	$6,194,531	84	$210,600	20	$799,540	27	$2,028,104	173	$0	0	$0	0	$9,232,775	304
>80% AMFI	$2,474,911	23	$0	0	$120,000	4	$0	0	$0	0	$0	0	$2,594,911	27
Total	$12,622,908	178	$3,215,156	162	$1,322,110	45	$3,431,908	292	$0	0	$23,508	5	$20,615,590	682

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 12



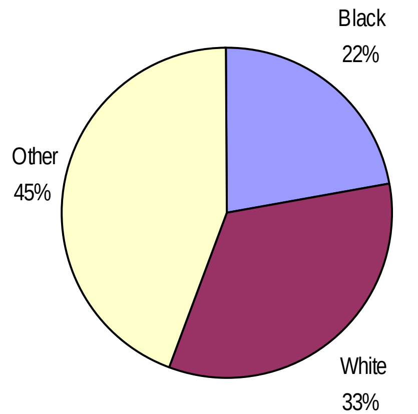
TDHCA allocated $2,268,233 in Region 12 during FY 2008.

Renter programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

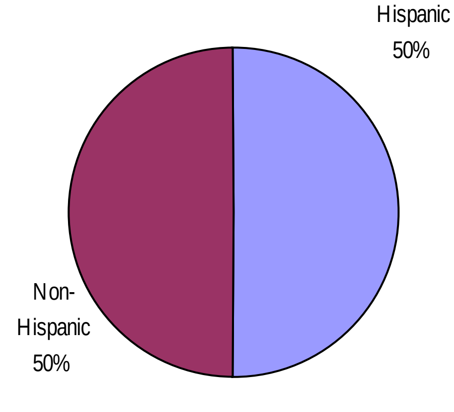
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

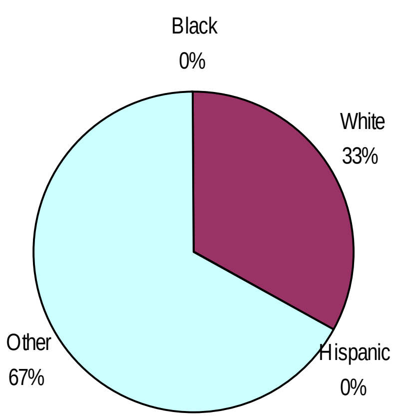


PERCENT OF COMMITTED FUNDS BY ETHNICITY



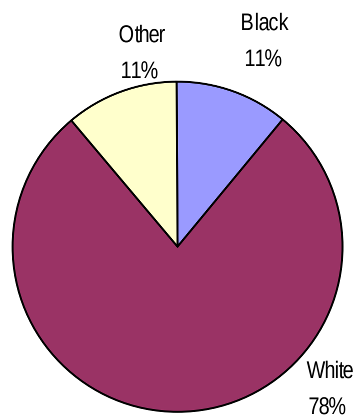
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

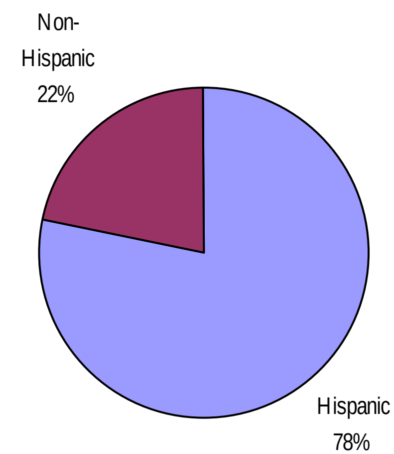


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 12

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$168,878	3	$305,000	6	$82,500	3	$0	0	$0	0	$21,819	10	$578,197	22
Renter Programs	$0	0	$31,000	9	$0	0	$1,659,036	167	$0	0	$0	0	$1,690,036	176
Total	$168,878	3	$336,000	15	$82,500	3	$1,659,036	167	$0	0	$21,819	10	$2,268,233	198

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 12

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$0	0	$116,000	11	$0	0	$115,335	12	$0	0	$19,762	7	$251,097	30
30-50% AMFI	$168,878	3	$220,000	4	$82,500	3	$182,909	17	$0	0	$2,057	2	$656,344	29
50-80% AMFI	$0	0	$0	0	$0	0	$1,360,793	138	$0	0	$0	1	$1,360,793	138
>80% AMFI	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0
Total	$168,878	3	$336,000	15	$82,500	3	$1,659,037	167	$0	0	$21,819	10	$2,268,234	198

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

REGION 13

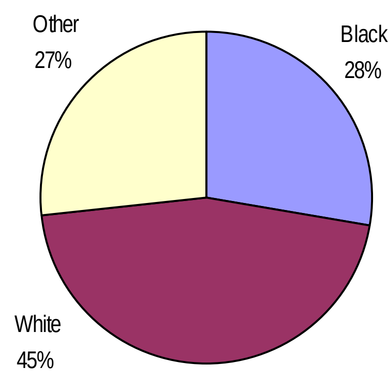
TDHCA allocated $10,528,335 in Region 13 during FY 2008.

Homeowner programs accounted for the largest segment of this total and the low-income households group (50-80% AMFI) was the most served income group.

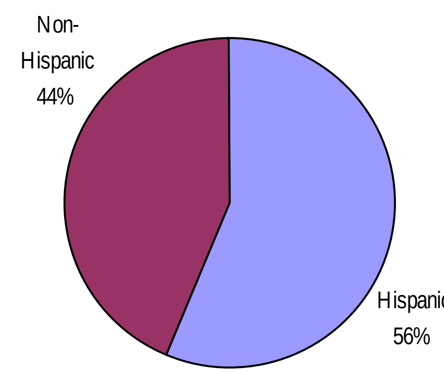
Note: Because loan servicers do not record race and ethnicity data separately, data for the Single Family Bond program is presented in one combined chart.

RENTER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE

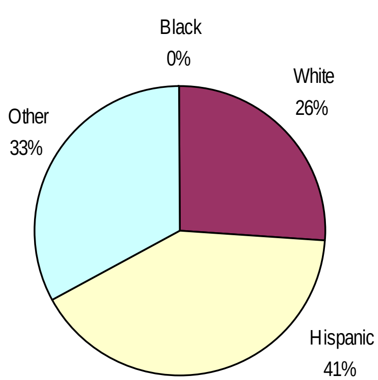


PERCENT OF COMMITTED FUNDS BY ETHNICITY



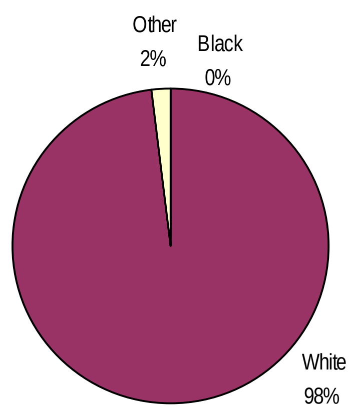
SINGLE FAMILY BOND PROGRAM

PERCENT OF COMMITTED FUNDS BY RACE AND ETHNICITY

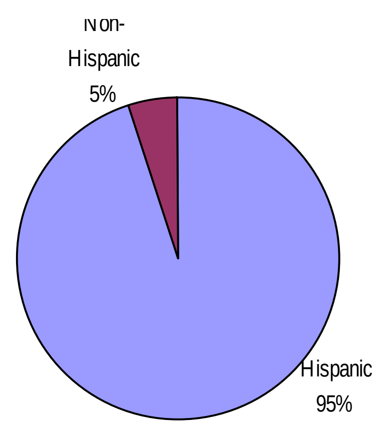


HOME PROGRAM OWNER PROGRAMS

PERCENT OF COMMITTED FUNDS BY RACE



PERCENT OF COMMITTED FUNDS BY ETHNICITY



*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

FUNDING AND HOUSEHOLDS SERVED, BY ACTIVITY AND HOUSING PROGRAM TYPE, REGION 13

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Activity	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
Homeowner Programs	$7,058,394	76	$246,442	15	$607,500	28	$0	0	$0	0	$0	0	$7,912,336	119
Renter Programs	$0	0	$8,974	4	$0	0	$2,607,025	352	$0	0	$0	0	$2,615,999	356
Total	$7,058,394	76	$255,416	19	$607,500	28	$2,607,025	352	$0	0	$0	0	$10,528,335	475

FUNDING AND HOUSEHOLDS SERVED, BY INCOME CATEGORY AND HOUSING PROGRAM, REGION 13

	SF Bond		HOME		HTF		HTC*		MF Bond		Section 8		All Activities	
Income	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served	Committed Funds	Number of Households Served
0-30% AMFI	$55,100	1	$8,974	4	$0	0	$174,600	22	$0	0	$0	0	$238,674	27
30-50% AMFI	$1,513,734	19	$174,832	9	$321,000	15	$635,749	97	$0	0	$0	0	$2,645,315	140
50-80% AMFI	$3,214,203	34	$71,610	6	$261,500	12	$1,796,676	233	$0	0	$0	0	$5,343,989	285
>80% AMFI	$2,275,357	22	$0	0	$0	0	$0	0	$0	0	$0	0	$2,275,357	22
Total	$7,058,394	76	$255,416	19	$582,500	27	$2,607,025	352	$0	0	$0	0	$10,503,335	474

*This regional Housing Tax Credit data does not include $7,430,557 awarded to previously funded developments statewide.

FAIR HOUSING SPONSOR REPORT ANALYSIS

TDHCA requires that housing developments of 20 units or more which receive financial assistance from TDHCA submit an annual housing sponsor report. This report includes the contact information for each property, the total number of units, the number of accessible units, the rents for units by type, the racial composition information for the property, the number of units occupied by individuals receiving supported housing assistance, the number of units occupied delineated by income group and a statement as to whether there have been fair housing violations at the property. This information depicts the property information as of a specific date, December 31, of each year.

Because of the extensive nature of the information, TDHCA has elected to provide this report under a separate publication: the TDHCA *Housing Sponsor Report* (HSR). The HSR includes an analysis of the collected information, as well as the information submitted by each property. In addition, in fulfillment of §2306.072(c)(8), the HSR contains a list of average rents sorted by Texas county based on housing sponsor report responses from TDHCA-funded properties.

For more information and a copy of this report, please contact the TDHCA Housing Resource Center at (512) 475-3976 or visit http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm.

GEOGRAPHIC DISTRIBUTION OF HOUSING TAX CREDITS

Section 2306.111(d) of the Government Code requires that TDHCA use a Regional Allocation Formula (RAF) to allocate its 9% Housing Tax Credits (HTCs) to the Uniform State Service Regions it uses for planning purposes. Because of the level of funding and the impact of this program in financing the multifamily development of affordable housing, this section of the Plan discusses the geographical distribution of HTCs.

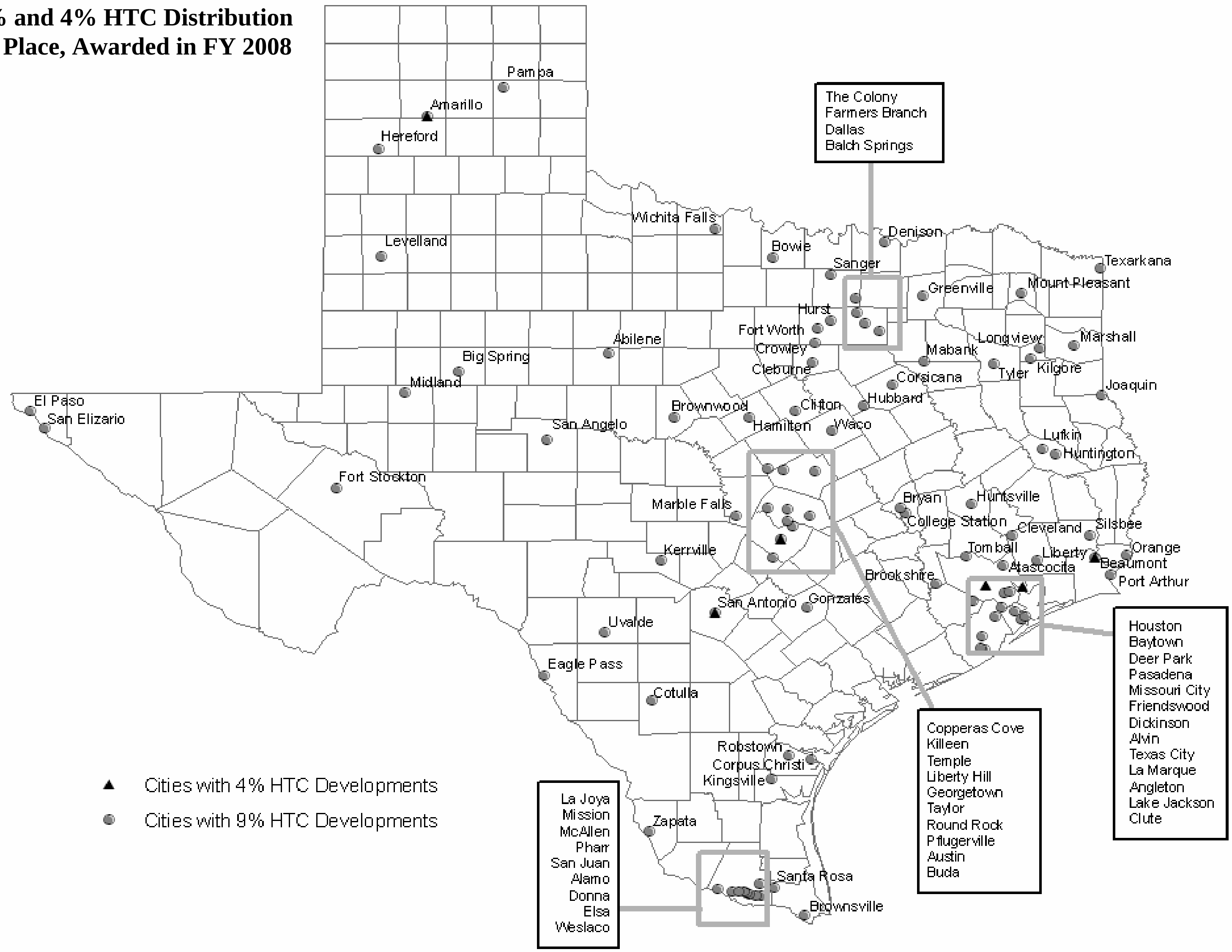
The Department allocated $49,390,716 in HTCs through the Competitive Housing Tax Credit application process from the 2008 ceiling. Information on these awards, as well as the entire HTC inventory, can be found on the HTC Program's web page at http://www.tdhca.state.tx.us/multifamily/htc/. The map on the following page displays the geographic distribution of the FY 2008 9% and 4% awards.

REGIONAL ALLOCATION FORMULA

The table below shows the funding distribution of FY 2008 awards by region and includes the variations between the actual distribution and the 9% HTC RAF targets. The Department plans the credit distributions to match the HTC RAF targets as closely as possible; the RAF targets apply to the 9% HTC program. To that end, as many whole awards as possible are made in each Uniform State Service Region's urban and rural sub-regions based on the RAF target for each. The total remainder in each region is then collapsed into 13 regional pools. The sub-region with the highest original target percentage is determined within each region and, if possible, additional awards are made in these sub-regions out of the region's pool. If a region does not have enough qualified applications to meet its regional credit distribution target, then those credits will be apportioned to the other regions from a statewide pool of remaining credits.

Region	All HTCs	% of All HTCs	4% HTCs	% of All 4% HTCs	9%HTCs	% of All 9% HTCs	Targeted 9% Dist. Under RAF	Difference between Actual and Targeted
1	$1,548,752	2.94%	$1,100,819	22.30%	$447,933	0.94%	4.4%	-3.44%
2	$1,118,143	2.12%	0	0.00%	$1,118,143	2.34%	2.3%	0.03%
3	$10,083,326	19.13%	$0	0.00%	$10,083,326	21.11%	21.8%	-0.67%
4	$2,636,648	5.00%	0	0.00%	$2,636,648	5.52%	5.2%	0.29%
5	$3,608,044	6.85%	814993	16.51%	$2,793,051	5.85%	2.4%	3.43%
6	$14,180,038	26.91%	$1,929,924	39.10%	$12,250,114	25.65%	21.5%	4.16%
7	$2,922,708	5.55%	$488,042	9.89%	$2,434,666	5.10%	5.5%	-0.38%
8	$2,254,763	4.28%	$0	0.00%	$2,254,763	4.72%	6.3%	-1.57%
9	$4,167,704	7.91%	$601,737	12.19%	$3,565,967	7.47%	7.4%	0.11%
10	$1,139,813	2.16%	$0	0.00%	$1,139,813	2.39%	4.3%	-1.87%
11	$4,123,162	7.82%	0	0.00%	$4,123,162	8.63%	12.5%	-3.83%
12	$1,965,605	3.73%	0	0.00%	$1,965,605	4.11%	2.6%	1.48%
13	$2,953,877	5.60%	$0	0.00%	$2,953,877	6.18%	3.9%	2.26%
Total	$52,702,583	100.00%	$4,935,515	100.00%	$47,767,068	100.00%	100.00%	0.00%

9% and 4% HTC Distribution by Place, Awarded in FY 2008



SECTION 3: HOUSING ANALYSIS

This section of the Plan contains an overview of the affordable housing needs in the state and an estimate and analysis of the housing needs in each region.

DATA SOURCES AND LIMITATIONS

The information provided in this section should be considered within the context of its limitations. The Department recognizes that an undistorted assessment of housing need can be found only at the local level based on the direct experience of local households. The following issues should be considered when reviewing the information contained in this report:

- Nuances of housing need are lost when data is aggregated into regional, county and statewide totals. For example, housing needs in rural communities are often distorted when reported at the county level because housing needs are often very different in rural and urban areas. The large population of urban metropolitan areas can skew the data and mask the needs of the rural areas.
- Reliable data available on the condition of the housing stock, the homeless population and the housing needs of special needs populations is very limited.

2000 Census and 2000 Comprehensive Housing Affordability Strategy (CHAS) data is primarily used in this report. The content and format of the Census-based tables, graphs and maps provided in this section were derived, in part, from a methodology for housing needs assessment in the *National Analysis of Housing Affordability, Adequacy and Availability: A Framework for Local Housing Strategies*. The Urban Institute prepared this document for the U.S. Department of Housing and Urban Development (HUD). It provides a methodology with which to describe and analyze local housing markets in order to develop strategies for addressing housing problems and needs. The document served as a guide for the preparation of CHAS reports. As such, it provides a systematic framework for housing market analysis. HUD collaborated with the U.S. Census Bureau to develop special tabulations of the 2000 Census data.

The CHAS database classifies households into five relative income categories based on reported household income, the number of people in the household and geographic location. These income categories are used to reflect income limits that define eligibility for HUD's major assistance programs, as well as for other housing programs, such as the Housing Tax Credit Program. Households are classified into income groups by comparing reported household income to HUD-Adjusted Median Family Income (HAMFI). The income limits are calculated by household size for each metropolitan area and non-metropolitan county in the United States and its territories. They are based on HUD estimates of median family income with several adjustments as required by statute. The income classifications are extremely low income, very low income, low income, moderate income and above 95 percent of HAMFI.[1]

The income limits for metropolitan areas may not be less than limits based on the state non-metropolitan median family income level and must be adjusted accordingly. Income limits must be also adjusted for family size and may be adjusted for areas with unusually high or low family income or housing-cost-to-income relationships.

Unit affordability compares housing cost to local area HAMFI. Affordable units are defined as units for which a household would pay no more than 30 percent of its income for rent and no more than two and

[1] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.

one-half times its annual income to purchase. Since HUD's adjusted median family incomes are estimated for a family of four, affordability levels are also adjusted to control for various-sized units based on the number of people that could occupy a unit without overcrowding. This adjustment is made by multiplying the threshold described above by 75 percent for a zero-to-one-bedroom unit, 90 percent for a two-bedroom unit and 104 percent for a three-or-more-bedroom unit.

Homeless figures are taken from 2000 Census group quarters population and type tables, contained in Census 2000 Summary File 1. Group quarters type designations include institutional quarters, which include correctional facilities, hospitals and juvenile institutions, as well as noninstitutional quarters, which include military quarters, group homes, dormitories and other situations. Based on the Definitions of Subject Characteristics contained in the Technical Documentation for Summary File 1: 2000 Census of Population and Housing published by the U.S. Census Bureau, this report uses "other noninstitutional group quarters" and "other nonhousehold living situations" census figures to represent the homeless population in each region. "Other noninstitutional group quarters" counts individuals in shelters for abused women, soup kitchens, mobile food vans and other targeted nonsheltered outdoor locations where there is evidence of human occupation. "Other nonhousehold living situations" counts individuals with no usual home residing in hostels and YMCAs who were not counted in other tabulations.

The U.S. Census also completed a special tabulation, Emergency and Transitional Shelter Population: 2000, based on metropolitan areas with 100 or more people in emergency and transitional shelters. It must be noted that this data only refers to metropolitan areas with 100 or more people in shelters, so is not a comprehensive picture of the total population living in shelters. In the region sections of this document, if the Census counted individuals living in emergency shelters in a metropolitan area that is located in the region, those figures are provided.

It must be emphasized that the regional estimates of the homeless populations are not comprehensive. The various definitions of homeless and methods in counting the homelessness make definitive tabulations difficult. The Texas Interagency Council for the Homeless estimates that about 200,000 people, or 1 percent of the state's population, are homeless.[2] The Census figures for individuals living in "other noninstitutional group quarters" and "other nonhousehold living situations" count only 28,377 individuals statewide.

The needs assessment data is augmented with additional information from the perspective of local officials, where available. In March 2006, TDHCA conducted the 2006 State of Texas Community Needs Survey. This survey was designed to obtain a better understanding of housing and community development needs, issues and problems at the state, regional and local levels. The survey gave local officials, who are most familiar with the unique characteristics of their communities, a voice in determining how Texas's affordable housing, supportive service and community development needs can be most effectively addressed.

[2] Texas Interagency Council for the Homeless, "Key Facts," http://www.tich.state.tx.us/facts.htm (accessed August 8, 2006).

STATE OF TEXAS

The state level housing analysis includes information on demographics, special needs populations and affordable housing need indicators. Department plans reflect this statewide information as well as the consideration of affordable housing assistance from various sources.

DEMOGRAPHIC CHARACTERISTICS

Texas is one of the fastest growing states in the nation. According to recent Census data, Texas population expanded by nearly a quarter (22.8 percent) between 1990 and 2000, far exceeding the national growth average of 13.2 percent for the same decade. The increase in state population by 3,865,310 persons was the largest of any decade in Texas history. More than one of every nine persons added to the population of the United States in the 1990s was added in Texas.[3]

Projected Population Change and Implications for Housing Need

- Looking at long-term demographic projections, it is clear that the demand for affordable and subsidized housing will increase in the coming years.
- The 2000 state population of 20.9 million is expected to surge to 50.4 million by 2040.
- The Anglo population will account for only 3.9 percent of net population growth from 2000 to 2040, meaning that more than 96 percent of the total net increase in Texas population between 2000 and 2040 will consist of the non-Anglo population.
- Anglo population is expected to grow by 10.4 percent between 2000 and 2040, while blacks are expected to increase by 65.0 percent and Hispanics by 348.7 percent.
- The population is becoming older: the median age will increase from 32.3 in 2000 to 38.3 in 2040. The percentage of the population that was 65 or older was 9.9 percent in 2000 but will increase to 20 percent by 2040.
- Growth in the number of households, projected at 162.1 percent over the period 2000-2040, will outstrip population growth: 142.6 percent during the same period.

Expected housing demand is directly linked to projected changes in population characteristics. The current ethnic shift is significant because of the substantial differences between the races in terms of income level. The absolute difference in median household income between Anglos and Blacks was $13,602 in 1989, but $17,857 in 1999; and the Anglo-Hispanic difference was $12,242 in 1989, but $17,289 in 1999. Similarly, the poverty rates of 23.4 percent for Blacks and 25.4 percent for Hispanics were still roughly three times as high as the 7.8 percent of persons in poverty among Anglos. Because of these disparities, households in Texas will become poorer over the coming decades unless the relationship between ethnicity and income somehow changes.[4]

A correlation also exists between income and age. According to the 2000 Census, 13.1 percent of Texans age 65 and older live below the poverty level. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing. Approximately 30 percent of all elderly households spend more than 30 percent of their income on housing, while 14 percent spend more than 50 percent of their

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[3] Information for the Housing Analysis comes from the 2000 U.S. Census except where noted otherwise.
[4] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas*, by Steve H. Murdock et. al. (Texas A&M University System, December 2002), http://txsdc.utsa.edu/download/pdf/TxChall2002.pdf (accessed May 17, 2006).

income on housing. These statistics take on new urgency when considered alongside the anticipated upsurge in the state's elderly population.

Not only will the demographics of the population be changing, but so will its needs. The faster growth in number of households than in total population is a reflection of the large number of non-Anglos who will enter household-formation ages during this time period. More young families mean an increased demand for housing.[5]

Poverty and Income

According to the 2000 Census, Texas has the ninth highest overall poverty rate in the nation, with a rate of 15.4 percent compared to the national rate of 12.4 percent. Poverty conditions along the Texas-Mexico border warrant special attention. Parts of the region, like McAllen-Edinburg-Mission, suffer from an unemployment rate double that of the state's (12 percent vs. 6.1 percent) and less than half of state's per capita income average. Fifteen counties along the border have a poverty rate of at least 25 percent, almost double the national average. Conditions are particularly acute in the colonias, unincorporated areas along the Texas-Mexico border lacking infrastructure and decent housing. It is estimated that 43 percent of colonia residents live below the poverty level.

The poverty rate for all family households in Texas, different from the overall poverty rate, is expected to increase from the 2000 figure of 11.4 percent to 15.4 percent by 2040.[6] The primary reasons for this are the rapid growth of present minority populations and the dominance in the economy of low-paying jobs, particularly in the service-industry.[7] While manufacturing and mining continue to decline, Texas ranked third in the nation in 2003 for service industry job creation. According to U.S. Bureau of Labor Statistics data, eight of the top ten most common jobs in Texas earn incomes that fall at least $10,000 below the state median income of $33,770.

Many families who rely on these low-wage occupations for a living find it difficult to cover all essential expenses. According to a study by the Center for Public Policy Priorities, "a significant proportion of families throughout the state struggle paycheck-to-paycheck to make ends meet." The study examined a typical family's fundamental expenses, such as housing, food, child care, medical costs, transportation, taxes, etc. and compared the total bill to typical wages earned in the 27 Texas Metropolitan Statistical Areas. The study asserts that a family of four in Texas requires a household hourly income of $18 to $22 per hour (depending on the metro area in which the family lives) to simply meet its most basic needs. In a majority of Texas metro areas, however, half of the total employment is in occupations with a median wage under $10 per hour.[8]

The Texas Comptroller's Economic Update predicts that the fastest growing sector of the state economy over the next decade will be largely in industries requiring specialized education and skills. These industries include high tech communications, engineering and research.

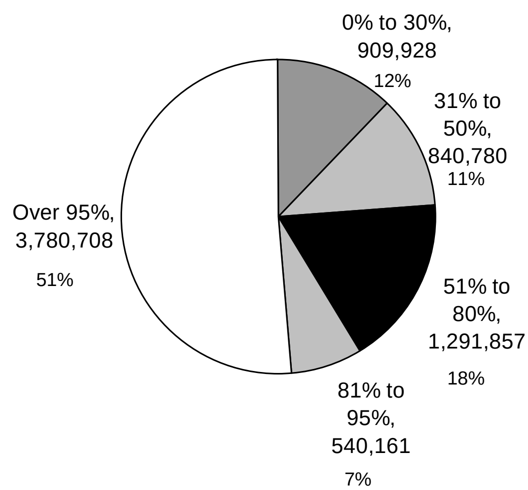
To provide a more detailed breakdown of the population by income level, this report will use the five income groups designated by HUD. Households are classified into these groups by comparing reported household incomes to HUD-Adjusted Median Family Incomes (HAMFI). The income level definitions are as follows:

- Extremely Low Income: At or below 30 percent of HAMFI
- Very Low Income: Between 31 percent and 50 percent of HAMFI

[5] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[6] Center for Demographic and Socioeconomic Research and Education, *Texas Challenge in the Twenty-First Century*.
[7] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas* (Austin, TX: Center for Public Policy Priorities, September 2002).
[8] Center for Public Policy Priorities, *Making It: What it Really Takes to Live in Texas*.

- Low Income: Between 51 percent and 80 percent of HAMFI
- Moderate Income: Between 81 percent and 95 percent of HAMFI
- Above 95 percent of HAMFI

Households by Income Group in Texas, 2000



Source: 2000 CHAS data

The chart above indicates the 2000 distribution of households by income group across Texas by number and percentage. A total of 41 percent of all households are in the low income range (0 to 80 percent of HAMFI). Meeting the needs of this large portion of the state's households is TDHCA's primary focus.

AFFORDABLE HOUSING NEED

When analyzing local housing markets and developing strategies for meeting housing problems, HUD suggests the consideration of several factors. These factors include how much a household spends on housing costs, the physical condition of the housing and whether or not the household is overcrowded. The following table reveals the number and percentage of households with at least one housing need by income category and household type.

Households with Housing Need by Income Group

		Renter Household			Owner Households		
		At Least one Problem	Total Households	Percent with at least one Problem	At Least one Problem	Total Households	Percent with at least one Problem
0-30% AMFI	Elderly Households	59,065	95,130	62.1%	100,876	151,597	66.5%
	Small Related	162,308	204,534	79.4%	76,492	102,443	74.7%
	Large Related	63,879	69,467	92.0%	39,256	44,325	88.6%
	Other Households	133,429	183,124	72.9%	39,368	59,120	66.6%
	Total Households	**418,681**	**552,255**	**75.8%**	**255,992**	**357,485**	**71.6%**
31-50% AMFI	Elderly Households	36,578	61,305	59.7%	62,920	168,088	37.4%
	Small Related	133,605	180,725	73.9%	79,006	240,138	32.9%
	Large Related	58,132	67,274	86.4%	53,907	104,329	51.7%
	Other Households	102,090	127,074	80.3%	24,401	68,290	35.7%
	Total Households	**330,405**	**436,378**	**75.7%**	**220,234**	**580,845**	**37.9%**
51-80% AMFI	Elderly Households	19,934	47,527	41.9%	41,173	210,720	19.5%
	Small Related	98,014	250,309	39.2%	121,204	282,336	42.9%
	Large Related	57,987	81,881	70.8%	81,842	132,264	61.9%
	Other Households	79,147	210,629	37.6%	35,978	79,867	45.0%
	Total Households	**255,082**	**590,346**	**43.2%**	**280,197**	**705,187**	**39.7%**
81-95% AMFI	Elderly Households	3,638	13,761	26.4%	9,883	78,918	12.5%
	Small Related	18,310	91,694	20.0%	40,150	147,881	27.2%
	Large Related	14,142	24,917	56.8%	25,542	53,828	47.5%
	Other Households	11,784	90,223	13.1%	14,049	40,543	34.7%
	Total Households	**47,874**	**220,595**	**21.7%**	**89,624**	**321,170**	**27.9%**
More Than 95% AMFI	Elderly Households	8,169	54,143	15.1%	23,454	497,428	4.7%
	Small Related	43,853	400,026	11.0%	131,939	1,749,473	7.5%
	Large Related	35,490	74,662	47.5%	92,229	360,855	25.6%
	Other Households	17,060	338,469	5.0%	34,919	303,446	11.5%
	Total Households	**104,572**	**867,300**	**12.1%**	**282,541**	**2,911,202**	**9.7%**
Total Households	Elderly Households	127,384	271,866	46.9%	238,306	1,106,751	21.5%
	Small Related	456,090	1,127,288	40.5%	448,791	2,522,271	17.8%
	Large Related	229,630	318,201	72.2%	292,776	695,601	42.1%
	Other Households	343,510	949,519	36.2%	148,715	551,266	27.0%
	Total Households	**1,156,614**	**2,666,874**	**43.4%**	**1,128,588**	**4,875,889**	**23.1%**

Source: 2000 CHAS data

Physical Inadequacy (Lack of Kitchen and Plumbing Facilities)

The measure of physical inadequacy available from the CHAS database tabulation of the 2000 Census is the number of units lacking complete kitchen and/or plumbing facilities. While this is not a complete measure of physical inadequacy, the lack of plumbing and/or kitchen facilities can serve as a strong indication of one type of housing inadequacy. The following figure demonstrates that among the physically inadequate housing units for households under 80 percent of HAMFI, 44 percent are affordable to extremely low-income households.

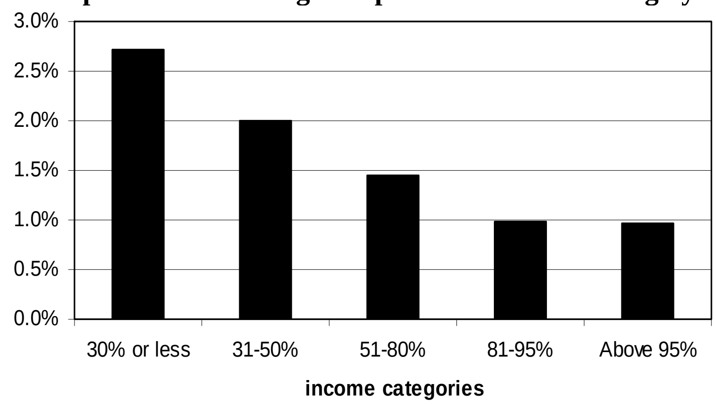
Units Lacking Kitchen and/or Plumbing Facilities by Affordability Category, 2000

	Number	Percent
0% to 30%	25,817	44%
31% to 50%	15,907	27%
51% to 80%	16,341	28%
Total	58,065	100%

Source: 2000 CHAS data

Slightly more than 1 percent of all renter households in Texas lack complete kitchen or plumbing facilities. The following table shows the distribution of this problem by income group. Households in the lowest income group, less than 30 percent HAMFI, have the highest incidence of physically inadequate housing.

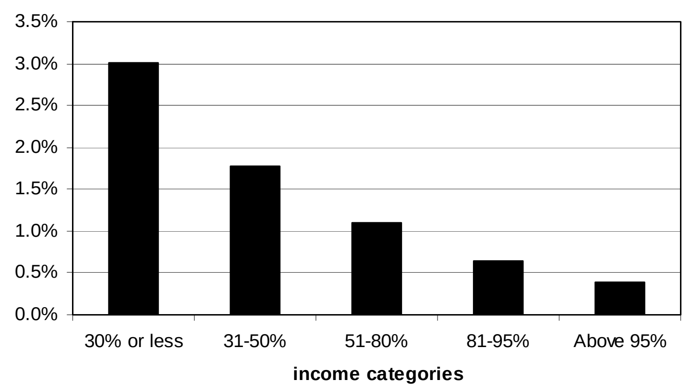
Renter-Occupied Units Lacking Complete Kitchen/Plumbing by Percent



Source: 2000 CHAS data

As is the case with renter households, inadequate kitchen and plumbing is a greater problem for the lowest income categories of owner households. A full 3 percent of owner households earning below 30 percent HAMFI lack full kitchen or plumbing facilities.

Owner-Occupied Units Lacking Complete Plumbing/Kitchen by Percent

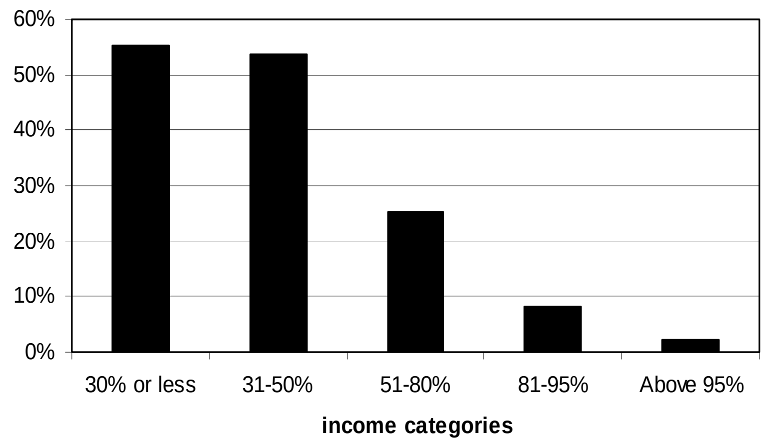


Source: 2000 CHAS data

Excess Housing Cost Burden

An excess cost burden is identified when a household pays more than 30 percent of its gross income for housing costs. When so much is spent on housing, other basic household needs may suffer. As the following graph shows, a majority of renter households in the lowest two income categories, totaling more than 540,000 households, is burdened by paying an excess portion of income toward housing. This is much greater than in the highest income category, above 95 percent HAMFI, where only 2.2 percent of households experience the problem.

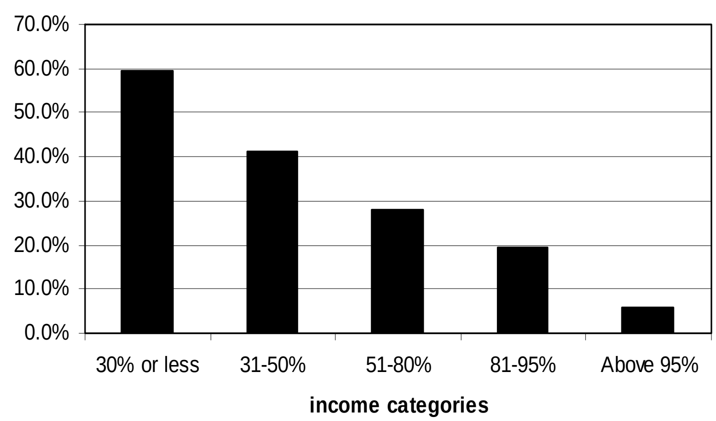
Renter Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

As shown in the following graph, excess housing cost burden affects 59.3 percent of owner households in the lowest income category. This figure, representing a majority, is much higher than the 5.7 percent of households affected in the highest income category. The graph illustrates the direct correlation between owner income category and an owner household's likelihood of experiencing this problem.

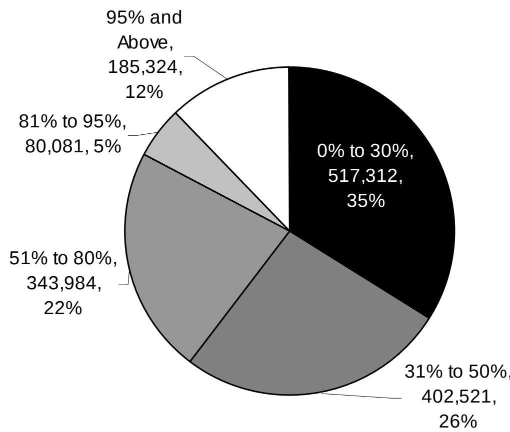
Owner Households with Excess Housing Cost Burden (>30% of Income) by percent



Source: 2000 CHAS data

The chart below shows the total number and percentage of households with excess housing cost burden by income group.

Excess Housing Cost Burden by Income Group, 2000



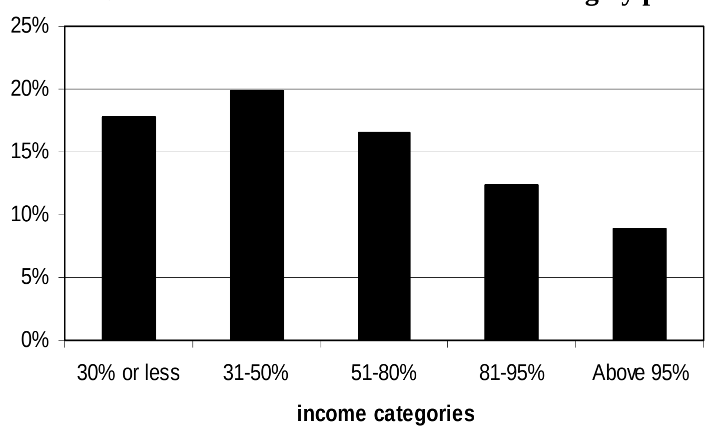
Source: 2000 CHAS Data

Overcrowding

Overcrowded housing conditions occur when a residence accommodates more than one person per each room in the dwelling. Overcrowding may indicate a general lack of affordable housing in a community where households have been forced to share space, either because other housing units are not available or because the units available are too expensive.

Lower income renter households experience overcrowded conditions more frequently than higher income households. Almost 18 percent of renter households in the extremely low income category and 19.9 percent of renter households in the low income category are afflicted by overcrowding.

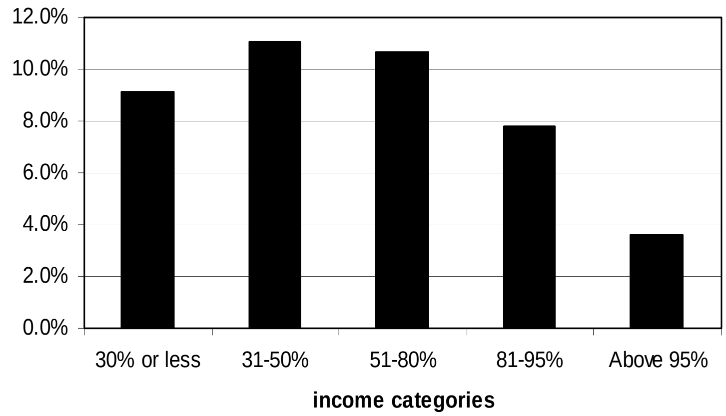
Renter Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

Lower income owner households also experience overcrowded conditions more frequently than higher income owner households. More than 21 percent of owner households earning less than 50 percent HAMFI live in overcrowded conditions compared to 11.4 percent of owner households over 80 percent HAMFI.

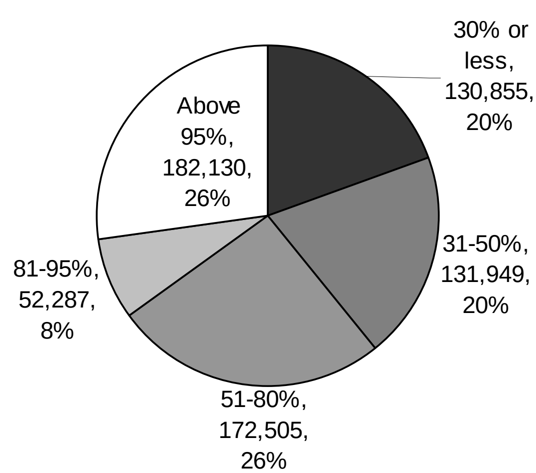
Owner Households with Incidence of Overcrowding by percent



Source: 2000 CHAS data

The chart below shows the total incidence of overcrowded households by income group.

Overcrowded Households by Income Group, 2000



Source: 2000 CHAS Database

HOUSING AVAILABILITY AND AFFORDABILITY

The following figures compare demand and supply of affordable housing by looking at the number of households and housing units in different affordability categories. Because higher income households often reside in units that could be affordable to the lowest income households, there are fewer units available at a cost that is affordable to lower income households. For example, as shown in Figure 3.12, 1.4 million households that have incomes greater than 80 percent AMFI occupy units that would be affordable to households at 0-50 percent AMFI. Households in this category can afford units in any of the defined affordability categories. Therefore, households that are not low-income often limit the supply of affordable housing units available to low-income households.

The table below describes the housing market interaction of various income groups and housing costs. The table shows the income classifications of the occupants of housing units. The table also illustrates the housing market mismatch between housing units and income groups. For example, very low-income households (0-50 percent of HAMFI) account for only about one-third of all the occupants of housing that is affordable to them. All low-income households (0-80 percent of HAMFI) make up only 48 percent of all households occupying housing affordable to them. This table illustrates housing market mismatches as well as an implicit excessive cost burden for those households that are residing in units beyond their affordability category.

Occupied Affordable Housing Units by Income Group of Occupant, 2000, by percentage of HAMFI

Number of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	1,112,083	588,198	246,476	277,409
Affordable to 51-80% HAMFI	1,245,842	346,703	301,491	597,648
Affordable to >80% HAMFI	305,135	52,391	41,485	211,259

Percent of Renter units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	52.9%	22.2%	24.9%
Affordable to 51-80% HAMFI	100.0%	27.8%	24.2%	48.0%
Affordable to >80% HAMFI	100.0%	17.2%	13.6%	69.2%

Number of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	2,099,253	549,469	458,002	1,091,782
Affordable to 51-80% HAMFI	1,331,792	136,016	165,496	1,030,280
Affordable to >80% HAMFI	1,266,738	78,725	81,390	1,106,623

Percent of Owner units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	26.2%	21.8%	52.0%
Affordable to 51-80% HAMFI	100.0%	10.2%	12.4%	77.4%
Affordable to >80% HAMFI	100.0%	6.2%	6.4%	87.4%

Number of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	3,211,336	1,137,667	704,478	1,369,191
Affordable to 51-80% HAMFI	2,577,634	482,719	466,987	1,627,928
Affordable to >80% HAMFI	1,571,873	131,116	122,875	1,317,882

Percent of Total units	Total	50% or less	51-80%	Above 80%
Affordable to 0-50% HAMFI	100.0%	35.4%	21.9%	42.6%
Affordable to 51-80% HAMFI	100.0%	18.7%	18.1%	63.2%
Affordable to >80% HAMFI	100.0%	8.3%	7.8%	83.8%

Source: 2000 CHAS data

LOCAL PERCEPTION

TDHCA acknowledges that the greatest understanding of housing needs is found at the local level. TDHCA continuously strives to improve the methods used to identify regional affordable housing needs.

State of Texas Community Needs Survey

Beginning in March 2006 and ending May 2006, the Department conducted the 2006 Community Needs Survey (CNS) online to examine housing and community service needs at the local level. The survey contained 18 questions regarding housing, community affairs and community development needs and was distributed to state representatives, state senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies and Housing Opportunities for Persons with AIDS (HOPWA) agencies—a total of 2,529 individuals and entities. There was a 17.2 percent response rate for the survey.

Analysis of the 2006 CNS demonstrates a strong need for housing and energy assistance. Of those respondents ranking their community's need for general assistance, approximately 31 percent indicated that housing assistance (including down payment assistance, home repair and rental payment assistance) was their first or second priority need. Approximately 28 percent of question respondents ranked energy assistance activities as their first or second priority need. Approximately 18 percent of respondents indicated that the development of apartments was the priority need, 15 percent chose capacity building assistance and 7 percent chose homeless assistance.

A significant 49 percent indicated that home repair assistance was the greatest need when compared to home purchase assistance and rental payment assistance. Only 8 percent stated that there was a minimal need for these housing activities in their communities. Regarding rental development activities, 35 percent indicated that their community's greatest need was the construction of new rental units, while approximately 33 percent indicated that both rental construction and rehabilitation activities were the same priority. Only 13 percent identified rehabilitation of existing units as their priority need, which is the same percentage of respondents who stated that there was a minimal need for rental development in their areas.

When considering energy assistance activities, 43 percent indicated that utility payment assistance was the greatest need followed by weatherization and minor home repairs. For homeless assistance activities, a majority 48 percent indicated that there was a minimal need for this type of assistance in their communities and 16 percent did not have an opinion on the subject. Of respondents that indicated a needed activity, homeless prevention services received the highest response with 12 percent indicating that it was their priority need.

The regional results from the CNS are incorporated into the regional plans in the next section of this report. A final report on the survey, the Report on the *2006 State of Texas Community Needs Survey*, is available online from the TDHCA Housing Resource Center at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports.

STATE HOUSING SUPPLY

The 2000 U.S. Census reported 8.2 million housing units in Texas, of which 90.6 percent are occupied. The number of housing units increased 16 percent from 7.0 million units that were on the ground in 1990. The breakdown of occupied units by type is 4.7 million owner occupied (a 28 percent increase over 1990) and 2.8 million renter occupied (a 13 percent increase over 1990). The average household size for owner-occupied units increased to 2.87 persons per unit in 2000 as compared to 2.85 per unit in 1990. The average household size for renter units decreased slightly to 2.53 persons per unit in 2000 as compared to 2.55 per unit in 1990.

Approximately 66.5 percent of the housing units in Texas are single-family units. Approximately 24.1 percent of housing units are within multifamily structures: 14.1 percent of housing units are within multifamily developments with up to 19 units and 10.0 percent of housing units are within multifamily developments with 20 units or more. The remaining 9.0 percent of housing units are mobile homes, RVs or boats.

Housing Type, 2000

	Total	Percent
Housing Units	8,157,575	
One Unit	5,420,910	66.50%
2 to 19 Units	1,151,599	14.10%
Over 20 Units	819,101	10.00%
Mobile Homes	731,652	9.00%
Boats, RVs	34,313	0.40%

Source: 2000 U.S. Census

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources, including TDHCA, the U.S. Department of Housing and Urban Development (HUD), public housing authorities (PHAs), Section 8 Housing Choice Vouchers and the United States Department of Agriculture (USDA). The table also includes local housing finance corporations (HFCs), a category which encompasses the Texas State Affordable Housing Corporation. Please note that because some developments layer funding from multiple sources, there may be double counting.

TDHCA data includes multifamily developments awarded up until the end of FY 2008, so not all units included in the total had been built at the time of this document's publication. Additionally, the TDHCA unit total only includes those units that have income restrictions and does not include market-rate units that are available in some developments.

HUD unit data was obtained from HUD's April 2007 report, *Multifamily Housing Inventory Survey of Units for the Elderly and Disabled*, available at http://www.hud.gov/offices/hsg/mfh/hto/state/tx.pdf. Though the report title specifically references units available to the elderly and persons with disabilities, the report also contains information on family properties and therefore encompasses the full scope of HUD properties. Please note, however, that there may be double counting with units financed through other programs, including public housing.

Numbers for current PHA units and Section 8 Housing Choice Vouchers were obtained from HUD's *Housing Authority Profiles* data at https://pic.hud.gov/pic/haprofiles/haprofilelist.asp. TDHCA Section 8 vouchers are also included in this figure. USDA unit data was obtained directly from USDA staff in October 2007.

HFC data, including Texas State Affordable Housing Corporation data, was obtained from the Housing Finance Corporation Annual Report that HFCs are required to submit to TDHCA annually. The figure describes the total units financed by the HFCs through June 2008 and does not specify assisted units, so these unit totals will also include market-rate units in the area. Because the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final state total.

Subsidized Multifamily Units

	State Total	Percent of State Inventory
TDHCA Units	196,782	37.41%
HUD Units	102,349	19.46%
PHA Units	55,098	10.47%
Section 8 Vouchers	145,416	27.64%
USDA Units	26,435	5.02%
HFC Units*	98,826	N/A
Total	526,080	100%

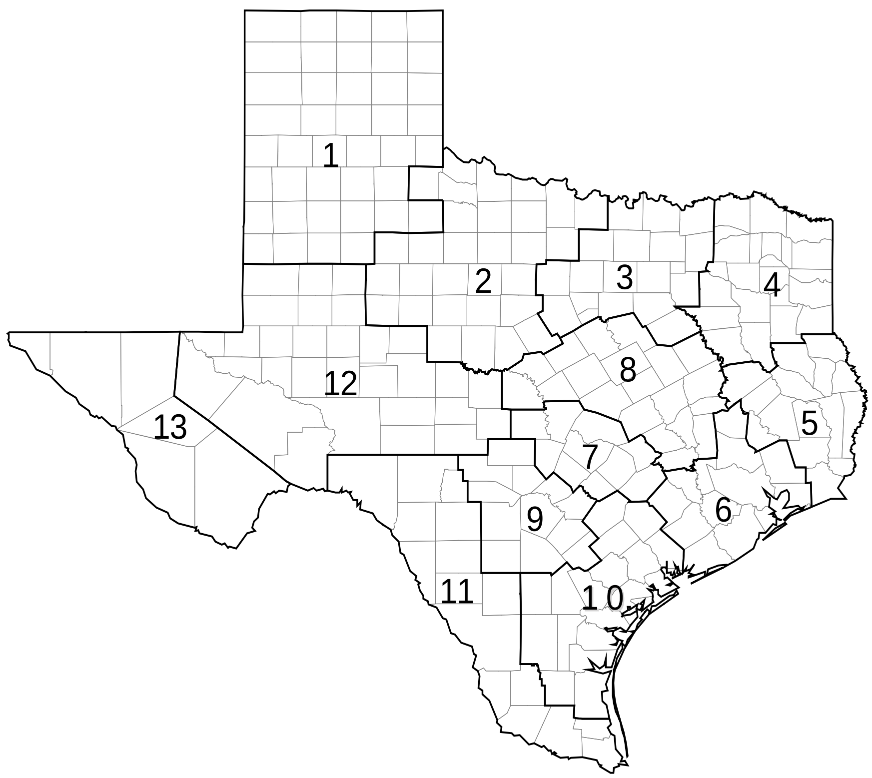
*Because HFC developments report total units and do not specify assisted units and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

UNIFORM STATE SERVICE REGIONS

The Department uses 13 Uniform State Service Regions for research and planning purposes. These regions follow the Texas Comptroller of Public Accounts' grouping that creates 13 regions to better identify the unique characteristics of the border counties and to treat larger metropolitan areas as distinct regions. The Uniform State Service Regions are shown below.

Map of the Uniform State Service Regions

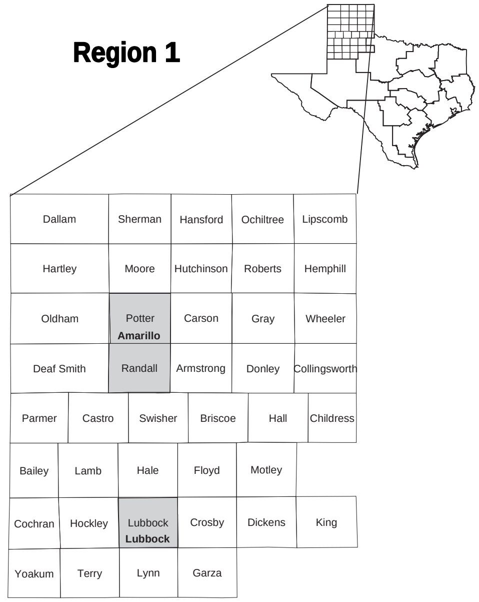
The size and diversity of the state of Texas necessitates tailored regional sections. Each of the following



Uniform State Service Region plans includes a general demographic description, which uses U.S. Census housing data; a needs assessment, which examines housing problems in the area; an estimate of the existing housing supply; local input into the housing needs of the region; an estimate of the number of assisted multifamily units available; and the Department's resource allocation plans for the year.

REGION 1

This 41-county region in the northwest corner of Texas encompasses over 39,500 square miles of the Panhandle. According to the 2000 Census, the total population in Region 1 is 780,733, which represents 3.7 percent of the state's total population.



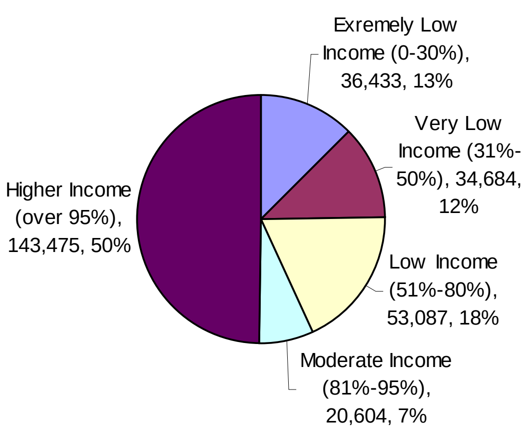
Region 1 Population Figures

	Region Total	Percent in Region	Percent of State Total
Total Population	780,733		3.7%
Persons with Disabilities	138,520	17.7%	3.8%
Elderly Persons (without disabilities)	50,862	6.5%	4.7%
Individuals in Poverty	122,991	15.8%	3.9%

Source: 2000 Census

Approximately 57 percent of the population lives in the urban areas, including Amarillo and Lubbock, and the rest live in rural areas of the region. In the map of Region 1 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 1 Household Incomes



The pie chart to the left depicts the income breakdown of the 288,273 households in the region. Approximately 43 percent of households are low income. There are 122,991 individuals living in poverty in the region which makes up 15.8 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Amarillo and Lubbock are $132,700 and $113,200, respectively.[9]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 128,520 persons with disabilities residing in the region, which is 16.5 percent of the regional population. In addition, there are 50,862 elderly individuals without disabilities in the region, which is 6.5 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 1,068 people in noninstitutional group homes, including shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 167 homeless persons in Amarillo.

[9] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

HOUSING SUPPLY

According to 2000 Census data, 288,175 of the 322,045 housing units in the region are occupied, which creates an 89.5 percent occupancy rate. Of the total housing stock, almost 75 percent consists of one-unit dwellings, 15.9 percent consists of two-or-more-unit dwellings and the remainder of the stock consists of mobile homes, boats and RVs. Approximately 66.3 percent are occupied by their owners and 33.7 percent are occupied by renters.

Region 1 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	322,045		3.9%
Total Occupied Housing Units	288,175	89.5%	3.9%
Owner-Occupied Units	191,161	66.3%	4.1%
Renter-Occupied Units	97,014	33.7%	3.6%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 288,273 households in the region, 79,798 owners and renters have housing problems; this represents 27.7 percent of all households.

Region 1 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	29,555	14,026	9,256	5,092	1,181
Lacking Kitchen and/or Plumbing	1,638	553	322	301	88
Overcrowding	9,294	2,037	2,029	2,602	2,626
Owner Households					
Extreme Cost Burden	28,912	8,542	7,021	6,944	6,405
Lacking Kitchen and/or Plumbing	1,154	228	163	224	85
Overcrowding	9,245	897	1,223	2,399	4,726
Total	79,798	26,283	20,014	17,562	15,111

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 1, the two greatest general needs as ranked by survey respondents were energy assistance with 36 percent of total respondents and housing assistance with 28 percent of total respondents. Of the remaining respondents, 24 percent indicated that the development of apartments was the priority need, 13 percent indicated that capacity building assistance was the priority need and only 6 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, almost 40 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 25 percent. Regarding rental development by itself, 43 percent of respondents indicated that the construction of new rental units was their community's greatest need, followed by 34 percent of respondents who indicated that the need for construction and rehabilitation of rental units was the same. When taking into account energy assistance by itself, 41 percent of respondents indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 39 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs which includes the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

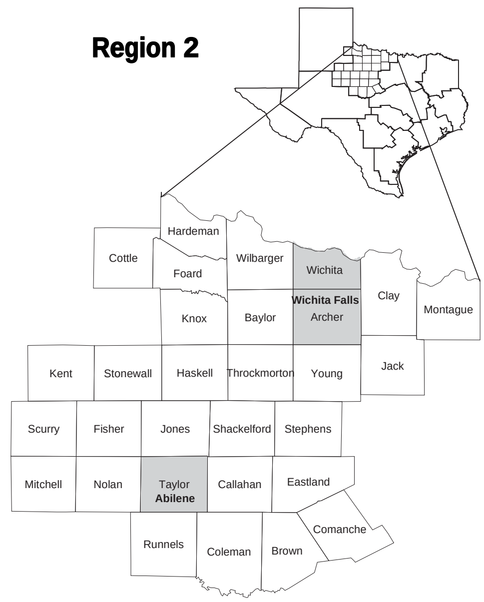
Region 1 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,114	29.7%	2.6%
HUD Units	3,451	20.0%	3.4%
PHA Units	1,304	7.6%	2.4%
Section 8 Vouchers	5,679	33.0%	3.9%
USDA Units	1,676	9.7%	6.3%
HFC Units*	1,789		
Total	17,224	100.0%	3.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 2

Region 2 surrounds the metropolitan areas of Wichita Falls and Abilene. According to the 2000 Census, the total population in Region 2 is 549,267, which represents 2.6 percent of the state's total population.



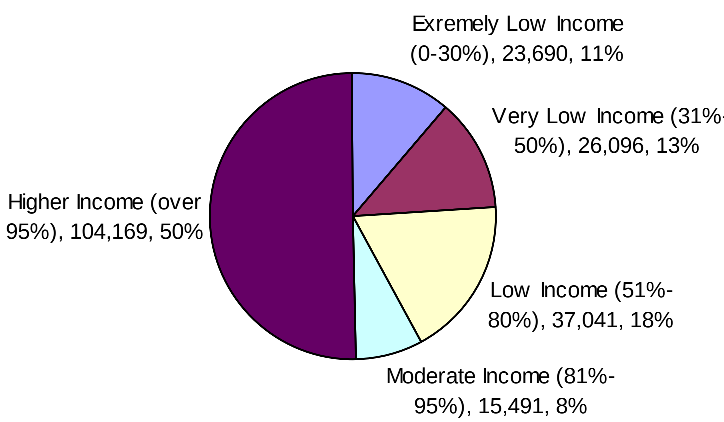
Region 2 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	549,267		2.6%
Persons with Disabilities	105,325	19.2%	2.9%
Elderly Persons (without disabilities)	42,485	7.7%	3.9%
Individuals in Poverty	77,647	14.1%	2.5%

Source: 2000 Census

Approximately 52 percent of the population lives in urban areas of the region. In the map of Region 2 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 2 Household Incomes



The pie chart to the left depicts the income breakdown of the 206,459 households in the region. Approximately 42 percent of households are low income. There are 77,647 individuals living in poverty in the region which makes up 14.1 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Wichita Falls and Abilene are $90,000 and $106,000, respectively.[10]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 105,325 persons with disabilities residing in the region, which is 19.2 percent of the regional population. In addition, there are 42,485 elderly individuals without disabilities in the region, which is 7.7 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 609 people in noninstitutional group homes, which include shelters, in the region. In a special tabulation on emergency and transitional shelters, the Census did not count any homeless persons in metro areas.

[10] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

HOUSING SUPPLY

According to 2000 Census data, 206,388 of the 243,506 housing units in the region are occupied, creating an 84.8 percent occupancy rate. Of the total housing stock, almost 77 percent are one-unit dwellings, 12 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 69.1 percent are occupied by their owners and 30.9 percent are occupied by renters.

Region 2 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	243,506		3.0%
Total Occupied Housing Units	206,388	84.8%	2.8%
Owner-Occupied Units	142,603	69.1%	3.0%
Renter-Occupied Units	63,785	30.9%	2.4%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 206,459 households in the region, 49,146 owners and renters have housing problems; this represents 23.8 percent of all households.

Region 2 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	16,557	7,546	5,733	2,699	559
Lacking Kitchen and/or Plumbing	968	330	161	237	71
Overcrowding	3,906	867	694	1,181	1,164
Owner Households					
Extreme Cost Burden	22,471	6,744	5,894	4,902	4,931
Lacking Kitchen and/or Plumbing	919	253	158	170	60
Overcrowding	4,325	411	558	1,159	2,197
Total	49,146	16,151	13,198	10,348	8,982

Source: 2000 CHAS

Regional Input on Housing Needs

According to the 2006 CNS data for Region 2, the two greatest general needs as ranked by survey respondents were energy assistance with 33 percent of total respondents and housing assistance with 29 percent of total respondents. Of the remaining respondents, approximately 21 percent indicated that the development of apartments was the priority need, 14 percent indicated that capacity building assistance was the priority need and 14 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 54 percent of respondents indicated that home repair assistance was the greatest need, followed homebuyer assistance with 23 percent. Regarding rental development by itself, 40 percent of respondents indicated that the construction of new rental units was their community's greatest need, followed by 28 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, weatherization and minor home repairs tied with utility assistance as the greatest needs, each with 47 percent of respondents.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 2 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,158	24.1%	1.6%
HUD Units	1,979	15.1%	1.9%
PHA Units	3,026	23.1%	5.5%
Section 8 Vouchers	3,009	23.0%	2.1%
USDA Units	1,925	14.7%	7.3%
HFC Units*	280		
Total	13,097	100.0%	2.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 3

Region 3, which encompasses the metropolitan areas of Dallas, Fort Worth, Arlington, Sherman and Denison, is the state's most populous region. According to the 2000 Census, the total population in Region 3 is 5,487,477, which represents 26.3 percent of the state's total population.

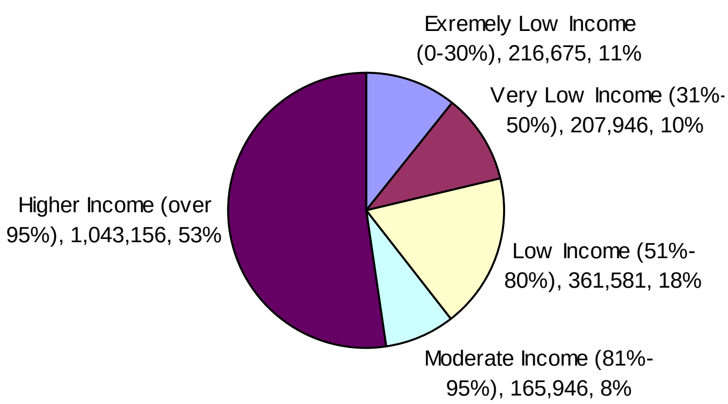
Region 3 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	5,487,477		26.3%
Persons with Disabilities	888,217	16.2%	24.6%
Elderly Persons (without disabilities)	245,186	4.5%	22.6%
Individuals in Poverty	588,688	10.7%	18.9%

Source: 2000 Census

Approximately 93 percent of the population resides in urban areas. In the map of Region 3 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 3 Household Incomes



The pie chart to the left depicts the income breakdown of the 1,988,135 households in the region. Approximately 39 percent of households are low income. There are 588,688 individuals living in poverty in the region which makes up 10.7 percent of the regional population. According to the Multiple Listing Service records for September 2008, the highest median home price is in Collin County at $197,300, while the lowest is in Sherman-Denison at $93,300.[11]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 888,217 persons with disabilities residing in the region, which is 16.2 percent of the regional population. In addition, there are 245,186 elderly individuals without disabilities in the region, which is 4.5 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 6,548 people in noninstitutional group

[11] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

homes, including shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,923 homeless persons in Tarrant and Dallas counties.

HOUSING SUPPLY

According to 2000 Census data, 2,004,826 of the 2,140,641 housing units in the region are occupied, creating a 93.7 percent occupancy rate. Of the total housing stock, almost 64 percent are one-unit dwellings, 30 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 60.9 percent are occupied by their owners and 39.1 percent are occupied by renters.

Region 3 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	2,140,641		26.2%
Total Occupied Housing Units	2,004,826	93.7%	27.1%
Owner-Occupied Units	1,220,939	60.9%	25.9%
Renter-Occupied Units	783,887	39.1%	29.3%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,988,135 households in the region, 610,655 owners and renters have housing problems; this represents 30.7 percent of all households.

Region 3 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	206,011	78,911	67,156	48,746	11,198
Lacking Kitchen and/or Plumbing	10,144	2,968	2,087	2,247	675
Overcrowding	114,914	26,062	25,691	30,470	32,691
Owner Households					
Extreme Cost Burden	216,038	50,064	41,410	55,310	69,254
Lacking Kitchen and/or Plumbing	6,044	1,373	850	1,214	487
Overcrowding	57,504	5,876	9,070	16,460	26,098
Total	610,655	165,254	146,264	154,447	140,403

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 3, the two greatest general needs as ranked by survey respondents were housing assistance with 51 percent of total respondents and energy assistance with 29 percent of total respondents. Of the remaining respondents, approximately 6 percent indicated that capacity building assistance was the priority need, 5 percent of respondents indicated that the development of apartments was the priority need and only 2 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 52 percent indicated that home repair assistance was the greatest need, followed by a three-way tie between homebuyer assistance, rental subsidies and minimal need for housing assistance each with 14 percent of respondents. Regarding rental development by itself, 26 percent indicated that the need for construction and rehabilitation was approximately the same, followed by 25 percent of respondents who indicated that the rehabilitation of existing rental units was the greatest need, independent of construction of rental units. When taking into account energy assistance by itself, 39 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 37 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA, and local HFCs including the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 3 Multifamily Assisted Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	60,078	41.6%	30.5%
HUD Units	28,032	19.4%	27.4%
PHA Units	8,485	5.9%	15.4%
Section 8 Vouchers	43,833	30.3%	30.1%
USDA Units	4,076	2.8%	15.4%
HFC Units*	20,892		
Total	144,504	100.0%	27.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 4

Region 4, located in the northeast corner of the state, surrounds the urban areas of Texarkana, Longview-Marshall and Tyler. According to the 2000 Census, the total population in Region 4 is 1,015,648, which represents 4.9 percent of the state's total population.

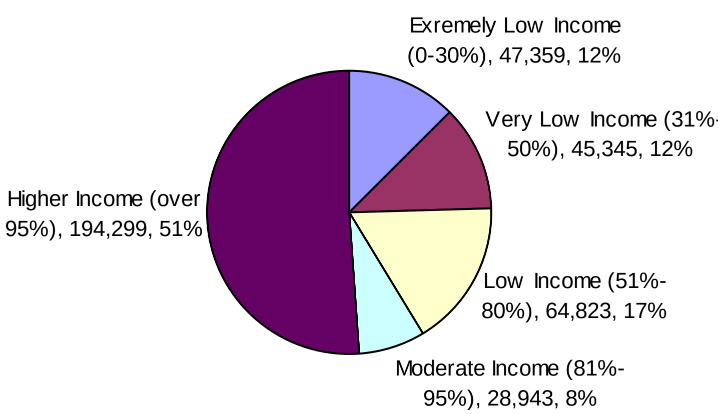
Region 4 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,015,648		4.9%
Persons with Disabilities	213,753	21.0%	5.9%
Elderly Persons (without disabilities)	77,528	7.6%	7.1%
Individuals in Poverty	152,036	15.0%	4.9%

Source: 2000 Census

Region 4 has the highest percentage of rural population in the state at 61 percent. In the map of Region 4 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 4 Household Incomes



The pie chart to the left depicts the income breakdown of the 380,765 households in the region. Approximately 41 percent of households are low income. There are 152,036 individuals living in poverty in the region, which makes up 15.0 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Tyler and Longview-Marshall are $129,200 and $133,100, respectively.[12]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 213,753 persons with disabilities residing in the region, which is 21.0 percent of the regional population. In addition, there are 77,528 elderly individuals without disabilities in the region, which is 7.6 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 1,309 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional

[12] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

shelters, the Census counted 110 homeless persons in Tyler. Region 4 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $1,037,418.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, 380,468 of the 434,792 housing units in the region are occupied, creating an 87.5 percent occupancy rate. Of the total housing stock, almost 71 percent are one-unit dwellings, 11 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 73.8 percent are occupied by their owners and 26.2 percent are occupied by renters.

Region 4 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	434,792		5.3%
Total Occupied Housing Units	380,468	87.5%	5.1%
Owner-Occupied Units	280,896	73.8%	6.0%
Renter-Occupied Units	99,572	26.2%	3.7%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 380,765 households in the region, 100,479 owners and renters have housing problems; this represents 26.4 percent of all households.

Region 4 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	27,100	12,500	9,142	4,443	1,015
Lacking Kitchen and/or Plumbing	2,108	724	425	363	135
Overcrowding	8,851	1,951	1,688	2,215	2,997
Owner Households					
Extreme Cost Burden	49,419	15,258	11,379	11,530	11,152
Lacking Kitchen and/or Plumbing	2,742	775	429	508	187
Overcrowding	10,259	1,233	1,477	2,496	5,053
Total	100,479	32,441	24,540	21,555	20,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 4, the two greatest general needs as ranked by survey respondents were housing assistance with 47 percent of total respondents and energy assistance with 26 percent of total respondents. Of the remaining respondents, approximately 15 percent indicated that the development of apartments was the priority need and 10 percent indicated that capacity building assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

When considering housing assistance as a category by itself, 53 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 28 percent. Regarding rental development by itself, 34 percent indicated that the need for construction and rehabilitation was the same, followed by 33 percent of respondents who indicated that construction of new units without rehabilitation was the greatest need. When taking into account energy assistance by itself, 41 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 40 percent.

ASSISTED HOUSING INVENTORY

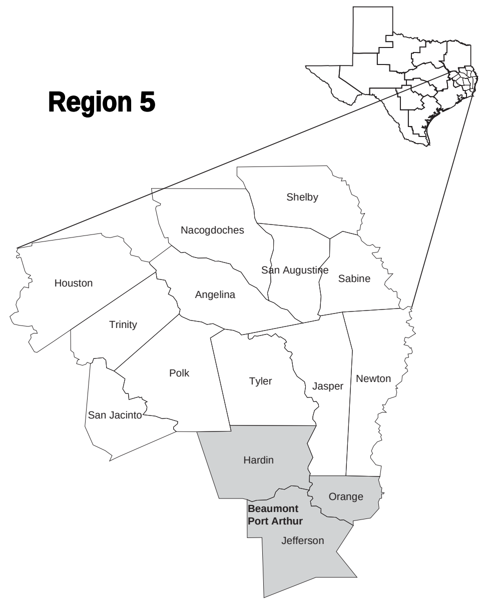
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 4 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,700	26.6%	2.9%
HUD Units	3,577	16.7%	3.5%
PHA Units	2,252	10.5%	4.1%
Section 8 Vouchers	5,988	28.0%	4.1%
USDA Units	3,872	18.1%	14.6%
HFC Units*	1,336		
Total	21,389	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 5



Region 5 encompasses a 15-county area in east Texas including the urban areas of Beaumont and Port Arthur. According to the 2000 Census, the total population in Region 5 is 740,952, which represents 3.6 percent of the state's total population.

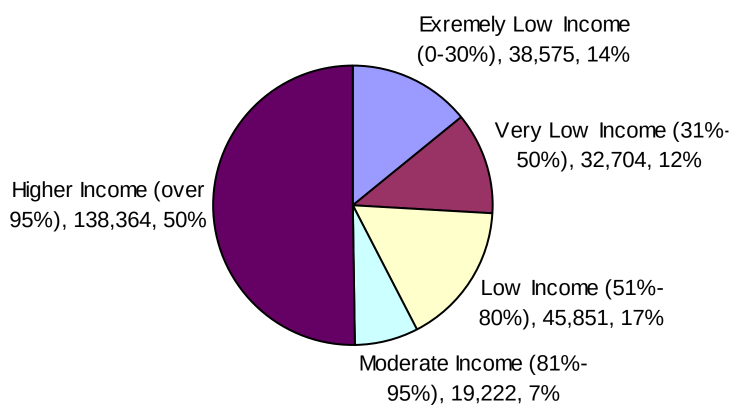
Region 5 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	740,952		3.6%
Persons with Disabilities	150,529	20.3%	4.2%
Elderly Persons (without disabilities)	53,148	7.2%	4.9%
Individuals in Poverty	120,585	16.3%	3.9%

Source: 2000 Census

The population in Region 5 is split, with 50 percent living in urban and 50 percent living in rural areas. In the map of Region 5 (above), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 5 Household Incomes



The pie chart to the left depicts the income breakdown of the 274,543 households in the region. Approximately 43 percent of households are low income. There are 120,585 individuals living in poverty in the region, which makes up 16.3 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home prices for Beaumont and Port Arthur are $135,500 and $136,000, respectively.[13]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 150,529 persons with disabilities residing in the region, which is 20.3 percent of the regional population. In addition, there are 53,148 elderly individuals without disabilities in the region, which is 7.2 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 672 people in noninstitutional group homes, which include shelters, in the region. In its tabulation on emergency and transitional shelters, the Census did not count homeless persons in metropolitan areas. Region 5 also experienced significant

[13] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $190,251,194.22 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, of the 325,047 housing units in the region, 275,233 are occupied, which is an 84.7 percent occupancy rate. Of the total housing stock, 69.3 percent are one–unit dwellings, 11 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 73.4 percent are occupied by their owners and 26.6 percent are occupied by renters.

Region 5 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	325,047		4.0%
Total Occupied Housing Units	275,233	84.7%	3.7%
Owner-Occupied Units	201,971	73.4%	4.3%
Renter-Occupied Units	73,262	26.6%	2.7%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 274,543 households in the region, 72,650 owners and renters have housing problems; this represents 26.5 percent of all households.

Region 5 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	21,116	10,733	6,894	2,890	599
Lacking Kitchen and/or Plumbing	1,450	549	300	270	76
Overcrowding	6,868	1,988	1,246	1,477	2,157
Owner Households					
Extreme Cost Burden	32,849	11,845	7,609	7,044	6,351
Lacking Kitchen and/or Plumbing	1,876	555	250	367	90
Overcrowding	8,491	925	970	1,991	4,605
Total	72,650	26,595	17,269	14,039	13,878

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 5, the two greatest general needs as ranked by survey respondents were housing assistance with 68 percent of total respondents and development of apartments with 17 percent of total respondents. Of the remaining respondents, approximately 13 percent indicted that energy assistance was the priority need, 11 percent indicated that capacity building assistance was the priority need and 8 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 49 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 27 percent. Regarding rental development by itself, 54 percent indicated that the need for construction and rehabilitation was the same, followed by 30 percent of respondents who indicated that construction of new units, separate from rehabilitation, was the greatest need. When taking into account energy assistance by itself, 44 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs at 40 percent.

ASSISTED HOUSING INVENTORY

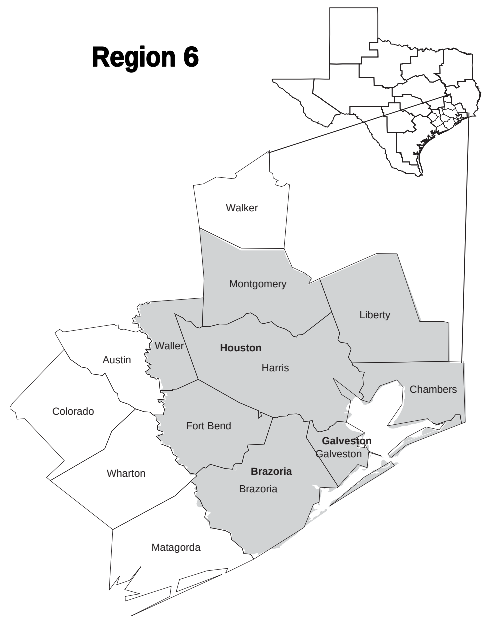
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 5 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	5,869	27.4%	3.0%
HUD Units	4,134	19.3%	4.0%
PHA Units	2,368	11.1%	4.3%
Section 8 Vouchers	7,598	35.5%	5.2%
USDA Units	1,443	6.7%	5.5%
HFC Units*	1,160		
Total	21,412	100.0%	4.1%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 6



Region 6 includes the urban areas of Houston, Brazoria and Galveston. According to the 2000 Census, the total population in Region 6 is 4,854,454, which represents 23.3 percent of the state's total population.

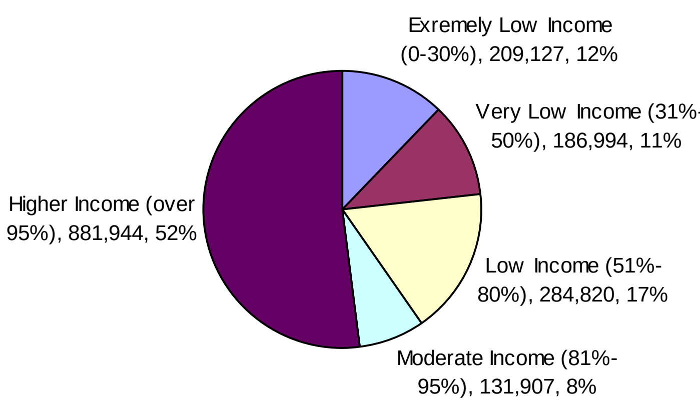
Region 6 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	4,854,454		23.3%
Persons with Disabilities	801,436	16.5%	22.2%
Elderly Persons (without disabilities)	206,438	4.3%	19.0%
Individuals in Poverty	656,239	13.5%	21.0%

Source: 2000 Census

Approximately 92 percent of the populations lives in the urban areas of Region 6. In the map of Region 6 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 6 Household Income



The pie chart to the left depicts the income breakdown of the 1,691,811 households in the region. Approximately 40 percent of households are low income. There are 656,239 individuals living in poverty in the region, which makes up 13.5 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Houston is $156,600.[14] Because of the disaster caused by Hurricane Ike, the median housing price is currently unknown in Galveston.

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 801,436 persons with disabilities residing in the region, which makes up 16.3 percent of the regional population. In addition, there are 206,438 elderly individuals without disabilities in the region, which is 4.3 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 7,792 people in noninstitutional group

[14] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 1,756 homeless persons in the Houston area. Region 6 also experienced damage from Hurricane Rita, which hit the southeast Texas area in September 2005. According to FEMA, $28,325,647.98 worth of damage was reported. Households affected by the hurricane have unexpected needs.

HOUSING SUPPLY

According to 2000 Census data, 1,702,792 of the 1,853,854 housing units in the region are occupied, creating a 91.9 percent occupancy rate. Of the total housing stock, 71 percent are one-unit dwellings, 18 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 60.9 percent are occupied by their owners and 39.1 percent are occupied by renters.

Region 6 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	1,853,854		22.7%
Total Occupied Housing Units	1,702,792	91.9%	23.0%
Owner-Occupied Units	1,037,371	60.9%	22.0%
Renter-Occupied Units	665,421	39.1%	24.9%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 1,691,811 households in the region, 541,869 owners and renters have housing problems; this represents 32.0 percent of all households.

Region 6 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	168,355	71,699	55,967	31,103	9,586
Lacking Kitchen and/or Plumbing	9,614	3,228	1,892	2,034	492
Overcrowding	117,586	29,482	27,886	30,141	30,077
Owner Households					
Extreme Cost Burden	173,411	44,640	34,996	42,008	51,767
Lacking Kitchen and/or Plumbing	6,691	1,650	983	1,279	410
Overcrowding	66,212	7,391	10,243	18,303	23,006
Total	541,869	158,090	131,967	124,868	115,338

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 6, the two greatest general needs as ranked by survey respondents were housing assistance with 73 percent of total respondents and development of apartments with 14 percent of total respondents. Of the remainder of the respondents, approximately 7 percent indicated that energy assistance was the priority need and 6 percent indicated that capacity building assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

When considering housing assistance as a category by itself, 46 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 33 percent. Regarding rental development by itself, 31 percent indicated that the need for construction and rehabilitation was the same, followed by a tie between a need for the construction of new units alone and a minimal need for rental assistance with 21 percent of respondents each. When taking into account energy assistance by itself, 39 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 37 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

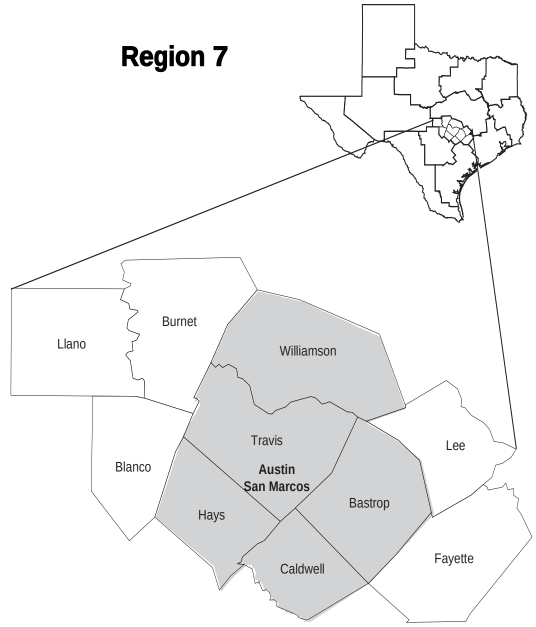
Region 6 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	54,209	48.4%	27.5%
HUD Units	27,284	24.4%	26.7%
PHA Units	5,138	4.6%	9.3%
Section 8 Vouchers	21,884	19.5%	15.0%
USDA Units	3,484	3.1%	13.2%
HFC Units*	39,127		
Total	111,999	100.0%	21.3%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 7

The urban area of Austin-San Marcos is at the center of Region 7. According to the 2000 Census, the total population in Region 7 is 1,346,833, which represents 6.5 percent of the state's total population.



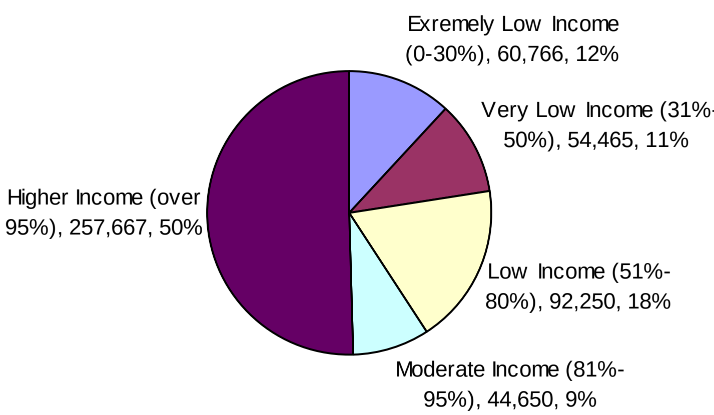
Region 7 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,346,833		6.5%
Persons with Disabilities	190,226	14.1%	5.3%
Elderly Persons (without disabilities)	61,229	4.5%	5.6%
Individuals in Poverty	145,060	10.8%	4.7%

Source: 2000 Census

Approximately 86 percent of the population lives in urban areas. In the map of Region 7 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 7 Household Income



The pie chart to the left depicts the income breakdown of the 509,798 households in the region. Approximately 41 percent of households are low income. There are 145,060 individuals living in poverty in the region, which makes up 10.8 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Austin is $183,300.[15]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 190,226 persons with disabilities residing in the region, which is 14.1 percent of the regional population. In addition, there are 61,229 elderly individuals without disabilities in the region, which is 4.5 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 2,354 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 481 homeless persons in Austin.

[15] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

HOUSING SUPPLY

According to 2000 Census data, 510,555 of the 545,761 housing units in the region are occupied, creating a 93.5 percent occupancy rate. Of the total housing stock, 62 percent are one–unit dwellings, 30 percent are two-or-more-unit dwellings and the remainder consists of mobile homes, boats and RVs. Approximately 59.8 percent are occupied by owners and 40.2 percent are occupied by renters.

Region 7 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	545,761		6.7%
Total Occupied Housing Units	510,555	93.5%	6.9%
Owner-Occupied Units	305,294	59.8%	6.5%
Renter-Occupied Units	205,261	40.2%	7.7%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 509,798 households in the region, 164,537 owners and renters have housing problems; this represents 32.3 percent of all households.

Region 7 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	68,118	27,648	21,497	15,700	3,273
Lacking Kitchen and/or Plumbing	2,869	1,170	562	565	185
Overcrowding	22,581	5,433	5,070	5,645	6,433
Owner Households					
Extreme Cost Burden	56,638	11,452	10,018	16,282	18,884
Lacking Kitchen and/or Plumbing	2,013	519	291	423	110
Overcrowding	12,318	1,023	2,055	3,503	5,719
Total	164,537	47,245	39,493	42,118	34,604

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 7, the two greatest general needs as ranked by survey respondents were development of apartments with 32 percent of total respondents and housing assistance with 27 percent of total respondents. Of the remaining respondents, approximately 21 percent indicated that capacity building was the priority need and 14 percent indicated that energy assistance was the priority need. No respondents indicated that homeless assistance was their community's priority need.

When considering housing assistance as a category by itself, 34 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 28 percent. Regarding rental development by itself, 45 percent indicated that their community's greatest need was the construction of new rental units, followed by 38 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 38 percent indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

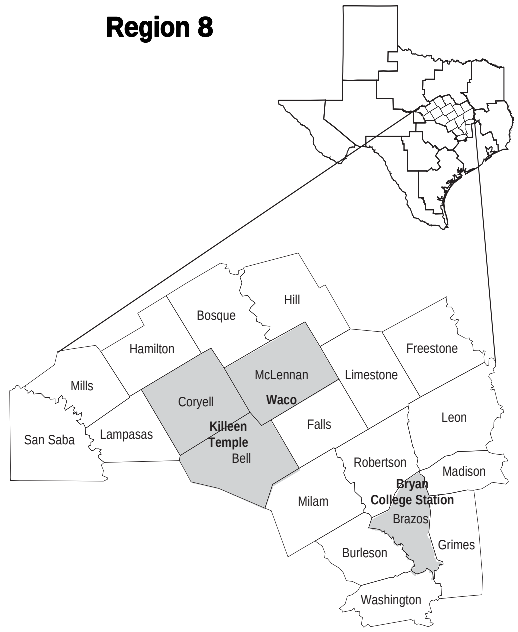
Region 7 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	17,267	48.9%	8.8%
HUD Units	5,032	14.2%	4.9%
PHA Units	3,506	9.9%	6.4%
Section 8 Vouchers	8,053	22.8%	5.5%
USDA Units	1,477	4.2%	5.6%
HFC Units*	8,276		
Total	35,335	100.0%	6.7%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 8

Region 8, located in the center of the state, surrounds the urban areas of Waco, Bryan, College Station, Killeen and Temple. According to the 2000 Census, the total population in Region 8 is 963,139 and represents 4.6 percent of the state's total population.



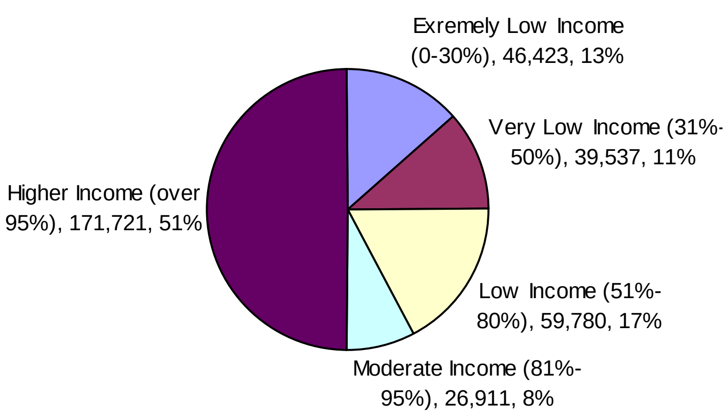
Region 8 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	963,139		4.6%
Persons with Disabilities	160,743	16.7%	4.5%
Elderly Persons (without disabilities)	55,854	5.8%	5.1%
Individuals in Poverty	149,480	15.5%	4.8%

Source: 2000 Census

Approximately 75 percent of the population lives in the urban areas of Region 8. In the map of Region 8 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 8 Household Income



The pie chart to the left depicts the income breakdown of the 343,856 households in the region. Approximately 41 percent of households are low income. There are 149,480 individuals living in poverty in the region, which makes up 15.5 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Bryan-College Station is $141,300.[16]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 160,743 persons with disabilities residing in the region, which is 16.7 percent of the regional population. In addition, there are 55,854 elderly individuals without disabilities in the region, which is 5.8 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 1,003 people in noninstitutional group

[16] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 129 homeless persons in the Killeen area.

HOUSING SUPPLY

According to 2000 Census data, 344,575 of the 387,627 housing units in the region are occupied creating an 88.9 percent occupancy rate. Of the total housing stock, 67 percent are one-unit dwellings, 20 percent are two-or-more units and the remainder consists of mobile homes, boats and RVs. Approximately 61.2 percent are occupied by their owners and 38.8 percent are occupied by renters.

Region 8 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	387,627		4.8%
Total Occupied Housing Units	344,575	88.9%	4.7%
Owner-Occupied Units	210,882	61.2%	4.5%
Renter-Occupied Units	133,693	38.8%	5.0%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 343,856 households in the region, 103,864 owners and renters have housing problems; this represents 30.2 percent of all households.

Region 8 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	42,797	20,028	12,657	8,285	1,826
Lacking Kitchen and/or Plumbing	1,831	601	354	355	92
Overcrowding	12,409	2,903	2,232	3,502	3,772
Owner Households					
Extreme Cost Burden	36,129	9,754	7,763	9,069	9,543
Lacking Kitchen and/or Plumbing	1,798	477	346	331	112
Overcrowding	8,900	741	1,055	2,293	4,811
Total	103,864	34,504	24,407	23,835	20,156

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 8, the two greatest general needs as ranked by survey respondents were housing assistance with 28 percent of total respondents and energy assistance with 21 percent of total respondents. Of the remaining respondents, approximately 18 indicated that capacity building was the priority need, 18 percent indicated that the development of apartments was the priority need and 10 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 48 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 23 percent. Regarding rental development by itself, 40 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 20 percent respondents who indicated that there was a minimal need for rental development. When taking into account energy assistance by itself, 60 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 34 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

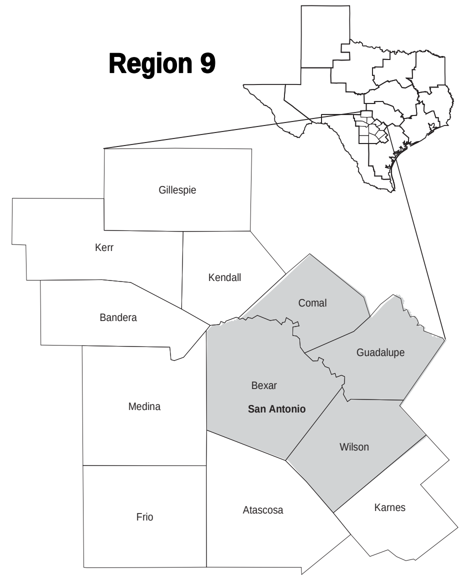
Region 8 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	6,341	26.7%	3.2%
HUD Units	4,178	17.6%	4.1%
PHA Units	2,780	11.7%	5.0%
Section 8 Vouchers	7,621	32.1%	5.2%
USDA Units	2,820	11.9%	10.7%
HFC Units*	404		
Total	23,740	100.0%	4.5%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 9

San Antonio is the main metropolitan area in Region 9. According to the 2000 Census, the total population in Region 9 is 1,807,868, which represents 8.7 percent of the state's total population.



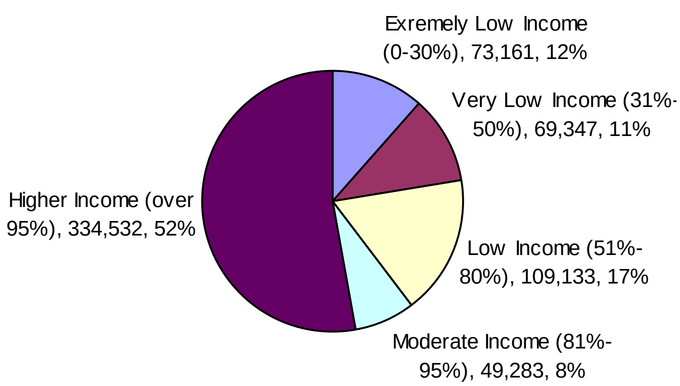
Region 9 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,807,868		8.7%
Persons with Disabilities	337,541	18.7%	9.4%
Elderly Persons (without disabilities)	107,974	6.0%	9.9%
Individuals in Poverty	267,118	14.8%	8.6%

Source: 2000 Census

Approximately 89 percent of the population lives in urban areas. In the map of Region 9 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 9 Household Income



The pie chart to the left depicts the income breakdown of the 635,280 households in the region. Approximately 40 percent of households are low income. There are 267,118 individuals living in poverty in the region, which makes up 14.8 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for San Antonio is $145,100.[17]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 337,541 persons with disabilities residing in the region, which is 18.7 percent of the regional population. In addition, there are 107,974 elderly individuals without disabilities in the region, which is 6.0 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 2,919 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 850 homeless persons in San Antonio.

[17] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

HOUSING SUPPLY

According to 2000 Census data, 636,796 of the 689,862 housing units in the region are occupied, creating a 92.3 percent occupancy rate. Of the total housing stock, 69 percent are one-unit dwellings, 22 percent are two-or-more-unit dwellings, 8 percent are mobile homes and the remainder are boats and RVs. Approximately 65.0 percent are occupied by their owners and 35.0 percent are occupied by renters.

Region 9 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	689,862		8.5%
Total Occupied Housing Units	636,796	92.3%	8.6%
Owner-Occupied Units	414,009	65.0%	8.8%
Renter-Occupied Units	222,787	35.0%	8.3%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 635,280 households in the region, 194,512 owners and renters have housing problems; this represents 30.6 percent of all households.

Region 9 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	62,012	24,095	19,495	14,458	3,964
Lacking Kitchen and/or Plumbing	3,284	1,137	484	751	241
Overcrowding	28,877	7,296	6,160	7,359	8,062
Owner Households					
Extreme Cost Burden	71,630	17,316	14,240	17,201	22,873
Lacking Kitchen and/or Plumbing	3,270	713	667	624	297
Overcrowding	25,439	2,644	4,107	6,555	12,133
Total	194,512	53,201	45,153	46,948	47,570

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 9, the two greatest general needs as ranked by survey respondents were housing assistance with 28 percent of total respondents and energy assistance with 21 percent of total respondents. Of the remaining respondents, approximately 18 percent of respondents indicated that the development of apartments was the priority need, 18 percent indicated that capacity building was the priority need and 10 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 53 percent indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 29 percent. Regarding rental development activities by itself, 34 percent indicated that the need for construction and rehabilitation was the same, followed by a three way tie between construction of new units alone, minimal need for rental development and no opinion about rental units with 18 percent each. When taking into account energy assistance alone, 41 percent indicated that weatherization and minor home repairs was the greatest need, followed by utility assistance with 29 percent.

ASSISTED HOUSING INVENTORY

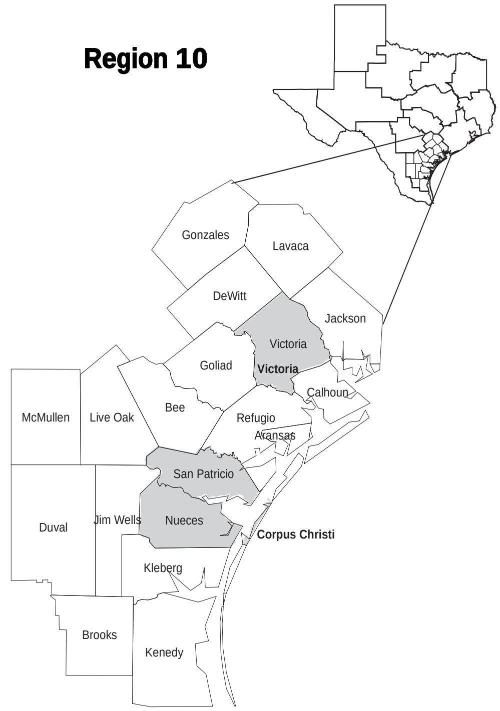
The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 9 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	16,288	31.4%	8.3%
HUD Units	12,080	23.3%	11.8%
PHA Units	7,458	14.4%	13.5%
Section 8 Vouchers	15,046	29.0%	10.3%
USDA Units	1,007	1.9%	3.8%
HFC Units*	23,015		
Total	51,879	100.0%	9.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 10



Region 10, including the urban areas of Corpus Christi and Victoria, is located in the south eastern part of the state on the Gulf of Mexico. According to the 2000 Census, the total population in Region 10 is 732,917, which represents 3.5 percent of the state's total population.

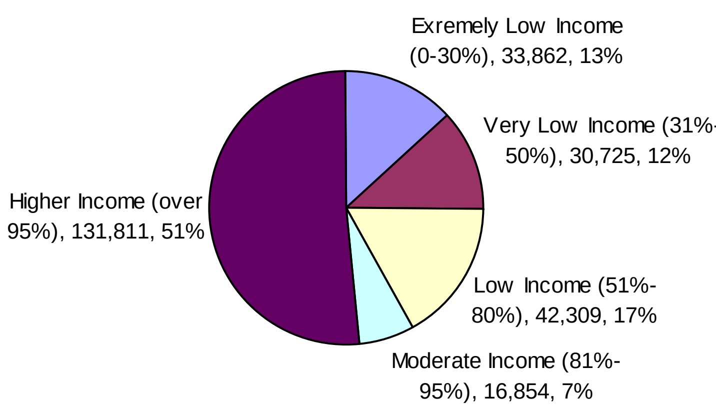
Region 10 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	732,917		3.5%
Persons with Disabilities	141,592	19.3%	3.9%
Elderly Persons (without disabilities)	46,900	6.4%	4.3%
Individuals in Poverty	132,214	18.0%	4.2%

Source: 2000 Census

In Region 10, 62 percent live in urban areas. In the map of Region 10 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 10 Household Income



The pie chart to the left depicts the income breakdown of the 255,493 households in the region. Approximately 42 percent of households are low income. There are 132,214 individuals living in poverty in the region, which makes up 18.0 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Corpus Christi is $138,100.[18]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 141,592 persons with disabilities residing in the region, which is 19.3 percent of the regional population. In addition, there are 46,900 elderly individuals without disabilities in the region, which is 6.4 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 1,456 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 272 homeless persons in Corpus Christi.

[18] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

HOUSING SUPPLY

According to 2000 Census data, of the 298,494 housing units in the region, 256,428 are occupied, which is an 85.9 percent occupancy rate. Of the total housing stock, 71 percent are one-unit dwellings, 18 percent are two-or-more-unit dwellings, 10 percent are mobile homes and the remainder are boats and RVs. Approximately 66.8 percent are occupied by their owners and 33.2 percent are occupied by renters.

Region 10 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	298,494		3.7%
Total Occupied Housing Units	256,428	85.9%	3.5%
Owner-Occupied Units	171,319	66.8%	3.6%
Renter-Occupied Units	85,109	33.2%	3.2%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 255,493 households in the region, 76,196 owners and renters have housing problems; this represents 29.8 percent of all households.

Region 10 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	23,006	9,258	7,433	4,896	1,419
Lacking Kitchen and/or Plumbing	1,497	513	234	355	62
Overcrowding	10,429	3,082	2,112	2,289	2,946
Owner Households					
Extreme Cost Burden	28,552	8,706	6,387	6,181	7,278
Lacking Kitchen and/or Plumbing	1,783	588	407	323	66
Overcrowding	10,929	1,235	1,563	2,421	5,710
Total	76,196	23,382	18,136	16,465	17,481

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS for Region 10, the two greatest general needs as ranked by survey respondents were housing assistance with 53 percent of total respondents and capacity building with 29 percent of total respondents. Of the remaining respondents, approximately 19 percent indicated that the development of apartments was the priority need and 18 percent indicated that energy assistance was the priority need. No respondents indicated that homeless assistance was the community's priority need.

When considering housing assistance by itself, 81 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 9 percent. Regarding rental development by itself, 41 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 32 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 54 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 36 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 10 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,862	25.4%	2.5%
HUD Units	4,236	22.1%	4.1%
PHA Units	4,459	23.3%	8.1%
Section 8 Vouchers	3,977	20.8%	2.7%
USDA Units	1,619	8.5%	6.1%
HFC Units*	1,073		
Total	19,153	100.0%	3.6%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 11

Region 11 is a 16-county area along the border of Mexico. The main urban areas in the region are Brownsville-Harlingen, McAllen-Edinburg, Del Rio and Laredo. According to the 2000 Census, the total population in Region 11 is 1,343,330, which represents 6.4 percent of the state's total population.

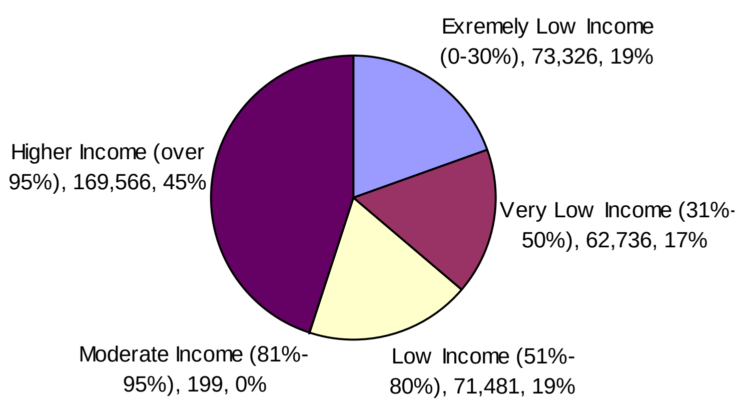
Region 11 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	1,343,330		6.4%
Persons with Disabilities	257,838	19.2%	7.2%
Elderly Persons (without disabilities)	67,505	5.0%	6.2%
Individuals in Poverty	455,366	33.9%	14.6%

Source: 2000 Census

About 68 percent of the population lives in urban areas. In the map of Region 11 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 11 Household Income



The pie chart to the left depicts the income breakdown of the 377,276 households in the region. Approximately 55 percent of households are low income.[19] There are 455,366 individuals living in poverty in the region, which makes up 33.9 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Brownsville is $87,900 and McAllen is $117,100.[20]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 257,838 persons with disabilities residing in the region, which is 19.2 percent of the regional population. In addition, there are 67,505 elderly individuals without disabilities in the region, which is 5.0 percent of the regional population.

[19] The CHAS figures for moderate and higher income households in Region 11 indicate that there are only 199 persons with incomes between 80-95 percent of the AMFI. TDHCA has been unable to get more accurate information for this segment of the population. However, the planning impact for the SLIHP is relatively low because, except for the first time homebuyer program which is done through a network of participating lenders, TDHCA programs serve persons below 80 percent AMFI.
[20] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 1,211 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 193 homeless persons in Laredo.

HOUSING SUPPLY

According to 2000 Census data, 378,275 of the 457,406 housing units in the region are occupied, creating an 82.7 percent occupancy rate. Of the total housing stock, 66 percent are one-unit dwellings, 14 percent are two-or-more-unit dwellings, 18 percent are mobile homes and the remainder consists of boats and RVs. Approximately 70.8 percent are occupied by their owners and 29.2 percent are occupied by renters.

Region 11 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	457,406		5.6%
Total Occupied Housing Units	378,275	82.7%	5.1%
Owner-Occupied Units	267,716	70.8%	5.7%
Renter-Occupied Units	110,559	29.2%	4.1%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 377,276 households in the region, 161,609 owners and renters have housing problems; this represents 42.8 percent of all households.

Region 11 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	25,023	13,381	7,343	3,335	964
Lacking Kitchen and/or Plumbing	4,751	2,474	1,099	636	0
Overcrowding	31,457	11,542	7,321	6,233	6,361
Owner Households					
Extreme Cost Burden	43,599	15,558	10,747	8,961	8,333
Lacking Kitchen and/or Plumbing	8,043	3,043	2,045	1,585	0
Overcrowding	48,736	8,375	9,672	12,299	18,390
Total	161,609	54,373	38,227	33,049	34,048

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 11, the two greatest general needs as ranked by survey respondents were housing assistance with 62 percent of total respondents and development of apartments with 31 percent of total respondents. Of the remaining respondents, approximately 18 percent indicated that capacity building was the priority need, 13 percent indicated that the energy assistance was the priority need and 11 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 46 percent of respondents indicated that home repair assistance was the greatest need, followed by rental payment assistance at 29 percent. Regarding rental development by itself, 50 percent of respondents indicated that the need for construction and rehabilitation was the same, followed by 33 percent of respondents who indicated that construction of new units alone was the greatest need. When taking into account energy assistance by itself, 59 percent indicated that utility assistance was the greatest need followed by weatherization and minor home repairs with 29 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

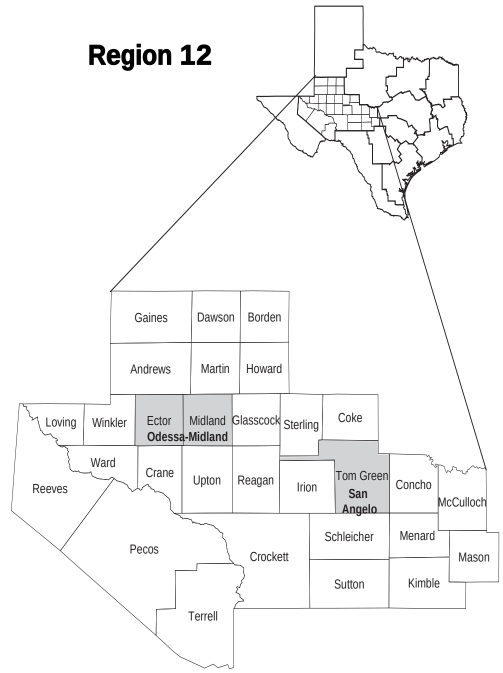
Region 11 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	9,593	26.4%	4.9%
HUD Units	4,208	11.6%	4.1%
PHA Units	6,949	19.1%	12.6%
Section 8 Vouchers	13,553	37.3%	9.3%
USDA Units	2,003	5.5%	7.6%
HFC Units*	377		
Total	36,306	100.0%	6.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 12

Region 12 in west Texas surrounds the urban areas of Odessa-Midland and San Angelo. According to the 2000 Census, the total population in Region 12 is 524,884, which represents 2.5 percent of the state's total population.



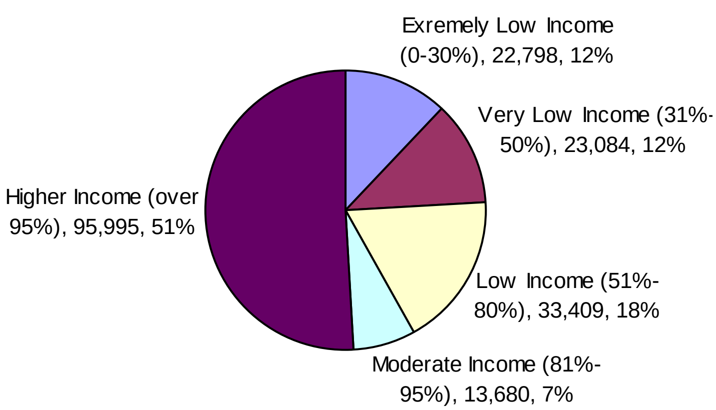
Region 12 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	524,884		2.5%
Persons with Disabilities	91,822	17.5%	2.5%
Elderly Persons (without disabilities)	35,764	6.8%	3.3%
Individuals in Poverty	85,063	16.2%	2.7%

Source: 2000 Census

Approximately 68 percent of the population lives in urban areas. In the map of Region 12 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 12 Household Income



The pie chart to the left depicts the income breakdown of the 188,921 households in the region. Approximately 42 percent of households are low income. There are 85,063 individuals living in poverty in the region, which makes up 16.2 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for Odessa-Midland is $145,200.[21]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 91,822 persons with disabilities residing in the region, which is 17.5 percent of the regional population. In addition, there are 35,764 elderly individuals without disabilities in the region, which is 6.8 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 414 people in noninstitutional group homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census did not count any homeless people in metropolitan areas.

