

# BOARD MEETING OF JUNE 30 2015

**J. Paul Ozer, Chair**



Juan Muñoz, Vice-Chair

Leslie Bingham Escareño, Member

T. Tolbert Chisum, Member

Tom Gann, Member

J. B. Goodwin, Member

# CONSENT AGENDA

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

**A G E N D A  
9:00 AM  
June 30, 2015**

**John H. Reagan Building  
Room JHR 140, 105 W 15<sup>th</sup> Street  
Austin, Texas**

**CALL TO ORDER**

**ROLL CALL**

**CERTIFICATION OF QUORUM**

**J. Paul Oxer, Chairman**

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

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

*Recognition of Jean Latsha*

**CONSENT AGENDA**

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

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

**EXECUTIVE**

- a) Presentation, Discussion, and Possible Action to authorize the Chair to establish the compensation of the Executive Director consistent with the General Appropriations Act

**J. Paul Oxer**  
Board Chair

**LEGAL**

- b) Presentation, Discussion, and Possible Action to adopt policy guidance with respect to the application of recent U.S. Department of Housing and Urban Development (“HUD”) guidance to existing elderly transactions and to approve the handling of any necessary change regarding Darson Marie Terrace #15404

**Megan Sylvester**  
Federal Compliance  
Counsel

**ASSET MANAGEMENT**

- c) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendment

**Raquel Morales**  
Director of Asset  
Management

12098      The Belleview      Dallas

- d) Presentation, Discussion, and Possible Action regarding Ratification of Housing Tax Credit Application Amendment

99207      Columbia Greens      Houston

- e) Presentation, Discussion, and Possible Action on a Waiver of 10 TAC §50.4(d)(16)(I) and approval of Land Use Restriction Agreement (“LURA”) Amendments

12300 Capitol Studios Austin

**SINGLE FAMILY OPERATIONS AND SERVICES**

- f) Presentation, Discussion, and Possible Action on Colonia Self Help Center (Colonia SHC) Program Awards to the City of Eagle Pass, Starr County and Cameron County in accordance to Section 2306.582 of the Texas Government Code through Community Development Block Grant (CDBG) Funding

**Homero Cabello**  
Director of SF  
Operations & Services

**MULTIFAMILY FINANCE**

- g) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

**Jean Latsha**  
Director of Multifamily  
Finance

15406 Palo Alto San Antonio  
15408 Reserve at Springdale Austin

- h) Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-020 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

15603 Sunrise Orchard Apartments Houston

**COMPLIANCE**

- i) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC, Chapter 1, Subchapter C Previous Participation and repeal of 10 TAC, Chapter 1, Subchapter A, §1.5 Previous Participation and directing their publication in the *Texas Register*

**Patricia Murphy**  
Chief of Compliance

**BOND FINANCE**

- j) Presentation, Discussion, and Possible Action authorizing amendments to Master Trade Confirmation for Single Family Taxable Mortgage Program (“TMP-79”), amendments to Warehousing Agreement for single family loan program, and program changes for TMP-79

**Monica Galuski**  
Director of Bond  
Finance

**NEIGHBORHOOD STABILIZATION**

- k) Presentation, Discussion, and Possible Action on amendments to Neighborhood Stabilization Program One (“NSP1”) Contracts and Neighborhood Stabilization Program One – Program Income (“NSP1-PI”) Reservation Agreements

**Marni Holloway**  
Director NSP

77090000106  
and City of Irving Irving  
77090003106  
77090003108 Affordable Homes of South Texas McAllen  
77090000113  
and Housing Authority of the City of San Benito San Benito  
77090003113  
77090000123  
and City of Waelder Waelder  
77090003123  
77090003150 Community Development Corporation of Brownsville Brownsville  
77090003154 City of Port Arthur Port Arthur



77090000164  
and Frazier Revitalization, Inc. Dallas

77090003164

77099999170

and Midland County Housing Authority Midland  
77099993170

- l) Presentation, Discussion, and Possible Action on authorization of programming of Neighborhood Stabilization Program Three (“NSP3”) Program Income

77110000105 Community Development Corporation of Brownsville Brownsville

- m) Presentation, Discussion, and Possible Action regarding the approval of a proposal to use Neighborhood Stabilization Program (“NSP”) funds to resolve properties with defaulted loans, or foreclosed single family properties

### CONSENT AGENDA REPORT ITEMS

#### ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers
- b) Report regarding programming future Multifamily Development Program funds as Grants to Supportive Housing providers

**Raquel Morales**  
Director of Asset Management  
**Jean Latsha**  
Director of Multifamily Finance

### ACTION ITEMS

#### ITEM 3: FINANCIAL ADMINISTRATION

- a) Presentation, Discussion, and Possible Action on the FY 2016 Operating Budget
- b) Presentation, Discussion, and Possible Action on the FY 2016 Housing Finance Division Budget

**David Cervantes**  
Chief Financial Officer

#### ITEM 4: COMMUNITY AFFAIRS

- a) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.2 Definitions, and directing its publication in the *Texas Register*
- b) Presentation, Discussion, and Possible Action on an order adopting the repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Distribution of WAP Funds, and directing its publication in the *Texas Register*
- c) Presentation, Discussion, and Possible Action on an order adopting new 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §§5.503 Definitions and 5.504 Distribution of WAP Funds; and adopting amendments to 10 TAC §§5.505 Subrecipient Requirements for Appeals Process for Applicants; 5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria; 5.516 Monitoring of WAP Subrecipients; 5.525 Eligibility for Multifamily Dwelling Units; and 5.528 Health and Safety, and directing their publication in the *Texas Register*
- d) Presentation, Discussion, and Possible Action on the adoption of new 10 TAC Chapter 5 Community Affairs Programs, Subchapter F, Weatherization Assistance Program, Department of Energy, §5.614 Deobligation and Reobligation of Awarded Funds, and directing that it be published in the *Texas Register*

**Brooke Boston**  
Deputy Executive Director

**ITEM 5: COMPLIANCE**

Report from Wipfli, LLP, CPAs and Consultants (“Wipfli”) regarding Cameron and Willacy Counties Community Projects Inc. (“CWCCP”)

**Patricia Murphy**  
Chief of Compliance

**ITEM 6: MULTIFAMILY FINANCE**

- a) Presentation, Discussion, and Possible Action regarding addition of funds to the 2015-1 Multifamily Development Program Notice of Funding Availability
- b) Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department’s Program Rules

**Jean Latsha**  
Director of Multifamily  
Finance

13167	Freedom’s Path at Kerrville	Kerrville
15012	Mariposa Apartment Homes	Royse City
15101	Reserves at Summit West	Wichita Falls
15135	Columbia at Renaissance Square	Fort Worth
15242	Sundance Meadows	Brownsville
15268	Cayetano Villas of Kingsville	Kingsville

- c) Presentation, Discussion, and Possible Action on appeal of denial of funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity (“NOFA”) for Cornerstone Apartments, #14501

**Tom Gouris**  
Deputy Executive  
Director

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

**EXECUTIVE SESSION**

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

**J. Paul Ozer**  
Chairman

- 1. The Board may go into Executive Session Pursuant to Tex. Gov’t Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.
- 2. Pursuant to Tex. Gov’t Code, §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer, including:
  - a) *The Inclusive Communities Project, Inc. v. Texas Department of Housing and Community Affairs, et al., filed in federal district court, Northern District of Texas, and pending before the Supreme Court of the United States.*
  - b) *McCardell v. HUD et al.*
- 3. Pursuant to Tex. Gov’t Code, §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov’t Code, Chapter 551:
  - a) Any posted agenda item
- 4. Pursuant to Tex. Gov’t Code, §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department’s ability to negotiate with a third person; and/or-
- 5. Pursuant to Tex. Gov’t Code, §2306.039(c) the Department’s internal auditor, fraud prevention coordinator or ethics advisor may meet in an executive session of the Board to discuss issues related to fraud, waste or abuse.

**OPEN SESSION**

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

## **ADJOURN**

To access this agenda and details on each agenda item in the board book, please visit our website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11<sup>th</sup> 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 three (3) days before the meeting so that appropriate arrangements can be made.

Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512- 475-3814, at least three (3) days before the meeting so that appropriate arrangements can be made.

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

1a

**BOARD ACTION REQUEST**

**EXECUTIVE**

**JUNE 30, 2015**

Presentation, Discussion, and Possible Action to authorize the Chair to establish the compensation of the Executive Director consistent with the General Appropriations Act

**RECOMMENDED ACTION**

**RESOLVED**, that J. Paul Ozer, Board Chair, be and he hereby is authorized and empowered, for an on behalf of this Board, to establish the salary of the Executive Director subject to the provisions of the 2016-2017 General Appropriations Act.

**BACKGROUND**

The classification and salary for the position of the Executive Director are specifically addressed under the General Appropriations Act, meaning that position is not subject to the same provisions set forth in the state salary administration system regarding the establishment of classification and setting of salary as other exempt or nonexempt positions.

1b

**THIS ITEM HAS BEEN PULLED  
FROM THE AGENDA**

1c



**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action to Approve Housing Tax Credit Application Amendment for The Belleview in Dallas (File No. 12098).

**RECOMMENDED ACTION**

**WHEREAS**, The Belleview received an award of 9% Housing Tax Credits in 2012 to construct 164 new multifamily units in Dallas;

**WHEREAS**, the Development Owner requests approval for a reduction of the site acreage from 1.64 to 1.55 acres, due to a requirement to dedicate a right-of-way to the City of Dallas, specifically 0.0845 of an acre;

**WHEREAS**, the original “footprint” of the development and location of the buildings remain unchanged;

**WHEREAS**, the reduced acreage increases the residential density by 5.43%, which is more than a 5% change;

**WHEREAS**, Board approval is required for a modification of the residential density of at least 5% under Texas Government Code §2306.6712 and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

**WHEREAS**, the site acreage and the changes in residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded.

**NOW, therefore, it is hereby**

**RESOLVED**, that the approval of the amendment of the Housing Tax Credit application for The Belleview is approved as presented to this meeting and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

## **BACKGROUND**

The Belleview received a 2012 HTC award to construct 164 new multifamily units in Dallas, Dallas County. The City of Dallas required the owner to dedicate three right-of-ways prior to approving the final plat design. Two of the right-of-ways consisted of 25 feet measured from the established center line of the public streets located on either side the Development. The third right-of-way consisted of a 15 foot by 15 foot alley sight easement located in one corner of the property. The total land dedicated was 0.0845 of an acre.

The total acreage is being reduced from 1.64 acres originally presented in the application to 1.55 acres identified on the final as-built survey provided in the cost certification package. This change results in a decrease in acreage of 5.15% and an increase in the residential density of the property by 5.43%. The increased residential density is the result of the land lost for the road right of way and did not affect the original design of the project.

Additionally, the recorded Land Use Restriction Agreement (“LURA”) must be administratively amended to reflect the reduction to 1.55 acres due to the dedicated right-of-way.

Staff recommends approval of the amendment request.

**From:** sreidy@ess-email.com  
**Sent:** Thursday, June 04, 2015 12:29 PM  
**To:** Lee Ann Chance

Lee Ann,

During the cost certification review of our as built survey it was noted that the size of our site was reduced from 1.6471 acres to 1.5555 acres. The change in acreage was due to required conditions by the City of Dallas Planning and Zoning Commission when they approved our Preliminary Plat. Please see attached documentation from the City of Dallas Planning Department related to this condition stipulating the required ROW dedications - see items 12, 13 and 14.

I have also attached the legal description of the property in WORD per your request. It is my understanding that we need to request an application amendment due to this change. Please accept this email as our formal request. We are sending a check for \$2,500 to be delivered to you via fedex tomorrow.

Please let me know if you need any additional information.

Thank you.

Sara Reidy - Principal  
Casa Linda Development Corporation  
Economic Strategic Solutions, Inc.



City of Dallas

November 15, 2012

WINRS Ltd.  
450 Prospector Lane  
Estes Park, Colorado 80517

RE: S 123-009

The City Plan Commission on Thursday, November 15, 2012 approved your preliminary plat of "Bellevue Vista Addition", subject to the following conditions:

1. The final plat shall conform to all requirements of the Dallas Development Code, Texas Local Government Code, Texas Land Surveying Practices Act and the Rules and Regulations of the Texas Board of Land Surveying.
2. Development Services, Engineering Division must verify that the plat conforms with water, wastewater and easement requirements under the provisions of Chapter 49 of the Dallas City Code.
3. Compliance with all plans, contracts, ordinances and requirements of the City of Dallas.
4. Provide a copy of the digital electronic CADD file of the final plat at the time the final plat is submitted for signature by the Chairman of the Plan Commission in a format that is compatible with the "Microstation" format to the Survey Section, Engineering Division in Room 200, 320 E. Jefferson Boulevard.
5. The number and location of fire hydrants must comply with Article 10 Division IV of the Dallas Fire Code.
6. Any structure new or existing may not extend across new property lines. In addition, any detached sign must be shown on the final plat.
7. On the final plat, all easement abandonments and ROW abandonments must be by separate instrument and the recording information shown on the face of the plat. A release from the Real Estate Division is required prior to the plat being submitted to the Chairman for signature.
8. On the final plat include two boundary corners tagged with these coordinates: "Texas State Plane Coordinate System, North Central Zone, North American Datum of 1983 on Grid Coordinate values, No Scale and no Projection."
9. A letter stating that the monumentation provisions of Section 51A-8.617 have been complied with and the monuments have been set must be received from the Chief City Surveyor prior to submittal of the final plat for the Chairman's signature.
10. The maximum number of lots permitted by this plat is 1.

11. Submit drainage and/or paving plans, prepared by a Professional Engineer, to Sustainable Development and Construction, Engineering Division, Room 200, Oak Cliff Municipal Center. Additions and alterations to the public infrastructure require approval and may require private development contracts with bonds.
12. On the final plat dedicate 25 feet of Right-Of-Way from the established centerline of Browder Street.
13. On the final plat dedicate 25 feet of Right-Of-Way from the established centerline of Gould Street.
14. On the final plat dedicate a 15 foot by 15 foot alley sight easement at Sullivan Drive and Browder Street.
15. Coordinate with the Public Works Department the dedication of any additional Right-Of-Way Bellview Street.
16. On the final plat show how all adjoining Right-of-Way was created.
17. On the final plat monument all set corners in accordance with the Monumentation Ordinance.
18. On the final plat match the city Right-Of-Way alignment for Belleview Street as shown on the Belleview Street Extension from Akard Street to Ervay Street on City File 311D-4216 located in the City of Dallas Survey Vault in Room 314 at 320 E. Jefferson Boulevard, Dallas, Texas 75203.
19. On the final plat dedicate a street easement along Gould Street.
20. Engineer shall furnish plans for water and sanitary sewer. Developer must furnish a contract for water and sanitary sewer.
21. A site plan must be submitted to the Water/Wastewater Section in Room 200 of 320 E. Jefferson Blvd. showing proposed buildings and development.
22. New water and/or wastewater easements need to be shown.
23. Water/wastewater main extension is required by Private Development Contract.
24. Prior to submittal of the final plat the existing fence encroachment needs to be removed from Sullivan Drive Right-Of-Way.
25. Prior to submittal of the final plat evidence must be submitted to the Subdivision Administrator that the fences on Belleview Street, Browder Street and Gould Street Rights-Of-Way do not encroach into the Right-Of-Way.

S123-009

Page 3

26. On the final plat identify the property as Lot 1, City Block B/448.

These conditions represent additional requirements for preparing the final plat. It will be necessary for your engineer or your surveyor to work directly with the various city departments and public utilities involved in the platting process to determine their individual requirements.

If you have any questions concerning the action of the City Plan Commission, please contact me at (214) 948-4452.

Sincerely,

A handwritten signature in cursive script that reads "Paul Nelson". The signature is written in black ink and is positioned above the typed name and address.

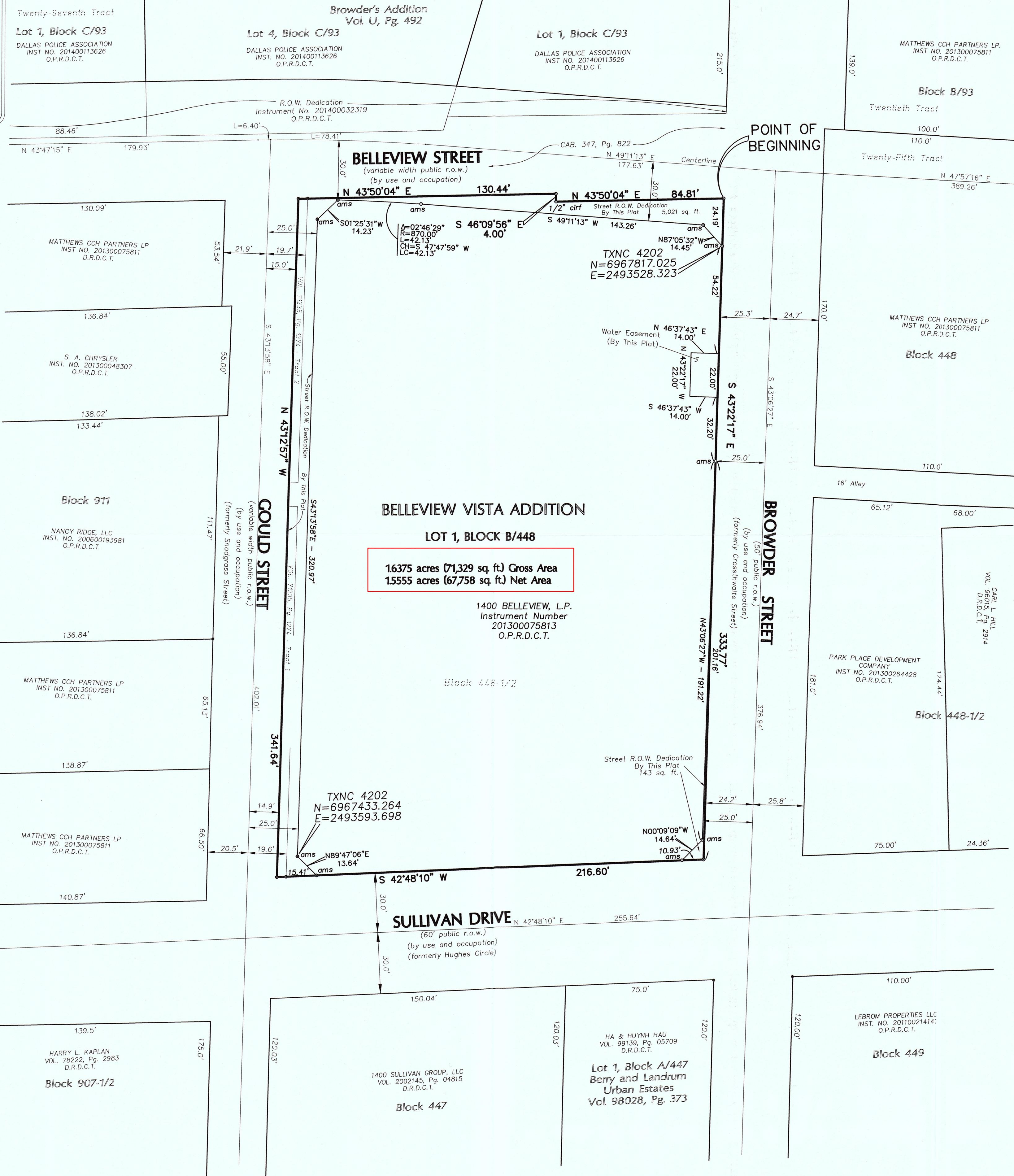
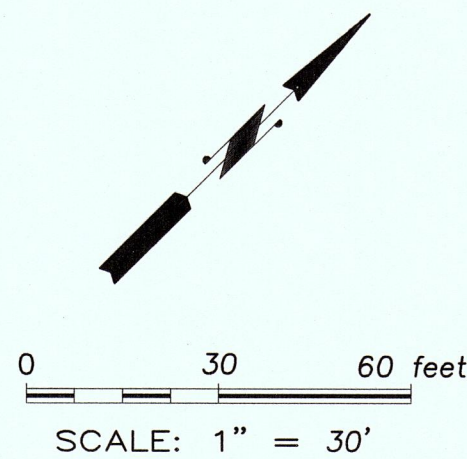
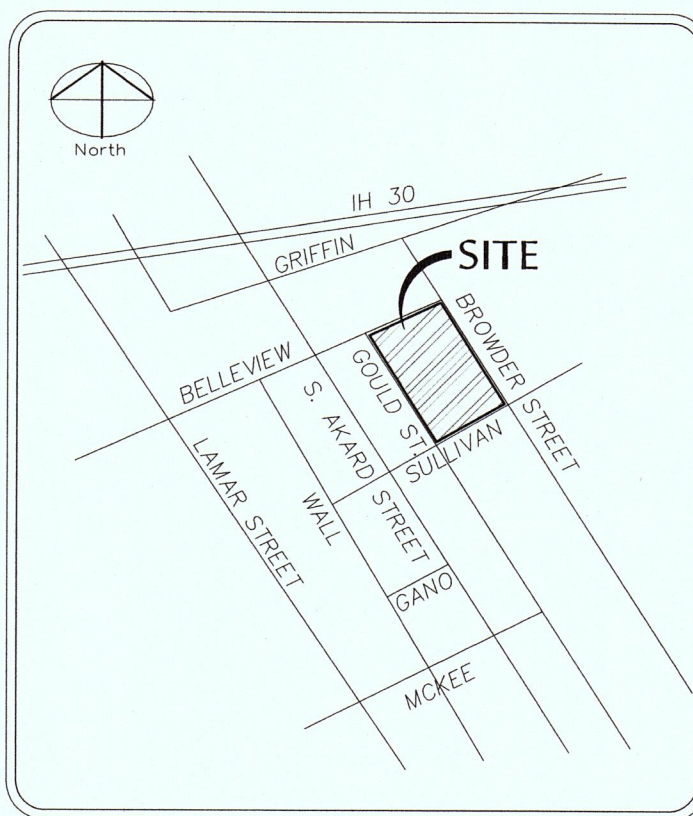
Paul Nelson, Subdivision Administrator  
Subdivision Section, Current Planning Division  
Sustainable Development and Construction Department  
320 E. Jefferson Blvd., Room 115  
Dallas, Texas 75203

Cc: Piburn & Carson, LLC  
Attn: Richard Carson  
9535 Forest Lane, Suite 229  
Dallas, Texas 75243

Emails: Becky Middleton, Richard Carson, David Cossum, Michael R. Miller, Dwayne Taylor, Laura Morrison, Kathryn Branson, Hamid Fard, Mina Eskander, Donna Smithson-Kirwan, John Stepp, Danny Fugate, and John Loftis



VICINITY MAP



GENERAL NOTES:
1. Lot-to-Lot drainage is not permitted without engineering section approval.
2. Basis of Bearings is the south line of proposed Bellevue Street (N 43°50'04" E), per the City of Dallas, Bellevue Street Extension plans, file 311 D, number 4216 and Texas State Plane Coordinates.
3. Selling a portion of a platted lot by metes and bounds is a violation of State Law.
4. The purpose of this plat is to create a one lot legal building site.
5. Coordinates shown are Texas State Plane Coordinate System, North Central Texas, North American Datum of 1983 on Grid Coordinate Values, no scale and no projection.
LEGEND
r.o.w. = right-of-way
ams = aluminum monument set for corner stamped "Bellevue 3689"
R/R = railroad
Vol./Pg. = volume/page
D.R.D.C.T. = Deed Records, Dallas County, Texas.
O.P.R.D.C.T. = Official Public Records, Dallas County, Texas.

OWNER'S DEDICATION
NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

THAT 1400 BELLEVUE, L.P., acting by and through its duly authorized agents, Linda S. Brown & Scott Galbraith, does hereby adopt this plat, designating the hereon described property as BELLEVUE VISTA ADDITION, an addition to the City of Dallas, Dallas County, Texas, and do hereby dedicate, in fee simple, to the public use forever any streets, alleys, and roadway management areas shown thereon. The easements shown thereon are hereby reserved for the purposes indicated. The utility and fire lane easements shall be open to the public, fire and police units, garbage and rubbish collection agencies, and all public and private utilities for each particular use. The maintenance of paving on the utility and fire lane easements is the responsibility of the property owner. No buildings, fences, trees, shrubs, or other improvements or growths shall be constructed, reconstructed or placed upon, over or across the easements as shown. Said easements being hereby reserved for the mutual use and accommodation of all public utilities using or desiring to use same. All, and any public utility shall have the right to remove and keep removed all or parts of any building, fences, trees, shrubs, or other improvements or growths which in any way may endanger or interfere with the construction, maintenance or efficiency of its respective system on the easements, and all public utilities shall at all times have the full right of ingress and egress to or from the said easements for the purpose of constructing, reconstructing, inspecting, patrolling, maintaining and adding to or removing all or parts of its respective systems without the necessity at any time of procuring the permission of anyone. (Any public utility shall have the right of ingress and egress to private property for the purpose of reading meters and any maintenance or service required or ordinarily performed by that utility).

Water main and wastewater easements shall also include additional area of working space for construction and maintenance of the systems. Additional easement area is also conveyed for installation and maintenance of manholes, cleanouts, fire hydrants, water services and wastewater services from the main to the curb or pavement line, and description of such additional easements herein granted shall be determined by their location as installed.

This plat approved subject to all platting ordinances, rules, regulations, and resolutions of the City of Dallas, Texas.

1400 Bellevue, L.P., a Texas limited partnership

By: 1400 Bellevue GP, LLC, a Texas limited liability company, Its General Partner

By: Casa Linda Development Corporation, a Texas corporation, Its Managing Member

WITNESS, my hand at Dallas, Texas, this the 20 day of February, 2015.

By: Linda S. Brown, President

By: Matthews Affordable Income Development, LLC, A Texas limited liability company, its Member

WITNESS, my hand at Dallas, Texas, this the 20 day of February, 2015.

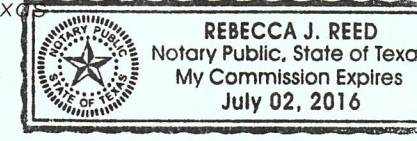
By: Scott Galbraith, Vice President

STATE OF TEXAS )
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, a Notary Public in and for Dallas County, Texas, on this day personally appeared Linda S. Brown known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for purposes and considerations therein expressed and in the capacity therein stated.

WITNESS, my hand at Dallas, Texas, this the 20th day of February, 2015.

Notary Public in and for the State of Texas

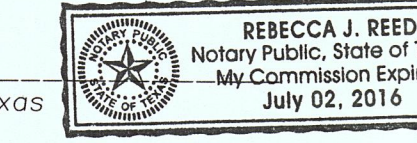


STATE OF TEXAS )
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, a Notary Public in and for Dallas County, Texas, on this day personally appeared Scott Galbraith known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for purposes and considerations therein expressed and in the capacity therein stated.

WITNESS, my hand at Dallas, Texas, this the 20th day of February, 2015.

Notary Public in and for the State of Texas



The Lien holder or mortgagee concurs with the Owner's Certificate and agrees to subordinate its interests to the provisions of the Owner's Dedication.

Lien holder: Bank of America, N.A.

WITNESS, my hand at Dallas, Texas, this the 20 day of February, 2015.

Bank of America, N.A.

By: Valerie A. Williams

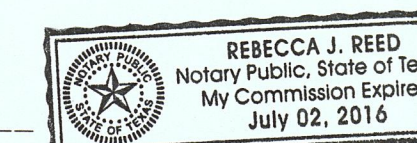
Name: Valerie A. Williams

Title: Senior Vice President

STATE OF TEXAS )
COUNTY OF DALLAS )

This instrument was acknowledged before me on the 20th of February, 2015 by Valerie A. Williams, for Bank of America, N.A.

Notary Public in and for the State of Texas



OWNER'S CERTIFICATE

COUNTY OF DALLAS )
STATE OF TEXAS )

WHEREAS, 1400 BELLEVUE, L.P. is the owner of a 1.6375 acre (71,329 sq. ft.) tract of land situated in the John Grigsby Survey, Abstract No. 495, Dallas County, Texas, and being part of City Block 448-1/2, as described in special warranty deed with vendor's lien to 1400 BELLEVUE, L.P., as recorded in Instrument Number 201300075813 Official Public Records, Dallas County, Texas (O.P.R.D.C.T.), and being more particularly described by metes and bounds as follows:

BEGINNING at a corner at the intersection of the southwest right-of-way line of Browder Street (50' public right-of-way) and the southeast right-of-way line of Bellevue Street (a variable width public right-of-way);

THENCE South 43°22'17" East, along said southwest right-of-way line of Browder Street, a distance of 333.77 feet to a corner at the intersection of the northwest right-of-way line of Sullivan Drive (60' public right-of-way) and said southwest right-of-way line of Browder Street;

THENCE South 42°48'10" West, along said northwest right-of-way line of Sullivan Drive, a distance of 216.60 feet to a corner at the intersection of the northeast right-of-way line of Gould Street (a variable width public right-of-way) and said northwest right-of-way line of Sullivan Drive;

THENCE North 43°12'57" West, along said northeast right-of-way line of Gould Street, a distance of 341.64 feet to a corner at the intersection of the aforementioned southeast right-of-way line of Bellevue Street and said northeast right-of-way line of Gould Street;

THENCE North 43°50'04" East, for a distance of 130.44 feet to a corner;

THENCE South 46°09'56" East a distance of 4.00 feet to a corner;

THENCE North 43°50'04" East, continuing along said southeast right-of-way line of Bellevue Street, a distance of 84.81 feet to the POINT OF BEGINNING and containing 1.6375 acres or 71,329 square feet of land, more or less.

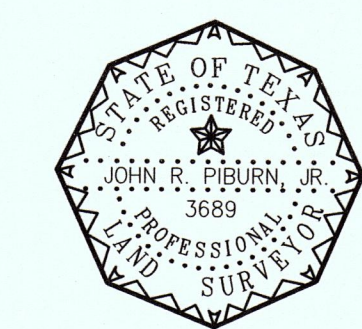
With approximately 2,833 square feet of land in the presently used roadway of Gould Street, to which no warranty deed is made hereunder, but all of which land is herein dedicated.

SURVEYOR'S STATEMENT

I, John R. Piburn, Jr., a Registered Professional Land Surveyor, licensed by the State of Texas, affirm that this plat was prepared under my direct supervision, from recorded documentation, evidence collected on the ground during field operations and from other reliable documentation; and that this plat substantially complies with the Rules and Regulations of the Texas State Board of Professional Land Surveying, the City of Dallas Development Code (Ordinance No. 19455, as amended) and the Texas Local Government Code, Chapter 212. I further affirm that the monumentation shown hereon was either found in place or placed in compliance with the City of Dallas Development Code, Sec. 51A-8.617 (a)(b)(c)(d)&(e); and that the digital drawing file accompanying this plat is a precise representation of this Signed and Record Final Plat.

Dated this the 20th day of February, 2015.

John R. Piburn, Jr., RPLS No. 3689

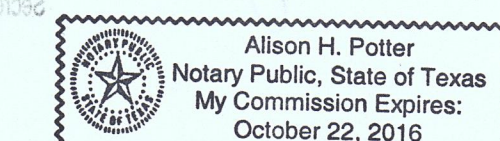


STATE OF TEXAS )
COUNTY OF DALLAS )

BEFORE ME, the undersigned authority, a Notary Public in and for Dallas County, Texas, on this day personally appeared John R. Piburn, Jr., known to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for purposes and considerations therein expressed and in the capacity therein stated.

Given under my hand and seal of office, this 20th day of February, 2015.

Notary Public in and for the State of Texas



FINAL PLAT
BELLEVUE VISTA ADDITION
Lot 1, Block B/448
Being a plat out of the John Grigsby Survey, Abstract 495, City of Dallas, Dallas County, Texas

71,329 sq. ft. / 16375 ac.

CITY PLAN FILE NO. S123-009
OWNER: 1400 Bellevue LP, 320 Main Street West, Lewisville, Texas 75057
ENGINEER/SURVEYOR: Piburn & Carson, LLC, 801 E. Campbell Road - Suite 575, Richardson, Texas 75081
Ph: (214) 328-3500 Fax: (214) 328-3512
February 2015



1d



**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action to ratify a Housing Tax Credit Application Amendment previously approved by the Executive Director for Columbia Greens in Houston (#99207)

**RECOMMENDED ACTION**

**WHEREAS**, Columbia Greens received an award of 9% Housing Tax Credits in 1999 to construct 232 new multifamily units in Houston;

**WHEREAS**, the Development Owner requested approval for a reduction of the site acreage from 20.141 acres to 18.617, due to the City of Houston's purchasing 1.524 acres for its Bayou Greenways Park System;

**WHEREAS**, the original "footprint" of the development and location of the buildings remain unchanged;

**WHEREAS**, the reduced acreage also increases the residential density by 8.19%, which is more than a five percent increase, requiring Board approval under 10 TAC §10.405(a)(4)(F);

**WHEREAS**, Texas Government Code, Title 10, Subtitle G, Chapter 2306, §2306.6712(d)(6) considers a modification of the residential density of the development of at least five percent to be a material alteration requiring Board approval;

**WHEREAS**, the Executive Director of the Department approved the request, subject to Board ratification; and

**WHEREAS**, the changes in site acreage and residential density do not negatively affect the Development, impact the viability of the transaction, or affect the amount of tax credits awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director's conditional approval, issued on behalf of the Department, of the amendment of the Housing Tax Credit application for Columbia Greens is ratified and approved as presented to this meeting.

### **BACKGROUND**

Columbia Greens received a 1999 HTC award to construct 232 new multifamily units in Houston, Harris County. The property was placed in service in 2001. The Development consists of 10 buildings with 174 tax credit units and 58 market rate units.

The City of Houston (the "City") has made an offer to purchase a 1.524 acre tract of land for its Bayou Greenways Park System. Therefore, the property owner now requests an amendment to release the 1.524 acres of land from the property legal description.

The Houston Parks Board is undertaking the Bayou Greenways Park System project which will involve the taking of property along Greens Bayou. An offer to purchase the 1.524 acre portion of the development site for \$42,803 was presented to the owner. The acreage involved is not accessible to the residents as it is beyond the fencing boundaries of the property. The "footprint" of the property is not affected. The amendment does not alter the Development in a negative manner and would not have adversely affected the selection of the application. The sale of the 1.524 acres will not affect the operation of the property, the resident's right of enjoyment, or any egress.

The total acreage in the legal description will be reduced by 1.524 acres, from 20.141 acres to 18.617 acres, resulting in a decrease in acreage of 7.57%, which is less than the 10% that would be considered material and require Board approval. The density of the property is increasing by 0.943 units per acre, from 11.519 to 12.462 units per acre, resulting in an increase in density of 8.19%.

Under the recently approved Asset Management rules for Amendments at 10 TAC, Subchapter E, §10.405(a)(4), this amendment is not considered a material alteration, and may be approved by the Executive Director if the change is required by local government. However, because Texas Government Code, Title 10, Subtitle G, Chapter 2306, §2306.6712(d)(6), considers a modification of the residential density of the development of at least five percent to be a material alteration requiring board approval, the Executive Director requests ratification of the approval by the Governing Board.

Staff recommends ratification of the amendment request previously approved by the Executive Director.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Rick Perry  
GOVERNOR

BOARD MEMBERS  
J. Paul Oser, *Chair*  
Juan S. Muñoz, PhD, *Vice Chair*  
Leslie Bingham-Escareño  
T. Tolbert Chisum  
Tom H. Gann  
J.B. Goodwin

May 26, 2015

Writer's direct phone # 512.475.3296  
Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)

Brad Barnes  
Vice President of Asset Management  
Columbia Residential  
1718 Peachtree Street, NW  
Suite 684, South Tower  
Atlanta, GA 30309

RE: COLUMBIA GREENS, HTC 99207, CMTS ID 2279  
APPROVAL OF AMENDMENT REQUEST TO REDUCE SITE ACREAGE BY 1.524 ACRES OF LAND

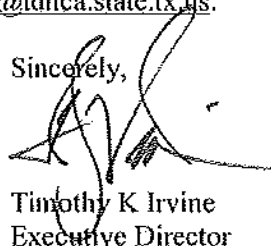
Dear Mr. Barnes:

The Texas Department of Housing and Community Affairs ("Department") received your letter dated April 14, 2015 requesting approval to reduce the site acreage for Columbia Greens by 1.524 acres.

The amendment is necessary because the City of Houston has made an offer to purchase this tract of land for its Bayou Greenways Park System. The acreage involved is not accessible to the residents as it is beyond the fencing boundaries of the property. The sale of the 1.524 acres will not affect the operation of the property, the resident's right of enjoyment, nor any egress.

The amendment does not materially alter the Development in a negative manner and does not adversely affect the award. The request for amendment is granted subject to ratification by our Board at the next available Board meeting. An amendment to the property Land Use Restriction Agreement for the property will be sent under separate cover after ratification by the Board. If you have questions or need additional information, please contact Lucy Trevino at 512.475.2550 or at [lucy.trevino@tdhca.state.tx.us](mailto:lucy.trevino@tdhca.state.tx.us).

Sincerely,



Timothy K Irvine  
Executive Director

TI/LRT

cc: Lynnette Watson, Compliance Specialist, Columbia Residential ([lwatson@columbiare.com](mailto:lwatson@columbiare.com))





April 14, 2015

Ms. Lucy Trevino  
Senior Asset Manager  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street  
Austin, Texas 78701

CMTS ID: 2279

Re: Columbia Greens TX99-207 City of Houston's Purchase of 1.524 Acres

Dear Ms. Trevino:

Attached is our Request for a Material Amendment to the Land Use Restriction Agreement Under the LIHTC Land Use Restrictive Covenant. We did not find a required form for this amendment request.

The City of Houston has begun legal steps to take 1.524 acres of land from an area outside the fencing at Columbia Greens. We have attached a copy of the City's offer, the appraisal, and the LURC with Exhibit A, the legal description of the property. We have also enclosed our check for \$2,500, which represents the required fee for the consideration of this Amendment.

Please contact me should you have any questions or need additional information.

Best regards,

Brad Barnes  
Vice President of Asset Management

Enclosures  
cc: Nan Maddux

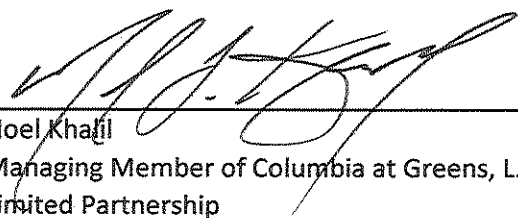
## REQUEST FOR MATERIAL AMENDMENT TO LAND USE RESTRICTION AGREEMENT UNDER LIHTC LAND USE RESTRICTIVE COVENANT

<b>Project:</b>	<i>Name:</i> Columbia Greens	<i>TDHCA Nbr:</i> TX 99-207	<i>County:</i> Harris		
	<i>Address:</i> 832 W. Greens Road N	<i>City:</i> Houston	<i>State:</i> TX	<i>Zip:</i> 77067	
<b>Contact:</b>	<i>Name:</i> Brad Barnes, Vice President of Asset Management	<i>Company:</i> Columbia Residential			
	<i>Address:</i> 1718 Peachtree Street, NW, Suite 684, South Tower	<i>City:</i> Atlanta	<i>State:</i> GA	<i>Zip:</i> 30309	
	<i>Email:</i> <a href="mailto:bbarnes@columbiares.com">bbarnes@columbiares.com</a>	<i>Phone:</i> 404-419-1427			

**Request** To amend the legal description of Exhibit A to the Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits dated November 5, 2001 between Columbia at Greens, L.P. and The Texas Department of Housing & Community Affairs by reducing the original acreage of 20.4450 acres by 1.524 acres pursuant to a request for purchase by the City of Houston for its Bayou Greenways Park System. We have included a copy of the City's offer, subject property exhibits, maps and pictures. The acreage involved is not accessible to the residents as it is beyond the fencing boundaries of the property.

**Narrative** The sale of a portion of the land was not foreseen during the time of the tax credit application or following the award of credits. The property was placed in service in 2001 with credits awarded in 1999. The sale of the 1.524 acres will not effect the operation of the property, the residents right of enjoyment, nor any egress. (Photos attached)

The Greens, L.P.

By:   
 \_\_\_\_\_  
 Noel Khalil  
 Managing Member of Columbia at Greens, L.P.  
 Limited Partnership



February 18, 2015

Columbia at Greens, LP  
ATTN: Brad Barnes  
1718 Peach Street  
Northwest Suite 684  
Atlanta, Georgia 30309-2496

Sent by Certified Mail Return Receipt  
Receipt No.: 7014 2120 0003 49072521

COUNTY: Harris  
PROJECT: Greens Bayou  
LIMITS: IH-45 to Ella  
PARCEL NO: GR14-004

RE: Initial Offer Letter

Dear Mr. Barnes:

As an agent for the City of Houston in creating the Bayou Greenways park system, The Houston Parks Board, wishes to purchase a 1.524 acre (65,365 square foot) portion of your property in Harris County. Lockwood, Andrews & Newnam, Inc. has been retained by Houston Parks Board to handle the personal negotiations.

The Houston Parks Board hereby offers you \$42,803.00 for the portion of your property described in the attached Appraisal completed by the Ambrose Group. This offer includes the estimated value for the property, any improvements, as well as any claims for damages. This offer is for all rights to the portion of your property less oil, gas and sulphur rights. Except for any utility easements that will be handled separately by the Houston Parks Board, you will be responsible for negotiating with any other parties who may own an interest in the land or improvements.

If you wish to accept the offer, please contact **David Friday** at **512-627-2900** or **713-821-0486** as soon as possible so the purchase agreement and closing process may begin. If you are not willing to accept this offer, you may submit a written response, setting forth a counteroffer amount and the basis for such amount.

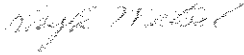
In the event the condition of the property changes for any reason, the Houston Parks Board shall have the right to withdraw this offer.

You have the right to discuss with others any offer or agreement regarding the Houston Parks Board acquisition of the subject property, or you may (but are not required to) keep the offer or agreement confidential from others.

Columbia at Greens, LP  
February 18, 2015

If you have any questions regarding the details as to the type of facility to be built or concerning the purchase transaction, please do not hesitate to contact **David Friday** at **512-627-2900** or **713-821-0486**.

Sincerely,



Kayla Wetsel  
Land Acquisition Manager

Enclosures: Appraisal (February 14, 2015);  
Landowner Bill of Rights  
Survey



# EXHIBIT "A"

20.4450 acres of land, more or less, lying and being situated in the U.N.R. & C. Railroad Company Survey, Abstract 174, Harris County, Texas, and being a portion of that certain 40 acre tract of land described in deed recorded in Volume 2175, Page 530, Deed Records of Harris County, Texas; said 20.4450 acres of land, more or less, being more particularly described by notes and bounds as follows:

Beginning at a 1" iron pipe in the north line of Gears Road, based on 80 feet in width, same being located North 36.00 feet and West 195.00 feet from the original southeast corner of the said 40 acre tract;

Thence West, along the north line of Gears Road, 181.53 feet to a point of curvature;

Thence, in a westerly direction, continuing along the north line of said road, and along a curve to the left, having a central angle of 4° 35' 20" and a radius of 1472.39 feet, a distance of 117.93 feet to a point of tangency;

Thence S 85° 24' 40" W, continuing along the north line of said road, 1162 feet to a 1" iron pipe for corner;

Thence North, along a fence, 716.20 feet to a 3/4" iron rod in a fence corner;

Thence West, along a fence 505.90 feet to a 1" iron pipe for corner;

Thence North, a distance of 568.00 feet to a point in the centerline of Greens Bayou;

Thence, following the meanders of the centerline of Greens Bayou in a downstream direction as follows:

N 23° 20' E	71.20 feet
N 39° 29' E	104.70 feet
N 46° 34' E	243.10 feet
N 50° 30' E	221.13 feet
N 84° 17' E	95.10 feet
S 69° 02' E	121.41 feet
N 87° 23' E	111.90 feet to a point for corner;

Thence South, at 35.10 feet pass a 1" iron pipe on the high bank of said bayou, in all 1087.00 feet to a 1" iron pipe for an angle point;

Thence S 13° 45' E, a distance of 90.36 feet to a 1" iron pipe for another angle point;

Thence S 3° 38' E 529.94 feet to the point or place of beginning and containing as aforesaid 20.4450 acres of land.

SAVE AND EXCEPT from the above described tract of land that certain 0.0609 acre tract conveyed to Harris County by instrument filed for record under Harris County

MARKET VALUE ESTIMATE PRESENTED IN A  
SUMMARY APPRAISAL REPORT

**Project:** GR14-004: Greens Bayou Land Acquisition Project,  
Section 14

**Property Owner:** Columbia at Greens, LP

**Property Location:** North line of West Greens Road, southeast of Ella  
Boulevard

**Legal Description:** 1.524 acres (66,365 square feet) of land out of 19.163 acres  
(834,732 square feet) of land being Reserve Buildings 1-  
11, Columbia Greens Apartments out of the B.B.B. & C.  
R.R. Survey, Abstract No. 174, Houston, Harris County,  
Texas

**Prepared For:** Ms. Kayla Wetsel  
Land Acquisition Manager  
Houston Parks Board  
300 North Post Oak Lane  
Houston, Texas 77024

**Prepared By:** Ambrose Appraisal Company  
16545 Village Drive, Building A  
Jersey Village, Texas 77040

**Date of Appraisal:** February 14, 2015

**Date of Report:** February 17, 2015

**Proposed Acquisition:** Partial Acquisition

Value of Partial Acquisition (Land Only):	\$	33,183.00
Contributory Value of Improvements:	\$	8,696.00
Cost to Cure:	\$	<u>924.00</u>
Total Compensation:	\$	42,803.00

**Confidentiality Statement:** Our client is the Harris County Right of Way Division. The findings contained herein shall not be disseminated to anyone other than the client, the client's duly authorize representative, or as may be required by Texas law.



David M. Ambrose, MAI  
State Certified General RE Appraiser  
Certificate No. TX-1322613-G



Britnee Warmerdam  
General RE Appraiser Trainee  
Certificate No. TX- 1340342

SUBJECT WHOLE

042-016-000-0079  
16.9698 AC

PARTIAL ACQUISITION

RES  
(BLDG 1-11)

COLUMBIA GREENS APTS  
121-181

RES  
(BLDG 1-11)

834  
121-181-001-0001  
19.1632 AC

HECKENDORN PLACE U/R  
086-165

COLUMBIA GREENS APT  
121-181

086-165-000-0002  
1.4834 AC

12507  
086-165-000-0012  
2.0607 AC

HC ESD 1 (EMS)

1020  
086-165-000-0001  
2.1515 AC

HC ESD 17 (FIRE)

HC ESD 1 (EMS)

N

WEST GREENS ROAD

GEARS ROAD

WEST GREENS ROAD

RES B

5265C-4

TAX PLAT MAP

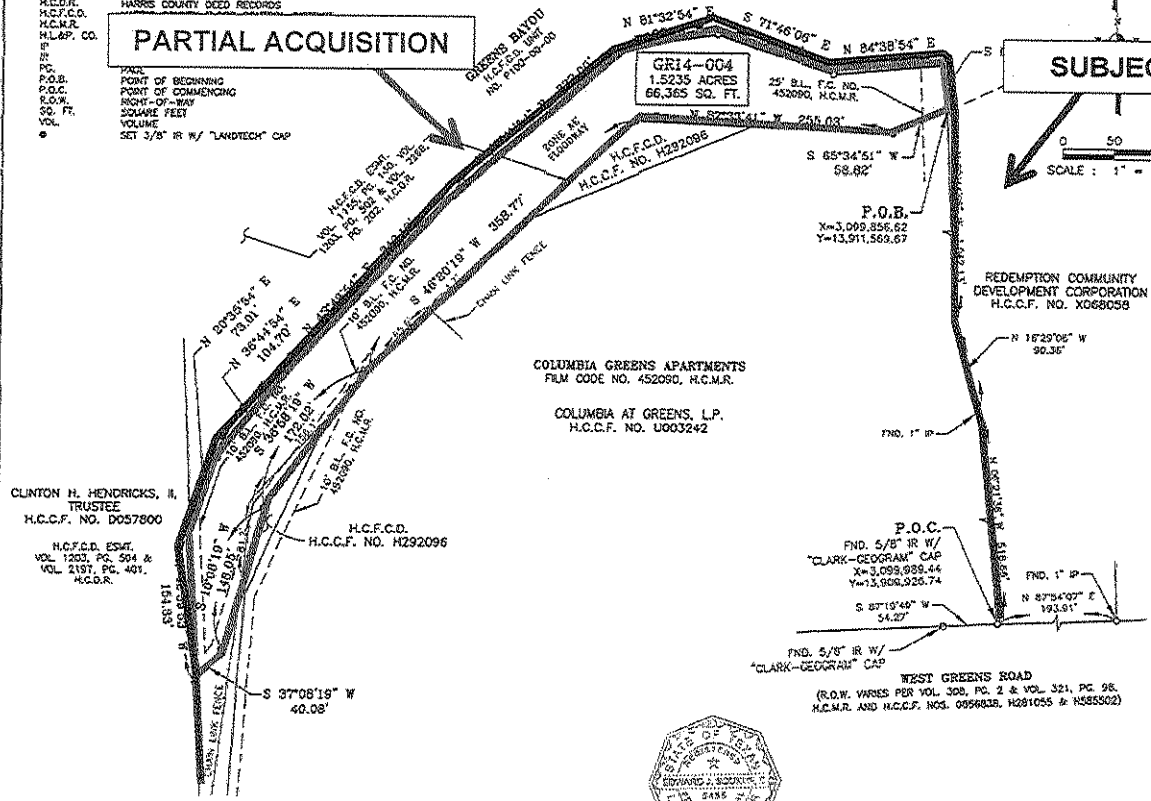
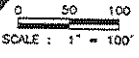
**LEGEND:**  
 B.L. BUILDING LINE  
 E.S.M.T. EASEMENT  
 F.C. FILM CODE  
 F.N.D. FOUND  
 H.C.C.F. HARRIS COUNTY CLERK'S FILE  
 H.C.C.F. HARRIS COUNTY DEED RECORDS  
 H.C.F.C.D. HARRIS COUNTY CLERK'S FILE  
 H.C.F.C.D. HARRIS COUNTY DEED RECORDS  
 H.L.A.P. CO. HARRIS COUNTY CLERK'S FILE  
 H.L.A.P. CO. HARRIS COUNTY DEED RECORDS  
 P.C. POINT OF COMMENCING  
 P.O.B. POINT OF BEGINNING  
 P.O.C. POINT OF COMMENCING  
 R.O.W. RIGHT-OF-WAY  
 S.F. SQUARE FEET  
 VOL. VOLUME  
 SET 3/8" IR W/ "LANDTECH" CAP

**PARTIAL ACQUISITION**

**GR14-004**  
 1.5235 ACRES  
 66,365 SQ. FT.

**SUBJECT WHOLE**

- NOTES:**
1. ALL COORDINATES AND BEARINGS SHOWN HEREON ARE GRID VALUES REFERENCED TO THE TEXAS COORDINATE SYSTEM OF 1983 (NAD83), SOUTH CENTRAL ZONE.
  2. ALL DISTANCES SHOWN HEREON ARE SURFACE VALUES IN US SURVEY FEET AND MAY BE CONVERTED TO GRID BY MULTIPLYING BY THE PROJECT SCALE FACTOR OF
  3. PERFORMED WITH THE BENEFIT OF A TITLE SEARCH BY CHARTER TITLE COMPANY, GF NO. 1015005924, EFFECTIVELY DATED JANUARY 6, 2015.
  4. SUBJECT TRACT LIES ENTIRELY WITHIN THE FLOODWAY AREA OF ZONE AE ACCORDING TO FLOOD INSURANCE RATE MAP NO. 48201C0460M, DATED OCTOBER 16, 2013.
  5. THIS PLAY IS ACCOMPANIED BY A SEPARATE METES AND BOUNDS DESCRIPTION.
  6. HOUSTON LIGHTING & POWER COMPANY EASEMENTS AS RECORDED UNDER HARRIS COUNTY CLERK'S FILE NOS. E074113, E089517 AND E157989 AND A RELIANT ENERGY, INC. EASEMENT AS RECORDED UNDER HARRIS COUNTY CLERK'S FILE NO. U788125 ARE SOUTH OF SUBJECT TRACT AND DO NOT APPLY.
  7. AN AGREEMENT FOR UNDERGROUND ELECTRIC SERVICE BETWEEN COLUMBIA AT GREENS, L.P. AND RELIANT ENERGY H.L&P RECORDED UNDER HARRIS COUNTY CLERK'S FILE NO. U788117 IS BLANKET IN NATURE.



**LANDTECH CONSULTANTS, INC.**  
 Civil Engineering \* Land Surveying  
 2525 North Loop West  
 Suite 300  
 Houston, Texas 77008  
 Tel. (713) 861-7008 Fax (713) 661-4131  
 TBPLS NO. 10019100 TBPE NO. F-1364



**APPROVAL** \_\_\_\_\_ DATE \_\_\_\_\_

**SURVEY SECTION** \_\_\_\_\_ **RIGHT OF WAY SECTION** \_\_\_\_\_

KEY MAP No. 372K & P	GIMS MAP No. 5265A
PARCEL NO.	
SCALE: 1" = 100'	
SHEET 1 OF 1	
JOB NO.	
WBS NO.	
C.M. NO.	

SURVEY OF 1.5235 ACRES (66,365 SQUARE FEET) OF LAND SITUATED IN THE B.B.B. & C. R.R. SURVEY, ABSTRACT NO. 174, HARRIS COUNTY, TEXAS, BEING A PORTION OF COLUMBIA GREENS APARTMENTS RECORDED UNDER FILM CODE NO. 452090, HARRIS COUNTY DEED RECORDS AND BEING A PORTION OF A CERTAIN TRACT OF LAND DESCRIBED IN DEED TO COLUMBIA AT GREENS, L.P. RECORDED UNDER HARRIS COUNTY CLERK'S FILE NO. U003242.



*Edward J. Hankup II*  
 2-6-2015

AREA UNDER H.C.F.C.D. ESMT: 66,365 SQ. FT.  
 NOT UNDER H.C.F.C.D. ESMT: 0 SQ. FT.  
 66,365 SQ. FT.

OWNER:  
 COLUMBIA AT GREENS, L.P.  
 H.C.C.F. NO. U003242  
 HPL #2514-004

**SURVEY**

## EXHIBIT \_\_\_\_\_

Being 1.5235 acres (66,365 square feet) of land situated in the B.B.B. & C. R.R. Survey, Abstract No. 174, Harris County, Texas, being a portion of Columbia Greens Apartments recorded under Film Code No. 452090, Harris County Map Records (H.C.M.R.) and being a portion of a certain tract of land described in deed to Columbia at Greens, L.P. recorded under Harris County Clerk's File (H.C.C.F.) No. U003242, said 1.5235 acres of land being more particularly described as follows: (All coordinates and bearings cited herein are grid values referenced to the Texas Coordinate System of 1983 (NAD83), South Central Zone. All distances cited herein are surface values in US Survey Feet and may be converted to grid by multiplying by the Project Scale Factor of 0.99992163.)

COMMENCING at (X=3,099,989.44, Y=13,909,926.74) a 5/8-inch iron rod with "CLARK-GEOGRAM" cap found in the north right-of-way line of West Greens Road (width varies per Volume 308, Page 2 and Volume 321, Page 98, H.C.M.R. and H.C.C.F. Nos. G856838, H281055 and H585502) for the most southerly southwest corner of a certain tract of land described in deed to Redemption Community Development Corporation recorded under H.C.C.F. No. X068058 and the southeast corner of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract;

THENCE, North 06°21'38" West, along the west line of said Redemption Community Development Corporation tract and the east line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 518.66 feet to a one-inch iron pipe found for an angle point;

THENCE, North 16°29'06" West, continuing along the west line of said Redemption Community Development Corporation tract and the east line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 90.36 feet to an angle point;

THENCE, North 02°44'06" West, continuing along the west line of said Redemption Community Development Corporation tract and the east line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 1,042.13 feet to a 3/8-inch iron rod with "LANDTECH" cap set in the south line of Greens Bayou [Harris County Flood Control District (H.C.F.C.D.) Unit No. P100-00-00] and the south line of a H.C.F.C.D. easement recorded in Volume 1155, Page 140, Volume 1203, Page 502 and Volume 2266, Page 202, Harris County Deed Records (H.C.D.R.) for the southeast corner and the POINT OF BEGINNING (X=3,099,856.62, Y=13,911,569.67) of the herein described tract;

1.) THENCE, South 65°34'51" West, along the south line of said H.C.F.C.D. easement, a distance of 58.82 feet to a 3/8-inch iron rod with "LANDTECH" cap set for an angle point of the herein described tract;

February 2015

Parcel \_\_\_\_\_

HPB #GR14-004

Page 2 of 3

EXHIBIT \_\_\_\_\_

- 2.) THENCE, North 87°33'41" West, along the south line of said H.C.F.C.D. easement and the north line of a certain tract of land described in deed to H.C.F.C.D. recorded under H.C.C.F. No. H292096, a distance of 255.03 feet to a 3/8-inch iron rod with "LANDTECH" cap set for an angle point of the herein described tract;
- 3.) THENCE, South 46°20'19" West, continuing along the south line of said H.C.F.C.D. easement and the north line of said H.C.F.C.D. tract, a distance of 358.77 feet to a 3/8-inch iron rod with "LANDTECH" cap set for an angle point of the herein described tract;
- 4.) THENCE, South 36°58'19" West, along the south line of said H.C.F.C.D. easement and the north line of another tract of land described in deed to H.C.F.C.D. recorded under H.C.C.F. No. H292096, a distance of 172.02 feet to a 3/8-inch iron rod with "LANDTECH" cap set for an angle point of the herein described tract;
- 5.) THENCE, South 16°06'19" West, continuing along the south line of said H.C.F.C.D. easement and the north line of said H.C.F.C.D. tract, a distance of 148.05 feet to a 3/8-inch iron rod with "LANDTECH" cap set for an angle point of the herein described tract;
- 6.) THENCE, South 37°08'19" West, continuing along the south line of said H.C.F.C.D. easement and the north line of said H.C.F.C.D. tract, a distance of 40.08 feet to a point in the east line of a certain tract of land described in deed to Clinton H. Hendricks, II, Trustee recorded under H.C.C.F. No. D057800, the east line of a H.C.F.C.D. easement recorded in Volume 1203, Page 504 and Volume 2197, Page 401, H.C.D.R., and the west line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract for the northwest corner of said H.C.F.C.D. tract and the southwest corner of the herein described tract;
- 7.) THENCE, North 02°39'53" West, along the east line of said Clinton H. Hendricks, II, Trustee tract, the east line of said H.C.F.C.D. easement, and the west line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 154.13 feet to the northwest corner of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract and the northwest corner of the herein described tract;
- 8.) THENCE, North 20°35'54" East, along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 73.01 feet to an angle point of the herein described tract;
- 9.) THENCE, North 36°44'54" East, continuing along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 104.70 feet to an angle point of the herein described tract;

EXHIBIT \_\_\_\_\_

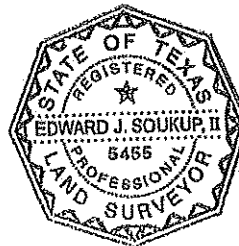
- 10.) THENCE, North 43°49'54" East, continuing along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 243.10 feet to an angle point of the herein described tract;
- 11.) THENCE, North 47°41'54" East, continuing along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 222.00 feet to an angle point of the herein described tract;
- 12.) THENCE, North 81°32'54" East, continuing along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 95.10 feet to an angle point of the herein described tract;
- 13.) THENCE, South 71°46'06" East, continuing along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 121.40 feet to an angle point of the herein described tract;
- 14.) THENCE, North 84°38'54" East, continuing along the north line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 111.90 feet to an interior corner of said Redemption Community Development Corporation tract, the northeast corner of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, and the northeast corner of the herein described tract;
- 15.) THENCE, South 02°44'06" East, along the west line of said Redemption Community Development Corporation tract and the east line of said Columbia Greens Apartments and said Columbia at Greens, L.P. tract, a distance of 44.87 feet to the POINT OF BEGINNING and containing 1.5235 acres (66,365 square feet) of land.

This metes and bounds description is accompanied by a separate plat.

*Edward J. Soukup II*

2/6/2015

Edward J. Soukup II  
Registered Professional Land Surveyor No. 5455



Landtech Consultants, Inc.  
2525 North Loop West, Suite 300  
Houston, Texas 77008  
Phone: 713-861-7068

TBPLS No. 10019100      TBPE No. F-1364  
LCI Project No. 15-2-0012.01      LCI Dwg No. 2148-C-1669  
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**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**June 30, 2015**

Presentation, Discussion, and Possible Action to consider waiver of 10 TAC §50.4(d)(16)(I) and a Land Use Restriction Agreement (“LURA”) Amendment for Capital Studios #12300 in Austin.

**RECOMMENDED ACTION**

**WHEREAS**, the Owner of Capital Studios received an award of 9% Housing Tax Credits in 2012 to construct 135 units of New Construction Supportive Housing in Austin;

**WHEREAS**, the tax credit application for Capital Studios required specific mandatory development amenities described in 10 TAC §50.4(d)(16) and, specifically the subject of this action, 10 TAC §50.4(d)(16)(I), required at least one Energy-Star rated ceiling fan per unit with no exception for Supportive Housing developments;

**WHEREAS**, the LURA for the development requires the mandatory development amenities to be present at the development throughout the Extended Use Period;

**WHEREAS**, the development is within its Extended Use Period of the original respective LURA;

**WHEREAS**, the development has been completed and the Owner is now requesting the issuance of IRS Forms 8609 by submitting a cost certification package for review;

**WHEREAS**, the owner did not request to exclude the “Energy-Star rated ceiling fan per Unit” for good cause as a mandatory development amenity at the time of application as required by the rule, 10 TAC §50.4(d)(16), but is now requesting a waiver and amendment of the LURA to remove the requirement;

**WHEREAS**, the Owner made an assumption that the 2013 Uniform Multifamily Rules applied to Capital Studios in error and did not discover the error until after non-Energy Star rated ceiling fans were installed;

**WHEREAS**, the Owner provided no alternative solutions or compensatory amenities to mitigate the deficiency, but indicated that the good cause for not providing the required ceiling fans is due to the fact that the Development is a model for sustainable green development, is both LEED Certified and a Green

Enterprise Community, which exceeded the maximum point value elections for Green Building Certifications in the 2012-2013 Qualified Allocation Plan and Multifamily Rules, and the purpose of the waiver, consistent with Government Code Chapter, is the preservation of affordable housing; and

**WHEREAS**, staff believes that the change in the 2013 Uniform Multifamily Rules, Subchapter B, §10.101(b)(4) and subsequent editions, in which Supportive Housing Developments are not required to provide at least one Energy-Star rated ceiling fan per unit, shows a change in the Department's thinking on the requirement;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested waiver and LURA amendment is granted and the Executive Director and his designees are each authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

### **BACKGROUND**

Capital Studios was awarded credits in 2012 under the 9% Housing Tax Credit program. The property is a 135 unit, four-story Supportive Housing property comprised of one building that seeks to serve very low income populations with special needs. The Owner, Capital Studios Housing, LP, and its General Partner, FC Downtown Studios, are owned and managed by Foundation Communities, Inc., a non-profit corporation.

On March 26, 2015, a final construction inspection was completed by TDHCA staff. It was during this inspection and after submission of the Development's Cost Certification package that the Owner indicated becoming aware of the need to seek approval for a waiver of the mandatory development amenity for an Energy Star rated ceiling fan per unit.

The Owner indicated that the requirement for Energy Star rated ceiling fans was missed in the 2012 Rules, in part because the Mandatory Amenities rule in 10 TAC §50.4(d)(16) was revised in 2013 to exclude Supportive Housing developments from this requirement (which is still the case in 2015). Fans were installed in all of the development units but the Owner has indicated that the ceiling fans installed were not Energy-Star rated; the Owner stated that the lighting in the units is separate from the ceiling fans and that therefore the Owner was unable to find an economical option for Energy-star rated fans. The Owner indicated that there is no cost difference to the tenants since the property is all bills paid.

The Owner received points at application for qualifying as both an Enterprise Green Community building (the property received a Four Star Green Building rating from the City of Austin) and a LEED Certified building (Platinum designation is expected, though the final paperwork is still in approval) which exceeds the maximum amount of points available under Green Building Certifications in 10 TAC §1.1(b)(2)(CC) of the 2012-2013 Qualified Allocation Plan and Multifamily Rules. The Owner also indicated that energy efficiency was a primary feature of Capital Studios and included information about other development energy saving features, which include 100% LED lighting, Energy Star refrigerators, high efficiency windows (.28U/.27U and

.22 SHGC/19 SHGC) and high efficiency VRF HVAC units with interconnected door and window sensors that signal air handlers to shut down when a window is open or a space is unoccupied; all common area lighting is also on automatic sensors. In addition, the building itself has a centralized solar thermal hot water system coupled with air source heat pump water heaters and a high energy efficiency building envelope with R-30 roof insulation and highly-insulated wall assemblies with R-6 to R-11 continuous insulation on the exterior. The Owner expressed the belief that many of its unit and building features make Capital Studios exceed basic energy efficiency thresholds and that these features mitigate the absence of the Energy-Star rated ceiling fans and offer alternative cost savings and solutions to the deficiency.

The Owner indicated in the waiver request that having to remove the current ceiling fans and purchase and install Energy Star rated models in the currently occupied units would be costly and disruptive to the current residents. The purchase and installation price for the new fans was estimated by the Owner to cost \$20,250 (\$150 per fan x 135 units), a cost which the Owner has currently earmarked to put toward furniture for resident units, many of which are occupied by formerly homeless veterans. The Owner believes that, in addition to the waste of the current installed fans, the change would provide no additional benefit since the current fans will circulate the same air volume.

After submission of the Cost Certification package, the Owner also requested acknowledgement of the change in the planned 100% ceramic tile flooring. The waiver request also included a statement that, due to construction cost increases, the concrete floors on the second floor of the building were sealed instead of installing the planned tile for cost savings of roughly \$30,000; the second floor is the top of the concrete podium for the parking garage and the Owner considers sealed concrete a comparable flooring material. The remaining floors of Capital Studios all have the planned ceramic tile flooring except for the flooring in the offices (carpet) and the fitness room (resilient flooring). Changes in ceramic flooring are generally noted in the final inspection letter due to potential discrepancies in materials costs, but no points were awarded for this item at the time of application and it was not considered a mandatory amenity. On an initial review of the submitted Cost Certification package, Asset Management determined that the change in flooring expense was limited and immaterial to the overall cost analysis.

Development construction has been completed and cost certification is currently under review. A condition of the cost certification is the clearance of the final inspection performed by the Compliance Division. The deficiency of an Energy-Star rated ceiling fan must be corrected through an approved waiver and the flooring change must be acknowledged by the Department in order to close out cited final construction inspection deficiencies and submit evidence of a cleared final inspection for Cost Certification.

Staff recommends approval of the request to waive the mandatory amenity requirement of the Energy Star rated ceiling fan per unit in 10 TAC §50.4(d)(16)(I), amend the Development's LURA to remove the Energy Star rated ceiling fan per unit requirement in Addendum D, "Additional Use Restrictions – Amenity Requirements" under Threshold Criteria, and acknowledge the change in planned flooring material.



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May 13, 2015

Laura DeBellas

Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, Texas 78701

RE: Request for Waiver of Development Requirements

Dear Laura:

Capital Studios Housing, LP is requesting a waiver of §50.4(d)(16)(I) for Capital Studios, TDHCA #12300. Per the 2012 Uniform Multifamily Rules, §50.4(d)(16)(I) requires "at least one Energy-Star rated ceiling fan per Unit." We believe the purpose of the Energy-Star requirement is to encourage energy efficiency. Although the fans at Capital Studios do not meet the Energy-Star requirement, there are many other features in the unit and building that make Capital Studios exceed basic energy efficiency thresholds. Additionally, from 2013 to the present, Supportive Housing is exempt from providing Energy-Star fans. It is for these two reasons that we kindly request a waiver of §50.4(d)(16)(I).

Capital Studios is a model for sustainable green development. As the long term owner and operator of the property, Foundation Communities made sure that energy efficiency was a primary feature of Capital Studios. All units have 100% LED lighting, Energy Star refrigerators, high efficiency windows (.28U/.27U and .22 SHGC/19 SHGC), and high efficiency VRF HVAC units. The HVAC system has interconnected door and window sensors. The sensors signal the air handlers to shut down when a window is open or when the space is unoccupied.

The building itself has a centralized solar thermal hot water system coupled with air source heat pump water heaters. The building envelope is highly energy efficient with R-30 roof insulation and highly-insulated wall assemblies with R-6 to R-11 continuous insulation on the exterior. All common area lighting is on occupancy sensors. All of these features help to lower our energy usage and reduce our utility costs.

Capital Studios was awarded tax credits in 2012 and is therefore subject to the 2012 Uniform Multifamily Rules, which require all units to have Energy-Star ceiling fans. A year later, as construction began on Capital Studios, the 2013 Uniform Multifamily Rules stipulated that Supportive Housing developments are not required to provide Energy-Star rated ceiling fans. This change in the Mandatory Development Amenities shows a change TDHCA's thinking on this requirement. Because the timing of this



a Partner Agency of



United Way for Greater Austin

change in the rules so closely follows Capital Studio's tax credit award, and because the rule has not reversed to the 2012 requirement, we are requesting a waiver.

Please give this request for a waiver of §50.4(d)(16)(I) thoughtful consideration. The energy efficient features present at Capital Studios far mitigate the absence of the Energy-Star rated ceiling fans. Granting this waiver request would save the community the cost and manpower of replacing 135 ceiling fans. Ceiling fans that if they were installed in a community receiving a tax credit award in 2013 would not be considered deficient.

Additionally, Capital Studios Housing, LP would like to acknowledge a discrepancy between the application and the inspection. The application identified 100% ceramic tile flooring. However, due to construction costs increase, it was decided to seal the concrete floors on the 2<sup>nd</sup> floor of the building rather than put in ceramic tile. The 2<sup>nd</sup> floor is the top of the concrete podium for the parking garage. Sealed concrete is a comparable flooring material to ceramic tile and the decision provided us with a cost savings benefit. All other floors of Capital Studios have ceramic tile flooring with the exception of the offices (carpet) and the fitness room (resilient flooring.)