[21] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

HOUSING SUPPLY

According to 2000 Census data, of the 221,968 housing units in the region, 189,582 are occupied, which creates an 85.4 percent occupancy rate. Of the total housing stock, 72 percent are one–unit dwellings, 16 percent are two-or-more-unit dwellings, 12 percent are mobile homes; and the remainder consists of boats and RVs. Approximately 70.1 percent are occupied by their owners and 29.9 percent are occupied by renters.

Region 12 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	221,968		2.7%
Total Occupied Housing Units	189,582	85.4%	2.6%
Owner-Occupied Units	132,956	70.1%	2.8%
Renter-Occupied Units	56,626	29.9%	2.1%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 188,921 households in the region, 49,895 owners and renters have housing problems; this represents 26.4 percent of all households.

Region 12 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	14,243	6,874	4,782	2,151	436
Lacking Kitchen and/or Plumbing	1,103	355	253	204	24
Overcrowding	5,372	1,392	983	1,364	1,633
Owner Households					
Extreme Cost Burden	20,719	6,228	5,142	4,727	4,622
Lacking Kitchen and/or Plumbing	1,138	265	223	264	64
Overcrowding	7,320	752	1,186	2,243	3,139
Total	49,895	15,866	12,569	10,953	9,918

Source: 2000 CHAS

Regional Input on Housing Needs

According to the 2006 CNS data for Region 12, the two greatest general needs as ranked by survey respondents were housing assistance with 50 percent of total respondents and development of apartments with 30 percent of total respondents. Of the remaining respondents, approximately 12 percent indicated that the energy assistance was the priority need, 9 percent indicated that capacity building assistance was the priority need and 9 percent indicated that homeless assistance was the priority need.

When considering housing assistance as a category by itself, 50 percent of respondents indicated that home repair assistance was the greatest need, followed by rental payment assistance at 25 percent. Regarding rental development by itself, 42 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 33 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 46 percent of respondents indicated that utility assistance was the greatest need, followed by weatherization and minor home repairs with 42 percent.

Assisted Housing Inventory

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see "Assisted Housing Inventory" under "State of Texas" in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 12 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	3,445	34.0%	1.8%
HUD Units	1,763	17.4%	1.7%
PHA Units	1,145	11.3%	2.1%
Section 8 Vouchers	3,058	30.1%	2.1%
USDA Units	735	7.2%	2.8%
HFC Units*	104		
Total	10,146	100.0%	1.9%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGION 13

El Paso is the main urban area in Region 13. The region spreads along the Texas-Mexico border in the southwestern tip of the state. According to the 2000 Census, the total population in Region 13 is 524,884, which represents 2.5 percent of the state's total population.

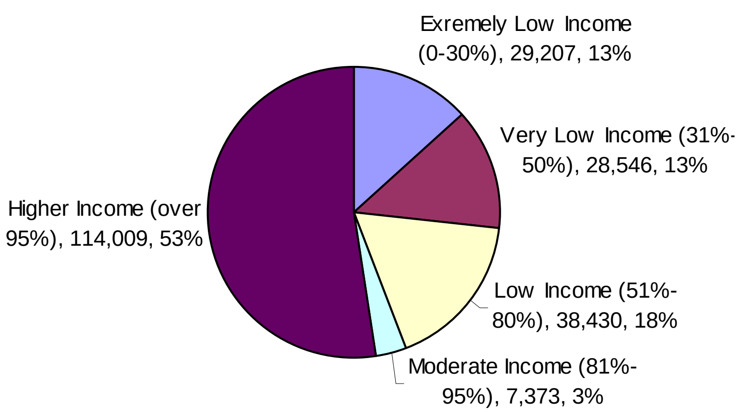
Region 13 Population Figures

	Region Total	Percent in Region	Region Percent of State
Total Population	704,318		3.4%
Persons with Disabilities	128,000	18.2%	3.6%
Elderly Persons (without disabilities)	35,421	5.0%	3.3%
Individuals in Poverty	165,122	23.4%	5.3%

Source: 2000 Census

Approximately 92 percent of the region population lives in the urban area of El Paso. In the map of Region 13 (right), the shaded counties are Metropolitan Statistical Areas as defined by the U.S. Census.

Region 13 Household Income



The pie chart to the left depicts the income breakdown of the 216,861 households in the region. Approximately 44 percent of households are low income. There are 165,122 individuals living in poverty in the region, which makes up 23.4 percent of the regional population. According to the Multiple Listing Service records for September 2008, the median home price for El Paso is $134,300.[22]

SPECIAL NEEDS POPULATIONS

According to 2000 Census data, there are 128,000 persons with disabilities residing in the region, which is 18.2 percent of the regional population. In addition, there are 35,421 elderly individuals without disabilities in the region, which is 5.0 percent of the regional population.

Data on the number of homeless individuals in the region is difficult to collect because of the migratory nature of this population. According to the 2000 Census, there are 1,022 people in noninstitutional group

[22] Real Estate Center at Texas A&M University, "Texas Residential MLS Activity," http://recenter.tamu.edu/data/hs/trends4.html (accessed November 4, 2008).

homes, which include shelters, in the region. In its special tabulation on emergency and transitional shelters, the Census counted 356 homeless people in El Paso.

HOUSING SUPPLY

According to 2000 Census data, 219,261 of the 236,572 housing units in the region are occupied, which creates a 92.7 percent occupancy rate. Of the total housing stock, 68 percent are one–unit dwellings, 23 percent are two-or-more unit dwellings, 8 percent are mobile homes; and the remainder consists of boats and RVs. Approximately 63.8 percent are occupied by their owners and 36.2 percent are occupied by renters.

Region 13 Housing Units by Occupation

	Region Total	Percent in Region	Region Percent of State
Total Housing Units	236,572		2.9%
Total Occupied Housing Units	219,261	92.7%	3.0%
Owner-Occupied Units	139,842	63.8%	3.0%
Renter-Occupied Units	79,419	36.2%	3.0%

Source: 2000 Census

HOUSING NEED

The housing need indicators analyzed in this section include housing cost burden, substandard housing conditions and housing overcrowding for renter and owner households. The following information comes from the 2000 CHAS database. Of the total 216,861 households in the region, 81,248 owners and renters have housing problems; this represents 37.5 percent of all households.

Region 13 Households with Housing Problems

	Region Total	Extremely Low Income (0-30%)	Very Low Income (31-50%)	Low Income (51-80%)	Higher Incomes (81% and up)
Renter Households					
Extreme Cost Burden	22,151	8,941	7,159	4,652	1,399
Lacking Kitchen and/or Plumbing	1,679	470	539	297	24
Overcrowding	15,170	4,214	3,728	3,575	3,653
Owner Households					
Extreme Cost Burden	26,451	6,254	5,872	7,268	7,057
Lacking Kitchen and/or Plumbing	1,879	366	411	523	84
Overcrowding	13,918	1,296	2,037	3,263	7,322
Total	81,248	32,497	19,746	19,578	19,539

Source: 2000 CHAS

REGIONAL INPUT ON HOUSING NEEDS

According to the 2006 CNS data for Region 13, the two greatest general needs as ranked by survey respondents were housing assistance with 58 percent of total respondents and development of apartments with 43 percent of total respondents. Of the remaining respondents, approximately 27 percent indicated that homeless assistance as the priority need and 17 percent indicated that capacity building assistance was the priority need. No respondents indicated that energy assistance was their community’s priority need.

When considering housing assistance as a category by itself, 41 percent of respondents indicated that home repair assistance was the greatest need, followed by homebuyer assistance at 35 percent. Regarding rental development by itself, 46 percent of respondents indicated that their community's greatest need was the construction of new rental units, followed by 24 percent of respondents who indicated that the need for construction and rehabilitation was the same. When taking into account energy assistance by itself, 52 percent indicated that weatherization and minor home repairs was the greatest need followed by utility assistance with 24 percent.

ASSISTED HOUSING INVENTORY

The following table shows the number of total multifamily units in the region financed through state and federal sources, such as TDHCA, HUD, PHAs, Section 8 Housing Choice Vouchers, USDA and local HFCs, including the Texas State Affordable Housing Corporation. For information on the data sources, see “Assisted Housing Inventory” under “State of Texas” in this section. Please note that because some developments layer funding from multiple sources, there may be double counting.

Region 13 Assisted Multifamily Units

	Region Total	Percent in Region	Percent of State Total
TDHCA Units	4,858	24.4%	2.5%
HUD Units	2,395	12.0%	2.3%
PHA Units	6,228	31.3%	11.3%
Section 8 Vouchers	6,117	30.7%	4.2%
USDA Units	298	1.5%	1.1%
HFC Units*	993		
Total	19,896	100%	3.8%

*HFC units are not included in the final total, because HFC developments report total units rather than specifying assisted units and because the majority of HFC-financed developments also receive housing tax credits from TDHCA.

REGIONAL PLANS SUMMARY

This section summarizes the information from the regional plans in the previous section.

POPULATION CHARACTERISTICS

The most populous regions of the state according to the 2000 Census are Regions 3 and 6, together representing almost 50 percent of the state. Regions 3, 6, 7 and 11 are the fastest growing regions.

Population and Poverty, 2000

Service Region	Population 2000 Census	Percent of State's Population	Population Estimate Jan 1, 2007	Percent Change 2000 to 2007	Persons in Poverty	Percent of State Poverty Total	Population for whom Poverty Status is Determined	Percent of Regional Population in Poverty
1	780,733	3.7%	803,319	2.9%	122,991	3.9%	748,227	16.4%
2	549,267	2.6%	548,496	-0.1%	77,647	2.5%	514,399	15.1%
3	5,487,477	26.3%	6,451,517	17.6%	588,688	18.9%	5,389,443	10.9%
4	1,015,648	4.9%	1,084,491	6.8%	152,036	4.9%	971,222	15.7%
5	740,952	3.6%	750,261	1.3%	120,585	3.9%	705,774	17.1%
6	4,854,454	23.3%	5,734,497	18.1%	656,239	21.0%	4,763,150	13.8%
7	1,346,833	6.5%	1,660,876	23.3%	145,060	4.7%	1,310,221	11.1%
8	963,139	4.6%	1,046,000	8.6%	149,480	4.8%	897,160	16.7%
9	1,807,868	8.7%	2,070,722	14.5%	267,118	8.6%	1,759,653	15.2%
10	732,917	3.5%	748,032	2.1%	132,214	4.2%	708,646	18.7%
11	1,343,330	6.4%	1,620,621	20.6%	455,366	14.6%	1,324,854	34.4%
12	524,884	2.5%	537,846	2.5%	85,063	2.7%	503,813	16.9%
13	704,318	3.4%	777,528	10.4%	165,122	5.3%	690,738	23.9%
State	20,851,820	100%	23,834,206	12.5%	3,117,609	100.0%	20,287,300	15.4%

Source: 2000 U.S. Census and Texas State Data Center

The table below provides information on the income breakdowns of households in each region.

Households and Income, 2000

Service Region	Total Households	Extremely Low Income (0% to 30% AMFI)	Very Low Income (31% to 50% AMFI)	Low Income (51% to 80% AMFI)	Moderate Income (81% to 95% AMFI)	Higher Income (over 95% AMFI)
1	288,273	36,433	34,684	53,087	20,604	143,475
2	206,459	23,690	26,096	37,041	15,491	104,169
3	1,988,135	216,675	207,946	361,581	165,946	1,043,156
4	380,765	47,359	45,345	64,823	28,943	194,299
5	274,543	38,575	32,704	45,851	19,222	138,364
6	1,691,811	209,127	186,994	284,820	131,907	881,944
7	509,798	60,766	54,465	92,250	44,650	257,667
8	343,856	46,423	39,537	59,780	26,911	171,721
9	635,280	73,161	69,347	109,133	49,283	334,532
10	255,493	33,862	30,725	42,309	16,854	131,811
11	377,276	73,326	62,736	71,481	199	169,566
12	188,921	22,798	23,084	33,409	13,680	95,995
13	216,861	29,207	28,546	38,430	7,373	114,009
State	7,357,471	911,402	842,209	1,293,995	541,063	3,780,708

Source: CHAS Database

HOUSING SUPPLY

Of the state's housing stock, regions 1 and 2 have the highest percentage of one-unit housing; Regions 3, 6 and 7 have the highest levels of multifamily housing.

Housing Stock by Region, 2000

Service Region	Housing Units	One Unit	2 to 19 Units	Over 20 Units	Mobile Homes	Boats, RVs
1	322,045	240,418	30,163	20,997	29,683	784
		74.7%	9.4%	6.5%	9.2%	0.2%
2	243,506	186,932	21,599	7,974	25,365	1,636
		76.8%	8.9%	3.3%	10.4%	0.7%
3	2,140,641	1,373,780	385,269	259,402	118,078	4,112
		64.2%	18.0%	12.1%	5.5%	0.2%
4	434,792	307,802	32,153	13,754	78,312	2,771
		70.8%	7.4%	3.2%	18.0%	0.6%
5	325,047	225,213	23,868	12,709	60,328	2,929
		69.3%	7.3%	3.9%	18.6%	0.9%
6	1,853,854	1,175,460	265,188	293,889	115,535	3,782
		63.4%	14.3%	15.9%	6.2%	0.2%
7	545,761	339,272	96,402	66,390	41,991	1,706
		62.2%	17.7%	12.2%	7.7%	0.3%
8	387,627	259,909	58,646	19,960	47,492	1,620
		67.1%	15.1%	5.1%	12.3%	0.4%
9	689,862	476,751	101,504	52,139	57,339	2,129
		69.1%	14.7%	7.6%	8.3%	0.3%
10	298,494	212,067	36,198	17,165	30,936	2,128
		71.0%	12.1%	5.8%	10.4%	0.7%
11	457,406	303,046	45,937	18,112	80,947	9,364
		66.3%	10.0%	4.0%	17.7%	2.0%
12	221,968	159,092	21,931	13,796	26,240	909
		71.7%	9.9%	6.2%	11.8%	0.4%
13	236,572	161,168	32,741	22,814	19,406	443
		68.1%	13.8%	9.6%	8.2%	0.2%
State	8,157,575	5,420,910	1,151,599	819,101	731,652	34,313
		66.5%	14.1%	10.0%	9.0%	0.4%

Source: 2000 U.S. Census

The homeownership rate for the State is 63.8 percent. The region with the lowest percentage of homeowners is Region 7 with 59.8 percent. The region with the highest percentage of homeowners is Region 4 with 73.8 percent.

Housing Units by Occupancy, 2000

Service Region	Total Tenure	Owner Occupied Number	Owner Occupied Percent	Renter Occupied Number	Renter Occupied Percent
1	288,175	191,161	66.3%	97,014	33.7%
2	206,388	142,603	69.1%	63,785	30.9%
3	2,004,826	1,220,939	60.9%	783,887	39.1%
4	380,468	280,896	73.8%	99,572	26.2%
5	275,233	201,971	73.4%	73,262	26.6%
6	1,702,792	1,037,371	60.9%	665,421	39.1%
7	510,555	305,294	59.8%	205,261	40.2%
8	344,575	210,882	61.2%	133,693	38.8%
9	636,796	414,009	65.0%	222,787	35.0%
10	256,428	171,319	66.8%	85,109	33.2%
11	378,275	267,716	70.8%	110,559	29.2%
12	189,582	132,956	70.1%	56,626	29.9%
13	219,261	139,842	63.8%	79,419	36.2%
State	7,393,354	4,716,959	63.8%	2,676,395	36.2%

Source: 2000 U.S. Census

NEED INDICATORS

The chart below shows the number of renter households with cost burden greater than 30 percent by income group. The highest numbers of very low-income households with extreme cost burden are found in Region 3 with a total of 206,011 households and Region 6 with 168,355 households.

Number of Renter Households with Extreme Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	29,555	14,026	9,256	5,092	636	545
2	16,557	7,546	5,753	2,699	263	296
3	206,011	78,911	67,156	48,746	5,773	5,425
4	27,100	12,500	9,142	4,443	606	409
5	21,116	10,733	6,894	2,890	254	345
6	168,355	71,699	55,967	31,103	4,751	4,835
7	68,118	27,648	21,497	15,700	1,808	1,465
8	42,797	20,028	12,657	8,285	1,123	704
9	62,012	24,095	19,495	14,458	1,834	2,130
10	23,006	9,258	7,433	4,896	744	675
11	25,023	13,381	7,343	3,335	0	964
12	14,243	6,874	4,782	2,151	223	213
13	22,151	8,941	7,159	4,652	270	1,129
State	726,044	305,640	234,534	148,450	18,285	19,135

Source: CHAS Database

The number of rental units lacking complete plumbing and/or kitchen facilities is one of the indicators of housing need that does not follow the pattern of population. Regions 3 and 6 have the highest number of units lacking facilities and are also the regions with the highest number of renter households. Region 11, however, is ranked sixth in terms of renter population and third in number of renter units lacking kitchen and/or plumbing facilities.

Number of Renter Units Lacking Kitchen and/or Plumbing by Affordability Category, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,264	553	322	301	88
2	799	330	161	237	71
3	7,977	2,968	2,087	2,247	675
4	1,647	724	425	363	135
5	1,195	549	300	270	76
6	7,646	3,228	1,892	2,034	492
7	2,482	1,170	562	565	185
8	1,402	601	354	355	92
9	2,613	1,137	484	751	241
10	1,164	513	234	355	62
11	4,209	2,474	1,099	636	0
12	836	355	253	204	24
13	1,330	470	539	297	24
State	34,564	15,072	8,712	8,615	2,165

Source: CHAS Database

The table below shows the number of overcrowded owner households by income group. Regions 3 and 6, the most populous regions in the state, have the highest number of overcrowded households. Region 11, sixth in population, ranks third in number of overcrowded renter households.

Number of Overcrowded Renter Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,294	2,037	2,029	2,602	639	1,987
2	3,906	867	694	1,181	283	881
3	114,914	26,062	25,691	30,470	9,536	23,155
4	8,851	1,951	1,688	2,215	874	2,123
5	6,868	1,988	1,246	1,477	534	1,623
6	117,586	29,482	27,886	30,141	8,837	21,240
7	22,581	5,433	5,070	5,645	1,895	4,538
8	12,409	2,903	2,232	3,502	1,089	2,683
9	28,877	7,296	6,160	7,359	2,039	6,023
10	10,429	3,082	2,112	2,289	643	2,303
11	31,457	11,542	7,321	6,233	0	6,361
12	5,372	1,392	983	1,364	566	1,067
13	15,170	4,214	3,728	3,575	511	3,142
State	387,714	98,249	86,840	98,053	27,446	77,126

Source: CHAS Database

The table below shows the number of owner households with housing cost burden of over 30 percent of income. Regions 3 and 6, the most populous regions, have the highest number of very low-income households with extreme cost burden.

Number of Owner Households with Extreme Housing Cost Burden by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	28,912	8,542	7,021	6,944	1,748	4,657
2	22,471	6,744	5,894	4,902	1,555	3,376
3	216,038	50,064	41,410	55,310	19,764	49,490
4	49,419	15,358	11,379	11,530	3,628	7,524
5	32,849	11,845	7,609	7,044	1,990	4,361
6	173,411	44,640	34,996	42,008	13,606	38,161
7	56,638	11,452	10,018	16,282	6,004	12,882
8	36,129	9,754	7,763	9,069	3,088	6,455
9	71,630	17,316	14,240	17,201	6,436	16,437
10	28,552	8,706	6,387	6,181	1,854	5,424
11	43,599	15,558	10,747	8,961	63	8,270
12	20,719	6,228	5,142	4,727	1,407	3,215
13	26,451	6,254	5,872	7,268	1,120	5,937
State	806,818	212,461	168,478	197,427	62,263	166,189

Source: CHAS Database

The table below shows the number of owner units that are lacking kitchen and/or plumbing facilities. Region 11, with the sixth highest number of owner households, has the highest number of physically inadequate owner housing units. Region 6, the second most populous region, has the second highest number of units lacking kitchen and/or plumbing facilities.

Number of Owner Units Lacking Kitchen and/or Plumbing, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	80% and Above
1	1,154	228	163	224	85
2	919	253	158	170	60
3	6,044	1,373	850	1,214	487
4	2,742	775	439	508	187
5	1,876	555	250	367	90
6	6,691	1,650	983	1,279	410
7	2,013	519	291	423	110
8	1,798	477	346	331	112
9	3,270	713	667	624	297
10	1,783	588	407	323	66
11	8,043	3,043	2,045	1,585	0
12	1,138	265	223	264	64
13	1,879	366	411	523	84
State	39,350	10,805	7,233	7,835	2,052

Source: CHAS Database

The table below shows that Region 6 has the highest number of overcrowded owner households.

Number of Overcrowded Owner Households by Income Group, 2000

Service Region	All Incomes	0% to 30%	31% to 50%	51% to 80%	81% to 95%	95% and Above
1	9,245	897	1,223	2,399	966	3,760
2	4,325	411	558	1,159	443	1,754
3	57,504	5,876	9,070	16,460	6527	19,571
4	10,259	1,233	1,477	2,496	1116	3,937
5	8,491	925	970	1,991	949	3,656
6	66,212	7,391	10,243	18,303	7269	23,006
7	12,315	1,038	2,055	3,503	1459	4,260
8	8,900	741	1,055	2,293	942	3,869
9	25,439	2,644	4,107	6,555	3171	8,962
10	10,929	1,235	1,563	2,421	1000	4,710
11	48,736	8,375	9,672	12,299	20	18,370
12	7,320	752	1,186	2,243	605	2,534
13	13,918	1,296	2,037	3,263	707	6,615
State	283,593	32,814	45,216	75,385	25,174	105,004

Source: CHAS Database

The total number of households in poverty, elderly and non-elderly, is one of the need indicators for some of the Department's community service activities. Regions 3, 6 and 11 have the highest numbers of poverty households.

Number of Households in Poverty, 2000

Service Region	Number of Elderly Poverty Households	Percent of State's Elderly Poverty Households	Number of Non-Elderly Poverty Households	% of State's Non-Elderly Poverty Households	Total Number of Poverty Households	Percent of State's Poverty Households
1	8,897	4.6%	37,710	4.5%	46,607	4.5%
2	8,100	4.2%	23,414	2.8%	31,514	3.0%
3	32,129	16.6%	165,495	19.7%	197,624	19.1%
4	15,592	8.1%	43,499	5.2%	59,091	5.7%
5	11,148	5.8%	36,076	4.3%	47,224	4.6%
6	32,192	16.7%	179,586	21.4%	211,778	20.5%
7	6,601	3.4%	46,549	5.5%	53,150	5.1%
8	10,531	5.4%	47,640	5.7%	58,171	5.6%
9	17,887	9.3%	70,207	8.4%	88,094	8.5%
10	10,783	5.6%	34,422	4.1%	45,205	4.4%
11	23,614	12.2%	93,382	11.1%	116,996	11.3%
12	6,744	3.5%	24,217	2.9%	30,961	3.0%
13	9,083	4.7%	38,561	4.6%	47,644	4.6%
State	193,301	100.0%	840,758	100.0%	1,034,059	100.0%

Source: 2000 Census

ASSISTED HOUSING INVENTORY

The following table shows the number of multifamily units in the state financed through state and federal sources according to region. Please see the "Assisted Housing Inventory" under "State of Texas" for data explanations.

Assisted Multifamily Units

Region	TDHCA Units	HUD Units	PHA Units	Section 8 Vouchers	USDA Units	HFC units*	Total Assisted Units
1	5,114	3,451	1,304	5,679	1,676	1,789	17,224
2	3,158	1,979	3,026	3,009	1,925	280	13,097
3	60,078	28,032	8,485	43,833	4,076	20,892	144,504
4	5,700	3,577	2,252	5,988	3,872	1,336	21,389
5	5,869	4,134	2,368	7,598	1,443	1,160	21,412
6	54,209	27,284	5,138	21,884	3,484	39,127	111,999
7	17,267	5,032	3,506	8,053	1,477	8,276	35,335
8	6,341	4,178	2,780	7,621	2,820	404	23,740
9	16,288	12,080	7,458	15,046	1,007	23,015	51,879
10	4,862	4,236	4,459	3,977	1,619	1,073	19,153
11	9,593	4,208	6,949	13,553	2,003	377	36,306
12	3,445	1,763	1,145	3,058	735	104	10,146
13	4,858	2,395	6,228	6,117	298	993	19,896
State	196,782	102,349	55,098	145,416	26,435	98,826	526,080

*Because HFC developments report total units and do not specify assisted units and that the majority of HFC-financed developments also receive housing tax credits from TDHCA, these units are not included in the final total.

SECTION 4: ACTION PLAN

In response to the needs identified in the previous section, this plan outlines TDHCA's course of action designed to meet those underserved needs. This section discusses the following:

- **TDHCA Programs**
  - Description of each TDHCA program, including funding source, administrator, purpose, targeted population, budget and contact information
- **Housing Support Continuum**
  - Activities undertaken by each TDHCA program that address the different phases in a low-income household's life
- **Policy Priorities**
  - Overarching Department-wide policies and policy-driven actions
- **Regional Allocation Plans**
  - Distribution of TDHCA's resources across the 13 State Service Regions
- **Goals and Objectives**
  - Program performance based upon measures developed with the State's Legislative Budget Board and the Governor's Office of Budget and Planning

TDHCA PROGRAMS

TDHCA's programs govern the use of available housing resources in meeting the housing needs of low-income Texans. Program descriptions include information on the funding source, recipients, targeted beneficiaries, set-asides and special initiatives. Details of each program's activities are located in the Housing Support Continuum in the following segment.

A list of TDHCA programs, organized by their Division, follows:

- **Community Affairs Division**
  - Community Services Block Grant Program
  - Comprehensive Energy Assistance Program
  - Emergency Shelter Grants Program
  - Section 8 Housing Choice Voucher Program
  - Weatherization Assistance Program
- **Disaster Recovery Division**
  - Community Development Block Grant - Disaster Recovery Round One and Round Two
  - Community Development Block Grant – Disaster Recovery Hurricanes Dolly and Ike
- **HOME and Housing Trust Fund Division**
  - HOME Investment Partnerships Program
  - Housing Trust Fund Program
- **Manufactured Housing Division**
- **Multifamily Finance Production Division**
  - Housing Tax Credit Program
  - Multifamily Bond Program
- **New Programs**
  - National Foreclosure Mitigation Counseling Program
  - Neighborhood Stabilization Program
- **Office of Colonia Initiatives**
  - Colonia Self-Help Center Program
  - Texas Bootstrap Loan Program
- **Texas Homeownership Division**

- First Time Homebuyer Program
- Mortgage Credit Certificate Program
- Texas Statewide Homebuyer Education Program

Information for each Division and its programs can be found below.

COMMUNITY AFFAIRS DIVISION

The Community Affairs Division offers the Community Services Block Grant Program, Comprehensive Energy Assistance Program, Emergency Shelter Grants Program, Section 8 Housing Choice Voucher Program and Weatherization Assistance Program.

Above: Community Service Block Grants help to provide food to low-income Texans.

Community Services Block Grant Program

The Community Services Block Grant Program (CSBG), received from the U.S. Department of Health and Human Services (USHHS), funds CSBG-eligible entities and activities that support the intent of the CSBG Act. TDHCA provides administrative support funds to Community Action Agencies (CAAs) and other human service delivery organizations that offer emergency and poverty-related programs to lower-income persons.

Ninety-percent of the funds are targeted to low-income individuals and funds are also utilized to provide assistance to Native Americans and migrant and seasonal farmworkers. Persons with incomes at or below 125 percent of the current federal income poverty guidelines issued by USHHS have income eligibility for the program.

CSBG provides administrative support to 48 CSBG-eligible entities. Five percent of the State's CSBG allocation is used to fund innovative projects that address the causes of poverty, promote client self-sufficiency or promote community revitalization; provide emergency disaster relief assistance to persons impacted by a natural or man-made disaster; provide funding to organizations serving Native Americans and migrant or seasonal farm workers; and provide funding for other eligible discretionary activities as authorized by the Department's Board. Five percent of the CSBG allocation is used for administrative funds for awarded entities.

Allocations to the CSBG–eligible entities are based on two factors: (1) the number of persons living in poverty within the designated service delivery area for each organization and (2) a calculation of population density. Poverty population is given 98 percent weight and the ratio of inverse population density is given 2 percent weight. The formula also includes a base award for each organization before the factors are applied, as well as a floor, or minimum award. In FY 2009, the Department will utilize the 2000 Census population figures at 125 percent of poverty, a base of $50,000 and a floor allocation of $150,000.

Community Services Block Grant Program funding for FY 2009: $31,311,981. Projected funding for the CSGB Program may increase as a result of recent federal legislation.

Additional documentation, including the CSBG Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/pubs.htm#cs. For more information, contact the Community Services Section at (512) 475-3905.

Comprehensive Energy Assistance Program

The Comprehensive Energy Assistance Program (CEAP) is funded by the USHHS' Low Income Home Energy Assistance Program (LIHEAP). The purpose of CEAP is to provide energy assistance to eligible households. TDHCA administers the program through a network of 51 CEAP Subrecipients. The Subrecipients consist of CAAs, nonprofit entities and units of local government. The targeted beneficiaries of CEAP in Texas are households with an income at or below 125 percent of federal poverty guidelines, with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

The allocation formula for CEAP uses the following five factors and corresponding weights to distribute its funds by county: non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent); median income variance factor (5 percent); and weather factor (10 percent).

Comprehensive Energy Assistance Program funding for FY 2009: $128,928,638.

The Energy Assistance Plans and Rules may be accessed online at http://www.tdhca.state.tx.us/ea on the TDHCA website. For more information contact the Energy Assistance Section at (512) 475-3951. To apply for CEAP, call 1-877-399-8939, toll free, using a land phone.

Emergency Shelter Grants Program

The Emergency Shelter Grants Program (ESGP) receives funding from U.S. Department of Housing and Urban Development (HUD) and awards grants to units of local government and private nonprofit entities that provide shelter and related services to homeless persons and/or intervention services to persons at risk of homelessness.

ESGP funds are reserved according to the percentage of poverty population identified in each of the 13 uniform State Service Regions and funds are dispersed according to a Regional Allocation Formula. The top scoring applications in each region are recommended for funding, based on the amount of funds available for that region. Any application that receives a score below 70 percent of the highest raw score from the region is not considered for funding. Demonstrating the need for homeless shelter and services, for the 2008 ESGP application cycle, the Department received 120 applications and was able to fund only 78 applications.

Projected Emergency Shelter Grants Program funding for FY 2009: $46,322,772. This includes $4,850,000 in ESGP annual allocation and additional funding of $41,472,772 for homelessness prevention through the American Recovery and Reinvestment Act (ARRA) of 2009.

See the *State of Texas Consolidated Plan: One Year Action Plan* at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#consolidated for further details on ESGP. For more information, contact the Community Services Section at (512) 475-3905.

Section 8 Housing Choice Voucher Program

TDHCA receives funding for the Section 8 Housing Choice Voucher (Section 8) Program from HUD for counties included in TDHCA's Public Housing Authority's allocation. The Section 8 Program provides rental assistance payments on behalf of low-income individuals and families, including the elderly and persons with disabilities. The Section 8 Program currently contracts with units of local governments, community action agencies and public housing authorities to assist with the administration of approximately 1,000 housing choice vouchers. The Department administers vouchers in 31 counties.

Eligible households have a gross income that does not exceed 50% of HUD's median income guidelines. HUD requires 75% of all new households admitted to the program be at or below 30% of the area median income. Eligibility is based on several factors, including the household's income, size and composition, citizenship status, assets and medical and childcare expenses.

Projected Section 8 Housing Choice Voucher Program funding for FY 2009: $5,551,262. Projected funding may vary depending on action taken by HUD.

Additional documentation, including the Section 8 Plan, may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/pubs.htm#sec8. For more information, contact the Section 8 Program at (512) 475-3892.

Weatherization Assistance Program

The Weatherization Assistance Program (WAP) is funded by the U.S. Department of Energy (DOE) and LIHEAP. The Weatherization Assistance Program allocates funding regionally to help households in each region control energy costs through the installation on weatherization measures and energy conservation education. The Department administers WAP through a network of 34 WAP Subrecipients. The Subrecipients consist of CAAs, nonprofit entities and units of local government. The targeted beneficiaries of WAP in Texas are households with an income at or below 125 percent of federal poverty with priority given to the elderly; persons with disabilities; families with young children; households with the highest energy costs or needs in relation to income (highest home energy burden); and households with high energy consumption.

Partnerships between the Department and Investor Owned Utility companies, such as Entergy, El Paso Electric, Southwest Electric Power Company and Southwest Public Service, provide weatherization measures to low-income utility customers in the regulated electric market areas. These partnerships increase the total number of low-income households that receive weatherization services and allow the Department to leverage the federal weatherization funds with the energy company funds.

The allocation formula for WAP uses the following five factors and corresponding weights to distribute its funds by county: non-elderly poverty household factor (40 percent); elderly poverty household factor (40 percent); inverse poverty household density factor (5 percent); median income variance factor (5 percent); and weather factor (10 percent).

Projected Weatherization Assistance Program funding for FY 2009: $36,600,000. This includes an anticipated $6,000,000 in WAP annual allocation from DOE; $6,700,000 from DOE supplemental allocation; and $23,900,000 from LIHEAP under Public Law 110-329. Projected funding will increase based on the American Recovery and Reinvestment Act of 2009 (ARRA).

The Energy Assistance Plans and Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/ea/index.htm. For more information, contact the Energy Assistance Section at (512) 475-3951. To apply for weatherization, call 1-888-606-8889, toll free, using a land phone.

Above: Disaster recovery funds in Sabine Pass help to elevate a home to make it better able to weather future storms.

DISASTER RECOVERY DIVISION

The Disaster Recovery Division administers Community Development Block Grant Disaster Recovery Programs.

CDBG Disaster Recovery Programs Round One and Round Two

In August 2005, Hurricane Katrina made landfall in Louisiana and then in September 2005, Hurricane Rita made landfall near Sabine Pass on the southeast Texas Gulf Coast. Texas experienced an influx of evacuees from Louisiana escaping Hurricane Katrina and over 75,000 homes in southeast Texas were severely damaged or destroyed as a result of Hurricane Rita. According to the Federal Emergency Management Agency (FEMA), 640,968 Katrina and Rita applicants for assistance were residing in Texas as of February 1, 2006.

TDHCA is the administrator of two CDBG allocations for disaster recovery funding in Texas under the Department of Defense Appropriations Act, 2006, Public Laws 109-148 and 109-234. The targeted populations for these funds are households affected by Hurricanes Rita and Katrina who have incomes not exceeding 80 percent AMFI.

For Round One of the funding, under Public Law 109-148 a total of $74.5 million was awarded to Texas to rebuild the southeast Texas region devastated by Hurricane Rita. Of all funds awarded, 56.8 percent is dedicated to housing activities including home rehabilitation, reconstruction and other eligible activities to help the residents of southeast Texas recover from this disaster.

In July 2006, the TDHCA Board approved awards to three Councils of Governments (COGs) in the region to rebuild damaged homes. In August 2006, funds were awarded to four COGs that applied for the CDBG funds on behalf of cities, counties and Indian tribes for infrastructure repairs.

Round Two of the funding occurred through Public Law 109-234 when HUD announced in August 2006 that Texas would receive an additional $428 million in CDBG disaster funding to promote long-term recovery in the areas affected by the disaster.

The action plan for the second round of CDBG funding for disaster recovery was approved by HUD on April 13, 2007. CDBG Disaster Recovery Programs Round Two funds are being used to provide assistance to homeowners of low to moderate income whose houses were damaged by Hurricane Rita; to restore and protect owner occupied housing stock in the community of Sabine Pass which was severely damaged by the storm; to repair, rehabilitate and reconstruct affordable rental housing stock in the impacted areas; to restore critical infrastructure damaged by the hurricane; and to provide assistance to the City of Houston and Harris County for increased demands in public services, law enforcement, judicial services and community development in areas that have experienced a dramatic population increase due to an influx of Hurricane Katrina evacuees. The Office of Rural and Community Affairs (ORCA) will administer a portion of the disaster recovery funds through a contract with TDHCA and approved by TDHCA's Governing Board.

Additional information about Round One CDBG Disaster Recovery Programs can be found online at http://www.tdhca.state.tx.us/cdbg/first-supplemental/. For more information, contact Jennifer Molinari at (512) 475-2224 or jennifer.molinari@tdhca.state.tx.us. Additional information about Round Two CDBG Disaster Recovery Programs can be found online at http://www.tdhca.state.tx.us/cdbg/second-supplemental/.

CDBG Disaster Recovery Programs – Hurricanes Dolly and Ike

In 2008, Hurricanes Ike, Gustav and Dolly impacted eastern Texas. Of these, Hurricane Ike was the largest at a Category 4 storm and caused great damage to Galveston and other Texas coastal areas. Hurricane Dolly, a Category 2 storm, overwhelmed the south Texas coast including the Rio Grande Valley.

To assist the recovery efforts of the areas declared major disasters as of December 1, 2008, HUD will provide $1,314,990,193 in CDBG funds for public infrastructure, economic development and housing under Public Law 110-329. The Office of the Governor, Texas House Select Committee on Hurricane Ike and the Commission for Disaster Recovery and Renewal are coordinating the disaster recovery for Texas which will be executed by ORCA. TDHCA is partnered with ORCA for disaster recovery and will administer a portion of the disaster recovery funding associated with housing.

Of the disaster recovery CDBG funding granted on November 28, 2008, 50 percent will benefit low- and moderate-income persons up to 80 percent AMFI, and up to 50 percent of the funds may be allocated to activities of urgent need or the elimination of slums and blight. According to the federal legislation granting the funds, at least 10.6 percent, or $139,743,911, of the funding amount must be used for affordable rental housing. Of this percent, 4.47 percent, or $58,834,914, is proposed to be set aside for TDHCA affordable rental housing stock restoration; the remaining 6.13 percent, or $80,908,997, is proposed to be distributed at the regional level through the local COGs. The proposed amounts and distribution method will be finalized once the *State of Texas Plan for Disaster Recovery* prepared by ORCA is approved by HUD.

Eligible recipients of CDBG Hurricanes Dolly and Ike Recovery funding are city and county governments, nonprofit and for-profit organizations, and individuals and municipal utility districts identified by the COGs.

Additional information about CDBG Disaster Recovery for Hurricanes Dolly and Ike can be found online at http://www.orca.state.tx.us/index.php/Home/HURRICANE+RESPONSE. For more information, contact ORCA at (512) 936-9701.

HOME and Housing Trust Fund Division

The HOME and Housing Trust Fund Division offers the HOME Investment Partnership Program and the Housing Trust Fund Program.

Above: This home in Lockhart became wheelchair accessible at its front entrance as part of its rehabilitation through the HOME Program's Owner Occupied Assistance.

HOME Investment Partnerships Program

The HOME Investment Partnerships (HOME) Program is authorized under the Cranston-Gonzalez National Affordable Housing Act (42 USC Section 12701 et. seq.) and receives funding from HUD.

The purpose of the HOME Program is to expand the supply of decent, safe and affordable housing for extremely low-, very low- and low-income households and to alleviate the problems of excessive rent burdens, homelessness and deteriorating housing stock. HOME strives to meet both the short-term goal of increasing the supply and the availability of affordable housing and the long-term goal of building partnerships between state and local governments and private and nonprofit organizations in order to strengthen their capacity to meet the housing needs of lower income Texans. To achieve this purpose, the HOME Program provides loans and grants to units of local government, Public Housing Authorities (PHAs), Community Housing Development Organizations (CHDOs), nonprofit organizations and for-profit entities. These funds are awarded as specified in the published Notices of Funding Availability (NOFAs). TDHCA provides technical assistance to all recipients of the HOME Program to ensure that all participants meet and follow state implementation guidelines and federal regulations.

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating jurisdictions that do not qualify to receive funds under the Act directly from HUD. As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, 5 percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities living in any part of the state.

There are six major activities in the HOME Program including: Owner-Occupied (OCC) Rehabilitation Housing Assistance, Tenant-Based Rental Assistance (TBRA), Homebuyer Assistance (HBA), Contract for Deed Conversion (CFD), Single-Family Development, and Rental Housing Development (RHD).

Projected HOME Program Funding for FY 2009: $190,588,132. This includes $42,233,363 in HOME annual allocation and an additional $148,354,769 through the American Recovery and Reinvestment Act (ARRA) of 2009 to be used as gap financing assistance for Housing Tax Credit developments awarded in 2007, 2008 and 2009.

See the *State of Texas Consolidated Plan: One Year Action Plan* at http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#consolidated for further details on the HOME Program. The HOME Program Rule may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/home-division/. For more information regarding the HOME Program, contact the HOME and Housing Trust Fund Division directly at (512) 463-8921.

Housing Trust Fund Program

The Housing Trust Fund Program receives several sources of funding from the State of Texas including multifamily bond issuance fees, loan repayments and other funds that are received and appropriated by the Department or Legislature. The Housing Trust Fund is the only State-authorized program for affordable housing development. Funding is awarded as loans and grants to nonprofits, units of local government, public housing agencies and for-profit entities. The targeted beneficiaries of the program are low-, very low- and extremely low-income households.

NOFAs will be released identifying the activities for which funds can be applied in accordance with the Annual Plan as prescribed in Rider 10(d) of the Department's General Appropriations Act.

Projected Housing Trust Fund Program Funding for FY 2009: $5,800,000.

The Housing Trust Fund Rule and Funding Plan may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/htf. For more information on the Housing Trust Fund Program, contact the HOME and Housing Trust Fund Division at (512) 463-8921.

MANUFACTURED HOUSING DIVISION

The Manufactured Housing Division regulates the manufactured housing industry in Texas by ensuring that manufactured homes are well constructed, safe and correctly installed; by providing consumers with fair and effective remedies; and by providing economic stability to manufacturers, retailers, installers and brokers. The Manufactured Housing Division licenses manufactured housing professionals and maintains records of the ownership, location, real or personal property status and lien status (on personal property homes) on manufactured homes. It also records tax liens on manufactured homes. Because of its regulatory nature, the Manufactured Housing Division has its own governing board and executive director.

Relying on a team of trained inspectors operating from eight locations around the state, the Division inspects manufactured homes throughout the Texas. Additionally, the Manufactured Housing Division works collectively with TDHCA by inspecting properties for the Portfolio Management and Compliance Division and by inspecting and licensing Migrant Labor Facilities. The Manufactured Housing Division also handles approximately 1,200 consumer complaints a year, many of those requiring investigation and enforcement action.

For more information, contact the Manufactured Housing Division at 1-800-500-7074.

MULTIFAMILY FINANCE PRODUCTION DIVISION

The Multifamily Finance Production Division offers the Housing Tax Credit Program and the Multifamily Bond Program.

Housing Tax Credit Program

The Housing Tax Credit (HTC) Program receives authority from the U.S. Treasury Department to provide tax credits to nonprofits organizations, for-profit developers and syndicators or investors. The program supports the development of rental properties that include reduced rents for low-income Texans. The targeted beneficiaries of the program are very low- and extremely low-income families at or below 60 percent AMFI.

Above: A Multifamily Bond development , Spring Terrace in Austin is a Single-Room-Occupancy complex that has "green" features such as solar panels and a rain collector.

The HTC Program was created by the Tax Reform Act of 1986 and is governed by the Internal Revenue Code of 1986 (Code), as amended, 26 USC Section 42. The Code authorizes tax credits in the amount of $2.00 per capita of the state population, excluding additional temporary HTC authority received under the Housing and Economic Recovery Act of 2008 (HERA) and funds allocated under Public Law 110-343 for disaster recovery. Tax credits are also awarded to developments with tax-exempt bond financing and are made independent of the state annual tax credit allocation. TDHCA is the only entity in the state with the authority to allocate HTCs under this program. The State's distribution of the credits is administered by TDHCA's *2009 Housing Tax Credit Program Qualified Allocation Plan and Rules* (QAP), as required by the Code. Per Section 2306.67022, the Governor shall approve, reject, or modify and approve the Board-approved QAP not later than December 1 of each year.

To qualify for tax credits, the proposed development must involve new construction or undergo substantial rehabilitation of residential units, which is defined as at least $15,000 per rental unit of construction hard costs, unless financed with TX-USDA-RHS, in which case the minimum is $9,000. The credit amount for which a development may be eligible depends on the total amount of depreciable capital improvements, the percentage of units set aside for qualified tenants and the funding sources available to finance the total development cost. Pursuant to the Code, a low-income housing development qualifies for residential rental occupancy if it meets one of the following two criteria: (1) 20 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 50 percent or less of AMFI; or (2) 40 percent or more of the residential units in the development are both rent-restricted and occupied by individuals whose income is 60 percent or less of AMFI. Typically, 60 to 100 percent of a development's units will be set aside for qualified tenants in order to maximize the amount of tax credits the development may claim.

Credits from the state annual tax credit allocation are awarded through a competitive application process. Each application must satisfy a set of threshold criteria and is scored based on selection criteria. The selection criteria referenced in the QAP is approved by the TDHCA Board each year. The Board considers the recommendations of TDHCA staff and determines a final award list. Tax credits to developments with tax-exempt bond financing are awarded through a similar application review process, but because these credits are not awarded from a limited credit pool, the process is noncompetitive and the selection criteria are not part of the application.

The Department requires recipients of tax credits to document the participation of minority-owned businesses in the development and management of tax credit developments and has established a minimum goal of 30 percent participation. The selection criteria awards extra points to developments owned by Historically Underutilized Businesses (HUBs) or that have a plan in place for utilizing HUBs and also development location criteria including areas located in colonias. Efforts are made in the planning process and allocation of funds to ensure the involvement of housing advocates, community-based institutions, developers and local municipalities. The Department also encourages the participation of community development corporations and other neighborhood-based groups.

Projected Housing Tax Credit Program Funding for FY 2009: $82,400,000. This includes approximately $47,800,000 in HTC 2009 ceiling; an additional estimated $4,800,000 made available under HERA; approximately $14,900,000 made available under Public Law 110-343 for Hurricane Ike recovery for 2009; and an additional estimated $14,900,000 dedicated to Hurricane Ike recovery in 2008 carried forward to 2009.

The *2009 Housing Tax Credit Program QAP* may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/htc/index.htm. For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

Multifamily Bond Program

The Multifamily Bond Program issues tax-exempt and taxable housing Mortgage Revenue Bonds (MRBs) under the Private Activity Bond Program (PAB) to fund loans to nonprofit and for-profit developers who assist very low- to moderate-income Texans. Owners elect to set aside units in each development according to §1372, Texas Government Code. Rental developments must comply with Section 504 unit standards.

TDHCA issues tax-exempt, multifamily MRBs through two different authorities defined by the Internal Revenue Code. Under one authority, tax-exempt bonds used to create housing developments are subject to the State's private activity volume cap. Under MRBs issued for private activities, funding priorities are as follows:

- Priority 1:
    - (a) Set aside 50% of units rent capped at 30% of 50% of AMFI and the remaining 50% of units rents capped at 30% of 60% of AMFI; or
    - (b) Set aside 15% of units rent capped at 30% of 30% of AMFI and the remaining 85% of units rent capped at 30% of 60% of AMFI; or
    - (c) Set aside 100% of units rent capped at 30% of 60% of AMFI for developments located in a census tract with median income that is higher than the median income of the county, MSA or PMSA in which the census tract is located.
- Priority 2:
    - (a) Set aside 100% of units rent capped at 30% of 60% of AMFI
- Priority 3:
    - (a) Any qualified residential rental development

The State will set aside 22 percent of the annual private activity volume cap for multifamily developments. Approximately $440 million in issuance authority will be made available to various issuers to finance multifamily developments, of which 20 percent, or approximately $88 million, will be made available exclusively to TDHCA. On August 15th of each year, any allocations in the subcategories of the bond program that have not been reserved pool into one allocation fund. This is an opportunity for TDHCA to apply for additional allocation and which allows TDHCA to issue more bonds than the set-aside of $88 million.

PAB Issuance authority per individual development is allocated and administered by the Texas Bond Review Board (BRB). Initially, applications submitted to the BRB are allocated by a lottery. TDHCA, local issuers, local housing authorities and other eligible bond issuers submit applications for specific developments on behalf of development owners. Applications submitted to TDHCA for the private activity bond program will be scored and ranked by priority and highest score. TDHCA will be accepting applications throughout the 2008 program year. Developments that receive 50 percent or more of their funding from the proceeds of tax-exempt bonds under the private activity volume cap are also eligible to apply for HTCs.

Under the second authority, TDHCA may issue tax-exempt MRBs to finance properties that are owned entirely by nonprofit organizations. Bonds issued under this authority are exempt from the private activity volume cap. This is a noncompetitive application process and applications may be received at any time throughout the year. In addition to the set-asides above, 75 percent of development units financed under the 501(c)(3) authority must be occupied by households earning 80 percent or less of the AMFI.

Projected Multifamily Bond Program Funding for FY 2009, including additional disaster recovery and economic stimulus authority: $120,000,000.

The Multifamily Housing Revenue Bond Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/multifamily/bond/index.htm. For more information, contact the Multifamily Finance Production Division at (512) 475-3340.

NEW PROGRAMS

Because of the rapid changes in the housing industry, there have been several new programs added to TDHCA. Currently, these programs are under development and have not yet been assigned to a Division.

National Foreclosure Mitigation Counseling Program

HERA gave authority to NeighborWorks America to continue the National Foreclosure Mitigation Counseling (NFMC) Program which was first created by the 2008 Consolidated Appropriations Act. NFMC funds are federal funds available for foreclosure intervention counseling, training and administration expenses. The purpose of the program is to expand and supplement foreclosure counseling.

TDHCA partnered with HUD-approved foreclosure mitigation counseling organizations that met the NeighborWorks' experience threshold in order to create an application for funding. TDHCA will jointly administer the program with the Texas State Affordable Housing Corporation (TSAHC). Funding will be awarded to the partner nonprofit organizations and local units of government included in the application submitted to NeighborWorks America.

The partner organizations have written plans for providing in-person counseling with homeowners in danger of foreclosure. Eligible recipients of foreclosure intervention counseling must be owner-occupants of single-family (one-unit to four-unit) properties with mortgages in default or danger of default. Many of the partner organizations also work with toll-free foreclosure prevention hotlines.

All funds will be targeted to "areas of greatest need" which are defined as areas experiencing a high rate of subprime lending, delinquent loans and foreclosure starts. Thirty percent of the funds will be targeted to low-income or minority homeowners or neighborhoods as required by NeighborWorks America.

Projected National Foreclosure Mitigation Program Funding for FY 2009: $491,490

For more information, contact the Brenda Hull, Housing Resource Center, at (512) 305-9038 or brenda.hull@tdhca.state.tx.us.

Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HERA as a supplemental allocation to the CDBG Program through an amendment to the existing *2008 State of Texas*

Consolidated Plan One-Year Action Plan. The purpose of the program is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the greatest need for declining property values as a result of excessive foreclosures. Units of local governments and other entities with the consent of the local governments are eligible to apply for these funds.

According to the NSP Action Plan Substantial Amendment, each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of AMFI. Acquisition of real property allows a grantee to purchase the abandoned or foreclosed properties to rehabilitate and sell to households earning 120% AMFI or below.

TDHCA along with ORCA and TSAHC will work together to administer the $102 million in funds received from HUD. TDHCA is taking the lead role in this partnership. Initially the Department proposes to distribute the funds as follows:

- Direct Awards $ 51 million
- Select Pool $ 31 million
- Land Bank $ 10 million
- Administration $ 10 million

Projected NSP Funding for FY 2009: $102,000,000

The NSP Plan may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/nsp/. A permanent contact person for this program has yet to be assigned.

OFFICE OF COLONIA INITIATIVES

The Office of Colonia Initiatives Division offers two programs: the Colonia Self-Help Center Program and the Texas Bootstrap Loan Program.

Above: This home in Pharr was built through the Texas Bootstrap Loan Program with funds from TDHCA and labor from the homeowner.

Colonia Self-Help Center Program

In 1995, the 74th Legislature passed Senate Bill 1509, a legislative directive to establish colonia Self-Help Centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. Funded through CDBGs, this program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Operation of the colonia SHCs is managed by local nonprofit organizations, CAAs or local housing authorities that have demonstrated the capacity to operate a center.

These colonia SHCs provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education.

Colonia Self-Help Center Program funding for FY 2009: $1,700,000

More detail can be found in *Section 6: Colonia Action Plan.* Additional information may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/oci/centers. For more information, contact Robert Stevenson at (512) 463-2179 or robert.stevenson@tdhca.state.tx.us.

Texas Bootstrap Loan Program (Owner-Builder)

The Texas Bootstrap Loan Program provides loans through certified non-profit organizations for self-help housing initiatives. Identified as the Owner-Builder Loan Program in Texas Government Code 2306.751, the Texas Bootstrap Loan Program promotes and enhances homeownership for low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. The majority of the funds are received through the Housing Trust Fund and small amounts are gathered through other sources.

Projected Texas Bootstrap Loan Program funding for FY 2009: $3,000,000

More detail can be found in *Section 6: Colonia Action Plan.* Additional information may be accessed at the TDHCA website at http://www.tdhca.state.tx.us/oci/bootstrap.jsp. For more information, contact Raul Gonzales at (512) 475-1473 or raul.gonzales@tdhca.state.tx.us.

TEXAS HOMEOWNERSHIP DIVISION

The Homeownership Division offers the First Time Homebuyer Program, Mortgage Credit Certificate Program and the Texas Statewide Homebuyer Education Program.

Above: A family tells their story about using the First Time Homebuyer Program to purchase their home.

First Time Homebuyer Program

The First Time Homebuyer Program receives funding from tax-exempt and taxable mortgage revenue bonds called Single-Family Bonds. The program is offered through a network of participating lenders. The program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits and the purchase price of the home must not exceed stipulated maximum purchase price limits. A minimum of 30 percent of program funds will be set aside to assist Texans earning 60 percent or less of program income limits. A portion of the funds will also be set aside for borrowers earning between 61% and 80% of the program income limits.

The First Time Homebuyer Program offers eligible homebuyers two types of funds: unassisted and assisted. Unassisted funds are available for borrowers at or below 115 percent of AMFI and do not include down payment and closing costs. Assisted funds are available for eligible borrowers at or below 80 percent of AMFI and include down payment and closing cost assistance on a first-come, first-served basis.

Income limits for the program are set by the IRS Tax Code (1986) based on income figures determined by HUD. The first-time homebuyer restriction is established by federal Internal Revenue Service regulations, which also require that program recipients may be subject to a recapture tax on any capital gains realized from a sale of the home during the first nine years of ownership. Certain exceptions to the first-time homebuyer restriction, income ceiling and maximum purchase price limitation apply in targeted areas. Such targeted areas are qualified census tracts in which 70 percent or more of the families have an income of 80 percent or less of the statewide median income and/or are areas of chronic economic distress as designated by the state and approved by the Secretaries of Treasury and HUD, respectively

Projected Texas First Time Homebuyer Program funding for FY 2009: $300,000,000

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us. To request a First Time Homebuyer information packet, please call 1-800-792-1119.

Mortgage Credit Certificate Program

TDHCA has the power to issue Mortgage Credit Certificates (MCCs) through its bond authority. The program is offered through a network of approved lenders. An MCC provides a tax credit that will reduce the federal income taxes, dollar-for-dollar, of qualified buyers purchasing a qualified residence. The credit cannot be greater than the annual federal income tax liability, after all other credits and deductions have been taken into account. MCC tax credits in excess of a borrower's current year tax liability may, however, be carried forward for use during the subsequent three years.

The MCC Program provides homeownership opportunities for qualified individuals and families whose gross annual household income does not exceed 115 percent of AMFI limitations, based on IRS adjusted income limits. In order to participate in the MCC Program, homebuyers must meet certain eligibility requirements and obtain a mortgage loan through a participating lender. The mortgage loan must be financed from sources other than tax-exempt revenue bonds. The mortgage may be a conventional, FHA, VA, or RHS loan at prevailing market rates, but may not be used in connection with the refinancing of an existing loan.

Projected Mortgage Credit Certificate funding for FY 2009: $120,000,000

The Texas First Time Homebuyer Program Rules may be accessed from the TDHCA website at http://www.tdhca.state.tx.us/homeownership/index.htm. For more information, contact Eric Pike, Texas Homeownership Division, at (512) 475-3356 or eric.pike@tdhca.state.tx.us.

Texas Statewide Homebuyer Education Program

TDHCA funds the Texas Statewide Homebuyer Education Program (TSHEP) and contracts with training professionals to offer provider-certification training to nonprofit organizations including Texas Agriculture Extension Agents, units of local government, faith-based organizations, CHDOs, community development corporations, community-based organizations and other organizations with a proven interest in community building. The classes are conducted by NeighborWorks America. In addition, a referral service for individuals interested in taking a homebuyer education class is available through TDHCA.

Projected Texas Statewide Homebuyer Education Program funding for FY 2009: $90,000

For more information, contact Dina Gonzalez, Texas Homeownership Division at (512) 475-3993 or dina.gonzalez@tdhca.state.tx.us.

HOUSING SUPPORT CONTINUUM

The Housing Support Continuum consists of a series of phases that low-income households may experience at different times of their lives and the assistance provided through the network of TDHCA-funded service providers in regard to each phase. The Housing Support Continuum has six phases: (1) Poverty and Homelessness Prevention, (2) Rental Assistance and Multifamily Development, (3) Homebuyer Assistance and Single-Family Development, (4) Weatherization and Rehabilitation, (5) Foreclosure Relief and (6) Disaster Recovery.

(1) POVERTY AND HOMELESSNESS PREVENTION

The Housing Support Continuum begins with activities that work to prevent poverty and homelessness.

Community Services Block Grant Program (CSBG)

CSBG activities can be instrumental in preventing homelessness in the lowest-income populations. Activities for CSBG program including access to child care; health and human services; nutrition; transportation; job training and employment services; education services; activities designed to make better use of available income; housing services; emergency assistance; migrant farmworker assistance; activities to achieve greater participation in the affairs of the community; youth development programs; information and referral services; activities to promote self-sufficiency; and other related services.

Comprehensive Energy Assistance Program (CEAP)

For those low-income Texans who have housing, subsidizing or reducing the energy costs may help keep that housing affordable and prevent homelessness. An applicant seeking energy assistance applies to the local CEAP Subrecipient for assistance. The Subrecipient determines income eligibility, prioritizes status (this includes a review of billing history to determine energy burden and consumption) and determines which CEAP component is most appropriate for the eligible applicant. If the CEAP applicant is eligible and meets program priorities, the CEAP Subrecipient makes an energy payment to an energy company through a vendor agreement with energy providers. Additionally, some households qualify for repair, replacement or retrofit of inefficient heating and cooling appliances.

There are four CEAP components:

- The Elderly and/or Disabled Component is designed to assist households with at least one member who is elderly and/or disabled. Households can receive up to four energy payments in a program year. Assistance is based on energy consumption in the previous 12 months, energy burden (percentage of income used for energy) and the income category for which the household qualifies.
- The Co-Payment Component is designed to assist households by providing client education, budget counseling and assisting households with energy payments for six to twelve months.
- The Heating and Cooling Component is designed to address inefficient heating and cooling appliances through repair, replacement, or retrofit for households that have high energy consumption
- The Energy Crisis Component is designed to provide one-time energy assistance to households during a period of extreme temperatures or an energy supply shortage. In some instances, Energy Crisis funds can be used to address natural disasters.

Emergency Shelter Grants Program (ESGP)

ESGP is the primary program used specifically to provide shelter to homeless Texans or those faced with homelessness. Activities eligible for ESGP funding include the rehabilitation or conversion of buildings for use as emergency shelters for the homeless; the provision of essential services to the homeless; costs related to the development and implementation of homeless prevention activities; medical and psychological counseling; assistance with obtaining permanent housing; and costs related to maintenance, operation administration, rent, repairs, security, fuel, equipment, insurance, utilities, food and furnishings.

(2) Rental Assistance and Multifamily Development

For low-income Texans who have difficulty affording rent, TDHCA offers two main types of support: rental subsidies for low-income Texans and rental development subsidies for developers who, in turn, produce housing with reduced rents for low-income Texans.

Section 8 Housing Choice Voucher Program

The Section 8 Housing Choice Voucher Program provides rental subsidies for decent, safe and sanitary housing to eligible households. TDHCA pays approved rent amounts directly to property owners. Qualified households may select the best available housing through direct negotiations with landlords to ensure accommodations that meet their needs.

HOME Investment Partnerships Program – *Tenant-Based Rental Assistance (TBRA)*

The HOME Program's TBRA provides rental subsidy, security and utility deposit assistance. TBRA allows the assisted tenant to live in and move to any dwelling unit with a right to continued assistance, in accordance with written tenant selection policies, for a period not to exceed 24 months. The tenant must also participate in a self-sufficiency program while receiving TBRA assistance.

Housing Trust Fund Program – *Rental Assistance*

The Housing Trust Fund Program's Rental Assistance is an eligible activity for the Housing Trust Fund. Rental Assistance subsidizes rental payments and security and utility deposits for low-income Texans. The assisted tenant may move from a dwelling unit with a right to continued assistance. While Rental Assistance is an eligible activity under the program's Rule, this activity may not occur each year.

HOME Investment Partnerships Program – *Rental Housing Development (RHD)*

HOME's RHD funds are awarded to eligible applicants for the development of affordable rental housing. Owners are required to make the units available to extremely low-, very low- and low-income families and must meet long-term rent restrictions as defined by HUD.

Housing Trust Fund Program – *Rental Development*

The acquisition, rehabilitation and new construction of affordable rental housing are eligible activities for the Housing Trust Fund. Housing Trust Fund monies have typically been used as gap financing in developments and combined with other Department programs, like the HOME Program and HTC Program. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

Housing Tax Credit (HTC) Program

The purpose of the HTC Program is to encourage the development and preservation of rental housing for low-income families, provide for the participation of for-profit and nonprofit organizations in the program, maximize the number of units added to the state's housing supply and prevent losses in the state's supply of affordable housing.

Multifamily Bond Program

The proceeds of the bonds issued by TDHCA are used to finance the construction, acquisition, or rehabilitation of multifamily properties with the targeted beneficiaries being very low-, low- and moderate-income households. Property owners are also required to offer a variety of services to benefit the residents of the development. Specific tenant programs must be designed to meet the needs of the current tenant profile and must be approved annually by TDHCA.

(3) HOMEBUYER ASSISTANCE AND SINGLE-FAMILY DEVELOPMENT

Homeownership may help a low-income household to build equity, raise the household out of the low-income financial category and promote self-sufficiency. An asset-development approach to addressing poverty emphasizes the use of public assistance to facilitate long-term investments rather than incremental increases in income. TDHCA helps to educate potential homeowners about the opportunities and dangers of homeownership as well as offering varying degrees of financial assistance.

Texas Statewide Homebuyer Education Program

To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA contracts with training professionals to teach local nonprofit organizations the principles and applications of comprehensive pre- and post-purchase homebuyer education. The training professionals and TDHCA also certify the participants as homebuyer education providers.

Colonia Self-Help Center Program

The colonia Self-Help Center (SHC) Program provides outreach, education and technical assistance to colonia residents. Colonia SHCs provide technical assistance in credit and debt counseling, housing finance, contract for deed conversions, capital access for mortgages, as well as in grant writing, housing rehabilitation, new construction, surveying and platting, construction skills training, tool library access for self-help construction and infrastructure construction and access.

HOME Investment Partnerships Program – *Contract For Deed (CFD) Conversion*

CFD Conversions convert an eligible contract for deed to homeownership. This is achieved by offering assistance to eligible homebuyers for the acquisition or the acquisition and rehabilitation, new construction or reconstruction of properties. All CFD Conversions must be used for families that reside in a colonia.

HOME Investment Partnerships Program – *Homebuyer Assistance (HBA)*

HBA includes down payment and closing cost assistance and is provided to homebuyers for the acquisition of affordable single-family housing, including manufactured housing. Homebuyer Assistance with Rehabilitation (HBAR) offers down payment and closing cost assistance and also includes construction costs associated with architectural barrier removal for homebuyers with disabilities. HBA includes American Dream Downpayment Initiative (ADDI) funds which can be used for down payment assistance for first-time homebuyers and may include home rehabilitation funds in conjunction with the home purchase.

Housing Trust Fund Program – *Homebuyer Assistance*

The acquisition of affordable housing is an eligible activity for the Housing Trust Fund. Acquisition can include down payment and closing costs for low- to moderate-income Texans, as specified in the NOFA. While acquisition of affordable housing is an eligible activity under the program's Rule, this activity may not occur each year.

First Time Homebuyer Program – *Unassisted Funds*

The First Time Homebuyer Program offers 30-year fixed-rate mortgage financing at below-market rates for very low-, low- and moderate-income residents purchasing their first home or residents who have not owned a home within the preceding three years. Qualified applicants access First Time Homebuyer Program funds by contacting any participating lender, which is then responsible for the loan application process and subsequent loan approval. After closing, the lender transfers the mortgage loan to a Master Servicer designated by TDHCA.

First Time Homebuyer Program - *Assisted Funds*

First Time Homebuyer's assisted funds currently provides up to four percent of the amount of the mortgage loan as down payment and closing cost assistance to eligible households which receive loans through the First Time Homebuyer Program. The amount of down payment and closing cost assistance may vary by bond issuance.

Mortgage Credit Certificate (MCC) Program

An MCC provides a tax credit that will reduce the federal income taxes of qualified buyers purchasing a qualified residence. As a result, the MCC effectively reduces the monthly mortgage payment and increases the buyer's disposable income by reducing his or her federal income tax obligation. The amount of the annual tax credit may equal 30 percent of the annual interest paid on a mortgage loan; however, the maximum amount of the credit cannot exceed $2,000 per year. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements.

Texas Bootstrap Loan Program

The Texas Bootstrap Loan Program provides funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing. For more detailed information, see *Section 6: Colonia Action Plan*.

HOME Investment Partnerships Program – *Single-Family Development*

The HOME Program's Single-Family Development activity provides loans or grants for Community Housing Development Organizations (CHDOs) to construct single-family housing and offer down payment assistance to low-income Texans.

HOME Investment Partnership Program - *Colonia Model Subdivision Program*

The Colonia Model Subdivision Program, similar to the Single-Family Development activity, provides loans to develop residential subdivisions as alternatives to colonias.

(4) Rehabilitation and Weatherization

Once a house is owned by low-income Texans, repairs or rehabilitation to the house may be necessary. In addition, by providing minor repairs and weatherization to owned or rented housing, the energy costs associated with housing will be reduced. TDHCA offers both these services.

HOME Investment Partnerships Program – *Owner Occupied Assistance (OCC)*

OCC rehabilitation or reconstruction cost assistance is provided to homeowners for the repair or reconstruction of their existing home, which must be the principal residence of the homeowner. At the completion of the assistance, all properties must meet the Texas Minimum Construction Standards, the International Residential Code (IRC) and local building codes. If a home is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514, Texas Government Code.

Housing Trust Fund Program – *Rehabilitation Assistance*

The rehabilitation of affordable homeownership developments is an eligible activity for the Housing Trust Fund. While rehabilitation is an eligible activity under the program's Rule, this activity may not occur each year.

Weatherization Assistance Program (WAP)

The purpose of WAP is to provide cost-effective weatherization measures to improve the energy efficiency of eligible client households. In order to provide weatherization measures for a dwelling, the household must meet income-eligibility criteria and the measures must meet specific energy-savings goals. Typical weatherization measures include attic and wall insulation, weather-stripping and air sealing measures, heating and cooling unit repair and/or replacement, energy efficient appliances such as refrigerator replacement, caulking and replacement of inefficient heating and cooling units and minor roof repair. WAP also provides energy conservation education.

(5) Foreclosure Relief

As a result of the national foreclosure crisis, TDHCA has undertaken programs to prevent foreclosure and stabilize neighborhoods.

National Foreclosure Mitigation Counseling (NFMC)

The purpose of NFMC is to reimburse HUD-Approved foreclosure counseling agencies for different levels of foreclosure mitigation counseling. Foreclosure mitigation counseling includes, but is not limited to, financial analysis of the client's situation, research to determine the current value of the home and a review of options available to the client, such as financial restructuring. While the most desirable outcome is to help homeowners obtain a mortgage they can afford, the purpose of the program is to prevent foreclosure and, in some instances, the only way to successfully cure a default may be to sell the home.

Neighborhood Stabilization Program (NSP)

NSP will provide funds to local units of government and other entities with the consent of the local governments to provide clearance, financing mechanisms, acquisition of real property, rehabilitation, creation of land banks or trusts and redevelopment of foreclosed properties.

According to the NSP Action Plan and subject to approval by HUD, clearance will allow a grantee to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. Financing mechanisms will allow homebuyers to acquire foreclosed homes if the acquisition is for not more than 85% of the approved appraisal fair market value at the time of foreclosure and the home has been vacant and the seller has not made payment for 90 days. Acquisition of real property allows a grantee to purchase the abandoned or foreclosed properties to rehabilitate and sell to households earning 120% AMFI or below. Rehabilitation will allow rehabilitation and/or improvement of existing structures to a condition that brings the structure into in compliance with

Texas Minimum Construction Standards. Local and statewide land banking activities will provide long-term affordability to low- and moderate-income households through the use of shared-equity agreements, limited-equity agreements, ground leases, and other regulatory restrictions. Redevelopment of demolished or vacant properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant properties that are contributing to declining land values.

(6) Disaster Recovery

In the event of disasters TDHCA is committed to quickly, efficiently and responsibly locating funds and developing programs and initiatives to assist affected households and communities. Below are descriptions of the disaster recovery initiatives the Department has developed.

Community Services Block Grant – *Emergency Disaster Relief*

As a first line of action, the Department reserves a portion of the State's CSBG funds to provide emergency disaster relief to assist low-income persons who live in communities impacted by a natural or man-made disaster. The CSBG emergency disaster relief funds are distributed to CSBG-eligible entities and are to be utilized to provide persons with emergency shelter, food, clothing, pharmaceutical supplies, bedding, cleaning supplies, personal hygiene items and replacement of essential appliances including stoves, refrigerators and water heaters.

CDBG Disaster Recovery Programs - *Round One*

CDBG Disaster Recovery Program Round One funds will be used for housing activities and non-housing activities for the recovery from Hurricanes Rita and Katrina. CDBG Disaster Recovery Program Round One's housing activities will include, but not be limited to, single-family and multifamily acquisition, demolition, repair, rehabilitation, reconstruction and new construction as appropriate for the specific local needs to address damage as a result of Hurricane Rita. Flood buyouts of homes damaged by Hurricane Rita in which the owner will repurchase a home are considered housing activities.

CDBG Disaster Recovery Program Round One's non-housing activities will include, but not be limited to, FEMA Infrastructure Grant Program match, FEMA Hazard Mitigation Grant Program match (including drainage projects, flood buyouts in which the property is converted into open, undeveloped land, and safe-room and community storm shelters), Natural Resource and Conservation Service (NRCS-USDA) flood and drainage projects, roads and bridges, water control facilities, water and waste water facilities, buildings and equipment, hospitals and other medical facilities, utilities, parks and recreational facilities, debris removal, public/community shelters, and loan funds for businesses. The Office of Rural Community Affairs (ORCA) will administer the non-housing activities through a contract with TDHCA and approved by TDHCA's Governing Board.

CDBG Disaster Recovery Programs - *Round Two*

CDBG Disaster Recovery Programs funds for Round Two are divided among the Homeowners Assistance Program, the Sabine Pass Restoration Program, the Multifamily Rental Housing Stock Preservation Program, the Restoration of Critical Infrastructure Program and the City of Houston and Harris County Public Service and Community Development Program.

The Homeowner Assistance Program is available for homeowners with incomes up to 80 percent of AMFI whose homes were damaged by Hurricane Rita. All grant amounts or deferred forgivable loans will be based on damage to the dwelling and will be used for rehabilitation and new construction.

The Sabine Pass Restoration Program provides three types of assistance. (1) Home rehabilitation and reconstruction assistance will be made available for homeowners with incomes up to 150 percent of AMFI. (2) Homeowners may also apply for assistance to defray the costs of elevating rehabilitated or reconstructed homes and increase a home's ability to survive another storm event. (3) If uncommitted funding remains available after 180 days, eligible homeowners with damage to more than 50 percent of the home's market value may apply for a grant to purchase a new home in the Rita Go Zone.

TDHCA Multifamily Rental Housing Stock Preservation Program will be made available in the form of a grant or loan to the owners of affordable rental properties that were damaged by Hurricane Rita to rehabilitate the properties.

The Restoration of Critical Infrastructure Program can be used for flood and drainage projects, including flood buyouts in which the property is converted into open, undeveloped land; repair of roads and bridges, utilities, water control facilities, water supply facilities, waste water facilities, buildings and equipment, hospitals and other medical facilities; and debris removal. ORCA will administer activities awarded under this program through a contract with TDHCA and approved by TDHCA's Governing Board.

The City of Houston and Harris County Public Service and Community Development Program provides funding for public service, community development and housing activities in areas comprised predominantly of low- to moderate-income households and where it can be clearly demonstrated that the population within the area has seen a dramatic population increase due to an influx of Katrina evacuees.

CDBG Disaster Recovery Programs – *Hurricanes Dolly and Ike Recovery*

According to the *State of Texas Plan for Disaster Recovery* prepared by ORCA and submitted to HUD, the CDBG Program for Hurricanes Dolly and Ike will be used for housing and non-housing activities. The housing activities include, but are not limited to, single-family and multifamily repair, rehabilitation and/or new construction; repair and replacement of manufactured housing units; hazard mitigation; elevation; and direct compensation or incentive programs. The non-housing activities may include restoration of infrastructure; real property activities, such as buy-out of properties in the flood zone; economic development; public services, such as employment services and crime prevention; and public facilities, such as community facility repair.

Housing Tax Credit Program – *Disaster Recovery*

In December 2005, Texas received an additional $3.5 million Housing Tax Credits (HTCs) to assist with the rebuilding of low-income apartments in the Hurricane disaster areas along the gulf coast from the 2005 hurricanes. This amount was set-aside for the specific counties of the Gulf Coast Opportunity Zone (GO Zone).

In October 2008, Texas received $44.7 million HTCs specifically for counties affected by Hurricane Ike as a result of Public Law 110-343, Tax Extenders and Alternative Minimum Tax Relief Act of 2008. The total amount will be allocated throughout 2008, 2009 and 2010 at $14.9 million per year. In addition, TDHCA's Board carried forward into 2009 $14.9 million 2008 HTCs to be targeted to counties affected by Hurricane Ike. The Public Law 110-343 HTCs for Hurricane recovery were received too late in 2008 to meet the statutory application deadline. In order to award the 2008 $14.9 million Public Law 110-343 HTCs, TDHCA reviewed applications located in the counties affected by Hurricane Ike from the 2008 HTC regular application cycle. As a result of this review, TDHCA's Board awarded $14.9 million Public Law 110-343 HTCs in 2008 for counties impacted by Hurricane Ike. For Hurricane Ike recovery, the remaining $29.8 million Public Law 110-343 HTCs will be awarded in 2009 and 2010, and $14.9 million 2008 HTCs will be carried forward and awarded in 2009.

HOME Program – Disaster Recovery Owner Occupied Assistance (OCC)

In accordance with Texas Administrative Code, Title 10, Part 1 Chapter 1, subchapter A §1.19 and TAC Section 2306.111, the Department may use HOME deobligated funds for disaster relief through its HOME OCC activity. HOME disaster funds are designed specifically to assist eligible homeowners in the repair, rehabilitation and reconstruction of their existing home affected by the natural disaster, with emphasis on assisting those who have no other means of assistance, or as gap financing after any federal assistance. Assisted homeowners must have an income that is below 80% of AMFI, as defined by HUD, must occupy the property as their principal residence and must have been directly affected by the disaster.

There are two types of disaster declarations, a Federally-declared disaster and a State-declared disaster. Communities in federally declared disaster areas must first apply to the federal government in order to allow counties to access any available federal funds to provide assistance to eligible victims of the disaster. After 90 days, the Department's HOME deobligated funds may be made available to these areas. For State-declared disasters, the Department receives a State-disaster declaration from the Governor's Office. The Department will notify county officials in the affected areas of the availability of disaster relief funds for which they may apply.

Housing Trust Fund Program – *Disaster Recovery Homeowner Repair*

Although federal assistance is often available after a natural disaster, some homeowners will still need gap financing. Housing Trust Fund monies have been committed through Disaster Recovery Homeowner Repair Gap Financing Program to assist qualified households, who are lacking only a small portion of funds, fulfill their full cost of construction.

Texas First Time Homebuyer Program – *Targeted Funds*

Texas First Time Homebuyer Program offers Targeted Funds for areas of severe economic distress. In June 2007, TDHCA announced the release of $15.6 million in home loans made available to qualified homebuyers wishing to purchase a home within the 22 East Texas counties designated under the Gulf Opportunity Zone Act of 2005. In September 2007, an additional $32 million in First Time Homebuyer Program funds were released for use within targeted areas including the 22-county area known as the Rita Go Zone.

POLICY PRIORITIES

The Policy Priorities segment describes policies TDHCA uses to address specific types of housing concerns and standards. Furthermore, TDHCA establishes policies to specifically target special needs populations.

A list of housing concerns and standards follows:

- **Fair Housing**
  - Providing assistance without regard to race, color, religion, sex, disability, familial status or national origin
- Rural Needs
  - Meeting the housing needs of the less-populous areas of the state
- **Extremely Low-Income Households and Households Living in Poverty:**
  - Addressing the underserved needs of extremely low-income households
- Energy Efficiency
  - Encouraging energy efficiency in housing and appliances
- Lead-Based Paint
  - Ensuring notification and safe handling of lead-based paint

HUD identified five special needs populations and TDHCA works to support these HUD-designated populations. To tailor its programs to meet Texas' particular needs, TDHCA has also included colonia residents and migrant farmworkers as special needs populations.

A list of special needs populations follows:

- Homeless Populations
- Persons with Disabilities
- Elderly Populations
- Persons with Alcohol and Substance Abuse Issues
- Public Housing Residents
- Colonia Residents
- Migrant Farmworkers

A short description of each housing concern and standard and special needs population is included below. Following the descriptions are policy-driven actions undertaken by TDHCA.

FAIR HOUSING

Through program requirements and compliance monitoring, TDHCA works to ensure that housing programs benefit individuals without regard to race, color, religion, sex, disability, familial status or national origin, as outlined in 10 TAC 1.60. Complaints involving all forms of housing discrimination are also referred to the Texas Workforce Commission Human Rights Division, which oversees the Texas Fair Housing Act.

The Texas Fair Housing Act of 1989 enables the State to remedy discriminatory public policies affecting housing affordability and access. The Act prohibits discrimination against individuals in their pursuit of homeownership or rental housing opportunities based on race, color, national origin, sex, religion, familial status and physical or mental handicaps.

Policy-Driven Action: Recent state activities or current objectives relating to fair housing are discussed below:

- Comply with the Texas Fair Housing Act in TDHCA administered programs.

- Coordinate fair housing efforts with the Human Rights Division of the Texas Workforce Commission which was created under the Texas Fair Housing Act to directly address public grievances related to fair housing.

This policy does not apply to the Section 8 Housing Choice Voucher Program, but the Section 8 Admittance Policy has been adopted by the TDHCA Board and is as follows:

- Managers and owners of Housing Tax Credit (HTC) properties are prohibited from having policies, practices, procedures and/or screening criteria that have the effect of excluding applicants because they have a Section 8 voucher or certificate.
- The verification of such an exclusionary practice on the part of the owner or the manager by TDHCA will be considered a violation and will result in the issuance of a Notice of Violation and, if appropriate, issuance of a Form 8823 to the Internal Revenue Service.
- Any violation of program requirements relative to this policy will also impact the Owner's ability to participate in future TDHCA programs.

Additionally, it is the policy of TDHCA to not require its nonprofit recipients of funds to verify, as a condition of receiving federal funds, the citizenship or immigration status of applicants for funds. This policy is subject to revision.

RURAL NEEDS

As the migration of populations and industries continues to urban and suburban areas, the less-populous areas of the state are left with a dilapidated housing stock and households with lower incomes than their urban or suburban counterparts. According to HUD, for FY 2008, the median income for Texas metropolitan statistical areas is $57,300 compared to $43,600 for non-metro area households.[23]

Policy-Driven Action: Combined with a strategy of interagency collaboration, TDHCA's HOME, Housing Trust Fund, HTC and Section 8 Housing Choice Voucher programs all have specific measures to address rural populations.

The Department works closely with several rural-based affordable housing organizations, private lenders, nonprofits and units of local government in order to give funding priority to rural areas. It requires more effort to generate affordable housing activity in rural areas as there are significantly fewer organizations available to assist with these activities. With this in mind, the Department has developed specific strategies to address the needs of the rural populations of the state, which include rural allocations for housing program funds, prioritization of activities that are most needed in rural areas and increasing awareness of TDHCA programs in rural areas.

Section 2306.111(d) of the Texas Government Code requires that the TDHCA Regional Allocation Formula (RAF) consider rural and urban areas in its distribution of program funding. Because of this, allocations for the HOME, Housing Trust Fund and HTC programs are allocated by rural and urban areas within each region.

Additionally for HTC, the HTC RAF provides for a minimum of $500,000 rural allocation in each uniform state service region and a minimum of 20 percent of the state's tax credit amount is reserved for rural areas. Furthermore, TDHCA and the Office of Rural Community Affairs (ORCA) administer the HTC Program's rural regional allocation. ORCA assists in developing all thresholds, scoring and

[23] HUD, "Estimated Median Family Incomes for FY 2008," http://www.huduser.org/datasets/il/il08/medians_2008.pdf (accessed November 20, 2008).

underwriting criteria for rural regional allocation and must approve the criteria. ORCA also participates in the evaluation and site inspection of rural developments proposed under the rural allocation.

Ninety-five percent of the TDHCA HOME funds serve households in Non-Participating Jurisdictions, which are primarily rural areas of the state. Participating Jurisdictions are those large metropolitan counties and places that receive their HOME funds directly from HUD. Five percent of the annual HOME Program allocation is set aside for applicants serving persons with disabilities regardless of their location in the state (as required by Section 2306.111(c) of the Texas Government Code).

The TDHCA Section 8 Housing Choice Voucher Program specifically serves households in small cities and rural communities that are not served by similar local or regional housing voucher programs.

EXTREMELY LOW-INCOME HOUSEHOLDS AND HOUSEHOLDS LIVING IN POVERTY

According to the 2000 U.S. Census, Texas has the ninth highest poverty rate among the states: 15.4 percent compared to the national rate of 12.4 percent. The U.S. Department of Health and Human Services defines the 2008 poverty guideline as $21,200 in income for a family of four,[24] and many poor families make substantially less than this. Poverty can be self-perpetuating, creating barriers to education, health care and the financial stability provided by homeownership.

The data presented in the Housing Analysis section of this report shows that households with lower incomes have higher incidences of housing problems. There is a minimal difference between the incidences of housing problems between the two lowest income groups (0-30 percent and 31-50 percent of median income). While incidences of housing problems for these two groups are significantly higher than those of the other low-income group, households with incomes at 51-80 percent of median income have significant needs as well.

Policy-Driven Action: The Department has an important role in addressing poverty in Texas; the Department seeks to reduce the number of Texans living in poverty, thereby providing a better future for all Texans. This means (1) trying to provide long-term solutions to the problems facing people in poverty and (2) targeting resources to those with the greatest need.

Households at 0-80 percent of median income have been given higher priority than households above 80 percent of median income. This prioritization allows TDHCA to target resources to those households most in need, regardless of household type.

While one of the Department’s charges is to serve the State’s populations from extremely low income to moderate income, funding priority is given to those populations that are most in need of services: low-, very low- and extremely low-income individuals and households. Additionally, the Texas Legislature, through Rider 5 in the 2008-2009 Appropriations Act, specifically calls upon TDHCA to prioritize funding toward individuals and families that earn less than 60 percent of the Area Median Family Income (AMFI). This rider directs TDHCA to apply $30,000,000 annually towards assisting extremely low-income households and no less than 20 percent of the Department’s total housing funds towards assisting very low-income households. TDHCA works to meet these goals by providing incentives for applicants to set aside units for very low- and extremely low-income households.

The Department provides low-income persons with energy, emergency and housing assistance to meet the basic necessities, as described in the Housing Support Continuum above. All programs and divisions, with the exception of the Manufactured Housing Division, have income guidelines that target low- to moderate-income Texans and households in need.

[24] U.S. Department of Health and Human Services, “The 2005 HHS Poverty Guidelines,” http://aspe.hhs.gov/POVERTY/08fedreg.htm (accessed November 12, 2008).

ENERGY EFFICIENCY

Energy and water costs are often the largest single housing expense after food and shelter for lower income families. Utility costs typically represent 13 to 44 percent of lower income households' annual gross incomes and can account for nearly one-fourth of total housing costs. Proper use of existing technologies and management practices can reduce these utility costs significantly at a relatively low initial cost, thereby greatly increasing housing affordability for low- and moderate-income families.

Policy-Driven Action: TDHCA offers training, workshops and conferences to encourage energy efficiency as well as specific measures in its CEAP, WAP, HOME Program, HTC Program and Multifamily Bond Program that address energy efficiency.

The Department encourages energy efficiency in the construction of affordable housing by offering training, workshops, conferences and other opportunities to learn about energy efficiency construction and by encouraging applicants for Department programs to consider energy efficiency in their developments.

CEAP and WAP allocate funding to help households control energy costs through utility payment assistance, the installation of weatherization measures and energy conservation education. Weatherization services include the installation of storm windows, repair and/or replacement of heating and cooling appliances, attic and wall insulation and weather-stripping and sealing.

The HOME, HTC and Multifamily Bond programs require applicants for multifamily developments to adhere to the statewide energy code and provide Energy Star Rated appliances. The HTC Program also gives additional application points for the use of energy-efficient alternative construction materials including R-15 wall and R-30 ceiling insulation, structurally insulated panels and 14 SEER (seasonal energy efficiency ratio) cooling units.

LEAD-BASED PAINT

The Consumer Product Safety Commission banned the use of lead-based paint in housing in 1978. According to the 2000 Census, there are 3,344,406 housing units in Texas that were built before 1979, many of which potentially contain lead-based paint. Of these homes, 2,764,745 are occupied by low-income households and 579,661 are occupied by moderate-income households. According to the National Safety Council, approximately 38 million U.S. homes contain lead paint.[25]

Policy-Driven Action: The ESGP, HTC Program, Multifamily Bond Program, HOME Program and Housing Trust Fund Program all require lead-based paint screening for certain activities.

The ESGP, HTC Program and Multifamily Bond Program require an environmental assessment, which includes an evaluation of lead-based paint hazards, for rehabilitation or demolition required for new construction. Any lead-based paint must be addressed before the development can move forward.

The HOME Program and Housing Trust Fund Program require lead screening in housing units built before 1978. Requirements for acquisition, rehabilitation and tenant-based rental assistance activities are: the distribution of the EPA-approved information pamphlet "Protect Your Family from Lead in Your Home" prior to receipt of assistance; notification to property owners if an assessment observes lead hazards; and stabilization and clearance of lead-based paint hazards, if detected. For the HOME Program,

[25] National Safety Council, "Lead Poisoning," (December 2004) http://www.nsc.org/library/facts/lead.htm (accessed August 9, 2006).

lead-based paint requirements for rehabilitation activities fall into three categories based on the amount of federal assistance.

HOMELESS POPULATIONS (SPECIAL NEEDS)

The Stewart B. McKinney Homeless Assistance Act of 1987, the legislation that created a series of homeless assistance programs, defined the term "homeless." The following definition is used by HUD and all other federal agencies responsible for administering McKinney programs:

The term "homeless" or "homeless individual" includes

- an individual who lacks a fixed, regular and adequate night time residence; or
- an individual who has a primary nighttime residency that is
  - a supervised publicly or privately-operated shelter designed to provide temporary living accommodations;
  - an institution that provides a temporary residence for individuals intended to be institutionalized; or
  - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Estimates of homeless populations vary widely. The migratory nature of the homeless population, the stigma associated with homelessness and the fact that many homeless individuals lack basic documentation all contribute to the difficulty of making an accurate count. Most homeless surveys are "point in time" estimates, which do not capture the revolving-door phenomenon of persons moving in and out of shelters over time. Furthermore, the homeless population can be classified into three categories: (1) literally homeless, which describes people who have no permanent residence and stay in shelters or public places; (2) marginally homeless, which describes people who live temporarily with other people and have no prospects for housing; and (3) people at risk of homelessness, which describes people who have incomes below the poverty level, rely on utility and rental assistance and may be unable to absorb unexpected events such as the loss of a job or serious illness.

Policy-Driven Action: The first phase of the Housing Support Continuum above is "(1) Poverty and Homelessness Prevention" and includes the CSBG Program, CEAP and ESGP. In addition, other programs not specifically created for homelessness prevention nevertheless include several activities to address this population's special needs. For instance, the HTC Program and the Housing Trust Fund program both can be used for homeless populations. In addition, TDHCA works in conjunction with the Texas Interagency Council for the Homeless.

While the HTC Program is well-known and primarily used for the construction, acquisition and/or rehabilitation of new, existing, at-risk and rural housing, the HTC Program can also be used to develop transitional housing and permanent supportive housing for homeless populations. Furthermore, according to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people who are homeless.

The Housing Trust Fund Program may develop or rehabilitate transitional housing and permanent supportive housing for homeless populations. While acquisition, rehabilitation and new construction are eligible activities under the program's Rule, this activity may not occur each year.

Texas Interagency Council for the Homeless

The Texas Interagency Council for the Homeless (TICH) was created in 1989 to coordinate the State's homeless resources and services. TICH consists of representatives from all state agencies that serve the homeless. The council receives no funding and has no full-time staff, but receives clerical and advisory support from TDHCA. The council holds public hearings in various parts of the state to gather information useful to its members in administering programs. The Council's major mandates include:

- evaluating and helping coordinate the delivery of services for the homeless in Texas;
- increasing the flow of information among service providers and appropriate authorities;
- providing technical assistance to TDHCA in assessing the need for housing for people with special needs;
- developing, in coordination with TDHCA and the Health and Human Services Commission, a strategic plan to address the needs of the homeless; and
- maintaining a central resource and information center for the homeless.

PERSONS WITH DISABILITIES (SPECIAL NEEDS)

According to the 2000 U.S. Census, there are approximately 3,605,542 disabled, civilian, non-institutionalized persons over the age of five in Texas, or approximately 19 percent of total population. Of this figure, 663,300 have a sensory disability (severe vision or hearing impairment), 1,428,580 have a physical disability (condition that substantially limits a physical activity such as walking or carrying), 816,185 have a mental disability (learning or remembering impairment), 487,120 have a self-care disability (dressing, bathing or getting around inside the home), 1,359,848 have a going-outside-the-home disability, and 1,651,821 have an employment disability.

Housing opportunities for people with disabilities are often complicated by low incomes. The 2000 census estimates that 553,934 disabled individuals over age five live below the poverty level in Texas. Many people with disabilities may be unable to work and receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits as their principal source of income. According to *Priced Out in 2006*, SSI recipients who rely on SSI for their main source of income would pay 87.6 percent of their income to rent an efficiency unit and 97.0 percent of their income to rent a one-bedroom apartment in Texas.[26]

The Olmstead Supreme Court decision maintained that unnecessary segregation and institutionalization of people with disabilities is unlawful discrimination under the Americans with Disabilities Act (ADA). Furthermore, the Fair Housing Act, Section 504 of the Rehabilitation Act, ADA and Section 2306.514 of the Texas Government Code all provide mandates for accessible residential housing for persons with disabilities. Housing developers may choose to provide “adaptive design” or “universal access” housing, which promotes basic, uniform standards in the design, construction and alteration of structures that include accessibility or simple modification for disabled individuals. While an “adaptable” unit may not be fully accessible at time of occupancy, it can easily and inexpensively be modified to meet the needs of any resident. Another option is to equip homes with special features designed for persons with disabilities, including ramps, extra-wide doors and hallways, hand rails and grab bars, raised toilets and special door levers.

Advocates for the elderly and persons with disabilities continue to stress that the primary goal of these populations is to live independently and remain in their own homes. Advocates considered access to rehabilitation funds for single-family housing a priority. The rehabilitation funds would perform minor physical modifications such as extra handrails, grab bars, wheelchair-accessible bathrooms and ramps, thus making existing units livable and providing a cost-effective and consumer-driven alternative to institutionalization. Likewise, the availability of rental vouchers that provide options beyond institutional settings was found to be a high priority.

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[26] Technical Assistance Collaborative Inc. and Consortium for Citizens with Disabilities Housing Task Force, *Priced Out in 2006*, by Ann O’Hara, Emily Cooper, Andrew Zovistoski and Jonathan Buttrick (Boston, MA: Technical Assistance Collaborative Inc., 2007), http://www.tacinc.org/Docs/HH/PricedOut2006/Tables.htm (accessed November 12, 2008).

Policy-Driven Action: The CEAP, WAP, HOME Program, Housing Trust Fund Program, HTC Program, Multifamily Bond Program and Section 8 Program all have specific measures to address the needs of people with disabilities. Furthermore, the Integrated Housing Rule, as implemented by TDHCA, works to meet the needs of people with disabilities. In addition, TDHCA plays an active role in the Promoting Independence Advisory Committee and the Disability Advisory Workgroup which both collaborate with groups representing people with disabilities.

Priority for energy assistance through CEAP and WAP is given to the persons with disabilities as well as other special needs and prioritized groups. Local providers must implement special outreach efforts for these special needs populations.

As established in Section 2306.111(c) of the Texas Government Code and subject to the submission of qualified applications, five percent of the annual HOME Program allocation shall be allocated for applications serving persons with disabilities living in any part of the state. Furthermore, the HOME activity HBAR provides down payment and closing cost assistance as well as construction costs associated with architectural barrier removal to assist homebuyers with disabilities.

HOME, Housing Trust Fund, HTC and Multifamily Bond developments that are new construction must conform to Section 504 standards, which require that at least five percent of the development's units be accessible for persons with physical disabilities and at least two percent of the units be accessible for persons with hearing and visual impairments.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional application points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with disabilities.

TDHCA's Section 8 Housing Choice Vouchers Program administers the Project Access program to assist low-income non-elderly persons with disabilities in transitioning from institutions into the community by providing access to affordable housing. Eligible households are those that meet the Section 8 criteria, have a permanent disability, are less than 62 years of age and are either an At-Risk Applicant and a previous resident or a current resident of a nursing facility, intermediate care facility, or board and care facility at the time of voucher issuance.

The CDBG Disaster Recovery Program Round Two's Sabine Pass Restoration Program offers homeowners whose households include a person with a disability or an elderly person the opportunity to apply for an additional $15,000 in assistance for accessibility-related costs associated with elevating the dwelling.

Integrated Housing Rule

An issue of particular concern for advocates for persons with disabilities involved the Department's policies related to integrated housing. Integrated housing, as defined by SB 367 and passed by the 77th Texas Legislature, is "housing in which a person with a disability resides or may reside that is found in the community but that is not exclusively occupied by persons with disabilities and their care providers." The Department, with the assistance of the TDHCA Disability Advisory Workgroup, developed an integrated housing rule to address this concern. The Integrated Housing Rule, for use by all Department housing programs, is found at 10 TAC 1.15 and is summarized as follows

- A housing development may not restrict occupancy solely to people with disabilities or people with disabilities in combination with other special needs populations.
- Large housing developments (50 units or more) shall provide no more than 18 percent of the units of the development set aside exclusively for people with disabilities. The units must be dispersed throughout the development.

- Small housing developments (less than 50 units) shall provide no more than 36 percent of the units of the development set aside exclusively for people with disabilities. These units must be dispersed throughout the development.
- Set-aside percentages outlined above refer only to the units that are to be solely restricted for persons with disabilities. This section does not prohibit a property from having a higher percentage of occupants that are disabled.
- Property owners may not market a housing development entirely, nor limit occupancy to, persons with disabilities.

Exceptions to the above rule include (1) scattered site development and tenant-based rental assistance; (2) transitional housing that is time limited with a clear and convincing plan for permanent integrated housing upon exit from the transitional situation; (3) housing developments designed exclusively for the elderly; (4) housing developments designed for other special needs populations; and (5) TDHCA Board waivers of this rule to further the purposes or policies of Chapter 2306, Texas Government Code, or for other good cause.

Promoting Independence Advisory Committee

With the advent of the Olmstead decision, the Health and Human Services Commission (HHSC) initiated the Promoting Independence Initiative and appointed the Promoting Independence Advisory Board, as directed by then-Governor George Bush’s Executive Order GWB 99-2. Governor Rick Perry’s Executive Order RP 13 complements GWB 99-2. Now known as the Promoting Independence Advisory Committee, the PIAC assists the Health and Human Services Commission in creating the State’s response to the Olmstead decision through the biannual Promoting Independence Plan. This plan highlights the State’s efforts to assist those individuals desirous of community placement, appropriate for community placement as determined by the state’s treatment professionals and who do not constitute a fundamental alteration in the state’s services, to live in the community. TDHCA participates in PIAC meetings and is a member of the Housing subcommittee.

Disability Advisory Workgroup

TDHCA has found that directly involving program beneficiary representatives, community advocates and potential applicants for funding in the process of crafting its policies and rules is extremely helpful. This process is often done through a working group format. The working groups provide an opportunity for staff to interact with various program stakeholders in a more informal environment than that provided by the formal public comment process. TDHCA has actively maintained a Disability Advisory Workgroup which provides ongoing guidance to the Executive Director on how TDHCA’s programs can most effectively serve persons with disabilities.

ELDERLY POPULATIONS (SPECIAL NEEDS)

According to the 2000 U.S. Census, approximately two million of people in Texas are 65 years of age or older, or about 9.9 percent of the population. The State of Texas Senior Housing Assessment found that 91 percent of survey respondents expressed a desire to stay in their own homes as long as possible and two-thirds believed that they would always live in their homes.[27] Of all elderly households nationwide, 73 percent owned their own homes free and clear. However, elderly homeowners generally live in older homes than the majority of the population; the median year of construction for homes owned by elderly

[27] Texas Department of Aging and Disability Services, *The State of Our State on Aging 2005* (Austin, TX: Texas Department of Aging and Disability Services, May 2005), 27, http://www.dads.state.tx.us/news_info/publications/studies/2005_sos_exec_summary.pdf (accessed July 28, 2006).

households was 1965 and 5.3 percent had physical problems.[28] Due to their age, homes owned by the elderly are often in need of weatherization and repair.

Policy-Driven Action: The CEAP, WAP, HOME Program, HTC Program and Multifamily Bond Program have specific activities that service elderly Texans.

The Department's energy assistance and weatherization programs, CEAP and WAP respectively, give preference to the elderly as well as other special needs and priority populations. Subrecipients must conduct outreach activities for these special needs populations.

The OCC activity, offered through the HOME Program, provides funds for the repair and rehabilitation of homes owned by very low-income households and many of the assisted households are elderly.

A Qualified Elderly Development is a development type that is eligible for funding through the HTC and Multifamily Bond programs. A Qualified Elderly Development is a development in which elderly residents occupy 80 to 100 percent of the units.

The CDBG Disaster Recovery Program Round Two's Sabine Pass Restoration Program offers homeowners whose households includes a person with a disability or an elderly person the opportunity to apply for an additional $15,000 in assistance for accessibility-related costs associated with elevating the dwelling.

PERSONS WITH ALCOHOL AND SUBSTANCE ABUSE ISSUES (SPECIAL NEEDS)

The Texas Commission on Alcohol and Drug Abuse (TCADA), now part of the Texas Department of State Health Services (DSHS), estimated that approximately 1.8 million, or 12 percent, of adults in Texas have an alcohol-related problem, another 227,000 have drug-related problems and an additional 495,000 have both alcohol and drug-related problems.[29] Of the 56,858 total admissions to DSHS-funded treatment programs during 2005, admitted individuals were 58.3 percent male with an average age of 31.6, an average 11th grade education and an average annual income of $5,753.[30] Furthermore, 22.4 percent were employed, 9.7 percent were homeless, 52.4 had family or marital problems and 45 percent reported psychological and emotional problems. The population of persons with alcohol or other drug addiction is diverse and often overlaps with the mentally disabled or homeless populations.

Supportive housing programs needed for persons with alcohol and/or other substance abuse issues range from short-term, in-patient services to long-term, drug-free residential housing environments for recovering addicts. Better recovery results may be obtained by placing individuals in stable living environments.

Policy-Driven Action: The HTC Program addresses the needs of people with alcohol and substance abuse issues.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with alcohol and drug addiction.

[28] U.S. Department of Health and Human Services, *A Profile on Older Americans: 2005*, 11.
[29] Texas Commission on Alcohol and Drug Abuse, *2000 Texas Survey of Substance Use Among Adults*, by Lynn Wallisch (Austin, TX: Texas Commission on Alcohol and Drug Abuse, July 2001), 29, http://www.tcada.state.tx.us/research/AdultHousehold.pdf (accessed July 28, 2006).
[30] Jane Carlisle Maxwell, Substance Abuse Trends in Texas: June 2006 (Austin, TX: Gulf Coast Addition Technology Transfer Center, June 2006), 21, http://www.utexas.edu/research/cswr/gcattc/Trends/trends606.pdf (accessed August 2, 2006).

PERSONS WITH HIV/AIDS (SPECIAL NEEDS)

Human Immunodeficiency Virus, or HIV, is the virus that causes AIDS (Acquired Immunodeficiency Syndrome). HIV infects cells and attacks the immune system, which weakens the body and makes it especially susceptible to other infections and diseases. According to DSHS, in 2005, there were 56,012 reported persons living with HIV/AIDS in Texas.[31] The majority of these cases were located in Bexar, Dallas, Harris, Tarrant and Travis Counties. Because of increased medical costs or the loss of the ability to work, people with HIV/AIDS may be at risk of losing their housing arrangements.

DSHS addresses the housing needs of AIDS patients through the Housing Opportunities for Persons with AIDS Program (HOPWA), which is a federal program funded by HUD. In Texas, HOPWA funds provide emergency housing assistance, which funds short-term rent, mortgage and utility payments to prevent homelessness; and tenant-based rental assistance, which enables low-income individuals to pay rent and utilities until there is no longer a need or until they are able to secure other housing. In addition to the DSHS statewide program, the cities of Austin, Dallas, Fort Worth, Houston and San Antonio receive HOPWA funds directly from HUD.

Policy-Driven Action: The HTC Program addresses the needs of people with HIV/AIDS.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as people with AIDS/HIV.

PUBLIC HOUSING RESIDENTS (SPECIAL NEEDS)

According to HUD data, there are 55,098 units of public housing and 145,416 Section 8 Housing Choice Vouchers in Texas.[32]

TDHCA believes that the future success of Public Housing Authorities (PHAs) will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of public housing authorities, it is important to maintain a relationship with these service providers.

Policy-Driven Action: TDHCA has developed a strong relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials, which represent the public housing authorities of Texas. TDHCA has worked to promote programs that will repair substandard housing and develop additional affordable housing units.

COLONIA RESIDENTS (SPECIAL NEEDS)

According to Section 2306.581 of the Texas Government Code:

“Colonia” means a geographic area located in a county some part of which is within 150 miles of the international border of this state, consists of 11 or more dwellings that are located in close proximity to each other in an area that may be described as a community or neighborhood and

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[31]Texas Department of State Health Services, HIV/STD Epidemiology and Surveillance Branch, *Texas HIV/STD Surveillance Report: 2005 Annual Report* (Austin, TX: Texas Department of State Health Services), 3, http://www.dshs.state.tx.us/hivstd/stats/pdf/surv_2005.pdf (accessed August 2, 2006).

[32] HUD, “Public Housing Agency (HA) Profiles” http://www.hud.gov/offices/pih/systems/pic/haprofiles/index.cfm (accessed November 1, 2007).

- has a majority population composed of individuals and families of low income and very low income, based on the federal Office of Management and Budget poverty index and meets the qualifications of an economically distressed area under Section 17.921, Water Code; or
- has the physical and economic characteristics of a colonia, as determined by the department.

The Texas Secretary of State reports that there are more than 2,294 Texas colonias with 400,000 residents.[33] Colonia residents are generally unskilled, lack a formal education and do not have stable employment. The majority of colonia residents do fieldwork, construction work or factory work and the unemployment rate ranges from 20 to 60 percent.[34]

According to 2000 U.S. Census data, colonias have a 75 percent homeownership rate. Despite this rate, however, colonia homes are inadequate; 4.9 percent of colonia dwellings lack kitchen facilities and 5.3 percent lack plumbing facilities. Some of these properties may have been purchased with contracts for deed, which are seller-financed transactions that do not transfer the title and ownership of the property to the buyer until the purchase price is paid in full.

Policy-Driven Action: The Office of Colonia Initiatives (OCI), HOME Program and HTC Program all address the special needs of colonia residents.

In 1996, in an effort to place more emphasis on addressing the needs of colonias, OCI at TDHCA was created and charged with the responsibility of coordinating all Department and legislative initiatives involving border and colonia issues and managing a portion of the Department's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents and to educate the public regarding the services that the Department has to offer.

As part of its plan to improve the living conditions in colonias, OCI offers OCI Border Field Offices. The three OCI border field offices provide technical assistance to the counties and colonia self-help centers.

The HOME Program administers two activities that affect colonias. The Contract for Deed Conversion Initiative, a HOME Program HBA activity, facilitates homeownership by converting contracts for deed into traditional mortgages. Many of these Contracts for Deeds are in colonias. Also, the Colonia Model Subdivision Program provides loans to develop residential subdivisions as alternatives to colonias.

According to the 2009 Housing Tax Credit Program QAP, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as colonia residents.

MIGRANT FARMWORKERS (SPECIAL NEEDS)

According to the U.S. Department of Health and Human Services Migrant and Seasonal Farmworker Enumeration Profiles Study, a seasonal farmworker describes an individual whose principal employment (at least 51 percent of time) is in agriculture on a seasonal basis and who has been so employed within the preceding twenty-four months; a migrant farmworker meets the same definition, but occupies temporary housing for purposes of employment.[35] The U.S. Department of Health and Human Services estimates that there are 362,724 migrant and seasonal farm workers and families residing in Texas.[36]

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[33] Texas Secretary of State, "Colonia FAQ's," http://www.sos.state.tx.us/border/colonias/faqs.shtml (accessed August 10, 2006).
[34] Texas Secretary of State, "Colonia FAQ's."
[35] U.S. Department of Health and Human Services, Health Resources and Services Administration, Bureau of Primary Health Care, *Migrant and Seasonal Farmworker Enumeration Profiles Study: Texas*, by Alice Larson, Larson Assistance Services (Vashon Island, WA: Larson Assistance Services, September 2000), 2, http://bphc.hrsa.gov/migrant/Enumeration/final-tx.pdf (accessed August 09, 2006).
[36] U.S. Department of Health and Human Services, *Migrant and Seasonal Farmworker Enumeration Profiles Study,* 13–18.

Farmworkers have a particularly difficult time finding available, affordable housing because of extremely low and sporadic incomes and frequent mobility. Many of the small, rural communities where migrant workers may seek employment do not have the rental units available for the seasonal influx. Overcrowding and substandard housing are significant housing problems for farmworkers.[37] In addition, migrant workers may not be able to afford security deposits, pass credit checks or commit to long-term leases.

Policy-Driven Action: TDHCA addresses farmworker issues by licensing and inspecting migrant farmworker housing and conducting periodic studies on farmworker needs. In addition, the CSBG and HTC programs serve seasonal farmworkers.

In HB 1099, the 79th Texas Legislative Session transferred the license and inspection of migrant farmworker housing facilities from the Texas Health and Human Services Commission to TDHCA.

Additionally, the bill directed TDHCA to complete a study on quantity, availability, need and quality of migrant farm labor housing facilities in Texas. See http://www.tdhca.state.tx.us/ppa/housing-center/pubs.htm#reports for a copy of the report.

CSBG funds, which are used for poverty-prevention, are utilized to provide assistance to migrant and seasonal farmworkers.

According to the *2009 Housing Tax Credit Program QAP*, HTC offers additional points during the award process for developments that propose to set aside 10 percent of the units for persons with special needs, such as migrant farmworkers.

[37] Christopher Holden. "Monograph no. 8: Housing" in *Migrant Health Issues* (Buda, TX: National Center for Farmworker Health Inc., October 2001), 40, http://www.ncfh.org/docs/08%20-%20housing.pdf (accessed August 9, 2006).

TDHCA ALLOCATION PLANS

The Department has developed allocation formulas for many TDHCA programs in order to target available housing resources to the neediest households in each uniform state service region. These formulas are based on objective measures of need in order to ensure an equitable distribution of funding.

2009 REGIONAL ALLOCATION FORMULA

Sections 2306.111(d) and 2306.1115 of the Government Code require that TDHCA use a Regional Allocation Formula (RAF) to allocate its HOME, HTC and Housing Trust Fund funding. This RAF objectively measures the affordable housing need and available resources in 13 State Service Regions used for planning purposes. Within each region, the RAF further targets funding to rural and urban areas.

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

Slightly modified versions of the RAF are used for HOME, HTC and Housing Trust Fund because the programs have different eligible activities, households and geographical service areas. For example, because 95 percent of HOME funding must be set aside for non-Participating Jurisdictions, the HOME RAF only uses need and available resource data for non-Participating Jurisdictions.

The RAF uses the following 2000 U.S. Census data to calculate this regional need distribution:

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

There are a number of other funding sources that can be used to address affordable housing needs. To mitigate any inherent inequities in the regional allocation of these funds, the RAF compares each region's level of need to its level of resources. Resources from the following sources were used in the RAF: HTC, Housing Trust Fund, HUD (HOME, HOPWA, PHA capital funding and Section 8 funding), Bond Financing and United States Department of Agriculture (USDA) housing programs.

HOME Program Regional Allocation Formula

According to §2306.111, Texas Government Code, in administering federal housing funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (Act), the Department shall expend 95 percent of these funds for the benefit of non-participating areas that do not qualify to receive funds under the Act directly from HUD. The remaining 5 percent of HOME funds may be expended in any area of the state, but only if the funding serves persons with disabilities. Additionally, this section mandates the allocation of HOME funds to each Uniform State Service Region using a regional allocation formula.

All HOME funding awards under this plan are subject to Texas Government Code §2306.111 and as such will be distributed according the established Regional Allocation Formula (RAF). The 2009 RAF distributes funding for all HOME-funded activities except federal and state mandates for set-asides for Community Housing Development Organizations (CHDO), Housing Programs for Persons with Disabilities, Contract for Deed Conversion and Colonia Model Subdivision Program. The following table demonstrates the combined regional funding distribution for all of the HOME activities distributed under the RAF.

HOME Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,835,913	5.4%	$1,835,501	100.0%	$412	0.0%
2	Abilene	$1,251,679	3.7%	$1,216,694	97.2%	$34,985	2.8%
3	Dallas/Fort Worth	$6,701,645	19.6%	$1,945,342	29.0%	$4,756,303	71.0%
4	Tyler	$3,821,074	11.2%	$3,247,546	85.0%	$573,527	15.0%
5	Beaumont	$1,726,757	5.0%	$1,580,736	91.5%	$146,021	8.5%
6	Houston	$2,523,704	7.4%	$893,165	35.4%	$1,630,539	64.6%
7	Austin/Round Rock	$1,786,844	5.2%	$735,705	41.2%	$1,051,139	58.8%
8	Waco	$1,089,262	3.2%	$772,711	70.9%	$316,551	29.1%
9	San Antonio	$1,727,498	5.1%	$1,130,593	65.4%	$596,905	34.6%
10	Corpus Christi	$2,313,261	6.8%	$1,631,380	70.5%	$681,882	29.5%
11	Brownsville/Harlingen	$6,790,801	19.9%	$3,817,504	56.2%	$2,973,297	43.8%
12	San Angelo	$1,505,006	4.4%	$648,115	43.1%	$856,892	56.9%
13	El Paso	$1,126,557	3.3%	$822,436	73.0%	$304,121	27.0%
	Total	$34,200,000	100.0%	$20,277,426	59.3%	$13,922,574	40.7%

For more information on the RAF and further description of the formula, please contact the Housing Resource Center, at (512) 475-3976.

Housing Trust Fund Program Regional Allocation Formula

Pursuant to §2306.111(d-1) of the Texas Government Code, Housing Trust Fund programs will be regionally allocated unless the funding allocation for that program is mandated by state statute and the program's allocation represents less than 10 percent of the annual allocation for Housing Trust Fund; or serves people with disabilities; or do not exceed $3 million.

Housing Trust Fund Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$100,295	3.3%	$61,598	61.4%	$38,697	38.6%
2	Abilene	$61,533	2.1%	$39,168	63.7%	$22,365	36.3%
3	Dallas/Fort Worth	$686,855	22.9%	$51,687	7.5%	$635,168	92.5%
4	Tyler	$159,220	5.3%	$96,321	60.5%	$62,898	39.5%
5	Beaumont	$63,224	2.1%	$39,869	63.1%	$23,355	36.9%
6	Houston	$639,557	21.3%	$34,654	5.4%	$604,903	94.6%
7	Austin/Round Rock	$126,920	4.2%	$9,788	7.7%	$117,132	92.3%
8	Waco	$129,522	4.3%	$35,072	27.1%	$94,450	72.9%
9	San Antonio	$204,436	6.8%	$29,171	14.3%	$175,265	85.7%
10	Corpus Christi	$135,074	4.5%	$56,337	41.7%	$78,737	58.3%
11	Brownsville/Harlingen	$496,780	16.6%	$154,847	31.2%	$341,934	68.8%
12	San Angelo	$71,060	2.4%	$26,131	36.8%	$44,929	63.2%
13	El Paso	$125,525	4.2%	$20,333	16.2%	$105,192	83.8%
	Total	$3,000,000	100.0%	$654,975	21.8%	$2,345,025	78.2%

Note: At the time of publishing this document there were not sufficient funds in the Housing Trust Fund to require allocation under the formula. This formula and estimate of $1,000,000 is merely a model of what the RAF would be for Housing Trust Fund dollars if the program funds were increased.

Housing Tax Credit Regional Allocation Formula

In accordance with Senate Bill 264, TDHCA allocates HTC Program funds to each region using a need-based formula developed by the Department. Using the Regional Allocation Formula, each region will receive the following amount of funding for use with activities subject to the formula. Funding figures will be included in the final document.

HTC Program RAF

Region	Large MSA within Region for Geographical Reference	Regional Funding Amount	Regional Funding %	Rural Funding Amount	Rural Funding %	Urban Funding Amount	Urban Funding %
1	Lubbock	$1,542,392	3.5%	$767,576	49.8%	$774,816	50.2%
2	Abilene	$909,998	2.0%	$543,774	59.8%	$366,225	40.2%
3	Dallas/Fort Worth	$10,262,835	23.0%	$1,105,688	10.8%	$9,157,148	89.2%
4	Tyler	$1,584,958	3.5%	$987,509	62.3%	$597,449	37.7%
5	Beaumont	$1,128,417	2.5%	$717,167	63.6%	$411,250	36.4%
6	Houston	$10,899,235	24.4%	$1,055,997	9.7%	$9,843,238	90.3%
7	Austin/Round Rock	$2,965,164	6.6%	$585,957	19.8%	$2,379,207	80.2%
8	Waco	$2,121,851	4.7%	$616,272	29.0%	$1,505,579	71.0%
9	San Antonio	$3,186,848	7.1%	$609,666	19.1%	$2,577,182	80.9%
10	Corpus Christi	$1,653,060	3.7%	$693,536	42.0%	$959,523	58.0%
11	Brownsville/Harlingen	$5,682,822	12.7%	$1,693,580	29.8%	$3,989,242	70.2%
12	San Angelo	$766,130	1.7%	$553,661	72.3%	$212,469	27.7%
13	El Paso	$1,997,481	4.5%	$587,546	29.4%	$1,409,935	70.6%
	Total	$44,701,191	100.0%	$10,517,927	23.5%	$34,183,263	76.5%

As required by state statute, 15% of that ceiling is deducted for the At-Risk Set-Aside, which is not awarded regionally. The balance of the estimated ceiling is regionally allocated using this formula.

TDHCA GOALS AND OBJECTIVES

The Strategic Plan goals reflect program performance based upon measures developed with the State's Legislative Budget Board and Governor's Office of Budget and Planning. The goals are also based upon Riders attached to the Department's Appropriations. The Department believes that the goals and objectives for the various TDHCA programs should be consistent with its mandated performance requirements.

The State's Strategic Planning and Performance Budgeting System (SPPB) is a goal-driven, results-oriented system. The system has three major components including strategic planning, performance budgeting and performance monitoring. As an essential part of the system, performance measures are part of TDHCA's strategic plan, are used by decision makers in allocating resources, are intended to focus the Department's efforts on achieving goals and objectives and are used as monitoring tools providing information on accountability. Performance measures are reported quarterly to the Legislative Budget Board.

The State's Strategic Planning and Performance Budgeting System is based on a two-year cycle; goals and targets are revisited each biennium. The targets reflected in this document are based on the Department's requests for 2008–2009.

Because all applicants for funding are encouraged to apply for and leverage funds from multiple agency programs, HUD funds are frequently leveraged along with funds from other federal and State sources. TDHCA HOME Program funds may be used in conjunction with other TDHCA programs, however, each program area reports its performance separately.

AFFORDABLE HOUSING GOALS AND OBJECTIVES

The following goals address performance measures established by the 80th Legislature. Refer to program-specific statements outlined in the Action Plan portion of this document for strategies that will be used to accomplish the goals and objectives listed below. Included for each strategy are the target numbers for the 2008 goal, the 2008 actual performance and the goal for 2009.

Goals one through five are established through interactions between TDHCA, the Legislative Budget Board and the Legislature. They are referenced in the General Appropriations Act enacted during the most recent legislative session.

GOAL 1: TDHCA will increase and preserve the availability of safe, decent and affordable housing for very low, low and moderate income persons and families.

Strategy 1.1
Provide mortgage financing and homebuyer assistance through the Single-Family Mortgage Revenue Bond Program

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of single-family households assisted through the First Time Homebuyer Program	2,016	2,034	101%	1,716

Explanation of Variance: Loan originations were higher than anticipated as a result of increased market interest rates which generated higher demand for the Department's lower interest rate products.

Strategy 1.1
Provide mortgage financing and homebuyer assistance through the Single-Family Mortgage Revenue Bond Program

Strategy 1.2
Provide funding through the HOME Program for affordable single family housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of single-family households assisted with HOME funds	1,255	935	75%	1,255

Explanation of Variance: Due to the delayed progress on current awards for the OCC activity, the Department postponed its publication of the 2008 Single Family NOFA, which includes OCC, TBRA and HBA activities, until the 4th Quarter. The Department anticipates awarding funds in FY 2009. A HBA and a TBRA NOFA were released in December of 2007. Awards for Rehabilitation Activities that provided disaster relief with OCC are funded through deobligated funds in accordance with the Department's Deobligated Funds Rule. The source of the funds for these NOFAs were deobligated dollars from previous contracts and uncommitted funds from prior years. These NOFAs were not anticipated as a part of the regular funding cycle and were not estimated as a part of the performance measure targets.

Strategy 1.3
Provide funding through the HTF program for affordable single family housing

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of single-family households assisted through the Housing Trust Fund	228	559	245%	209

Explanation of Variance: The Department received approximately $5.8 million in appropriations for the Housing Trust Fund for the 2008-2009 biennium. In accordance with the funding plan allocating the new source of funds, $1,000,000 was awarded as gap financing for the Disaster Recovery effort in Southeast Texas. During the first quarter, this investment supported the rehabilitation of 100 housing units with grants or deferred forgivable loans up to $10,000. Additionally, the Department was able to award $1,062,816 from local funds funded by loan repayments and investment earnings, resulting in 102 units in Veteran's Housing assistance. During the second quarter, the Department also released a Homeownership SuperNOFA making available $1,000,000 from the annual appropriation. In June 2008, the Board approved an additional $1,000,000 in Housing Trust Fund loan repayments and investment earnings for the Homeownership SuperNOFA, increasing the total amount available to $2,000,000. This increase resulted in four additional awards assisting 80 Texas families during the 4th Quarter. The Department was able tot exceed the target due to the lower amount of assistance provided per household for the gap financing for Disaster Recovery and Veteran's Housing Assistance programs.

Strategy 1.4
Provide tenant-based rental assistance through Section 8 certificates

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted with tenant-based rental assistance	1,494	1,036	69%	1,494

Explanation of Variance: The targeted measure of 1,494 voucher was developed when HUD provided Section 8 Housing Assistance Program funds based on a specified number of vouchers. The methodology for the allocation of Section 8 Housing Assistance Program funds has changed and the Department no longer received funds based on a specified number of vouchers but rather receives a set amount of funding that limits the number of households served to approximately 1,100 a year. Consequently, the number of households served will be below target.

Strategy 1.5 Provide federal tax credits to develop rental housing				
Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted with HTCs	12,261	10,076	82%	11,779

Explanation of Variance: The Housing Tax Credit program activity for this measure is a combination of 4% (multifamily bond related) and 9% (competitive application cycle) rental development funding awards. The 9% Housing Tax Credit program is statutorily required to award funding during the fourth quarter of each fiscal year. The 4% credits are tied to the bond market which is experiencing a dramatic slowdown nationally due to the recession in the economy.

Strategy 1.6 Provide funding through the HOME Program for affordable multifamily housing				
Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted with HOME funds	500	663	133%	526

Explanation of Variance: The Department has made HOME funds available for this activity since October 2007 and awarded twenty awards in conjunction with the Housing Tax Credit awards at the July 31, 2008 board meeting. Additional HOME funds that were deobligated from single-family activities were made available for this strategy. This allowed the Department to maintain a continuous, open-cycle NOFA and facilitated the timely commitment and expenditure of HOEM funds in accordance with federal requirements.

Strategy 1.7 Provide funding through the Housing Trust Fund for affordable multifamily housing				
Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of multifamily households assisted through the Housing Trust Fund	784	0	0%	800

Explanation of Variance: The Housing Trust Fund Rental Production Program NOFA has been available since October 2007. The Department has only received one applicant which was withdrawn to pursue another source of funding. These funds have been combined with the 2009 Housing Trust Fund multifamily program into a new NOFA, which will allow for subsidy layering with Housing Tax Credits. Several applications have already been received and are undergoing review. The Department anticipates all of the funds to be awarded in FY 2009.

Strategy 1.8 Provide funding through the Mortgage Revenue Bond Program for affordable multifamily housing				
Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of households assisted through the Mortgage Revenue Bond Program	2,393	878	37%	2,217

Explanation of Variance: This measure is tied to the bond market which is experiencing a dramatic slowdown. Economic conditions in the equity markets have made it very difficult for developers to present financially feasible applications to the Department.

GOAL 2: TDHCA will promote improved housing conditions for extremely low-, very low- and low-income households by providing information and technical assistance.

Strategy 2.1 Provide information and technical assistance to the public through the Public Affairs Division and the Housing Resource Center				
Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of information and technical assistance requests completed	4,900	6,109	125%	4,900

Explanation of Variance: The number of requests for information and technical assistance varies throughout the year. During this fiscal year, the Department experienced a higher amount of requests than usual. In addition, the Department has made a concerted effort to improve the qualify of the data colleted for information and technical assistance requests.

Strategy 2.2 To provide technical assistance to colonias through field offices				
Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of on-site technical assistance visits conducted annually from the field offices	800	904	113%	800

Explanation of Variance: As the Department continues to improve the Texas Bootstrap Loan Program and the colonia SHC Program, OCI Field Staff continues to provide technical assistance to units of local governments and nonprofit organizations. The Texas Bootstrap Loan Program Reservation System has necessitated increased technical activities. In addition, technical assistance visits have increased for the colonia SHC Program due to environmental assessments and other related federal regulations.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of colonia residents receiving assistance	7,650	8,666	113%	8,000

Explanation of Variance: The Department focuses on empowering the units of local government and nonprofit organizations to work with the colonia residents on a one-on-one basis through the colonia SHCs. Due to increased outreach efforts more colonia residents are utilizing the programs and activities of the colonia SHCs.

Strategy Measure (C)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of entities and/or individuals receiving informational resources	1,000	2,987	299%	1,000

Explanation of Variance: During the first quarter, the Department conducted a large mail out to promote the Texas Bootstrap Loan Program Reservation System NOFA. During the fourth quarter the Department distributed informational resources to units of local governments and nonprofit organizations in response to Hurricane Dolly.

GOAL 3: TDHCA will improve living conditions for the poor and homeless and reduce the cost of home energy for very low-income Texans.

Strategy 3.1
Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low-income persons throughout the state.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of persons assisted through homeless and poverty related funds	512,244	539,436	105%	512,244

Explanation of Variance: This measure is impacted by the number of persons assisted through the CSBG and ESGP. Beginning in January 2006, the Department revised the reporting procedures for CSBG subrecipients. The revision allowed CSBG subrecipients to report to the Department all individuals assisted by all programs operated by the CSBG subrecipient. As a result of this change, CSBG subrecipients reported a higher number of persons assisted through homeless and poverty related funds. Additionally, funding for the ESGP was higher than anticipated when the measures were set.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of persons assisted that achieve incomes above poverty level.	2,200	3,024	137%	2,200

Explanation of Variance: Each year CSBG subrecipients make improvements in the self-sufficiency case management programs they operate and this enables them to be able to transition a larger number of persons out of poverty. The Department expects that annually, CSBG subrecipients will assist more persons to transition out of poverty.

Strategy Measure (C)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of shelters assisted through the Emergency Shelter Grant Program	73	78	107%	73

Explanation of Variance: This measure represents the number of contracts issued under ESGP. At the time the measure was established, the Department anticipated funding fewer subrecipients than the number actually funded. It is difficult to determine how many contracts will be awarded. The number of contracts awarded varies by the amount of funds requested and awarded and the ranking of the applications based upon their score.

Strategy 3.2
Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low-income persons and for assistance to very low-income households for heating and cooling expenses and energy related emergencies.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of households assisted through CEAP	51,502	49,833	97%	51,502

Explanation of Variance: No explanation required.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of dwelling units weatherized through WAP	3,004	4,000	133%	2,960

Explanation of Variance: Additional one-time funding for the program enabled the weatherization subrecipients to exceed their quarterly and annual targets for assistance.

GOAL 4: TDHCA will ensure compliance with the Texas Department of Housing and Community Affairs' federal and state program mandates.

Strategy 4.1
The Portfolio Management and Compliance Division will monitor and inspect for Federal and State housing program requirements.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Total number of monitoring reviews conducted	915	1,046	114%	965

Explanation of Variance: More onsite monitoring reviews were scheduled in this quarter than were anticipated.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Total number of units administered	242,766	240,135	99%	252,766

Explanation of Variance: No explanation needed.

Strategy 4.2
The Portfolio Management and Compliance Division will administer and monitor federal and state subrecipient contracts for programmatic and fiscal requirements.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Total number of monitoring reviews conducted	12,715	8,735	69%	12,765

Explanation of Variance: During this reporting period, there were fewer new contracts which would result in contract administration activity. Additionally, a significant number of contracts have been deobligated within the last three reporting periods which ahs also resulted in decreased pipeline activity. The numbers reported reflect activity on contracts pending from the previous years. The Department has released the 2008 HOME Single Family NOFA during the 4th Quarter and anticipates an increase in the activities reported during the 1st Quarter of FY 2009.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of contracts administered	430	259	60%	430

Explanation of Variance: During this reporting period, there were few new contracts which would result in these reviews. Additionally, a significant number of contracts have been deobligated which has also resulted in decreased reviews. The reviews reported reflect activity on contracts pending from the previous years. The Department released the 2008 HOME Single Family NOFA during the 4th Quarter and anticipates an increase in these reviews in the beginning of FY 2009.

GOAL 5: To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Strategy 5.1
Provide titling and licensing services in a timely and efficient manner.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of manufactured housing statements of ownership and location issued	90,000	62,384	69.32%	90,000

Explanation of Variance: The measure is under the projected total because there were fewer applications received and there was an increase in incomplete applications that cannot be processed until the required information is received by the Department. The increase in incomplete applications is due to many sellers being unaware of the new requirement in §1201.206(g) of the Standards Act that became effective on 01/01/2008, which requires a seller to file a statement from the tax assessor-collector that no taxes are due on used homes sold that are not in a retailer's inventory. To educate the public and tax offices, the Department posted notice of the requirement on the Department's website and mailed a notice letter in January 2008 to all tax assessor-collectors.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of licenses issued	4,000	3,601	90.03	4,000

Explanation of Variance: Performance is under the targeted projection due to receiving fewer applications for new and renewed licenses.

Strategy 5.2
Conduct inspections of manufactured homes in a timely manner.

Strategy Measure (A)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of routine installation inspections conducted	6,000	3,632	61%	6,000

Explanation of Variance: Although the measure is below the targeted number, the Department is meeting the program's statutory requirement to inspect at least 25% of the installation inspections received. The actual year-to-date inspection rate is 26%.

Strategy Measure (B)	2008 Target	2008 Actual	% of Goal	2009 Target
Number of non-routine installation inspections conducted	2,200	2,294	104%	2,200

Explanation of Variance: No explanation required.

Strategy 5.3
To process consumer complaints, conduct investigations and take administrative actions to protect the general public and consumers.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Number of complaints resolved	1,250	803	64%	1,250

Explanation of Variance: The Department has received fewer complaints than expected, resulting in fewer complaints resolved.

Goals Six through Eight are established in legislation as riders to TDHCA's appropriations, as found in the General Appropriations Act.

GOAL 6: TDHCA will target its housing finance programs resources for assistance to extremely low-income households.*

Strategy 6.1
The housing finance divisions shall adopt an annual goal to apply $30,000,000 of the division's total housing funds toward housing assistance for individuals and families earning less than 30 percent of median family income.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Amount of housing finance division funds applied towards housing assistance for individuals and families earning less than 30 percent of median family income.	$30,000,000	$48,611,358	162%	$30,000,000

Note: For more information, see Rider 4 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 79th Legislature, Regular Session.

GOAL 7: TDHCA will target its housing finance resources for assistance to very low-income households.*

Strategy 7.1
The housing finance divisions shall adopt an annual goal to apply no less than 20% of the division's total housing funds toward housing assistance for individuals and families earning between 31% and 60% of median family income.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Percent of housing finance division funds applied towards housing assistance for individuals and families earning between 31% and 60% of median family income.	20%	56%	282%	20%

GOAL 8: TDHCA will provide contract for deed conversions for families who reside in a colonia and earn 60 percent or less of the applicable area median family income

Strategy 8.1
Help colonia residents become property owners by converting their contracts for deed into traditional mortgages.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Amount of TDHCA funds applied towards contract for deed conversions for colonia families earning less than 60% of median family income.	$2,000,000	$528,769	26%	$2,000,000

Explanation of Variance: Rider 6 of the Department's appropriations act requires that the Department $2,000,000 a year towards completing 100 contract for deed conversions. The decline in the number of contract for deed requests has inhibited the ability of the Department to attain the target; however $9.2 million in funds is currently available for this activity through 2009.

Note: For more information, see Rider 6 of TDHCA's Appropriations as found in HB 1 (General Appropriations Act), 80th Legislature, Regular Session.

The following TDHCA-designated goal addresses the housing needs of persons with special needs.

GOAL 9: TDHCA will work to address the housing needs and increase the availability of affordable and accessible housing for persons with special needs.

Strategy 9.1
Dedicate no less than 20% of the HOME project allocation for applicants that target persons with special needs.

Strategy Measure	2008 Target	2008 Actual	% of Goal	2009 Target
Percent of the HOME project allocation awarded to applicants that target persons with special needs.	20%	26%	130%	20%

Strategy 9.2:
Compile information and accurately assess the housing needs of and the housing resources available to persons with special needs.

Strategy Activities:
- Assist counties and local governments in assessing local needs for persons with special needs.
- Work with State and local providers to compile a statewide database of available affordable and accessible housing.
- Set up a referral service to provide this information at no cost to the consumer.
- Promote awareness of the database to providers and potential clients throughout the State through public hearings, the TDHCA web site as well as other provider web sites, TDHCA newsletter and local informational workshops.

Strategy 9.3:
Increase collaboration between organizations that provide services to special needs populations and organizations that provide housing.

Strategy Activities:
- Promote the coordination of housing resources available among State and federal agencies and consumer groups that serve the needs of special needs populations.
- Continue working with agencies, advocates and other interested parties in the development of programs that will address the needs of persons with special needs.
- Increase the awareness of potential funding sources for organizations to access, to serve special needs populations, through the use of TDHCA planning documents, web site and newsletter.

Strategy 9.4:
Discourage the segregation of persons with special needs from the general public.

Strategy Activities:
- Increase the awareness of the availability of conventional housing programs for persons with special needs.
- Support the development of housing options and programs, which enable persons with special needs to reside in noninstitutional settings.

SECTION 5: PUBLIC PARTICIPATION

TDHCA strives to include the public in policy, program and resource allocation decisions that concern the Department. This section outlines how the public is involved with the preparation of the plan and includes a summary of public comment.

- *Participation in TDHCA Programs*: Discusses efforts to ensure that individuals of low income and their community-based institutions participate in TDHCA programs
- *Citizen Participation in Program Planning*: Discusses affirmative efforts to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process

PARTICIPATION IN TDHCA PROGRAMS

Texas is an economically, regionally and demographically diverse state. The Department recognizes this by establishing criteria to distribute funds based on the priorities established in TDHCA's governing statute. It is incumbent upon TDHCA to increase the public's awareness of available funding opportunities so that its funds will reach those in need across the state.

Below are the approaches taken by TDHCA to achieve this end:

- Throughout the year, the TDHCA staff reaches out to interested parties at informational workshops and conferences across the state to share information about TDHCA programs. Organizations interested in becoming affordable housing providers are actively encouraged to contact TDHCA for further technical assistance in accessing TDHCA programs.
- The Department's Division of Public Affairs is responsible for media releases, attends conferences and maintains conference information booths on behalf of TDHCA, as well as coordinates media interviews and speaking events.
- The TDHCA *Program Guide* provides a comprehensive, statewide housing resource guide for both individuals and organizations across the state. The *Program Guide* provides a list of housing and housing-related programs operated by TDHCA, HUD and other federal and state agencies.
- The TDHCA website, through its provision of timely information to consumers, is one of TDHCA's most successful marketing tools and affordable housing resources.
- TDHCA also operates a listserv e-mail service, where subscribed individuals and entities can receive email updated on TDHCA information, announcements and trainings.
- TDHCA is involved with a wide variety of committees and workgroups, which serve as valuable resources to gather input from people working at the local level. These groups share information on affordable housing needs and available resources and help TDHCA to prioritize these needs.

CITIZEN PARTICIPATION IN PROGRAM PLANNING

The Department values and relies on community input to direct resources to meet its goals and objectives. In an effort to provide the public with an opportunity to more effectively give input on The Department's policies, rules, planning documents and programs, the Department has consolidated its public hearings. In addition to these annual public hearings, individual program sections hold various hearings and program workshops throughout the year. Furthermore, the TDHCA Board accepts extensive public comment on programmatic and related policy agenda items at monthly board meetings.

The Department ensures that all programs follow the citizen participation and public hearing requirements as outlined in the Texas Government Code. Hearing locations are accessible to all who choose to attend and are held at times accessible to both working and non-working persons. The Department maintains a voluntary membership e-mail list which it uses to notify all interested parties of public hearings and public comment periods. Additionally, pertinent information is posted as an announcement in the *Texas Register* and on TDHCA's website. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via mail, fax, or email.

PREPARATION OF THE PLAN

Section 2306.0722 of the Texas Government Code mandates that the Department meet with various organizations concerning the prioritization and allocation of the Department's housing resources prior to preparation of the Plan. As this is a working document, there is no time at which the Plan is static. Throughout the year, research was performed to analyze housing needs across the state, focus meetings were held to discuss ways to prioritize funds to meet specific needs and public comment was received at program-level public hearings as well as at every Governing Board meeting.

The Department met with various organizations concerning the prioritization and allocation of the Department's resources and all forms of public input were taken into account in its preparation. Several program areas conducted workgroups and public hearings in order to receive input that impacted policy and shaped the direction of TDHCA programs.

Communication between TDHCA and numerous organizations results in a participatory approach towards defining strategies to meet the diverse affordable housing needs of Texans. In March 2006, TDHCA mailed out the 2006 Community Needs Survey to approximately 2,500 state representatives and senators, mayors, county judges, city managers, housing/planning departments, USDA local offices, public housing authorities, councils of governments, community action agencies and Housing Opportunities for Persons with AIDS (HOPWA) agencies to gather preliminary input on local perceptions of housing, community affairs and community development needs. TDHCA uses this input when preparing the Plan and in program planning and development.

PUBLIC HEARING

From October to December 2008, TDHCA worked on the draft version of the *2009 State of Texas Low Income Housing Plan and Annual Report.* The draft was submitted to the TDHCA Board of Directors for approval at the December 2008 Board meeting and was released for public comment in accordance with §2306.0732 and §2306.0661. The hearing notice was published in the *Texas Register*. During the comment period, the public was encouraged to submit input toward the Plan in writing via mail, fax, or e-mail.

PUBLIC COMMENT

No public comment was received during the public comment period.

SECTION 6: 2009-2010 COLONIA ACTION PLAN

POLICY GOALS

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the TDHCA Office of Colonia Initiatives (OCI) was established to administer and coordinate efforts to enhance living conditions in colonias along the Texas-Mexico border region. OCI's fundamental goal is to improve the living conditions of colonia residents and to educate the public regarding the services that TDHCA has to offer.

The OCI Division was created to do the following:

- Expand housing opportunities to colonia and border residents living along the Texas-Mexico border.
- Increase knowledge and awareness of programs and services available through the Department.
- Implement initiatives that promote improving the quality of life of colonia residents and border communities.
- Empower and enhance organizations that serve the targeted colonia population.
- Provide consumer education to colonia and border residents.
- Develop cooperative working relationships between other state, federal and local organizations to leverage resources and exchange information.
- Promote comprehensive planning of communities along the Texas-Mexico border to meet current and future community needs.
- Solicit input from colonia residents on major funding decisions that will affect border communities.

OVERVIEW

The US-Mexico border region is dotted with hundreds of rural subdivisions called colonias, which are characterized by high levels of poverty and substandard living conditions. Several different definitions of colonias are used by various funding sources and agencies due to differing mandates. Generally, these definitions include the concepts that colonias are rural and lacking services such as public water and wastewater systems, paved streets, drainage and safe and sanitary housing. Colonias are mostly unincorporated communities located along the US-Mexico border in the states of California, Arizona, New Mexico and Texas, with the vast majority located in Texas

While new colonias continue to develop, many have been in existence for over 50 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer while others originated as town sites established by land speculators as early as the 1900s. A majority of the colonias, however, emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford to purchase in cities or who did not have access to conventional financing mechanisms.

POPULATION AND POVERTY

Data updated in 2006 by the Texas Office of the Attorney General recorded 2,060 colonias in 30 counties within 150 miles of the Texas-Mexico border. However, approximately 1,700 of those colonias are concentrated in just seven counties directly abutting the international boundary. It should be noted that these figures represent only the documented colonias. There may be many small, rural colonias that have gone unidentified. Currently, Hidalgo County has the largest number of colonias, with 847 counted in

2006. The 13 counties running along the Texas-Mexico border have an average Hispanic or Latino population of 74.2 percent, as compared to the statewide average of 34.6 percent.

Between 2000 and 2005 many Texas border counties experienced rapid population growth. El Paso, Maverick, Webb, Zapata, Starr, Hidalgo and Cameron counties have shown an average increase in population of 12.3 percent, surpassing the state average increase of 9.6 percent. Simultaneously, a 5.4 percent average decrease in population has actually occurred in several counties that are adjacent to the border counties over the same time period. Counties experiencing large decreases include Hudspeth, Reeves, Pecos, Terrell, Edwards, Kinney, Duval, Jim Hogg and Brooks.[38]

2003 U.S. Census data placed the median household income for Texas at $39,967, while the median household income for the Texas-Mexico border counties averaged a much lower $26,606. Zavala County, near the border, posted the lowest median household income at $18,553. In the larger border-region cities El Paso, McAllen, Brownsville, Corpus Christi and Laredo, the average median values of owner-occupied housing units in 2000 was $69,640. Laredo had the highest home values at $77,900.[2]

The particular need for affordable housing in the border region can be largely attributed to the poverty level of the rapidly growing population. Counties along the Texas-Mexico border shoulder some of the highest poverty rates in the state. According to 2003 U.S. Census data, the poverty level in the state of Texas stood at 16.2 percent, while the average poverty level of counties along the Texas-Mexico border was 25.3 percent. Furthermore, the four counties with the greatest number of colonias (Hidalgo, El Paso, Starr, and Cameron), had an average poverty level of 31.5 percent, nearly double the state rate. Counties like Dimmit and Starr, at 32.7 percent and 36.2 percent respectively, were even higher.

HOUSING

According to a review completed by the Texas Comptroller's Office, most homebuilders would have a difficult time constructing houses for a sale price of less than $60,000 to $70,000. Houses in this price range would typically be affordable to workers earning $12 to $14 an hour (assuming a housing debt to income ratio of 33 percent with no additional debts). Some builders indicate that it is difficult to build lower-priced homes because many of the construction costs, including the cost of acquisition and site development, are fixed, regardless of the size of the home.[3] Land acquisition and development can add $10,000 to $20,000 to the cost of a house. For a new subdivision, the acquisition cost may be only a few thousand dollars per lot. But the 1998 cost of infrastructure—such as streets, power and water—could be as much as $15,000 per lot or higher in some areas.[4]

Owner-builder construction in colonias can face additional significant obstacles. First, federal rules, such as those that govern the HOME Program, prohibit the use of affordable housing funds to acquire land unless the affordable structure is to be built within a short, sometimes impractical time. Second, lenders are typically reluctant to lend funds for owner-builder construction because these borrowers may have little or no collateral. Third, owner-builders may not be sufficiently skilled and may end up building substandard housing without appropriate supervision or guidance. Some governmental housing programs limit the private housing market from serving border residents because they offer no profit incentive for housing professionals, builders, lenders and real estate agents to serve low-wage workers. Program administrators acknowledge profit as an ingredient in encouraging home construction.

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[1] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html (Viewed July 27, 2006).
[2] U.S. Census Bureau: State and County Quickfacts. http://quickfacts.census.gov/qfd/states/48000.html. Viewed July 27, 2006.
[3] Bordering the Future: Homes of Our Own. Windows on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, November 20, 1997.
[4] Bordering the Future: House Prices Reflect Production Costs. Window on State Government. Texas Comptroller of Public Accounts. July 1998. Interview with Clark Wilson Homebuilders, Nov. 20, 1997.

COLONIA NEEDS ASSESSMENT

The following table displays housing quality data from 14 of the 28 colonias served by the Department's Self-Help Center Program. This sample of data, reported by the participating counties as part of their colonia needs assessments, provides a representation of the acute need for housing-related assistance in these communities. Each county conducted its own needs assessment by different methods and not all counties reported specific data figures. As a result, the table below contains only the data that is available. For the purposes of this assessment, "substandard homes" refers to structures in need of repair or rehabilitation, while "dilapidated homes" refers to structures necessitating total replacement.

Housing Structural Quality by Colonia, Selected Border Counties

County	Colonia Name	Total Number of Homes	Number of Substandard Homes	Number of Dilapidated Homes
Hidalgo	Chula Vista Acres	34	15	5
Hidalgo	El Flaco Chiquito	105	37	13
Hidalgo	El Charro	143	81	15
Hidalgo	Schroeder	210	90	22
Hidalgo	Southside	59	24	30
Val Verde	Val Verde Park Estates	865	113	22
Val Verde	Cienegas Terrace	510	108	36
Val Verde	Villareal	12	3	0
Val Verde	Escondido Estates	33	0	0
Starr	Casita/Garciasville	28	3	7
Starr	Camargito	91	32	13
Starr	La Puerta 1 & 2	210	43	33
Starr	Refugio	54	16	5
Starr	West Alto Bonito	174	41	35
	TOTAL	2528	606 24% of total	236 9.3% of total

PROGRAM PLAN

TDHCA, through its Office of Colonia Initiatives, administers various programs designed to improve the lives of colonia residents. This action plan outlines how various initiatives and programs will be implemented for 2008.

FY 2009 and 2010 Office of Colonia Initiatives Funding

Programs	Estimated Available Funding for FY 2009	Estimated Available Funding for FY 2009
Texas Bootstrap Loan Program	$3,000,000	$3,000,000
Colonia Self-Help Centers	$1,800,000	$1,800,000
Total	$4,800,000	$4,800,000

TEXAS BOOTSTRAP LOAN PROGRAM

The Texas Bootstrap Loan Program is a statewide loan program that funds certified non-profit organizations and enables owner-builders to purchase real estate and construct or renovate a home. In 2001 the 77th Legislature amended this program under Senate Bill 322 with a legislative directive requiring continuation of an Owner Builder Loan Program through 2010.TDHCA is required under Section 2306.753(d) of the Texas Government Code, to set aside two-thirds 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, of the Water Code. A county is only eligible to receive financial assistance under Subchapter K, Chapter 17, Water Code, if: 1) the county contains an area that meets the criteria for an economically distressed area under Section 17.92(1), Water Code; and 2) the county has adopted and enforces the model rules under Section 16.343, Water Code. The remaining one-third will be available statewide.

The program promotes and enhances homeownership for low-income Texans by providing funds to purchase or refinance real property on which to build new residential housing, construct new residential housing or improve existing residential housing throughout Texas. Participating owner-builders must provide a minimum of 60 percent of the labor required to build or rehabilitate the home. Section 2306.753(a) of the Texas Government Code directs TDHCA to establish a priority in directing funds to Owner-Builders with an annual income of less than $17,500. The maximum loan amount using TDHCA funds may not exceed $30,000 per Owner-Builder. The total amount of loans made with TDHCA and any other source may not exceed a combined $60,000 per household. The Department committed $6.5 million in Fiscal Year 2008 to implement this initiative from the Housing Trust Fund. TDHCA will release another NOFA in the amount of $3,000,000for FY2009, the funding for which will be available starting December 1, 2008.

In an effort to increase the Department's ability to more promptly assist households and expend funds and to better disseminate Bootstrap funds across a broader network of providers, the OCI Division of TDHCA is utilizing a new reservation system concept similar to the TDHCA First Time Homebuyer Bond Program in order to distribute the new allocation of funding. This type of system will allow program funds to be expended more rapidly and efficiently. Under the reservation system, participating nonprofit organizations must be certified by TDHCA as a Nonprofit Owner-Builder Housing Program (NOHP) in accordance with Section 2306.755 of the Texas Government Code and must execute a Loan Origination Agreement with the Department in order to assure full compliance with program rules and guidelines. After being certified as an NOHP, the NOHP will then be able to submit individual loan applications to TDHCA on behalf of the owner-builder applicant on a first-come, first-served basis. A nonprofit will be allowed to have up to ten reservations at any given time. Funds may be reserved up to twelve months for each reservation; however, the nonprofits are required to meet specific performance benchmarks within that time period in order to retain the funding. The Department is actively working with Bootstrap recipients to garner feedback on the new system to ensure the ongoing success of the program.

COLONIA SELF-HELP CENTERS

In 1995, the 74th Legislature passed Senate Bill 1509 (Texas Government Code Subchapter Z §2306.581 - §2306.591), a legislative directive to establish colonia self-help centers (SHCs) in Cameron/Willacy, Hidalgo, Starr, Webb and El Paso counties. This program also allows the Department to establish a colonia SHC in any other county if the county is designated as an economically distressed area. Five colonias in each county are identified to receive concentrated attention from its respective SHC. Operation of the colonia SHCs is managed by a local nonprofit organization, local community action agency, or local housing authority that has demonstrated the capacity to operate a center.

These colonia SHCs provide concentrated on-site technical assistance to low and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. In addition, on-site technical assistance is provided to colonia residents. Key services to the designated colonias within each county receive technical assistance in the areas of housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure constructions and access; contract for deed conversions; and capital access for mortgages to improve the quality of life for colonia residents in ways that go beyond the provision of basic infrastructure. The three OCI border field offices provide technical assistance to the counties and SHCs.

The colonia SHC program serves 28 colonias in the five counties designated by statute and two additional counties of Maverick and Val Verde, which were added to the program at the discretion of the Department. Each county has approximately 10,000 colonia residents who qualify as beneficiaries of these services. The Department contracts with the counties, which in turn subcontract with nonprofit organizations to administer the colonia SHC program or specific activities. The counties oversee the implementation of contractual responsibilities and ensure accountability. Before selecting subcontractor organizations, County officials conduct a needs assessment to prioritize needed services within the colonias and publish a Request for Proposal (RFP) to provide these services.

The Department designates a geographic area to receive the services provided by the colonia SHCs based upon funding proposals submitted by the counties. In consultation with the Colonia Residents Advisory Committee (C-RAC) and the appropriate unit of local government, the Department designates up to five colonias in each service area to receive concentrated attention from the colonia SHCs. The C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board which advises the Board regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the colonia SHCs. Each county nominates two colonia residents to serve on the committee, one of whom must reside in a colonia being serviced by the county's SHC. The committee also includes a primary and secondary representative from each county. The Department's Board of Directors appointed the current members to the C-RAC on September 19, 2001.The C-RAC meets thirty days before a contract is scheduled to be considered for award by the Board in order for their concerns, if any, to be relayed to and evaluated by the Board.

Each SHC is allocated sufficient funds to provide services within the designated colonias and if applicable, can provide limited assistance outside the service area.

The operations of the colonia SHCs are funded by HUD through the Texas Community Development Block Grant Program 2.5 percent colonia set-aside, which is approximately $1.8 million per year. The CDBG funds are transferred to the Department through a memorandum of understanding with the Office of Rural Community Affairs. CDBG funds can only be provided to eligible units of general local governments. Therefore, the Department must enter into a contract with each participating county government. The Department provides administrative and general oversight to ensure programmatic and contract compliance. In addition, colonia SHCs are encouraged to seek funding from other sources to help them achieve their goals and performance measures.

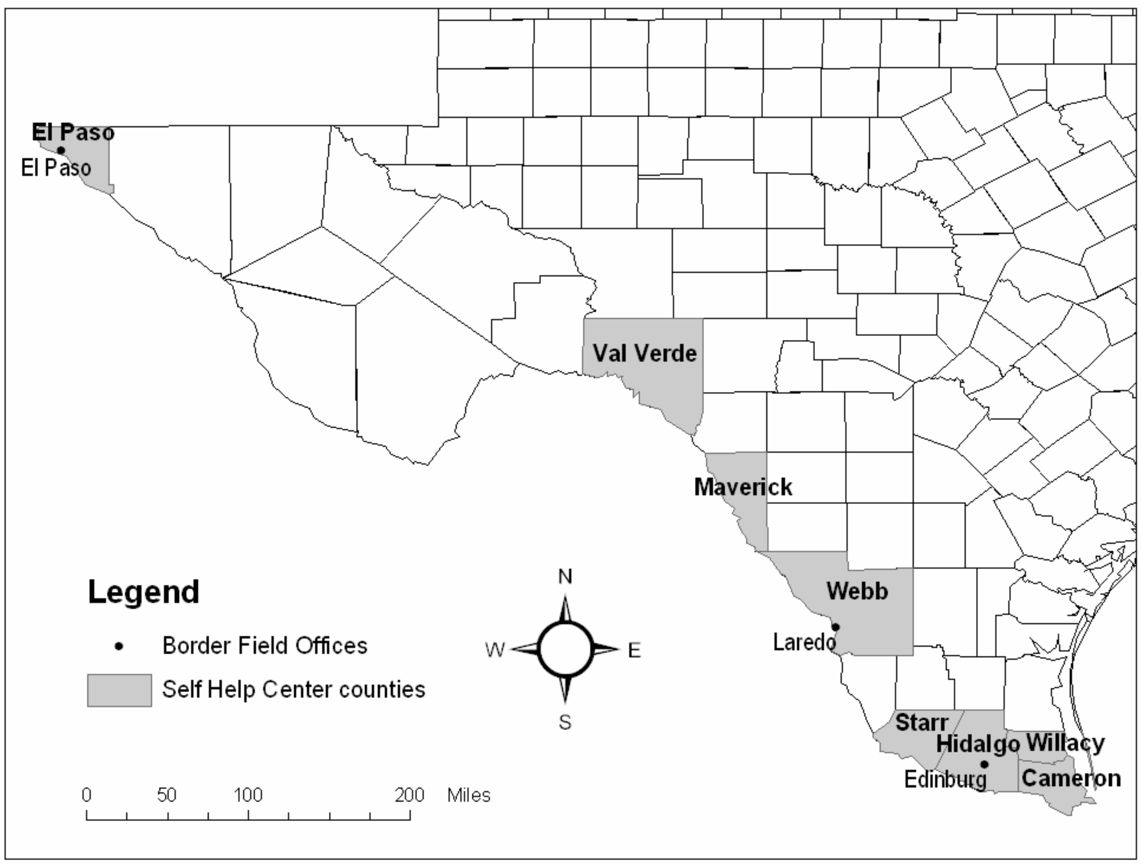
BORDER FIELD OFFICES

OCI manages three border field offices located in El Paso, Laredo and Edinburg. These border field offices administer, at the local level, various OCI programs and services and provide technical assistance to nonprofits, for profits, units of general local government, other community organizations and colonia residents along the Texas-Mexico border region. Current funding for the border field offices is partially funded from General Revenue, Bond Funds and CDBG programs. OCI will continue to maintain these three border field offices and will continue to act as a liaison between non-profit organizations and units of local government.

Occasionally, there is funding available to communities and organizations in the colonias to support local programs. Technical assistance is provided to help non-profit organizations locate funding and learn to write successful grant proposals. However, the most important aspect in seeking funding is the ability of the communities or organizations to manage the funding within its rules and program guidelines. Many communities and organizations struggle to deliver services to their colonia residents due to capacity and financial issues. Therefore, the Border Field Offices anticipate approximately 800 technical assistance visits for FY 2008 to nonprofit organizations and units of local government.

The Department recognizes the need for consumer education on topics such as filing homestead exemptions, knowing one's property rights under Contract for Deed and the challenges of homeownership. The Department will provide homebuyers under its Contract for Deed Conversion and Texas Bootstrap Loan Programs a form to file their homestead exemption at the time of closing on their homes. The Department will create an educational campaign regarding House Bill 1823, which was passed during the 79th Regular Legislative Session (2005) and allows residential contract for deed buyers to have their contacts converted from a deed to a deed in trust. The educational campaign will be directed to colonia residents along the Texas-Mexico Border Region. Education services are available through the colonia SHCs and OCI Border Field Offices.

Border Field Offices and Colonia Self Help Centers



SECTION 7: TEXAS STATE AFFORDABLE HOUSING CORPORATION ANNUAL ACTION PLAN

According to Section 2306.0721(g), the Texas State Affordable Housing Corporation (Corporation) Annual Action Plan must be included as part of the 2009 State Low Income Housing Plan (SLIHP).

OVERVIEW

This report is prepared in accordance with Texas Government Code, Section 2306.566, which requires the Texas State Affordable Housing Corporation ("Corporation") to develop a plan to address the state's housing needs and provide the plan to the Texas Department of Housing and Community Affairs ("TDHCA") for incorporation into the resource allocation plans in the State Low Income Housing Plan ("SLIHP"). In accordance with Section 2306.0722(b), TDHCA will provide the needs assessment information compiled for the report and plan to the Corporation. Additionally, the Corporation's plan must include specific proposals to help serve rural and other underserved areas of the state. In coordination with the Corporation, TDHCA will incorporate the specific results of the Corporation's programs in TDHCA's estimate and analysis of housing supply in each uniform state service region under Section 2306.0721(c)(9).

Sec. 2306.566 of the Texas Government Code reads:

> *COORDINATION REGARDING STATE LOW INCOME HOUSING PLAN.*
>
> *The corporation shall review the needs assessment information provided to the corporation by the department under Section 2306.0722(b).*
>
> The corporation shall develop a plan to meet the state's most pressing housing needs identified in the needs assessment information and provide the plan to the department for incorporation into the state low income housing plan.
>
> *The corporation's plan must include specific proposals to help serve rural and other underserved areas of the state.*

HISTORY OF THE CORPORATION

The Texas State Legislature created the Corporation as a self-sustaining non-profit entity to facilitate the provision of affordable housing for low-income Texans who do not have comparable housing options through conventional financial channels. Enabling legislation, as amended, may be found in the Texas Government Code, Chapter 2306, Subchapter Y, Sections 2306.551 et seq. All operations of the Corporation are conducted within the state of Texas. Corporate offices are located in Austin, Texas. A five-member board of directors appointed by the Governor with the advice and consent of the Senate oversees the business of the Corporation.

The Corporation issues mortgage revenue bonds and private activity bonds to finance the creation of affordable multifamily housing units and to finance the purchase of single family homes under three separate programs: (1) the Professional Educators Home Loan Program, (2) the Fire Fighter, Law Enforcement or Security Officer and Emergency Medical Services Personnel Home loan Program (more commonly referred to as the Homes for Texas Heroes Program) and (3) the Home Sweet Texas Loan Program. Since 2001, the Corporation has issued over $304 million in single family and approximately $540 million in multifamily mortgage revenue bonds. The Corporation has also served 2650 income eligible individuals and/or families through its single family first-time homebuyer programs. This affordable housing has been provided at no cost to the state and its taxpayers. The Corporation does not receive any state funding and is not subject to the legislative appropriations process.

The Corporation is organized, operated and administered in accordance with its enabling legislation as a 501(c)(3) nonprofit corporation in order to access additional sources of funding to accomplish its mission. The Corporation is an approved originating seller/servicer for single family loans with Fannie Mae, Freddie Mac, Ginnie Mae, U.S. Rural Development, FHA and VA. The Corporation has conduit sales agreements with Countrywide Home Loans, Inc. and Wells Fargo Funding and with the Community Development Trust, Inc., for multifamily mortgage loans. The Corporation is also an associate member borrower of the Federal Home Loan Bank of Dallas.

NEEDS ASSESSMENT REVIEW

According to an analysis of the Texas Department of Housing and Community Affairs' (TDHCA) Needs Assessment and other published studies on the subject, the following represent the most pressing housing needs in the state:

GENERAL HOUSING NEEDS

- By 2000, Texas had the second largest total population, 20.9 million, among the states in the United States. By 2010, the population is projected to be between 24.2 and 25.9 million and by 2040 between 35.0 and 50.6 million.[39]
- As a result of the growing population, housing demands will change substantially in the coming years with both owner and renter housing growing at nearly equal rates.[40]
- Affordable housing is in short supply for the extremely low, very low, low and moderate income brackets, which was caused primarily by the private sector's concentration of development, both single family and multifamily development, in larger metropolitan areas and targeting higher income individuals and families.[41]
- Many HUD-financed or HUD-subsidized properties, which represent a significant portion of the state's affordable housing portfolio, are at risk of becoming market rate properties.[42]

SINGLE FAMILY HOUSING NEEDS

- Texas may add nearly 3.8 million more students over the next 40 years creating a high demand for educators.[43]
- Population growth will mean increased public service demands and expanding markets for Texas.[44]
- The Texas nursing education system is operating close to capacity and faces several impediments to producing more graduates—faculty shortages due to retirement, inadequate salaries and fewer faculty applicants.[45]

[39] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[40] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
[41] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).
[42] Ibid.
[43] Texas A&M University, Center for Demographic and Socioeconomic Research and Education, *A Summary of the Texas Challenge in the Twenty-First Century: Implications of Population Change for the Future of Texas, 2002*.
[44] Ibid
[45] Health and Nurses in Texas – The Future of Nursing: Data for Action (Vol. 3 No. 1. 2000. San Antonio, TX: The Center for Health Economics and Policy (CHEP), the University of Texas Health Science Center at San Antonio).

- Lack of funds for down payment and closing costs has created one of the greatest obstacles that prevents first-time homebuyers of low-to-moderate-income families, such as the teachers, police officers and firefighters, from achieving the American dream of owning a home.[46]
- The Texas Education Code establishes a state minimum salary schedule that must be accommodated by all Texas schools for specific public education professionals. The state minimum salary for 2007-2008 ranges from $27,320 per year for 0 years experience to $44,270 per year for 20 or more years of experience.[47]
- The base salary for Texas fire fighters differs across the State, but on average ranges from $20,000 per year to $60,000.[48]
- The base salary for Texas police officers ranges across the State, but on average ranges from $30,000 per year to $62,000. [49]
- The base salary for Texas correctional officers ranges from $25,416 per year to $33,936.[50]
- The base salary for Texas juvenile correctional officers ranges from $17,376 per year to $54,765.[51]

MULTIFAMILY HOUSING NEEDS

- Renter households are, on average, a lower income group than owner households. More than 37 percent of renter households earn less than 50 percent of the Area Median Family Income, compared to only 16.3 percent of owner households. As a result, renter households are more likely to be in need of housing assistance.[52]
- According to the results of the 2003 Community Needs Survey distributed by TDHCA to cities, counties, local housing departments, public housing authorities and the U.S. Department of Agriculture/Rural Development field offices, approximately 78 percent of respondents felt that there was a severe or significant affordable housing problem in their area and that new rental housing development and the renovation of existing multifamily housing are more important than rental payment assistance.[53]
- The lack of affordable housing opportunities leads to severe and extreme housing cost burdens for lower-income groups; in particular, extremely low-income renter households.[54]
- Overcrowding may indicate a general lack of affordable housing in a community and lower income renter households experience overcrowded conditions more frequently than higher income households.[55]
- In the 2005-2009 State of Texas Consolidated Plan, it is estimated that 2 million people or 9.9% of the total population are 65 years of age and older. The Texas Department of Aging and Disability Services estimates that by year 2040, individuals age 60 and over will comprise 23 percent of the population in Texas. Though the majority of the elderly Texans live in urban areas, rural areas

[46] National Association of Home Builders, *News Details; March 24, 2004.*
[47] Texas Classroom Teachers Association: http://www.tcta.org/teacher_resources/salary_schedule.html.
[48] Salary.com
[49] Ibid.
[50] Texas Department of Criminal Justice Human Resources Division: http://www.tdcj.state.tx.us/vacancy/coinfo/salarymay08.pdf.
[51] Texas Youth Commission: http://austin.tyc.state.tx.us/cfinternet/jobopening/classifications.html.
[52] Texas Department of Housing and Community Affairs, Center for Housing Research, Planning and Communications, 2005 State of Texas Low Income Housing Plan and Annual Report (Austin, TX: Texas Department of Housing and Community Affairs, 2004).

[53] Ibid.
[54] Ibid.
[55] Ibid.

have a higher percentage of elderly relative to the local population. According to the 2000 Census, 13.1 percent of seniors age 65 and over in Texas live below the poverty level. Approximately 30% of all elderly households pay more than 30% of their income on housing with 14% paying more than 50% of their income on housing. Lower incomes combined with rising healthcare costs contribute to the burden of paying for housing.[56]

- There is a shortage of affordable housing in the extremely low, very low, low and moderate income brackets. This is primarily caused by the private sector's concentration of development in larger metropolitan areas and targeting higher income individuals and families.[57] Cities with populations between 20,000 and 50,000 have a particularly hard time accessing funds. They cannot access USDA funding and are too small to effectively compete for other funding opportunities.[58]
- According to the U.S. Census Related Comprehensive Housing Affordability Strategy (CHAS) Data, there are approximately 2,903,671 people living in rural areas of Texas. Of these, 574,843 people or 20% are living below the poverty level; 83,454 low-income households live with the cost burden of paying more than 30% of their income on housing expenses; 26,999 occupied units are "overcrowded"; and 5,211 units were found to have substandard conditions such as lack of piped water, utilities and waste facilities.[59]
- Preservation of existing affordable and subsidized housing stock is an important element of providing safe, decent and affordable housing. The explosive population growth in the metropolitan areas as well as the lack of new construction during the late 80's and early 90's created a huge demand for housing at all income levels. Adding to this problem is the loss of units in the federally subsidized Section 8 portfolio, the USDA/Rural Development portfolio and the pools of tax credit units that have reached their 15 year affordability periods. The USDA/Rural Development portfolio contains smaller rural rental properties which, in many cases, represent the sole affordable housing stock in Texas' smallest towns.[60]
- As of the most recent statistical information available, there were 2,676,060 renter occupied housing units in Texas. Eighty-four percent of these were constructed before 1990 with the highest production of rental housing (50.8%) built between 1970 and 1989. Therefore, the majority of rental housing stock in Texas is between 15-35 years old and may be in need of some type of moderate to substantial rehabilitation in order to preserve its functionality.[61]

HURRICANE-AFFECTED AREA HOUSING NEEDS

- Many Texas Gulf Coast residents were left with damaged or destroyed homes after Hurricane Rita came through the state. On Wednesday, December 21, 2005, the President signed into law, H.R. 4440, the "Gulf Opportunity Zone Act of 2005," to assist the Gulf Coast in its recovery from the past year's hurricane season. The Act defines three "GO Zones" for the areas hit by hurricanes Katrina, Rita and Wilma.
- According to the U.S. Census Bureau, the estimated population for the state of Texas in 2005 was 22,859,968. Of this figure, 5,416,433 live in the twenty-two designated targeted areas in the GO Zone. Areas designated as "targeted" include the following counties: Angelina, Brazoria, Chambers, Fort Bend, Galveston, Hardin, Harris, Jasper, Jefferson, Liberty, Montgomery,

[56] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[57] Texas Department of Housing and Community Affairs, Strategic Plan for Fiscal Years 2005-2009.
[58] Texas Department of Housing and Community Affairs, Report on the 2004 Regional Advisory Committee Meetings on Affordable Housing and Community Services Issues, November 2004.
[59] 2000 U.S. CHAS Data, Texas Department of Housing and Community Affairs
[60] Texas Department of Community Affairs, 2005-2009 State of Texas Consolidated Plan (Austin, Texas, February 2005).
[61] 2000 U.S. Census Data

Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Shelby, Trinity, Tyler and Walker.

The Corporation will address these pressing housing needs through the following single family, multifamily and grant programs for 2008. The following summary of Corporation programs gives the history and accomplishments of our programs to date and a plan for achieving greater success with these programs in 2008. A few of the programs mentioned are mandated by the state legislature, as noted and a few have been undertaken upon the Corporation's own initiative to fulfill housing needs for identified underserved areas of the state.

CORPORATION PROGRAM DESCRIPTIONS

SINGLE FAMILY MORTGAGE REVENUE PRIVATE ACTIVITY BOND PROGRAMS

The Corporation administers the Professional Educators, Homes for Texas Heroes, and Home Sweet Texas Loan Programs. These Programs are the Corporation's Single Family Mortgage Revenue Private Activity Bond Programs. The first two Programs were established by the Legislature in 2001 and 2003, respectively and allocate, approximately$60 million of the State's Ceiling for Private Activity Bond Cap for the exclusive purpose of making single family mortgage loans to Texas Professional Educators ($30 million) and Fire Fighters, EMS Personnel, Law Enforcement Officers Corrections Officers, and Public Security Officers ($26 million who are first-time home buyers.

In 2006 the Corporation created the Home Sweet Texas Loan Program which is funded by applying for bond cap after the collapse of the set-asides for all state issuers of bonds. The Home Sweet Texas Loan Program is available statewide with no professional requirements to those at or below 80 percent of the AMFI.

The Programs are available statewide on a first come, first-served basis, to first-time homebuyers who wish to purchase a newly constructed or existing home. Borrowers must meet income and purchase price limits set by the Corporation, while meeting standard mortgage underwriting requirements demonstrating credit worthiness. The borrower must also occupy the purchased home as his or her primary residence.

Through each Program, eligible borrowers are able to apply for a 30 year fixed rate mortgage loan and receive down payment assistance in the form of a grant. The programs are accessible to eligible borrowers by directly contacting a trained, participating mortgage lender.

Since the inception of both the Professional Educator Home Loan Program in 2001 and the Fire Fighter and Law Enforcement or Security Officer Home Loan Program in 2003, the Corporation has only seen the demand for these programs increase. Over 2800 individuals and families have become homeowners through the assistance offered by the Corporation.

2009 IMPLEMENTATION PLAN

The Corporation's primary goal for 2008 will be to continue to develop a financing structure that minimizes the Programs' mortgage interest rate and offers the best possible down payment assistance grant to the borrowers. Down payment assistance is especially critical when the spread between conventional mortgage rates and tax-exempt mortgage rates have reached historical lows. The Corporation will also continue to advertise and to receive input about the Programs by attending home builder, real estate agent, lender and the various professional trade associations' conventions and trade shows in 2009.

In addition, the Corporation will continue to train and develop relationships with mortgage lenders and realtors who represent the Programs to the borrowers.

Given the demand for first-time homebuyer programs, other financing options available to the Corporation through its enabling legislation will be explored. If demand continues, the Corporation will continue to submit applications to the Texas Bond Review Board requesting additional volume cap during the collapse to serve new first-time homeowners.

INTERIM CONSTRUCTION AND LAND ACQUISITION PROGRAM

The Corporation's Interim Construction and Land Acquisition Loan Program supports our mission to serve the housing needs of low-, very low- and extremely low-income Texans who do not have comparable housing opportunities in rural and underserved communities. The program accomplishes this by providing short-term financing for site acquisition and interim construction to non-profit and for-profit developers to increase or preserve the stock of affordable single family homes in Texas.

The Corporation only considers proposals for a development that involves the sale of housing units to unrelated third party households. This includes developments involving, but not limited to, single-family or multi-unit residential structures, condominiums, limited equity co-operatives, subdivisions, infill construction, new construction and rehabilitation.

Funding for this program comes from investments made by public and private entities into the Corporation's single family loan pool. The Corporation may also commit its own funds to the program or borrow funds from public or private entities to finance loans. The availability of funds is dependant upon the Corporation's ability to find new investments and/or borrow funds at reasonable rates and terms. All loan commitments are conditioned upon the availability of funds.

2009 IMPLEMENTATION PLAN

The program will require new investments in order to continue operations; therefore the primary goal for the next year will be to raise at least $1 million dollars in new funding. The Corporation has created a loan loss reserve pool that can act as insurance on the repayment of funds to investors. The Corporation lent $750,000 to create 57 homes in the first year of program operations and intends to lend at least 70% of its available loan pool to qualified affordable housing developments annually. The Corporation has also created a marketing campaign for the program that includes the development of web-based materials, marketing brochures, presentation materials and clear document packages for borrowers. Staff will work with regional and statewide associations to promote the program at conferences and training events. The Corporation will track the number, cost and location of affordable housing units produced by the program to determine if the Corporation is fulfilling its mission to serve underserved populations and areas in Texas.

MULTIFAMILY PRIVATE ACTIVITY BOND PROGRAM

The Texas Legislature in 2003 allocated 10 percent of the multifamily private activity bond cap to the Corporation. The available amount for funding in 2008 was approximately $45 million and a similar amount will be available for 2009. Nonprofit and for profit developers can use the program to finance the acquisition and rehabilitation or new construction of multifamily residential rental units across the state. Developers are encouraged to leverage the private activity bond funds by using Low Income Housing Tax Credits (LIHTC) available through TDHCA.

The Corporation's Private Activity Bond program statute requires the Corporation to target areas with the greatest housing need that have expressed local community support for affordable multifamily housing. The statute also requires the Corporation to solicit proposals from developers who would provide the specific housing development that would address the targeted housing need outlined in the request, whether for senior, rehabilitation, rural, supportive, migrant farm worker, or other specific housing need. Applications received in response to the request for proposals issued by the Corporation will be scored and ranked using criteria that analyzes the Developer's qualifications, experience and willingness to provide the types of multifamily housing targeted by the Corporation. Tax-exempt private activity bond financing will be allocated to the highest-scoring proposal that meets the identified housing needs of the Request for Proposals, subject to available allocation.

The Corporation issued requests for proposals in 2008 to Developers for the provision of rural, senior, preservation of at-risk housing (rehabilitation) and supportive housing. The Corporation received two applications but did not issue bonds this year. Since 2003, the Corporation has awarded $49,200,000 to create or preserve 1,258 units of affordable rental housing.

2009 Implementation Plan

The targeted areas of housing for 2009 are Preservation of At-Risk Housing, Assisted Living, Supportive Housing, Hurricane Effected Areas and Rural Housing. These targeted areas are based on current research and information received throughout the last few years.

Most recently, the Corporation conducted an electronic survey with housing stakeholders and conducted an analysis of housing production by state and local bond issuers. The Corporation also reviewed regional market studies from the Texas A&M Real Estate Center. The 2009 RFP is an evergreen RFP that will stay outstanding until all volume cap set aside for this program is allocated.

Multifamily 501(c)(3) Bond Program

The Corporation's 501(c)(3) Multifamily Bond Program was created to finance the acquisition and rehabilitation, or new construction, of affordable multifamily housing units throughout the state of Texas. Unlike the Corporation's PAB program, 501(c)(3) financing does not use volume cap allocation and applications can be considered year-round. Also different from the PAB program is that 501(c)(3) financing may not be used in conjunction with low income housing tax credits. Only qualified nonprofit developers, designated under the internal revenue code as 501(c)(3) organizations, are eligible to apply for 501(c)(3) financing.

In addition to providing safe, decent and affordable rental housing to residents of the state of Texas, recipients of 501(c)(3) financing must adopt a dollar-for-dollar public benefit program, investing at least one dollar in rent reduction, capital improvement projects, or social, educational, or economic development services for every dollar of abated property tax revenue they receive.

The Corporation is currently updating its 501(c)(3) bond program policies.

2009 Implementation Plan

The Corporation will monitor market conditions but does not anticipate issuing new bonds under the program in 2009. Non-profit developers may choose to apply under the Corporation's Multifamily Private Activity Bond Program to be eligible for bond financing in addition to 4 percent tax credit equity.

Multifamily Direct Lending Program

The Multifamily Direct Lending Program supports the Corporation's mission to promote equal access to safe, decent and affordable housing with an emphasis on serving rural and underserved markets. The program provides long-term financing to non-profit and for-profit developers for the purpose of increasing and preserving the stock of affordable rental housing throughout the state of Texas.

The primary sources of funds available to this program are from investments made by public and private entities into the Corporation's multifamily loan pool. The Corporation may also commit its own funds to the program, borrow funds from public or private entities to finance loans, or act as a conduit lender for pubic or private financial institutions. The availability of funds is dependant upon the Corporation's ability to find new investments, borrow funds at reasonable rates and terms, or identify secondary purchasers of loans.

The Corporation only considers proposals for developments involving the acquisition, construction and/or rehabilitation of affordable rental housing projects containing at least 10 housing units located within the state of Texas. Developments may be comprised of scattered-sites, senior apartments, affordable assisted living, limited-equity cooperatives, single-family rental units and other nontraditional multifamily rental housing.

This program helps to expand the flow of much-needed long-term capital to the community development industry by providing fixed rate mortgages that may not be efficiently priced by traditional secondary markets- whether because of their small size ($5M and under), configuration (scattered site and urban rehabs), affordable aspects, or lack of rated credit enhancement.

The Corporation has provided over $7 million in financing to over 1,800 units of affordable housing since the program's inception. To ensure the Corporation can continue to provide flexibility in its financing strategy, new policies for the program were approved in December 2007.

2009 Implementation Plan

The Corporation has included the following goals in its 2007-2009 Business Plan for this Program. First, the Corporation intends to establish and update yearly lending policies that will guide our utilization and management of the program. Second, to expand our impact in the market, the Corporation will actively fund raise for new sources of investment and secondary market purchasers for the Corporation's loan portfolio. The Corporation has set a goal of raising $2 million for the Corporation's Multifamily Direct Lending loan pool over the next two years.

Asset Oversight and Compliance

Asset oversight of properties is required by many bond issuers, including the Corporation and TDHCA, to monitor the financial and physical health of a property and to provide suggestions for improvement. Compliance monitoring ensures that the borrowers are providing the required number of affordable units to income eligible households and that quality resident services are being provided to all residents of the property. Periodic on-site inspections and resident file reviews of affordable units ensure that federal requirements relating to the tax-exempt status of the bonds are followed.

For those properties funded by the Corporation, the Corporation has developed a convenient way for property managers/owners to submit their compliance reports online. All properties started reporting online on or before February 2005. Since that time, properties have been reporting as required on a monthly and quarterly basis and serves to streamline paper and provide convenience to the properties.

The Corporation is currently providing asset oversight for 146 properties and compliance oversight for 40 properties[62]. In May of 2006 TDHCA contracted with the Corporation to provide asset oversight services for multifamily properties financed through their bond program. The number of asset oversight reviews conducted by the Corporation for the Texas Department of Housing and Community Affairs are as follows:

[62] As of January 1, 2009

Year	Number of Site Visits	Number of Units
2006	73 site visits	16,956 units
2007	86 site visits	19,727 units
2008	99 site visits	22,279 units

2009 Implementation Plan

The Corporation will continue to provide high quality asset oversight and compliance monitoring services to the properties in our current portfolio and intends to increase the effectiveness and efficiency of the program. First, the Corporation intends to develop and implement compliance software for better tracking purposes. The Corporation will also work to contract with other entities to expand our asset oversight and compliance monitoring portfolio of business. The Corporation will pursue new asset oversight and/or compliance business relationships with public agencies such as HUD, the Texas Department of Housing and Community Affairs, Housing Authorities, or partnering with private owners and property management companies.

Grant Program

As a 501(c)(3) nonprofit entity, the Texas State Affordable Housing Corporation can actively pursue fundraising and grant opportunities. Since 2006, the Corporation has been making considerable strides to fundraise for new programs, such as the Texas Foundations Fund, the Interim Construction and Land Acquisition Program and the HomeWorks Loan Program. In addition, the Corporation actively fundraises for other Texas initiatives, such as the Texas Foreclosure Prevention Task Force and the Texas Statewide Homebuyer Education Program.

To date, the Corporation has received $1.5 million in grants and donations.

2009 Implementation Plan

The Corporation's mission of affordable housing matches many foundation and grant objectives and provides multiple opportunities for corporate sponsorship and cross-promoting. The Corporation will work to fundraise for grants and will pursue low-interest loans for the Texas Foundations Fund, the HomeWorks Loan Program, the Multifamily Direct Lending Program and the Interim Construction and Land Acquisition Program. In addition, the Corporation will solicit corporate partners in the home improvement, home appliance and large retail business sectors for down payment assistance for our Professional Educator, Fire Fighter, Police Officer, Security Officer and Nursing Faculty bond programs. We will request a grant for down payment assistance and coupons for participating borrowers, such as $50 off a refrigerator, or a $100 coupon to the home improvement store. The Corporation will also work with national computer manufacturers to contribute a computer to every teacher, firefighter, police officer, corrections officer, or nurse educator that closes a loan through our program and negotiate with telecommunications companies to contribute phone/internet service packages. These are just a few of the fundraising activities and initiatives that the Corporation will undertake in 2008.

HomeWorks Program

The Corporation created HomeWorks, an employer assisted housing program, in April of 2008. Employer assisted housing programs are aimed not only at providing an affordable financing product to potential homebuyers, but aid in recruiting new businesses to the State. Such programs can enhance existing businesses by offering incentives not otherwise possible to employees they would like to recruit and retain.

This program is a partnership between the Corporation and participating employers and their employees. HomeWorks offers a 30-year fixed rate mortgage through the mortgage lender of the borrower's choice. The program offers up to $4,000 in matching funds for downpayment and closing cost assistance courtesy of the Corporation and participating employers across Texas.

The Corporation and the employer match dollar for dollar, up to $2,000 each, of an employee's contribution toward downpayment and closing costs. Matching assistance is provided to the employee in the form of a 3-year deferred forgivable second lien loan *(33.33% is forgiven each year)*. If the employee leaves or is terminated by the employer, the remaining balance of the assistance is to be paid back to the Corporation and/or the employer.

Participating employers contribute a maximum amount to the program and offer it to employees on a first-come, first-served basis. The employee must be employed by a participating employer for at least 6 months, with a 3 year commitment to the employer. The employee must participate in a homebuyer education course approved by the Corporation prior to closing on the loan. The employee must meet income (80% AMFI or below) and purchase price limits set by the Corporation, while meeting standard mortgage underwriting requirements demonstrating credit worthiness. The employee must also occupy the purchased home as his or her primary residence.

2009 Implementation Plan

The Corporation will continue to have discussions with interested employers across the State. The Corporation is committed to assisting borrowers bridge the gap to homeownership while strengthening the economic viability and stability of the State. The Corporation will also continue its funding raising efforts to secure additional funding for this program.

Texas Foundations Fund

The Corporation created the Texas Foundations Fund (TFF) in early 2008 to improve the living standards of Texas residents of very low-income and extremely-low income, specifically those at 50 percent or below of the area median family income.

TFF provides grants of up to $50,000 to nonprofit organizations and rural governmental entities (or their instrumentalities) for the construction, rehabilitation, and/or critical repair of single family homes for homeowners who are Texas residents of very low-income or extremely low-income, with a particular emphasis on serving very low-income disabled and rural Texans and the provision of additional supportive housing services for very low-income residents of multifamily apartment complexes.

The Corporation accepts eligible project proposals through a competitive process. A notice of funding availability is published on an annual basis when the Board of Directors determines that sufficient funds exist to award grants. Proposals are first considered by the Corporation's Advisory Council, whose members are appointed by the Corporation's Board of Directors, with final approval provided by the Board of Directors.

In October 2008, five $50,000 grants were awarded to the following organizations: Affordable Homes of South Texas, Foundation Communities, Midland Habitat for Humanity, Brazos Valley Affordable Housing Corporation, and United Cerebral Palsy of Texas.

2009 Implementation Plan

The Corporation awarded the first round of Texas Foundations Fund grant awards in October 2008 to five nonprofit organizations located throughout the state of Texas, whose projects range from the construction or critical repair of single family housing to the provision of supportive services for residents recovering from drug and alcohol abuse.

In total, we calculate the projects will assist more than 100 families and 500 individuals. An emergency second round of funding, which will support very low income residents affected by Hurricanes Ike and Dolly, will be disbursed in January 2009. The Corporation has funded the first two rounds of funding using revenue generated through its other programs. While our Board of Directors will determine how much revenue the Corporation will contribute to the third round of Texas Foundations Fund awards, we estimate that we will be able to fund at least two grant awards in the third round and will fundraise to make additional awards

New Program Initiatives for 2009

Mortgage Credit Certificate Program

As a result of a decline in bond market conditions and limited investor demand for housing bonds, the Corporation is exploring alternative mechanisms to offer borrowers an affordable tool when purchasing a home. The Corporation is in the process of creating a Mortgage Credit Certificate (MCC) Program.

An MCC is a federal income tax credit designed to assist persons of low to moderate income to better afford individual ownership of housing. With an MCC, the qualified homebuyer is eligible to write off a portion of the annual interest paid on the mortgage as a special tax credit, not to exceed $2,000, during each year that they occupy the home as their principal residence. The portion or amount of the tax credit is equal to the mortgage credit rate on the MCC multiplied by the annual interest paid. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings. Increased buyer income results in increased buyer capacity to qualify for the mortgage loan. The MCC has the potential of saving the MCC holder thousands of dollars over the life of the loan.

This MCC Program would be eligible to any borrower eligible under our Professional Educators, Homes for Texas Heroes, and Home Sweet Texas Loan Programs. The same requirements will be applicable for qualifying for an MCC as they are for qualifying for one of the Corporation's mortgage revenue private activity bond programs.

APPENDIX A

LEGISLATIVE REQUIREMENTS FOR THE STATE OF TEXAS LOW INCOME HOUSING PLAN AND ANNUAL REPORT

Sec. 2306.072. Annual Low Income Housing Report

1) Not later than March 18 of each year, the director shall prepare and submit to the board an annual report of the department's housing activities for the preceding year.
2) Not later than the 30th day after the date the board receives the report, the board shall submit the report to the governor, lieutenant governor, speaker of the house of representatives and members of any legislative oversight committee.
3) The report must include
   a) a complete operating and financial statement of the department;
   b) a comprehensive statement of the activities of the department during the preceding year to address the needs identified in the state low income housing plan prepared as required by Section 2306.0721, including:
      i) a statistical and narrative analysis of the department's performance in addressing the housing needs of individuals and families of low and very low income;
      ii) the ethnic and racial composition of families and individuals applying for and receiving assistance from each housing-related program operated by the department; and
      iii) the department's progress in meeting the goals established in the previous housing plan;
   c) an explanation of the efforts made by the Department to ensure the participation of persons of low income and their community-based institutions in department programs that affect them;
   d) a statement of the evidence that the Department has made an affirmative effort to ensure the involvement of individuals of low income and their community-based institutions in the allocation of funds and the planning process;
   e) a statistical analysis, delineated according to each ethnic and racial group served by the department, that indicates the progress made by the department in implementing the state low income housing plan in each of the uniform state service regions; and
   f) an analysis, based on information provided by the fair housing sponsor reports required under Section 2306.0724 and other available data, of fair housing opportunities in each housing development that receives financial assistance from the department that includes the following information for each housing development that contains twenty or more living units:
      i) the street address and municipality or county where the property is located;
      ii) the telephone number of the property management of leasing agent;
      iii) the total number of units reported by bedroom size;
      iv) the total number of units, reported by bedroom size, designed for individuals who are physically challenged or who have special needs and the number of these individuals served annually as reported by each housing sponsor;
      v) the rent for each type of rental unit, reported by bedroom size;
      vi) the race or ethnic makeup of each project;
      vii) the number of units occupied by individuals receiving government-supported housing assistance and the type of assistance received;
      viii) the number of units occupied by individuals and families of extremely low income, very low income, low income, moderate income and other levels of income;
      ix) a statement as to whether the department has been notified of a violation of the fair housing law that has been filed with the United States Department of Housing and Urban Development, the Commission on Human Rights, or the United State Department of Justice; and
      x) a statement as to whether the development has any instances of material noncompliance with bond indentures or deed restrictions discovered though the normal monitoring activities and

procedures that include meeting occupancy requirements or rent restrictions imposed by deed restrictions or financing agreements.

g) a report on the geographic distribution of low income housing tax credits, the amount of unused low income housing tax credits and the amount of low income housing tax credits received from the federal pool of unused funds from other states.

h) A statistical analysis, based on information provided by the fair housing sponsor reports required by Section 2306.0724 and other available data, of average rents reported by county.

Sec. 2306.0721. Low Income Housing Plan

1) Not later than March 18 of each year, the director shall prepare and submit to the board an integrated state low income housing plan for the next year.
2) Not later than the 30th day after the date the board receives the plan, the board shall submit the plan to the governor, lieutenant governor and the speaker of the house of representatives.
3) The plan must include:
   a) an estimate and analysis of the housing needs of the following populations in each uniform state service region:
      i) individuals and families of moderate, low-, very low- income and extremely low income;
      ii) individuals with special needs; and
      iii) homeless individuals;
   b) a proposal to use all available housing resources to address the housing needs of the populations described by Subdivision (1) by establishing funding levels for all housing-related programs;
   c) an estimate of the number of federally assisted housing units available for individuals and families of low and very low income and individuals with special needs in each uniform state service region;
   d) a description of state programs that govern the use of all available housing resources;
   e) a resource allocation plan that targets all available housing resources to individuals and families of low and very low income and individuals with special needs in each uniform state service region;
   f) a description of the department's efforts to monitor and analyze the unused or underused federal resources of other state agencies for housing-related services and services for homeless individuals and the department's recommendations to endorse the full use by the state of all available federal resources for those services in each uniform state service region;
   g) strategies to provide housing for individuals and families with special needs each uniform state service region;
   h) a description of the department's efforts in each uniform state service region to encourage the construction of housing units that incorporate energy efficient construction and appliances;
   i) an estimate and analysis of the housing supply in each uniform state service region;
   j) an inventory of all publicly and, where possible, privately funded housing resources, including public housing authorities, housing finance corporations, community housing development organizations and community action agencies;
   k) strategies for meeting rural housing needs;
   l) a biennial action plan
      i) addresses current policy goals for colonia programs, strategies to meet the policy goals and the projected outcomes with respect to policy goals; and
      ii) includes information on the demand for contract-for-deed conversions, services from self-help centers, consumer education and other colonia resident services in counties some part of which is within 150 miles of the international border of this state;
   m) a summary of public comments received at a hearing under this chapter or from another source that concern the demand for colonia resident services described by Subdivision (12); and

n) any other housing-related information that the state is required to include in the one-year action plan of the consolidated plan submitted annually to the United States Department of Housing and Urban Development.

4) The priorities and policies in another plan adopted by the department must be consistent to the extent practical with the priorities and policies established in the state low income housing plan.
5) To the extent consistent with federal law, the preparation and publication of the state low income housing plan shall be consistent with the filing and publication deadlines required of the department for the consolidated plan; and
6) The director may subdivide the uniform state service regions as necessary for the purposes of the state low income housing plan.
7) The department shall include the plan developed by the Texas State Affordable Housing Corporation under Section 2306.566 in the department's resource allocation plan under Subsection (c)(5).

Sec. 2306.0722. Preparation of Plan and Report

1) Before preparing the annual low income housing report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the department shall meet with regional planning commissions created under Chapter 391, Local Government Code, representatives of groups with an interest in low income housing, nonprofit housing organizations, managers, owners and developers of affordable housing, local government officials and residents of low income housing. The department shall obtain the comments and suggestions of the representatives, officials and residents about the prioritization and allocation of the department's resources in regard to housing.
2) In preparing the annual report under Section 2306.072 and the state low income housing plan under Section 2306.0721, the director shall:
   a) coordinate local, state and federal housing resources, including tax exempt housing bond financing and low income housing tax credits;
   b) set priorities for the available housing resources to help the neediest individuals;
   c) evaluate the success of publicly supported housing programs;
   d) survey and identify the unmet housing needs of persons the department is required to assist;
   e) ensure that housing programs benefit a person regardless of the persons' race, ethnicity, sex, or national origin;
   f) develop housing opportunities for individuals and families of low and very low income and individuals with special housing needs;
   g) develop housing programs through an open, fair and public process;
   h) set priorities for assistance in a manner that is appropriate and consistent with the housing needs of the populations described by Section 2306.0721(c)(1);
   i) incorporate recommendations that are consistent with the consolidated plan submitted annually by the state to the United States Department of Housing and Urban Development;
   j) identify the organizations and individuals consulted by the department in preparing the annual report and state low income housing plan and summarize and incorporate comments and suggestions provided under Subsection (a) as the board determines to be appropriate;
   k) develop a plan to respond to changes in federal funding and programs for the provision of affordable housing;
   l) use the following standardized categories to describe the income of program applicants and beneficiaries:
      i) to 30 percent of area median income adjusted for family size;
      ii) more than 30 to 60 percent of area median income adjusted for family size;
      iii) more than 60 to 80 percent of area median income adjusted for family size;
      iv) more than 80 to 115 percent of area median income adjusted for family size; or
      v) more than 115 percent of area median income adjusted for family size; and

m) use the most recent census data combined with existing data from local housing and community service providers in the state, including public housing authorities, housing finance corporations, community housing development organizations and community action agencies.

n) provide the needs assessment information compiled for the report and plan to the Texas State Affordable Housing Corporation.

Sec. 2306.0723. Public Participation Requirements

1) The Department shall consider the annual low income housing report to be a rule and in developing the report shall follow rulemaking procedures required by Chapter 2001.

Sec. 2306.0724. Fair Housing Sponsor Report

1) The department shall require the owner of each housing development that receives financial assistance from the department and that contains 20 or more living units to submit an annual fair housing sponsor report. The report must include the relevant information necessary for the analysis required by Section 2306.072(c)(6). In compiling the information for the report, the owner of each housing development shall use data current as of January 1 of the reporting year.
2) The department shall adopt rules regarding the procedure for filing the report.
3) The department shall maintain the reports in electronic and hard-copy formats readily available to the public at no cost.
4) A housing sponsor who fails to file a report in a timely manner is subject to the following sanctions, as determined by the department:
   a) denial of a request for additional funding; or
   b) an administrative penalty in an amount not to exceed $1,000, assessed in the manner provided for an administrative penalty under Section 2306.6023.

Texas Department of Housing and Community Affairs
Housing Resource Center
PO Box 13941
Austin, TX 78711
Phone: 1-800-525-0657

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 12, 2008

Action Item

Presentation, Discussion and Possible Approval of the 2009 Low Income Home Energy Assistance Program and Department of Energy Weatherization Awards

Requested Action

Approve, deny, or approve with amendments the distribution of the 2009 weatherization funds by the formula detailed in 10 TAC §6.201-§6.214.

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 and is governed by the 2009 LIHEAP Plan that the Board approved on July 31, 2008. The DOE awards provide funding for weatherization services only and are governed the DOE State Plan. The 2009 State Plan is detailed in the previous Board Action Request. The program year for the weatherization program is April 1, 2009 – March 31, 2010.

Staff is requesting approval to obligate the 2009 DOE Supplemental Award funds $6,713,406 and the weatherization portion of the 2008 LIHEAP award $23,937,865 totaling $30,651,271 to the weatherization subrecipient network. Additionally, staff is requesting approval to obligate the 2009 DOE regular allocation when congressional approval and subsequent approval from the President is received.

The American Recovery and Reinvestment Act of 2009 includes additional funding of $5 billion for the U.S. Department of Energy Weatherization Assistance Program. When the final allocation for the State of Texas has been approved, the Department intends to submit a plan and funding recommendations to the Board. The estimates for additional weatherization funding in Texas range from $150 million to $350 million.

Summary of Weatherization Programs

The weatherization subrecipient network is comprised of 34 subrecipient organizations 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 client households apply for assistance with the weatherization subrecipient. The subrecipient determines if the household is income-eligible and whether they meet the criteria for one or more or 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.

Recommendation

Staff recommends approval of the 2009 Low Income Home Energy Assistance Program weatherization awards and the 2009 Department of Energy Supplemental weatherization awards by the formula detailed in 10 TAC §6.201-§6.214.

PY 2009 Weatherization Contracts
04/01/09-03/31/10

CONTRACTOR	DOE Contracts	LIHEAP Contracts	Total Contracts
Alamo Area Council of Govt.	$ 518,875	$ 1,914,512	$ 2,433,387
Bee Community Action Agency	$ 46,286	$ 134,768	$ 181,054
Big Bend Community Action	$ 90,065	$ 299,638	$ 389,703
Brazos Valley Community Action	$ 218,435	$ 783,072	$ 1,001,507
Cameron-Willacy Counties.	$ 191,645	$ 682,184	$ 873,829
Caprock Community Action	$ 73,917	$ 238,826	$ 312,743
Combined Community Action	$ 128,380	$ 443,929	$ 572,309
Community Action Committee of Victoria	$ 174,460	$ 617,462	$ 791,922
Community Action Corporation of South Texas	$ 391,531	$ 1,434,941	$ 1,826,472
Greater East Texas Community Action Program	$ 212,662	$ 761,330	$ 973,992
Community Action Program	$ 151,367	$ 530,496	$ 681,863
Community Council of Reeves County	$ 34,391	$ 89,974	$ 124,365
Community Services Agency of LaSalle/Dimmit	$ 136,273	$ 473,654	$ 609,927
Community Services, Inc.	$ 351,447	$ 1,283,986	$ 1,635,433
Rolling Plains Management Corporation	$ 123,399	$ 425,170	$ 548,569
EOAC of Planning Region XI	$ 140,349	$ 489,003	$ 629,352
El Paso CAP-Project BRAVO	$ 262,931	$ 950,642	$ 1,213,573
City of Fort Worth	$ 275,392	$ 997,569	$ 1,272,961
Hill Country Community Action Agency	$ 162,692	$ 573,146	$ 735,838
Webb County Commmunity Action Agency	$ 91,799	$ 306,166	$ 397,965
City of Lubbock Community Development	$ 95,987	$ 321,938	$ 417,925
Nueces County Community Action Agency	$ 118,042	$ 404,996	$ 523,038
Panhandle Community Services	$ 224,585	$ 806,233	$ 1,030,818
Program for Human Services	$ 232,055	$ 834,365	$ 1,066,420
Sheltering Arms Senior Services, Inc.	$ 795,455	$ 2,956,094	$ 3,751,549
South Plains Community Action Agency	$ 64,149	$ 202,041	$ 266,190
Texoma Council of Governments	$ 216,716	$ 776,598	$ 993,314
Concho Valley Community Action Agency	$ 133,971	$ 464,986	$ 598,957
Travis County Human Services Department	$ 169,371	$ 598,300	$ 767,671
Tri-County Community Action, Inc.	$ 129,351	$ 447,587	$ 576,938
West Texas Opportunities, Inc.	$ 182,662	$ 648,352	$ 831,014
Dallas County Department of Health and Human S	$ 482,019	$ 1,775,712	$ 2,257,731
South Texas Development Council	$ 70,678	$ 226,627	$ 297,305
Institute of Rural Development	$ 22,069	$ 43,568	$ 65,637
TOTAL	**$ 6,713,406**	**$ 23,937,865**	**$ 30,651,271**

COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of the 2009 U.S. Department of Energy Weatherization State Plan

Requested Action

Approve, deny or approve with amendments the submission of the 2009 U.S. Department of Energy Weatherization State Plan.

Background

The Texas Department of Housing and Community Affairs (the Department) develops and submits a State Plan to the Department of Energy (DOE) each year. DOE provides grant guidance in early December to provide the format and content for the state plan, that the Department followed. The Department developed the draft State Plan, with review and comment by Energy Assistance (EA) staff, the Community Affairs Division Director, the Financial Services Division, and the Executive Team in January. After internal review and approval, and budget finalization, the draft of the 2009 DOE State Plan was posted on the Department's Internet website January 20, 2009. The *Texas Register* announcement of the public hearing and the availability of the draft plan were published January 9, 2009. The Department conducted its public hearing for the plan Thursday January 22, 2009, at 2:00 p.m. at the Department headquarters. Comments received during the hearing are summarized below. The comment period closed on Tuesday January 27, 2009. The plan was due to DOE February 1, 2009. DOE has allowed for submission of the final plan after Board approval. Additionally, the plan (at the request of DOE) was based on DOE Supplemental Funding plus an estimated level funding figure for 2009. The funding amount will change when the Department receives the final 2009 allocation.

The Department contracts with 35 weatherization subrecipients to administer the program in all 254 counties of the state. Subrecipients utilize the DOE funding to 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 client households apply for assistance with the weatherization subrecipient. The subrecipient determines if the household is income-eligible and whether they meet the priority criteria. Typically, if the applicant is determined eligible, the applicant is placed on a waiting list.

As scheduling allows, the subrecipient conducts an energy assessment on the applicant's home and results are entered into the energy audit to determine if weatherization measures are appropriate. If the applicant is still income eligible, 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.

The 2009 DOE weatherization budget is currently $6,933,419. The funding provides for state administration and state training and technical assistance. Additionally, the funds allow for subrecipients financial audits, household audits, and program administration. DOE allows a maximum of $3,055 per unit for weatherization services. Energy Assistance Section projects that subrecipients will weatherize 1,383 units.

Summary of Comments and Department Response

The Department received twelve comments during the public hearing. The following summary represents the official comments. They required response from the Department. The name of the commentator and the organization that he represents appear at the end.

Comment No. 1
Public Comment received at the Public Hearing
The Department should include static pressure probes in the equipment that is being recommended.

Department Response:
Department staff concurs and will include the static pressure probes in the plan.

Comment No. 2
Public Comment received at the Public Hearing
The Department has not allowed sufficient time for public comment and should allow for additional comment.

Department Response:
The Department concurred and extended the public comment period for an additional five days. No additional comments were received during the extended comment period.

Comment #3
Public Comment received at the Public Hearing
Is the membership dues budget available to the subrecipients?

Department Response:
The membership dues budget is not available to the subrecipients. No change is required.

Comment #4
Public Comment received at the Public Hearing
Do carryover funds trigger the decrease in the maximum administration percentage?

Department Response:
The additional carryover funds would not trigger the reduction in administration. No change is required.

Comment #5
Public Comment received at the Public Hearing
The statement that the allocation of funds is determined by formula is misleading.

Department Response:
The Department (in an effort to maximize the administration budget for the subrecipients) caps the maximum DOE award at $349,999, and corrects for the reduction in DOE funding through an increase in the LIHEAP weatherization contract amount for the affected agencies. A statement clarifying the process has been added to the plan.

Comment #6
Public Comment received at the Public Hearing
CSI has had to spend an additional $13,839 for liability insurance; CSI has used CSBG to make up that difference.

Department Response:
The liability insurance issue will be addressed when final guidance on 2009 funding and Lead Safe Weatherization guidance has been finalized by DOE. No change is required at this time, any changes would be reflected in an amendment to the plan.

Comment #7
Public Comment received at the Public Hearing
Re-weatherization is limited to 5% of all units, and needs prior approval. Does this mean that prior approval is needed on all units or just when the 5% has been reached?

Department Response:
The approval is needed to exceed the 5% cap. A clarification is included in the final plan

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Comment #8
Public Comment received at the Public Hearing
Why don't you reflect the LIHEAP awards in the section titled State, Leveraged, LIHEAP and other? Don't leveraged funds increase the state allocations?

Department Response:
Leveraged funds do not increase the DOE allocation. Inclusion in this portion of the application would not benefit the state and would possibly confuse the requirements of the LIHEAP grant. No change is required.

Comment #9
Public Comment received at the Public Hearing
Will the Department train subcontractors of the subrecipients on Lead Based Paint issues?

Department Response:
The Department will not train subcontractor staff, only the subrecipients' staff. A clarification has been made to the plan.

Comment #10
Public Comment received at the Public Hearing
When will the client education materials be available to the subrecipients?

Department Response:
The Department will provide the client education materials as early as feasible. No change is required.

Comment #11
Public Comment received at the Public Hearing
How can the $349,999 be translated in to a differing number of units to be weatherized?

Department Response:
The Department concurs and will correct the calculation before final submission of the plan to DOE.

Comment #12
Public Comment received at the Public Hearing
How will changes to the WAP Policy Advisory Council be made?

Department Response:

The Policy Advisory Council members serve at the discretion of the Executive Director of the Department. Recommendation for additional members will be made to the Executive Director and forwarded to the Board for ratification.

Reference #	Contact	Organization
1	Doug Garrett	Building Performance and Comfort
2 thru 11	Art Kampschafer	Community Services, Inc.
12	Stella Rodriguez	Texas Association of Community Action Agencies

Recommendation

Staff recommends board approval of the 2009 U.S. Department of Energy State Plan as revised after the completion of the Public Hearing and subsequent to the Policy Advisory Council meeting.

(Funding allocation based on DOE's Weatherization Program Notice #09-1 and #09-1-A.)

DRAFT--2009 DOE WAP STATE PLAN

TEXAS DEPARTMENT OF

HOUSING AND COMMUNITY AFFAIRS

PY 2009 STATE PLAN & APPLICATION

FOR

WEATHERIZATION ASSISTANCE PROGRAM

FOR LOW-INCOME PERSONS

April 2009

ANNUAL FILE

TABLE OF CONTENTS

ANNUAL FILE

Grant Application for Federal Assistance Standard Form 424

Standard Form 424, (from WinSAGA System) OMB Number 4040-004
Page 1

Standard Form 424, (from WinSAGA System) OMB Number 4040-004
Page 2

Standard Form 424, (from WinSAGA System) OMB Number 4040-004
Page 3

Standard Form 424, (from WinSAGA System) OMB Number 4040-004
Page 4

Section 2: Budget

Budget Information – Non Construction Programs

OMB Approval No.0348-0044

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1. DOE	81.042			$12,482,832		$12,482,832
2.						
3.						
4.						
5. **Totals**				$12,482,832		$12,482,832

Section B – Budget Categories	Grant Program, Function or Activity				
6. Object Class Categories	(1) Grantee Administration	(2) Subgrantee Administration	(3) Grantee T&TA	(4) Subgrantee T&TA	Total All Budget (5)
a. Personnel	193,217		171,205		364,422
b. Fringe Benefits	55,202		48,913		104,115
c. Travel	34,200		48,769		82,969
d. Equipment	0		9,500		9,500
e. Supplies	53,562		74,619		128,181
f. Contractual	0	1,097,256	76,500	547,385	11,596,441
g. Construction	0		0		0
h. Other	8,663		9,500		18,163
i. Total Direct Charges (sum of 6a-6h)	344,844	1,097,256	439,006	547,385	12,303,791
j. Indirect Charges	94,928		84,113		179,041
k. **Totals** (sum of 6i and 6j)	439,772	1,097,256	523,119	547,385	$12,482,832
7. Program Income					

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Prescribed by OMB Circular A-102

Budget Information – Non Construction Programs

OMB Approval No.0348-0044

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. Totals						

Section B – Budget Categories					
	Grant Program, Function or Activity				Total All Budget (5)
6. Object Class Categories	(1) Program Operations	(2) Health and Safety	(3) Vehicles and Equipment	(4) Liability Insurance/POI	
a. Personnel					364,422
b. Fringe Benefits					104,115
c. Travel					82,969
d. Equipment					9,500
e. Supplies					128,181
f. Contractual	8,183,359	1,444,122		213,819	11,596,441
g. Construction					0
h. Other					18,163
i. Total Direct Charges (sum of 6a-6h)	8,183,359	1,444,122		213,819	12,303,791
j. Indirect Charges					179,041
k. **Totals** (sum of 6i and 6j)	8,183,359	1,444,122		213,819	$12,482,832
7. Program Income					

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Budget Information – Non Construction Programs

OMB Approval No.0348-0044

Section A – Budget Summary						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-federal (f)	Total (g)
1.						
2.						
3.						
4.						
5. **Totals**						

Section B – Budget Categories					
	Grant Program, Function or Activity				Total All Budget (5)
6. Object Class Categories	(1) Leveraging (Admin. /T&TA Funds)	(2) Financial Audits	(3)	(4)	
a. Personnel					364,422
b. Fringe Benefits					104,115
c. Travel					82,969
d. Equipment					9,500
e. Supplies					128,181
f. Contractual	0	34,000			11,596,441
g. Construction					0
h. Other					18,163
i. Total Direct Charges (sum of 6a-6h)	0	34,000			12,303,791
j. Indirect Charges					179,041
k. **Totals** (sum of 6i and 6j)	0	34,000			$12,482,832
7. Program Income					

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Prescribed by OMB Circular A-102

GO-PF20a
(10/01)

U.S. DEPARTMENT OF ENERGY
GOLDEN FIELD OFFICE

BUDGET EXPLANATION FOR FORMULA GRANTS

Provide detailed information to support each Cost Category using this form. Cost breakdown estimates may be entered on this form or attach a breakdown of costs using your own format as Attachment A.

1. PERSONNEL - Prime Applicant only (all other participant costs must be listed on 6. below and form DOE F 4600.4, Section B. Line 6.f. Contracts and Sub Grants.

2. Identify, by title, each position to be supported under the proposed award.

a. Briefly specify the duties of professionals to be compensated under this project.

Administration Funds $193,217
Training and Technical Assistance Funds $171,205
Total Personnel Budget $364,423

Manager of Energy Assistance (EA)	*Overall program management and staff supervision.*
Project Manager of EA	*Program management and staff supervision of program officers and trainers.*
Project Manager of EA	*Program management and staff supervision of fiscal, contract specialists, and planners.*
Trainer	*Subrecipient training in all aspects of the WAP*
Senior Planner	*Develop State Plan/Applications and reporting.*
Planner	*Develop State Plan/Applications and reporting.*
Program Officers (7)	*Programmatic monitoring of WAP subrecipients and technical assistance.*
Contract Specialist	*Process payment requests and develop contracts.*
Contract Specialist	*Process payment requests and develop contracts.*

3. FRINGE BENEFITS -

a. Are the fringe cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

No

b. If a above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.
$104,115

Benefit	Rate	Cost base
Retirement	6.45%	Salary
Insurance	14.47%	Salary
OASDI	6.2%	Salary
Medicare	1.45%	Salary
Total	**28.57%**	

3. TRAVEL - Identify total Foreign and Domestic Travel as separate items.

a. Indicate the purpose(s) of proposed travel.

Foreign Travel $-0-
Domestic Travel $82,969

Monitoring
Number of trips: 50
Point of origin: Austin
Destination: All areas of the State
Purpose: Monitoring of WAP subrecipients and training and technical assistance as needed during visit

T&TA
Number of trips: 68
Point of origin: Austin
Destination: All areas of the State
Purpose: Training and technical assistance for WAP subrecipients

Grant Guidance
Number of trips: 1 staff
Point of origin: Austin
Destination: Denver, CO
Purpose: Grant Guidance Meeting

National Association of State Community Service Programs Conference
Number of trips: 1 staff
Point of origin: Austin
Destination: Out-of-State, Location T.B.D.
Purpose: Conference Training and Technical Assistance

b. Specify the basis for computation of travel expenses (e.g., current airline ticket quotes, past trips of a similar nature, federal government or organization travel policy, etc.).

Cost of transportation is based on historical data and the State of Texas contracted travel providers.

Subsistence (hotel and per diem) is based on the State of Texas travel policy which allows for up to $121 maximum for in-state travel (hotel: $85, meals: $36) and $85 to $259 maximum for out-of-state travel.

Monitoring
Transportation @ 200 X 50 = $10,000
Subsistence @ 121 X 50 X 4 days = $24,200

T&TA
Transportation @ 200 X 68 = $13,600
Subsistence @ 121 X 68 X 4 days = $32,912

Grant Guidance
Transportation @ $533 X 1= $533
Subsistence @ 168 X 3 days = $504

National Association for State Community Service Programs Conference
Transportation @ $500 X 1 = $500
Subsistence @ Meals $60 x 4 days/Hotel $160 x 3 nights = $720

4. **EQUIPMENT** - as defined in 10 CFR 600.202. Definitions can be found at http://www.access.gpo.gov/nara/cfr/waisidx 00/10cfr600 00.html.

a. Provide the basis for the equipment cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

1 Infrared Camera $8,500
1 Pressure Pan & Guages $150
1 DG 700 Guages with Static Pressure Probe $850

b. Briefly justify the need for items of equipment to be purchased.

The infrared cameras will provide the WAP subrecipients with the latest diagnostic technology in assessing the needs of the client's home. The pressure pans, gauges, probe, and hoses will also equip the assessors with the diagnostic tools they need to better assess the homes.

5. **MATERIALS AND SUPPLIES** - as defined in 10 CFR 600.202. Definitions at http://www.access.gpo.gov/nara/cfr/waisidx_00/10cfr600_00.html.

a. Provide the basis for the materials and supplies cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

Energy Savers Calendars
25,620 @ $3.50 = $89,670
Vendor National Energy Assistance Director's Association (NEADA)

Temperature Strips
25,674 @ $1.50 = $38,511
Historical data. Vendor quotes.

b. Briefly justify the need for items of material to be purchased.

The printed material will be used for client education purposes. The material will be available for potential clients who apply for WAP services. The Department requires WAP Assessors to provide client education to all clients who receive WAP services. The Assessors will recommend where to place the temperature strips in the client's homes.

6. **CONTRACTS AND SUBGRANTS** - All other participant costs including subcontractor, sub-grants, and consultants.

Provide the information below for new proposed subrecipients and subcontractors. For ongoing subcontractors and subrecipients, if this information is provided elsewhere in the application, it does not have to be restated here, but please indicate the document and page numbers where it can be found. * For example—Competitive, Historical, Quote, Catalog

Name of Proposed Subrecipient	Basis of Cost	Total Cost

Weatherization Subrecipients

Weatherization Subrecipients are listed in Section 3 of this Plan. The Department anticipates the program subrecipients will purchase 10 vehicles during PY 2009.

Subrecipient Travel Allowance Pool (Subrecipients are listed in Section 3 of this Plan.)

34 Subrecipients – The Texas Association of Community Action Agencies Conference in May 2009: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. $55,335

34 Subrecipients – Community Affairs Division Training Conference October 2009 and Lead Safe Weatherization Cluster Workshops: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. The Department will focus on Lead Safe Weatherization. $55,335

17 Subrecipients – Mobile Home Training Cluster Workshops: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. $28,450

21 Subrecipients – Heating Ventilation and Air Conditioning (HVAC) System Design and Performance Verification Cluster Workshops: Cost for each is based on the number of staff attending, their location, and estimated travel expenditures according to the allowable Texas travel rates. $31,265

In-state and out-of-state travel allowances for subrecipients to attend in-state and out-of-state DOE/state sponsored workshops and conferences. Without the allowance, most subrecipients would not be able to attend these trainings.

Expert Trainer Services

Cost for Mobile Home Insulation Training services for subrecipients for 6 cluster workshops. The estimated cost is $2,250/per day x 3 days per cluster workshop x 6 workshops = $40,500. Cost is based on historical data.

Cost for Heating Ventilation and Air Conditioning services for subrecipients for 8 cluster workshops. The estimated cost is $1,500/per day x 3 days per cluster workshop x 8 workshops = $36,000. Cost is based on historical data.

Cost for Lead Safe Weatherization Training services. The estimated cost is $2,000/per day x 1 day per cluster workshop x 10 workshops = $20,000. Cost is based on historical data.

7. **OTHER DIRECT COSTS** - Include all direct costs not included in above categories.

a. Provide the basis for the cost estimates (e.g., vendor quotes, prior purchases of similar or like items, etc.).

Miscellaneous/Other Direct Costs (estimated based prior purchases and historical data): $18,163
These costs include off-site training facility rental, membership dues, subscriptions/publications, maintenance/repair, and delivery services.

b. Briefly justify the need for items to be purchased.

OTHER DIRECT COSTS - Includes all direct costs and miscellaneous items not included in the other budget categories.

Off-site training facility rental
Facility space to conduct cluster workshops and other trainings or conferences in subrecipient service areas or State sponsored workshops or conferences. $5,000

Membership Dues
Costs for membership dues for TDHCA staff for technical and professional organizations. $3,000

Subscriptions/Publications
Costs of Energy Assistance Section's subscriptions to program-related professional and technical periodicals. $238

Registration Fees
Costs for staff registration fees to participate in staff development and program related conferences, trainings, and workshops. $3,000

Maintenance/Repair
Maintenance and repair costs include minor maintenance/repair of office space, such as broken door locks, overhead light fixture, minor plumbing repair, heating/air conditioning repair, cost of utilities, janitorial services, elevator service, necessary maintenance, and normal repairs and alterations necessary. $425

<u>Printing</u>
Costs for printing training materials, field guides, and other necessary program documents. $3,000

<u>Delivery</u>
Postage and handling services, mail services, and delivery services. $1,000

<u>Temporary Services</u>
Temporary agency staff services to assist with administrative duties as necessary. $2,500

8. <u>INDIRECT COSTS</u> -

a. Are the indirect cost rates approved by a Federal Agency? If so, identify the agency and date of latest rate agreement or audit below, and include a copy of the rate agreement.

This is based on the new approved indirect cost rate. A copy of the letter will be sent to DOE to be added to our file. We calculated the indirect rate at 49.13% of Personnel for this plan.

$179,041 -- Indirect costs are calculated at 49.13% of Personnel.

b. If a above does not apply, indicate the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost base for each rate. You may provide the information below or provide the calculations as an attachment.