If you have any questions, please feel free to contact me at (512) 610-4016 or [walter.moreau@foundcom.org](mailto:walter.moreau@foundcom.org).

Sincerely,



Walter Moreau  
Executive Director  
Foundation Communities

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**THIS ITEM HAS BEEN PULLED  
FROM THE AGENDA**

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**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

**RECOMMENDED ACTION**

**WHEREAS**, a 4% Housing Tax Credit application for Palo Alto Apartments was submitted to the Department on February 20, 2015;

**WHEREAS**, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued on January 15, 2015, and will expire on December 31, 2017;

**WHEREAS**, the proposed issuer of the bonds is the San Antonio Housing Trust Finance Corporation;

**WHEREAS**, the development site is located in a census tract that has a 45.2% poverty rate, which constitutes an undesirable neighborhood characteristic requiring disclosure pursuant to §10.101(a)(4)(B) of the Uniform Multifamily Rules;

**WHEREAS**, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice with the condition that closing occur within 120 days (on or before October 30, 2015); and

**WHEREAS**, no compliance history or previous participation issues in accordance with 10 TAC §1.5 were identified or considered by EARAC;

**NOW, therefore, it is hereby**

**RESOLVED**, that the issuance of a Determination Notice of \$1,443,019 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for Palo Alto Apartments is hereby approved in the form presented to this meeting and

**FURTHER RESOLVED**, that provided the Applicant has not closed on the bond financing on or before October 30, 2015, the Board authorizes EARAC to extend the Determination Notice date subject to an updated previous participation review, if necessary.

**BACKGROUND**

*General Information:* Palo Alto, located in San Antonio, Bexar County, involves the new construction of 322 units. Of the 322 total residential units, 4 units will be rent and income restricted at 50% AMFI and

the remaining 318 units will be rent and income restricted at 60% AMFI. The development will serve the general population and is zoned appropriately.

*Conditions to Award:* The application and underwriting report were reviewed by EARAC and it was recommended by EARAC that any Board approval of the Determination Notice include a condition related to the closing of the bonds. Specifically, EARAC recommends that the closing must occur on or before 120 days (October 30, 2015) and that if closing has not occurred by such date, the Board authorizes EARAC to extend the Determination Notice date subject to an updated previous participation review, if necessary. This condition is generally consistent with the requirements of a bond transaction utilizing non-traditional carryforward (the subject applicant received a traditional carryforward reservation). For non-traditional carryforward reservations, a statutory 150-day deadline from the date of the reservation for closing is imposed and the Determination Notice for any associated 4% award expires if closing does not occur within this timeframe or if the financing structure or terms change. Traditional carryforward reservations are not specifically addressed in the rule and this recommendation addresses the proposal in a manner to result in consistency. Staff believes that closing within a reasonable period after Board action is important and consistent with the constraints present for most other bond transactions.

*Site Analysis:* Upon staff review of the application the development site is located in a census tract that has a 45.2% poverty rate. Pursuant to §10.101(a)(4)(B) of the Uniform Multifamily Rules a census tract with a poverty rate above 40% requires disclosure by the applicant because it constitutes an undesirable neighborhood characteristic. Staff issued an administrative deficiency to the applicant requesting an explanation as to why the undesirable neighborhood characteristic was not disclosed. The applicant explained that they started and initially intended the application to be submitted in 2014 and such criteria were not in place at that time. When the submission of the application occurred in 2015 the poverty rate in the census tract, according to the applicant, was simply overlooked.

Palo Alto Apartments is proposed to be located on approximately the southwest corner of Loop 410 and Highway 16 South in San Antonio. Staff visited the site on April 21, 2015, and found the boundaries to be primarily vacant land with access to be provided from Loop 410. General land use in the area includes primarily single family and retail immediately across Loop 410 and one 280-unit affordable multifamily development at the corner of Loop 410 and Highway 16 that was awarded in 2002. The quality and condition of the neighborhood was good. There was no blight observed and staff did not observe any signs of a physical decline within the neighborhood. Although not required under the rule, staff researched the status of the schools in the area to gain a deeper sense of the neighborhood. The area is served by the Southwest Independent School District and all of the schools served by the development (elementary, middle and high school) met the state standard and one of the schools earned distinction. An assessment of the percentage of households residing in the census tract with incomes greater than \$50,000 revealed an overall increase over the past five years from 23% in 2009 to 32% in 2013. (The median household income for the San Antonio-New Braunfels MSA is \$52,139.) Moreover, Neighborhoodscout.com reports a 0.8% increase in annual per capita income. While the poverty rate for the census tract exceeds the threshold allowed under the rule that required disclosure, staff does not have immediate concerns over the location of the development site.

*Organizational Structure:* The Borrower is Palo Alto Apartments, Ltd. The General Partner is Palo Alto Apartments GP, LLC, of which the sole member is San Antonio Housing Trust Public Facility

Corporation, a not-for-profit organization and is comprised of the Midland County Housing Authority and the following board members and officers: John Kenny, Rebecca J. Viagran, Roberto C. Trevino, Alan E. Warrick, II, Shirley Gonzales, and Rey Saldana.

The EARAC met on June 18, 2015, and considered the previous participation review documentation relating to the organizational structure as noted above in accordance with the Previous Participation Review rule found in 10 TAC §1.5. After considering the information provided, EARAC recommended approval of the award with the aforementioned conditions.

*Public Comment:* The Department has not received any letters of support or opposition for this Development.

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer

**RECOMMENDED ACTION**

**WHEREAS**, a 4% Housing Tax Credit application for The Reserve at Springdale was submitted to the Department on April 2, 2015;

**WHEREAS**, in lieu of a Certification of Reservation, a Carryforward Designation Certificate was issued on January 16, 2015, and will expire on December 31, 2017;

**WHEREAS**, the proposed issuer of the bonds is the Austin Affordable Public Facility Corporation;

**WHEREAS**, the development site is located in a census tract that has a 42.3% poverty rate which constitutes an undesirable neighborhood characteristic requiring disclosure pursuant to §10.101(a)(4)(B) of the Uniform Multifamily Rules;

**WHEREAS**, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of the Determination Notice with the condition that closing occur within 120 days (on or before October 30, 2015); and

**WHEREAS**, no compliance history or previous participation issues in accordance with 10 TAC §1.5 were identified or considered by EARAC;

**NOW, therefore, it is hereby**

**RESOLVED**, that the issuance of a Determination Notice of \$1,554,676 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for The Reserve at Springdale is hereby approved in the form presented to this meeting and

**FURTHER RESOLVED**, that provided the Applicant has not closed on the bond financing on or before October 30, 2015, the Board authorizes EARAC to extend the Determination Notice date subject to an updated previous participation review, if necessary.

## **BACKGROUND**

*General Information:* The Reserve at Springdale, located in Austin, Travis County, involves the new construction of 292 units, all of which will be rent and income restricted at 60% AMFI. The development will serve the general population and is zoned appropriately.

*Conditions to Award:* The application and underwriting report were reviewed by EARAC and it was recommended by EARAC that any Board approval of the Determination Notice include a condition related to the closing of the bonds. Specifically, EARAC recommends that the closing must occur on or before 120 days (October 30, 2015) and that if closing has not occurred by such date, the Board authorizes EARAC to extend the Determination Notice date subject to an updated previous participation review, if necessary. This condition is generally consistent with the requirements of a bond transaction utilizing non-traditional carryforward (the subject applicant received a traditional carryforward reservation). For non-traditional carryforward reservations, a statutory 150-day deadline from the date of the reservation for closing is imposed and the Determination Notice for any associated 4% award expires if closing does not occur within this timeframe or if the financing structure or terms change. Traditional carryforward reservations are not specifically addressed in the rule and this recommendation addresses the proposal in a manner to result in consistency. Staff believes that closing within a reasonable period after Board action is important and consistent with the constraints present for most other bond transactions.

*Site Analysis:* Upon staff review of the application the development site is located in a census tract that has a 42.3% poverty rate. Pursuant to §10.101(a)(4)(B) of the Uniform Multifamily Rules a census tract with a poverty rate above 40% requires disclosure by the applicant because it constitutes an undesirable neighborhood characteristic.

Reserve at Springdale is proposed to be located at approximately 5605 Springdale Road in Austin. Staff visited the site on June 10, 2015, and found it to be bordered by the Region XIII Educational Service Center to the north, a warehouse to the south, single family to the west and vacant land to the east. General land use in the area includes a mix of single family and multifamily as well as some light retail. There are four (4) multifamily developments in the immediate neighborhood and are just north of the proposed site. According to the applicant, the occupancy rates with these developments remain high. The quality and condition of the neighborhood was good. There was no blight observed and staff did not observe signs of a physical decline within the neighborhood. Some of the homes in the adjacent single family neighborhoods have undergone renovations which have resulted in increased property values. According to Neighborhoodscout.com, the median home value is \$161,220 with 74% of the home prices in the \$124,000 - \$249,000 range and further reports an average annual appreciation rate for the neighborhood in the last 2 years of 11%. An assessment of the percentage of households residing in the census tract with incomes greater than \$60,000 revealed an overall increase over the past five years from 25% in 2009 to 31% in 2013. (The median household income for the Austin-Round Rock MSA is \$60,830.) Moreover, Neighborhoodscout.com reports a 2.6% increase in annual per capita income. While the poverty rate for the census tract exceeds the threshold allowed under the rule that required disclosure, staff does not have immediate concerns over the location of the development site.

*Organizational Structure:* The Borrower is Reserve at Springdale, L.P. The General Partner is Springdale Community Development GP, LLC, of which the sole member is Austin Affordable Housing

Corporation, a nonprofit organization and is comprised of the following board members and officers: Michael Gerber, Ron Kowal, Thomas Cherian, Dr. Tyra Duncan-Hall, Isaac Robinson, Edwina Carrington, Carl S. Richie, Jr. and Charles C. Bailey.

The EARAC met on June 18, 2015, and considered the previous participation review documentation relating to the organizational structure as noted above in accordance with the Previous Participation Reviews rule found in 10 TAC §1.5. After considering the information provided, EARAC recommended approval of the award with the aforementioned conditions.

*Public Comment:* The Department has not received any letters of support or opposition for this Development.

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**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-020 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

**RECOMMENDED ACTION**

**WHEREAS**, a bond pre-application for Sunrise Orchard Apartments was submitted to the Department for consideration of an inducement resolution;

**WHEREAS**, the Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

**WHEREAS**, the inducement allows staff to submit an application to the Bond Review Board (“BRB”) to await a Certificate of Reservation;

**NOW, therefore, it is hereby**

**RESOLVED**, the Inducement Resolution 15-020 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2015 Private Activity Bond Program for Sunrise Orchard Apartments (#15603) is hereby approved in the form presented to this meeting.

**BACKGROUND**

The BRB administers the state’s annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the Development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 150 days to close on the private activity bonds.

During the 150-day process, the Department will review the complete application for compliance with the Department’s Rules and underwrite the transaction in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

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 \$594 million is set aside for multifamily until August 15<sup>th</sup> for the 2015 program year, which includes the TDHCA set aside of approximately \$118



million. Inducement Resolution 15-020 would reserve approximately \$4,800,000 million in state volume cap.

*General Information:* The proposed development is to be located at approximately 5300 Sunrise Road in Houston, Harris County. The application proposes the construction of 52 units of supportive housing. This transaction is proposed to be Priority 3 consisting of low income units that will be rent and income restricted at 50% of the Area Median Family Income (“AMFI”). It is also anticipated there will be permanent supportive housing vouchers from the City of Houston that covers all of the units. This application represents the first supportive housing development for the Department serving as the bond issuer. The target population is anticipated to be homeless young adults (ages 18-25), including youth aging out of foster care. Prior to submission of the pre-application staff engaged in discussions with the applicant regarding some initial concerns relating to the integrated housing rule, the general public use requirement, and generally how tenants would be referred. In the course of these discussions it was determined that based on the development plan as presented, the integrated housing rule would not be a concern since the requirement for tenancy is that the individuals are homeless, not that they have a disability. The lease term is anticipated to be for 1 year with no limit on the length of time to stay and case managers will be responsible for ensuring there are opportunities for the youth to move forward. The leasing process will essentially operate in conjunction with the Continuum of Care program whereby participants enter the program and are then referred to a property. Potential tenants will be initially screened by Coordinated Access who will confirm they are homeless and then they will be referred to a property who will verify they meet the income and other qualifications to live at the property. There will be supportive service programs offered; however, there is no requirement for tenants to participate in them. As it relates to the general public use requirement, based on the preliminary discussions, staff does not believe it will be a concern; however, staff will continue to examine this requirement as it relates to the specifics of this development and the nature of the funding sources involved once the full application has been submitted. Reflected in the pre-application are sources of local funding in the form of CHDO and HOME funds from the City of Houston as well as private funding from several different entities. It is anticipated that once the development is placed into service the bonds will be redeemed and therefore will not be servicing any debt.

Staff notes that the fact that this is a supportive housing development that will not be servicing any debt will likely create feasibility issues as it relates to §10.302(g)(3) of the Uniform Multifamily Rules. Specifically, this provision allows supportive housing developments to be exempt from feasibility criteria relating to DCR requirements, expense to income ratios, etc.; however, not contemplated in the definition of supportive housing that is unique to this transaction is that upon placement in service the bonds would be redeemed. Moreover, the HOME and CDBG funds, should they not be structured as repayable loans, will need to be removed from eligible basis thereby affecting the amount of 4% credits to be claimed which could affect feasibility as well. Although a thorough underwriting analysis is not performed at the time of pre-application these were some items noted during staff’s preliminary review. Assuming the financing of the transaction could not be structured any other way, it could be that a waiver of the supportive housing definition for this transaction may be necessary; however, this is not part of the Board action today and would be evaluated in greater depth once the full application is submitted. As indicated under §12.4(d) of the Multifamily Housing Revenue Bond Rules approval of the inducement resolution does not guarantee final Board approval of the bond application and the final determination to issue bonds is often dependent on the issues, that may be unique to each development, at the time the full application is submitted to the Department and presented to the Board.

*Census Demographics:* Demographics for the census tract (3133.00) include an AMFI of \$38,803; the total population is 2,654; the minority population is 97.17%; the poverty rate is 22.13%; there are 678 owner occupied units and 334 renter units. (Census information from FFIEC Geocoding 2014).

*Public Comment:* The Department has received support letters from Dwight Boykins, Houston City Council Member for District D, Adrian Garcia, Harris County Sheriff, the Salvation Army, and the Foundation for Teen Health/Baylor College of Medicine Teen Health Clinics. The Department has not received any letters of opposition.

## RESOLUTION NO. 15-020

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION 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 in one or more series for the purpose of providing financing for the multifamily residential rental developments (the “Developments”) more fully described in Exhibit A attached hereto. The ownership of the Developments as more fully described in Exhibit A will consist of the applicable ownership entity and its principals or a related person (the “Owners”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

WHEREAS, the Owners have indicated their willingness to enter into contractual arrangements with the Department providing assurance satisfactory to the Department that the requirements of the Act and the Department will be satisfied and that the Developments will satisfy State law, Section 142(d) and other applicable Sections of the Code and Treasury Regulations; and

WHEREAS, the Department desires to reimburse the Owners for the costs associated with the Developments 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 the Owners, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of the Developments 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 the Developments one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for 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 Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

## ARTICLE 1

### OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, 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 the respective 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 the respective 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 1.2. 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 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners 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 the Developments") 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 the applicable 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 the Developments; (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 1.4. Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments 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 terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the 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 the Owner to provide financing for its 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 1.6. The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are 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 1.7. 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 the Owners for costs of its Development.

Section 1.8. Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments 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 Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners 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 1.9. 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 the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. 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 the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the 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 Bracewell & Giuliani LLP or other nationally recognized bond counsel acceptable to the Department (“Bond Counsel”), 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 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Developments 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 Owners.

Section 1.13. Declaration of Official Intent. This Resolution constitutes the Department’s official intent for expenditures on Costs of the Developments 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 the Developments 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 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, 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 1.15. Authorized Representatives. The following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Chief of Staff of the Department, the Deputy Executive Director of Asset Analysis and Management of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the “Authorized

Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

## ARTICLE 2

### CERTAIN FINDINGS AND DETERMINATIONS

Section 2.1. Certain Findings Regarding Developments and Owners. The Board finds that:

(a) the Developments are 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) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the Owners are financially responsible;

(d) the financing of the Developments is a public purpose and will provide a public benefit; and

(e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2. 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 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments 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.

## ARTICLE 3

### GENERAL PROVISIONS

Section 3.1. 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 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 3.3. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 30<sup>th</sup> day of June, 2015.

[SEAL]

By: \_\_\_\_\_  
Chair, Governing Board

ATTEST:

\_\_\_\_\_  
Secretary to the Governing Board

*Signature Page to Inducement Resolution*



**EXHIBIT “A”**

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Sunrise Orchard Apartments	Sunrise Orchard, LP, a Texas limited partnership	General Partner: Tejano Center for Community Concerns, Inc., a Texas corporation	\$4,800,000.00
Costs: Construction of a 52-unit affordable, multifamily housing development to be known as Sunrise Orchard Apartments, to be located at 5300 Sunrise Road, Houston, Harris County, TX 77021.			

January 14, 2015

Manuel Lopez, President/CEO  
Tejano Center for Community Concerns  
2950 Broadway Street  
Houston, Texas 77017

RE: Sunrise Orchard Apartments  
Permanent Supportive Housing

As a long-time supporter of Tejano Center's efforts to assist children in transition, I am pleased to support the proposed development of permanent supportive housing to assist homeless young adults, including those "aging out" of foster care. I understand the development will be located at 5300 Sunrise Road and will include 52 one and two bedroom apartments with community spaces that include a teaching kitchen, library, computers, and edible gardens. Easy accessibility to the new METRORail Purple Line will allow young adults to easily access educational and job training opportunities.

This long neglected population deserves a fighting chance and is certain to receive it at Tejano Center's Sunrise Orchard Apartments.

If you need any additional information please free to contact my office at 713-755-9563.

Thank you,



Adrian Garcia, Sheriff  
Harris County



DOING  
THE MOST  
GOOD™

Major Chris Flanagan, *Area Commander*  
Major Sandy Flanagan, *Coordinator of Women's Ministries*  
Gerald Eckert, *Director Social Services*

November 10, 2014

Mr. Manuel Lopez  
President/ CEO  
Tejano Center for Community Concerns, Inc.  
2950 Broadway Street  
Houston, Texas 77017

RE: Permanent Supportive Housing, Transitional Aged Youth  
Sunrise Orchard Apartments, 5300 Sunrise Road

Mr. Lopez,

The Salvation Army is a non-profit organization dedicated to meeting the needs of the homeless and has been working with the Tejano Center for Community Concerns as a partner in the development of 5300 Sunrise Road to help serve homeless Transitional Aged Youth who are between the ages of 18-25. Furthermore, The Salvation Army is committed to providing on-site Supportive Services in order to enhance each resident's ability to maintain stability in housing and to foster mental, emotional and physical wellness. These services may include: case management, drug and alcohol counseling, wellness services, life skills training, social activities, crisis intervention and support, support groups, education classes, and transportation.

The Salvation Army will continue to work with Tejano Center as a partner in the development and welcomes any questions regarding this matter. Please feel free to reach me at (713) 658-9205 extension 77078.

Sincerely,



Gerald Eckert, MSW  
Social Services Director

The Salvation Army Social Services  
2202 Main Street • Houston, TX 77002 • 713-658-9205/phone • 713-658-9206/fax  
www.SalvationArmyHouston.org • www.facebook.com/SalvationArmyHouston • 1-800-725-2769/donation line

"...there is no reward equal to that of doing the most good to the most people in the most need." -Evangeline Booth



CARING FOR THEIR FUTURE BY CARING FOR THEM NOW

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Brittany Zucker  
Sherri Zucker

Anne Van Horn, *Executive Director*

November 1, 2014

To Whom It May Concern,

The Tejano Center for Community Concern (TCCC) has a 40-year commitment to the Houston community which makes them well suited to expand the housing opportunities for young people aging out of foster care.

As partners with the Tejano Center for Community Concern, the Foundation for Teen Health and the Baylor College of Medicine Teen Health Clinics offer our enthusiastic support to this endeavor. We have a more than our own 40-year history of providing comprehensive medical care and social services to young men and women ages 13 to 25. Through our collaboration with TCCC we have opened a clinic on the campus of the TCCC, which is conveniently located to the site for the expanded housing development. Our mutual goals encourage this teen and young adult population to understand their responsibilities and to give them the tools to make good decisions, Teens and young adults are an often eclipsed segment of our population and it is important for the overall health of our community to give help them to be mentally and physically prepared to make the right choices in life.

We believe providing housing in a culturally sensitive and age appropriate environment with multiple layers of service and service providers, like the Baylor College of Medicine Teen Health Clinic, will secure the future for this population and enhance the quality of life for Houston.

I respectfully request you consider becoming part of this much-needed project by granting the TCCC funding request. It would be an honor for the Foundation for Teen Health and the Baylor College of Medicine Teen Health Clinic to be part of the growth of the TCCC to provide this invaluable service to the indigent young people of Houston.

Kindest Regards,

Anne Van Horn  
Executive Director  
Foundation for Teen Health  
Community Outreach Director  
Baylor College of Medicine Teen Health Clinic

## Baylor Teen Health Clinic

1504 Ben Taub Loop | Houston, Texas 77030  
713.873.3601 | 713.873.3608 fax  
[www.foundationforteenhealth.org](http://www.foundationforteenhealth.org)



DWIGHT BOYKINS  
Houston City Council Member, District D

January 20, 2015

Mr. Manuel Lopez, President/CEO  
Tejano Center for Community Concerns  
2950 Broadway Street  
Houston, Texas 77017

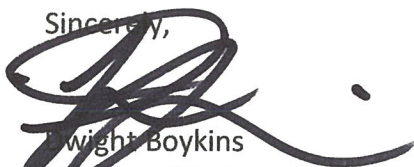
RE: Sunrise Orchard Apartments  
Permanent Supportive Housing

Dear Mr. Lopez –

As the City Council Member for District D, it is my goal to ensure that the needs of my constituents are met and that I and my office can be of service to those who are most vulnerable within our community. I have reviewed the information and proposal from Tejano Center for Community Concerns, a long time service provider within District D, for the development of permanent supportive housing to assist homeless young adults, including those “aging out” of foster care. I understand the development will be located at 5300 Sunrise Road and will include 52 one and two bedroom apartments with edible gardens and community spaces that will be open to neighborhood residents. Easy accessibility to the new METRO Purple Line will allow young adults to easily access educational and job training opportunities. After speaking with several constituents groups, I offer my support to the development of this project. This long neglected population deserves a fighting chance and is certain to receive it at Tejano Center’s Sunrise Orchard Apartments.

If you have any additional questions, please feel free to contact my office at (832) 393 – 3001.

Sincerely,



Dwight Boykins  
Houston City Council  
District D

1i

**BOARD ACTION REQUEST**  
**COMPLIANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on an order adopting new 10 TAC, Chapter 1, Subchapter C Previous Participation and repeal of 10 TAC, Chapter 1, Subchapter A, §1.5 Previous Participation and directing their publication in the *Texas Register*

**RECOMMENDED ACTION**

**WHEREAS**, at the Board meeting of April 16, 2015, the Board approved the proposal of a new previous participation rule and proposing the repeal of the existing rule; and

**WHEREAS**, those rules were published in the *Texas Register* on May 1, 2015, which began the public comment period and no public comment was received;

**NOW, therefore, it is hereby**

**RESOLVED**, that the final order adopting 10 TAC, Chapter 1, Subchapter C Previous Participation is approved in the form presented at this meeting and that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to adopt the new 10 TAC Chapter 1, Subchapter C Previous Participation in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing; and,

**FURTHER RESOLVED**, that the order adopting the repeal of 10 TAC §1.5 Previous Participation, is approved in the form presented at this meeting and that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to adopt the repeal of 10 TAC §1.5 in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

**BACKGROUND**

The repeal of the existing rule and the proposal of the new rule were approved for publication on April 16, 2015, by the Board and were published in the May 1, 2015, issue of the *Texas Register* to allow for public comment. The public comment period closed on June 1, 2015. No comments were received.

**Attachment 1. Preamble and repeal of 10 TAC Chapter 1, Subchapter A, §1.5 concerning Previous Participation and adoption of new 10 TAC Chapter 1, Subchapter C, Previous Participation Reviews**

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 1, Subchapter A, §1.5 concerning Previous Participation and adopts new 10 TAC Chapter 1, Subchapter C Previous Participation, without changes to the proposed text as published in the May 1, 2015, issue of the *Texas Register* (40 Tex.Reg. 2357).

REASONED JUSTIFICATION. The purpose of this new subchapter is to replace the Department's existing previous participation rule which is currently found in 10 TAC, Chapter 1, Subchapter A, §1.5, which is being repealed in this rule making.

Previous Participation reviews are the process used by the Department to evaluate an applicant's compliance history prior to awarding funds or entering into contracts. These reviews are required by TEX GOV'T CODE §2306.057.

No comments were received during the comment period.

STATUTORY AUTHORITY. The repeal and new rule are adopted pursuant to the authority of TEX GOV'T CODE §2306.053, which authorizes the Department to adopt rules.

Title 10  
Part 1  
Chapter 1  
Subchapter C

**§1.301 Previous Participation Reviews for Multifamily Awards and Ownership Transfers**

(a) General. Prior to awarding funds or other assistance through the Department's Multifamily Housing Programs or approving an entity to acquire an existing multifamily Development monitored by the Department a previous participation review will be performed. When conducting a previous participation review:

- (1) Events of noncompliance that were corrected over three (3) years ago are not taken into consideration unless required by federal or state law or by court order or voluntary compliance agreement.
- (2) Events of noncompliance with an "out of compliance date" prior to the applicant's or proposed incoming owner's period of control are not taken into consideration if the event(s) are currently corrected, regardless of whether or not they were corrected during the corrective action period.
- (3) Events of noncompliance with an "out of compliance date" prior to the Applicant's or proposed incoming owner's period of control are taken into consideration if the event(s) are currently uncorrected.
- (4) The following events of noncompliance will not be taken into consideration:



- (A) “*Failure to provide Fair Housing Disclosure notice*” to households that have vacated if the date of noncompliance was within the first six (6) months of calendar year 2013;
- (B) “*Household income above the income limit upon initial occupancy*” for units at properties participating in U.S. Department of Housing and Urban Development programs if the household resided in the unit prior to an allocation of Department funds and Federal Regulations prevent the owner from correcting the issue; and
- (C) “*Casualty loss*” if the restoration period has not expired.

(5) If the applicant or any affiliate of the applicant is required to have a Single Audit, the Compliance Division will advise the Executive Award Review Advisory Committee (“EARAC”) of Single Audit Findings and events of noncompliance identified by the Community Affairs Monitoring and/or Contract Monitoring Sections of the Compliance Division.

(6) Applicants or proposed incoming owners must complete the Department’s Uniform Previous Participation Review Form and respond to staff inquiries regarding apparent errors or omissions. If an applicant or proposed incoming owner fails to provide this form this failure shall be reported to EARAC.

(b) Definitions. The following definitions apply only as used in this section. Other capitalized terms used in this section shall have the meaning ascribed in chapter 10 of this title.

(1) Extra Large Portfolios -- Applications in which the Applicant and its Affiliates collectively Control more than twenty (20) Developments;

(2) Large Portfolios—Applications in which the Applicant and its Affiliates collectively Control thirteen (13) to nineteen (19) Developments;

(3) Medium Portfolios -- Applications in which the Applicant and its Affiliates collectively Control six (6) to twelve (12) Developments;

(4) Monitoring Event -- means an onsite or desk monitoring review, a Uniform Physical Condition Standards inspection, the submission of the Annual Owner’s Compliance Report, or any other instance when the Department’s Compliance Division provides written notice to an owner requesting a response by a certain date (*e.g.*, responding to a tenant complaint);

*Example 1.301(1):* A Development was monitored in 2011 and 2014. During both monitoring visits, Department staff identified units that were occupied by ineligible households. At the time of the previous participation review, all identified events of noncompliance have been corrected. However, some of the units from the 2011 and some of the units from the 2014 onsite file review were not corrected during the corrective action period. Although the same finding was cited, it would be considered two events of noncompliance.

(5) Portfolio Sizes -- Refers collectively to Small Portfolios, Medium Portfolios, Large Portfolios and Extra Large Portfolios;

(6) Small Portfolios -- Applications in which the Applicant and its Affiliates collectively Control five (5) or fewer Developments.

**(c) Determination of Compliance Status.** Through a review of the form and the compliance history of the affiliated multifamily Developments, staff will determine the applicable category for the application

or ownership transfer request using the criteria in paragraphs (1) through (4) of this subsection and EARAC will recommend appropriate remedies, actions, and/or conditions in accordance with subsection (d) of this section. The application will be classified in the highest applicable category.

*Example 1.301(2):* If an application is category 1 for a particular issue but meets the standard to be classified as category 4 for another issue or issues, then the application shall be considered a category 4 application under this section.

**(1) Category 1.** For all Portfolio Sizes, the Developments affiliated with the application have no issues that are currently uncorrected and no events of noncompliance that were not corrected during the corrective action period.

**(2) Category 2.**

(A) Small Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period equals one (1).

(B) Medium Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than zero (0) but fewer than three (3).

(C) Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than zero (0) but five (5) or fewer.

(D) Extra Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than zero (0) but less than seven (7).

**(3) Category 3.**

(A) Small Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than one (1) but fewer than six (6).

(B) Medium Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than two (2) but fewer than eight (8).

(C) Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than five (5) but fewer than eleven (11).

(D) Extra Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than six (6) but fourteen (14) or fewer.

(E) For all Portfolio Sizes:

(i) There are three (3) or fewer events of noncompliance that are currently uncorrected at the developments affiliated with the application. If corrective action has been uploaded to the Department's Compliance Monitoring and Tracking System ("CMTS") it will be reviewed before this determination is made;

however, evidence of corrective action submitted during the five day period referenced in subsection (d) of this section will not be considered;

(ii) No response was received during the corrective action period for three (3) or fewer monitoring events that occurred within the last three (3) years; or

(iii) A Development affiliated with the application that is or was controlled by the applicant or proposed incoming owner has been the subject of a final order and the terms have not been violated.

**(4) Category 4.**

(A) Small Portfolios: The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is six (6) or more;

(B) Medium Portfolios: The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is eight (8) or more;

(C) Large Portfolios: The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is eleven (11) or more;

(D) Extra Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is fifteen (15) or more.

(E) For all Portfolio Sizes:

(i) There are more than three events of noncompliance that are uncorrected at the Developments affiliated with the application. If corrective action has been uploaded to CMTS it will be reviewed before this determination is made, however, evidence of corrective action submitted during the five day period referenced in subsection (d) of this section will not be considered;

(ii) No response was received during the corrective action period for more than three (3) monitoring events that occurred within the last three (3) years;

(iii) A Development affiliated with the application that is or was controlled by the applicant or proposed incoming owner has been the subject of a final order and the terms have been violated;

(iv) The applicant or proposed incoming owner failed to meet the terms and conditions of a prior approval imposed by the EARAC, the Governing Board, voluntary compliance agreement, or court order;

(v) Payment of principal or interest on a loan due to the Department is past due beyond any grace period provided for in the applicable loan documents;

(vi) The Department has requested and not been provided evidence that the owner has maintained required insurance on any collateral for any loan held by the Department;

- (vii) The Department has requested and not been provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department; or
- (viii) Fees or other amounts owed to the Department are thirty days or more past due.

**(d) EARAC Review.** After determining the appropriate category, EARAC will review the previous participation in accordance with the following paragraphs, as applicable.

- (1) Category 1. The compliance history of category 1 applications will be deemed acceptable by EARAC without further review or discussion.
- (2) Category 2. The compliance history of category 2 applications will be deemed acceptable by EARAC without further review or discussion and the Governing Board will be advised of category 2 applications that are recommended for award.
- (3) Categories 3 and 4.
  - (A) Prior to EARAC review, the applicant or proposed incoming owner will be provided a five (5) business day period to review the documentation that will be provided to EARAC and provide written comment or propose conditions or mitigations;
  - (B) The compliance history will be reviewed by EARAC for a recommendation to award or award with conditions. In making this decision, EARAC may request any other information from the Compliance Division that is documented in the compliance history with the exception of events of noncompliance precluded by Texas Government Code §2306.6719(e);
  - (C) Any award recommendations will be conditioned on the correction of any uncorrected events of noncompliance by dates agreed upon by the applicant or proposed incoming owner and EARAC. In addition, recommendation and approval may be subject to other terms and conditions related to the applicant's or incoming owner's compliance history. Failure to correct events of noncompliance by agreed upon dates and/or meet terms and conditions related to a recommendation or award will be reconsidered by EARAC and awards may be recommended for denial or recession.
- (4) Category 4. Applications will be notified of their status and if they wish to pursue the award should be prepared to propose terms and conditions specific to their compliance history, along with identifying specific dates to correct uncorrected events. EARAC may accept, modify or reject the applicant's proposal. If the proposal is modified or rejected, the applicant may appeal in accordance with §1.304 of this subchapter.

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### **§1.302 Previous Participation Reviews for CSBG, LIHEAP, and WAP**

(a) Previous Participation Reviews for annual non-competitive contracts funded through the U.S. Department of Health and Human Services' Community Service Block Grant Program ("CSBG"), the Low Income Housing Energy Assistance Program ("LIHEAP") and the Department of Energy

Weatherization Assistance Program (“WAP”) will be conducted in connection with the preparation of the applicable State Plan to be submitted to the appropriate federal agency.

(b) Capitalized terms used in this section shall have the meaning ascribed in chapter 5 of this title.

(c) Any entity that the Department may enter into a contract with will be required to submit:

- (1) A listing of its current board of directors, council, or other governing bodies as applicable;
- (2) A list of the Subrecipient’s key personnel (Executive Director, CFO, program director) and the length of time they have been in that position and employed by the Subrecipient;
- (3) Identification of the client tracking and financial management system or software used by the Subrecipient and the length of time that the entity has been utilizing these systems;
- (4) Any pending state or federal litigation (including administrative proceedings) against the Subrecipient along with any final decrees within the last three years;
- (5) A list of any multifamily Developments owned or Controlled by the Subrecipient that are monitored by the Department; and
- (6) Identification of all Department programs that the Subrecipient has participated in within the last three years.

(d) Subrecipients will be provided a reasonable period of time, but not less than five business days, to provide the requested information.

(e) The Subrecipient’s financial obligations to the Department will be reviewed to determine if any of the following deficiencies exist:

- (1) Payment of principal or interest on a loan due to the Department is past due beyond any grace period provided for in the applicable loan documents;
- (2) The Department has requested and not been provided evidence that the Subrecipient has maintained required insurance on any collateral for any loan held by the Department;
- (3) The Department has requested and not been provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department; or
- (4) Fees or other amounts owed to the Department which are thirty days or more past due.

(f) The information provided by the Subrecipient, the results of the most recent Single Audit, any deficiencies identified in subsection (d) of this section and all findings identified during any monitoring visits conducted within the last three years (whether or not the findings were corrected during the corrective action period) will be taken into consideration to:

- 1) Prepare the monitoring plan, including the identification of the contracts that will be monitored under the funds provided through the state plan;
- 2) Identify if applicable, any element that will be monitored for all contracts;
- 3) Identify any recommended special contract terms and conditions;
- 4) Identify any “Network wide” training that will be offered; and
- 5) Identify any CSBG eligible entity that will be required to prepare and submit a Quality Improvement Plan (“QIP”).

(g) If any deficiencies in subsection (d) of this section are identified, or if the most recent Single Audit contained findings or if there have been any monitoring findings identified during the last three years, the Subrecipient will be notified that EARAC will be informed of such issues (with the exception of events of noncompliance precluded by Texas Government Code §2306.6719(e)). The Subrecipient will be provided a five business day period to provide written comment or propose conditions or mitigations. Although there will be an opportunity to respond and comment within the five day period, a response is not required.

(h) The list of Subrecipients along with summary information regarding monitoring, (with the exception of events of noncompliance precluded by Texas Government Code §2306.6719(e)), Single Audit and any deficiencies identified in subsection (d) of this section will be presented to EARAC. EARAC may request any other information from the Compliance Division that is documented in the compliance history with the exception of events of noncompliance precluded by Texas Government Code §2306.6719(e).

(i) EARAC can recommend award, denial or award with conditions.

(j) Any Subrecipient who will be recommended for denial or award with conditions or any CSBG eligible entity that will be required to submit a Quality Improvement Plan will be informed in writing and will be required submit a written response or propose conditions or mitigations. An additional five business days will be provided to submit the written response or proposed conditions or mitigations. If the Subrecipient's response does not result in EARAC recommending award with no conditions or award with conditions that the Subrecipient agrees to, the Subrecipient will have the opportunity to appeal EARAC's recommendation in accordance with §1.304 of this subchapter.

(k) Although funds may be reserved for the Subrecipient or the Subrecipient's service area, consistent with §1.3 of subchapter A of this chapter, concerning Delinquent Audits and Related Issues, the Department will not enter into a contract or extend a contract with any Subrecipient who is delinquent in the submission of their Single Audit, unless an extension has been approved in writing by the cognizant federal agency.

(l) The Department will not enter into a contract with any Subrecipient who has a board member on the Department's debarment list or the federal debarred and suspended listing. However, other than debarment, individual board member's participation in other Department programs is not required to be disclosed and will not be taken into consideration.

(m) The Department will not enter into a contract with any Subrecipient who is on the Department's or the federal debarred and suspended listing.

(n) Previous Participation reviews will not be conducted for contract extensions. However, if the entity is delinquent in submission of its Single Audit, the contract will not be extended.

(o) Full Previous Participation reviews will not be conducted for contract amendments if the increase in funds is 15% or less. However, EARAC will be notified of any monitoring findings that have been identified since the most recent previous participation review and for which the corrective action period has elapsed. In addition, EARAC will be notified of any Single Audit findings that have been identified since the most recent previous participation review. The contract will not be amended if the entity is delinquent in submission of its Single Audit. Subsections (f) and (i) of this section shall not apply for an

amendment that award funds under this subsection. Full Previous Participation reviews will be conducted for contract amendments if the increase in funds is greater than 15%.

(p) Previous Participation reviews for discretionary or competitive awards made under any of these programs will be conducted prior to the award of funds. Subrecipients will be required to submit the required information listed in subsection (b) of this section along with the application for funding.

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**§1.303 Previous participation reviews for Department program awards not covered by §1.301 or §1.302 of this subchapter**

(a) This section applies to program awards not covered by §1.301 or §1.302 of this subchapter. With the exception of a household or project commitment contract, prior to awarding or allowing access to Department funds through a contract or through a Reservation Agreement a previous participation review will be performed.

(b) Capitalized terms used in this section shall have the meaning ascribed in the definitions section of the applicable program of this title or as required by federal or state law.

(c) When applying for an award or a new Reservation Agreement, entities will be required to submit:

- (1) A listing of the members of its current board of directors, council, or other governing body as applicable;
- (2) Any pending state or federal litigation (including administrative proceedings) against the entity along with any final decrees within the last three years;
- (3) A list of any multifamily Developments owned or Controlled by the applicant that are monitored by the Department; and
- (4) Identification of all Department programs that the entity has participated in within the last three years.

(d) The entity's financial obligations to the Department will be reviewed to determine if any of the following deficiencies exist:

- (1) Payment of principal or interest on a loan due to the Department is past due beyond any grace period provided for in the applicable loan documents;
- (2) The Department has requested and not been provided evidence that the owner has maintained required insurance on any collateral for any loan held by the Department;
- (3) The Department has requested and not been provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department; or
- (4) Fees or other amounts owed to the Department are thirty days or more past due.

(e) If any deficiencies in subsection (c) of this section are identified, or if the most recent Single Audit contained findings or if there have been any monitoring findings identified during the last three years,

the applicant will be notified that EARAC will be informed of such issues (with the exception of events of noncompliance precluded by Texas Government Code §2306.6719(e)). The entity will be provided a 5 business day period to provide written comment or propose conditions or mitigations. Although there will be an opportunity to respond and comment within the five day period, a response is not required.

(f) EARAC will review the information and may recommend approval, denial or approval with conditions. EARAC may request any other information from the Compliance Division that is documented in the compliance history with the exception of events of noncompliance precluded by Texas Government Code §2306.6719(e).

(g) Any entity which will be recommended for denial or award with conditions will be informed in writing and will be required submit a written response or propose conditions or mitigations. If the entity's response does not result in EARAC recommending award with no conditions or award with conditions that the entity agrees to, the entity will have the opportunity to appeal EARAC's recommendation in accordance with §1.304 of this subchapter.

(h) Consistent with §1.3 of subchapter A of this chapter, concerning Delinquent Audits and Related Issues, the Department will not enter into a contract or extend a contract with any entity who is delinquent in the submission of their Single Audit unless an extension has been approved in writing by the cognizant federal agency.

(i) The Department will not enter into a contract with any entity who has a Board member on the Department's debarment list or the federal debarred and suspended listing. However, individual Board member's participation in other Department programs is not required to be disclosed and will not be taken into consideration.

(j) The Department will not enter into a contract with any entity who is on the Department's or the federal debarred and suspended listing.

(k) Previous Participation reviews will not be conducted for contract extensions. However, if the entity is delinquent in submission of its Single Audit, the contract will not be extended.

(l) For the Emergency Solutions Grant, full Previous Participation reviews will not be conducted for contract amendments unless the amendment is an increase in funds of more than 15%. However, EARAC will be notified of any monitoring findings that have been identified since the most recent previous participation review and for which the corrective action period has elapsed. In addition, EARAC will be notified of any Single Audit findings that have been identified since the most recent previous participation review. Subsections (d) and (f) of this section shall not apply to amendments that award additional funds under this subsection. Full Previous Participation reviews will be conducted for contract amendments if the increase in funds is greater than 15%.

(m) Approval of an entity's Previous Participation made for awards or Reservation System Agreements under this section is effective for 12 months unless there has been a significant change in the entity's compliance status or there are significant differences in the compliance requirements of the programs.

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**§1.304 Appeal of an EARAC recommendation under the previous participation review rule.**



- (a) An applicant or possible subrecipient of an award may appeal an EARAC recommendation by submitting to the Department (to the attention of the Chair of EARAC), as provided herein, a letter (the “Appeal”) setting forth:
- (1) That the applicant or subrecipient disagrees with the EARAC recommendation;
  - (2) The reason(s) why the applicant disagrees with EARAC’s recommendation; and
  - (3) If desired, a request for an in person meeting with EARAC.
- (b) An appealing party must file a written Appeal not later than the seventh day after notice has been provided and include a hard copy and pdf version of all materials, if any, that the applicant wishes to have provided to the board in connection with its consideration of the matter.
- (c) An Appeal will be included on the Governing Board agenda if received at least three business days prior to the required posting of that agenda. The agenda item will include the materials provided by the applicant and may include a staff response to the appeal and/or materials. It is within the board chair’s discretion whether or not to allow an applicant to supplement its response. An applicant who wishes to provide supplemental materials must comply with the requirements of §1.10 of this Chapter regarding Public Comment Procedures. There is no assurance the board chair will permit the submission, inclusion, or consideration of such supplemental materials.
- (d) The board and staff will make reasonable efforts to accommodate properly and timely filed Appeals, but there may be unanticipated circumstances in which the continuity of assistance or other exigent circumstances dictate proceeding with an award notwithstanding the fact that an EARAC recommendation has been appealed. These situations, should they arise, will be addressed on an *ad hoc* basis.

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BOARD ACTION REQUEST

BOND FINANCE DIVISION

JUNE 30, 2015

Presentation, Discussion, and Possible Action regarding amendments to Master Trade Confirmation for Single Family Taxable Mortgage Program ("TMP-79"), amendments to Warehousing Agreement for single family loan program, and program changes for TMP-79.

RECOMMENDED ACTION

WHEREAS, the Department has historically provided financing assistance to first-time homebuyers through the issuance of single family mortgage revenue bonds ("MRBs");

WHEREAS, in response to market conditions over the past several years, the Department implemented TMP-79 in October 2012, to provide down payment and closing cost assistance to low and moderate income homebuyers;

WHEREAS, the Department intends to continue to provide homebuyer assistance through TMP-79 and intends to use TMP-79 as a loan origination mechanism for tax-exempt MRB issues; and

WHEREAS, in order to use TMP-79 as a loan origination mechanism for tax-exempt MRB issues, certain modifications need to be made to the Master Trade Confirmation, to the structure of TMP-79, to the Warehousing Agreement and to the related program documents;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director be authorized, empowered, and directed, for and on behalf of the Department, to execute and deliver such documents and instruments as he may reasonably deem necessary or advisable to effectuate amendments to the Master Trade Confirmation, TMP-79, the Warehousing Agreement, and any related program documents to facilitate the use of TMP-79 as a loan origination mechanism for tax-exempt MRB issues.

BACKGROUND

Historically, "MRBs" have been the primary financing method for providing homeownership opportunities through the Department's single family program. For several years, market conditions have not been conducive to MRB financing and the Department has relied on an alternative financing structure, TMP-79, to assist homebuyers through the provision of down payment and closing cost assistance. TMP-79 has been a very successful program for the Department, providing over \$27 million in down payment and closing cost assistance on approximately \$550 million in mortgage loans since October 2012.

At the May Board meeting, staff requested and received Board approval to take the necessary steps to begin a single family bond issue. Notices of public hearing were published, and on June 5, 2015, the hearing was held. Staff has been working closely with the Department's Financial Advisors, Bond Counsel, Disclosure Counsel, Underwriters, and Underwriter's Counsel to evaluate various structures and approaches for combining a new money MRB issue with the refunding of the Department's 2006 Series H Bonds.

Having analyzed several structure alternatives, it appears that the lowest cost and most efficient mechanism for originating mortgage loans to be purchased with the proceeds of the MRB issue is to utilize a modified version of TMP-79, which will mitigate negative arbitrage associated with the bond issue. By way of reminder, negative arbitrage results from the investment of bond proceeds at less than the cost of funds (the interest paid on the bonds). Currently, investment rates are well below the interest rate that the Department would pay on single family mortgage revenue bonds; the use of a traditional structure would result in significant negative arbitrage. The use of the modified TMP-79 in conjunction with the Department's warehouse facility will mitigate or eliminate that negative arbitrage, as the bonds would not be issued until the mortgages are substantially originated and pooled into Certificates. Upon bond issuance, these Certificates would be purchased by the trust estate using bond proceeds, making the mortgage-backed securities the "investment" that will secure and eventually pay-off the bond issue. The modifications that will be necessary include:

Modifications to TMP-79. Despite the taxable nature of TMP-79, the Department maintained most of the requirements typically associated with tax-exempt MRBs, including income and purchase price limits. In order to use TMP-79 to originate tax-exempt bond program loans, all IRS requirements with respect to tax-exempt MRBs must be met. For example, TMP-79 will need to be modified to change the method of calculating household income from the current, more conventional approach, to the specific methodology required by the IRS, and recapture tax provisions and disclosure will need to be added back into the program. In addition, the program may be modified to add a low rate, no assistance option to homebuyers, depending on feedback from the lending community.

The Department intends to continue to provide homebuyer assistance through TMP-79. The goal is to originate loans that meet all requirements for purchase with proceeds of tax-exempt bonds so that the Department has the option to purchase the related Certificates with tax-exempt bond proceeds or sell them to a third-party purchaser depending on current market conditions. This will provide the Department maximum flexibility in structuring homebuyer assistance programs in the future.

It is important to point out that in the short run, these changes may reduce the attractiveness of TMP-79, as the Department's program will be more restrictive with respect to borrower eligibility than other similar programs in the State.

Modification of the Master Trade Confirmation, Warehouse Agreement and other program documents. Corresponding modifications of the agreement for sale of the Certificates under TMP-79 to third party investors (the "Master Trade Confirmation"), the TMP-79 Warehouse Agreement, and the TMP-79 program documents will be required to give the options described above to the Department.

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**BOARD ACTION REQUEST**  
**NEIGHBORHOOD STABILIZATION PROGRAM**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on amendments to Neighborhood Stabilization Program One (“NSP1”) Contracts and Neighborhood Stabilization Program One – Program Income (“NSP1-PI”) Reservation Agreements

**RECOMMENDED ACTION**

**WHEREAS**, the Texas Department of Housing and Community Affairs (“the Department” or “TDHCA”) entered into NSP1 contracts with subrecipients on September 1, 2009, a number of which had original expiration dates of August 31, 2011;

**WHEREAS**, the Department entered into NSP1-PI Reservation Agreements with subrecipients which had original expiration dates of August 31, 2014;

**WHEREAS**, NSP subrecipients have generally experienced significant difficulty in completing the projects required under their NSP1 contracts, for which the challenges have been created by changing federal guidance early in the program, local market conditions, and subrecipient capacity;

**WHEREAS**, all subrecipients have now completed initial phases of their NSP programs, and are working to sell homes to eligible households and extensions are needed to establish these properties into a final eligible NSP use;

**WHEREAS**, NSP staff continues to work closely with subrecipients to provide needed technical assistance specifically focused on contract completion; and

**WHEREAS**, the NSP1 Contracts have exhausted all extensions that can be authorized administratively by staff, and the needed extensions require approval by the TDHCA Board;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to approve extensions of no more than one additional year to NSP1 contracts and the NSP1-PI Reservation Agreements to enable full, timely, and compliant completion and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other

writings as they or any of them may deem necessary or advisable to effectuate the foregoing; and

**FURTHER RESOLVED**, that these extensions will specifically be for the following NSP1 Contracts and NSP1-PI Reservation Agreements: 77090000106 and 77090003106, City of Irving; 77090003108, Affordable Homes of South Texas; 77090000113 and 77090003113 Housing Authority of the City of San Benito; 77090000123 and 77090003123, City of Harlingen; 77099999124 and 77099993124, City of Waelder; 77090003150, Community Development Corporation of Brownsville; 77090003154 City of Port Arthur; 77090000164 and 77090003164, Frazier Revitalization, Inc.; and 77099999170 and 77099993170, Midland County Housing Authority.

### **BACKGROUND**

The Neighborhood Stabilization Program (“NSP”) is a U.S. Department of Housing and Urban Development (“HUD”)-funded program authorized by HR3221, the “Housing and Economic Recovery Act of 2008,” 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.

Many NSP subrecipients have experienced significant difficulty in completing the activities required under their NSP1 contracts. Difficulties have been created by changing federal guidance early in the program, local market conditions, and lack of subrecipient capacity. NSP staff continues to work closely with subrecipients to provide both remote and on-site technical assistance with a focus on contract completion. All subrecipients have now completed the initial phases of their NSP programs, and are working to sell homes to eligible households.

The NSP Contracts that provide purchase and rehabilitation activities originally had end-dates of August 31, 2011. The NSP Rule allows the Executive Director to extend contracts for up to one year; further extensions require Board approval. As the NSP has evolved, it has become apparent that the original end dates for the NSP1 contracts were not achievable and were too ambitious, and that subrecipients will require additional time to sell homes that have been previously constructed, or purchased and rehabilitated.

NSP staff will continue to work with Contract Administrators as the expiration date approaches. Extensions may not exceed the time required to complete and occupy NSP properties, and in no instance may they exceed one year. It is anticipated that these listed contracts will all be completed in Fiscal Year 2016.

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**THIS ITEM HAS BEEN PULLED  
FROM THE AGENDA**

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**THIS ITEM HAS BEEN PULLED  
FROM THE AGENDA**

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**BOARD REPORT ITEM**  
**ASSET MANAGEMENT DIVISION**  
**JUNE 30, 2015**

Executive Report of Multifamily Program Amendments, Extensions, and Ownership Transfers

**REPORT ITEM**

This report contains information on Fiscal Year 2015 - 3<sup>rd</sup> Quarter (3/1/2015 to 5/31/2015).

- 13 LURA Amendments (All Administratively Approved)
- 13 Application Amendments (9 Administratively Approved; 4 Board Approved)
- 4 Extensions – 3 Cost Certification Extensions & 1 Ten Percent Test Extension  
(All Administratively Approved)
- 26 Ownership Transfers (All Administratively Approved)

Fiscal Year 2015 – 4<sup>th</sup> Quarter information will be reported at the October 2015 meeting.

# Land Use Restriction Agreement (LURA) Amendments

2015 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
12092	3/11/2015	The Huntington at Missouri City	Missouri City	Ofelia Elizondo	correction of applicable fractions on Appendix E
538263	3/17/2015	Santa Lucia Housing	El Paso	Lydia Zavala	LURA amendment requested to include elderly restriction for 62 and older elderly population
11406, 714442675	4/1/2015	Chatham Green Village	Arlington	DeAnn M. Totta	Substitute gazebo w/sitting area, native plants, thermally & draft efficient doors, and storage room with community dining room and furnished and staffed children's activity center. Remove exhaust/vent fans to the outside in baths and re-number buildings.
99095	4/2/2015	Mesa Place Townhomes (aka Western Mesa Hills)	El Paso	Cynthia Bast	Remove HUB requirement
98089	4/2/2015	Franklin Place Townhomes aka Belvidere Hunt	El Paso	Cynthia Bast	Remove HUB requirement
12170	4/6/2015	Fairfield Creek Estates	Cypress	Ryan Hettig	To correct Building Identification Numbers and Minimum Application Fraction for Building 3
1001506, 11061	4/7/2015	Pioneer Crossing for Seniors Burkburnett	Burkburnett	Noor Jooma	To revise legal description to include .18 acres easement needed for ingress/egress access to main road

## ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
98261	4/7/2015	Mary Olson Apts--Housing Authority of the City of Taylor	Taylor	Ebby Green	Reduce number of low-income units by seven and extend the term of the LURA by one year.
1001680, 12314	4/17/2015	Parkview Place	Huntsville	Matthew D. Rule	Reduce Unit Amenity Points from 14 to 13
11202	4/20/2015	Hunters Chase Senior Apts	Rockdale	Sarah Andre	To correct legal description after approval of a material application amendment for a change in acreage & density
10150	5/18/2015	Woodlawn Ranch Apts	San Antonio	Erin Mitchell / Mike Hogan	Change applicable fraction for BIN 5
10222	5/19/2015	Citrus Gardens	Brownsville	Raquel Laniez - HACB	To remove 2.053 acres (Tract II) from LURA Exh A - Legal Description
93156, 214020926	5/26/2015	Villa Victoria Apartments	Waco	Andy Sheehy	To reduce number of units from 91 to 90. Current owner indicates unit 116 has always been used as an office.

# Housing Tax Credit Application Amendments

2015 Quarter 3

Board Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
12065	3/12/2015	La Ventana Apartments	Abilene	Lisa Stephens	Reduction of more than 3% in the common areas
11202	3/12/2015	Hunters Chase Senior Apts	Rockdale	Sarah Andre	Modification of the residential density of at least 5 percent
13232, 1002029	4/10/2015	Pine Lake Estates	Nacogdoches	Rick Deyoe	Change the rent restrictions from 30% to 60% on 50 of the 100 total units.
10222	5/7/2015	Citrus Gardens	Brownsville	Raquel Lainez - Brownsville HA	Modification of the residential density of at least 5 percent

Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
14036	3/4/2015	La Esperanza De Alton	Alton	Sara Reidy	Application Amendement Acknowledgement
1001680, 12314	4/10/2015	Parkview Place	Huntsville	Matthew D. Rule	Replace 25-year shingles for 30-year shingles with 1 point application score reduction
14150	4/16/2015	Eagles Rest	San Antonio	Ana Padilla	Design change to 1 of the 3-bedroom units per accesibility requirements



## Administratively Approved

Dev. No.	Date of Approval	Development Name	City	Owner Name/Contact	Type of Amendment
14054	4/29/2015	Whispering Oaks	West Orange	Orange Redevelopment WO Developer, LLC	Change in Developer Structure
13252	5/1/2015	Oak Creek Village	Austin	Sarah Andre	Owner not able to complete proposed bathroom changes in first phase of construction for two bedroom units.
14130	5/6/2015	Tays	El Paso	Alyssa Carpenter	Requested addition of a co-developer
14295	5/13/2015	Post Oak Apartments (fka M2 Apartments)	Mckinney	Terri Anderson	4% reduction (0.28 acre) in acreage, removal of onsite detention, and decrease of three parking spaces.
14127	5/22/2015	Haymon Krupp	El Paso	Alyssa Carpenter	Developer Change
99207	5/26/2015	Columbia Greens	Houston	Brad Barnes	Reduction of site acreage and increase in density due to local government requirement

# Housing Tax Credit Extensions

2015 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Type of Extension	Original Deadline	Approved Deadline
1001681, 12388	3/27/2015	Paseo Pointe	Los Fresnos	Cost Certification	4/30/2015	5/29/2015
1001682, 12339	3/27/2015	Hacienda del Sol Apartments	San Benito	Cost Certification	4/30/2015	5/29/2015
1001541, 11140	4/13/2015	Villas of Giddings	Giddings	Cost Certification	1/15/2014	3/6/2015
14148	5/27/2015	Greens at Brentford	Houston	10% Test	7/1/2015	8/31/2015

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# Housing Tax Credit Program Ownership Transfers

2015 Quarter 3

ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
5000000009, 94063	3/6/2015	Corona Del Valle	El Paso	Bricklayers Texas Housing Corporation and Corona Del Valle Housing Corporation	THFC Corona GP, LLC	Affiliate
97093	3/12/2015	Historic Oaks Of Allen Parkway Villa	Houston	National Equity Fund Limited Partnerships NEF97 and NEF97II	Same	Transfer of LP Interest to GP
70129	3/17/2015	Sandpiper Cove	Galveston	Sandpiper Cove Apartments, LLC	Compass Pointe Apartments Texas, LLC	Sale of property
02470	3/24/2015	The Shire Apartments	Port Arthur	The Shire Apartments GP, LLC	Avery Trace, LLC	Non-Affiliate
14155	3/24/2015	Cypress Place	Beaumont	HKPKE, LLC	N/A	Affiliate
95048	3/25/2015	Hillside Apartments	Fort Worth	Rock Island Hillside Associates, L.P.	172 Hillside Partners, LLC	GP Transfer
11246	3/26/2015	Tylor Grand	Abilene	S2A Development Consulting, Inc.	Saigebrook Development, LLC	HUB (51% owner of managing member)
533308	3/27/2015	Webb Street Revitalization	Smithville	Combined Community Action	Kyle Ranne and Lynda Rutledge-Kirby	Sale
93063	4/8/2015	Whispering Woods Apartments	Arlington	Arlington Hills, LP	5620 TX Lincoln Arlington, LLC	Sale of Property
931812569, 92061	4/14/2015	Bella Vista Creek (fka Diamond Creek Apts.) (fka Skyline Apts.)	Dallas	South Buckner, LLP	TACP DCREEK LP	Sale

## ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
06720, 03016, 060074	4/14/2015	Amarillo Gardens Apartments	Amarillo	The Gardens of Amarillo Management, LLC	RHAC Amarillo Gardens GP, LLC	General Partner
96134	4/16/2015	Sabine Park Apartments	Orange	Pine-Oaks Partners, LLC	Texas Bay Bluff, LLC	Non-Affiliate
92024, 212977576	4/16/2015	Lindys Landing	Austin	Lindy's Landing I, Ltd.	Oyster LLC	Property Sale
96175	4/22/2015	Park Village Apartment Homes	Conroe	Park Village IV Partners, L.P.	Park Village OTM Harmony LP	Purchase/Sale
98170	4/23/2015	Homes of Persimmons	Dallas	High Ridge Costa Investors, LLC and Bende Housing Corporation	Joseph Kemp and KRR Construction Ltd. (solely owned by Joseph Kemp)	affiliate - GP and LP will now be owned by the 90% owner of current GP
05447	4/28/2015	Providence Place II	Denton	Quail Creek South GP, LLC	HCP Pacific GP – Providence Place II, LLC	GP transfer
04479, 04479B	4/28/2015	Providence at Village Fair	Dallas	Chicory Court GP – Madison III, LLC LLC	HCP Pacific GP – Village Fair, LLC	GP transfer
02475	4/28/2015	Providence on the Park	Dallas	280 Old Hickory Tract D, LLC	HCP Pacific GP - Hickory Creek, LLC	GP transfer
04483B, 04483	4/28/2015	Providence at Prairie Oaks	Arlington	Chicory GP - Marine Creek, LLC	HCP Pacific GP - Prairie Oaks, LLC	GP Transfer
05446	4/28/2015	Providence at Marine Creek	Fort Worth	Cottonwood Hammer GP, LLC	HCP Pacific GP – Marine Creek, LLC	GP transfer
02474	4/28/2015	Providence Place (fka: Quail Creek Apartments)	Denton	264 Quail Creek North, L.L.C.	HCP Pacific GP – Quail Creek, LLC	GP transfer

## ADMINISTRATIVELY APPROVED

Dev. No.	Date of Approval	Development Name	City	Person/Entity Departing	New Person/Entity	Type of Ownership Change
92024, 212977576	4/29/2015	Lindys Landing	Austin	Oyster Real Estate, LLC	Seven Rise G.K. dba Seven Rise LLC	Sale of Property
02484	5/1/2015	Sycamore Center Villas	Fort Worth	Sycamore General, Inc.	HCP Pacific GP-Sycamore Center Villas, LLC	General Partner and Special Limited Partner
01120	5/6/2015	Arrowhead Place, Ltd.	El Paso	IBI Arrowhead Place, LLC	AHV Arrowhead Place, Inc.	GP interest sale
538263	5/6/2015	Santa Lucia Housing	El Paso	IBI Santa Lucia Housing GP, LLC	Paisano Santa Lucia, LLC	GP interest sale
02011, 852020	5/27/2015	Live Oak Village	Aransas Pass	I-Integrity Management, Inc.	Mgroup Holdings, Inc.	HUB

2b

**BOARD REPORT ITEM**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Report regarding programming future Multifamily Development Program funds as Grants to Supportive Housing providers

**REPORT**

The Department currently administers two sources of funds that may be used to aid in financing the development or rehabilitation of affordable multifamily rental properties: HOME and income from Tax Credit Assistance Program (“TCAP”) loan repayments. TCAP funds present a unique opportunity as if they are structured as loans to be repaid they can be reused and once repaid the second time they become unrestricted in their use. HOME funds, of course, have a variety of restrictions including not only those requirements imposed by HUD but restrictions imposed by state law, most notably the 95/5 rule, which requires 95% of HOME funds to be used in areas that are not eligible to receive HOME funds directly from HUD (chiefly more rural areas) and at least 5% to be used to assist persons with disabilities which can be used in Participating Jurisdictions which already receive HOME funds directly from HUD. HOME funds also carry a requirement that any repayments resulting from a loan must be reused in accordance with the HOME restrictions as long as the State has an open HOME grant.

Recently staff has been asked to consider changes in ways these funds are offered, specifically seeking to have them more available for developments providing permanent supportive housing and developments that may have received awards of other funds in the past five years. The most recent NOFA effectively excluded these types of developments. Because these uses implicate a host of complex issues, including the way the Department’s program and underwriting rules are applied, the amount of funds available for non-supportive housing developments, the way that TCAP funds can be used and recycled, etc., the Chair will be asking a single member to work with staff to understand these issues in depth so that he or she can be an active and fully informed participant as these ideas are brought to the full board for consideration, likely later this summer.

3a



**BOARD ACTION REQUEST**  
**FINANCIAL ADMINISTRATION DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on the FY 2016 Operating Budget

**RECOMMENDED ACTION**

**WHEREAS**, the Governing Board of the Texas Department of Housing and Community Affairs (the “Department” or “TDHCA”) is required to approve a FY 2016 Operating Budget; and

**WHEREAS**, the Department is required to submit the budget to the Governor’s Office and the Legislative Budget Board (“LBB”);

**NOW, therefore, it is hereby**

**RESOLVED**, that the FY 2016 Operating Budget, in the form presented to this meeting, is hereby approved

**RESOLVED**, that J. Paul Ozer, Board Chair, be and he hereby is authorized and empowered, for an on behalf of this Board, to establish the salary of the Executive Director subject to the provisions of the 2016-2017 General Appropriations Act; and

**FURTHER RESOLVED**, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the Governor’s Office and the LBB.

**BACKGROUND**

In accordance with Texas Government Code, Chapter 2306, TDHCA is charged with preparing an operating budget for Board adoption on or before September 1 of each fiscal year. The budget includes operational expenses distributed among the Department’s divisions. It does not include federal or state program funds that pass through to subrecipients except for administrative funds used by the Department associated with those federal or state funds that are retained and reflected in the budget. In addition, in accordance with internal auditing standards and the Board’s internal audit charter, the budget includes the Internal Audit Division’s annual operating budget.

The FY 2016 Internal Operating Budget, which the Board is considering, corresponds to the first year of the General Appropriations Act (GAA) passed by the 84<sup>th</sup> Texas Legislature. In total, this budget provides for expenditures and associated revenues of \$26,823,681 or a \$1,132,866 (4.4%) increase over the prior year budget. Fifty-one

percent of the increase is attributed to the 2.5% increase to salaries approved by the legislature to offset an increased employee contribution to the state employee pension. Twenty-eight percent of the 4.4% increase is attributed to funding for a weatherization training initiative for Community Affairs subreceptants; these are not additional expenses but were not previously included in the operating budget.

The budget reflects 307 FTEs (64 are related to the Manufactured Housing Division) which is six fewer than appropriated. While two FTEs were eliminated through attrition in the Neighborhood Stabilization Program (“NSP”), seven FTEs from various areas are proposed to be redirected towards Compliance (4), Asset Management (2) and Bond Finance (1).

Additionally, the Housing Finance Division budget, which is funded with fees generated from the Department’s bond program, Housing Tax Credit Fees, Asset Management Fees and Compliance, increased by \$985,869 or 6.6%. This increase is primarily attributed to an increase in salaries related to the 2.5% across the board increase, a shift in the method of finance for the 7 redirected FTEs, and increases of other expenditures.

**For a complete explanation of the aforementioned budget categories and details, please see the accompanying Comparison Report.**

Finally, the classification and salary for the position of the Executive Director are specifically addressed under the General Appropriations Act, meaning that position is not subject to the same provisions set forth in the state salary administrative system regarding the establishment of classification and setting of salary as other exempt or nonexempt positions.

## TEXAS DEPT. OF HOUSING AND COMMUNITY AFFAIRS

FY 2016 Operating Budget

Comparison Report

June 30, 2015

This Comparison Report provides an explanation of any changes of more than 10% to cost categories.

In total, this FY 2016 Operating Budget is \$26,823,681 or a \$1,132,866 (4.4%) increase over the prior year budget. However, after adjusting out changes associated with the statewide salary increase associated with an offsetting employee change to strengthen the state's employee pension plan and further adjusting the costs which are not new costs but instead reflect only a change in the way they are reflected in the operating budget, the overall budget has increased by \$335,206 or 1.3%.

Below are the highlights of the FY 2016 Budget. Please refer to the "Comparison by Expense Object" schedule on Page 3.

1. **Salaries/Wages and Payroll Related Costs.** These two line items represent 80.7% of the total operating budget.

The budget reflects 307 FTEs, which is six fewer than appropriated.

The Salaries and Wages line item includes the 2.5% across-the-board salary increase approved by the 84th Legislature with an impact of \$405,660 and a 1.0% allowance for salary growth of \$167,684. These increases were primarily offset by salary reductions generated by funding redirected positions at lower salaries in the amount of \$89,899 and savings from the reduction of NSP salaries of \$118,579.

Payroll related costs increased \$79,269. The decrease in payroll related costs is proportional to the decrease in salaries.

2. **Professional Fees.** Professional Fees and Services increased \$690,591 or 55.9%. The majority of the increase can be attributed to a proposed Community Affairs weatherization training contract, a Community Affairs Partnership contract in the amount of \$200,000, an increase in the funding of a legal contract for \$40,500 and a Disaster Recovery contract in the amount of \$70,000. Both of the Community Affairs contracts do not create a net increase in expenses, but are merely being moved from programmatic expenses to within the operating budget
3. **Materials and Supplies.** Materials and Supplies increased \$85,060 or 29.1%. This increase can be attributed to the funding for DBC (Dubois Brown and Company) software which is used to perform cash flow analysis for bond indentures in the amount of \$75,000.

4. **Rentals and Leases.** The Department continues to lease space at the Twin Towers Office Center (TTOC) and a satellite office in Pharr, Texas. This expense category also includes copier rentals and meeting space utilized for events such as public hearings, forums and trainings. The FY 2016 budget increased by \$20,410 or 12.7%, due to anticipated increases in operating costs related to copiers and storage of documents.
5. **Advertising.** Advertising increased \$68,100 or 427%. The increase in this category can be attributed to the inclusion of on-line advertisement related to the Department's First-Time Homebuyer program in the amount of \$72,000. This was previously characterized as a program cost, but it is being shown this way for the sake of transparency.
6. **Temporary Help.** Temporary Help decreased \$170,960 or 62.1%. The decrease in this category is primarily due to changing the categorization of a service contract for Program Project Development Services related to the Community Affairs network from Temporary Help to Professional Services in the amount of \$200,000.
7. **Furniture and Equipment.** Included in this category is the Legislature's approval of the Department's IT Hardware and Software Refresh Project as it relates to non-capital expenses such as update and replacement of end-user computers and operational software upgrades, including an upgrade to Windows 7, a Microsoft Office upgrade, server operating system upgrades, and additional database server software licenses. The benefits of these planned purchases include increased security, better performance for end-user computers, and the ability to provide continued support for TDHCA's enterprise systems, such as the Central Database Systems, PeopleSoft Financials, MITAS, and the Manufactured Housing System. This line item increased \$78,350 or 58.5% due to an anticipated increase in non-capital expenditures budgeted for the biennium.
8. **Capital Outlay.** This category is also included in the Department's IT Hardware and Software Refresh Project as it relates to capital expenses such server hardware upgrades and network equipment enhancements, so that systems remain supported by vendors and the security and reliability of these systems remain at high levels. Capital Outlay decreased \$16,000 or 20.0% due to a shift from capital to non-capital expenses as it relates to the Capital Budget.