Section 3: Subrecipients

Organization/ Counties	Address	Type	Funding	Units	District
1. ALAMO AREA COUNCIL OF GOVERNMENTS Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, Wilson	8700 Tesoro Dr., Ste 700 San Antonio, Texas 78217 (210) 362-5245 (210) 225-5937 – FAX	COG	349,999	86	11, 20, 21, 23, 25, 28
2. BEE COMMUNITY ACTION AGENCY Bee, Live Oak, McMullen, Refugio	PO Box 1540 Beeville, Texas 78104-1540 (361) 358-5530 (361) 358-6591 – FAX	CAA	168,868	42	15, 25, 28
3. BIG BEND CAC Brewster, Crane, Culberson, Hudspeth, Jeff Davis, Pecos, Presidio, Terrell	PO Box 265 Marfa, Texas 79843 (432) 729-4908 (432) 729-3435 – FAX	CAA	349,999	86	11, 23
4. BRAZOS VALLEY CAA Brazos, Burleson, Grimes, Leon, Madison, Montgomery, Robertson, Walker, Waller, Washington	1500 University Dr E, Suite 100 College Station, Texas 77840 (979) 846-1100 (979) 260-9390 – FAX	CAA	349,999	86	06, 08, 10, 17, 31
5. CAMERON-WILLACY COUNTIES COMMUNITY PROJECTS Cameron, Willacy	3302 Boca Chica, Suite #209 Brownsville, TX 78521-5705 (956) 544-6411 (956) 544-6414 – FAX	CAA	349,999	86	15, 27
6. CAPROCK CAA Crosby, Dickens, Floyd, Hale, King, Motley	224 South Berkshire Crosbyton, Texas 79322 (806) 675-7307 (806) 675-2291 – FAX	CAA	299,254	74	13, 19
7. COMBINED CAA, Inc. Austin, Bastrop, Blanco, Caldwell, Colorado, Fayette, Fort Bend, Hays, Lee	165 W. Austin St. Giddings, Texas 78942 (979) 540-2980 (979) 542-9565 – FAX	CAA	349,999	86	09, 10, 14, 15, 21, 22, 25, 28
8. CAC OF VICTORIA Aransas, Brazoria, Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, Matagorda, Victoria, Wharton	PO Box 3607 Victoria, Texas 77903-3607 (361) 578-2989 (361) 578-0062 – FAX	CAA	349,999	86	14, 15, 22, 25
9. CA CORPORATION OF SOUTH TEXAS Brooks, Hidalgo, Jim Wells, Kenedy, Kleberg, San Patricio	204 E. 1st Street Alice, Texas 78333-1820 (361) 664-0145 (361) 664-0120 – FAX	CAA	349,999	86	15, 25, 27
10. SOUTH TEXAS DEV. COUNCIL OF GOVERNMENT Jim Hogg, Starr, Zapata	P.O. Box 2187 Laredo, Texas 78044-2187 (956) 722-3995 (956) 722-2670 – FAX	COG	283,969	70	25, 28
11. COMMUNITY ACTION PROGRAM, INC. Brown, Callahan, Comanche, Eastland, Haskell, Jones, Kent, Knox, Shackelford, Stephens,	PO Box 144 Abilene, Texas 79604 (325) 673-5785 (325) 673-5784 – FAX	CAA	349,999	86	11, 13, 19

Organization/ Counties	Address	Type	Funding	Units	District
Stonewall, Taylor, Throckmorton					
12. CC REEVES COUNTY, INC. Loving, Reeves, Ward, Winkler	700 Dagett St, Suite F Pecos, Texas 79772-4524 (432) 447-4913 (432) 447-4914 – FAX	CAA	112,739	28	11, 23
13. CONCHO VALLEY CAA Coke, Coleman, Concho, Crockett, Irion, Kimble, McCulloch, Menard, Reagan, Runnels, Schleicher, Sterling, Sutton, Tom Green	PO Box 671 San Angelo, Texas 76902 (325) 653-2411 (325) 658-3147 – FAX	CAA	349,999	86	11, 23
14. CSA OF South Texas (DIMMIT, LaSALLE) Dimmit, Edwards, Kinney, LaSalle, Maverick, Real, Uvalde, Val Verde, Zavala	PO Box 488 Carrizo Springs, TX 78834-6488 (830) 876-5219 (830) 876-5280 – FAX	CAA	349,999	86	23, 28
15. COMMUNITY SERVICES, INC. Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Smith, Van Zandt	PO Box 612 Corsicana, Texas 75151-0612 (903) 872-2401 (903) 872-0254 – FAX	CAA	349,999	86	01, 03, 04, 05, 06, 12, 13, 17, 24, 26
16. DALLAS COUNTY HHS Dallas	2377 N. Stemmons Fwy, Suite 600 Dallas, Texas 75207-2710 (214) 819-1858 (214) 819-6022 – FAX	PPNP	349,999	86	03, 05, 24, 26, 30, 32
17. EOAC OF PLANNING REGION XI Bosque, Falls, Freestone, Hill, Limestone, McLennan	500 Franklin Ave. Waco, Texas 76701-2111 (254) 753-0331 (254) 754-0046 – FAX	CAA	349,999	86	06, 17, 31
18. EL PASO CAP – PROJECT BRAVO, INC. El Paso	P.O. Box 3445 El Paso, Texas 79923 (915) 562-4100 (915) 562-8952 – FAX	CAA	349,999	86	16, 23
19. CITY OF FORT WORTH, Dept of Housing Tarrant	1000 Throckmorton Street Fort Worth, Texas 76102 (817) 392-7540 (817) 392-7328 – FAX	PPNP	349,999	86	06, 12, 24, 26
20. GREATER EAST TEXAS COMMUNITY ACTION PROGRAM Angelina, Cherokee, Gregg, Houston, Nacogdoches, Polk, Rusk, San Jacinto, Trinity, Wood	PO Drawer 631938 Nacogdoches, Texas 75963 (936) 564-2491 (936) 564-0302 – FAX	CAA	349,999	86	01, 05, 06, 08
21. HILL COUNTRY CAA Bell, Burnet, Coryell, Erath, Hamilton, Lampasas, Llano, Mason, Milam, Mills, San Saba, Somervell, Williamson	PO Box 846 San Saba, Texas 76877 (325) 372-5167 (325) 372-3526 – FAX	CAA	349,999	86	11, 17, 31
22. LUBBOCK, CITY OF,	P.O. Box 2000	PPNP	349,999	86	19

Organization/ Counties	Address	Type	Funding	Units	District
COMMUNITY DEVELOPMENT DEPARTMENT Lubbock	Lubbock, Texas 79457 (806) 775-2301 (806) 775-3917 – FAX				
23. INSTITUTE OF RURAL DEVELOPMENT Duval	915 South 9th St. Kingsville, Texas 78363 (361) 592-1303 (361) 592-0877 – FAX	PPNP	54,592	13	25
24. NUECES COUNTY CAA Nueces	101 South Padre Island Dr. Corpus Christi, Texas 78405 (361) 883-7201 (361) 883-9173 – FAX	CAA	349,999	86	27
25. PANHANDLE COMMUNITY SERVICES, INC. Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, Wheeler	PO Box 32150 Amarillo, Texas 79120-2150 (806) 372-2531 (806) 373-8143 – FAX	CAA	349,999	86	13, 19
26. PROGRAMS FOR HUMAN SERVICES, Inc. Chambers, Galveston, Hardin, Jefferson, Liberty, Orange	PO Box 1607 Orange, Texas 77631-1607 (409) 886-0125 toll-free: 1(866) 550-0282 (409) 886-2849 – FAX	CAA	349,999	86	02, 08, 14, 22
27. ROLLING PLAINS MGMT. CORP. Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, Wise, Young	PO Box 490 Crowell, Texas 79227 (940) 684-1571 (940) 684-1693 – FAX	CAA	349,999	86	12, 13, 19
28. SHELTERING ARMS, INC. Harris	3838 Aberdeen Way Houston, Texas 77025 (713) 956-1888 (713) 956-2079 – FAX	PPNP	349,999	86	02, 07, 09, 10, 18, 22, 29
29. SOUTH PLAINS CAA Bailey, Cochran, Garza, Hockley, Lamb, Lynn, Terry, Yoakum	PO Box 610 Levelland, Texas 79336 (806) 894-6104 (806) 894-5349 – FAX	CAA	253,161	63	19
30. TEXOMA COUNCIL of GOVERNMENT Bowie, Camp, Cass, Cooke, Delta, Fannin, Franklin, Grayson, Hopkins, Lamar, Marion, Morris, Rains, Red River, Titus	1117 Gallagher Drive, Suite. 300 Sherman, Texas 75090 (903) 893-2161 (903) 813-3511 – FAX	COG	349,999	86	01, 04, 13, 26
31. TRAVIS COUNTY HEALTH & HUMAN SERVICES DEPT. Travis	PO Box 1748 Austin, Texas 78767 (512) 854-4100	PPNP	349,999	86	10, 21, 25

Organization/ Counties	Address	Type	Funding	Units	District
	(512) 854-4123 – FAX				
32. TRI-COUNTY CAA Harrison, Jasper, Newton, Panola, Sabine, San Augustine, Shelby, Tyler, Upshur	PO Drawer 1748 Center, Texas 75935 (936) 598-6315 (936) 598-7272 – FAX	CAA	349,999	86	01, 08
33. WEBB COUNTY CAA Webb	1110 Washington St., Suite 203 Laredo, Texas 78040-4443 (956) 523-4182 (956) 523-5016 – FAX	CAA	349,999	86	23, 28
34. WEST TEXAS OPPORTUNITIES, INC. Andrews, Borden, Dawson, Ector, Fisher, Gaines, Glasscock, Howard, Martin, Midland, Mitchell, Nolan, Scurry, Upton	PO Box 1308 Lamesa, Texas 79331 (806) 872-8354 (806)872-5816 – FAX	CAA	349,999	86	11, 19
TOTAL: 254 Counties			**10,972,555**	**2,698**	

Additional information regarding Section 3--Subrecipients:

Note: The Department allocates funds to subrecipients by formula based upon the DOE allocation for program year 2009. In order to provide maximum Administration to the subrecipient network, TDHCA offsets any formula award over $349,999 through the LIHEAP weatherization allocation process. When aggregated each agency's LIHEAP and DOE weatherization contracts reflect the proper award based on allocation percentages derived from the formula detailed in the Texas Administrative Code. The allocation formulas reflect the 2000 Census data. If any carryover funds are available, they will be distributed by allocation formula and used to increase the number of units to be weatherized.

The adjusted average expenditure limit per unit for program year 2009 is $3,033.

Texas limits reweatherization to 5% of all units weatherized if agencies need to exceed the 5% cap, the agency should send a written request for approval to the Department.

If the Department determines it is necessary to permanently reassign a service area to a new subrecipient, the subrecipient will be chosen in accordance with 10 CFR §440.15 and the Department's Texas Administrative Code.

The fund allocations for individual service areas are determined by a distribution formula with five (5) factors:

(1) Number of non-elderly poverty households per county;
(2) Number of elderly poverty households (65+) per county;
(3) Median income variance per county;
(4) Inverse poverty household density ratio per county; and
(5) Heating/Cooling Degree days per county.

The Department may deobligate all or part of the funds provided under this contract, if subrecipient has not expended funds as specified in the contract of each subrecipient according to the expenditure rate and households served during the sixth month of the program year. Subrecipient's failure to expend the funds provided under this contract in a timely manner may also result in the subrecipient's ineligibility to receive additional funding during the program year.

Note: CFR: Code of Federal Regulation

Section 4: WAP Production Schedule

	Annual Total
Weatherization Units (Total)	2,698
Reweatherization Units	

Vehicles and Equipment $5,000 or more Average Cost per Dwelling Unit (DOE Rules)

A. Total of Vehicles and Equipment Budget $0

B. Total Units to be Weatherized, from Production Schedule above 2,698

C. Units to be Reweatherized, from Production Schedule above 0

D. Total Units to be Weatherized, plus Planned Reweatherized Units from Production Schedule above (B plus C) 2,698

E. Average Vehicles and Equipment Cost per Dwelling Unit (A divided by D) $0

Average Cost per Dwelling Unit (DOE Rules)

F. Total of Funds for Program Operations $8,183,359

G. Total Units to be Weatherized, plus Planned Reweatherized Units from Production Schedule above (total from D above) 2,698

H. Average Cost per Dwelling Unit, less Vehicles and Equipment (F divided by G) $3,033

I. Average Cost per Dwelling Unit for Vehicles and Equipment (total from E) $0

J. Total Average Cost per Dwelling Unit (H plus I) $3,033

Section 5: Energy Savings

DOE Program	Amount	Line
Total DOE State Weatherization Allocation	$12,482,832	(a)
Total Cost associated with Administration, T&TA, Financial and Energy Audits or 15% of allocation.	$4,299,473	(b)
Subtract the amount entered in line (b) from line (a), for a total Federal (DOE) funds available to weatherize homes	$8,183,359	(c)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 $2,966)	$3,055	(d)
Divide the amount entered on line (c) by the amount entered on line (d), for Total Estimated Homes to be Weatherized	2,698 Homes	(e)
Multiply (e) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from DOE appropriated funds	83,143 MBTU	(f)
All Funding Sources		
Total funds (e.g., DOE WAP, State, Leveraged, LIHEAP, and other non-Federal sources of funds) used by State to weatherize homes	$12,482,832	(g)
Total Cost associated with administration of Weatherization funds or 15% of total funds available to weatherize homes.	$4,299,473	(h)
Subtract the amount entered in line (h) from line (g), for total funds available to weatherize homes	$8,183,359	(i)
State Average Cost per Home or National WAP Program Year Average Cost per Home (i.e., PY 2008 $2,966)	$3,055	(j)
Divide the amount entered on line (i) by the amount entered on line (j), for Total Estimated Homes to be Weatherized	2,698 Homes	(k)
Multiply (k) by 30.5 MBTU for Total Annual Estimated Energy Savings resulting from all funding sources	83,143 MBTU	(l)

Method used to calculate energy savings: WAP Algorithm ☒ Other (describe below) ☐

The PY 2009 energy saving calculations methodology was developed by the Department using the most recent Metaevaluation of the National Weatherization Assistance Program (ORNL/CON-493). This methodology estimates annual savings of 30.5 MBtu according to DOE's PY 2005 Application Instructions and Forms for PY 2006. The same methodology will be used for PY 2009. The 2009 Plan is estimated according to funding allocation and adjusted average expenditure limit per unit allowed to weatherize a home. The total number of units projected to be weatherized in PY 2009 is 2,696 for a total of annual estimated energy savings of 82,228 MBtu.

Estimated energy savings: 82,228 (MBtu)

Estimated prior year savings: 39,650 (MBtu) Actual: Pending final report

If variance is large, explain:

Section 6: Training, Technical Assistance, and Monitoring Activities

The Texas Department of Housing and Community Affairs (the Department) plans to monitor the Weatherization Assistance Program (WAP) with the staff included in the budget. Each of the WAP subrecipients shall be monitored for contract compliance at least once during the program year (April 1 through March 31). Training and technical assistance shall be provided to the subrecipient, whenever necessary, by the Training Officer. Assigned staff members will conduct subsequent visits to ensure that corrective actions have taken place. If a subrecipient continues to show deficiencies, then a team of weatherization specialists will provide extra training and technical assistance as needed.

Monitorings will be scheduled using a risk management-based assessment. Primary consideration will consist of amount of contract, previous findings, status of finding resolution, and submission and condition of annual independent audit. Periodic desk reviews of expenditures and production levels will be conducted during the program year. The scheduling of on-site monitoring will depend on availability of staff, minimum number of completed units, geographic and climatic considerations. The schedule may vary and dates will be confirmed with each subrecipient in advance. The purpose of the monitoring is to ensure that weatherization programs are managed within federal and state guidelines and that eligible low-income families are receiving quality and appropriate weatherization of their homes.

The Department has established a goal to monitor a minimum of 10% of the client files and 10% of the weatherized units at the time of the monitoring. The Department will concentrate on inspecting weatherized units whose work completion dates are less than 60 days from the date of monitoring. Additional units will be inspected if the minimum monitoring requirements have not been met by this criterion. Monitoring will include health and safety procedures, energy audit procedures, and client education procedures. In addition, Program Officers will monitor financial management control and ensure the quality of work via established monitoring procedures.

In 2009, the Department will continue to emphasize training and technical assistance for heating and cooling systems assessments, materials installation, office operations, and financial accountability. The training staff will conduct periodic surveys to solicit input from subrecipients as to their training needs.

The Department will conduct training and technical assistance throughout the program year. A Program Officer may determine that additional training is needed for a particular subrecipient or the subrecipient may request it. The Trainer is actively conducting training and technical assistance and is working with program officers and subrecipients to determine additional training needs on an on-going basis.

The Department does not require licensing or certifications of subrecipient staff. Should a subrecipient hire a new weatherization coordinator, the subrecipient will be required to notify the Department in writing within 30 days of the date of hiring the coordinator and request training. The Department will contact subrecipients within 30 days of the date of notification to arrange for training. The Department will use in-house staff as well as other subrecipient staff to provide training. The Department will provide travel assistance to subrecipients that receive training.

The Department will conduct cluster workshops throughout the program year to continue training the subrecipients on heating and cooling systems assessments, and material installation techniques. Expert trainers will be hired for topics where the Department lacks in-house expertise.

The Department WAP program year is April 1 through March 31. Upon the Department's completion of the PY 2008 Monitoring process, the Department will review all monitoring findings in order to evaluate any improvements in the agencies' performances in May. The Department will submit to DOE a written summary of its monitoring findings.

The Department has scheduled the following training dates for WAP Network:
Texas Association of Community Action Agencies Annual Conference May 2009
Community Affairs Training Conference, October 2009

The Department has not scheduled training dates for other state or regional trainings. The Department plans to provide training for mobile home insulation (6 cluster workshops), HVAC (8 cluster workshops), Lead Safe Training (10 cluster workshops), and Health and Safety. The Department will forward a schedule to DOE once the training schedule has been confirmed.

Energy Audit Procedures
The EASY Audit has been approved by DOE for use on single family dwellings, mobile homes, and multi-family buildings containing 24 or fewer units. EASY has not been approved for multi-family buildings containing 25 or more units. To date, Texas subrecipients have not proposed weatherizing a building with 25 or more units. In the event that the Department approves such a proposal, the Department will acquire a DOE approved energy audit, such as EA-QUIP, for use in auditing multi-family buildings containing 25 or more units.

Energy Savings
The State will cooperate with the Department of Energy as they implement a national evaluation project.

Evaluation of Training Activities
In order to evaluate the efficiency of its training activities, the training staff will annually review its training activities and compare those to the subrecipient monitoring reports, and the annual analysis of an in-house evaluation study. Additionally, subrecipients will be given the opportunity to provide feedback through evaluation forms distributed at all training sessions.

Lead-Based Paint Safe Work Practices
The State of Texas provided the Lead-Based Paint Safe Work Practices training methodology (developed by Montana State University) to all weatherization subrecipients during program year 2002. The Department plans to train the subrecipient's in Program Year 2009. The State will provide Lead-Based Paint Safe Work Practices to new subrecipient hires on an on-going basis.

Mold
The State of Texas provided the Mold Work Practices training methodology (developed by Montana State University) to all weatherization subrecipients during program year 2006. The subrecipients will be responsible for providing the training to their weatherization contractors. The State will provide Mold Work Practices to new subrecipient hires on an on-going basis.

The Texas Department of Health, beginning at Title 25, Texas Administrative Code, Section 295.301, has adopted procedures for addressing mold problems existing in residential dwellings that cover areas of 25 contiguous square feet or more by requiring the remediation to be addressed by a licensed mold remediation specialist.

If the energy auditor discovers a mold condition which the weatherization contractor cannot adequately address, then the unit should be referred to the appropriate public agency for remedial action. The applicant is to be provided written notification that their home cannot, at this time, be weatherized and why. They should also be informed which agency they should contact to report the mold condition. The applicant should be advised that when the mold issue is resolved they may reapply for weatherization.

If the energy auditor determines that the mold is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Health's guidelines, the applicant is to be provided written notification of the existence of the mold and potential health hazards, the proposed action to eliminate the mold, and that no guarantee is offered that the mold will be eliminated and that the mold may return. The auditor must obtain written approval from the applicant to proceed with the weatherization work.

Upon appropriate guidance from DOE, the Department will arrange to train all subrecipients to recognize mold problems and acceptable actions to resolve mold occurrences. The Department will also provide applicant notification and release forms to its subrecipients.

The limited cost incurred to remove the mold is to be charged to the health and safety portion of the subrecipient's budget.

Client Education

The Department will continue to require WAP subrecipients to provide client education to each WAP client. Subrecipients will be required to provide (at a minimum) state produced educational materials in verbal and written format. Client education will include temperature strips that indicate the temperature in the room and energy savings calendars.

Section 7: DOE-Funded Leveraging Activities

N/A

Section 8: Policy Advisory Council Members

Introduction: The Policy Advisory Council is broadly representative of organizations and agencies and provides balance, background, and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems. The Council has the responsibility of advising the Department.

Prior to the expenditure of any grant funds, the Department shall establish a policy advisory council which:

(1) Has special qualifications and sensitivity with respect to solving the problems of low-income persons, including the weatherization and energy conservation problems of these persons;
(2) Is broadly representative of organizations and agencies, including consumer groups that represent low-income persons, particularly elderly and disabled low-income persons and low-income Native Americans, in the State or geographical area in question; and
(3) Has responsibility for advising the appropriate official or agency administering the allocation of financial assistance in the State or area with respect to the development and implementation of a weatherization assistance program.

Current Policy Advisory Council Members

Weatherization Providers	Energy Group	Consumer & Related Group
Johnette Hicks, Executive Director, Chairwoman Economic Opportunities Advancement Corporation – Planning Region XI	**Heather Ball,** Director Marketing & Public Education Railroad Commission of Texas Alternative Fuels Research and Education Division	**Doug Garrett,** CEM, CDSM Building Performance and Comfort Heating, Ventilation & Air Conditioning
Karen Swenson, Executive Director Greater East Texas Community Action Program		**Michael P. Wilson, PhD.** Texas Department of Aging and Disability Services
Mark Bulllard, WAP Coordinator Texoma Council of Governments		

The Policy Advisory Council (PAC) is currently in place; however, membership changes are expected to occur during PY 2009. Any additions to the Policy Advisory Council will be reviewed by the Department's Governing Board. At the present time, the PAC consists of six members. The PAC meets annually. The Department seeks the PAC's guidance and approval on WAP Plans each year, and hosts other meetings, as needed.

Section 9: State Plan Hearings

The PY 2009 WAP Public Hearing and WAP Policy Advisory Council Meeting will both be held on January 22, 2009. The transcripts will be available upon request.

Newspapers that publicized the hearings and the dates that the notice was published: Texas Register January 9, 2009—Statewide distribution. The Department's web site publication of the draft plan will be available prior to the public hearing. The hearing and council meeting transcript copies will be provided to the DOE.

Section 10: Adjustments to On-File Information

(This section references changes made to the PY 2007 On-File Information.)

No changes will be made to the On-File Information.

Section 11: Miscellaneous

Intergovernmental Review Data

To comply with the provisions of Executive Order 12372, the State of Texas established the Texas Review and Comment System (TRACS). TRACS is a statewide system that provides state and local officials opportunities to review and to comment upon State plans, applications for federal or state financial assistance, and environmental impact statements related to projects or programs that affect their jurisdictions before the proposals are approved or funded. Comments made during the process are for the applicant's use in improving the project, and if necessary, for the funding agency's use in deciding whether to approve the application.

Related state provisions designate the regional review agencies and the state Single Point of Contact; the programs for which reviews will be required; delineate the respective responsibilities of applicants, state agencies, and review agencies; establish uniform review procedures and criteria; and describe procedures for seeking accommodation of review comments. State provisions specifically incorporate by reference Executive Order 12372, as amended by Executive Order 12416, the Demonstration Cities and Metropolitan Development Act of 1966, §204 (42 United States Code §3334); the Intergovernmental Cooperation Act of 1968, §401(a) (United States Code §4231(a)); and the National Environmental Policy Act of 1969, §102(2C)(42 United States Code §4332(2C)).

The TRACS State Single Point of Contact is Denise S. Francis, Governor's Office of Budget, Planning, & Policy, P.O. Box 12428, Austin, Texas 78711. This plan application was provided in draft to the State Single Point of Contact, made accessible to all regional councils, available to all the Department's weatherization program subrecipients and other interested parties prior to the public hearing and as a part of the public comment process.

Liability Insurance

The liability insurance separate line item was increased to enable subrecipients to purchase pollution occurrence insurance in addition to the general liability insurance. Most regular liability insurance policies do not provide coverage for pollution occurrence. Subrecipients should review existing policies to ensure that lead paint measures are also covered and if not, secure adequate coverage for all units to be weatherized. If subrecipients require additional funding for liability insurance, they must first provide the Department with three price quotes. When approved, additional liability insurance costs may be paid from administrative or program support categories. The Department strongly recommends the subrecipients require their contractors to carry pollution occurrence insurance to avoid being liable for any mistakes the contractors may make. Each subrecipient should get a legal opinion regarding the best course to take for implementing the pollution occurrence insurance coverage.

Training & Technical Assistance Carryover Funds

Training and technical assistance funds will not be used to purchase vehicles or equipment for local agencies to perform weatherization services. The cost of these vehicles and equipment to support the program must be charged to program support and program operations categories. The Department acknowledges that, should unexpended training and technical assistance funds remain at the end of the Program Year, DOE requires these funds to be used to weatherize homes during the following year.

Formula Distribution

The Department updates the budget allocation proportion by county and subrecipient based on poverty income, elderly poverty, median household income (from the 2000 U.S. Census data), and climate data (from the Southern Regional Climate Center, Louisiana State University, June 2002).

Electric Base Load Measures (EBL)

DOE has approved the inclusion of selected Electric Base Load (EBL) measures as part of the weatherization of eligible residential units. Currently, the approved EBL measures include replacement of refrigerators, electric water heaters, and compact fluorescent lights. All EBL measures must be determined cost effective with an SIR of 1 or greater by either audit analysis or separate DOE approved analytical tools.

DOE has approved analytical tools to measure EBL. Instructions for incorporating EBL measures in to the WAP are detailed in the Texas Administrative Code. All dwelling units will be evaluated to determine the most cost effective measures to be installed in each unit weatherized and to determine the order in which measures will be installed. The evaluation of each unit must include building envelope measures, mechanical measures, and Electric Base Load measures.

Section 12: Assurances and Certifications

Forms have been filed separately in a Master Document File

To Be Posted
three days
prior to the meeting

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

HOME AND HOUSING TRUST PROGRAMS DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of the 2009 Housing Trust Fund Capacity Building Program Request for Qualifications (RFQ).

Requested Action

Approve, Deny or Approve with Amendments the Housing Trust Fund Capacity Building Program Request for Proposals (RFQ) for publication in Texas Register.

Background

The Housing Trust Fund was established by the 72nd Legislature, Senate Bill 546, to create affordable housing for low and very low income individuals and families. The Housing Trust Fund allows up to 10% of the funds for technical assistance and capacity building to nonprofit organizations engaged in developing housing for persons and families of low, very low, and extremely low income; including persons with special needs.

On July 31, 2009, the Board approved the 2009 Housing Trust Fund Annual Plan, allocating $97,461 to a Bootstrap Self-Help Housing Capacity Building Program. The Annual Plan allowed for the allocation for the Bootstrap Capacity Building Program to be increased up to $100,000 if additional loan repayments and deobligated funds are available. The Board also approved an additional $100,000 for a separate HTF Capacity Building Plan. Staff is proposing the combining of these capacity building funds into one NOFA that will give priority to nonprofit organizations targeting development of self-help housing, such as the Department's Bootstrap program.

The goal of the 2009 HTF Capacity Building Program will be to build the capacity of nonprofit housing organizations in Texas that have limited capacity by facilitating a mentoring partnership with an organization that has demonstrated a high level of expertise in areas where additional training and technical assistance is needed.

Staff is proposing that Mentor Organizations be identified through an RFQ process. Should the RFQ be approved by the Board today, the RFQ will be posted on the Department website, sent out via Listserv and published in the Texas Register by March 31, 2009.

The proposed RFQ will be open until April 30, 2009 at 5pm CST and will require respondents to identify qualifications to provide capacity building opportunities and technical assistance for less experienced organizations that would like to increase housing opportunities for low income individuals and families in Texas. The RFQ outlines response format and deadlines, required proposal content, sample training curriculum, submission requirements, disclosures, and other Department notices. Participating mentor organizations that are selected to be a mentor will be compensated in accordance with guidelines that will be reflected in the NOFA. Moreover, mentor organizations will be required to provide ongoing reporting to ensure accountability and facilitate the completion a housing activity by the less experienced organization.

If the RFQ is approved today staff will bring the NOFA to the Board for approval at the April 23, 2009 Board meeting. Staff is currently developing the NOFA but would like the opportunity to evaluate responses to the RFQ prior to establishing hard funding limits and threshold requirements in the NOFA.

The proposed Request for Proposals (RFQ) is attached.

Recommendation

Staff recommends approval of the Housing Trust Fund Capacity Building Program RFQ for publication in Texas Register.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Request for Qualifications
Housing Construction Training and Technical Assistance Provider

I. PURPOSE OF THE REQUEST

The Texas Department of Housing and Community Affairs ("the Department" or "TDHCA") hereby requests qualifications from companies or organizations that wish to provide housing construction management, mentoring and training. TDHCA intends to select respondents that would serve in the capacity of a training and technical assistance provider to nonprofit organizations for the purpose of capacity building. If qualified as a mentor, the Department will make your organization available as an approved provider of training, mentoring, and technical assistance in future Capacity Building NOFAs.

Respondents that are interested in being considered by the Department for approval to serve as a technical assistance provider should submit their qualifications to the Department. Respondents may be approved for a period of two years, after which they must re-submit their qualifications for subsequent approval by the Department. Respondents must then resubmit their qualifications if they desire to be considered for further approval.

Respondents interested in submitting their qualifications for consideration should contact Raul Gonzales, Office of Colonia Intiatives at 512-475-1473 or raul.gonzales@tdcha.state.tx.us and/or visit our website at www.tdhca.state.tx.us for a complete copy of the Request for Qualifications.

II. NATURE OF SERVICES REQUESTED

Identify qualifications to provide technical and management assistance and training in the following areas:

1. Income Eligibility and Verification;
2. Application Intake, Affirmative Marketing and Fair Housing;
3. Construction standards, inspections, scheduling, and project management and oversight;
4. Obtaining all required permits and approvals, including final Certificate of Occupancy;
5. Financial management and oversight;
6. Procurement, Conflict of Interest and other applicable regulations;
7. Mortgage loan origination and loan closing;
8. Recordkeeping and Compliance; and
9. Other activities that are necessary for the successful execution of an affordable housing development program as may be suggested by the respondent and accepted by the Department.

III. RESPONSE TIME FRAME AND OTHER INFORMATION

Response due date: April 30, 2009, 5:00 P.M.

Proposals must comply with rules and statutes relating to purchasing in the State of Texas. Late and/or unsigned proposals will not be considered. The person submitting the proposal must have the authority to bind the Respondent in a contract. Submissions received after 5:00PM (CST) on the due date will not be considered.

Two hard copies of the proposal should be delivered to the following address: (facsimiles will not be accepted)

Texas Department of Housing and Community Affairs
Attn: Raul Gonzales, Office of Colonia Initiatives
221 East 11th Street
PO Box 13941
Austin, TX 78711-3941
(512) 475-1473

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

TDHCA shall not be obligated to proceed with any action and may decide it is in the Department's best interest to refrain from pursuing any selection process. Any written waiver exercised under this section will in no way modify any provision of this RFQ.

IV. RESPONSE FORMAT

1. Each item in Section V of this Request for Qualifications must be addressed.
2. Identify the item to be addressed in the introduction to each response.
3. Please limit your response to relevant material and your qualifications to 10 pages in length; additional information may be submitted in the form of an attachment or appendix.

V. PROPOSAL CONTENT

1. General Information
   Provide information regarding the applicant including, but not limited to:
   a) Number of offices located in Texas
   b) Location of office(s) and brief description of support staff
   c) Number of representatives located in Texas
   d) List of housing clients currently served by or proposed to be served
   e) Areas of Texas willing to serve

2. Company
   Provide information regarding the experience of the Respondent including, but not limited to:
   a) Number of relevant trainings provided for residential properties; attach a descriptive list of training or technical assistance provided in the last five years.
   b) Description of experience with residential construction, including any experience with self-help housing construction, Texas Bootstrap Program, the Housing Trust Fund, HOME, green building standards, or compliance and application processing.
   c) Description of familiarity with federal and/or state housing programs.
   d) Any other unique qualifications.

3. Personnel
   Provide information about the professional services, staff members, consultants and partners who will be participating in the project including, but not limited to:
   a) Names, office location and brief resumes, including licensing and certifications;
   b) List of housing clients served by or proposed to be served by the personnel assigned to this program;
   c) State whether has there been any litigation or governmental or regulatory action pending or threatened against your company in the past three years that may have a bearing on your firm's ability to provide the services described in this Request for Qualifications; and
   d) State any conflicts of interest your firm, any sub-consultants or any key individual may have with this project, Board Members or management of TDHCA.

4. Resources
   Provide description of the Respondent's strategy to provide technical assistance and training. Identify resources to be dedicated to assigned organizations and time commitments.

5. Proposed Training Costs
   Provide proposed itemized costs for each technical and management assistance activity or training being proposed.

6. References.
   Please provide three references of individuals/companies that have been the recipient of your firm's services, including contact information.

7. Sample Training Curriculum.
   Provide detailed descriptions and samples of the following:
   - Training curriculum for topics listed in Section II of this RFQ;
   - Scope of mentoring services your organization will provide, including length, timelines and specific personnel assigned to each training topic;
   - Organizational assessment tool that will be used to track capacity building needs, goals, timelines and progress;
   - Construction progress reporting tools; and
   - Any additional training or technical assistance that will be provided

Items for this section should be included as an attachment or appendix and will not be considered part of the page limitation of proposals. Items that are confidential or proprietary should be marked as such. Otherwise, submissions may be considered open record without referral to the Attorney General.

8. Financial Condition
   Provide a copy of the Respondent's most recent audited financial statement, along with a brief description of your firm's ownership. This item should be included as an attachment or appendix and will not be considered part of the page limitation of proposals. Under Texas Government Code Section 2306.039, financial statements are not released to the public under the Texas Public Information Act.

9. Documentation of Good Standing
   Provide documentation evidencing the following:
   - Documentation that the firm is authorized to do business in Texas;
   - Certificate of Good Standing from the State of Texas; and
   - Current organizational chart and resumes reflecting all members of the Respondent who may author materials or provide training.

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VI. DEPARTMENTAL INFORMATION

Additional information regarding TDHCA may be obtained from Raul Gonzales. All requests must be in writing and sent to Raul Gonzales, Office of Colonia Intiatives, 512-475-1473. raul.gonzales@tdcha.state.tx.us . All questions and responses will be made available to all applicants and will be subject to disclosure under the Open Records Act.

VII. OPEN RECORDS

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

VIII. COSTS INCURRED IN RESPONDING

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

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of Housing Trust Fund Program Award Recommendations.

Requested Action

Approve, Deny or Approve with Amendments the Housing Trust Fund Program Award Recommendations.

2009 HOMEOWNERSHIP SUPERNOFA PROGRAM

A Notice of Funding Availability (NOFA) for $1,000,000 for the 2009 Homeownership SuperNOFA was approved by the Board on December 18, 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications for funding on a statewide first-come, first-served basis and establishes a submission deadline of May 1, 2009.

The Department has received six applications to date requesting a total of $1,300,000 in project funds and $54,000 in administrative for total of $1,354,000 of funds requested under the NOFA. If the two applications being considered today are awarded the recommended $500,000 in HTF funds, $500,000 in funds will remain available.

Applications for Brownsville Housing Finance Corporation and City of Taylor have been reviewed and met all Application, Compliance and Threshold criteria and are therefore being recommended for award. All other Applications are still in the review process and are awaiting review by the Portfolio Management and Compliance Division. Today's award recommendations summary is below:

Award Recommendations Summary

Applicant	Service Area	Activity	Total Project Funds Requested	Total Administrative Funds Requested	Total Funds Requested	Total Number of Units Proposed
Brownsville Housing Finance Corporation	Brownsville	HBA	$240,000	$10,000	$250,000	24
City of Taylor	Taylor	HRA	$240,000	$10,000	$250,000	8
Total			**$480,000**	**$20,000**	**$500,000**	**32**

The Application Log reflecting all applications received in response to this NOFA and an Award Recommendations Log is attached.

Attached:

- 2009 HTF SuperNOFA Program – Award Recommendations; and,
- 2009 HTF SuperNOFA Program - Application Log;

RENTAL PRODUCTION PROGRAM

A Notice of Funding Availability (NOFA) for $2,594,000 for Rental Production was approved by the Board in September 2008, consistent with the 2009 Housing Trust Fund Annual Plan. The NOFA allows applications for funding on a statewide first-come, first-served basis and establishes a submission deadline of April 6, 2009. The Department has received six applications to date requesting a total of $2,794,000, $200,000 more in funds than are available under the NOFA. Two of these applications were previously awarded a total of $834,000. Two applications for $1,000,000 are being recommended today. The remaining two applications are under review for possible award at a future Board meeting. If the applications being considered today are awarded the recommended $1,000,000 in HTF, $760,000 in funds will remain available under the NOFA.

The subject applications have completed the two stages of the review process in accordance with the Housing Trust Fund Rule. The Real Estate Analysis (REA) Division has evaluated the applications and the underwriting reports are included in today's board book. All recommendations are subject to conditions reflected in the underwriting reports.

Attached:

- 2009 Housing Trust Fund Rental Production Program – Award Recommendations Log;
- 2009 Housing Trust Fund Rental Production Program **-** Application Log; and,
- Real Estate Analysis Division underwriting reports.

<u>Recommendation</u>

Staff recommends that the Board approve all of the awards as detailed in the Award Recommendations logs attached. Staff's recommendations for all Rental Production Program awards are subject to conditions reflected in the underwriting reports.

2009 HTF Homeownership SuperNOFA - Award Recommendations

Sorted by Date/Time Received

Total NOFA Amount – 1,000,000
Total Amount Available: $1,000,000

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2009-0001	2/4/2009	12:21 PM	Brownsville Housing Finance Corporation	11	$240,000	$10,000	24	$240,000	$10,000	24	Pending Award
2009-0002	2/5/2009	9:44 AM	City of Taylor	7	$240,000	$10,000	8	$240,000	$10,000	8	Pending Award
				Totals:	$480,000	$20,000	32	**$480,000**	**$20,000**	**32**	

2009 HTF Homeownership SuperNOFA – Application Log

Sorted by Date/Time Received

Total NOFA Amount – 1,000,000
Total Amount Available: $1,000,000

App number	Received Date	Time Received	Applicant	Region	Project Funds Requested	Admin Funds Requested	Total Units	Project Funds Awarded and/or Recommended	Admin Funds Awarded and/or Recommended	Total Units	Comments
2009-0001	2/4/2009	12:21 PM	Brownsville Housing Finance Corporation	11	$240,000	$10,000	24	$240,000	$10,000	24	Pending Award
2009-0002	2/5/2009	9:44 AM	City of Taylor	7	$240,000	$10,000	8	$240,000	$10,000	8	Pending Award
2009-0003	2/11/2009	4:23 PM	Habitat for Humanity of San Antonio, Inc.	9	$240,000	$10,000	24				Under Review
2009-0005	2/12/2009	2:34 PM	FUTURO Communities, Inc	11	$240,000	$10,000	8				Under Review
2009-0006	2/23/2009	2:39 PM	Dallas Area Habitat For Humanity	3	$240,000	$10,000	24				Under Review
2009-0007	2/25/2009	4:45 PM	Austin Habitat for Humanity	7	$100,000	$4,000	10				Under Review
				Totals:	**$1,300,000**	**$54,000**	**98**	**$480,000**	**$20,000**	**32**	

HTF Rental Production Program - Award Recommendations
Sorted by Date and Time Received

Wednesday, March 04, 2009

Available General Set-Aside: $2,594,000

File #	Region	Received By Date:	Development Name	City	Housing Activity(1)	LI Units	Total Units	Target (2) Population	Layering HOME	Requested Project Funds	Awarded and/or Recommended Project Funds	Status
08335	7	8/28/2008	Meadow Park Village Apartments	Lockhart	R	36	36	General	No	$500,000	$500,000	Pending Award
08339	3	10/29/2008	Crown Point Apartments	Venus	R	24	24	General	No	$500,000	$500,000	Pending Award
Total HTF Applications	**2**			**Unit Totals:**		**60**	**60**	**Fund Totals:**		**$1,000,000**	**$1,000,000**	

1 = Housing Activity= New Construction = NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg

HTF Rental Production Program - Application Log
Sorted by Date and Time Received

Wednesday, March 04, 2009

Available General Set-Aside: $2,594,000

File #	Region	Received By Date:	Development Name	City	Housing Activity(1)	LI Units	Total Units	Target (2) Population	Layering HOME	Requested Project Funds	Awarded and/or Recommended Project Funds	Status
08418	9	8/21/2008	The Mirabella	San Antonio	NC	18	172	Elderly	Yes	$384,000	$384,000	Awarded
08334	10	8/27/2008	Parkwood Apartments	Nixon	R	8	24	General	Yes	$450,000	$450,000	Awarded
08335	7	8/28/2008	Meadow Park Village Apartments	Lockhart	R	36	36	General	No	$500,000	$500,000	Pending Award
08615	3	10/3/2008	Woodmont Apartments	Fort Worth	NC	26	252	General	Yes	$460,000		Under Review
08339	3	10/29/2008	Crown Point Apartments	Venus	R	24	24	General	No	$500,000	$500,000	Pending Award
08343	7	11/13/2008	The Willows Apartments	Smithville	R	32	32	Family	No	$500,000		Under Review
	Total HTF Applications		**6**		**Unit Totals:**	**144**	**540**	**Fund Totals:**		**$2,794,000**	**$1,834,000**	

1 = Housing Activity= New Construction = NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg

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

REPORT DATE: 03/04/09 PROGRAM: HTF FILE NUMBER: **08339**

DEVELOPMENT

Crown Point Apartments

Location: 700 Main Street Region: 3

City: Venus County: Johnson Zip: 76084 ☐ QCT ☐ DDA

Key Attributes: Rehabilitation, multifamily, rural, family

ALLOCATION

	REQUEST			RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
Housing Trust Fund	$500,000	0.00%	480	**$500,000**	**0.00%**	**420**

CONDITIONS

1 Receipt, review, and acceptance, before closing, of evidence that a noise assessment has been completed, and a plan to implement any noise abatement measures recommended as a result of the assessment.

2 Receipt, review, and acceptance, before closing, of the structural analysis report. If the expected cost to cure the structural problems exceeds that accounted for in the current development cost schedule, the underwriting analysis should be reevaluated.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	24

PROS

- USDA can be expected to closely monitor the funding of reserves to provide for future capital needs.
- The financial viability of the property is enhanced by a rental Assistance Agreement with USDA covering all 24 units.

CONS

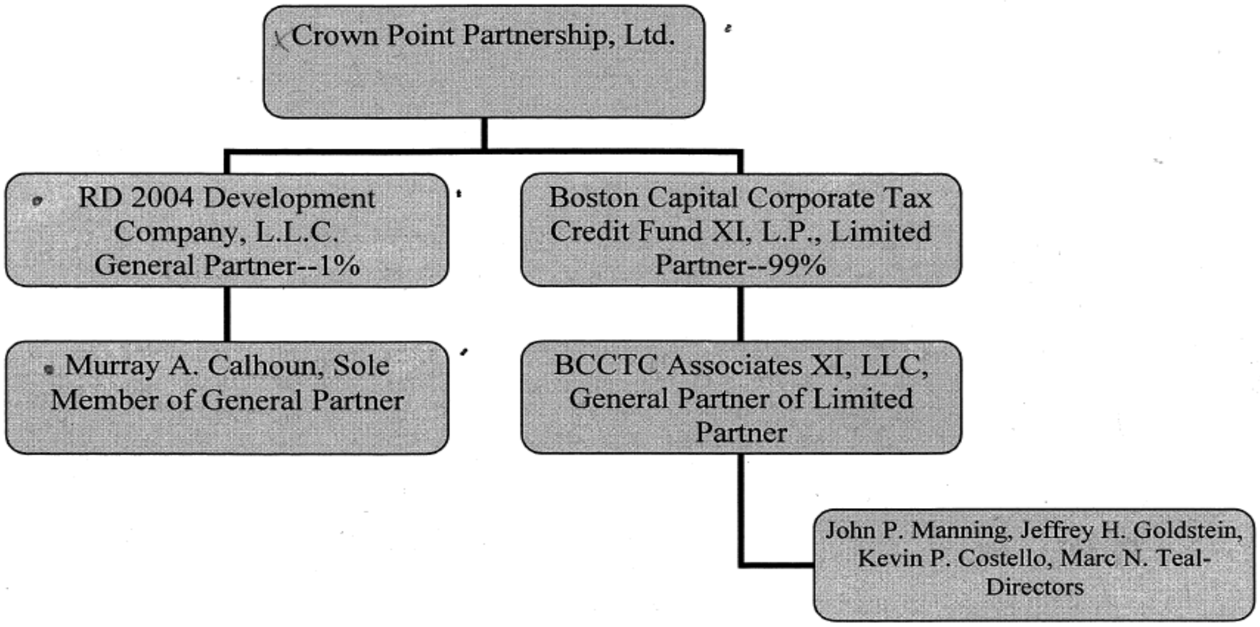
- The subject property is 36 years old, and will be 71 years old at maturity of the recommended financing.

PREVIOUS UNDERWRITING REPORTS

This project received acquisition credits in 1989; however, the credits were rescinded in July of 1996 for non-compliance. In 1997 the project received an annual allocation of $20,347 in rehabilitation credits.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Murray A. Calhoun Phone: (504) 561-1172 Fax: (504) 561-1182
Email: murraycalhoun@mac-rellc.com

KEY PARTICIPANTS

Name	Financial Notes	# Completed Developments
Crown Point Apartments	N/A	N/A
RD 2004 Development Company, LLC	N/A	7
Lymac Development, LLC	N/A	7
Murray & Caroline Calhoun	N/A	7

IDENTITIES of INTEREST

- The Applicant, Developer, General Contractor, and property manager are related entities. These are common relationships for HTC-funded developments.
- A change in ownership is not proposed in the application. The HTF funds will be used by the current owner for rehabilitation and the existing USDA-RD debt is proposed to remain in place.

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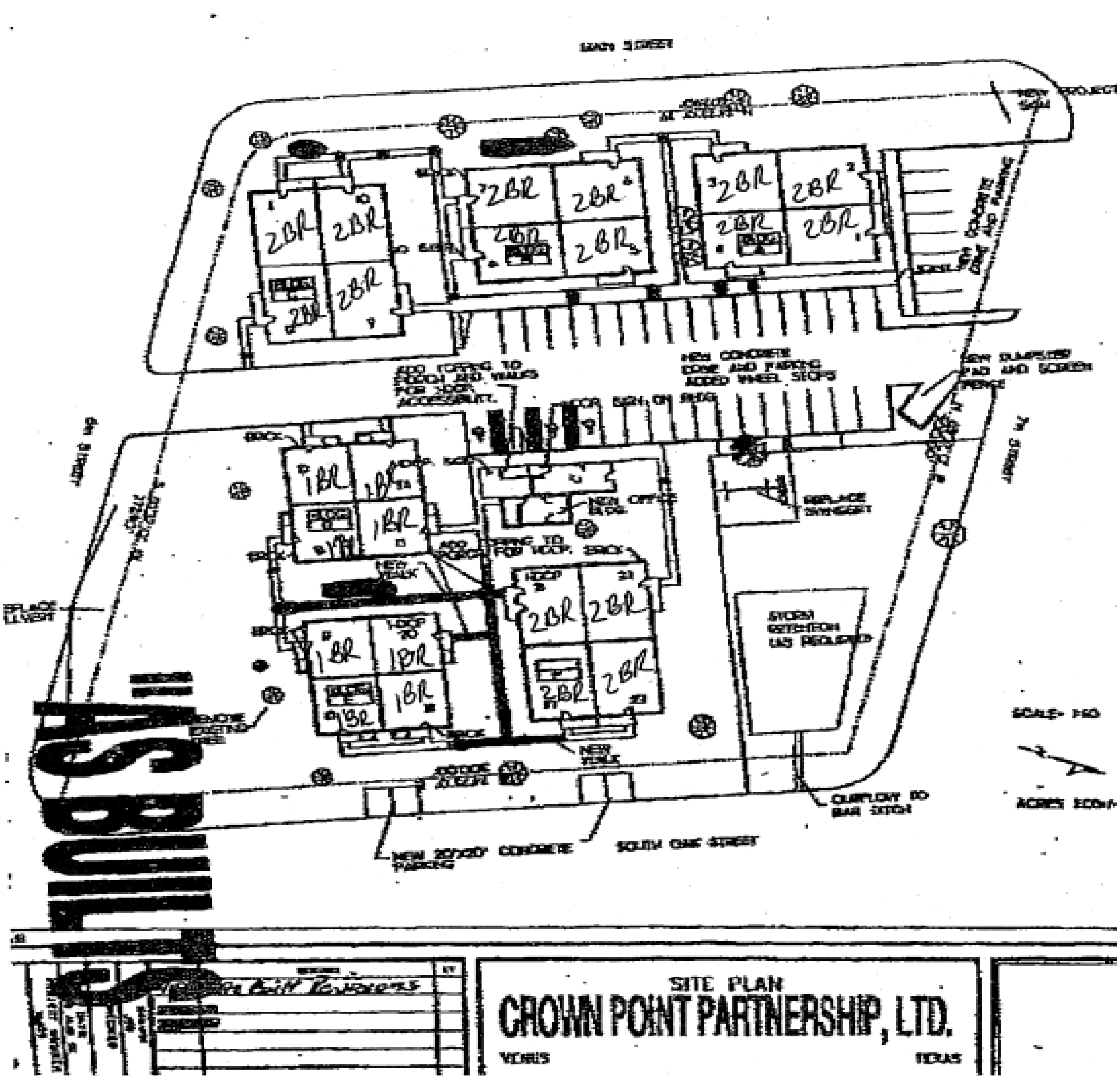
PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B									Total Buildings
Floors/Stories	1	1									
Number	2	4									6

BR/BA	SF	Units										Total Units	Total SF
1 / 1	645	4										8	5,160
2 / 1	847		4									16	13,552
Units per Building		4	4									24	18,712

This section intentionally left blank.

Capital Needs Assessment

"Onsight Insight has been provided a rehabilitation scope of work (SOW) by Mac-Re, LLC, the development's current owner/manager. OSI has reviewed the SOW and is in general agreement with the pending rehabilitation plans ... Overall, the development is in fair condition. Many of the systems and components date to the time of the development's original construction (understood to be 1972), and they are at or beyond their expected useful service lives. Anticipated near-term needs include roadway/parking area and pedestrian walkway repairs, domestic hot water system upgrades, foundation and brick veneer repairs, exterior door and window replacement, and in-unit upgrades including new floor coverings, kitchen cabinetry, bathtub mixing valves, and mechanical equipment. Most of these items have been identified for action as part of the SOW. Items shown in Year 1, but not specifically identified in the SOW, include drainage improvements at Building 6, handicap accessibility upgrades, replacement of bathroom vanities, and selective reglazing of unit bathtubs.

For planning purposes, Year 1 of the report is shown as 2009. Thirty-year capital needs, including those related to the proposed rehab, but exclusive of rehab-related soft costs, are projected at approximately $48,800 per unit in inflated dollars. Existing replacement reserves, and current reserve deposits, are seen as inadequate to meet the property's long-term capital needs. Current circumstances point to unmet needs in Years 1-30. The financial health of this site warrants an infusion of outside capital in the near-term to help offset the costs of the pending rehab. 'Post-rehab' capital needs are seen as being manageable under the development's current funding scenario." (pp. 1-2)

"Based on the observation of cracks and movement in the brickwork of the exterior walls, there appear to be continued issues with ground settlement at various locations ... The SOW includes a substantial allowance to address foundation settlement issues. As part of this work, it is recommended that a geotechnic engineer or other qualified professional be consulted." (p. 6)

A version of the CNA was provided to USDA in connection with an application to restructure the existing USDA debt. "In order to determine whether the foundation problems will be cost prohibitive or not", USDA has required the Applicant to "provide a current independent structural engineer or architect analysis report of their inspection of the 24-unit complex, evaluation of the cause of the structural problems, recommendations for curative measures, associated costs to cure the problem, and the life expectancy." Any financing provided by TDHCA will be conditioned on receipt, review, and acceptance, before closing, of the structural analysis report. If the expected cost to cure the structural problems exceeds that accounted for in the current development cost schedule, the underwriting analysis should be reevaluated.

SITE ISSUES

Total Size:	2.03 acres	Scattered site?	[ ] Yes	[X] No	
Flood Zone:	X	Within 100-yr floodplain?	[ ] Yes	[X] No	
Zoning:	Multifamily Residential	Needs to be re-zoned?	[ ] Yes	[X] No	[ ] N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff   Date: 11/14/2008

Overall Assessment:

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

Surrounding Uses:

North:	vacant field, residential	East:	park, residential
South:	field; school; multifamily; post office	West:	residential

Comments:

"This complex was originally constructed in 1972. It remains a nice complex in decent repair. It does not appear the complex has had any major improvements since construction ... The complex would greatly benefit from renovation."

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Gibson Consulting, LLC   Date: 10/23/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- None

Comments:

In a followup letter to the ESA, the provider states that "The site is located less than 3,000 feet from an active railroad track and therefore a Noise Assessment in accordance with HUD guidelines may be required." Any award will be conditioned on receipt, review, and acceptance, before closing, of evidence that a noise assessment has been completed, and a plan to implement any noise abatement measures recommended as a result of the assessment.

MARKET HIGHLIGHTS

Provider: Sherrill & Associates, Inc.   Date: 10/3/2008

Contact: Jerry Sherrill   Phone: (817) 557-1791   Fax:

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

Primary Market Area (PMA):

The subject is located in Venus, Texas which is located ... about midway between Alvarado and Midlothian, Texas. It is in the northeast corner of Johnson County; 1 mile west of the Ellis County line; 8 miles south of the Tarrant County line; and 8.5 miles southwest of the Dallas County line. Johnson County had a population of 126,811 in the year 2000 and it had an estimated population of 149,016 in 2006, which is an increase of 17.5% over year 2000, while population has increased 12.7% statewide ... The economic base is made up of manufacturing, agribusiness, natural gas, retail, tourism, and government services. A large part of the residents of Johnson County commute to jobs in the Fort Worth and Dallas Metroplex.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS	
PMA	SMA
none	none

INCOME LIMITS						
Johnson						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
50	$22,600	$25,850	$29,050	$32,300	$34,900	$37,450

Unit Type (% AMI)	Current Contract Rent	Proposed Contract Rent	Market Rent	Underwriting Rent	Increase Over Contract
1 BR 645 SF 50%	490	490	$415	$490	$0
2 BR 847 SF 50%	588	588	$550	$588	$0

Comments:

A market study is not required with applications for properties primarily financed through USDA, so a demand analysis is not available. The application does require an appraisal, which provides some of the information typically derived from a market study. The appraisal states that "current vacancies in the area range from 5% to 15% on properties that are well managed and maintained." The rent roll provided by the Applicant indicates the property is 100% occupied. The appraisal indicates that the current contract rents supported by the rental assistance agreement with USDA are higher than the market rents in the area. Overall, the appraisal and other market-related information provided with the application are sufficient to support a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 2 Date of Last Applicant Revision: 1/2/2009

The subject property has a Rental Assistance Agreement with USDA covering all rental units. The Applicant's projected income is based on the contract rents approved by USDA in the 2009 budget for the property. Non-rental income is consistent with underwriting guidelines. The Applicant has projected losses due to vacancy and collection totaling 3% of potential income; underwriting guidelines allow for vacancy and collection losses of 5% for developments with 100% rental assistance. The Applicant's overall effective gross income is $159K; this is 2% higher than the underwriting estimate of $156K.

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

The Applicant's projected annual operating expenses are equivalent to $4,284 per unit. This is 4% lower than the underwriting estimate of $4,457, which is based primarily on the subject's actual 2007 expenses. The expense item with the most significant variation is utilities, for which the Applicant's projection is $5K higher than the historical figure. The Applicant's projection for water, sewer, and trash is $2K lower than the historical amount.

The Applicant has projected $305 per unit per year as contribution to reserves for replacement. The underwriting proforma analysis has determined that reserve contributions of $649 per unit are required to satisfy the future capital needs identified in the Capital Needs Assessment; the underwriting estimate therefore includes the larger amount. The Underwriter's estimate, derived from the information presented in the CNA, is to ensure that sufficient operating funds exist to meet the financial needs of the property. The specific reserve requirements for the property will be closely monitored by USDA ; the funds available for reserves will be further reviewed under the USDA MRP program. This will be discussed in more detail later in this report.

Conclusion:

The Applicant's projected income and annual operating expenses are both within 5% of the underwriting estimates, but net operating income (NOI) differs by more than 5%; therefore, the Underwriter's estimates will be used to determine debt capacity and financial feasibility.

The Underwriter's expense to income ratio of 68.68% exceeds the Departments' maximum of 65%, while the Applicant's ratio of 64.66% is marginally below the Department's guidelines. However, the 2008 Real Estate Analysis rules provide that a transaction with a ratio greater than 65% will be re-characterized as feasible if "the Development will receive rental assistance in association with USDA-RD-RHS financing." [§1.32(7)(B)(ii)]. The subject's rents are managed by USDA. As such the subject development meets this feasibility exception.

The underwriting estimates for first year income and expenses indicate a debt coverage ratio (DCR) of 1.23. This is within the acceptable range of 1.15 to 1.35.

Feasibility:

The underwriting estimates are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. This analysis indicates continued positive cash flow and a DCR that remains above 1.15 throughout the proforma period; the development can therefore be considered financially feasible.

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ACQUISITION INFORMATION

APPRAISED VALUE

Provider: Sherrill & Associates, Inc. Date: 10/3/2008

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

Land Only: 2.03 acres	$33,500	As of:	1/1/2010
Existing Buildings: (as improved)	$850,500	As of:	1/1/2010
Total Development: (as improved)	$884,000	As of:	1/1/2010

Comments:

The Appraiser determined the market value of the real estate to be $884,000. The Appraiser also calculated the value of the favorable financing related to the existing USDA 515 loans as well as the proposed HTF loan, and concluded a total security value for the property of $1,388,300. This represents the total amount of debt that USDA will consent to on the property. The appraisal indicates the remaining economic life of the subject to be 35 years.

ASSESSED VALUE

Land Only: N/A acres	$50,000	Tax Year:	2009
Existing Buildings:	$312,385	Valuation by:	Johnson County CAD
Total Assessed Value:	$362,385	Tax Rate:	2.456566

EVIDENCE of PROPERTY CONTROL

Type: Deed Without Warranty Acreage: 2.03

Deed Date: 7/28/1997 Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: N/A Other:

Seller: USDA Related to Development Team? [ ] Yes [X] No

Comments:

There is no transfer of ownership associated with this application. The Applicant, Crown Point Partnership, Ltd., acquired the subject property in 1997 from USDA. In 2005, the previous General Partner, Bon Chasse Properties, Inc., withdrew from the partnership and was replaced by RD 2004 Development Company, LLC, the current GP.

CONSTRUCTION COST ESTIMATE EVALUATION

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

Acquisition Value:

There is no acquisition associated with this application.

Sitework Cost:

The Applicant's development cost schedule indicates sitework costs of $24.6K. The third-party Capital Needs Assessment itemizes $33.2K as site systems and accessibility improvements; the underwriting estimate for sitework is taken from the CNA.

Direct Construction Cost:

The Applicant's development cost schedule indicates direct construction costs of $282,000. The total of direct construction and sitework identified in the development cost schedule is equivalent to the total indicated in the CNA. The underwriting analysis will reflect the figures identified in the CNA.

This section intentionally left blank.

Interim Interest Expense, Contingency & Fees:

The Applicant's projections for interim interest, contingency, and contractor and developer fees are within underwriting guidelines.

Reserves:

The Applicant has not included any funding for reserves. The underwriting analysis assumes a minimum of 2 months of operating expenses.

Conclusion:

The Underwriter’s cost schedule was derived from the third-party Capital Needs Assessment (CNA) provided by the Applicant and the information presented in the application. The CNA was well documented and appeared to cover the scope of work provided by the Applicant. Thus, the Underwriter’s development cost schedule, as derived from the CNA, will be used to determine the development’s need for permanent funds.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: none Date of Last Applicant Revision: N / A

Source: People's State Bank Type: **Interim Financing**

Principal: $125,000 Interest Rate: 6.0% [X] Fixed Term: 12 months

Source: USDA-RD Type: **Permanent Financing**

Principal: $261,000 Interest Rate: 1.00% [X] Fixed Amort: 420 months

Principal: $469,470 Interest Rate: 1.00% [X] Fixed Amort: 360 months

Comments:

The subject property carries three existing USDA-RD Sec 515 loans which are subsidized through an interest credit to an effective 1% interest rate. A loan in the principal amount of $261,000 was originated in 1997 with a 35-year term; and two loans totaling $469,470 were originated in 1998 with a 30-year term. These loans are currently under review by USDA under the Section 515 Multi Family Housing Revitalization Program (MRP). The purpose of this program is to "restructure the loan to make sure that more capital is available to provide for the long-term capital needs of the complex".

USDA is not expected to finalize this review until after the subject HTF application is awarded. Conversations with USDA suggests that the MRP program can involve additional debt, but if the subject receives HTF funding this is less likely. More likely would be the possible deferral of a portion of the debt service, or a restructure of the 515 debt to free up additional funds for reserves. In any case, the restructure will not extend beyond the 35-year remaining economic life of the property.

Source: TDHCA Housing Trust Fund Type: **Permanent Financing**

Principal: $500,000 Interest Rate: 0.00% [X] Fixed Amort: 480 months

Comments:

The Applicant has applied for $500,000 in Housing Trust Fund financing in the form of a loan at 0% amortized over 40 years. The appraisal indicates the remaining economic life of the property is only 35 years; therefore, any HTF funding awarded will be limited to a 35-year term.

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

This section intentionally left blank.

CONCLUSIONS

Recommended Financing Structure:

As stated above, the proforma analysis results in a debt coverage ratio within the Department's guideline of 1.15 to 1.35. However, the Underwriter has reduced the term of the HTF loan to match the remaining economic life of the property, which results in a slight increase in the annual debt service and a DCR of 1.18 which is still acceptable according to Department guidelines.

The Underwriter's total development cost includes approximately $20K in reserve funding. The Applicant has provided a bank statement confirming a current reserve balance of $35K. The Applicant did not include any reserve funding in the submitted development cost schedule; nor was the reserve account indicated as a source of funds, suggesting the reserve balance will remain. Regardless, USDA closely monitors the reserve requirements of the property, and reserve funding is the specific focus of the current USDA MRP review

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	*Thomas Cavanagh*	Date:	March 4, 2009
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	March 4, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	March 4, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Crown Point Apartments, Venus, HTF #08339

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
HTF 50%	8	1	1	645	$605	$490	$3,920	$0.76	$79	$83
HTF 50%	16	2	1	847	$726	$588	$9,408	$0.69	$82	$93
TOTAL:	24		**AVERAGE:**	780		$555	$13,328	$0.71	$81.00	$89.47

INCOME	Total Net Rentable Sq Ft: 18,712				TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$159,936	$159,936	Johnson		3
Laundry, tenant charges, interest		Per Unit Per Month:		$13.92	4,008	4,008	$13.92	Per Unit Per Month	
Other Support Income:					0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$163,944	$163,944			
Vacancy & Collection Loss		% of Potential Gross Income:		-5.00%	(8,197)	(4,920)	-3.00%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$155,747	$159,024			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.12%	$332	0.43	$7,968	$8,220	$0.44	$343	5.17%
Management		6.97%	453	0.58	$10,863	11,808	0.63	492	7.43%
Payroll & Payroll Tax		10.40%	675	0.87	$16,190	15,780	0.84	658	9.92%
Repairs & Maintenance		5.50%	357	0.46	$8,562	9,000	0.48	375	5.66%
Utilities		5.16%	335	0.43	$8,029	13,000	0.69	542	8.17%
Water, Sewer, & Trash		13.90%	902	1.16	$21,649	19,500	1.04	813	12.26%
Property Insurance		5.70%	370	0.47	$8,881	8,000	0.43	333	5.03%
Property Tax	2.456566	5.71%	371	0.48	$8,893	10,010	0.53	417	6.29%
Reserve for Replacements		10.00%	649	0.83	15,579	7,308	0.39	305	4.60%
TDHCA Compliance Fees		0.23%	15	0.02	360	0	0.00	0	0.00%
Other: License, Sec State reports		0.00%	0	0.00		200	0.01	8	0.13%
TOTAL EXPENSES		68.68%	$4,457	$5.72	$106,974	$102,826	$5.50	$4,284	64.66%
NET OPERATING INC		31.32%	$2,032	$2.61	$48,772	$56,198	$3.00	$2,342	35.34%
DEBT SERVICE									
Existing USDA 515 Loan		17.40%	$1,129	$1.45	$27,098	$27,122	$1.45	$1,130	17.06%
		0.00%	$0	$0.00	0		$0.00	$0	0.00%
HTF		8.03%	$521	$0.67	12,500	12,500	$0.67	$521	7.86%
NET CASH FLOW		5.89%	$382	$0.49	$9,174	$16,576	$0.89	$691	10.42%
AGGREGATE DEBT COVERAGE RATIO					1.23	1.42			
RECOMMENDED DEBT COVERAGE RATIO					1.18				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		0.00%	$0	$0.00	$0		$0.00	$0	0.00%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		6.41%	1,389	1.78	33,324	24,600	1.31	1,025	4.92%
Direct Construction		52.56%	11,386	14.60	273,271	282,000	15.07	11,750	56.40%
Contingency	4.13%	2.43%	527	0.68	12,650	12,650	0.68	527	2.53%
Contractor's Fees	13.70%	8.08%	1,750	2.24	42,000	42,000	2.24	1,750	8.40%
Indirect Construction		11.35%	2,458	3.15	59,000	59,000	3.15	2,458	11.80%
Ineligible Costs		0.00%	0	0.00	0	0	0.00	0	0.00%
Developer's Fees	14.88%	12.45%	2,698	3.46	64,750	64,750	3.46	2,698	12.95%
Interim Financing		2.88%	625	0.80	15,000	15,000	0.80	625	3.00%
Reserves		3.84%	832	1.07	19,962	0	0.00	0	0.00%
TOTAL COST		100.00%	$21,665	$27.79	$519,957	$500,000	$26.72	$20,833	100.00%
Construction Cost Recap		*69.48%*	***$15,052***	***$19.31***	***$361,245***	***$361,250***	***$19.31***	***$15,052***	*72.25%*

SOURCES OF FUNDS

						RECOMMENDED	
Existing USDA 515 Loan	0.00%	$0	$0.00	$0			Developer Fee Available
	0.00%	$0	$0.00	0		0	$64,750
HTF	96.16%	$20,833	$26.72	500,000	500,000	500,000	% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0	19,957	31%
Additional (Excess) Funds Req'd	3.84%	$832	$1.07	19,957	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$519,957	$500,000	$519,957	$147,465

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Crown Point Apartments, Venus, HTF #08339

PAYMENT COMPUTATION

Primary	$730,290	Amort	420
Int Rate	1.00%	DCR	1.80

Secondary	$0	Amort	360
Int Rate	1.00%	Subtotal DCR	1.80

Additional	$500,000	Amort	480
Int Rate	0.00%	Aggregate DCR	1.23

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$27,098
Secondary Debt Service	
Additional Debt Service	14,286
NET CASH FLOW	$7,388

Primary	$730,290	Amort	420
Int Rate	1.00%	DCR	1.80

Secondary	$0	Amort	360
Int Rate	1.00%	Subtotal DCR	1.80

Additional	$500,000	Amort	420
Int Rate	0.00%	Aggregate DCR	1.18

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$159,936	$164,734	$169,676	$174,766	$180,009	$208,680	$241,918	$280,449	$376,900
Secondary Income	4,008	4,128	4,252	4,380	4,511	5,230	6,062	7,028	9,445
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	163,944	168,862	173,928	179,146	184,520	213,910	247,980	287,477	386,345
Vacancy & Collection Loss	(8,197)	(8,443)	(8,696)	(8,957)	(9,226)	(10,695)	(12,399)	(14,374)	(19,317)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$155,747	$160,419	$165,232	$170,189	$175,294	$203,214	$235,581	$273,103	$367,028
EXPENSES at 4.00%									
General & Administrative	$7,968	$8,287	$8,618	$8,963	$9,321	$11,341	$13,798	$16,787	$24,849
Management	10,863	11,189	11,525	11,870	12,226	14,174	16,431	19,048	25,599
Payroll & Payroll Tax	16,190	16,838	17,511	18,212	18,940	23,043	28,036	34,110	50,491
Repairs & Maintenance	8,562	8,904	9,261	9,631	10,016	12,186	14,827	18,039	26,702
Utilities	8,029	8,350	8,684	9,032	9,393	11,428	13,904	16,916	25,040
Water, Sewer & Trash	21,649	22,515	23,416	24,352	25,326	30,813	37,489	45,611	67,516
Insurance	8,881	9,236	9,606	9,990	10,390	12,640	15,379	18,711	27,697
Property Tax	8,893	9,249	9,619	10,003	10,404	12,658	15,400	18,736	27,734
Reserve for Replacements	15,579	16,202	16,851	17,525	18,226	22,174	26,978	32,823	48,586
Other	360	374	389	405	421	512	623	758	1,123
TOTAL EXPENSES	$106,974	$111,145	$115,479	$119,982	$124,663	$150,970	$182,865	$221,540	$325,337
NET OPERATING INCOME	$48,772	$49,275	$49,753	$50,206	$50,631	$52,244	$52,716	$51,563	$41,690
DEBT SERVICE									
First Lien Financing	$27,098	$27,098	$27,098	$27,098	$27,098	$27,098	$27,098	$27,098	$27,098
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286
NET CASH FLOW	$7,388	$7,890	$8,369	$8,822	$9,247	$10,860	$11,332	$10,178	$306
DEBT COVERAGE RATIO	1.18	1.19	1.20	1.21	1.22	1.26	1.27	1.25	1.01

08339 Crown Point Apartments

To Be Posted
three days
prior to the meeting

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
March 12, 2009

Action Item

Housing Tax Credit Amendments.

Requested Action

Approve, amend or deny the requests for amendments.

Background and Recommendations

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

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

Limitations on the Approval of Amendment Requests

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

Penalties for Amendment Requests

§49.9(c), 2009 Qualified Allocation Plan and Rules, entitled, "Adherence to Obligations," states in part:

> If a Development Owner does not produce the Development as represented in the Application; does not receive approval for an amendment to the Application by the Department prior to implementation of such amendment; or does not provide the necessary evidence for any points received by the required deadline:
>
> (1) The Development Owner must provide a plan to the Department, for approval and subsequent implementation, that incorporates additional amenities to compensate for the non-conforming components; and
>
> (2) The Board will opt either to terminate the Application and rescind the Commitment Notice, Determination Notice or Carryover Allocation Agreement as applicable or the Department must:
>
> (A) Reduce the score for Applications for Competitive Housing Tax Credits that are submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development by up to ten points for the two Application Rounds concurrent to, or following, the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board.

(B) Prohibit eligibility to apply for Housing Tax Credits for a Tax-Exempt Bond Development that are [sic] submitted by an Applicant or Affiliate related to the Development Owner of the non-conforming Development for up to 24 months from the date that the non-conforming aspect, or lack of financing, was recognized by the Department of the need for the amendment; the placed in service date; or the date the amendment is accepted by the Board, less any time delay caused by the Department.

(C) In addition to, or in lieu of, the penalty in subparagraph (A) or (B) of this paragraph, the Board may assess a penalty fee of up to $1,000 per day for each violation.

HTC No. 04456, Providence at Marshall Meadows

Summary of Request: The owner requested approval of the subject development as completed. The owner applied for tax credits in association with tax-exempt bond financing issued by the Texas State Affordable Housing Corporation (TSAHC). The tax credit application contemplated the development of the northern 16 acres of land out of a 30 acre tract. The bond issuance contemplated the development of a 16.47 acre tract that was adjacent to the 30 acre tract with only a few acres in common. The common acreage was on the northern end of the two tracts. The two tracts were separated from each other along their lengths by a proposed public right-of-way (ROW) that has since been dedicated and provides access to the development.

The owner submitted information for the execution of a tax credit LURA amendment consistent with the 16.47 acres identified in the bond regulatory agreement. The Department approved the amendment and executed the tax credit LURA, which was subsequently filed and recorded. This request asks that the Board ratify the Department's execution of the LURA by approving the actual development site and site plan. The final net rentable area was certified as slightly larger (less than one percent) than the area originally proposed. The other changes in unit and building plans were deemed insignificant.

Only one deficiency in the amenities was noted. The application proposed a full perimeter fence with controlled access gates, worth three points in meeting the Threshold requirement of the Common Amenities exhibit. The development was built with the fence but without the gates, nullifying the three points. The gates could not be constructed as they would have closed off dedicated roads, and the City of San Antonio would not approve this. However, the development was built with a service coordinator's office, worth one point, and a public telephone, worth two points, both in the relevant exhibit. Neither the service coordinator's office nor the public telephone was proposed in the application. Therefore, the scores of the two latter items fully compensate for the points lost because of the absence of the gates.

The owner stated that the changes were made to achieve the best fit among the development and several surrounding properties that were all within a plan approved for the area by the City of San Antonio.

Owner:	TX Chicory Court XXV, LP
General Partner:	Chicory Court GP, LLC
Developers:	Saleem Jafar; Avenidas Group (Nonprofit)
Principals/Interested Parties:	Saleem Jafar, Avenidas Group
Syndicator:	Centerline Capital Group
Construction Lender:	Centerline Capital Group; Texas State Affordable Housing Corporation (TSAHC)
Permanent Lender:	Centerline Capital Group; TSAHC; HOME Funds from Avenidas Group (Bexar County)
Other Funding:	Tax-Exempt Bond Financing – TSAHC
City/County:	San Antonio/Bexar
Set-Aside:	Tax-Exempt Bond Development
Type of Area:	Urban/Exurban
Region:	9
Type of Development:	New Construction

Population Served:	General Population
Units:	250 HTC units
2004 Allocation:	$503,778
Allocation per HTC Unit:	$2,015
Prior Board Actions:	12/04 – Approved award of tax credits
Underwriting Reevaluation:	Staff found that none of the requested changes negatively affect the underwriting of the transaction. Staff does not recommend a change to the tax credit allocation prior to the finalization of the cost certification review process.
Staff Recommendation:	**Staff requests that the Board ratify the execution of the LURA and staff recommends approval of the associated amendments.**
Penalty Assessment:	**Staff recommends the assessment of appropriate penalties because the request is made after implementation.**

Memorandum

To: File

From: Rosalio Banuelos, Real Estate Analysis

cc: Ben Sheppard, Multifamily Finance Production

Date: February 18, 2009

Re: Amendment Request for Champion Homes at Marshall Meadows, TDHCA #04456

I have reviewed the amendment request letter dated December 4, 2008, in which the Owner is requesting approval for two changes: a change to the site plan and the elimination of controlled gate access. The Owner explained that due to new building layout requirements from the City of San Antonio, the buildings were built in a different configuration from what was proposed at application. The number of buildings, the number of units, and unit mix were not affected by the change to the site plan. The letter from the Owner also explained that the entry roads to the development are platted as public streets, and the entryways and exits of the development cannot be gated due to the building code of the City. A public telephone and a service coordinator office, which have been certified as present by the architect, have been proposed as substitutes for the controlled access gates. It must be noted that full perimeter fencing is present at the development.

It is also important to mention that Department staff identified another issue not addressed by the Owner in the amendment request: the as-built survey submitted with the amendment request indicates that the majority of the development was constructed on a piece of land adjacent to the site originally proposed at application underwriting. Only a small portion of the site indicated at application was used for the development. Documentation provided by the Owner indicates a large portion of the 16.47 acres used for the development was part of a 29.5 tract of land purchased in a separate transaction and for a lower price than the originally proposed site. The Owner also provided a Phase I Environmental Site Assessment (ESA) dated December 17, 2004 for the land that was ultimately utilized for the development. The ESA states that no recognized environmental conditions were observed and that no further investigations were required or recommended.

The Owner has submitted the Cost Certification documentation for the subject development. The Owner's final construction costs, as certified by the CPA, are within 5% of the

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Underwriter's estimate at application. Due to the fact that the number of buildings, number of units, and unit mix did not change, the change to the site plan does not affect the underwriting of the transaction. Additionally, the costing method used by the Underwriter does not estimate the cost of controlled access gates or the substitute amenities as individual items. As a result of this analysis, it has been determined that the substitution of amenities also does not negatively impact the underwriting of the transaction. Finally, regarding the change in site, it has been determined that although the land utilized for the development had a lower cost to the Owner than the originally proposed land, the recommended credit amount would not have been affected had the correct site been evaluated at original underwriting. This is because the credit amount that would have resulted from the gap in financing method is greater than the final credit amount determined at application underwriting. Staff does not recommend a change to the tax credit award prior to finalization of the Cost Certification review process.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS ADDENDUM

DATE: December 13, 2004 **PROGRAM:** 4% HTC **FILE NUMBER:** 04456

DEVELOPMENT NAME

Providence at Marshall Meadows Apartments

APPLICANT

Name:	TX Chicory Court XXV, LP		**Type:**	For-profit			
Address:	1200 Three Lincoln Centre, 5430 LBJ Freeway		**City:**	Dallas		**State:**	TX
Zip:	75240	**Contact:** Saleem Jafar/ Bill Fisher	**Phone:**	972	455-9299	**Fax:**	(972) 455-9792

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Chicory Court XXV, LP	**(%):**	N/A	**Title:**	Operating Partnership
Name:	Chicory Court GP, LLC	**(%):**	.01	**Title:**	Managing General Partner
Name:	Saleem Jafar and/or Provident Odyssey Partners, LP	**(%):**	N/A	**Title:**	Developer
Name:	Bill Fisher, VP for purposes of experience certification	**(%):**	N/A	**Title:**	Developer
Name:	Avenidas Group 501c 3	**(%):**	49% of the GP	**Title:**	GP Shareholder
Name:	Saleem Jafar	**(%):**	51% of the GP	**Title:**	GP Shareholder

PROPERTY LOCATION

Location:	E. Chavaneaux & Riodosa (fronting Loop 410)		☒ **QCT**		☐ **DDA**
City:	San Antonio	**County:**	Bexar	**Zip:**	78214

REQUEST

Amount	**Interest Rate**	**Amortization**	**Term**
$528,291	N/A	N/A	N/A

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

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

Special Purpose (s): General population

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $503,778 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of documentation verifying the zoning prior to closing of the bonds;
2. Receipt, review, and acceptance of documentation verifying the likelihood of a 50% property tax exemption can be obtained;
3. Receipt, review, and acceptance of a permanent loan commitment from TSAHC for $500,000 or recognition from the Applicant that an increase in the initial deferred developer fee totaling the same amount is likely;

4. Receipt, review, and acceptance of financial statements for Avenidas Group 501(c)(3) prior to execution of determination notice; and
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit allocation amount may be warranted.

ADDENDUM

Background: In the initial underwriting report the Underwriter miscalculated the applicable fraction based upon square footage, resulting in an applicable fraction of 55.76%, a recommended allocation of $472,469, and syndication proceeds from tax credits of $4,015,987. The Applicant identified this error and requested a correction, which is the purpose of this addendum.

Analysis: The applicable fraction calculation is based upon the lower of: the number of low-income units divided by the number of total units or the total low-income unit square footage divided by the total net rentable square footage. In the subject application the unit-based applicable fraction is 60.0% and the correct square-footage-based applicable fraction is 59.45%, which will therefore be used to calculate the corrected recommended allocation.

Conclusion: The correct applicable fraction is 59.45%, which yields a recommended allocation of $503,778 and estimated syndication proceeds of $4,282,114. The estimated required deferral of developer fee is reduced to $2,295,216, which represents approximately 96% of the total eligible fee and which is projected to be repayable within ten years without any deferral of contractor fees.

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Phillip Drake*	**Date:**	December 13, 2004
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	December 13, 2004

MULTIFAMILY COMPARATIVE ANALYSIS- ADDENDUM

Providence at Marshall Meadows Apartments, San Antonio, 4% HTC, #04456 ADDENDUM

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Owner paid
TC60%	38	1	1	750	579	533	20,254	0.71	45.66	25.28
MR	12	1	1	750		600	7,200	0.80	45.66	25.28
TC60%	30	2	1	836	696	644	19,320	0.77	51.91	29.28
MR	27	2	1	836		750	20,250	0.90	51.91	29.28
TC60%	31	2	2	973	696	644	19,964	0.66	51.91	29.28
MR	26	2	2	973		775	20,150	0.80	51.91	29.28
TC60%	51	3	2	1,125	803	744	37,944	0.66	58.70	37.68
MR	35	3	2	1,125		850	29,750	0.76	58.70	37.68
TOTAL:	250		AVERAGE:	949	$422	$699	$174,832	$0.74	$53.00	$31.37

INCOME	Total Net Rentable Sq Ft: 237,363		TDHCA	APPLICANT		Comptroller's Region	9
POTENTIAL GROSS RENT			$2,097,984	$2,112,840		IREM Region	an Antoni
Secondary Income	Per Unit Per Month:	$20.00	60,000	15,000	$5.00	Per Unit Per Month	
Application, NSF, late fees, cable, phone, carports			0	45,000			
POTENTIAL GROSS INCOME			$2,157,984	$2,172,840			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(161,849)	(152,100)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$1,996,135	$2,020,740			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	4.58%	$366	0.39	$91,467	$87,050	$0.37	$348	4.31%
Management	4.00%	319	0.34	79,845	81,674	0.34	327	4.04%
Payroll & Payroll Tax	11.72%	936	0.99	233,926	204,730	0.86	819	10.13%
Repairs & Maintenance	5.14%	411	0.43	102,652	112,750	0.48	451	5.58%
Utilities	3.60%	288	0.30	71,882	78,913	0.33	316	3.91%
Water, Sewer, & Trash	4.04%	323	0.34	80,684	70,750	0.30	283	3.50%
Property Insurance	2.97%	237	0.25	59,341	58,446	0.25	234	2.89%
Property Tax 2.518534	4.73%	378	0.40	94,445	100,000	0.42	400	4.95%
Reserve for Replacements	2.50%	200	0.21	50,000	50,000	0.21	200	2.47%
Other: Compliance & Security	1.20%	96	0.10	24,000	24,000	0.10	96	1.19%
TOTAL EXPENSES	44.50%	$3,553	$3.74	$888,242	$868,313	$3.66	$3,473	42.97%
NET OPERATING INC	55.50%	$4,432	$4.67	$1,107,893	$1,152,427	$4.86	$4,610	57.03%
DEBT SERVICE								
Charter Mac	50.19%	$4,007	$4.22	$1,001,834	$1,019,397	$4.29	$4,078	50.45%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing	0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW	5.31%	$424	$0.45	$106,060	$133,030	$0.56	$532	6.58%
AGGREGATE DEBT COVERAGE RATIO				1.11	1.13			
RECOMMENDED DEBT COVERAGE RATIO					1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg		4.68%	$4,160	$4.38	$1,040,000	$1,040,000	$4.38	$4,160	4.82%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.43%	7,500	7.90	1,874,999	1,874,999	7.90	7,500	8.69%
Direct Construction		45.15%	40,162	42.30	10,040,460	9,709,860	40.91	38,839	44.98%
Contingency	5.00%	2.68%	2,383	2.51	595,773	704,092	2.97	2,816	3.26%
General Req'ts	5.91%	3.17%	2,816	2.97	704,092	704,092	2.97	2,816	3.26%
Contractor's G &	1.97%	1.06%	939	0.99	234,697	234,697	0.99	939	1.09%
Contractor's Prof	5.91%	3.17%	2,816	2.97	704,092	704,092	2.97	2,816	3.26%
Indirect Construction		3.73%	3,318	3.49	829,500	829,500	3.49	3,318	3.84%
Ineligible Costs		9.14%	8,129	8.56	2,032,294	2,032,294	8.56	8,129	9.41%
Developer's G & A	2.98%	2.18%	1,940	2.04	485,113	489,576	2.06	1,958	2.27%
Developer's Profi	12.02%	8.81%	7,833	8.25	1,958,303	1,958,303	8.25	7,833	9.07%
Interim Financing		5.87%	5,223	5.50	1,305,825	1,305,825	5.50	5,223	6.05%
Reserves		1.95%	1,736	1.83	434,058	0	0.00	0	0.00%
TOTAL COST		100.00%	$88,957	$93.69	$22,239,205	$21,587,330	$90.95	$86,349	100.00%
Recap-Hard Construction Costs		*63.64%*	***$56,616***	***$59.63***	***$14,154,113***	***$13,931,832***	***$58.69***	***$55,727***	*64.54%*

SOURCES OF FUNDS						RECOMMENDED	
Charter Mac	64.12%	$57,040	$60.08	$14,260,000	$14,260,000	$14,260,000	Developer Fee Available
Additional Financing	3.37%	$3,000	$3.16	750,000	750,000	250,000	$2,388,196
HTC Syndication Proceeds	18.47%	$16,428	$17.30	4,107,000	4,107,000	4,282,114	% of Dev. Fee Deferred
Deferred Developer Fees	6.27%	$5,580	$5.88	1,394,882	1,394,882	2,295,216	96%
Additional (excess) Funds Requ	7.77%	$6,909	$7.28	1,727,323	1,075,448	500,000	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$22,239,205	$21,587,330	$21,587,330	$4,959,408

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Providence at Marshall Meadows Apartments, San Antonio, 4% HTC, #04456 ADDENDUM

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.85	$10,408,368
Adjustments				
Exterior Wall Fini	2.00%		$0.88	$208,167
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.68)	(160,616)
Floor Cover			2.00	474,726
Porches/Balconies	$18.00	19896.79	1.51	358,142
Plumbing	$605	429	1.09	259,545
Built-In Appliance	$1,650	250	1.74	412,500
Stairs/Fireplaces	$1,475	96	0.60	141,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	363,165
Garages/Carports		0	0.00	0
Comm &/or Aux Bldg	$59.58	4,666	1.17	278,003
Other:			0.00	0
SUBTOTAL			53.69	12,743,600
Current Cost Multiplie	1.08		4.30	1,019,488
Local Multiplier	0.89		(5.91)	(1,401,796)
TOTAL DIRECT CONSTRUCTION COSTS			$52.08	$12,361,292
Plans, specs, survy, b	3.90%		($2.03)	($482,090)
Interim Construction I	3.38%		(1.76)	(417,194)
Contractor's OH & Prof	11.50%		(5.99)	(1,421,549)
NET DIRECT CONSTRUCTION COSTS			$42.30	$10,040,460

PAYMENT COMPUTATION

Primary	$14,260,000	Term	480
Int Rate	6.50%	DCR	1.11
Secondary	$750,000	Term	
Int Rate	0.00%	Subtotal DCR	1.11
Additional	$4,107,000	Term	
Int Rate		Aggregate DCR	1.11

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$1,001,834
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$150,593

Primary	$14,260,000	Term	480
Int Rate	6.50%	DCR	1.15
Secondary	$250,000	Term	
Int Rate	1.00%	Subtotal DCR	1.15
Additional	$4,107,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.15

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

INCOME a 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,112,840	$2,176,225	$2,241,512	$2,308,757	$2,378,020	$2,756,777	$3,195,860	$3,704,878	$4,979,046
Secondary Income	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Contractor's Profit	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
POTENTIAL GROSS INCOME	2,172,840	2,238,025	2,305,166	2,374,321	2,445,551	2,835,063	3,286,615	3,810,088	5,120,440
Vacancy & Collection Los	(152,100)	(167,852)	(172,887)	(178,074)	(183,416)	(212,630)	(246,496)	(285,757)	(384,033)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,020,740	$2,070,173	$2,132,279	$2,196,247	$2,262,134	$2,622,434	$3,040,119	$3,524,331	$4,736,407
EXPENSES at 4.00%									
General & Administrative	$87,050	$90,532	$94,153	$97,919	$101,836	$123,899	$150,742	$183,401	$271,479
Management	81,674	83671.98894	86182.1486	88767.61306	91430.64145	105993.1722	122875.1366	142445.9603	191435.4592
Payroll & Payroll Tax	204,730	212,919	221,436	230,293	239,505	291,395	354,526	431,335	638,482
Repairs & Maintenance	112,750	117,260	121,950	126,828	131,902	160,478	195,247	237,547	351,628
Utilities	78,913	82,070	85,352	88,766	92,317	112,318	136,652	166,258	246,102
Water, Sewer & Trash	70,750	73,580	76,523	79,584	82,767	100,699	122,516	149,060	220,645
Insurance	58,446	60,784	63,215	65,744	68,374	83,187	101,210	123,137	182,273
Property Tax	100,000	104,000	108,160	112,486	116,986	142,331	173,168	210,685	311,865
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
TOTAL EXPENSES	$868,313	$901,777	$937,011	$973,630	$1,011,687	$1,225,626	$1,485,079	$1,799,776	$2,644,688
NET OPERATING INCOME	$1,152,427	$1,168,397	$1,195,268	$1,222,617	$1,250,447	$1,396,808	$1,555,040	$1,724,556	$2,091,718
DEBT SERVICE									
First Lien Financing	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834
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	$150,593	$166,563	$193,434	$220,784	$248,614	$394,974	$553,206	$722,722	$1,089,885
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.22	1.25	1.39	1.55	1.72	2.09

LIHTC Allocation Calculation - Providence at Marshall Meadows Apartments, San Antonio, 4% HTC,

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	$1,040,000	$1,040,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,874,999	$1,874,999	$1,874,999	$1,874,999
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation ha	$9,709,860	$10,040,460	$9,709,860	$10,040,460
(4) Contractor Fees & General Requirements				
Contractor overhead	$234,697	$234,697	$231,697	$234,697
Contractor profit	$704,092	$704,092	$695,092	$704,092
General requirements	$704,092	$704,092	$695,092	$704,092
(5) Contingencies	$704,092	$595,773	$579,243	$595,773
(6) Eligible Indirect Fees	$829,500	$829,500	$829,500	$829,500
(7) Eligible Financing Fees	$1,305,825	$1,305,825	$1,305,825	$1,305,825
(8) All Ineligible Costs	$2,032,294	$2,032,294		
(9) Developer Fees			$2,388,196	
Developer overhead	$489,576	$485,113		$485,113
Developer fee	$1,958,303	$1,958,303		$1,958,303
(10) Development Reserves		$434,058	[illegible]	[illegible]
TOTAL DEVELOPMENT COSTS	$21,587,330	$22,239,205	$18,309,503	$18,732,853

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$18,309,503	$18,732,853
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$23,802,354	$24,352,709
Applicable Fraction		59.45%	59.45%
TOTAL QUALIFIED BASIS		$14,151,071	$14,478,270
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		$503,778	$515,426
Syndication Proceeds	**0.8500**	**$4,282,114**	**$4,381,125**
Total Credits (Eligible Basis Method)		**$503,778**	**$515,426**
Syndication Proceeds		**$4,282,114**	**$4,381,125**
Requested Credits		**$528,291**	
Syndication Proceeds		**$4,490,474**	
Gap of Syndication Proceeds Needed		**$7,077,330**	
Credit Amount		**$832,627**	

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: November 30, 2004 **PROGRAM:** 9% HTC **FILE NUMBER:** 04456

DEVELOPMENT NAME

Providence at Marshall Meadows Apartments

APPLICANT

Name:	TX Chicory Court XXV, LP		**Type:**	For-profit			
Address:	1200 Three Lincoln Centre, 5430 LBJ Freeway		**City:**	Dallas		**State:**	TX
Zip:	75240	**Contact:** Saleem Jafar/ Bill Fisher	**Phone:**	972	455-9299	**Fax:**	(972) 455-9792

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Chicory Court XXV, LP	**(%):**	N/A	**Title:**	Operating Partnership
Name:	Chicory Court GP, LLC	**(%):**	.01	**Title:**	Managing General Partner
Name:	Saleem Jafar and/or Provident Odyssey Partners, LP	**(%):**	N/A	**Title:**	Developer
Name:	Bill Fisher, VP for purposes of pervious	**(%):**	N/A	**Title:**	Developer
Name:	Avenidas Group 501c 3	**(%):**	49% of the GP	**Title:**	GP Shareholder
Name:	Saleem Jafar	**(%):**	51% of the GP	**Title:**	GP Shareholder

PROPERTY LOCATION

Location:	E. Chavaneauz & Riodosa (fronting 410 loop)		☒ **QCT**	☐ **DDA**	
City:	San Antonio	**County:**	Bexar	**Zip:**	78214

REQUEST

Amount	**Interest Rate**	**Amortization**	**Term**
1) $528,291	N/A	N/A	N/A

Other Requested Terms: 1) Annual ten-year allocation of housing tax credits

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

Special Purpose (s): General Population

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $472,469 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review, and acceptance of documentation verifying the zoning prior to closing of the bonds;
2. Receipt, review, and acceptance of documentation verifying the likelihood of a 50% property tax exemption can be obtained;
3. Receipt, review, and acceptance of a commitment from the related party general contractor to defer fees as necessary to fill a potential gap in permanent financing;
4. Receipt, review, and acceptance of a permanent loan commitment from TSAHC for $500,000 or recognition from the Applicant that an increase in the initial deferred developer fee totaling the same

amount is likely;

5. Receipt, review, and acceptance of financial statements for Avenidas Group 501c 3 prior to execution of determination notice; and
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.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	250	**# Rental Buildings**	12	**# Non-Res. Buildings**	2	**# of Floors**	3	**Age:**	N/A yrs	**Vacant:**	N/A at / /

Net Rentable SF:	237,363	**Av Un SF:**	949	**Common Area SF:**	4,666	**Gross Bldg SF:**	242,029

STRUCTURAL MATERIALS

The structure will be wood frame concrete block on a post-tensioned concrete slab. According to the plans provided in the application the exterior will be comprised as follows: 25% stone veneer/ 15% cement fiber siding, 60% stucco, and wood trim. The interior wall surfaces will be drywall and the pitched roof will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl tile. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, central boiler water heating system, and individual heating and air conditioning.

ON-SITE AMENITIES

A 4,666-square foot community building will include an activity room, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a business center, & a central mailroom. The community building and swimming pool are located at the entrance to the property. In addition, sports courts & perimeter fencing with a limited access gate is planned for the site.

Uncovered Parking: 500 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: Providence at Marshall Meadows Apts. is a moderately dense (8.4 units per acre) new construction development of 250 units of mixed income housing located in southeast San Antonio. The development will be comprised of 12 evenly-distributed large garden style walk-up low-rise residential buildings as follows:

- Seven Building Type 1 with 6 two-bedroom/one-bath units, 6 two-bedroom/two-bath units, and 8 three-bedroom/two-bath units;
- Five Building Type 2 with 10 one-bedroom/one-bath units, 3 two- bedroom/one-bath units, 3 two-bedroom/two-bath units and 6 three-bedroom/two-bath units;

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. The Applicant has presented several different square footage scenarios with regard to the clubhouse and several of the units and the latest plans were slightly inconsistent with the square footages listed in the rent schedule, which were the square footages used in this report. They appear to provide acceptable access and storage. The elevations reflect modest buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 30 acres 1,306,800 square feet **Zoning/ Permitted Uses:** Currently AG, in process of rezoning

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

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the south area of San Antonio, approximately seven miles from the central business district. The site is situated on the north side of East Chavaneaux Road.

Adjacent Land Uses:

- **North:** SE Loop 410 immediately adjacent;
- **South:** Open Space and metal fabricator;
- **East:** Vacant land immediately adjacent;
- **West:** Residential Development immediately adjacent;

Site Access: Access to the property is from the east or west along Chavaneaux Road. The development is to have two main entries from the north. Access to Interstate Highway 410 is less than one mile north, which provides connections to all other major roads serving the area.

Public Transportation: Public transportation to the area is provided by San Antonio Area Transit System. The location of the nearest bus stop was identified as between Renova and Sanco Streets.

Shopping & Services: The site is within five miles of major grocery/pharmacies, shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Special Adverse Site Characteristics: The following issue has been identified as potentially bearing on the viability of the site for the proposed development:

- **Zoning:** The Applicant is in the process of changing zoning to a compatible use. Receipt, review, and acceptance of documentation verifying the appropriate re-zoning of the site for the use as planned is a condition of this report.

Site Inspection Findings: TDHCA staff performed a site inspection on September 14, 2004, and found the location to be acceptable for the proposed development. The inspector noted the site "will be an asset to the neighborhood."

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated September 10, 2004 was prepared by Gerald Nehman, PhD and contained the following findings and recommendations:

Findings:

- **Asbestos-Containing Materials (ACM):** "An asbestos survey was not conducted. There were no buildings on the site. There were no waste sites observed that might contain building materials containing asbestos." (p. 11, ESA)
- **Floodplain:** "The property is in Zone X, which is outside the 100-year floodplain zone, according to the Federal Emergency Management Agency's (FEMA) Flood Insurance Rate Map (FIRM) Number48113C 0495, effective August 23, 2001." p.13 (ESA)

Recommendations: "No potentially significant on-site environmental concerns or recognized environmental conditions were observed during the site visit." p.15 (ESA)

POPULATIONS TARGETED

Income Restrictions: The Applicant has proposed use of a direct allocation of bond funds from TSAHC (Texas State Affordable Housing Commission). 150 of the units (60% of the total) will be reserved for low-income tenants. All 150 of those units (100%) will be reserved for households earning 60% or less of AMGI, and the remaining 100 units will be offered at market rents.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons

60% of AMI	$21,660	$24,720	$27,840	$30,900	$33,360	$35,820

MARKET HIGHLIGHTS

A market feasibility study dated October 6, 2004 was prepared by Butler-Burgher, Inc. ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "For purposes of this market study, the Primary Market Area is the area bounded by US 90 (north border), IH 37 (east border), FM 1604 (south border), and SR 16/ Somerset Road/ Zarzamora Street (west border). This primary market area includes portions of the Cities of San Antonio, Southton and Earl." (p. 39). This area encompasses approximately 100 square miles and is equivalent to a circle with a radius of 5.65 miles.

Population: The estimated 2004 population of the PMA was 123,390 and is expected to increase by .73% to approximately 124,285 by 2009. Within the primary market area there were estimated to be 38,133 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 1,934 qualified households in the PMA, based on the current estimate of 38,133 households, the projected annual growth rate of 1.47%, renter households estimated at 34.63% of the population, income-qualified households estimated at 23.97%, and an annual renter turnover rate of 7.05 %. (p. 4). The Market Analyst used an income band of $19,851 to $32,130.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Resident Turnover	1,922	99.38%	1,911	99.7%
Other Sources: Future Demand	12	.62%	6	0.3%
TOTAL ANNUAL DEMAND	**1,934**	**100%**	**1,917**	**100%**

Ref: p. 4

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 22.29% based upon 1,934 units of demand and 431 unstabilized affordable housing in the PMA (including the subject) (p. 55). The Underwriter calculated an inclusive capture rate of 22.4% based upon a revised supply of unstabilized comparable affordable units of 430 divided by a revised demand of 1,917.

Market Rent Comparables: The Market Analyst surveyed seven comparable apartment projects totaling 1,274 units in the market area. (p. 63, Exhibit F).

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	**Proposed**	**Program Max**	**Differential**	**Est. Market**	**Differential**
1-Bedroom (60%)	$542	$527	$15	$615	-$73
1-Bedroom (MR)	$650	N/A		$615	$35
2-Bedroom (60%)	$652	$635	$17	$767	-$115
2-Bedroom (MR)	$825	N/A		$767	$58
3-Bedroom (60%)	$752	$729	$23	$855	-$103
3-Bedroom (MR)	$885	N/A		$855	$30

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Primary Market Occupancy Rates: "Occupancy levels in the … submarket have remained relatively consistent over the last several years, from a low of 95% in December 2001 to a high of 97.7% in December 1998. More recently, occupancy in June 2004 was 96.6%." (p. 37).

Absorption Projections: "The newly constructed apartment complexes in the San Antonio market have experienced absorption rates ranging from 13 to 48 units/ month. The following table indicates absorption data on the new apartment complexes in San Antonio." (p. 56).

Known Planned Development: "The number of units completed citywide increased significantly from

1994 through 1996, after which the number of completions declined through 1998. Thereafter, inventory increased annually through 2001, the year that reported the greatest number of units completed during the current development cycle. Completions totaled 4,586 units in 2001 and 3,962 were completed citywide in 2002 (through September). … this submarket currently has no units under construction, approved for construction, submitted for approval, or proposed. … As noted above, no units have started construction or anticipate construction within the subject's submarket in 2004." (pp.29-31).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under HTC guidelines, and are achievable according to the Market Analyst. The Applicant used slightly lower utility allowances. The Applicant stated that the applicant will pay water heating in this project, and rents and expenses were calculated accordingly but a difference of $7 to $9 per unit remained. Estimates of secondary income are $5 per unit higher than TDHCA underwriting guidelines, but substantiated by the TDHCA database for other similar properties in San Antonio. The Applicant utilized a lower vacancy and collection loss rate of 7.00% that also contributed to the $25K (1%) higher gross income estimate than the Underwriter's estimate.

Expenses: The Applicant's total expense estimate of $3,473 per unit is within 5% of the Underwriter's database-derived estimate of $3,553 per unit for comparably-sized developments. The Applicant's budget shows one line item estimate that deviates significantly when compared to the Underwriter's estimate (payroll is $29K lower). It should also be noted that the Applicant will apply for a 50% property tax abatement due to the non-profit ownership of the General Partner. No further documentation of the acceptance of this exemption by the taxing authorities was provided and such documentation is a condition of this report. The Underwriter discussed these differences with the Applicant but was unable to reconcile them further.

Conclusion: The Applicant's estimated income and total estimated operating expense is consistent with the Underwriter's expectations and the Applicant's net operating income (NOI) estimate is within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage, as the terms are reflected in the commitment, at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

ASSESSED VALUE

Land: 19 acres	$81,000	**Assessment for the Year of:**	2004
Building:	$0	**Valuation by:**	Bexar County Appraisal District
Total Assessed Value:	$81,000	**Tax Rate:**	2.52%

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Property Contract		
Contract Expiration Date:	12/ 15/ 2004	**Anticipated Closing Date:**	12/ 15/ 2004
Acquisition Cost:	$1,000,000	**Other Terms/Conditions:**	
Seller:	Peter Marshall	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The Applicant included site cost of $1,040,000 ($4.38/SF, $54,736/acre, or $4,160/unit) which is assumed to be reasonable since the acquisition is an arm's-length transaction. This cost includes $40,000 of closing costs associated with the acquisition.

Sitework Cost: The Applicant's claimed sitework costs of $7,500 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

Direct Construction Cost:

The Applicant's direct construction cost estimate is $507.9K or 4.97% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Interim Financing Fees: The Underwriter reduced the Applicant's eligible interim financing fees by $252K to reflect an apparent overestimation of eligible construction loan interest, to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant's eligible basis estimate.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, and contractor profit exceed the 6%, 2%, and 6% maximums allowed by HTC guidelines by $21,001 based on their own construction costs. Consequently the Applicant's eligible fees in these areas have been reduced by the same amount with the overage effectively moved to ineligible costs. The Applicant also exceeded the allowable contingency limit of 5% by $124,849 and this amount was regarded as ineligible. The Applicant's developer fees also exceed 15% of the Applicant's adjusted eligible basis by $59,683 and therefore the eligible portion of the Applicant's developer fee must be reduced by the same amount.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown, as adjusted by the Underwriter, is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of $18,309,503 is used to determine a credit allocation of $472,469 from this method. The Applicant had several different calculations reflecting requested amounts of between $530K and most recently $504,147. The last development cost schedule provided a credit amount of $512,342 which has been adjusted by the issues discussed above to provide the recommended amount. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount. It should further be noted that the Applicant has most recently submitted a draft sources and uses statement from the lender which suggests total development costs that are $1,075,448 less than the most recent development cost schedule from which this analysis is drawn. Direct construction costs on both documents are consistent with each other. The main differences appear to be in ineligible costs.

INTERIM TO PERMANENT BOND FINANCING

Source: Charter Mac **Contact:** Saleem Jafar

Tax-Exempt Amount: $14,260,000 **Interest Rate:** 6.5%

Amortization: 40 yrs **Term:** 18 yrs **Commitment:** ☐ LOI ☐ Firm ☒ Conditional

Annual Payment: $1,001,834 **Lien Priority:** 1st **Commitment Date** 11/ 15/ 2004

PERMANENT FINANCING

Source: TSAHC **Contact:** Katherine Closssman

Principal Amount: $500,000 **Interest Rate:** Unknown

Additional Information: No documentation of this loan was provided

Amortization: yrs **Term:** yrs **Commitment:** ☐ LOI ☐ Firm ☐ Conditional

Annual Payment: $ **Lien Priority:** **Commitment Date** / /

PERMANENT FINANCING

Source: Avenidas Group 501 c 3 **Contact:** Alvin Brown

Principal Amount: $250,000 **Interest Rate:** 1% interest (accrued only till year 18)

Additional Information: Related party loan originally funded through grant funds from the City or County

Amortization: N/A yrs **Term:** 18 yrs **Commitment:** ☐ LOI ☒ Firm ☐ Conditional

Annual Payment: $0 **Lien Priority:** 2nd **Commitment Date** 10/ 11/ 2004

TAX CREDIT SYNDICATION

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

Net Proceeds: $4,107,000 **Net Syndication Rate (per $1.00 of 10-yr HTC)** 85¢

Commitment ☐ LOI ☐ Firm ☒ Conditional **Date:** 11/ 15/ 2004

APPLICANT EQUITY

Amount: $2,470,330 **Source:** Deferred Developer Fee & GIC income

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Bond Financing: The tax-exempt bonds are to be issued by TSAHC and purchased by Charter Mac. The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application. The Applicant also provided a resolution from the minority General Partner which provided for a $250,000 loan contribution from them. This loan appears to be funded with a grant from either the City or the County, but the resolution was not more specific than that. The issuer TSAHC has also indicated that they would be making a $500,000 loan to the Applicant, but no documentation to support this source has been provided. Therefore the underwriter completed this analysis without the TSAHC funds.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $1,288,618 is based on total costs in the sources and uses statement which were lower than the total cost listed on the development cost schedule. It would appear that these costs will need to be sourced from deferral of developer fees as well.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed $472,469 annually for ten years, resulting in syndication proceeds of approximately $4,015,987. Based on the underwriting analysis, the Applicant's deferred developer fee will be increased to $3,061,343, which is over 100% of the eligible developer fee. If the TSAHC funds are contributed, the deferred fees required will still be $2.56M or just over 100% of the fee available. Therefore, contractor fees may also need to be deferred. Receipt review and acceptance of a commitment from the general contractor to defer fees as necessary, is a condition of this report. The total deferred fee required is not repayable within ten years, but should be repayable out of cash flow over 15 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may not be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

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

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

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The 49% shareholder of the General Partner, Avenidas Group 501c 3, did not submit financial statement and receipt review and acceptance of same are a condition of this report.
- The principals of the 51% shareholders of the General Partner, Saleem Jafar, submitted unaudited financial statements as of September 1, 2004 and is anticipated to be a guarantor of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.

Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- Significant inconsistencies in the application could affect the financial feasibility of the development.
- The recommended amount of deferred developer fee cannot be repaid within ten years, and any amount unpaid past ten years would be removed from eligible basis.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The significant financing structure changes being proposed have not been reviewed/accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	*Phillip Drake*	**Date:**	November 30, 2004
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	November 30, 2004

MULTIFAMILY COMPARATIVE ANALYSIS

(Providence at Marshall Meadows, San Antonio, 4% HTC, #04456)

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Owner paid
TC60%	38	1	1	750	579	533	20,254	0.71	45.66	25.28
MR	12	1	1	750		600	7,200	0.80	45.66	25.28
TC60%	30	2	1	836	696	644	19,320	0.77	51.91	29.28
MR	27	2	1	836		750	20,250	0.90	51.91	29.28
TC60%	31	2	2	973	696	644	19,964	0.66	51.91	29.28
MR	26	2	2	973		775	20,150	0.80	51.91	29.28
TC60%	51	3	2	1,125	803	744	37,944	0.66	58.70	37.68
MR	35	3	2	1,125		850	29,750	0.76	58.70	37.68
TOTAL:	250		AVERAGE:	949	$422	$699	$174,832	$0.74	$53.00	$31.37

					TDHCA	APPLICANT			
INCOME	Total Net Rentable Sq Ft:	237,363			TDHCA	APPLICANT	Comptroller's Region	9	
POTENTIAL GROSS RENT					$2,097,984	$2,112,840		IREM Region	San Antonic
Secondary Income		Per Unit Per Month:		$20.00	60,000	15,000	$5.00	Per Unit Per Month	
application, NSF, Late Fees, Cable, Phone, Car Ports					0	45,000			
POTENTIAL GROSS INCOME					$2,157,984	$2,172,840			
Vacancy & Collection Loss		% of Potential Gross Income:		-7.50%	(161,849)	(152,100)	-7.00%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$1,996,135	$2,020,740			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.58%	$366	0.39	$91,467	$87,050	$0.37	$348	4.31%
Management		4.00%	319	0.34	79,845	81,674	0.34	327	4.04%
Payroll & Payroll Tax		11.72%	936	0.99	233,926	204,730	0.86	819	10.13%
Repairs & Maintenance		5.14%	411	0.43	102,652	112,750	0.48	451	5.58%
Utilities		3.60%	288	0.30	71,882	78,913	0.33	316	3.91%
Water, Sewer, & Trash		4.04%	323	0.34	80,684	70,750	0.30	283	3.50%
Property Insurance		2.97%	237	0.25	59,341	58,446	0.25	234	2.89%
Property Tax	2.518534	4.73%	378	0.40	94,445	100,000	0.42	400	4.95%
Reserve for Replacements		2.50%	200	0.21	50,000	50,000	0.21	200	2.47%
Other: Compliance & Security		1.20%	96	0.10	24,000	24,000	0.10	96	1.19%
TOTAL EXPENSES		44.50%	$3,553	$3.74	$888,242	$868,313	$3.66	$3,473	42.97%
NET OPERATING INC		55.50%	$4,432	$4.67	$1,107,893	$1,152,427	$4.86	$4,610	57.03%
DEBT SERVICE									
Charter Mac		50.19%	$4,007	$4.22	$1,001,834	$1,019,397	$4.29	$4,078	50.45%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		5.31%	$424	$0.45	$106,060	$133,030	$0.56	$532	6.58%
AGGREGATE DEBT COVERAGE RATIO					1.11	1.13			
RECOMMENDED DEBT COVERAGE RATIO						1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.68%	$4,160	$4.38	$1,040,000	$1,040,000	$4.38	$4,160	4.82%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		8.43%	7,500	7.90	1,874,999	1,874,999	7.90	7,500	8.69%
Direct Construction		45.15%	40,162	42.30	10,040,460	9,709,860	40.91	38,839	44.98%
Contingency	5.00%	2.68%	2,383	2.51	595,773	704,092	2.97	2,816	3.26%
General Req'ts	5.91%	3.17%	2,816	2.97	704,092	704,092	2.97	2,816	3.26%
Contractor's G & A	1.97%	1.06%	939	0.99	234,697	234,697	0.99	939	1.09%
Contractor's Profit	5.91%	3.17%	2,816	2.97	704,092	704,092	2.97	2,816	3.26%
Indirect Construction		3.73%	3,318	3.49	829,500	829,500	3.49	3,318	3.84%
Ineligible Costs		9.14%	8,129	8.56	2,032,294	2,032,294	8.56	8,129	9.41%
Developer's G & A	2.98%	2.18%	1,940	2.04	485,113	489,576	2.06	1,958	2.27%
Developer's Profit	12.02%	8.81%	7,833	8.25	1,958,303	1,958,303	8.25	7,833	9.07%
Interim Financing		5.87%	5,223	5.50	1,305,825	1,305,825	5.50	5,223	6.05%
Reserves		1.95%	1,736	1.83	434,058	0	0.00	0	0.00%
TOTAL COST		100.00%	$88,957	$93.69	$22,239,205	$21,587,330	$90.95	$86,349	100.00%
Recap-Hard Construction Costs		*63.64%*	***$56,616***	***$59.63***	***$14,154,113***	***$13,931,832***	***$58.69***	***$55,727***	*64.54%*

SOURCES OF FUNDS

	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Charter Mac	64.12%	$57,040	$60.08	$14,260,000	$14,260,000	$14,260,000	Developer Fee Available
Additional Financing	3.37%	$3,000	$3.16	750,000	750,000	250,000	$2,388,196
HTC Syndication Proceeds	18.47%	$16,428	$17.30	4,107,000	4,107,000	4,015,987	% of Dev. Fee Deferred
Deferred Developer Fees	6.27%	$5,580	$5.88	1,394,882	1,394,882	2,561,343	107%
Additional (excess) Funds Required	7.77%	$6,909	$7.28	1,727,323	1,075,448	500,000	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$22,239,205	$21,587,330	$21,587,330	$4,959,408

MULTIFAMILY COMPARATIVE ANALYSIS(continued)

(Providence at Marshall Meadows, San Antonio, 4% HTC, #04456)

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.85	$10,408,368
Adjustments				
Exterior Wall Finish	2.00%		$0.88	$208,167
Elderly/9-Ft. Ceilings			0.00	0
Roofing			0.00	0
Subfloor			(0.68)	(160,616)
Floor Cover			2.00	474,726
Porches/Balconies	$18.00	19896.79	1.51	358,142
Plumbing	$605	429	1.09	259,545
Built-In Appliances	$1,650	250	1.74	412,500
Stairs/Fireplaces	$1,475	96	0.60	141,600
Floor Insulation			0.00	0
Heating/Cooling			1.53	363,165
Garages/Carports		0	0.00	0
Comm &/or Aux Bldgs	$59.58	4,666	1.17	278,003
Other:			0.00	0
SUBTOTAL			53.69	12,743,600
Current Cost Multiplier	1.08		4.30	1,019,488
Local Multiplier	0.89		(5.91)	(1,401,796)
TOTAL DIRECT CONSTRUCTION COSTS			$52.08	$12,361,292
Plans, specs, survy, bld prm	3.90%		($2.03)	($482,090)
Interim Construction Interes	3.38%		(1.76)	(417,194)
Contractor's OH & Profit	11.50%		(5.99)	(1,421,549)
NET DIRECT CONSTRUCTION COSTS			$42.30	$10,040,460

PAYMENT COMPUTATION

Primary	$14,260,000	Term	480
Int Rate	6.50%	DCR	1.11

Secondary	$750,000	Term	
Int Rate	0.00%	Subtotal DCR	1.11

Additional	$4,107,000	Term	
Int Rate		Aggregate DCR	1.11

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NO

Primary Debt Service	$1,001,834
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$150,593

Primary	$14,260,000	Term	480
Int Rate	6.50%	DCR	1.15

Secondary	$250,000	Term	
Int Rate	1.00%	Subtotal DCR	1.15

Additional	$4,107,000	Term	0
Int Rate	0.00%	Aggregate DCR	1.15

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$2,112,840	$2,176,225	$2,241,512	$2,308,757	$2,378,020	$2,756,777	$3,195,860	$3,704,878	$4,979,046
Secondary Income	15,000	15,450	15,914	16,391	16,883	19,572	22,689	26,303	35,348
Contractor's Profit	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
POTENTIAL GROSS INCOME	2,172,840	2,238,025	2,305,166	2,374,321	2,445,551	2,835,063	3,286,615	3,810,088	5,120,440
Vacancy & Collection Loss	(152,100)	(167,852)	(172,887)	(178,074)	(183,416)	(212,630)	(246,496)	(285,757)	(384,033)
Developer's G & A	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$2,020,740	$2,070,173	$2,132,279	$2,196,247	$2,262,134	$2,622,434	$3,040,119	$3,524,331	$4,736,407
EXPENSES at 4.00%									
General & Administrative	$87,050	$90,532	$94,153	$97,919	$101,836	$123,899	$150,742	$183,401	$271,479
Management	81,674	83671.98894	86182.1486	88767.61306	91430.64145	105993.1722	122875.1366	142445.9603	191435.4592
Payroll & Payroll Tax	204,730	212,919	221,436	230,293	239,505	291,395	354,526	431,335	638,482
Repairs & Maintenance	112,750	117,260	121,950	126,828	131,902	160,478	195,247	237,547	351,628
Utilities	78,913	82,070	85,352	88,766	92,317	112,318	136,652	166,258	246,102
Water, Sewer & Trash	70,750	73,580	76,523	79,584	82,767	100,699	122,516	149,060	220,645
Insurance	58,446	60,784	63,215	65,744	68,374	83,187	101,210	123,137	182,273
Property Tax	100,000	104,000	108,160	112,486	116,986	142,331	173,168	210,685	311,865
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	24,000	24,960	25,958	26,997	28,077	34,159	41,560	50,564	74,848
TOTAL EXPENSES	$868,313	$901,777	$937,011	$973,630	$1,011,687	$1,225,626	$1,485,079	$1,799,776	$2,644,688
NET OPERATING INCOME	$1,152,427	$1,168,397	$1,195,268	$1,222,617	$1,250,447	$1,396,808	$1,555,040	$1,724,556	$2,091,718
DEBT SERVICE									
First Lien Financing	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834	$1,001,834
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	$150,593	$166,563	$193,434	$220,784	$248,614	$394,974	$553,206	$722,722	$1,089,885
DEBT COVERAGE RATIO	1.15	1.17	1.19	1.22	1.25	1.39	1.55	1.72	2.09

LIHTC Allocation Calculation - (Providence at Marshall Meadows, San Antonio, 4% HTC, #04456)

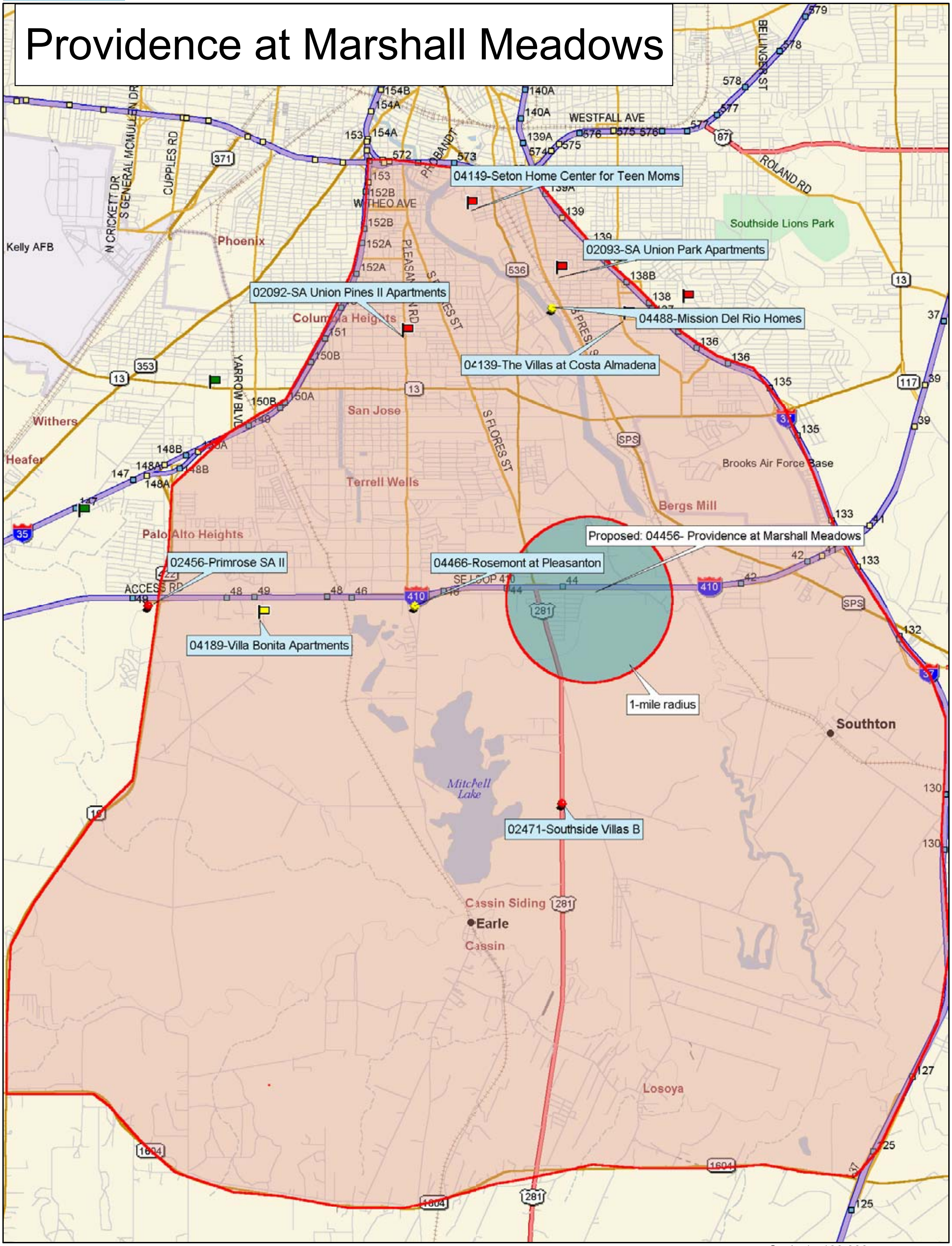
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	$1,040,000	$1,040,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$1,874,999	$1,874,999	$1,874,999	$1,874,999
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$9,709,860	$10,040,460	$9,709,860	$10,040,460
(4) Contractor Fees & General Requirements				
Contractor overhead	$234,697	$234,697	$231,697	$234,697
Contractor profit	$704,092	$704,092	$695,092	$704,092
General requirements	$704,092	$704,092	$695,092	$704,092
(5) Contingencies	$704,092	$595,773	$579,243	$595,773
(6) Eligible Indirect Fees	$829,500	$829,500	$829,500	$829,500
(7) Eligible Financing Fees	$1,305,825	$1,305,825	$1,305,825	$1,305,825
(8) All Ineligible Costs	$2,032,294	$2,032,294		
(9) Developer Fees			$2,388,196	
Developer overhead	$489,576	$485,113		$485,113
Developer fee	$1,958,303	$1,958,303		$1,958,303
(10) Development Reserves		$434,058	[illegible]	[illegible]
TOTAL DEVELOPMENT COSTS	$21,587,330	$22,239,205	$18,309,503	$18,732,853

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$18,309,503	$18,732,853
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		$23,802,354	$24,352,709
Applicable Fraction		55.76%	55.76%
TOTAL QUALIFIED BASIS		$13,271,604	$13,578,469
Applicable Percentage		3.56%	3.56%
TOTAL AMOUNT OF TAX CREDITS		$472,469	$483,393
Syndication Proceeds	**0.8500**	**$4,015,987**	**$4,108,845**
Total Credits (Eligible Basis Method)		**$472,469**	**$483,393**
Syndication Proceeds		**$4,015,987**	**$4,108,845**
Requested Credits		**$528,291**	
Syndication Proceeds		**$4,490,474**	
Gap of Syndication Proceeds Needed		**$7,077,330**	
Credit Amount		**$832,627**	

DELORME

Street Atlas USA® 2004 Plus

Providence at Marshall Meadows



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www.delorme.com

TN
MN (5.8°E)

Scale 1 : 100,000
1" = 1.58 mi
Data Zoom 11-0

04456

CHAMPION HOMES AT MARSHALL MEADOWS
CHICORY COURT XXV, L.P.
1235 TWO LINCOLN CENTER
DALLAS, TX 75240
972-701-5550 OR 5551
972-701-5562 FAX

Ms. Robbye Meyer
Program Manager
TDHCA
211 East 11th Street
Austin, TX 77001

December 4, 2008

RE: Amendment request for Champion Homes at Marshall Meadows FKA Providence at Marshall Meadows TDHCA #04-456; 2004 4% Bond project with TSHAC

Dear Robbye:

We hereby request department approval of an amendment to the project as follow:

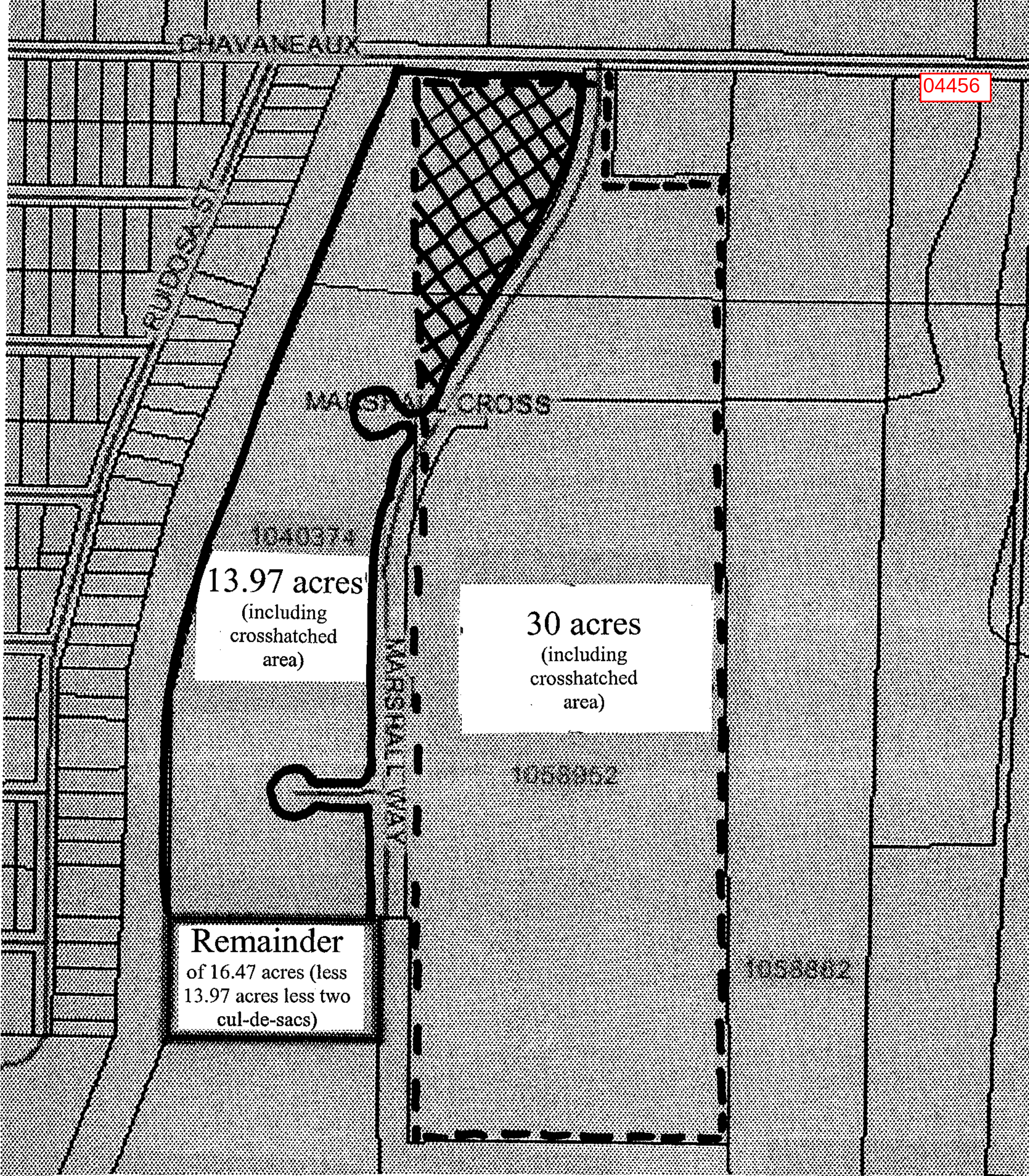
1. The original site plan approved contemplated 12 buildings in the site plan.. Due to new building layout requirements from the City of San Antonio for UD (Urban Design)-33. The buildings were spread in a different configuration over the same site. A total of 12 buildings, as contemplated in the application, are in place and in service at this time.
2. The developer was approved to complete 250 units in a mixed income development of which 60% of the units are affordable at or below 60% of AMFI rent. The other 40% of the units are market rate. The property as constructed includes 250 units as planned.
3. The UD-33 category is an Urban District designed to insure a free flow of pedestrian and car traffic through the area. As a result, Marshall Way, Marshall Cross and Marshall Run are platted as public streets. We are unable by building code to gate these entryways and exits. As a result, the amenities listed in the bond documents, Exhibit J-1, signed at the closing of the financing in January 2005, excluded perimeter gates and fencing. We are asking for the ED or the board to approve the project as developed and eliminate the conflict between the underwriting report, the zoning ordinance and the bond exhibit.

Except as noted in this letter, the development has the same amenities as in the original submission or more. For example, all 250 units are protected by a fire sprinkler system. The request is made after completion of the development and is requested to be penalty free. We believe that the net result is in the interest of the residents since the design change is driven by the Cities approach to better living environments.

Please let us know if you need more information to process with request.

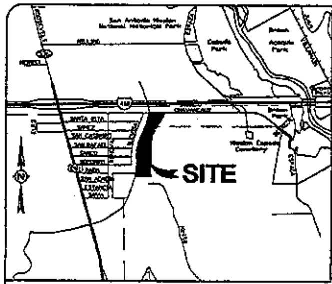
Sincerely,

James R. (Bill) Fisher, Vice President-ORH



The application proposed that the northernmost 16 acres of the 30 acre tract (outlined by the dotted line) would contain the development. The 13.97 acre tract (outlined by a solid line) was the land actually developed. The crosshatched area was common to both tracts.

04456



LOCATION MAP
NOT TO SCALE

SCALE 1"=200'

METES AND BOUNDS DESCRIPTION OF 16.47 ACRES IN BEXAR COUNTY, TEXAS

BEING A 16.47 ACRE TRACT OF LAND SITUATED IN BEXAR COUNTY, TEXAS A PART OF WHICH IS IN THE CITY OF SAN ANTONIO IN NEW CITY BLOCK 11039 OUT OF THE J. M. URRIEGAS SURVEY NO. 32, ABSTRACT NO. 769, COUNTY BLOCK 4283, OUT OF A 29.62 ACRE TRACT CONVEYED TO ORH ACQUISITIONS, L.L.C. AND RECORDED IN VOLUME 11149, PAGE 1382 OF THE REAL PROPERTY RECORDS OF BEXAR COUNTY, TEXAS, AND OUT OF A 30.00 ACRE TRACT CONVEYED TO PETER L. MARSHALL AND DESCRIBED AS "TRACT 1" IN A DEED RECORDED IN VOLUME 9859, PAGE 1413 OF THE REAL PROPERTY RECORDS OF BEXAR COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT AN 8-INCH CEDAR FENCE POST FOUND AT THE CORNER OF A FENCE IN THE SOUTH LINE OF CHAVANEAUX ROAD (VARIABLE WIDTH), BEING THE NORTHEAST CORNER OF THAT SAID 29.62 ACRE TRACT AND THE NORTHWEST CORNER OF THAT SAID 30.00 ACRE TRACT OF LAND;

THENCE WITH THE SAID SOUTH RIGHT-OF-WAY OF SAID CHAVANEAUX ROAD, N 89° 56' 51" E, A DISTANCE OF 346.52 FEET TO AN IRON ROD SET FOR AN ELL CORNER HEREOF;

THENCE DEPARTING SAID SOUTH RIGHT-OF-WAY LINE OF CHAVANEAUX ROAD THE FOLLOWING COURSES:

S 00°02' 25" W, A DISTANCE OF 24.72 FEET, TO AN IRON ROD SET FOR A POINT OF CURVATURE HEREOF;

SOUTHWESTERLY, ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 571.00 FEET, A CENTRAL ANGLE OF 30°17' 23", A CHORD BEARING AND DISTANCE OF S 15°11' 07" W, 298.36 FEET, AND AN ARC LENGTH OF 301.86 FEET TO AN IRON ROD SET FOR A POINT OF TANGENCY HEREOF;

S 30°19' 49" W, A DISTANCE OF 412.02 FEET, TO AN IRON ROD SET FOR A POINT OF CURVATURE HEREOF;

WESTERLY, ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 59°37' 02", A CHORD BEARING AND DISTANCE OF S 60°08'20" W, 14.91 FEET, AND AN ARC LENGTH OF 15.61 FEET TO AN IRON ROD SET FOR AN ELL CORNER HEREOF;

S 89°56' 51" W, A DISTANCE OF 45.36 FEET, TO AN IRON ROD SET FOR AN ELL CORNER HEREOF;

S 00°03' 09" E, A DISTANCE OF 48.00 FEET, TO AN IRON ROD SET FOR A POINT OF CURVATURE OF A NON-TANGENT CURVE TO THE RIGHT HEREOF;

EASTERLY, ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 118°34' 10", A CHORD BEARING AND DISTANCE OF S 30°46'04" E, 25.79 FEET, AND AN ARC LENGTH OF 31.04 FEET TO AN IRON ROD SET FOR A POINT OF REVERSE CURVATURE HEREOF;

WESTERLY, ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 629.00 FEET, A CENTRAL ANGLE OF 28°53' 43", A CHORD BEARING AND DISTANCE OF S 14°04'09" W, 313.87 FEET, AND AN ARC LENGTH OF 317.22 FEET TO AN IRON ROD SET FOR A POINT OF TANGENCY HEREOF;

S 00°22' 42" E, A DISTANCE OF 374.82 FEET, TO AN IRON ROD SET FOR A POINT OF CURVATURE HEREOF;

WESTERLY, ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 90°00' 00", A CHORD BEARING AND DISTANCE OF S 44°37'18" W, 21.21 FEET, AND AN ARC LENGTH OF 23.56 FEET TO AN IRON ROD SET FOR A POINT OF TANGENCY HEREOF;

S 89°37' 18" W, A DISTANCE OF 4.73 FEET, TO AN IRON ROD SET FOR AN ELL CORNER HEREOF;

S 00°22' 42" E, A DISTANCE OF 48.00 FEET, TO AN IRON ROD SET FOR A POINT OF CURVATURE OF A NON-TANGENT CURVE HEREOF;

EASTERLY, ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 15.00 FEET, A CENTRAL ANGLE OF 97°28' 32", A CHORD BEARING AND DISTANCE OF S 41°38'26" E, 22.55 FEET, AND AN ARC LENGTH OF 25.52 FEET TO AN IRON ROD SET FOR A POINT OF COMPOUND CURVATURE HEREOF;

WESTERLY, ALONG THE ARC OF A CURVE TO THE RIGHT, SAID CURVE HAVING A RADIUS OF 571.00 FEET, A CENTRAL ANGLE OF 01°35' 48", A CHORD BEARING AND DISTANCE OF S 07°53'44" W, 15.91 FEET, AND AN ARC LENGTH OF 15.91 FEET TO AN IRON ROD SET FOR A POINT OF TANGENCY HEREOF;

S 08°41' 38" W, A DISTANCE OF 102.45 FEET, TO AN IRON ROD SET FOR A POINT OF CURVATURE HEREOF;

WESTERLY, ALONG THE ARC OF A CURVE TO THE LEFT, SAID CURVE HAVING A RADIUS OF 629.00 FEET, A CENTRAL ANGLE OF 08°37' 43", A CHORD BEARING AND DISTANCE OF S 04°22'46" W, 94.64 FEET, AND AN ARC LENGTH OF 94.73 FEET TO AN IRON ROD SET FOR A POINT OF TANGENCY HEREOF;

S 00°03' 55" W, A DISTANCE OF 242.72 FEET, TO AN IRON ROD SET FOR AN ELL CORNER HEREOF;

N 89° 54' 42" W, A DISTANCE OF 368.20 FEET, TO AN IRON ROD SET IN THE EAST LINE OF 100 FOOT WIDE SEWER DITCH DESCRIBED IN VOLUME 2805, PAGE 42 OF THE DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS, FOR AN ELL CORNER HEREOF;

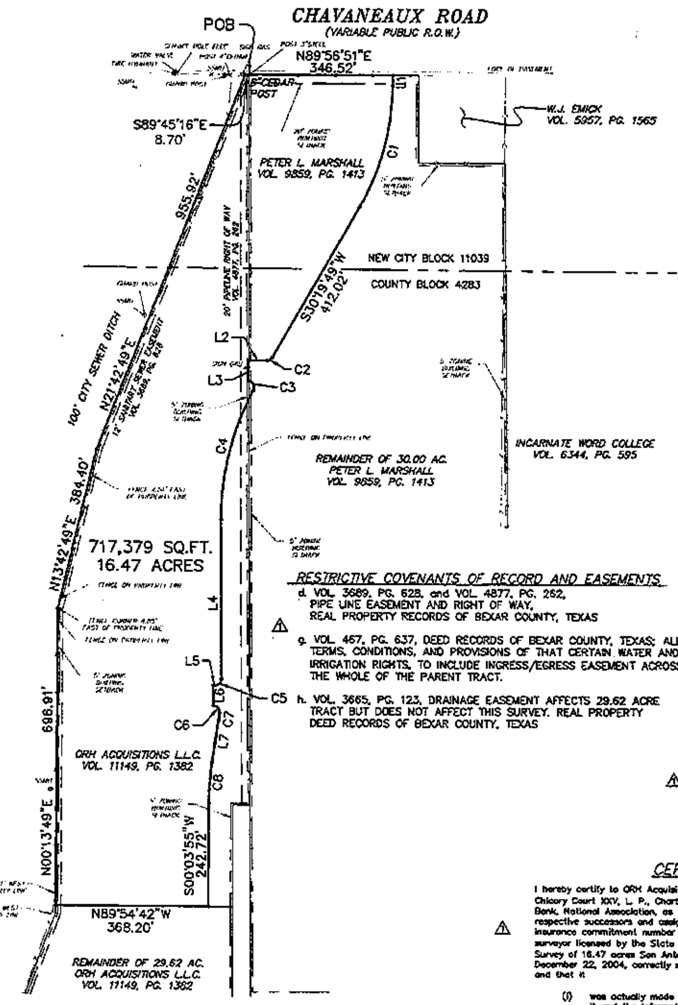
THENCE WITH THE EAST LINE OF SAID 100 FOOT WIDE SEWER EASEMENT THE FOLLOWING COURSES:

N 00° 13' 49" E, A DISTANCE OF 696.91 FEET, TO AN IRON ROD SET HEREOF;

N 13° 42' 49" E, A DISTANCE OF 384.40 FEET, TO AN IRON ROD SET HEREOF;

N 21° 42' 49" E, A DISTANCE OF 955.92 FEET, TO AN IRON ROD SET IN THE SOUTH RIGHT-OF-WAY OF SAID CHAVANEAUX ROAD HEREOF;

THENCE WITH THE SAID SOUTH RIGHT-OF-WAY OF SAID CHAVANEAUX ROAD, S 89° 45' 16" E, A DISTANCE OF 8.70 FEET TO THE PLACE OF BEGINNING CONTAINING 16.47 ACRES OF LAND, MORE OR LESS.



LEGEND:

- ○ = SET IP WITH ORANGE CAP UNLESS OTHERWISE NOTED
- ⊙ = FND IP
- • = SET IP
- (409.18') = DEED CALL
- = CHAINLINK FENCE
- = BARBWIRE FENCE
- POB = PLACE OF BEGINNING

RESTRICTIVE COVENANTS OF RECORD AND EASEMENTS

d. VOL. 3689, PG. 628, and VOL. 4877, PG. 262, PIPE LINE EASEMENT AND RIGHT OF WAY, REAL PROPERTY RECORDS OF BEXAR COUNTY, TEXAS

g. VOL. 467, PG. 637, DEED RECORDS OF BEXAR COUNTY, TEXAS; ALL TERMS, CONDITIONS, AND PROVISIONS OF THAT CERTAIN WATER AND IRRIGATION RIGHTS, TO INCLUDE INGRESS/EGRESS EASEMENT ACROSS THE WHOLE OF THE PARENT TRACT.

h. VOL. 3665, PG. 123, DRAINAGE EASEMENT AFFECTS 29.62 ACRE TRACT BUT DOES NOT AFFECT THIS SURVEY. REAL PROPERTY DEED RECORDS OF BEXAR COUNTY, TEXAS

NOTES:

1) UNLESS OTHERWISE NOTED, ALL CORNERS HAVE BEEN SET WITH 1/2" IRON RODS WITH ORANGE CAP STAMPED C&B PROP. COR.

2) THE REFERENCED PROPERTY IS WITHIN THE SPECIAL FLOOD HAZARD AREA ZONE "X" (AREAS DETERMINED TO BE OUTSIDE THE 500 YEAR FLOOD PLAIN) AS SCALED FROM THE FEMA FLOOD INSURANCE RATE MAP NUMBER 48029C0629 E DATED FEBRUARY 16, 1996.

3) BEARINGS BASED ON NAD83/HARN93 STATE PLANE COORDINATES TEXAS SOUTH CENTRAL ZONE.

4) THIS TRACT RE-ZONED FROM "FR" FARM AND RANCH DISTRICT TO "UD" URBAN DEVELOPMENT DISTRICT UNDER CASE NO. A2004240 AND RECORDED AS CITY OF SAN ANTONIO ORDINANCE NO. 100048 DATED DECEMBER 19, 2004. SETBACK REQUIREMENTS UNDER URBAN DEVELOPMENT ZONING DISTRICT APPLY TO THE 30.00 ACRE AND 29.62 ACRE TRACTS ONLY.

REFERENCE:
FIDELITY NATIONAL TITLE INSURANCE COMPANY
GF NO.: 7800087

LINE TABLE

LINE	LENGTH	BEARING
L1	24.72	S00°02'25"W
L2	45.36	S89°56'51"W
L3	48.00	S00°03'09"E
L4	374.82	S00°22'42"E
L5	4.73	S89°37'18"W
L6	48.00	S00°22'42"E
L7	102.45	S08°41'38"W

CURVE TABLE

CURVE	DELTA	RADIUS	LENGTH	CHORD	CHORD BEARING
C1	30°17'23"	571.00	301.86	298.36	S15°11'07"W
C2	59°37'02"	15.00	15.61	14.91	S60°08'20"W
C3	118°34'10"	15.00	31.04	25.79	S30°46'04"E
C4	28°53'43"	629.00	317.22	313.87	S14°04'09"W
C5	90°00'00"	15.00	23.56	21.21	S44°37'18"W
C6	97°28'32"	15.00	25.52	22.55	S41°38'26"E
C7	1°35'48"	571.00	15.91	15.91	S07°53'44"W
C8	8°37'43"	629.00	94.73	94.64	S04°22'46"W

STATE OF TEXAS
REGISTERED
JOSE ANTONIO TREVINO
5552
PROFESSIONAL
LAND SURVEYOR

CERTIFICATE OF SURVEYOR

I hereby certify to ORH Acquisitions, L.L.C., seller, Texas State Affordable Housing Corporation, Texas Chicory Court XXV, L. P., CharterMac, or its successors and assigns as "Majority Owner," Wells Fargo Bank, National Association, as trustee, RCC Credit Facility, L.L.C., Related Direct SLP LLC, and their respective successors and assigns and Fidelity National Title Insurance Company, with respect to title insurance commitment number GF No.: 7800087, dated January 5, 2005, that I am a registered surveyor licensed by the State of Texas ; (a) that the survey prepared by me entitled "ALTA/ACSM Survey of 16.47 acres San Antonio, Texas, Bexar County", dated December 21st, 2004, and last revised December 22, 2004, correctly shows the land owned by ORH Acquisitions, L.L.C. and Peter L. Marshall, and that it

(i) was actually made upon the ground under my supervision and that it and the information, courses and distances shown thereon are correct;

(ii) shows by actual field instrument survey the location of all boundaries, markers, streets, roads, easements, rights of way and any other matters of record affecting the subject property per the legal descriptions of such easements and other matters;

(iii) shows any other matters on the ground which may adversely affect title to or the use of the subject property, including, without limitation, the following: the location and direction of all storm drainage systems for the collections and disposal of all run off and surface drainage and the locations of any discharge into streams, rivers, or other conveyance systems;

(iv) shows that all visible utility services required for the operation of the premises either enter the premises through adjoining public streets, or shows the point of entry and location of all visible utilities which pass through or are located on adjoining private land;

(v) and shows all buildings, parking spaces and lots, fences, utility poles, culverts, lines and other structures, curbing and curb cuts, signs, hydrants, manholes, and other visible improvements of every kind and nature;

(b) that there are no encroachments either way across the boundary lines of the subject property except as shown on the survey and that each tract is contiguous and that there are no gores or voids between any of them; (c) all the described property is located within the boundaries of Bexar County, Texas; (d) that the property shown on the survey does not lie with flood hazard areas in accordance with the document entitled " Department of Housing and Urban Development, Federal Insurance Administration - Special Flood Hazard Area Maps " specifically Map Number 48029C0629E dated February 16, 1996; and (e) that the survey was made in accordance with the "Minimum Standard Detail Requirements for Land/Title Surveys" jointly established and adopted by ALTA, ACSM, and NSPS in 1999.

Jose Antonio Trevino RPLS # 5552 1/7/05
Date

NO.	DATE	REVISION	BY
1	1/6/05	REVISED PER TITLE COMPANY COMMENTS	
2	1/7/05	REVISED PER BUYER COMMENTS	

Carter & Burgess
Consultants in Engineering, Architecture, Construction Management and Related Services
Carter and Burgess, Inc.

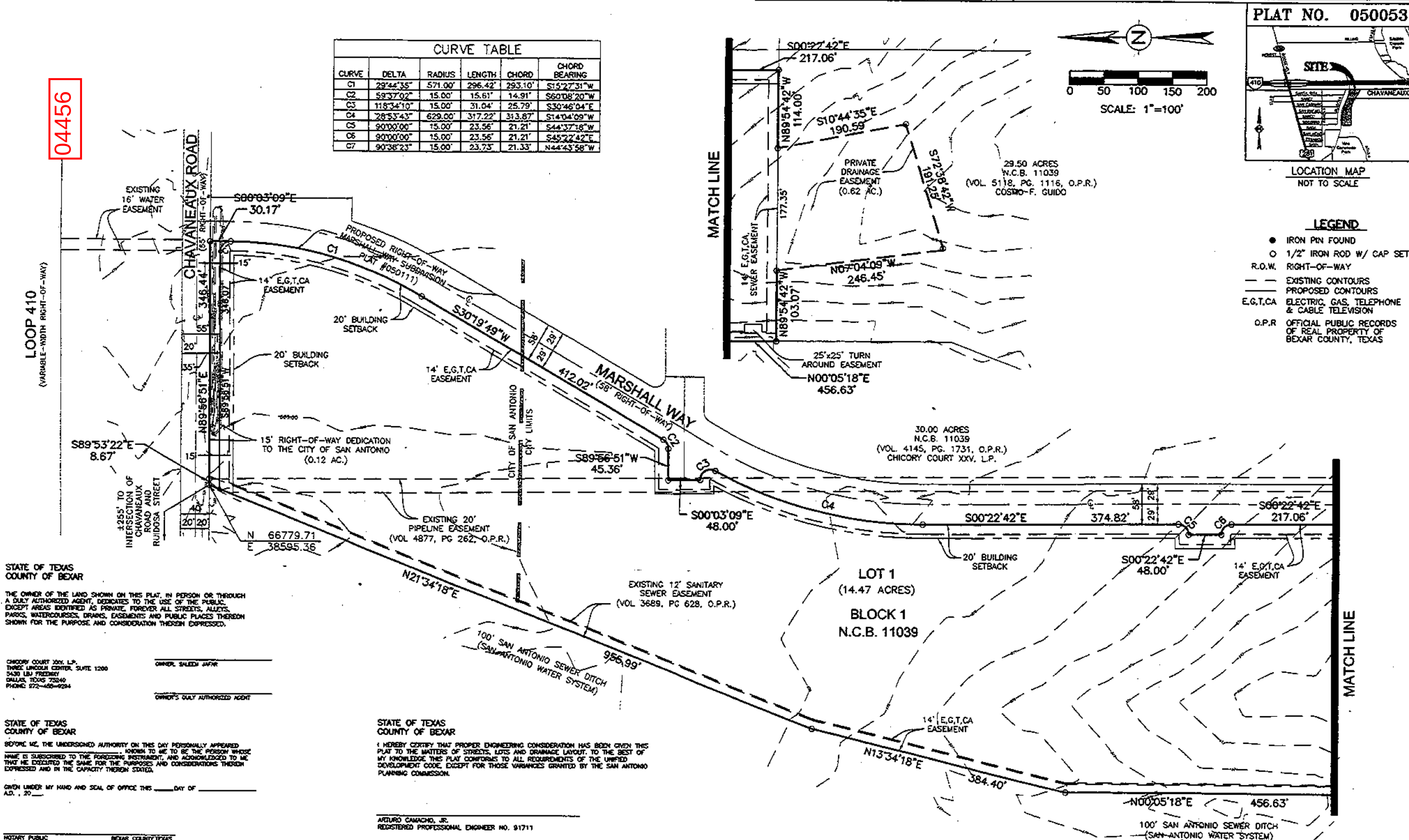
ALTA/ACSM SURVEY OF 16.47 ACRES
SAN ANTONIO, TEXAS
BEXAR COUNTY

DATE: 1/3/05
DWG NAME: MX-BNDRY TRACT1
DWG SCALE: 1" = 200'
DRAWN BY:
REVIEWED BY: JAT
PROJECT NUMBER: 310284.012

SHEET 1 OF 1

04456

CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	CHORD	CHORD BEARING
C1	29°44'35"	571.00'	296.42'	293.10'	S15°27'31"W
C2	59°37'02"	15.00'	15.61'	14.91'	S60°08'20"W
C3	118°34'10"	15.00'	31.04'	25.79'	S30°46'04"E
C4	28°53'43"	629.00'	317.22'	313.87'	S14°04'09"W
C5	90°00'00"	15.00'	23.56'	21.21'	S44°37'18"W
C6	90°00'00"	15.00'	23.56'	21.21'	S45°22'42"E
C7	90°38'23"	15.00'	23.73'	21.33'	N44°43'58"W



STATE OF TEXAS
COUNTY OF BEXAR

THE OWNER OF THE LAND SHOWN ON THIS PLAT, IN PERSON OR THROUGH A DULY AUTHORIZED AGENT, DEDICATES TO THE USE OF THE PUBLIC, EXCEPT AREAS IDENTIFIED AS PRIVATE, FOREVER ALL STREETS, ALLEYS, PARKS, WATERCOURSES, DRAINS, EASEMENTS AND PUBLIC PLACES THEREON SHOWN FOR THE PURPOSE AND CONSIDERATION THEREIN EXPRESSED.

CHICORY COURT XXV, L.P.
THREE LINCOLN CENTER, SUITE 1200
5430 LBJ FREEWAY
DALLAS, TEXAS 75240
PHONE: 972-488-9294

OWNER, SALEEM JAFAR

OWNER'S DULY AUTHORIZED AGENT

STATE OF TEXAS
COUNTY OF BEXAR

BEFORE ME, THE UNDERSIGNED AUTHORITY ON THIS DAY PERSONALLY APPEARED ______________, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____DAY OF ______________ A.D. , 20___

NOTARY PUBLIC BEXAR COUNTY,TEXAS
MY COMMISSION EXPIRES:

NOTE:

1) WASTEWATER EDU NOTE: THE NUMBER OF WASTEWATER EQUIVALENT DWELLING UNITS (EDUs) PAID FOR THIS SUBDIVISION PLAT ARE KEPT ON FILE AT THE SAN ANTONIO WATER SYSTEM UNDER THE PLAT NUMBER ISSUED BY THE DEVELOPMENT SERVICES DEPARTMENT.

2) THE OWNER HAS DEFERRED ALL IMPACT FEES. ALL APPLICABLE IMPACT FEES MUST BE PAID PRIOR TO WATER METER SET AND/OR WASTEWATER SERVICE CONNECTION.

3) ALL LOT CORNERS WILL BE MONUMENTED ON THE GROUND WITH 1/2" REBAR OR WITH OTHER STABLE MATERIAL AFTER ROAD AND UTILITY CONSTRUCTION IS COMPLETED AND PRIOR TO LOT SALES.

4) BEARINGS ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM NAD 83 SOUTH CENTRAL ZONE.

5) UDC 35-512 STREETSCAPE WILL BE COMPLIED WITH DURING THE BUILDING STAGE.

6) ALL PROPOSED SIDEWALKS ARE TO BE INSTALLED AT THE TIME OF BUILDING PERMIT UDC 35-506(D)(9).

C.P.S. NOTES:

THE CITY OF SAN ANTONIO AS A PART OF ITS ELECTRIC AND GAS SYSTEM (CITY PUBLIC SERVICE BOARD) IS HEREBY DEDICATED THE EASEMENTS AND RIGHT-OF-WAY FOR ELECTRIC AND GAS DISTRIBUTION AND SERVICE FACILITIES IN THE AREAS DESIGNATED ON THIS PLAT AS "ELECTRIC EASEMENT", "GAS EASEMENT", "ANCHOR EASEMENT", "SERVICE EASEMENT", "OVERHANG EASEMENT", "UTILITY EASEMENT", AND "TRANSFORMER EASEMENT", FOR THE PURPOSE OF INSTALLING, CONSTRUCTING, RECONSTRUCTING, MAINTAINING, REMOVING, INSPECTING, PATROLLING, AND ERECTING POLES, HANGING OR BURYING WIRES, CABLES, CONDUITS, PIPELINES OR TRANSFORMERS, EACH WITH ITS NECESSARY APPURTENANCES, TOGETHER WITH THE RIGHT OF INGRESS AND EGRESS OVER GRANTOR'S ADJACENT LAND, THE RIGHT TO RELOCATE SAID FACILITIES WITHIN SAID EASEMENT AND RIGHT-OF-WAY AREAS, AND THE RIGHT TO REMOVE FROM SAID LANDS ALL TREES OR PARTS THEREOF, OR OTHER OBSTRUCTIONS WHICH ENDANGER OR MAY INTERFERE WITH THE EFFICIENCY OF SAID LINES OR APPURTENANCES THERETO. IT IS AGREED AND UNDERSTOOD THAT NO BUILDINGS, CONCRETE SLABS, OR WALLS WILL BE PLACED WITHIN SAID EASEMENT AREAS. ANY CPS MONETARY LOSS RESULTING FROM MODIFICATIONS REQUIRED OF CPS EQUIPMENT, LOCATED WITHIN SAID EASEMENT, DUE TO GRADE CHANGES OR GROUND ELEVATION ALTERATIONS SHALL BE CHARGED TO THE PERSON OR PERSONS DEEMED RESPONSIBLE FOR SAID GRADE CHANGES OR GROUND ELEVATION ALTERATIONS. THIS PLAT DOES NOT AMEND, ALTER, RELEASE OR OTHERWISE AFFECT ANY EXISTING ELECTRIC, GAS, WATER, SEWER, DRAINAGE, TELEPHONE, CABLE EASEMENTS OR ANY OTHER EASEMENTS FOR UTILITIES UNLESS THE CHANGES TO SUCH EASEMENTS ARE DESCRIBED BELOW.

STATE OF TEXAS
COUNTY OF BEXAR

I HEREBY CERTIFY THAT PROPER ENGINEERING CONSIDERATION HAS BEEN GIVEN THIS PLAT TO THE MATTERS OF STREETS, LOTS AND DRAINAGE LAYOUT. TO THE BEST OF MY KNOWLEDGE THIS PLAT CONFORMS TO ALL REQUIREMENTS OF THE UNIFIED DEVELOPMENT CODE, EXCEPT FOR THOSE VARIANCES GRANTED BY THE SAN ANTONIO PLANNING COMMISSION.

ARTURO CAMACHO, JR.
REGISTERED PROFESSIONAL ENGINEER NO. 91711

SUBDIVISION PLAT ESTABLISHING

MARSHALL MEADOWS

BEING 15.09 ACRE TRACT OF LAND PARTIALLY IN THE CITY OF SAN ANTONIO, AND IN BEXAR COUNTY, TEXAS, 3.64 ACRES OUT OF A 30.00 ACRE TRACT OUT OF THE J.M. URRIEGAS SURVEY NO. 31, RECORDED IN VOLUME 4145, PAGE 1731 OF THE OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS, AND 11.45 ACRES OUT OF A 29.5 ACRE TRACT OUT OF THE J.M. URRIEGAS SURVEY NO. 32, RECORDED IN VOLUME 5118, PAGE 1116 OF THE OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS.

STATE OF TEXAS
COUNTY OF BEXAR

THIS PLAT OF MARSHALL MEADOWS HAS BEEN SUBMITTED TO THE CITY OF SAN ANTONIO, TEXAS, AND HAVING BEEN REVIEWED BY THE DIRECTOR OF DEVELOPMENT SERVICES, IS HEREBY APPROVED IN ACCORDANCE WITH STATE OR LOCAL LAWS AND REGULATIONS AS INDICATED BELOW:

DATED: THIS____ DAY OF____________, A.D. , 20___.

BY: ______________________
DIRECTOR OF DEVELOPMENT SERVICES

CERTIFICATE OF APPROVAL

THE UNDERSIGNED, COUNTY JUDGE, OF BEXAR COUNTY, TEXAS, AND PRESIDING OFFICER OF THE COMMISSIONERS COURT OF BEXAR COUNTY, DOES HEREBY CERTIFY THAT THE ATTACHED PLAT WAS DULY FILED WITH THE COMMISSIONERS COURT OF BEXAR COUNTY, TEXAS AND THAT AFTER EXAMINATION IT APPEARS THAT SAID PLAT IS IN CONFORMITY WITH THE STATUES, RULES AND REGULATIONS GOVERNING SAME, AND THAT THE PLAT HAS BEEN APPROVED BY THE SAID COMMISSIONERS COURT ON THIS_________ DAY OF__________ , 2003.

ATTESTED ______________________
COUNTY JUDGE, BEXAR COUNTY, TEXAS

____
COUNTY CLERK, BEXAR COUNTY, TEXAS

Carter::Burgess
Consultants in Engineering, Surveying, Architecture, Construction Management and Related Services
Carter and Burgess, Inc.
911 Central Parkway N. Suite 425
San Antonio, Texas 78232
(210)494-0088 Fax (210)494-4525

DATE: 12/9/04 JOB NO. 310294.012

STATE OF TEXAS
COUNTY OF BEXAR

I HEREBY CERTIFY THAT THE ABOVE PLAT CONFORMS TO THE MINIMUM STANDARDS SET FORTH BY THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYING ACCORDING TO AN ACTUAL SURVEY MADE ON THE GROUND BY:

DREW A. MAWYER
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5348

STATE OF TEXAS
COUNTY OF BEXAR

I,______________, COUNTY CLERK OF SAID COUNTY, DO HEREBY CERTIFY THAT THIS PLAT WAS FILED FOR RECORD IN MY OFFICE, ON THE ____DAY OF ______A.D. 20 ___ AT ______M. AND DULY RECORDED THE _____DAY OF ____A.D. 20 ___AT ______M. IN THE RECORDS OF ______AND_______OF SAID COUNTY, IN BOOK VOLUME ______ ON PAGE ______.

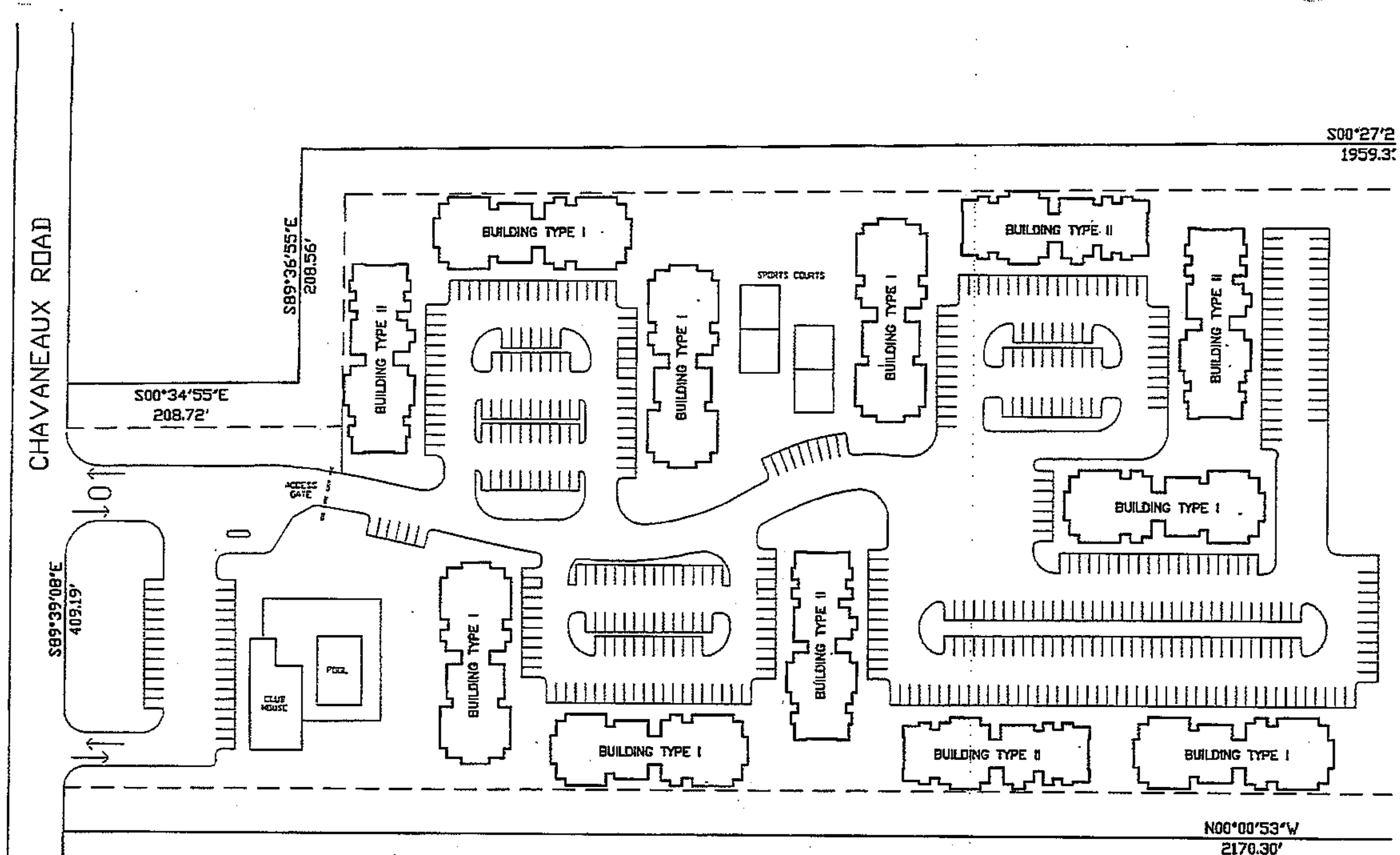
IN TESTIMONY WHEREOF, WITNESS MY HAND AND OFFICIAL SEAL OF OFFICE, THIS ____ DAY OF_________ A.D. , 20 ___

COUNTY CLERK, BEXAR COUNTY, TEXAS

BY: ______________________, DEPUTY

04456

Application (Architectural Drawings)



50' R.O.W.

50 - 1BR ✓
114 - 2BR ✓
86 - 3BR ✓
250

Type 1 - 7 Bldgs
Type 2 - 5
12

12 - 2BR x 7 = 84 - 2BR
8 3BR x 7 = 56 - 3BR

10 1BR x 5 = 50-1BR
6 2BR x 5 = 30-2BR
6 3BR x 5 = 30 3BR

1 PRELIMINARY LAND USE PLAN

SCALE= 1:80

NORTH

As-Built

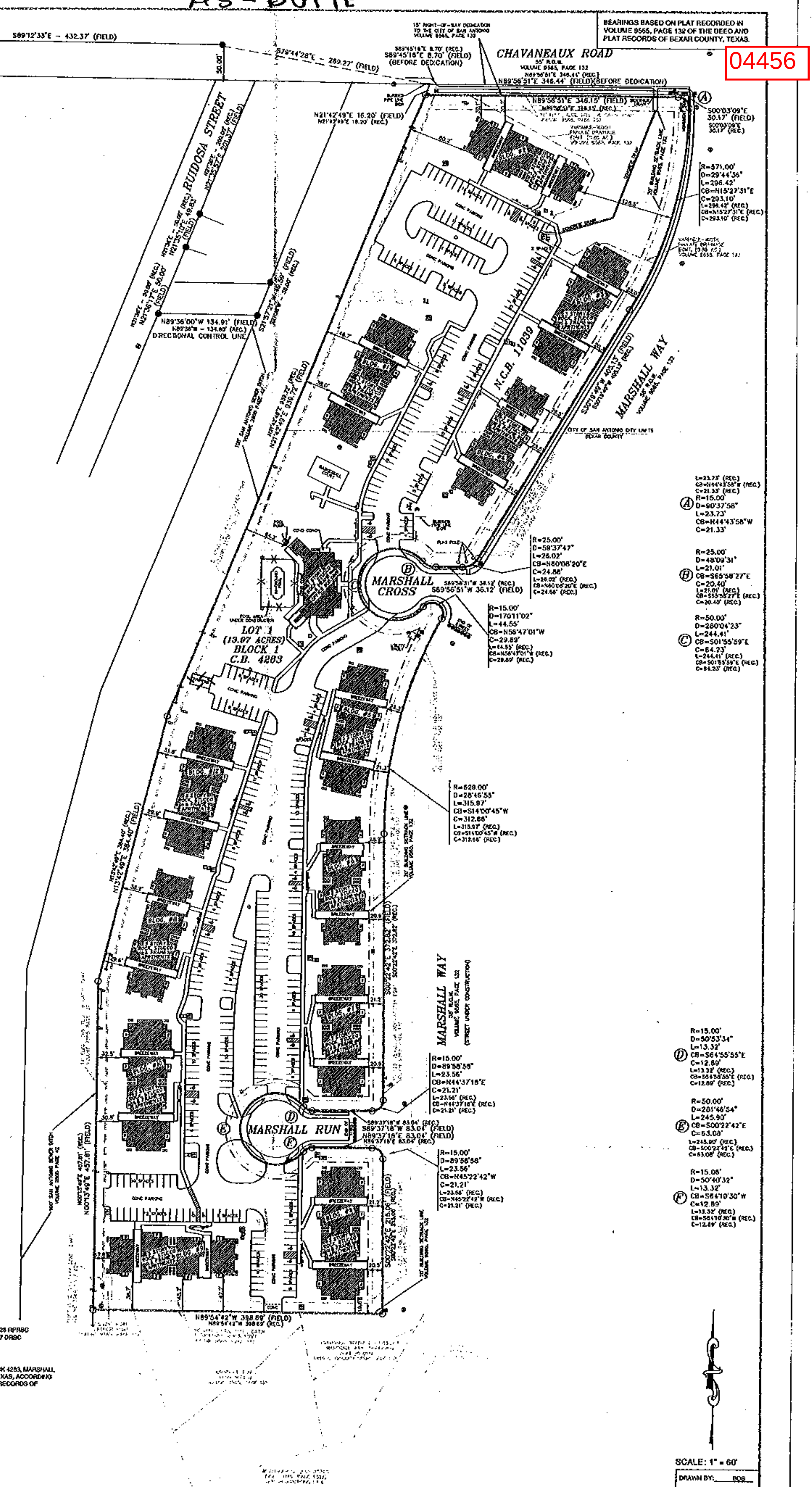
04456

LEGEND

OVERHEAD ELECTRIC	—OE—
WOOD FENCE	
CHAIN LINK FENCE	
WROUGHT IRON FENCE	
METAL GUARD RAIL	
ROCK RETAINING WALL	
FOUND ½" IRON PIN UNLESS OTHERWISE NOTED	
SET ½" IRON PIN UNLESS OTHERWISE NOTED	
LIGHT POLE	
FIRE HYDRANT	
FIRE LINE PIPE	
POWER POLE	
GUYWIRE	
ELECTRIC METER	
ELECTRIC TRANSFORMER	
GAS METER	
WATER VALVE	
GAS VALVE	
IRRIGATION CONTROL VALVE	
WATER METER	
TELEPHONE PEDESTAL	
CABLE TV PEDESTAL	
SANITARY SEWER MANHOLE	
ELECTRIC MANHOLE	
TELEPHONE MANHOLE	
STORM DRAIN MANHOLE	
SEWER CLEANOUT	
BOLLARD	
SIGN	
GRATE INLET	
AIR CONDITIONING UNITS	
COVERED CONC PATIOS	

PARKING

	338	PARKING SPACES
+	25	HANDICAP PARKING SPACES
	363	TOTAL



I HERE CERTIFY TO CHICORY COURT XXV, LP, CHAPTERMAC OR ITS SUCCESSORS AS "MAJORITY OWNER," WELLS FARGO BANK, NATIONAL ASSOCIATION, AS TRUSTEE, RCC CREDIT FACILITY, L.L.C., RELATED DIRECT SLP LLC, AND THEIR RESPECTIVE SUCCESSORS AND ASSIGNS AND FIDELITY NATIONAL TITLE THAT I AM A REGISTERED SURVEYOR LICENSED BY THE STATE OF TEXAS; (A) THAT THE ATTACHED SURVEY PREPARED BY ME ENTITLED "CHAMPIONS HOMES AT PORT ROYAL", DATED AUGUST 23, 2006, AND LAST REVISED AUGUST 23, 2006, CORRECTLY SHOWS THE LAND OWNED BY CHICORY COURT XXV, LP, AND THAT IT

(I) WAS ACTUALLY MADE UPON THE GROUND UNDER MY SUPERVISION AND THAT IT AND THE INFORMATION, COUTRSES AND DISTANCES SHOWN THEREON ARE CORRECT;

(II) SHOWS BY ACTUAL FIELD INSTRUMENT SURVEY THE LOCATION OF ALL BOUNDARIES, MARKERS, STREETS, ROADS, EASEMENTS, RIGHTS-OF-WAY AND ANY OTHER METTERS OF RECORD AFFECTING THE SUBJECT PROPERTY PER THE LEGAL DESCRIPTIONS OF SUCH EASEMENTS AND OTHER MATTERS;

(III) SHOWS ANY OTHER MATTERS ON THE GROUND WHICH MAY ADVERSLY AFFECT TITLE TO OR THE USE OF THE SUBJECT PROPERTY, INCLUDING, WITHOUT LIMITATION, THE FOLLOWING: THE LOCATION AND DIRECTION OF ALL STORM DRAINAGE SYSTEMS FOR THE COLLECTION AND DISPOSAL OF ALL RUN OFF AND SURFACE DRAINAGE AND THE LOCATION OF ANY DISCHARGE IN TO STREAM, RIVERS OR OTHER CONVEYANCE SYSTEM;

(IV) SHOWS THAT ALL UTILITY SERVICES REQUIRED FOR THE OPERATION OF THE PREMISES EITHER ENTER THE PREMISES THROUGH ADJOINING PUBLIC STREETS, OR SHOWS THE POINT OF ENTRY AND LOCATION OF ALL VISABLE UTILITES WHICH PASS THROUGH OR ARE LOCATED ON ADJOINING PRIVATE LAND; AND

(V) SHOWS ALL BUILDINGS, PARKING SPACES AND LOTS, FENCES, UTILITY POLES, CULVERTS, LINES AND OTHER STRUCTURES, CURBING, AND CURB CUTS, SIGNS, HYDRANTS, MANHOLES, AND OTHER IMPROVEMENTS OF EVERY KIND AND NATURE;

(B) THAT THERE ARE NO ENCROACHMENTS EITHER WAY ACROSS THE BOUNDARY LINES OF THE SUBJECT PROPERTY EXCEPT AS SHOWN ON THE SURVEY AND THAT EACH TRACT IS CONTIGUOUS AND THAT THERE ARE NO GORE OR VOIDS BETWEEN ANY OF THEM; (C) ALL OF THE DESCRIBED PROPERTY IS LOCATED WITHIN THE BOUNDARIES OF BEXAR COUNTY, TEXAS; (D) THAT THE PROPERTY SHOWN ON THE SURVEY DOES NOT LIE WITHIN FLOOD HAZARD AREA IN ACCORDANCE WITH THE DOCUMENT ENTITLED "DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, FEDERAL INSURANCE ADMINISTRATION - FLOOD HAZARD AREA MAPS"; AND (E) THAT THE SURVEY WAS MADE IN ACCORDANCE WITH THE "MINIMUM STANDARD DETAIL REQUIREMENTS FOR LAND TITLE SURVEYS" JOINTLY ESTABLISHED AND ADOPTED BY ALTA, ACSM AND NSPS IN 1999.

STATE OF TEXAS REGISTERED JERRY D. WILKIE, JR. 4724 PROFESSIONAL LAND SURVEYOR

SIGNATURE

9-11-06

DATE

PLAT OF PROPERTY

REFERENCE: VOLUME 11175, PAGE 1439 ORBC
VOLUME 4877, PAGE 262 RPRBC
VOLUME 3669, PAGE 828 RPRBC
VOLUME 487, PAGE 637 ORBC

PROPERTY ADDRESS: 1830 E. CHAVANEAUX ROAD
SAN ANTONIO, TEXAS

LOT 1, BLOCK 1, PARTIALY IN NEW CITY BLOCK 11039, AND IN COUNTY BLOCK 4283, MARSHALL MEADOWS SUBDIVISION, IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 9565, PAGE 132 DEED ANDPLAT RECORDS OF BEXAR COUNTY, TEXAS.

DATE: 6-26-06
JOB NUMBER: 2006567
GF NUMBER: 27-34-93-31843 CH
BUYER: TEXAS CHICORY COURT XXV, LP

WILKIE SURVEYING
10615 PERRIN BEITEL #206
SAN ANTONIO, TEXAS 78217
(210) 650-9990 PHONE
(210) 650-9995 FAX
JDW@WILKIESURVEYING.COM

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST
March 12, 2009

Action Item

Presentation, Discuss, and Possible Waiver of Requirements of the 2009 Qualified Allocation Plan and Rules for the 2007 Applications that Returned Awards and Reapplied Under the 2009 Competitive Housing Tax Credit Application Cycle.

Requested Action

Approve, Amend, or Deny the Waivers of the 2009 Qualified Allocation Plan and Rules.

Background

At the February 5, 2009, Board meeting, the Board approved the following global waivers for the four 2007 applications discussed in this presentation.

- Waive pre-application request deadline for neighborhood organization information
- Allow the use of the same 2007 third-party reports
- Use the same underwriting with updated costs
- Allow same points Income Levels of Tenants as was proposed in 2007
- Award pre-application points if the applicant submitted a pre-application in 2007
- Allow housing needs scores from 2007 to remain the same for 2009
- Previous 10% Test and Carryover documentation be amended and not full submissions

The Board tabled the decision to address the specific application issues to the March meeting. As a reminder, the Board indicated it would consider waivers of the 2009 Qualified Allocation Plan and Rules for 2007 applications that returned their awards and reapplied in the 2009 application cycle. The Board requested that those applicants submit narratives setting out the issues and rational for any additional waivers that would warrant special consideration between their 2007 application and their 2009 application.

The Department received information for consideration on the following four applications:

Hampton Villages (#07137)

General Partner: Eagles Nest Enterprises, LLC

Developer/Consultant: Tim Lang

Region 1 / City: Pampa

Annual Award $1,187,413

- The applicant is requesting that the letters of support, previously received, from the State Representative and Senator be accepted for points and that no new letters be required. Staff is concerned that the statutory requirement for letters is based on the value in having an expression of support that is predicated on current factors. The application received seven points for each letter for a total of fourteen points, in 2007.
- The applicant is requesting the letter of support, previously received, for Quantifiable Community Participation letters be accepted for points. Staff is concerned that the statutory requirement for letters is based on the value in having an expression of support that is predicated on current factors. The application received twenty-four points for the letter of support.
- The applicant is requesting the Board's approval to waive the requirement to install a public notice sign on the site. The sign is a mechanism by which the public is notified of the public hearing for the development and development specific information
- The applicant is requesting the 2007 applications be fast tracked. The application process is statutorily prescribed. Staff does not believe that the statutory process can be altered.

The Canyons Retirement Community (#07219)

General Partner: Sears Methodist Senior Housing, LLC

Developer/Consultant: Diana McIver

Region 1 / City: Amarillo

Annual Award $996,496

- The applicant is requesting the Board allow the previously received Local Political Subdivision Financial Contribution to be considered for the full eighteen points. Due to the increase in the development costs from 2007 to 2009, the amount of funding available may only meet the percentage required to receive twelve points. The loan does not meet the current one year term and prepayment requirements.
- The applicant is requesting to be allowed to qualify for the twelve Rent Level points since they qualify for Tenant Income points but to qualify for these points under the 2007 criteria of having 95% of the units having rents at 60% or below. The 2009 QAP requires five to ten percent additional units, from what is required in the Income scoring item, to be restricted to 50% AMGI. The percentage of total units is not an option in 2009.
- In 2007, this development was located in a Texas Enterprise Zone which was eligible for four development location points. The development is no longer eligible for the location points under the 2009 QAP.

- Green Building Initiatives is a new scoring item for 2009. Applicant requests the Board automatically award these six points because the plans and specs are complete with building permits issued. Therefore, to seek these points would require a redesign and would jeopardize the financial feasibility of the development. Staff does not believe it is appropriate to award points for a substantive improvement that is not being provided.
- The Board previously approved a threshold waiver request in July 2008 for the development to include dishwashers in 75 units and disposals in 84 of the 111 units. The applicant requests the threshold waiver approval remain consistent for the 2009 application. Staff recommends the Board's approval remain
- Applicant requests Housing Trust Funds be made available to this development and allow the qualifying per unit AMI level to increase from 30% to 60%. HTF is over-subscribed so I do not know that this is possible right now but the TACP would be available if they keep the credits in the deal

San Gabriel Crossing (#07220)

General Partner: THF Housing Facility Corporation, Mark Mayfield

Developer: DMA Development Company, LLC, Diana McIver

Region 7 / City: Liberty Hill

Annual Award: 673,954

- The applicant is requesting the Board allow the previously received Local Political Subdivision Financial Contribution to be considered for the full eighteen points. The applicant already paid $40,495 in fees and interest on the previous LPS funding. The funds were used in the predevelopment of this deal. Therefore, the funds should still be eligible for consideration for these points. The applicant would incur significant costs to secure another LPS loan. The funding is no longer available to the development.
- Green Building Initiatives is a new scoring item for 2009. The applicant was able to add some green building features to the development in the 2009 submission. However, the plans and specs are complete with building permits issued. To add additional features at this point would require a redesign and would jeopardize the financial feasibility of the development. Therefore, the applicant is requesting the Board award the full six points for showing a good faith effort to support the green building initiative with the three point items they have provided. Staff does not believe it is appropriate to award points for a substantive improvement that is not being provided.
- The applicant is requesting the development to be underwritten with rent levels restricted at or below 50% AMGI with 46% of the units allowed to qualify tenants at 60% income. The development is restricting 5% of the units at 30% AMGI. This scenario still allows the development to be financially feasible.
- The applicant is requesting the Board allow the development team not be penalized by the two million credit cap limitation. In 2007, part of the development was considered inexperienced and the organizational structure could be presented in a way as to not violate the QAP for the two million cap calculation. The development team as a whole now is considered experienced and no longer will qualify for an award under the QAP rules of calculation because each entity in the organizational structure will not be able to

prorate the allocation. Therefore, the entire credit amount will count against each one and will limit their ability to participate with any other applications in the 2009 application cycle.

- The applicant is eliminating the USDA 538 and replacing with conventional financing and has applied for TDHCA HOME funds in the amount of $800,000.

Peachtree Senior (#07289)

General Partner: Peachtree Housing Development, LLC

Developer: RLP Development LLC, Ron Pegram

Region 3 / City: Dallas

- Applicant is requesting a waiver of §49.3(58) of the QAP Ineligible Building Types because more than 70% of the proposed units are two-bedroom units. To change at this point would require a significant redesign of the development.
- In 2007, developments located in areas located outside major metropolitan areas but were not considered rural could receive seven points for the “ex-urban” location. These points were eliminated in 2009 because other points were added to the QAP that staff and the development community believed made up for the need of these points.
- In 2007, applicants were able to use the same fund source as well as same funds for LPS scoring and Third-Party Funding Commitment scoring. This changed in 2008, although the applicant use the same source, they must have additional funds to receive points for this scoring item. The applicant is requesting the approval to use the same funding sources and amounts from 2007 for the 1 point in 2009.

TDHCA ID	Development Name	City	Requested Item	Rule Site 2007	2007 Score	Rule Site 2007	2009 Score	Potential Difference
07137	Hampton Villages	Pampa	Quantifiable Community Participation Letter	QAP §49.9(i)(2)	24	QAP §49.9(i)(2)	0	(24)
			Letters of support from State Senator and Representators	QAP §49.9(i)(6)	7 pts/each	QAP §49.9(i)(6)	0	(14)
							Total	**(38)**
07219	The Canyons Retirement Community	Amarillo	Local Political Subdivision Contribution	QAP §49.9(i)(5)	18	QAP §49.9(i)(5)	12	(6)
			Rent Levels of Tenants	QAP §49.9(i)(7)	12	QAP §49.9(i)(7)	0	(12)
			Development Location - Texas Enterprise Zone	QAP §49.9(i)(14)	4	QAP §49.9(i)(15)	0	(4)
			Green Building Initiatives		0	QAP §49.9(i)(17)	0	0
							Total	**(22)**
07220	San Gabriel Crossing	Georgetown	Local Political Subdivision Contribution	QAP §49.9(i)(5)	18	QAP §49.9(i)(5)	0	(18)
			Green Building Initiatives	No Scoring Item	0	QAP §49.9(i)(17)	3	3
							Total	**(15)**
07289	Peachtree Senior	Dallas	Exurban Developments	QAP §49.9(i)(15)	7	No Scoring Item	0	(7)
			Third Party Funding Commitment	QAP §49.9(i)(26)	1	QAP §49.9(i)(28)	0	(1)
							Total	**(8)**

Robbye Meyer

From: Tim Lang [tlangtejas@austin.rr.com]

Sent: Thursday, January 15, 2009 2:23 PM

To: 'Robbye Meyer'

Subject: 2007 Returned Credits suggestions for 09 Applications

Ms. Meyer,

Below are a list of our suggestions regarding the Re-Application process for properties who have returned their 2007 credits and are applying for 2009 credits.

1. Letters from Senators and Representatives should not be required again. They are difficult to get and they make it known that they do not like writing them.
2. Community input letters used in 2007 should still be viable, and previously submitted proof of existence should not be required to be submitted again.
3. 10% test and carryovers previously submitted can be amended and do not need to be completely redone. Fees already paid be applied as well.
4. Waive the signage requirements for the site.
5. Allow 2007 set-asides for rent structure of development.
6. Waive the Pre-Application Notice to Neighborhood Organizations as the ruling to allow creits to be returned was made after that deadline had passed.
7. Allow the use of third party reports that were originally submitted in 2007.
8. Minimal underwriting from the Department.
9. Applications be fast-tracked to allow awards to be given at June Board meeting

Thank you for your time and allowing us to have some input with this matter.

Sincerely,

Tim Lang
Hampton Villages LP
8455 Lyndon Lane
Austin, Texas 78729
512.249.6240 512.249.6660 fax

January 15, 2009

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

RE: Canyons Retirement Community/#07219
Amarillo, TX

Dear Ms. Meyer,

On behalf of Canyons Senior Living, L.P., and in response to a request by the Texas Department of Housing & Community Affairs Board of Directors at its December 18, 2008, meeting, we are providing TDHCA with information on the issues affecting the above-referenced application as we seek to reapply for tax credits under the 2009 Qualified Allocation Plan.

Scoring

- *Income Levels of the Tenants of the Development, Scoring Criteria #3:* Under the 2007 QAP, Sears Methodist received 22 points for providing 10% of the low income units set-aside with incomes at or below 30% of Area Median Income, the rest of the units were set-aside for elderly persons with incomes at 60% AMI and a few market rate units. Under the 2009 QAP, this same scenario provides only 18 points. In order to achieve 22 points, Sears Methodist must completely restructure its rent schedule to provide a significant number (37) of 50% AMI units, which greatly reduces income and threatens the viability of the project. This situation is further exacerbated by Scoring Criteria #7, Rent Level of the Units, which provides up to 12 points for providing an additional 10% of the low-income units set-aside for elderly with incomes at 50% AMI. This would require 7 additional units set-aside at 50% AMI. We respectfully request that TDHCA allow the Canyons to maintain its previously underwritten rent schedule and receive 22 points instead of 18.

- *Local Political Subdivision (LPS) Financial Contribution, Scoring Criteria #5:* We respectfully request that the previous LPS Contribution received by the Sears Methodist under the 2007 QAP qualify for full points under the 2009 QAP, even if the 5% contribution amount has changed due to higher Total Development Costs. Under the 2007 QAP, this project scored 18 points for securing a contribution from the Panhandle Regional Housing Finance Corporation (PRHFC) in the amount of $472,000 (5% of Total Development Costs). The Applicant has not yet closed on the loan; however, PRHFC is maintaining its commitment to provide the funds. Requiring Sears to secure a higher loan amount would add additional cost to the project and may not be possible for PRHFC. We also request TDHCA waive the requirement to have the loan out for 1 year. Under the 2007 QAP the Applicant had the right to prepay the loan as was the intention of the Applicant.

- *Rent Level of the Units, Scoring Criteria #7:* This is a new requirement in the 2009 QAP, which allows up to 12 points for providing additional low-income units set-aside for persons with incomes at 50% AMI. As mentioned above, the financial feasibility of this project will be in jeopardy if income is further reduced by providing more units at 50% AMI and fewer units at 60% AMI. If we are able to receive 22 points under Scoring Criteria #3 Income Levels of the Tenants of the Development by providing 10% of the affordable units to persons with incomes at 30% AMI, providing an additional 10% of the low income units set-aside at 50% AMI has less of an impact on the financial feasibility of the project.

- *Pre-Application Incentive Points, Scoring Criteria #14:* If applications for the 2007 returned projects re-applying in 2009 are ultimately to be scored competitively with new 2009 applications, we respectfully request that the 6 Pre-Application Incentive Points be awarded to our 2009 scoring. This project did earn 6 points for submitting a pre-application in the 2007.

- *Development Location, Scoring Criteria #16:* Under the 2007 QAP, Sears Methodist received 4 points for this criterion because the site was located in a Texas Enterprise Zone. The Texas Enterprise Zone no longer covers the area including the project site. We are not eligible to receive the 4 points under any other of the categories listed in the 2009 QAP. We respectfully request TDHCA automatically award 4 points available for this category to the score of the application based on providing evidence of the Texas Enterprise Zone in 2007.

- *Green Building Initiatives, Scoring Criteria #17:* This is a new requirement under the 2009 QAP that did not exist under the 2007 QAP. Up to 6 points are available. The plans and specifications for Canyons are 100% completed and priced with building permits issued. To seek these points to achieve a competitive score would require a redesign and it would further threaten the project's financial feasibility. We respectfully request TDHCA automatically award 6 points available for this category to the score of the application without requiring Sears Methodist to provide any green building initiatives.

Threshold Requirements

- *Threshold Amenities*: Section 49.9(h)(B)(iii) requires disposals and Energy-Star or equivalently rated dishwasher in all units. Sears submitted an amendment request to TDHCA proposing to only include dishwashers in 75 units and disposals in 84 of the 111 units because certain existing units not having adequate floor space to include the appliances. The applicant received TDHCA approval on its amendment request at the July 2008 TDHCA Board meeting. We continue to request that we be allowed to only provide dishwashers and disposal in those certain units approved by TDHCA in July 2008.

- *Third Party Reports:* As the Phase I Environmental Assessment, Appraisal, Property Conditional Assessment and Market Study were previously approved and accepted by TDHCA, we respectfully request TDHCA waive the requirements to submit updated or new reports. Portions of the Property Condition Assessment were updated in June 2008 as part of the Applicant's amendment request that was approved by TDHCA. This is a costly report to prepare and has already been completed twice (for the 2006 and 2007 Application Rounds) and updated once for a total cost of $24,000. The project has already expended more then $50,000 on reports and subsequent updates as required by our investor. If new reports are required, we respectfully request the ability to provide updated reports in lieu of new reports wherever possible. Additionally, the market study is for a project that is 100% occupied by the future residence of this rehab project.

Financing

- One of the primary issues facing this senior rehabilitation project is the rising interest rates on permanent debt and lower equity pricing have created a large gap in sources. There is very little supplement local funding available in the City of Amarillo—CDBG/HOME funds are generally awarded in the $250,000-$450,000 range. We encourage TDHCA to make Housing Trust Funds available to this project, and simultaneously increase the qualifying per unit AMI level from 30% to 60% AMI.

Tax Credit Fees

- To date, the Applicant has paid $56,072 to TDHCA. This amount is comprised of a $999 2007 Pre-Application Fee; a $1,998 Application Fee; a $43,837 2007 Commitment Fee; a $750 2007 Building Inspection Fee; a $2,500 Amendment Fee; and a $5,988 2009 Commitment Fee for Additional Credits. We respectfully request that all fees previously paid to TDHCA on behalf of this project be applied to any future tax credit application, commitment or State supplemental funding application fees.

Thank you for your consideration of the above information. Please contact me at 512.328.3232, x171 should you have questions or want to discuss any issue in greater detail.

Sincerely,
DIANA McIVER & ASSOCIATES, INC.

JoEllen Smith
Executive Vice President

Cc: Keith Perry, President/CEO, Sears Methodist
Diana McIver, DMA Development
Scott Marks, Coats Rose

DMA DEVELOPMENT COMPANY, LLC

January 15, 2009

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

RE: San Gabriel Crossing #07220
Liberty Hill, TX

Dear Ms. Meyer:

As requested by the Texas Department of Housing & Community Affairs Board of Directors at its December 18, 2008, meeting, we are providing TDHCA with information on the issues that we believe affect the above-referenced application as we seek to reapply for tax credits under the 2009 Qualified Allocation Plan.

Scoring. There are differences between the 2007 and 2009 QAP's scoring criteria which would cause our 2009 application to score less competitively than it did in 2007. They are:

- *Local Political Subdivision (LPS) Financial Contribution, Scoring Criteria #5:* We respectfully request that the previous LPS Contribution received by the applicant under the 2007 QAP qualify for full points under the 2009 QAP, even if the 5% contribution amount has changed due to higher Total Development Costs. Under the 2007 QAP, this project scored 18 points for securing a contribution from the Capital Area Housing Finance Corporation/Southeast Texas Housing Finance Corporation in the amount of 5% of Total Development Costs. Total fees and interest paid by the Applicant for taking out the loan as required under the 2007 QAP totaled $40,495. The 2009 QAP also requires a 5% LPS contribution to score 18 points. Requiring the Applicant to secure another LPS loan would add significant additional cost the project (essentially double the existing amount), for total amount of fees and interest paid by the applicant nearing $81,000. Moreover, this funding program is no longer available from the subject entities.

- *Rent Levels per Unit, Scoring Criteria #7:* This is a new scoring criteria under the 2009 QAP. We would ask that any 50% units we add under this new criteria have 60% income limits attached to them (as was agreed to in our 2007 underwriting), or alternatively, we request to receive these points by making 95% of our development affordable, as was the case in the 2007 scoring criteria.

- *Pre-Application Incentive Points, Scoring Criteria #14:* If applications for the 2007 returned projects re-applying in 2009 are ultimately to be scored competitively with new 2009 applications, we request that the 6 Pre-Application Incentive Points be awarded to our 2009 scoring. This project did earn 6 points for submitting a pre-app in 2007.

4101 PARKSTONE HEIGHTS DRIVE, SUITE 310 AUSTIN, TEXAS 78746
TEL: 512.328.3232 WWW.MCIVER.COM FAX: 512.328.4584

- *Green Building Initiatives, Scoring Criteria #17.* This is a new requirement under the 2009 QAP that did not exist under the 2007 QAP. Up to 6 points are available. In the case of San Gabriel Crossing, the plans and specifications for this project are 100% completed and priced. To seek these points to achieve a competitive score would require a redesign and it would further threaten the project's financial feasibility. We respectfully request TDHCA automatically award 6 points available for this category to the score of the application without requiring us to provide any green building initiatives.

Threshold Requirements. We ask that the date requirements for third party reports be waived.

- Phase I Environmental Assessment. There are no changes to the site boundaries and no activity has taken place on the site that would require a new Phase I. We will submit any updates that were provided to our investor as well as the original report.

- Market Study. The market study was previously approved and accepted by TDHCA and there has been no new housing built in this area in the interim that would impact the need for this development.

The cost of completing new reports will be upwards of $10,000. The project has already expended more then $15,000 on reports and subsequent updates as required by our investor.

Underwriting. We ask that as part of the underwriting process that TDHCA allow the additional costs we have incurred as a result of the need to reapply. The most significant of these is the $40,495 that was paid to CAHFC/SETH for the predevelopment loan application fees and interest costs. Additionally, we may be using a different tenant income mix based on the different point structure required under the 2009 QAP. We continue to request that we be allowed to utilize 60% income limits, while restricting the rents to 50%, a provision that was approved as part of our 2007 underwriting.

Tax Credit Cap per Developer. One of the big issues we face is the $2,000,000 cap per applicant. Because this is a joint venture between a housing authority and a private developer, it does not qualify for a proration of the cap as it would if it were a capacity building joint venture. However, because Texas Housing Foundation cannot provide guarantees under State law, its status is similar to an inexperienced developer in that it must have a developer partner. In 2007, the Texas Housing Foundation and DMA Development Company EACH took the full $582,217 allocation against their respective caps. However, as a result of the Board Action on December 18, each entity will once again have to take the full amount of the tax credits against its 2009 caps. As a result, we ask that TDHCA allow that the cap be prorated based on ownership interests, such as is allowed for a capacity building joint venture. Additionally, we may need to make some minor adjustments to the ownership structure.

Financing: It was discussed at the board meeting that the 2007 resubmissions need to be substantially the same as the 2009 application in order to be considered for preferential treatment. Because of economic situations beyond our control, we will need to make changes to our financing structure, as follows:

- *Section 538 Financing.* We do not believe at this time that we will be able to proceed with a 538 loan as there are no assurances that 538 financing will be available for this project in 2009; we expect to replace this with conventional financing.

- *HOME.* We will have to supplement our financing with an allocation of HOME funds, due to the severe drop in credit prices.

HOME Application. On November 6, 2008, we submitted to TDHCA a HOME application requesting $800,000 in order to meet the shortfall created when PNC repriced our credits in September 2008. The HOME application was in processing when we returned the 2007 credit allocation on January 3, 2008, in order to re-apply for a 2009 allocation. Subsequent to our returning the 2007 credit allocation, we were informed by TDHCA that since the Applicant does not have a current credit award, the 2008 HOME application would either be terminated by TDHCA or the Applicant would need to pull it from consideration. We ask that the $500.00 application fee paid in 2008 be applied to the 2009 Application fee associated with a new HOME application.

Tax Credit Fees. To date, the Applicant has paid $39,728 to TDHCA. This amount includes the following: $760 for 2007 Pre-Application Fee; $1,520 for 2007 Application Fee: $29,111 for 2007 Commitment Fee; $750 for 2007 Building Inspection Fee; $2,500 Amendment Fee; $4,587 for 2009 Commitment Fee for Additional Credits; and $500 for 2008 HOME Application Fee. We respectfully request that all fees previously paid to TDHCA on behalf of this project be applied to any future tax credit application, commitment or HOME application fees.

Thank you for your consideration of the above information. Please contact me at 512.328.3232, x171 should you have questions or want to discuss any issue in greater detail.

Sincerely,

DMA DEVELOPMENT COMPANY, LLC.

JoEllen Smith
Executive Vice President

Cc: Mark Mayfield, Texas Housing Foundation
Diana McIver, DMA Development

Peachtree Senior
07289

Year	Section	Title	2007 Score	2009 Score	Scoring Variance
2007 QAP and Rules	**49.3(52)**	**Definitions Ineligible Building Types**			
2009 QAP and Rules	49.3(58)	Definitions Ineligible Building Types			
2007 QAP and Rules	**49.9(i)(3)**	**The Income Levels of Tenants of the Development**	22	18	(4)
2009 QAP and Rules	49.9(i)(3)	The Income Levels of Tenants of the Development			
2007 QAP and Rules	**49.9(i)(11)**	**Housing Needs Characteristics**	5	3	(2)
2009 QAP and Rules	49.9(i)(12)	**Housing Needs Characteristics**			
2007 QAP and Rules	**49.9(i)(15)**	**Exurban Developments (Development characteristics)**	7	N/A	(7)
2009 QAP and Rules	49.9 (i)(15)	Economic Development Initiatives			
2007 QAP and Rules	**49.9(i)(26)**	**Third-Party Funding Commitment**	1	0	(1)
2009 QAP and Rules	49.9(i)(28)	**Third-Party Funding Commitment**			
		Total	35	21	(14)

Peachtree Senior
07289

Definition
Those Developments which are ineigible,pursuant to this QAP, for funding under the Housing
Tax Credit Program, as follows: There were no restrictions on having “more than 70% two-bedroom units” in a Development
Those Developments which are ineligible, pursuant to this QAP, for funding under the Housing Tax Credit Program, as follows:
(E) Any Qualified Elderly Development or Age Restricted Buildings Intergenerational Housing Developments proposing
more than 70% two-bedroom units
Applications may qualify to receive up to 22 points for qualifying under only one of subparagraphs (A) - (F) of this paragraph.
(B) 22 points if at least 10% of the Total Units in the Development are set-aside with incomes at or below 30% of AMGI
Applications may qualify to received up to 22 points for qualifying under only one of subparagraphs (A) – (F) of this paragraph
(D) 18 points if at least 10% of the Low-Income Units in the Development are set-aside with incomes at or below 30% of AMGI
Applications may qualify to receive up to 7 points
Applications may qualify to receive up to 6 points
Applications may qualify to receive 7 points if the Development is not located in a Rural Area and has a population less than 100,000
based on the most current Decennial Census
2007 category “Exurban Developments” has been removed and replaced by 2009 “Economic Development Initiatives”
Applications may qualify to receive 1 point for this item.
Applications may qualify to receive 1 point for this item.

Peachtree Senior
07289

Comments
Under the 2007 QAP we were allowed to have more than 70% two-bedroom units, however, under the 2009 QAP more than 70% two-bedroom units make a development ineligible. We would like to follow the 2007 QAP on this item and remain eligible.
Under the 2007 QAP we were allowed 22 points if at least 10% of the Low-Income Units were set-aside with incomes at or below 30% of AMGI, however, under the 2009 QAP only 18 points are allowed if 10% of the Low-Income Units are set-aside with incomes at or below 30% of AMGI. We would like to follow the 2007 QAP on this item and retain the 22 points
2007 HTC Site Demographic Characteristics recorded Balch Springs at 1.63 Place Per Capita/TX Per Capita with an Affordable Housing Need Score of 5, however, the 2009 HTC Site Demographic Characteristics recorded an increase of Balch Springs Place Per Capita/ TX Per Capita from 1.63 to 2.26, and dropped the Affordable Housing Need Score to 3. We would like to follow the 2007 QAP on this item and retain the 5 points.
The 2007 QAP 49.9(i)(15) awarded 7 points for an Exurban Development, however, the 2009 QAP no longer awards Exurban Developments. We would like to follow the 2007 QAP on this item and retain the 7 points.
For the 2007 Application, the AHAP Contract valued at $942,480 was used in 49.9(i)(5) The Commitment of Development Funding by Local Political Subdivisions. It met more than the 5% criteria and $880,000 was applied to obtain the 18 points allowed. The balance was applied to the 49.9(i)(28) - Third-Party Commitment Funding from Balch Springs adding to the $300,000 commitment an additional $62,480 enabling it to more than meet the 2% criteria of $352,000, and obtained the 1 point. We would like to distribute the funds in the same manner again in the 2009 Application and retain the 1 point.

NONE AT THE TIME OF THIS POSTING

REQUEST FOR BOARD ACTION
Multifamily Finance Production

Private Activity Bond Program – Waiting List

1 Priority 2 Application for 2009 Waiting List

TABLE OF EXHIBITS

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of an Inducement Resolution for Multifamily Housing Revenue Bonds and Authorization for Filing Applications for Private Activity Bond Authority – 2009 Waiting List.

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 2009 Private Activity Bond Program for one (1) application.

Background

The Texas Bond Review Board (BRB) administers the state's annual bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds through the bond program. Each issuer's Board is required to induce an application for bonds prior to the submission to the BRB. The Board approval of the inducement resolution is the first step for the Board in the application process. The inducement allows staff to submit the application to the BRB to await a reservation of allocation. Once the application receives a reservation of allocation, the Applicant has 150 days to close on the private activity bond transaction. During the 150 day process, the Department will review the Applicant's complete application for threshold and compliance with the Department's Rules and see that it is underwritten to determine financial feasibility. The Department will schedule and conduct a public hearing in the community of the proposed location of the development. The complete application including a transcript from the hearing will then be presented before the Board again for a decision on the actual issuance of the bonds as well as the allocation of housing tax credits.

Each year, the State of Texas is notified of the cap on the amount of private activity tax-exempt revenue bonds that may be issued within the state. Approximately $481 million is set aside for multifamily until August 17th for the 2009 bond program year. TDHCA has a set aside of approximately $96 million available for new 2009 applications. If the Board approves the Waiting List application listed below it will be submitted to the Texas Bond Review Board.

Inducement Resolution 09-032 includes one (1) application that was received on or before February 5, 2009. The application will reserve approximately $15 million in 2009 state volume cap. Upon Board approval to proceed, the application will be submitted to the Texas Bond Review Board for placement on the 2009 Waiting List. Board approval of the inducement resolution allows the Department to submit the application to the Bond Review Board to await a reservation of allocation. This is the first application received for the 2009 program year.

<u>Willow Oak, #09603</u>– The proposed new construction development will consist of 100 units and will target the elderly population. It will be located at approximately on approximately 11.67 acres on the west side of Dale Lane, White Settlement, Tarrant County. Demographics for the census tract (1107.03) include AMFI of $42,557; the total population is 3,831; the percent of the population that is minority is 24.51%; the number of owner occupied units is 730; number of renter occupied units is 684; and the number of vacant units is 107. (Census Information from FFIEC Geocoding for 2008).

The development has been presented to staff as an assisted living development expected to market services to elderly residents within Tarrant County. The development, structured in this way, will be eligible for a Medicaid HCBS waiver from the Department of Aging and Disability Services (DADS). The target market is a resident over 70 years old. According to a narrative provided by the Applicant and included in this presentation, these residents tend to have a need for assistance with the activities of daily living such as bathing, dressing, meal preparation, housekeeping, medication management, etc. While the Applicant expects various levels of function ability among the resident population they propose to offer the following optional services: assistance with dressing, assistance with bathing, weekly housekeeping, weekly linen service, three meals daily, scheduled activities, medication reminders and assistance with scheduling transportation. Staff will be available 24 hours per day to provide security and peace of mind and the staff will be qualified to provide assistance to each resident with personalized care as needed.

Department staff has had several discussions with the Applicant regarding the potential violation of the General Use Provision found in Section 1.42-9 of the Treasury Regulations (the "Regulations") prom negated under the Internal Revenue Code (the "Code"). Furthermore, Revenue Ruling 98-47 states that the availability of continual or frequent medical, nursing or psychiatric services in a facility for the residents of the facility will cause the facility to not meet the definition of a "residential rental project" as defined pursuant to Section 1.103-8(b)(4) of the Regulations. Based on Revenue Ruling 98-47, the optional services to be provided to residents of the development, as outlined in the Applicants proposal, do not give rise to such services. If such services are made available to residents; however, it is presumed that the building will be ineligible for the housing tax credit and any obligations issued for the financing thereof would be taxable. The Applicant is aware of staff's concerns; therefore, if private activity bonds are issued and credits awarded it will ultimately be the applicant's responsibility to demonstrate continuing compliance with Sections 1.42-9 and 1.103-8(b)(4) of the Regulations.

Public Comment: The Department has not received any letters of support or opposition.

Recommendation

Staff recommends the Board deny the Inducement Resolution as presented by staff.

Should the Board desire to move forward with the inducement today, the staff recommends that no further action be done with the inducement until such a time as the IRS issues a private letter ruling that eliminates staff concerns regarding a conflict between health services rules requiring no additional limitations and IRS rules requiring income and general public use limitations. Staff recommends that the Board direct the applicant to work with the Department prior to submission of the request for a private letter ruling so that all concerns are fully addressed.

Texas Department of Housing and Community Affairs

2009 Multifamily Private Activity Bond Program - Waiting List

Application #	Development Information	Units		Bond Amount	Developer Information	Comments
09603 Priority 2	White Settlement Assisted Living - Willow Oak West side of Dale Lane (south of Dale Lane Court and north of Marilyn Drive) City: White Settlement County: Tarrant *New Construction*	100 Elderly	$	15,000,000 Score = 125	White Settlement-Senior Living III, LP A. V. Mitchell 801 E. Ave. H. Ste. 120 Arlington, TX76011 (817) 652-9650	Deny Inducement or Recommend with Conditions
Totals for Applications		**100**	**$**	**15,000,000**		

RESOLUTION NO. 09-032

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 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 2008 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 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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 12th day of March, 2009.

[SEAL]

By:____

Chairman, Governing Board

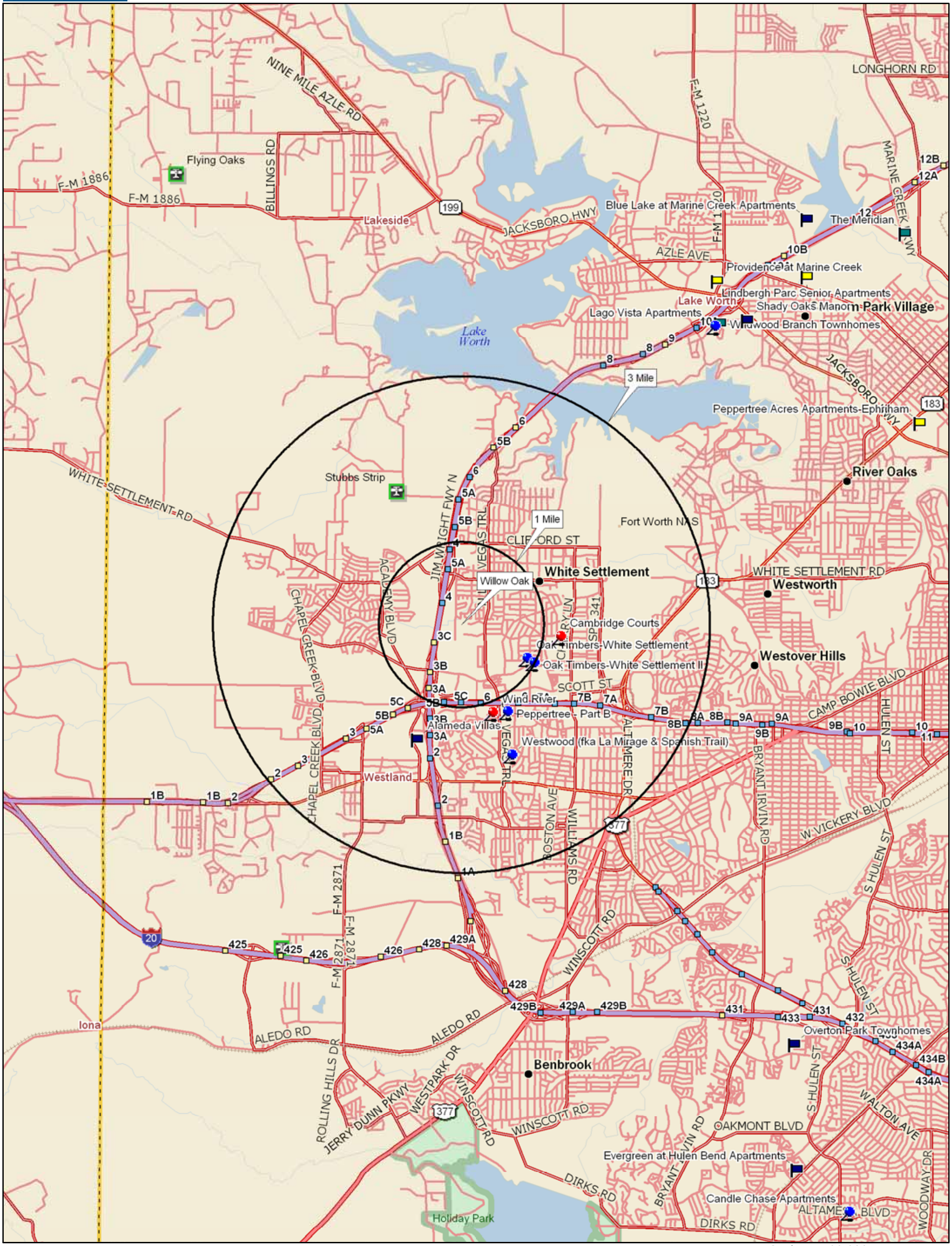
Attest: _________________________________

Secretary to the Governing Board

EXHIBIT "A"

Description of each Owner and its Development

Project Name	Owner	Principals	Amount Not to Exceed
Willow Oak	White Settlement-Senior Living III, LP	The General Partner of which is White Settlement-Senior Living III, GP, LLC, or other entity and the Limited Partner of which is A.V. Mitchell, or other entity	$15,000,000
Costs: (i) acquisition of real property located at approximately 11.671 +/- acres on west side of Dale Lane (south of Dale Lane Court and north of Marilyn Drive), White Settlement, Tarrant County, Texas; and (ii) the construction thereon of an approximately 100-unit multifamily residential rental housing development for seniors.			



Data use subject to license.

www.delorme.com

Scale 1 : 100,000

1" = 1.58 mi

Data Zoom 11-0

THIS ITEM HAS BEEN PULLED FROM THE AGENDA

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COMMUNITY AFFAIRS DIVISION
BOARD ACTION REQUEST
March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of the 2009 Community Services Block Grant (CSBG) State Discretionary Awards.

Requested Action

Based on the Department's scoring and ranking of the 2009 CSBG State Discretionary applications, staff recommends that the Board approve the staff recommendations. A total of eight (8) applicants are recommended to receive funding totaling $900,000.

Background

The U.S. Department of Health and Human Services provides annual Community Services Block Grant (CSBG) funds to ameliorate the causes of poverty in communities. States are allowed to use the CSBG funds in accordance with Section 675C. USES OF FUNDS of Public Law 105-285. The Department allocates ninety percent 90% of the CSBG funds by formula distribution to the network of CSBG eligible entities to serve the 254 counties; five percent 5% for state administration; and, five percent 5% for state discretionary activities, including those for disaster assistance relief, for serving special low-income population groups, and for local or statewide innovative and demonstration initiatives. The Board approved the use of $900,000 of CSBG state discretionary funds, out of the five percent (5%) (or $1,565,599) for the Notice of Funding Availability (NOFA).

On December 18, 2008, the Board approved the NOFA. The NOFA was released to interested parties December 19, 2008, and the applications were due to the Department January 20, 2009. The Department received 35 applications for CSBG state discretionary funds from this release, but only 29 applications were eligible. Four of the ineligible applications had issues related to failure to provide required documentation of their 501(c)(3) status, one did not provide the Articles of Incorporation, one did not provide a copy of their single audit or end-of-the year financial statements, and one arrived past the deadline.

The maximum amount of funds requested was limited to $125,000 per applicant and applicants competed in one of four categories: Projects Providing Assistance and Services for the Migrant and Seasonal Farmworker Population; Projects Providing Assistance and Services for the Native-American Population; Innovative or Demonstration Projects; or Statewide Initiative Projects.

The Department used a standardized scoring instrument to evaluate and score each eligible competitive proposal. The scores from the review team members were averaged to establish a raw score; then bonus points were added to determine an adjusted score. Past performance of previously funded CSBG subrecipients was also a factor and was taken into consideration during the final stage of the proposal review process. The Department's Portfolio Management and

Compliance Division was consulted to determine if potential applicants had any monitoring, audit, or compliance issues with Department funded programs. Serious deficiencies in past or current performance impact funding recommendations lead to disqualification for access to CSBG funds for the current funding cycle.

The attached document, 2009 Community Services Block Grant (CSBG) State Discretionary Funds Funding Recommendations, lists the applicants recommended for funding by category. The ranking takes into account all the cumulative factors previously mentioned. Applications were ranked by score within the category they applied for and the funds are distributed beginning with the applicants with the highest score and decreasing by rank until the reserved funds for the category are fully distributed.

Travis County Domestic Violence and Sexual Assault Survivor Center/Safe Place (Innovative Project) – Funds will support the Resource Advocacy Program which provides case management, financial assistance and other services to low-income survivors of domestic/sexual violence living in the community and to clients exiting the Family Shelter. Services will have the objective of strengthening their self-sufficiency and improving their financial and emotional stability.

Housing Authority of City of Beaumont (Innovative Project) – Funds will support a 12 month College Preparation Program targeting 20 high school students living in low-income households. The objective of the program is to guide youth through their senior year of high school by exposing them to job opportunities through a six week internship program with the Housing Authority; assisting with making applications for college and financial aid; enrolling them in college success seminars and life skills training; and, providing a $2,000 scholarship.

Texas Association of Community Action Agencies – Funds will be utilized to provide technical assistance and training to CSBG eligible entities to improve capacity; conduct surveys of eligible entities; maintain data on services of eligible entities; assist with agency self-assessments; support the Hunters for the Hungry Program; maintain the Texas Hunger Relief Clearinghouse; maintain a Food Assistance Provider database; disseminate information to CSBG network; and operate assistance initiatives targeting low-income individuals.

Texas Homeless Network (Statewide Project) Funds will be used to provide and/or facilitate access to training and technical assistance to CSBG eligible entities, such will focus on best practices and program and management development. Funds will also support TDHCA and the Texas Interagency Council on Homelessness by conducting surveys of CSBG eligible entities, assisting in conducting self-assessments; and coordinating efforts to address homelessness.

County of Hidalgo Community Services Agency (Migrant and Seasonal Farmworkers Project) – The funds will support the provision of services to 200 migrant and seasonal farmworkers households. Eighty-one percent of the funds will be used to provide direct assistance with rent, car repairs, school supplies and clothing for children, and other types of needed assistance.

Community Council of South Central Texas(Migrant and Seasonal Farmworkers Project) – The funds will support the provision of services to 750 migrant and seasonal farmworkers individuals. Seventy-two percent of the funds will be used to provide rent, utilities, car repairs, food, clothing, and information and referral to other services and programs.

Urban Inter-Tribal Center of Texas (Native American Projects) - The funds will be used to improve the status of 550 low-income American Indians and Alaska-Natives (AI/AN) families in Dallas county. Thirty-two percent of funds will be used to provide emergency assistance with rent, utilities, DART bus passes, fees for state birth certificates or Texas identification cards, eye exams and eye glasses, case management, budget counseling, financial and educational seminars, and other needed assistance.

Alabama-Coushatta Tribe of Texas (Native American Projects) - The funds will be used to improve the status of low-income low-income Native-Americans in Polk and Tyler counties. Seventy-five percent of the funds will provide respite care for caregivers, purchase wheelchairs, to provide rent and utility assistance, food, temporary shelter, clothing, school supplies for children, and other needed assistance.

Recommendation

Staff recommends approval of the eight organizations selected to receive a 2009 CSBG State Discretionary Funds award and the amount of funding recommended as indicated in the attached document.

2009 CSBG State Discretionary Funds NOFA Funding Recommendations

Category # /Applicant #	Elig/ Inelig	Category	Final Score	Amount Requested	Recom-mended Award
		Innovative or Demonstration Projects - Category I			
I-2	E	Travis County Domestic Violence and Sexual Center dba SafePlace	172.66	$125,000	$125,000
I-6	E	Housing Authority of the City of Beaumont	168.66	$125,000	$110,406
I-12	E	City of Texarkana	163.66	$125,000	
I-25	E	Harmony House	162.33	$81,048	
I-1	E	Combined Community Action, Inc.	161	$46,460	
I-8	E	South Plains Community Action Association, Inc.	154.66	$125,000	
I-11	E	TVP NonProfit Corp.	152.66	$60,884	
I-19	E	Literacy Instruction for Texas	149	$59,396	
I-20	E	Alamo Community College District Foundation	147	$125,000	
I-13	E	Bee Community Action Agency	145.66	$80,924	
I-22	E	Project Quest, Inc.	144.66	$121,311	
I-4	E	Loves and Fishes of the Rio Grande Valley, Inc.	144	$125,000	
I-23	E	Tarrant County Youth Corp.	139.66	$73,500	
I-21	E	City of Austin-Travis County Health and Human Services Dept.	134	$125,000	
I-10	E	Our Casas Resident Council, Inc.	128.66	$125,000	
I-16	E	Central Texas Opportunities	119.33	$122,791	
I-15	E	Texas Neighborhood Services	111.33	$107,530	
I-9	E	Center Against Family Violence	107.33	$75,365	
I-14	E	Communicative Action Program of Taylor County	99.33	$25,000	
I-3	I	Grand Prairie Weed and Seed Program Initiative	0	$230,867	
I-5	I	Val Verde Training Center	0	$113,820	
I-18	I	Humanitas Community Development Corp.	0	$125,000	
I-24	I	The Austin Project	0	$125,000	
I-17	E	Help Is On The Way, Inc.	-9.66	$125,000	
I-7	I	Organizacion Progresiva de San Elizario		$123,574	
		subtotal		**$2,572,470**	**$235,406**

Category # /Applicant #	Elig/ Inelig	Category	Final Score	Amount Requested	Recom-mended Award
		Statewide Projects - Category II			
II-1	* E	Texas Association of Community Action Agencies	127.33	$125,000	$125,000
II-2	E	Texas Homeless Network	114.33	$125,000	$100,000
II-3	I	TSE Community and Economic Development Corp.	0	$101,324	
		subtotal		**$351,324**	**$225,000**
III		**Migrant Seasonal Farmworkers Projects - Category III**			
II-3	E	County of Hidalgo Community Service Agency	147	$89,594	$89,594
II-4	E	Community Council of South Central TX	147	$125,000	$125,000
II-5	E	Community Action Social Services and Education, Inc. (CASSE)	136	$70,000	
II-2	E	Sin Fronteras (Centro de los Trabajadores Agricolas Fronterizos)	130	$125,000	
II-1	E	Asociacion Pro Servicios Sociales, Inc.	128.33	$125,000	
		subtotal		**$534,594**	**$214,594**
		Native American Projects - Category IV			
II-1	E	Urban Inter-Tribal Center of Texas	125.66	$125,000	$125,000
II-2	E	Alabama-Coushatta Tribe of Texas	98.66	$125,000	$100,000
		subtotal		**$250,000**	**$225,000**
		GRAND TOTAL		**$3,708,388**	**$900,000**

Note: The NOFA requested applicants to apply in one of four categories. Staff recommends that the $900,000 reserved for this NOFA be split among the four categories, with each category allotted $225,000. Total allotment for category III not utilized, $10,406 transferred to Category I.
Note: * Applicant is in the process of resolving some PMC issues, may not be eligible.

To Be Posted
three days
prior to the meeting

To Be Posted
three days
prior to the meeting

BOND FINANCE DIVISION

BOARD ACTION REQUEST
March 12, 2009

Action Item

Presentation, discussion and approval of Resolution No. 09-029 authorizing the Department to enter into substitute liquidity facilities provided by the Comptroller of Public Accounts of the State of Texas and approving amendments to the Supplemental Indentures for the 2006 Series H and 2007 Series A Single Family Variable Rate Mortgage Revenue Bonds.

Required Action

Approval of Resolution No. 09-029 authorizing the Department to enter into substitute liquidity facilities provided by the Comptroller of Public Accounts of the State of Texas and approving amendments to the Supplemental Indentures for the 2006 Series H and 2007 Series A Single Family Variable Rate Mortgage Revenue Bonds.

Background

At the November 13, 2008 Board meeting, the Board was informed that due to the unusual circumstances whereby current liquidity providers are not offering new liquidity to anyone at this time, TDHCA is unable to select liquidity providers through a normal request for proposal process. Also at that Board meeting, the Board was informed that Staff was reaching out to the Comptroller of Public Accounts of the State of Texas and the Federal Home Loan Bank of Dallas to provide liquidity.

TDHCA is requesting approval of the terms of substitute liquidity facilities to be provided by the Comptroller of Public Accounts of the State of Texas. The substitute facilities will replace our current Standby Bond Purchase Agreements (SBPA) with DEPFA Bank (**De**utsche **Pfa**ndbriefanstalt) totaling $173M with new Liquidity Agreements with a highly-rated liquidity provider, the Comptroller of Public Accounts of the State of Texas. Currently, DEPFA is holding $136M in bank bonds of the $173M. Bank bonds are bonds that the remarketing agent was unable to remarket so the liquidity provider steps in to purchase those bonds. Both rating agencies, Moody’s and Standard and Poor’s have approved and maintained our rating of the variable rate bonds associated with this replacement at VMIG 1 and A-1+, respectively. With the approval of this resolution, TDHCA anticipates the remaining DEPFA Bank Bonds to be remarketed on March 26, 2009.