## Comparison by Expense Object

	2015 Budget (a)	2016 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	\$ 17,144,833	\$ 17,475,122	\$ 330,289	1.9%
Payroll Related Costs	4,114,760	4,194,029	79,269	1.9%
Travel In-State	547,710	517,604	(30,106)	-5.5%
Travel Out-of-State	125,394	125,394	-	0.0%
Professional Fees	1,234,818	1,925,409	690,591	55.9%
Material and Supplies	292,794	377,854	85,060	29.1%
Repairs/Maintenance	576,302	546,212	(30,090)	-5.2%
Printing and Reproduction	18,437	16,758	(1,679)	-9.1%
Rentals and Leases	160,086	180,496	20,410	12.7%
Membership Fees	78,620	79,010	390	0.5%
Staff Development	147,226	142,450	(4,776)	-3.2%
Insurance/Employee Bonds	390,172	413,340	23,168	5.9%
Employee Tuition	13,000	12,000	(1,000)	-7.7%
Advertising	15,950	84,050	68,100	427.0%
Freight/Delivery	30,900	29,950	(950)	-3.1%
Temporary Help	275,200	104,240	(170,960)	-62.1%
Furniture and Equipment	133,850	212,200	78,350	58.5%
Communication and Utilities	275,094	291,903	16,809	6.1%
Capital Outlay	80,000	64,000	(16,000)	-20.0%
State Office of Risk Management	35,669	31,661	(4,009)	-11.2%
<b>Total Department</b>	<b>\$ 25,690,816</b>	<b>\$ 26,823,681</b>	<b>\$ 1,132,866</b>	<b>4.4%</b>
TDHCA (Non-MH)CAP FTE's	237	238	1	0.4%
Manufactured Housing (MH) FTE'	64	64	-	0.0%
Temporary FTE's	<u>8</u>	<u>5</u>	<u>(3)</u>	<u>-37.5%</u>
<b>Total FTEs</b>	<b>309</b>	<b>307</b>	<b>(2)</b>	<b>-0.6%</b>
<b>Method of Finance:</b>				
GR-General Revenue - Dedicated	\$ 1,063,141	\$ 1,096,260	\$ 33,119	3.1%
GR-Earned Federal Funds	2,112,917	2,240,348	127,431	6.0%
Federal Funds-Non-HERA	6,144,422	6,304,676	160,254	2.6%
Federal Funds-Neighborhood Stabilization Program	574,711	422,333	(152,378)	-26.5%
Appropriated Receipts - Housing Finance	14,999,432	15,985,301	985,869	6.6%
Appropriated Receipts - Manufact. Housing	511,828	511,681	(147)	0.0%
Interagency Contracts	284,365	263,082	(21,283)	-7.5%
<b>Total, Method of Finance</b>	<b>\$ 25,690,816</b>	<b>\$ 26,823,681</b>	<b>\$ 1,132,866</b>	<b>4.4%</b>

## **Method of Finance**

The 2016 Budget includes the following sources:

### **General Revenue**

Dedicated - State appropriated funds including Housing Trust Fund, Housing and Health Services Coordinating Council and funding for affordable housing market studies.

Earned Federal Funds - Federal funds appropriated for indirect costs associated with administering federal funds.

### **Federal Funds**

Federal Funds-Non-HERA - Core federal programs such as Community Services Block Grant, Emergency Solutions Grant, HOME, U.S. Dept. of Energy (DOE), Section 8 Housing, Section 811 PRA Program and Low Income Home Energy Assistance Program.

Neighborhood Stabilization Program - Federally appropriated funds specifically designated for HERA-NSP.

### **Appropriated Receipts - Housing Finance (HF):**

Bond Admin Fees - Appropriated receipts associated with our Single Family and Multifamily bond programs such as application fees, issuance fees, and administration fees.

Low Income Housing Tax Credit Fees - Appropriated receipts associated with our housing tax credit program such as application fees and commitment fees.

Compliance Fees - Fees assessed to multifamily developers for the purpose of ensuring long-term compliance.

Asset Oversight Fees - Fees assessed to TCAP and Exchange property developers for the purpose of safeguarding the Department's financial interest in their properties.

**Appropriated Receipts (MH)** - Manufactured Housing Division fees generated through inspecting, licensing and titling activities.

**Interagency Contracts** - Contract with the Texas Department of Agriculture for the Office of Colonia Initiatives (OCI) Self-Help Center's operation and administration, and contract with the Texas Department of Aging and Disabilities (DADS) for the Money Follows the Person program.



**FISCAL YEAR 2016**  
**OPERATING BUDGET**  
*(September 1, 2015 through August 31, 2016)*

**June 30, 2015**

*Prepared by the Financial Administration Division*

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
FY-2016 OPERATING BUDGET**

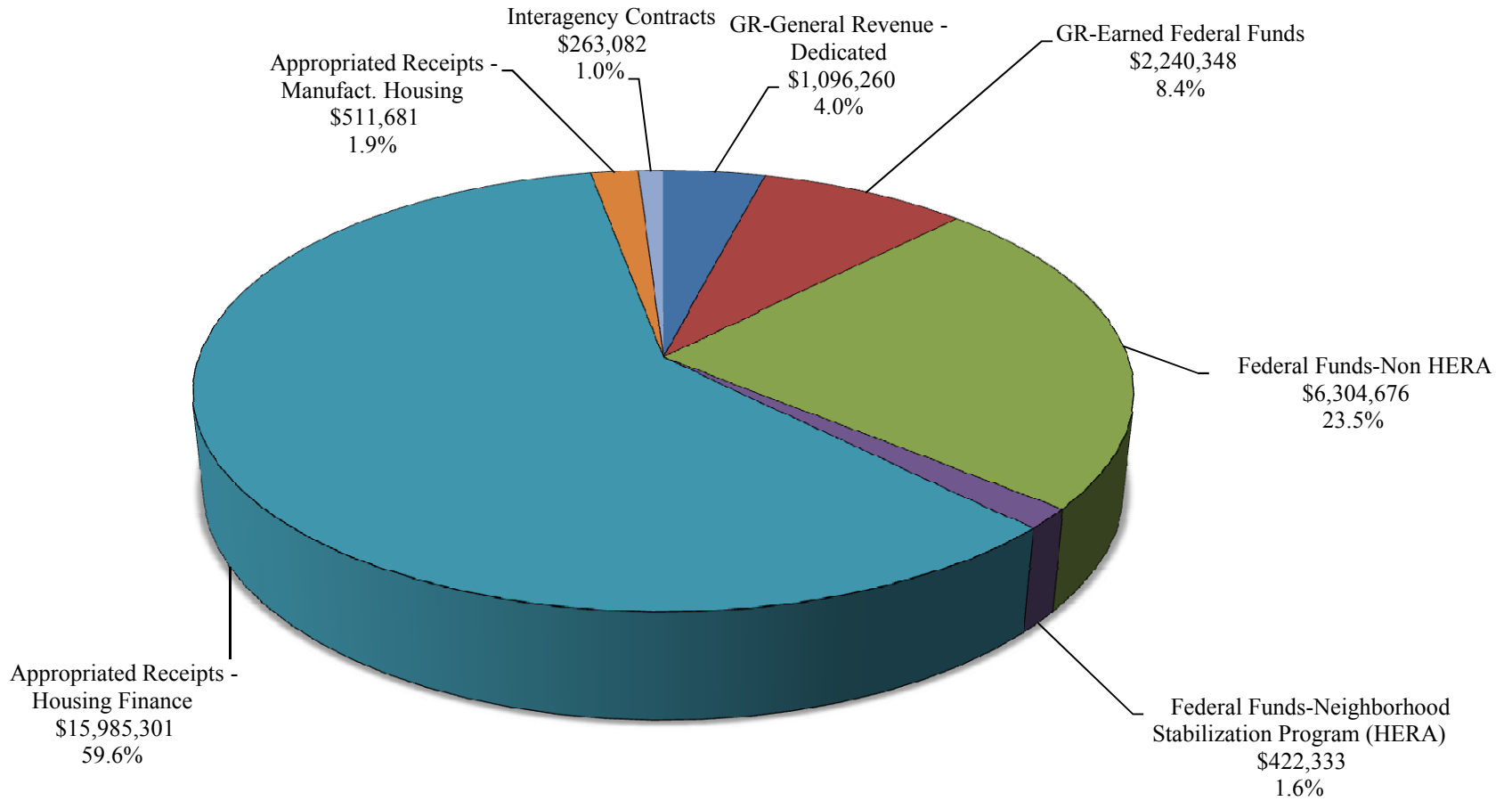
**T A B L E O F C O N T E N T S**

Method of Finance Chart..... 1  
Agency Wide – By Method of Finance..... 2  
Comparison by Division..... 3

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## Texas Department of Housing and Community Affairs FY 2016 Method of Finance



**Total Budget: \$26,823,681**

## Agency Wide - By Method of Finance

September 1, 2015 thru August 31, 2016

Budget Categories	MH					Total
	General Revenue	Federal Funds	Appropriated Receipts	Interagency Contract	Appropriated Receipts	
Salaries	1,996,266	4,224,747	10,694,120	156,496	403,494	17,475,122
Payroll Related Costs	595,536	1,132,874	2,331,221	37,559	96,838	4,194,029
Travel In-State	31,552	193,150	258,998	33,904	-	517,604
Travel Out-of-State	6,680	45,173	73,541	-	-	125,394
Professional Fees	338,100	714,913	861,092	11,304	-	1,925,409
Materials/Supplies	63,516	49,813	262,398	2,126	-	377,854
Repairs/Maintenance	112,520	52,169	381,523	-	-	546,212
Printing and Reproduction	1,351	3,503	11,705	200	-	16,758
Rental/Lease	37,472	25,259	116,264	1,500	-	180,496
Membership Dues	3,325	14,330	61,355	-	-	79,010
Staff Development	16,404	35,330	88,716	2,000	-	142,450
Insurance/Employee Bonds	71,667	71,177	255,754	3,393	11,349	413,340
Employee Tuition	901	1,500	9,599	-	-	12,000
Advertising	38	400	83,613	-	-	84,050
Freight/Delivery	4,315	1,250	24,385	-	-	29,950
Temporary Help	17,459	24,307	55,474	7,000	-	104,240
Furniture/Equipment	3,802	54,840	147,958	5,600	-	212,200
Communications/Utilities	25,972	62,502	201,429	2,000	-	291,903
Capital Outlay	-	17,323	46,677	-	-	64,000
State Office of Risk Management	9,730	2,450	19,482	-	-	31,661
<b>Total</b>	<b>3,336,608</b>	<b>6,727,009</b>	<b>15,985,301</b>	<b>263,082</b>	<b>511,681</b>	<b>26,823,681</b>

**Comparison by Division**

	2015 Budget (b)	2016 Budget (b)	Variance (b-a)	Percentage Change	2015 Budget (d)	2016 Budget (e)	Variance (e-d)
<b>Executive Administration:</b>							
Executive Office	219,255	391,958	172,703	78.8%	1.0	2.0	1.0
Board	70,036	70,036	-	0.0%	-	-	-
Legal Services	977,852	1,052,208	74,356	7.6%	9.0	9.0	0.0
Internal Audit	368,786	300,168	(68,618)	-18.6%	4.0	3.0	(1.0)
External Affairs	438,878	516,404	77,526	17.7%	4.0	5.0	1.0
Housing Resource Center	655,659	654,878	(781)	-0.1%	6.0	5.0	(1.0)
<b>Total, Executive Administration</b>	<b>2,730,466</b>	<b>2,985,651</b>	<b>255,185</b>	<b>9.3%</b>	<b>24</b>	<b>24</b>	<b>0.0</b>
<b>Human Resources</b>							
Multifamily Allocation	333,418	334,646	1,228	0.4%	4.0	4.0	0.0
Fair Housing	991,686	1,023,419	31,733	3.2%	13.0	13.0	0.0
	343,099	-	(343,099)	-	4.0	0.0	(4.0)
<b>Total, Multifamily Division</b>	<b>1,334,785</b>	<b>1,023,419</b>	<b>(311,366)</b>	<b>3.2%</b>	<b>17</b>	<b>13</b>	<b>(4.0)</b>
<b>Single Family, Community Affairs &amp; Metrics Division:</b>							
Single Family, Community Affairs & Metrics - Admin	725,443	672,796	(52,647)	-7.3%	7.0	6.0	(1.0)
HOME Program	823,743	816,488	(7,255)	-0.9%	11.0	10.0	(1.0)
Texas Homeownership Program	472,481	538,679	66,198	14.0%	4.0	4.0	0.0
Neighborhood Stabilization Program	453,553	326,927	(126,626)	-27.9%	6.0	4.0	(2.0)
Office of Colonia Initiatives/HTF	696,653	711,696	15,043	2.2%	8.0	8.0	0.0
Loan Servicing	628,677	693,642	64,965	10.3%	8.0	9.0	1.0
Program Services	808,521	764,999	(43,522)	-5.4%	12.0	11.0	(1.0)
Community Affairs - Program Administration	676,029	1,280,543	604,514	89.4%	9.0	9.0	0.0
Community Affairs - Fiscal	1,015,255	679,668	(335,587)	-33.1%	8.0	8.0	0.0
Section 8	329,521	320,529	(8,992)	-2.7%	5.0	5.0	0.0
Information Systems	1,625,757	1,687,590	61,833	3.8%	20.0	20.0	0.0
<b>Total, Single Family, Community Affairs &amp; Metrics Division</b>	<b>8,255,633</b>	<b>8,493,558</b>	<b>237,925</b>	<b>2.9%</b>	<b>98</b>	<b>94</b>	<b>(4)</b>
<b>Financial Administration:</b>							
Chief Financial Officer	277,842	349,412	71,570	25.8%	3.0	3.0	0.0
Accounting Operations	1,037,118	1,109,819	72,701	7.0%	10.0	11.0	1.0
Financial Services	1,130,746	1,052,795	(77,951)	-6.9%	12.0	11.0	(1.0)
Purchasing and Facilities Management	569,200	579,003	9,803	1.7%	8.0	8.0	0.0
<b>Total, Financial Administration</b>	<b>3,014,906</b>	<b>3,091,029</b>	<b>76,123</b>	<b>2.5%</b>	<b>33</b>	<b>33</b>	<b>-</b>
<b>Asset Analysis &amp; Management Division:</b>							
Real Estate Analysis	826,612	882,534	55,922	6.8%	10.0	10.0	0.0
Asset Management	810,058	891,492	81,434	10.1%	10.0	11.0	1.0
Bond Finance	462,540	616,316	153,776	33.2%	4.0	5.0	1.0
<b>Total, Asset Analysis &amp; Management Division</b>	<b>2,099,210</b>	<b>2,390,342</b>	<b>291,132</b>	<b>1</b>	<b>24</b>	<b>26</b>	<b>2</b>
<b>Compliance Division</b>							
Compliance - Administration	475,463	495,025	19,562	4.1%	5.0	5.0	0.0
Physical Inspections	1,144,528	1,366,349	221,821	19.4%	12.0	15.0	3.0
Contract Monitoring	481,489	497,705	16,216	3.4%	6.0	6.0	0.0
Compliance Monitoring	1,029,280	1,197,849	168,569	16.4%	15.0	17.0	2.0
Community Affairs Monitoring	504,778	467,678	(37,099)	-7.3%	7.0	6.0	(1.0)
<b>Total, Compliance</b>	<b>3,635,538</b>	<b>4,024,607</b>	<b>389,069</b>	<b>10.7%</b>	<b>45</b>	<b>49</b>	<b>4</b>
Capital Budget	172,100	286,400	114,300	66.4%			
Payroll Related Costs	4,114,760	4,194,029	79,269	1.9%			
Manufactured Housing (FTEs)					<b>64.0</b>	<b>64.0</b>	<b>0.0</b>
<b>Total, Department</b>	<b>\$ 25,690,816</b>	<b>\$ 26,823,681</b>	<b>\$ 1,132,866</b>	<b>4.4%</b>	<b>309</b>	<b>307</b>	<b>(2)</b>

3b

**BOARD ACTION REQUEST**  
**FINANCIAL ADMINISTRATION DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on the FY 2016 Housing Finance Division Budget

**RECOMMENDED ACTION**

**WHEREAS**, the Governing Board of the Texas Department of Housing and Community Affairs (the “Department” or “TDHCA”) is required to approve a FY 2016 Housing Finance Division Budget; and

**WHEREAS**, the Department is required to submit the budget to the Governor’s Office and the Legislative Budget Board (“LBB”);

**NOW, therefore, it is hereby**

**RESOLVED**, that the FY 2016 Housing Finance Division Budget, in the form presented to this meeting, is hereby approved, and

**FURTHER RESOLVED**, that upon approval by the TDHCA Governing Board, the Department will submit the budget to the Governor’s Office and the LBB.

**BACKGROUND**

In accordance with Texas Government Code, Section 2306.113 the Department shall create a separate annual budget for the Housing Finance Division to certify the housing program fee revenue that supports the Department. This budget is a subset of the whole operating budget and shows the Housing Finance revenues also known as Appropriated Receipts that support the operating budget.

The FY 2016 Housing Finance Division Budget, which the Board is considering, is \$15.9 million. The Housing Finance Budget complies with the provisions of the General Appropriations Act (GAA).

In addition, in accordance with Tex. Gov’t. Code, §§2306.117 and 2306.118, the Department incurs operational and nonoperational expenses in carrying out the functions of the Housing Finance Division. These types of expenses may be paid only from revenues or funds provided under this Chapter. The revenue and funds of the Department received by or payable through the programs and functions of the housing finance division, other than funds necessary for the operation of the housing finance division and appropriated funds, shall be administered outside the treasury with the Texas Treasury Safekeeping Trust Company.



**FISCAL YEAR 2016**  
**HOUSING FINANCE DIVISION BUDGET**  
*(September 1, 2015 through August 31, 2016)*

**June 30, 2015**

*Prepared by the Financial Administration Division*

## Housing Finance Budget Appropriated Receipts

September 1, 2015 thru August 31, 2016

Budget Categories	Single Family, Community						Payroll Related		Total
	Executive Administration	Multifamily Allocation	Affairs & Metrics	Financial Administration	Asset Analysis & Management	Compliance	Capital Budget	Costs	
Salaries	1,722,027	874,842	2,721,017	1,523,273	2,010,341	1,842,621			10,694,120
Payroll Related Costs	-	-	-	-	-	-		2,331,221	2,331,221
Travel In-State	53,000	12,000	45,700	7,098	17,000	124,200			258,998
Travel Out-of-State	26,064	6,000	16,275	5,185	15,000	5,017			73,541
Professional Fees	161,882	7,356	66,974	256,907	19,711	348,262			861,092
Materials/Supplies	32,752	14,031	44,298	27,068	111,257	32,992			262,398
Repairs/Maintenance	31,995	19,299	119,873	72,336	61,097	44,832			349,433
Printing and Reproduction	3,072	500	5,000	3,085	-	48	32,090		43,795
Rental/Lease	10,019	11,761	55,073	13,916	10,593	14,904			116,264
Membership Dues	49,500	500	3,600	2,605	350	4,800			61,355
Staff Development	14,500	6,000	22,000	12,596	18,500	15,120			88,716
Insurance/Employee Bonds	37,537	20,283	70,011	38,209	44,943	44,770			255,754
Employee Tuition	-	-	-	3,599	6,000	-			9,599
Advertising	1,500	-	82,000	113	-	-			83,613
Freight/Delivery	3,950	250	6,835	10,600	2,750	-			24,385
Temporary Help	27,694	7,287	5,277	5,333	4,573	5,312			55,474
Furniture/Equipment	3,400	600	3,550	6,048	2,300	1,950	130,110		147,958
Communications/Utilities	28,048	11,770	47,579	24,152	62,539	27,342			201,429
Capital Outlay	-	-	-	-	-	-	46,677		46,677
State Office of Risk Management	2,606	1,694	3,909	3,951	3,388	3,935			19,482
<b>Total</b>	<b>2,209,545</b>	<b>994,171</b>	<b>3,318,970</b>	<b>2,016,072</b>	<b>2,390,342</b>	<b>2,516,104</b>	<b>208,877</b>	<b>2,331,221</b>	<b>15,985,301</b>

4a



**BOARD ACTION REQUEST**  
**COMMUNITY AFFAIRS DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.2 Definitions, and directing its publication in the *Texas Register*.

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Texas Government Code, §§2105.059, 2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

**WHEREAS**, the amendments to 10 TAC §5.2: updates the definition of Low Income for the Emergency Solutions Grant (“ESG”) program; updates the definition of Low Income for the Homeless Housing and Services Program (“HHSP”) which includes establishing that there is no procedural requirement in HHSP to verify income for persons living on the street or living in emergency shelter; adds new definitions for terms associated with improving the Department’s ability to deobligate and reobligate awarded funds in Community Affairs programs including adding definitions for Awarded Funds, Contracted Funds, Deobligation, Expenditure, Production Schedule and Reobligation; revises the definition of an Elderly Person; deletes several definitions relating to energy assistance activities; and makes minor technical corrections to other definitions; and

**WHEREAS**, the proposed amendments were published in the *Texas Register* on May 29, 2015, for public comment;

**NOW, therefore, it is hereby**

**RESOLVED**, that the final order adopting the amendments to 10 TAC §5.2 is hereby ordered and approved, together with the preamble presented to this meeting, for publication in the *Texas Register*, and

**FURTHER RESOLVED**, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adopted amendments, in the form presented to this meeting, to be published in the *Texas Register*.

**BACKGROUND**

The proposed amendments to the existing section were approved for publication on May 7, 2015, by the Board, and were published in the May 29, 2015, issue of the *Texas Register* to allow for

public comment. The period for public comment on this item ends on June 29, 2015. If any comments are received between the time of this posting and the date of the June 30, 2015, meeting of the Board, those comments and any change to the rules based on comments received will be presented to the Board prior to consideration of this item by the Board.

## **Attachment A: Preamble and Amended 10 TAC Chapter 5, Subchapter A, §5.2**

The Texas Department of Housing and Community Affairs (the "Department") adopts amendments to 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, §5.2 Definitions, with changes to the proposed text as published in the May 29, 2015, issue of the *Texas Register* (40 TexReg 2870) as deemed necessary by comments received by the close of the public comment period on June 29, 2015, if any.

**REASONED JUSTIFICATION.** The purpose of the amendments to this section: updates the definition of Low Income for the Emergency Solutions Grant ("ESG") program to comply with provisions of the Consolidated Appropriations Act of 2014; updates the definition of Low Income for the Homeless Housing and Services Program ("HHSP") which includes establishing that there is no procedural requirement in HHSP to verify income for persons living on the street or living in emergency shelter; to complement new 10 TAC §5.614, Deobligation and Reobligation of Awarded Funds, which the Department is concurrently adopting in order to ensure the timely and appropriate use of funds, compliance with federal accountability, programmatic requirements, and to ensure that funds are expended by required deadlines, which adds new definitions for Awarded Funds, Contracted Funds, Deobligation, Expenditure, Production Schedule and Reobligation. Additionally, the amendment revises the definition of an Elderly Person; deletes several definitions relating to energy assistance activities which are moved to a weatherization section; and makes minor technical corrections to other definitions.

The period for public comment ends on June 29, 2015. If any comments are received between the time of this posting and the date of the June 30, 2015, meeting of the Executive Board, those comments and any change to the rules based on comments received will be presented to the Board prior to their consideration of this item by the Board.

**STATUTORY AUTHORITY.** The amended section is adopted pursuant to Texas Government Code §2105.059, which authorizes the Department to adopt rules for block grant programs, §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter F, which authorizes the Department to administer its Community Affairs programs.

The proposed amendments affect no other code, article, or statute.

### *§5.2. Definitions.*

(a) To ensure a clear understanding of the terminology used in the context of the programs of the Community Affairs Division, a list of terms and definitions has been compiled as a reference.

(b) The words and terms in this chapter shall have the meanings described in this subsection unless the context clearly indicates otherwise.

(1) Affiliate--If, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways the Department may determine control include, but are not limited to:

- (A) Interlocking management or ownership;
  - (B) Identity of interests among family members;
  - (C) Shared facilities and equipment;
  - (D) Common use of employees; or
  - (E) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person.
- (2) Award Date--Date on which the Department's Board commits funds to an awardee.
- (3) Awarded Funds--The amount of funds committed by the Department's board to a Subrecipient or service area.
- (4) Child--Household dependent not exceeding eighteen (18) years of age.
- (5) Code of Federal Regulations (CFR)--The codification of the general and permanent rules and regulations of the federal government as adopted and published in the Federal Register.
- (6) Collaborative Application--An application from two or more organizations to provide services to the target population.
- (7) Community Action Agencies (CAAs)--Local Private Nonprofit Organizations and Public Organizations that carry out the Community Action Program, which was established by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States.
- (8) Community Action Plan--A plan required by the Community Services Block Grant (CSBG) Act which describes the local Eligible Entity service delivery system, how coordination will be developed to fill identified gaps in services, how funds will be coordinated with other public and private resources and how the local entity will use the funds to support innovative community and neighborhood based initiatives related to the grant.
- (9) Community Affairs Division (CAD)--The Division at the Department that administers CEAP, CSBG, ESG, HHSP, Section 8 Housing Choice Voucher Program, and WAP.
- (10) Community Services Block Grant (CSBG)--An HHS-funded program which provides funding for CAAs and other Eligible Entities that seek to address poverty at the community level.
- (11) Comprehensive Energy Assistance Program (CEAP)--A LIHEAP-funded program to assist low-income Households, particularly those with the lowest incomes, that pay a high proportion of Household income for home energy, primarily in meeting their immediate home energy needs.

(12) Contract--The executed written Agreement between the Department and a Subrecipient performing an Activity related to a CAD program that describes performance requirements and responsibilities assigned by the document; for which the first day of the contract period is the point at which programs funds may be considered by a Subrecipient for expenditure unless otherwise directed in writing by the Department.

(13) Contracted Funds--The amount of funds obligated by the Department to a Subrecipient as reflected in a Contract.

(14) CSBG Act--The CSBG Act is a law passed by Congress authorizing the Community Services Block Grant. The CSBG Act was amended by the Community Services Block Grant Amendments of 1994 and the Coats Human Services Reauthorization Act of 1998 under 42 U.S.C. §§9901, et seq. The CSBG Act authorized establishing a community services block grant program to make grants available through the program to states to ameliorate the causes of poverty in communities within the states.

(15) Declaration of Income Statement (DIS)--A Department-approved form for limited use and only when an applicant cannot obtain income documentation requiring the Subrecipient to document income and the circumstances preventing the client from obtaining documentation. The DIS is not complete unless notarized in accordance with §406.014 of the Texas Government Code.

(16) Deobligation--The partial or full removal of Contracted Funds from a Subrecipient. Partial Deobligation is the removal of some portion of the full Contracted Funds from a Subrecipient, leaving some remaining balance of Contracted Funds to be administered by the Subrecipient. Full Deobligation is the removal of the full amount of Contracted Funds from a Subrecipient. This definition does not apply to CSBG.

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

(18) Department of Energy (DOE)--Federal department that provides funding for the weatherization assistance program.

(19) Department of Health and Human Services (HHS)--Federal department that provides funding for CSBG and LIHEAP energy assistance and weatherization.

(20) Department of Housing and Urban Development (HUD)--Federal department that provides funding for ESG.

(21) Discretionary Funds--Those CSBG funds maintained by the Department, at its discretion, for CSBG allowable uses as authorized by §675C of the CSBG Act, and not designated for distribution on a statewide basis to CSBG Eligible Entities and not designated for state administrative purposes.

(22) DOE WAP Rules--10 CFR Part 440 describes the Weatherization Assistance for Low Income Persons as administered through the Department of Energy. 10 CFR Part 600

implements OMB requirements on behalf of DOE and establishes administrative requirements for grants and agreements.

(23) Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters. This definition does not apply to the ESG or HHSP.

(24) Elderly Person--

(A) for CSBG, a person who is fifty-five (55) years of age or older;

(B) for CEAP, WAP and HHSP, a person who is sixty (60) years of age or older; and

(C) for ESG, a person who is sixty-two (62) years of age or older

(25) Eligible Entity--Those local organizations in existence and designated by the federal and state government to administer programs created under the Federal Economic Opportunity Act of 1964. This includes community action agencies, limited-purpose agencies, and units of local government. The CSBG Act defines an eligible entity as an organization that was an eligible entity on the day before the enactment of the Coats Human Services Reauthorization Act of 1998 (October 27, 1998), or is designated by the Governor to serve a given area of the state and that has a tripartite board or other mechanism specified by the state for local governance.

(26) Emergency--Defined by the LIHEAP Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, 42 U.S.C. §8622):

(A) natural disaster;

(B) a significant home energy supply shortage or disruption;

(C) significant increase in the cost of home energy, as determined by the Secretary;

(D) a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;

(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. §§2011, et seq.), the national program to provide supplemental security income carried out under Title XVI of the Social Security Act (42 U.S.C. §§1381, et seq.) or the state temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. §§601, et seq.), as determined by the head of the appropriate federal agency;

(F) a significant increase in unemployment, layoffs, or the number of Households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

(G) an event meeting such criteria as the Secretary, at the discretion of the Secretary, may determine to be appropriate.

(H) This definition does not apply to ESG or HHSP.

(27) Emergency Solutions Grants (ESG)--A HUD-funded program which provides funds for services necessary to help persons that are at risk of homelessness or homeless quickly regain stability in permanent housing.

(28) Equipment--Tangible non-expendable personal property including exempt property, charged directly to the award, having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.

(29) Expenditure--Funds having been drawn from the Department through the Contract System. For purposes of this rule, expenditure will include draws requested through the system.

(30) Families with Young Children--A family that includes a Child age five (5) or younger.

(31) High Energy Burden--Households with energy burden which exceeds 11% of annual gross income. Determined by dividing a Household's annual home energy costs by the Household's annual gross income.

(32) High Energy Consumption--Household energy expenditures exceeding the median of low-income home energy expenditures, by way of example, at the time of this rulemaking, that amount is \$1,000, but is subject to change.

(33) Homeless or Homeless Individual--An individual as defined by 42 U.S.C. §§11371 - 11378 and 24 CFR §576.2.

(34) Homeless Housing and Services Program (HHSP)--A state funded program established under §2306.2585 of the Texas Government Code with the purpose of providing funds to local programs to prevent and eliminate homelessness in municipalities with a population of 285,500 or more.

(35) Household--Any individual or group of individuals who are living together as one economic unit. For DOE WAP this includes all persons living in the Dwelling Unit. For energy programs, these persons customarily purchase residential energy in common or make undesignated payments for energy.

(36) Inverse Ratio of Population Density Factor--The number of square miles of a county divided by the number of poverty Households of that county.

(37) Life Threatening Crisis--A life threatening crisis exists when at least one person in the applicant household could lose their life without the Subrecipient's utility assistance because there is a shut-off notice or a delivered fuel source is below a ten (10) day supply (by client report) and any member of the Household is dependent upon equipment that is prescribed by a medical professional, operated on electricity or gas and is necessary to sustain the person's life. Examples of life-sustaining equipment include but are not limited to kidney dialysis machines, oxygen concentrators, cardiac monitors, and in some cases heating and air conditioning when ambient temperature control is prescribed by a medical professional. Documentation must not

include information regarding the applicant's medical condition but may include certification that such a device is required in the home to sustain life.

(38) Local Unit of Government--City, county, council of governments, and housing authorities.

(39) Low Income--Income in relation to family size and that governs eligibility for a program:

(A) For DOE WAP, at or below 200% of the DOE Income guidelines;

(B) For CEAP, CSBG, and LIHEAP WAP at or below 125% of the HHS Poverty Income guidelines;

(C) For ESG, below 30% of the Median Family Income (MFI) [Area Median Income (AMI)] as defined by HUD's 30% Income Limits for All Areas [Section 8 Income Limits] for persons receiving prevention assistance; and

(D) For HHSP, there is no procedural requirement to verify income for persons living on the street (or other places not fit for human habitation) or living in emergency shelter. For all other persons, at or below 30% of the Extremely Low Income Limits as defined by HUD for the Section 8 program.

(40) Low Income Home Energy Assistance Program (LIHEAP)--An HHS-funded program which serves low income Households who seek assistance for their home energy bills and/or weatherization services.

(41) Migrant Farm Worker--An individual or family that is employed in agricultural labor or related industry and is required to be absent overnight from their permanent place of residence.

(42) Modified Cost Reimbursement--A contract sanction whereby reimbursement of costs incurred by the Subrecipient is made only after the Department has reviewed and approved backup documentation provided by the Subrecipient to support such costs.

(43) National Performance Indicator-- An individual measure of performance within the Department's Community Affairs Contract System for measuring performance and results of Subrecipients of funds.

(44) Needs Assessment--An assessment of community needs in the areas to be served with CSBG funds.

(45) Office of Management and Budget (OMB)--Office within the Executive Office of the President of the United States that oversees the performance of federal agencies and administers the federal budget.

(46) OMB Circulars--Instructions and information issued by OMB to Federal agencies that set forth principles and standards for determining costs for federal awards and establish consistency in the management of grants for federal funds. Uniform cost principles and administrative



requirements for local governments and for nonprofit organizations, as well as audit standards for governmental organizations and other organizations expending federal funds are set forth in 2 CFR Part 200, unless different provisions are required by statute or approved by OMB.

(47) Outreach--The method that attempts to identify clients who are in need of services, alerts these clients to service provisions and benefits, and helps them use the services that are available. Outreach is utilized to locate, contact and engage potential clients.

(48) Performance Statement--A document which identifies the services to be provided by a Subrecipient.

(49) Persons with Disabilities--Any individual who is:

(A) a handicapped individual as defined in §7(9) of the Rehabilitation Act of 1973;

(B) under a disability as defined in §1614(a)(3)(A) or §223(d)(1) of the Social Security Act or in §102(7) of the Developmental Disabilities Services and Facilities Construction Act; or

(C) receiving benefits under 38 U.S.C. Chapter 11 or 15.

(50) Population Density--The number of persons residing within a given geographic area of the state.

(51) Poverty Income Guidelines--The official poverty income guidelines as issued by HHS annually.

(52) Private Nonprofit Organization--An organization described in §501(c) of the Internal Revenue Code (the "Code") of 1986 and which is exempt from taxation under subtitle A of the Code, has an accounting system and a voluntary board, and practices nondiscrimination in the provision of assistance. For ESG, this does not include a governmental organization such as a public housing authority or a housing finance agency.

(53) Production Schedule--A Production schedule signed by the applicable Executive Director/Chief Executive Officer of the Subrecipient, and approved by the Department meeting the requirements of this definition. The Production Schedule shall include the estimated monthly and quarterly performance targets and the estimated monthly and quarterly expenditure targets for all Contracted Funds reflecting achievement of the criteria identified in the specific program sections of this chapter by the end of the contract period.

(54) Public Organization--A unit of government, as established by the Legislature of the State of Texas. Includes, but may not be limited to, cities, counties, and councils of governments.

(55) Referral--The process of providing information to a client Household about an agency, program, or professional person that can provide the service(s) needed by the client.

(56) Reobligation--The reallocation of deobligated funds to other Subrecipients administering those same program's funds.

(57) Seasonal Farm Worker--An individual or family that is employed in seasonal or temporary agricultural labor or related industry and is not required to be absent overnight from their permanent place of residence. In addition, at least 20% of the Household annualized income must be derived from the agricultural labor or related industry.

(58) Single Audit--As defined in the Single Audit Act of 1984 (as amended) or UGMS, a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered federal or state awards during such fiscal year provided that each such audit shall encompass the financial statements and schedule of expenditures of federal or state awards for each such department, agency, and organizational unit.

(59) State--The State of Texas or the Department, as indicated by context.

(60) Subcontractor--A person or an organization with whom the Subrecipient contracts with to provide services.

(61) Subgrant--An award of financial assistance in the form of money, or property in lieu of money, made under a grant by a Subrecipient to an eligible Subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases.

(62) Subgrantee--The legal entity to which a subgrant is awarded and which is accountable to the Subrecipient for the use of the funds provided.

(63) Subrecipient--Generally, an organization with whom the Department contracts and provides CSBG, CEAP, ESG, HHSP, DOE WAP, or LIHEAP funds. (Refer to Subchapters B, D - G, J, and K of this chapter for program specific definitions.)

(64) Supplies--All personal property excluding equipment, intangible property, and debt instruments, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement (subject inventions), as defined in 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements." A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

(65) System for Award Management (SAM)--Combined federal database that includes the Excluded Parties List System (EPLS).

(66) Systematic Alien Verification for Entitlements (SAVE)--Automated intergovernmental database that allows authorized users to verify the immigration status of applicants.

(67) Texas Administrative Code (TAC)--A compilation of all state agency rules in Texas.

(68) Treatment as a State or Local Agency--For purposes of 5 U.S.C. Chapter 15, any entity that assumes responsibility for planning, developing, and coordinating activities under the CSBG Act and receives assistance under CSBG Act shall be deemed to be a state or local agency.

(69) Uniform Grant Management Standards (UGMS)--Established to promote the efficient use of public funds by providing awarding agencies and grantees a standardized set of financial management procedures and definitions, by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. In addition, Chapter 2105, Texas Government Code, subjects all subrecipients of federal block grants to the Uniform Grant and Contract Management Standards.

(70) Unit of General Local Government--A unit of government which has, among other responsibilities, the authority to assess and collect local taxes and to provide general governmental services.

(71) United States Code (U.S.C.)--A consolidation and codification by subject matter of the general and permanent laws of the United States.

(72) Vendor Agreement--An agreement between the Subrecipient and energy vendors that contains assurance as to fair billing practices, delivery procedures, and pricing for business transactions involving ESG and LIHEAP beneficiaries.

(73) Weatherization Assistance Program (WAP)--DOE and LIHEAP funded program designed to reduce the energy cost burden of low income households through the installation of energy efficient weatherization materials and education in energy use.

4b

**BOARD ACTION REQUEST**  
**COMMUNITY AFFAIRS DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on an Order adopting the repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Distribution of WAP Funds, directing its publication in the *Texas Register*

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Texas Government Code, §§2105.059, 2306.053, and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs, and

**WHEREAS**, the proposed repeal was approved for publication on May 7, 2015, by the Board, and was published in the May 29, 2015, issue of the *Texas Register* to allow for public comment;

**NOW, therefore, it is hereby**

**RESOLVED**, that the final order adopting the repeal of Chapter 5 Subchapter E, §5.503 is hereby ordered and approved, together with the preamble presented to this meeting, for publication in the *Texas Register*, and

**FURTHER RESOLVED**, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the repeal in the form presented to this meeting, to be published in the *Texas Register*.

**BACKGROUND**

The proposed repeal to existing sections was approved for publication on May 7, 2015, by the Board, and was published in the May 29, 2015, issue of the *Texas Register* to allow for public comment. This item has been posted in the Board materials prior to the end of the public comment period, which will close on June 29, 2015. If any comments are received between the time of this posting and the date of the June 30, 2015, meeting of the Governing Board, those comments and any change to the rules based on comments received will be presented to the Board prior to consideration of this item by the Board.

**Attachment A: Preamble and Repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503**

The Texas Department of Housing and Community Affairs (the “Department”) adopts the repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, §5.503 Distribution of WAP Funds.

The purpose of the repeal is to remove the existing text in order to move definitions into a new section.

STATUTORY AUTHORITY. The section is repealed pursuant to Texas Government Code §2105.059, which authorized the Department to adopt rules for block grant programs, §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter F, which authorizes the Department to administer its Community Affairs programs.

The repeal affects no other code, article, or statute.

~~§5.503 Distribution of WAP Funds~~

4c

**BOARD ACTION REQUEST**  
**COMMUNITY AFFAIRS DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on an order adopting new 10 TAC §§5.503 Definitions and 5.504 Distribution of WAP Funds; and adopting amendments to 10 TAC §§5.505 Subrecipient Requirements for Appeals Process for Applicants; 5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria; 5.516 Monitoring of WAP Subrecipients; 5.525 Eligibility for Multifamily Dwelling Units; and 5.528 Health and Safety, and directing that they be published for public comment in the *Texas Register*

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Texas Government Code, §§2105.059, 2306.053, and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs;

**WHEREAS**, new §§5.503 and 5.504 add definitions moved from Subchapter A of this Chapter; and

**WHEREAS**, amendments to §§5.505, 5.507, 5.516, 5.525 and 5.528 clarify program requirements of the Weatherization Assistance Program (“WAP”);

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adoption of new §§5.503 and 5.504; and amendments to §§5.505, 5.507, 5.516, 5.525 and 5.528 in the form presented to this meeting, to be published in the *Texas Register*.

**BACKGROUND**

The proposed new sections and amendments to existing sections were approved for publication on May 7, 2015, by the Board, and were published in the May 29, 2015 issue of the *Texas Register* to allow for public comment. This item has been posted in the Board materials prior to the end of the public comment period, which will close on June 29, 2015. If any comments are received between the time of this posting and the date of the June 30, 2015 meeting of the Executive Board, those comments and any change to the rules based on comments received will be presented to the Board prior to consideration of this item by the Board.



**Attachment A: Preamble and Adopted New 10 TAC §§5.503 and 5.504; and Amended §§5.505, 5.507, 5.516, 5.525, and 5.528**

The Texas Department of Housing and Community Affairs (the “Department”) adopts new 10 TAC §§5.503 Definitions and 5.504 Distribution of WAP Funds; and amendments 10 TAC §§5.505 Subrecipient Requirements for Appeals Process for Applicants, 5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria, 5.516 Monitoring of WAP Subrecipients, 5.525 Eligibility for Multifamily Dwelling Units, and 5.528 Health and Safety.

REASONED JUSTIFICATION. The purpose of the new sections §§5.503 and 5.504 is to relocate definitions and correct the age used for elderly in the formula to read “sixty (60)” instead of “sixty-five (65).” The purpose of the amendment to §5.505 is to delineate where appeal requirements differ between DOE WAP and LIHEAP WAP. The purpose of the amendments to §§5.507 and 5.516 is to correct citation errors. The purpose of the amendment to §5.525 is to clarify eligibility for multifamily units. The purpose of the amendment to §5.528 is to clarify the Dwelling Unit weatherization deferral process.

STATUTORY AUTHORITY. The new section is adopted pursuant to Texas Government Code §2105.059, which authorizes the Department to adopt rules for block grant programs §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter F, which authorizes the Department to administer its Community Affairs programs.

The amendments and new sections affect no other code, article, or statute.

§5.503. Definitions

§5.504. Distribution of WAP Funds.

§5.505. Subrecipient Requirements for Appeals Process for Applicants.

§5.507. Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.

§5.516. Monitoring of WAP Subrecipients.

§5.525. Eligibility for Multifamily Dwelling Units.

§5.528. Health and Safety and Unit Deferral.

*§5.503. Definitions--*

(a) Energy Audit--The energy audit software and procedures used to determine the cost effectiveness of weatherization measures to be installed in a Dwelling Unit. The Energy Audit shall be used for any Dwelling Unit weatherized utilizing DOE funds.

(b) Energy Repairs--Weatherization-related repairs necessary to protect or complete regular weatherization energy efficiency measures.

(c) Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.

(d) Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.

(e) Renter--A person who pays rent for the use of the Dwelling Unit.

(f) Shelter--Defined by the Department as a Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.

(g) Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.

(h) Weatherization Assistance Program Policy Advisory Council (WAP PAC)--The WAP PAC was established by the Department in accordance with 10 CFR §440.17 to provide advisory services in regards to the DOE WAP program.

(i) Weatherization Material--The material listed in Appendix A of 10 CFR Part 440.

(j) Weatherization Project--A project conducted to reduce heating and cooling demand of Dwelling Units that are energy inefficient.

*§5.504. Distribution of WAP Funds.*

(a) The Department distributes funds to Subrecipients by an allocation formula.

(b) The allocation formula allocates funds based on the number of Low Income Households in a service area and takes into account the special needs of individual service areas. The need for energy assistance in an area is addressed through a weather factor (based on heating and cooling degree days). The extra expense in delivering services in sparsely populated areas is addressed by an inverse population density factor. The lack of additional services available in very poor counties is addressed by a county median income factor. Finally, the Elderly are given priority by giving greater weight to this population. The five factors used in the formula are calculated as follows:

(1) County Non-Elderly Poverty Household Factor--The number of Non-Elderly Poverty Households in the County divided by the number of Non-Elderly Poverty Households in the State;

(2) County Elderly Poverty Household Factor--The number of Elderly Poverty Households in the county divided by the number of Elderly Poverty Households in the State;

(3) County Inverse Poverty Household Density Factor--:

(A) The number of square miles of the county divided by the number of poverty Households of the county (equals the inverse poverty Household density of the county); and

(B) Inverse poverty Household density of the county divided by the sum of inverse household densities.

(4) County Median Income Variance Factor--:

(A) State median income minus the county median income (equals county variance); and

(B) County variance divided by sum of the State county variances;

(5) County Weather Factor--:

(A) County heating degree days plus the county cooling degree days, multiplied by the poverty Households, divided by the sum of county heating and cooling degree days of counties (equals County Weather); and

(B) County Weather divided by the total sum of the State County Weather.

(C) The five factors carry the following weights in the allocation formula: number of Non-Elderly poverty Households (40%), number of poverty Households with at least one member who is sixty (60) years of age or older (40%), Household density as an inverse ratio (5%), the median income of the county (5%), and a weather factor based on heating degree days and cooling degree days (10%). All demographic factors are based on the most current decennial U.S. Census. The formula is as follows:

(i) County Non-Elderly Poverty Household Factor (0.40) plus;

(ii) County Elderly Poverty Household Factor (0.40) plus;

(iii) County Inverse Poverty Household Density Factor (0.05) plus;

(iv) County Median Income Variance Factor (0.05) plus;

(v) County Weather Factor (0.10);

(vi) Total sum of clauses (i) – (v) of this subparagraph multiplied by total funds allocation equals the county's allocation of funds.

(vii) The sum of the county allocation within each Subrecipient service area equals the Subrecipient's total allocation of funds.

(c) To the extent that Contract funds have been Deobligated, or should additional funds become available, those funds will be allocated using this formula or other method deemed appropriate by the Department to ensure full utilization of funds within a limited timeframe, including possible allocation of WAP funds to Subrecipients in varying populations from each funding source (DOE and LIHEAP), based on availability of the source.

(d) To the extent federal funding awarded to Texas is limited from one of the two WAP funding sources, possible allocations of funds to Subrecipients may be made in varying proportions from each source to maximize efficient program administration.

*§5.505. Subrecipient Requirements for Appeals Process for Applicants.*

(a) Subrecipients shall establish a denial of service complaint procedure to address written complaints from program applicants/clients. At a minimum, the procedures described in paragraphs (1) – (8) of this subsection shall be included:

(1) Subrecipients shall provide a written denial of assistance notice to applicant within ten (10) days of the adverse determination. If the denial is for any reason other than DOE reweatherization, as defined in 10 CFR Part 440, the Subrecipient will notify the applicant of the adverse determination. This notification shall include written notice of the right of a hearing and specific reasons for the denial. The applicants wishing to appeal a decision must provide written notice to Subrecipient within ten (10) days of receipt of the denial notice.

(2) The Subrecipient who receives an appeal shall establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their client files.

(3) The Subrecipient shall hold the appeal hearing within ten (10) business days after the Subrecipient received the appeal request from the applicant.

(4) The Subrecipient shall record the hearing and provide a copy of the recording to the Department in an acceptable digital format, i.e. cd, wmv, mp3, etc.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the business day following the decision (one (1) day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) – (7) of this subsection do not apply, and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing and no further appeal is afforded to the applicant.

(b) If the applicant is not satisfied, they may further appeal the decision in writing to the Department within ten (10) days of notification of an adverse decision. [Appeals will only be accepted if based on one or more of the grounds listed in subsection (c) of this section.]

(c) For LIHEAP WAP, applicants or clients [Applicants/clients] who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Texas Government Code, Chapter 2001.

(d) The hearing shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient. The Administrative Law Judge shall issue a Proposal for Decision for consideration and determination by the Board.

(e) If client appeals to the Department or requests a contested hearing, the Subrecipient must retain the maximum allowable cost per unit until the Department renders a decision.

*§5.507. Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria.*

(a) Subrecipients shall establish eligibility and priorities criteria to increase the energy efficiency of dwellings owned or occupied by Low Income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

(b) Subrecipients shall follow the Department rules and established state and federal guidelines for determining eligibility for Multifamily Dwelling Units as referenced in §5.525 of this chapter (relating to Eligibility for Multifamily Dwelling Units).

(c) Subrecipient shall determine applicant income eligibility in compliance with §5.19 (relating to Income Eligibility).

(d) Social Security numbers are not required for applicants.

*§5.516. Monitoring of WAP Subrecipients.*

Following the onsite WAP monitoring review, a monitoring report is prepared and submitted to the subrecipients within thirty (30) days outlining any administrative, program, and financial deficiencies. The monitoring report also includes notes, recommended improvements, corrective actions or a corrective action plan. Subrecipients must respond to the monitoring report within thirty (30) calendar days from the date of the monitoring report. Additional monitoring requirements followed by the Department are listed in Subchapter L of this chapter (relating to Compliance Monitoring ) and in chapter 2 of this part (relating to Enforcement).

*§5.525. Eligibility for Multifamily Dwelling Units.*

(a) A Subgrantee may weatherize a building containing rental units if not less than 66% (50% for duplexes and four-unit buildings) of the Dwelling Units in the building are occupied by Low Income Households, or will become occupied by Low-income Households within 180 days under a Federal, State, or local government program for rehabilitating the building or making similar improvements to the building.

(b) In order to weatherize large multifamily buildings containing twenty-five or more Dwelling Units or those with shared central heating (i.e. boilers) and/or shared cooling plants (i.e. cooling towers that use water as the coolant) regardless of the number of Dwelling Units, Subrecipients shall submit in writing a request for approval from the Department. When necessary, the Department will seek approval from DOE. Approvals from DOE must be received prior to the installation of any weatherization measures in this type of structure.

(c) In order to weatherize Shelters, Subrecipients shall submit a written request for approval from the Department. Approvals from the Department must be received prior to the installation of any weatherization measures.

(d) If roof replacement is to be considered as part of repair cost under the weatherization process, the expenses must be shared equally by all eligible units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground floor units must be allocated a portion of the roof cost as well as the eligible top floor units. All weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(d)(9) and (15) and Appendix A–Standards for Weatherization Materials.

(e) WAP Subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. Subrecipients shall maintain a multifamily master file for each complex

weatherized. The multifamily master file must include, at a minimum, the forms listed in paragraphs (1) – (6) of this subsection: (Forms available on the Departments website.)

- (1) Multifamily Pre-Project Checklist Form;
- (2) Multifamily Post-Project Checklist Form;
- (3) Permission to Perform an Assessment for Multifamily Project Form;
- (4) Landlord Agreement Form;
- (5) Landlord Financial Participation Form; and
- (6) Significant Data Required in all Multifamily Projects.

(f) For DOE WAP, if a public housing, assisted multi-family or Low Income Housing Tax Credit (LIHTC) building is identified by the U.S. Department of Housing and Urban Development (HUD) and included on a list published by DOE, that building meets certain income eligibility and may meet other WAP requirements without the need for further evaluation or verification. A public housing, assisted housing, and LIHTC building that does not appear on the list using HUD records may still qualify for the WAP. Income eligibility can be made on an individual basis by the Subrecipient based on information supplied by property owners and the Households in accordance with subsection (a) of this section.

(g) For any Dwelling Unit that is weatherized using funding provided under DOE WAP, all weatherization measures installed must be entered into an approved State of Texas Energy Audit. Weatherization measures installed shall begin with repair items, then continue with those measures having the greatest savings-to-investment ratio (SIR) and proceed in descending order to the measures with the smallest SIR or until the maximum allowable per unit expenditures are achieved, and finishing with Health and Safety measures.

*§5.528. Health and Safety and Unit Deferral.*

(a) Health and Safety expenditures may not exceed 20% of total unit expenditures (Materials, Labor, Program Support, and Health and Safety) at the end of the contract period.

(b) Subrecipients shall provide weatherization services with the primary goal of energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from weatherization work.

(c) Subrecipients must test for high carbon monoxide (CO) levels and bring CO levels to acceptable levels before weatherization work can start. The Department has defined maximum acceptable CO readings as follows:

- (1) 25 parts per million for cook stove burners and unvented space heaters;
- (2) 100 parts per million for vented combustion appliance; and
- (3) 150 parts per million for cook stove ovens.

(d) A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subrecipient's weatherization crew and staff, or when a

Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from weatherization. The Subrecipient must declare their intent to defer weatherization on an eligible unit on the assessment form. The assessment form should include the client's name and address, dates of the assessment, and the date on which the client was informed of the issue in writing. The written notice to the client must include a clear description of the problem, conditions under which weatherization could continue, the responsibility of all parties involved, and any rights or options the client has. A copy of the notice must be given to the client, and a signed copy placed in the client application file. Only after the issue has been corrected to the satisfaction of the Subrecipient shall weatherization work begin.

(e) If structural concerns or health and safety issues identified (which would be exacerbated by any weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the unit exceeds the scope of this program.

4d



**BOARD ACTION REQUEST**  
**COMMUNITY AFFAIRS DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on the adoption of new 10 TAC Chapter 5 Community Affairs Programs, Subchapter F, Weatherization Assistance Program, Department of Energy, §5.614 Deobligation and Reobligation of Awarded Funds, and directing its publication in the *Texas Register*

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Texas Government Code, §§2306.053 and 2306.092, the Department is provided the authority to adopt rules governing the administration of the Department and its Community Affairs programs, and

**WHEREAS**, new 10 TAC §5.614 defines requirements associated with the deobligation and reobligation of awarded funds in the Department of Energy (“DOE”) Weatherization Assistance Program (“WAP”) and assures the timely and appropriate use of funds; compliance with federal accountability, transparency, and programmatic requirements; and to ensure that funds are expended by required deadlines and in a way that DOE will find to be more consistent with best practices in contract management;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adoption of new Chapter 5 Subchapter F, §5.614 in the form presented to this meeting, to be published in the *Texas Register*.

**BACKGROUND**

The proposed new section was approved for publication on May 7, 2015, by the Board, and was published in the May 29, 2015, issue of the *Texas Register* to allow for public comment. This item has been posted in the Board materials prior to the end of the public comment period, which will close on June 29, 2015. If any comments are received between the time of this posting and the date of the June 30, 2015, meeting of the Governing Board, those comments and any change to the rules based on comments received will be presented to the Board prior to consideration of this item by the Board.

**Attachment A: Preamble and Adopted New 10 TAC Chapter 5 Community Affairs Programs, Subchapter F, Weatherization Assistance Program, Department of Energy, §5.614 Deobligation and Reobligation of Awarded Funds**

The Texas Department of Housing and Community Affairs (the “Department”) adopts new 10 TAC Chapter 5, Community Affairs Programs, Subchapter F, §5.614 Deobligation and Reobligation of Awarded Funds.

REASONED JUSTIFICATION. These changes are being adopted in order to assure the timely and appropriate use of funds; compliance with federal accountability, transparency, and programmatic requirements; and to ensure that funds are expended by required deadlines and in a way that DOE finds to be more consistent with best practices in contract management.

STATUTORY AUTHORITY. The new section is adopted pursuant to Texas Government Code §2306.053, which authorizes the Department to adopt rules, and Chapter 2306, Subchapter F, which authorizes the Department to administer its Community Affairs programs.

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

**§5.614. Deobligation and Reobligation of Awarded Funds.**

(a) At any time that a Subrecipient believes they may be at risk of meeting one of the criteria noted in subsection (l) of this section relating to criteria for deobligation of funds, notification must be provided to the Department unless excepted under subsection (m) of this section.

(b) A written "Notification of Possible Deobligation" will be sent to the Board of Directors and Executive Director of the Subrecipient by the Department as soon as a criterion listed in subsection (l) of this section is at risk of being met. Written notice will be sent electronically and/or by mail. The notice will include an explanation of the criteria met.

(c) Within fifteen (15) days of the date of the "Notification of Possible Deobligation" referenced in subsection (b) of this section, a Mitigation Action Plan must be submitted to the Department by the Subrecipient in the format prescribed by the Department unless excepted under subsection (m) of this section.

(d) A Mitigation Action Plan is not limited to but must include:

(1) Explanation of why the identified criteria under this section occurred setting out all fully relevant facts.

(2) Explanation of how the criteria will be immediately, permanently, and adequately mitigated such that funds are expended during the Contract Period. For example, if production or expenditures appear insufficient to complete the Contract timely, the explanation would need to address how production or expenditures will be increased in the short- and long-term to restore projected full and timely execution of the contract.

(3) If applicable because of failure to produce Unit Production or Expenditure targets under the existing Production Schedule, a detailed narrative of how the Production Schedule will be revised, going forward, to assure achievement of sufficient, achievable Unit Production and Expenditures to ensure timely and compliant full utilization of all funds.

(4) An explanation of how the other criteria under this section will be mitigated. For example, if Unit Production criteria for a time period were not met, then the explanation will need to include how the other criteria will not be triggered.

(5) If relating to a Unit Production or expenditure criteria, a description of activities currently being undertaken including an accurate description of the number of units in progress, broken down by number of units in each of these categories: units that have been qualified, audited, assessed, contracted, inspected, and invoiced and as reflected in an updated Production Schedule.

(6) Provide any request for a reduction in Contracted Funds, reasons for the request, desired Contracted Funds and revised Production Schedule reflecting the reduced Contracted Funds.

(e) At any time after sending a Notification of Deobligation, the Department or a third-party assigned by the Department may monitor, conduct onsite-visits or other assessment or engage in any other oversight of the Subrecipient that is believed appropriate by the Department under the facts and circumstances.

(f) The Department or a third-party assigned by the Department will review the Mitigation Action Plan, and where applicable, assess the Subrecipient's ability to meet the revised Production Schedule or remedy other concern.

(g) After the Department's receipt of the Mitigation Action Plan, the Department will provide the Subrecipient a written Corrective Action Notice which may include one or more of the criteria identified in this section (relating to deobligation and other mitigating actions) or other acceptable solutions or remedies.

(h) The Subrecipient has seven (7) calendar days from the date of the Corrective Action Notice to appeal the Corrective Action Notice to the Executive Director. Appeals may include:

(1) Request to retain for the full Fund Award if Partial Deobligation was indicated;

(2) Request for only partial Deobligation of the full Contracted Fund if full Deobligation was indicated in the Corrective Action Notice;

(3) Request for other lawful action consistent with the timely and full completion of the contract and Production Schedule for all Contracted Funds.

(i) In the event that an appeal is submitted to the Executive Director, the Executive Director may grant extensions or forbearance of targets included in the Production Schedule, continued operation of a Contract, authorize Deobligation, or take other lawful action that is designed to ensure the timely and full completion of the Contract for all Contracted Funds.

(j) In the event the Executive Director denies an appeal, the Subrecipient will have the opportunity to have their appeal presented at the next Department Board meeting for which the matter may be posted in accordance with law and submitted for final determination by the Board.

(k) In the event an appeal is not submitted within seven (7) calendar days from the date of the Corrective Action Notice, the Corrective Action Notice will automatically become final without need of any further action or notice by the Department, and the Department will amend/terminate the contract with the Subrecipient to effectuate the Corrective Action Notice.

(l) The criteria noted in this subsection will prompt the Deobligation process under this rule. If the criteria are met, then notification and ensuing processes discussed elsewhere in this subchapter will apply.

(1) Subrecipient fails to provide the Department with a Production Schedule for their 2015 Contract by July 15, 2015. The Production Schedule must be signed by the Subrecipient Executive Director/Chief Executive Officer and approved by the Department;

(2) By the September 15, 2015 program reporting deadline, Subrecipient must report at least one unit weatherized and inspected by a certified Quality Control Inspector (“QCI”);

(3) By the November 15, 2015 program reporting deadline, less than 25% of total expected unit production has occurred based on the Production Schedule, or less than 20% of total Awarded Funds have been expended;

(4) By the January 15, 2016 program reporting deadline, less than 50% of total expected unit production has occurred based on the Production Schedule, or less than 50% of total Awarded Funds have been expended;

(5) The Subrecipient fails to submit a required monthly report explaining any variances between the Production Schedule and actual results on Production Schedule criteria;

(m) Notification of deobligation will not be required to be sent to a Subrecipient, and a Mitigation Action Plan will not be required to be provided to the Department, if any one or more of the following are satisfied:

(1) The total cumulative unit production for the Subrecipient, based on the monthly report as reported in the Community Affairs contract system, is at least 85% of the total cumulative number of units to be completed as of the end of the month according to the Subrecipient’s forecast unit production within the Production Schedule for the time period applicable (i.e. cumulative through the month for which reporting has been made).

(2) The total cumulative expenditures for the Subrecipient, based on the monthly report as reported in the Community Affairs contract system, is at least 85% of the total cumulative estimated expenditures to be expended as of the end of the month according to the Subrecipient’s forecast expenditures within the Production Schedule for the time period applicable (i.e. cumulative through the month for which reporting has been made).

(3) The Subrecipient's monthly reports as reported in the Community Affairs contract system, for the prior two months, as required under the contract between the Department and the Subrecipient, reflects unit production that is 90% or more of the unit production amount to be completed as of the end of the month according to the Subrecipient’s forecast unit production within the Production Schedule.

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**BOARD REPORT ITEM**  
**COMPLIANCE DIVISION**  
**JUNE 30, 2015**

**REPORT ITEM**

Report from Wipfli, LLP, CPAs and Consultants (“Wipfli”) regarding Cameron and Willacy Counties Community Projects Inc. (“CWCCP”)

**BACKGROUND**

As discussed at the Board meeting of March 12, 2015, the Department engaged Wipfli to review certain matters at CWCCP. Wifli arrived at CWCCP on March 25, 2015, and as of May 18, 2015, Wipfli had received the items it had requested of CWCCP in order to complete its review. The Wipfli report was issued on June 11, 2015. Based on the report, Department staff disallowed \$410,782 and sent CWCCP a letter seeking repayment on or before June 26, 2015.

The Wipfli report, the Department’s letter requesting repayment, and CWCCP’s response are attached to this report item. Also attached is a letter from a law firm CWCCP has engaged.

In their letter responding to the Wipfli report CWCCP indicates that CWCCP’s allocation of Community Services Block Grant (“CSBG”) funds has been awarded to Community Action Corporation of South Texas (“Corp”). That is not the case. Below is a summary of the status of Department programs that CWCCP has administered:

- **Low Income Home Energy Assistance Program (“LIHEAP”)** : On February 19, 2015, the Board authorized the release of a Request for Applications to find an alternate provider for LIHEAP. However, this was in tandem with an action at that same meeting not yet denying the award of those funds to CWCCP in recognition of the possibility that they could successfully resolve the Department’s concerns. On March 13, 2015, CWCCP was given notice under Tex. Gov’t Code Chapter 2105 that the Department intended to not renew funding of LIHEAP to CWCCP. No appeal was made, and the time for appeal has lapsed. On March 19, 2015, the Department issued a request for applications to administer LIHEAP . CWCCP did not apply. On May 7, 2015, the Department awarded these funds to Community Action Corporation of South Texas and designated them as the formula funded permanent provider of these funds.
- **U.S. Department of Energy Weatherization Assistance Program (“DOE-WAP”)**: On February 19, 2015, the Board authorized the release of a Request for Applications to find an alternate provider for DOE-WAP. However, this was in tandem with an action at that same meeting not yet denying the award of those funds to CWCCP in recognition of the possibility that they could successfully resolve the Department’s concerns. On March 19, 2015, the Department issued a request for applications to administer DOE-WAP. CWCCP did not apply. On May 7, 2015, the Department awarded these funds to Community Action Corporation of South Texas.

- **CSBG:** On February 12, 2015, the Board authorized that an award of CSBG funds to CWCCP that also immediately placed the executed contract in suspense status pending the fulfillment of conditions. As of this date those conditions have not been met. Those conditions were:
  1. Any costs determined to be disallowed by the Department for 2013 and 2014 Comprehensive Energy Assistance Program or CSBG costs must be repaid to the Department within 15 business days of this Board action, or alternatively submission of documented eligible expenses expended during the appropriate contract periods.
  2. CWCCP will no longer include funds provided by the Department in its equalization fund account. Any portion of funds provided by the Department for expenses that were historically covered using funds from this account will be documented through transactions recorded in reports specific to accounts that include only funds from the Department.
  3. The Quality Improvement Plan that was due to the Department on February 9, 2015, must be received and approved by the Department; the Plan must be implemented and CWCCP avail themselves of any appropriate technical assistance provided by the Department.
  4. CWCCP must provide the general ledger for the equalization fund as well as any other accounts through which Department funds have been moved.

The Wipfli report raises additional concerns. Most notably the report points out overcharging that occurred, for which staff has issued a request for repayment. There is also a statement in the report indicating that positive balances in the Equalization Fund account indicate amounts charged in excess of actual cost, which would be disallowed under TDHCA's Community Affairs programs. Although positive balances in that fund are clear, the way that those balances tie back to specific programs is not clear. TDHCA is continuing to keep federal agencies apprised and for CSBG will be working with U.S. Health and Human Services to determine how to address those issues.

# **Texas Department of Housing and Community Affairs**

Austin, Texas

## **Report for Cameron and Willacy Counties Community Projects, Inc.**

June 11, 2015

**WIPFLI**<sup>LLP</sup>  
CPAs and Consultants

**Prepared by**

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Texas Department of Housing and Community Affairs  
Austin, Texas

## **Introduction**

We have completed our engagement to assist you with your analysis of certain financial records of Cameron and Willacy Counties Community Projects, Inc. ("CWCCP"). This report presents the procedures performed and the results of those procedures.

## **Nature of the Information**

The information presented is based on discussions with you and information provided by you and CWCCP. We have not audited, reviewed or compiled the information and thus, we do not express an opinion on the information nor do we provide any form of assurance on the completeness or accuracy of the information we received.

Our assistance was directed chiefly to those activities of CWCCP during the years ended December 31, 2013 and 2014 that you identified as being of concern to you. However, information relating to other years was covered, albeit in a more general manner. In performing our services, we relied on the accuracy and reliability of the information provided by the aforementioned parties.

## **Procedures Performed**

We performed the procedures enumerated below. The procedures were limited to those which you determined best met your needs and cannot be relied on to disclose all significant matters or to disclose errors, fraud, or other illegal acts that may exist. Had we performed additional procedures or had we conducted an audit or review of the financial statements, other matters might have come to our attention that would have been reported to you. The procedures were performed both onsite at CWCCP and at our office. The majority of the questions were conducted via e-mail to have information in writing and prevent any misunderstandings that might occur with oral communications.

The following areas were part of our engagement:

- Prior Audits
- Equalization Fund
- Assurance 16/Program Services Billing

A phone call meeting was held with Texas Department of Housing and Community Affairs on May 18, 2015, to discuss the preliminary results of our testing. At that meeting, it was determined that the procedures performed were sufficient.

## Use of the Report

This engagement was performed in accordance with the Statement on Standards for Consulting Services as issued by the American Institute of Certified Public Accountants. This information is intended for the use of Texas Department of Housing and Community Affairs, the U.S. Department of Health and Human Services, the Texas State Auditor's Office, and Cameron and Willacy Counties Community Projects, Inc. However, we understand that once this report is filed, it becomes a public document. Distribution of this information by these specified parties to other third parties does not constitute designation of those third parties as "users" or "specified parties" with respect to the matters addressed herein.

We wish to thank you for assistance provided during the engagement. Please contact us if you have any questions or need further assistance.

  
Wipfli LLP

June 11, 2015  
Madison, Wisconsin

# Cameron And Willacy Counties Community Projects, Inc. Report

## **I. Audit Reports**

### Procedures Performed

The audit reports of Cameron and Willacy Counties Community Projects, Inc. (CWCCP) for March 31, 2008, 2009, 2010, 2011, 2012, 2013, and 2014, were obtained and read for areas of significance related to the Equalization Fund. The Equalization Fund is a fund in the accounting system utilized by CWCCP that is charged the costs associated with general overhead of the organization as well as costs of grants that have exceeded their budgets. In the ledger, we noted that when a grant exceeded its budget, an entry was made to transfer costs from that grant to the Equalization fund. Those overhead costs should be allocated to the various grants of CWCCP based on some cost allocation methodology. This allocation can be accomplished by moving the costs from the Equalization fund to the appropriate grant or recording revenue in the Equalization fund from charges to a grant. Under generally accepted accounting principles, costs should only be reported once so depending on how an organization does cost allocation, an elimination entry may be necessary so revenue and expense is not overstated in the external audited financial statements.

CWCCP records revenue in this fund to offset the overhead costs. See additional information on this process in Section II. Equalization Fund.

CWCCP derives its revenue primarily from federal and state grants and therefore, normally these are cost reimbursement contracts meaning costs need to be incurred in order to be allowable and reimbursed. For the years ended March 31, 2013 and 2014, the Equalization fund was also used to report unrestricted activity such as donations and interest income. A profit potentially could be recorded on these activities as they are not grant-funded, although only \$250 of interest income earned on federal funds would be unrestricted income. Any interest earned on federal funds over \$250 would be program income.

### Results

1. The financial statement opinions of the audits for the years ended March 31, 2008, through March 31, 2014, were unqualified/unmodified opinions.
2. There were no compliance or internal control findings identified as audit findings for the years ended March 31, 2008, 2009, 2010, 2012, 2013, and 2014. In the audit report for the year ended March 31, 2011, there was a finding relating to disputed costs in the weatherization program.
3. We verified that the Equalization Fund in the general ledger for the year ended March 31, 2014, agreed with the audit report.
4. The exhibit below recaps the activity from the audit reports associated with the Equalization Fund. One item to note is the positive net asset balance in the fund which started before March 31, 2008. As we did not have audit reports or general ledger detail prior March 31, 2008, we do not know when the positive net asset balance was first reported by CWCCP. If this fund has always been used to report the general overhead of CWCCP and CWCCP was always funded with federal and state cost reimbursement contracts, a positive net asset balance in this fund would represent grant billings in excess of costs.

# Cameron And Willacy Counties Community Projects, Inc. Report

## I. Audit Reports (Continued)

Cameron and Willacy Counties Community Projects, Inc.  
 Equalization Fund Activity from March 31, 2008, to March 31, 2014  
 Derived from Audited Financial Statements

Balance March 31, 2008		\$ 1,712,087
Income (loss) 2009	Note 3	<u>(248,856)</u>
Balance March 31, 2009		<u>1,463,231</u>
Revenue in Equalization		704,766
Expense in Equalization		<u>(596,640)</u>
Income (loss) 2010		<u>108,126</u>
Balance March 31, 2010		<u>1,571,357</u>
Revenue in Equalization		840,692
Expense in Equalization		<u>(608,688)</u>
Income (loss) 2011		<u>232,004</u>
Balance March 31, 2011		<u>1,803,361</u>
Revenue in Equalization		1,070,507
Expense in Equalization		<u>(1,165,395)</u>
Income (loss) 2012		<u>(94,887)</u>
Prior Period Adjustment	Note 2	<u>(75,785)</u>
Balance March 31, 2012		<u>1,632,689</u>
Revenue in Equalization		171,637
Expense in Equalization		<u>(817,666)</u>
Income (loss) 2013		<u>(646,030)</u>
Prior Period Adjustment	Note 2	<u>39,709</u>
Balance March 31, 2013		<u>1,026,368</u>
Adjusted March 31, 2013, balance as restated	Note 1	868,876
Revenue in Equalization		547,515
Expense in Equalization		<u>(663,773)</u>
Income (loss) 2014		<u>(116,258)</u>
Prior Period Adjustment	Note 2	<u>243,917</u>
Balance March 31, 2014		<u>\$ 996,535</u>

Notes to Schedule:

1. In 2013, the Equalization Fund was restated to include other net assets balances. A loss of \$157,492 was transferred to the Equalization Fund.
2. The 2012, 2013 and 2014 audit reports included a prior period adjustment in the audit report.
3. The 2009 audit report did not provide a supplementary schedule of the revenue and expenses by fund. That detailed reporting started with the 2010 audit.

# Cameron And Willacy Counties Community Projects, Inc. Report

## II. Equalization Fund

### Procedures Performed

Detailed general ledger transaction information was obtained for the Equalization Fund, Community Service Block Grant (CSBG) Fund, and Comprehensive Energy Assistance Program (CEAP) for the years ended December 31, 2013 and 2014. CWCCP primarily records revenue in the Equalization fund in an account named the operation and administrative income account. We scanned the transactions recorded in this account for 2013 and 2014.

The CWCCP general ledger is comprised of self-balancing funds. Each fund has a balance sheet and as well as revenue and expense accounts. When a transaction occurs between funds (such as Equalization and CEAP), an inter-program balance sheet account is used to record a due to/due from. For instance, when Equalization records revenue from the CEAP administration fund, inter-program CEAP and revenue is recorded in the Equalization fund and in the CEAP fund, administrative salaries and inter-program Equalization is recorded in the CEAP ledger.

### Results

1. We found that the revenue recorded in the Equalization Fund for 2013 and 2014 consisted primarily of billings to the CEAP program for either Assurance 16 or CEAP Administration.
2. We traced the entry recorded in the Equalization fund general ledger revenue account to the general ledger of the fund that was charged the expense to verify the same amount was recorded in both funds. No exceptions were noted.
3. To provide an example of the income recorded in the Equalization Fund general ledger account Operation and Administration Income, the exhibit below is provided to recap the activity. There are two other revenue accounts used in the Equalization Fund that is not shown below. They are interest income and probation income. The revenue in these accounts for the year ended March 31, 2014 were \$33,102 and \$12,836 respectively. The Operation and Administration income recorded in the Equalization fund for the year ended March 31, 2014, is as follows:

#### **Equalization Operation and Administration Income**

##### **Year Ended March 31, 2014**

Account 591 Assurance 16 contract 678	\$	129,534
Account 590 Assurance 16, 2013 contract		169,528
Account 503 CEAP Administration recovery		77,927
Account 504 Salaries 678		25,761
Assurance 16, 2014 contract		44,775
Admin expense recovery -WAP		55,492
Miscellaneous		(1,441)
<b>Total</b>	<b>\$</b>	<b>501,577</b>

# Cameron And Willacy Counties Community Projects, Inc. Report

## **II. Equalization Fund (Continued)**

In the table above, Assurance 16 was charged a total of \$343,837. We were able to trace the \$169,528 charged to the CEAP grant ended December 31, 2013, to the final report submitted by CWCCP to the Texas Department of Housing and Community Affairs which confirmed the ledger balance was what was billed. The billing for Assurance 16 by CWCCP represents double billings as the costs were reimbursed by a grant (primarily CSBG) as well as Assurance 16.

## **III. Assurance 16/Program Services Billing**

### Procedures Performed

Under the CEAP program, a grantee can be reimbursed for allowable costs under Assurance 16 federal funding for activities that encourage and enable households to reduce their home energy needs and thereby their need for energy assistance. Assurance 16 funding is limited to a maximum of 6.6% of the CEAP contract expenditures, excluding training and travel. Some common activities a grantee can perform to earn this revenue are need assessments, counseling and conducting outreach. A grantee invoicing for assurance 16 activities should document that they have allocated the time based on supporting documentation for eligible Assurance 16 activities. To understand the process for claiming Assurance 16 funds, we obtained the payroll time sheets, activity reports, payroll registers, and general ledger for October 2013 and October 2014. We verified that the Assurance 16 billing was supported by activity reports. We also inquired of CWCCP of their understanding of the Assurance 16 billing.

The following is a summary of a response from CWCCP on the Assurance 16 program: Assurance 16 and Program Services are special services rendered. The reimbursement method used by CWCCP was to use a measurable yard stick for these billings. CWCCP had case managers complete activity reports for time spent on Assurance 16 activities and they measured that time based on an employee's salary or pay rate and that is how they billed for the revenue. CWCCP indicated that they did not charge Assurance 16 for the payroll expense but rather it was a reimbursement for the specific services rendered by case managers.

Based on discussions with the Texas Department of Housing and Community Affairs, our understanding of Assurance 16 is that it is a reimbursement for payroll expense incurred and other eligible direct charges such as materials.

### Results

1. Our testing for both October 2013 and October 2014 noted that the entry to record the transaction was to record an expense in the CEAP fund and an inter-program Equalization entry. As an example, below are entries that were reviewed:
  - a. Entry 4263 (October 2013) in the Equalization Fund was to credit Operation and Administration Income for \$5,212.88 with a debit to Inter-Program CEAP for \$5,212.88.
  - b. Entry 4274 (October 2013) in the CEAP fund was to credit Inter-Program Equalization for \$5,212.88 and debit Assurance 16 expense \$5,212.80.
2. With the payroll system, we noted that employees were assigned to a grant in the payroll register. Our understanding was that this assignment was based on their core activity. For instance the Executive Director was charged to the Equalization Fund. Employees complete time sheets for each payroll. In addition, an employee providing Assurance 16 activities would also complete a CEAP Case Management Activity Report. This report would identify the service performed, time

**III. Assurance 16 Billing (Continued)**

spent and also the participants served. The activity reports for all employees were summarized and that was the basis for the entry noted in 1 above. However, what we noted in our testing was that an employee who normally worked in CSBG was charged to CSBG. If they performed Assurance 16 services, their time was not moved from CSBG to Assurance 16. This coincides with CWCCP's understanding noted above related to Assurance 16.

3. Our testing also noted that the activity reports used to capture Assurance 16 work contained over-reported hours for training sessions. When an employee held a one-hour training session for CEAP participants for workshops, they reported the time spent on the workshop times the number of participants at the training. However, it only took one hour of their time and that is the amount that should have been recorded. An example of this is below:
  - a. Employee 579 was paid for 80 hours for the pay period ended October 18, 2013. In the general ledger, the payroll was charged to CSBG. Employee 579 also completed a CEAP case management activity report for the same time period as the payroll. The activity report which is done in minutes identified that an energy workshop was held on October 11, 2013, from 1:30 to 3:30 p.m. The activity report lists the participants by name that attended the training session (30 participants). The activity report claimed employee 579 had 3600 minutes (60 hours) attributable to Assurance 16 for this training session. The time that could have been claimed as an Assurance 16 allowable cost would have been two hours not 60 hours.

In reviewing the documents above, CWCCP would have been better served to allocate the payroll to Assurance 16 from the fund it was charged (such as CSBG) which would in turn have potentially allowed administrative dollars be charged to CSBG.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

*www.tdhca.state.tx.us*

Greg Abbott  
GOVERNOR

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June 12, 2015

*Writer's direct phone # 512.475.3140*  
*Email: patricia.murphy@tdhca.state.tx.us*

Amalia Garza  
Cameron and Willacy Counties Community Projects, Inc.  
1144 Professional Drive  
Brownsville, Texas 78520

RE: REQUEST FOR REPAYMENT OF DISALLOWED COSTS

Dear Ms. Garza:

The Texas Department of Housing and Community Affairs (the "Department") has received the enclosed report from Wiplfli LLP, CPAs and Consultants, regarding a review they have completed of Cameron and Willacy Counties Community Projects Inc. ("CWCCP").

The report confirms that "The billing for Assurance 16 by CWCCP represents double billings as the costs were reimbursed by a grant (primarily CSBG) as well as by Assurance 16." These amounts must be repaid. The disallowed amount from the 2013 CEAP contract is \$192,149, and the disallowed amount under the 2014 CEAP contract is \$218,633. This total of \$410,782 must be repaid from non-federal funds no later than June 26, 2015. The report confirms that except for very limited amounts, the entire balance of the Equalization Fund is federal funds and therefore cannot be the source of this repayment.

The report raises an additional concern to Department staff. Specifically the report indicates that any positive net asset balance in CWCCP's equalization fund would represent grant billings in excess of costs. The Department notes that as of March 31, 2011, the balance of the Equalization fund was \$1,803,361.

The Department will provide this report to the U.S. Department of Health and Human Services and request guidance. In addition, the report will be provided to the Department's Governing Board at the June 30, 2015 meeting. Although there is a meeting scheduled for June 16, 2015, the agenda and materials have already been posted and it will not be possible for staff to present it then.





Request for repayment for disallowed costs

June 12, 2015

Page 2

If you have any questions I can be reached at (512) 475-3140 or by email at [patricia.murphy@tdhca.state.tx.us](mailto:patricia.murphy@tdhca.state.tx.us).

Sincerely,



Patricia Murphy

2015.06.12

10:22:29 -05'00'

Patricia Murphy  
Chief of Compliance

cc: Sophia Benevides, CWCCP Board Chair  
Jeannie Chaffin, Health and Human Services



# ***CAMERON and WILLACY COUNTIES COMMUNITY PROJECTS, INC.***

## ***MISSION STATEMENT***

***"TO PROVIDE LOW INCOME COMMUNITIES WITH A ROAD MAP TO  
SELF SUFFICIENCY, AND LEARN FROM EACH OTHER FOR THOSE  
LEFT WAITING IN THE WINGS."***

***Amalia C. Garza  
Executive Director***

June 18, 2015



Ms. Patricia Murphy  
Chief of Compliance  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
P.O. Box 13941  
Austin, Texas 78711-3941

**RE: CAMERON AND WILLACY COUNTIES COMMUNITY  
PROJECTS, INC.'S RESPONSE TO THE TEXAS DEPARTMENT  
OF HOUSING AND COMMUNITY AFFAIRS REQUEST FOR  
REPAYMENT OF FUNDS BEING TERMED AS "DISALLOWED  
COSTS"**

Dear Ms. Murphy:

It is always a pleasure to clarify whatever issues the Department has termed as questionable or problematic, and thank you for forwarding the Wiplfli and/or WIPFLi CPAs and Consultants report. This report was taking so much time to complete that CWCCP Board of Directors took action to have another auditing firm work on the specifications the Department wanted, and one that the Board had wanted from the beginning.

The following is CWCCP's response to the claims in the report:

1. Facts are missed throughout the report. It appears to have been compiled to satisfy the Texas Department of Community Affairs contention to disallow funds. Not once does the report mention the Department's responsibility to provide technical assistance, and did not, or the fact that for the past 14 years monitors have been monitoring CWCCP and not once did they call or sight, CWCCP to

correct Assurance 16 deficiencies. I am inclined to conclude that not even the monitors were trained to monitor; know what to look for; identify the perimeters by which the Department wanted for CWCCP to remain within; the Department itself did not have a clue about the activities or services allowed under Assurance 16. Again, I conclude that, this may be the reason for avoidance of technical assistance from the Department. CWCCP is here to first, abide by what the Department expects, if instructed with ample time (we have been down this road before) contractual compliance, when we were told *after the fact*. We were sanctioned because we carried the contract services until the end of the contract period (December 31<sup>st</sup>), our funding was frozen, while the Department figured out that we were within the confines of the contract period, and were abiding by the contract. In the meantime services came to a halt, and we had to obtain a LINE OF CREDIT, make payments on that LINE OF CREDIT after funds were restored which the Department is now questioning, and as a result granted the program/s to another agency. Even with all that confusion, and allegations of funds moved, or Equalization funds being patted CWCCP staff tripled self sufficiency closures and surpassed every program indicator for 2014. Needless to say, we were targeted again, and our elation was short lived.

2. On page 3 of the Audit Report, the auditor states that when the actual expenditure exceeds the allowable grant award amount, CWCCP has absorbed such expenditure in its General Fund, but that costs should only be reported once and that overhead costs should be allocated to various grants of CWCCP based on some cost allocation methodology. We are guilty, we have done exactly that. If there is an excess expenditure in one program (say CSBG), it has been absorbed by CWCCP's General Fund or Equalization, since such excess expenditure could not be allocated to other programs, since there is no available amount to absorb by CWCCP's Local Fund. This is the correct procedure followed by CWCCP and did not deviate from any generally accepted accounting practice/s.

3. The WIPFLi audit erred in stating that "profit potentially could be recorded" by reporting Donations and Interest Income". This makes no sense, for the following reasons (may have been the Department's insert): (A) These are nominal amounts and do not play any significant role in the totality of the General Fund income. (B) They are correctly accounted for as identifiable line item income, and (C) The General Fund has declined year after year, which is a reflection of losses, year after year, and not a profit as suggested by you, Ms. Murphy, at a TDHCA's Board meeting, and now echoed by WIPFLi's audit report.
4. WIPFLi has erred in stating that billing of Assurance 16 by CWCCP represents double billing . Assurance 16 and Program Services are special or necessary services rendered by CWCCP, Inc. as contained in the contract and as per best practices of the 52 different States within the USA including Texas. And for good reason this gives the program/s a well rounded opportunity for incorporation into family's personal lifestyles. This was amply explained to WIPFLi with the on sight representative, who visited our office and was shown all documents in support of Assurance 16. In addition pictures of families in attendance, topic covered, sign-in sheets/logs with sometimes over 100 families in attendance were seen by Mr. Yankunas of WIPFLi. WIPFLi's account in the report on this issue appears based on what the Department wanted, making the report biased, not to mention the lack of independence. This report leads to denial of the Line Item Budget provided in the contract. TDHCA has been monitoring this year after year since its inception of CEAP. *ALL* documents were provided to the monitors upon entering the agency, with finance staff standing by to answer questions, and clarify any issues. This stance gave CWCCP the go-ahead with practices therefore endorsed by the Department, who also through a Program Manager of CEAP provided a template for claiming reimbursement for services. Under the circumstances this report by WIPFLi was made under false information from the Department for the sole purpose of justifying disallowed costs. The interruption of services from CWCCP to a community that has been responding to years of establishing inroads of trust, support, and respect. The agency has

been so busy making a difference that we did not see the writing on the wall, and that is where our failure has been.

5. When Mr. Yankunas representing WIPFLi at CWCCP on March 25, 2015 at the time of the Entrance Interview, expressed that after reviewing, the existing correspondence between TDHCA and CWCCP, it all seemed to be a matter of misunderstanding between TDHCA and CWCCP. Mr. Yankunas conducted an audit for 2 days, and at the end of the second day expressed that he was really impressed that all documents were made readily available, and left with a positive impression of the entire examination of the books, records, and overall documents. CWCCP Administration also shared his enthusiasm with the assessment as we were certain that our checks and balances were in order. Mr. Yankunas came back on Friday March 27, 2015 after a lengthy discussion with you, Ms. Murphy that same morning. His demeanor had totally changed to our surprise. Probable and proximate reason – the telephone conversation with you, Ms. Murphy not happy with Mr. Yankunas' positive comments about CWCCP.
6. How could an Audit, assured by TDHCA staff to their Board that as a limited scope audit would only take one week to complete – took almost 2 and a half months? TDHCA did do the same song and dance; no records from CWCCP were made available when requested. Records were sent, and we have receipts to verify same. Real quest for this exercise was to identify disallowed costs, regardless of the legitimacy.
7. The audit was finalized by two ladies from WIPFLi conducted remotely without ever making a site visit, where questions could be asked and responses with clarity could be immediately addressed in a satisfactorily way, with substance for either entity.

Ms. Murphy, I am sorry that we have gotten to this juncture; my sincere intent has always been the betterment of the families in our service area. We have always been way too busy trying to do more every year, and had never anticipated being punished for doing what we felt we were here to do. When asking for technical assistance throughout my tenure I was only seeking to improve the level of services. I am painfully aware

that it takes all of us, the ability to devise a plan/s of services that will afford poverty stricken areas the necessary resources to set a mindset that translates into SELF SUFFICIENT FAMILIES. We do need the Department's technical advantages, and who knows we, in the trenches may very well contribute and add to your expertise. We just have to be open to other ideas, and share a vision for low income RGV Texans. The other twist to these unfortunate set of circumstances was that Mr. Michael DeYoung in his true form, had made it known to Community Action Corporation of South Texas that CEAP and CSBG had been awarded to them. This was *before* the TDHCA Board had taken action on that item to award. A couple of the Alice staff members mentioned this non- official action to one of CWCCP board members and again to clients inquiring about services. They assured people that were not even asking that Alice had been notified that they were awarded both CEAP and CSBG. The other interesting item was when Mr. DeYoung mentioned that CEAP was going to be awarded to Community Action of South Texas on a *permanent* basis, without board action. The Board asked TDHCA staff if CWCCP would have the opportunity to apply for CEAP after problems or the WIPFLi Audit would clear things up. The answer was affirmative, but at the very next meeting when asked again, the explanation was that these services could not be turned over so easily..., never acknowledging that CWCCP had the experience, and infrastructure to gear-up and continue what CWCCP had worked years to develop very successfully, even when funds were frozen, and the audit results were unknown. You, Ms. Murphy and Mr. DeYoung made it your personal mission to stop a well organized and high producing agency. But why? That is the \$410,782 question.

Sincerely,



Amalia C. Garza  
Executive Director

cc: Hon. Sofia Benavides, CWCCP Board Chair  
cc: Ms. Jeannie Chaffin, Health and Human Services

# ROYSTON RAYZOR

EST. 1892

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Royston, Rayzor, Vickery & Williams, LLP  
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June 19, 2015

**VIA E-MAIL: [beau.eccles@tdhca.state.tx.us](mailto:beau.eccles@tdhca.state.tx.us)**

James "Beau" Eccles  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
P.O. Box 13941  
Austin, Texas 78711-3941

Re: Cameron and Willacy Counties Community Projects, Inc.  
Our File No. 60447

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Dear Mr. Eccles,

Cameron and Willacy Counties Community Projects, Inc., (hereinafter CWCCP), by and through the undersigned, respectfully requests to be placed on the agenda for the Texas Department of Housing and Community Affairs (hereinafter TDHCA) Board Meeting scheduled for 9:00 a.m. on June 30, 2015. The following items of concern will be the subject of CWCCP's presentation to the TDHCA Board:

1. TDHCA's actions concerning the Low Income Housing Energy Assistance Program (hereinafter LIHEAP) award, including the Comprehensive Energy Assistance Program (hereinafter CEAP) and the Weatherization Assistance Program (hereinafter WAP), and CWCCP's due process rights concerning said award;
2. TDHCA's actions concerning the U.S. Department of Energy WAP award and CWCCP's due process rights concerning said award; and
3. TDHCA's actions concerning the Community Services Block Grant (hereinafter CSBG) award and CWCCP's due process rights concerning said award.

Given the interests at issue in these items, the public comment period does not provide for sufficient time in which CWCCP can properly present its concerns to the TDHCA Board, nor for sufficient time for the TDHCA Board to properly address such concerns. Accordingly, CWCCP respectfully requests that these items be placed as posted agenda items, rather than relegated to the public comment period wherein CWCCP will only be given a maximum of three (3) minutes in which to present its concerns to the TDHCA Board.

James "Beau" Eccles  
June 19, 2015  
Page 2

Please feel free to call and/or e-mail CWCCP, through the undersigned, should there be any questions regarding this request. Thank you for your consideration of the above-referenced concerns.

Sincerely,

ROYSTON, RAYZOR, VICKERY & WILLIAMS, L.L.P.



---

Keith N. Uhles  
Vanessa L. Pierce

KNU/VLP/yvv

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6a

## Item 6a

Presentation, Discussion, and Possible  
Action regarding addition of funds to the  
2015-1 Multifamily Development Program  
Notice of Funding Availability

3-Day Posting

6b

13167

Freedom's Path at Kerrville

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules.

**RECOMMENDED ACTION**

**WHEREAS**, a HOME application for Freedom's Path at Kerrville (#13167) was submitted to the Department for HOME funds made available in 2015-1 Multifamily Development Program ("MFD") Notice of Funds Availability ("NOFA");

**WHEREAS**, the Department terminated the application for noncompliance with the NOFA, which in paragraph 2(f), precludes applications for funding for developments that received an award of Department assistance in the past five years from being eligible for assistance;

**WHEREAS**, the Applicant timely filed an appeal of the termination along with a request for a waiver of the provision in the NOFA preventing the application from being eligible;

**WHEREAS**, the Executive Director denied the appeal and the request for a waiver; and

**WHEREAS**, the applicant timely filed an appeal to the Governing Board

**NOW, therefore, it is hereby**

**RESOLVED**, that the appeal of the termination of the application for HOME funds under the 2015-1 MFD NOFA for Freedom's Path at Kerrville (#13167) is hereby denied; and

**FURTHER RESOLVED**, that the request for a waiver of the paragraph 2(f) in the 2015 MFD NOFA is hereby denied.

**BACKGROUND**

Kerrville Senior Limited Partnership ("Applicant") submitted an application for HOME funds under the 2015-1 MFD NOFA in order to supplement an application that was previously awarded Competitive 9% Housing Tax Credits ("HTCs") in 2013. The previous application (#13167) and the current HOME application both indicate that the development is Supportive Housing, and the HTC award was made in large part due to that fact. By electing to be a Supportive Housing development, the Applicant benefitted in a number of ways under the 2013 Qualified Allocation Plan ("QAP") as well as the Uniform Multifamily Rules ("Rule"). First, the Applicant was eligible for a 30% boost in basis under §11.4(c)(2)(B) of the QAP. The Applicant also benefitted by earning one additional point under

§11.9(c)(2) related to Rent Levels of Tenants and two additional points under §11.9(c)(3) related to Tenant Services that it could only earn as Supportive Housing, thereby making it more competitive than other non-Supportive Housing applicants in the sub-region. Finally, the Development was exempt from a number of other rules including minimum square footage requirements, required on-site amenities, and underwriting criteria. Under §10.3(a)(120) of the 2013 Rule, the definition of Supportive Housing expects it “to be debt free or have no foreclosable or noncash flow debt.” A HOME loan is considered foreclosable debt, and therefore the original 2013 HTC application would not have been eligible for HOME funding as a Supportive Housing development; this was the case under both the 2013 Rule and subsequent years’ rules.

Apart from the general consideration of ineligibility for HOME funding based on the definition of Supportive Housing, Department staff also spoke with the Applicant in 2014 about the difficulties of funding a partially constructed or completed development while meeting HUD requirements, particularly those related to environmental and labor standards compliance. Specifically, regardless of previous environmental reviews, the Department would have required that the Applicant cease construction at the point that the HOME funding was contemplated and proceed only after completing the Department’s environmental clearance process. Although the Applicant disagreed with staff’s interpretation with respect to this process, it is important to stress that the Department and not the Applicant for HOME funds is held accountable for violations of environmental compliance. It could even be argued that, in order to be eligible to receive HOME funds from the Department under the current NOFA, despite any other reason for ineligibility, that the Applicant should have ceased construction upon submission of this funding application.

Another area in which compliance with HUD requirements would have been difficult to ascertain is that of Davis Bacon wage compliance. The Department would need certainty that all paperwork (e.g. weekly payrolls) was maintained and Davis Bacon wages paid in accordance with Department of Labor mandates preceding any requirements that the Department’s current funding might impose. It is true that these issues related to environmental clearance and Davis Bacon compliance contributed to the Department’s decision to add a restriction to the 2015 NOFA, precluding applications for funding for developments that received an award of Department assistance in the past five years from being eligible. It was this particular consideration that was cited in the letter terminating the application. However, it is not only for that reason but even more so due to the incongruent nature of the Department’s definition of Supportive Housing (along with the benefits gleaned from that definition in the original HTC application), and its Direct Loan requirements (§10.307 of the Rule), that staff is recommending denial of the appeal and the accompanying waiver request.

The appeal references conversations with staff regarding the ability to apply for funding under the 2015 NOFA. Regretfully, it appears that there was some misunderstanding as to the reasons that this particular development would be ineligible for HOME funds administered by the Department. While this may be the case, the Applicant had additional conversations with staff in which the issues raised here were brought to light, and those conversations took place well before the submission of the application under the 2015 NOFA. Staff appreciates that it is time for a broader policy discussion to be

had regarding the administration of Department funding to Supportive Housing developments, and it is the intent to bring that issue to the Governing Board very soon. However, staff recommends denial of the appeal of the termination of this particular application.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Greg Abbott  
GOVERNOR

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June 1, 2015

Writer's direct phone # 512-475-3343  
Email: [eric.weiner@tdhca.state.tx.us](mailto:eric.weiner@tdhca.state.tx.us)

Mr. Donald Paxton  
Kerrville Senior Apartments LP  
3550 S Tamiami Trail  
Sarasota, FL 34239

RE: TERMINATION OF HOME APPLICATION, FREEDOM'S PATH AT KERRVILLE,

Dear Mr. Paxton:

Pursuant to paragraph 2(f) of the Multifamily Development Program Notice of Funding Availability (2015-1 MFD NOFA), "Any Applications for funds on developments that received an award of Department assistance in the past five years or are still within its federal affordability period will not be eligible" to apply for funds under this NOFA. The Application for HOME funds for Freedom's Path at Kerrville was submitted to the Department on May 15, 2015. Freedom's Path at Kerrville (Application #13167) received an award of 9% Competitive Tax Credits in the 2013 competitive tax credit cycle. Because the 9% award in 2013 is considered Department assistance within the past five years, the Application for HOME funds does not meet the threshold criteria outlined in paragraph 2(f) of the 2015-1 MFD NOFA, and the Application is hereby terminated. Further, the project must achieve a stabilized pro forma DCR for all financing including the request for the Department's requested HOME financing between a minimum of 1.15 and a maximum of 1.35 pursuant to §10.302(d)(4)(D)

An appeals process exists for the MFD Program. The restrictions and requirements related to the filing of an appeal can be found in §10.902 of the 2015 Uniform Multifamily Rules. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven (7) calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or the Executive Director does not respond, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §10.902 of the 2015 Uniform Multifamily Rules for full instruction on the appeals process.

If you have any questions or concerns, please contact me at 512-475-3343 or by email at [eric.weiner@tdhca.state.tx.us](mailto:eric.weiner@tdhca.state.tx.us).

Sincerely,

Eric Weiner

Multifamily Loan Programs Administrator

cc: Jean Latsha





# COATS | ROSE

*A Professional Corporation*

TAMEA A. DULA  
OF COUNSEL

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

June 8, 2015

**By Email to** [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)

Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, Texas 78701-2410  
Attention: Tim Irvine, Executive Director

Re: (TDHCA # 13167) Freedom's Path, Kerrville, Kerr County, Texas;  
Appeal from Termination of 2015 HOME Funds Application and  
Request for Waiver.

Dear Mr. Irvine:

This letter is the appeal of the termination of an application submitted by Kerrville Senior Apartments Limited Partnership (the "Applicant") for 2015 HOME Funds. Under the circumstances described herein, we request that the TDHCA waive the portion of the 2015 NOFA that makes the application ineligible for the funds.

The Applicant received an allocation of 2013 9% Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs (the "Agency") for the development of Freedom's Path, a to-be-constructed affordable housing development for veterans in Kerrville, Texas (the "Project"). Despite commitments for construction and equity financing for the Project, as of the fall of 2014, the Project suffered from a significant financing gap.

At that time, there was an outstanding Notice of Funding Availability, published by the Agency, regarding HOME Funds (the notice, the "2014 NOFA" and the subject HOME funds, the "2014 Home Funds"). The Applicant consulted with Agency staff regarding utilizing the 2014 HOME Funds to fill the Project's financing gap. During these consultations, Agency staff identified three issues that could make using the HOME Funds problematic: (i) Davis-Bacon wage rate requirements, (ii) HUD environmental clearance requirements (Part 50 review), and (iii) timing. The Applicant informed Agency staff that the first two issues were moot because the capital stack for the Project included VA financing, and accordingly (i) the Project was already required to satisfy Davis Bacon wage requirements and (ii) Part 50 Environmental was previously completed. Only the issue of timing remained. Because the consultations with the Agency occurred during the third and fourth quarters of 2014 and numerous other applications for funding had previously been submitted pursuant to the 2014 NOFA, Agency staff recommended

9 Greenway Plaza, Suite 1100 Houston, Texas 77046  
Phone: 713-651-0111 Fax: 713-651-0220  
Web: [www.coatsrose.com](http://www.coatsrose.com)

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Mr. Tim Irvine, Executive Director  
TDHCA  
June 8, 2015  
Page 2

the Applicant apply for funds pursuant to a 2015 NOFA regarding HOME Funds (the “2015 NOFA” and the subject funds, the “2015 HOME Funds”) that the Agency would soon publish. In reliance upon this suggestion, the Applicant did not submit an application pursuant to the 2014 NOFA and instead waited to apply pursuant to the forthcoming 2015 NOFA.

Upon publication of the 2015 NOFA, the Applicant reviewed the NOFA, intending to quickly apply for the subject funds. During its review, the Applicant discovered a new condition of funding that was not contained in the 2014 NOFA. The new funding condition precluded submission of an application if a project had been awarded TDHCA funding within the five (5) immediately preceding years, including an allocation of Low Income Housing Tax Credits (the “Funding Condition”). Because the Project received an allocation of 2013 Low Income Housing Tax Credits from the Agency, the terms of the 2015 NOFA prohibited the Applicant from applying for 2015 HOME Funds. However, had the Applicant applied under the 2014 NOFA in contravention to the suggestion of Agency staff, no such prohibition would have barred its application.

The Applicant consulted with Agency staff regarding the Funding Condition and available options, including an appeal or a waiver. Agency staff informed that without a submitted application and an Agency decision thereupon, the Agency could not entertain an appeal on the Funding Condition. Upon being so advised, the Applicant quickly prepared and submitted an application for an award of 2015 HOME Funds pursuant to the 2015 NOFA. The Applicant’s application was submitted May 15, 2015; prior to that time, the Applicant did not apply for funds because the terms of the Funding Condition prohibited it from doing so.

Pursuant to notice dated June 1, 2015, the Applicant was informed that its application for 2015 HOME Funds was terminated by the Agency. The termination notice stated that the application “[did] not meet the threshold criteria” for an award of 2015 HOME Funds because the Project had “received an award of Department assistance in the past five years...”

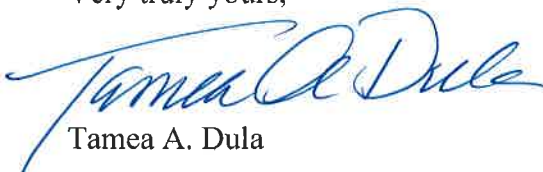
The Applicant hereby appeals the termination of its application for 2015 HOME Funds and the enforcement of the Funding Condition. The Project has tremendous merit, and would have been a credible applicant for funding under the 2014 NOFA and/or reprogrammed R-TCAP funding. But for its consultations with Agency staff, the Applicant would have applied for 2014 HOME Funds pursuant to the 2014 NOFA; and in light of the foregoing, to be barred from applying for and receiving funds pursuant to the 2015 NOFA presents a miscarriage of justice.

Section 10.207(b) of the 2015 Uniform Multifamily Rules provides a mechanism for the Executive Director to resolve such an injustice by waiving a non-statutory requirement. We accordingly request that you exercise your discretion and waive this Applicant’s technical ineligibility due to having received 2013 Housing Tax Credits. By waiving this requirement, the TDHCA will be helping to fulfill its directive to carry out a Low Income Housing Plan that benefits veterans among other parties (Section 2306.0721(c)(1)(D) Texas Government Code).

Mr. Tim Irvine, Executive Director  
TDHCA  
June 8, 2015  
Page 3

Thank you for your attention to this request. If you do not feel able to grant this waiver request, then we request that this appeal and waiver request be heard at the next TDHCA Board Meeting, presumably the one currently scheduled for June 30, 2015..

Very truly yours,



Tamea A. Dula

cc: Donald Paxton

15012

Mariposa Apartment Homes

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules

**RECOMMENDED ACTION**

**WHEREAS**, a Competitive (9%) Housing Tax Credit application for Mariposa Apartment Homes at Greenville Road (#15012) was submitted to the Department by the Full Application Delivery Date;

**WHEREAS**, the Applicant claimed eligibility for points under 10 TAC §11.9(d)(7), related to Community Revitalization Plan;

**WHEREAS**, staff issued a scoring notice to the applicant, denying the points for Community Revitalization Plan;

**WHEREAS**, the Applicant has timely filed an appeal of the scoring notice;

**WHEREAS**, the Executive Director denied the appeal; and

**WHEREAS**, the applicant timely filed an appeal to the Governing Board

**NOW, therefore, it is hereby**

**RESOLVED**, that the appeal of the scoring notice for Mariposa Apartment Homes at Greenville Road (#15012) is hereby denied.

**BACKGROUND**

Mariposa Apartment Homes at Greenville Road, Application #15012, was denied points under §11.9(d)(7) of the 2015 Qualified Allocation Plan ("QAP"), related to Community Revitalization Plan ("CRP"), because the plan fails to address the requisite number of factors in need of being addressed in the plan's target area.

In order to qualify for points, a CRP must, in part, include the assessment of factors in need of being addressed, and must include at least five of the eight factors outline in subclause (II) of the scoring item. The Sabine Creek Community Plan (the "Plan"), duly adopted by Royse City, outlines the following five goals:

1. Business Development: Boost development and encourage growth, continue to exist as a viable community, and commercial/industrial base will increase.
2. Robust Transportation and Infrastructure: Increase existing roadways, crossings, bridges and utilities to improve transportation and local infrastructure.
3. Public Services and Facilities: The infrastructure and development improvements will attract and encourage the addition of public services including, but not limited to, parks, additional fire fighters, and social and recreational facilities.
4. Employment: To encourage business to locate and provide employment opportunities for employment within this area has encouraged more people to locate on the peripheries of these metropolitan areas.
5. Diversity: Efforts to promote diversity, including multigenerational diversity, economic diversity, et cetera, where it has been identified in the planning process as lacking.

Of these, goals 2-4 are clearly intended to align with three of the eight factors outlined in the QAP (factors (-c-), (-d-), and (-g-)); however, goal 1 does not align with any of those factors, and it is unclear how the plan specifically addresses goal 5. While goal 1 could be considered to address factor (-g-) “the lack of local business providing employment opportunities,” this issue was already addressed by another plan goal. In addition, “Business Development” could be viewed as a broader economic development effort, which the QAP calls out as “distinct and separate” from community revitalization. With respect to goal 5, it is unclear how the sanitary sewer project and water line extension are meant to address a lack of diversity in the area, as indicated by the chart included in the Plan.

The appeal indicates that in addition to the items discussed above, the Plan addresses adverse environmental conditions and blight, which would correlate to QAP factors (-a-) and (-b-). Firstly, the appeal argues that the Plan introduction states the mission of providing “a safe environment,” and that area flooding is an adverse environmental condition that impedes growth which is “addressed through the inclusion of the Sabine Creek Flood Plain Mitigation/Drainage service area” However, the Plan, while listing the Sabine Creek Flood Plain Mitigation/Drainage service area on the map, does not mention issues of flooding or give any detail with respect to alleviating such flooding. Secondly, the appeal argues that the Plan effectively addresses blight, which includes obsolete land use, “through its emphasis on promoting development and growth within the Target Area by using the tools, efforts, and investments available to the City.” The appeal outlines these “tools, efforts, and investments” as infrastructure projects and transportation improvements. While these projects do improve the quality of the target area, they’re already addressed by other plan goals, and do nothing address obsolete land use. In order to address obsolete land use, staff would expect to see efforts such as zoning changes, thresholds on density, and/or master plan design requirements.

Finally, the appeal contends that the staff of Royse City “prefers to articulate their revitalization plan in terms of positive solutions” instead of providing a “laundry list of problems within the community” and that this approach “is not counter to the requirement of the QAP.” The appeal states that the “QAP does

not require that the municipality list all of the factors in the in the Target Area and addresses them in writing.” Although this is true, the plan must still assess and address a minimum of five factors. For example, if a city preformed an assessment and concluded that all eight factors outlined in the QAP needed addressing, that city could draft a plan that only included actual projects to address five of them, and the plan could still be eligible for points under the scoring item. The Plan adopted by Royse City includes an assessment of less than five of the factors outlined in the QAP and is therefore ineligible for points. In order for the Board to accept this particular CRP as qualifying the application for points, it would be necessary to waive this requirement.

Staff recommends denial.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**Housing Tax Credit Program - 2015 Application Round**  
**Scoring Notice - Competitive Housing Tax Credit Application**

**Appeal Election Form: 15012, Mariposa Apartment Homes at Greenville Road**

**Note: If you do not wish to appeal this notice, you do not need to submit this form.**

I am in receipt of my 2015 scoring notice and am filing a formal appeal to the Executive Director on or before **Monday, June 15, 2015.**

**If my appeal is denied by the Executive Director:**

I do wish to appeal to the Board of Directors and request that my application be added to the Department Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. If no additional documentation is submitted, the appeal documentation to the Executive Director will be utilized.

I do not wish to appeal to the Board of Directors.

Signed 

Title Stuart Shaw, Manager of its GP

Date June 10, 2015

**Please email to Kathryn Saar:**  
**mailto:kathryn.saar@tdhca.state.tx.us**



## SCORING NOTICE APPEAL

June 15, 2015

Ms. Jean Latsha, Director of Multifamily Finance  
Ms. Kathryn Saar, Competitive Tax Credit Program Administrator  
Texas Department of Housing and Community Affairs  
PO Box 13941  
Austin, TX 78711

RE: Mariposa Apartment Homes at Greenville Road (TDHCA #15012) – Scoring Notice Appeal

Dear Ms. Latsha and Ms. Saar,

This appeal is submitted on behalf of Mariposa Greenville Road LP for its Scoring Notice. The notice dated June 8, 2015; for Mariposa Apartment Homes at Greenville Road (the “Project”) failed to include six points for the Sabine Creek Community Plan (the “Plan” or “SCCP”) adopted by the city of Royse City in Rockwall County, Texas. Denial of the points was on the grounds that this community revitalization plan failed to include at least five of the eight required factors set out in §11.9(d)(7)(A)(i)(II) of the 2015 Qualified Allocation Plan (QAP).

The Plan addresses a number of revitalization factors of concern to the City, at least five of which are expressly detailed in the QAP. The Royse City administration addresses revitalization factors through a more positive and proactive discussion of what will be done to enhance the Target Area, rather than by enumerating specific negatives within the municipality, which would be more analogous with the QAP. However, the end result is the same – the municipality’s consideration of various factors that can be affected through a revitalization plan and devises a strategy for implementing changes. The factors addressed are as follows:

(i) Adverse environmental conditions – The Plan states in its introduction that one of the City’s missions is to provide a safe environment that promotes, enhances, and develops a higher quality of life for its citizens. Environmental issues are addressed through the inclusion of the Sabine Creek Flood Plain Mitigation/Drainage service area. Map 1 indicates the Target Area and improvements proposed by the SCCP. Area flooding is an adverse environmental factor that affects safety and impedes growth. Additionally, the detrimental noise of I-30, a major Interstate Highway, is addressed through the Plan’s encouragement of commercial and light industrial development along the highways, thus providing a buffer zone to give residential communities some protection from the noise.

(ii) Presence of blight – The QAP indicates that “blight” includes the presence of excessive vacancy, obsolete land use, significant decline in property value, or other similar conditions that impede growth. The Plan effectively addresses the issue of obsolete land use through its emphasis on promoting development and growth within the Target Area by using the

tools, efforts, and investments available to the City. Please see the attached Land Uses Map and Obsolete Land Uses Photos in Exhibit B. In order to boost development and growth within the Target Area, the City will have to rely on other Plan Goals; including but not limited to, investments in local infrastructure, especially upgrading the streets and providing improved water and sanitary sewer accessibility. The areas along major highways and roads are more suited to commercial and light industrial development, but this kind of development is not feasible without robust transportation and infrastructure that are currently lacking within the Target Area. The I-30 Water Line Extension project, the Street Rehabilitation program, and the Pond Branch Sanitary Sewer installation completed last October are all examples of investments in the Target Area that are designed to promote the commercial and light industrial development along I-30 and Greenville Road that will, out of necessity, eliminate the obsolete land use that currently exists. Such development along the I-30 corridor will also serve to provide a buffer between the noisy Interstate and the residential land use to the south of Greenville Road, addressing another environmental concern that would otherwise impede growth.

(iii) Presence of inadequate transportation or infrastructure – The Plan clearly shows funding for the I-30 Water Line Extension and the Pond Branch Sanitary Sewer, each of which provides service capacity to the Target Area, as well as the anticipated \$9.5 Million Street Rehabilitation Program, expected to be completed in 2016. These infrastructure and transportation projects will assist in drawing the commercial and light industrial businesses along the relevant streets and highways within the Target Area. Although the new Wal-Mart is located on the north side of I-30 and not within the Target Area, it was attracted to the neighborhood by the I-30 Water Line Extension and illustrates the type of new development that is anticipated to be drawn to the Target Area by these investments.

(iv) Lack of accessibility to and/or presence of public facilities – The Plan addresses that improving the infrastructure, in particular through the Street Rehabilitation Program, will attract public services; including those social and recreational facilities and parks anticipated along the improved highways, which can be beneficial duplicate uses of the Sabine Creek Flood Plain Mitigation/Drainage service area in the Target Area. Also, promoting the growth of the area will result in additional fire fighters and police officers as the rural environment becomes a greater focus for commuters to the Dallas/Fort Worth metroplex.

(v) Lack of local business providing employment opportunities – As stated in the Plan, the city of Royse City wants to encourage new businesses to locate within the Target Area and provide employment opportunities to persons who otherwise would need to either commute to the populous Dallas/Fort Worth metroplex or move there in order to earn their livings. As new jobs come to the City, its residents can work where they live, decrease commute times, and spend their money at local Royse City businesses.

(vi) Diversity – The Plan clearly contemplates efforts to promote diversity, including multi-generational diversity, economic diversity, and other forms of diversity where it has been identified as lacking in the planning process.

It is clear that Royse City has adopted a Plan that sufficiently considers the six factors identified above by the QAP as being appropriate for a revitalization plan. The City has simply approached


the task by conspicuously focusing on the positive instead of providing a laundry list of problems within the community. This approach is not unjustified when viewed in the context of municipal politics and engendering support for a revitalization plan. Therefore, please note that municipal staff prefers to articulate their revitalization plan in terms of positive solutions rather than negatives. This understandable tendency is not counter to the requirements of the QAP, which states that the adopting municipality must have "performed, in a process providing for public input, an assessment of the factors in need of being addressed as a part of the community revitalization plan." The QAP does not require that the municipality lists all of the factors in the Target Area and addresses them in writing, nor does the QAP dictate the language a municipality needs to adopt verbatim. As long as one can infer the assessment of at least five of the factors laid out by the QAP in the items that the Plan is drafted to address, like as evidenced by the SCCP, it can still satisfy the Community Revitalization scoring item and should rightfully earn the correlating points.

In that regard, we point out that Plan Goal 1 is especially dissimilar to Plan Goal 4, which specifically mentions "employment opportunities." The goal of encouraging "Business Development" and efforts to "boost development and encourage growth" referenced in Goal #1 are not in reference to employment. The revitalization factors in Plan Goal 1 refers to any number of the following physical development including, but not limited to, residential developments such as apartment home communities; providing the opportunity to physically develop and improve the Target Area; and the overarching improvement of the City. Plan Goal 1 and Plan Goal 4 each address revitalization efforts in their own distinct, substantive, and meaningful ways.

Please accept this appeal to the scoring notice for Mariposa Apartment Homes at Greenville Road in defense of the Sabine Creek Community Plan. The Plan meets ALL of the requirements of the 2015 QAP as it pertains to qualifying for six revitalization points for Developments located in Urban Area of Region 3.

We thank you for your time and look forward to hearing from you.

Sincerely,



Stuart Shaw, Applicant's Representative

Enclosures

- Exhibit A: Letter from Royse City
- Exhibit B: Land Uses Map  
Obsolete Land Uses Photos

Exhibit A:

Letter from Royse City



Carl Alsabrook  
City Manager  
City Hall • 305 N. Arch St.  
P. O. Box 638  
Royse City, Texas 75189  
972-524-4824 • Fax 972-635-2434

June 15, 2015

Ms. Jean Latsha and Ms. Kathryn Saar  
Director of Multifamily Finance  
Texas Department of Housing and Community Affairs  
PO Box 13941  
Austin, TX 78711

RE: Sabine Creek Community Plan (the "Plan")

Dear Ms. Latsha and Ms. Saar.

Please accept this letter as confirmation that the aforementioned Plan addresses at least five district and different factors within the Sabine Creek Community Plan (SCCP). It is our understanding that it is the TDHCA's position that plan goal 1 and plan goal 4 are one in the same. We disagree with that assessment and assert that the five plan goals in the SCCP are separate and distinct.

SCCP plan goal 1 desires to boost development and encourage growth within the target zone so the commercial/industrial base will have the opportunity to increase. While plan goal 1 does reference Business Growth in its title, the meaning is further outlined in the plan goal itself. The goal is to boost development and encourage growth, which applies to the TDHCA's efforts to address obsolete land use or other similar conditions that impede growth. Literally, we are talking about physical development where the commercial/industrial base can have an opportunity and foundation to thrive because of the efforts of the SCCP. There are a number of uses within the SCCP that are not of the highest and best use and in some cases obsolete which can be addressed by plan goal 1. The City, by implementing the SCCP, is using its resources and tools to create a foundation to boost development and encourage growth within an area that is currently underutilized, has obsolete land uses and, without the efforts of the City, could experience further periods of impeded growth.

While plan goal 1 addresses the physical aspect of growth and development, plan goal 4 addresses employment opportunities. Royse City is working diligently to attract employers to bring jobs, create career opportunities, and increase hiring of Royse City citizens who might otherwise commute to work in Dallas or Fort Worth instead of seeking employment in the City of Royse City. By encouraging the physical development in plan goal 1, plan goal 4 can leverage the work from plan goal 1 to create employment opportunities.

Plan goal 1 is principally dissimilar to plan goal 4. The latter specifically mentions "employment opportunities;" conversely, the descriptors of "boost development and encourage growth" referenced in plan goal 1 are not limited to employment alone like plan goal 4. Both plan goal 1 and plan goal 4 are material goals that address the plan goals in their distinct, substantive, and meaningful ways.

Additionally, the City confirms that the SCCP addresses many other factors referred to in the Texas Department of Housing and Community Affairs (TDHCA) 2015 Qualified Allocation Plan. If TDHCA

*www.royse city.com*

wishes to discuss these other items as they relate to the Plan, we would be happy to present that information.

Please accept this letter confirming the Sabine Crock Community Plan has at least five distinct plan goals.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Carl Alsabrook', is written over a light blue rectangular background.

Carl Alsabrook  
City Manager



Exhibit B

Land Uses Map

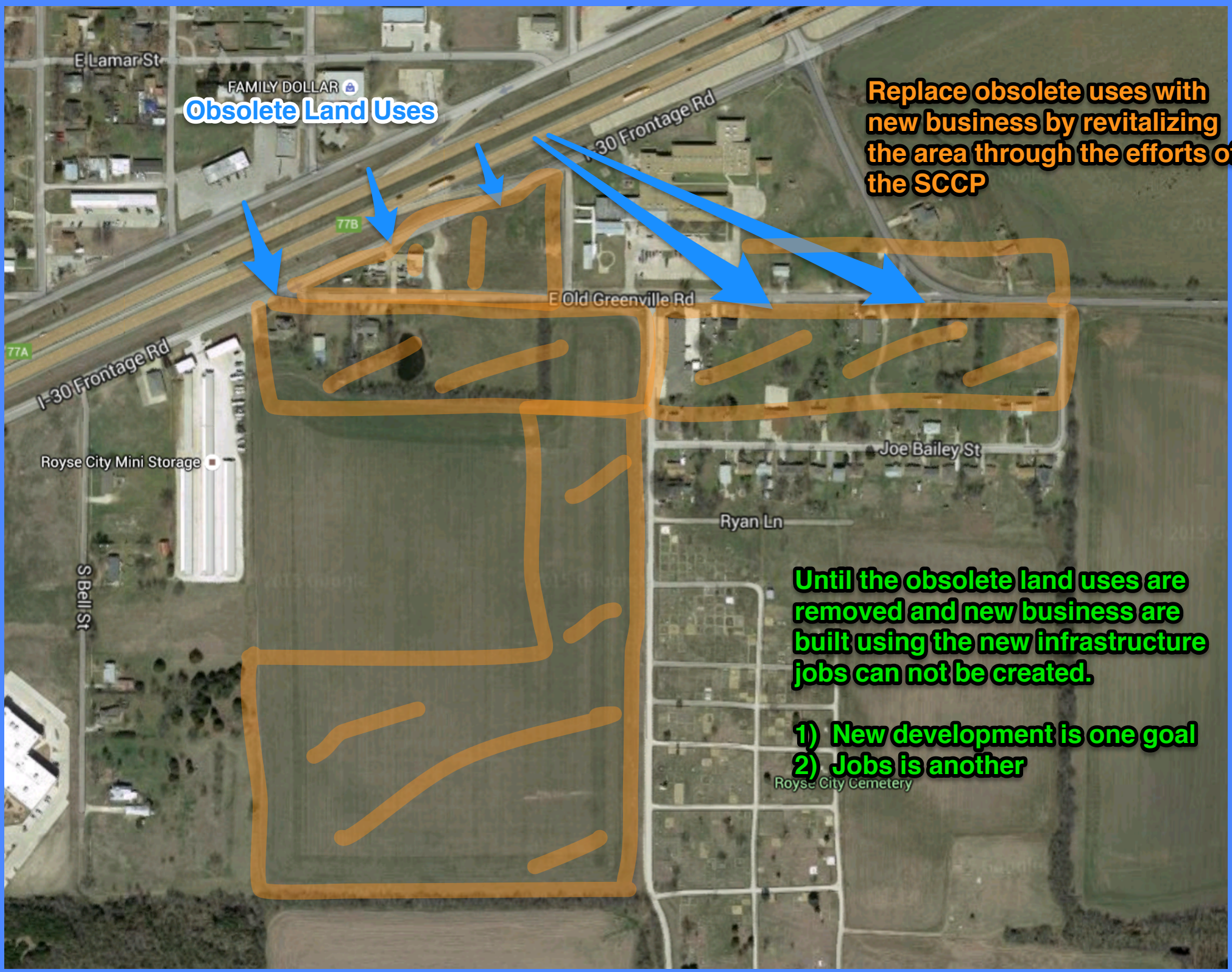
Obsolete Land Uses Photos

**Obsolete Land Uses**

**Replace obsolete uses with new business by revitalizing the area through the efforts of the SCCP**

**Until the obsolete land uses are removed and new business are built using the new infrastructure jobs can not be created.**

- 1) New development is one goal**
- 2) Jobs is another**





557 E Old Greenville Rd

Royse City, Texas

Street View - Sep 2013







E Old Green  
X







WAYNE FEEDS

LAN

200





Carl Alsabrook  
City Manager  
City Hall • 305 N. Arch St.  
P. O. Box 638  
Royse City, Texas 75189  
972-524-4824 • Fax 972-635-2434

February 24, 2015

Mariposa Greenville Road LP  
c/o Stuart Shaw  
901 S. Mopac Expressway, Bldg. IV, Ste. 180  
Austin, TX 78746

RE: Sabine Creek Community Plan (the "Plan")

Dear Mr. Shaw,

Pursuant to your request, please accept this letter as confirmation that the following is correct regarding the aforementioned Plan:

1. the Plan was duly adopted with the required public input process followed,
2. the funding and activity under the Plan has already commenced, and
3. The adopting municipality, the City of Royse City, has no reason to believe that the overall funding for the full and timely implementation of the Plan will be unavailable

If you have any questions or need anything further from the City, please do not hesitate to call me at 972-636-2250.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carl Alsabrook', written in a cursive style.

Carl L. Alsabrook  
City Manager  
City of Royse City

CITY OF ROYSE CITY, TEXAS  
RESOLUTION NO. 15-02-1085R

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROYSE CITY, TEXAS  
APPROVING AND ADOPTING THE SABINE CREEK COMMUNITY PLAN.**

**WHEREAS**, the City Council posted notices and conducted a public hearing regarding The Sabine Creek Community Plan, attached hereto as Exhibit "A"; and,

**WHEREAS**, the City Council has determined that it is in the interests of the City to approve and adopt The Sabine Creek Community Plan, attached hereto as Exhibit "A".

**NOW THEREFORE, BE IT RESOLVED BY THE CITY OF ROYSE CITY TEXAS,  
THAT:**

**Section 1.**

The recitals set forth above are incorporated herein for all purposes as if set forth in full.

**Section 2.**

The City of Royse City hereby approves and adopts The Sabine Creek Community Plan, attached hereto as Exhibit "A".

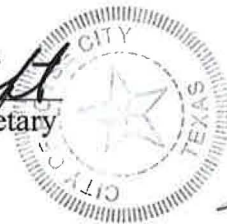
**PASSED AND APPROVED** by the City Council of the City of Royse City, Texas on this 24<sup>th</sup> day of February, 2015.


  
\_\_\_\_\_  
JERRELL BALY, Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
BRENDA CRAFT, City Secretary



  
\_\_\_\_\_  
JASON DAY, City Attorney

SABINE CREEK COMMUNITY PLAN  
City of Royse City, Texas

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## OVERVIEW

### Introduction

The Sabine Creek Community Plan ("SCCP" or "Plan") serves as a guiding document that articulates a vision for the SCCP in the City of Royse City, Rockwall County, Texas. Which will continue our mission to preserve our hometown atmosphere, to serve the community through responsible government and provide a safe environment, which promotes, enhances and develops a higher quality of life for our citizens.

### City, Neighborhood, & Plan History

On February 24, 2015, the City Council of Royse City, after having held a public hearing on the matter, authorized and approved the Plan for the SCCP, formalizing the community effort and acknowledging recent-past investment in the SCCP and establishing a vision for future investment.

Royse City is the  third largest city in Rockwall County. The current population is 9,349 and contains a total land area of approximately 6,737.2 acres. Royse City is located approximately 15 miles east of the outer fringes of the Dallas-Fort Worth Metroplex.

Royse City's location outside the pressures and restrictions of intense urban life, combined with its convenient position relative to local and regional economic and recreational centers, makes the City a stable and attractive community.

For both citizens living within the SCCP and the area surrounding the SCCP, the investment formalized and acknowledged within this Plan will be the basis of a high quality of life.

### Plan Goals

The Sabine Creek Community Plan provides for action items to address SCCP-specific Goals. These items; which were adopted by the City in a process providing for public input and an assessment of the factors in need of being addressed as a part of such Community Plan and are expected to invigorate the neighborhood in a substantive and meaningful way; are identified as follows:

1. Business Development: Boost development and encourage growth, continue to exist as a viable community, and commercial/industrial base will increase.
2. Robust Transportation and Infrastructure: Increase existing roadways, crossings, bridges and utilities to improve transportation and local infrastructure.
3. Public Services and Facilities: The infrastructure and development improvements will attract and encourage the addition of public services including, but not limited to, parks, additional fire fighters, and social and recreational facilities.
4. Employment: To encourage businesses to locate and provide employment opportunities. The rapid urban growth of the Dallas/Fort Worth metroplex and the increased opportunities for employment within this area has encouraged more people to locate on the peripheries of these metropolitan areas.
5. Diversity: Efforts to promote diversity, including multigenerational diversity, economic diversity, et cetera, where it has been identified in the planning process as lacking

NEIGHBORHOOD PROFILE

Target Area Location Characteristics

The SCCP target neighborhood is located generally in south-central Royse City. The neighborhood is bounded by I-30 to the north, Cemetery Road to the east, the Sabine Creek to the south, South Bell Street to the west; and covers approximately two (2) square miles.

TABLE 1: Plan Adoption Schedule & Community Outreach

<b>Meeting Type – Involvement and Purpose</b>	<b>Date</b>
City of Royse City Community Development Plan	May 2001
City of Royse City Strategic Land Use Plan	January 2005
2012-2013 Budget	September 2012
2013-2014 Budget	September 2013
2014-2015 Budget	September 2014
Sabine Creek Community Plan	February 2015
I30 Overpass and Water Line Extension at Wal-Mart	In Progress
380 Agreement with Wal-Mart Tract	In Progress

TABLE 2: Sources and Uses – SCCP Funding

<b>PROJECT</b>	<b>PLAN GOALS*</b>	<b>Budget</b>	<b>Funding Source</b>	<b>Status</b>
Pond Branch Sanitary Sewer	2, 3, 5	\$1,300,00	Royse City	October 2014
Community Development Corporation Budget	1, 4	\$91,000	Royse City	2014-2015
I-30 Water Line Extension	1, 3, 2, 5	\$1,400,000	Royse City Grant Funds and Private Funds	2014-2016
Street Rehabilitation Program	1, 2, 4	\$9,500,000	Bond Funds	Expected 2016-TBD
Total SCCP Investment		\$12,291,000		

\*PLAN GOALS ADDRESS BY PROJECTS ABOVE

1. Growth, 2. Transportation/Infrastructure, 3. Public Services and Facilities, 4. Employment, 5. Diversity



MAP 1: Target Area and Projects

The Concept Plan below is a graphical representation of the improvements proposed by the SCCP.



**CITY OF ROYSE CITY, TEXAS**  
**RESOLUTION NO. 15-02-1084R**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ROYSE CITY, TEXAS  
REGARDING MARIPOSA APARTMENT HOMES AT OLD GREENVILLE ROAD.**

**WHEREAS**, Mariposa Greenville Road LP has proposed a development for an apartment home community for active adults aged 55 and older located at approximately the southwest corner of East Old Greenville Road and Cemetery Road, Royse City, Rockwall County, TX 75189; and

**WHEREAS**, Mariposa Greenville Road LP has advised that it intends to submit an application to the Texas Department of Housing and Community Affairs (TDHCA) for Mariposa Apartment Homes at Greenville Road (#15012);

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROYSE CITY, TEXAS:**

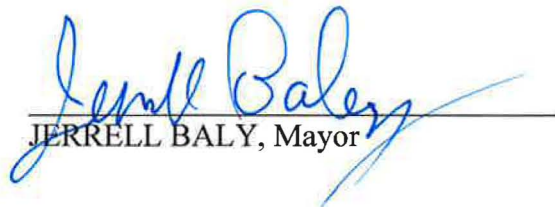
**Section 1.**

That the City of Royse City, acting through its Governing Body, hereby confirms that Mariposa Apartment Homes at Greenville Road most significantly contributes to the concerted efforts detailed in the Sabine Creek Community Plan adopted in February 2015 by the City of Royse City.

**Section 2.**

That for and on behalf of the City Council and Mayor Jerrell Baley are hereby authorized, empowered, and directed to certify these resolutions. This formal action has been taken to put on record the opinion expressed by the City of Royse City on February 24, 2015.

**PASSED AND APPROVED** by the City Council of the City of Royse City, Texas on this **24<sup>th</sup>** day of **February, 2015**.


  
JERRELL BALEY, Mayor

ATTEST:

APPROVED AS TO FORM:

  
BRENDA CRAFT, City Secretary



  
JASON DAY, City Attorney

15101

Reserves at Summit West

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules

**RECOMMENDED ACTION**

**WHEREAS**, a Competitive (9%) Housing Tax Credit application for Reserves at Summit West (#15101) was submitted to the Department by the Full Application Delivery Date;

**WHEREAS**, the Applicant claimed eligibility for points under 10 TAC §11.9(d)(1), related to Local Government Support;

**WHEREAS**, staff issued a scoring notice to the applicant, denying the points for Local Government Support;

**WHEREAS**, the Applicant has timely filed an appeal of the scoring notice;

**WHEREAS**, the Executive Director denied the appeal; and

**WHEREAS**, the applicant timely filed an appeal to the Governing Board

**NOW, therefore, it is hereby**

**RESOLVED**, that the appeal of the scoring notice for Reserve at Summit West (#15101) is hereby denied.

**BACKGROUND**

Reserve at Summit West, Application #15101, was denied points under §11.9(d)(1) of the 2015 Qualified Allocation Plan ("QAP"), related to Local Government Support, because the resolution from the City of Wichita Falls did not contain language "expressly setting forth that the municipality supports the Application or Development" as required under the scoring item.

The Applicant's appeal indicates that staff has erroneously interpreted this scoring item and that because there is no required format for support resolutions, the resolution from the City of Wichita Falls should entitle the Applicant to 17 points. It is true that resolutions of support are not required to be in any one particular format; however, as guidance the Department published templates for Applicants to use and/or reference when preparing Housing Tax Credit Applications with the instruction that "when used

(properly completed) for the explicit purpose indicated on the template, [the template resolution] will be accepted by staff as having satisfied the requirements of the applicable rule.” The template document specifies “that it is the responsibility of the person developing and using [alternative formats] to ensure that they meet applicable requirements and achieve the intended purpose.”

The template for support resolutions has the following language which, if used, would have qualified for the 17 points request: “the {name of city}, acting through its governing body, hereby confirms that **it supports the proposed {development name}** (*emphasis supplied*) {App #} located at {address} and that this formal action has been taken to put on record the opinion expressed by the {name of city} on {date}.”

The resolution from the City of Wichita Falls recites that the City put out a Request for Proposals (“RFP”) in order to award seven project based rental assistance Housing Choice Vouchers, and that the proposal from Overland Property Group, the developer of Reserves at Summit West, was “most responsive” to that RFP. However, the resolution never expressly supports Reserves at Summit West. The only mention of support is general in nature, not specific to the Reserves at Summit West, and comes in the first resolution clause which states “the governing body of the City of Wichita Falls supports the development of quality, affordable housing for its residents.”

During a preliminary review of the resolution in question, staff initially scored it as support, as confirmed by the “State Representative and Local Government Support” log posted to the Department’s website on April 16th. The Application subsequently received a challenge, in which it was pointed out that the resolution did not, in fact, expressly support the Application, as required under the scoring item. Documentation submitted with the challenge included correspondence from the Deputy City Manager which indicated that Mayor wrote “general letters of support” for the HTC Applications in Wichita Falls and that the resolution in question “was limited to a financial award.” The challenge documentation also included minutes from the meeting at which the resolution was passed. Those minutes made no mention of support.

Staff recommends denial of the appeal.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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GOVERNOR

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June 22, 2015

*Writer's direct phone # 512-475-3296  
Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)*

Francis S. Ainsa, Jr.  
Ainsa Hutson, LLP  
5809 Acacia Circle  
El Paso, TX 79912

RE: 15101 RESERVES AT SUMMIT WEST: SCORING NOTICE APPEAL

Dear Mr. Ainsa:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated June 3, 2015, of the scoring notice for the above referenced Application. This Application was denied points under §11.9(d)(1) of the 2015 Qualified Allocation Plan ("QAP"), related to Local Government Support, because the resolution from the City of Wichita Falls did not "expressly [set] forth that the municipality supports the Application or Development" as required under the scoring item.

Your appeal indicates that staff has erroneously interpreted this scoring item and that because there is no required format for support resolutions, the resolution from the City of Wichita Falls should entitle the Applicant to 17 points. It is true that resolutions of support are not required to be in any one particular format; however, as guidance the Department published templates for Applicants to use and/or reference when preparing Housing Tax Credit Applications with the instruction that "when used (properly completed) for the explicit purpose indicated on the template, [the template resolution] will be accepted by staff as having satisfied the requirements of the applicable rule." The template document specifies "that it is the responsibility of the person developing and using [alternative formats] to ensure that they meet applicable requirements and achieve the intended purpose."

The template for support resolutions has the following language which, if used, would have qualified for the 17 points request: "the {name of city}, acting through its governing body, hereby confirms that **it supports the proposed {development name}** (*emphasis supplied*) {App #} located at {address} and that this formal action has been taken to put on record the opinion expressed by the {name of city} on {date}."

The resolution from the City of Wichita Falls recites that the City put out a Request for Proposals ("RFP") in order to award seven project based rental assistance Housing Choice Vouchers, and that the proposal from Overland Property Group, the developer of Reserves at Summit West, was "most responsive" to that RFP. However, the resolution never expressly supports Reserves at Summit West. The only mention of support is general in nature, not specific to the Reserves, and comes in the first





resolution clause which states "the governing body of the City of Wichita Falls supports the development of quality, affordable housing for its residents."

It should be noted that during a cursory review of the resolution in question, staff initially scored it as support, as confirmed by the "State Representative and Local Government Support" log posted to the Department's website on April 16<sup>th</sup>. The Application subsequently was challenged, which pointed out that the resolution did not, in fact, expressly support the Application, as expressly required under the scoring item. Documentation submitted with the challenge included correspondence from the Deputy City Manager which indicated that Mayor wrote "general letters of support" for the HTC Applications in Wichita Falls and that the resolution in question "was limited to a financial award."

Your appeal is hereby denied.

You have indicated that you wish to appeal this decision directly to the Governing Board. Therefore, this appeal has been placed on the agenda for the next meeting scheduled for June 30, 2015. Should you have any questions, please contact Kathryn Saar, Competitive Tax Credit Program Administrator, at [kathryn.saar@tdhca.state.tx.us](mailto:kathryn.saar@tdhca.state.tx.us) or by phone at 512-936-7834.

Sincerely,



Timothy R. Irvine  
Executive Director



**AINSA HUTSON, LLP**  
ATTORNEYS AT LAW  
5809 Acacia Circle · El Paso, Texas 79912  
Tel: (915) 845-5300 · Fax: (915) 832-3547

Francis S. Ainsa Jr.

Email: [fain@acaciapark.com](mailto:fain@acaciapark.com)

June 3, 2015

Mr. Tim Irvine  
Executive Director  
Via Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)  
Ms. Kathryn Saar  
Via Email: [kathryn.saar@tdhca.state.tx.us](mailto:kathryn.saar@tdhca.state.tx.us)  
Texas Department of Housing and Community Affairs  
PO Box 13941  
Austin, TX 78711

Re: Reserves at Summit West  
TDHCA No. 15101  
Appeal of Scoring Notice determination, dated May 27, 2015, that Reserves at Summit West is not entitled to 17 points for the resolution from the City of Wichita Falls because it does not expressly support the development.

Dear Mr. Irvine and Ms. Saar:

I represent the Overland Property Group, LLC (“OPG”) in connection with its project known as the Reserves at Summit West (“Summit West”) in Wichita Falls, Texas (the “City”).

This letter constitutes a formal appeal to you as Executive Director of the determination made in the Scoring Notice, dated May 27, 2015, that the Reserves at Summit West is not entitled to 17 points for the local government support resolution from the City because it does not expressly support the development. I have attached a copy of Resolution No. 33-2015 from the City for your reference.

The basis for his appeal is that the staff has erroneously interpreted and applied §11.9 (d) (1) (A) (i) of the QAP in making its determination that: **“The resolution from the City of Wichita Falls, does not expressly support the development, rather affordable housing in general.”**

§11.9 (d) (1) (A) (i) of the QAP provides that the Application will receive seventeen (17) points **“for a resolution from the governing body of that municipality expressly setting forth that the municipality supports the Application or Development.”** The QAP does not require a resolution to be in any particular form and does not prohibit the resolution from also dealing with issues other than the support of the Application or Development.

Mr. Tim Irvine  
Ms. Kathryn Saar  
June 3, 2015  
Page 2

The staff has apparently based its deduction of points strictly on paragraph 1 of the Resolution, which states: **“The governing body of the City of Wichita Falls supports the development of quality, affordable housing for its residents.”** The staff has clearly taken the position that, since paragraph 1 does not mention the Development by name, the Resolution does not expressly support the Development as required by §11.9 (d) (1) (A) (i). Conversely, the staff did not consider other paragraphs in the Resolution to determine whether, if the Resolution is construed as a whole, it does expressly support the Application or Development.

The Resolution is subject to the same rules of construction that are applied by the courts to written instruments. In interpreting the Resolution, a court will determine the true intention of the City with respect to the support issue. A court will ascertain the true intention of the City by reviewing the language used in the Resolution. *Coker v. Coker*, 650 S.W.2d 391, 393 (Tex. 1983); *Heil Co. v. Polar Corp.*, 191 S.W.3d 805, 810 (Tex. App. – Fort Worth 2006, pet. denied). Ascertaining the true intention of the City is achieved by examining and considering the entire Resolution and making an effort to harmonize and give effect to all of its provisions so that none will be rendered meaningless. *Coker*, 650 S.W.2d at 393. A Court will presume that the City intended that every clause have some effect. *Heritage Res., Inc. v. Nations Bank*, 939 S.W.2d 118, 121 (Tex. 1996); *XCO Prod. Co. v. Jamison*, 194 S.W.3d 622, 627 (Tex. App.-- Houston [14<sup>th</sup> Dist.] 2006, pet. denied). In addition, a court will give the words and phrases in the Resolution their plain, ordinary and generally accepted meaning unless the Resolution shows that the City used words and phrases in a different sense. *Heritage Res.*, 939 S.W.2d at 121. A court will give effect to the language of the Resolution in a manner that effectuates the Resolution’s spirit and purpose, considered as a whole and interpreted so as to harmonize and give meaning to all of its provisions. *Rowan Companies v. Wilmington Trust Co.*, 305 S.W.3d 698 (Texas App. – Houston [14<sup>th</sup> Dist.], pet. for review pending) (citing *Arizona v. United States*, 575 F.2d 855, 863, 216 Ct. Cl. 221 (Ct. Cl. 1978)). These principles of construction are applied in the discussion below.