Staff is also requesting that the Board approve amendments to the Supplemental Indentures for the Single Family Variable Rate Mortgage Revenue Bonds 2006 Series H and the Single Family Variable Rate Mortgage Revenue Bonds 2007 Series A. The amendments to the Supplemental Indentures will delete the requirement that liquidity agreements have a term of at least 364 days, identify the Comptroller of Public Accounts as an authorized provider of liquidity and make certain clarifications to the definition of Maximum Rate for the Bonds as requested by the rating agencies. The liquidity agreements with the Texas Comptroller of Public Accounts will terminate on August 31, 2009.

As an update for the Board, our second liquidity provider DEXIA (Dexia Banque Inernationale) is providing $189M in liquidity with only $5M of those variable rate bonds as Bank Bonds. Staff is working with our Financial Advisor, RBC Capital Markets and our Remarketing Agents to move the remaining $5M Bank Bonds back to the market.

Recommendation

Approval of Resolution No. 09-029 authorizing the Department to enter into substitute liquidity facilities provided by the Comptroller of Public Accounts of the State of Texas and approving amendments to the Supplemental Indentures for the 2006 Series H and 2007 Series A Single Family Variable Rate Mortgage Revenue Bonds.

Resolution No. 09-029

RESOLUTION AUTHORIZING SUBSTITUTE LIQUIDITY FACILITIES FOR DEPARTMENT'S SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2006 SERIES H AND SINGLE FAMILY VARIABLE RATE MORTGAGE REVENUE BONDS, 2007 SERIES A; AUTHORIZING AMENDMENTS TO THE SUPPLEMENTAL INDENTURES FOR THE FOREGOING BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Department has previously issued its (i) Single Family Variable Rate Mortgage Revenue Bonds, 2006 Series H (the "2006 Series H Bonds") pursuant to that certain Single Family Mortgage Revenue Bond Trust Indenture dated as of October 1, 1980 between the Department, as successor to the Agency, and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as successor trustee (the "Trustee"), as supplemented and amended (collectively, the "Single Family Indenture"), and the Fifty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of November 1, 2006 between the Department and the Trustee (the "Fifty-Third Supplemental Indenture"); and (ii) Single Family Variable Rate Mortgage Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") pursuant to the Single Family Indenture and the Fifty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2007 between the Department and the Trustee (the "Fifty-Fourth Supplemental Indenture"); and

WHEREAS, the 2006 Series H Bonds and the 2007 Series A Bonds are hereinafter collectively referred to as the "Variable Rate Bonds" and the Fifty-Third Supplemental Indentures and the Fifty-Fourth Supplemental Indenture are hereinafter collectively referred to as the "Variable Rate Supplemental Indentures"; and

WHEREAS, liquidity support for the Prior Variable Rate Bonds is currently provided by DEPFA BANK plc, acting through its New York Branch, pursuant to separate standby bond purchase agreements (the "Existing Liquidity Facilities"); and

WHEREAS, pursuant to Resolution No. 09-008 adopted on November 13, 2008, the Board approved and authorized the replacement of the Existing Liquidity Facilities and arrangements for a Substitute Liquidity Facility (as defined in the respective Variable Rate Supplemental Indenture) for each series of the Prior Variable Rate Bonds (collectively, the "Substitute Liquidity Facilities"); and

WHEREAS, in accordance with the respective Variable Rate Supplemental Indentures, the Board now desires to authorize the execution and delivery of a Substitute Liquidity Facility provided by the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for each series of the Variable Rate Prior Bonds pursuant to a liquidity agreement between the Department and the Comptroller for the respective series in substantially the forms attached hereto (collectively, the "Liquidity Agreements"); and

WHEREAS, the Board further desires to authorize the execution and delivery of a First Amendment to Fifty-Third Supplemental Single Family Mortgage Revenue Bond Trust Indenture between the Department and the Trustee and a First Amendment to Fifty-Fourth Supplemental Single Family Mortgage Revenue Bond Trust Indenture between the Department and the Trustee in substantially the forms attached hereto (collectively, the "First Amendments") for the purpose of conforming certain provisions of the respective Variable Rate Supplemental Indenture to the respective Liquidity Agreements; and

WHEREAS, the Board desires to approve the forms of the Liquidity Agreements and the First Amendments, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution; NOW, THEREFORE,

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

ARTICLE I
APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1--Approval of Liquidity Agreements. The form and substance of the Liquidity Agreements are hereby approved, and the Chairman of the Board or the Executive Director of the Department or the Acting Executive Director of the Department are hereby authorized and empowered to execute the Liquidity Agreements and to deliver the Liquidity Agreements to the Comptroller.

Section 1.2--Approval of First Amendments. The form and substance of the First Amendments are hereby approved, and the Chairman of the Board or the Executive Director or any Acting Executive Director of the Department are hereby authorized and empowered to execute the First Amendments and to deliver the First Amendments to the Trustee.

Section 1.3--Execution and Delivery of Other Documents. The authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4--Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative, 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 1.5--Exhibits Incorporated Herein. 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 A	-	Liquidity Agreements
Exhibit B	-	First Amendments

Section 1.6--Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing and delivering the documents and instruments referred

to in this Article I: the Chairman of the Board; the Vice Chair of the Board; the Secretary to the Board; the Executive Director or any Acting Executive Director of the Department; the Deputy Executive Director for Administration of the Department; and the Director of Bond Finance of the Department.

Section 1.7--Submission to the Attorney General of Texas. The Board hereby approves the submission by the Department's Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the authorization of the Liquidity Agreements.

Section 1.8--Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection with the Substitute Liquidity Facilities and the First Amendments are hereby ratified and confirmed.

ARTICLE II
GENERAL PROVISIONS

Section 2.1--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.2--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 made available to the Board relevant to the subject of this Resolution were posted on the Department's website not later than the third day before the date of the meeting of the Board at which this Resolution was considered, and any documents made available to the Board by the Department on the day of the meeting were also made available in hard-copy format to the members of the public in attendance at the meeting, as required by Section 2306.032, Texas Government Code, as amended.

[Execution page follows]

PASSED AND APPROVED this 12th day of March, 2009.

____
Chairman, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

BOND FINANCE DIVISION

BOARD ACTION REQUEST
March 12, 2009

Action Item

Presentation, discussion and preliminary approval authorizing the Department to utilize available funds to provide assistance to the remaining allocation of unassisted mortgage rate funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

Required Action

Preliminary approval authorizing the Department to utilize available funds to provide assistance to the remaining allocation of unassisted mortgage rate funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

Background

On October 12, 2006, the Board approved the Single Family Mortgage Revenue Bonds 2006 Series FGH for $132,195,000. On September 20, 2007, the Board approved the Single Family Mortgage Revenue Bonds 2007 Series B for $157,060,000. The unassisted mortgage rate for Program 68 is 5.65% and for Program 70 is 5.75%. The assisted mortgage rate for Program 68 is 6.20% and for Program 70 is 6.50%.

All of the assisted funds in Program 68 have been purchased and all of the assisted funds in Program 70 have loans waiting to be purchased. Approximately $2.2 million of unassisted funds remain in Program 68 after 27 months of originations. Approximately $33.5 million of unassisted funds remain in Program 70 after 17 months of originations. Currently, TDHCA's unassisted mortgage rates range from 5.65% to 5.75% and are out of the market as unassisted rates are below 5.25%.

Staff believes that by adding assistance to the remaining $35.7 million of unassisted funds in Program 68 and Program 70, those remaining funds will be utilized quickly by first-time homebuyers. TDHCA has funds available in order to provide up to 5% of the home purchase price or up to $6,000 for covering down payment and/or closing costs. Down payment assistance will be provided in the form of a second lien repayable loan. There are two sources available that the Department can utilize to help these families with down payment and closing cost assistance. The Residential Mortgage Revenue Bond Indenture has $1.3 million in zero percent funds that may be used to provide assistance with Program 68 and Program 70. The Department also has approximately $1.79 million of repayment loans from prior Down Payment Assistance Program (DPAP) loans that can be used to assist families under Program 68 and Program 70.

To help families repay their second lien down payment assistance loan, the homebuyer will utilize the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009. After closing on their mortgage loan, the first-time homebuyer can file for the federal tax credit and use the credit to pay off the TDHCA down payment assistance loan. If the down payment assistance loan is paid off by a designated deadline (no later than June, 2010), the homeowners pay no interest other than a modest servicing fee. If the down payment assistance loan is not paid in full by the deadline, principal and interest payments to repay the loan over 10 years begin automatically.

With the Board's preliminary approval to develop documents, Staff will return to the April 23, 2009 Board meeting with a resolution that will provide first-time homebuyers with an assisted mortgage rate of

5.65% for Program 68 and an assisted mortgage rate of 5.75% . These first lien mortgage loans will have 5 points of down payment assistance or up to $6000 in the form of a second lien mortgage loan repayable through the use of the American Recovery and Reinvestment Act of 2009. TDHCA expects that with this proposed structure, the remaining lendable proceeds will be marketable and TDHCA will be able to help approximately 292 new first-time homebuyers in Texas fulfill their dream.

Recommendation

Preliminary approval authorizing the Department to utilize available funds to provide assistance to the remaining allocation of unassisted mortgage rate funds on the Single Family Mortgage Revenue Bonds 2006 Series FGH, Program 68 and 2007 Series B, Program 70 along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

BOND FINANCE DIVISION

BOARD ACTION REQUEST
March 12, 2009

Action Item

Presentation, discussion and preliminary approval authorizing the Department to utilize Housing Trust Fund (HTF) funds to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

Required Action

Preliminary approval authorizing the Department to utilize Housing Trust Fund (HTF) funds to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

Background

In an effort to help potential homebuyers overcome the obstacle of saving up for a down payment, Staff is proposing a down payment assistance program utilizing up to $1 million in HTF funds. Down payment assistance would be provided in the form of a second lien repayable loan. The funds would be available through December 1, 2009 to eligible borrowers on a first come first served basis and would be used in conjunction with TDHCA's 2009 MCC Program.

Upon issuance of a MCC commitment, TDHCA staff would reserve the appropriate amount of funds up to 5% of the home purchase price or a maximum of $6,000 for covering down payment and/or closing costs. At closing, the borrower's first lien loan would close along with TDHCA's second lien down payment assistance loan. The mortgage credit certificate would also be issued at closing.

To help families repay their second lien down payment assistance loan, the homebuyer will utilize the First-Time Homebuyer Tax Credit of 2009. The second lien down payment assistance loan would be repaid the following year when the homebuyer files for the First-Time Homebuyer Tax Credit of 2009. If the down payment assistance loan is paid off by the designated deadline (no later than June, 2010), the homeowner would pay no interest on the loan and would only pay a modest servicing fee. If the down payment assistance loan is not paid in full by the deadline, principal and interest payments to repay the loan over 10 years begin automatically. It is anticipated that final details of this program will be brought back to the Board at the April 23, 2009 Board meeting for final Board approval.

A substantial benefit to the Department for offering the program is that down payment assistance would provide incentives to borrowers to utilize TDHCA's 2009 MCC Program. This will allow the Department to utilize the $15 million in MCC authority within a one-year period per the HR 3221 requirement.

Recommendation

Preliminary approval authorizing the Department to utilize Housing Trust Fund (HTF) funds to provide down payment assistance to eligible homebuyers in conjunction with the Department's 2009 Mortgage Credit Certificate (MCC) Program along with use of the First-Time Homebuyer Tax Credit of 2009 under the American Recovery and Reinvestment Act of 2009.

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

MARCH 12, 2009

Action Item

Presentation, Discussion and Possible Action for Appeals.

Requested Action

Approve, Deny or Approve with Amendments a determination on the appeal for Estates at Northside.

Background and Recommendations

Estates at Northside - 08328

On May 30, 2008 the Applicant submitted the subject application for $2,283,745 in HOME funds under the 2007 HOME Rental Housing Development Notice of Funding Availability to the Texas Department of Housing and Community Affairs (the "Department").

Pursuant to the Compliance Monitoring Rules at Title 10 of the Texas Administrative Code §60.122 a previous participation review of this application was conducted. During that review it was determine that James K. Maddox has a controlling interest in the ownership of Bentcreek Apartments, a HOME property monitored by the Department. Bentcreek Apartments has an uncorrected issue of noncompliance and a compliance score in excess of the threshold for Material Noncompliance. Pursuant to the Rules, the applicant was notified of the issues and given an additional 5 days to correct the noncompliance. The test for non-compliance is statutory, and the Board must be made aware of material non-compliance. The Board has elected through its rulemaking process to disallow any applicant with material non-compliance from continuing an application.

Because the issue remains uncorrected and the property's score is greater than the threshold for Material Noncompliance, staff terminated the application on December 5, 2008. The Applicant submitted an appeal of the termination to the Executive Director on December 10, 2008 as allowed in 10 TAC §1.7.

The appeal indicates that the management company, not the Owner, is responsible for the Material Noncompliance. However, the Department has a contractual agreement with the Owner of the property through the Land Use Restriction Agreement ("LURA"), not the management company. The Owner is responsible for compliance with the LURA.

Additionally, in response to the an ineligible household finding, the Applicant's appeal indicates that formal notification to Owner was not given until September 19, 2008 after an onsite inspection by TDHCA staff on March, 11 2008. However, Department records indicate that the

Owner of the property was notified in writing of the ineligible household on April 9, 2008. The Owner was given until July 9, 2008 to respond to the finding. The Department received a response on July 8, 2008. The Department once again notified the Property Owner on September 19, 2008 that the finding was not resolved and that the property remained in Material Noncompliance. The Department provided ample time for the Owner to correct this finding. It should be noted that the Owner was notified of the Material Noncompliance prior to submission of the application that was terminated.

The appeal letter also indicates that the ineligible household finding cannot be corrected until January 31, 2009 due to the binding nature of the lease agreement. While the Department understands and regrets that resident's lease must not be renewed, the Department cannot reserve funds for an application indefinitely.

The Executive Director determined that staff had correctly applied the Department's rules and denied the Applicant's appeal. It should be noted that if the ineligible household finding can be cleared then the compliance score for Bentcreek Apartments would decrease to 29 points, one point below the threshold. However, as of February 23, 2009, the Material Noncompliance score for the property is equal to or higher than the threshold score of 30. The appeal was originally on the February Board agenda but was pulled at the request of the Owner due to weather issues and the Owners inability to have representation present at the meeting.

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

Applicant:	Pilot Point Senior Housing, L.P.
Site Location:	1340 N US Highway 377
City/County:	Pilot Point/Denton
Regional Allocation Category:	Rural
Set-Aside:	General
Population Served:	Elderly
Region:	3
Type of Development:	New Construction
Units:	32
HOME Request:	$2,283,745

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

Estates at Northside - 08328
Applicant Appeal

Cameron Dorsey

From: Natalie Riley [natalie@holdenlawoffices.com]
Sent: Wednesday, December 10, 2008 4:48 PM
To: jeannie.arellano@tdhca.state.tx.us; cameron.dorsey@tdhca.state.tx.us
Cc: Ken Maddox
Subject: Pilot Point Project Appeal Letter

Follow Up Flag: Follow up
Flag Status: Flagged

Scan7898.pdf (225 KB)

Please see attached appeal letter with respect to termination of HOME Application Number 08328.

Natalie D. Riley
Holden Law Office, P.C.
718 W. Business Highway 60
P.O. Box 633
Dexter, Missouri 63841
(573) 624-8901
(573) 624-8188
natalie@holdenlawoffices.com

-----Original Message-----
From: jason@americantitleinurance.net [mailto:jason@americantitleinurance.net]
Sent: Wednesday, December 10, 2008 11:43 AM
To: Natalie Riley
Subject: Scan from americantitleinsurance.net

See attached scan.

HOLDEN LAW OFFICE, P.C.
718 WEST BUSINESS HIGHWAY 60
P. O. BOX 633
DEXTER, MISSOURI 63841
holden@holdenlawoffices.com

STEPHEN HOLDEN
NATALIE D. RILEY

TELEPHONE: (573) 624-8901
FAX: (573) 624-8188
DARLA GROSSMAN
Legal Assistant

RECEIVED
DEC 1 2 2008
HOME DIVISION

VIA FACSIMILE and FEDERAL EXPRESS
(512) 475-0220

December 10, 2008

RECEIVED
DEC 1 1 2008
EXECUTIVE DIRECTOR

Housing Tax Credit Program
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Texas Department of Housing and Community Affairs
Attn: Mr. Michael Gerber, Executive Director
P.O. Box 13941
Austin, TX 78711-3941

Re: Appeal to Termination of HOME Application Number 08328, Estates at Northside ("Project")

Dear Mr. Gerber:

Please be advised that I represent James K. Maddox, Maco Properties, L.L.C. as General Partner of Pilot Point Senior Housing, L.P. and Maco Development Company, L.L.C. as Developer of the Project. This letter serves as Pilot Point Senior Housing, L.P.'s appeal to the decision made terminating its Application submitted on May 30, 2008 for $2,283,745 in HOME funds under the 2007 HOME Rental Housing Development Notice of Funding Availability. The Estates at Northside is a proposed new construction, senior community comprised of 32 one bedroom, one bathroom apartments (650 square feet of living area) in Pilot Point that will be marketed exclusively to seniors 55 years of age and older for tenants at or below 60% of the median income with seven of the units affordable for tenants at 50% of the AMI.

James K. Maddox is the controlling shareholder of Maco Management Co., Inc. who is the sole member of the Maco Development Company, L.L.C. which is the proposed Developer of Estates at Northside. Maco Management Co., Inc. also serves as the sole member of Maco Properties, L.L.C. which is the General Partner of Pilot Point Senior Housing, L.P. James K. Maddox's trust also owns Maco Construction, Inc. which serves as General Partner of six (6) other projects located in Texas, including Bentcreek I - Pampa; Bentcreek II - Pampa; Longview - Longview; St. Michael's Court - Graham; Primrose Estates - Sulphur Springs; and Danville Estates - Kilgore.

The grounds for this appeal include, but are not limited to, the following:

1. Material Noncompliance Issue - This issue involves the household income of the Tenant residing in Unit 10 of Bentcreek Estates I exceeding the income limit. Our understanding is that this issue was raised after TDHCA's onsite monitoring visit on March 11, 2008. Gray County Properties, L.P. received formal notification of this issue by letter dated September 19, 2008. On September 26, 2008, the General Partner of Gray Counties Properties, L.P. notified MJS, Management, Inc. ("Management Agent") of the outstanding issue and requested that the issue be resolved and to notify the owner when it was completed. On September 29, 2008, the General Partner of Gray County Properties, L.P. received email correspondence from the Management Agent that the information requested by TDHCA to address this issue was being forwarded and understood that the issue was being addressed.

   On November 14, 2008, James K. Maddox was notified as part of the HOME Application process that Bentcreek Apartments I was still noncompliant. On November 19, 2008, the Management Agent forwarded the information that had been requested by Stephanie Naquin in order to review the income level of the tenant.

   The Tenant's Lease Agreement will terminate January 31, 2009. Due to the binding nature of the Lease Agreement, we are not in any position to resolve this issue any earlier. However, due to the inability of being able to cure this noncompliance in the five (5) day time period previously provided, we would request that TDHCA take into consideration that this issue will resolve itself on the termination date which is January 31, 2009. While it is our desire to correct this deficiency by other means, the Owner will notify the Tenant that his Lease expires January 31, 2009 and will not be renewed.

   With respect to Bentcreek I exceeding the threshold of 30 points is being addressed under separate appeal. Specifically, on November 19, 2008, Management Agent had notified TDHCA of discrepancies of dates that issues have been corrected. Assuming these items can be cleared up with TDHCA staff in a timely manner, then pursuant to 10 TAC §60.121(k) and (l) certain points would be removed from the calculation after three (3) years.

2. Non-Affiliated, Independent Management Agency - Maco Construction, Inc. had engaged MJS, Management, Inc. as the Management Agent of all their projects in Texas. MJS, Management, Inc. is an independent, non-affiliated entity. There is no identity of interest between the Management Agent and James K. Maddox.

The Material Noncompliance issue related to verification of the tenant's income eligibility was not caused by anyone affiliated with the Applicant and once the noncompliance issue and its failure to be corrected was brought to the attention of James K. Maddox and the Applicant, proactive steps towards resolution have been taken.

3. Inequities Involved - The Tenant residing in Unit 10 is an 88 year old blind man. Our Management Agent has only been able to communicate with his sister who had previously indicated that the "dividend" that is being used to calculate a $1,339 overage was being cashed in. If information becomes available that this did in fact take place and that his income level is in compliance, we will supplement this appeal with that information. The penalty in terminating the Estates at Northside Application which will provide for elderly apartments which are in high demand in Pilot Point severely outweighs the noncompliance issue at Bentcreek.

In reviewing the termination of the Application, we offer the following steps which are being taken to correct not only this deficiency, but to avoid noncompliance issues in the future:

1. Management Agent terminated the Site Manager at Bentcreek Apartments I for his lack of income verifications, miscalculations and other areas of insubordination. Management Agent is being counseled on Owner's expectations with respect to compliance issues and timeliness of response to TDHCA.
2. Owner is coordinating a notice procedure related to future onsite visits to ensure the Owner has a representative present at such visits and to follow up on any outstanding items.
3. An internal audit of income eligibility with respect to all future tenants is being established.
4. Owner has requested and received from TDHCA current reports on all compliance issues related to affiliated projects to allow a proactive approach to be taken with respect to any noncompliance issues.
5. Management Agent is conducting additional training on Health and Safety Issues on Friday, December 12, 2008. Additional training on income eligibility and utility calculations is being coordinated to ensure compliance with TDHCA guidelines.
6. After attending the two (2) day UPCS training, Management Agent is following up and seeking clarification on the scoring determination for noncompliance issues and had indicated that the scoring is being challenged.

We respectfully request TDHCA to review the termination of this Application as we believe that we have presented a viable project that is located in a community of need.

In the event that this appeal is denied by the Executive Director, then I respectfully request an appeal to the TDHCA Board in accordance with 10 TAC 1.7. I would ask that TDHCA reconsider their decision to terminate our Application. If you need any additional information, please feel free to contact James K. Maddox, Jason Maddox or myself.

Sincerely,

Natalie D. Riley

Natalie D. Riley

cc: Jeannie Arellano (via email at jeannie.arellano@tdhca.state.tx.us)
Cameron Dorsey (via email at cameron.dorsey@tdhca.state.tx.us)
James K. Maddox (via email at ken@macocompanies.com)

Estates at Northside - 08328
Termination Letter

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Rick Perry
GOVERNOR

Michael Gerber
EXECUTIVE DIRECTOR

December 4, 2008

Mr. James K. Maddox
Pilot Point Senior Housing, L.P.
P.O. Box 68
Clarkton, MO 63837
Telephone: (573) 448-3000
Facsimile: (573) 448-3551

Re: HOME Application Number 08328, Estates at Northside

Dear Mr. Maddox

On May 30, 2008 you submitted an application for $2,283,745 in HOME funds under the 2007 HOME Rental Housing Development Notice of Funding Availability to the Texas Department of Housing and Community Affairs (the "Department"). It has been determined that James K. Maddox is a member of the ownership structure of Bentcreek Apartments (HOME Contract 534389) a development administered by the Department and which is in Material Noncompliance for an uncorrected issue of noncompliance and has a current compliance score in excess of 29. As such, the subject application is not eligible to receive an award of HOME funds from the Department at this time. The applicable Department rules are stated below.

Pursuant to the eligibility requirements in the 2008 HOME Rule §53.42(10) the following violation will cause an Applicant and any Applications they have submitted to be ineligible: "The Applicant, Development Owner, or Developer or anyone that has Controlling ownership interest in the Development Owner or Developer that is active in the ownership or Control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the LURA."

Pursuant to the Compliance Monitoring Rules at Title 10 of the Texas Administrative Code §60.122(b), "If during the previous participation review an uncorrected issue of noncompliance is identified on a HOME Development monitored by the Department, the entity requesting assistance will be notified of the issue and provided a 5 day period to submit all necessary corrective action to cure the violation(s). The notification will be in writing and may be delivered by email. If the requesting entity does not cure the issues, the Application for assistance will be terminated."

Material Noncompliance is defined in 10 TAC 60.102(19) as "(A) A Housing Tax Credit Development located within the state of Texas will be classified by the Department as being in Material Noncompliance status if the noncompliance score for such Development is equal to or exceeds a threshold of 30 points in accordance with the Material Noncompliance provisions, methodology, and point system of this title. (B) Non HTC developments monitored by the Department with 1 to 50 Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 30 points. Non HTC Developments monitored by the Department with 51 to 200 Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 50 points. Non HTC Developments monitored by the Department with 201 or more Low Income Units will be classified as being in Material Noncompliance status if the noncompliance score is equal to or exceeds a threshold of 80 points. (C) For all programs, a Development will be in Material Noncompliance if the noncompliance is stated in §60.121 of this chapter to be Material Noncompliance."

As a result of this Material Noncompliance, the subject application (08328) is terminated.

If you would like to appeal the termination of the application, an Appeals Policy does exist for the HOME program. The requirements relating to the filing of an appeal can be found in Title 10 Texas Administrative Code §1.7. If you choose to appeal this determination, you must submit an appeal to the Executive Director no later than 7 days from the date of this letter. In the event an appeal is denied by the Executive Director, you may appeal directly in writing to the Board provided that an appeal is filed in accordance with 10 TAC §1.7.

If you have any questions, please do not hesitate to contact me at 512.473.6164 or jeannie.arellano@tdhca.state.tx.us or Cameron Dorsey at 512.475.2669 or cameron.dorsey@tdhca.state.tx.us.

Sincerely,

Jeannie Arellano

Jeannie Arellano
Director of the HOME Division

CFD

Estates at Northside - 08328
Executive Director Response

THE STATE OF TEXAS

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

December 16, 2008

Mr. James K. Maddox
Pilot Point Senior Housing, L.P.
P.O. Box 68
Clarkton, MO 63837
Telephone: (573) 448-3000
Facsimile: (573) 448-3551

Re: Appeal for HOME Application Number 08328, Estates at Northside

Dear Mr. Maddox:

Appeal Review

I have carefully reviewed your appeal received by the Texas Department of Housing and Community Affairs (the "Department") on December 10, 2008 regarding the termination of the HOME Investment Partnerships Rental Housing Development application for the above referenced development.

I appreciate the time and effort you have spent with staff in attempting to clarify the noncompliance findings for Bentcreek Apartments (HOME Contract 534389). The Department will continue to review the information you have submitted in response to the Material Noncompliance at hand in order to ensure that the property is brought into compliance with the Land Use Restriction Agreement; however, the documentation that has been submitted to date fails to resolve the Material Noncompliance that caused the termination of the subject application.

One basis for your appeal is that the management company, not the Owner, is responsible for the Material Noncompliance. The Department has a contractual agreement with the Owner of the property through the Land Use Restriction Agreement (LURA), not the management company. The Owner is responsible compliance with the LURA.

Additionally, regarding the ineligible household living in Unit 10, your letter indicates that formal notification to Owner was not given until September 19, 2008 after an onsite inspection by TDHCA staff on March, 11 2008. However, our records indicate that the Owner of the property was notified in writing of the ineligible household on April 9, 2008. The Owner was given until July 9, 2008 to respond to the finding, which was not received until July 8, 2008. The Department once again notified the Property Owner on September 19, 2008 that the finding was not resolved and that the property remained in Material Noncompliance. The Department has provided ample time for the Owner to correct this finding. It should be noted that the Owner was notified of the Material Noncompliance prior to submission of the application that was terminated.

Your appeal letter also indicates that the ineligible household finding cannot be corrected until January 31, 2009 due to the binding nature of the lease agreement. While I understand and regret that resident's lease must not be renewed, the Department cannot reserve funds for an application indefinitely. In addition the ineligible household, the Material Noncompliance score for the property is currently equal to or higher than the threshold score of 30.

Based on my review of your appeal and our records, I have determined that staff correctly applied the Department's rules in 10 TAC §53.42(10), 10 TAC 60.122(b), and 10 TAC 60.102(19) when terminating the application. Additionally, you have not provided documentation that the Material Noncompliance for Bentcreek Apartments has been corrected.

Appeal Determination

Your appeal is denied.

Pursuant to §1.7 of the Texas Administrative Code Title 10, your request for an appeal to the Board will be placed on the next available Board agenda.

If you have questions or comments, please contact Jeannie Arellano, Director of the HOME and Housing Trust Funds Programs Division at (512) 463-6164.

Sincerely,

Michael Gerber
Executive Director

CFD

HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of HOME Program Award Recommendations.

Requested Action

Approve, Deny or Approve with Amendments the HOME Program Award Recommendations.

Background

Awards for contracts from all active Notices of Funding Availability (NOFAs), reflecting multiple activity types, are combined in this one action item.

RENTAL HOUSING DEVELOPMENT PROGRAM

On June 26, 2008 the TDHCA Board approved the 2008 Rental Housing Development (RHD) Notice of Funding Availability (NOFA) that set aside $5,000,000 for new construction, rehabilitation, and acquisition and rehabilitation of affordable rental housing. Subsequent to approval of this initial funding level, the Board approved transferring all remaining funds under the 2007 NOFA to the 2008 NOFA for a current balance of approximately $19,486,052 in funds available. The NOFA allows applicants to apply for funding on a statewide first-come, first-served basis and the application deadline is April 30, 2009.

To date, the Department log reflects 18 applications for a total of $26,028,636. Of these applications, three were awarded and two were not approved for awards at the February Board meeting, two applications were terminated and four applications were withdrawn. Of the remaining 7 applications totaling $13,474,893, three USDA-RD developments that returned credits to be fully funded under the HOME program are being recommended today for awards totaling $5,548,464. It should be noted that several applications have also been received for 2009 9% HTC cycle that are also requesting HOME funding; however, the 2009 HOME and Multifamily databases are currently being integrated and these applications are not currently reflected in these figures.

Each recommended application has completed all three phases of the application review process. The Real Estate Analysis (REA) Division has evaluated the applications and the underwriting reports are included in today's board book. All recommendations are subject to conditions reflected in the underwriting reports.

One application for $2,972,037 in HOME funding is being not recommended due to a failure to meet the Department's feasibility criteria. This application, Pioneer Crossing at Mineral Wells, is layered with a forward commitment of existing 9% housing tax credits. The Real Estate Analysis Division determined that the application fails to meet the Department's minimum expense to income ratio of 65%. As of the Board book posting date an appeal has not been received. It should be noted that this application must close by May 15, 2009 in accordance with the Board's deadline for 2009 forward commitments.

If the recommendations herein are approved, a balance of approximately $11,312,060 remains in the NOFA to consider for award recommendations for HOME funding requests that are currently under review. If the awards are approved, the total awarded to date from this NOFA is $8,173,992.

Attached:

- HOME Rental Housing Development Program - Award Recommendations;
- HOME Rental Housing Development Program - Application Log; and
- Real Estate Analysis Division underwriting reports.

Recommendation

Staff recommends that the Board approve all of the awards as detailed in the Award Recommendations log attached subject to conditions in the underwriting reports and amendments to existing HOME contracts, if applicable

HOME Rental Housing Development Program Award Recommendations
(Application Acceptance Period - 6/26/2008 to 4/30/2009)

Sorted by Date and Time Received

Thursday, March 05, 2009

Approximate NOFA Amount - $19,486,052

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Recommended Project Funds	Status
08346	3	11/13/2008	11:43 AM	Quail Run Apartments	Decatur	R	40	40	General	No	No	No	$1,161,894	$1,161,894	Pending Award
08347	4	11/13/2008	11:44 PM	Northview Apartments	Kilgore	R	72	72	Intg.	No	No	No	$2,000,000	$2,000,000	Pending Award
08345	5	11/20/2008	11:32 AM	First Huntington Arms	Huntington	R	40	40	General	No	No	No	$2,386,570	$2,386,570	Pending Award
Total HOME Applications 3						**Unit Totals:**	**152**	**152**	**Fund Totals:**				**$5,548,464**	**$5,548,464**	

1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

HOME Rental Housing Development Program - Application Log
(Application Acceptance Period - 6/26/2008 to 4/30/2009)
Sorted by Date and Time Received
Thursday, March 05, 2009
Approximate NOFA Amount - $19,486,052

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded and/or Recommended Project Funds	Status
08617	6	9/26/2008	3:40 PM	Costa Mariposa	Texas City	NC	51	252	General	No	Yes	No	$3,000,000		Under Review
08337	8	10/3/2008	9:27 AM	Big Country Living Apartments	Waco	NC	11	132	General	No	No	No	$3,000,000		Terminated
08338	11	10/6/2008	11:27 AM	Beacon Bay Townhomes	Port Isabel	R	16	76	General	No	No	No	$1,169,070		Withdrawn
08340	7	11/10/2008	12:12 PM	San Gabriel Crossing	Liberty Hill	NC	16	16	General	Yes	No	No	$800,000		Terminated
08341	7	11/13/2008	9:34 AM	Alta Vista Apartments	Marble Falls	R	7	64	General	Yes	No	No	$400,528	$400,528	Awarded
08344	10	11/13/2008	11:16 AM	Hyatt Manor Apartments	Gonzales	R	7	65	Family	Yes	No	No	$409,235		Withdrawn
08346	3	11/13/2008	11:43 AM	Quail Run Apartments	Decatur	R	40	40	General	No	No	No	$1,161,894	$1,161,894	Pending Award
08347	4	11/13/2008	11:44 PM	Northview Apartments	Kilgore	R	72	72	Intg.	No	No	No	$2,000,000	$2,000,000	Pending Award

1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded and/or Recommended Project Funds	Status
09003	8	11/17/2008	2:00 PM	Holland House Apartments	Holland	R	68	68	General	Yes	No	No	$850,000		Withdrawn
09002	3	11/17/2008	2:08 PM	Meadowlake Village Apartments	Mabank	R	40	40	General	Yes	No	No	$550,000		Withdrawn
08345	5	11/20/2008	11:32 AM	First Huntington Arms	Huntington	R	40	40	General	No	No	No	$2,386,570	$2,386,570	Pending Award
09001	6	12/3/2008	4:00 PM	Hillwood Apartments	Weimar	R	7	24	Elderly	Yes	No	No	$679,747		Under Review
09000	6	12/3/2008	4:01 PM	Courtwood Apartments	Eagle Lake	R	16	50	Elderly	Yes	No	No	$1,274,555		Under Review
08134	7	12/10/2008	3:35 PM	Huntington	Buda	NC	24	120	Elderly	Yes	No	No	$1,750,000	$1,750,000	Awarded
08256	3	12/23/2008	5:10 PM	Westway Place	Corsicana	NC	16	40	General	Yes	No	No	$1,550,000		Terminated Pending Appeal
08255	3	12/23/2008	5:10 PM	West Park Senior Housing	Corsicana	NC	25	48	Elderly	Yes	No	No	$1,600,000		Terminated Pending Appeal
08181	7	1/15/2009	9:40 AM	Park Ridge Apartments	Llano	NC	13	64	General	Yes	No	No	$475,000	$475,000	Awarded
08154	3	1/27/2009	8:00 AM	Mineral Wells Pioneer Crossing	Mineral Wells	NC	16	80	General	Yes	No	No	$2,972,037		Not Recommended

1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

File #	Region	Received By: Date	Time	Development Name	City	Housing Actvty(1)	HOME Units	Total Units	Target(2) Population	Layering (3) 9%	4%	HTF	Requested Project Funds	Awarded and/or Recommended Project Funds	Status
Total HOME Applications		18			Unit Totals:		485	1,291		Fund Totals:			$26,028,636	$8,173,992	

1 = Housing Activity: New Construction=NC, Rehabilitation = R
2 = Target Population Abbreviation: Intergenerational=Intg
3 = Layering of Other Department Applications: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program, HTF = Housing Trust Fund

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

REPORT DATE: 02/23/09 PROGRAM: HOME FILE NUMBER: **08346**

DEVELOPMENT

Quail Run Apartments

Location: 1906 South College Ave Region: 3

City: Decatur County: Wise Zip: 76234 ☐ QCT ☐ DDA

Key Attributes: Multifamily, Family, Rural, At-Risk, USDA, Acquisition/Rehabilitation

ALLOCATION

	PREVIOUS REQUEST			PREVIOUS RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	$400,000	1.00%	360/360	$400,000	0.00%	335/335
Housing Tax Credit (Annual)	$137,531			$137,531		

				CURRENT AWARD		
TDHCA Program				**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds				**$400,000**	**0.00%**	**335/335**

	CURRENT REQUEST*			CURRENT RECOMMENDATION*		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$1,161,894	0.00%	480/480	**$1,161,894**	**see below**	

*The Applicant is requesting an additional $1,161,894 in HOME funds, for a total HOME award of $1,561,894. The Applicant has requested to structure half of the total HOME award as a repayable loan and the other half as a forgivable loan. The Underwriter recommends that $780,947 be structured as a repayable loan at 0% interest and amortization period of 386 months, and the remaining $780,947 be structured as a non-amortizing forgivable loan. The Applicant already has an existing HOME contract in the amount of $400,000 structured as a repayable loan with a 0% interest rate and amortization period of 335 months. Therefore, the existing HOME contract for this development will require an amendment to restructure the existing amount in accordance with the underwriting recommendation made in this addendum.

CONDITIONS

1 Receipt, review, and acceptance, by closing, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the additional HOME loan funds and a parity first lien.

2 Receipt, review, and acceptance, by closing, of documentation that USDA-RD has approved an increase of at least 6.4% on average in the current basic rents and a lower rent for the 30% units.

3 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

This section intentionally left blank.

SALIENT ISSUES

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	4
50% of AMI	50%/Low HOME	36

PROS

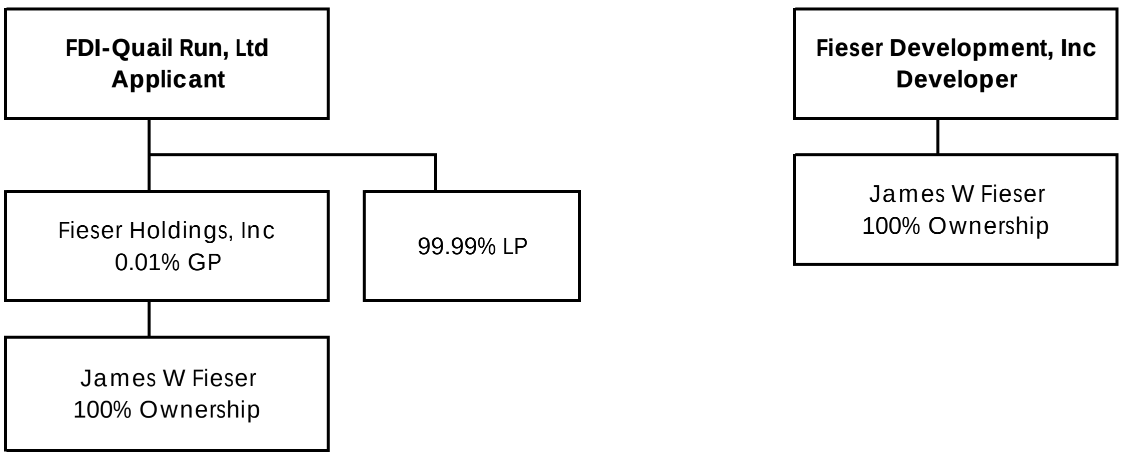
- The application proposes the rehabilitation of an existing 41 unit USDA-RD property constructed in 1986 and maintenance of the 515 interest subsidy.
- The Applicant has considerable experience and financial resources

CONS

- The Applicant's expense to income ratio of 71% is well above the Department's 65% expense to income ratio, and while one of the exemptions to this rule is met, the property does not receive Rental Assistance on any units.
- If the HOME award is ultimately not received, the transaction may not be financially viable.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

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ADDENDUM

Quail Run Apartments was originally underwritten during the 2008 9% HTC cycle and was approved for an annual tax credit allocation of $137,531 and $400K in HOME funds, to be fully amortized over a term equal to the remaining term of the USDA 515 loan (approx. 335 months). The Applicant has returned all of the previously awarded 2008 tax credit allocation and is now requesting to change the financing structure, including the new request for additional TDHCA HOME funds for a total HOME award of $1,561,894. The Applicant has requested to structure half of the total HOME funds ($780,947) as a repayable loan with 0% interest and 40-year amortization, and the remaining half as a forgivable loan. Current HOME rules allow up to 50% of the HOME funds to be forgivable provided that 10% of all units target tenants at 30% AMI & 50% of all units target tenants at 50% AMI.

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As a result, an updated rent schedule, development cost schedule and sources and uses has been provided. The Underwriter has evaluated the impact of these changes on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

OPERATING PROFORMA ANALYSIS

The Applicant's net rents are anticipated basic rent levels. These basic rents have not yet been approved by USDA-RD. The anticipated basic rents are 12% below the net program rents on average and 6.43% higher than the current USDA-RD basic rent levels. The property does not currently receive Rental Assistance (RA). Without RA the 30% units will have to be limited to collect not more than the 30% rent which is substantially lower than the current basic rent. The appraisal reflects market rents well above the anticipated levels, which suggests that the anticipated rent levels would be achievable in this market. An increase of at least 6.43% on average is necessary in order to maintain a minimum DCR of 1.15.

As a result, the Underwriter has used the Applicant's anticipated basic rents, but receipt, review, and acceptance, by closing, of documentation that USDA-RD has approved an increase of at least 6.43% on average in the current basic rents is a condition of this report. The Applicant's secondary income and vacancy and collection loss estimates are in line with Department standards.

The Applicant's expense estimates remain unchanged. Therefore, they remain within 5% of the Underwriter's estimate.

Conclusion:

The Applicant's estimate of Net Operating Income is not within 5% of the Underwriter's estimate; therefore, the Underwriter's Year One proforma is used to determine the development's debt capacity and debt coverage ratio (DCR). The currently proposed permanent financing structure results in an initial year's debt coverage ratio of 1.27 which falls within the Department's DCR guidelines. However, it should be noted, while the ideal structure for the proposed HOME loan would be fully amortized over a term equal to remaining term of the USDA 515 loan (approx. 335 months), this results in an initial year's debt coverage ratio below the Department's minimum DCR guidelines. Therefore, the Underwriter has adjusted the term and amortization period of the loan in order to bring the DCR up to an acceptable level only. This is discussed in more detail in the "Conclusion" of the Financing section below.

The Applicant's and Underwriter's expense to income ratios (70% and 69% respectively) are significantly above the TDHCA maximum of 65%. However, the 2008 Real Estate Analysis rules provide that a transaction with a ratio greater than 65% will be re-characterized as feasible if "The units not receiving Project-based Section 8 Rental Assistance or rental assistance in association with USDA-RD-RHS financing, or not characterized as public housing do not propose rents that are less than the Project-based Section 8, USDA-RD-RHS financing, or public housing units." [§1.32(7)(B)(vi)]. The subject's rents are managed by USDA. As such the subject development meets this feasibility exception.

Feasibility:

The underwriting 30-year proforma utilizes a 3% annual growth factor for income and a 4% annual growth factor for expenses in accordance with current TDHCA guidelines. As noted above, the Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 with positive cashflow through Year 15.

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 2 Date of Last Applicant Revision: 1/15/2009

In conjunction with the HOME application the Applicant provided a revised total development cost schedule reflecting an overall increase in costs of $21K or 1%. No increases to the site work and direct construction cost line items are reflected. However, about half of the increase appears to be attributed to a significant increase in the reserves. The Applicant, in the original HTC application, included a minimal $7K for this line item, but has included $30K in the revised budget submitted with the HOME application. Other increases appear in the indirect costs, with a majority of these increases attributed to property taxes; whereas developer fees and interim financing and ineligible costs have all decreased slightly.

Conclusion:

The Underwriter's cost schedule was derived from information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, Underwriter's development cost schedule will continue to be used to determine the development's need for permanent funds.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 1 Date of Last Applicant Revision: 4/9/2008

Source: USDA-RD Section 515 Type: **Existing Financing to Transfer**

Principal: $1,004,961 Interest Rate: 1.0% ☒ Fixed Amort: 335 months

Comments:

The Applicant provided a promissory note, dated March 12, 1985, reflecting an original balance of $1,038,220 and a 50 year term. Section 515 loans generally provide a subsidy of the market interest rate down to an effective rate of approximately 1%. The remaining term is approximately 335 months with a current balance of $1,004,961,as reflected above. The estimated balance is reflected as a source of funds in the recommended financing structure.

Amount: $56,319 Type: **Existing Reserves**

Comments:

As indicated above, the existing reserves balance will transfer to the partnership and be retained for future capital needs. This has been reflected as both a source and a use of funds.

Amount: $32,635 Type: **Deferred Developer Fees**

CONCLUSIONS

Recommended Financing Structure:

The Applicant's formal request indicates an additional request of $1,161,894 in HOME funds for a total amount of $1,561,894 in HOME funds. In order to obtain up to 50% of the total HOME loan, or $780,947, as forgivable, the Applicant has agreed to provide deeper rent and income targets by restricting 10%, or 4 units at 30% of AMI and the remaining 90%, or 30 units at 50% of AMI. The Applicant's request proposes the remaining $781K be structured as a repayable loan at 0% interest and 40 year amortization. However, as stated above, the Underwriter has adjusted the term and amortization period of the requested HOME loan such that it is more consistent with the remaining term on the USDA-515 loan, which results in a slight increase in the annual debt service but still promotes a healthy DCR projection of 1.15.

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Therefore, the Underwriter recommends a total HOME award of $1,561,894 with 50% of that amount, or $780,947, to be structured as a fully repayable loan carrying a 0% interest rate and a term/amortization period of 386 months. The Underwriter also recommends the remaining $780,947 to be structured as a deferred forgivable loan (non-amortizing at 0% interest). Based on this award, the Underwriter's total development cost of $2,637,354 less the existing USDA-RD loan of $1,004,961, recommended HOME award of $1,561,894, and existing reserves of $56,319 indicates the need for $14,180 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within 2 years of stabilized operation. If the additional HOME award is ultimately not awarded, the gap in financing would increase to an amount greater than the developer fee available for deferral and the transaction would not be financially viable unless another source of funds was received.

It should be noted that an existing HOME contract exists for the property for the previous award made in 2008 for $400,000. This award amount is currently structured as a repayable loan with a 0% interest rate and an amortization period of 335 months. The existing HOME contract will require an amendment in order to restructure the funds in accordance with the recommendations made in this addendum.

The Underwriter's recommendation is conditioned upon approval from USDA-RD of a parity lien position for the approved TDHCA HOME award.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower's original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	*Diamond Unique Thompson*	Date:	February 23, 2009
Manger of Real Estate Analysis:	*Raquel Morales*	Date:	February 23, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	February 23, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Quail Run Apartments, Decatur, HOME #08346

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
30%/LH	4	1	1	602	$328	$264	$1,056	$0.44	$64.00	$11.00
50%/LH	12	1	1	602	$503	$375	$4,500	$0.62	$64.00	$11.00
50%/LH	4	2	1	739	$605	$455	$1,820	$0.62	$88.00	$13.00
50%/LH	20	2	1	739	$605	$455	$9,100	$0.62	$88.00	$13.00
TOTAL:	40		AVERAGE:	684		$412	$16,476	$0.60	$78.40	$12.20

INCOME	Total Net Rentable Sq Ft:	27,368		TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$197,712	$197,328	Wise	Fort Worth	3
Secondary Income		Per Unit Per Month:	$15.00	7,200	7,200	$15.00	Per Unit Per Month	
Other Support Income:				0	0	$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$204,912	$204,528			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(15,368)	(15,336)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0			
EFFECTIVE GROSS INCOME				$189,544	$189,192			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.73%	$224	0.33	$8,959	$8,500	$0.31	$213	4.49%
Management		8.73%	413	0.60	16,539	16,517	0.60	413	8.73%
Payroll & Payroll Tax		14.97%	709	1.04	28,368	21,907	0.80	548	11.58%
Repairs & Maintenance		9.90%	469	0.69	18,766	22,000	0.80	550	11.63%
Utilities		2.23%	106	0.15	4,226	5,200	0.19	130	2.75%
Water, Sewer, & Trash		6.39%	303	0.44	12,121	14,300	0.52	358	7.56%
Property Insurance		6.36%	302	0.44	12,063	9,400	0.34	235	4.97%
Property Tax	2.0766	8.66%	411	0.60	16,422	22,220	0.81	556	11.74%
Reserve for Replacements		6.33%	300	0.44	12,000	12,000	0.44	300	6.34%
TDHCA Compliance Fees		0.84%	40	0.06	1,600	1,600	0.06	40	0.85%
Other:		0.00%	0	0.00	0	0	0.00	0	0.00%
TOTAL EXPENSES		69.15%	$3,277	$4.79	$131,064	$133,644	$4.88	$3,341	70.64%
NET OPERATING INC		30.85%	$1,462	$2.14	$58,479	$55,548	$2.03	$1,389	29.36%
DEBT SERVICE									
Existing USDA-RD 515 Mortgage		14.01%	$664	$0.97	$26,553	$26,553	$0.97	$664	14.03%
TDHCA HOME		10.30%	$488	$0.71	19,524	19,524	$0.71	$488	10.32%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		6.54%	$310	$0.45	$12,402	$9,471	$0.35	$237	5.01%
AGGREGATE DEBT COVERAGE RATIO					1.27	1.21			
RECOMMENDED DEBT COVERAGE RATIO					1.15				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		45.30%	$29,868	$43.65	$1,194,720	$1,194,720	$43.65	$29,868	45.96%
Off-Sites		0.00%	0	0.00	0	0	0.00	0	0.00%
Sitework		2.24%	1,478	2.16	59,120	52,575	1.92	1,314	2.02%
Direct Construction		21.21%	13,986	20.44	559,425	559,425	20.44	13,986	21.52%
Contingency	9.89%	2.32%	1,530	2.24	61,200	61,200	2.24	1,530	2.35%
Contractor's Fees	13.85%	3.25%	2,142	3.13	85,680	85,680	3.13	2,142	3.30%
Indirect Construction		6.89%	4,543	6.64	181,700	181,700	6.64	4,543	6.99%
Ineligible Costs		0.96%	630	0.92	25,200	20,200	0.74	505	0.78%
Developer's Fees	19.93%	15.09%	9,950	14.54	397,990	397,990	14.54	9,950	15.31%
Interim Financing		0.61%	400	0.58	16,000	16,000	0.58	400	0.62%
Reserves		2.14%	1,408	2.06	56,319	30,000	1.10	750	1.15%
TOTAL COST		100.00%	$65,934	$96.37	$2,637,354	$2,599,490	$94.98	$64,987	100.00%
Construction Cost Recap		*29.02%*	***$19,136***	***$27.97***	***$765,425***	***$758,880***	***$27.73***	***$18,972***	*29.19%*

SOURCES OF FUNDS	%	PER UNIT	PER SQ FT	TDHCA	APPLICANT	RECOMMENDED	
Existing USDA-RD 515 Mortgage	38.10%	$25,124	$36.72	$1,004,961	$1,004,961	$1,004,961	Developer Fee Available
TDHCA HOME	15.17%	$10,000	$14.62	400,000	400,000	780,947	$397,990
TDHCA HOME-Forgiveable	44.06%	$29,047	$42.45	1,161,894	1,161,894	780,947	% of Dev. Fee Deferred
Transfer Existing Reserves	2.14%	$1,408	$2.06	56,319	0	56,319	
Deferred Developer Fees	1.24%	$816	$1.19	32,635	32,635	14,180	4%
Additional (Excess) Funds Req'd	-0.70%	($461)	($0.67)	(18,455)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$2,637,354	$2,599,490	$2,637,354	$159,584

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Quail Run Apartments, Decatur, HOME #08346

PAYMENT COMPUTATION

Primary	$1,004,961	Amort	335
Int Rate	1.00%	DCR	2.20

Secondary	$780,947	Amort	480
Int Rate	0.00%	Subtotal DCR	1.27

Additional	$780,947	Amort	
Int Rate		Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$26,553
Secondary Debt Service	24,280
Additional Debt Service	0
NET CASH FLOW	$7,646

Primary	$1,004,961	Amort	335
Int Rate	1.00%	DCR	2.20

Secondary	$780,947	Amort	386
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$780,947	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	$197,712	$203,643	$209,753	$216,045	$222,527	$257,969	$299,057	$346,689	$465,921
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	204,912	211,059	217,391	223,913	230,630	267,364	309,948	359,314	482,889
Vacancy & Collection Loss	(15,368)	(15,829)	(16,304)	(16,793)	(17,297)	(20,052)	(23,246)	(26,949)	(36,217)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$189,544	$195,230	$201,087	$207,119	$213,333	$247,311	$286,702	$332,366	$446,672
EXPENSES at 4.00%									
General & Administrative	$8,959	$9,317	$9,690	$10,077	$10,481	$12,751	$15,514	$18,875	$27,939
Management	16,539	17,035	17,546	18,073	18,615	21,580	25,017	29,001	38,975
Payroll & Payroll Tax	28,368	29,503	30,683	31,910	33,187	40,377	49,125	59,768	88,471
Repairs & Maintenance	18,766	19,517	20,297	21,109	21,953	26,710	32,497	39,537	58,524
Utilities	4,226	4,395	4,570	4,753	4,943	6,014	7,317	8,903	13,178
Water, Sewer & Trash	12,121	12,606	13,110	13,635	14,180	17,252	20,990	25,538	37,802
Insurance	12,063	12,546	13,048	13,570	14,112	17,170	20,890	25,416	37,621
Property Tax	16,422	17,079	17,763	18,473	19,212	23,374	28,438	34,600	51,216
Reserve for Replacements	12,000	12,480	12,979	13,498	14,038	17,080	20,780	25,282	37,424
Other	1,600	1,664	1,731	1,800	1,872	2,277	2,771	3,371	4,990
TOTAL EXPENSES	$131,064	$136,142	$141,417	$146,898	$152,593	$184,585	$223,338	$270,289	$396,140
NET OPERATING INCOME	$58,479	$59,088	$59,670	$60,221	$60,740	$62,726	$63,364	$62,077	$50,532
DEBT SERVICE									
First Lien Financing	$26,553	$26,553	$26,553	$26,553	$26,553	$26,553	$26,553	$26,553	$26,553
Second Lien	24,280	24,280	24,280	24,280	24,280	24,280	24,280	24,280	24,280
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$7,646	$8,255	$8,836	$9,388	$9,906	$11,893	$12,530	$11,243	($302)
DEBT COVERAGE RATIO	1.15	1.16	1.17	1.18	1.19	1.23	1.25	1.22	0.99

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

REPORT DATE: 03/04/09 PROGRAM: HOME FILE NUMBER: **08347**

DEVELOPMENT

Northview Apartments

Location: 331 N. Longview Region: 4

City: Kilgore County: Gregg Zip: 75562 ☐ QCT ☐ DDA

Key Attributes: Intergenerational Housing, USDA, Rural, Acquisition/Rehabilitation

ALLOCATION

	PREVIOUS REQUEST			PREVIOUS RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
HOME Activity Funds	$760,000	1.00%	30/30	$760,000	1.00%	30/30
Housing Tax Credit (Annual)	$246,550			$238,654		

				CURRENT AWARD		
TDHCA Program				**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds				**$760,000**	**1.00%**	**30/30**

	CURRENT REQUEST*			**CURRENT RECOMMENDATION***		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$2,000,000	0.00%	40/40	**$2,000,000**	**see below**	

*The Applicant is requesting an additional $2,000,000 in HOME funds, for a total HOME award of $2,760,000. The Applicant has requested to structure half of the total HOME award as a repayable loan and the other half as a forgivable loan. The Underwriter recommends that $1,762,775 be structured as a repayable loan at 0% interest and 40-year amortization, and the remaining $997,225 be structured as a non-amortizing forgivable loan. The Applicant already has an existing HOME contract in the amount of $760,000 structured as a repayable loan with a 1% interest rate and amortization period of 360 months. Therefore, the existing HOME contract for this development will require an amendment to restructure the existing amount in accordance with the underwriting recommendation made in this addendum.

CONDITIONS

1 Receipt, review, and acceptance, by closing, of a plan from the Applicant to meet the Department's requirements for intergenerational housing.

2 Receipt, review, and acceptance, by closing, of USDA-RD approval of the same rates and terms transfer of the existing USDA-RD loans and acceptance of the HOME loan funds as a parity first lien.

3 Receipt, review, and acceptance, by closing, of documentation that HUD has approved the proposed increased HAP rents.

4 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

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SALIENT ISSUES

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	8
50% of AMI	50%/Low HOME	64

PROS

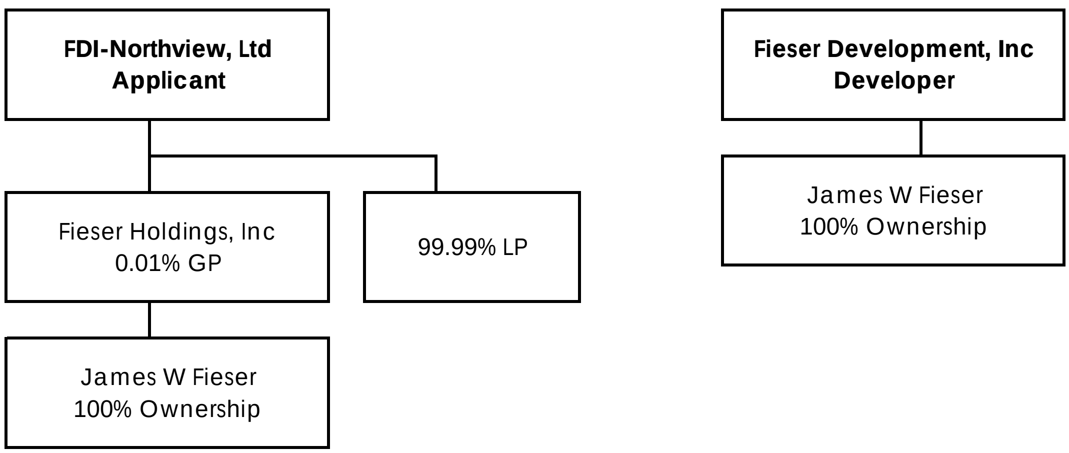
- The application proposes the rehabilitation of an existing 72 unit USDA-RD property constructed in 1981.
- The Applicant has considerable experience and financial resources.

CONS

- If the forgivable HOME loan is not provided by the Department, then the acquisition and rehabilitation of the development will not be feasible.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: James W Fieser Phone: 281.347.8189 Fax: 281.347.8192

Email: jim.fieser@jfieser.com

ADDENDUM

The subject development was originally underwritten during the 2008 9% HTC cycle and was approved for an annual tax credit allocation of $238,654 and $760,000 in HOME funds, to be fully amortized over 30 years at 0% interest. The Applicant has returned all of the previously awarded 2008 housing tax credits and is now requesting to change the financing structure, including an additional request for HOME funds for a total HOME award of $2,760,000. The Applicant has requested to structure half of the total HOME funds ($1,380,000) as a repayable loan with 0% interest and 40-year amortization, and the remaining half as a forgivable loan. Current HOME rules allow up to 50% of the requested HOME funds to be forgivable provided that 10% of all units target tenants at 30% of AMI and 50% of all units target tenants at 50% of AMI.

As a result, an updated rent schedule, development cost schedule and sources and uses has been provided by the Applicant. The Underwriter has evaluated the impact of these changes on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

OPERATING PROFORMA ANALYSIS

The Applicant's current rental projections are slightly higher than those provided in the original Housing Tax Credit/HOME Loan application. All of the units are covered under a HUD Section 8 Housing Assistance Payment (HAP) contract and the Applicant appears to contemplate an increase in the current HAP rents. As a result, the Underwriter has used the Applicant's anticipated HAP rents, but receipt, review and acceptance, by closing, of documentation that HUD has approved the increased HAP rents is a condition of this report.

The Applicant's expense estimates remain unchanged and, therefore, are within 5% of the Underwriter's estimate.

Conclusion:

The Applicant's estimated income, operating expenses and net operating income (NOI) are all within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity . The Year One proforma results in a DCR of 1.21 which falls within the Department's current guidelines.

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. The Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and a continued positive cash flow. Therefore the development can be characterized as feasible for the long term.

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant's revised total development cost estimate reflects an overall decrease in costs of $94K or 2%. While site work and direct costs appear to be the same as reflected in the original HTC application, decreases in indirect, ineligible, interim financing costs and developer's fees are reflected. The Underwriter's cost schedule was derived from information presented in the application material submitted and from the Capital Needs Assessment (CNA) provided. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriter's development cost schedule is used to determine the development's need for permanent funds.

FINANCING STRUCTURE (OTHER THAN HOME LOANS)

SOURCES & USES

Source: USDA-RD Section 515 Type: **Existing Financing to Transfer**

Principal: $1,398,872 Interest Rate: 8.75% [x] Fixed Amort: 276 months

Comments:

The Applicant is proposing a same rates and terms transfer of the existing USDA Section 515 mortgages. The original mortgages were $720,000 and $890,300 with 50 year terms. The remaining terms are approximately 276 months with a combined current total balance of approximately $1,398,872. Normally, USDA loans of this type have Interest Credit and Rental Assistance Agreements that reduce the interest rate to 1%; however, this development has Project-based Section 8 HAP contracts and therefore, the interest rates were not reduced to 1%, but is instead set at 8.75%.

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CONCLUSIONS & RECOMMENDED FINANCING STRUCTURE

Recommended Financing Structure:

The Applicant's total development cost is within 1% of the Underwriter's estimate; however, because this is an acquisition/rehabilitation development, the Underwriter's development cost estimate, derived from the CNA, will be used to determine financing needs. Accordingly, the Underwriter's total development cost estimate less the existing USDA 515 mortgage balance of approximately $1,398,782 indicates the need for $2,830,002 based on the gap in need. The Applicant has requested the HOME funds be structured as a combination of $1,380,000 as a forgivable loan (50% of the total requested) and $1,380,000 as a repayable loan (50% of the total). This proposed structure would yield a DCR of 1.21, which falls within the Department's guidelines.

Alternatively, the Underwriter has determined that up to $1,762,775 of the total requested HOME funds can be structured as a repayable loan at the terms requested, and $997,225 structured as a forgivable loan. This alternative financing structure would result in a slight increase in the annual debt service but still promote a healthy DCR projection of 1.15, and would enable the Department to be repaid on a slightly higher amount of HOME funds than proposed. Therefore, the Underwriter recommends an award of HOME funds in the total amount of $2,760,000. Of this total, $1,762,775 should be structured as repayable at 0% interest and 40-year amortization, and the remaining $997,225 should be structured as a non-amortizing, forgivable loan. It should be noted that an existing HOME contract exists for the property for the previous award made in 2008 for $760,000. This award is currently structured as a repayable loan with a 1% interest rate and 30-year amortization. The existing HOME contract will require an amendment in order to restructure the funds in accordance with the recommendations made in this addendum.

The Underwriter’s recommended financing structure indicates the need for $70,002 in additional permanent funds. Deferred developer fees in this amount appear to be repayable from development cashflow within two years of stabilized operation.

The Underwriter's recommendation is conditioned upon approval from USDA-RD of a parity lien position for the TDHCA HOME loan awards.

The HOME award amounts are below the 221(d)(3) limit for this project. In addition, the HOME awards are below the prorata share of development cost based on the number of HOME units to total units.

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower’s original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	*D. Burrell*	Date:	March 4, 2009
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	March 4, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	March 4, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Northview Apartments, Kilgore, HOME #08347

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
30%/LH	8	1	1	625	$273	$480	$3,840	$0.77	$57.00	$49.00
50%/LH	21	1	1	625	$455	$480	$10,080		$57.00	$49.00
50%/LH	7	1	1	625	$456	$480	$3,360		$57.00	$49.00
50%/LH	24	2	1	800	$546	$570	$13,680		$74.00	$57.00
50%/LH	12	3	1	950	$756	$660	$7,920		$96.00	$62.00
TOTAL:	72		**AVERAGE:**	738		$540	$38,880	$0.73	$69.17	$53.83

INCOME	Total Net Rentable Sq Ft:	53,100		TDHCA-HOME	TDHCA 9%	APPLICANT 9%	APPL - HOME	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$466,560	$450,720	$450,720	$466,560	Gregg		4
Secondary Income		Per Unit Per Month:	$15.00	12,960	12,960	12,960	12,960	$15.00	Per Unit Per Month	
Other Support Income:				0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$479,520	$463,680	$463,680	$479,520			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(35,964)	(34,776)	(34,776)	(35,964)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0					
EFFECTIVE GROSS INCOME				$443,556	$428,904	$428,904	$443,556			

EXPENSES	% OF EGI	PER UNIT	PER SQ FT	TDHCA-HOME	TDHCA 9%	APPLICANT 9%	APPL - HOME	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	3.59%	$221	0.30	$15,907	$15,907	$11,450	$11,450	$0.22	$159	2.58%
Management	5.00%	308	0.42	22,178	21,445	31,000	31,000	0.58	431	6.99%
Payroll & Payroll Tax	13.57%	836	1.13	60,174	60,174	52,500	52,500	0.99	729	11.84%
Repairs & Maintenance	5.87%	361	0.49	26,027	26,027	30,950	30,950	0.58	430	6.98%
Utilities	2.09%	128	0.17	9,252	9,252	9,200	9,200	0.17	128	2.07%
Water, Sewer, & Trash	7.56%	466	0.63	33,550	33,550	33,550	33,550	0.63	466	7.56%
Property Insurance	3.64%	224	0.30	16,150	16,150	15,100	15,100	0.28	210	3.40%
Property Tax 2.0271	4.94%	304	0.41	21,893	21,893	20,000	20,000	0.38	278	4.51%
Reserve for Replacements	5.51%	339	0.46	24,444	24,444	21,600	21,600	0.41	300	4.87%
TDHCA Compliance Fees	0.65%	40	0.05	2,880	2,880	2,880	2,880	0.05	40	0.65%
Other: Training	0.11%	7	0.01	500	500	500	500	0.01	7	0.11%
TOTAL EXPENSES	52.52%	$3,235	$4.39	$232,954	$232,221	$228,730	$228,730	$4.31	$3,177	51.57%
NET OPERATING INC	47.48%	$2,925	$3.97	$210,602	$196,683	$200,174	$214,826	$4.05	$2,984	48.43%
DEBT SERVICE										
Existing USDA-RD 515 Mortgage	32.18%	$1,982	$2.69	$142,727	$142,727	$143,004	$143,004	$2.69	$1,986	32.24%
TDHCA HOME	7.78%	$479	$0.65	34,500	29,334	29,334	34,500	$0.65	$479	7.78%
Additional Financing	0.00%	$0	$0.00	0	0	0	0	$0.00	$0	0.00%
NET CASH FLOW	7.52%	$464	$0.63	$33,375	$24,623	$27,836	$37,322	$0.70	$518	8.41%
AGGREGATE DEBT COVERAGE RATIO				1.19	1.14	1.16	1.21			
RECOMMENDED DEBT COVERAGE RATIO						1.16	1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA-HOME	TDHCA 9%	APPLICANT 9%	APPL - HOME	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		41.95%	$24,637	$33.41	$1,773,872	$1,773,872	$1,773,872	$1,773,872	$33.41	$24,637	42.25%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		3.54%	2,081	2.82	149,809	149,809	128,855	128,855	2.43	1,790	3.07%
Direct Construction		27.19%	15,969	21.65	1,149,773	1,149,773	1,211,065	1,211,065	22.81	16,820	28.84%
Contingency	10.00%	3.07%	1,805	2.45	129,958	129,958	133,992	133,992	2.52	1,861	3.19%
Contractor's Fees	14.00%	4.30%	2,527	3.43	181,941	181,941	187,588	187,588	3.53	2,605	4.47%
Indirect Construction		3.90%	2,293	3.11	165,075	179,575	179,575	165,075	3.11	2,293	3.93%
Ineligible Costs		0.17%	99	0.13	7,160	82,488	82,488	58,160	1.10	808	1.39%
Developer's Fees	15.00%	12.94%	7,601	10.31	547,256	503,989	536,092	527,017	9.92	7,320	12.55%
Financing		1.51%	889	1.21	64,000	59,000	59,000	13,000	0.24	181	0.31%
Reserves		1.42%	834	1.13	60,030	59,169	0	0	0.00	0	0.00%
TOTAL COST		100.00%	$58,734	$79.64	$4,228,874	$4,269,575	$4,292,527	$4,198,624	$79.07	$58,314	100.00%
Construction Cost Recap		*38.11%*	***$22,382***	***$30.35***	***$1,611,482***	***$1,611,482***	***$1,661,500***	***$1,661,500***	***$31.29***	***$23,076***	*39.57%*

SOURCES OF FUNDS								RECOMMENDED	
Existing USDA-RD 515 Mortgage	33.08%	$19,429	$26.34	$1,398,872	$1,398,872	$1,398,872	$1,398,872	$1,398,872	Developer Fee Available
TDHCA HOME	32.63%	$19,167	$25.99	1,380,000	1,380,000	1,380,000	1,380,000	1,762,775	$527,017
TDHCA HOME Forgivable				1,380,000	1,380,000	1,380,000	1,380,000	997,225	
HTC Syndication Proceeds	0.00%	$0	$0.00	0	0	0	0	0	% of Dev. Fee Deferred
Deferred Developer Fees	0.94%	$552	$0.75	39,752	40,071	40,071	39,752	70,002	13%
Additional (Excess) Funds Req'd	0.72%	$420	$0.57	30,250	(25,534)	(319)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$4,228,874	$4,173,409	$4,198,624	$4,198,624	$4,228,874	$888,311

Northview Apartments, Kilgore, HOME #08347

PAYMENT COMPUTATION

Primary	$1,398,872	Amort	276
Int Rate	8.75%	DCR	1.48

Secondary	$1,380,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.19

Additional	$997,225	Amort	0
Int Rate	0.00%	Aggregate DCR	1.19

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$142,727
Secondary Debt Service	44,069
Additional Debt Service	0
NET CASH FLOW	$28,030

Primary	$1,398,872	Amort	276
Int Rate	8.75%	DCR	1.51

Secondary	$1,762,775	Amort	480
Int Rate	0.00%	Subtotal DCR	1.15

Additional	$997,225	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$466,560	$480,557	$494,974	$509,823	$525,117	$608,755	$705,714	$818,116	$1,099,479
Secondary Income	12,960	13,349	13,749	14,162	14,587	16,910	19,603	22,725	30,541
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	479,520	493,906	508,723	523,984	539,704	625,665	725,317	840,841	1,130,020
Vacancy & Collection Loss	(35,964)	(37,043)	(38,154)	(39,299)	(40,478)	(46,925)	(54,399)	(63,063)	(84,752)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$443,556	$456,863	$470,569	$484,686	$499,226	$578,740	$670,918	$777,778	$1,045,269
EXPENSES at 4.00%									
General & Administrative	$11,450	$11,908	$12,384	$12,880	$13,395	$16,297	$19,828	$24,123	$35,709
Management	31,000	31,930	32,888	33,875	34,891	40,448	46,890	54,359	73,054
Payroll & Payroll Tax	52,500	54,600	56,784	59,055	61,418	74,724	90,913	110,610	163,729
Repairs & Maintenance	30,950	32,188	33,476	34,815	36,207	44,052	53,595	65,207	96,522
Utilities	9,200	9,568	9,951	10,349	10,763	13,094	15,931	19,383	28,692
Water, Sewer & Trash	33,550	34,892	36,288	37,739	39,249	47,752	58,098	70,685	104,631
Insurance	15,100	15,704	16,332	16,985	17,665	21,492	26,148	31,813	47,092
Property Tax	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Reserve for Replacements	21,600	22,464	23,363	24,297	25,269	30,744	37,404	45,508	67,363
Other	3,380	3,515	3,656	3,802	3,954	4,811	5,853	7,121	10,541
TOTAL EXPENSES	$228,730	$237,569	$246,753	$256,294	$266,207	$321,879	$389,295	$470,946	$689,704
NET OPERATING INCOME	$214,826	$219,293	$223,816	$228,392	$233,019	$256,861	$281,624	$306,832	$355,564
DEBT SERVICE									
First Lien Financing	$142,727	$142,727	$142,727	$142,727	$142,727	$142,727	$142,727	$142,727	$142,727
Second Lien	44,069	44,069	44,069	44,069	44,069	44,069	44,069	44,069	44,069
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$28,030	$32,497	$37,020	$41,595	$46,223	$70,064	$94,827	$120,036	$168,768
DEBT COVERAGE RATIO	1.15	1.17	1.20	1.22	1.25	1.38	1.51	1.64	1.90

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

REPORT DATE: 03/04/09 PROGRAM: HOME FILE NUMBER: **08345**

DEVELOPMENT

First Huntington Arms

Location: 415 N. Highway 69 Region: 5

City: Huntington County: Angelina Zip: 75949 [ ] QCT [X] DDA

Key Attributes: Family, Acquisition/Rehab, USDA, Rural, At-Risk, and Multifamily

ALLOCATION

	PREVIOUS REQUEST			**PREVIOUS RECOMMENDATION**		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$555,212	2.15%	40/40	**$555,212**	**2.15%**	**30/30**
Housing Tax Credit (Annual)	$370,112			**$413,664**		

				CURRENT AWARD		
TDHCA Program				**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds				**$555,212**	**2.15%**	**30/30**

	CURRENT REQUEST*			**CURRENT RECOMMENDATION***		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$2,386,570	0.50%	40/40	**$2,386,570**	**see below**	

*The Applicant is requesting an additional $2,386,570 in HOME funds, for a total HOME award of $2,941,782. The Applicant has requested to structure half of the total HOME award as a repayable loan and the other half as a forgivable loan. The Underwriter recommends that $1,574,343 be structured as a repayable loan at 0.50% interest and 40-year amortization, and the remaining $1,367,439 be structured as a non-amortizing forgivable loan. The Applicant already has an existing HOME contract in the amount of $555,212 structured as a repayable loan with a 2.15% interest rate and 30-year amortization. Therefore, the existing HOME contract for this development will require an amendment to restructure the existing amount in accordance with the underwriting recommendation made in this addendum.

CONDITIONS

1 Receipt, review, and acceptance, by closing, of USDA-RD's approval of the new 1% rate and 40 year term on the existing USDA-RD loan balance of $343,249 and approval from USDA-RD of a parity lien position for the approved TDHCA HOME awards.

2 Receipt, review and acceptance, by closing, of USDA-RD approval of the proposed increased basic rents.

3 Receipt, review and acceptance, by closing, of documentation from the ESA provider that all recommendations made in the environmental report with respect to sampling of lead based paint and asbestos prior to renovation have been followed and implemented.

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

SALIENT ISSUES

TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	4
50% of AMI	50%/Low HOME	24
60% of AMI	60%/High HOME	12

PROS

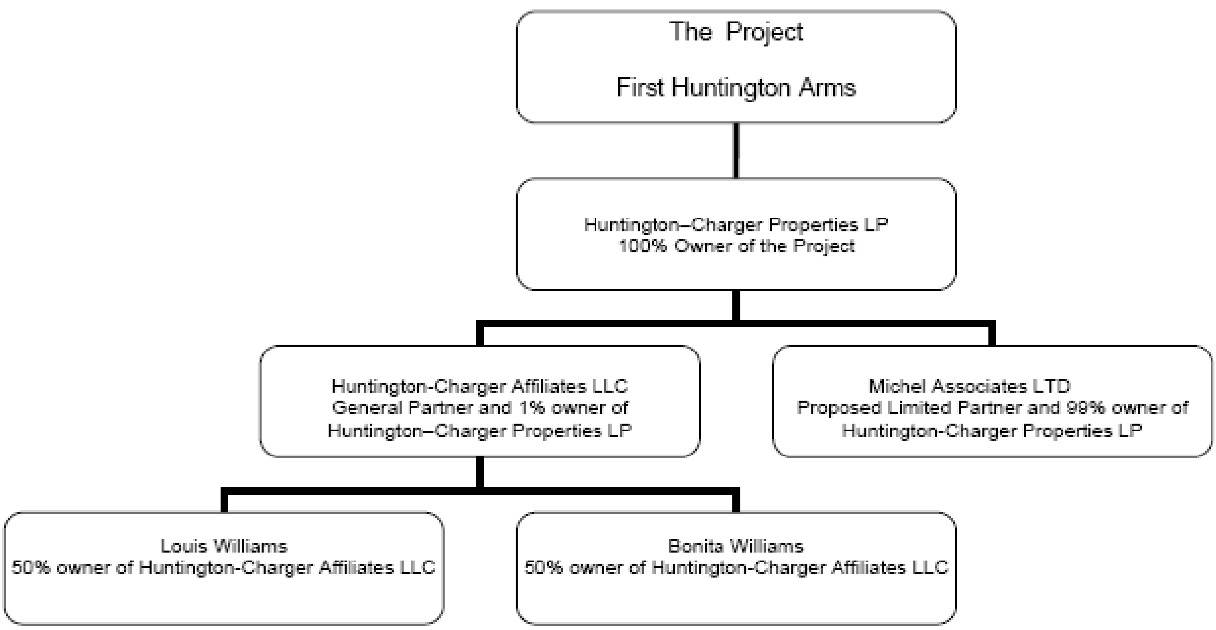
- The application proposes the rehabilitation of an existing 40 unit USDA-RD property constructed in 1980.

CONS

- The development relies upon the project based rental assistance to maintain feasibility with an expense to income ratio over 65%.
- If the forgivable HOME award is not received, the transaction may not be financially viable.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: Louis Williams Phone: (936) 560-5702 Fax: (936) 560-2636
Email: louisw@suddenlink.net

ADDENDUM

The Applicant was originally underwritten and approved during the 2008 9% HTC cycle and was awarded annual tax credits in the amount of $367,559 along with a HOME award in the amount of $555,212. Subsequent to this approval, the TDHCA Board approved at is November 13, 2008 meeting to allow all competitive 2007 and 2008 HTC transactions to use the 9% credit rate and receive a 10% increase in direct and site work construction costs. As a result of this policy the Applicant received an additional $46,105 in annual tax credits, for a total annual allocation of $413,664.

This section intentionally left blank.

The Applicant has returned all of the previously awarded 2008 tax credit allocation and is now requesting increased HOME funds for a total HOME award of $2,941,782. The Applicant has requested that half of the total amount of HOME funds be structured as an amortizing and repayable loan at 0.50% interest and 40-year amortization, and that the remaining half be structured as a forgivable loan. Current HOME rules allow up to 50% of the HOME funds to be forgivable provided that 10% of all units target tenants at 30% AMI & 50% of all units target tenants at 50% AMI.

This addendum has been issued to evaluate the effect these changes have made on the financial viability of the transaction based on the revised documentation provided. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

OPERATING PROFORMA ANALYSIS

The Applicant's rental projections remain unchanged from those projected in the original HTC application. As a result the Applicant's effective gross income remains within 5% of the Underwriter's estimate.

The Applicant's revised operating expenses of $3,815 per unit are 5% lower than those provided in the original HTC application. The Underwriter's expense estimates remain unchanged and the Applicant's revised expenses are within 5% of the Underwriter's estimates. The most significant differences in the Applicant's revised expenses are noted in the repairs and maintenance and property insurance operating expense line items.

Conclusion:

The Applicant's estimated income, operating expense and NOI are all within 5% of the Underwriter's estimate. Therefore, the Applicant's NOI will be used to evaluate debt service capacity . The Year One proforma results in a DCR of 1.21 which falls within the Department's current guidelines.

The Applicant's and Underwriter's expense to income ratios (71.13% and 71.88% respectively) are significantly above the TDHCA maximum of 65%. However, the 2008 Real Estate Analysis rules provide that a transaction with a ratio greater than 65% will be re-characterized as feasible if "the Development will receive rental assistance in association with USDA-RD-RHS financing." [§1.32(7)(B)(ii)]. The subject's rents are managed by USDA. As such the subject development meets this feasibility exception.

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 TDHCA guidelines. As noted above, the Applicant's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 with positive cashflow through Year 15.

CONSTRUCTION COST ESTIMATE EVALUATION

The Applicant's revised total development cost estimate reflects an overall decrease in costs of $722K or 22%. The use of asphalt materials instead of concrete, as originally indicated, for the parking lot contributes a large portion of the decrease in sitework. Additionally, a majority of the decrease in direct costs appear to be attributed to changes from 30 year shingle carport roofs to metal roofing. Other decreases appear in the indirect costs, specifically, engineer fees, tax attorney fees, and accounting fees. Developer fees, interim financing and ineligible costs have all seen substantial decreases as well. The Underwriter's cost schedule was derived from the revised CNA and information presented in the application materials submitted by the Applicant. Any deviations from the Applicant's estimates are due to program and underwriting guidelines. Therefore, the Underwriters development cost schedule will be used to determine the development's need for permanent funds.

FINANCING STRUCTURE

Source:	USDA-RD Section 515			Type:	**Existing Financing**			
Principal:	$362,971	Interest Rate:	1.0%	x	Fixed	Amort:	480	months

Comments:

The Applicant is proposing a transfer of the existing loan balance of $362,971 to be re-amortized for a period of 40 years at the existing 1% interest rate. The estimated balance is reflected as a source of funds in the Applicant's recommended financing structure. Per a letter from USDA dated February 9, 2009 the current outstanding principal balance of the USDA loan is $343,249. This amount is reflected in the Underwriter's recommended financing structure.

CONCLUSIONS

Recommended Financing Structure:

As stated previously the Applicant's proforma is used to determine the development's debt service capacity and need for funds. The Applicant has requested a total HOME award of $2,941,782 with half of this amount structured as a repayable loan at 0.5% interest and 40-year amortization, and the other half structured as a forgivable loan. This proposed financing structure yields a DCR of 1.21 which falls within the Department's guidelines.

Alternatively, the Underwriter has determined that up to $1,574,343 of the total requested HOME funds could be structured as a repayable loan set at the terms requested and $1,367,439 structured as a forgivable loan. This alternative financing structure would yield an acceptable DCR of 1.15 and would enable the Department to be repaid on a slightly higher amount of HOME funds than proposed. Therefore, the Underwriter recommends an award of HOME funds in the total amount of $2,941,782. Of this total, $1,574,343 should be structured as repayable at 0.50% interest and 40-year amortization, and the remaining $1,367,439 should be structured as a forgivable loan. It should be noted that an existing HOME contract exists for the property for the previous award made in 2008 for $555,212. This award amount is currently structured as a repayable loan with a 2.15% interest rate and 30-year amortization. The existing HOME contract will require an amendment in order to restructure the funds in accordance with the recommendations made in this addendum.

The Underwriter's recommended financing structure indicates the need for $46,783 in deferred developer fees which appears to be repayable from development cash flow within five years.

The Underwriter's recommendation is conditioned upon approval from USDA-RD of a parity lien position for the approved TDHCA HOME award.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Return on Equity:

This is a USDA-RD transaction, in which the Applicant is restricted by the loan agreement to a return of no more than 8% per annum on the borrower’s original investment, with any excess cash flow going to fund replacement reserves. USDA-RD will manage this return on equity restriction.

Underwriter:	*Carl Hoover*	Date:	March 4, 2009
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	March 4, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	March 4, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

First Huntington Arms, Huntington, HOME #08345

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
30%/LH	4	1	1	650	$461	$401	$1,604	$0.62	$107.00	$21.55
60%/HH	3	1	1	650	$535	$401	$1,203	$0.62	$107.00	$21.55
60%/HH	1	1	1	810	$535	$401	$401	$0.50	$107.00	$21.55
50%/LH	24	2	1	772	$555	$485	$11,640	$0.63	$136.00	$21.55
60%/HH	7	2	1	772	$598	$485	$3,395	$0.63	$136.00	$21.55
60%/HH	1	2	1	932	$598	$485	$485	$0.52	$136.00	$21.55
TOTAL:	40		AVERAGE:	756		$468	$18,728	$0.62	$130.20	$21.55

INCOME		Total Net Rentable Sq Ft:	30,224		TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$224,736	$224,736	$224,736	$224,736	Angelina		5
Secondary Income			Per Unit Per Month:	$15.00	7,200	7,200	7,200	7,200	$15.00	Per Unit Per Month	
Other Support Income:					0	0			$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$231,936	$231,936	$231,936	$231,936			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(17,395)	(17,395)	(17,400)	(17,400)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0					
EFFECTIVE GROSS INCOME					$214,541	$214,541	$214,536	$214,536			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		5.45%	$292	0.39	$11,683	$11,683	$10,000	$9,500	$0.31	$238	4.43%
Management		7.11%	382	0.50	15,262	15,262	16,872	15,262	0.50	382	7.11%
Payroll & Payroll Tax		11.70%	628	0.83	25,101	25,101	29,500	27,284	0.90	682	12.72%
Repairs & Maintenance		11.11%	596	0.79	23,831	23,831	26,343	23,831	0.79	596	11.11%
Utilities		3.13%	168	0.22	6,713	6,713	4,800	4,800	0.16	120	2.24%
Water, Sewer, & Trash		12.19%	654	0.87	26,147	26,147	26,400	28,060	0.93	702	13.08%
Property Insurance		5.84%	313	0.41	12,520	12,520	16,000	12,520	0.41	313	5.84%
Property Tax	2.4645	5.97%	320	0.42	12,815	12,815	10,000	12,815	0.42	320	5.97%
Reserve for Replacements		8.64%	463	0.61	18,531	18,531	16,000	18,531	0.61	463	8.64%
TDHCA Compliance Fees		0.75%	40	0.05	1,600	1,600	1,600		0.00	0	0.00%
Other: Supp. Serv.		0.00%	0	0.00	0	3,940	3,940		0.00	0	0.00%
TOTAL EXPENSES		71.88%	$3,855	$5.10	$154,204	$158,144	$161,455	$152,603	$5.05	$3,815	71.13%
NET OPERATING INC		28.12%	$1,508	$2.00	$60,337	$56,397	$53,081	$61,933	$2.05	$1,548	28.87%
DEBT SERVICE											
USDA-RD		4.85%	$260	$0.34	$10,415	$18,133	$18,491	$11,014	$0.36	$275	5.13%
TDHCA HOME		18.91%	$1,014	$1.34	40,580	20,706	20,706	40,580	$1.34	$1,015	18.92%
Additional Financing		0.00%	$0	$0.00	0	0			$0.00	$0	0.00%
NET CASH FLOW		4.35%	$234	$0.31	$9,342	$17,559	$13,884	$10,339	$0.34	$258	4.82%
AGGREGATE DEBT COVERAGE RATIO					1.18	1.45	1.35	1.20			
RECOMMENDED DEBT COVERAGE RATIO						1.30		1.15			

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-9%	APPLICANT-9%	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		17.41%	$14,499	$19.19	$579,971	$579,971	$579,971	$579,971	$19.19	$14,499	17.55%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		4.83%	4,025	5.33	161,000	214,500	212,000	159,500	5.28	3,988	4.83%
Direct Construction		42.79%	35,643	47.17	1,425,734	1,513,234	1,515,734	1,428,234	47.25	35,706	43.22%
Contingency	10.00%	4.76%	3,967	5.25	158,673	172,773	172,773	158,773	5.25	3,969	4.80%
Contractor's Fees	14.00%	6.67%	5,554	7.35	222,143	241,883	241,883	222,283	7.35	5,557	6.73%
Indirect Construction		7.55%	6,288	8.32	251,500	399,539	399,539	251,500	8.32	6,288	7.61%
Ineligible Costs		0.30%	250	0.33	10,000	30,859	30,859	10,000	0.33	250	0.30%
Developer's Fees	14.70%	12.48%	10,395	13.76	415,792	640,948	641,520	415,792	13.76	10,395	12.58%
Interim Financing		2.36%	1,968	2.60	78,700	132,841	132,841	78,700	2.60	1,968	2.38%
Reserves		0.85%	708	0.94	28,301	78,825	100,000		0.00	0	0.00%
TOTAL COST		100.00%	$83,295	$110.24	$3,331,814	$4,005,373	$4,027,120	$3,304,753	$109.34	$82,619	100.00%
Construction Cost Recap		*59.05%*	***$49,189***	***$65.10***	***$1,967,550***	***$2,142,390***	***$2,142,390***	***$1,968,790***	***$65.14***	***$49,220***	*59.57%*

SOURCES OF FUNDS									RECOMMENDED	
USDA-RD	10.30%	$8,581	$11.36	$343,249	$362,971	$362,971	$362,971	$343,249	Developer Fee Available
TDHCA HOME	44.15%	$36,772	$48.67	1,470,891	555,212	555,212	1,470,891	1,574,343	$415,792
TDHCA HOME-Forgivable				1,470,891			1,470,891	1,367,439	
HTC Syndication Proceeds	0.00%	$0	$0.00	0	3,108,937	3,108,937			% of Dev. Fee Deferred
Deferred Developer Fees	0.00%	$0	$0.00	0	0			46,783	11%
Additional (Excess) Funds Req'd	1.40%	$1,170	$1.55	46,783	(21,747)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$3,331,814	$4,005,373	$4,027,120	$3,304,753	$3,331,814	$147,088

First Huntington Arms, Huntington, HOME #08345

PAYMENT COMPUTATION

Primary	$343,249	Amort	480
Int Rate	1.00%	DCR	5.79

Secondary	$1,470,891	Amort	480
Int Rate	0.50%	Subtotal DCR	1.18

Additional	$0	Amort	
Int Rate		Aggregate DCR	1.18

RECOMMENDED FINANCING STRUCTURE APPLICANT'S NOI:

Primary Debt Service	$10,415
Secondary Debt Service	43,434
Additional Debt Service	0
NET CASH FLOW	$8,084

Primary	$343,249	Amort	480
Int Rate	1.00%	DCR	5.95

Secondary	$1,574,343	Amort	480
Int Rate	0.50%	Subtotal DCR	1.15

Additional	$1,367,439	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

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

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$224,736	$231,478	$238,422	$245,575	$252,942	$293,230	$339,933	$394,076	$529,605
Secondary Income	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	231,936	238,894	246,061	253,443	261,046	302,624	350,824	406,701	546,572
Vacancy & Collection Loss	(17,400)	(17,917)	(18,455)	(19,008)	(19,578)	(22,697)	(26,312)	(30,503)	(40,993)
Employee or Other Non-Rental Ur	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$214,536	$220,977	$227,606	$234,435	$241,468	$279,927	$324,512	$376,199	$505,579
EXPENSES at 4.00%									
General & Administrative	$9,500	$9,880	$10,275	$10,686	$11,114	$13,521	$16,451	$20,015	$29,627
Management	15,262	15,720	16,192	16,678	17,178	19,914	23,086	26,763	35,967
Payroll & Payroll Tax	27,284	28,375	29,510	30,691	31,918	38,834	47,247	57,483	85,089
Repairs & Maintenance	23,831	24,784	25,776	26,807	27,879	33,919	41,268	50,208	74,321
Utilities	4,800	4,992	5,192	5,399	5,615	6,832	8,312	10,113	14,970
Water, Sewer & Trash	28,060	29,182	30,350	31,564	32,826	39,938	48,591	59,118	87,509
Insurance	12,520	13,021	13,542	14,083	14,647	17,820	21,681	26,378	39,046
Property Tax	12,815	13,328	13,861	14,415	14,992	18,240	22,191	26,999	39,966
Reserve for Replacements	18,531	19,272	20,043	20,845	21,679	26,375	32,090	39,042	57,792
Other	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	$152,603	$158,555	$164,740	$171,168	$177,847	$215,393	$260,916	$316,119	$464,285
NET OPERATING INCOME	$61,933	$62,422	$62,866	$63,267	$63,620	$64,534	$63,596	$60,079	$41,294
DEBT SERVICE									
First Lien Financing	$10,415	$10,415	$10,415	$10,415	$10,415	$10,415	$10,415	$10,415	$10,415
Second Lien	43,434	43,434	43,434	43,434	43,434	43,434	43,434	43,434	43,434
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$8,084	$8,573	$9,018	$9,418	$9,771	$10,685	$9,748	$6,230	($12,555)
DEBT COVERAGE RATIO	1.15	1.16	1.17	1.17	1.18	1.20	1.18	1.12	0.77

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

REPORT DATE: 03/05/09 PROGRAM: HOME / 9% HTC FILE NUMBER: **08154**

DEVELOPMENT

Pioneer Crossing at Mineral Wells

Location: 2509 East Hubbard Region: 3

City: Mineral Wells County: Palo Pinto Zip: 76067 [X] QCT [X] DDA

Key Attributes: Family, Rural, and New Construction

ALLOCATION

	REQUEST			**RECOMMENDATION***		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$2,972,073	3.00%	35/35	**$0**		
Housing Tax Credit (Annual)	$805,355			**$0**		

*Originally the Applicant requested $2.4M structured with a 3% interest rate amortized for 40 years.

NOT RECOMMENDED DUE TO THE FOLLOWING:

- The transaction is financially infeasible due to the ratio of annual operating expenses to effective gross income, as determined by the Underwriter, exceeding the Department's minimum of 65%, per 10 TAC §1.32(i)(5) of the 2008 Real Estate Analysis Rules.

SHOULD THE BOARD APPROVE THIS AWARD, THE BOARD MUST WAIVE ITS RULES FOR THE ISSUES LISTED ABOVE AND SUCH AN AWARD SHOULD BE CONDITIONED UPON THE FOLLOWING:

1 A housing tax credit allocation not to exceed $855,825 annually for ten years and a HOME loan not to exceed $2,972,073 amortized over 35 years at 2.4% interest.

2 Receipt, review, and acceptance by Carryover of documentation verifying the appropriate rezoning of the site for the intended use as planned.

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

SALIENT ISSUES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	4
50% of AMI	50% of AMI	28
60% of AMI	60% of AMI	48

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TDHCA SET-ASIDES for HOME LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30%/Low HOME	4
50% of AMI	50%/Low HOME	12
50% of AMI	50%/High HOME	16

PROS

- There is a lack of LIHTC development within the PMA.

CONS

- The expense to income ratio as determined by the Underwriter exceeds the 65% maximum. Expense ratios at this level indicate the feasibility of the development is particularly vulnerable to periods of increasing expenses accompanied by flat rental income.

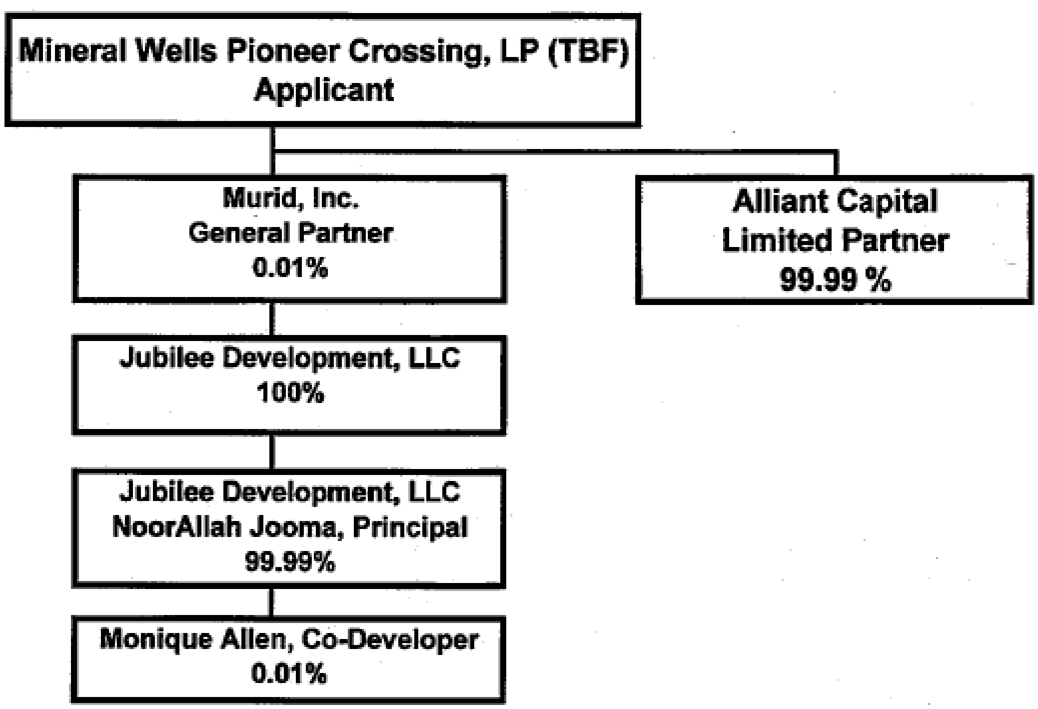
- The developer does not appear to have a considerable amount of experience in affordable housing development and may lack the capacity to support a transaction if necessary.

PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT TEAM

OWNERSHIP STRUCTURE



CONTACT

Contact: NoorAllah Jooma - Jubilee Development, LLC Ph: 214-448-0829 Fax: 972-245-7655

Email: noorjooma@gmail.com

KEY PARTICIPANTS

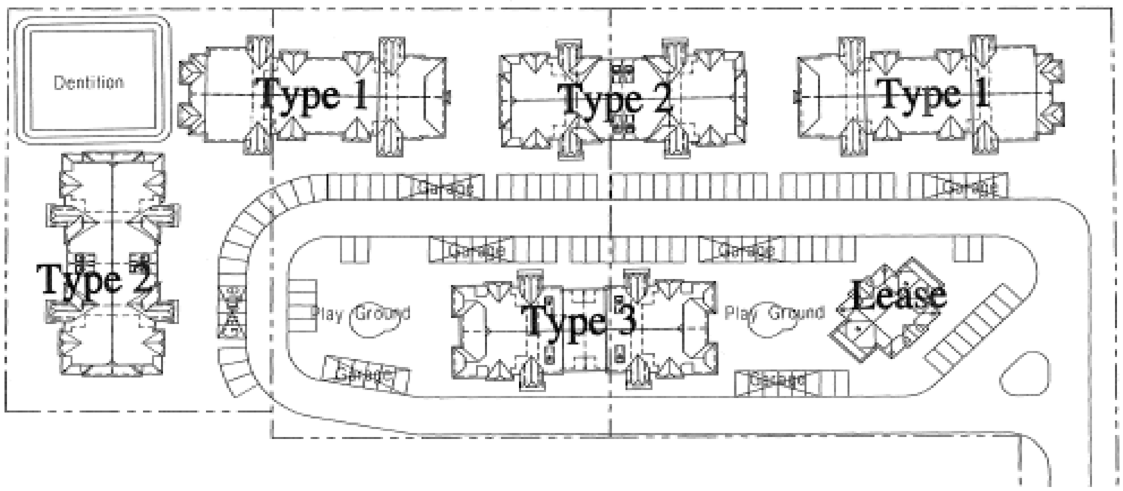
Name	Financial Notes	# Completed Developments
NoorAllah Jooma	CONFIDENTIAL	0

IDENTITIES of INTEREST

- The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	1a	1b	2a	2b	3a	3b					Total Buildings
Floors/Stories	2	2	2	2	2	2					
Number	2	2	2	2	1	1					**10**

According to the application each building type will be separated into two sections along the middle of the buildings by a building separation wall. Therefore, while only five different building types are reflected above in the proposed site plan, each of the buildings are considered to have two separate sections, thereby creating a total of ten residential buildings.

BR/BA	SF	Units										Total Units	Total SF
1/1	750	4		4	4							24	18,000
2/2	1,035	4	4	4	4	4	4					40	41,400
2/2	1,035					4	4					8	8,280
3/2	1,200		4									8	9,600
Units per Building		8	8	8	8	8	8					**80**	**77,280**

SITE ISSUES

Total Size:	5.118 acres	Scattered site?		Yes	X	No		
Flood Zone:	Zone X	Within 100-yr floodplain?		Yes	X	No		
Zoning:	Commercial	Needs to be re-zoned?	X	Yes		No		N/A

Comments:

Currently, the land is zoned for Commercial use only. However, the Applicant has submitted an application to the City of Mineral Wells to change the zoning to allow for the intended use. Therefore, any funding recommendation in this report will be conditioned upon receipt, review, and acceptance of documentation verifying the appropriate re-zoning of the site for its intended use.

TDHCA SITE INSPECTION

Inspector: ORCA Staff Date: 4/28/2008

Overall Assessment:

☐ Excellent ☐ Acceptable ☒ Questionable ☐ Poor ☐ Unacceptable

Surrounding Uses:

North: Open land, neighborhood; then hills, open land

East: Storage, shops, restaurants; then shops, restaurants, business

South: Restaurants, auto shop, bank; then huge chemical facility

West: Restaurants, shops; then restaurants, shops, business

Comments:

Per the Site Inspector "the site looks very small for the number of proposed units, the site looks to be in an area not zoned for residential use, the site is opposite a massive chemical / industrial park". Other comments include, "inconvenient access to site due to proposed entrance located on a one-way street."

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: ETTL Engineers & Consultants, Inc. Date: 3/13/2008

Recognized Environmental Concerns (RECs) and Other Concerns:

- The Phase 1 ESA did not reveal any significant known or suspect recognized environmental conditions associated with the subject property.

MARKET HIGHLIGHTS

Provider: Apartment MarketData, LLC Date: 3/18/2008

Contact: Darrell G. Jack Phone: 210-530-0040 Fax: 210-340-5830

Number of Revisions: None Date of Last Applicant Revision: N/A

Primary Market Area (PMA): 470 square miles (15.5 mile radius)

"The proposed site is located in the Qualified Census Tract 48363908.00 City of Mineral Wells, Palo Pinto County, Texas." (p. 22) The Primary Market Area also includes the census tracts: 483639804.00, 483639805.00, 483639806.00, 483639807.00, 483639808.00, 483639809.00, 483671405.00, 483671406.01. The boundaries of the PMA follow those of the census tracts listed. These boundaries approximately follow such: North - Parker County Line, East - FM 51, South - Brazos River, West -Brazos River

Secondary Market Area (SMA):

The Market Analyst did not define a SMA.

PROPOSED, UNDER CONSTRUCTION & UNSTABILIZED COMPARABLE DEVELOPMENTS	
PMA	SMA
None present	N/A

INCOME LIMITS						
Palo Pinto						
% AMI	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30	$9,500	$10,900	$12,250	$13,600	$14,700	$15,800
50	$15,900	$18,150	$20,450	$22,700	$24,500	$26,350
60	$19,080	$21,780	$24,540	$27,240	$29,400	$31,620

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MARKET ANALYST'S PMA DEMAND by UNIT TYPE							
Unit Type	Turnover Demand	Growth Demand	Other Demand	Total Demand	Subject Units	Unstabilized Comparable (PMA)	Capture Rate
1 BR/30% Rent Limit	39	0		39	2	0	5.1%
1 BR/50% Rent Limit	45	0		45	8	0	17.8%
1 BR/60% Rent Limit	59	0		59	14	0	23.7%
2 BR/30% Rent Limit	24	0		24	1	0	4.2%
2 BR/50% Rent Limit	44	0		44	17	0	38.6%
2 BR/60% Rent Limit	37	0		37	30	0	81.1%
3 BR/30% Rent Limit	13	0		13	1	0	7.7%
3 BR/50% Rent Limit	36	0		36	3	0	8.3%
3 BR/60% Rent Limit	46	0		46	4	0	8.7%

OVERALL DEMAND					
	Target Households	Household Size	Income Eligible	Tenure	Demand
PMA DEMAND from TURNOVER					
Market Analyst p. 52	100% 13,239	97% 12,792	8% 1,062	100% 1,062	55% 584
Underwriter	100% 13,239	97% 12,792	8% 1,067	100% 1,067	55% 587
PMA DEMAND from HOUSEHOLD GROWTH					
Market Analyst p. 55		97% 106	8% 9	100% 9	100% 9
Underwriter		97% 135	8% 11	100% 11	100% 11

INCLUSIVE CAPTURE RATE						
	Subject Units	Unstabilized Comparable (PMA)	Unstabilized Comparable (25% SMA)	Total Supply	Total Demand (w/25% of SMA)	Inclusive Capture Rate
Market Analyst p.	80	0	0	80	593	13.5%
Underwriter	80	0	0	80	598	13.4%

Primary Market Occupancy Rates:

"The current occupancy of the market area is 98.8% as a result of high demand." (p. 11)

Absorption Projections:

"We estimate that the project would achieve a lease rate of approximately 7% to 10% of its units per month as they come on line for occupancy from construction. An 8% monthly lease-up rate would be as follows:" (p.100)

Month	7	8	9	10	11	12	13	14	15	16	17	18	Total: 93%
Units	6	6	6	6	6	6	6	6	6	6	6	8	74

Note: During months 1-6, the project will be under construction so no units will be occupied.

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RENT ANALYSIS (Tenant-Paid Net Rents)					
Unit Type (% AMI)	Proposed Rent	Program Maximum	Market Rent	Underwriting Rent	Savings Over Market
1 BR 750 SF 30%	$198	$198	$575	$198	$377
1 BR 750 SF 50%	$368	$368	$575	$368	$207
1 BR 750 SF 60%	$368	$453	$575	$453	$122
2 BR 1,035 SF 30%	$453	$231	$675	$231	$444
2 BR 1,035 SF 50%	$231	$503	$675	$503	$172
2 BR 1,035 SF 50%	$436	$436	$675	$436	$239
2 BR 1,035 SF 60%	$436	$538	$675	$538	$137
3 BR 1,200 SF 30%	$538	$497	$775	$497	$278
3 BR 1,200 SF 50%	$260	$640	$775	$640	$135
3 BR 1,200 SF 60%	$497	$615	$775	$615	$160

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Affordable family projects are 100% occupied. This demonstrates that the demand for new affordable rental housing is high." (p.100)

Comments:

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

Concentration:

Staff has calculated the concentration rate of the areas surrounding the property in accordance with section 1.32 (i)(2) of the Texas Administrative Code approved in 2007. The Underwriter has concluded a census tract concentration of 93 units per square mile which is less than the 1,432 units per square mile limit and a Primary Market Area concentration of 1.15 units per square mile which is less than the 1,000 units per square mile limit. Therefore, the proposed development is in an area which has an acceptable level of apartment dispersion based upon the Department’s standard criteria.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: 1 Date of Last Applicant Revision: 4/30/2008

The Underwriter utilized the lesser of the Market Analyst's rent conclusion or the projected rents collected per unit calculated by subtracting tenant-paid utility allowances as of January 2008 as maintained by Palo Pinto County Housing Authority. Tenants will be required to pay electric utility costs only. The Applicant’s vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines; however, secondary income assumptions are not, as the Applicant included an additional $20 per unit over the $15 guideline. The Applicant indicated that this revenue would be from garage and carport income but provided limited support that these additional amounts are achievable in this market. Moreover, the market study provided no support for such additional income. Despite the differences in secondary income, the Applicant’s effective gross rent is within 5% of the Underwriter’s estimate.

Expense: Number of Revisions: 2 Date of Last Applicant Revision: 12/29/2008

The Applicant's total annual operating expense projection of $3,635 per unit is within 5% of the Underwriting Analysis estimate of $3,591 per unit, derived from the TDHCA database, IREM, and other third-party data sources. Specific line items that vary significantly from the Underwriter's estimates include: payroll (Applicant's estimate is $12K lower); water, sewer, & trash (Applicant's estimate is $12K lower); and property tax (Applicant's estimate is $16K higher).

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Conclusion:

The Applicant's Effective Gross Income and Operating Expenses are within 5% of the Underwriter's estimates, however the Applicant's Net Operating Income is not within 5%. Therefore, the Underwriter's year one proforma will be used to determine the development's debt capacity. The Applicant's revised financing structure results in a debt coverage ratio (DCR) that falls below the Department's minimum guideline of 1.15. As a result, the Underwriter has adjusted the interest rate in order to bring the DCR to a acceptable level.

However, the underwriting estimates indicate an expense to income ratio of 66.57%. The Department's rules require that the year one expense to income ratio be less than 65% in order to be considered feasible. Therefore, pursuant to 10 TAC §1.32(i)(5) the development must be characterized as infeasible and cannot be recommended for funding. It should be noted that the Applicant's proforma estimates an expense to income ratio of 64.72%. This ratio would exceed the Department's 65% guideline if the secondary income attributed to garage and carport rental were excluded from the Applicant's proforma, arguably demonstrating a strong dependence on this rather provisional source of income. A high expense to income ratio suggests the feasibility of the development would be particularly vulnerable to periods of rising expenses accompanied by flat rents.

Feasibility:

The underwriting estimates and the recommended financing structure are used to create a 30-year operating proforma, applying a 3% growth factor to income and 4% to expenses. As noted above, the Underwriter’s base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	5.74 acres	$317,870	Tax Year:	2007
Existing Buildings:		$0	Valuation by:	Palo Pinto County
Total Assessed Value:		$317,870	Tax Rate:	2.25737

EVIDENCE of PROPERTY CONTROL

Type: Commercial Real Estate Purchase Contract — Acreage: 5 +/-

Contract Expiration: 2/28/2009 — Valid Through Board Date? [X] Yes [ ] No

Acquisition Cost: $250,000 — Other:

Seller: Seay Family Properties, Inc — Related to Development Team? [ ] Yes [X] No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: 1 — Date of Last Applicant Revision: 12/29/2008

Acquisition Value:

The Acquisition Cost of $275,000 is considered acceptable as this is an arm's length transaction. The acquisition cost in the Applicant's cost schedule reflects $270,000 for the purchase of the land as wells as $5,000 for the closing costs of the purchase. The $270K includes a broker's fee for services which will be paid by the Buyer in an amount equal to 8% of the purchase price, or $20,000.

Off-Site Cost:

The Applicant claimed Offsite Costs totaling $15,000 for the installation of a fire hydrant to the property. The estimate was verified by a professional engineer.

Sitework Cost:

The Applicant's claimed Sitework Costs of $8,688 per unit is within current Department guidelines. Therefore further third party justification is not required.