Clearly, §11.9 (d) (1) (A) (i) does not require that the words evidencing the support of the Development appear in the same sentence. The requirement is simply that the resolution expressly supports the Development. This can only mean that the Resolution must be construed in its entirety to determine if it contains language **“. . . expressly setting forth that the municipality supports the Application or Development.”**

In this regard, the Resolution expressly identifies the Development known as the Reserves at Summit West both in the heading and in the first WHEREAS paragraph. Even though paragraph 1, which contains the word **“supports,”** does not mention the Reserves at Summit West by name, it is unreasonable to conclude that that the phrase **“supports the development of quality, affordable housing for its residents”** is not expressly referring to the Reserves at Summit West. The entire Resolution is for the sole benefit of the Reserves at Summit West and not **“. . . affordable housing in general”** as was concluded by the staff. Put another way, what could paragraph 1 of the Resolution reasonably be referring to other than the Reserves at Summit West? The Resolution was clearly not prepared to tout quality,

Mr. Tim Irvine  
Ms. Kathryn Saar  
June 3, 2015  
Page 2

affordable housing in general. It was prepared to award the Reserves at Summit West Housing Choice Vouchers and to declare that the City expressly supports this particular Development. Any other interpretation fails to give effect to the true meaning of the Resolution, which can be easily ascertained by reading it as a whole.

OPG respectfully requests that you grant this appeal and restore the award of 17 points for a resolution of local government support to the Reserves at Summit West.

Very truly yours,

  
Francis S. Amfo Jr.

FSA/lb

Encs.

cc: Mr. Brett Johnson  
Ms. Audrey M. Watson  
Ms. Alyssa Carpenter

**Resolution No. 33-2015**

**Resolution awarding seven (7) project based rental assistance Housing Choice Vouchers for a proposed affordable housing project at 4620 Barnett Road named Reserves at Summit West**

WHEREAS, Overland Property Group has proposed a development for a new affordable multi-family housing development at 4620 Barnett Road, named Reserves at Summit West in the City of Wichita Falls, Wichita County, Texas; and,

WHEREAS, the City has been awarded seven (7) project based rental assistance Housing Choice Vouchers from the Department of Housing and Urban Development that can be awarded to an affordable housing project; and,

WHEREAS, the City requested proposals from developers who expressed an interest in the vouchers; and,

WHEREAS, after review of those proposals, the City has determined that the proposal submitted by the Overland Property Group for the proposed project at 4620 Barnett Road named Reserves at Summit West to be the most responsive proposal.


NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WICHITA FALLS, TEXAS, THAT:

1. The governing body of the City of Wichita Falls supports the development of quality, affordable housing for its residents.
2. The City of Wichita Falls, acting through its governing body, hereby confirms the award of seven (7) project based rental assistance Housing Choice Vouchers for the proposed Reserves at Summit West development to be located at 4620 Barnett.
3. The City of Wichita Falls reserves the right to void the assignment of the project based rental assistance Housing Choice Vouchers to Reserves at Summit West at 4620 Barnett Road should the proposed project not be completed by February 2017.
4. This resolution shall take effect immediately from and after its passage.

PASSED AND APPROVED this the 17<sup>th</sup> day of March, 2015.

  
MAYOR

ATTEST:

  
City Clerk

A



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**Housing Tax Credit Program - 2015 Application Round**  
**Scoring Notice - Competitive Housing Tax Credit Application**

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**Appeal Election Form: 15101, Reserves at Summit West**

Note: If you do not wish to appeal this notice, you do not need to submit this form.

I am in receipt of my 2015 scoring notice and am filing a formal appeal to the Executive Director on or before Wednesday, June 3, 2015.

**If my appeal is denied by the Executive Director:**

I do wish to appeal to the Board of Directors and request that my application be added to the Department Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. If no additional documentation is submitted, the appeal documentation to the Executive Director will be utilized.

I do not wish to appeal to the Board of Directors.

Signed

  
Francis S. Ainsa Jr.

Title

Attorney for Reserves at Summit West

Date

June 3, 2015

Please email to Kathryn Saar:

<mailto:kathryn.saar@tdhca.state.tx.us>

15135

Columbia at Renaissance Square

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules

**RECOMMENDED ACTION**

**WHEREAS**, a Competitive (9%) Housing Tax Credit application for Columbia at Renaissance Square (#15135) was submitted to the Department by the Full Application Delivery Date;

**WHEREAS**, the applicant claimed eligibility for points under 10 TAC §11.9(c)(5), related to Educational Excellence;

**WHEREAS**, staff issued a scoring notices to the applicant, denying the points for Educational Excellence;

**WHEREAS**, the applicants timely filed an appeal of the scoring notice;

**WHEREAS**, the Executive Director denied the appeal; and

**WHEREAS**, the applicant timely filed an appeal to the Governing Board

**NOW, therefore, it is hereby**

**RESOLVED**, that the appeal of the scoring notice for Columbia at Renaissance Square (#15135) is hereby denied.

**BACKGROUND**

The Department received an application for Columbia at Renaissance Square (#15135) located in Fort Worth, urban region 3. The application included a request for the maximum three (3) points under §11.9(c)(5) of the 2015 Qualified Allocation Plan ("QAP"), which requires that, for applications located outside region 11, the development site be located in attendance zones of at least two schools that achieved a 77 or greater on index 1 of the performance index, related to student achievement, by the Texas Education Agency, provided that those schools also have a Met Standard rating. Specifically, if the site is in the attendance zone of an elementary school and either a middle school or high school with the appropriate ratings, then the application is eligible for one (1) point. If the site is in the attendance zone of a middle school and high school with the appropriate ratings, then the application is also eligible for one (1) point. Finally, if the site is in the attendance zones of all three types of schools with the appropriate ratings, then the application is eligible for three (3) points. The rule states, with respect to which schools will be considered when evaluating points, the following:



“An attendance zone does not include schools with district-wide possibility of enrollment or no defined attendance zones, sometimes known as magnet schools. However, in districts with district-wide enrollment an Applicant may use the lowest rating of all elementary, middle, or high schools, respectively, which may possibly be attended by the tenants. In districts with “choice” programs, where students can select one or more schools in the district that they wish to attend, an Applicant may use the district rating.”

The QAP also calls for staff to look to the conventions of the Texas Education Agency (“TEA”) for defining elementary schools (typically grades K-5 or K-6), middle schools (typically grades 6-8 or 7-8) and high schools (typically grades 9-12), when determining which school ratings are appropriate to review when assessing eligibility for points. The subject site is within the traditional attendance zones within the Fort Worth Independent School District. The district does not have a “choice” program or any unconventional way of determining which public school children will attend. Specifically, the site is in the attendance zone of Mitchell Boulevard elementary school, which has an index 1 score of 63 and a Met Standard rating. It is also in the attendance zones of Morningside Middle School, with an index 1 score of 55 and Polytechnic High School, with an index 1 score of 59, both of which have an Improvement Required accountability rating.

The Applicant’s appeal and original application submission state that the application should be eligible for points because the students in the proposed development will have the opportunity to attend Uplift Mighty Prep, a public charter school within 0.1 mile of the development. While the Department does not concede that it is appropriate to use the rating of Uplift Mighty Prep, it is noted that the school has an index 1 score of 59 with a Met Standard rating; therefore it would not count toward points under this scoring item even if the rating were considered. The application and appeal further state that, because Uplift Mighty Prep currently only serves grades K-3 and 6-8 that the Department should consider the rating of the Uplift Education district, specifically, the Uplift Education-Summit International District, which has an index 1 score of 77 and a Met Standard accountability rating. The Applicant’s reasoning is that, since Uplift Might Prep serves grades that would not fit under the TEA’s conventions for defining types of schools, that the school’s own rating should not be considered. Staff does not find this method of determining eligibility for points as appropriate under the rule. First, the development is clearly located within traditional attendance zones of three public schools, so it is difficult to justify looking beyond the ratings of those schools. Second, the rating of the particular school in question, to which the Applicant argues that the students are more likely (or even guaranteed) to attend through a geographic preference, did not achieve an appropriate score in order to qualify the application for points. Third, because all of the grade levels are not served by Uplift Mighty Prep, it seems even more appropriate to look to the Fort Worth ISD schools to determine eligibility for points. Finally, while there is a specific circumstance (that is districts with “choice” programs) under the rule where a district rating would be applied, this scenario does not call for such treatment.

Staff recommends denial of the appeal.

**The applicant for TDHCA Project #15135 believes that the subject development, Columbia at Renaissance Square, should be awarded 3 points in the Educational Excellence Category for the following reasons:**

1. Uplift Mighty Prep should be included in consideration for Educational Excellence. Uplift Mighty Prep is a public charter school that has adopted a policy to ensure attendance eligibility for any K-12 student living in the proposed development site.
2. While Uplift Mighty Prep currently offers fragmentary grades, Uplift Mighty Prep will offer the full continuum grades K-12 on its Renaissance campus beginning with the fall term of 2017. This coincides with the beginning of occupancy for residents of the proposed development site.
3. Any TEA ratings of Uplift Mighty Prep prior to the 2017-18 school year will be for fragmentary grades and not reflective of a “complete school.” Therefore, consistent with the guidance provided by the QAP, we have used the rating for the Uplift Education Summit School District.

### **Summary**

- Columbia at Renaissance Square is part of Renaissance Heights United – a holistic, neighborhood revitalization initiative that is based on a proven model. Renaissance Heights United and its partners are committed to connecting children and families living in the target area of investment (Columbia at Renaissance Square) with the resources and opportunities they need to thrive. Children and families living at Columbia at Renaissance Square will be within walking distance of a full-service grocery store, numerous community health and wellness programs, and a K-12 neighborhood school—Uplift Mighty Prep.
- Any child living at Columbia at Renaissance Square will be able to attend Uplift Mighty Prep, the Uplift school located adjacent to Columbia at Renaissance Square. This commitment has been memorialized by the Uplift Education Board of Directors.
- By the time children (and families) are living at Columbia at Renaissance Square, Uplift Mighty Prep will offer grades K-12, the full range of grades the QAP instructs applicants to consider when determining educational excellence. Therefore, we are requesting an award of 3 points for Educational Excellence based on Uplift Mighty Prep, without regard to other schools.
- In 2013-14, the school year that the QAP instructs applicants to use as a basis for determining education excellence, Uplift Mighty Prep offered grades K-3 and 6-8. In lieu of using the rating for fragmentary grades, we used the rating for the Uplift Education district in which Uplift Mighty Prep resides because, pursuant to the requirements of the QAP, “all grades K-12 must be considered.” The Uplift Education district rating is more reflective of what Uplift Mighty Prep will be like in 2017 when

children and families are living at Columbia at Renaissance and Uplift Mighty Prep is offering grades K-12. In 2014, the district, Uplift Education Summit International School District, received a “Met Standard” accountability rating and achieved an Index 1 score of 77.

- The QAP provides that “A **school** that has never been rated by the Texas Education Agency will use the district rating”. We believe that, in this context, “school” means more than a set of fragmentary grade – we believe that it means the full offering of K-12. Therefore, we have used the rating for the Uplift Education Summit School District, which offers the continuum of grades K-12. As noted above, in 2014 this district received a “Met Standard” accountability rating and achieved an Index 1 score of 77.
- Uplift Education and specifically its Summit International School District’s track record gives us great confidence that Uplift Mighty Prep is an ideal education option for a children and families living at Columbia at Renaissance. Uplift schools serve all students incredibly well, especially students from low income families.

Presented below is additional supportive about the transformative neighborhood revitalization initiative, Renaissance Heights United, the positive impact the initiative will have on children and families living at Columbia at Renaissance Square, and why we believe application 15135 should be awarded three education excellence points.

### **Overview of Renaissance Square**

Columbia at Renaissance Square and Uplift Mighty Prep are an integral part of Renaissance Heights United – a holistic, neighborhood revitalization initiative that is based a model that has proven to be very effective in helping children succeed. The Renaissance Heights United partners are committed to connecting children and families living in the target area of investment (at Columbia at Renaissance Square) with the resources and opportunities they need to thrive.

Renaissance Heights United is based on the Purpose Built Communities model. Under this model, mixed-income housing is built, a cradle-to-college pipeline is established and nurtured, and community health and wellness programs are introduced – all within a defined neighborhood. To achieve long-term success, a locally-led organization, who serves at the initiative’s “community quarterback,” works with all the partners to ensure that, through coordinated efforts, the desired outcomes are achieved.

Within the 200 acre target area of investment, all of the components of the Purpose Built model are in place except for one – the only missing piece is mixed-income housing. To date, much has been accomplished.

- The cradle-to-college education pipeline has been established. More specifically, Uplift Mighty Prep, a K-12 public charter school with its campus a short walk from the

proposed mixed-income housing site, is committed to ensuring students living in the mixed-income housing will be able to attend the school. Uplift's Board of Directors has officially adopted a resolution to ensure any student living in the mixed-income housing will be able to attend Uplift Mighty. The YMCA has committed to providing a comprehensive early learning facility.

- Many quality community wellness programs and facilities exist on site and in close proximity to Renaissance Heights. ACH Child and Family Services and Cook Children's Health Care are currently operating on site. In early 2016, the YMCA of Metropolitan Fort Worth will break ground on a \$12 million facility that will include an early learning center and Olympic-sized outdoor aquatics facility.
- Texas Wesleyan University and a Federally Qualified Health Center, North Texas Area Health Community Health Centers, have facilities close to Renaissance Heights. UNT Health Center is operating a mobile pediatric clinic in the neighborhood.
- More than \$100 million have been invested in the Shoppes at Renaissance which provide a broad range of services and job opportunities. The Shoppes include a Wal-Mart Supercenter, offering fresh food and groceries in a neighborhood that was previously a food desert.
- Renaissance Heights Development Group has been established as the community quarterback organization. Board members of Renaissance Heights Development Group include executives from Cook Children's, ACH Children & Family Services, the YMCA of Metropolitan Fort Worth, Uplift Education, Texas Wesleyan University and United Communities (representing all nearby neighborhood organizations). The Board and the Advisory Committee recently participated in a successful planning retreat to develop the partnership's first long-term strategic plan.

The only "missing piece" of the Purpose Built Communities model is mixed-income housing – which is simply not possible to build without 9% tax credits. Renaissance Heights United shares TDHCA's view that affordable housing should be located in places that provide the children and families living there with the opportunities they need to thrive. Given what has already occurred on the 200 acres and what more is planned, we know children and families living in mixed-income housing located at Renaissance Heights will be very well served.

As stated above, we believe that application 15135, Columbia at Renaissance Square, should be awarded 3 points for Educational Excellence. We have detailed our reasoning below.

### **Overview of the Uplift Education System**

Uplift Mighty Prep is a public school with the sole objective of providing students and their families with a seamless education experience that helps students reach their full potential by ultimately preparing them to be successful in college and career. The school is part of the

Uplift Education Summit International School District and the Uplift Education System that operates 28 schools across the Dallas-Fort Worth Metroplex serving 9,500 students. Most Uplift students come from low-income families.

Each Uplift school is committed to ensuring 100% of their students graduate with at least one college acceptance. This goal is being realized and students have access to transformative opportunities as a result. **All 389 members of the Class of 2014 were accepted to a 4-year college securing more than \$67 million in scholarship and grant money to help make their dreams a reality.** Many of these students were the first in their family to attend college.

Once in college, Uplift provides their alumni with additional support to ensure they graduate. According to the Bill and Melinda Gates Foundation, only 8% of students from low income families will earn a college degree within six years of graduation. Most Uplift graduates are low income, but significantly more than 8% will graduate college. **87% of the Class of 2011 is in college making progress towards a life-changing milestone that will help them access many more opportunities, a college education.** By 2018, 63% of all jobs will require a college education. Additionally, college education doubles an individual's earning potential and decreases the likelihood they will find themselves unemployed.

Knowing that most of the children living in affordable housing are low-income, Uplift's track record gives us confidence that Uplift Mighty Prep is a great option to provide them with the education they need to thrive.

### **Overview of Uplift Mighty Prep**

Uplift Mighty Prep has made a commitment to be a **neighborhood** school and therefore has adopted an enrollment policy that provides for priority admittance to students from the primary geographic boundary relative to the admittance status of students living outside the primary geographic boundary. These boundaries constitute the "defined attendance zone" for Uplift Mighty Prep. As documentation of this policy, please refer to the attached "Resolution in Support of Preference/Primary Boundary for Uplift Mighty Prep..." which formalizes a policy to ensure that any child living within Columbia at Renaissance Square will have the opportunity to attend Uplift Mighty Prep.

The close proximity of Uplift Mighty Prep to the Development Site (less than 0.1 of a mile) is a real plus. This proximity makes it easier for families living at Columbia at Renaissance Square to attend events at the school and engage more fully in their child's educational experience. Additionally, it encourages healthy living by making walking to school a safe and realistic option.

Uplift Mighty Prep offered grades K-3 and 6-8 in 2013-14. Consistent with the successful approach taken by other newly established schools within the Uplift System, Uplift Mighty Prep is adding additional grades each year. By the fall of 2017, Uplift Mighty Prep will offer grades K-12 on its Renaissance campus. This coincides with the beginning of occupancy for

residents of Columbia at Renaissance Square. In other words, by the time children and families call Columbia at Renaissance Square home, Uplift Mighty Prep will offer grades K-12. For this reason, we are not considering more than one school to determine education excellence.

We share TDHCA's view that "all grades K-12 must be included" when determining whether or not a family will have access to educational opportunities that are "excellent." In 2013-14, the school year the QAP instructs applicants to use to determine education excellence, Uplift Mighty Prep offered grades K-3 and 6-8. We have used the district rating because "all grades K-12 must be included." The district rating provides a more accurate and complete understanding of what Uplift Mighty Prep will be like in 2017 when children and families are living at Columbia at Renaissance and Uplift Mighty Prep is offering grades K-12. In 2014, the district, Uplift Education Summit International School District, received a "Met Standard" accountability rating and achieved an Index 1 score of 77.

Furthermore, any TEA ratings of Uplift Mighty Prep prior to the 2017-18 school year will be for individual grades and not reflective of a "complete school." Consistent with the guidance provided by the QAP – "A **school** that has never been rated by the Texas Education Agency will use the district rating" – we have used the rating for the Uplift Education Summit School District, which offers the continuum of grades K-12. As noted above, in 2014 this district received a "Met Standard" accountability rating and achieved an Index 1 score of 77.

Our confidence regarding Uplift Mighty Prep's capacity is further strengthened by the track record of schools within the Uplift Education network.

- The 15 Uplift Education schools that currently offer the full range of grades had an average Index 1 score of 82 for 2014.
- Low-income students attending Uplift schools have outperformed their peers across the state. In 2013-14, the statewide gap between all students and low-income students was 8 percentage points. The gap between all students and low-income students at Uplift was only 2 percentage points. Acknowledging that most of the children living in affordable housing are low-income, this gives us assurance that children living at Columbia at Renaissance will be well-served by attending Uplift Mighty Prep.

Thank you for your consideration. We look forward to the opportunity to share our thinking and answer any questions on or before the TDHCA Board Meeting on June 30<sup>th</sup>.

**TEXAS EDUCATION AGENCY**  
**2014 Accountability Summary**  
**UPLIFT EDUCATION-SUMMIT INTERNATIO (220816)**

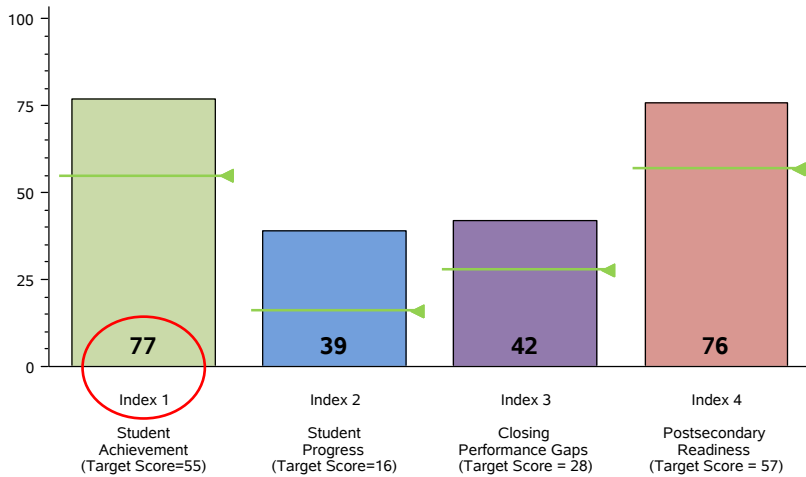
This is district rating for Summit International in Tarrant Country per TEA website. -LC

**Accountability Rating**  
**Met Standard**

<p><b>Met Standards on</b></p> <ul style="list-style-type: none"> <li>- Student Achievement</li> <li>- Student Progress</li> <li>- Closing Performance Gaps</li> <li>- Postsecondary Readiness</li> </ul>	<p><b>Did Not Meet Standards on</b></p> <ul style="list-style-type: none"> <li>- NONE</li> </ul>
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**Performance Index Report**

**Distinction Designation**



<b>Postsecondary Readiness</b>
Percent of Eligible Measures in Top Quartile 7 out of 12 = 58%
<b>NO DISTINCTION EARNED</b>

**Performance Index Summary**

**System Safeguards**

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	3,114	4,023	77
2 - Student Progress	1,092	2,800	39
3 - Closing Performance Gaps	1,256	3,000	42
4 - Postsecondary Readiness			
STAAR Score	12.9		
Graduation Rate Score	25.0		
Graduation Plan Score	25.0		
Postsecondary Indicator Score	13.5		76

Number and Percent of Indicators Met	
Performance Rates	32 out of 35 = 91%
Participation Rates	17 out of 17 = 100%
Graduation Rates	1 out of 1 = 100%
Met Federal Limits on Alternative Assessments	1 out of 1 = 100%
<b>Total</b>	<b>51 out of 54 = 94%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>



# TEXAS EDUCATION AGENCY 2014 Accountability Summary

UPLIFT MIGHTY PREP (220816002) - UPLIFT EDUCATION-SUMMIT INTERNATIO

## Accountability Rating

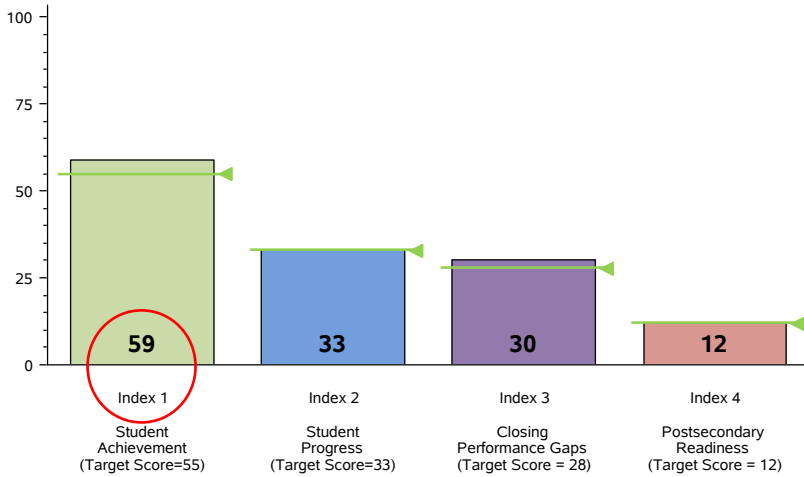
**Met Standard**

## Distinction Designation

Met Standards on	Did Not Meet Standards on
<ul style="list-style-type: none"> <li>- Student Achievement</li> <li>- Student Progress</li> <li>- Closing Performance Gaps</li> <li>- Postsecondary Readiness</li> </ul>	<ul style="list-style-type: none"> <li>- NONE</li> </ul>

Academic Achievement in Reading/ELA
NO DISTINCTION EARNED
Academic Achievement in Mathematics
NO DISTINCTION EARNED
Academic Achievement in Science
NO DISTINCTION EARNED
Academic Achievement in Social Studies
NO DISTINCTION EARNED
Top 25 Percent Student Progress
NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED
Postsecondary Readiness
NO DISTINCTION EARNED

## Performance Index Report



## Campus Demographics

Campus Type	Elementary
Campus Size	553 Students
Grade Span	KG - 08
Percent Economically Disadvantaged	86.1%
Percent English Language Learners	33.6%
Mobility Rate	13.8%

## Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	512	875	59
2 - Student Progress	529	1,600	33
3 - Closing Performance Gaps	474	1,600	30
4 - Postsecondary Readiness			
STAAR Score	11.7		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Indicator Score	N/A		12

## System Safeguards

### Number and Percent of Indicators Met

Performance Rates	13 out of 23 = 57%
Participation Rates	12 out of 12 = 100%
Graduation Rates	N/A
<b>Total</b>	<b>25 out of 35 = 71%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

# TEXAS EDUCATION AGENCY 2014 Accountability Summary

MITCHELL BOULEVARD EL (220905144) - FORT WORTH ISD

This is the nearest public elementary school to the subject site. This was not presented by the applicant. - bps

## Accountability Rating

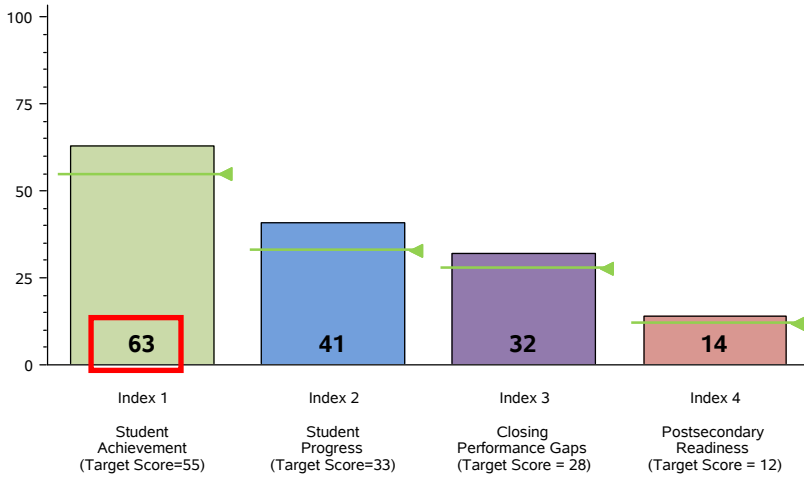
**Met Standard**

## Distinction Designation

Met Standards on	Did Not Meet Standards on
<ul style="list-style-type: none"> <li>- Student Achievement</li> <li>- Student Progress</li> <li>- Closing Performance Gaps</li> <li>- Postsecondary Readiness</li> </ul>	<ul style="list-style-type: none"> <li>- NONE</li> </ul>

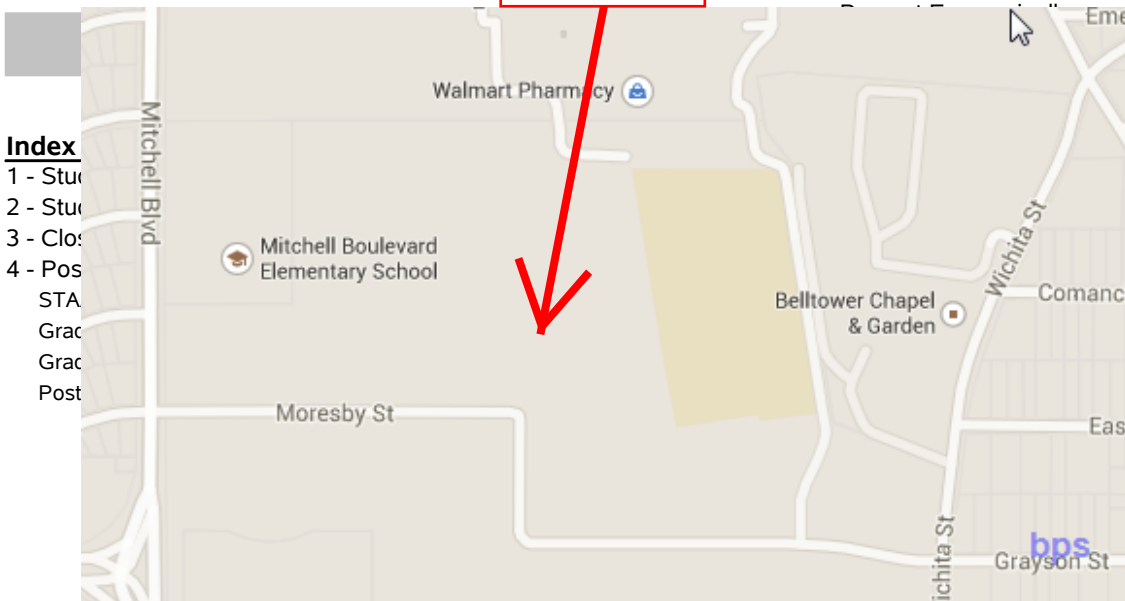
Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

## Performance Index Report



## Campus Demographics

Campus Type	Elementary
Campus Size	478 Students
Grade Span	<b>EE - 05</b>



## Safeguards

### Percent of Indicators Met

15 out of 17 = 88%
10 out of 10 = 100%
N/A
<b>25 out of 27 = 93%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>



February 25, 2015

Mr. Cameron Dorsey  
Deputy Executive Director of Multifamily Finance and Fair Housing  
Texas Department of Housing & Community Affairs  
P.O. Box 13941  
Austin, TX 78711-3941

Re: Columbia @Renaissance Square, TDHCA #15135  
3801 W.G. Daniels Drive, Fort Worth, Tarrant County, TX 76229

Dear Mr. Dorsey:

Uplift Education, on behalf of our school, Uplift Mighty Preparatory in Fort Worth, wishes to express our support of Columbia at Renaissance Square, a proposed affordable and mixed-income multifamily development to be located in southeast Fort Worth. We are writing in support of the competitive tax credit application submitted to your agency for the development.

I am Chief Administrative Officer of Uplift Education, a Texas nonprofit corporation, which is the charter holder and operator of Uplift Mighty Preparatory, a public charter school, located within the larger tract of land where the Columbia housing is planned. Uplift Mighty opened in 2013 with grades K, 1, 2, and 6 & 7 and currently serves grades K-4 and 6-9. The school will eventually serve Kinder through 12<sup>th</sup> grade. We are in the process of constructing a new middle/high school building on the property.

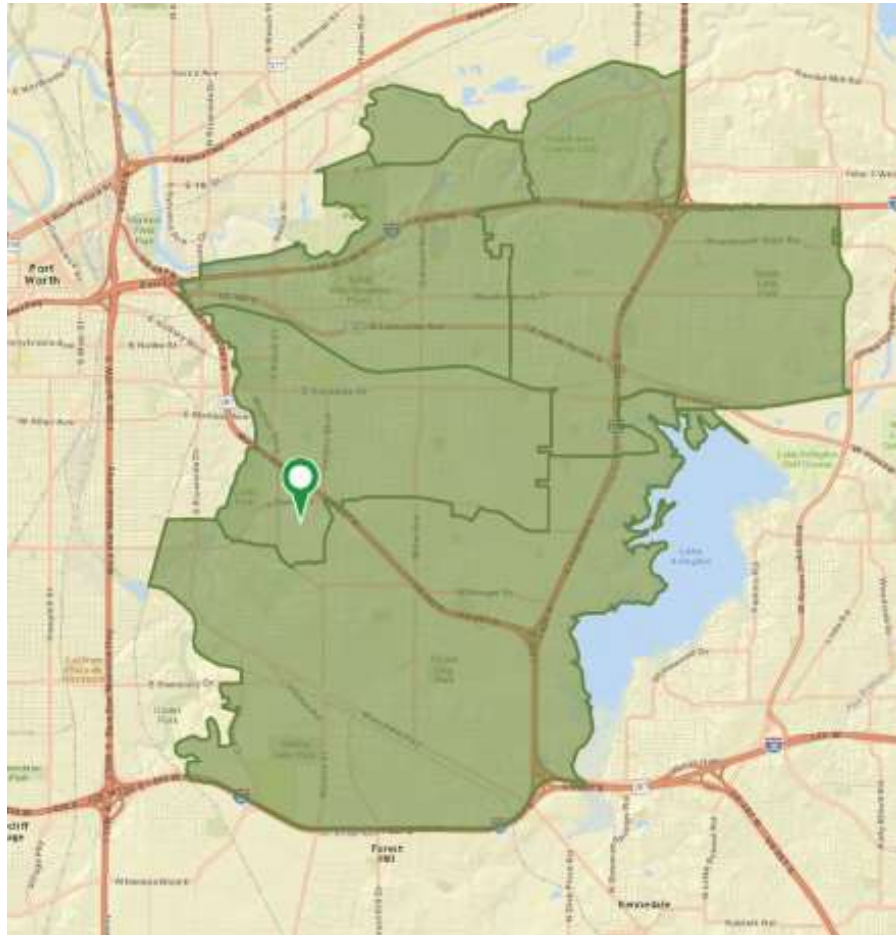
As a public charter school, Uplift Mighty provides a free public education to families within our geographic boundary. To ensure we serve the community where Uplift Mighty is located, we have established a primary or preference boundary which includes the zip codes 76103, 76105, 76112, and 76119. This preference boundary ensures that families within those zip codes will have the first opportunity to attend Uplift Mighty.

We are pleased to lend our support to this affordable housing community within our service area and ask that you give favorable consideration to allocation of housing tax credits.

Sincerely,

Ann Stevenson  
Chief Administrative Officer  
469-621-8528  
[astevenson@uplifteducation.org](mailto:astevenson@uplifteducation.org)

SCHOOL ATTENDANCE ZONE MAP



**Uplift Education Summit International School District  
Primary Enrollment Boundaries Encompass the Following Zip Codes**

**76103**

**76105**

**76112**

**76119**

**TDHCA 2015 9% TAX CREDIT ALLOCATION ROUND APPLICATION FOR  
COLUMBIA AT RENAISSANCE SQUARE: PROJECT #15135**

**RATIONALE FOR EDUCATIONAL EXCELLENCE POINTS**

Columbia at Renaissance will be a unique mixed-income housing development that will be intentionally connected with a range of high-quality programs and facilities all run by organizations that have made a deep commitment to both the neighborhood and the people that call it home. This includes all the children and families that will one day call Columbia at Renaissance Square home.

One of these organizations is Uplift Education which has a track record of educational excellence which is reflected in their accountability rating and Index 1 score. Uplift Mighty Prep, deeply committed to the neighborhood and those that call it home, will offer grades K-12 providing students and their families with a seamless education experience that helps students reach their full potential ultimately preparing them to be successful in college and career.

**History**

For nearly 100 years, the Mason Heights area in southeast Fort Worth functioned as an orphanage operated by the Masonic Lodge. When funding for the orphanage dried up, the Masons closed the orphanage and then sold the land in 2005.

**Progress to Date**

Today the area is home to a 180 acre master-planned, mixed-use development 4 miles southeast of downtown Fort Worth. To date, more than \$125 million has been invested in infrastructure with more to come. Currently there is 330,000 square feet of retail space which provides neighborhood residents close proximity to a grocery store and other retail/commercial entities which to date has created in excess of 600 jobs with more to come.

ACH Child and Family Services, Columbia Residential, Cook Children's Health Care System, The Shoppes at Renaissance Square, Uplift Education, and the YMCA have built or are building major facilities within the 180-acre planned master development. North Texas Area Community Health Centers, Inc. and Texas Wesleyan University are located close to and looking forward to servicing the residents of Renaissance and UNT Health Science Center currently is operating a mobile clinic in the neighborhood.

Because of the complex nature of this cross-sector work a nonprofit "community quarterback," Renaissance Heights Development Group, has been created. Renaissance Heights Development Group focuses solely on the shared vision of the Renaissance Heights United partners. Through ongoing coordination and collaboration we will ensure the housing, education, and wellness components are successful and sustainable as we, together, provide the resources children and families need to thrive.

### A High-Quality K-12 Education Pipeline for Students Living at Columbia at Renaissance

We are claiming 3 Points Per Section 11.9 [5](A) because a K-12 public charter school exists within the Renaissance Square development site. The school, Uplift Mighty Prep, is part of the Dallas-Fort Worth based Uplift Education Network and specifically in the Uplift Summit International District, with a record of educational excellence which is reflected in their accountability rating and Index 1 score.

Uplift Mighty Prep is a public charter school that will offer grades K-12. The campus is a short walk from Columbia at Renaissance (less than 0.1 of a mile). The school has made commitment to serve students from the neighborhood which is reflected in the geographic preference which is inclusive of the site for Columbia at Renaissance. This geographic preference gives applicants within the preference boundary first opportunity for admission.

Uplift Mighty Prep is in the process of “build out” meaning that the school is not yet offering the full range of K-12. In 2013-14, grades K-3 and 6-8 were offered. The number of grades will be increased each year so that by 2017-18, the first full school year families would be occupying Columbia at Renaissance Square, Uplift Mighty Prep will be offering grades K-12. In fact, Uplift Mighty is currently building the infrastructure to support grades K-12.

We believe, consistent with the QAP, that all grades K-12 should be considered when determining education excellence. We are committed to creating a high-quality cradle-to-college education pipeline which will begin at birth with high-quality early learning and continue through 12<sup>th</sup> grade. Our goal is to provide students and their families with a seamless education experience that helps students reach their full potential ultimately preparing them to be successful in college and career. Such a goal can only be achieved through an education pipeline that begins at birth with high-quality early learning and continues through 12<sup>th</sup> grade.

Given our desire to consider all grades K-12, we believe that Uplift Mighty Prep’s capacity is best reflected by the broader Uplift Education district in which Uplift Mighty Prep resides. Uplift Mighty Prep is part of the Uplift Education-Summit International District (220816). In 2014 this district received a **“Met Standard” accountability rating** and an **Index 1 score of 77**. Our confidence regarding Uplift Mighty Prep’s capacity is further strengthened by other schools in the Uplift Education network. The 15 Uplift Education schools that are offering the full range of grades they plan to **average an Index 1 score of 82**.

**RATIONALE FOR EDUCATIONAL EXCELLENCE POINTS FOR  
COLUMBIA AT RENAISSANCE SQUARE  
TDHCA APPLICATION #15135**

*TDHCA Deficiency Question #3: Please explain how the application meets the requirements for 11.9(c)(5).*

**Response:** The Applicant is claiming three (3) points because *“the Development Site is within the attendance zone of an elementary school, a middle school and a high school with the appropriate rating.”*

Uplift Mighty Prep is a public charter school with the sole objective of providing students and their families with a seamless education experience that helps students reach their full potential ultimately preparing them to be successful in college and career. Such an ambitious objective can only be achieved through an education pipeline that begins at Kindergarten and continues through 12th grade. For residents of Columbia at Renaissance, Uplift Mighty Prep is the core of such a pipeline.

Uplift Mighty is within .1 miles of the proposed Development Site, will be available for enrollment to any child living at the site and will offer grades K-12 starting in the Fall of 2017.

**Children living at Columbia at Renaissance Square will be able to attend Uplift Mighty Prep**

Unlike most public charter schools, Uplift Mighty Prep has made a commitment to be a neighborhood school. This commitment is reflected in their enrollment policy that provides for geographic preferences for (a) children living at Columbia at Renaissance Square and (b) children living in the surrounding neighborhood. These geographic preferences act like attendance zones and give applicants within the preference boundaries first opportunity for admission. What does all this mean for a family living at Columbia at Renaissance Square? If a family has a child aged K-12, that child will be able to attend Uplift Mighty Prep. The close proximity is a benefit for children and families, too. The campus is a short walk from the Development Site (less than 0.1 of a mile).

**Uplift Mighty Prep will offer grades K-12**

Per the QAP, *“in determining the ratings for all three levels of schools [elementary, middle and high], ratings for all grades K-12 must be included.”* By



the Fall of 2017, Uplift Mighty Prep will house and offer grades K-12 on its Renaissance campus. This coincides with the beginning of occupancy for residents of Columbia at Renaissance Square. Until then, Uplift Mighty Prep will be growing from offering only a handful of grades in the 2013-14 school year (grades 3, 5, 6, 7, and 8) to offering grades K-12 for the 2017-18 school year. As a point of clarification, in 2013-14, Uplift Mighty Prep only offered grades K-3 and 6-8. The TEA Accountability Summary for Uplift Mighty Prep provided in our tax credit application submission inaccurately stated the school served grades K-8 in 2013-14.

The Applicant is of the belief that any TEA ratings of Uplift Mighty Prep prior to the 2017-18 school year will be for individual grades and not reflective of a “complete school”. For that reason, we have been guided by the QAP – “A school that has never been rated by the Texas Education Agency will use the district rating” – and used the district rating for the Uplift School System which offers the continuum of grades k-12. In 2014 this district received a “Met Standard” accountability rating and an Index 1 score of 77.

15242

Sundance Meadows

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules

**RECOMMENDED ACTION**

**WHEREAS**, a Competitive (9%) Housing Tax Credit application for Sundance Meadows (#15242) was submitted to the Department by the Full Application Delivery Date;

**WHEREAS**, the applicant claimed eligibility for points under 10 TAC §11.9(c)(6)(A), related to Underserved Area;

**WHEREAS**, staff issued a scoring notices to the applicant, denying the points for Underserved Area;

**WHEREAS**, the applicants timely filed an appeal of the scoring notice;

**WHEREAS**, the Executive Director denied the appeal; and

**WHEREAS**, the applicant timely filed an appeal to the Governing Board

**NOW, therefore, it is hereby**

**RESOLVED**, that the appeal of the scoring notice for Sundance Meadows (#15242) is hereby denied.

**BACKGROUND**

Section 11.9(c)(6) of the 2015 Qualified Allocation Plan ("QAP") allows for an Application to be eligible for up to two (2) points for being located in an underserved area. There are four different ways to qualify for points, one of which is being located in a Colonia. The term Colonia is defined in Subchapter A (§10.3(19)) of the Uniform Multifamily Rules ("Rules") as a geographic area that meets certain criteria. Those criteria are:

- 1) The area is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state.
- 2) The area consists of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood.
- 3) The area has a majority population that is low-income or very low-income and meets the qualifications of an economically distressed area under Texas Water Code, §17.921, **or** the area has the physical and economic characteristics of a colonia, as determined by the Department.

The definition further directs Applicants to define the geographic area which will be assessed for each Application, stating that it should not be an area larger than 2 square miles. Staff discussed this scoring item at length with the development community, both during the rule-making process and in application workshops. During those discussions, staff explained that mere proximity to a Colonia (as identified by the Water Development Board) would not necessarily be sufficient to qualify for the points. Staff would instead evaluate the characteristics of the “geographic area.” Further, that geographic area, as stated in the definition, should be able to be described as a community or neighborhood.

Another way to qualify for the points is by being located in an Economically Distressed Area, which is also defined in subchapter A (§10.3(45)) of the Rules. It is defined as “an area that is in a census tract that has a median household income that is 75 percent or less of the statewide median household income” **and** in a municipality or county that has been awarded Economically Distressed Areas Program (“EDAP”) funds within the last five years.

The Applicant has claimed eligibility for the points, indicating that the site is eligible under both of the criteria above. First, with respect to being located in a Colonia, the Applicant provided in the original submission a letter from the Lower Rio Grande Valley Development Council (“LRGVDC”) that states that the site is in a neighborhood that has the physical and economic characteristics of a colonia, emphasizing the fact that the Cameron Park colonia is less than a mile from the site and that the proposed development lacks sewer service. It is unclear from the Application what was intended to be the “geographic area” that would have such characteristics. (However, the Applicant has since indicated that the census block group in which the site is located is considered to be the geographic area.) The Application goes on to state that the site is located in an economically distressed area (under Texas Water Code §17.921) because the site is in a census block group with a majority of the population (53%) that is low to moderate income, and the site does not have sewer service. The Application also points to the fact that the City of Brownsville recently (in 2012) received funding from the Economically Distressed Area Program (“EDAP”) administered by the Texas Water Development Board. It was not entirely clear at the first review of the Application whether this evidence was intended to qualify the Application for points because it meets the criteria for being in an *Economically Distressed Area* (defined term in the Department’s rules) or because it meets the first part of the third criteria in the Department’s definition of Colonia (i.e. being located in an *economically distressed area* pursuant to the Texas Water Code definition). Staff issued a deficiency requesting the Applicant to explain how the Application qualified for points. The deficiency response indicated that the Applicant intended to qualify for points by meeting both definitions of Colonia, namely §10.3(a)(19)(A) and (B). While the deficiency response did include a statement entitled “Economically Distressed Area,” no additional explanation was given with respect to the Applicant’s claim that the site met the qualifications of §10.3(a)(45), related to the (Department’s) definition of Economically Distressed Area. Subsequently, staff issued the scoring notice denying the points.

Prior to the completion of the Application review, staff visited this site, along with a number of other sites that claimed eligibility for the points by being located in a colonia, and concluded that the “geographic area” which would be assessed as part of the review would include some of the well developed neighborhoods along Paredes Line Road. Census data revealed that the tract in which the development site is located as well as the surrounding tracts (with the exception of the tract containing Cameron Park colonia) had relatively high incomes and low poverty rates, and there did not appear to be

a general lack of access to utilities. The Site Design and Feasibility Study submitted with the application also indicated that there was access to utilities. These facts contributed to staff's denial of the points.

The Applicant's appeal to the Executive Director combined with the deficiency response makes it clear that the Applicant is arguing that the "geographic area" to be considered is the census block group in which the site is located. The Applicant provides evidence that the block group has a "LOWMOD" population of 53%, according to HUD's Community Planning and Development 2014 Updated LMISD data. This means that 53% of the population within the block group has incomes that are 80 percent or less than the median for the metropolitan area. Staff was able to confirm this information. It should be noted that, in accordance with §10.2(d) of the Rules, while the Department typically relies on 2008-2012 5-year American Communities Survey ("ACS") data in order to make determinations with respect to compliance with the rules, a particular data set is not referenced in §10.3(a)(19), related to the definition of Colonia. According to table S1901 of the 2008-2012 5-year ACS, approximately 33.6% of the households in the census tract earn less than \$35,000 per year. Because the median household income for the Brownsville MSA is approximately \$33,179 for the same time period, it is clear that this data does not indicate that there are a majority of low-income or very low-income households in the tract. Staff concedes that this data, although more closely aligned with data used throughout the Rule and QAP, also does not perfectly align with the wording of §10.3(a)(19) of the Rules. However, it causes enough ambiguity so that staff was unable to award points based on the data presented by the Applicant.

The appeal further states that the area meets the qualification of an economically distressed area under Texas Water Code, §17.921, which defines the area as one in which 1) water supply or sewer services are inadequate to meet minimal needs of residential users as defined by board rules, 2) financial resources are inadequate to provide water supply or sewer services that will satisfy those needs, and 3) an established residential subdivision was located on June 1, 2005, as determined by the board. The Applicant states that, because the area consists of some residential homes that are not being served by public sewer, and because the City of Brownsville has applied for EDAP funds, that this is enough to satisfy the requirement. The Applicant is essentially substituting the Department's definition of Economically Distressed Area for "economically distressed area under Texas Water Code, §17.921" in that part of the definition of colonia. Staff could concede that this is appropriate, because the reference to the Texas Water Code definition is impractical as the Texas Water Development Board does not maintain a list of economically distressed areas and has been unwilling to classify an area as such.

Should staff apply this methodology, the site would ultimately need to meet the requirements of the §10.3(a)(45), related to the definition of Economically Distressed Area. The first of such requirements is location in a census tract with a median household income of \$38,672 or less. The census tract in which the site is located has a median household income of \$49,650. Therefore, the site does not meet the qualification under either §10.3(a)(45) nor §10.3(a)(19)(A).

That leaves the Applicant with the possibility of qualifying under §10.3(a)(19)(B), which requires evidence that the site have the physical and economic characteristics of a colonia. The appeal points out that the site is on Tonys Road, and that other residents living on the same road only have access to a 2-inch water line and service provided by El Jardin Water Supply Corporation, which does not provide sewer service. The Applicant is proposing to tap into Brownsville Public Utilities District water and sewer lines that are north of the site, approximately 2,000 feet away. The site lies on the edge of the Brownsville city limits, and water and sewer lines have not been extended along Doctor Hugh Emerson

Road, the main road just south of the site. Staff concedes that some of the immediate surrounding area has little or no access to utilities and that some specific census information indicates a large low-income population. However, because the site is within a municipality that may have an obligation to provide certain utilities, and considering the fact that it is also within a high income, low poverty census tract, and in a neighborhood that appears to be well developed, staff is unable to recommend granting the appeal.

15242 Sundance Meadows  
Full App Deficiency 2 Response 5/12/15

1. Colonia: The site is outside of the boundaries of a Colonia, but is within ½ mile of the Cameron Park Colonia (see attached map). The QAP does not require that the site be within the boundaries of a registered Colonia. In fact, Colonia points were awarded to two 2014 applications, both of which were undeveloped lots outside of the boundaries of Colonias that had public water, sewer, and paved roads. Per the *Staff Determinations on HTC Challenges* PDF file regarding these two 2014 applications, staff stated the following: “Further, due to the very nature of colonias the extremely narrow reading the challenger espouses would effectively render this point item meaningless, for development within such an area would be a virtual impossibility.” Both 2014 applications were in Q1 high opportunity census tracts.

Similar to the 2014 applications that received Colonia points, we believe that this site meets subsection (b) of the Colonia definition which states that the geographic area “has the physical and economic characteristics of a colonia, as determined by the Department, and is a geographic area encompassing no more than two (2) square miles.” The Lower Rio Grande Valley Development Council, the Council of Governments for the region and active with local governments, regional planning, water resources, and economic development, has reviewed the site and area and has determined that it has the physical and economic characteristics similar to Colonias. This letter was included in the Application.

The most compelling reason for this is the lack of access to public utilities. The site is located on Tonys Rd, which is a very narrow 18’ road with no curbs or sidewalks. According to the engineer, Juan M. Gamez, Tonys Rd is served by the El Jardin Water Supply Corporation with an inadequate 2” waterline. The proposed Development site does not have adequate water and sewer and the existing homes on Tonys Rd do not have access to public sewer service.

See the attached utility map from the Brownsville PUB that depicts water and sewer lines and how the proposed Development will tap into public utilities. Please note that the homes on Tonys Rd and Toledo Rd are not served by Brownsville PUB and are served by El Jardin Water Supply Corporation (not shown on map), but El Jardin does not operate its own wastewater facilities and these homes do not have access to public sewer. The extension of utilities to the proposed Development site will expand the option of public sewer service to homes in the vicinity.

Economically, while the site is located within a larger census tract is a Q1, the area is within ½ mile of the Cameron Park Colonia and dilapidated homes are present on Tonys Rd. See street views of Tonys Rd and a home across the street from the Development site. There are at least 11 homes on Tonys Road and nearby Toledo Rd and more when expanding the area south to the Cameron Park Colonia.

We also believe that the site meets subsection (a) which states that the geographic area “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 Texas Water Code, §17.921.” Please see the Application for this explanation and HUD documentation. The site is located in Census Tract 144 Block Group 3 in Cameron County, which according to HUD’s Community Planning and Development 2014 Updated LMISD data has a majority LOWMOD population of 53%. Based on the 2014 Updated LMISD, the block group meets the first part of the definition by having a majority population composed of individuals and families of low and very low income. The geographic area meets the qualifications of an economically distressed area under Texas Water Code because there are residential homes in the area, specifically homes on Tonys Rd and Toledo Rd, that are not served by public sewer, and the City of Brownsville has applied for TWDB EDAP funding as evidence of inadequate financial resources connect all residents to public utilities.



2. Economically Distressed Area: The application meets subsection (a) of the Colonia definition by being in an area that has a majority population that is low and very low income and meeting the qualifications of an economically distressed area.
3. Purchase Contract: Please find the attached contract modification with evidence of the first extension.
4. Contract for HOME or TCAP: Please find the attached contract modification with the HOME/TCAP language. This language was approved by Andrew Sinnott.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**Housing Tax Credit Program - 2015 Application Round**  
**Scoring Notice - Competitive Housing Tax Credit Application**

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**Appeal Election Form: 15242, Sundance Meadows**

**Note:** If you do not wish to appeal this notice, you do not need to submit this form.

I am in receipt of my 2015 scoring notice and am filing a formal appeal to the Executive Director on or before Wednesday, May 20, 2015.

**If my appeal is denied by the Executive Director:**

- I do wish to appeal to the Board of Directors and request that my application be added to the Department Board of Directors meeting agenda. My appeal documentation, which identifies my specific grounds for appeal, is attached. If no additional documentation is submitted, the appeal documentation to the Executive Director will be utilized.
- I do not wish to appeal to the Board of Directors.

Signed   
Title MANAGER  
Date 5-18-2015

Please email to Kathryn Saar:  
<mailto:kathryn.saar@tdhca.state.tx.us>



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**Housing Tax Credit Program - 2015 Application Round**  
**Scoring Notice - Competitive Housing Tax Credit Application**

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Craig Alter

Phone #: (512) 494-8200

Email: [craig@delphihousing.com](mailto:craig@delphihousing.com)

Second Email: [michelle@delphihousing.com](mailto:michelle@delphihousing.com)

Date: May 13, 2015

**THIS NOTICE WILL ONLY BE  
TRANSMITTED VIA EMAIL**

**RE: 2015 Competitive Housing Tax Credit (HTC) Application for Sundance Meadows, TDHCA Number:  
15242**

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2015 Qualified Allocation Plan ("QAP"). This scoring notice provides a summary of staff's assessment of the application's score. The notice is divided into several sections.

Section 1 of the scoring notice provides a summary of the score requested by the Applicant followed by the score staff has assessed based on the Application submitted. You should note that four scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the four scoring criteria for which points could not be requested by the Applicant in the application self-score form and include: §11.9(d)(1) Local Government Support, §11.9(d)(4) Quantifiable Community Participation, §11.9(d)(5) Community Support from State Representative, and §11.9(d)(6) Input from Community Organizations.

Section 3 provides information related to any point deductions assessed under §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules.

Section 4 provides the final cumulative score in bold.

Section 5 includes an explanation of any differences between the requested and awarded score as well as any penalty points assessed.

The scores provided herein are merely informational at this point in the process and may be subject to change. For example, points awarded under §11.9(e)(2) "Cost of Development per Square Foot" and §11.9(e)(4) "Leveraging of Private, State, and Federal Resources" may be adjusted should the underwriting review result in changes to the Application that would affect these scores. Likewise, if an Application is awarded points under §11.9(d)(2) "Commitment of Development Funding by Local Political Subdivision" and subsequently receives an award of tax credits, the Applicant must provide a firm commitment of funds as a condition of the Commitment Notice. Applicants may substitute qualifying sources only if no points were elected under §11.9(d)(2)(C). If a scoring adjustment is necessary, staff will provide the Applicant a revised scoring notice.

Be further advised that if the Applicant failed to properly disclose information in the Application that could have a material impact on the scoring information provided herein, the score included in this notice may require adjustment and/or the Applicant may be subject to other penalties as provided for in the Department's rules.

This preliminary scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §10.902 of the Uniform Multifamily Rules. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board.



**MULTIFAMILY FINANCE PRODUCTION DIVISION**  
**Housing Tax Credit Program - 2015 Application Round**  
**Scoring Notice - Competitive Housing Tax Credit Application**

**Page 2 of Final Scoring Notice: 15242, Sundance Meadows**

**Section 1:**

Score Requested by Applicant (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2015 QAP):	134
Score Awarded by Department staff (Does not include points for §11.9(d)(1), (4), (5), or (6) of the 2015 QAP):	132
Difference between Requested and Awarded:	2

**Section 2:**

Points Awarded for §11.9(d)(1) Local Government Support:	17
Points Awarded for §11.9(d)(4) Quantifiable Community Participation:	4
Points Awarded for §11.9(d)(5) Community Support from State Representative:	8
Points Awarded for §11.9(d)(6) Input from Community Organizations:	4

**Section 3:**

Points Deducted for §11.9(f) of the QAP or §10.201(7)(A) of the Uniform Multifamily Rules:	0
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**Section 4:**

<b>Final Score Awarded to Application by Department staff:</b>	<b>165</b>
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**Section 5:**

**Explanation for Difference between Points Requested and Points Awarded by the Department as well as penalties assessed:**

§11.9(c)(6) Underserved Area. The Development is not located in a census tract with a median household income of less than \$38,672, nor does the site have same the physical & economic characteristics as a Colonia. (Requested 2, Awarded 0)

Restrictions and requirements relating to the filing of an appeal can be found in §10.902 of the Uniform Multifamily Rules. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. (CST), Wednesday, May 20, 2015. If an appeal is denied by the Executive Director, an Applicant may appeal to the Department's Board.

In an effort to increase the likelihood that Board appeals related to scoring are heard at the Board meeting, the Department has provided an Appeal Election Form for all appeals submitted to the Executive Director. In the event an appeal is denied by the Executive Director, the Applicant is able to request that the appeal automatically be added to the Board agenda.

If you have any concerns regarding potential miscalculations or errors made by the Department, please contact Kathryn Saar at (512) 936-7834 or by email at <mailto:kathryn.saar@tdhca.state.tx.us>.

Sincerely,

*Jean Latsha*

Jean Latsha  
 Director of Multifamily Finance

# SUNDANCE MEADOWS, L.P.

P.O. Box 329  
La Feria, Texas 78559-5002  
Phone (956) 797-2324 Fax (956) 277-0242

May 19, 2015

Mr. Tim Irvine  
Executive Director  
Texas Department of Housing and Community Affairs  
PO Box 13941  
Austin, TX 78711

RE: Appeal of Scoring Notice for 15242 Sundance Meadows

Dear Mr. Irvine:

Please find this formal appeal of the Scoring Notice for HTC 15242 Sundance Meadows. This appeal concerns points that were not awarded under Section 11.9(c)(6) Underserved Area of the 2015 QAP.

Section 11.9(c)(6) Underserved Area states that an Application may receive 2 points for general population developments that are located in one of the areas described in subparagraphs (A) - (D) of this paragraph. Application 15242 requested points under subparagraphs (A) A Colonia and (B) An Economically Distressed Area. Documentation submitted with the Full Application included a letter from the Lower Rio Grande Valley Development Council confirming that the site has characteristics similar to neighboring Colonias, documentation from HUD's Community Planning and Development 2014 Updated LMISD data confirming that the census tract block group has a majority LOWMOD population with 53%, a statement that nearby homes do not have sewer service, and documentation of the City of Brownsville's recent EDAP funding.

A TDHCA Deficiency Notice was issued on May 5, 2015 requesting an explanation of how "the application qualifies for points by proposing a development in a colonia" as well as how "the application qualifies for points as proposing a development in an EDA." Our response to this deficiency was submitted to TDHCA on May 12, 2015, and included photos of the immediate area, a utility map confirmation of the lack of public sewer in the immediate area, and further discussion of how the site is located in a census tract block group with a majority population that is low and very low income and meeting the qualifications of an Economically Distressed Area. On May 13, 2015, we received the Scoring Notice for this application stating that "The Development is not located in a census tract with a median household income of less than \$38,672, nor does the site have same the physical & economic characteristics as a Colonia. (Requested 2, Awarded 0)." We respectfully appeal this determination.

The 2015 Uniform Multifamily Rules define Colonia as follows:

(19) Colonia--A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consists of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department, and is a geographic area encompassing no more than two (2) square miles. Factors to be considered by the Department include, but are not limited to, ability to access basic utilities and boundaries that may define communities or neighborhoods. Applicants will be required to define the geographic area to be evaluated by the Department.

First and foremost, census tracts and census tract block groups are often used to describe communities and neighborhoods. According to the attached US Census pamphlet, "Census tracts may be helpful, as neighborhood boundaries sometimes coincide with the boundaries of a census tract or group of tracts" and further "Users can choose to build their neighborhood boundaries with block groups if census tracts are too large." Subsection B of the Colonia definition specifies that the geographic area may not encompass more than two (2) square miles, but there is no size limitation on the general definition or Subsection A.

Subsection A of the Colonia definition requires a majority population of low and very low income households as well as meeting the qualification of an EDA. To reiterate what was provided in the Application, the site is located in Census Tract 144 Block Group 3 in Cameron County, which according to HUD's Community Planning and Development 2014 Updated LMISD data has a LOWMOD population of 53%, which means that 53% of the population has an income at or below 80% of the median. Therefore, the block group meets the first part of the definition by having a majority population composed of individuals and families of low and very low income. The geographic area meets the qualifications of an Economically Distressed Area under Texas Water Code because there are residential homes in the area, specifically homes on Tonys Rd and Toledo Rd, that are not served by public sewer, and the City of Brownsville has applied for TWDB EDAP funding as evidence of inadequate financial resources to connect all residents to public utilities. The proposed Development will need to pay for utility line extension costs, but it should be noted that such extensions could expand the option of public sewer service to the homes not served in the vicinity.

See the attached utility map from the Brownsville PUB that depicts water and sewer lines and how the proposed Development will tap into public utilities. Please note that the homes on Tonys Rd and Toledo Rd are not served by Brownsville PUB and are instead served by El Jardin Water Supply Corporation (not shown on map). El Jardin does not operate its own wastewater facilities and according to the engineer, Juan M. Gamez, Tonys Rd is served only by an inadequate 2" water line from El Jardin Water Supply Corporation with no sewer. A phone call to the El Jardin Water Supply confirmed that they do not have sewer facilities and residents must use another sewer provider such as Brownsville PUB.

Subsection B of the Colonia definition concerns the physical and economic characteristics of a Colonia in a geographic area of no more than two (2) square miles, with factors to be considered to include ability to access basic utilities and boundaries that may define communities or neighborhoods. The QAP requires that the area have the characteristics of a Colonia, and does not require that the site be within the boundaries of a registered Colonia nor that the geographic area include a registered Colonia within its boundaries. Application 15242 is located outside of the boundaries of a Colonia, but within ½ mile of the Cameron Park Colonia (see attached map). Included in the Application is a letter from the Lower Rio Grande Valley Development Council, the Council of Governments for the region and active with local governments, regional planning, water resources, and economic development, which reviewed the site and area and determined that it has the physical and economic characteristics similar to Colonias.

The site is located in an underdeveloped area on Tonys Rd, which is a very narrow 18' road with no curbs or sidewalks. The most compelling comparison to a Colonia is the lack of access to public utilities in the area. It has been established that the immediate area of Tonys Rd and Toledo Rd do not have the ability to access public utility sewer service and there is inadequate water service. There are at least 11 homes on Tonys Rd and nearby Toledo Rd and more when expanding the geographic area south to the Cameron Park Colonia. Dilapidated homes are present on Tonys Rd as depicted in the attached street views of the Development site. While the larger census tract has a median household income of \$49,650 and is a Q1 tract, the Development Site is located within a smaller census tract block group that has a majority population that is very low and low income. It should be noted that two 2014 applications that received Underserved Area points for Colonias were also outside of the boundaries of a Colonia and located in Q1 tracts.

Subsection A of the Colonia definition refers to meeting the qualifications of an Economically Distressed Area under Texas Water Code; however, the 2015 QAP and Rules have an additional definition for the term. We believe that not only does the site qualify as meeting the qualifications of an Economically Distressed Area under the Colonia definition, the site qualifies for points under the defined term of "Economically Distressed Area" in the 2015 Rules.

The 2015 Uniform Multifamily Rules define Economically Distressed Area as follows:

(45) Economically Distressed Area--An area that is in a census tract that has a median household income that is 75 percent or less of the statewide median household income and in a municipality or, if not within a municipality, in a county that has been awarded funds under the Economically Distressed Areas Program administered by the Texas Water Development Board within the five (5) years ending at the beginning of the Application Acceptance Period. Notwithstanding all other requirements, for funds awarded to another type of political subdivision (e.g., a water district), the Development Site must be within the jurisdiction of the political subdivision.

The definition for Economically Distressed Area states "an area" that is in a census tract that "has a median household income that is 75 percent or less of the statewide median household income" and which is in a municipality or county that has been awarded funds under the EDAP program. The definition states "an area" and not "development/application site," suggesting that the "area" could be larger than the development site. Documentation was provided in the application confirming the City of Brownsville's award of EDAP funding within the last 5 years. Documentation regarding the economic status of Census Tract 144 Block Group 3 was also included in the full application, showing a majority population of low income and very low income at 53%. Additionally, based on 2008-2012 ACS data, to be consistent with the same data set that is used in the 2015 HTC Site



Demographics file, table B19013 shows that Census Tract 144 Block Group 3 has a median household income of \$34,129. See attached documentation from the US Census Data Ferrett website. Block group 3 is “an area” that is in a census tract (Census Tract 144) that has a median household home (\$34,129) that is 75% or less of the statewide median household income (\$38,672). Because Application 15242 is located in Block Group 3, which is the “area” referenced in the definition, the Application therefore meets the requirements of the Economically Distressed Area subsection of the scoring item.

To conclude, Application 15242 Sundance Meadows is located in an Underserved Area pursuant to Section 11.9(c)(6) of the 2015 QAP. The Development is located in an area that meets both subsections of the definition of Colonia and is also in an area that would qualify for and meet the definition of Economically Distressed Area.

Therefore, I request that this appeal be granted based on the evidence provided. Thank you for your attention and consideration. Should you have any questions or require additional information, please contact me at (956) 778-7030 or (956) 797-2324.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sunny K. Philip', with a stylized flourish at the end.

Sunny K. Philip  
Manager

## **Underserved Area**

This application is a General development that is located in a “Colonia” per the TDHCA Multifamily Rules. The attached letter from the Lower Rio Grande Valley Development Council confirms that the development site has characteristics similar to the neighboring Colonias.

Furthermore, Sundance Meadows is located in Census Tract 144 Block Group 3 in Cameron County. According to HUD’s Community Planning and Development 2014 Updated LMISD data, this census tract block group has a majority LOWMOD population with 53%. See attached HUD documentation. The area around and including the development site within this block group meets the qualifications of an economically distressed area under Texas Water Code Section 17.921 because the site does not have sewer service and nearby homes in this block group do not have sewer service. The City of Brownsville does not have adequate financial resources to connect all residents to public sewer as evidenced by recent EDAP funding awarded to the City of Brownsville. Homes were located in the area on June 1, 2005.



# Lower Rio Grande Valley Development Council

Mayor Chris Boswell, Harlingen.....President  
 Mayor Tony Martinez, Brownsville.....1<sup>st</sup> Vice-President  
 Mayor James E. Darling, McAllen.....2<sup>nd</sup> Vice-President  
 Mayor Celeste Sanchez, San Benito.....Secretary  
 Mayor Pro-tem Armando Garza, Jr., San Juan.....Treasurer  
 Hon. Norma G. Garcia, Member-at-Large.....Immediate Past President

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Steve Brewer  
 Member-at-Large

Arturo Ramirez  
 Grassroots Organizations

**EXECUTIVE DIRECTOR**  
 Kenneth N. Jones, Jr.

February 24, 2015

Mr. Sunny K. Philip  
 Sundance Meadows, LP  
 P.O. Box 329  
 La Feria, Texas 78559

RE: TDHCA #15242 Sundance Meadows Located in *Colonia* Area

Dear Mr. Philip,

I have reviewed the site location and supporting material for your proposed Housing Tax Credit application, Sundance Meadows, to be located on Tony's Rd., north of Dr. Hugh Emerson Rd. in Brownsville. As the Executive Director of the Lower Rio Grande Valley Development Council, I can confirm that your site is in a neighborhood area that has characteristics similar to the neighboring *colonias*, as defined in the 2015 TDHCA Uniform Multifamily Rules.

The proposed Sundance Meadows site is located less than a mile from the Cameron Park *colonia* separated by homes and agricultural fields. I understand that the proposed development site currently lacks sewer service. Extension of sewer service to this area through construction of this affordable housing development will benefit low- to moderate-income (LMI) persons living in neighboring *colonias* and new LMI residents that will occupy the proposed units.

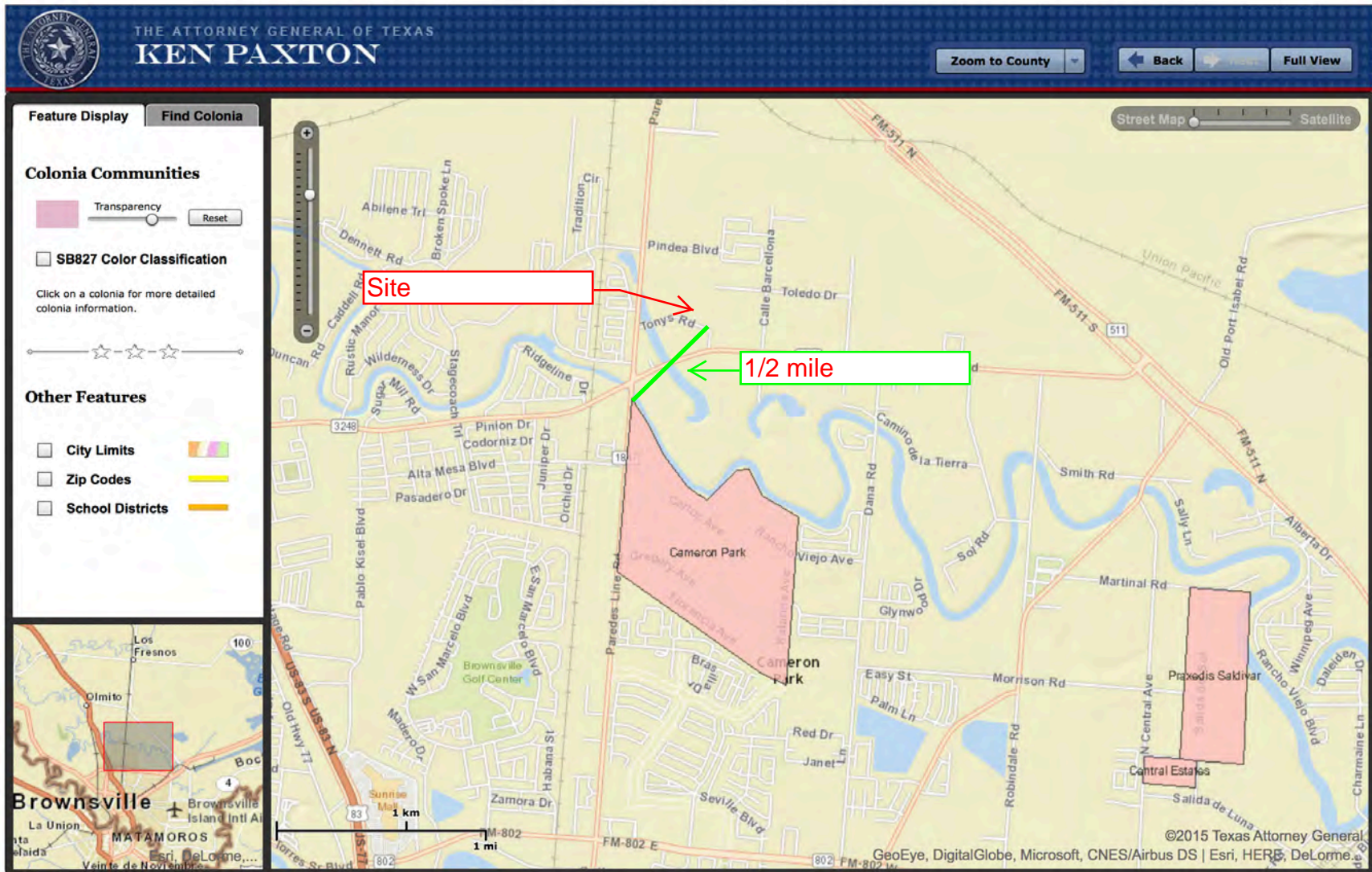
Please contact me if you have any questions or require additional information.

Sincerely,

Kenneth N. Jones  
 Executive Director



# Colonia Map Cameron County Detail

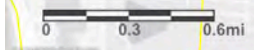


**COMMUNITY PLANNING DEVELOPMENT** CPD's 2014 Updated LMISD

Sundance Meadows

**BlockGroups LMISD ACS: Block Group 3, Census Tract 144, Cameron County, Texas**

GEONAME	Block Group 3, Census Tract 144, Cameron County, Texas
LOW	1,250.00
LOWMOD	1,870.00
LOWMODUNIV	3,515.00
LOWMOD_PCT	0.53
UCLOW	0.00
UCLOWMOD	0.00
UCLOWMOD_P	0.00



**TO:** Board Members

**THROUGH:** Rebecca Trevino, Chief Financial Officer

**FROM:** Jeff Walker, Director, Project Development  
Monica Flores-Rojo, Executive Assistant, Project Development

**DATE:** February 20, 2013

**SUBJECT:** Financial Assistance Programs Performance Report

**ACTION REQUESTED:**

No action. The Financial Assistance Programs Performance Report is prepared monthly for Board review.

**BACKGROUND:**

This report reflects the agency's progress related to loan and grant commitments and closings for the period of September 1, 2012 through January 31, 2013.

Attachment

**Texas Water Development Board**  
**Financial Assistance Programs Performance Report FY 2013**  
**September 1, 2012 - January 31, 2013**

**TABLE 1. Loan and Grant Commitments**

<b>Date</b>	<b>Financial Assistance Programs</b>	<b>FY 2013 Commitment Amount</b>	<b>1/31/2013 Year-To-Date Cumulative Commitments</b>	<b>FY 13 Funds Available</b>
	<b>Agricultural Conservation Funds</b>		(a)	\$ 2,000,000
09/20/2012	Panhandle Groundwater Conservation District	\$ 2,000,000		
		<b>Subtotal</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>
	<b>Clean Water State Revolving Fund</b>		(b)	\$ 325,000,000
09/20/2012	McAllen, City of	\$ 7,808,511		
10/17/2012	Breckenridge, City of	\$ 1,193,461		
10/17/2012	San Antonio Water System	\$ 3,170,841		
12/06/2012	Castroville, City of	\$ 375,000		
12/06/2012	Mount Vernon, City of	\$ 562,788		
12/06/2012	Orange County WCID No. 2	\$ 500,000		
12/06/2012	West Tawakoni, City of	\$ 227,500		
		<b>Subtotal</b>	<b>\$ 13,838,101</b>	
	<b>Drinking Water State Revolving Fund</b>		(b)	\$ 81,000,000
09/20/2012	Comanche, City of	\$ 1,269,750		
09/20/2012	Menard, City of	\$ 1,087,000		
09/20/2012	Paris, City of	\$ 3,400,778		
09/20/2012	Ranger, City of	\$ 1,612,761		
10/17/2012	Emory, City of	\$ 1,423,521		
10/17/2012	Honey Grove, City of	\$ 283,700		
10/17/2012	Lake Palo Pinto Area WSC	\$ 130,000		
10/17/2012	Moran, City of	\$ 512,325		
10/17/2012	Springs Hill WSC	\$ 1,290,350		
12/06/2012	Bistone Municipal Water Supply District	\$ 6,493,865		
12/06/2012	Castroville, City of	\$ 350,000		
12/06/2012	San Juan, City of	\$ 8,756,308		
12/06/2012	Union Water Supply Corporation	\$ 2,995,875		
01/31/2013	Carbon, City of	\$ 200,000		
01/31/2013	DeLeon, City of	\$ 160,000		
01/31/2013	Goldthwaite, City of	\$ 2,100,296		
01/31/2013	Hondo, City of	\$ 533,074		
01/31/2013	Lawn, City of	\$ 200,000		
01/31/2013	Lake Livingston Water Supply & Sewer Service Corporation	\$ 3,669,850		
01/31/2013	New Deal, City of	\$ 142,000		
01/31/2013	New Ulm WSC	\$ 535,216		
01/31/2013	Reklaw, City of	\$ 176,810		
01/31/2013	San Juan, City of	\$ 2,000,000		
01/31/2013	Smyer, City of	\$ 369,767		
01/31/2013	Valley Water Supply Corporation	\$ 121,825		
01/31/2013	Zaval County WCID No. 1	\$ 1,498,785		
		<b>Subtotal</b>	<b>\$ 41,313,856</b>	
	<b>Economically Distressed Areas Program</b>		(c)	\$ 3,156,289
09/20/2012	Alpine, City of	\$ 204,000		
10/17/2012	Turkey, City of	\$ 291,000		
12/06/2012	Silverton, City of	\$ 90,000		
		<b>Subtotal</b>	<b>\$ 585,000</b>	
	<b>Rural Water Assistance Fund</b>		(d)	\$ 9,653,970
10/17/2012	Salado WSC	\$ 900,000		
12/06/2012	Baylor Water Supply Corporation	\$ 575,000		
		<b>Subtotal</b>	<b>\$ 1,475,000</b>	
	<b>State Participation</b>		(f)	\$ 13,754,311
01/31/2013	Coastal Water Authority	\$ 28,754,000		
		<b>Subtotal</b>	<b>\$ 28,754,000</b>	
	<b>Texas Water Development Fund</b>		(e)	\$ 6,341,915,410
09/20/2012	Brownwood, City of	\$ 12,000,000		
10/17/2012	Smith Co MUD No. 1	\$ 1,500,000		
01/31/2013	Alpine, City of	\$ 3,500,000		
		<b>Subtotal</b>	<b>\$ 17,000,000</b>	



	Groundwater District Loan Program		(f)	\$	185,785
		Subtotal	\$	-	
	<b>Water Infrastructure Fund (Construction)</b>		(g)	\$	50,000,000
10/17/2012	San Antonio Water System	\$	50,000,000		
		Subtotal	\$	50,000,000	\$ -
		<b>TOTALS</b>	\$	<b>154,965,957</b>	\$ <b>6,826,665,765</b>

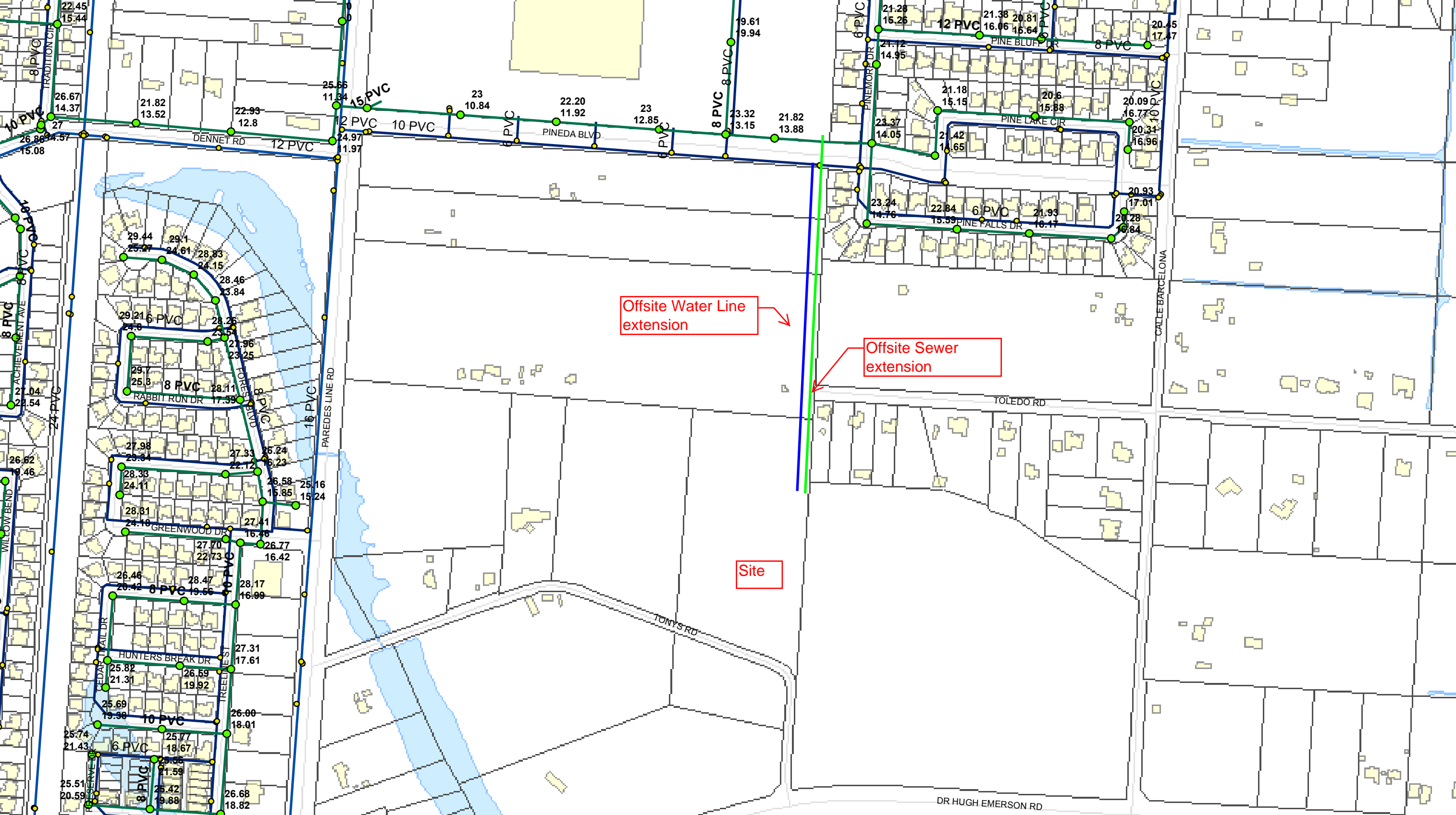
TABLE 2. Loan and Grant Closings

Closing Date	Financial Assistance Programs	Commitment Date	Commitment Amount	Year-To-Date Amount Closed in FY 2013
	<b>Agricultural Conservation Funds</b>			
11/06/2012	Panhandle GWCD	9/20/2012	\$ 2,000,000	
		Subtotal	\$	2,000,000
	<b>Clean Water State Revolving Fund</b>			
09/25/2012	Kerr County	6/21/2012	\$ 570,000	
09/25/2012	Kerr County	6/21/2012	\$ 1,290,000	
09/27/2012	Houston, City of	9/22/2011	\$ 49,900,000	
10/02/2012	Greater Texoma UA - Krum, City of	10/20/2011	\$ 2,825,000	
10/16/2012	Bedford, City of	10/20/2011	\$ 630,000	
10/24/2012	Ranger, City of	4/19/2012	\$ 300,000	
10/24/2012	Ranger, City of	4/19/2012	\$ 300,000	
11/09/2012	Brady, City of	7/19/2012	\$ 1,441,990	
11/09/2012	Brady, City of	7/19/2012	\$ 1,210,000	
11/09/2012	Marlin, City of	6/21/2012	\$ 3,000,000	
11/16/2012	Grand Prairie, City of	7/19/2012	\$ 495,000	
11/16/2012	Grand Prairie, City of	7/19/2012	\$ 87,000	
11/16/2012	Del Rio, City of	6/21/2012	\$ 5,000,000	
		Subtotal	\$	67,048,990
	<b>Drinking Water State Revolving Fund</b>			
09/28/2012	Burnet, City of	9/22/2011	\$ 110,000	
11/09/2012	Marlin, City of	6/21/2012	\$ 1,227,908	
11/09/2012	Marlin, City of	6/21/2012	\$ 1,680,000	
12/06/2012	Breckenridge, City of	7/19/2012	\$ 1,680,000	
12/06/2012	Breckenridge, City of	7/19/2012	\$ 704,878	
12/20/2012	Abilene, City of	8/16/2012	\$ 2,500,000	
		Subtotal	\$	7,902,786
	<b>Economically Distressed Areas Program</b>			
09/11/2012	North Alamo WSC	6/21/2012	\$ 1,154,000	
09/11/2012	Brownsville PUB	6/21/2012	\$ 2,000,000	
09/25/2012	Kerr County	6/21/2012	\$ 64,000	
11/01/2012	East Aldine Management District	6/21/2012	\$ 9,909,094	
11/01/2012	East Aldine Management District	6/21/2012	\$ 577,000	
11/01/2012	Brownsville, City of	4/19/2012	\$ 24,505,000	
11/01/2012	Brownsville, City of	4/19/2012	\$ 840,000	
12/20/2012	El Paso Co. Tornillo	6/21/2012	\$ 140,000	
12/20/2012	Alpine, City of	9/20/2012	\$ 102,000	
12/20/2012	Alpine, City of	9/20/2012	\$ 102,000	
		Subtotal	\$	39,393,094
	<b>Rural Water Assistance Fund</b>			
12/14/2012	Birome WSC		\$ 665,000	
		Subtotal	\$	665,000
	<b>Texas Water Development Fund</b>			
10/23/2012	Cumby, City of		\$ 695,000	
11/21/2012	San Jacinto River Authority		\$ 165,000,000	
12/12/2012	Brownwood, City of		\$ 3,440,000	
		Subtotal	\$	169,135,000
	<b>Water Infrastructure Fund</b>			
		Subtotal	\$	-
		<b>TOTALS</b>	\$	<b>286,144,870</b>

**TABLE 3. Unclosed Loans and Grants as of January 31, 2013**

<i>Financial Assistance Programs</i>	<i># Unclosed Loans</i>	<i>Amount of Unclosed Loans FY 2012 ( h )</i>
Agricultural Conservation Funds	0	\$ -
Clean Water State Revolving Fund	16	\$ 68,438,101
Drinking Water State Revolving Fund	47	\$ 43,658,856
Economically Distressed Areas Program (Includes EDAP & CWTAP)	4	\$ 1,691,000
Rural Water Assistance Fund	3	\$ 5,075,000
State Participation	0	\$ -
Texas Water Development Fund	11	\$ 210,545,000
Water Infrastructure Fund	1	\$ 50,000,000
Water Assistance Fund	0	\$ -
State Participation - State Water Plan	1	\$ 28,754,000
<b>TOTALS</b>	<b>83</b>	<b>\$ 408,161,957</b>

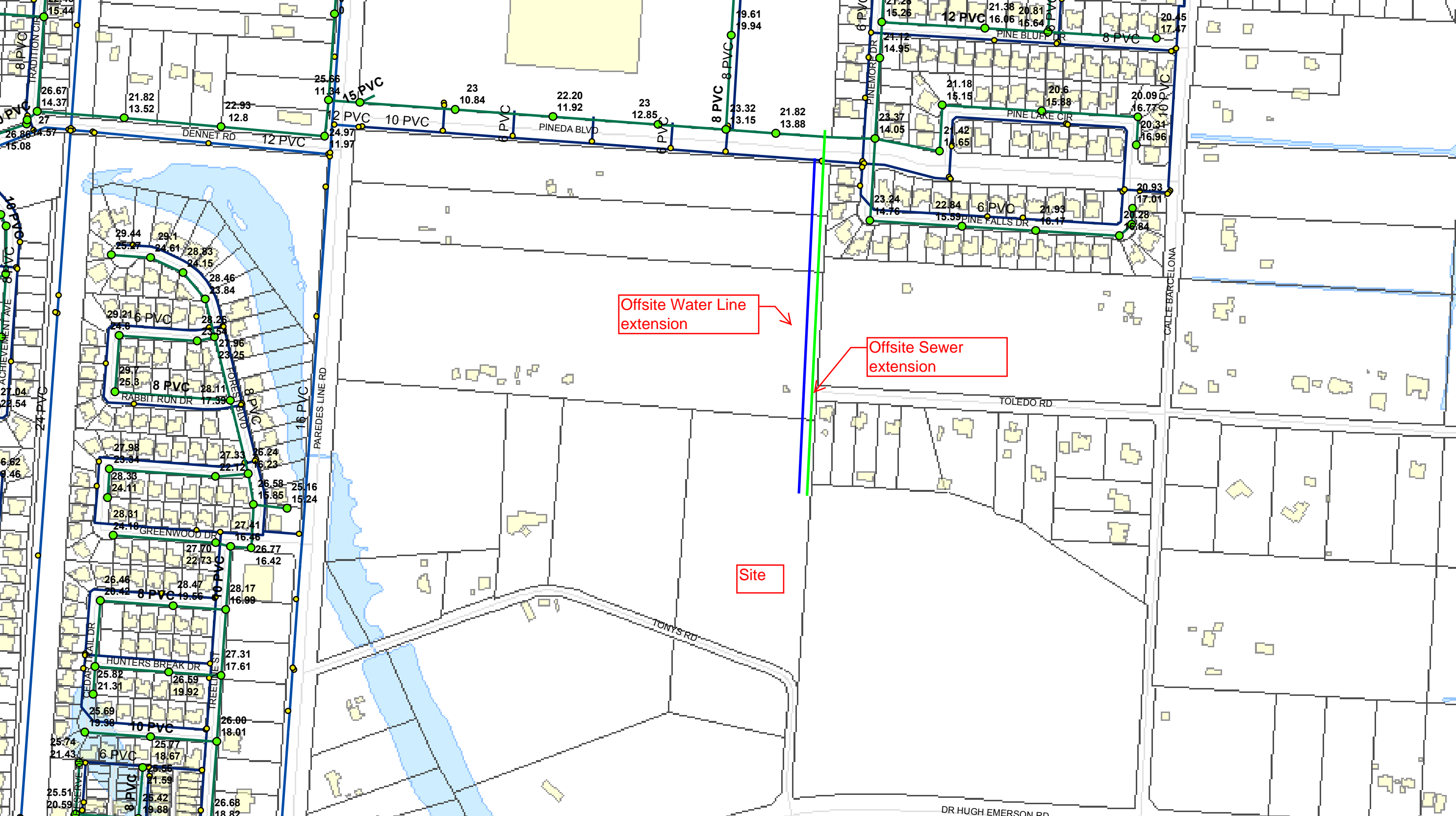
- (a) Based on committed amounts. Additional cash balances used for operations and grants.
- (b) Based on capacity model.
- (c) Based on available funds.
- (d) Based on uncommitted cash balances. AMT bonds may be issued if needed.
- (e) Based on Constitutional authority - limited to \$6B.
- (f) Based on uncommitted cash balances.
- (g) Based on legislative authorization.
- (h) The estimate above of unclosed loans/grants is revised when a commitment is closed, withdrawn or expires.



Offsite Water Line extension

Offsite Sewer extension

Site





Site

27.98  
23.34  
8 PVC  
27.33 26.24  
22.12 16.23  
28.33  
24.11  
26.58  
25.16  
15.24

28.31  
24.18 8 PVC  
27.70 27.41 26.77  
24.73 16.46 16.42

8 PVC  
26.46  
20.42  
28.47  
19.56

26.07  
20.91 6 PVC  
27.31  
17.61

25.82  
21.31  
26.59  
19.92

25.69  
19.38  
10 PVC  
25.77  
25.56 18.67  
21.59

25.42  
19.88  
26.68  
18.82

27.20  
20.10  
8 PVC  
27.63  
19.46

27.23  
22.33  
8 PVC  
18 PVC  
28.60  
24.97  
8 PVC

8 PVC  
22.33  
18 PVC  
28.60  
24.97  
8 PVC







Data from 2008-2012 ACS 5-Year Summary File compiled at <http://dataferrett.census.gov>

Ferrett Tabulation

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GO Get Data

(C1R6)  
Pivot(s) can be dropped on pivot image above R1.

C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13
R1	Median household income in the past 12 months (in 2012 inflation-adjusted dollars)											
R2	Block Group 1, Census Tract 144, Cameron County, Texas	61,663										
R3	Block Group 2, Census Tract 144, Cameron County, Texas	44,004										
R4	Block Group 3, Census Tract 144, Cameron County, Texas	34,129										
R5												
R6												
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B19013\_001E Median household income in the p  
COMPONENT Geographic Component  
GEOG-101 Block Group

Universe: (COMPONENT IN (00)) AND ((DOMLEVLE  
Weight used:  
DataSet(s) selected: 2008-2012  
Source: ACS 5-Year Summary File





## *OTHER GEOGRAPHIES*

There are a few other levels of geography, such as ZIP Code Tabulation Areas (ZCTAs), school districts and voting districts (VTDs), that can be used to determine neighborhood boundaries and to obtain data.

For more information about these and other geographies, see our Geographic Terms and Concepts:

<http://www.census.gov/geo/reference/terms.html>

## *USING TIGERWEB TO IDENTIFY YOUR NEIGHBORHOOD*

TIGERweb is a simple way to view our geographic boundaries on-line without having to download the data. The tool can be launched from:

[http://tigerweb.geo.census.gov/tigerwebmain/tigerweb\\_main.html](http://tigerweb.geo.census.gov/tigerwebmain/tigerweb_main.html)

In this tool, you can overlay geographic boundaries with aerial imagery to determine which type of geography most accurately represents your community.

## *ADDITIONAL RESOURCE FOR UNDERSTANDING CENSUS GEOGRAPHY*

Our Guide to State and Local Census Geography provides specific information about the geographic entities within each state.

<http://www.census.gov/geo/reference/geoguide.html>

## *LOCATING SHAPEFILES FOR YOUR SELECTED GEOGRAPHY*

Shapefiles and generalized cartographic boundary files can be downloaded from the TIGER products webpage at:

<http://www.census.gov/geo/maps-data/data/tiger.html>

## *DEMOGRAPHIC, HOUSING AND ECONOMIC DATA*

American FactFinder (AFF) is an online mapping and data dissemination tool that allows users to create, modify and download demographic data tables by a variety of geographic areas.

<http://factfinder2.census.gov>

## *QUESTIONS?*

Call:  
301-763-1128

E-Mail:  
[geo.geography@census.gov](mailto:geo.geography@census.gov)

## **FINDING DATA FOR MY COMMUNITY**



## ***DEFINING MY NEIGHBORHOOD AND/OR COMMUNITY***

The Census Bureau has data for a variety of legal (i.e. counties, townships) and statistical areas (i.e. census blocks, urban areas). However, these boundaries may or may not correspond with locally recognized neighborhoods, subdivisions, or communities. There are several options for finding data for your neighborhood and community using census geography.

### ***PLACES***

The most common geography for defining communities is *Place*. There are two types of places the Census Bureau tabulates data for: *incorporated places* and *census designated places* (CDPs).

Incorporated places are legal entities such as cities, towns, villages, or boroughs.

CDPs are defined to provide data for settled concentrations of population, which are identifiable by name but are not legally incorporated. CDPs cannot exist within incorporated places. Neighborhoods within an incorporated place, such as Northridge in Los Angeles city, cannot be a CDP.

Local partners provide CDP boundaries to the Census Bureau every 10 years. The program participants may not report all locally known areas to the Census Bureau. CDPs change in between decennial censuses only when area from the CDP is annexed into an incorporated place.

## ***COUNTY SUBDIVISIONS/MINOR CIVIL DIVISIONS***

County subdivisions are the primary divisions of counties and county equivalents. They can be either legal entities (mainly *minor civil divisions*) or statistical entities (*census county divisions*). The MCDs in 12 states (Connecticut, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Wisconsin), can perform the same governmental functions as incorporated places. In these 12 states, it is likely your community is an MCD if it is not an incorporated place or CDP.

### ***BUILDING BLOCK GEOGRAPHIES: USING CENSUS TRACTS, CENSUS BLOCK GROUPS AND CENSUS BLOCKS***

If your community or neighborhood cannot be defined at the place or county subdivision levels, you can define the area using the smallest levels of geographies offered by the Census Bureau: *census tracts*, *block groups*, and *census blocks*.

*CENSUS TRACTS* are small subdivisions of counties delineated for statistical purposes. Tracts contain between 1,200 and 8,000 people. Their boundaries often follow visible features but can also follow invisible boundaries, such as those for incorporated places. Census tracts may be helpful, as neighborhood boundaries sometimes coincide with the boundaries of a census tract or group of tracts. For example, in the city of Los Angeles, the tracts are defined to match the community boundaries.

*BLOCK GROUPS* are statistical subdivisions of census tracts. They generally contain between 600 and 3,000 people. Users can choose to build their neighborhood boundaries with block groups if census tracts are too large.

*CENSUS BLOCKS* are the smallest level of geography delineated by the Census Bureau for statistical purposes. Like the census tracts, block boundaries can be visible features (i.e. streets, roads, streams) or invisible boundaries (i.e. school districts or townships). In densely populated areas, block boundaries are smaller and generally follow a city block. In rural areas, blocks can cover hundreds of square miles. Census block demographic data are available for the decennial census only.

Census tracts, block groups, and blocks can be grouped to more precisely define the neighborhoods or subdivisions that are not accurately represented by larger geographic areas.

### ***NOTE ON ACS DATA:***

If you are using the American Community Survey (ACS) datasets, note that census tracts and block groups are the lowest levels of geography offered in the ACS and are only available in the 5-year estimates. ACS data is more accurate for more populous geographic areas. Therefore, you should use the largest geographic area possible to define your community.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Greg Abbott  
GOVERNOR

**BOARD MEMBERS**  
J. Paul Oxer, *Chair*  
Juan S. Muñoz, PhD, *Vice Chair*  
Leslie Bingham-Escareño  
T. Toibert Chisum  
Tom H. Gann  
J.B. Goodwin

June 2, 2015

*Writer's direct phone # 512-475-3296  
Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)*

Sunny K. Philip  
Sundance Meadows, LP  
PO Box 329  
La Feria, TX 78559

RE: 15242 SUNDANCE MEADOWS: SCORING NOTICE APPEAL

Dear Mr. Philip:

The Texas Department of Housing and Community Affairs (the "Department") is in receipt of your appeal, dated May 19, 2015, of the scoring notice for the above referenced Application. This Application was denied points under §11.9(c)(6)(A) of the 2015 Qualified Allocation Plan ("QAP"), related to Underserved Area, because staff determined that the site was ineligible for points under subparagraph (A) of the scoring item related to Colonias and under subparagraph (B) for Economically Distressed Areas.

Your appeal states that because there is a recognized colonia near the development site and the site is located in an underdeveloped area which lacks access to public utilities, the Application is eligible for points under subparagraph (A) related to Colonias. However, a site visit conducted by staff evidenced that there is no apparent inability to access basic utilities, as directly across Paredes Line Road is a relatively new subdivision. Further, the development site is in an area with a relatively high median household income and low poverty rate. In general, the site does not appear to have the economic and physical characteristics that are typical of a colonia.

Your appeal further states that the Application meets both prongs of the Economically Distressed Area definition: the first prong is met on the basis that the development site is located within Block Group 3 of Census Tract 144, which has a median household income of \$34,192; the second prong is met because the municipality of Brownsville has received EDAP funds within the last five years. Staff does not disagree that the second prong of the definition has been met; however, the definition of Economically Distressed Area requires the census tract as a whole to have a median household income that is 75 percent or less of the statewide median household income, not that an area within the census tract meets that test. Because census tract 144 has a median household income of \$49,650, which exceeds 75 percent of the statewide figure, the definition of Economically Distressed Area has not been met. Therefore, your appeal is hereby denied.

If you are not satisfied with this decision, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §10.902 of the 2015 Uniform Multifamily Rules for full instruction on the appeals process. Should you have any

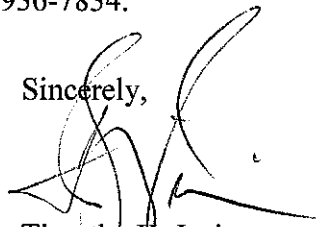


June 2, 2015

Page 2

questions, please contact Kathryn Saar, Competitive Tax Credit Program Administrator, at [kathryn.saar@tdhca.state.tx.us](mailto:kathryn.saar@tdhca.state.tx.us) or by phone at 512-936-7834.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy R. Irvine', with a large, stylized flourish extending upwards and to the right.

Timothy R. Irvine  
Executive Director

## **15242 Sundance Meadows TDHCA Board Appeal**

Sundance Meadows is located in Brownsville and is eligible for Underserved Area Points because it is located within two areas that can qualify for points: (1) An Economically Distressed Area and (2) A Colonia.

### **TDHCA Economically Distressed Area Definition**

(45) Economically Distressed Area--An area that is in a census tract that has a median household income that is 75 percent or less of the statewide median household income and in a municipality or, if not within a municipality, in a county that has been awarded funds under the Economically Distressed Areas Program administered by the Texas Water Development Board within the five (5) years ending at the beginning of the Application Acceptance Period. Notwithstanding all other requirements, for funds awarded to another type of political subdivision (e.g., a water district), the Development Site must be within the jurisdiction of the political subdivision.

1. This definition states “an area” “that is in a census tract” that “has a median household income that is 75 percent or less of the statewide median household income” and in a municipality, county, or political subdivision that has been awarded funds under the Economically Distressed Areas Program within 5 years.

***The definition states “an area” and not “development/application site,” suggesting that the “area” could be larger than the development site. The “area” is Census Tract 144 Block Group 3, which has a majority population of low income and very low income households at 53% and has a median household income of \$34,129. Referring back to the definition, Census Tract 144 Block Group 3 is “an area” that is in a census tract (Census Tract 144) that has a median household income (\$34,129) that is 75% or less of the statewide median household income (\$38,672). The City of Brownsville and the Brownsville PUB have both received an award of EDAP funding within the last 5 years.***

**Sundance Meadows is located in an area that meets the requirements of the Economically Distressed Areas definition.**

### **TDHCA Colonia Definition**

(19) Colonia--A geographic area that is located in a county some part of which is within one-hundred fifty (150) miles of the international border of this state, that consists of eleven (11) or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood, and that:

(A) has a majority population composed of individuals and families of low-income and very low-income, based on the federal Office of Management and Budget poverty index, and meets the qualifications of an economically distressed area under Texas Water Code, §17.921; or

(B) has the physical and economic characteristics of a colonia, as determined by the Department, and is a geographic area encompassing no more than two (2) square miles. Factors to be considered by the Department include, but are not limited to, ability to access basic utilities and boundaries that may define communities or neighborhoods. Applicants will be required to define the geographic area to be evaluated by the Department.

First Part of Definition:

1. This definition requires the area to be located within a county that is within 150 miles of the international border.

***Sundance Meadows is located in Cameron County, which is located within 150 miles of the international border.***

2. This definition requires that the area have 11 or more dwellings located in proximity to each other in an area that may be described as a community or neighborhood.

***Sundance Meadows is located in a geographic area—a census tract block group—that consists of 11 or more dwellings that are located in proximity to each other in an area that may be described as a community or neighborhood. The US Census compares census tract block groups to neighborhoods. There is no definition of “community” or “neighborhood” in the Rules or QAP. Absence of such a definition does not limit the Applicant from designating the boundaries of the “community or neighborhood” under the first part of the definition.***

Subsection A of Definition:

1. This subsection requires that the area have a majority low and very low income population.

***Sundance Meadows is located in a census tract block group that has a majority population composed of individuals and families of low-income and very low-income.***

2. This subsection requires that the area meet the qualifications of an economically distressed area under Texas Water Code, §17.921.

The qualifications of an economically distressed area are as follows:

(1) "Economically distressed area" means an area in which:

(A) water supply or sewer services are inadequate to meet minimal needs of residential users as defined by board rules;

***There are homes in the area that do not have sewer services and do not have access to sewer services and are served by an inadequate water line.***

(B) financial resources are inadequate to provide water supply or sewer services that will satisfy those needs; and

***City of Brownsville and Brownsville PUD have received recent funding from the Economically Distressed Areas Program as proof of inadequate financial resources to connect all customers.***

(C) an established residential subdivision was located on June 1, 2005, as determined by the board.

***There were homes in the area as of June 1, 2005.***

**Sundance Meadows meets all requirements of Subsection A of the Colonia definition.** Subsection A has no specific limit on the size of the area like Subsection B nor is it a definition that is “as determined by the Department” like Subsection B.

Subsection B of Definition:

1. This subsection requires that the geographic area encompass no more than 2 square miles and Applicants are required to define the area, which is different than Subsection A of the definition.

***Sundance Meadows is in an area that may be defined as the immediate area surrounding the development including Tonys Rd and Toledo Dr. The area is much smaller than 2 square miles and there are more than 11 dwellings.***

2. The subsection states that the area must have the physical and economic characteristics of a colonia, as determined by the Department, and factors to be considered include, but are not limited to, ability to access basic utilities.

***The immediate area surrounding Sundance Meadows does not have access to sewer service and is served by an inadequate 2” water line. Staff inspected the site and found “a relatively new subdivision” “directly across Paredes Line Rd” as evidence of an apparent ability to access utilities; however, Paredes Line Rd is 1500 feet from the development site and outside of the immediate area designated as Tonys Rd and Toledo Dr. There is no current access to utilities for the area and the homes on Tonys Rd and Toledo Dr. The Development will need to pay to extend utility lines currently 2000 feet away. While extending lines 2000 feet away is an option to connect to utilities, it does not negate the fact that there is an inability for the site and the adjacent homes to directly access all basic utilities right now. The area is also located in a census tract block group that has a majority low and very low income population and that qualifies as an economically distressed area.***

**Sundance Meadows meets all requirements of Subsection B of the Colonia definition.**



15268

Cayetano Villas of Kingsville

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on Timely Filed Appeals and Waivers under any of the Department's Program Rules

**RECOMMENDED ACTION**

**WHEREAS**, a Competitive (9%) Housing Tax Credit application for Cayetano Villas of Kingsville (#15268) was submitted to the Department by the Full Application Delivery Date;

**WHEREAS**, the applicant claimed eligibility for points under 10 TAC §11.9(c)(5), related to Educational Excellence;

**WHEREAS**, staff issued a scoring notices to the applicant, denying the points for Educational Excellence;

**WHEREAS**, the applicants timely filed an appeal of the scoring notice;

**WHEREAS**, the Executive Director denied the appeal; and

**WHEREAS**, the applicant timely filed an appeal to the Governing Board

**NOW, therefore, it is hereby**

**RESOLVED**, that the appeal of the scoring notice for Cayetano Villas of Kingsville (#15268) is hereby denied.

**BACKGROUND**

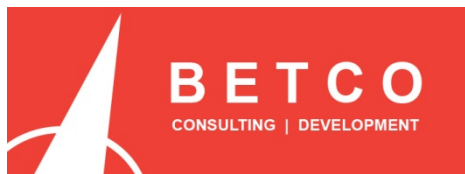
The Department received an application for Cayetano Villas of Kingsville (#15268) located in Kingsville, rural region 10. The application included a request for the maximum three (3) points under §11.9(c)(5) of the 2015 Qualified Allocation Plan ("QAP"), which requires that, for applications located outside region 11, the development site be located in attendance zones of at least two schools that achieved a 77 or greater on index 1 of the performance index, related to student achievement, by the Texas Education Agency, provided that those schools also have a Met Standard rating. Specifically, if the site is in the attendance zone of an elementary school and either a middle school or high school with the appropriate ratings, then the application is eligible for one (1) point. If the site is in the attendance zone of a middle school and high school with the appropriate ratings, then the application is also eligible for one (1) point. Finally, if the site is in the attendance zones of all three types of schools with the appropriate ratings, then the application is eligible for three (3) points. The rule states, with respect to which schools will be considered when evaluating points, the following:

“An attendance zone does not include schools with district-wide possibility of enrollment or no defined attendance zones, sometimes known as magnet schools. However, in districts with district-wide enrollment an Applicant may use the lowest rating of all elementary, middle, or high schools, respectively, which may possibly be attended by the tenants. In districts with “choice” programs, where students can select one or more schools in the district that they wish to attend, an Applicant may use the district rating.”

The QAP also calls for staff to look to the conventions of the Texas Education Agency (“TEA”) for defining elementary schools (typically grades K-5 or K-6), middle schools (typically grades 6-8 or 7-8) and high schools (typically grades 9-12), when determining which school ratings are appropriate to review when assessing eligibility for points. The subject site is within the traditional attendance zones within the Kingsville Independent School District. The district does not have a “choice” program or any unconventional way of determining which public school children will attend. Specifically, the site is in the attendance zone of Perez elementary school in Kingsville ISD, which has an index 1 score of 75 and Memorial Middle School, with an index 1 score of 55, both of which have a Met Standard rating. It is also in the attendance zone of H. M. King High School, with an index 1 score of 59 and an Improvement Required accountability rating.

The appeal and the original application submission state that the application should be eligible for points because the students in the proposed development will have the opportunity to transfer to a school in neighboring Santa Gertrudis ISD. The Applicant likens the ability to transfer to another school district to a singular school district with a “choice” program, and argues that staff should use the district rating (of Santa Gertrudis ISD) to determine eligibility for points. Staff disagrees with this characterization. First, the development is clearly located within traditional attendance zones of three public schools, so it is difficult to justify looking beyond the ratings of those schools. Second, if staff were to use a district rating instead of individual school ratings, then it would be more appropriate to use the rating of Kingsville ISD, which has an index 1 rating of 61, which is under the threshold for being eligible for points. Finally, it appears as though the process by which students are able to transfer to Santa Gertrudis ISD includes an evaluation of the students’ attendance, academic achievement, and disciplinary record. This means that students that may be struggling in school would not have as much opportunity to attend the highly rated school as a student that is already performing well. This result seems contradictory to the idea of purposeful placement of affordable housing developments in the attendance zones of highly rated schools in order to give opportunity to students who might not otherwise have access to it, and who might need it the most

Staff recommends denial of the appeal.



Development and Consulting for  
Affordable Housing in Texas Since 2007

Lora Myrick  
President

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lora@betcoconsulting.com

June 10, 2015

Mr. Tim Irvine, Executive Director  
Texas Department of Housing and Community Affairs  
221 E. 11<sup>th</sup> Street,  
Austin, Texas 78701

Re: HTC Application #15268 - Cayetano Villas of Kingsville – Appeal of Scoring Notification

Dear Mr. Irvine,

In accordance with §10.902 of the Uniform Multifamily Rules, please accept our formal request to appeal the point deductions identified in the Scoring Notice for the above-referenced HTC application.

Based on the referenced Scoring Notice, we offer the following:

- **§11.9(c)(5) Educational Excellence** – As a district with a “choice” program, Kingsville ISD students have the option to attend a higher performing school in the district or in another district under Texas Education Code, Sections 29.201-203. The residents of Kingsville have a unique opportunity in that this rural community has two school districts within the city limits, providing parents the ability and power to choose the best option for their children. Santa Gertrudis ISD is a viable option for these residents. The Qualified Allocation Plan (“QAP”) states the following:

*“In districts with ‘choice’ programs, where students can select one or more schools in the district that they wish to attend, an Applicant may use the district rating.”*

Under Education Code, Section 29.201, Kingsville students may choose to attend Santa Gertrudis ISD. As such, Cayetano Villas of Kingsville should be able to claim Santa Gertrudis ISD’s district rating.

Santa Gertrudis is open to all students that will reside at the proposed development. These students have the same access to Santa Gertrudis schools as they do the Kingsville schools. This is further confirmed with the figures from a report provided from TEA staff showing that 92% of Santa Gertrudis’ student population is from transfers into the school district from the neighboring district. Additionally, Santa Gertrudis has policies in place established by the Santa Gertrudis Board, outlining the process for gaining access to the schools in the district. These policies were included with a response prepared for Department staff’s request for additional information regarding the district’s accessibility and student selection process into the district. The policies referenced are attached for review.

These last few years, we as an industry, have worked together with the Department to achieve certain goals when providing affordable housing to low and moderate-income families and to provide housing options and opportunities for these families that were not available in the past. Some of those options and opportunities are in the form of development placement in higher income areas and where there are good schools available to the children of the families our developments will be serving. Cayetano Villas of Kingsville is no exception, as the development placement allows for greater opportunities to optimize students' academic careers by having the option to participate in a district and attend highly rated and performing schools. Therefore, we respectfully request that our selection of the Santa Gertrudis ISD schools for our development be allowed and have the three (3) points for this category restored.

- **§11.9(e)(7) Funding Request Amount** – This was an oversight in the application due to a change that occurred late in the process. We concede the loss of this point.
- **§11.9(e)(4) Leveraging of Private, State and Federal Resources** – During the compilation of the application, a Microsoft Excel “reference error” occurred. The application spreadsheet was corrected by rebuilding the entire application. Our original calculations show a HTC funding request of less than 8% (7.88%), as reflected in the documentation submitted to TDHCA staff in response to a deficiency item. The submitted documentation is attached for review. Therefore, we respectfully request that our figure of 7.88% be accepted and the point for this category be restored.

We appreciate the opportunity to provide these explanations and documentation in this appeal process and welcome any questions you or staff may have for us. We also appreciate your consideration and look forward to a favorable decision.

Sincerely,

*Lora Myrick*

Lora Myrick  
President  
BETCO Consulting, LLC.

cc: Kyndel Bennett, Cayetano Housing, LLC.  
Matthew Long, Cayetano Housing, LLC.  
Teresa Shell, BETCO Consulting, LLC.

ADMISSIONS  
INTERDISTRICT TRANSFERS

FDA  
(LOCAL)

AUTHORITY

Based on the available space at each grade level and within the various District programs, the Board shall determine annually whether the District shall accept transfer students.

A transfer student shall be defined as a student in prekindergarten through grade 12 who attends District schools and resides outside District boundaries.

The Superintendent shall oversee the transfer student application process. The Superintendent shall present a list of recommended transfers to the Board for final approval. The Board shall accept or reject any transfer requests, provided that such action is without regard to race, religion, color, sex, disability, national origin, or ancestral language. Transfers shall only be presented to the Board in May, July, and December.

TRANSFER  
REQUESTS

A nonresident student wishing to transfer into the District shall file an application for transfer each school year with the Superintendent or designee. Transfers shall be granted for one regular school year at a time.

APPLICATIONS AND  
REQUIRED  
DOCUMENTS

A nonresident student may apply to attend a District school by filing a timely application and providing the documentation requested (transcripts, report cards, test scores, and the like). Incomplete applications or applications not submitted within the designated time frames shall not be considered. No exceptions to this requirement shall be made except upon approval from the Superintendent.

Applications for an upcoming school year shall be made available beginning on February 1 and must be completed by March 1 in order to be considered at the May Board meeting. Applications for the spring semester shall be accepted until November 15 for consideration if openings are available for the spring semester.

The District shall maintain a waiting list of applications. The parent of an applicant shall be given written notice of approval or disapproval of an application. If a student is offered a transfer and declines the offer, the application shall be withdrawn from the waiting list.

CONTINUATION OF  
TRANSFER  
STUDENTS

In order to be considered for a transfer in a subsequent school year, except as otherwise provided for certain categories of students in this policy, a transfer student shall be required to reapply annually for an extension of the transfer by completing an extension of transfer student status form by the deadline provided in this policy.

ADMISSIONS  
INTERDISTRICT TRANSFERS

FDA  
(LOCAL)

SIBLINGS OF  
TRANSFER STUDENTS

If a student is approved to transfer, a sibling in subsequent years shall be given first opportunity for approval if the sibling meets the requirements for transfer student admission as outlined in FDA (REGULATION).

CHILDREN OF KING  
RANCH AND DISTRICT  
EMPLOYEES

The child of a full-time nonresident employee of the District or of the King Ranch shall be eligible to enroll in District schools tuition-free without submitting to the application process and obtaining Board approval. Such a student shall not be required to reapply annually.

In order to continue enrollment from year to year, as a privilege and not a right afforded to eligible King Ranch and District employees and their children, each child must maintain good discipline, attendance, and grades to the same extent as other transfer students. Each parent and student must also acknowledge and abide by the applicable nonresident student transfer agreement.

PROCESS FOR  
APPROVAL OF  
TRANSFER  
APPLICATION

In recommending transfers, the Superintendent or designee shall follow this policy, as well as federal and state law. In approving or denying transfers, the District shall comply with all applicable federal and state laws and shall follow the application process without regard to an applicant's race, religion, color, sex, disability, or national origin. The process shall be as follows:

1. The District shall consider the availability of space and instructional staff to determine how many transfers, if any, may be admitted during a school year.
2. An applicant shall submit a complete transfer admission application by the specified deadline. The application shall include the transfer agreement, to be effective when the student has accepted the transfer offer after the approval of the student's transfer application.
3. The admissions committee shall review each applicant's complete, timely filed transfer application, and supporting documents. The minimum requirements for transfer admission shall be:
  - a. The student's attendance record must not show absences in excess of five days in a semester. Additionally, the student must not have been tardy more than five times in a semester.
  - b. The student's academic achievement record must indicate that the student earned at least a C or a 70 percent average in all core subjects (English/reading, mathematics, science, social studies) during the current and previous semesters and met the passing standard on the



ADMISSIONS  
INTERDISTRICT TRANSFERS

FDA  
(LOCAL)

grade-level assessment, as applicable, including the most recent state-mandated assessment, end-of-course assessments, and locally developed benchmarks.

- c. The student's disciplinary record must indicate good conduct during the current and previous semesters. Any assignment, per District Level 3 or 4 standards, to in-school suspension or a disciplinary alternative education program (DAEP) or any suspension, expulsion, or felony conviction shall not be considered good conduct.
4. The admissions committee shall select the applicants for student/parent interviews to be scheduled after review of applications by the committee, and the interviewer shall rate the student interviews.
5. The District shall notify the student and parent/guardian of approval or denial of the transfer application. If the application is approved, the student and/or parent/guardian may accept or decline the transfer offer. If the offer is accepted, the student's transfer agreement shall take effect, and the student shall be subject to the terms of the agreement. If the offer is declined, the application shall be considered withdrawn.

TRANSFER  
AGREEMENTS

A transfer student shall be notified in the written transfer agreement that he or she must follow all rules and regulations of the District. Violation of the terms of the agreement may result in a transfer request not being approved the following year.

UIL ELIGIBILITY

The eligibility of a transfer student to participate in UIL activities shall be determined by all applicable UIL regulations and Board policies.

TRANSPORTATION

Parents shall be responsible for providing transportation for transfer students. The District shall not provide transportation to and from the district of residence.

TUITION

If the District charges tuition, the amount shall be set by the Board, within any authorized statutory limits.

EXCEPTIONS

A resident student who becomes a nonresident during the course of a nine-week grading period shall be permitted to continue in attendance for the remainder of the grading period, without paying tuition. However, a resident student who becomes a nonresident prior to the final nine-week grading period and wishes to remain enrolled in the District shall pay tuition for the remainder of the school year after the grading period in which the move occurs. The Superintendent may waive tuition for a student who is a senior.

ADMISSIONS  
INTERDISTRICT TRANSFERS

FDA  
(LOCAL)

The following nonresident students shall be exempt from tuition if approved by the Superintendent to attend a District school:

1. A foreign student living with a teacher employed by the District.
2. A foreign student temporarily living outside the District, so long as the program and the student's participation are approved by the Superintendent.

WAIVERS

The Board may waive tuition for a student based on financial hardship upon written application by the student, parent, or guardian.  
[See FP]

NONPAYMENT

The District may initiate withdrawal of students whose tuition payments are delinquent.

APPEALS

Any appeals shall be made in accordance with FNG(LOCAL) and GF(LOCAL), as appropriate.

INTERDISTRICT TRANSFERS  
PUBLIC EDUCATION GRANTS

FDAA  
(LEGAL)

An eligible student may attend a public school in the district in which the student resides or may use a public education grant to attend any other district chosen by the student's parent. *Education Code 29.201*

ELIGIBLE STUDENTS

An eligible student may use a public education grant to attend a school in another district chosen by the parent. "Eligible students" are those assigned to attend a public school campus:

1. At which 50 percent or more of the students did not perform satisfactorily on the state-mandated assessments in any two of the three preceding years; or
2. That failed to satisfy any standard under Education Code 39.054(e) at any time in the preceding three years. [See AIA]

After a student has used a public education grant to attend a school in a district other than the district in which the student resides:

1. The student does not become ineligible for the grant if the school on which the student's initial eligibility is based no longer meets the criteria described above; and
2. The student becomes ineligible for the grant if the student is assigned to attend a school that does not meet the criteria described above.

*Education Code 29.201, .202*

FUNDING

The District is entitled to a public education grant allotment for each eligible student using a public education grant.

The District is entitled to additional facilities assistance under Education Code 42.4101 if the District agrees to:

1. Accept a number of students using public education grants that is at least one percent of the District's average daily attendance for the preceding school year; and
2. Provide services to each student until the student either voluntarily decides to attend a school in a different district or graduates from high school.

AVERAGE DAILY  
ATTENDANCE

A student who uses a public education grant to attend a public school in a district other than the district in which the student resides is included in the average daily attendance of the district in which the student attends school.

*Education Code 29.203(a)-(c)*

INTERDISTRICT TRANSFERS  
PUBLIC EDUCATION GRANTS

FDAA  
(LEGAL)

ADMISSION	A district chosen by a student's parent under Education Code 29.201 is entitled to accept or reject the application for the student to attend school in that district, but may not use criteria that discriminate on the basis of the student's race, ethnicity, academic achievement, athletic abilities, language proficiency, sex, or socio-economic status.
PRIORITIES	If the District has more acceptable applicants for attendance under public education grants than available positions, it must give priority to students at risk of dropping out of school, as defined by Education Code 29.081 [see EHBC] and must fill the available positions by lottery.
EXCEPTION	To achieve continuity in education, however, the District may give preference over at-risk students to: <ol style="list-style-type: none"><li>1. Enrolled students; or</li><li>2. Siblings or other children residing in the same household as enrolled students, for the convenience of parents, guardians, or custodians of those children.</li></ol>
TUITION	A district chosen by a student's parent under a public education grant may not charge the student tuition.  <i>Education Code 29.203(d)–(e)</i>
TRANSPORTATION	The district in which a student resides shall provide each student attending a school in another district under a public education grant transportation free of charge to and from the school the student would otherwise attend. <i>Education Code 29.203(f)</i>
CONTRACT FOR SERVICES	The Board may contract for the provision of educational services to a student eligible to receive a public education grant. <i>Education Code 29.205</i>
NOTICE TO PARENT	Not later than February 1 of each year, the District shall notify the parent of each student in the District assigned to attend a campus described by Education Code 29.202 that the student is eligible for a public education grant. The notice must contain a clear, concise explanation of the public education grant program and of the manner in which the parent may obtain further information about the program. <i>Education Code 29.204(b)</i>

<p>INTERDISTRICT TRANSFERS PUBLIC EDUCATION GRANTS</p>
--

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(LEGAL)

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*Education Code 29.201, .202*

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AVERAGE DAILY  
ATTENDANCE

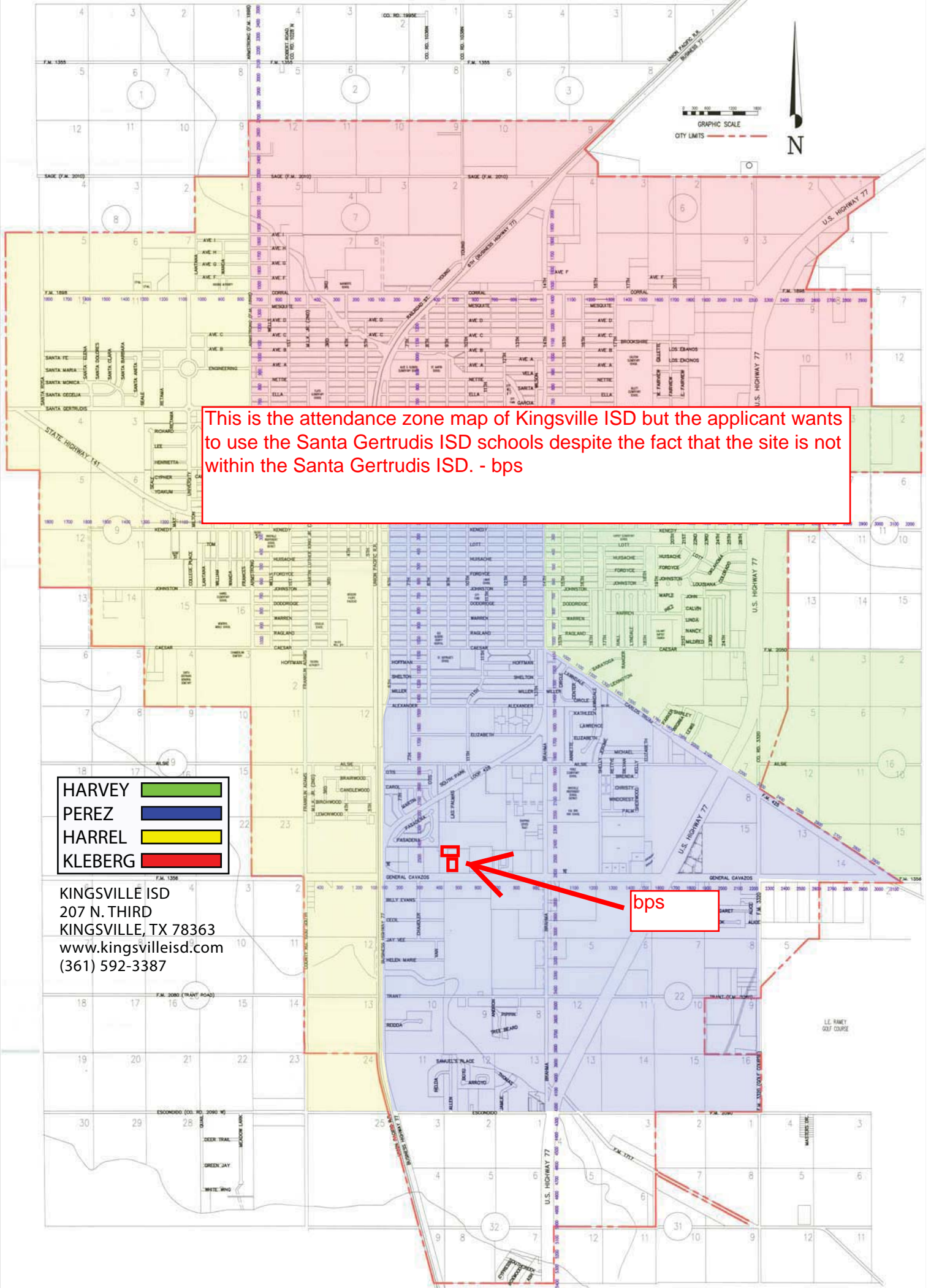
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*Education Code 29.203(a)–(c)*

INTERDISTRICT TRANSFERS  
PUBLIC EDUCATION GRANTS

FDA  
(LEGAL)

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EXCEPTION	To achieve continuity in education, however, the District may give preference over at-risk students to: <ol style="list-style-type: none"> <li>1. Enrolled students; or</li> <li>2. Siblings or other children residing in the same household as enrolled students, for the convenience of parents, guardians, or custodians of those children.</li> </ol>
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This is the attendance zone map of Kingsville ISD but the applicant wants to use the Santa Gertrudis ISD schools despite the fact that the site is not within the Santa Gertrudis ISD. - bps

**HARVEY**   
**PEREZ**   
**HARREL**   
**KLEBERG**

**KINGSVILLE ISD**  
 207 N. THIRD  
 KINGSVILLE, TX 78363  
 www.kingsvilleisd.com  
 (361) 592-3387

bps



**TEXAS EDUCATION AGENCY**  
**2014 Accountability Summary**  
 PEREZ EL (137901110) - KINGSVILLE ISD

**Accountability Rating**

**Met Standard**

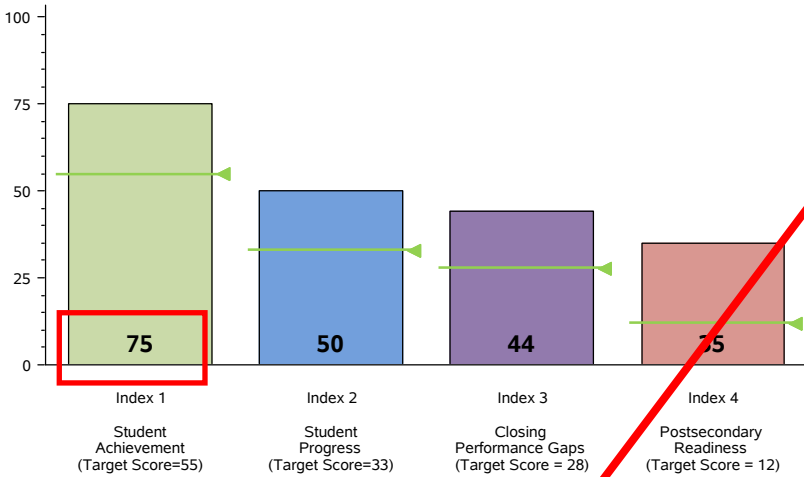
Met Standards on	Did Not Meet Standards on
- Student Achievement - Student Progress - Closing Performance Gaps - Postsecondary Readiness	- NONE

**Distinction Designation**



Academic Achievement in Reading/ELA	<b>DISTINCTION EARNED</b>
Academic Achievement in Mathematics	<b>DISTINCTION EARNED</b>
Academic Achievement in Science	NOT ELIGIBLE
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	<b>DISTINCTION EARNED</b>
Top 25 Percent Closing Performance Gaps	<b>DISTINCTION EARNED</b>
Postsecondary Readiness	<b>DISTINCTION EARNED</b>

**Performance Index Report**



**Campus Demographics**

Campus Type	Elementary
Campus Size	417 Students
Grade Span	PK - 04
Percent Economically Disadvantaged	72.9%
Percent English Language Learners	8.6%
Mobility Rate	17.2%

**Performance Index Summary**

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	245	327	75
2 - Student Progress	397	800	50
3 - Closing Performance Gaps	264	600	44
4 - Postsecondary Readiness			
STAAR Score	35.0		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Indicator Score	N/A		35

**System Safeguards**

**Number and Percent of Indicators Met**

Performance Rates	9 out of 9 = 100%
Participation Rates	6 out of 6 = 100%
Graduation Rates	N/A
<b>Total</b>	<b>15 out of 15 = 100%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

**TEXAS EDUCATION AGENCY**  
**2014 Accountability Summary**  
**MEMORIAL MIDDLE (137901042) - KINGSVILLE ISD**

**Accountability Rating**

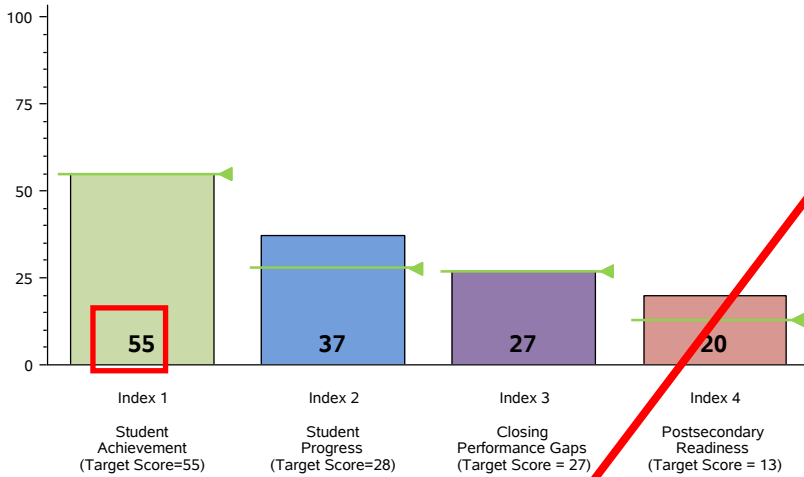
**Met Standard**

**Distinction Designation**

Met Standards on	Did Not Meet Standards on
- Student Achievement - Student Progress - Closing Performance Gaps - Postsecondary Readiness	- NONE

Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

**Performance Index Report**



**Campus Demographics**

Campus Type	Middle School
Campus Size	460 Students
Grade Span	07 - 08
Percent Economically Disadvantaged	76.1%
Percent English Language Learners	2.0%
Mobility Rate	14.7%

**Performance Index Summary**

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	839	1,517	55
2 - Student Progress	589	1,600	37
3 - Closing Performance Gaps	548	2,000	27
4 - Postsecondary Readiness			
STAAR Score	20.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Indicator Score	N/A		20

**System Safeguards**

**Number and Percent of Indicators Met**

Performance Rates	9 out of 19 = 47%
Participation Rates	9 out of 10 = 90%
Graduation Rates	N/A
<b>Total</b>	<b>18 out of 29 = 62%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

**TEXAS EDUCATION AGENCY**  
**2014 Accountability Summary**  
**H M KING H S (137901001) - KINGSVILLE ISD**

**Accountability Rating**

**Improvement Required**

**Distinction Designation**

**Met Standards on**

- Student Achievement
- Postsecondary Readiness

**Did Not Meet Standards on**

- Closing Performance Gaps

Academic Achievement in Reading/ELA

NO DISTINCTION EARNED

Academic Achievement in Mathematics

NO DISTINCTION EARNED

Academic Achievement in Science

NO DISTINCTION EARNED

Academic Achievement in Social Studies

NO DISTINCTION EARNED

Top 25 Percent Student Progress

NOT ELIGIBLE

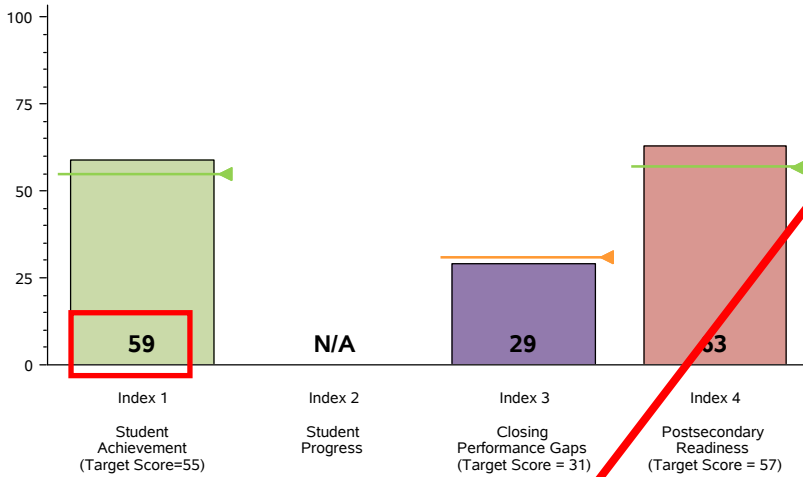
Top 25 Percent Closing Performance Gaps

NO DISTINCTION EARNED

Postsecondary Readiness

NO DISTINCTION EARNED

**Performance Index Report**



**Campus Demographics**

Campus Type	High School
Campus Size	920 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	61.5%
Percent English Language Learners	1.3%
Mobility Rate	15.8%

**Performance Index Summary**

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	1,031	1,758	59
2 - Student Progress	N/A	N/A	N/A
3 - Closing Performance Gaps	523	1,800	29
4 - Postsecondary Readiness			
STAAR Score	8.3		
Graduation Rate Score	19.0		
Graduation Plan Score	23.2		
Postsecondary Indicator Score	12.9		63

**System Safeguards**

**Number and Percent of Indicators Met**

Performance Rates	9 out of 20 = 45%
Participation Rates	8 out of 10 = 80%
Graduation Rates	1 out of 5 = 20%
<b>Total</b>	<b>18 out of 35 = 51%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

**TEXAS EDUCATION AGENCY**  
**2014 Accountability Summary**  
**SANTA GERTRUDIS SCHOOL (137904101) - SANTA GERTRUDIS ISD**

**Accountability Rating**

**Met Standard**

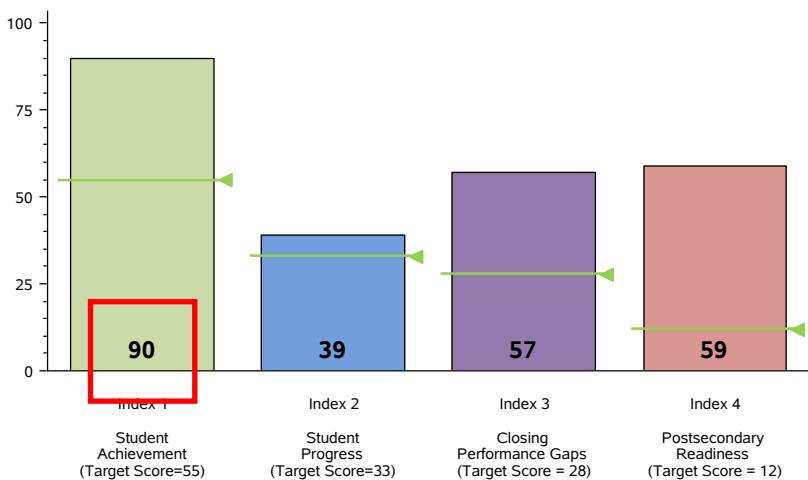
Met Standards on	Did Not Meet Standards on
<ul style="list-style-type: none"> <li>- Student Achievement</li> <li>- Student Progress</li> <li>- Closing Performance Gaps</li> <li>- Postsecondary Readiness</li> </ul>	<ul style="list-style-type: none"> <li>- NONE</li> </ul>

**Distinction Designation**



Academic Achievement in Reading/ELA	<b>DISTINCTION EARNED</b>
Academic Achievement in Mathematics	<b>DISTINCTION EARNED</b>
Academic Achievement in Science	<b>DISTINCTION EARNED</b>
Academic Achievement in Social Studies	<b>DISTINCTION EARNED</b>
Top 25 Percent Student Progress	<b>NO DISTINCTION EARNED</b>
Top 25 Percent Closing Performance Gaps	<b>DISTINCTION EARNED</b>
Postsecondary Readiness	<b>DISTINCTION EARNED</b>

**Performance Index Report**



**Campus Demographics**

Campus Type	Elementary
Campus Size	279 Students
Grade Span	PK - 08
Percent Economically Disadvantaged	33.0%
Percent English Language Learners	0.4%
Mobility Rate	8.5%

**Performance Index Summary**

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	504	560	90
2 - Student Progress	466	1,200	39
3 - Closing Performance Gaps	1,147	2,000	57
4 - Postsecondary Readiness			
STAAR Score	59.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Indicator Score	N/A		59

**System Safeguards**

Number and Percent of Indicators Met	
Performance Rates	15 out of 15 = 100%
Participation Rates	8 out of 8 = 100%
Graduation Rates	N/A
<b>Total</b>	<b>23 out of 23 = 100%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

Map of attendance zone from web. The site is outside the attendance zone. - bps

### Santa Gertrudis School - School Boundaries Map (School Attendance Zone)

Search TX address:  GO  **P** Primary  **M** Middle  **H** High  **O** Other/Mixed

**School Attendance Zone**  
**P**     **SANTA GERTRUDIS SCHOOL**

Map Satellite

bps

# TEXAS EDUCATION AGENCY 2014 Accountability Summary

SANTA GERTRUDIS ACADEMY H S (137904001) - SANTA GERTRUDIS ISD

## Accountability Rating

**Met Standard**

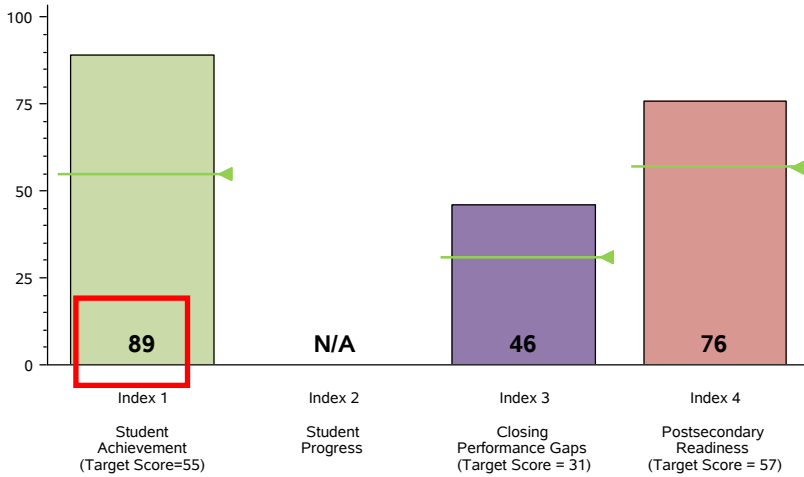
## Distinction Designation



Met Standards on	Did Not Meet Standards on
<ul style="list-style-type: none"> <li>- Student Achievement</li> <li>- Closing Performance Gaps</li> <li>- Postsecondary Readiness</li> </ul>	<ul style="list-style-type: none"> <li>- NONE</li> </ul>

Academic Achievement in Reading/ELA
NO DISTINCTION EARNED
Academic Achievement in Mathematics
DISTINCTION EARNED
Academic Achievement in Science
DISTINCTION EARNED
Academic Achievement in Social Studies
DISTINCTION EARNED
Top 25 Percent Student Progress
NOT ELIGIBLE
Top 25 Percent Closing Performance Gaps
DISTINCTION EARNED
Postsecondary Readiness
DISTINCTION EARNED

## Performance Index Report



## Campus Demographics

Campus Type	High School
Campus Size	309 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	41.1%
Percent English Language Learners	0.6%
Mobility Rate	10.7%

## Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	374	419	89
2 - Student Progress	N/A	N/A	N/A
3 - Closing Performance Gaps	556	1,200	46
4 - Postsecondary Readiness			
STAAR Score	16.1		
Graduation Rate Score	22.2		
Graduation Plan Score	24.5		
Postsecondary Indicator Score	13.5		76

## System Safeguards

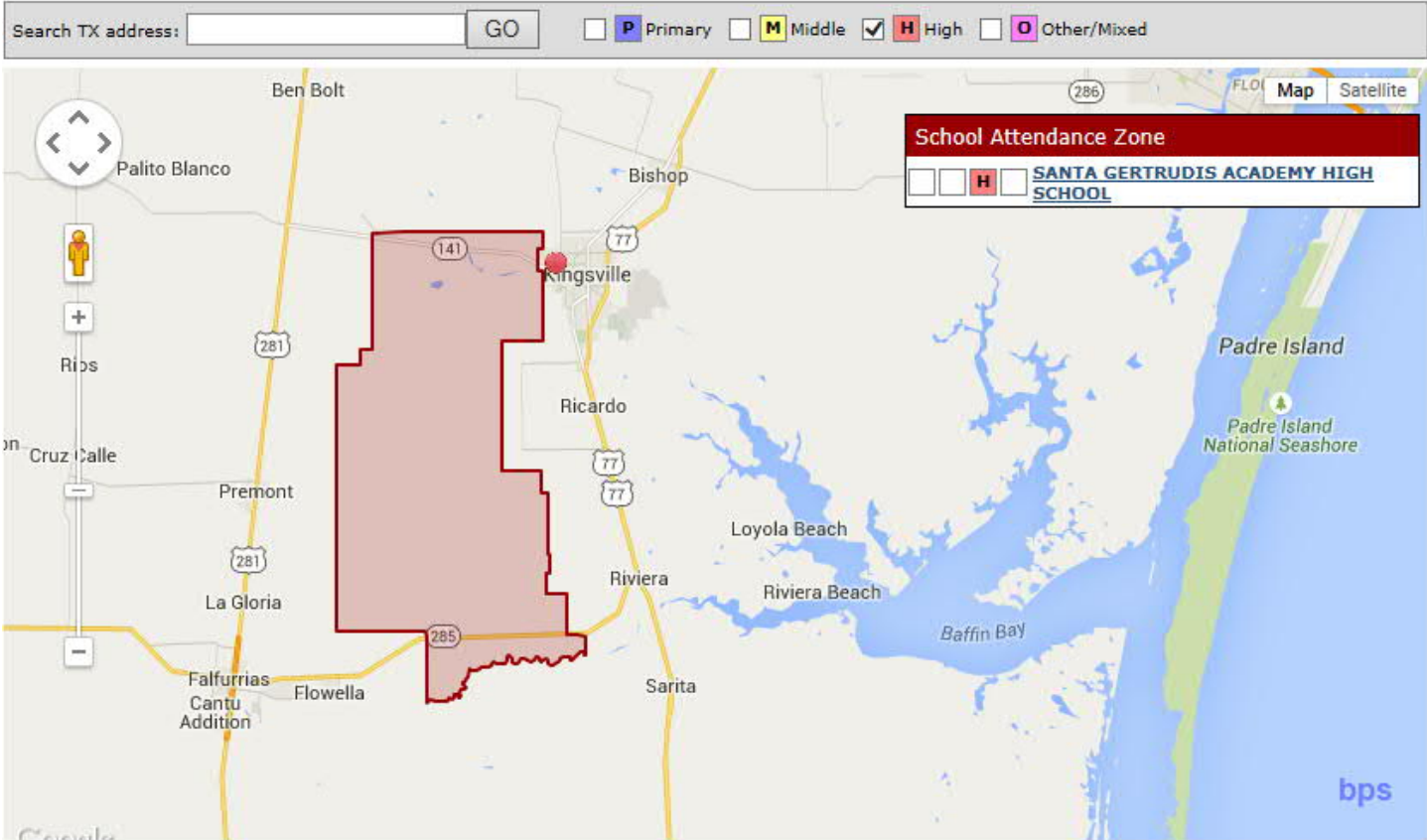
### Number and Percent of Indicators Met

Performance Rates	11 out of 11 = 100%
Participation Rates	7 out of 7 = 100%
Graduation Rates	3 out of 3 = 100%
<b>Total</b>	<b>21 out of 21 = 100%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

Map of attendance zone from web. The site is outside the attendance zone. - bps

**Santa Gertrudis Academy High School - School Boundaries Map (School Attendance Zone)**



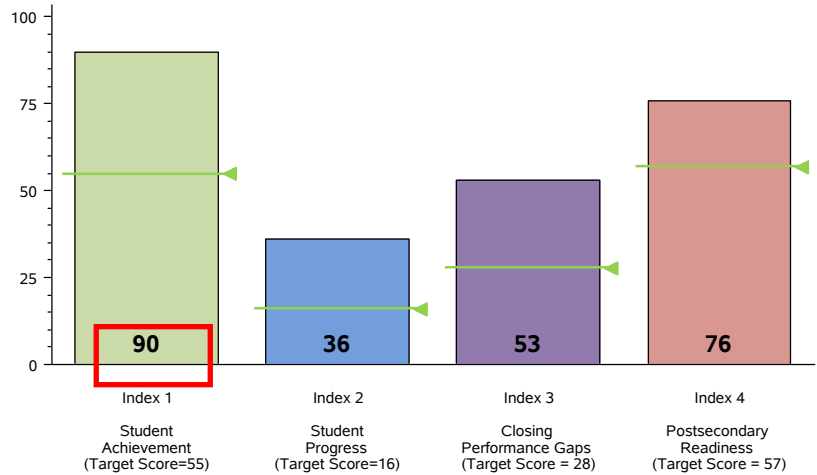


**TEXAS EDUCATION AGENCY**  
**2014 Accountability Summary**  
**SANTA GERTRUDIS ISD (137904)**

**Accountability Rating**  
**Met Standard**

<p><b>Met Standards on</b></p> <ul style="list-style-type: none"> <li>- Student Achievement</li> <li>- Student Progress</li> <li>- Closing Performance Gaps</li> <li>- Postsecondary Readiness</li> </ul>	<p><b>Did Not Meet Standards on</b></p> <ul style="list-style-type: none"> <li>- NONE</li> </ul>
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**Performance Index Report**



**Distinction Designation**

<p><b>Postsecondary Readiness</b></p> <p>Percent of Eligible Measures in Top Quartile 5 out of 9 = 56%</p> <p><b>NO DISTINCTION EARNED</b></p>
--

**Performance Index Summary**

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	911	1,014	90
2 - Student Progress	428	1,200	36
3 - Closing Performance Gaps	1,050	2,000	53
4 - Postsecondary Readiness			
STAAR Score	15.6		
Graduation Rate Score	22.2		
Graduation Plan Score	24.5		
Postsecondary Indicator Score	13.5		76

**System Safeguards**

Number and Percent of Indicators Met	
Performance Rates	17 out of 17 = 100%
Participation Rates	8 out of 8 = 100%
Graduation Rates	3 out of 3 = 100%
Met Federal Limits on Alternative Assessments	1 out of 1 = 100%
<b>Total</b>	<b>29 out of 29 = 100%</b>

For further information about this report, please see the Performance Reporting Division web site at <http://ritter.tea.state.tx.us/perfreport/account/2014/index.html>

# Cayetano Housing of Kingsville

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We are requesting the full amount of Educational Excellence points for TDHCA Application #15268. We understand and acknowledge that the site we have chosen is in the Kingsville ISD; however, we would like to make an argument for the children of our proposed development to have the opportunity to attend the schools in the Santa Gertrudis ISD.