Direct Construction Cost:

The Applicant's Direct Construction Cost estimate is $16K or less than 1% lower than Underwriter's Marshall and Swift Residential Cost Handbook derived estimate.

Interim Interest Expense:

The Underwriter reduced the Applicant’s eligible interim financing fees by $110K to bring the eligible interest expense down to one year of fully drawn interest expense. This results in an equivalent reduction to the Applicant’s eligible basis estimate.

Contingency & Fees:

The Applicant's, contractor's fee; general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines. However, the Applicant's developer fee is overstated by $14K which results in an equivalent reduction to the Applicant's eligible basis.

Conclusion:

The Applicant’s total development cost is within 5% of the Underwriter’s estimate; therefore, the Applicant’s cost schedule will be used to determine the development’s need for permanent funds and to calculate eligible basis. An eligible basis of $7,619,670 supports annual tax credits of $891,501. The TDHCA Board acted on November 13, 2008 to allow all transactions the benefit of the 9% applicable percentage which is accounted for in this calculation.

In addition, the Board approved an increase in the credit amount for all 2007 and 2008 competitive HTC transactions, including those on the 2008 Waiting List, which provides an additional 10% of direct construction and site work cost as contingency. In this case, the increase results in an additional eligible basis amount of $478,800 and $43,092 in additional credits. The total eligible credit of $934,593 will be compared to the amount determined by the gap in financing to determine any recommended allocation.

FINANCING STRUCTURE

SOURCES & USES Number of Revisions: 2 Date of Last Applicant Revision: 2/10/2009

Source: **Chase Bank** Type: **Interim Financing**

Principal: $3,000,000 Interest Rate: 3.85% [X] Fixed Term: 30 months

Comments:

Term: 30 months from closing. Rate Index: 1 month LIBOR + 350 floating. Interest only during construction; principal & interest due at maturity.

Source: **Alliant Capital** Type: **Syndication**

Proceeds: $6,836,546 Syndication Rate: 68% Anticipated HTC: $ 1,005,475

Comments:

The latest equity commitment provided, dated 1/2/2009, quotes a price of $0.68 and appears to be consistent with recent trends in pricing. However, should the credit price decrease to less than $0.55 the financial viability of the transaction may be jeopardized.

Amount: $1,603 Type: **Deferred Developer Fees**

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CONCLUSIONS

Recommended Financing Structure:

At its November 13, 2008 meeting, the Governing Board approved an increase in tax credits for all competitive 2007 and 2008 transactions using the 9% credit rate and a 10% increase in direct and sitework construction costs. As a result, all applications on the 2008 waiting list to be considered for a forward commitment will be treated in the same manner. As discussed previously, the Applicant's total development cost estimate is within 5%, therefore, the Applicant's cost will be used for purposes of determining the development's eligible basis and funding need. Accordingly, the Applicant's development cost has been increased by 10% as approved by the TDHCA Board for purposes of determining the recommended tax credit allocation.

The Applicant’s total development cost estimate (including the 10% increase) less the requested $2.9M in HOME funds indicates no need for additional permanent funds. As a result, of the two possible tax credit amounts: the gap-driven amount ($855,825) and the eligible basis derived amount ($934,593), the gap-driven allocation amount of $855,825 would be recommended.

However, as discussed previously in this report, the Underwriter's proforma is used in this analysis for purposes of determining the development's debt service capacity. The Underwriter's year one expense to income ratio exceeds the Department's guideline of 65%. Therefore, pursuant to 10 TAC §1.32(i)(5) of the 2008 Real Estate Analysis Rules the development must be characterized as infeasible and cannot be recommended for funding.

Should the Board approve this application and waive §1.32(i)(5) of the 2008 Real Estate Analysis Rules, the Underwriter recommends a housing tax credit allocation not to exceed $855,825 and a HOME award in the amount of $2,972,073 structured as a repayable first lien mortgage with a 2.4% interest rate and amortization of 35 years. Based on this financing structure no additional permanent funds would be required.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the pro rata share of development cost based on the number HOME units to total units.

Return on Equity:

A subsidy layering evaluation of the cash on cash return on the deferred developer fee and syndication proceeds reflects a return of less than 1% annually over 30 years not accounting for the value of the credits to the investors. A simple return on only deferred developer fee based upon first year income is relatively high but this is less meaningful because it neglects to consider the tax credit induced equity. The Department's objectives of providing not more than is necessary to develop and operate safe, decent, and affordable housing will be met under the proposed financing structure.

Underwriter:	*Colton Sanders*	Date:	March 5, 2009
Reviewing Underwriter:	*Diamond Unique Thompson*	Date:	March 5, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	March 5, 2009

MULTIFAMILY COMPARATIVE ANALYSIS

Pioneer Crossing at Mineral Wells, Mineral Wells, HOME / 9% HTC #08154

Type of Unit	HOME	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt	Rent Collected	Rent per Month	Rent per SF	Tnt-Pd Util	WH,W,S&T
TC 30%	LH	2	1	1	750	$255	$198	$396	$0.26	$57.00	$87.00
TC 50%	LH	4	1	1	750	$425	$368	$1,472	$0.49	$57.00	$87.00
TC 50%	HH	4	1	1	750	$425	$368	$1,472	$0.49	$57.00	$87.00
TC 60%		14	1	1	750	$510	$453	$6,342	$0.60	$57.00	$87.00
TC 30%	LH	1	2	2	1,035	$306	$231	$231	$0.22	$75.00	$96.00
TC 50%	LH	7	2	2	1,035	$511	$436	$3,052	$0.42	$75.00	$96.00
TC 50%	HH	10	2	2	1,035	$511	$436	$4,360	$0.42	$75.00	$96.00
TC 60%		30	2	2	1,035	$613	$538	$16,140	$0.52	$75.00	$96.00
TC 30%	LH	1	3	2	1,200	$353	$260	$260	$0.22	$93.00	$105.00
TC 50%	LH	1	3	2	1,200	$590	$497	$497	$0.41	$93.00	$105.00
TC 50%	HH	2	3	2	1,200	$590	$497	$994	$0.41	$93.00	$105.00
TC 60%		4	3	2	1,200	$708	$615	$2,460	$0.51	$93.00	$105.00
TOTAL:		80		**AVERAGE:**	966		$471	$37,676	$0.49	$108.10	$57.50

INCOME	Total Net Rentable Sq Ft:	77,280	TDHCA	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT			$452,112	$452,124	Palo Pinto		3
Secondary Income	Per Unit Per Month:	$15.00	14,400	14,400	$15.00	Per Unit Per Month	
Other Support Income: Garage Rent Fee - 40 garages available				19,200	$20.00	Per Unit Per Month	
POTENTIAL GROSS INCOME			$466,512	$485,724			
Vacancy & Collection Loss	% of Potential Gross Income:	-7.50%	(34,988)	(36,432)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions			0	0			
EFFECTIVE GROSS INCOME			$431,524	$449,292			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		4.80%	259	0.27	$20,728	$17,150	$0.22	$214	3.82%
Management		5.00%	270	0.28	21,576	27,000	0.35	338	6.01%
Payroll & Payroll Tax		16.22%	875	0.91	70,000	58,250	0.75	728	12.96%
Repairs & Maintenance		7.69%	415	0.43	33,192	33,700	0.44	421	7.50%
Utilities		5.25%	283	0.29	22,645	28,000	0.36	350	6.23%
Water, Sewer, & Trash		7.41%	400	0.41	31,974	20,000	0.26	250	4.45%
Property Insurance		4.89%	264	0.27	21,115	25,000	0.32	313	5.56%
Property Tax	2.26	8.37%	451	0.47	36,118	52,000	0.67	650	11.57%
Reserve for Replacements		4.63%	250	0.26	20,000	20,000	0.26	250	4.45%
TDHCA Compliance Fees		0.74%	40	0.04	3,200	3,000	0.04	38	0.67%
Other: Cable TV, Supportive Service Contract Fe		1.55%	84	0.09	6,700	6,700	0.09	84	1.49%
TOTAL EXPENSES		66.57%	$3,591	$3.72	$287,248	$290,800	$3.76	$3,635	64.72%
NET OPERATING INC		33.43%	$1,803	$1.87	$144,275	$158,492	$2.05	$1,981	35.28%
DEBT SERVICE									
First Lien Mortgage		0.00%	$0	$0.00	$0	$89,465	$1.16	$1,118	19.91%
TDHCA HOME		31.81%	$1,716	$1.78	137,256	32,520	$0.42	$407	7.24%
Additional Financing		0.00%	$0	$0.00	0	0	$0.00	$0	0.00%
NET CASH FLOW		1.63%	$88	$0.09	$7,019	$36,507	$0.47	$456	8.13%
AGGREGATE DEBT COVERAGE RATIO					1.05	1.30			
RECOMMENDED DEBT COVERAGE RATIO					1.15				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		3.32%	$3,438	$3.56	$275,000	$275,000	$3.56	$3,438	3.13%
Off-Sites		0.18%	188	0.19	15,000	15,000	0.19	188	0.17%
Sitework		8.40%	8,688	8.99	695,000	695,000	8.99	8,688	7.91%
Direct Construction		49.67%	51,367	53.18	4,109,368	4,093,000	52.96	51,163	46.56%
Contingency	4.95%	2.88%	2,975	3.08	238,000	238,000	3.08	2,975	2.71%
Contractor's Fees	13.83%	8.03%	8,306	8.60	664,500	664,500	8.60	8,306	7.56%
Indirect Construction		6.15%	6,360	6.58	508,800	508,800	6.58	6,360	5.79%
Ineligible Costs		1.91%	1,975	2.04	158,000	158,000	2.04	1,975	1.80%
Developer's Fees	15.00%	12.04%	12,454	12.89	996,325	1,008,500	13.05	12,606	11.47%
Interim Financing		5.16%	5,331	5.52	426,500	426,500	5.52	5,331	4.85%
Reserves		2.25%	2,331	2.41	186,514	230,000	2.98	2,875	2.62%
TOTAL COST		100.00%	$103,413	$107.05	$8,273,007	$8,791,100	$113.76	$109,889	100.00%
Construction Cost Recap		*68.98%*	***$71,336***	***$73.85***	***$5,706,868***	***$5,690,500***	***$73.63***	***$71,131***	*64.73%*

SOURCES OF FUNDS						RECOMMENDED	
First Lien Mortgage	0.00%	$0	$0.00	$0	$0	$0	Developer Fee Available
TDHCA HOME	35.92%	$37,151	$38.46	2,972,073	2,972,073	2,972,073	$993,870
Alliant	82.64%	$85,457	$88.46	6,836,546	6,836,546	5,819,027	% of Dev. Fee Deferred
Deferred Developer Fees	0.02%	$20	$0.02	1,603	1,603		0%
Additional (Excess) Funds Req'd	-18.58%	($19,215)	($19.89)	(1,537,215)	(1,019,122)	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$8,273,007	$8,791,100	$8,791,100	$413,883

Pioneer Crossing at Mineral Wells, Mineral Wells, HOME / 9% HTC #08154

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$55.04	$4,253,131
Adjustments				
Exterior Wall Finish	6.00%		$3.30	$255,188
Elderly			0.00	0
9-Ft. Ceilings	3.40%		1.87	144,606
Roofing			0.00	0
Subfloor			(1.24)	(95,441)
Floor Cover			2.43	187,790
Breezeways/Balconies	$31.31	8,000	3.24	250,440
Plumbing Fixtures	$805	118	1.23	94,990
Rough-ins	$400	80	0.41	32,000
Built-In Appliances	$1,850	80	1.92	148,000
Exterior Stairs	$1,800	20	0.47	36,000
Enclosed Corridors	$45.12	0	0.00	0
Heating/Cooling			0.00	0
Garages/Carports	$19.99		0.00	0
Comm &/or Aux Bldgs	$76.62	2,140	2.12	163,977
Other: fire sprinkler	$1.95	77,280	1.95	150,696
SUBTOTAL			72.74	5,621,378
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.90		(7.27)	(562,138)
TOTAL DIRECT CONSTRUCTION COSTS			$65.47	$5,059,240
Plans, specs, survy, bld prmts	3.90%		($2.55)	($197,310)
Interim Construction Interest	3.38%		(2.21)	(170,749)
Contractor's OH & Profit	11.50%		(7.53)	(581,813)
NET DIRECT CONSTRUCTION COSTS			$53.18	$4,109,368

PAYMENT COMPUTATION

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

Secondary	$2,972,073	Amort	420
Int Rate	3.00%	Subtotal DCR	1.05

Additional		Amort	
Int Rate		Aggregate DCR	1.05

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$0
Secondary Debt Service	125,597
Additional Debt Service	0
NET CASH FLOW	$18,679

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

Secondary	$2,972,073	Amort	420
Int Rate	2.40%	Subtotal DCR	1.15

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.15

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

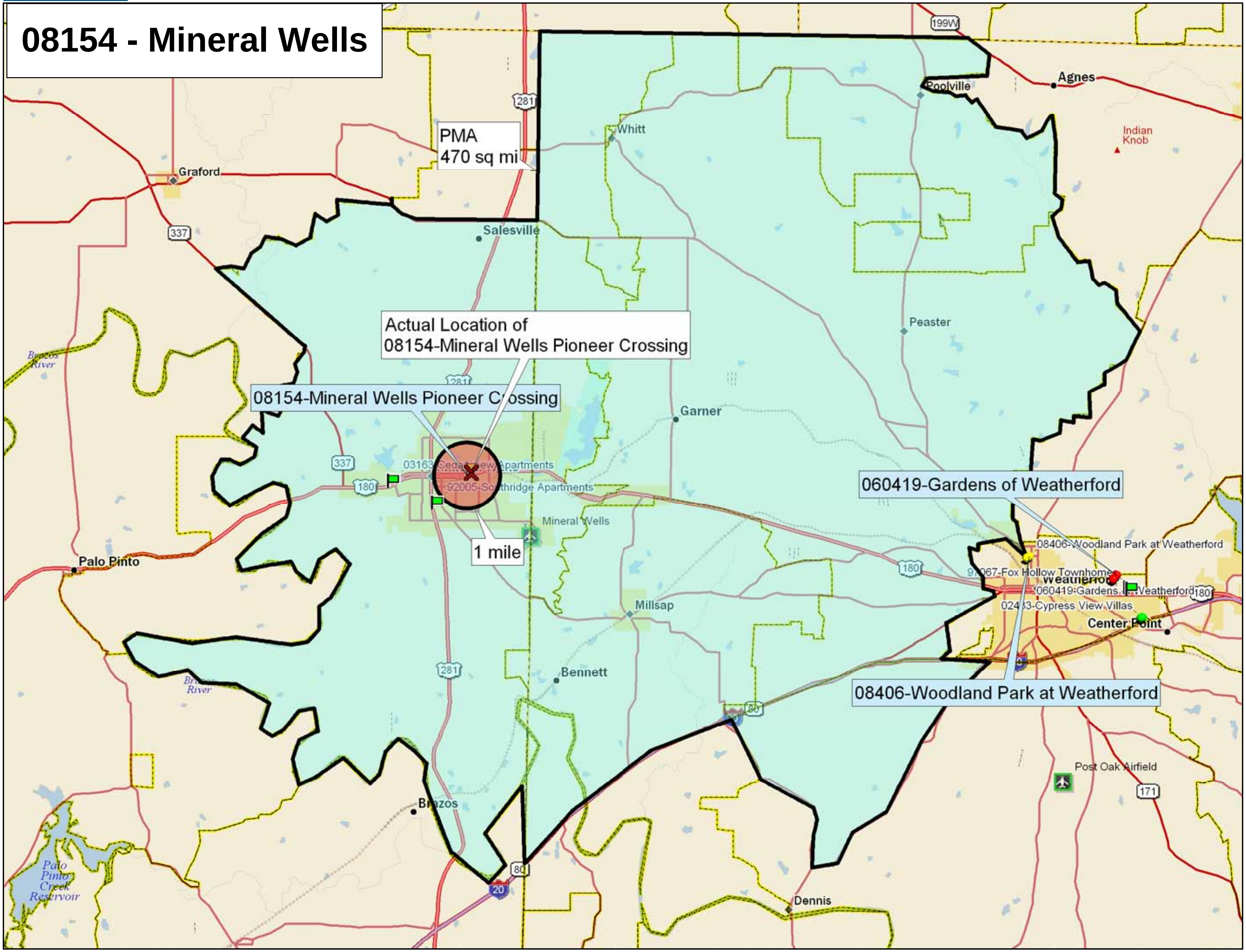
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$452,112	$465,675	$479,646	$494,035	$508,856	$589,904	$683,860	$792,781	$1,065,432
Secondary Income	14,400	14,832	15,277	15,735	16,207	18,789	21,781	25,250	33,935
Other Support Income: Garage Rent Fee - 40 ga	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	466,512	480,507	494,923	509,770	525,063	608,692	705,641	818,032	1,099,366
Vacancy & Collection Loss	(34,988)	(36,038)	(37,119)	(38,233)	(39,380)	(45,652)	(52,923)	(61,352)	(82,452)
Employee or Other Non-Rental Units or Concess	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$431,524	$444,469	$457,803	$471,537	$485,684	$563,040	$652,718	$756,679	$1,016,914
EXPENSES at 4.00%									
General & Administrative	$20,728	$21,557	$22,419	$23,316	$24,249	$29,502	$35,894	$43,670	$64,643
Management	21,576	22,223	22,890	23,577	24,284	28,152	32,636	37,834	50,846
Payroll & Payroll Tax	70,000	72,800	75,712	78,740	81,890	99,632	121,217	147,479	218,306
Repairs & Maintenance	33,192	34,520	35,900	37,336	38,830	47,243	57,478	69,930	103,514
Utilities	22,645	23,551	24,493	25,472	26,491	32,231	39,213	47,709	70,621
Water, Sewer & Trash	31,974	33,253	34,584	35,967	37,406	45,510	55,369	67,365	99,717
Insurance	21,115	21,960	22,838	23,752	24,702	30,054	36,565	44,487	65,851
Property Tax	36,118	37,563	39,065	40,628	42,253	51,407	62,545	76,095	112,639
Reserve for Replacements	20,000	20,800	21,632	22,497	23,397	28,466	34,634	42,137	62,373
Other	9,900	10,296	10,708	11,136	11,582	14,091	17,144	20,858	30,875
TOTAL EXPENSES	$287,248	$298,522	$310,241	$322,422	$335,083	$406,286	$492,694	$597,565	$879,385
NET OPERATING INCOME	$144,275	$145,947	$147,562	$149,116	$150,601	$156,754	$160,024	$159,114	$137,529
DEBT SERVICE									
First Lien Financing	$0	$0	$0	$0	$0	$0	$0	$0	$0
Second Lien	125,597	125,597	125,597	125,597	125,597	125,597	125,597	125,597	125,597
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$18,679	$20,350	$21,966	$23,519	$25,004	$31,157	$34,427	$33,517	$11,932
DEBT COVERAGE RATIO	1.15	1.16	1.17	1.19	1.20	1.25	1.27	1.27	1.10

HTC ALLOCATION ANALYSIS -Pioneer Crossing at Mineral Wells, Mineral Wells, HOME / 9% HTC #08154

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS	10% Increase
Acquisition Cost					
Purchase of land	$275,000	$275,000			
Purchase of buildings					
Off-Site Improvements	$15,000	$15,000			
Sitework	$695,000	$695,000	$695,000	$695,000	$69,500
Construction Hard Costs	$4,093,000	$4,109,368	$4,093,000	$4,109,368	$409,300
Contractor Fees	$664,500	$664,500	$664,500	$664,500	
Contingencies	$238,000	$238,000	$238,000	$238,000	
Eligible Indirect Fees	$508,800	$508,800	$508,800	$508,800	
Eligible Financing Fees	$426,500	$426,500	$426,500	$426,500	
All Ineligible Costs	$158,000	$158,000			
Developer Fees			$993,870		
Developer Fees	$1,008,500	$996,325		$996,325	
Development Reserves	$230,000	$186,514			
TOTAL DEVELOPMENT COSTS	$8,312,300	$8,273,007	$7,619,670	$7,638,493	$478,800

Deduct from Basis:				
All grant proceeds used to finance costs in eligible basis				
B.M.R. loans used to finance cost in eligible basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units [42(d)(3)]				
Historic Credits (on residential portion only)				
TOTAL ELIGIBLE BASIS		$7,619,670	$7,638,493	$478,800
High Cost Area Adjustment		130%	130%	100%
TOTAL ADJUSTED BASIS		$9,905,571	$9,930,041	$478,800
Applicable Fraction		100%	100%	100%
TOTAL QUALIFIED BASIS		$9,905,571	$9,930,041	$478,800
Applicable Percentage		9.00%	9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		$891,501	$893,704	$43,092
Syndication Proceeds	**0.6799**	**$6,061,603**	**$6,076,577**	**$292,996**
Total Tax Credits (Eligible Basis Method)		**$891,501**	**$893,704**	**$934,593**
Syndication Proceeds		**$6,061,603**	**$6,076,577**	**$6,354,599**
Requested Tax Credits		**$805,355**		
Syndication Proceeds		**$5,475,866**		
Gap of Syndication Proceeds Needed		**$5,819,027**	**$5,300,934**	
Total Tax Credits (Gap Method)		**$855,825**	**$779,627**	

08154 - Mineral Wells



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HOME AND HOUSING TRUST FUND PROGRAMS DIVISION

BOARD ACTION REQUEST

March 12, 2009

Action Item

Presentation, Discussion and Possible Approval of Requests for Amendment(s) to HOME Investment Partnerships Program Contract(s) and/or Loan(s):

1000437	Windvale Park Apartments	RHD

Requested Action

Approve, Deny or Approve with Conditions Requests for Amendment(s) to HOME Investment Partnerships Program Contract(s) and/or Loan(s)

Background

The HOME rules, Title 10 of the Texas Administrative Code Section 53.74, provide that amendment requests can be approved by the Executive Director within a limited margin of materiality or by the Board if beyond that limit. Generally, awardees seeking an extension of more than six months or a change in the amount of the award of more than 25% or seeking significant change in the terms or service area of an award must have their amendment considered by the Board. There is no provision for penalties with regard to future applications; however, the Board does have authority to modify the award in any way consistent with State of Federal law or to terminate the award altogether.

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.

Windvale Park Apartments

Windvale Park Apartments (Application #05189/Contract #1000437) is a 76 unit multifamily development that received a 9% Housing Tax Credit allocation and a $1,500,000 HOME award in 2005. The HOME loan was underwritten and approved by the Board with a 0% interest rate and 30 year amortization. The Owner also received a binding agreement for additional credits from the 2008 ceiling. The Owner has completed cost certification for Windvale and 8609s were issued in January of 2008. Subsequently, the Owner has communicated with staff on several occasions regarding changes to the Public Housing Authority’s utility allowances that have caused a significant decrease in potential rental income for the property. The Owner has indicated that without a change to the terms of the Department’s HOME loan, the property will not be able to operate viably for the long term. At the February 5, 2009 Board meeting the Owner asked the

Board to consider a loan modification based on these circumstances and the Board has directed staff to evaluate the Owner's request.

The Owner's request reflects a modification of the existing $1,500,000 HOME loan to dramatically reduce the overall debt service on the property. The HOME loan would be modified to reduce the debt service from $50,000 to $12,000 and the remaining debt would effectively become a non-amortizing, 0% or deferred forgivable loan. The Owner has also proposed that this be made effective November 1, 2008 and that the structure be reviewed annually to determine if other solutions for repayment may arise in the future. The Real Estate Analysis Division has completed an evaluation of the Owner's proposal, which indicates unsatisfied operating deficits with the conventional debt service and $50,000 in annual HOME loan debt and reflects a debt coverage ratio of 0.78. This confirms the Owner's assertions regarding the effective infeasibility of the development under the current structure. Staff has provided potential options for the Board's consideration:

1. Do not restructure the HOME loan and the existing structure will remain in place;
2. Modify the loan to a deferred forgivable structure with forgiveness at the end of the current 30 year term.
3. Modify the loan as requested to reduce the debt service from $50,000 to $12,000 and the remaining debt would become a non-amortizing, 0% loan.

Option 2 provides for a significant shift from the expectation of full repayment to full forgiveness. While the property's projected cashflows provide few alternatives, it has been the Board policy to require repayment of HOME loans on multifamily developments except in limited circumstances.

If the Board approves option 2 or 3, the development team will continue to be able to participate in the Department's programs without penalty, because the Owner is current on payments as of the posting of this Board book. In addition to the two appeals on today's agenda, the developer submitted pre-applications for 9% housing tax credits during the 2009 cycle.

Attached:

- Applicant's modification request; and
- Underwriting Report with Addendum.

Current Contract Information (#1000437)

Development Owner:	Windvale Park, Ltd
Activity Type:	RHD – New Construction
Owner Contact:	Emanuel Glockzin
Board Approval Date:	July 31, 2005
Loan Closing Date:	January 31, 2006
Development Location:	Corsicana, Navarro County
Region:	3
HOME Loan Amount:	$1,500,000
Amortization/Term:	30 Years / 30 Years

Interest Rate:	0%

Recommendation

Modifying Board approved loan structures as proposed can only be done at the Board's discretion per Title 10 of Texas Government Code §2306.146. Staff recommends that the Board approve, deny or approve with conditions the amendment request.

Windvale Park Apartments
Amendment Request

WINDVALE PARK
P. O. Box 3189, Bryan, TX 77805
(979) 846-8878 phone (979) 846-0783 fax

October 20, 2008

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

Attn: Jeannie Arellano – Director of HOME Division
Re: Windvale Park HOME Loan #1000437

Dear Ms. Arellano:

We made an application and were awarded Housing Tax Credits and a HOME Loan in 2005 for Windvale Park, Ltd. located at 621 South 44th Street in Corsicana, Texas.

At application we requested a 40 year loan at 0% interest; however the TDHCA Underwriting recommended a 30 year term loan at 0% interest which equates to monthly payments in the amount of $4,166.67 per month or $50,000.00 annually.

At the time the application was filed, the utility allowances had not been updated by the Corsicana Housing Authority for several years. The utility allowances at the time of application were $53 for 1-Bedroom, $60 for 2-Bedroom and $67 for 3-Bedroom. The utility allowances to become effective November 1, 2008 will be $119 for 1 Bedroom, $146 for 2-Bedroom and $180 for 3 Bedroom (see attached Utility Allowance charts).

Because of the dramatic increases in the Utility Allowance, I am writing to request a reduction in the payment on the HOME loan from $50,000 to $12,000 per year to be reviewed on an annual basis or until the rents increase or the utility allowances decrease. We want to take action now to try to prevent any type of financial problems and possible foreclosure in the future if there is not sufficient funds to pay the bank and HOME loan payments. I have also enclosed an updated Rent Schedule, Annual Operating Expense Schedule and 30 Year Proforma for your review.

Should you need any additional information please let me know. I would like to be able to resolve this issue as soon as possible since the new Utility Allowance goes into effect on November 1, 2008.

Emanuel H. Glockzin, Jr.
Homestead Management Group, Ltd.
Developer

Enclosures

Volume 1, Tab 2. Populations Served

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

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

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

Tax Credit: *(TC30%), (TC40%), (TC50%), (TC60%)* — ***501(c)(3) Mortgage Revenue Bond:*** *(MRB)*

HOME: *High (HH) or Low (LH)* — ***Other:*** *(OT) describe any "Other" restrictions on an attached sheet*

Housing Trust Fund: *(HTF30%), (HTF60%), (HTF65%)*

Units funded under more than one program, the "Income Level Served" should be the most restrictive - for example a LH and TC50% would be "50%".

The rent and utility limits available at the time the Application Packet is submitted should be used to complete this form. Gross Rent cannot exceed the HUD maximum rent limits. The unit mix and net rentable square footages should be consistant with the "Populations Served" section of the application, site plan and architectural drawings.

Type of Unit	Income Level Served	# of Units (A)	# of Bedrooms	# of Baths	Unit Size (Net Rentable Sq. Ft.) (B)	Total Net Rentable Sq. Ft. (A) x (B)	Gross Rent (C)	Tenant Paid Utility Allow. (D)	Tenant Paid Rent/ Unit (C) - (D) = (E)	Total Monthly Rent (A) x (E)
LH-TC 50%	50%	12	1	1.00	830	9,960	423	119	304	3,648
TC 60%	60%	8	1	1.00	830	6,640	554	119	435	3,480
LH-TC 50%	50%	22	2	2.00	1,180	25,960	508	146	362	7,964
TC 60%	60%	14	2	2.00	1,180	16,520	666	146	520	7,280
LH-TC 50%	50%	12	3	2.00	1,359	16,308	587	180	407	4,884
TC 60%	60%	8	3	2.00	1,359	10,872	769	180	589	4,712
						0				-
						0				-
						0				-
						0				-
						0				-
						0				-
						0				-
Rent Restricted Total		76				86,260				31,968
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate						0				-
Market Rate Total		0				0				-
Employee/Owner Occupied*						0				-
Total Units		76				86,260				31,968
+ Non Rental Income Source #1			$ 10.00	per unit/month for:		*describe source here: Appl. Fee & Interest*				760
+ Non Rental Income Source #2				per unit/month for:		*describe source here*				-
+ Non Rental Income Source #3				per unit/month for:		*describe source here*				-
= POTENTIAL GROSS MONTHLY INCOME										32,728
- Provision for Vacancy & Collection Loss							% of Potential Gross Income:		7.50%	2,455
- Rental Concessions										
= EFFECTIVE GROSS MONTHLY INCOME										30,273
x 12 = EFFECTIVE GROSS ANNUAL INCOME										363,281

* Only enter Employee/Owner Occupied Units if not included in rent restricted units shown above.

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part D. Annual Operating Expenses

General & Administrative Expenses				
Accounting		$ 6,382.00		
Advertising		$ 2,600.00		
Legal fees		$ 3,000.00		
Leased equipment		$ 2,600.00		
Postage & office supplies		$ 4,000.00		
Telephone		$ 3,900.00		
Other office expenses		$ 2,000.00		
Miscellaneous	Describe: Criminal/Credit Checks	$ 2,400.00		
Total General & Administrative Expenses:			$	26,882.00
Management Fee:	Percent of Effective Gross Income:	5.84%	$	21,233.00
Payroll, Payroll Tax & Employee Benefits				
Management		$ 33,500.00		
Maintenance		$ 25,000.00		
Other	Describe:	$ 6,780.00		
Total Payroll, Payroll Tax & Employee Benefits:			$	65,280.00
Repairs & Maintenance				
Elevator		$		
Exterminating		$ 2,500.00		
Grounds		$ 24,000.00		
Make-ready		$ 6,135.00		
Repairs		$ 5,300.00		
Pool		$		
Miscellaneous	Describe:	$		
Other	Describe:	$		
Total Repairs & Maintenance:			$	37,935.00
Utilities (Enter development owner expense)				
Electric		$ 22,300.00		
Natural gas		$ 1,392.00		
Garbage/trash		$ 14,000.00		
Water & sewer		$ 6,500.00		
Other:	Describe:	$		
Total Utilities:			$	44,192.00
Annual Property Insurance:	Rate per net rentable square foot: $	0.23	$	19,586.00
Property Taxes:				
Annual Property Taxes:		$ 16,500.00		
Payments in Lieu of Taxes:		$		
Other Taxes:	Describe:	$		
Total Property Taxes:			$	16,500.00
Reserve for Replacements:	Reserves per unit per month: $		$	15,200.00
Other Expenses				
Cable TV		$ 1,000.00		
Supportive service contract fees		$		
Compliance fees		$ 5,000.00		
Security		$		
Miscellaneous	Describe:	$		
Total Other Expenses:			$	6,000.00
TOTAL ANNUAL EXPENSES	Expense per unit: $	3,326.42	$	252,808.00
NET OPERATING INCOME (before debt service)			$	110,472.80
ANNUAL DEBT SERVICE	Debt Coverage Ratio:	0.85	$	129,247.00
NET CASH FLOW			$	(18,774.20)

Volume 1, Tab 2. ACTIVITY OVERVIEW

Part E. 30 Year Rental Housing Operating Proforma

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of rental income and expenses), and principal and interest debt service. The Department currently considers an annual growth rate of 3% for income and 4% for expenses to be reasonably conservative estimates. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attachd to this exhibit.

INCOME	LEASE-UP # OF MOs.___	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 25	YEAR 30
POTENTIAL GROSS ANNUAL RENTAL INCOME		$383,616	$395,124	$406,978	$419,188	$431,763	$500,532	$580,254	$672,673	$779,812	$904,016
Secondary Income		9,120	9,394	9,675	9,966	10,265	$11,900	13,795	15,992	18,539	21,492
POTENTIAL GROSS ANNUAL INCOME		$392,736	$404,518	$416,654	$429,153	$442,028	$512,431	$594,048	$688,665	$798,351	$925,508
Provision for Vacancy & Collection Loss (_____%)		29,455	30,339	31,249	32,186	33,152	38,432	44,554	51,650	59,876	69,413
Rental Conessions											
EFFECTIVE GROSS ANNUAL INCOME		$363,281	$374,179	$385,405	$396,967	$408,876	$473,999	$549,495	$637,015	$738,475	$856,095
EXPENSES											
General & Administrative Expenses		$ 26,882.00	$27,957	$29,076	$30,239	$31,448	$38,261	$46,551	$56,636	$68,907	$83,836
Management Fee		21,233	22,082	22,966	23,884	24,840	30,221	36,769	44,735	54,427	66,218
Payroll, Payroll Tax & Employee Benefits		65,280	67,891	70,607	73,431	76,368	92,914	113,044	137,535	167,332	203,586
Repairs & Maintenance		37,935	39,452	41,030	42,672	44,379	53,993	65,691	79,923	97,239	118,306
Electric & Gas Utilities		23,692	24,640	25,625	26,650	27,716	33,721	41,027	49,915	60,730	73,887
Water, Sewer & Trash Utilities		20,500	21,320	22,173	23,060	23,982	29,178	35,499	43,190	52,548	63,932
Annual Property Insurance Premiums		19,586	20,369	21,184	22,032	22,913	27,877	33,917	41,265	50,205	61,082
Property Tax		16,500	17,160	17,846	18,560	19,303	23,485	28,573	34,763	42,295	51,458
Reserve for Replacements		15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	38,962	47,404
Other Expenses:		6,000	6,240	6,490	6,749	7,019	8,540	10,390	12,641	15,380	18,712
TOTAL ANNUAL EXPENSES		$252,808	$262,920	$273,437	$284,375	$295,750	$359,825	$437,782	$532,628	$648,024	$788,420
NET OPERATING INCOME		$110,473	$111,259	$111,967	$112,592	$113,126	$114,174	$111,713	$104,387	$90,451	$67,675
DEBT SERVICE											
First Deed of Trust Annual Loan Payment		$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247
Second Deed of Trust Annual Loan Payment		50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Third Deed of Trust Annual Loan Payment											
Other Annual Required Payment:											
NET CASH FLOW		($18,774)	($17,988)	($17,280)	($16,655)	($16,121)	($15,073)	($17,534)	($24,860)	($38,796)	($61,572)

Effective 11/1/08

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169 (exp. 07/31/2007)

See Public Reporting Statement and Instructions on back

Locality	Unit Type	Date (mm/dd/yyyy)
CORSICANA HOIUSING AUTHORITY	MULTI FAMILY APARTMENTS	07/25/2008

Utility or Service		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	12	12	15	17	21	
	b. Bottle Gas						
	c. Oil / Electric	23	23	28	34	37	
	d. Coal / Other						
Cooking	a. Natural Gas	5	5	6	7	8	
	b. Bottle Gas						
	c. Oil / Electric	5	5	7	9	11	
	d. Coal / Other						
Other Electric		15	15	20	23	26	
Air Conditioning		23	23	29	37	40	
Water Heating	a. Natural Gas	10	10	13	15	18	
	b. Bottle Gas						
	c. Oil / Electric	20	20	27	34	37	
	d. Coal / Other						
Water		15	15	15	18	23	
Sewer		18	18	20	25	29	
Trash Collection		10	10	10	10	10	
Range/Microwave		5	5	5	5	5	
Refrigerator		5	5	5	5	5	
Other -- specify			$119	#146	#180		

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	$

Allowances for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169 (exp. 03/31/2004)

See Public Reporting Statement and Instructions on back

Locality	Unit Type	Date (mm/dd/yyyy)
CORSICANA HOUSING AUTHORITY	MULTI FAMILY UTILITY & SERVICE	11-1-04

Utility or Service		Monthly Dollar Allowances 0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	4	5	6	7	8	
	b. Bottle Gas	4	6	6	6	6	
	c. Oil / Electric	6	7 ✓	8 ✓	9 ✓	10	
	d. Coal / Other						
Cooking	a. Natural Gas	5	6	7	8	9	
	b. Bottle Gas	5	6	7	8	9	
	c. Oil / Electric	5	6 ✓	7 ✓	8 ✓	9	
	d. Coal / Other						
Other Electric		9	10 ✓	11 ✓	12 ✓	13	
Air Conditioning		11	12 ✓	13 ✓	14 ✓	15	
Water Heating	a. Natural Gas	5	6	7	8	9	
	b. Bottle Gas	5	6	7	8	9	
	c. Oil / Electric	5	6 ✓	7 ✓	8 ✓	9	
	d. Coal / Other		41	46	51		
Water		6	7	8	9	10	
Sewer		4	5	6	7	8	
Trash Collection		5	5	5	5	5	
Range/Microwave		8	8	10	10	10	
Refrigerator		8	9	10	11	12	
Other -- specify			53	60	67		

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	$

Previous editions are obsolete

form HUD-52667 (12/97)
ref. Handbook 7420.8

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

REAL ESTATE ANALYSIS
Housing Tax Credit Program – 2005 Application Cycle
Underwriting Report Notice

Winvale Park, Ltd.
Emanuel H. Glockzin, Jr.
4500 Carter Creek Parkway, Suite 101 Bryan
Bryan, TX 77802
Phone #: (979) 846-8878
Fax #: (979) 846-0783

Date Issued: 6/28/2005

THIS NOTICE WILL ONLY BE TRANSMITTED BY FACSIMILE

RE: 2005 HTC Application for Windvale Park
TDHCA Number: 05189

Attention: Emanuel H. Glockzin, Jr.

The Texas Department of Housing and Community Affairs (the Department) has completed its Financial Feasibility Review and Underwriting report of the above-referenced application as further described in Section 49.9(d)(6) of the 2005 Qualified Allocation Plan and Rules and 10TAC Section 1.32 and has, as of the date of this notice, posted the entire report on the Department's web site at http/www/tdhca.state.tx.us/REA for your review. The following is a summary of the report's recommendations and conditions:

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $564,003 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $1,500,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 0% INTEREST, SUBJECT TO CONDITIONS.

1. Receipt, review and acceptance of a survey of the subject property showing all pipeline easements and setback building requirements as required by the permitting officials to be provided prior to closing of the land;
2. Receipt, review and acceptance of current financial statements from Affordable Caring Housing, Inc., the General Partner; and
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

A formal Appeals Policy exists for the HTC Program. If you wish to appeal the Underwriting Criteria or recommended amount of award, you must file your appeal with the Department to be reviewed by the Executive Director, no later than 5:00 p.m., seven days from the date of this notice. If **your first** appeal is denied by the Executive Director, an applicant may **initiate a second** appeal to the Board. Should you choose to make an appeal of the Underwriting Criteria or recommended amount of award to the Executive Director, THE DEPARTMENT STRONGLY SUGGESTS that you indicate in your appeal to the Executive Director that if the **first** appeal is denied, you **do** or **do not want the second appeal** to automatically be added to the July 14, 2005 Board agenda. The restrictions and requirements relating to the Appeals Policy can be found in Section 49.17(b) of the 2005 QAP.

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 20, 2005 **PROGRAM:** 9% HTC **FILE NUMBER:** 05189

DEVELOPMENT NAME

Windvale Park Apartments

APPLICANT

Name:	Windvale Park, Ltd.			**Type:**	For-profit		
Address:	P.O. Box 3189			**City:**	Bryan	**State:**	TX
Zip:	77805	**Contact:**	Jason Bienski	**Phone:**	(979) 846-8878	**Fax:**	(979) 846-0783

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Affordable Caring Housing, Inc.	**(%):**	.01%	**Title:**	General Partner
Name:	Jason Bienski	**(%):**	N/A	**Title:**	President of Affordable Caring Housing Inc.
Name:	Lynda Marino	**(%):**	N/A	**Title:**	Treasurer of Affordable Caring Housing Inc.
Name:	Mary Velleca	**(%):**	N/A	**Title:**	Secretary of Affordable Caring Housing Inc.
Name:	Ponderosa Plaza, Ltd	**(%)**	N/A	**Title:**	Developer
Name:	Emanuel H. Glockzin, Jr.	**(%)**	N/A	**Title:**	90% Owner of Developer
Name:	Affordable Caring Housing Inc.	**(%)**	N/A	**Title:**	10% Owner of Developer

PROPERTY LOCATION

Location:	44th Street of West Park Row		☐ **QCT**		☐ **DDA**
City:	Corsicana	**County:**	Navarro	**Zip:**	75110

REQUEST

Amount	Interest Rate	Amortization	Term
1) $564,000	N/A	N/A	N/A
2) $1,500,000	0%	40 yrs	40 yrs
3) $75,000	N/A	N/A	N/A

Other Requested Terms: 1) Annual ten-year allocation of housing tax credits
2) HOME FUNDS

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

Special Purpose (s): General Population, Non-Profit, , Rural

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $564,003 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $1,500,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 0% INTEREST, SUBJECT TO CONDITIONS.

(Exp. 9/1/07)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
(the "Department")
HOME MULTIFAMILY LOAN COMMITMENT # 1000437

1. Borrower. Windvale Park, Ltd., a Texas limited partnership. As used herein the terms "Borrower" and "you" are interchangeable.

2. Loan Type. A loan to finance the new construction of a 76 unit development known as Windvale Park Apartments under the HOME Investment Partnerships Program from the Multifamily Finance Production Division.

3. Loan Amount. $ **1,500,000.00**

4. Loan Term. The loan shall be **30 years, fully amortizing,** to begin at the end of the Development Period. Please see action 11 for information regarding development period.

5. Annual Interest Rate. The interest rate will be a fixed rate of interest equal to zero percent **(0%)** per annum.

6. Payment Terms. **360** monthly payments of the unpaid principal and interesting the amount of **$4,166.67** shall be due and payable beginning on the expiration date of the Development Period as defined in Section 11 herein.

7. Security for the Loan. A **second** lien deed of trust against the Property, together with an assignment of rents and leases, and a security agreement and financing statement, for all improvements, personal property, contracts and other rights associated with the Property.

8. Site Inspection/Monitoring. The Loan is subject to a satisfactory inspection of the Property by the Department. Department reserves the right, from time to time, to carry out field inspections to ensure compliance with the requirements of the Loan documents. After each monitoring visit, Department shall provide Borrower with a written report of monitor's findings. If the monitoring reports note deficiencies in Borrower's performance under the terms of any of the Loan Documents, the monitoring report shall include requirements for the timely correction of such deficiencies by Borrower. Failure by Borrower to take the action specified in the monitoring report may be considered an event of default.

9. Property. The property is known as **Windvale Park Apartments** in **Corsicana, Navarro County,** Texas and all improvements thereon, hereinafter called ("Property") consisting of 76 multifamily units consisting of 7 residential buildings. (Please provide complete legal description as soon as it's available).

10. Commitment Termination Date. Borrower shall deliver all of the information required by this commitment on or before **4/1/06;** and if the Department in its sole discretion determines that all such information has not been received by the Department by said date, the Department may terminate the Department's obligations under this commitment, unless Department, in its sole discretion, chooses to extend the Termination Date in writing.

Windvale Park Apartments
Underwriting Report

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

REPORT DATE: 03/05/09 PROGRAM: 9% HTC/HOME FILE NUMBER: **05189**

DEVELOPMENT

Windvale Park

Location: 621 South 44th Street Region: 3

City: Corsicana County: Navarro Zip: 75110 ☐ QCT ☐ DDA

Key Attributes: Multifamily, New Construction, Rural

ALLOCATION

TDHCA Program				CURRENT AWARD Amount	Interest	Amort/Term
HOME Activity Funds				**$1,500,000**	**0.00%**	**360/360**
Housing Tax Credit (Annual)				**$610,258**		

	CURRENT REQUEST			CURRENT RECOMMENDATION		
TDHCA Program	Amount	Interest	Amort/Term	**Amount**	**Interest**	**Amort/Term**
HOME Activity Funds	$1,500,000	0.00%	1500/1500	**$1,500,000**	**See Options Below**	
Housing Tax Credit (Annual)	$610,258			**$610,258**		

The Applicant is requesting to change the terms of the awarded HOME loan such that the annual payments are substantially reduced, allowing for positive cashflow and a healthy DCR. The Applicant already has an existing HOME contract in the amount of $1.5M structured as a repayable loan with a 0% interest rate and amortization period of 30 years. Therefore, the existing HOME contract for this development will require an amendment to restructure the existing amount in accordance with the Board's final decision.

- Option 1: Keep the existing HOME contract in the amount of $1.5M structured as a repayable loan with a 0% interest rate and amortization period of 30 years.
- Option 2: Restructure the existing $1.5M in HOME funds as a non-amortizing forgivable loan.
- Option 3: Restructure the existing HOME loan as requested by the Applicant. A HOME loan of $1.5M structured such that the loan payments would be reduced from $50K to $12K per year. This structure would be reviewed on an annual basis or until either rents increased or utility allowances decreased.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI	50% of AMI	46
60% of AMI	60% of AMI	30

HOME SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
50% of AMI/Low HOME	50% of AMI/Low HOME	46

PROS	CONS
	▫ The development relies heavily upon the need for a large soft debt or grant funding source (HOME funds) to maintain feasibility with an expense to income ratio significantly over 65%; this reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses. ▫ The Development is marginally feasible based upon estimated 15-year cash flow to payout of the anticipated deferred developer fee.

ADDENDUM

Windvale Park Apartments was originally underwritten during the 2005 9% HTC cycle and was approved for an annual tax credit allocation of $564,003 and $1.5M in HOME funds, structured as a fully amortizing loan over 30 years. Of note, as a 2005 deal, at Cost Certification, the Subject development qualified for and accepted additional credits based on the 14% increase Board policy. As a result, the subject development received a total annual tax credit amount of $610,258. The Underwriter has reviewed the Applicant’s request, dated October 20, 2008, for changes in the financial structure. Specifically, the Applicant is requesting to change the terms of the awarded HOME loan such that these funds are effectively granted to the development. According to the Applicant, dramatic increases in the utility allowances, which resulted in a substantial decrease in income, have caused the development to be become infeasible with the currently structured HOME loan. The Applicant cites that the development struggles to maintain financial feasibility and the development no longer has sufficient funds to repay the HOME loan.

As a result, an updated rent schedule, expenses, sources and uses, and an 30 year proforma have been provided. The Underwriter has evaluated the impact of these changes on the financial viability of the transaction and the tax credit award based on the documentation provided and the requested changes. Only those portions of the report that are materially affected by the proposed changes are discussed below. This report should be read in conjunction with the original underwriting report for a full evaluation of the originally proposed development plan and structure.

OPERATING PROFORMA ANALYSIS

Income:

The Applicant’s projected rents collected per unit for the 50% units were calculated by subtracting tenant-paid utility allowances as of July 25, 2008, maintained by Corsicana Housing Authority, from the 2008 program gross rent limits. However, as a result of the Housing and Economic Recovery Act of 2008, the Applicant chose to utilize the higher income and rent limits in eligible rural areas (Navarro County is among the eligible counties) for the 60% units. Therefore, the Applicant’s projected rents collected per unit for the 60% units were calculated by subtracting tenant-paid utility allowances as of July 25, 2008, maintained by Corsicana Housing Authority, from the 2008 Rural program gross rent limits.

Tenants will be required to pay electric, water and sewer utility costs. The Applicant’s secondary income and vacancy and collection loss assumptions are in line with current TDHCA underwriting guidelines and effective gross income is within 5% of the Underwriter's estimate.

Expense:

The Applicant’s total revised annual operating expense projection at $3,326 per unit is within 5% of the Underwriter’s estimate of $3,457, derived from actual operating history of the development, the TDHCA database, and third-party data sources. The Applicant’s revised budget shows property tax to be 11%, or $2K higher when compared to the Underwriter's estimate. Also of note, the Applicant's reserve for replacement estimate is $200 per unit, rather than the Department's current minimum of $250 per unit for new construction. Finally, the Applicant's compliance fee estimate appears to be slightly overstated.

Conclusion:

As a result of changes to the terms and amortization of permanent financing discussed below, the HOME loan as originally structured (interest at 0%, 30-year amortization) results in a DCR that falls below the Department's current minimum guideline of 1.15, and reflects insufficient cash flow to repay the deferred developer fee. Therefore, this analysis has confirmed that based on the new assumptions provided by the Applicant, the development no longer remains feasible with the HOME funds structured as originally proposed and approved. The Applicant's current proposal to restructure the HOME loan such that the loan payments would be reduced from $50K to $12K per year, provides for a 1.10 DCR, which still falls below the Department's minimum guidelines and also reflects insufficient cash flow to repay the deferred developer fee.

However, the Applicant's current proposal is not reasonably realistic as it assumes that the HOME funds would be amortized over 125 years. For all intents and purposes, this would be considered a deferred forgivable loan and should effectively be treated as such. This proposed permanent financing structure results in an initial year's debt coverage ratio (DCR) of 1.27, which is within the Department's DCR guidelines and remains feasible for the long term.

Of note, the Applicant's and Underwriter's expense to income ratios (69.59% and 72.34%, respectively) are significantly above the current TDHCA maximum of 65%. An expense to income ratio above 60% reflects an increased risk that the development will not be able to sustain even a moderate period of flat income and rent growth with rising expenses. However, the Subject development was originally underwritten in 2005, before the current guidelines were enacted.

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. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cashflow. Therefore, the development can be characterized as feasible for the long-term.

CONCLUSIONS

Recommended Financing Structure:

The Applicant was previously awarded $1.5M in HOME funds structured at 0% with a 30-year amortization. The Applicant's formal request indicates the previously awarded HOME funds be structured such that the payments on the loan be dramatically reduced, effectively resulting in a non-amortizing, 0% or deferred forgivable loan. This analysis has confirmed that no additional debt service outside of the current permanent mortgage can reasonably be supported by the Subject development.

It should be noted that an existing HOME contract exists for the property for the previous award made in 2005 for $1.5M. This award amount is currently structured as a repayable loan with a 0% interest rate and an amortization period of 30 years. The existing HOME contract will require an amendment in order to restructure the funds in accordance with the Board's final decision regarding this request.

As indicated previously, the Underwriter's analysis has confirmed that based on the current assumptions provided in the Applicant's amendment request the development no longer remains feasible with the currently structured HOME loan. As a result, the Board has several options to consider with respect to the Applicant's request:

- Option 1: Keep the existing HOME contract in the amount of $1.5M structured as a repayable loan with a 0% interest rate and amortization period of 30 years. However, as mentioned previously, the development no longer remains feasible with the currently structured HOME loan.

- Option 2: Restructure the existing HOME loan as a non-amortizing forgivable loan. The DCR remains above a 1.15 through year 20 and the remaining gap of funds of $254,224 is available from deferred developer fees (26% of total available) and repayable within 10-15 years of operation.
- Option 3: Restructure the existing HOME loan as requested by the Applicant. The HOME loan amount would remain at $1.5M and the interest rate would remain at 0%. However, a substantial reduction in the annual loan payments would be reduced from $50K to $12K per year. This structure would be reviewed on an annual basis or until either rents increased or utility allowances decreased. However, in this scenario while the DCR would increase it would still fall short of the Department's guidelines and still not have sufficient income to repay the developer fee.

The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units.

Underwriter:	*Diamond Unique Thompson*	Date:	March 5, 2009
Manager of Real Estate Analysis:	*Raquel Morales*	Date:	March 5, 2009
Director of Real Estate Analysis:	*Brent Stewart*	Date:	March 5, 2009

MULTIFAMILY COMPARATIVE ANALYSIS- OPTION 1

Windvale Park, Corsicana, 9% HTC/HOME #05189

Type of Unit	HOME	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 50%	LH	12	1	1	830	$423	$304		$3,648	$0.37	$119.00	$10.00
TC 60%		8	1	1	830	$554	$435		$3,480	$0.52	$119.00	$10.00
TC 50%	LH	22	2	2	1,180	$508	$362		$7,964	$0.31	$146.00	$10.00
TC 60%		14	2	2	1,180	$666	$520		$7,280	$0.44	$146.00	$10.00
TC 50%	LH	12	3	2	1,359	$587	$407		$4,884	$0.30	$180.00	$10.00
TC 60%		8	3	2	1,359	$768	$588		$4,704	$0.43	$180.00	$10.00
TOTAL:		76		**AVERAGE:**	1,135		$421		$31,960	$0.37	$147.84	$10.00

INCOME	Total Net Rentable Sq Ft:		86,260		**TDHCA**	**TDHCA-CC**	**COST CERT**	**APPLICANT**	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$383,520	$453,192	$453,192	$383,616	Navarro		3
Secondary Income			Per Unit Per Month:	$10.00	9,120	9,120	9,120	9,120	$10.00	Per Unit Per Month	
Other Support Income:					0	0	0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$392,640	$462,312	$462,312	$392,736			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(29,448)	(34,673)	(34,668)	(29,460)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0	0				
EFFECTIVE GROSS INCOME					$363,192	$427,639	$427,644	$363,276			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		8.57%	$410	0.36	$31,131	$31,550	$27,992	$26,882	$0.31	$354	7.40%
Management		5.00%	239	0.21	18,160	25,175	24,000	21,233	0.25	279	5.84%
Payroll & Payroll Tax		18.31%	875	0.77	66,500	80,076	71,492	65,280	0.76	859	17.97%
Repairs & Maintenance		12.70%	607	0.53	46,109	37,169	35,184	37,935	0.44	499	10.44%
Utilities		6.49%	310	0.27	23,568	10,488	22,900	23,692	0.27	312	6.52%
Water, Sewer, & Trash		4.81%	230	0.20	17,460	17,328	20,500	20,500	0.24	270	5.64%
Property Insurance		6.04%	288	0.25	21,921	24,636	17,000	19,586	0.23	258	5.39%
Property Tax	2.6057	4.09%	195	0.17	14,852	30,303	35,000	16,500	0.19	217	4.54%
Reserve for Replacements		5.23%	250	0.22	19,000	15,200	15,200	15,200	0.18	200	4.18%
TDHCA Compliance Fees		0.84%	40	0.04	3,040	4,400	4,400	5,000	0.06	66	1.38%
Other: Supportive Services		0.28%	13	0.01	1,000			1,000	0.01	13	0.28%
TOTAL EXPENSES		72.34%	$3,457	$3.05	$262,741	$276,325	$273,668	$252,808	$2.93	$3,326	69.59%
NET OPERATING INC		27.66%	$1,322	$1.16	$100,451	$151,314	$153,976	$110,468	$1.28	$1,454	30.41%
DEBT SERVICE											
First Victoria National Bank		21.82%	$1,043	$0.92	$79,247	$79,247	$80,112	$79,247	$0.92	$1,043	21.81%
TDHCA/HOME Loan		0.00%	$0	$0.00	0	50,000	50,000	50,000	$0.58	$658	13.76%
Additional Financing		0.00%	$0	$0.00	0	0	0		$0.00	$0	0.00%
NET CASH FLOW		5.84%	$279	$0.25	$21,204	$22,067	$23,864	($18,779)	($0.22)	($247)	-5.17%
AGGREGATE DEBT COVERAGE RATIO					1.27	1.17	1.18	0.85			
RECOMMENDED DEBT COVERAGE RATIO					0.78		1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-CC	COST CERT	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.57%	$4,789	$4.22	$363,933	$363,933	$363,933	$363,933	$4.22	$4,789	4.45%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		8.93%	9,363	8.25	711,588	711,588	711,588	711,588	8.25	9,363	8.69%
Direct Construction		56.54%	59,280	52.23	4,505,281	4,505,281	4,658,969	4,658,969	54.01	61,302	56.93%
Contingency	0.00%	0.00%	0	0.00	0				0.00	0	0.00%
Contractor's Fees	14.00%	9.17%	9,610	8.47	730,362	730,362	740,400	740,400	8.58	9,742	9.05%
Indirect Construction		5.84%	6,124	5.40	465,415	465,415	465,415	465,415	5.40	6,124	5.69%
Ineligible Costs		0.55%	573	0.51	43,575	43,575	43,575	43,575	0.51	573	0.53%
Developer's Fees	15.00%	12.13%	12,718	11.21	966,585	966,585	984,000	984,000	11.41	12,947	12.02%
Interim Financing		0.39%	411	0.36	31,253	31,253	31,253	31,253	0.36	411	0.38%
Reserves		1.89%	1,979	1.74	150,394	180,398	185,000	185,000	2.14	2,434	2.26%
TOTAL COST		100.00%	$104,847	$92.38	$7,968,386	$7,998,390	$8,184,133	$8,184,133	$94.88	$107,686	100.00%
Construction Cost Recap		*74.64%*	***$78,253***	***$68.95***	***$5,947,231***	***$5,947,231***	***$6,110,957***	***$6,110,957***	***$70.84***	***$80,407***	*74.67%*

SOURCES OF FUNDS

				TDHCA	TDHCA-CC	COST CERT	APPLICANT	RECOMMENDED	
First Victoria National Bank	11.29%	$11,842	$10.43	$900,000	$900,000	$900,000	$900,000	$900,000	Developer Fee Available
TDHCA/HOME Loan	18.82%	$19,737	$17.39	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	$0
HTC Syndication Proceeds	69.40%	$72,762	$64.11	5,529,909	5,529,909	5,529,909	5,529,909	5,529,909	% of Dev. Fee Deferred
Deferred Developer Fees	3.19%	$3,345	$2.95	254,224	254,224	254,224	254,224	254,224	#DIV/0!
Additional (Excess) Funds Req'd	-2.71%	($2,839)	($2.50)	(215,747)	(185,743)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$7,968,386	$7,998,390	$8,184,133	$8,184,133	$8,184,133	($419,828)

PAYMENT COMPUTATION

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.27

Secondary	$1,500,000	Amort	
Int Rate		Subtotal DCR	1.27

Additional	$5,529,909	Amort	
Int Rate		Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$79,247
Secondary Debt Service	50,000
Additional Debt Service	0
NET CASH FLOW	($28,796)

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.27

Secondary	$1,500,000	Amort	360
Int Rate	0.00%	Subtotal DCR	0.78

Additional	$5,529,909	Amort	0
Int Rate	0.00%	Aggregate DCR	0.78

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	$383,520	$395,026	$406,876	$419,083	$431,655	$500,407	$580,108	$672,505	$903,790
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	392,640	404,419	416,552	429,048	441,920	512,306	593,903	688,497	925,282
Vacancy & Collection Loss	(29,448)	(30,331)	(31,241)	(32,179)	(33,144)	(38,423)	(44,543)	(51,637)	(69,396)
Employee or Other Non-Rental Units or Con	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$363,192	$374,088	$385,310	$396,870	$408,776	$473,883	$549,360	$636,859	$855,886
EXPENSES at 4.00%									
General & Administrative	$31,131	$32,376	$33,671	$35,018	$36,419	$44,309	$53,909	$65,588	$97,087
Management	18,160	18,704	19,266	19,843	20,439	23,694	27,468	31,843	42,794
Payroll & Payroll Tax	66,500	69,160	71,926	74,803	77,796	94,650	115,156	140,105	207,390
Repairs & Maintenance	46,109	47,954	49,872	51,867	53,942	65,628	79,847	97,146	143,799
Utilities	23,568	24,510	25,491	26,510	27,571	33,544	40,811	49,653	73,499
Water, Sewer & Trash	17,460	18,158	18,885	19,640	20,426	24,851	30,235	36,786	54,452
Insurance	21,921	22,798	23,710	24,658	25,645	31,201	37,960	46,185	68,364
Property Tax	14,852	15,447	16,064	16,707	17,375	21,140	25,720	31,292	46,320
Reserve for Replacements	19,000	19,760	20,550	21,372	22,227	27,043	32,902	40,030	59,254
Other	4,040	4,202	4,370	4,544	4,726	5,750	6,996	8,512	12,599
TOTAL EXPENSES	$262,741	$273,069	$283,805	$294,965	$306,565	$371,810	$451,005	$547,140	$805,560
NET OPERATING INCOME	$100,451	$101,018	$101,505	$101,905	$102,211	$102,073	$98,356	$89,719	$50,326
DEBT SERVICE									
First Lien Financing	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247
Second Lien	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	($28,796)	($28,228)	($27,741)	($27,342)	($27,036)	($27,174)	($30,891)	($39,527)	($78,921)
DEBT COVERAGE RATIO	0.78	0.78	0.79	0.79	0.79	0.79	0.76	0.69	0.39

MULTIFAMILY COMPARATIVE ANALYSIS- OPTION 2

Windvale Park, Corsicana, 9% HTC/HOME #05189

Type of Unit	HOME	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 50%	LH	12	1	1	830	$423	$304	$3,648	$0.37	$119.00	$10.00
TC 60%		8	1	1	830	$554	$435	$3,480	$0.52	$119.00	$10.00
TC 50%	LH	22	2	2	1,180	$508	$362	$7,964	$0.31	$146.00	$10.00
TC 60%		14	2	2	1,180	$666	$520	$7,280	$0.44	$146.00	$10.00
TC 50%	LH	12	3	2	1,359	$587	$407	$4,884	$0.30	$180.00	$10.00
TC 60%		8	3	2	1,359	$768	$588	$4,704	$0.43	$180.00	$10.00
TOTAL:		76		**AVERAGE:**	1,135		$421	$31,960	$0.37	$147.84	$10.00

INCOME	Total Net Rentable Sq Ft:	86,260			TDHCA	TDHCA-CC	COST CERT	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT					$383,520	$453,192	$453,192	$383,616	Navarro		3
Secondary Income			Per Unit Per Month:	$10.00	9,120	9,120	9,120	9,120	$10.00	Per Unit Per Month	
Other Support Income:					0	0	0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME					$392,640	$462,312	$462,312	$392,736			
Vacancy & Collection Loss			% of Potential Gross Income:	-7.50%	(29,448)	(34,673)	(34,668)	(29,460)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions					0	0	0				
EFFECTIVE GROSS INCOME					$363,192	$427,639	$427,644	$363,276			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT					PER SQ FT	PER UNIT	% OF EGI
General & Administrative		8.57%	$410	0.36	$31,131	$31,550	$27,992	$26,882	$0.31	$354	7.40%
Management		5.00%	239	0.21	18,160	25,175	24,000	21,233	0.25	279	5.84%
Payroll & Payroll Tax		18.31%	875	0.77	66,500	80,076	71,492	65,280	0.76	859	17.97%
Repairs & Maintenance		12.70%	607	0.53	46,109	37,169	35,184	37,935	0.44	499	10.44%
Utilities		6.49%	310	0.27	23,568	10,488	22,900	23,692	0.27	312	6.52%
Water, Sewer, & Trash		4.81%	230	0.20	17,460	17,328	20,500	20,500	0.24	270	5.64%
Property Insurance		6.04%	288	0.25	21,921	24,636	17,000	19,586	0.23	258	5.39%
Property Tax	2.6057	4.09%	195	0.17	14,852	30,303	35,000	16,500	0.19	217	4.54%
Reserve for Replacements		5.23%	250	0.22	19,000	15,200	15,200	15,200	0.18	200	4.18%
TDHCA Compliance Fees		0.84%	40	0.04	3,040	4,400	4,400	5,000	0.06	66	1.38%
Other: Supportive Services		0.28%	13	0.01	1,000			1,000	0.01	13	0.28%
TOTAL EXPENSES		72.34%	$3,457	$3.05	$262,741	$276,325	$273,668	$252,808	$2.93	$3,326	69.59%
NET OPERATING INC		27.66%	$1,322	$1.16	$100,451	$151,314	$153,976	$110,468	$1.28	$1,454	30.41%
DEBT SERVICE											
First Victoria National Bank		21.82%	$1,043	$0.92	$79,247	$79,247	$80,112	$79,247	$0.92	$1,043	21.81%
TDHCA/HOME Loan		0.00%	$0	$0.00	0	50,000	50,000	50,000	$0.58	$658	13.76%
Additional Financing		0.00%	$0	$0.00	0	0	0		$0.00	$0	0.00%
NET CASH FLOW		5.84%	$279	$0.25	$21,204	$22,067	$23,864	($18,779)	($0.22)	($247)	-5.17%
AGGREGATE DEBT COVERAGE RATIO					1.27	1.17	1.18	0.85			
RECOMMENDED DEBT COVERAGE RATIO					1.27		1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-CC	COST CERT	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.57%	$4,789	$4.22	$363,933	$363,933	$363,933	$363,933	$4.22	$4,789	4.45%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		8.93%	9,363	8.25	711,588	711,588	711,588	711,588	8.25	9,363	8.69%
Direct Construction		56.54%	59,280	52.23	4,505,281	4,505,281	4,658,969	4,658,969	54.01	61,302	56.93%
Contingency	0.00%	0.00%	0	0.00	0				0.00	0	0.00%
Contractor's Fees	14.00%	9.17%	9,610	8.47	730,362	730,362	740,400	740,400	8.58	9,742	9.05%
Indirect Construction		5.84%	6,124	5.40	465,415	465,415	465,415	465,415	5.40	6,124	5.69%
Ineligible Costs		0.55%	573	0.51	43,575	43,575	43,575	43,575	0.51	573	0.53%
Developer's Fees	15.00%	12.13%	12,718	11.21	966,585	966,585	984,000	984,000	11.41	12,947	12.02%
Interim Financing		0.39%	411	0.36	31,253	31,253	31,253	31,253	0.36	411	0.38%
Reserves		1.89%	1,979	1.74	150,394	180,398	185,000	185,000	2.14	2,434	2.26%
TOTAL COST		100.00%	$104,847	$92.38	$7,968,386	$7,998,390	$8,184,133	$8,184,133	$94.88	$107,686	100.00%
Construction Cost Recap		*74.64%*	***$78,253***	***$68.95***	***$5,947,231***	***$5,947,231***	***$6,110,957***	***$6,110,957***	***$70.84***	***$80,407***	*74.67%*

SOURCES OF FUNDS

					TDHCA	TDHCA-CC	COST CERT	APPLICANT	RECOMMENDED	
First Victoria National Bank		11.29%	$11,842	$10.43	$900,000	$900,000	$900,000	$900,000	$900,000	Developer Fee Available
TDHCA/HOME Loan		18.82%	$19,737	$17.39	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	$984,000
HTC Syndication Proceeds		69.40%	$72,762	$64.11	5,529,909	5,529,909	5,529,909	5,529,909	5,529,909	% of Dev. Fee Deferred
Deferred Developer Fees		3.19%	$3,345	$2.95	254,224	254,224	254,224	254,224	254,224	26%
Additional (Excess) Funds Req'd		-2.71%	($2,839)	($2.50)	(215,747)	(185,743)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES					$7,968,386	$7,998,390	$8,184,133	$8,184,133	$8,184,133	$330,172

PAYMENT COMPUTATION

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.27

Secondary	$1,500,000	Amort	
Int Rate		Subtotal DCR	1.27

Additional	$5,529,909	Amort	
Int Rate		Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$79,247
Secondary Debt Service	0
Additional Debt Service	0
NET CASH FLOW	$21,204

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.27

Secondary	$1,500,000	Amort	
Int Rate	0.00%	Subtotal DCR	1.27

Additional	$5,529,909	Amort	0
Int Rate	0.00%	Aggregate DCR	1.27

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	$383,520	$395,026	$406,876	$419,083	$431,655	$500,407	$580,108	$672,505	$903,790
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	392,640	404,419	416,552	429,048	441,920	512,306	593,903	688,497	925,282
Vacancy & Collection Loss	(29,448)	(30,331)	(31,241)	(32,179)	(33,144)	(38,423)	(44,543)	(51,637)	(69,396)
Employee or Other Non-Rental Units or Conc	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$363,192	$374,088	$385,310	$396,870	$408,776	$473,883	$549,360	$636,859	$855,886
EXPENSES at 4.00%									
General & Administrative	$31,131	$32,376	$33,671	$35,018	$36,419	$44,309	$53,909	$65,588	$97,087
Management	18,160	18,704	19,266	19,843	20,439	23,694	27,468	31,843	42,794
Payroll & Payroll Tax	66,500	69,160	71,926	74,803	77,796	94,650	115,156	140,105	207,390
Repairs & Maintenance	46,109	47,954	49,872	51,867	53,942	65,628	79,847	97,146	143,799
Utilities	23,568	24,510	25,491	26,510	27,571	33,544	40,811	49,653	73,499
Water, Sewer & Trash	17,460	18,158	18,885	19,640	20,426	24,851	30,235	36,786	54,452
Insurance	21,921	22,798	23,710	24,658	25,645	31,201	37,960	46,185	68,364
Property Tax	14,852	15,447	16,064	16,707	17,375	21,140	25,720	31,292	46,320
Reserve for Replacements	19,000	19,760	20,550	21,372	22,227	27,043	32,902	40,030	59,254
Other	4,040	4,202	4,370	4,544	4,726	5,750	6,996	8,512	12,599
TOTAL EXPENSES	$262,741	$273,069	$283,805	$294,965	$306,565	$371,810	$451,005	$547,140	$805,560
NET OPERATING INCOME	$100,451	$101,018	$101,505	$101,905	$102,211	$102,073	$98,356	$89,719	$50,326
DEBT SERVICE									
First Lien Financing	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247
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	$21,204	$21,772	$22,259	$22,658	$22,964	$22,826	$19,109	$10,473	($28,921)
DEBT COVERAGE RATIO	1.27	1.27	1.28	1.29	1.29	1.29	1.24	1.13	0.64

MULTIFAMILY COMPARATIVE ANALYSIS-OPTION 3.

Windvale Park, Corsicana, 9% HTC/HOME #05189

Type of Unit	HOME	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 50%	LH	12	1	1	830	$423	$304		$3,648	$0.37	$119.00	$10.00
TC 60%		8	1	1	830	$554	$435		$3,480	$0.52	$119.00	$10.00
TC 50%	LH	22	2	2	1,180	$508	$362		$7,964	$0.31	$146.00	$10.00
TC 60%		14	2	2	1,180	$666	$520		$7,280	$0.44	$146.00	$10.00
TC 50%	LH	12	3	2	1,359	$587	$407		$4,884	$0.30	$180.00	$10.00
TC 60%		8	3	2	1,359	$768	$588		$4,704	$0.43	$180.00	$10.00
TOTAL:		76		**AVERAGE:**	1,135		$421		$31,960	$0.37	$147.84	$10.00

INCOME	Total Net Rentable Sq Ft:	86,260		TDHCA	TDHCA-CC	COST CERT	APPLICANT	COUNTY	IREM REGION	COMPT. REGION
POTENTIAL GROSS RENT				$383,520	$453,192	$453,192	$383,616	Navarro		3
Secondary Income		Per Unit Per Month:	$10.00	9,120	9,120	9,120	9,120	$10.00	Per Unit Per Month	
Other Support Income:				0	0	0		$0.00	Per Unit Per Month	
POTENTIAL GROSS INCOME				$392,640	$462,312	$462,312	$392,736			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%	(29,448)	(34,673)	(34,668)	(29,460)	-7.50%	of Potential Gross Income	
Employee or Other Non-Rental Units or Concessions				0	0	0				
EFFECTIVE GROSS INCOME				$363,192	$427,639	$427,644	$363,276			

EXPENSES		% OF EGI	PER UNIT	PER SQ FT	TDHCA	TDHCA-CC	COST CERT	APPLICANT	PER SQ FT	PER UNIT	% OF EGI
General & Administrative		8.57%	$410	0.36	$31,131	$31,550	$27,992	$26,882	$0.31	$354	7.40%
Management		5.00%	239	0.21	18,160	25,175	24,000	21,233	0.25	279	5.84%
Payroll & Payroll Tax		18.31%	875	0.77	66,500	80,076	71,492	65,280	0.76	859	17.97%
Repairs & Maintenance		12.70%	607	0.53	46,109	37,169	35,184	37,935	0.44	499	10.44%
Utilities		6.49%	310	0.27	23,568	10,488	22,900	23,692	0.27	312	6.52%
Water, Sewer, & Trash		4.81%	230	0.20	17,460	17,328	20,500	20,500	0.24	270	5.64%
Property Insurance		6.04%	288	0.25	21,921	24,636	17,000	19,586	0.23	258	5.39%
Property Tax	2.6057	4.09%	195	0.17	14,852	30,303	35,000	16,500	0.19	217	4.54%
Reserve for Replacements		5.23%	250	0.22	19,000	15,200	15,200	15,200	0.18	200	4.18%
TDHCA Compliance Fees		0.84%	40	0.04	3,040	4,400	4,400	5,000	0.06	66	1.38%
Other: Supportive Services		0.28%	13	0.01	1,000			1,000	0.01	13	0.28%
TOTAL EXPENSES		72.34%	$3,457	$3.05	$262,741	$276,325	$273,668	$252,808	$2.93	$3,326	69.59%
NET OPERATING INC		27.66%	$1,322	$1.16	$100,451	$151,314	$153,976	$110,468	$1.28	$1,454	30.41%
DEBT SERVICE											
First Victoria National Bank		21.82%	$1,043	$0.92	$79,247	$79,247	$80,112	$79,247	$0.92	$1,043	21.81%
TDHCA/HOME Loan		0.00%	$0	$0.00	0	50,000	50,000	50,000	$0.58	$658	13.76%
Additional Financing		0.00%	$0	$0.00	0	0	0		$0.00	$0	0.00%
NET CASH FLOW		5.84%	$279	$0.25	$21,204	$22,067	$23,864	($18,779)	($0.22)	($247)	-5.17%
AGGREGATE DEBT COVERAGE RATIO					1.27	1.17	1.18	0.85			
RECOMMENDED DEBT COVERAGE RATIO					1.10		1.19				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	TDHCA-CC	COST CERT	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.57%	$4,789	$4.22	$363,933	$363,933	$363,933	$363,933	$4.22	$4,789	4.45%
Off-Sites		0.00%	0	0.00	0	0	0	0	0.00	0	0.00%
Sitework		8.93%	9,363	8.25	711,588	711,588	711,588	711,588	8.25	9,363	8.69%
Direct Construction		56.54%	59,280	52.23	4,505,281	4,505,281	4,658,969	4,658,969	54.01	61,302	56.93%
Contingency	0.00%	0.00%	0	0.00	0				0.00	0	0.00%
Contractor's Fees	14.00%	9.17%	9,610	8.47	730,362	730,362	740,400	740,400	8.58	9,742	9.05%
Indirect Construction		5.84%	6,124	5.40	465,415	465,415	465,415	465,415	5.40	6,124	5.69%
Ineligible Costs		0.55%	573	0.51	43,575	43,575	43,575	43,575	0.51	573	0.53%
Developer's Fees	15.00%	12.13%	12,718	11.21	966,585	966,585	984,000	984,000	11.41	12,947	12.02%
Interim Financing		0.39%	411	0.36	31,253	31,253	31,253	31,253	0.36	411	0.38%
Reserves		1.89%	1,979	1.74	150,394	180,398	185,000	185,000	2.14	2,434	2.26%
TOTAL COST		100.00%	$104,847	$92.38	$7,968,386	$7,998,390	$8,184,133	$8,184,133	$94.88	$107,686	100.00%
Construction Cost Recap		*74.64%*	***$78,253***	***$68.95***	***$5,947,231***	***$5,947,231***	***$6,110,957***	***$6,110,957***	***$70.84***	***$80,407***	*74.67%*

SOURCES OF FUNDS				TDHCA	TDHCA-CC	COST CERT	APPLICANT	RECOMMENDED	
First Victoria National Bank	11.29%	$11,842	$10.43	$900,000	$900,000	$900,000	$900,000	$900,000	Developer Fee Available
TDHCA/HOME Loan	18.82%	$19,737	$17.39	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	$0
HTC Syndication Proceeds	69.40%	$72,762	$64.11	5,529,909	5,529,909	5,529,909	5,529,909	5,529,909	% of Dev. Fee Deferred
Deferred Developer Fees	3.19%	$3,345	$2.95	254,224	254,224	254,224	254,224	254,224	#DIV/0!
Additional (Excess) Funds Req'd	-2.71%	($2,839)	($2.50)	(215,747)	(185,743)	0	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$7,968,386	$7,998,390	$8,184,133	$8,184,133	$8,184,133	$150,172

PAYMENT COMPUTATION

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.27

Secondary	$1,500,000	Amort	
Int Rate		Subtotal DCR	1.27

Additional	$5,529,909	Amort	
Int Rate		Aggregate DCR	1.27

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$79,247
Secondary Debt Service	12,000
Additional Debt Service	0
NET CASH FLOW	$9,204

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.27

Secondary	$1,500,000	Amort	1,500
Int Rate	0.00%	Subtotal DCR	1.10

Additional	$5,529,909	Amort	0
Int Rate	0.00%	Aggregate DCR	1.10

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	$383,520	$395,026	$406,876	$419,083	$431,655	$500,407	$580,108	$672,505	$903,790
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	392,640	404,419	416,552	429,048	441,920	512,306	593,903	688,497	925,282
Vacancy & Collection Loss	(29,448)	(30,331)	(31,241)	(32,179)	(33,144)	(38,423)	(44,543)	(51,637)	(69,396)
Employee or Other Non-Rental Units or Con	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$363,192	$374,088	$385,310	$396,870	$408,776	$473,883	$549,360	$636,859	$855,886
EXPENSES at 4.00%									
General & Administrative	$31,131	$32,376	$33,671	$35,018	$36,419	$44,309	$53,909	$65,588	$97,087
Management	18,160	18,704	19,266	19,843	20,439	23,694	27,468	31,843	42,794
Payroll & Payroll Tax	66,500	69,160	71,926	74,803	77,796	94,650	115,156	140,105	207,390
Repairs & Maintenance	46,109	47,954	49,872	51,867	53,942	65,628	79,847	97,146	143,799
Utilities	23,568	24,510	25,491	26,510	27,571	33,544	40,811	49,653	73,499
Water, Sewer & Trash	17,460	18,158	18,885	19,640	20,426	24,851	30,235	36,786	54,452
Insurance	21,921	22,798	23,710	24,658	25,645	31,201	37,960	46,185	68,364
Property Tax	14,852	15,447	16,064	16,707	17,375	21,140	25,720	31,292	46,320
Reserve for Replacements	19,000	19,760	20,550	21,372	22,227	27,043	32,902	40,030	59,254
Other	4,040	4,202	4,370	4,544	4,726	5,750	6,996	8,512	12,599
TOTAL EXPENSES	$262,741	$273,069	$283,805	$294,965	$306,565	$371,810	$451,005	$547,140	$805,560
NET OPERATING INCOME	$100,451	$101,018	$101,505	$101,905	$102,211	$102,073	$98,356	$89,719	$50,326
DEBT SERVICE									
First Lien Financing	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247
Second Lien	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$9,204	$9,772	$10,259	$10,658	$10,964	$10,826	$7,109	($1,527)	($40,921)
DEBT COVERAGE RATIO	1.10	1.11	1.11	1.12	1.12	1.12	1.08	0.98	0.55

TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS

MULTIFAMILY UNDERWRITING ANALYSIS

DATE: June 20, 2005 **PROGRAM:** 9% HTC **FILE NUMBER:** 05189

DEVELOPMENT NAME

Windvale Park Apartments

APPLICANT

Name:	Windvale Park, Ltd.			**Type:**	For-profit		
Address:	P.O. Box 3189			**City:**	Bryan	**State:**	TX
Zip:	77805	**Contact:**	Jason Bienski	**Phone:**	(979) 846-8878	**Fax:**	(979) 846-0783

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name:	Affordable Caring Housing, Inc.	**(%):**	.01%	**Title:**	General Partner
Name:	Jason Bienski	**(%):**	N/A	**Title:**	President of Affordable Caring Housing Inc.
Name:	Lynda Marino	**(%):**	N/A	**Title:**	Treasurer of Affordable Caring Housing Inc.
Name:	Mary Velleca	**(%):**	N/A	**Title:**	Secretary of Affordable Caring Housing Inc.
Name:	Ponderosa Plaza, Ltd	**(%)**	N/A	**Title:**	Developer
Name:	Emanuel H. Glockzin, Jr.	**(%)**	N/A	**Title:**	90% Owner of Developer
Name:	Affordable Caring Housing Inc.	**(%)**	N/A	**Title:**	10% Owner of Developer

PROPERTY LOCATION

Location:	44th Street of West Park Row		☐ **QCT**		☐ **DDA**
City:	Corsicana	**County:**	Navarro	**Zip:**	75110

REQUEST

Amount	Interest Rate	Amortization	Term
1) $564,000	N/A	N/A	N/A
2) $1,500,000	0%	40 yrs	40 yrs
3) $75,000	N/A	N/A	N/A

Other Requested Terms: 1) Annual ten-year allocation of housing tax credits
2) HOME FUNDS

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

Special Purpose (s): General Population, Non-Profit, , Rural

RECOMMENDATION

☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED $564,003 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

☒ RECOMMEND APPROVAL OF A HOME AWARD NOT TO EXCEED $1,500,000, STRUCTURED AS A 30-YEAR TERM LOAN, FULLY AMORTIZING OVER 30 YEARS AT 0% INTEREST, SUBJECT TO CONDITIONS.

CONDITIONS

1. Receipt, review and acceptance of a survey of the subject property showing all pipeline easements and setback building requirements as required by the permitting officials to be provided prior to closing of the land;
2. Receipt, review and acceptance of current financial statements from Affordable Caring Housing, Inc., the General Partner; and
3. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the allocation amount may be warranted.

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units:	76	**# Rental Buildings**	7	**# Non-Res. Buildings**	1	**# of Floors**	2	**Age:**	N/A yrs	**Vacant:**	N/A at / /

Net Rentable SF:	86,260	**Av Un SF:**	1,135	**Common Area SF:**	3,663	**Gross Bldg SF:**	89,923

STRUCTURAL MATERIALS

The structure will be wood frame on a concrete slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 100% brick veneer. The interior wall surfaces will be drywall and the pitched will be finished with composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, individual water heaters, individual heating and air conditioning, & 9-foot ceilings.

ONSITE AMENITIES

A 3,663-square foot community building will include an activity room, management offices, maintenance, & laundry facilities, a kitchen, restrooms,. The community building, and equipped children's play area are located at the entrance to the property.

Uncovered Parking: 160 spaces **Carports:** 0 spaces **Garages:** 0 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Subject is a 10-unit per acre new construction development of 76 units of affordable housing located in southwest Corsicana. The development is comprised of 7 evenly distributed medium garden style, walk-up residential buildings as follows:

- One Building Type 1 with Four three-bedroom/two-bath units;
- One Building Type 2 with 8 one-bedroom/one-bath units, 4 three-bedroom/two-bath units;
- Three Building Type 3 with 8 two-bedroom/two-bath units, 4 three-bedroom/two-bath units;
- One Building Type 4 with 4 one-bedroom/one-bath units, 8 two-bedroom/two-bath units; and
- One Building Type 5 with 8 one-bedroom/one-bath units, 4 two-bedroom/two-bath units.

Architectural Review: The building and unit plans are of good design, sufficient size and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with nice fenestration.

SITE ISSUES

SITE DESCRIPTION

Size: 7.538 acres 328,355 square feet **Flood Zone Designation:** Zone X

Zoning: MF – 1

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: Corsicana is located in region 3, approximately 55 miles south from Dallas in Navarro County. The site is triangular in shape located in the southwest area of Corsicana, approximately 3 miles from the central business district. The site is situated on the east side of 44th Street.

Adjacent Land Uses:

- **North:** Mobil Pipeline immediately adjacent and Elementary School and vacant land beyond;
- **South:** vacant land immediately adjacent;
- **East:** Healthcare and Rehab at Park Row immediately adjacent and vacant beyond; and
- **West:** Vacant land immediately adjacent.

Site Access: Access to the property is from the northeast or southwest along 44th. The development is to have two main entries along 44th Street. Access to Interstate Highway 45 is approximately 3 miles east, which provides connections to all other major roads serving the area.

Public Transportation: The availability of public transportation was not identified in the application materials.

Shopping & Services: The site is within 3 miles of major grocery/pharmacies, shopping centers, and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 19, 2005 and found the location to be acceptable for the proposed development.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated March 11, 2005, was prepared by Hodges Engineering, Inc. and contained the following findings and recommendations:

- **Findings:** Hodges Engineering, Inc found issues of environmental concern as follows:
  - Exxon-Mobil has five pipelines in an easement that forms the northern boundary of this tract. Three of the lines carry crude oil and liquid natural gas (butane) while tow lines are idle.
  - Magellan Pipeline Company has a pipeline that transports petroleum products. This line crosses the tract along the eastern property line and ten joins in the easement with the Exxon-Mobil lines.
  - A failure in one of these active lines on or adjacent to the tract could have a negative environmental impact.

Recommendations: None provided by the ESA inspector.

Based on the above information it is a condition of this report that a survey showing all pipeline easements and setback building requirements as required by the permitting officials be provided prior to closing of the land.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside. 76 of the units (100% of the total) will be reserved for low-income tenants. 46 of the units (60.5%) will be reserved for households earning 50% or less of AMGI, 30 units (39.5%) will be reserved for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	**2 Persons**	**3 Persons**	**4 Persons**	**5 Persons**	**6 Persons**
60% of AMI	$18,240	$20,820	$23,460	$26,040	$28,140	$30,180

MARKET HIGHLIGHTS

A market feasibility study dated March 25, 2005 was prepared by JoAnn Sette, MAI with J. Mikeska and Company ("Market Analyst") and highlighted the following findings:

Definition of Primary Market Area (PMA): "….the neighborhood/Estimated Market Area (EMA) is considered to include all of Navarro County." (p. 1.2). This area encompasses approximately 1,090 square miles and is equivalent to a circle with a radius of 18.6 miles.

Population: The estimated 2004 population of Navarro County was 48,087 and is expected to increase by 7.6% to approximately 51,749 by 2009. Within the primary market area there were estimated to be 17,516 households in 2004.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 2,540 qualified households in the PMA, based on the current estimate of 17,516 households, the projected annual growth rate of 1.4%, renter households estimated at 29.2% of the population, income-qualified households estimated at 14.5%, and an annual renter turnover rate of 60 %. (p. 3.1, 3.2, 4.10, & 4.14). The Market Analyst used an income band of $17,000 to $27,000.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
	Market Analyst		Underwriter	
Type of Demand	**Units of Demand**	**% of Total Demand**	**Units of Demand**	**% of Total Demand**
Household Growth	6	1%	11	2%
Resident Turnover	1,524	99%	875	98%
Other Sources:	N/A	N/A	N/A	N/A
TOTAL ANNUAL DEMAND	**1,530**	**100%**	**498**	**100%**

Ref: p. 4.11

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 31.5% based upon 1,530 units of demand and 482 unstabilized affordable housing in the PMA (including the subject). The Underwriter calculated an inclusive capture rate of 15.3% based upon a revised supply of unstabilized comparable affordable units of 498 divided by a revised demand of 76. The Underwriter revised the capture rate by eliminating several properties that were included by the Analyst. The Analyst included several properties because they were below the 90% occupancy threshold. However, these properties were built in the 1970's and 80's and were at one time stabilized and therefore, are not included in the capture rate calculation. In addition, the Analyst overstated the units of Demand based on all of the Income Qualified Households instead of using the Income Qualified Renter Households. This calculation reduced the number of static Units in Demand from 2,540 to 498 before final demand from turnover..

Local Housing Authority Waiting List Information: "According to the director of the Corsicana Housing Authority, the Section 8 housing in Corsicana has a waiting list even though the existing apartments have available units. The reason that the Section 8 housing has not been 100% occupied is the fact that there are existing units that cannot be qualified to be leased to families due to size or poor condition."(p. 4.14).

Market Rent Comparables: The Market Analyst surveyed 4 comparable apartment projects totaling 320 units in the market area. "The average rental rates indicated for the market rate units fall in the range of $0.58 to $0.74/SF with an overall average of $0.67/SF. The subject will be new construction and is considered to be superior to the data sample regarding condition, design, and appeal. The subject property will have larger unit sizes than the majority of other complexes surveyed in the Corsicana area. It will also offer three-bedroom units whereby not all complexes do. Most managers that were interviewed are of the opinion that the three-bedroom units will be very well received by family tenants." (p. 7.2).

RENT ANALYSIS (net tenant-paid rents)

Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom LH (50%)	$365	$365	$0	$469	-$104
1-Bedroom (60%)	$446	$446	$0	$469	-$230
2-Bedroom LH (50%)	$441	$441	$0	$528	-$87
2-Bedroom (60%)	$539	$539	$0	$528	$11
3-Bedroom LH (50%)	$512	$512	$0	$667	-$155
3-Bedroom (60%)	$625	$625	$0	$667	-$42

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent =$500, program max =$600, differential = -$100)

Primary Market Occupancy Rates: "The competitive market prepared by the analyst reveals an average occupancy level of 92%. The majority of the supply of multi family units for the county is in Corsicana, which is the largest city in the county as well as the county seat………The two Corsicana Housing Authority properties maintain vacancies at present; however, these units are restricted to those making 30% or less of MFI. Subject's units would allow households in the 50% to 60% or less MFI group. The market rent property rents are above those projected for subject. Thus, it would appear a need exists for units in this price offering" (p. 5.1).

Absorption Projections: "Subject's location in southwest Corsicana, in an area with many advanced age apartments units and minimal low-income income-restricted rental properties, should yield a pool of potential tenants due to pent-up demand. Representatives of the City of Corsicana and Corsicana Housing Authority indicate that there is a significant need for additional affordable housing for residents in this income category in their city……..When responding to only income-qualified tenants, I estimate that absorption should be expected to average 7 to 8 units per month, resulting in a 9-to 10-month absorption period." (p. 4.9).

Market Study Analysis/Conclusions: The Underwriter found the market study provided sufficient information on which to base a funding recommendation.

OPERATING PROFORMA ANALYSIS

Income: The Applicant's rent projections are the maximum rents allowed under HTC and HOME program guidelines, and are achievable according to the Market Analyst. Estimates of secondary income and vacancy and collection losses are in line with TDHCA underwriting guidelines. As a result the Applicant's effective gross income estimate is $411,804 which is comparable to the Underwriter's estimate.

Expenses: The Applicant's estimate of total operating expense is 5.8% higher than the Underwriter's database-derived estimate. Most of the Applicant's specific expense line items compare well to the Underwriter's estimates. However, property taxes are $8K higher. The Underwriter assumed a 50% exemption could be achieved based upon the non-profit status of the General Partner. The Applicant also appears to have made this assumption; however, the Applicant used a base assessed value of $32K per unit as opposed to $25K used by the Underwriter.

Conclusion: The Applicant's estimated net operating income (NOI) estimate is not within 5% of the Underwriter's estimate. Therefore, the Underwriter's NOI will be used to evaluate debt service capacity. In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is above the minimum TDHCA underwriting guidelines of 1.10; however, the Underwriter's estimate exceeds 1.30. As a result, additional debt service will likely be available and the amount, sale or term of the proposed debt will be adjusted in the Financing section below.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 7.538 acres	$345,110	**Assessment for the Year of:**	2004
Building:	$	**Valuation by:**	Navarro County Appraisal District
Total Assessed Value:	$345,110	**Tax Rate:**	2.85543

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Property Commercial Contract (7.538 acres)		
Contract Expiration Date:	10/ 30/ 2005	**Anticipated Closing Date:**	10/ 30/ 2005
Acquisition Cost:	$300,000	**Other Terms/Conditions:**	
Seller:	Wheelock Energy, LP	**Related to Development Team Member:**	No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site cost of $300,000 ($.914/SF, $39,798/acre, or $3,947/unit) is substantiated by the appraisal and tax assessed value of $300,000 and 345,110. The acquisition price is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost: The Applicant's claimed sitework costs of $7,000 per unit are within the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

Direct Construction Cost: The Applicant's direct construction cost estimate is $48.3K or 1.1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

Fees: The Applicant's contractor general requirements, contractor general and administrative fees, contractor profit and developer fees are all within the maximums allowed by Department guidelines.

Conclusion: The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of $6,693,000 is used to determine a credit allocation of $564,003 from this method. The resulting syndication proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

FINANCING STRUCTURE

INTERIM/PERMANENT CONSTRUCTION FINANCING

Source: First National Bank **Contact:** Nora Price Thompson

Principal Amount: $900,000 **Interest Rate:** 8%

Additional Information: Construction Loan rolls to Permanent after 12 months

Amortization: 30 Yrs **Term:** 16 yrs **Commitment:** ☐ LOI ☐ Firm X Conditional

TAX CREDIT SYNDICATION

Source: Boston Capital Corp **Contact:** Thomas W.. Dixon

Net Proceeds: $5,019,125 **Net Syndication Rate (per $1.00 of 10-yr HTC)** .89¢

Commitment: ☐ LOI ☐ Firm X Conditional **Date:** / /

Additional Information:

APPLICANT EQUITY			
Amount:	$73,875	**Source:**	Deferred Developer Fee

FINANCING STRUCTURE ANALYSIS

Interim to Permanent Financing: The permanent financing commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

HOME Funds: The HOME award amount is below the 221(d)(3) limit for this project. In addition, the HOME award is below the prorata share of development cost based on the number HOME units to total units. The Applicant requested an interest rate of 0% for a 40-year amortization and term; however, based upon the Underwriter's analysis, this would provide a DCR in excess of 1.35. The 40-year amortization is in excess of the first lien which is only a 30-year amortization. Reducing the HOME loan amortization to match the first lien also reduced the DCR to an acceptable 1.22 and is a recommendation of this report.

HTC Syndication: The tax credit syndication commitment is consistent with the terms reflected in the sources and uses of funds listed in the application.

Deferred Developer's Fees: The Applicant's proposed deferred developer's fees of $73,373 amount to 8% of the total fees.

Financing Conclusions: Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed $564,003 annually for ten years, resulting in syndication proceeds of approximately $5,019,627. Based on the underwriting analysis, the Applicant's deferred developer fee of $73,373 should be repayable from cash flow within 3 years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns.

DEVELOPMENT TEAM

IDENTITIES of INTEREST

The Applicant, Developer, Property Manager and Supportive Services firm are all related entities. These are common relationships for HTC-funded developments.

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

Financial Highlights: The Applicant is a single-purpose entity created for the purpose of receiving assistance from TDHCA and therefore, has no material financial statements. The General Partner and 10% owner of the Developer provided unaudited financial statements dated September 30, 2003. These statements are older than the Department's requirements and therefore, receipt, review and acceptance of current financial statements from the General Partner is a condition of this report. The 2003 statements reflect total assets of $13,860 and liabilities of $4,896 for a nominal net asset value of $8,964. Emanuel H. Glockzin, Jr., Principal of the 90% owner of the Developer, also provided personal financial statements and is anticipated to guarantee the construction loan and syndication.

Background & Experience: Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's net operating income is more than 5% outside of the Underwriter's verifiable range.
- The seller of the property has an identity of interest with the Applicant.
- The anticipated ad valorem property tax exemption may not be received or may be reduced, which could affect the financial feasibility of the development.
- The multiple pipelines in the easements along the property are potential environmental concerns.

Underwriter:	*Bert Murray*	**Date:**	June 20, 2005
Director of Real Estate Analysis:	*Tom Gouris*	**Date:**	June 20, 2005

MULTIFAMILY COMPARATIVE ANALYSIS

Windvale Park Apartments, Corsicana, 9%, 05189

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt-Pd Util	Wtr, Swr, Trsh
LH - TC 50%	12	1	1	830	$406	$365	$4,380	$0.44	41.00	17.00
TC 60%	8	1	1	830	488	$447	3,576	0.54	41.00	17.00
LH - TC 50%	22	2	2	1,180	488	$442	9,724	0.37	46.00	19.00
TC 60%	14	2	2	1,180	586	$540	7,560	0.46	46.00	19.00
LH - TC 50%	12	3	2	1,359	564	$513	6,156	0.38	51.00	21.00
TC 60%	8	3	2	1,359	677	$626	5,008	0.46	51.00	21.00
TOTAL:	76		**AVERAGE:**	1,135	$525	$479	$36,404	$0.42	$46.00	$19.00

INCOME	Total Net Rentable Sq Ft:	86,260			TDHCA	APPLICANT	Comptroller's Region	3	
POTENTIAL GROSS RENT					$436,848	$436,080	IREM Region		
Secondary Income		Per Unit Per Month:	$10.00		9,120	9,120	$10.00	Per Unit Per Month	
Other Support Income: (describe)					0				
POTENTIAL GROSS INCOME					$445,968	$445,200			
Vacancy & Collection Loss		% of Potential Gross Income:	-7.50%		(33,448)	(33,396)	-7.50%	of Potential Gross Rent	
Employee or Other Non-Rental Units or Concessions					0				
EFFECTIVE GROSS INCOME					$412,520	$411,804			
EXPENSES		% OF EGI	PER UNIT	PER SQ FT			PER SQ FT	PER UNIT	% OF EGI
General & Administrative		7.22%	$392	0.35	$29,766	$29,092	$0.34	$383	7.06%
Management		5.00%	271	0.24	20,626	24,000	0.28	316	5.83%
Payroll & Payroll Tax		14.70%	798	0.70	60,660	62,318	0.72	820	15.13%
Repairs & Maintenance		8.50%	461	0.41	35,046	31,300	0.36	412	7.60%
Utilities		4.39%	238	0.21	18,123	18,000	0.21	237	4.37%
Water, Sewer, & Trash		5.31%	288	0.25	21,913	24,000	0.28	316	5.83%
Property Insurance		5.65%	306	0.27	23,290	25,700	0.30	338	6.24%
Property Tax	2.85543	6.58%	357	0.31	27,127	35,000	0.41	461	8.50%
Reserve for Replacements		3.68%	200	0.18	15,200	15,200	0.18	200	3.69%
Other: compl fees		0.74%	40	0.04	3,040	5,000	0.06	66	1.21%
TOTAL EXPENSES		61.76%	$3,353	$2.95	$254,791	$269,610	$3.13	$3,548	65.47%
NET OPERATING INC		38.24%	$2,075	$1.83	$157,730	$142,194	$1.65	$1,871	34.53%
DEBT SERVICE									
First Lien Mortgage		19.21%	$1,043	$0.92	$79,247	$117,447	$1.36	$1,545	28.52%
Home Loan (TDHCA)		9.09%	$493	$0.43	37,500		$0.00	$0	0.00%
Additional Financing		0.00%	$0	$0.00	0		$0.00	$0	0.00%
NET CASH FLOW		9.93%	$539	$0.48	$40,983	$24,747	$0.29	$326	6.01%
AGGREGATE DEBT COVERAGE RATIO					1.35	1.21			
RECOMMENDED DEBT COVERAGE RATIO					1.22				

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT	TDHCA	APPLICANT	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)		4.04%	$3,947	$3.48	$300,000	$300,000	$3.48	$3,947	4.00%
Off-Sites		0.00%	0	0.00	0		0.00	0	0.00%
Sitework		7.17%	7,000	6.17	532,000	532,000	6.17	7,000	7.10%
Direct Construction		56.86%	55,515	48.91	4,219,125	4,267,500	49.47	56,151	56.95%
Contingency	0.63%	0.40%	395	0.35	30,000	30,000	0.35	395	0.40%
General Req'ts	6.00%	3.84%	3,751	3.30	285,067	287,500	3.33	3,783	3.84%
Contractor's G & A	2.00%	1.28%	1,250	1.10	95,022	95,500	1.11	1,257	1.27%
Contractor's Profit	6.00%	3.84%	3,751	3.30	285,067	287,500	3.33	3,783	3.84%
Indirect Construction		5.66%	5,526	4.87	420,000	420,000	4.87	5,526	5.61%
Ineligible Costs		0.61%	592	0.52	45,000	45,000	0.52	592	0.60%
Developer's G & A	1.98%	1.60%	1,563	1.38	118,793	118,000	1.37	1,553	1.57%
Developer's Profit	13.00%	10.53%	10,279	9.06	781,207	782,000	9.07	10,289	10.44%
Interim Financing		1.93%	1,882	1.66	143,000	143,000	1.66	1,882	1.91%
Reserves		2.24%	2,189	1.93	166,336	185,000	2.14	2,434	2.47%
TOTAL COST		100.00%	$97,640	$86.03	$7,420,618	$7,493,000	$86.87	$98,592	100.00%
Recap-Hard Construction Costs		*73.39%*	***$71,662***	***$63.14***	***$5,446,282***	***$5,500,000***	***$63.76***	***$72,368***	*73.40%*

SOURCES OF FUNDS

	%	Per Unit	Per SF	TDHCA	APPLICANT	RECOMMENDED	
First Lien Mortgage	12.13%	$11,842	$10.43	$900,000	$900,000	$900,000	Developer Fee Available
Home Loan (TDHCA)	20.21%	$19,737	$17.39	1,500,000	1,500,000	1,500,000	$900,000
HTC Syndication Proceeds	67.64%	$66,041	$58.19	5,019,125	5,019,125	5,019,627	% of Dev. Fee Deferred
Deferred Developer Fees	1.00%	$972	$0.86	73,875	73,875	73,373	8%
Additional (Excess) Funds Req'd	-0.98%	($952)	($0.84)	(72,382)	0	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES				$7,420,618	$7,493,000	$7,493,000	$649,875

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Windvale Park Apartments, Corsicana, 9%, 05189

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			$43.04	$3,712,585
Adjustments				
Exterior Wall Finish	8.00%		$3.44	$297,007
9-Ft. Ceilings	4.00%		1.72	148,503
Roofing			0.00	0
Subfloor			(1.02)	(87,554)
Floor Cover			2.00	172,520
Porches/Balconies	$19.41	17,401	3.92	337,753
Plumbing	$605	168	1.18	101,640
Built-In Appliances	$1,650	76	1.45	125,400
Stairs	$1,350	14	0.22	18,900
Enclosed Corridors	$33.12		0.00	0
Heating/Cooling			1.53	131,978
Garages/Carports		0	0.00	0
Clubhouse Building	$62.22	3,787	2.73	235,635
Other:			0.00	0
SUBTOTAL			60.22	5,194,367
Current Cost Multiplier	1.11		6.62	571,380
Local Multiplier	0.89		(6.62)	(571,380)
TOTAL DIRECT CONSTRUCTION COSTS			$60.22	$5,194,367
Plans, specs, survy, bld prm	3.90%		($2.35)	($202,580)
Interim Construction Interes	3.38%		(2.03)	(175,310)
Contractor's OH & Profit	11.50%		(6.93)	(597,352)
NET DIRECT CONSTRUCTION COSTS			$48.91	$4,219,125

PAYMENT COMPUTATION

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.99

Secondary	$1,500,000	Amort	480
Int Rate	0.00%	Subtotal DCR	1.35

Additional		Amort	
Int Rate		Aggregate DCR	1.35

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	$79,247
Secondary Debt Service	50,000
Additional Debt Service	0
NET CASH FLOW	$28,483

Primary	$900,000	Amort	360
Int Rate	8.00%	DCR	1.99

Secondary	$1,500,000	Amort	360
Int Rate	0.00%	Subtotal DCR	1.22

Additional	$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.22

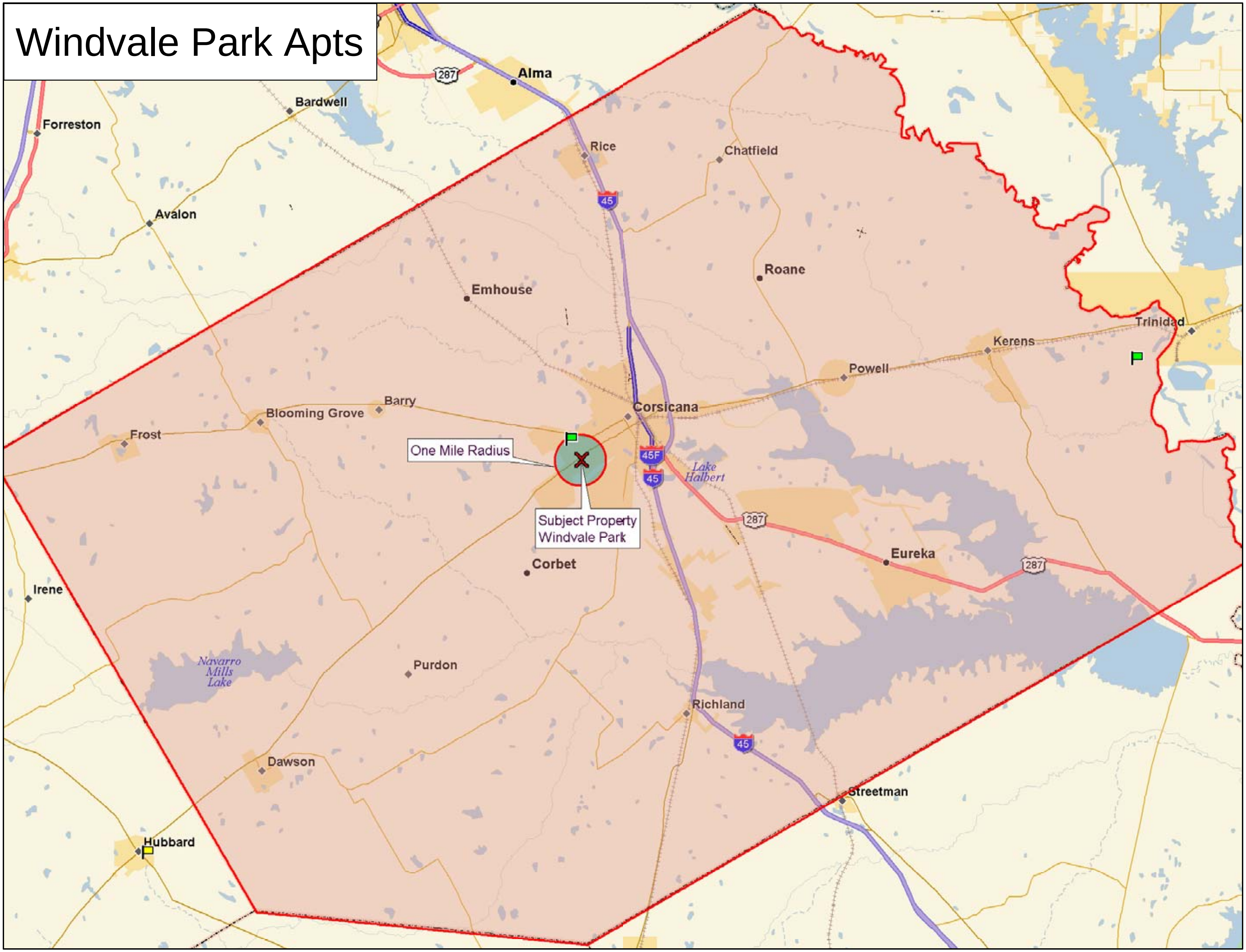
OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

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	$436,848	$449,953	$463,452	$477,356	$491,676	$569,988	$660,772	$766,016	$1,029,461
Secondary Income	9,120	9,394	9,675	9,966	10,265	11,900	13,795	15,992	21,492
Other Support Income: (describ	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	445,968	459,347	473,127	487,321	501,941	581,887	674,567	782,008	1,050,953
Vacancy & Collection Loss	(33,448)	(34,451)	(35,485)	(36,549)	(37,646)	(43,642)	(50,592)	(58,651)	(78,821)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	$412,520	$424,896	$437,643	$450,772	$464,295	$538,246	$623,974	$723,357	$972,131
EXPENSES at 4.00%									
General & Administrative	$29,766	$30,957	$32,195	$33,483	$34,822	$42,367	$51,546	$62,713	$92,831
Management	20,626	21,245	21,882	22,539	23,215	26,912	31,199	36,168	48,607
Payroll & Payroll Tax	60,660	63,086	65,610	68,234	70,964	86,338	105,043	127,801	189,177
Repairs & Maintenance	35,046	36,447	37,905	39,422	40,998	49,881	60,688	73,836	109,295
Utilities	18,123	18,848	19,602	20,386	21,201	25,795	31,383	38,182	56,519
Water, Sewer & Trash	21,913	22,790	23,701	24,649	25,635	31,189	37,946	46,167	68,339
Insurance	23,290	24,222	25,191	26,198	27,246	33,149	40,331	49,069	72,634
Property Tax	27,127	28,212	29,340	30,514	31,734	38,610	46,974	57,152	84,598
Reserve for Replacements	15,200	15,808	16,440	17,098	17,782	21,634	26,321	32,024	47,404
Other	3,040	3,162	3,288	3,420	3,556	4,327	5,264	6,405	9,481
TOTAL EXPENSES	$254,791	$264,776	$275,155	$285,942	$297,154	$360,202	$436,696	$529,518	$778,885
NET OPERATING INCOME	$157,730	$160,120	$162,488	$164,830	$167,141	$178,044	$187,278	$193,839	$193,246
DEBT SERVICE									
First Lien Financing	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247	$79,247
Second Lien	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$28,483	$30,873	$33,242	$35,583	$37,894	$48,797	$58,031	$64,593	$64,000
DEBT COVERAGE RATIO	1.22	1.24	1.26	1.28	1.29	1.38	1.45	1.50	1.50

LIHTC Allocation Calculation - Windvale Park Apartments, Corsicana, 9%, 05189

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	$300,000	$300,000		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	$532,000	$532,000	$532,000	$532,000
Off-site improvements				
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	$4,267,500	$4,219,125	$4,267,500	$4,219,125
(4) Contractor Fees & General Requirements				
Contractor overhead	$95,500	$95,022	$95,500	$95,022
Contractor profit	$287,500	$285,067	$287,500	$285,067
General requirements	$287,500	$285,067	$287,500	$285,067
(5) Contingencies	$30,000	$30,000	$30,000	$30,000
(6) Eligible Indirect Fees	$420,000	$420,000	$420,000	$420,000
(7) Eligible Financing Fees	$143,000	$143,000	$143,000	$143,000
(8) All Ineligible Costs	$45,000	$45,000		
(9) Developer Fees				
Developer overhead	$118,000	$118,793	$118,000	$118,793
Developer fee	$782,000	$781,207	$782,000	$781,207
(10) Development Reserves	$185,000	$166,336		
TOTAL DEVELOPMENT COSTS	$7,493,000	$7,420,618	$6,963,000	$6,909,282

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		$6,963,000	$6,909,282
High Cost Area Adjustment		100%	100%
TOTAL ADJUSTED BASIS		$6,963,000	$6,909,282
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		$6,963,000	$6,909,282
Applicable Percentage		8.10%	8.10%
TOTAL AMOUNT OF TAX CREDITS		$564,003	$559,652
Syndication Proceeds	**0.8900**	**$5,019,627**	**$4,980,901**
Total Credits (Eligible Basis Method)		**$564,003**	**$559,652**
Syndication Proceeds		**$5,019,627**	**$4,980,901**
Requested Credits		**$564,003**	
Syndication Proceeds		**$5,019,627**	
Gap of Syndication Proceeds Needed		**$5,093,000**	
Credit Amount		**$572,247**	



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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD ACTION REQUEST

March 12, 2008

Action Item

Presentation, Discussion and Possible Approval of the Notice of Funds Availability (NOFA) for the Neighborhood Stabilization Program.