Santa Gertrudis ISD provides Kingsville children a choice for their education. In data that has obtained from the Public Education information Management Systems (PEIMS), we have learned that Santa Gertrudis ISD currently has 588 students in their district of which 150 interdistrict students transferred in for the 2014-2015 school year. We also learned from speaking to school officials at the district that of these current students, only 42 were from within the district. The remaining students are transfers from other districts. Approximately three-quarters of Santa Gertrudis ISD students are interdistrict transfers from Kingsville ISD.

Students' choice to transfer to Santa Gertrudis ISD provides an equivalent effect to a school district "choice" program that allows intradistrict transfers.

The choice between two schools in the same district and two schools in different districts is the same for the children given the opportunity of education choice.

Districts that give students the opportunity to move outside their attendance zone can result in a development receiving points for their district rating. Santa Gertrudis ISD gives Kingsville students the same choice to move outside their attendance zone. The Santa Gertrudis ISD district rating is 90. Santa Gertrudis School and Santa Gertrudis Academy High School have ratings of 90 and 89, respectively. Our site deserves to receive the same points any other site would receive that offered children the opportunity to attend such highly rated schools.

6c

**BOARD ACTION REQUEST**

**EXECUTIVE**

**JUNE 30, 2015**

Presentation, Discussion, and Possible Action on appeal of denial of Funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity (“NOFA”) for Cornerstone Apartments, #14501.

**RECOMMENDED ACTION**

**WHEREAS**, an application under the 2014 HOME (“NOFA”) for \$4,000,000 in funds under the Community Housing Development Organization (“CHDO”) set aside was received from a development group, including HSI, to construct 28 HOME units in the proposed 108 unit Cornerstone Apartment development to be located in Brownsville, Texas;

**WHEREAS**, the application identified Housing Service Incorporated to act as the CHDO general partner for the development entity;

**WHEREAS**, the Executive Award Review Advisory Committee (“EARAC”) of the Department reviewed the Previous Participation compliance history of HSI, found a pattern of noncompliance and inability to effect change in developments for which they were implied to have control, and recommends that the Board deny their application based on the Previous Participation Review;

**WHEREAS**, EARAC met informally with HSI to consider any extenuating circumstances that could explain the past noncompliance but after such meeting was not able to make an affirmative recommendation regarding HSI; and

**WHEREAS**, HSI has submitted an appeal which has been responded to by the Executive Director and has concluded that he lacks the authority to override EARAC’s recommendation.

**NOW, therefore, it is hereby**

**RESOLVED**, that HSI is denied access to HOME CHDO funds in connection with the construction of Cornerstone Apartments.

**BACKGROUND**

HSI is affiliated with fifteen multifamily affordable housing developments monitored by the Department. Below details the compliance history of these properties for the purposes of previous participation reviews (only those items that are not corrected or were not corrected during the corrective action period are shown and were considered by EARAC).

Property name	Noncompliance issue
Arbor Cove	Noncompliance with the Fair Housing Disclosure Notice, No

	evidence of or failure to certify to material participation of a HUB, household income above income limit upon initial occupancy, project failed to meet minimum set aside, Gross rents exceed highest allowed under LURA, noncompliance with utility allowance regulations.
Asbury Place	No evidence of or failure to certify to the material participation of a nonprofit, UPCS violations (in 2013 and 2014), Noncompliance with social service requirements, Failure to provide special needs housing, noncompliance with utility allowance requirements, household income increased above 80% and owner failed to properly determine rent, noncompliance with lease requirements, failure to provide HQS inspections.
Humble Memorial Gardens	Noncompliance with the Fair Housing Disclosure Notice
Seville Row	Household Income Above Income Limit upon Initial Occupancy
Timbers Edge	Violations of the Uniform Physical Condition Standards
Village of Kaufman	Violations of the Uniform Physical Condition Standards
Fox Run	Final construction inspection deficiencies
Hickory Manor	Noncompliance with Social Service requirements
Madison Pointe	Noncompliance with Social Service Requirements

Of significant concern to EARAC is HSI's requirement to participate materially as the nonprofit general partner in many of these transactions. Ten percent of the Department's competitive housing tax credit allocations must annually be awarded to developments that have a nonprofit that has an ownership interest and materially participates. HSI has stepped in as the nonprofit general partner on several transactions. Department staff has cited noncompliance regarding HSI's participation. In their informal meeting and again in their appeal they assert that they have been kept in the dark about compliance issues and have had no ability to resolve the issues of noncompliance. This gets to the heart of the noncompliance findings and EARAC's concern regarding HSI's participation. If they have control, they should not be in the dark. If they do not have control, then they are not materially participating and are in noncompliance.

Another significant concern of EARAC is the level of responsiveness from HSI. EARAC met with HSI in the fall of 2014 to discuss the compliance issues associated with many of the properties shown above (that meeting was regarding the potential ownership transfer of another property; not Cornerstone). If HSI had been in the dark, all issues clearly came to light at the meeting in the fall and EARAC clearly indicated that the lack of oversight and non-responsiveness is unacceptable. While HSI has indicated that significant changes have been made to improve their oversight since that first meeting, the limited interactions with HSI since that time have provided a mixed result. There is little to support, for example, that HSI has taken a leadership role in the interactions with the Department for the developments listed above.

In addition to the 15 multifamily developments, HSI has an existing CHDO operating contract with the Department associated with the award of a prior CHDO development which provides general operating funds for the non-profit. This contract provides another example of the lack of responsiveness with regard to compliance matters addressed by the Department. In September of 2014, staff of the compliance division requested detailed information in order to attempt to complete a routine desk review of that contract and HSI failed to submit the requested information in a timely manner. After several emails, staff followed-up

with a phone call in December and subsequent e-mail in January after which, in both instances, staff was told the information would be sent imminently. The lack of response caused the review to be elevated from a desk review to an onsite review and Department staff sent a notice of the on-site review and ultimately traveled to Dallas in March to conduct the review in person. One finding was made as a result of the review and a 30 day response period was provided on March 23. Again a follow-up request had to be provided on April 22. The response to the finding was finally addressed on May 13, 2015.

EARAC finds the compliance history of HSI unacceptable at this time and recommends denial of access to HOME CHDO funds.



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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June 18, 2015

*Writer's direct phone # 512.475.3296*  
*Email: [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)*

Lee Anderson  
Director of Affordable Housing  
Housing Services Inc.  
1160 Galicia  
Dallas, Texas 75217

Via Email: [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**RE: APPEAL OF PREVIOUS PARTICIPATION IN CONNECTION WITH CORNERSTONE APARTMENTS**

Dear Mr. Anderson:

I have reviewed your letter of appeal with regard to the recommendation by the Executive Award Review Advisory Committee ("EARAC") for the Texas Department Housing and Community Affairs ("TDHCA") which called into question the previous participation record for Housing Services Inc. ("HSI"). As a result of the concerns regarding HSI's previous participation record, EARAC has not recommended funding the HOME application for Cornerstone CHDO in which HSI is acting as a General Partner. While your appeal letter is addressed to my Deputy, and its content speaks to my Board, it is customary for me, as Executive Director, to consider appeals of staff decisions before they go to the TDHCA Board. The purpose of this letter is to consider your appeal and provide my Executive Director level response.

In your appeal letter, you indicate that you were not made aware of the numerous compliance issues identified at several properties in which your organization was the General Partner and/or was required to have material participation in the operation of the property. Several of the compliance findings about which EARAC had concerns had to do specifically with the issue of your non-profit organization's ability to control or influence performance at developments in which your organization was the General Partner and/or was required to have material participation. This has been, among other items of noncompliance, a significant ongoing issue of concern regarding your organization as evidenced in correspondence to you from the Department. Please refer to the attached correspondence regarding Asbury Place dating back to May 14, 2012. The Department's Compliance Division finding in the letter states that there is "no evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469(h)(1)." Your response, which was received after





the corrective action period ended, included a plan to have oversight of the property management and have the ability to engage, and presumably terminate use of, such entity. Your current appeal letter restates your belief that "since the non-profit has no in house management capability, the simple act of hiring a nationally recognized manager to oversee operations and compliance is fully compliant with [IRS] rules." The Department disagrees with that conclusion, particularly where the non-profit exerts no control or oversight over the manager and appears to have no ability to terminate a poor performing manager.

You indicated in your appeal letter that despite repeated attempts to get information about the non-compliance issues you were "kept in the dark" by Dominion, the property manager and developer for the Asbury Place property and several of the other properties in your portfolio. Staff has reiterated your responsibility to be aware of and address the noncompliance issues that were sent to you and to the entities you have "hired" as your agent to represent and oversee your interests. During our meeting in November, with Dominion in the room, you indicated that you were not able to get information from them nor were you able to remove their related property management company because you would no longer be able to do business with them if you attempted to do so.

You have indicated that since the November meeting you have taken 100% responsibility, fully addressed the issues, and expended significant funds for enhanced oversight including the engagement of a full time, third party, professional asset management company. While these sound like and are the right things to say and do, your appeal also disavows responsibility for the non-compliance that has occurred prior to our meeting because you were kept in the dark by your agent. Yet you have not, to our knowledge, removed this management agent nor have you indicated that your new asset oversight agent suggested doing so. You have indicated that that "HSI has tried for 6 months to be in the compliance notification loop for this portfolio." However, you have not contacted the Department to attempt to change the account administrator or change the address of correspondence from the Department, nor have you required the current designated administrator at Dominion to add you as a recipient of correspondence to the Department.

You have indicated that the Department has previously accepted identical HSI activities for material participation of HSI for Humble Memorial Garden only to have the Compliance Director issue a finding of non-compliance in 2014. While your actions and capabilities may have been the same, your inability to be made aware of and take action to address non-compliance at Humble Memorial Gardens became more evident in 2014. Moreover your conclusion that HSI has been "operating the same exact way the past three years..." and has been "...materially involved in these transactions" appears to undercut the statements of renewed responsibility and change.

Finally your request is that the Department not sanction HSI for the next three years, even though no such sanction has yet been considered. The Department's rules do allow EARAC to consider the record of an organization's noncompliance when not corrected within the corrective action period for up to three years after the noncompliance has been corrected. EARAC can also consider the plan to prevent future noncompliance in those circumstances and the results of those efforts can also be taken into consideration by EARAC. Where progress is not made, the Department has a debarment rule that would address longer-term sanctions where the result of reform is not evident. The Department debarment rules can be found at Title 10 Texas Administrative Code §2.401. It is my hope that the evidence of change will become evident in the upcoming compliance reviews for properties in your portfolio. Staff will provide advance notice to you or your designated agent of such future monitoring visits as well as

APPEAL OF PREVIOUS PARTICIPATION IN CONNECTION WITH CORNERSTONE APARTMENTS

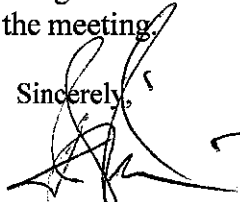
June 18, 2015

Page 3

the results of such monitoring visits. It is my hope that you will be able to rebuild a record of compliance and responsiveness with the portfolio under your control.

Although I do not have authority to overturn EARAC's recommendation I do have the ability to make a different recommendation. However, after review of these materials I cannot support a different conclusion. Therefore your appeal is denied. Per your request, your appeal will be added to the June 30, 2015, Board meeting agenda for consideration along with the documentation you have provided and my response unless you indicate otherwise prior to the meeting.

Sincerely,

A handwritten signature in black ink, appearing to read 'Timothy K. Irvine', written over a horizontal line.

Timothy K. Irvine  
Executive Director

Attachments:

TKI/LRT



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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J. Mark McWatters

May 14, 2012

512.475.2330  
[Stephanie.naquin@tdhca.state.tx.us](mailto:Stephanie.naquin@tdhca.state.tx.us)

Lee Anderson  
Jackson Community Apartments, LP  
1160 Galacia  
Dallas, Texas 75217

RE: Asbury Place Apartments  
1350 Wonder World Dr  
San Marcos, Texas 78666

HTC File: 98067  
HOME File : 539119  
CMTS ID: 1922

Dear Mr. Anderson:

The Texas Department of Housing and Community Affairs has completed a review of Asbury Place Apartments. The review was performed to determine if the property is in compliance with the requirements of the Housing Tax Credit and HOME programs.

The attached Monitoring Report and Findings Report have been prepared to explain the Department's findings of noncompliance and to detail the required corrective action. Please supply all requested documentation no later than **August 12, 2012**. The Department will then determine whether or not the submitted materials sufficiently correct the noncompliance.

**Failure to respond to the corrective action deadline will result in a referral to the Department's Administrative Penalties Committee with a recommended minimum penalty amount of, at minimum, \$35,000 plus \$10 per day. Please see 10TAC §60.309 for a listing of specific penalty amounts.**

A Uniform Physical Condition Standards inspection will be conducted by the Department's contractor in conjunction with this monitoring review. A report of the inspection will be supplied to, and reviewed by, the Department. The development owner will then receive a letter describing any findings generated and a copy of the inspection reports.

Asbury Place Apartments has a current noncompliance score of five (5) for the Housing Tax Credit program and eight (8) for the HOME program. *Please be advised that this does not include any noncompliance found during this review.* Housing Tax Credit Properties with a noncompliance score of 30 or more are considered to be in material noncompliance with the Texas Department of Housing and Community Affairs. Non-Housing Tax Credit Properties with 51-200 low income units with a noncompliance score of 50 or more are considered to be in material noncompliance

Re: Asbury Place Apartments  
May 14, 2012  
Page 2

Please extend our thanks to your onsite staff for their hospitality and cooperation extended during our monitoring visit. If you have any questions about this monitoring report, please contact Stephanie Naquin toll free in Texas at (800) 643-8204, directly at (512) 475-2330, or email: [stephanie.naquin@tdhca.state.tx.us](mailto:stephanie.naquin@tdhca.state.tx.us).

Sincerely,

A handwritten signature in black ink, appearing to be 'Stephanie Naquin', written over a digital signature line.

**Digitally signed by  
Stephanie Naquin  
Date: 2012.05.14  
12:56:37 -05'00'**

Stephanie Naquin  
Program Administrator in Compliance

**Monitoring Report**  
Asbury Place Apartments  
HTC File: 98067  
HOME File: 539119  
ID: 1922

The Texas Department of Housing and Community Affairs completed an on-site monitoring review of Asbury Place Apartments on May 11, 2012. Stephanie Naquin represented the Department. Baba Blackstock represented the property.

**The review resulted in 5 findings of noncompliance:**

1. **Household income above income limit upon initial occupancy:** affecting units 703 and 1206
2. **Failure to provide annual HQS HOME inspection**
3. **No evidence of provision of supportive services**
4. **Not meeting the prescribed special needs set-aside restriction**
5. **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469(h)(1)**

**During the exit interview, the following Technical Assistance was provided:**

- The Department is concerned about the efficacy of the application format. Applicants must be properly screened to determine household eligibility regarding income, assets and student status. A unit is considered out of compliance if the owner fails to screen and/or verify these items. To ensure eligibility, all questions on the application must be properly completed, leaving no blanks, and must be signed and dated by the applicants. The Department encourages the owner to restructure the application to better screen the household for not only the type of income, but the source of income and assets, as well. A sample application is available on the Department's website. To access, visit [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) and select the "Support & Services" tab, then select the "Compliance and Asset Oversight" tab. A side menu will appear, select "Forms".
- On line 8b of Form 8609, the owner has elected to treat each building as part of a multiple building project. The instructions to completing Form 8609 require, that when this election is made, the owner must submit a statement identifying 1) the name and address of the project and each building in the project, 2) the BIN of each building in the project, 3) the aggregate credit dollar amount for the project, and 4) the credit allocated to each building in the project. The attachment was requested at the time of the onsite review and, to date, has not been submitted. Without the statement, the election is not complete and each building will be monitored as a separate project.

**To determine if the property is in compliance the following steps were completed:**

- A review of the Land Use Restriction Agreement,
- Analysis of the Unit Status Report (USR) dated May 1, 2012,
- A review of the entrance interview and other documents submitted,
- An exit interview,
- An in depth review of 13 resident files listed below:

**Files reviewed:**

102	201	202	206	301
304	403	502	703	805
907	1101	1206		

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COMPLIANCE REVIEW  
DETAIL FINDINGS AND CORRECTIVE ACTION  
By program

Printed Date 05/14/12  
Page 1 of 4

Property ID # 1922  
Property Asbury Place Apartments  
Address 1350 Wonder World Dr, San Marcos, TX-78666

Last Desk Review Date: 04/11/12  
Last Onsite Review Date: 05/11/12  
Program(s): HOME File # 539119  
LIHTC File # 98067  
Occupancy as of 05/01/12

PROGRAM: ALL FILE#

UNIT FINDINGS

Unit # 1206

Bldg. # 12

BIN # TX9800832

Finding

Household income above income limit upon initial occupancy

Noncompliance Date

03/07/2012

Current Status Uncorrected

Correction Date

Reason

To verify employment income of the Co-Head with Century Link, 6 paycheck were obtained. The check for period 2/5/2012 to 2/18/2012, which is the check closest to the move in date, indicates "sales compensation" that was not listed as a source of pay on any of the other checks or in the year to date for 2011. The introduction of the "sales compensation" suggests that the employee may have received a change in employment status and is now receiving an additional source of income not evident on previous checks. As a result, averaging the 6 check may not be an accurate reflection of the anticipated employment income for the 12 month certification period, as it would not be based on the most current circumstances. When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease. Clarify the nature of the "sales compensation" and obtain additional checks to determine if the source continued. Submit to the Department for review. If the household is not eligible, follow the above listed corrective action. If the household's status has changed since move in, in accordance with Chapter 4 of the IRS 8823 Audit Guide, the owner has the option to certify the household using current income and asset sources and current income limits to correct the finding.

Corrective Action

Supplemental  
Corrective Action

Potential Administrative  
Penalty \$1000 per violation

PROGRAM: HOME FILE# 539119

PROPERTY FINDINGS

Finding

Failure to provide annual HQS HOME inspection

Noncompliance Date

05/11/2012

Current Status Uncorrected - Not  
Reportable to IRS

Correction Date

Reason

Under the HOME Final Rule and 10TAC§60.118(g), all HOME rental Development Owners must annually complete an Housing Quality Standards (HQS) inspection of all HOME assisted Units and any deficiencies noted must be repaired. This inspection is not currently being conducted.

Corrective Action

Conduct the required HQS inspection and submit certification that finding is corrected.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COMPLIANCE REVIEW  
DETAIL FINDINGS AND CORRECTIVE ACTION  
By program

Printed Date 05/14/12  
Page 2 of 4

PROGRAM: HOME FILE# 539119

Continued

**PROPERTY FINDINGS**

**Supplemental  
Corrective Action**

The recommended HQS form, published by HUD, can be found at <http://www.hud.gov/offices/adm/hudclips/forms/files/52580.pdf>. Conduct an inspection for all HOME units and repair any deficiencies identified. Once completed, submit a certification that all units have been inspected and that any deficiencies have been repaired.

**Potential Administrative  
Penalty** \$500 per violation

**UNIT FINDINGS**

**Unit #** 703

**Bldg. #** 7

**BIN #** TX9800827

**Finding**

Household income above income limit upon initial occupancy

**Noncompliance Date**

10/31/2011

**Current Status** Uncorrected - Not

**Correction Date**

**Reason**

The household received Section 8 assistance. The application disclosed employment income and child support, which was verified through with a statement from the Housing Authority declaring that the total household income is less than the applicable limit. This practice is acceptable for the Housing Tax Credit program but not for the HOME program. For the HOME program, each type of income and assets disclosed by the household must be source documented. Note, the child support was properly verified with a court order.

**Corrective Action**

When the unit becomes available, occupy the unit with an eligible household and provide copies of the: application, necessary verifications, Income Certification and first page and signatory page of the lease.  
Obtain paycheck or payroll records from the employer verifying the employment income at the time of initial certification.

**Supplemental  
Corrective Action**

**Potential Administrative  
Penalty**

\$1000 per violation



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COMPLIANCE REVIEW  
DETAIL FINDINGS AND CORRECTIVE ACTION  
By program

Printed Date 05/14/12  
Page 3 of 4

PROGRAM: LHTC FILE# 98067

**PROPERTY FINDINGS**

**Finding** No evidence of provision of supportive services  
**Noncompliance Date** 05/11/2012  
**Current Status** Uncorrected - Not Reportable to IRS  
**Correction Date**

**Reason** The LURA requires that a Local Tax Exempt Organization provide the services outlined. Although the Department was able to identify that onsite staff has organized the services required, the services are not being provided by a Local Tax Exempt Organization.

**Corrective Action** Implement a supportive services agreement with qualified service provider and provide documentation of program implementation and a copy of the agreement.  
**Supplemental Corrective Action** Contract with a Local Tax Exempt Organization to provide the specific services listed in the LURA and submit a copy of the agreement to the Department for review.

**Potential Administrative Penalty** \$5 per day per violation

**Finding** Not meeting the prescribed special needs set-aside restriction  
**Noncompliance Date** 05/11/2012  
**Current Status** Uncorrected - Not Reportable to IRS  
**Correction Date**

**Reason** The Land Use Restrictive Agreement (LURA) requires that 16%+ (11 units) be set-aside for persons with disabilities. Currently, no households are designated as having Special Needs on the Unit Status Report (USR). To comply with the requirement, the development must maintain a waitlist of qualified tenants with disabilities and affirmatively market to persons with disabilities. At the time of the review, there was not a waitlist of qualified tenants with disabilities. Respond as directed by the department or department representative. Provide all required documentation.  
**Corrective Action** Create a waitlist to track qualified tenants with disabilities. Submit documentation to the Department for review. As households move in that meet the qualifications for this set-aside, designate the household as having special needs on the USR.

**Potential Administrative Penalty** \$1000 per violation

**Finding** No Evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRC 469 (h)(1)  
**Noncompliance Date** 05/11/2012  
**Current Status** Uncorrected  
**Correction Date**

**Reason** The LURA required Material Participation by a Qualified Nonprofit Organization. The Department has confirmed that the current nonprofit, Housing Service Incorporated (HSI) in the General Partner to the owner; however, a narrative describing how HSI materially participates has not been submitted.

**Corrective Action** Submit a narrative describing how HSI materially participates. At which time, the Department will review to ensure  
**Supplemental**

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
COMPLIANCE REVIEW  
DETAIL FINDINGS AND CORRECTIVE ACTION  
*By program*

Printed Date 05/14/12  
Page 4 of 4

PROGRAM: LHTC FILE# 98067

Continued

**PROPERTY FINDINGS**

**Corrective Action**      compliance.

**Potential Administrative Penalty**      \$5 per day per violation



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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September 7, 2012

(512) 475-4603

[Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Lee Anderson  
Jackson Community Apartments, LP  
1110 Broadway  
Marble Falls, TX 78654

RE: Asbury Place Apartments  
1350 Wonder World Dr  
San Marcos, TX 78666

HTC / HOME: 98067 / 539119  
CMTS: 1922

Dear Lee Anderson:

The Texas Department of Housing and Community Affairs (Department) has received documentation addressing the noncompliance identified during the monitoring review conducted at Asbury Place Apartments on May 11, 2012.

**The following findings remain uncorrected:**

- Failure to provide HQS HOME inspections;
- No evidence of provision of supportive service;
- Not meeting the special needs set aside restriction
- No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1)

**The following finding has been dropped:**

- Household income above income limit upon initial occupancy (Units 703 & 1206)

Enclosed, please find a copy of form 8823 that have been mailed to the Internal Revenue Service reporting the noncompliance violation: No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1).

The property has been referred to the Department's Administrative Penalties Committee. The maximum penalty for these issues is \$2,690.00. Note that the possible administrative penalty for No evidence of provision of supportive service and No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1) is \$5.00 per day. Please see 10 TAC §60.307 for a listing of specific penalty amounts. A representative of our legal department will be contacting you for an informal conference in the near future to resolve this issue.

Asbury Place Apartments has a current noncompliance score of fifteen (15) for the HOME Investment Partnership (HOME) program and a noncompliance score of thirty-five (35) for the Housing Tax Credit (HTC) program. The Material Noncompliance threshold for a HTC and Exchange Development is thirty (30) points. The Material Noncompliance threshold for non-HTC developments with fifty-one (51) to two hundred (200)

Asbury Place Apartments

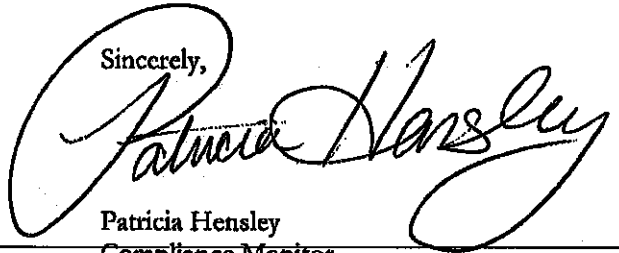
September 7, 2012

Page 2

Low Income Units is fifty (50) points. **Asbury Place Apartments is currently in Material Noncompliance with the Housing Tax Credit (HTC) program.** Owners of properties in material noncompliance are not eligible for additional funding and may be subject to additional fees and sanctions. 10 TAC §60.102 and §60.123 explain this scoring system.

If you have any questions about this monitoring report, please contact Patricia Hensley toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: [Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Sincerely,

A handwritten signature in cursive script that reads "Patricia Hensley". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

---

Patricia Hensley  
Compliance Monitor



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

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Lowell A. Keig  
Juan S. Muñoz, PhD

October 22, 2012

(512) 475-4603  
[Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Lee Anderson  
Jackson Community Apartments, LP  
1110 Broadway  
Marble Falls, TX 78654

RE: Asbury Place Apartments  
1350 Wonder World Dr  
San Marcos, TX 78666

HTC / HOME: 98067 / 539119  
CMTS: 1922

Dear Lee Anderson:

The Texas Department of Housing and Community Affairs (Department) has received documentation addressing the noncompliance identified during the monitoring review conducted at Asbury Place Apartments on May 11, 2012.

**The following findings are corrected:**

- **Failure to provide HQS HOME inspections** – Documentation submitted evidences that the property is now conducting the HQS HOME inspections.
- **No evidence of provision of supportive service** – Documentation submitted evidences that the supportive services are now being provided by the Local tax exempt organization Housing Services of Texas.
- **Not meeting the special needs set aside restriction** – The Development has created a waitlist to track qualified tenants with disabilities.
- **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1)** – The documentation submitted evidences that HIS materially participates in the day to day operations of the Development.

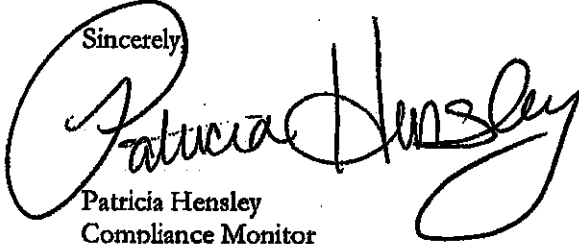
Enclosed, please find a copy of the corrected form 8823 that has been mailed to the Internal Revenue Service reporting the noncompliance violation: **No evidence of, or failure to certify to, material participation of a qualified nonprofit organization as defined in IRS 469 (h)(1) as corrected.**

The Department's Administrative Penalty Committee will be notified that the outstanding noncompliance assessed has been corrected.

Asbury Place Apartments has a current noncompliance score of eight (8) for the HOME Investment Partnership (HOME) program and a noncompliance score of fourteen (14) for the Housing Tax Credit (HTC) program. The Material Noncompliance threshold for a HTC and Exchange Development is thirty (30) points. The Material Noncompliance threshold for non-HTC developments with fifty-one (51) to two hundred (200) Low Income Units is fifty (50) points. Owners of properties in material noncompliance are not eligible for additional funding and may be subject to additional fees and sanctions. 10 TAC §60.102 and §60.123 explain this scoring system.

Asbury Place Apartments  
October 22, 2012  
Page 2

If you have any questions about this monitoring report, please contact Patricia Hensley toll free in Texas at (800) 643-8204, directly at (512) 475-4603, or email: [Patricia.Hensley@tdhca.state.tx.us](mailto:Patricia.Hensley@tdhca.state.tx.us)

Sincerely  
  
Patricia Hensley  
Compliance Monitor

June 6<sup>th</sup>, 2015

Tom Gouris  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78711-3941

Via Email ~ tom.gouris@tdhca.state.tx.us

Dear Mr. Gouris,

Please accept this letter as the basis for Housing Services Incorporated appeal of sanctions taken against it in our previous participation review in connection with the Cornerstone CHDO Home Funds Application.

In May of 2014, HSI's reputation and standing (previous participation) as a non-profit tax credit developer and sponsor in the state of Texas was fully compliant. We received \$6 million of HOME contracts that year. HSI has participated in over 50 tax credit developments as a project sponsor and General Partner and service provider in the past 15 years with a stellar reputation. Not one time in HSI's existence has HSI have any material issues during previous participation review. So we come to you today as a long term, fully acceptable, project sponsor with a passion for affordable housing and services to our residents.

At some point between May and June of 2014 there began to be chatter by staff, in particular Stephanie Naquin, to third parties that HSI may not be admitted into a certain housing tax credit development as a substitute GP. That specific transaction was Park Manor – a broken tax credit deal where we are participating at the request of the investor and new developer to save a problem tax credit property in Sherman. I immediately contacted all my development partners, including Dominion, Pinnacle and State Street Housing, where we serve as GP asking for any non-compliance issues. I was assured by all no problems of any material nature existed.

By August, staff was openly encouraging Bond Council, WNC, and Winthrop to bring in another non-profit General Partner, and that Park Manor could not move forward with HSI. See Exhibit A for a timeline the past year. As this came to my attention again in August of 2014, I





immediately reached out to all partners to inquire again about non-compliance. Staff had not sent Housing Services a single e-mail or notice of compliance problems as of this date.

Of course at this point I reached out to Staff directly including the deputy director by e-mail asking about possible compliance issues. See e-mail attached, Exhibit B. I was rebuffed and not told of any material non-compliance issues brewing or occurring with the Dominion rescue portfolio. So in addition to the developer and property manager keeping the GP, HSI, in the dark; now staff was not informing HSI of any open issues.

Without any notice of compliance issues by the Property Manager and Developer, Dominion, or TDHCA, even though I specifically asked about this issue, HSI was precluded from intervening timely as General Partner between May and November. In November of 2014 we were called to an EARAC committee meeting when the material non-compliance was disclosed to HSI by the Department. In the e-mail to the Deputy Director in August of 2104 I wrote, "how can I stop non-compliance if I do not know about non-compliance." Staff violated its own procedures and rules when HSI, as General Partner, reached out and asked for this compliance information. At the November EARAC meeting, not one of the 55 items flagged for non-compliance was caused by the GP. Brendt Rusten, with Dominion, the main Dominion spokesmen at the EARAC committee meeting, unequivocally stated to the Department that HSI had no idea of the non-compliance record and failures by Dominion Management Services to timely and accurately respond to TDCHA. Dominion accepted full responsibility for the situation and 55 items of compliance failures. In addition, they made it clear that they had systematically kept Housing Services in the dark. I believe they told EARAC that senior management in the company was also unaware of the magnitude of the Texas compliance problems and the failure to timely respond to the department. Dominion is one of the largest and best known developers and property managers at the time they were engaged.

After the EARAC meeting HSI is 100% responsible for what transpired. The issues were fully addressed and the compliance concerns fixed with proper documentation. We spent a lot of our available funds for enhanced oversight of the Dominion managed properties including the engagement of a full time, third party, professional asset management company, TMC, to handle the entire HSI portfolio. We engage a legal team to address concerns raised with Dominion by the department. We obtained enhancements of our legal rights for any future failures by the developer and property manager. Please remember Housing Services did not sponsor any of these transactions. We participated with the lender and the investor and the

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



department with Dominion as the new developer to rescue troubled affordable housing in jeopardy of being lost.

So we come to the board today with a long term, solid compliance track record over more than 15 years. We come to the board today responsible for the corrections of non-compliance immediately after we were notified of problems by staff at the EARAC meeting. Staff pledged to the board and the development community in Texas that past performance and responses to compliance challenges would all be considered before any penalties are assessed to the sponsor. Given these facts and circumstances we believe the sanction being imposed exceed our responsibility and fail to consider our long term track record. We would not be asking for relief if anyone at the Department or Dominion had simply notified Housing Services of the situation. I suggest we would not be here today dealing with any of these issues had our non-profit been involved timely in these issues.

We have shown our concern about compliance for 15 years and we have shown our concern about compliance in how we responded when notified of issues. It would be unfair and inconsistent with the rules to sanction Housing Services for things they did not know about so they could be addressed timely.

HSI responds to TDHCA in a transparent way and asks for help and guidance; please see Exhibit C and backup documents. Two “findings” in the 55 items noted above were for previous participation: in 2012 HSI established a baseline with staff, and staff approved what HSI was doing to be materially involved. TDHCA compliance department staff approved HSI for previous participation in the Humble transaction in 2013, only to have the Compliance Director issue a finding of non-compliance for previous participation in Humble during 2014, where HSI’s activities were the exact same. Please see Exhibit D.

In short, HSI has been transparent and operating the same exact way the past 3 year’s and spends \$150,000 a year being materially involved in these transactions. Housing Services provides on-site supportive services in most every case. Please see Exhibit E for our recent activities. We are on these assets regularly insuring they are properly maintained and properly staffed. Under the IRS guidebook, since the non-profit has no in-house management capability, the simple act of hiring a nationally recognized manager to oversee operations and compliance is fully compliant with these rules. We further show our participation by how we did respond to these issues when finally notified. So you know, HSI has tried for 6 months to be in the compliance notification loop for this portfolio. I can assure this board had we been noticed timely this would never have happened. I can assure the board that with notice this will never

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happen again. Remember we are the ones responsible for the corrective actions taken by the property manager and developer, Dominion.

No one is right all the time. We know staff tries hard to be right. But even staff makes mistakes. Failure to notify us timely when we asked is a mistake. No one is perfect and staff is not always right. We are not claiming to be perfect either, just serially compliant for the last 15 years.

In closing, HSI is not serially non-compliant. If in fact HSI is sanctioned the next three years, it is tantamount to a death sentence, costing us our funding and our reputation. Like everybody in the tax credit business, HSI needs to keep doing transactions to survive and pay its expenses.

What we are being told by staff at this time is that there is nothing we can do to satisfy staff on these issues at this time. Housing Services has spent hundreds of thousands of dollars, are engaged in full asset management related activities far beyond what the guidebook calls for, our oversight regime costs \$150,000 a year, and that apparently that is not enough.

So we ask the board for relief from these sanctions for things we did not know about and things we should have been told when asked. Please do not sanction HSI indefinitely as a serially non-compliant developer and housing sponsor, as that will destroy us and put us out of business, and our record clearly reflects that is not the case. A careful review of these facts will fully support this conclusion. All we ask is for a fair accounting of our role and responsibility in light of our long term track record and response to the issues when they were made known to us. From fully compliant in early 2014 to death row in early 2015 seems to be unwarranted and unjustified under the rules.

Please clear our track record so we can proceed with our mission of the last 15 years. Your consideration is appreciated.

Sincerely,



Lee Anderson  
Director of Affordable Housing

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



## COMPLIANCE TIMELINE FOR HOUSING SERVICES INC. (HS) - 501 C 3 CHDO NON PROFIT

### TIMELINE

Housing Services has participated in over 50 TDHCA affordable housing developments since 1999

Jun-14	HS closes on its second CHDO HOME financed development--Fully compliant at this benchmark
Jun-14	HS has participated in 8 affordable housing rescue transactions with Dominion (one the nations largest affordable developers)
Jun-14	HS and Dominion have rescued all 8 transactions investing millions to rehabilitate the developments
Jun-14	HS is active in each Dominion development providing the family supportive services at little or no cost.
Jun-14	HS hears from Dominion and Chris Barnes of possible non compliance that could affect the HS participation in their non profit transaction
Jul-14	HS contacts all its partners including Dominion about any possible issues of non compliance--All including Dominion represent none exist
Aug-14	HS contacts Ms. Naquin and subsequently Mr. Gouris due to these persistent rumors of non compliance (e-mails attached)
Aug-14	Mr Gouris does not tell him of ongoing compliance issues but defers the issue to a future review
Aug-14	In the 2nd and 3rd quarter of 2014, HS has never been noticed of any finding of non compliance nor received notices of any failures to respond timely to issues
Oct-14	HS applied for a CHDO HOME funds allocation for an affordable development in Cameron County near the international border
Nov-14	HS is called to an EARAC meeting with Dominion; Dominion advises TDHCA they have kept HS in the dark on compliance on the properties and accept 100% responsibility for the situation.
Nov-14	HS is first advised of material non compliance by TDHCA at the EARAC meeting and is completely unprepared given the request to TDHCA about compliance from the summer
Nov-14	HS is told by staff that they are not an eligible CHDO in Cameron County due to new certification rules
Nov-14	HS application for CHDO HOME is terminated 3 times over the next 4 months
Feb-15	TDHCA admits they are wrong about CHDO Certification in Cameron County and the app is reinstated
Feb-15	HS has spent hundreds of thousands dollars to address the Dominion Non Compliance and CHDO mistake by TDHCA
Mar-15	EARAC declines the CHDO HOME award due to HS compliance history (previous participation) 99% related to Dominion compliance problems
Apr-15	Informal appeal to the EARAC committee leads no where
May-15	Notice of appeal to the ED and Board where allowed

Issues which are undisputed:

1. HS has a long term solid compliance record with TDHCA (never in 15+ years have they ever been classified as ineligible)
2. HS was denied the opportunity to remain in good standing due to lack of notice from Dominion and TDHCA
3. HS is responsible for the corrective actions taken to fix the Dominion compliance issues
4. HS spent most of its available resources to address these problems and the problems with the TDHCA mistake on the
5. HS, under the IRS guidebook, satisfied its participation responsibilities by hiring Dominion a nationally recognized leader in the industry
6. Dominion and TDHCA systematically kept HS in the dark during the 2nd and 3rd quarter of 2014 on compliance issues, cutting off their chance to fix problems timely
7. HS took just the kind of steps the board has mandated by policy as a responsible sponsor to insure compliance, whenever possible
8. Taking into account the long compliance track record for HS and the complete lack of timely notice of compliance issues  
HS is not to be held as a non compliant sponsor by EARAC or Compliance

## Lee Anderson

---

**From:** Tom Gouris <tom.gouris@tdhca.state.tx.us>  
**Sent:** Monday, August 25, 2014 7:17 PM  
**To:** Lee Anderson; stephanie.naquin@tdhca.state.tx.us; Patricia Murphy; Cari Garcia  
**Cc:** Raquel Morales; cbarnes@Dominiuminc.com; JShackelford@shackelfordlaw.net; Sabine Geiser  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Thanks Lee, I am forwarding this to our compliance and asset management teams for them to consider when they are processing the previous participation reviews for the ownership transfer requests. As you are probably aware timing of these things is very important as compliance evaluations are regularly in process and being completed. I'm sure staff will be contacting you if and when needed when processing the transfers.

Best regards,

Tom Gouris  
Sent from my cell please excuse spelling imperfections.

----- Original message -----

From: Lee Anderson <lee@hsidevelopment.org>  
Date:08/25/2014 4:28 PM (GMT-06:00)  
To: "Tom Gouris (tom.gouris@tdhca.state.tx.us)" <tom.gouris@tdhca.state.tx.us>, "Stephanie Naquin (stephanie.naquin@tdhca.state.tx.us)" <stephanie.naquin@tdhca.state.tx.us>  
Cc: Raquel Morales <raquel.morales@tdhca.state.tx.us>, cbarnes@Dominiuminc.com, JShackelford@shackelfordlaw.net, Sabine Geiser <sabine@hsidevelopment.org>  
Subject: FW: Non-Compliance - Housing Services Incorporated

Hi Tom,

As we have heard a lot from counsel about non-compliance the past two weeks, I have reached out and checked everywhere I know to check. Please see the e-mail below, there are a few things that are simple and have been corrected. Beyond this there is no other non-compliance I am aware of, please let me know immediately if there is something else that needs to be on my radar, as our team is concerned about submitting the transfer package for Park Manor this week.

Also, we realize the Park Manor transfer application will certainly receive more scrutiny than normal, which is to be expected, during which time our involvement in that transaction will and should be thoroughly reviewed by staff. I apologize about having to ask you to look into this in advance, it's just that there have been several conversations between council, WNC, our development team, and department staffers where staffers have suggested HSI can't come into these transactions because of non-compliance. It is impossible for me to resolve non-compliance if I do not know about it, and while I honestly assume there is nothing more, perhaps there is.

I also realize the Department will need to review the transfer package thoroughly as it relates our involvement in that transaction in 2012, however, please confirm that once the issues are dealt with below HSI has no other compliance related issues that would hold up the Park Manor transfer package.

Thanks.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Jeannie Shipley [mailto:Jshipley@pinnaclefamily.com]  
**Sent:** Monday, August 25, 2014 12:15 PM  
**To:** Lee Anderson; Chris Barnes (cbarnes@Dominiuminc.com)  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Lee,

Here is what I found out:

Below is the list of properties with pending compliance issues. All are related to the Fair Housing Notice Disclosure form.

<b>Type of Review</b>	<b>Audit Date</b>	<b>Property</b>	<b>Reason</b>
File	03/20/13	Rosemont of Highland Gardens	FHND
File	03/21/13	Rosemont of El Dorado	FHND
File	11/22/13	Rosemont at Oak Hollow	FHND
File	01/15/14	Potter's House at Primrose	FHND

The explanation I received regarding FHND from our Compliance Team was the following:

TDHCA opportunity for correction allows it to be executed no more than 120 days and no less than 30 days prior to the date the household is legally obligated to provide written notice of their intention to terminate or renew their current lease. The timeframe is limited to execution during that time only. If household moves out without executing the form during renewal time the finding remains uncorrected. Not IRS noncompliance, but will stay as state noncompliance until TDHCA revises correction opportunity. They recently implemented the timeframe in November 2013, which was past the audit correction period for Highland Gardens, El Dorado, and Oak Hollow. Potter's House response was submitted last week.

Please let me know if you have further questions or concerns that I can assist with resolution.

Thanks,  
Jeannie

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Monday, August 25, 2014 9:36 AM  
**To:** Jeannie Shipley; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Jeanie,

Thanks – let me know what you find out. Sorry to press you on this, you know how it goes. Hope all is well in your world this morning!!

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Jeannie Shipley [<mailto:Jshipley@pinnaclefamily.com>]  
**Sent:** Monday, August 25, 2014 9:07 AM  
**To:** Lee Anderson; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** RE: Non-Compliance - Housing Services Incorporated

Good morning Lee,



I was hoping to get a response back from our Compliance team by last Friday; however I heard back via email this morning that there were several deadline submittal dates due last week hence, they were not able to confirm.

I will call them by 12:noon if I haven't heard back; and get you an answer today.

Jeannie

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Friday, August 22, 2014 4:10 PM  
**To:** Jeannie Shipley; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** RE: Non-Compliance - Housing Services Incorporated  
**Importance:** High

Jeannie,

Sorry to bug. I'm starting to get heat on this, please let me know Monday where we are on these and if there is anything we need to resolve. Thanks, just a friendly warning, I'll likely have to start pushing this a bit by Tuesday!!

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Lee Anderson  
**Sent:** Thursday, August 21, 2014 10:23 AM  
**To:** [jshipley@pinnaclefamily.com](mailto:jshipley@pinnaclefamily.com); Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com))  
**Subject:** FW: Non-Compliance - Housing Services Incorporated  
**Importance:** High

Jeanie,

There does seem to be something there, please check on this as its holding us up. Thanks.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Lee Anderson

**Sent:** Thursday, August 21, 2014 10:22 AM

**To:** 'Tom Gouris'; Stephanie Naquin

**Cc:** Raquel Morales; [cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com); [JShackelford@shackelfordlaw.net](mailto:JShackelford@shackelfordlaw.net); Sabine Geiser

**Subject:** RE: Non-Compliance - Housing Services Incorporated

**Importance:** High

Hi Tom,

We have conferred and are going to submit the transfer package and cover any questions pertaining to our involvement in Park Manor as GP when and if questions do comes up. Given the history of the “Richard Shaw” portfolio we understand the Departments concern.

Also on an unrelated note, there have been some indications that HSI has some compliance issues, at least this what we have heard through counsel. While I know there are no compliance issues in our portfolio from our recent work that I am aware of, there are 7 FHLB grants HSI was involved with prior to my tenure, deals for which we get no income and have no involvement or responsibilities within the Partnership Agreements. Regardless, since they are on our experience cert I will make sure to follow up on this and determine what if anything is out there. I have reached out to Jeanie Shipley with Pinnacle to look into this and am waiting a reply. She is copied on this e-mail as well. However, if there are any compliance issues on any deals, can you or somebody please let me know what they are so that I can address them immediately?

Thanks.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Tom Gouris [<mailto:tom.gouris@tdhca.state.tx.us>]

**Sent:** Wednesday, August 13, 2014 6:03 PM

**To:** Lee Anderson; Stephanie Naquin

**Cc:** Tom Gouris; Raquel Morales; [cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com); [JShackelford@shackelfordlaw.net](mailto:JShackelford@shackelfordlaw.net); Sabine Geiser

**Subject:** RE: Non-Compliance - Housing Services Incorporated

Hi Lee,

We, of course, are glad to have a call if that would be helpful, however one of the points Stephanie was trying to make in her e-mail below is that from a global review perspective we do not really know off hand all the properties or issues that may ultimately be involved/considered in a review until we have the ownership transfer material and previous participation review in process. Thus a call at this point might be premature as we would not have a complete picture of the potential issues of non-compliance until or unless we receive and complete a previous participation review request.

It might be a more fruitful use of everyone's time to review your past compliance records to determine what if any non-compliance was corrected outside of the corrective action period and formulate explanations as to why that might have occurred. Or submit the complete ownership transfer package which would include the previous participation review materials and have us work through at process. Quite frankly the best solution is almost always going to be the first option of self identification as that will provide you with a timeline of your own making rather than the regulatory timeframes that are triggered when we do the previous participation review. We are quite willing to move forward in any of these directions but I wanted you to be aware of what could and could not be accomplished in a meeting at this point. Feel free to let us know how you wish to proceed.

**Tom Gouris**

Deputy Executive Director for Asset Analysis and Management

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: 512.475.1470

Fax: 512.469.9606

*Any person receiving guidance from TDHCA staff should be mindful that, as set forth in [10 TAC Section 11.1\(b\)](#) there are important limitations and caveats (Also see [10 TAC §10.2\(b\)](#)).*

## **About TDHCA**

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

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Wednesday, August 13, 2014 2:58 PM  
**To:** Stephanie Naquin  
**Cc:** Tom Gouris; Raquel Morales; Chris Barnes ([cbarnes@Dominiuminc.com](mailto:cbarnes@Dominiuminc.com)); John Shackelford ([JShackelford@shackelfordlaw.net](mailto:JShackelford@shackelfordlaw.net)); Sabine Geiser  
**Subject:** RE: Non-Compliance - Housing Services Incorporated  
**Importance:** High

Stephanie,

Understood, this makes complete sense given the history of non-compliance on this community. We will cover this in the transfer request. In the meantime, if you would like we can schedule a conference call to discuss the history of our development teams involvement, not just recently but in the past, and our plan moving forward. In point of fact, given the dubious history of non-compliance on this project, we would prefer a call for at least a few minutes with the appropriate people on your end.

I have copied Chris Barnes on this email, as he is running point on this for our development team, as well as our transaction lawyer John Shackelford. They will participate on the call. A call would really be helpful for us so that we can submit a transfer package that addresses the typical stuff required in the transfer request, but given the realities of this deal also addresses any additional concerns by the Department.

Thanks in advance for your time and attention to this matter.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

**From:** Stephanie Naquin [<mailto:stephanie.naquin@tdhca.state.tx.us>]

**Sent:** Wednesday, August 13, 2014 1:35 PM

**To:** Lee Anderson

**Cc:** Tom Gouris; Raquel Morales

**Subject:** RE: Non-Compliance - Housing Services Incorporated

Hi Lee,

Park Manor has outstanding noncompliance for which the corrective action period has passed and numerous issues that, although corrected, were not corrected in the corrective action period. HSI was involved with the property as the GP for a period of time and issues that occurred during that time that are uncorrected or corrected but not corrected in the corrective action period would be considered in a previous participation review. These issues would likely come up during the ownership transfer request, but the full scope is unknown until such review is conducted.

Let me know if you have any other questions, thanks!

**Stephanie Naquin**

Director of Multifamily Compliance

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Office: 512.475.2330

Fax: 512.475.3359

## About TDHCA

The Texas Department of Housing and Community Affairs is committed to expanding fair housing choice and opportunities for Texans through the administration and funding of affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. For more information about fair housing, funding opportunities, or services in your area, please visit [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us) or the [Learn about Fair Housing in Texas](#) page.

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Tuesday, August 12, 2014 5:25 PM  
**To:** Stephanie Naquin ([stephanie.naquin@tdhca.state.tx.us](mailto:stephanie.naquin@tdhca.state.tx.us))  
**Subject:** Non-Compliance - Housing Services Incorporated  
**Importance:** High

Stephanie,

I tried you a minute ago and wanted to zip off an e-mail instead of leaving a message so we could avoid phone tag. The reason for my call and e-mail is that I just received a phone call and it was brought to my attention that there is a finding of non-compliance on a transaction that would inhibit HSI's ability to be brought in as GP on a takeover transaction on Park Manor. At least this is what was brought to my attention, and since I have not been aware of any finding of non-compliance on any deal that we haven't dealt with, I wanted to reach out to determine what it is you were referring to.

Thanks and please let me know quickly so I can get it dealt with.

**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.329.4890 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

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Exhibit C – HSI transparency – no help from TDHCA

While we understand TDHCA isn't required to respond in many instances, there is not one time the past five years that we have received any feedback from any letter as we have articulated our operations clearly and plainly.

March 7, 2012

Ms. Renee Norred  
Compliance Monitor  
Texas Department of Housing and Community Affairs  
221 E. 11th Street | Austin, TX 78701

Re: Humble Memorial Garden

Dear Ms. Norred,

Pursuant to the e-mail earlier this week, this letter addresses the two issues raised: the event held for Senior Citizen Counseling, and the request for reporting on site visits and monthly financial review. I am puzzled by the Department's position on the event we held last year that does not qualify for Senior Citizen Counseling:

- The LURA requires Senior Citizen Counseling (one event per year-although not stipulated in the LURA, this is how the Department and us interpreted this in 2010). We held an event in 2010 similar to the 2011 event and 2010 event was accepted by the Department last year as qualifying for Senior Citizen Counseling. Please explain the basis for the Department's material change in its position.
- This community is very active. The services and community involvement exceeds what is required under the LURA,
- Our Houston Area Coordinator, Muszetta Forman, who is certified by the Senior Citizen Council for Aging, coordinated this event in 2011,
- The event was a health fair to discuss Medicare and Medicaid, and it included counseling for our senior citizen residents. In my opinion, the counseling we provided is perhaps the most important kind of counseling these seniors need in connection with their health care options,
- We previously provided all sign in sheets and information from this event, but we have re-attached them for your review, and
- If the Department's definition of "Senior Citizen Counseling" has changed, we will immediately modify what we do but please understand we need in writing from the Department objective guidance specifically stating what you think "Senior Citizen Counseling" is to assist us in providing what you require.

We appreciate your review of our procedure manual, as you asked for information that HSI has put in place to document our oversight of Dominion Management. This procedure manual was fully implemented in January of 2012. In the past, my review of financials occurred throughout the year with various people at Dominion, primarily Chris Barnes and Owen Metz. As I looked into these questions in the second and third quarter last year, it became apparent we need simple and objective procedures in place so that we can give the Department details on exactly what we do as it relates to oversight – otherwise an ecumenical debate could ensue. In addition, something else good that came out of this process with the Department is stricter procedures on our end about site visits. While there is no requirement by the Department, IRC



469, or in The Guide for Completing the 8823, we thought quarterly site visits were optimal. Please review the recent site visit from Humble for details.

Since there are no objective guidelines in place by the Department to document our oversight of management, we are happy to modify, change, and/or add to any of the reporting procedures in this regard. However, I would respectfully request the Department put this writing to provide guidance if your position is different than ours. We have answered every question in a transparent and comprehensive way; so much so that the Department can now make recommendations if necessary because of the road map we have provided. We absolutely welcome any recommendations and/or guidance. If there are any suggestions you have, we will endeavor to incorporate those into our procedures so that we can avoid these kinds of questions and interruptions on future transactions. We cannot and do not want to have an ongoing problem because of the time and cost involved to our entire development team when deals get put on hold as a result of these issues. This isn't, however, to suggest we have an issue with any of the questions raised by the Department. We understand the history of some non-profits "renting out" their status to for-profit developers in Texas, and appreciate the Department's pursuit to end this abuse.

Thanks for your consideration, please let me know if you have any further questions.

Sincerely,



Lee Anderson  
Director of Affordable Housing

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



December 4, 2014

Ms. Patricia Murphy  
Chief of Compliance  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701

Mr. Tom Gouris  
Deputy Executive Director of Housing Programs  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78701

Dear Ms. Murphy and Mr. Gouris,

We have prepared this letter for review by the TDHCA, and would like to apologize for failing to properly respond at the meeting Tuesday October 21<sup>st</sup>. As outlined below, we are committed to modifying how we operate and have immediately put procedures in place to ensure compliance issues do not occur.

Plan of Action:

- We have engaged Frost Cummings Tidwell Group, LLC (“FCT Group”) to be our accounting firm. FCT Group is a national accounting firm that is a CPA centric group that we feel is a much better fit for HSI. They are in the process of conducting a thorough review of all legal documents, including:
  - Review of 2 years of Owners’ Certificates, tax returns, and audits for all partnerships
  - Review all relevant partnership documents
- HSI is taking all actions allowed by Partnership Agreements and Management Agreements with respect to compliance issues raised by TDHCA and are aggressively pursuing by legal means with a qualified team of lawyers and accountants. While this process is fluid, HSI is (1) replacing DMS at Asbury and Humble and (2) require FCT Group to conduct all property audits and prepare all tax returns for all HSI assets moving forward.
- Steve Gilles with Gardere Wynne Sewell LLP will be involved in all HSI development activities.
- We have engaged Bob Voelker of Munsch, Hardt, Kopf, & Harr PC.
- We have engaged TCAM Asset Management (“TCAM”) to provide us with Asset Management and Owner representation services for our portfolio. TCAM is a nationally known and respected firm that specializes in providing Asset Management services to over 130,000 LIHTC apartment units across the country.



- TCAM will review and develop a new oversight regime, provide ongoing asset management services, compliance and asset management training for HSI Staff, establish a business plan for each community, review all correspondence with TDHCA by all HSI partners, review all financials and audits, develop annual reports to demonstrate HSI’s material participation for each project, develop operating instructions for HSI’s site visits, reporting to partners, reporting to HSI board of directors, and reporting to TDHCA.
- Sabine Geiser, HSI’s Director of Oversight and Compliance, participated in the November 11<sup>th</sup> training in San Antonio with TDHCA, will attend TDCHA training in January of 2015, and will attend any future compliance and asset management training by TDHCA. Sabine Geiser will also participate in training TCAM suggests.
- Transaction Team. As we began examining our development group and transaction team, it quickly became apparent we needed to have a new set of eyes on our transaction work, eyes that are “non-profit” centric. As a result, we have hired three firms to be part of this new team:
  - Steve Gilles is a non-profit tax attorney and will be involved in every business decision we make, and will be the point person for all future transactional work. Mr. Gilles will not work directly on transactions, but will review all pertinent agreements for each transaction.
  - FCT Group will be our main audit firm, will conduct property audits and prepare all tax returns on all transactions for which HSI is GP, will conduct HSI’s audit and our tax work, and will work with us to develop systems and oversight to properly report to our board of directors, institutional actors, and partners.
  - Bob Voekler of Munsch, Hardt, Kopf, & Harr PC will provide transactional work for all future developments.

HSI Operations – Shift in Operations as a result of TDHCA feedback the past 45 days

- Sabine Geiser will be solely responsible for all Compliance, LURA testing, and Site Visits. She will be the single point of contact for all interaction with the Department as transactions enter the compliance period.
- TCAM to develop an oversight regime for Sabine Geiser’s oversight and compliance role. TCAM to work with HSI to develop all forms, reports, site visit forms, and testing procedures for HSI’s oversight.
- Judy Rath, hired October 1<sup>st</sup> 2014 as HSI’s Director of Operations, will manage the oversight regime and process with FCT Group that includes the management of all reporting to and from the board, all interaction between FCT Group and HSI, and managing all other operational items for HSI as assets enter the compliance period. She will be solely responsible for reporting HSI’s activities in each partnership to establish material participation to all partners, investors, and state allocating agencies.

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- Lee Anderson, Director of Affordable Housing, will primarily be responsible for developing new transactions.
- Moving forward HSI will:
  - Negotiate more authority in relation Partnership Agreements and Management Agreements than it has in the past.
  - Require a .5% management fee for HSI's oversight.
  - Require more authority and involvement over the day to day operations of management companies.
  - Require Oversight Agreements (we started using oversight agreements in May of 2014 – we will amend and update).

HSI's goal is to aggressively and proactively address the concerns raised by TDHCA. Thanks in advance for your attention to this matter.

Sincerely,



Lee Anderson  
Director of  
Affordable Housing



Sabine Geiser  
Director of  
Compliance and Oversight

Judy Rath  
Director of  
Operations

CC: FCT Group  
Steve Gilles  
Bob Voelker  
TCAM  
HSI Board  
Dominium

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Sincerely,



Lee Anderson  
Director of  
Affordable Housing

Sabine Geiser  
Director of  
Compliance and Oversight

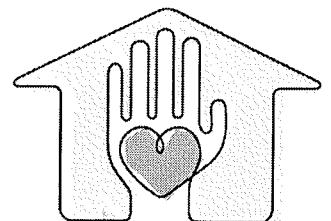


Judy Rath  
Director of  
Operations

CC: FCT Group  
Steve Gilles  
Bob Voelker  
TCAM  
HSI Board  
Dominium

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December 4, 2014

Ms. Patricia Murphy  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

RE: Material Participation Asbury

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
  - Reviews Rent Rolls monthly
  - Reviews Financials monthly
  - Review Annual Audits
  - Review and respond to Lenders Questions or Default Notices if they occur
  - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
  - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
  - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
  - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
    - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
    - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
    - Work with DMS On-Site managers and regional managers on Asbury management
    - Conducted site visits on the following dates:
      - 8/12/14
      - 3/26/14
      - 12/12/13
      - 8/15/13
      - 6/17/13
      - 1/22/13
      - 6/27/12
      - 12/4/12
      - 10/23/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

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frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson  
Director of Affordable Housing



Sabine Geiser  
Director of Oversight and Compliance

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April 14, 2015

Patricia Murphy  
Texas Department of Housing and Community Affairs  
221 East 11<sup>th</sup> Street  
Austin, TX 78711-3941

Via Email ~ [patricia.murphy@tdhca.state.tx.us](mailto:patricia.murphy@tdhca.state.tx.us)

Dear Ms. Murphy,

This letter provides HSI's response to the TDHCA Previous Participation Review received by e-mail on April 8, 2015. The Review was conducted in connection with Housing Services Incorporated's ("HSI") application for HOME funds for 14501, Cornerstone Apartments. Specific responses to each of TDHCA's findings are detailed in an attached exhibit. Also please find responses drafted by Dominion, the management agent on behalf of HSI.

After the EARAC Committee meeting on October 21<sup>st</sup> 2015, the severity and scope of compliance problems within the HSI/Dominium portfolio was shocking, an explanation of when and how HSI learned of these issues is attached. Recognizing the need for improvements, HSI took decisive and immediate action and has been working diligently over the past six months to systematize our oversight and increase our ability to respond quickly to concerns of TDHCA and other stakeholders. We have hired an independent asset management firm, TCAM, to help us strengthen our monitoring of property operations and management performance. We have also greatly increased and improved our level of communication with the property management agent at our properties. These efforts have increased our responsiveness and will prevent the recurrence of events such as those cited in your review. HSI took the follow actions immediately after the EARAC Committee meeting:

- HSI put Dominion on notice that the compliance record was unacceptable and that HSI expected immediate improvements, and that there will be zero tolerance moving forward, these conversations are fluid and ongoing.
- We have asked for notices of all non-compliance from TDCHA
- Engaged new audit and accounting firm in Frost Cumming Tidwell
- Hired new transaction counsel
- As mentioned above engaged TCAM
- Began an immediate overhaul of HSI's oversight of management companies

Given what occurred, it was clear HSI needed to shore up its oversight regime. While we have implemented processes and continue to develop our oversight regime, the primary detail that would have given HSI warning of these issues is to be in the loop and receive all notices from TDHCA. The following process is critical:



- Receive all department notices directly
- Run a parallel system that doesn't rely solely on the management company to inform HSI of non-compliance and audit responses
- Compile our own reports from notices directly from Department with management to insure all items are being responded to timely

HSI and Dominion have been a catalyst of saving troubled multi-family properties in the state of Texas and preserving the affordability, in totality HSI and Dominion have saved 8 troubled assets over the past 4 years, with approval from TDHCA. HSI has already suffered greatly because of this; the financial impact has been dramatic, in addition everything else the organization has been working on has suffered greatly the past six months. Please do not take any further punitive action.

In closing, the state has a desperate need for housing in the Rio Grande River Valley ("RGV"), one of the poorest in the Country. And the need of housing here far outweighs and benefit of sanctions on HSI. Given the shear gravity of HSI's CHDO related activities in RGV, meeting over 1000 stakeholders, starting another non-profit, Strong Minds Rise Together ("SMRT"), to meet the educational needs of the RVG, having initiatives with 4 different communities, interacting with over 10 school districts, among many other activities in south Texas, it is in the best interest of the State and the residents of the RGV that HSI be given the benefit of our efforts on these past issues and for TDHCA to allow Cornerstone Vermillion to proceed. The impact HSI is having on Texas as a CHDO is dramatic; its activities are highly impactful for the residents of Texas.

HSI is committed to the mission of quality affordable housing. We are doing our best to ensure the quality of the housing and to expand housing opportunities for low-income residents of Texas. We welcome feedback from TDHCA about how we might further improve our capabilities.

Sincerely,



Lee Anderson  
Director of Affordable Housing

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Exhibit - Responses to Deficiency Items

**The Department's records indicate that there are issues that are currently uncorrected and the corrective action period has ended.**

Property or Program: Arbor Cove

Issue(s) that our records indicate is(are) currently uncorrected: Failure to provide Fair Housing Disclosure

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Asbury Place

Issue(s) that our records indicate is(are) currently uncorrected: No evidence of or failure to certify to material participation of a nonprofit

HSI RESPONSE: HSI provided a written response to TDHCA on 10/22/2014 with a follow up response submitted on 12/4/2014 and is awaiting a final response.