Requested Action

Approve, Deny or Approve with Amendments the NOFA for the Neighborhood Stabilization Program.

Background

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by HR3221, the "Housing and Economic Recovery Act of 2008" (HERA), as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop into affordable housing or acquire and hold abandoned and foreclosed properties in areas that are documented to have the greatest need for arresting declining property values as a result of excessive foreclosures.

Texas will receive approximately $173,000,000, approximately $71,000,000 of which has already been identified by HUD as a direct allocation to 13 cities and counties with the greatest need as determined by HUD, as follows:

Harris County	$ 14,898,027
Houston	$ 13,542,193
San Antonio	$ 8,635,899
Dallas	$ 7,932,555
Fort Worth	$ 6,307,433
Dallas County	$ 4,405,482
Tarrant County	$ 3,293,388
El Paso	$ 3,032,465
Hidalgo County	$ 2,867,057
Fort Bend County	$ 2,796,177
Grand Prairie	$ 2,267,290
Mesquite	$ 2,083,933
Arlington	$ 2,044,254
Garland	$ 2,040,196

The Texas Department of Housing and Community Affairs along with the Office of Rural and Community Affairs (ORCA) and the Texas State Affordable Housing Corporation (TSAHC) will work together to administer the remaining $102M funds with TDHCA taking the lead role. A Memorandum of Understanding (MOU) will be executed between TDHCA and ORCA and a contract will be executed between TDHCA and TSAHC to outline roles and responsibilities. TDHCA updated the counties of greatest need using the HUD NSP formula.

The amendment to the Action Plan distributes the funds via three mechanisms:

1) Direct Allocation provides an initial reservation amount for the 25 counties identified as having the greatest need;
2) Select Pool provides allocations of not less than $500,000 on a limited competitive basis to communities in 76 additional counties identified as having the next greatest need in the state; and
3) Land bank activities provides funding in greatest need communities for a land bank activity since many local communities interested in this activity do not currently have the capacity or authority to complete such transactions.

ORCA will be involved in scoring and administration of funding to entities within the Select Pool counties and TSAHC will be involved in land banking activities in potentially all counties identified as eligible for State NSP allocation. Initially the Department will distribute the funds as follows:

Direct Allocation	$ 50,692,337
Select Pool	$ 31,104,826
Land Bank	$ 10,000,000
Administration	$ 10,199,685
Total Statewide Funds	$**101,996,848**

The amendment to the Action Plan describes that the Department will initially set aside funds for and accept applications from communities in 101 counties listed in Exhibit 1 of the NOFA that have been identified as having the greatest need (based on the modified version of HUD's formula and/or the TDHCA updated data.) Cities, counties and nonprofit organizations with the consent of the city or county that they wish to serve will be eligible to apply for Texas NSP funds. Applicants will be required to prove they have the capacity to administer the amount of funds requested.

On January 30, 2009, HUD announced the approval of the substantial amendment for Texas and will be issuing final funding authorization in the next few days. HUD requires all funds to be obligated within 18 months of final funding authorization. This very short time period requires that the Department move quickly to allocate funds once authorization is received.

On February 27, 2009, the Department and ORCA hosted a roundtable session for the purposes of soliciting public input concerning the parameters outlined in the NOFA. Public interest in the new program was noteworthy; approximately 130 participants registered to participate via webinar and approximately 60 attended in person. A comprehensive list of concerns, suggestions and questions and answers will be provided as a supplement to this agenda item for the Board's consideration. The principal issues brought forth through public comment include:

- Divergent opinions were offered on the $1,000 down payment requirement for permanent financing offered through the Department; audience consensus was to lower the requirement to $250 - $500 and to allow for a minimum number of hours of sweat equity to substitute for the financial down payment commitment. Staff has subsequently revised the NOFA to allow for a $500 down payment and for a minimum amount of sweat equity, through a program approved by the Department, to substitute for the down payment.

- Potential applicants recommended that program income be retained by the subgrantee for immediate recycling rather than returning the funds to the Department for reallocation. Staff has not revised the NOFA for this issue as staff feels that the recapture and reallocation of program income would allow for more effective oversight and compliance with the reuse requirements for the program, but could do so at the discretion of the Board.
- Grants were favored as opposed to loans; the greatest impediment of loans to program implementation was cited in the Redevelopment activity where a subgrantee may acquire a large structure intended to be redeveloped as multifamily residential property. The subgrantees felt that they would not be able to repay the loan to the Department within 3 years, if at all. Staff has not revised the NOFA for this issue, but could do so to allow for partial or complete redevelopment grants or longer loan repayment periods at the discretion of the Board.

In order to move forward with the HUD Approval Plan and proposed NOFA, the Department will enter into a MOU with ORCA which addresses the division of administrative activities between ORCA and TDHCA primarily along the lines of Direct and Select poll subgrantee contracts. In addition, approval of the NOFA will provide for a subgrantee contract of up to $10M, depending on demand throughout the state as evidenced through the application process, between the Department and TSAHC for the implementation of land bank activities.

See the following attachments:

- Attachment A: Notice of Funds Availability
- Attachment B: Substantial Amendment as approved by HUD on January 30, 2009.

Recommendation

Staff recommends approval of the NSP NOFA based upon the Substantial Amendment to the State of Texas 2008 CDBG Action Plan for the Neighborhood Stabilization Program which was approved by HUD on January 30, 2009.

Attachment A

Notice of Funds Availability

Texas Department of Housing and Community Affairs

Texas Neighborhood Stabilization Program
Notice of Funding Availability (NOFA)

1) Summary

a) The Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") announces the expected distribution and use of $101,996,848 (amount includes all administrative funds, see Figure 1) through the newly-authorized Neighborhood Stabilization Program ("NSP"), which the U.S. Department of Housing and Urban Development ("HUD") is providing to the State of Texas. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 ("HERA") as an adjunct to the Community Development Block Grant (CDBG) Program for the redevelopment of abandoned and foreclosed homes and residential properties. A Substantial Amendment ("Amendment") to the Action Plan for FFY 2008 was submitted by the State of Texas to HUD in order to update the Consolidated Plan for FFY 2005 through 2009 for the Texas Neighborhood Stabilization Program requirements. The Amendment was approved by HUD on January 30, 2009.

b) The availability and use of these funds is subject to the Community Development Block Grant regulations (24 CFR Part 570), as applicable, the federal HOME Investment Partnerships Program (HOME) regulations (24 CFR Part 92), as applicable, and Chapter 2306, Texas Government Code. Other federal regulations may also apply such as, but not limited to, 24 CFR Part 58 for environmental requirements, 24 CFR Parts 84 and 85, as applicable, for such issues as procurement and conflict of interest, and 24 CFR Parts 100-115 for fair housing. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules and program guidelines that govern the program.

2) Allocation of Texas NSP Funds

a) These funds will be distributed in partnership with the Office of Rural Community Affairs ("ORCA") and the Texas State Affordable Housing Corporation ("TSAHC"). A Memorandum of Understanding (MOU) will be executed between TDHCA and ORCA to outline the responsibilities and parameters of the partnership. A contract will be executed between TDHCA and TSAHC to establish a statewide land bank for the Texas NSP. TDHCA will coordinate activities in accordance with NSP guidelines including the establishment of financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties, purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed, establishment of land bank/trusts, removal of blight, and the redevelopment of demolished or vacant properties. Households directly assisted with NSP funds must income qualify and be at or below 120% of the Area Median Income (AMI), as defined by HUD.

b) Texas NSP funding is available to eligible entities operating in counties meeting the threshold of greatest need, as defined by the State in the Amendment to the Action Plan. A multi-level approach will be used in the distribution of funds to communities. The first level, Direct Allocation, is a reservation of a specified amount available to eligible entities in 25 counties identified as having the highest order of significant need. The second level, Select Pool, is an initial competitive allocation of not less than $500,000, available to entities in up to 76 additional counties which have also been identified as demonstrating significant need. In addition, a separate pool of Texas NSP funds is available for land banking activities; TDHCA will administer land bank activities in conjunction with the Texas State Affordable Housing Corporation ("TSAHC"). The following table summarizes the program distribution of Texas NSP funds:

Figure 1. Program Distribution of Texas NSP Funds

Direct Allocation	$ 50,692,337
Select Pool	$ 31,104,826
Land Banking	$ 10,000,000
Administration (10% combines state and contracting entity)	$ 10,199,685
Total Texas NSP Allocation	**$101,996,848**

3) Definitions

As stipulated in the *Federal Register* Notice (Docket No. FR-5255-N-01) for the NSP, there are certain terms used in HERA that are not used in the regular CDBG program. Certain terms may be used differently in HERA and in the Housing and Community Development Act of 1974, as amended. When in conflict, definitions published in the *Federal Register* (Docket No. FR-5255-N-01) and any subsequent HUD Errata Notice are controlling for the Texas NSP.

4) Limitations on Funds

a) In order to avoid allocating small amounts of funding that can have no meaningful impact on stabilizing of property values, the minimum award amount to an eligible entity cannot be less than $500,000, excluding Administration costs.

b) Before the effective date of the Texas NSP Contract, an eligible entity that ultimately receives an award of Texas NSP funds, (Contract Administrator) may incur and be reimbursed for travel costs, as provided for with Administration funds, related to implementation training required by the Department as a condition of receiving an NSP award and Contract.

c) Department-authorized pre-award costs for predevelopment activities, including but not limited to legal, architectural, engineering, appraisal, surveying, environmental, and market study fees, may be reimbursed if incurred before the effective date of a Contract so long as the costs are in accordance with 24 CFR §§570.205 and 206 and 24 CFR Part 58 and at the sole discretion of the Department.

d) Additional limitations as defined in HERA and HUD NSP Notices regarding purchases, rehabilitation, and sale of homes, will be strictly enforced.

e) The Department may develop and enforce additional contract management benchmarks to ensure the proportionate use of funds to meet the federal mandates regarding serving households earning not more than 50% of AMI, discounts on acquisitions and timely use of funds.

5) Administrative and Activity Delivery/Soft Costs Limitations

a) Each applicant that is awarded NSP funds may also be eligible to receive funding for administrative costs. The award amount for the Administration line item shall not exceed five percent (5%) of the contract amount for all activities except Land Bank activities. Administrative costs for Land Bank activities will be limited to a total of eight percent (8%), of which two percent (2%) will be reserved for long term oversight by the Department or its designee. These figures do not include Activity delivery costs described below The administrator must use funds for all administrative costs in accordance with 24 CFR §§570.205 and 206, and Office of Management and Budget (OMB) Circulars A-87, A-122, A-102 and A-110, as applicable.

b) Activity Delivery costs represent the administrative costs incurred in implementing specific activities but are separate from the general administrative costs, for which limits are set forth in the previous paragraph. The Texas NSP limits Activity Delivery costs according to activity as specifically described in program activity sections.

c) Soft costs are a type of Activity Delivery costs that are directly related to and identified with a specific housing unit (property). Eligible project-related soft costs must be reasonable and consistent with industry norms. Specific eligible activities include:
   i) preparation of work write-ups, work specifications, and cost estimates;
   ii) architectural, engineering or professional services required to prepare plans, drawings or specifications directly attributable to a particular project;
   iii) inspections for lead-based paint, asbestos, termites or septic systems;
   iv) interim and final inspections by the construction inspector;
   v) financing fees, credit reports, title binders and insurance;
   vi) recordation fees, transaction taxes;
   vii) legal and accounting fees;
   viii) appraisal fees;
   ix) architectural and engineering fees, including specifications and job progress inspections;
   x) relocation costs;
   xi) site specific environmental reviews; and
   xii) lead hazard evaluation and reduction costs.

d) For all activities, Activity Delivery costs must be reasonable and consistent with industry norms and will be restricted to a percentage of the non-administrative NSP costs per housing unit or property. The related Activity Delivery costs maximum will be based on the activity in a range from 5% to no more than 20% of the non-administrative NSP costs per housing unit or property.

e) Activity Delivery costs may not exceed the forgoing limits without prior written approval by the Department. Upon prior approval of the Department, exceptions may be allowed in the case of Rehabilitation activities for lead-based paint hazard reduction and/or relocation and cost categories not identified in the Texas NSP NOFA.

f) Contract Administrators must certify that the amount being disbursed is for the actual amount of costs, including Administrative and Activity Delivery costs, and must provide documentation to support such costs.

g) Eligible Costs are limited to those listed in §570, Subpart C, or as otherwise identified in the NSP *Federal Register* Notice. No duplicate disbursement of costs is allowed. Costs may only be disbursed as either a project Activity Delivery cost or Administration cost but not both. Additionally, costs may only be disbursed once per occurrence when providing both acquisition and construction assistance to the same Project or Activity.

6) Eligible and Prohibited Activities.

a) The use of NSP grant funds must constitute an eligible use under HERA. Most of the activities eligible in NSP represent a subset of the eligible activities under 42 U.S.C. **§**5305(a). The NSP eligible uses must be correlated with CDBG-eligible activities. See Section 8 of the NOFA for a complete listing of eligible activities and uses.

b) Prohibited activities include, but are not limited to:
   i) The payment of delinquent taxes, fees, or charges on properties to be assisted with NSP funds;
   ii) The payment of any cost that is not eligible under 24 CFR §§570.201- 570.206;
   iii) Assistance to persons who owe payments identified by the Comptroller of Texas as relevant (including, but not limited to, child support, student loans, and delinquent taxes);
   iv) Assistance to any household whose property has current tax liens against it and/or judgments liens in favor of the State of Texas against it; or
   v) The provision of rehabilitation on a housing unit without prior written consent of all persons who have any lien or ownership interest in the property, whether of record or not, unless exempted by state law.

7) Eligible and Ineligible Applicants.

a) Eligible applicants are Units of General Local Government and nonprofit organizations. Nonprofit organizations must secure a letter from an eligible city or county granting the nonprofit organization the authority to apply on their behalf.

b) **Direct Pool** -- Based on the county need score, eligible entities within the following 25 counties may submit an application to receive allocations from the Direct Pool: Bell; Bexar; Brazoria; Cameron; Collin; Dallas; Denton; Ector; El Paso; Fort Bend; Galveston; Harris; Hidalgo; Jefferson; Lubbock; McLennan; Montgomery; Nueces; Potter; Tarrant; Taylor; Travis; Webb; Wichita; and Williamson.

c) **Select Pool:** Based on the county need score, eligible entities within the following 76 counties may submit an application to receive allocations from the Select Pool: Anderson; Angelina; Aransas; Atascosa; Austin; Bastrop; Bowie; Brazos; Brown; Burnet; Caldwell; Cherokee; Comal; Cooke; Coryell; Eastland; Ellis; Erath; Fannin; Gillespie; Gonzales; Grayson; Gregg; Grimes; Guadalupe; Hale; Harrison; Hays; Henderson; Hill; Hood; Hopkins; Howard; Hunt; Jackson Jasper; Jim Wells; Johnson; Kaufman; Kendall; Kerr; Kleberg; Lamar; Leon; Liberty; Llano; Matagorda; Maverick; Medina; Midland; Milam; Montague; Nacogdoches; Navarro; Orange; Palo Pinto; Parker; Polk; Randall; Rockwall; San Patricio; Smith; Starr; Tom Green; Upshur; Val Verde; Van Zandt; Victoria; Walker; Waller; Washington; Wharton; Willacy; Wilson; Wise; and Wood.

d) The following violations will cause an Applicant and/or any Applications they have submitted to be ineligible:
   i) The Applicant is an Administrator of a previously funded Contract for which Department funds have been partially or fully deobligated due to failure to meet contractual obligations during the 12 months prior to application submission date; an exception may be made at the discretion of the Department if the deobligation was voluntary, part of project close-out or the remainder was completed on a subsequent Contract;
   ii) The Applicant has failed, (within the reasonable time allotted for response), to submit a response to provide an explanation, evidence of corrective action or a payment of disallowed costs or fees as a result of a monitoring review;
   iii) The Applicant has failed to make timely payment or is delinquent on any loans or fee commitments made with the Department on the date of the Application submission;
   iv) The Applicant has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs or has otherwise been debarred by HUD or the Department;
   v) The Applicant has violated the State laws regarding ethics, including revolving door policy;
   vi) The Applicant has been convicted of a state or federal felony crime involving fraud, bribery, theft, misrepresentation of material fact, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline;
   vii) The Applicant at the time of Application submission is subject to the following for which proceedings have become final:
      (a) an enforcement or disciplinary action under state or federal securities law or by the NASD;
      (b) a federal tax lien;
      (c) or is the subject of an enforcement proceeding with any governmental entity.

viii) The submitted Application has excessive omissions of documentation from the Selection Criteria; or is so unclear, disjointed, or incomplete, as determined by the Department, that a thorough review cannot reasonably be performed. If an Application is determined ineligible pursuant to this section, the Application will be terminated without the opportunity for corrections of administrative deficiencies.

ix) The Applicant or anyone that has controlling (51%) ownership interest in the development owner or developer that is active in the ownership or control of one or more other rent restricted rental housing properties in the state of Texas administered by the Department is in Material Noncompliance with the Land Use Restriction Agreement (LURA) (10 TAC §60.121); and

x) Any Application that includes financial participation by a Person who, during the five-year period preceding the date of the bid or award, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or Reconstruction efforts as a result of Hurricanes Rita or Katrina or any other disaster occurring after September 25, 2005, or was assessed a federal civil or administrative penalty in relation to such a contract.

8) Program Activities

a) Financing Mechanisms

Activity Type: NSP Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties.

CDBG Eligible Activities: 24 CFR §570.206 Activity delivery costs; Also, the eligible activities listed here to the extent financing mechanisms are used to carry them out: 24 CFR §570.201 (a) Acquisition, (b) Disposition, (n) Homeownership Assistance; 24 CFR §570.202 Rehabilitation.

i) This activity will provide affordable ownership and rental opportunities by providing financing mechanisms to a subgrantee, developer or individual homebuyer to purchase or facilitate the purchase of foreclosed homes or residential property.

ii) **Permanent Financing:** Households earning 50% or less AMI may obtain up to 100% Mortgage Financing directly from the Department to purchase a foreclosed single-family house or residential property. This property must be the primary residence within 30 days of closing the mortgage loan (or completion of rehabilitation to the extent that rehabilitation is combined with available financing mechanisms). Mortgage loans will be for 30 years with a 0% interest rate. Fully amortizing scheduled repayment will be as set forth in loan documents executed at loan closing. Closing costs may be financed with the loan proceeds up to a loan to value ratio of 100%. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan with stated rights and remedies in the event of default. A down payment of $500 will be required from all homebuyers receiving Permanent Financing through the Texas NSP. Qualifying households will be allowed to participate in a self-help housing program, at the approval and discretion of the Department, through which a minimum number of self-help construction hours, to be specified through contract, will be allowed to substitute as "sweat equity" for the $500 down payment requirement.

iii) **Homebuyer Assistance:** Homebuyers who qualify as 51-120% AMI will be eligible to access Texas NSP funds for down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Households earning 50% or less AMI will also be eligible for principal reductions and gap financing in an amount needed to qualify for 100% financing through the Texas NSP. Homebuyer Assistance will be in the form of a deferred forgivable loan contingent upon the total amount of assistance, creating a 2nd or 3rd lien with a term based on the federal affordability requirements as referenced in Section 9 of the NOFA. Homebuyer assistance may not exceed an amount equivalent to the total amount of priority lien financing provided to the homebuyer or 50% of the appraised value at the time of purchase.

iv) **Subgrantee Financing:** The acquisition of foreclosed single-family and multifamily residential properties by subgrantees and developers will be funded through a loan with the Department. These loans will not be considered a "financing mechanism" for the purposes of the Texas NSP. The loan to the subgrantee or developer may be transferred to the qualifying homebuyer and converted to a 30-year amortizing loan through the Department with 0% interest for households earning 50% or less AMI. Homebuyer Assistance will also be available through the Department for qualifying households in the same manner as described in the above paragraph to facilitate private financing and repayment of the acquisition loan from the Department.

v) **Rental (Single-family and Multifamily) Residential Property Financing:** The acquisition of foreclosed single-family and multifamily residential properties by subgrantees and developers for rental opportunities will be funded through a loan with the Department. The loan to the subgrantee or developer may be converted to a 30-year amortizing loan through the Department with 0% interest for the percentage of units designated for households earning 50% or less AMI; i.e. if 60% of the units of a foreclosed apartment complex to be acquired will be filled with households earning 50% or less AMI, then 60% of the acquisition loan may be converted to a 30-year amortizing loan through the Department with 0% interest. The remaining 40% of the acquisition loan must be repaid to the Department. Homebuyer Assistance is unavailable for rental properties. Further detail of loan requirements is discussed in Section 10 of the NOFA. Texas NSP continued affordability requirements as referenced in Section 9 of the NOFA will apply.

vi) **Acquisition:** Appraisals that conform to the requirements of the URA at 49 CFR 24.103 will be required for the purposes of determining the statutory purchase discount. The appraisal must be completed within 60 days prior to the final offer made for the property by a subgrantee, developer or individual homebuyer. An individual property may be purchased at as little as a 5% discount; however the portfolio of properties acquired by each contract administrator must reflect an overall 15% discount from current appraised values.

vii) **Eligible and Ineligible Property:** Eligible property types for assistance under this activity are limited to single-family homes and residential property (property intended for residential purposes, i.e. zoned residential or where there is no zoning, residential use is consistent with deed restrictions and any other limiting factors) including condominium units, apartment units, cooperative units in mutual housing projects and multifamily residential property.

viii) **Repayment:** The loans are to be repaid (if any of the following occurs before the end of the loan term): resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted household's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR §92.254(a)(5)(ii), summarized as follows:

(a) Recapture of the amount of the NSP investment is reduced on a *pro rata* share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.

(b) In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and superior lien loan repayment,) are in excess of the amount of the NSP investment that is subject to recapture, then the net proceeds may be divided proportionately between repayment of NSP loan(s) and the homeowner as set forth in the following mathematical formula: (NSP investment / (NSP investment + homeowner investment)) X net proceeds = NSP amount to be recaptured

ix) **Restrictions:** The following first lien purchase loan requirements are imposed for households receiving homebuyer assistance:

(a) No adjustable rate mortgage loans (ARMs) or interest rate buy-down loans are allowed;
(b) No mortgages with a loan to value equal to or greater than 100% are allowed;
(c) No subprime Mortgage Loans are allowed;
(d) Lenders must require the escrow of taxes and insurance;
(e)
(f) An origination fee and any other fees associated with the mortgage loan may not exceed 2% of the loan amount; and,
(g) The debt to income ratio (back-end ratio), as defined in Fannie/Freddie conventional loan underwriting guidelines, may not exceed 45%.

x) **Homebuyer Counseling:** All NSP-assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan. Evidence must include documentation describing the level of homebuyer counseling, including post purchase counseling. Applicant must state who will provide the homebuyer counseling and must submit a copy of the curriculum. A proposed written agreement for service provider (if the applicant is not providing the service) must also be provided.

xi) **Income Targeting:** Benefits low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). As required in the Amendment, at least 35% of the non-administrative allocation should be targeted to benefit households with incomes less than or equal to 50% AMI.

xii) **Program Income:** Any program income received from financing mechanisms utilizing Texas NSP funds, including principal payments from 0% financing, must be returned to the Department. Revenue received by a private individual or other entity as a result of a financing mechanism involving NSP funds must also be returned to the Department.

xiii) **Benchmarks:**

(1) Three months:
  (a) Environmental Assessment complete and submitted to Department for review.

(2) Six months:
  (a) All properties/households identified.
  (b) For all properties to be purchased, earnest money contracts or options to purchase must have been executed to meet HERA requirement of obligation. Earnest money or option contracts must include the contingency of final environmental clearance prior to purchase (if environmental clearance and authority to use grant funds not already issued).

(3) Twelve months:
  (a) Homebuyer counseling requirement met for all NSP-assisted homebuyers.
  (b) All loans closed.

xiv) **Activity Delivery Cost Limits:** Activity Delivery costs for all financing mechanisms will be limited to 10% of the NSP non-administrative costs per housing unit or property.

b) **Acquisition of Real Property (Purchase and Rehabilitation)**

Activity Type: NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR §570.201(a) Acquisition, (b) Disposition; 24 CFR §570.202 Rehabilitation.

i) To implement this activity, Applicants will purchase residential properties that have been abandoned or foreclosed at a discount to ensure purchasers are paying below-market value for the property. Appraisals that conform to the requirements of the URA at 49 CFR 24.103 will be required for the purposes of determining the statutory purchase discount. The appraisal must be completed within 60 days prior to the final offer made for the property by a subgrantee or developer. The acquisition of abandoned property may be funded if the property has been vacant for at least 90 days and payments on the mortgage or taxes have not been made for at least 90 days. Any individual property may be acquired at a 5% discount; however, any portfolio of properties must collectively reflect a 15% discount from current market values.

ii) Acquired homes and residential properties must be rehabilitated and made available for sale or rent to eligible households within 12 months of acquisition.

iii) The acquisition and subsequent rehabilitation, reconstruction or redevelopment of residential properties will be funded through a loan with the Department. A subgrantee or developer that has acquired and rehabilitated homes and residential properties through Texas NSP funds may repay the Department when private financing is secured by a qualifying homebuyer. If the property is eligible for Financing Mechanisms (foreclosed home or residential property), then the homebuyers may qualify for the Homebuyer Assistance available under that activity. A subgrantee or developer may also utilize Permanent Financing through the Department if the property is eligible and the homebuyers qualify under the activity of Financing Mechanisms. The loan will be transferred to the homebuyer and converted to a 30-year amortizing loan with 0% interest.

iv) Rehabilitation includes activities and related costs as described in 24 CFR §570.202(b), but limited to the improvement or modification of an existing residential property through an alteration, addition, or enhancement including the demolition of an existing residential property and the reconstruction (rebuilding of a structure on the same site in substantially the same manner) of residential property.

v) Rehabilitated residential property must result in permanent housing.

vi) Eligible property types for rehabilitation are limited to single family dwellings, condominium units and cooperative units in mutual housing projects. A Manufactured Housing Unit is not an eligible property type for Rehabilitation. NSP funds may be used to replace (Reconstruct) a housing unit with a new MHU or Modular Home if:
(1) The unit complies with the Texas Manufactured Housing Standards Act under Chapter 1201 of the Texas Occupation Code;
(2) The unit is permanently installed in accordance with the Texas Manufactured Housing Standards Act;
(3) The unit is permanently attached to utilities; and
(4) The ownership of the unit is recorded in the taxing authority of the county in which it is located.

vii) Texas NSP loans will be required to be repaid to the Department within 12 months of acquisition unless maintained as rental property (single-family or multifamily) under program requirements.

viii) **Income Targeting:** Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). As required in the

Amendment, at least 35% of the non-administrative allocation should be targeted to benefit households with incomes less than or equal to 50% AMI.

ix) **Activity Delivery Costs:** Administrative costs directly associated with the activity of acquisition are limited to 15% of the hard costs required to acquire the property.

x) **Program Income:** Any program income generated through the Acquisition and Rehabilitation activity must be returned to the Department.

xi) **Benchmarks:** The performance under the contract will be evaluated according to the following benchmarks counting from the start date of the contract with the Department:
   (1) Three months:
      (a) Environmental assessment complete and submitted to Department for review.
   (2) Six months:
      (a) Properties identified and earnest money contracts have been initiated pending site-specific environmental clearance.
   (3) Twelve months:
      (a) Homebuyer counseling requirement met for all NSP-assisted homebuyers.
      (b) All loans closed.
   (4) Twenty-four months:
      (a) Properties resold and 100% repayment made to the NSP.

vii) **Activity Delivery Cost Limits:** Activity Delivery costs for acquisition only will be limited to 15% of the NSP non-administrative costs per housing unit or property however acquisition with rehabilitation will be limited to 20% of the NSP non-administrative costs per housing unit or property.

c) **Land Bank**
Activity Type: NSP Eligible Use (C) Establish land banks for homes that have been foreclosed upon.
CDBG Eligible Activities: 24 CFR §570.201 (a) Acquisition and (b) Disposition

A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, manage temporarily, and dispose of properties for the purpose of stabilizing neighborhoods and encouraging reuse or redevelopment of the properties.

i) The Department shall accept applications under this NOFA from qualified Applicants to establish local land banks to assemble, manage temporarily, and dispose of properties that have been foreclosed upon. HUD has limited the types of properties that may be acquired using land bank funding in the following manner:
   (1) Properties must be located within an area with an AMI of 120% or less;
   (2) Acquired properties must have been foreclosed upon through a legal proceeding under Texas state law, which includes, but is not limited to tax foreclosures and financial foreclosures;

(3) Properties to be acquired must be located within a defined service area, as defined by the Applicant according to the requirements in the Texas NSP Application;
(4) Vacant land may not be acquired. Properties to be acquired must have a foreclosed upon home; however, it is permissible for acquired homes to be subsequently demolished and remain in the land bank.

ii) Land bank funding may only be used to acquire and dispose of eligible properties. NSP funds may also be used for basic, reasonable maintenance intended to stabilize the property and for the temporary management of the property which includes maintenance, assembly facilitating the redevelopment of and marketing of land banked properties. If the land bank is a governmental entity, it may also maintain foreclosed property that it does not own provided that it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

iii) For the purposes of land bank activities in the NSP, a land back acquires foreclosed properties that do not have a designated specific, eligible redevelopment use in accordance with NSP requirements. However, simply holding property off of the local real estate market is not considered sufficient to stabilize most neighborhoods. Therefore, an NSP land bank may only hold the property up to ten years before it obligates (commits through a contract) the property to an eligible NSP use.

iv) **TSAHC NOFA:** The Department shall contract with the Texas State Affordable Housing Corporation (the "TSAHC") to administer approximately $5 million to establish and operate a statewide affordable housing land bank. The TSAHC land bank will provide a unique opportunity for eligible entities that have identified land banking as an NSP eligible use to stem the decline of residential property values in their communities but lack the capacity or desire to administer a land bank on their own in a contractual relationship with the Department. TSAHC will release a Request for Proposals (RFP) after the publication of this NOFA and after a grant agreement with the Department has been executed.
(1) The TSHCA RFP will be open to units of local government and qualified nonprofit organizations on a renewable cycle allowing applicants to apply and be awarded partnership agreements based on a first-come, first-qualified basis.
(2) TSHAC will also oversee the development and provision of training and technical assistance activities to Applicants under this NOFA that apply for land bank funding directly from the Department. All training and technical assistance will be provided to Applicants free of charge.

v) **Program Income:** Any program income received from land banking activities utilizing Texas NSP funds must be returned to the Department. Revenue received by a private individual or other entity as a result of land banking involving NSP funds must also be returned to the Department.

vi) **Benchmarks:** In accordance with HERA, the contract term for the Land Bank Program Activity shall not exceed 10 years, or until all land bank properties have been redeveloped in accordance with NSP requirements. Performance under the contract will be evaluated according to the following benchmarks:

(1) Three months:
  (a) Environmental Assessment complete and submitted to Department for review.
(1) Six months:
  (a) Properties identified and earnest money contracts have been initiated pending site-specific environmental clearance.
(2) Twelve months:
  (a) All loans closed for acquired properties.
(3) Ten years:
  (a) Properties resold and 100% repayment made to the NSP.

vii) **Activity Delivery Cost Limits:** Activity Delivery costs for Land Bank will be limited to 20% of the NSP non-administrative costs per housing unit or property.

d) **Clearance (Removal of Blight or Demolition)**

Activity Type: NSP Eligible Use (D) Demolish Blighted Structures
CDBG Eligible Activity: 24 CFR 570.201(d) Clearance of blighted structures only.

i) As defined in the Amendment, this activity is anticipated to be used on a limited basis to address urbanized areas of greatest need where subrecipients can prove that blighted structures are affecting property values in the area and pose a threat to human health, safety, and public welfare. This activity cannot be utilized to target the 25% requirement for 50% AMI, but may be used in conjunction with other eligible activities. This activity is funded as a grant.

ii) **Income Targeting:** Benefits areas with low, moderate and middle-income persons (LMMA) as defined in the NSP Notice (≤ 120% of area median income).

iii) **Activity Delivery Costs:** Administrative costs directly associated with the activity of clearance are limited to 5% of the hard costs required to carry out the activity.

iv) **Benchmarks:** The performance under the contract will be evaluated according to the following benchmarks counting from the start date of the contract with the Department:

(1) Three months:
  (a) Environmental Assessment complete and submitted to Department for review.
(2) Six months:
  (a) All properties to be demolished must be under contract for clearance or acquisition (if property is to be acquired) pending site-specific environmental clearance (if tiering methodology is used).
  (b) All properties set up in contract management system.
(3) Eighteen months:
  (a) 100% of Clearance activity funds drawn.

e) **Redevelopment**

Activity Type: NSP eligible use (E) Redevelop Demolished or Vacant Properties
CDBG Eligible Activities: 24 CFR §570.201(a) Acquisition, (b) Disposition, (c) Public Facilities, (e) Public Services, (i) Relocation, (n) Homeownership Assistance (restricted)

i) Redevelopment of demolished or vacant properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant properties that are contributing to declining land values. "Vacant properties" includes both vacant land and properties with vacant structures on the land; however, the properties must have been previously improved. Undeveloped or "greenfield" sites may not be acquired under Eligible Use (E).

ii) Eligible redevelopment activities include the new construction of housing and building infrastructure and the redevelopment of property to be used as rental housing.

iii) Specific Requirements: 3-year redevelopment loans for up to 100% financing at 0% interest serving households earning 50% or below AMI

iv) **Income Targeting:** Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). As required in the Amendment, at least 35% of the non-administrative allocation should be targeted to benefit households with incomes less than or equal to 50% AMI.

v) **Benchmarks:**
   (1) Three months:
      (a) Environmental assessment complete and submitted to Department for review.
   (2) Six months:
      (a) All properties/households identified.
      (b) For all properties to be acquired, earnest money contracts must have been initiated to meet HERA requirement of obligation pending site-specific environmental clearance.
   (3) Twelve months:
      (a) Homebuyer counseling requirement met for all NSP-assisted homebuyers.
      (b) All loans to households closed.
   (4) Twenty-four months:
      (a) Contract 100% drawn
   (5) Thirty-six months:
      (a) Repayment of all redevelopment loans complete.

vi) **Activity Delivery Cost Limits:** Activity Delivery costs for Redevelopment will be limited to 20% of the NSP non-administrative costs per housing unit or property.

vii) **Program Income**: Any program income generated through the Redevelopment activity must be returned to the Department.

9) Affordability Requirements

a) The Texas NSP will adopt the federal program standards for continued affordability for rental housing at 24 CFR §92.252. Continued affordability requirements may apply to rental activity as a result of the activities of Financing Mechanisms, Acquisition, Land Banking and/or Redevelopment.

Figure 2. Continuing Affordability of Texas NSP Funds

Rental Housing Activity	Minimum Period of Affordability in Years
Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under $15,000	5
$15,000 to $40,000	10
Over $40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed housing	20

b) The Texas NSP will adopt the federal program standards for homeownership assistance at 24 CFR §92.254. Affordability periods will apply to any Homeownership Assistance as a result of the activities of Financing Mechanisms, Acquisition, Land Banking and/or Redevelopment.

Figure 3. Affordability Period of Texas NSP Funds

Homeownership Assistance Amount Per-Unit	Minimum Period of Affordability in Years
Under $15,000	5
$15,000 to $40,000	10
Over $40,000	15

c) The subrecipient must ensure that the HOME requirements are enforceable for any NSP-assisted activities. (Note that the affordability standards dictated by HERA are longer than those under 24 CFR §570.503 and §570.501(b). HOME requirements reflect the minimum allowable standard).

d) If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure pursuant to 24 CFR Part 92, the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of this notice.

10) Loan Requirements

a) **Single-Family Homeownership Loan Requirements.** The Texas NSP will follow the Single Family Mortgage limits set under the February 2008 edition of Section 203(b) of the National Housing Act. Eligible entities may, with written approval of the Department, utilize as a mortgage limit the most recent 95% of Actual Median Sales for each county as promulgated by HUD.

i) The unit assisted must be the primary residence of the homebuyer. Awarded entities will provide the NSP assistance to the qualifying homebuyer in the form of a loan or forgivable loan as a financing mechanism discussed in Section 8(a). A down payment of $1,000 will be required from all homebuyers receiving Permanent Financing through the Texas NSP. Affordability terms will be based on the total amount of assistance provided and in accordance with 24 CFR §92.254.

ii) Each loan to an assisted homebuyer must be payable to the Department. Each loan for reconstruction or rehabilitation shall be evidenced by a construction loan agreement, note, deed of trust, mechanic's lien note, and mechanic's lien contract secured by the property. Loan documents will be provided by the Department and must be executed prior to the commencement of any construction activities (including demolition).

iii) Forgiveness of the loan balance is calculated based on a *pro rata* annual share of the loan term. The anniversary date of the loan shall constitute completion of the year. Any partial year shall not be waived. The amount due will be based on the *pro rata* share number of years of the remaining loan term.

iv) If at any time prior to the full loan period there occurs a resale of the property, a refinance of any superior lien, a repayment of any superior lien, or if the unit ceases to be the assisted Household's principal residence, the remaining loan balance shall become due and payable.

v) Subrecipients must ensure that each NSP-assisted homebuyer obtains a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, Statement on subprime Mortgage Lending issued by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Department of the Treasury, and National Credit Union Administration). NSP-assisted homebuyers may not receive subprime mortgage loans. Compliance must be documented in the records maintained for each homebuyer.

vi) If NSP funds assist a property that was previously assisted with HOME funds, but on which the affordability restrictions were terminated through foreclosure or transfer in lieu of foreclosure pursuant to 24 CFR Part 92, the HOME affordability restrictions for the greater of the remaining period of HOME affordability or the continuing affordability requirements of this notice.

b) **Multifamily Rental Development Loan Requirements.** The Texas NSP will follow the maximum per-unit subsidy amount and subsidy layering allowable under the HOME Program using Section 221(d)(3) limits as defined at 24 CFR §92.250.

i) At least 20% of the assisted development must benefit households with incomes at or below 120% AMI.

ii) Award amounts are limited to available funding as limited in the application process and respective applicant pool. The minimum award may not be less than $1,000 per NSP assisted unit. The Department's underwriting guidelines in 10 TAC §1.32 will be used which set as a feasibility criterion a 1.15 debt coverage ratio minimum. Developments involving rehabilitation must establish that the rehabilitation will substantially improve the condition of the housing When NSP funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).

iii) When Department funds will have a first lien position and funds are used for new construction and/or rehabilitation, assurance of completion of the development in the form of payment and performance bonds in the full amount of the construction contract will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing.

iv) 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, prohibit the discrimination of renters using Section 8 Housing Choice Vouchers, 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.

v) The Texas NSP will adopt the federal program standards for continued affordability for rental housing at 24 CFR §92.252, however, multifamily housing units may be required to adhere to a 30-year affordability period as defined in the Texas Government Code §2306.185, which outlines State of Texas long-term affordability requirements. Units targeting households earning 50% of AMI must maintain income and rent restrictions for households at that level published by the Department.

c) **Documents Supporting Mortgage Loans**

i) Contract Administrators must not proceed or allow a contractor to proceed with construction, including demolition, on any Activity, Project or Development without first completing the required environmental clearance procedures and Loan closing with the Department.

ii) A mortgage Loan shall be evidenced by a mortgage or deed of trust note or bond and by a mortgage that creates a lien on the housing development and on all real property that constitutes the site of or that relates to the housing development.

iii) For each Loan made for the Development of multifamily housing with funds provided to the state under the NSP program, the Department shall obtain a mortgagee's title policy in the amount of the loan. The Department may not designate a specific title insurance company to provide the mortgagee title policy or require the borrower to provide the policy from a specific title insurance company. The borrower shall select the title insurance company to close the loan and to provide the mortgagee title policy.

iv) A note or bond and a mortgage or deed of trust:
(1) must contain provisions satisfactory to the Department;
(2) must be in a form satisfactory to the Department; and
(3) may contain exculpatory provisions relieving the borrower or its principal from personal liability if the Department agrees.

d) **Documents Supporting Homebuyer Assistance and Rehabilitation Loans**

i) Documentation required for Homebuyer Assistance and Rehabilitation Loans. The Administrator must ensure the following documents are submitted to the Department in order to request that Loan documents be prepared for the Household:
(1) A title report or a commitment to issue a title policy not older than ninety (90) days that:
(a) evidences no tax lien, mechanic's or materialman's lien or any other restrictions or encumbrances that impair the good and marketable nature of title to the ownership interest. The title report must be a report of the property reflecting the current owner's deed vesting title, including complete deed information, grantees, grantors, execution and recording dates, recording references, and legal description, as well as all existing mortgage/deed of trust liens.

(2) Tax certificate that evidences a current paid status, and in the case of delinquency, evidence of an approved payment plan with the taxing authority and evidence that the payment plan is current; and

(3) Within ninety (90) days after the Loan closing date, the Administrator or Developer must submit to the Department the original recorded deed of trust and transfer of lien, if applicable. Failure to submit these documents within ninety (90) days after the Loan closing date will result in the Department withholding payment for disbursement requests.

11) Site and Construction/Development Restrictions

a) **Single Family Housing**

i) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with NSP 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, the housing must meet the International Residential Code or Texas Minimum Construction Standards (TMCS), as applicable, and be in compliance with the basic access standards in new construction, established by §2306.514 of the Texas Government Code. In addition, housing that is rehabilitated with funds awarded under this NOFA must meet all applicable energy efficiency standards established by §2306.187 of the Texas Government Code, and energy standards as verified by RESCHECK.

ii) If a Texas NSP assisted unit is reconstructed, the applicant must also ensure compliance with the universal design features in new construction, established by §2306.514 of the Texas Government Code, required for any applicant utilizing federal or state funds administered by TDHCA in the construction of single family homes.

iii) All other assistance (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR §982.401. When NSP funds are used for rehabilitation the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a)(1).

b) **Multifamily Rental Housing**

i) Pursuant to 24 CFR §92.251, housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. In the absence of a local code for new construction or rehabilitation, NSP-assisted new construction or rehabilitation must meet, as applicable, one of three model codes: Uniform Building Code (ICBO), National Building Code (BOCA), Standard (Southern) Building Code (SBCCI); or the Council of American Building Officials (CABO) one or two family code; or the Minimum Property Standards (MPS) in 24 CFR §200.925 or §200.926. To avoid duplicative inspections when Federal Housing Administration (FHA) financing is involved in a HOME-assisted property, a participating jurisdiction may rely on a Minimum Property Standards (MPS) inspection performed by a qualified person.

Newly constructed housing must meet the current edition of the Model Energy Code published by the Council of American Building Officials.

ii) Housing must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) and covered multifamily dwellings, as defined at 24 CFR §100.201, must also meet the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601–3619). Additionally, pursuant to the 2009 Qualified Allocation Plan (QAP), 10 TAC §49.9(h)(4)(H), Developments involving New Construction (excluding New Construction of nonresidential buildings) where some Units are two-stories and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e. one bedroom, two bedroom, three bedroom) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level. A certification will be required after the Development is completed from an inspector, architect, or accessibility specialist. Any Developments designed as single family structures must also satisfy the requirements of §2306.514, Texas Government Code.

iii) All of the current Qualified Allocation Plan and Real Estate Analysis Rules 10 TAC §49.6, excluding subsections (d), (f), (g) and (h) apply.

iv) All other HOME-assisted housing (e.g., acquisition) must meet all applicable State and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR §982.401. When HOME funds are used for a rehabilitation development the entire unit must be brought up to the applicable property standards, pursuant to 24 CFR §92.251(a) (1).

v) Multifamily housing assisted with NSP funds must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) and covered multifamily dwellings, as defined at 24 CFR §100.201, and the design and construction requirements at 24 CFR §100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

vi) All applications with multifamily housing units intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

vii) Rental units secured though Texas NSP assistance must be inspected prior to occupancy and must comply with Housing Quality Standards (HQS) established by HUD in 24 CFR Part 92.

viii) Multifamily 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.

c) **Additional Requirements (Single and Multifamily Housing)**

i) NSP assisted new construction or rehabilitation will comply with federal lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R.

ii) Davis-Bacon Labor Standards, as applicable.

iii) Affirmative Marketing. Recipients must adopt affirmative marketing policies and procedures in furtherance of Texas' commitment to non-discrimination and equal opportunity in housing. Affirmative marketing steps consist of actions to provide information and otherwise attract eligible persons in the housing market area to the available housing without regard to race, color, national origin, gender, religion, familial status or disability. Records should be maintained describing actions taken by the Administrator to affirmatively market units and assess the results of these actions.

iv) Administrators may not retain Program Income of any kind, including Program Income to fund other eligible NSP Activities and submit any Program Income received to the Department within ten (10) days of receipt. Note: Revenue for the purposes of HERA has the same meaning as program income, as defined at 24 CFR §570.500(a) with the additional modifications as defined in the *Federal Register* notice for NSP.

12) Application Requirements

d) **Direct Pool:** To remain qualified for the reservation amount of a Direct Allocation, initial applications within each eligible county must be submitted within 30 days of notification on the TDHCA web site that HUD has approved this Amendment. Failure to meet the deadline will result in the relinquishment of the reservation of funds. After the deadline, requests for amounts in excess of the identified Direct Allocation amount for each county will be considered based on the availability of remaining funds, on a first-come, first-served basis.

b) **Select Pool:** To remain qualified for this pool of funding, initial applications within each eligible county must be submitted within 30 days of notification on the TDHCA web site that HUD has approved the Amendment. The State will competitively award Select Pool funds based on the selection criteria defined in the activity described in this NOFA within 30 days from the application deadline. Failure to meet the deadline will result in the relinquishment of eligibility. After the deadline, requests for amounts in excess of

$500,000 for each county will be considered based on the availability of remaining funds and the score and ranking of the applicant's submission.

c) Applicants may request more funding than initially reserved in this NOFA; however, the Department reserves the right to recommend those additional funds in accordance with Department processes, which may delay award. After the first thirty (30) days of the application period, all remaining reserved or unallocated funds in the NOFA will be made available to unfunded requests under Department review, by application pool. After one hundred and twenty (120) days after the opening of the application period, all remaining funds that have not been requested under the NOFA will be distributed by the Department in accordance with NSP federal program guidelines.

d) Eligible applicants within the county should coordinate to ensure that their proposals consistently address the needs in their communities and do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions. If needed, the State will allocate not less than $500,000 to multiple entities based on their proportionate need and the county's available direct allocation amount.

e) **Selection Criteria and Priorities:** The State of Texas has established the priorities and scoring described below that will be used in the application review process. While the criteria are important to demonstrate a successful proposal, the scoring structure was designed to ensure that the State complies with the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, and effectively spends the funds:

Maximum Total Score = 100 Points

- Greatest Need (50 Points)
- Neighborhood Stabilization (20 Points)
- Low-Income Households (20 Points)
- Partnerships & Coordination (10 Points)

i) **Greatest Need (50 Points):** The State will give priority to proposals that address the greatest need as represented on Exhibit 1; a higher Need Score indicates greater need. If an applicant has locally available, verifiable data that documents a greater need than established in the Amendment, it may be submitted. Controvertible date may include but is not limited to local data sources such as local financial institution data or local government records or a subset (smaller than county-level) of a national data source such as U.S. Postal Service data. Source documentation for all controvertible data is required. Certifications will be required for primary source data submissions. Finally, the controvertible data submission must calculate a higher score than the State's proposal by utilizing the formulas and methodology as published in the Amendment. The State will consult with HUD to determine whether the alternate data source is acceptable by HUD standards.

ii) **Neighborhood Stabilization (20 Points):** A narrative description that defines NSP-funded activities and meets the program's mission to alleviate distress of housing foreclosure and abandonment of properties caused by problematic mortgage lending activities. Priority will be given to applications which identify specific properties for eligible activities or provide a list of households to be assisted.

iii) **Assistance to Low-Income Households at or Below 50% AMI (20 Points):** In order to emphasize affordability for households at or below 50% of the area median income (AMI), the State will give priority to proposals that will serve persons in this income category beyond the Texas NSP minimum allocation wide requirement of 35% for non-land bank activities. Proposal scores will be prorated according to the additional percentage of funds that will benefit households at or below 50% AMI.

iv) **Partnerships & Coordination (10 Points):** The State will give priority to those applicants that demonstrate effective cooperation in addressing needs by providing evidence of capacity, communication and planning with other entities in the area to be served. This priority will include proposals submitted by city and county governments, nonprofits and regional efforts to efficiently manage NSP funds. The applicant must demonstrate a strong management role in the program delivery.

f) **Acquisitions & Relocation:** It is estimated that most properties will be vacant, but previously improved, abandoned and foreclosed; it is not anticipated that relocation will occur. However, the Texas NSP will require adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR Part 24).

g) **Resolution:** All applications submitted must include an **original** resolution from the Applicant's direct governing body, authorizing the submission of the Application, acknowledgement of NSP as a reimbursement program, naming of a person and the person's title authorized to represent the organization and signature authority to execute a contract. If submission of a resolution is prohibitive at the time of application submission due to the time constraints of the NSP, a letter of intent from the chief elected official or the Chief Executive Officer of the applicant will suffice for the purposes of an application. A resolution conforming to the requirements herein will be required prior to contract execution.

13) Review Process

a) Each application will be assigned a "received date" based on the date and time it is physically received by the Division. Then each application will be reviewed on its own merits, as applicable. Applications will continue to be prioritized for funding based on their competitive scoring or "received date", depending on allocation. Applications will be reviewed for applicant and activity eligibility, and threshold criteria as described in this NOFA.

b) The Department will ensure review of materials required under the NOFA and Program Guide and will issue a notice of any Administrative Deficiencies within ten (10) business days of the received date. Administrative deficiencies are omissions, inaccuracies or incomplete information on the application that can be readily corrected. Applications with Administrative Deficiencies not cured within a subsequent ten (10) business days, will be terminated and must reapply for consideration of funds. Applications that have completed this phase will be reviewed for recommendation to the Board by the Selection Committee.

c) If a submitted Application has an entire section of the application missing; has excessive omissions of documentation from the Selection Criteria or required documentation; or is so unclear, disjointed or incomplete that a thorough review cannot reasonably be performed by the Department, as determined by the Department, 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.

d) 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 that are received, and may decide it is in the Department’s best interest to refrain from pursuing any selection process. The Department reserves the right to negotiate individual elements of any Application.

e) All Applicants will be processed through the Department’s Application Evaluation System, and will include a previous award and past performance evaluation. Poor past performance may disqualify an Applicant for a funding recommendation or the recommendation may include conditions.

f) Funding recommendations of eligible Applicants will be presented to the Department’s Governing Board of Directors based on eligibility and limited by the total amount of funds available under this NOFA and the maximum award amount.

g) In accordance with §2306.082, Texas Government Code and 10 TAC §1.17, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC §1.17.

h) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

i) Eligible applicants within the county should coordinate to ensure that their proposals consistently address the needs in their communities and do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions. In the application, applicants are required to identify:
   vi) The geographic neighborhoods and communities targeted for Texas NSP funds within their jurisdiction;
   vii) The Texas NSP eligible activities proposed to meet the specific needs in each area; and
   viii) The strategy for maximum revitalization and impact of funds.

14) Application Submission

a) All applications submitted for the Direct Pool under this NOFA must be received on or before 5:00 p.m. on **Wednesday April 15, 2009, regardless of method of delivery.**

b) All applications submitted for the Select Pool under this NOFA must be received on or before 5:00 p.m. on **Wednesday April 15, 2009, regardless of method of delivery.**

c) 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. Questions regarding this NOFA should be addressed to:

Texas Department of Housing & Community Affairs
221 E. 11th Street
Austin, Texas 78701
Telephone: (512) 463-8921
E-mail: robb.stevenson@tdhca.state.tx.us

d) All applications must be submitted, and provide all documentation, as described in this NOFA and associated application materials.

e) Applicants must submit one complete printed copy of all Application materials and one complete scanned copy on a disc of the Application materials as detailed in the Program Guide. All scanned copies must be scanned in accordance with the guidance provided in the Program.

f) All Application materials will be available on the Department's website at www.tdhca.state.tx.us. Applications will be required to adhere to the 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.

g) This NOFA does not include text of the various applicable regulatory provisions that may be important to the NSP Program. For proper completion of the application, the Department strongly encourages potential applicants to review the State and Federal regulations, and contact the NSP Division for guidance and assistance.

h) **Application Workshop:** the Department will present an application workshop in Austin, Texas on a date to be determined. The workshop will address information such as the Application preparation and submission requirements, evaluation criteria, state and federal program information, and environmental requirements. The Application workshop schedule and registration will be posted on the Department's website at www.tdhca.state.tx.us

i) **Audit Requirements:** An applicant is not eligible to apply for funds or any other assistance from the Department unless a past audit or Audit Certification Form has been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance per 10 TAC §1.3(b). This is a threshold requirement outlined in the application, therefore applications that have outstanding past audits will be disqualified. Staff will not recommend applications for funding to the Department's Governing Board unless all unresolved audit findings, questions or disallowed costs are resolved per 10 TAC §1.3(c).

j) Applications must be sent via overnight delivery to:

Texas Department of Housing and Community Affairs
Attn: Neighborhood Stabilization Program
221 East 11th Street
Austin, TX 78701-2410

or via the U.S. Postal Service to:

Texas Department of Housing and Community Affairs
Attn: Neighborhood Stabilization Program
Post Office Box 13941
Austin, TX 78711-3941

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

Exhibit 1. Texas Neighborhood Stabilization Program County Need Score

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Tarrant	$7,320,349		13320
Dallas	4,684,332		10684
Cameron	3,465,632		9466
Bexar	3,150,408		9150
Hidalgo	3,005,258		9005
Harris	2,875,584		8876
Nueces	2,522,253		8522
Collin	2,278,454		8278
Webb	2,025,812		8026
Travis	2,017,952		8018
Montgomery	1,697,675		7698
El Paso	1,648,634		7649
Brazoria	1,586,234		7586
Potter	1,579,681		7580
Jefferson	1,498,945		7499
Denton	1,166,500		7166
Taylor	1,099,259		7099
Williamson	1,066,554		7067
Bell	1,064,488		7064
Lubbock	1,057,705		7058
Galveston	1,003,104		7003
Wichita	803,464		6803
Fort Bend	726,857		6727
Ector	699,232		6699
McLennan	647,971		6648
Gregg		Gregg	6143
Tom Green		Tom Green	6055
Grayson		Grayson	5809
Brazos		Brazos	5761
Victoria		Victoria	5741
Orange		Orange	5634
Bowie		Bowie	5593
Harrison		Harrison	5583
Midland		Midland	5507
Smith		Smith	5502
Comal		Comal	5498
Hays		Hays	5326
Ellis		Ellis	4325
Johnson		Johnson	4284
Kaufman		Kaufman	3964

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Parker		Parker	2295
Bastrop		Bastrop	1898
Hood		Hood	1658
Liberty		Liberty	1508
Hunt		Hunt	1473
Henderson		Henderson	1432
Rockwall		Rockwall	1266
Wise		Wise	996
Hill		Hill	766
Burnet		Burnet	766
Navarro		Navarro	746
Guadalupe		Guadalupe	683
Randall		Randall	567
Angelina		Angelina	495
Wood		Wood	463
Matagorda		Matagorda	452
Lamar		Lamar	401
San Patricio		San Patricio	391
Atascosa		Atascosa	389
Milam		Milam	366
Maverick		Maverick	359
Jim Wells		Jim Wells	341
Eastland		Eastland	316
Van Zandt		Van Zandt	300
Kleberg		Kleberg	296
Grimes		Grimes	292
Hale		Hale	269
Palo Pinto		Palo Pinto	243
Nacogdoches		Nacogdoches	242
Hopkins		Hopkins	242
Kendall		Kendall	234
Coryell		Coryell	230
Cooke		Cooke	224
Kerr		Kerr	210
Medina		Medina	196
Aransas		Aransas	184
Caldwell		Caldwell	183
Wilson		Wilson	176
Gonzales		Gonzales	169
Waller		Waller	167
Anderson		Anderson	165
Val Verde		Val Verde	165

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Montague		Montague	165
Llano		Llano	165
Washington		Washington	159
Fannin		Fannin	159
Walker		Walker	152
Upshur		Upshur	152
Brown		Brown	150
Cherokee		Cherokee	145
Jackson		Jackson	131
Austin		Austin	127
Starr		Starr	115
Wharton		Wharton	114
Polk		Polk	111
Gillespie		Gillespie	106
Jasper		Jasper	106
Leon		Leon	105
Willacy		Willacy	105
Erath		Erath	103
Howard		Howard	102

Texas NSP
Activity and Funding Timeline

Timeline:		Mar 2009	Apr 2009	Jun 2009	Sep 2009	Dec 2009	Jun 2010	Sep 2010	Jun 2011	Apr 2019
Benchmark:		**TDHCA NOFA**	**Application Submission**	**Processing Award and TDHCA Contracting**	**Broad Environmental Review**	**Activity Committed**	**Activity Closed/ Acquired**	**Maximum Close Extension**	**Activity Completed/Sold**	**Land Bank Max Hold Period Total of 10 Years**
Time since last benchmark		*0*	*1 Month*	*2 Months*	*3 Months*	*3 Months*	*6 Months*	*3 Months*	*9 Months*	*8 years*
Total Time from NOFA		0	1 Month	3 Months	6 Months	9 Months	15 Months	18 Months	27 Months	10 Years
Activity:	Method of Finance	Activity Delivery Cost Cap								
Financing	Loan/Grant	10%			County Wide Environmental Assessment Submited	Household and Property Identified Under contract Subject to Environmental *Set-up activity*	Specific Property Environmental Clearance Acquisition Consummated	100% Drawn	(Financing for Acquisition and Acquisition /Rehabilitation)	
Acquisition	Loan	15%			County Wide Environmental Assessment Submited	Property Identified Under contract Subject to Environmental *Set-up activity*	Specific Property Environmental Clearance Acquisition Consummated		Property Resold and Closed **Repayment to The NSP Program**	
Rehabilitation	Loan	20%				Only available with acquisition activity *Set-up activity*		Rehabilitation Work Initiated	100% Drawn **Repayment to The NSP Program**	
Land Bank										
Select or Direct Subgrantee Through Initial Allocation	Loan	20%			County Wide Environmental Assessment Submited	Property Identified Under contract Subject to Environmental *Set-up activity*	Specific Property Environmental Clearance Acquisition Consummated			Property Resold and Closed **Repayment to The NSP Program**
TSAHC	Loan	20%				Separate NOFA to Facilitate Additional Land Banking Activity	Property Identified Under contract Subject to Environmental *Set-up activity*	*6 Months After Being Identified* Specific Property Environmental Clearance Acquisition Consummated		Property Resold and Closed **Repayment to The NSP Program**
Clearance	Grant	5%			County Wide Environmental Assessment Submited	Specific Property Environmental Clearance *Set-up activity*		100% Drawn		
Redevelopment	Loan	20%			County Wide Environmental Assessment Submited	Property Identified *Set-up activity*	Specific Property Environmental Clearance Contract to Fund Redevelopment in Place	Loan Closing	100% Drawn	**Repayment Over 3 Years**
Cumulative Administrative Fund Draw Limits:				10% prior to activity set up	20% of prorata admin based on percentage of activities set up	20% of prorata admin based on percentage of activities set up	40% of prorata admin based upon percentage of activities closed	Proportionate amount based on contract drawn to date up to 90% drawn	100% after closeout of activity	

Attachment B

Substantial Amendment as approved by HUD on January 30, 2009

THE NSP SUBSTANTIAL AMENDMENT

Jurisdiction(s): State of Texas, Texas Department of Housing and Community Affairs Jurisdiction Web Address: http://www.tdhca.state.tx.us	NSP Contact Person: Brenda Hull Address: Texas Department of Housing and Community Affairs 221 East 11th Austin, Texas 78701 Telephone: (512) 305-9038 Fax: (512) 469-9606 Email: brenda.hull@tdhca.state.tx.us

This document is a substantial amendment to the Action Plan for FFY 2008 submitted by the State of Texas. The Action Plan is the annual update to the Consolidated Plan for FFY 2005 through 2009. This amendment outlines the expected distribution and use of $101,996,848 through the newly-authorized Neighborhood Stabilization Program (NSP), which the U.S. Department of Housing and Urban Development (HUD) is providing to the State of Texas. The NSP funds were authorized by the Housing and Economic Recovery Act of 2008 (HERA) as an adjunct to the Community Development Block Grant (CDBG) Program.

The Texas Department of Housing and Community Affairs (TDHCA) will implement NSP funds, and will work in cooperation with the Office of Rural Community Affairs (ORCA) and Texas State Affordable Housing Corporation (TSAHC) in order to expeditiously deliver and effectively administer these funds. TDHCA will be the lead agency and manage a direct award pool for communities with the greatest need. Land bank/trust activities will be coordinated with TSAHC and communities identified in the plan as having the greatest need, and ORCA will co-administer with TDHCA a pool of funds for a second tier of greatest need communities.

A. AREAS OF GREATEST NEED

Section 2301 of the Housing and Economic Recovery Act of 2008 is the enabling legislation for the NSP and it specifies that NSP funds are to be allocated to areas of greatest need based on:

(A) the number and percentage of home foreclosures in each State or unit of general local government;
(B) the number and percentage of homes financed by a subprime mortgage related loan in each State or unit of general local government; and
(C) the number and percentage of homes in default or delinquency in each State or unit of general local government." Section 2301 (b)(3)

Texas identified two tiers of counties with need. Counties with the greatest need are identified as "Direct Allocation" counties. Remaining counties with significant need are eligible to apply for a pool of NSP funds and are referred to as "Select Pool" counties.

Texas has used HUD's published methodology for its initial NSP allocations as a base for analysis of need within the State of Texas. However, the Texas NSP formula was developed with three deviations from HUD's methodology:

1) Revised weights for the need factors – 60% for *Foreclosure*, 30% for *Subprime* loans, and 10% for *At-Risk* loans;
2) Grouping of loans 60 to 89 days delinquent with loans greater than 90 days delinquent into a single factor renamed *At-Risk*, and
3) Use of county to state comparisons due to the availability of most data at only the county level.

$$\left[60\% \times \left| \frac{\text{County foreclosures}}{\text{State foreclosures}} \times \frac{\text{County foreclosure rate}}{\text{State foreclosure rate}} \right| + 30\% \times \left| \frac{\text{County subprime loans}}{\text{State subprime loans}} \times \frac{\text{County subprime rate}}{\text{State subprime rate}} \right| + 10\% \times \left| \frac{\text{County loans at-risk}}{\text{State loans at-risk}} \times \frac{\text{County at-risk rate}}{\text{State at-risk rate}} \right| \right] \times \frac{\text{County vacancy rate}}{\text{State vacancy rate}}$$

As stated by HUD, the highest weight is placed on foreclosures based on the emphasis the statute places on targeting foreclosed homes. However, the Texas methodology places a higher weight on subprime loans than the HUD methodology because of the unique Texas experience. As noted in an article on the Dallas Federal Reserve website, "[In Texas a] major contributing factor to the increase in foreclosures has been the expansion of the originations of subprime mortgages…"[1] HUD's original formula has been less successful in predicting the areas of greatest need in Texas than in other states. Increasing the weight given to the key catalyst for foreclosure activity provides a better indicator of greatest need for the State.[2] Vacancy rates as measured by 90 day vacant addresses were

[1] Dallas Federal Reserve. *Residential Foreclosures in Texas Depart from National Trend*. Online. Source: http://www.dallasfed.org/ca/epersp/2008/2_2.cfm. Accessed: November 7, 2008.

[2] Pearson correlation comparison of HUD's county foreclosure forecast to Equifax 90-day mortgage delinquency sample data indicates a correlation of only 0.428 for Texas. The LISC foreclosure data show a 0.994 correlation to their delinquency figures. The RealtyTrac Real Estate Owned (REO) counts show a 0.912 correlation to their delinquency figures (the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS)).

used to account for areas most likely to need assistance with the problems associated with abandoned homes due to foreclosure.

The raw data utilized in HUD's methodology was updated to the most current data available from a variety of sources:

Total Mortgages used to calculate rates was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Home Mortgage Disclosure Act (HMDA) data for the period 2004 to 2007 available from the Federal Financial Institutions Examination Council (FFIEC) was used for the remaining counties.

Foreclosures data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while Real Estate Owned (REO) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Subprime Loans data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of all subprime loans originated prior to May 2008 from First American Loan Performance was used for the remaining counties.

At-Risk data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions, while the sum of Notice of Default (NOD), Lis Penden (LIS), Notice of Trustee Sale (NTS) and Notice of Foreclosure Sale (NFS) data for the 24 month period preceding August 2008 from RealtyTrac was used for the remaining counties.

Vacancy data was provided by LISC Research and Assessment for counties that contain CDBG Entitlement Jurisdictions and by the United States Postal Service (USPS) via HUD for the remaining counties.

In HUD's methodology, a state's foreclosures, subprime loans, or at-risk loans figure is adjusted by its foreclosure rate, subprime loans rate, or at-risk rate, respectively. In keeping with HUD's methodology, the increase or reduction to a county's share of foreclosures, subprime loans, or at-risk loans is limited to no more than 30 percent. A county's vacancy rate difference relative to the state average is limited to the county's proportional share of foreclosures, subprime loans, or at-risk loans by a difference of no more than 10 percent.

Each county received a need score calculated based on the formula described above. Those counties encompassing Jurisdictions identified on HUD's formula list, but failing to meet HUD's $2M minimum threshold were given a priority weight in scoring. A minimum need score of 6,500 relates to eligibility to receive a direct Texas NSP allocation. Dollar amounts for the direct Texas NSP allocations were calculated using the formula described above with HUD direct allocations to CDBG Entitlement Jurisdictions ($76M) added to the Texas State funds of $102M for a total of $178M. The total was then reduced by the 10% allowed for administrative costs. The resulting allocation amount was reduced by the published HUD direct award less administrative cost. For example, the Texas formula may indicate a total HUD direct and direct Texas NSP allocation of $10M for County X; however, County X received a HUD direct allocation of $7M. Therefore, County X's direct Texas NSP allocation would be reduced to $3M ($10M minus $7M).

In addition, priority weight was given to counties with Jurisdictions identified as CDBG Entitlement Jurisdictions. These communities currently have mechanisms in place to administer CDBG funds; therefore, the weight is added to account for capacity to quickly implement NSP projects.

All counties with a minimum need score of 100 will either be noted for direct allocations or be eligible to participate as a Select Pool county.

The result is reservations for use by eligible entities in 25 counties:

County Name	***Direct Texas NSP Allocation***	***Need Score***
Tarrant	$7,320,349	13320
Dallas	4,684,332	10684
Cameron	3,465,632	9466
Bexar	3,150,408	9150
Hidalgo	3,005,258	9005
Harris	2,875,584	8876
Nueces	2,522,253	8522
Collin	2,278,454	8278
Webb	2,025,812	8026
Travis	2,017,952	8018
Montgomery	1,697,675	7698
El Paso	1,648,634	7649
Brazoria	1,586,234	7586
Potter	1,579,681	7580
Jefferson	1,498,945	7499
Denton	1,166,500	7166
Taylor	1,099,259	7099
Williamson	1,066,554	7067
Bell	1,064,488	7064
Lubbock	1,057,705	7058
Galveston	1,003,104	7003
Wichita	803,464	6803
Fort Bend	726,857	6727
Ector	699,232	6699
McLennan	647,971	6648

Based on the county need score, eligible entities within the following 76 counties may submit an application to receive allocations from the Select Pool:

County Name	Need Score
Gregg	6143
Tom Green	6055
Grayson	5809
Brazos	5761
Victoria	5741
Orange	5634
Bowie	5593
Harrison	5583
Midland	5507
Smith	5502
Comal	5498
Hays	5326
Ellis	4325
Johnson	4284
Kaufman	3964
Parker	2295
Bastrop	1898
Hood	1658
Liberty	1508
Hunt	1473
Henderson	1432
Rockwall	1266
Wise	996
Hill	766
Burnet	766
Navarro	746
Guadalupe	683
Randall	567
Angelina	495
Wood	463
Matagorda	452
Lamar	401
San Patricio	391
Atascosa	389
Milam	366
Maverick	359
Jim Wells	341
Eastland	316

County Name	Need Score
Van Zandt	300
Kleberg	296
Grimes	292
Hale	269
Palo Pinto	243
Nacogdoches	242
Hopkins	242
Kendall	234
Coryell	230
Cooke	224
Kerr	210
Medina	196
Aransas	184
Caldwell	183
Wilson	176
Gonzales	169
Waller	167
Anderson	165
Val Verde	165
Montague	165
Llano	165
Washington	159
Fannin	159
Walker	152
Upshur	152
Brown	150
Cherokee	145
Jackson	131
Austin	127
Starr	115
Wharton	114
Polk	111
Gillespie	106
Jasper	106
Leon	105
Willacy	105
Erath	103
Howard	102

B. DISTRIBUTION AND USES OF FUNDS

The NSP funding is available to entities operating in counties meeting the threshold of greatest need as defined by the State through a greatest needs score and methodology described above. In order to better address the diversity of geographies in need across Texas, the State has established a multi-level approach to the distribution of funds to communities with greatest need and a set-aside for Land Banking activities. The first level, Direct Allocation, is a reservation of a specified amount available to eligible entities in 25 counties identified as having significant need. The second level, Select Pool, is an initial allocation of $500,000 available to entities in up to 76 additional counties with significant need. Texas will administer land bank activities in conjunction with TSAHC because of the limited legal authority for such activities at the local level in most areas of the state. The following table summarizes the initial breakdown of Texas NSP funds:

Program Distribution of Texas NSP Funds:

Direct Allocation	$ 50,692,337
Select Pool	$ 31,077,826
Land Banking	$ 10,000,000
Administration (10%)	$ 10,196,685
Total Texas NSP Allocation	**$101,966,848**

Direct Allocation: The State will provide a reservation for a specified amount of direct NSP allocation for use in the top-ranked counties identified based upon the need factors. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply and are encouraged to work with other entities in their community to document the specific needs in their community.

To remain qualified for the reservation amount of a direct allocation identified in Exhibit 1, initial applications within each eligible county must be submitted within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. Failure to meet this deadline will result in the reserved funds returning to the State. Requests for amounts in excess of the identified direct allocation amount for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county should coordinate to ensure that their proposals consistently address the needs in their communities and do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions. If needed, the State will allocate not less than $500,000 to multiple entities based on their proportionate need and the county's available direct allocation amount.

In the initial application, applicants are required to identify:

1) The geographic neighborhoods and communities targeted for Texas NSP funds within their jurisdiction,
2) The Texas NSP eligible activities proposed to meet the specific needs in each area, and
3) The strategy for maximum revitalization and impact of funds.

The form of the information required for applications will be made available in the Texas Neighborhood Stabilization Program Guidelines to be found at www.tdhca.state.tx.us.

Select Pool: In order to better address the diversity of geographies across Texas, including those in rural areas and urban peripheries which have the greatest need, the State has established the Select Pool. The State will competitively award Texas NSP funds to eligible entities in the greatest need counties listed on Exhibit 1. The first priority for Select Pool funds will be based on the selection criteria described below for applications submitted by Select Pool Counties within 30 days of notification on the TDHCA web site that HUD has approved this Substantial Amendment. After thirty days, the State will consider applications from both Select Pool and Direct Allocation counties. If an oversubscription of requests for funds occurs, the State will form a wait list and any lower scoring or subsequently filed applications will be placed on the wait list to be allocated as funds are available.

To address HUD's concern about allocating small amounts of funds that have no meaningful impact on stabilizing of property values in an area the awards will be a minimum of $500,000. Cities, counties and non-governmental organizations with the consent of the city or county that they wish to serve are eligible to apply. Requests for amounts in excess of $500,000 for each county will be considered after the initial thirty-day deadline.

Eligible applicants within the county jurisdiction should coordinate to ensure that their proposals do not duplicate the needs identified for each county. Duplication of requests for a county will delay the allocation agreement for a community and could result in a reduced amount of time available for applicants to contract for specific acquisitions.

The form of the information required for applications will be made available in the Texas Neighborhood Stabilization Program Guidelines found at www.tdhca.state.tx.us after the final plan has been approved by HUD.

Selection Criteria and Priorities

The State of Texas has established the priorities and scoring described below that will be used in the application review process. While the criteria are important to demonstrate a successful proposal, the scoring structure was designed to ensure that the State complies with the HUD Notice designed to prioritize areas of greatest need, meets applicable CDBG regulations, and effectively spends the funds:

Maximum Total Score = 100 Points

- Greatest Need (50 Points)
- Neighborhood Stabilization (20 Points)

- Low-Income Households (20 Points)
- Partnerships & Coordination (10 Points)

Greatest Need (50 Points): The State will give priority to proposals that address the greatest need as represented on Exhibit 1; a higher Need Score indicates greater need. If an applicant has locally available, verifiable data that documents a greater need than established under the methodology described above, they may submit it for consideration. This may include but is not limited to U.S. Postal Service data, local financial institution data, and local government records. The State will consult with HUD to determine whether the additional data source is verifiable and acceptable by HUD standards.

Neighborhood Stabilization (20 Points): The Texas NSP requires applicants to connect their NSP-funded activities to housing foreclosure and abandonment problems caused by problematic mortgage lending activities. However, priority will be given to applications which identify specific properties for eligible activities and potential eligible buyers.

Assistance to Low-Income Households at or Below 50% AMI (20 Points): In order to emphasize affordability for households at or below 50% of the area median income (AMI), the State will give priority to proposals that will serve persons in this income category beyond the Texas NSP minimum allocation wide requirement of 35% for non-land bank activities. Proposal scores will be prorated according to the additional percentage of funds that will benefit households at or below 50% AMI.

Partnerships & Coordination (10 Points): The State will give priority to those applicants that demonstrate effective cooperation in addressing needs by providing evidence of capacity, communication and planning with other entities in the area to be served. This priority will include proposals submitted by city and county governments, nonprofits and regional efforts to efficiently manage NSP funds. The applicant must demonstrate a strong management role in the program delivery.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of "blighted structure" in context of state or local law.

The Texas NSP Program will use the definition provided by HUD's *Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Grantees Under the Housing and Economic Recovery Act, 2008*, published in the *Federal Register* on October 6, 2008, as follows:

"*Blighted structure*. A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare."

(2) Definition of "affordable rents."

The Texas NSP will adopt the HOME program standards for affordable rents at 24 CFR 92.252(a), (c), (e) and (f).

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

The Texas NSP will adopt the HOME program standards for continued affordability for rental housing at 24 CFR 92.252 and homeownership at 24 CFR 92.254. The Texas NSP will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME program standards.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Housing that is constructed or rehabilitated with NSP funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of completion. In the absence of a local code for new construction or rehabilitation, the housing must meet the most current International Building Code. In addition, all NSP funded housing must meet the Texas Minimum Construction Standards for the TDHCA HOME Program, as published in the Texas NSP Program Guidelines. NSP assisted new construction or rehabilitation will comply with HOME Program lead-based paint requirements including lead screening in housing built before 1978 in accordance with 24 CFR Part 92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Multifamily housing assisted with NSP funds must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, and the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). Finally, NSP assisted housing must meet Energy Efficiency Standards in accordance with Section 2306.187 of the Texas Government Code.

D. LOW INCOME TARGETING

Each subrecipient will be required to target as a goal at least 35% of their non-administrative allocation to benefit households with incomes less than or equal to 50% of area median income; however, the level of achievement of this goal may vary by area and activity. The estimated amount of funds that will be utilized for housing individuals and families whose incomes do not exceed 50% of area median income will be at least $25,491,712.

E. *ACQUISITIONS & RELOCATION*

The Texas NSP will emphasize the acquisition and conversion of dwelling units that will ultimately be affordable to low- and moderate-income households. The Texas NSP will limit the effective acquisition cost. It is anticipated that most of the units acquired for conversion will be acquired at prices that would make them marginally affordable or affordable, but in substandard condition, to households earning less than 120% of the area median income. Currently, it is not possible to specify the number of low- and moderate-income dwelling units (≤80% AMI) reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.

However, it is anticipated that few if any of the single family acquisitions will involve properties that are previously restricted for occupancy to households earning less than 80% of the area median income. This is because the foreclosure rate for homes originally funded with existing State of Texas programs is much lower than the foreclosure rate of privately funded homes as a result of the State's history of more conservative lending policies. Since most properties will be vacant, but previously improved, abandoned and foreclosed, it is not anticipated that relocation will occur. However, the Texas NSP will require adherence to the guidelines set forth in the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR part 24).

The following table indicates the minimum number of units reasonably expected to be served by proposed activity at each income level (Note the same unit may fall within several activities):

Income Level	*Clearance*	*Financing Mechanisms*	*Acquisition*	*Rehabilitation*	*Land Bank/Trust*
Under 50% AMI	-	200	75	75	100
51% to 80% AMI	-	250	75	100	125
81% to 120% AMI	-	250	75	100	75
Total	35	700	225	275	300

F. *PUBLIC COMMENT*

This draft Substantial Amendment was posted on the TDHCA website on November 9, 2008 for Texas Department of Housing and Community Affairs Board consideration at their November 13, 2008 meeting. Solicitation of public comment and the minimum 15-day comment period commenced at that time. The TDHCA Board took public comment on the draft plan at the board meeting. This document was revised to reflect public comment received by 5:00 PM, November 26, 2008. In addition to public comment, comment was solicited from the local HUD office and incorporated into this draft. Public comment was received at the TDHCA Board meeting as well as by mail, electronic mail and fax.

Summary of Public Comment and Reasoned Responses

Direct Allocation

City of Corpus Christi: The State should consider direct allocations based on urban areas rather than solely counties. Urban areas with Participating Jurisdictions should have greater consideration based on the NSP timeline.

City of Conroe: Do not give direct allocations to the counties rather than the cities. Adding another layer to the allocation process by requiring the cities to apply to the counties for funding would go against the intent of the Council of Mayors.

City of Denton, City of Killeen: Do not emphasize collaborative efforts with the goal of one application from each county. The most efficient and effective method would be direct allocations to CDBG Entitlement Jurisdictions within each “high need” county. Entitlement Jurisdictions can make a greater impact with NSP funds by combining them with other CDBG dollars. Due to time constraints of the NSP, cities should be able to make the decision whether or not to involve nonprofits and how to set up the programs through which they should participate.

City of Lewisville: NSP funding would be best served by direct allocation to CDBG Entitlement Communities rather than allocation by county. It is not clear how, within a collaboration, jurisdictions, counties and nonprofits can determine the split of NSP funding.

City of Brownsville: Direct allocations should be made to Cities as well as Counties.

City of Irving: The City of Irving should receive a direct allocation. Dallas County has indicated they would support a direct allocation to the City of Irving.

Brazos Valley Affordable Housing Corporation: Participating Jurisdictions should be given priority weight similar to that given to CDBG Entitlement Jurisdictions.

City of Denton, City of Killeen: Provide an allocation of $500,000 directly to cities and counties that are not receiving a direct allocation from HUD and are identified as being in a “high need” area based on TDHCA’s formula calculations.

City of Bryan: Entitlement Jurisdictions should receive priority in the select pool application process, or reduce the threshold need score for direct allocation from 6500 to 5000.

Brazos Valley Affordable Housing Corporation: The total need score (6,764) for 10 counties currently participating in the Brazos Valley/Washington County HOME Consortium exceeds the minimum threshold for a direct allocation. This issue needs to be addressed.

<u>Response:</u>

Published Direct Allocation amounts are the funds available to any entity within the specified county. There will be no need to apply to the county for funding although counties are considered eligible entities for application to the State.

Entitlement Jurisdictions have received priority in scoring based on perceived capacity to administer CDBG funds. Participating Jurisdictions, although acknowledged to have capacity to administer Federal (HOME) funds, do not necessarily have the same experience level with CDBG.

A direct allocation to each Entitlement Jurisdiction would be counter to the State's goal of encouraging cooperation between entities in each county to allow for a single county allocation. Therefore, priority will be given to joint Texas NSP funding applications within a county, including Direct Allocation counties. For Direct Allocation counties, if joint applications are not received, the published amount for the county will be allocated based on the scoring criteria for the Select Pool applications and a pro rata share of the State published NSP funds available within the county.

The Need Scores will remain as published. Consortia are encouraged to apply for a single allocation of Texas NSP funds for multi-county areas. The total Need Score for all partner counties will be considered.

Application

City of Missouri City: CDBG Entitlement Communities are capable of administering the NSP without the additional roadblock of applying through the State. A direct allocation, without an application process, should be made to previous CDBG grantees.

City of Denton, City of Killeen: If applications are required, they should be limited to a brief explanation of how funding will be expended, how the potential grantee has identified eligible foreclosed properties, and how existing programs will expedite the obligation and expenditure of NSP funds.

Response:

An application to the State will be required to allow eligible entities to provide local need information and to encourage cooperation of eligible entities within an area. The State plans to make the application process as simple and expedient as possible under the circumstances.

Program Income

Brazos Valley Affordable Housing Corporation: Subgrantees should not be limited by the State with regards to NSP activities and program income.

City of Waco: The requirement to payback these funds leaves little incentive or ability for a participant to utilize these funds. There will be few recipients that want to take on any more liability with a declining HUD budget and staffing issues.

Response:

The specifics of program income will be addressed in the application guidelines. Public comment will be taken into consideration.

Demolition

City of McKinney: Allow clearance (demolition) of blighted structures to include unfinished new construction located in areas that do not necessarily benefit low-, moderate- and middle-income persons.

Response:

The federal rules for use of NSP funds are specific – the funds must be used to benefit persons or areas shown to be low-, moderate- or middle-income.

Interest Rate

Habitat for Humanity

Nonprofits should be able to apply directly for the NSP funds; but the way the State has structured it is satisfactory. Change the 1% interest rate on NSP-funded loans to 0% interest. Historically, Habitat does not charge an interest rate and, therefore, would not be able to participate in the program if a 1% interest rate is required.

Response:

A 1% interest rate was initially proposed for consistency with USDA program guidelines. However, the State has made the suggested change to a 0% interest rate for financing funded with the Texas NSP.

Targeting ≤50% AMI

Brazos Valley Affordable Housing Corporation: Areas deemed to have the greatest need based on the State's and HUD's needs analysis are predominantly areas with the highest median income. Those areas with the highest median income should be required to produce proportionately more assistance to low income households at or below 50% of AMI in meeting the set-aside requirements. This will help to level the disparity for households residing in lower median income areas who would otherwise qualify for assistance.

Coats|Rose: Target families with incomes at or below 50% of AMI with rental housing, not homeownership. Rental housing development should be a more prominent program activity in the Texas NSP Plan. Do not limit single and multifamily rental housing to only 15%.

Response:

All subrecipients of Texas NSP funds will be required to expend 35% of the total allocation on housing set-aside for households with incomes at or below 50% of AMI. Rental developments meeting the requirement of the NSP are eligible; the State does not want to dictate the type of housing, as long as the NSP requirements are met, to be produced by subrecipients.

Administrative Costs

City of Denton, City of Killeen: A minimum of 5% of administration should be provided to the cities and counties that develop and implement programs.

City of Lubbock: At least 5% to 6% of administrative funds should be passed to agencies implementing the NSP.

City of Waco: Subrecipients should receive administrative funds.

Response:

All subrecipients of Texas NSP funds will receive administrative funds. The amount, as a percentage of the total allocation, will be specified in the Texas NSP application guidelines.

Location in More than One County

City of Lewisville: It is unclear how a jurisdiction located in more than one county will be treated under the application process.

Response:

Eligible entities located in multiple counties may apply for funding available for each county; however, activities funded with the resulting allocations must occur in the county from which the NSP funding originated.

Per Unit Limit

City of Lubbock: The 125% of "as-is" appraised value at acquisition limit for combined cost of acquisition, rehabilitation, reconstruction and or new construction activities will make it almost impossible to commit and expend NSP funds within the time period allowed if at all. The resulting limits may preclude properties requiring expensive mitigation such as lead based paint removal. It is recommended that the Single Family Mortgage limits under Section 203(b) along with the HUD Section 221(d)(3) limits be substituted.

Coats|Rose: Program funding per unit should not exceed $100,000, which would generate 1,020 affordable homes rather than the State's estimate of 540 affordable units.

Response:

The language regarding a 125% "as-is" appraised value at acquisition limit has been removed from this Substantial Amendment. Per unit funding limits will be addressed in the Texas NSP application guidelines. Public comment will be taken into consideration.

100% Mortgage Financing

City of Lubbock: Households with up to 80% AMI should be eligible to obtain 100% mortgage financing from NSP funds.

Response:

The maximum income limit for 100% mortgage financing will remain at 50% of AMI.

Long Term Affordability

Coats|Rose: Many of the activities proposed in the Texas NSP Plan do not specify any affordability compliance term. All homeownership activities could be affordable for a 30-year term with a shared appreciation deed of trust securing the NSP loan, and all activities should require an enforceable affordability compliance period of at least 15 years. In addition, we recommend TDHCA use a "shared net proceeds" affordability enforcement mechanism as described in the HOME regulations 24 CFR 92.254. The following documents can also be required by TDHCA to maintain affordability in a shared net proceeds homeownership program: a purchase option and right of first refusal held by the NSP lender, a deed of trust, a promissory note, and a subordination agreement between the NSP lender and the first lender.

Response: The State will adopt the HOME program standards for continued affordability for rental housing. The State will follow the Single Family Mortgage limits under Section 203(b) of the National Housing Act which are allowable under HOME program standards. The State will require recapture based on shared net proceeds in the case of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Clearance (Removal of Blight)

(2) Activity Type: NSP Eligible Use (D) Demolish Blighted Structures

CDBG Eligible Activity: 24 CFR 570.201(d) Clearance of blighted structures only

(3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMA)

(4) Activity Description: This activity, when funded exclusive of other eligible activities, is anticipated to be used on a limited basis to address urbanized areas of greatest need where grantees can prove that blighted structures, as defined in this Action Plan, are affecting property values in the area. This activity will allow a grantee to remove dangerous structures that pose a threat to human health, safety, and public welfare and allow for the future private redevelopment of the property. This activity will not be utilized to target the 25% requirement for 50% AMI.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Clearance in those activities have been counted in 6 and 7 below.

(5) Location Description: Areas within the greatest need counties in Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 35 structures will be demolished due to blight for area-wide benefit of LMMA beneficiaries.

(7) Total Budget: NSP Funds $1,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th St., Austin, TX, 78701, Attention Michael Gerber, Executive Director

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects

(11) Specific Activity Requirements: N/A

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: Financing Mechanisms

(2) Activity Type: NSP Eligible Use (A) Establish finance mechanisms for purchase and redevelopment of abandoned homes, foreclosed upon homes and reconstructed or redeveloped residential properties.

CDBG Eligible Activities: 24 CFR 570.206 Activity delivery costs; 24 CFR 570.201 (a) Acquisition, (b) Disposition, (i) Relocation, (n) Homeownership Assistance; 24 CFR 570.202 Rehabilitation

(3) National Objective: Benefits low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: This activity will provide affordable homeownership opportunities by providing financing mechanisms to assist homebuyers to purchase a foreclosed property at a discount and/or rehabilitate the property. Appraisals will be required for the purposes of determining the statutory purchase discount. The acquisition of foreclosed properties may be financed if the acquisition of the property is for not more than 85% of the approved appraisal fair market value of the property at the time of foreclosure. The acquisition of abandoned property may be funded if the property as been vacant for at least 90 days and the seller has not made payment on the mortgage or taxes for at least 90 days. The subsequent acquisition or conversion of eligible rehabilitated or redeveloped property activities may also be considered a financing mechanism.

Rehabilitation, down payment and/or closing costs assistance will be provided to households earning 51% to 120% AMI for an eligible property. Households earning less than 50% AMI may obtain up to 100% mortgage financing as well as rehabilitation, down payment and/or closing costs assistance if needed to make a property affordable.

Homebuyers who qualify as 51-120% AMI will be eligible for NSP eligible rehabilitation costs, down payment assistance, reasonable closing costs, principal reductions, and gap financing needed to qualify for private mortgage financing. Assistance will be in the form of a deferred forgivable loan at 0% interest and a term based upon the amount of funds provided in accordance with the TDHCA and HUD affordability requirements. The loans are to be repaid (if any of the following occurs before the end of the term): at the time of resale of the property; refinance of the first lien; repayment of first lien or if the unit ceases to be the assisted homebuyer's principal residence. The amount of recapture will be based upon the recapture provision at 24 CFR 92.254(a)(5)(ii) as follows:

1. Recapture of the amount of the NSP investment reduced on a prorata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The recapture amount is subject to available shared net proceeds in the event of sale or foreclosure of the housing unit.

2. In the event of sale or foreclosure of the housing unit, if the shared net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than NSP funds) are in excess of the amount of the NSP investment that is subject to recapture, then the net proceeds may be divided proportionately between TDHCA and the homeowner as set forth in the following mathematical formulas:

(NSP investment / (NSP investment + homeowner investment)) X net proceeds = NSP amount to be recaptured

(NSP investment / (NSP investment + homeowner investment)) X net proceeds = amount to homeowner

Households earning less than 50% AMI may obtain 100% mortgage financing to purchase a foreclosed or abandoned single family house which will be the primary residence within 30 days of closing the mortgage loan. The mortgage loans will be for 30 years with a 0% interest rate and repayment obligations will begin immediately. Closing costs will be financed with the loan proceeds. Mortgage documents (Promissory Note and Deed of Trust) will be utilized to provide security for the repayment of the loan, registered against the property, with stated rights and remedies in the event of default. The Texas Neighborhood Stabilization Program Guidelines will outline mortgage underwriting criteria to determine the ability and willingness of the homebuyers to service the proposed debt as evidenced by the homebuyers' income, creditworthiness, assets, and the quality and present value of the property in relation to the loan amount requested. Again, recapture will be based on shared net proceeds as described above.

All NSP assisted homebuyers will be required to complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Financing Mechanisms in those activities have been counted in 6 and 7 below.

(5) <u>Location Description</u>: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) <u>Performance Measures:</u> It is estimated that 700 households will be assisted through the Financing Mechanisms activity as follows:

- 200 households – 50% AMI and below
- 250 households – 51-80% AMI
- 250 households – 81-120% AMI

(7) <u>Total Budget</u>: The Department anticipates leveraging its down payment and closing cost assistance with up to $60,000,000 in private mortgage lending funds to assist households between 51-120% AMI. Approximately $15,000,000 of NSP funds will be budgeted for rehabilitation, down payment, gap financing and closing cost assistance to assist 500 households between 51-120% AMI.

Approximately $28,000,000 of NSP funds will be utilized to provide 100% mortgage financing, rehabilitation and closing cost assistance to 200 households at 50% AMI and below.

Approximately $43,000,000 of NSP funds in total will be utilized for the Financing Mechanisms activity.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Purchase money for foreclosed properties will reflect acquisition of the foreclosed property at a 15% discount
- 0% interest rates will be charged for up to 100% financing for 50% and below AMI
- 0% interest will be charged for homeownership assistance (rehabilitation, down payment, closing costs, gap financing)

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Acquisition of Real Property

(2) Activity Type: NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandon or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.201(a) Acquisition, (b) Disposition

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: To implement this activity, units of local governments and nonprofit organizations will purchase residential properties that have been abandoned or foreclosed upon. Such foreclosed properties must be purchased at a discount to ensure purchasers are paying below-market value for the property. Appraisals will be required for the purposes of determining the statutory purchase discount. Units of local governments or nonprofit organizations will be eligible to purchase abandoned or foreclosed properties to benefit households earning 120% AMI or below. Properties must be rehabilitated and made available to eligible households within 24 months of acquisition.

NSP funds will be provided to units of local governments and nonprofit organizations to purchase properties at the statutory discount. NSP funds will be required to be repaid to the Department within 24 months of acquisition unless maintained as rental property under program requirements. Assistance to rental property restricted to households earning 50% or less of AMI may have an interest rate at 0% fully amortized over 30 years. Properties being sold to households earning 50% or below AMI funds can be provided 100% mortgage financing including closing costs (see Financing Mechanisms activity) through the Department utilizing NSP funding.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Acquisition of Real Property in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 225 properties will be purchased through the Acquisition activity to benefit the following households:

- 75 households – 50% AMI and below
- 75 households – 51-80% AMI
- 75 households – 81-120% AMI

(7) Total Budget: Approximately $24,000,000 of NSP funds will be utilized to acquire foreclosed or abandon properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Foreclosed properties will be acquired at a 15% discount
- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefitting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. ***NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)***

(1) Activity Name: Rehabilitation

(2) Activity Type: Rehabilitate property to provide housing opportunities for households earning less than 120% of Area Median Income.

NSP Eligible Use (B) Rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.

CDBG Eligible Activities: 24 CFR 570.202 Rehabilitation, Reconstruction and New Construction

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: This activity will rehabilitate properties to Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

The purpose of the financial assistance is to provide decent, safe, and sanitary housing for low to middle income residents by the rehabilitation and/or improvement of existing structures to a condition that brings the structure into in compliance with Texas Minimum Construction Standards to ensure all repairs and improvements will contribute to the long term structurally sound housing stock in the area.

Demolition of a structure will only be allowed if the appraised value of the structure is less than 50% of the total appraised value of the property (lot and structure) which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Rehabilitation in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1, as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 275 properties will be rehabilitated to benefit the following households:

- 75 households – 50% AMI and below
- 100 households – 51-80% AMI
- 100 households – 81-120% AMI

(7) Total Budget: Approximately $11,770,163 of NSP funds will be utilized to rehabilitate properties.

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements:

- Permanent financing is available for multifamily properties targeting households at or below 50% AMI
- Tenure will principally be homeownership; however, single and multifamily rental properties are anticipated to meet the HUD requirement for 25% of NSP used to fund activities benefitting households at 50% AMI and below
- Compliance with the HOME Program property standards and affordability requirements for both rental and homeownership activities

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Land Bank/Trust

(2) Activity Type: NSP eligible uses defined under §§2302(c)(3)(B thru E)

(3) National Objective: Benefits areas with low, moderate and middle-income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMA)

(4) Activity Description: Assemble, temporarily manage, and dispose of property for the purpose of stabilizing neighborhoods and encouraging reuse of the property.

The Texas State Affordable Housing Corporation (TSAHC) will offer partnerships to local entities with limited capacity to administer land banking activities. In addition, TSAHC may own and operate a land bank for areas of greatest need without available local partners. TSAHC will operate the land bank under its Affordable Communities of Texas ("ACT") program, a statewide land trust that provides long-term affordability to low and moderate income households through the use of shared-equity agreements, limited-equity agreements, ground leases, and other regulatory restrictions.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and all costs and outcomes for Land Bank/Trust in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: It is estimated that 200 properties could be acquired using NSP funds. Properties acquired will ultimately benefit the following households:

- 100 households – 50% AMI and below (a significant portion of this may not be realized within the four year time limit.)
- 125 households – 51-80% AMI
- 75 households – 81-120% AMI

(7) Total Budget: NSP funds $10,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: March 2009

(10) Projected End Date: Ongoing however all properties will be dispensed by March 2019

(11) Specific Activity Requirements: Pursuant to §2306.555(b) of the Texas Government Code, TSAHC, a 501(c)(3) nonprofit corporation, is authorized to operate the program and carry out activities necessary to hold real property, demolish dilapidated structures, rehabilitate structures and provide financing, grant or other methods of funding to create or preserve affordable housing.

The ACT program draws its design and policies from similar programs initiated by municipalities, states, the National Community Stabilization Trust and the U.S. Department of Housing and Urban Development's Asset Control Area program. It provides training and technical assistance to local government entities and nonprofits that seeks to create local community land trusts and land banks, and provides for partnerships between the Corporation and local entities, not authorized under state statute to land banks and land trusts.

The ACT program depends heavily on creating partnerships with local entities, including housing finance corporations, public housing agencies and nonprofit entities, in order to manage housing assets and identify qualified low-income households to purchase or lease housing assets. The program also partners with national and statewide banks, financial institutions and government entities to acquire foreclosed housing assets at significant discounts below the appraised market value. All properties acquired using NSP funds shall be purchased at or below the minimum pricing requirements noted in HERA. In utilization of NSP funds for land banking activities it is understood that other eligible activities under HERA may be encompassed.

TSAHC anticipates that at least two-thirds of all acquisitions will be held under the ACT program for a period of at least 5 years prior to resale or rental to low-income households. To ensure that the program will meet the affordability requirements of HERA, TSAHC shall place deed restrictions and/or regulatory agreements on at least 25% of properties acquired to benefit households at or below 50% of area median income. All properties acquired under the program shall meet the minimum affordability terms required under HERA. Additionally, restrictions will also require all future rehabilitation and construction meets the Texas Minimum Construction Standards, as defined in the Texas NSP Program Guidelines.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name: Redevelopment

(2) Activity Type: NSP eligible use (E) Redevelop Demolished or Vacant Properties

CDBG Eligible activities: 24 CFR 570.201(a) Acquisition, (b) Disposition, (c) Public Facilities, (e) Public Services, (i) Relocation, (n) Homeownership Assistance (restricted)

(3) National Objective: Benefit to low, moderate and middle income persons as defined in the NSP Notice (≤ 120% of area median income). (LMMH)

(4) Activity Description: Redevelopment of demolished or vacant, but previously improved properties will address areas of greatest need throughout the state wherever there are large amounts of demolished or vacant, but previously improved properties that are contributing to declining land values.

This activity will be utilized to supplement the 25% requirement for 50% AMI. Redeveloped properties are anticipated to focus on redevelopment to permanent use structures for special needs populations.

This activity may also be used in conjunction with or coincidental to other eligible activities described in this Amendment, and the costs and outcomes for Redevelopment in those activities have been counted in 6 and 7 below.

(5) Location Description: The greatest need counties in the State of Texas identified on Exhibit 1 as Direct Texas NSP Allocation or Select Pool Eligible.

(6) Performance Measures: 15 properties will be redeveloped to benefit the following households:

- 15 households – 50% AMI and below

(7) Total Budget: NSP funds $2,000,000

(8) Responsible Organization: Texas Department of Housing and Community Affairs, 221 East 11th Street, Austin, Texas 78701, Attention: Michael Gerber, Executive Director.

(9) Projected Start Date: February 2009

(10) Projected End Date: 18 months from commencement of program for commitment of funds to specific projects. It is anticipated that program income will result in ongoing program activity.

(11) Specific Activity Requirements: 3-year redevelopment loans for up to 100% financing at 0% interest serving households earning 50% or below AMI

Exhibit 1. Texas Neighborhood Stabilization Program County Need Score

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Tarrant	$7,320,349		13320
Dallas	4,684,332		10684
Cameron	3,465,632		9466
Bexar	3,150,408		9150
Hidalgo	3,005,258		9005
Harris	2,875,584		8876
Nueces	2,522,253		8522
Collin	2,278,454		8278
Webb	2,025,812		8026
Travis	2,017,952		8018
Montgomery	1,697,675		7698
El Paso	1,648,634		7649
Brazoria	1,586,234		7586
Potter	1,579,681		7580
Jefferson	1,498,945		7499
Denton	1,166,500		7166
Taylor	1,099,259		7099
Williamson	1,066,554		7067
Bell	1,064,488		7064
Lubbock	1,057,705		7058
Galveston	1,003,104		7003
Wichita	803,464		6803
Fort Bend	726,857		6727
Ector	699,232		6699
McLennan	647,971		6648
Gregg		Gregg	6143
Tom Green		Tom Green	6055
Grayson		Grayson	5809
Brazos		Brazos	5761
Victoria		Victoria	5741
Orange		Orange	5634
Bowie		Bowie	5593
Harrison		Harrison	5583
Midland		Midland	5507
Smith		Smith	5502
Comal		Comal	5498
Hays		Hays	5326
Ellis		Ellis	4325
Johnson		Johnson	4284
Kaufman		Kaufman	3964
Parker		Parker	2295
Bastrop		Bastrop	1898
Hood		Hood	1658

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Liberty		Liberty	1508
Hunt		Hunt	1473
Henderson		Henderson	1432
Rockwall		Rockwall	1266
Wise		Wise	996
Hill		Hill	766
Burnet		Burnet	766
Navarro		Navarro	746
Guadalupe		Guadalupe	683
Randall		Randall	567
Angelina		Angelina	495
Wood		Wood	463
Matagorda		Matagorda	452
Lamar		Lamar	401
San Patricio		San Patricio	391
Atascosa		Atascosa	389
Milam		Milam	366
Maverick		Maverick	359
Jim Wells		Jim Wells	341
Eastland		Eastland	316
Van Zandt		Van Zandt	300
Kleberg		Kleberg	296
Grimes		Grimes	292
Hale		Hale	269
Palo Pinto		Palo Pinto	243
Nacogdoches		Nacogdoches	242
Hopkins		Hopkins	242
Kendall		Kendall	234
Coryell		Coryell	230
Cooke		Cooke	224
Kerr		Kerr	210
Medina		Medina	196
Aransas		Aransas	184
Caldwell		Caldwell	183
Wilson		Wilson	176
Gonzales		Gonzales	169
Waller		Waller	167
Anderson		Anderson	165
Val Verde		Val Verde	165
Montague		Montague	165
Llano		Llano	165
Washington		Washington	159
Fannin		Fannin	159
Walker		Walker	152
Upshur		Upshur	152

County Name	Direct Texas NSP Allocation	Select Pool Eligible	Need Score
Brown		Brown	150
Cherokee		Cherokee	145
Jackson		Jackson	131
Austin		Austin	127
Starr		Starr	115
Wharton		Wharton	114
Polk		Polk	111
Gillespie		Gillespie	106
Jasper		Jasper	106
Leon		Leon	105
Willacy		Willacy	105
Erath		Erath	103
Howard		Howard	102

REPORT ITEMS

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Memorandum

To: Michael Gerber

From: Gordon Anderson

cc: Tim Irvine, Michael Lyttle

Date: March 3, 2009

Re: TDHCA Outreach Activities

The attached document highlights outreach activities on the part of TDHCA staff for February 2009. 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.

221 EAST 11TH ▪ P.O. BOX 13941 ▪ AUSTIN, TEXAS 78711-3941 ▪ (800) 525-0657 ▪ (512) 475-3800

TDHCA Outreach Activities, February 2009

A compilation of activities designed to increase the awareness of TDHCA programs and services or increase the visibility of the Department among key stakeholder groups and the general public

Event	Location	Date	Division	Purpose
Mental Health Transformation Workgroup	Austin	February 2	Housing Resource Center	Participant
2009 Homeownership SuperNOFA Workshop	Austin	February 4	HOME	Training
2009 Texas Veterans Housing Support Program Workshop	Austin	February 4	HOME	Training
Disability Advisory Workgroup	Austin	February 4	Housing Resource Center	Participant
First Thursday Income Eligibility Workshop	Austin	February 5	Portfolio Management & Compliance	Training
Houston Homeless Conference	Houston	February 5-6	Housing Resource Center	Participant
SETRPC – Hurricane Ike Advisory Committee	Beaumont	February 6	Disaster Recovery	Participant
NFMC Subgrantee Orientation	Houston	February 9	Homeownership, Housing Resource Center	Training/Presentation
MCC Program Lender Training	Cedar Park	February 9	Homeownership	Training
SETRPC – Hurricane Ike Public Hearing	Beaumont	February 11	Disaster Recovery	Participant
Governor's Commission on Recovery and Renewal	Beaumont	February 12	Disaster Recovery	Participant
Mental Health Transformation Workgroup	Austin	February 13	Housing Resource Center	Participant
MCC Program Lender Training	Coppell	February 17	Homeownership	Training
LRGVDC – Hurricane Dolly Public Hearing	Brownsville	February 17	Disaster Recovery	Participant
MCC Program Lender Training	Grand Prairie	February 18	Homeownership	Training
LRGVDC – Hurricane Dolly Public Hearing	Weslaco	February 18	Disaster Recovery	Participant
Cameron County Commissioner's Court Meeting	Brownsville	February 19	Disaster Recovery	Presentation, Participant
Community Resource Coordination Group	Austin	February 19	Housing Resource Center	Participant
Disability Advisory Workgroup	Austin	February 20	Housing Resource Center	Participant
National Alliance for the Mentally Ill – Texas Chapter	Austin	February 23	Housing Resource Center	Presentation
Aging Texas Well Advisory Committee	Austin	February 25	Housing Resource Center	Participant
Governor's Commission on Recovery and Renewal	League City	February 26	Disaster Recovery	Participant
NSP Draft NOFA Round Table Discussion	Austin	February 27	Office of Colonia Initiatives	Round Table Hearing

TEXAS HOMEOWNERSHIP DIVISION

SINGLE FAMILY MORTGAGE REVENUE BOND
RESCUE FUND REPORT ITEM
MARCH 12, 2009

On September 13, 2007, the TDHCA Board directed staff to develop a foreclosure prevention plan utilizing $100,000 of Housing Trust Fund (HTF) funds for mortgage loans from the TDHCA Single Family MRB portfolio. The plan uses a HUD-approved third party consumer counseling agency secured through the Department's Master Servicer - Countrywide Bank. In December 2007, staff sought and received a $50,000 grant from Fannie Mae for support of the counseling and foreclosure prevention program.

Under the plan, borrowers who are 60-90 days late on their mortgage payments are sent a letter on TDHCA stationery urging them to contact the counseling service provider's toll-free hotline. Once contact is made and it is determined the borrower meets the Department's distress criteria, a statement of hardship is prepared by the counseling agency and financial statements are requested. Distress criteria include those who have had timely payments up until a medical or financial hardship and those with a reasonable prospect for resuming full mortgage payments based on their new income stream. Any rescue funds provided to a borrower are provided as an unsecured note due on sale or payoff of the first lien mortgage loan.

Based on Countrywide's experience, consumer credit counseling is ideal for those borrowers in the 60-90 day late range, primarily because many of the 30 day late borrowers cure on their own. However, approximately half of all borrowers who lose their home to foreclosure fail to contact their lender during the process. Many borrowers are reluctant to contact their lender because they fear that disclosing their circumstances may accelerate the foreclosure process. Others avoid their lender because they don't believe the lender can help. By offering the opportunity to talk to a HUD-approved housing counselor, borrowers may be able to identify solutions to resolve their situation.

Since May 2008, over 2,100 letters have been sent to 1,102 borrowers that were delinquent 60-90 days encouraging them to contact the counseling service provider. As of year-end 2008, of the 1,102 borrowers that were mailed letters, 127 of them are now current on their mortgage loan (11.52%) and approximately 200 borrowers are now only 30 days late (18.14%). Combined, roughly 30% of the total loans were performing better due to either the counseling services they received or through the normal home retention efforts provided by Countrywide. Also, 101 borrowers have completed work-out arrangements with Countrywide (9.16%) and another 210 (19.05%) have work-out plans in progress.

As anticipated and based on national trends, the number of borrowers actually contacting the counseling service provider was also 11.52% (or 127 borrowers). Of the 101 work-outs completed, 5 of them received counseling from the contracted third party counseling agency. Furthermore, of the 210 work-outs in progress, 13 of them were referred by the contracted third party counseling agency. Work-out plans include loan modifications, partial claims, recast payments, repayment plans, special forbearance, short sales, etc.

For many of the other responders, most have had a sizeable loss of income and long-term are unable to support a revenue stream to service the debt; thus, making them ineligible for investor approval. To date, approximately 42 families have received counseling assistance and three families have been advanced rescue funds as a result of their ability to meet program and investor guidelines.

In an effort to broaden the scope of the program and to potentially assist more families, Countrywide Bank is negotiating with an additional non-profit organization to provide counseling services and workout solutions. In addition to letters being sent to borrowers that are 60-90 days delinquent, letters will also be sent to borrowers that are 120 days delinquents.