Property or Program: Humble Memorial Gardens

Issue(s) that our records indicate is(are) currently uncorrected: Failure to provide Fair Housing Disclosure notice

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Seville Row

Issue(s) that our records indicate is(are) currently uncorrected: Household income above income limit upon initial occupancy

HSI RESPONSE: **Please see management company response under separate cover**

**The Department's records indicate that there are issues that are now corrected but were not corrected during the allowed corrective action period.**

HSI RESPONSE: **Please see management company response under separate cover**

Property or Program: Arbor Cove

Issue(s): No evidence of or failure to certify to material participation of a HUB, household income above income limit upon initial occupancy, project failed to meet minimum set aside, Gross rents exceed highest allowed under LURA, noncompliance with utility allowance regulations.

Property or Program: Asbury Place

Issue(s): UPCS violations (in 2013 and 2014), Noncompliance with social service requirements, Failure to provide special needs housing, noncompliance with utility allowance requirements, household income increased above 80% and owner failed to properly determine rent, noncompliance with lease requirements, failure to provide HQS inspections,

Property or Program: Timbers Edge

Issue(s): Violations of the Uniform Physical Condition Standards

Property or Program: Village of Kaufman

Issue(s): Violations of the Uniform Physical Condition Standards

Property or Program: Fox Run

Issue(s): Failure to correct construction inspection deficiencies

Property or Program: Hickory Manor

Issue(s): Noncompliance with social service requirements

Property or Program: Madison Pointe

Issue(s): Noncompliance with social service requirements

Property or Program: HOME contract 1001829

Issue(s): Ensure the Labor standards officer is not affiliated with monitored construction company, reconcile the employee interview to certified payroll

Property or Program: HOME contract 1001834

Issue(s): Failure to respond to requests for monitoring reviews

**Applicant failed to provide ANY response during the corrective action period.**

Applicant should address the issue of why Applicant failed to respond to Department notices and communications during the corrective action period for each issue of noncompliance. If no response is provided (and if this item is checked) or if the response is unsatisfactory, EARAC may make a recommendation to deny any new award.

On May 23, 2014 a notice of noncompliance was sent regarding a file review conducted at Asbury Place Apartments. The response was due no later than August 21, 2014. No response was received until August 29, 2014.

**HSI RESPONSE: Please see management company response under separate cover**

The Department attempted to complete a desk review for HOME contract 1001834 and the requested documents were not submitted.

HSI RESPONSE: HSI acknowledges that the response was not provided timely, but HSI has since provided all items during an onsite audit dated March 16, 2015. On March 23, 2015 HSI received a letter requesting additional details regarding Sabine Geiser's activities. A response is required by April 23<sup>rd</sup> 2015.

**The Department's records indicate that the Audit Certification Form for Housing Services Inc. is past due.**

HSI RESPONSE: HSI acknowledges that the response was not provided timely, and has submitted the form as of today. A copy of that form is attached.

**The Department's records indicate that the following financial services issues exist:**

Home 1001829 - Champion Homes at Tahoe Lake - needs submission of Proof of Builder's Risk Ins and tax receipts for tax year 2014 or exemption status

HSI RESPONSE: This information has been submitted to TDHCA and are included as an attachment.

**The Department's records indicate that the following asset management concerns exist based on information provided by the owner or owner's representative in the annual report to the Department and summarized on the attached exhibit which will be presented to EARAC.** The applicant is encouraged but not required to provide any clarification, explanation or plan for improvement for consideration in evaluating past performance of these properties:

HSI RESPONSE: **Please see management company response under separate cover as well as a table of 2014 Debt Coverage Ratios**



Exhibit – Timeline outlining when HSI learned of severity of compliance issues

On October 21, 2014 the EARAC Committee held a meeting regarding a pattern of non-compliance and late audit responses within the Dominion/HSI Portfolio, at which time Dominion and Housing Services Incorporated (“HSI”) gave a presentation about corrective action. The first time HSI became aware of concerns by TDHCA of non-compliance within the Dominion/HSI Portfolio was in August of 2014, at which time HSI immediately reached out to Stephanie Naquin, and sent subsequent e-mails on August 21<sup>st</sup> to Tom Gouris. At no time before August of 2014 did HSI receive notice, emails, or phone calls by Department staff about ongoing problems relating to the Dominion/HSI Portfolio. There were 55 compliance items brought to our attention, 48 of the 55 questions pertained to the Dominion Portfolio, the other 7 questions pertained to debt coverage ratios on FHLB transactions not related to Dominion. Two of the 55 items of non-compliance related to HSI’s material participation at Asbury and Humble. HSI provided a written response to TDHCA on 10/22/2014 with a follow up response submitted on 12/4/2014 and is awaiting a final response.

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA)

## AUDIT CERTIFICATION FORM (ACF)


<b>Entity:</b>	Housing Services Incorporated	<b>FYE:</b>	12/31/2014	<b>Contract Number:</b>	1001834
<i>mm/dd/yy</i>					

Check appropriate box:	
	We <b>have exceeded</b> the \$500,000 federal/state expenditure threshold for the fiscal year referenced above. We will have our Single Audit or Program Specific Audit completed and will submit the audit report within nine (9) months after the end of the audited fiscal year.
x	We <b>did not exceed</b> the \$500,000 federal/state expenditure threshold for the fiscal year referenced above. A Single Audit or a Program Specific Audit is not required for this fiscal year. <i>(Fill out Federal and State Funds Schedules below)</i>

*(Must be filled out if Single Audit or Program Audit is **NOT** required)*

Federal Funds Schedule				
Federal Grantor	Pass-through Grantor	Program Name & CFDA Number	Contract Number	Expenditures
				\$
				\$
				\$
<b>Total Federal Expenditures for the Fiscal Year</b>				<b>\$</b>

State Funds Schedule				
State Grantor	Pass-through Grantor (if any)	Program Name	Contract Number	Expenditures
TDHCA		HOME	1001834	27,392.00
<b>Total State Expenditures for the Fiscal Year</b>				<b>\$</b>

	Lee Anderson	D. of A. U.
<i>(authorized signature)</i> <i>(Executive Director, Mayor, County Judge)</i>	<i>(printed name)</i>	<i>(title)</i>
<i>(mailing address)</i>	Dallas, TX	75208
lee@hsidevelopment.org	<i>(city, state)</i>	<i>(zip code)</i>
<i>(email address)</i>	214-763-5209	n/a
	<i>(telephone number)</i>	<i>(fax number)</i>

**In accordance with the Texas Administrative Code, Title 10, Part 1, Chapter 1, Subchapter A, Rule §1.3 (b), an Entity "...is not eligible for funds or any other assistance from the department unless any past due audit has been submitted to the department in a satisfactory format on or before the application deadline for the funds or other assistance."**

**WARNING: The U. S. Code, Title 18, Part 1, Chapter 47, §1001 (a)(1)-(3) indicates that an Entity is guilty of falsification and fraud for knowingly and willingly making false or fraudulent statements to any department of the United States Government.**

Unless directed otherwise during the application process, submit this form within 60 days after the end of the fiscal year to:  
 Compliance and Asset Oversight Division  
 P. O. Box 13941, Austin, TX 78711-3941  
 Fax # (512) 475-3359



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
10/1/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>Insgroup, Inc.</b> 1455 W. Loop South, 9th Floor  Houston TX 77027	<b>CONTACT NAME:</b> Fred Chang <b>PHONE (A/C No. Ext):</b> (713)541-7272 <b>E-MAIL ADDRESS:</b> fchang@insgroup.net		<b>FAX (A/C, No):</b> (713)772-5224
	<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
<b>INSURED</b> <b>Chicory Court Midland, LP</b> <b>Odyssey Residential Construction, LP</b> 5420 LBJ Freeway #1355 Dallas TX 75240	<b>INSURER A:</b> Scottsdale		
	<b>INSURER B:</b> Hallmark Specialty Ins. Co.		
	<b>INSURER C:</b> Navigators Insurance Co.		
	<b>INSURER D:</b> Texas Mutual Ins. Co.		
	<b>INSURER E:</b> <b>INSURER F:</b>		

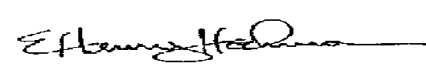
**COVERAGES** **CERTIFICATE NUMBER:** 14/15 Lake Tahoe **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b>			BCS0031368	1/16/2014	1/16/2015	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ NA
	<input checked="" type="checkbox"/> BI/PD/P&AI Ded: \$5000						PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000
B	<b>AUTOMOBILE LIABILITY</b>			TXH601334-04	1/16/2014	1/16/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
							\$
C	<b>UMBRELLA LIAB</b>			HO14EXC803011IC	1/16/2014	1/16/2015	EACH OCCURRENCE \$ 5,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					AGGREGATE \$ 5,000,000
	<input checked="" type="checkbox"/> DED	<input type="checkbox"/> CLAIMS-MADE					\$
	RETENTION \$ 0						
D	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>			SBP-0001189918	4/11/2014	4/11/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Champion Homes at Tahoe Lakes Construction Project - Midland, TX  
The policy includes a blanket automatic additional insured endorsement that will provide additional insured status to the certificate holder only when there is a written contract between the named insured and the certificate holder as shown in the written contract that requires such status.

<b>CERTIFICATE HOLDER</b>  carolyn.kelly@tdhca.state.  Texas Department of Housing and Community Affairs Carolyn Kelly 221 East 11th Street Austin, TX 78701	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  Henry Hochman/FC01 
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# EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
9/5/2013

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS Insgroup, Inc. 1455 West Loop South 9th Floor Houston TX 77027		PHONE (A/C, No, Ext): (713)541-7272	COMPANY NAME AND ADDRESS Darwin National Assurance Company 1690 New Britain Ave Farmington CT 06032	NAIC NO: 16624
FAX (A/C, No): (713)772-5224	E-MAIL ADDRESS: jschmidt@businessinsurancegroup.c		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:		POLICY TYPE Installation/Builder Risk	
AGENCY CUSTOMER ID #: 00033546		LOAN NUMBER		POLICY NUMBER 0308-6907
NAMED INSURED AND ADDRESS Odyssey Residential Holdings, LP (CONSTRUCTION) 5420 LBJ Freeway #1355 Dallas TX 75240		EFFECTIVE DATE 11/01/2013	EXPIRATION DATE 11/01/2014	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
ADDITIONAL NAMED INSURED(S) Chicory Court Midland, LP		THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required)  BUILDING OR  BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION  
Location #1: 1905 South Lamesa Road, Midland, TX 79701

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION		PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$		14,861,888 DED: 10,000			
	YES	NO	N/A		
<input type="checkbox"/> BUSINESS INCOME <input checked="" type="checkbox"/> RENTAL VALUE	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,954,960	Actual Loss Sustained; # of months:
BLANKET COVERAGE		<input checked="" type="checkbox"/>		If YES, indicate value(s) reported on property identified above: \$	
TERRORISM COVERAGE		<input checked="" type="checkbox"/>		Attach Disclosure Notice / DEC	
IS THERE A TERRORISM-SPECIFIC EXCLUSION?					
IS DOMESTIC TERRORISM EXCLUDED?					
LIMITED FUNGUS COVERAGE	<input checked="" type="checkbox"/>			If YES, LIMIT: 15,000	DED: 7 Day Wait
FUNGUS EXCLUSION (If "YES", specify organization's form used)		<input checked="" type="checkbox"/>			
REPLACEMENT COST	<input checked="" type="checkbox"/>				
AGREED VALUE	<input checked="" type="checkbox"/>				
COINSURANCE	<input checked="" type="checkbox"/>			If YES, 100%	
EQUIPMENT BREAKDOWN (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 10,872,048	DED: 10,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	<input checked="" type="checkbox"/>				
- Demolition Costs	<input checked="" type="checkbox"/>			If YES, LIMIT: 50,000	DED:
- Incr. Cost of Construction	<input checked="" type="checkbox"/>			If YES, LIMIT: 50,000	DED:
EARTH MOVEMENT (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,000,000	DED: 25,000
FLOOD (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 1,000,000	DED:
WIND / HAIL (If Subject to Different Provisions)	<input checked="" type="checkbox"/>			If YES, LIMIT: INCL IN LIMIT	DED: SEE ATTCH
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS					

### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

### ADDITIONAL INTEREST

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE <input checked="" type="checkbox"/>	Mortgagee & Loss Payee	
NAME AND ADDRESS Texas Department of Housing and Communit Affairs 221 East 11th Street Austin, TX 78701		AUTHORIZED REPRESENTATIVE Brian Kapiloff/CAR01

**BUILDERS RISK COVERAGE:**

Soft Cost: \$2,034,880

Loss of Rents: \$1,954,960

**DELAY IN COMPLETION:**

Deductible: 7 day waiting period

**Windsorm and Hail:**

a) with respects to locations within Tier 1 wind zones the deductible shall be 0% of the total values at the time of loss or damage at each location involved in the loss or damage;

b) with respects to all other locations, all loss, damage, and/or expense arising out of any one occurrence shall be adjusted as one loss, the deductible shall be 0% of the total values at the time of loss at each location involved in the loss, subject to a minimum of \$10,000 for any one occurrence

## Additional Named Insureds

### Other Named Insureds

Chicory Court Stream GP, LLC	Additional Named Insured
Odyssey Residential Construction II, LLC	Additional Named Insured
Odyssey Residential Construction, GP	Additional Named Insured
Odyssey Residential Construction, GP, Inc.	Additional Named Insured
Odyssey Residential Holdings, LP	Additional Named Insured
Odyssey Residential Management, LLC	Additional Named Insured



[Home](#) [Return to Search](#) [Print](#)

[Property Year 2014](#) **Tax Summary**

Information Updated 4/13/2015

Property ID: R000210945 Geo ID: 00081990.001.0010

**Property Tax Bills**

View Property Taxes Detail by Entity

Year	Taxing Detail	Base Tax	Paid Tax	Tax Due	*Additional Fees	Late Fees	Amount Due
2014	165 - MIDLAND COUNTY	\$136.52	\$136.52	\$0.00	\$0.00	\$0.00	\$0.00
2014	CTM - CITY OF MIDLAND	\$425.01	\$425.01	\$0.00	\$0.00	\$0.00	\$0.00
2014	HOS - MIDLAND HOSPITAL	\$127.65	\$127.65	\$0.00	\$0.00	\$0.00	\$0.00
2014	RDC - MIDLAND COLLEGE	\$134.22	\$134.22	\$0.00	\$0.00	\$0.00	\$0.00
2014	SCM - MIDLAND ISD	\$1,230.11	\$1,230.11	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Amount Due:</b>				\$0.00	\$0.00	\$0.00	<b>\$0.00</b>

\* Additional Fees include any applicable penalties and interest, attorney and/or late fees.

4/13/2015

**RECALCULATE PAYMENT**

(with different proposed payment date)

Southwest Data Solutions provides this information "as is" without warranty of any kind.  
Southwest Data Solutions is not responsible for any errors or omissions.

## Lee Anderson

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**From:** Lee Anderson  
**Sent:** Sunday, March 15, 2015 9:57 AM  
**To:** 'Patricia Murphy'  
**Cc:** Tim Irvine; Sabine Geiser; Judy .  
**Subject:** RE: HSI-Dominium  
**Attachments:** Schedule of Real Estate - AH Activities - Dominium .pdf

Hello Patricia,

Please find schedule of real estate, the projects with red lines through them are not Dominium Partnerships. I initially intended a more high level call, as you will be digging into each file, I will ask Sabine and Judy to prepare so that we can discuss each partnership specifically if necessary. Let's push this call to the following week, perhaps the 25<sup>th</sup> or 26<sup>th</sup>?

Let us know if you need anything else in advance of the call.

**Lee Anderson** | Housing Services Incorporated  
Director of Affordable Housing

Direct 214.329.4890 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

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**From:** Patricia Murphy [<mailto:patricia.murphy@tdhca.state.tx.us>]  
**Sent:** Saturday, March 14, 2015 9:10 AM  
**To:** Lee Anderson  
**Cc:** Tim Irvine  
**Subject:** FW: HSI-Dominium

Hi Lee, Can you tell me which properties HSI is affiliated with? I think I have a list of Dominium/HSI properties, but I don't think HSI is affiliated with all of Dominium portfolio. Plus, I know that HSI is involved with some properties that Dominium is not involved with.

I need that list and some time to look through the files before a call.

---

**From:** Lee Anderson [<mailto:lee@hsidevelopment.org>]  
**Sent:** Wednesday, March 11, 2015 4:14 PM  
**To:** [tim.irvine@tdhca.state.tx.us](mailto:tim.irvine@tdhca.state.tx.us)  
**Cc:** Voelker, Robert ([rvoelker@munsch.com](mailto:rvoelker@munsch.com)); Judy .; Sabine Geiser  
**Subject:** HSI-Dominium

Mr. Irvine,

We would like to schedule a phone call with you for the middle of next week for a quick chat about Dominium and where our team is with this, perhaps Wednesday or Thursday if you have time.



**Lee Anderson** | Housing Services Incorporated

Director of Affordable Housing

Direct 214.270.1402 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

## **Exhibit D – Material participation**

1. Baseline for HSI's Activities set in 2012 – March 8th
  - Rene Norred reviews our procedures
  - Rene Norred reviews our site visit report example
  - We clearly ask for help and guidance in the letter
  - No follow up by the Ms. Norred
  - Assumption, she is happy with everything
  
- .2 It is also important to note that HSI was cleared of all questions for material participation in 2012 and 2013.
  
3. We have supplied the response to both Humble and Asbury we prepared for Ms. Murphy – we heard nothing back at all on either response

## Lee Anderson

---

**From:** Lee Anderson  
**Sent:** Thursday, March 08, 2012 9:04 AM  
**To:** renee.norred@tdhca.state.tx.us  
**Cc:** John Shackelford (jshack@shacklaw.net); Chris Barnes (cbarnes@Dominiuminc.com)  
**Subject:** Humble Memoria Gardens  
**Attachments:** Response on Services and Reporting - Humble 3-7-12.pdf; Quarterly Site Visit Report - Humble - 1st Quarter 2012 Site Visit.pdf; Monthly Financial Review - 2012 Dominium Portfolio.pdf

Ms. Norred,

Please find our response to the e-mail on the 5<sup>th</sup> of March. As indicated in the letter, I'm sending in all of the materials for the event we held last year, however, as the e-files we have for all of those materials is over 20 meg, and I wanted to make sure you had everything we had on file in your hand on this event, I am overnighting it all for early morning delivery. While you have seen the sign in sheets and a few other details in the past, there is substantially more materials for you to review, and hopefully you will come to the same conclusion we did before we held the event, in that it is senior citizen counseling.

We appreciate your attention to this matter, please let me know if you have any questions.

**Lee Anderson** | Housing Services Incorporated  
Executive Director – Director of Affordable Housing

Direct 214.329.4890 | Mobile 214.763.5209 | Fax 888.835.9319 | [lee@hsidevelopment.org](mailto:lee@hsidevelopment.org)

March 7, 2012

Ms. Renee Norred  
Compliance Monitor  
Texas Department of Housing and Community Affairs  
221 E. 11th Street | Austin, TX 78701

Re: Humble Memorial Garden

Dear Ms. Norred,

Pursuant to the e-mail earlier this week, this letter addresses the two issues raised: the event held for Senior Citizen Counseling, and the request for reporting on site visits and monthly financial review. I am puzzled by the Department's position on the event we held last year that does not qualify for Senior Citizen Counseling:

- The LURA requires Senior Citizen Counseling (one event per year-although not stipulated in the LURA, this is how the Department and us interpreted this in 2010). We held an event in 2010 similar to the 2011 event and 2010 event was accepted by the Department last year as qualifying for Senior Citizen Counseling. Please explain the basis for the Department's material change in its position.
- This community is very active. The services and community involvement exceeds what is required under the LURA,
- Our Houston Area Coordinator, Muszetta Forman, who is certified by the Senior Citizen Council for Aging, coordinated this event in 2011,
- The event was a health fair to discuss Medicare and Medicaid, and it included counseling for our senior citizen residents. In my opinion, the counseling we provided is perhaps the most important kind of counseling these seniors need in connection with their health care options,
- We previously provided all sign in sheets and information from this event, but we have re-attached them for your review, and
- If the Department's definition of "Senior Citizen Counseling" has changed, we will immediately modify what we do but please understand we need in writing from the Department objective guidance specifically stating what you think "Senior Citizen Counseling" is to assist us in providing what you require.

We appreciate your review of our procedure manual, as you asked for information that HSI has put in place to document our oversight of Dominion Management. This procedure manual was fully implemented in January of 2012. In the past, my review of financials occurred throughout the year with various people at Dominion, primarily Chris Barnes and Owen Metz. As I looked into these questions in the second and third quarter last year, it became apparent we need simple and objective procedures in place so that we can give the Department details on exactly what we do as it relates to oversight – otherwise an ecumenical debate could ensue. In addition, something else good that came out of this process with the Department is stricter procedures on our end about site visits. While there is no requirement by the Department, IRC



469, or in The Guide for Completing the 8823, we thought quarterly site visits were optimal. Please review the recent site visit from Humble for details.

Since there are no objective guidelines in place by the Department to document our oversight of management, we are happy to modify, change, and/or add to any of the reporting procedures in this regard. However, I would respectfully request the Department put this writing to provide guidance if your position is different than ours. We have answered every question in a transparent and comprehensive way; so much so that the Department can now make recommendations if necessary because of the road map we have provided. We absolutely welcome any recommendations and/or guidance. If there are any suggestions you have, we will endeavor to incorporate those into our procedures so that we can avoid these kinds of questions and interruptions on future transactions. We cannot and do not want to have an ongoing problem because of the time and cost involved to our entire development team when deals get put on hold as a result of these issues. This isn't, however, to suggest we have an issue with any of the questions raised by the Department. We understand the history of some non-profits "renting out" their status to for-profit developers in Texas, and appreciate the Department's pursuit to end this abuse.

Thanks for your consideration, please let me know if you have any further questions.

Sincerely,



Lee Anderson  
Director of Affordable Housing

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



## 2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Seville Row - Beaumont - TDHCA # TX08417	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Timbers Edge - Beaumont - TDHCA # TX08416	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Humble Memorial Garden - Humble - TDHCA # TX02120	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

## 2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Hickory Manor - Desoto - TDHCA # TX	
	Dt Financials Reviewed	Notes
January	1/20/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Lakeside Manor - Little Elm - TDHCA # TX04463	
	Date Financials reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Hillcrest Manor - Lubbock - TDHCA # TX-06-040215	
	Dt Financials Reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

## 2012 Oversight of Monthly Financials to Dominion Portfolio

Month (2012)	Asbury Place - San Marcos - TCHCA # TX98067	
	Dt Financials Reviewed	Notes
January	1/22/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)	Madison Point - Cotulla - TDHCA # TX05099	
	Dt Financials Reviewed	Notes
January	1/25/2012	
February	2/17/2012	
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		

Month (2012)		
	Dt Financials Reviewed	Notes
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		



**Project Name:** Humble Memoria Garden  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
Humble, TX 77038

**Date Site Visit Conducted:** 2/22/2012

**HSI Personell Present:** Sabine Geiser  
Lee Anderson

**Management Staff Present:** Robbie Irvan

**Financial Review:**

Finacially, this project is sound, it is trending in the right direction as expected.

**Physical Condition Review:**

Physical Condition is good, project is clean, nothing noted of a concern after we walked the property.

**Services Review:**

Services at Humble are robust, onsite management continuing to facilitate an active community, Muszetta was pleased we have active seniors here. In January, we approved 3 more events in addition to the one event for Senior Citizen Counciling under the LURA. Additoinally, Muszetta will be at the site up to six times times in 2012. In speaking with Muszetta and Sabine, we all agree with such an active community, we should be able to add and enhance what they do substantially over the next 24 months.

**Notes and Recommendations:**

While the project is clean and in good condition, Muszetta, Sabine, and the existing management all feel we need to punch up the community building area. The existing paint while in great shape could be changed to a more nuetral and inviting color, its a light ugly green currently. Additionally, every one involved thought we needed some new furniture and decorations to spruce the place up. Muszetta also thought we should do more with the community room to enhance services already going on, specifically those services that occur on a daily basis. As the project is cash flowing and looking good, we will work with Dennis and Baba in the second quarter to begin contemplating these kinds of improvements as the budget permits.

December 4, 2014

Ms. Patricia Murphy  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

RE: Material Participation Asbury

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
  - Reviews Rent Rolls monthly
  - Reviews Financials monthly
  - Review Annual Audits
  - Review and respond to Lenders Questions or Default Notices if they occur
  - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
  - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
  - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
  - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
    - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
    - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
    - Work with DMS On-Site managers and regional managers on Asbury management
    - Conducted site visits on the following dates:
      - 8/12/14
      - 3/26/14
      - 12/12/13
      - 8/15/13
      - 6/17/13
      - 1/22/13
      - 6/27/12
      - 12/4/12
      - 10/23/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

**HOUSING SERVICES INCORPORATED**

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DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188



frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson  
Director of Affordable Housing



Sabine Geiser  
Director of Oversight and Compliance

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# Chronology of Interaction with Department from 2011 to Present

## History of interaction of Material Participation

- 3<sup>rd</sup> and 4<sup>th</sup> quarter 2011 Humble and Asbury – both flagged for material participation concerns
- 2012 Baseline of HSI's Operations to Establish Material Participation
  - February 2012 E-mail and documentation to Tim Irvine on Asbury –
    - Finding cleared for material participation
    - HSI requested full review and guidance if Department
  - March 2012 E-mail and documentation to Rene Norred
    - A copy of first Humble site visit report was also reviewed by Ms. Norred
    - Finding cleared for material participation
- Baseline of material participation as outlined to Mr. Irvine and Ms. Norred
  - Quarterly Site Visits – Form acceptable on Humble in March 2012
  - Review of Financial records
  - HSI Management to interface and be active with DMS

## History of Site Visits – A focus on LURA Service Requirements

- Focus for Site Visits: In 2012 and early 2013 we began receiving notices of non-compliance for supportive services. After reviewing the services video on the TDCHA website and realizing 25% of non-compliance was due to supportive services, we developed LURA Service Procedures that were put in place March of 2013, see attached procedures.
- As a result, during site visits Ms. Giesier's primary roll has been to conduct training and support for DMS Management regarding proper documentation required for services required under the LURA. This process has been time consuming and demanding as our portfolio has undergone so many changes, over the past 2 years, there are thousands of phone calls and e-mail training management the

past 18 months, conducting oversight into service records, and to provide ongoing training pursuant to the LURA. Ms. Gieser does 45 to 60 site visits a year on average now.

- After we installed the LURA Procedures and trained all managers, there have been no findings of non-compliance for supportive services. [As a note: there were two findings of non-compliance for Asbury and Humble recently – our management team just didn't upload the service records.]
- Now that those issues are addressed, HSI is continuing to augment other aspects of the oversight it conducts to the property management companies.
- We are working with TCAM and Frost Cummings Tidwell to modify and enhance our oversight regime.

**Project Name:** Asbury Place  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonder World Drive  
San Marcos, TX 78666

**Date Site Visit Conducted:**  
12/4/2012

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres-Fernandez and Veronica Torres Fer

**Financial Review:** done by Lee Anderson

### **Physical Condition Review:**

property seems to be in good physical condition. The Carpet in the community center is scheduled to be replaced

### **Services Review:**

no services as of yet. Coordinator was hired 12/3/2012

### **Notes and Recommendations:**

I met with the Manager, Sofia Torres-Fernandez and our new coordinator Veronica Torres. We discussed setting up services and outlined a service plan for the upcoming year.

- Veronica will spend about 10 hours per week working on services.
- Time sheet needs to be submitted on the 3<sup>rd</sup> of each month for payment cycle on the 7<sup>th</sup> of each month
- A petty cash account will be set up by next week and all expenses will be tracked on a spreadsheet and receipts will be attached
- Veronica will work on getting the information on the demographics of this site – it will help us tailor the services and give us a better idea how to better serve the residents
- The computer is at the site, but not set up yet. There is a desk set up in the front office that should be moved into the spare office to be set up for the coordinator. This would allow for the community room to still be used for presentations and to be rented out to the residents and the office to be locked. Veronica and Sofia will be able to move the desk and set up the computer.

Baba and Gina – There will be an empty space where the desk was. The manager suggested to put a table and 2 chairs there...

- We spent some time discussing all the forms and the setup of the service

- we spent some time discussing all the forms and the setup of the service binder. Once the computer is set up she will have access to a sugarsync folder containing all the forms and this is also where all information regarding the services on this site will be saved – allowing all of us access to the information. The binder will contain all service information and will be available to the Manager at all times
  
- Lura tracking sheet and additional services tracking sheet – before the monthly tabs
- Monthly dividers
- Monthly newsletter and calendar
- Flyers
- Sign in sheets for EVERY event
- Contact information for presenters and copies of all information presenter give out to residents
- Tracking of referrals and any meeting with residents (resident counseling)
- Any other information applicable for the month (in kind donations, Volunteer hours etc.)
  
- We are planning a mandatory resident meeting for January 22<sup>nd</sup>. This will give Veronica an opportunity to introduce herself and get to know the residents. I am working on a survey to be distributed to all residents. This will give us a better idea on what their needs are and how we can help them. Veronica is also working on planning a presentation for February (Financial planning and budgeting – how to use your tax refund wisely) we can use the January meeting to promote the February event.
- We discuss identifying residents on site interested in volunteering for events, being the designated leader for a small part of the property, helping distribute newsletters and flyers etc. The Manager has a pretty good idea who those people are and will give a list to Veronica.
  - One of the residents is a basketball coach and Veronica will contact him to see if he is interested in working with the kids on the property.
- Volunteer recruitment: Veronica has contact for a Social Work Program that requires students to have at least 16 hours of community service. We discussed using this resource for Life skills programs for Adult and children/After school programs/ Tutoring etc.
  - High school students are another resource for volunteers – depending on the school, they are required to complete a certain amount of community service hours per year.
  - We also discussed setting up an area advisory board in the future. I asked Veronica to keep an eye out for individuals that really show an interest in being involved in the community and wanting to help.
- Resource book for Residents:
  - The coordinator will keep records of all resources available to our residents and keep them updated at all times

Services planned for Asbury:

- ❖ 2 mandatory Resident meetings per year
- ❖ At least one Presentation (Resident meeting) per quarter (Nutrition/Health, Education, Life skills, Parenting)
- ❖ After school program and tutoring



- ❖ After school program and tutoring
- ❖ Seasonal programs for kids (Summer lunch program, Easter, Halloween etc.)
- ❖ Youth programs (Sports, Life skills etc.)

**Project Name:** Asbury Place  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonder World Drive  
San Marcos, TX 78666

**Date Site Visit Conducted:** 6/27/2012

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres-Fernandez

**Financial Review:** done by Lee Anderson

**Physical Condition Review:**

The property is clean and looks well kept. There is a fairly sizable hole in the back field, where the playground and basketball area is. Sofia thought it was some kind of drainage, it looks like a sinkhole and I am concerned it could cause an injury by somebody stepping into it.

**Services Review:**

There are no services done at this time. The binder is set up but no activities have been scheduled. The manager is not from the area and does not have any connection in San Marcos. She said services are hard to find, the focus of organizations is either Austin or San Antonio. Even though Sofia lives on site I did not feel that she was very connected with the residents

**Notes and Recommendations:**

We went over all the LURA requirements for the property and I gave her some ideas of where to look for services. We talked about churches, community organizations, businesses and hospitals in the area and connection the residents might have.

A Part time coordinator is scheduled to be hired for this site during the last quarter of this year. I asked Sofia to keep her eyes open for a qualified person for this job.

Since the LURA requires youth activities, the open field in the back and the basketball court offer great opportunities to bring on a volunteer coach to work with the kids during the summer or after school. We discussed "mutually beneficial" situations, like offering the field for practice to a team and have the resident children included.

The Manager is the only staff on site and needs the help of a part time coordinator to make those services happen.

**Project Na** Asbury Place

**Date Site Visit Conducted:**

1/22/13

**TDHCA #:**

**Address:** 1350 Wonderworld Drive  
San Marcos Texas 78666

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres - Manager  
Veronica Torres - Service Coordinator

**Financial Review:** done by Lee Anderons

**Physical Condition Review:**

**Services Review:**

Binder for 2013 is set up and in order  
Financial literacy event scheduled for February

Resident meeting 1/22/13

**Notes and Recommendations:**

youth programs (after school, summer lunch, sport)  
quarterly resident event (Health and Nutrition/Finances/Personal  
Safety/First Aid and Emergency  
Resource collection to be handed out to all residents

collaborations with churches and schools  
recruiting volunteers for youth programs and tutoring

# Quarterly Site Visit - LURA Services Report

**Project Name:** Asbury  
**Regional:** Linda Guajardo  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonderworld Drive  
San Marcos Texas 78666

**Date Site Visit Conducted:**

6/17/2013

**HSI Personnel Present:**

Sabine Geiser

**Management Staff Present:**

Sofia Torres

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

--

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

### Note:

This property already passed the Audit and has done all LURA Services for this year. The service binder is not exactly how I would like it - I went over the procedures and Binder set up with the Manager in great detail. The Manager did not seem very interested in any of this - the audit was done and that was all she seemed to care about.

# Quarterly Site Visit - LURA Services Report

## Services Review:

### Note 1:

the service requirements for this year have been met

### Note 2:

Planning for the upcoming year we discussed setting up 4 events:

- 1 - youth Activity event
- 2 - Resource and Referral
- 3- Resident Meeting first half of 2014
- 4 - Resident Meeting second half of 2014

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

# Quarterly Site Visit - LURA Services Report

# Quarterly Site Visit - LURA Services Report

**Project Name:** Asbury  
**Regional:** Linda Guajardo  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonderworld Drive  
San Marcos Texas 78666

**Date Site Visit Conducted:**

12/12/2013

**HSI Personnel Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres Fernandes

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

### Note:

Sofia had done some more events in the 4th quarter but had not submitted any paperwork, "too much of a hassle". We were discussing the service plan for next year and all the paperwork that has to be submitted for each event. We also talked about that all sign in sheets and info is scanned in and e-mailed to me after each event so I have a virtual copy of the service binder.

# Quarterly Site Visit - LURA Services Report

## Services Review:

### Note 1:

Sofia will hold quarterly resident meetings

### Note 2:

I will look into resources for a youth program event and the referral event

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>



# Quarterly Site Visit

**Project Name:**  
**Date Site Visit Conducted:**

**Regional:**

**TDHCA #:** TX-98067

**Address:** 1350 Wonder World Drive  
 San Marcos Texas 78666

**HSI Personnel Present:**

**Management Staff Present:**

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
 Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Set up binder with Tabs for Lura event categories	Sofia torres	next site visit

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**

The property is fully leased and the Manager seems to be on top of the required services. She has Volunteer (resident) assisting with coordinating and implementing events

# Quarterly Site Visit

## Services Review:

### Note 1:

The first Resident meeting was held in March and all forms were submitted. Sofia did not have all the forms in the binder. I sent her all the required forms and asked her to print and file them in the service binder

### Note 2:

A referral event and youth program is scheduled for April

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

**Project Name:** Asbury Place  
**TDHCA #:** TX-98067  
**Address:** 1350 Wonder World Drive  
San Marcos, TX 78666

**Date Site Visit Conducted:** 10/23/2012

**HSI Personell Present:** Sabine Geiser

**Management Staff Present:** Sofia Torres-Fernandez  
Veronica Torres - Service coordinator to be hired

**Financial Review:** done by Lee Anderson

**Physical Condition Review:**

**Services Review:**

Met with the Manager – Sofia Torres-Fernandez and the Community Service Coordinator to be hired, Veronica Torres  
I spent most of my time talking with Veronica about the service implementation for the upcoming year. She is ready to get started within the next few weeks, as soon as we get all the hiring paperwork completed. We discussed the LURA and all the requirements, discussed options for presentations meeting the requirements.  
Veronica has done this before and I feel very confident that she will do a good job.

**Notes and Recommendations:**

**Youth Activity Programs:** Boys and girls club, Girl Scouts – possibly some sports activities utilizing the field

Finding some possible resources for tutoring on site, maybe once a week

**Resident Group Meetings:** We discussed setting up a resident meeting once a month. Some can be social but at least every other month this should be

Combined with a presentation of interest to the residents. Options discussed include Financial Literacy, Nutrition, continuing Education etc.

**Service Referrals:** Creating and updating a resource book of all services and resources available for the residents in the area.

Scheduling some service providers for presentations  
Keeping Records of all Residents referred to Community resources

**Record Keeping:** A binder will be set up with monthly tabs. It will contain a copy of the LUR and an index of services provided with the date and

Service provider  
Each month will contain the monthly newsletter, copies of all flyers distributed to the residents, sign in sheets for each event

distributed to the residents, sign in sheets for each event,

Copies of written information given out by presenters to residents and their  
contact information for the Presenter,

Referral forms and any other pertinent information regarding services for  
this particular month.

# Quarterly Site Visit

Project Name:  Date Site Visit Conducted:   
Regional:   
TDHCA #: TX-98067  
Address: 1350 Wonder World Drive  
San Marcos Texas 78666

HSI Personnel Present:

Management Staff Present:

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**  
the property has been without a manager for a while. Robbie is filling in until a permanent Manager can be placed at the site.  
The binder does still not have tabs and is missing some forms. Sofia had scheduled a youth program but I never received any sign in sheets.  
I will recreate the binder with the information I have and Robbie will schedule a youth program, back to school type of event, and some more resident meetings.

# Quarterly Site Visit

## Services Review:

### Note 1:

The first Resident meeting was held in March and all forms were submitted. Sofia did not have all the forms in the binder. I sent her all the required forms and asked her to print and file them in the service binder

### Note 2:

A referral event and youth program is scheduled for April

### Note 3:

### Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

# HSI LURA Service Procedures

The policies and procedures outlined below must be followed by all parties providing LURA Services for which HSI is responsible. All LURA Service Events must be approved by Sabine Geiser, Director of Programs. **Without** a LURA Service Event Approval Form signed by Sabine Geiser, no event will qualify.

## LURA Service Event Procedures – On-site Management Restrictions

On-Site Managers who are not HSI Employees must follow *Management Restrictions – LURA Service Events* Procedures that follow.

## LURA Approved Provider List

HSI publishes an *Approved Third Party Social Server Provider List*, which is updated monthly. If a third party provider is on the list, we do not require approval of that third party service provider again for that year, provided:

- i. The third party service provider must be the same as approved on the provider list, if it is a different branch with completely different contact information, an approval for each branch will be required,
- ii. Approval of third party service provider is for 12 months from the date of approval, each provider will be required to be approved to hold LURA Service Events every 12 months.

## To request and hold a LURA Service Event all parties must:

- i. E-Mail *LURA Service Event Request Form* to Sabine Geiser at [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org), example follows,
- ii. If a third party service provider is being used, Sabine Geiser will contact them and approve the event, (Please Note: we also require that the third party be made aware of Sabine's call and interaction so we do not catch them by surprise),
- iii. Sabine will e-mail the *LURA Service Event Approval Form* within 72 hours of request to the person who made request,
- iv. LURA Event can be scheduled only after it has been approved,
- v. Hold LURA Service Event,
- vi. E-mail Event Records to Sabine within 24 hours of event:
  - a) Marketing Flyer,
  - b) *LURA Service Event Approval Form*, with third party signature if a third party held the LURA service event,
  - c) Event Marketing Materials, if applicable
  - d) Event Questionnaires, if applicable
  - e) Sign in Sheet
- i. Follow Procedures outlined in *Community Service Records Binder Procedures* that follow

**If all of the procedures above are not followed, the LURA Service Event will not qualify, also holding the event without proper records will precipitate a denial of the service event.**

# Community Service Records Binder Procedures

The community services binder holds all of the social service records for each community and is what the TDHCA reviews to ensure all of the required services in the regulatory agreements were offered. This document outlines what is required for our community service binders. There are three sections in each community service binder. The first section is LURA service records, the second section is the Supplemental Service Records Tracking Form (only), and the third section will have monthly tabs where all supplemental service records are kept throughout the year.

## Section 1 – LURA Services

This section will only have the LURA service records. There are **NO** monthly tabs in this section, and all service records will be placed directly behind the LURA Tracking Form in chronological order.

- i. Community Specific *LURA Tracking Form* for year
- ii. LURA service records in chronological order
- iii. For each Event the following documents are required:
  - a) *LURA Event Request Form*
  - b) *LURA Event Approval Form*
  - c) Event Flyer marketing the event
  - d) Event Sign in Sheet
  - e) Event Materials, if applicable
  - f) Event Questionnaire, if applicable

## Section 2 – Supplemental Services Tracking Form

This section will only have one tracking form in it, the *Supplemental Services Tracking Form*, example follows.

## Section 3 – Supplemental Service Records

Unlike the LURA service records which have all records directly behind the *LURA Tracking Form*, this third section will have monthly tabs, each supplemental service should be filed in the month in which the event was held, and be in chronological order for that month. For each Supplemental Service Event the following documents are required:

- i. Event Flyer
- ii. Event Materials
- iii. Event Sign in Sheet



## Management Restrictions – LURA Service Events Procedures

HSI has a strict policy regarding LURA Service Events, specifically who can hold the event, who can set them up, and who can organize them. Onsite management can only have a limited role in helping with LURA Services. Management can:

- Distribute Flyers,
- Meet third party social service provider at site and make sure they have what they need for the presentation,
- Collect appropriate service records,
- Once the Sabine Geiser has approved the LURA Service Event, management can interface with the third party service provider to coordinate the event,
- If management has a third party service provider they are interested in using, they must forward that information to Sabine Geiser for approval utilizing the *Third Party Service Provider Approval Form* and HSI Staff will interface with third party Vendors.

# LURA Service Event Request Form

All LURA Service Events must be approved prior to being scheduled and held. No third party social service provider can hold an event for LURA services without approval by Sabine Geiser. This form must be filled out and e-mailed to Sabine Geiser, [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org).

Date

Community

HSI Service Staff/Manager

\_\_\_\_\_

LURA Event

Qualifying Service

\_\_\_\_\_

\_\_\_\_\_

Event Presenter

Third Party Service Provider, if applicable

\_\_\_\_\_

\_\_\_\_\_

Is there a third party service provider that will host the LURA Event? Yes  No

Has third party service provider been approved in the last 12 months? Yes  No

If the third party provider has not been approved in the last 12 months please fill in the information below, if the third party service provider has been approved the last 12 months and is on the approved provider list DO NOT fill in the information below.

Organization:

\_\_\_\_\_

Event Coordinator:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Phone:

\_\_\_\_\_

E-mail:

\_\_\_\_\_

**Sabine will issue an approval of the event within 72 hours of receipt of LURA Service Event Request Form – the event cannot be scheduled prior to the approval of the event.**

# LURA Service Event Approval Form

No LURA service event can be held at any community by any party without approval by Sabine Geiser.

**HSI Services Staff** can plan and interact with third party social service providers for communities for which they coordinate services; however, this form must be completed and signed by Sabine Geiser before any LURA service event can be held.

**Onsite management** cannot approve, plan, or be the primary point of contact for third party service providers. Once the services are setup and organized onsite management can interact with the third party social service provider on scheduling those services.

**Without this form signed by Sabine Geiser NO LURA Service Event will qualify and the event will have to be held again.**

**Date** **Community** **HSI Service Staff /On-site Manager**

Click here to enter text. Click here to enter text. Click here to enter text.

**LURA Event**

**Qualifying Service**

test

test

**Third Party Provider Approved**

**Event Coordinator**

Click here to enter text.

Click here to enter text.

**Date Event Approved**

Click here to enter text.

**Third Party Social Service Provider Acknowledgement – If applicable**

By signing below, the agent listed as the Third Party Event Coordinator is acknowledging they are holding the approved event listed above on the date listed above.

\_\_\_\_\_  
Event Coordinator



Sabine Geiser

## 2013 LURA Event Tracking Form – Hickory Manor

Date Event Approved	Date Event Held	Required Service from LURA	Qualifying Social Service Event
3/4/13	3/8/13	Gardening	Gardening Demonstration
		Arts and Crafts Demonstration OR Cooking Demonstration	
3/4/13	3/8/13	Computer Literacy	Computer Literacy Event
		Outside Speakers on Relevant Topics (1 <sup>st</sup> Quarter)	Health Screenings and Relevant Health Topics
		Outside Speakers on Relevant Topics (2 <sup>nd</sup> Quarter)	
		Outside Speakers on Relevant Topics (3 <sup>rd</sup> Quarter)	
		Outside Speakers on Relevant Topics (4 <sup>th</sup> Quarter)	

Example Form

# Hickory Manor Service Event Sign in Sheet

Date: \_\_\_\_\_

Service Event: \_\_\_\_\_

LURA requirement, if applicable: \_\_\_\_\_

Presenter: \_\_\_\_\_

NAME (Residents Sign Below)	UNIT #

**Example Form**



December 4, 2014

Ms. Patricia Murphy  
Texas Department of Housing and Community Affairs  
211 E. 11th Street  
Austin, TX 78701

RE: Material Participation Humble

Dear Ms. Murphy,

I am writing in response to the Department's recent finding that HSI was "not materially involved" in the management of Asbury, which follows on recent denials of transfers (to/from HSI) on similar grounds. The question of HSI's participation has been an issue with the Department in the past and we have worked hard to address these concerns (see attached Chronology).

We are disappointed to see it arise again and want to use this opportunity to describe the many ways in which we actively participate in the management of the properties in which we are involved.

Specific Action taken at Asbury to establish material participation:

- Hire a property management company
- Lee Anderson reviews and conducts the following oversight activities:
  - Reviews Rent Rolls monthly
  - Reviews Financials monthly
  - Review Annual Audits
  - Review and respond to Lenders Questions or Default Notices if they occur
  - Work, talk, and E-mail with Dominion Management Services ("DMS") and Dominion Development ("DDA") on personnel problems, compliance issues, social services, expenses, revenues, and budgets
  - Work, Talk, and E-mail with DMS Vice President of DMS Texas regarding management staff problems and all operations
  - Work, Talk, and E-mail with DMS Regionals as necessary regarding operations



- Attend phone meetings with DMS and DDA as necessary for any and all issues
  - Sabine Geiser, HSI's Director of Compliance and Oversight, engages in the following oversight and compliance duties:
    - Provide training and support for social service requirements under the land use restrictions agreement, recommends services depending on resident needs, and work to create programs to meet those needs. In addition to site visits, Sabine interacts via phone and e-mail with all onsite managers on a consistent basis.
    - Work, talk and E-mail with DMS regional managers on supplemental services, LURA Service Training at each community, personnel problems, compliance issues, social services
    - Work with DMS On-Site managers and regional managers on Asbury management
    - Conducted site visits on the following dates:
      - 9/24/14
      - No site visit this quarter –change in management
      - No site visit this quarter – manager changing from Humble to Asbury
      - 8/20/13
      - 6/5/13
      - 3/26/13
      - 12/15/12
      - 9/16/12
      - 4/18/12
- [All site visit reports attached]
- 2012, in response to the questions regarding material participation, HSI started conducting site visits (please review attached chronology).

While we believe our organization has been materially involved, we acknowledge that given the compliance concerns raised by TDHCA HSI needs to do a better job overseeing DMS, as well as other management companies involved in our portfolio. The record does reflect we have been receptive to TDHCA direction over the past three years, have modified what we do each time we have received feedback from the Department, and have taken very deliberate action. Admittedly we have been learning and some of our operations in the oversight department could have, and

**HOUSING SERVICES INCORPORATED**

1160 GALICIA  
DALLAS, TX 75217

PHONE: 214.329.4890  
FAX: 214.584.9188





frankly should have been better. HSI has very much taken the Department's input into account, as evidenced by substantial changes to our "transaction team," replacing out transaction lawyer, engaging Steve Gilles to work with us on all development activities, and engaging Frost Cummings Tidwell, and have created more of a 501 (c) 3 centric "transaction team."

In closing, we want to be clear about our commitment to ensuring the quality of the housing and services provided to residents. HSI is bringing new resources to the portfolio and its oversight of property management companies that include: changing all actors in our transaction team as outlined above, changing and enhancing our "development team," and engaging TCAM. Please review our Plan of Action for operational changes we feel are requisite to improve our oversight of management companies and our portfolio.

We welcome the opportunity to discuss these measures and understand better any and all of the Department's concerns.

Sincerely,



Lee Anderson  
Director of Affordable Housing



Sabine Geiser  
Director of Oversight and Compliance

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# Chronology of Interaction with Department from 2011 to Present

## History of interaction of Material Participation

- 3<sup>rd</sup> and 4<sup>th</sup> quarter 2011 Humble and Asbury – both flagged for material participation concerns
- 2012 Baseline of HSI's Operations to Establish Material Participation
  - February 2012 E-mail and documentation to Tim Irvine on Asbury –
    - Finding cleared for material participation
    - HSI requested full review and guidance if Department
  - March 2012 E-mail and documentation to Rene Norred
    - A copy of first Humble site visit report was also reviewed by Ms. Norred
    - Finding cleared for material participation
- Baseline of material participation as outlined to Mr. Irvine and Ms. Norred
  - Quarterly Site Visits – Form acceptable on Humble in March 2012
  - Review of Financial records
  - HSI Management to interface and be active with DMS

## History of Site Visits – A focus on LURA Service Requirements

- Focus for Site Visits: In 2012 and early 2013 we began receiving notices of non-compliance for supportive services. After reviewing the services video on the TDCHA website and realizing 25% of non-compliance was due to supportive services, we developed LURA Service Procedures that were put in place March of 2013, see attached procedures.
- As a result, during site visits Ms. Giesier's primary roll has been to conduct training and support for DMS Management regarding proper documentation required for services required under the LURA. This process has been time consuming and demanding as our portfolio has undergone so many changes, over the past 2 years, there are thousands of phone calls and e-mail training management the

past 18 months, conducting oversight into service records, and to provide ongoing training pursuant to the LURA. Ms. Gieser does 45 to 60 site visits a year on average now.

- After we installed the LURA Procedures and trained all managers, there have been no findings of non-compliance for supportive services. [As a note: there were two findings of non-compliance for Asbury and Humble recently – our management team just didn't upload the service records.]
- Now that those issues are addressed, HSI is continuing to augment other aspects of the oversight it conducts to the property management companies.
- We are working with TCAM and Frost Cummings Tidwell to modify and enhance our oversight regime.

# Quarterly Site Visit - LURA Services Report

**Project Name:** Humble Memoria Garden      **Date Site Visit Conducted:** 6/5/2013  
**Regional:** Baba Blackstock  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
 Humble, TX 77038

**HSI Personnel Present:** Cora Clay-Fowowe

**Management Staff Present:** Robbie Irvan

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services:    Pass  Fail   
 Service Binder:    Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Insert binder tabs and add materials	Robbie Irvan	6/12/2013
Will send Robbie generic flyers for ongoing events like Bingo	Cora	6/7/2013

Date Corrective Action to be completed by: 6/12/2013

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test:            Pass  Fail

**Note:**  
 Robbie is feeling frustrated, isolated, over worked, and not supported. Cora has been able to establish a good relationship with her. Robbie has indicated while she understands that other stuff in Houston is priority, she feels left to her own devices. She needs help and while she indicates there is a search, doesn't feel its a priority. She told Cora she is now looking for other work and has put in some applications at some temp agencies. This is not a reflection on Linda, rather a reflection of our managemnt team having their hands full, however, Linda must do a better job interfacing with Robbie and making her feel supported. At this point I do not feel as though management has been negligent, however, managment also needs to be mindful of protecting functioning assets and their staffs. See e-mail from Cora dated 6/6/13. Aslo as a note, to the extent this test failed and Robbie has concerns, all onsite managmers are under siege, and it is part of their jobs, however, our regional needs to do a bit of handholding and listen to her so that she feels supported.

# Quarterly Site Visit - LURA Services Report

## Services Review:

### Note 1:

**Service Binder** - Robbie has the binder set up containing sign in sheets and flyers with handout materials going back to January. We talked about getting the binder in order according to P&P set out by Lee. Since most events are ongoing, this will not be a difficult task. The service request forms and the approval forms need to be included as well. **i am working on Robbie to complete this task.**

### Note 2:

**Senior Citizen Counseling - Caring Consultants- volunteer nurses** continue to come out with food bags and they help with, nutrition, meds, teeth, hearing, blood pressure checks, for residents; there are a number of diabetic residents who use this service. **food pantry** - a location for the food pantry has been set up and is ready to go. The closet may need an additional shelf. **Houston Food Bank** will be coming out this month with food for residents and to assist with SNAP applications. **medication** - Robbie is working on this. **Houston Food Bank** is also trying to align help for residents needing assistance with medications. **food bank** - still comes 2x each month. **Medicare** - Shady Creek - Jodi Sheppsrud still working on this **Looks good in terms of LURA requirements being met**

### Note 3:

**Community Building Events** - activities currently held include: bingo, movies - Robbie held the first June 5th. she served popcorn. **Total Health** purchased a DVD for the event. **Games** - board games, potluck 2x/mo., and birthday cake celebrations - cakes are donated by vendors - Robbie has no help at this time - **Calendar looks good in terms of LURA requirements being met**

### Note 4:

**Failed Service Binder Test** - this has more to do with HSI's management team not training and focusing on this with Robbie, Humble is a great partnership with a great manager, and with Cora starting and being trained, this just fell through the cracks. While we did fail this test during this site visit, it will be corrected.

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>
Linda to do a site visit and lunch with Robbie, solicit how she feels	Linda G	7/1/2013
Cora to follow up with Robbie and she how she is doing	Cora	Weekly until next site visit

# Quarterly Site Visit - LURA Services Report

# Quarterly Site Visit - LURA Services Report

**Project Name:** Humble Memoria Garden      **Date Site Visit Conducted:** 03\26\2013  
**Regional:** Baba Blackstock  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
 Humble, TX 77038

**HSI Personnel Present:** Cora Clay-Fowowe  
 \_\_\_\_\_  
 \_\_\_\_\_

**Management Staff Present:** Robbie  
 \_\_\_\_\_  
 \_\_\_\_\_

## Pass Fail Report, only if there are LURA required tenant services

Lura Services:      Pass  Fail   
 Service Binder:    Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Services Review:

### Note 1:

**Senior Citizen Counseling** - Panera Bread -to come by with food for seniors but this was left unresolved by Tanzy Hamm -; **Caring Consultants- volunteer nurses who** come with food bags and they help with, nutrition, meds, teeth, hearing, blood pressure checks, for residents; Robbie looking to get someone in for foot care screening - there are a number of diabetic residents; **food vs medication** - a choice some must make so they are going w/o food;- Robbie made copy of residents in this position for me; **food bank** - comes 2x each month, but more is needed; **Medicare** - Shady Creek - Jodi Sheppsr working on this and looking to combine efforts for both to share resources; need 2 events - one for October or Nov - **looks good in terms of LURA requirements being met**

### Note 2:

**Community Building Events** - activities already in place- bingo, movies - Robbie is getting this in place using her 2 volunteers, board games, potluck 2x/mo, and bible study (not at this timje) - Robbie has 2 ladies that volunteer to help all the time - Mary and Wanda - **Calendar looks good in terms of LURA requirements being met**

### Note 3:

# Quarterly Site Visit - LURA Services Report

**Concerns** - r4esidents who are going hungry - no food - need help from community - Robbie has 3rd party event holders aqre told they must bring food - She also needs help- Robbie does everything from getting events scheduled to set up. She has only the 2 residents who try to help her out

## Services Review Continuation:

### Note 4:

community binder - went over this in detail with Robbie; tabs and what goes behind each was discussed; I will return to review 4/18/13 - my only concern was the 1st sheet under tab 1. I was very impressed with Robbie's attention to detail - facility was very clean and orderly.

## Notes and Recommendations:

Review 2012 LURA Service Records with Robbie	Cora Clay	4/1/2013
on next site visit, review binder for new order and 2012 records	Cora Clay	next visit

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# Quarterly Site Visit

Project Name:  Date Site Visit Conducted:   
Regional:   
TDHCA #: TX02120  
Address: 9850 J M Hester Street  
Humble Texas 77338

HSI Personnel Present:

Management Staff Present:

## LURA Pass Fail Report, only if there are LURA required tenant services

Lura Services: Pass  Fail   
Service Binder: Pass  Fail

If either test failed above, fill in action plan to cure below:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

Date Corrective Action to be completed by:

## Management Pass Fail Report, only on Quarterly Oversight Site Visits

Management Test: Pass  Fail

**Note:**  
the service binder is a bit of a mess - they did just have a TDHCA Audit a few weeks ago and passed...  
the events have sign in sheets but no other documentation. I went over all the procedures with Courtney and she has a good understanding now of how it is supposed to be.  
I put the Service tracking form in the binder and set up the tabs.  
Courtney will scan in all the sign in sheets and available information so I can update the information on my side.  
We also talked about how to find resources for presentations and the seniors.  
She will contact the Area Agency on Aging, AARP, local home health agencies (also ask them for sponsoring Bingo and other events)  
I gave her Marci Alford's Number at Seville Row in Beaumont for some networking and support

# Quarterly Site Visit

## Services Review:

Note 1:

Note 2:

Note 3:

Note 4:

## Notes and Recommendations:

<u>Task</u>	<u>Party</u>	<u>Due Date</u>

**Project Name:** Humble Memoria Garden  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
Humble, TX 77038

**Date Site Visit Conducted:** 4/18/2012

**HSI Personell Present:** Muszett Foreman  
Lee Anderson

**Management Staff Present:** Robbie Irvan

#### **Financial Review:**

Finacially, this project is sound, it is trending in the right direction as expected.

#### **Physical Condition Review:**

This project is clean and in reasonably good shape, there is some signs of wear around exterior that will likely need to addressed over the next year or two. After speaking with Robbie many of those plans are being contemplated. There is a definatue gap in the interior finish out and furniture at Humble, including a light green paint on the interior that everybody unversily dislikes, as the budget permits HSI will recommened to Dominium Managment we consider these cosmetic changes if the budget permits.

#### **Services Review:**

More services are abeing done here than requires, we reviewed the community services book, everything is working well. As we discussed what we could do together to enhance services at Humble for the seniors there are several things that we considered - Robbie indicated there were 10 to 12 residents that had trouble feeding themselves, Muszetta and Robbye discssed having a community resource book, we also addressed that we need to have emergency plans incase of a hurricane, the need for a bit more transportation help. We are going to move towards a one page simple form for services and long term and short term goals. Robbie and Muszetta both thought this was a good way for us all to stay on the same page and work together, as we are all in different locations. I indicated we would create that form and impliment it after we do the next site visit, but would ciruclate a copy of the form to Robbie and Muszetta to review, change, and make any suggestions. The form will be very basic, list a service we want to work on, list a time frame for completion-this way onsite management and HSI services staff can stay on same page and work towards commmon goals. Finally, Robbie is very busy and doesn't have as much time as she would like to interface with residents, I asked if a part time coordinator would help, Robbie indicated it was for certain. A part time coordinator at Humble should be contemplated over the next months as budgeting permits.

#### **Notes and Recommendations:**

This project is performing very well. One of the things we discussed is a one page form 8.5x11 that is a community long term services goal sheet, so that we can all stay on the same page. I have asked. There were a lot of positive ideas that came out of the interaction between Muszetta and Robbie, many that will be impactful, and that are not a huge cost to make happen. The other reason it is important to keep that kind of one page services form, is that we are all in different locations. With a short form like that and target dates for completion - we can all stay on same page better. WE will also likely hold monthly service calls at every project.

**Project Name:** Humble Memoria Garden  
**TDHCA #:** TX02120  
**Address:** 9850 J M Hester Street  
Humble, TX 77038

**Date Site Visit Conducted:** 2/22/2012

**HSI Personell Present:** Sabine Geiser  
Lee Anderson

**Management Staff Present:** Robbie Irvan

**Financial Review:**

Finacially, this project is sound, it is trending in the right direction as expected.

**Physical Condition Review:**

Physical Condition is good, project is clean, nothing noted of a concern after we walked the property.

**Services Review:**

Services at Humble are robust, onsite management continuing to facilitate an active community, Muszetta was pleased we have active seniors here. In January, we approved 3 more events in addition to the one event for Senior Citizen Counciling under the LURA. Additoinally, Muszetta will be at the site up to six times times in 2012. In speaking with Muszetta and Sabine, we all agree with such an active community, we should be able to add and enhance what they do substantially over the next 24 months.

**Notes and Recommendations:**

While the project is clean and in good condition, Muszetta, Sabine, and the existing management all feel we need to punch up the community building area. The existing paint while in great shape could be changed to a more nuetral and inviting color, its a light ugly green currently. Additionally, every one involved thought we needed some new furniture and decorations to spruce the place up. Muszetta also thought we should do more with the community room to enhance services already going on, specifically those services that occur on a daily basis. As the project is cash flowing and looking good, we will work with Dennis and Baba in the second quarter to begin contemplating these kinds of improvements as the budget permits.

# HSI LURA Service Procedures

The policies and procedures outlined below must be followed by all parties providing LURA Services for which HSI is responsible. All LURA Service Events must be approved by Sabine Geiser, Director of Programs. **Without** a LURA Service Event Approval Form signed by Sabine Geiser, no event will qualify.

## LURA Service Event Procedures – On-site Management Restrictions

On-Site Managers who are not HSI Employees must follow *Management Restrictions – LURA Service Events* Procedures that follow.

## LURA Approved Provider List

HSI publishes an *Approved Third Party Social Server Provider List*, which is updated monthly. If a third party provider is on the list, we do not require approval of that third party service provider again for that year, provided:

- i. The third party service provider must be the same as approved on the provider list, if it is a different branch with completely different contact information, an approval for each branch will be required,
- ii. Approval of third party service provider is for 12 months from the date of approval, each provider will be required to be approved to hold LURA Service Events every 12 months.

## To request and hold a LURA Service Event all parties must:

- i. E-Mail *LURA Service Event Request Form* to Sabine Geiser at [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org), example follows,
- ii. If a third party service provider is being used, Sabine Geiser will contact them and approve the event, (Please Note: we also require that the third party be made aware of Sabine's call and interaction so we do not catch them by surprise),
- iii. Sabine will e-mail the *LURA Service Event Approval Form* within 72 hours of request to the person who made request,
- iv. LURA Event can be scheduled only after it has been approved,
- v. Hold LURA Service Event,
- vi. E-mail Event Records to Sabine within 24 hours of event:
  - a) Marketing Flyer,
  - b) *LURA Service Event Approval Form*, with third party signature if a third party held the LURA service event,
  - c) Event Marketing Materials, if applicable
  - d) Event Questionnaires, if applicable
  - e) Sign in Sheet
- i. Follow Procedures outlined in *Community Service Records Binder Procedures* that follow

**If all of the procedures above are not followed, the LURA Service Event will not qualify, also holding the event without proper records will precipitate a denial of the service event.**

# Community Service Records Binder Procedures

The community services binder holds all of the social service records for each community and is what the TDHCA reviews to ensure all of the required services in the regulatory agreements were offered. This document outlines what is required for our community service binders. There are three sections in each community service binder. The first section is LURA service records, the second section is the Supplemental Service Records Tracking Form (only), and the third section will have monthly tabs where all supplemental service records are kept throughout the year.

## Section 1 – LURA Services

This section will only have the LURA service records. There are **NO** monthly tabs in this section, and all service records will be placed directly behind the LURA Tracking Form in chronological order.

- i. Community Specific *LURA Tracking Form* for year
- ii. LURA service records in chronological order
- iii. For each Event the following documents are required:
  - a) *LURA Event Request Form*
  - b) *LURA Event Approval Form*
  - c) Event Flyer marketing the event
  - d) Event Sign in Sheet
  - e) Event Materials, if applicable
  - f) Event Questionnaire, if applicable

## Section 2 – Supplemental Services Tracking Form

This section will only have one tracking form in it, the *Supplemental Services Tracking Form*, example follows.

## Section 3 – Supplemental Service Records

Unlike the LURA service records which have all records directly behind the *LURA Tracking Form*, this third section will have monthly tabs, each supplemental service should be filed in the month in which the event was held, and be in chronological order for that month. For each Supplemental Service Event the following documents are required:

- i. Event Flyer
- ii. Event Materials
- iii. Event Sign in Sheet

## Management Restrictions – LURA Service Events Procedures

HSI has a strict policy regarding LURA Service Events, specifically who can hold the event, who can set them up, and who can organize them. Onsite management can only have a limited role in helping with LURA Services. Management can:

- Distribute Flyers,
- Meet third party social service provider at site and make sure they have what they need for the presentation,
- Collect appropriate service records,
- Once the Sabine Geiser has approved the LURA Service Event, management can interface with the third party service provider to coordinate the event,
- If management has a third party service provider they are interested in using, they must forward that information to Sabine Geiser for approval utilizing the *Third Party Service Provider Approval Form* and HSI Staff will interface with third party Vendors.



# LURA Service Event Request Form

All LURA Service Events must be approved prior to being scheduled and held. No third party social service provider can hold an event for LURA services without approval by Sabine Geiser. This form must be filled out and e-mailed to Sabine Geiser, [sabine@hsidevelopment.org](mailto:sabine@hsidevelopment.org).

Date

Community

HSI Service Staff/Manager

\_\_\_\_\_  
\_\_\_\_\_

LURA Event

Qualifying Service

\_\_\_\_\_  
\_\_\_\_\_

Event Presenter

Third Party Service Provider, if applicable

\_\_\_\_\_  
\_\_\_\_\_

Is there a third party service provider that will host the LURA Event? Yes  No

\_\_\_\_\_

Has third party service provider been approved in the last 12 months? Yes  No

\_\_\_\_\_

If the third party provider has not been approved in the last 12 months please fill in the information below, if the third party service provider has been approved the last 12 months and is on the approved provider list DO NOT fill in the information below.

Organization:

\_\_\_\_\_

Event Coordinator:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Phone:

\_\_\_\_\_

E-mail:

\_\_\_\_\_

**Sabine will issue an approval of the event within 72 hours of receipt of LURA Service Event Request Form – the event cannot be scheduled prior to the approval of the event.**

# LURA Service Event Approval Form

No LURA service event can be held at any community by any party without approval by Sabine Geiser.

**HSI Services Staff** can plan and interact with third party social service providers for communities for which they coordinate services; however, this form must be completed and signed by Sabine Geiser before any LURA service event can be held.

**Onsite management** cannot approve, plan, or be the primary point of contact for third party service providers. Once the services are setup and organized onsite management can interact with the third party social service provider on scheduling those services.

**Without this form signed by Sabine Geiser NO LURA Service Event will qualify and the event will have to be held again.**

**Date** **Community** **HSI Service Staff /On-site Manager**

Click here to enter text. Click here to enter text. Click here to enter text.

**LURA Event**

**Qualifying Service**

test

test

**Third Party Provider Approved**

**Event Coordinator**

Click here to enter text.

Click here to enter text.

**Date Event Approved**

Click here to enter text.

**Third Party Social Service Provider Acknowledgement – If applicable**

By signing below, the agent listed as the Third Party Event Coordinator is acknowledging they are holding the approved event listed above on the date listed above.

\_\_\_\_\_  
Event Coordinator



Sabine Geiser

## 2013 LURA Event Tracking Form – Hickory Manor

Date Event Approved	Date Event Held	Required Service from LURA	Qualifying Social Service Event
3/4/13	3/8/13	Gardening	Gardening Demonstration
		Arts and Crafts Demonstration OR Cooking Demonstration	
3/4/13	3/8/13	Computer Literacy	Computer Literacy Event
		Outside Speakers on Relevant Topics (1 <sup>st</sup> Quarter)	Health Screenings and Relevant Health Topics
		Outside Speakers on Relevant Topics (2 <sup>nd</sup> Quarter)	
		Outside Speakers on Relevant Topics (3 <sup>rd</sup> Quarter)	
		Outside Speakers on Relevant Topics (4 <sup>th</sup> Quarter)	

Example Form

# Hickory Manor Service Event Sign in Sheet

Date: \_\_\_\_\_

Service Event: \_\_\_\_\_

LURA requirement, if applicable: \_\_\_\_\_

Presenter: \_\_\_\_\_

NAME (Residents Sign Below)	UNIT #

Example Form

# 2013 Supplemental Event Tracking Form – Hickory Manor

Date Event Held	Supplemental Service

Example Form

## Exhibit E

We have prepared this exhibit to outline many of the new asset management related activities HSI is not involved with, but is not a comprehensive list.

- Outline from Judy Rath pertaining to her activities
- Please find a brief summary prepared by Sabine Geiser for many of her new activities
- We will have a fully codified asset management and compliance management procedures in place for review by month end
- Site Visit Template – attached as Excel Sheet
- HSI now does an audit review – please see the first one completely by Ms. Gieser
- Example of HSI’s new monthly financial review process
  - Arbor Cove Financials
  - Arbor Cove Financial Review – attached as excel file
- Continuing Education – Sabine Geiser – Training with TCAM in Boston
-

## **Housing Services Inc. – Activities related to Judy Rath – Prepared by Judy Rath**

### Fair Housing Training for HSI staff

- ❖ Border Community Development Consultants, Inc. has been engaged by Housing Services Incorporated to provide fair housing training for all HSI staff. Training to include:
  - Web based fair housing compliance training
  - Corporate policy, practice and protocol evaluation
  - Corporate policy development
  - Internal compliance fair housing testing program
  - On-going consulting services as needed

### Vendors for tenant file reviews

- ❖ HSI is in the process of acquiring bids from various vendors to perform annual on-site tenant file reviews, we anticipate that testing of low income rental files to commence in the fourth quarter of 2015.

### Electronic file organization

- ❖ Over the course of the last 7 months, HSI has gained access to electronic file storage from Dominionium for the 12 properties HSI is currently General Partner:
  - Arbor Cove
  - Asbury Place
  - Cathy's Pointe
  - Fox Run
  - Hickory Manor
  - Hillcrest Manor
  - Humble Memorial
  - Lakeside Manor
  - Madison Pointe
  - Seville
  - Timbers Edge
  - Village of Kaufman
- ❖ HSI has integrated Dominionium's files into our updated electronic organizational file structure. Here is an example of our current structure:
  - Asset Management
    - Compliance
    - Organization documents
    - Contracts
    - Correspondence
    - Financials
    - Real Estate documents
    - Due diligence

### Engagement of TCAM

- ❖ TCAM Asset Management has provided on going asset management training, file review and reporting practices for all HSI staff over the last 7 months

- HSI has spent hundreds of hours training on how to interpret the many various reports that we acquire from Dominion
  - HSI has also acquired access to the Dominion reporting system, YARDI, and has the ability to pull any reports needed
  - Conference calls with Dominion to review these asset management reports kicked off last month and will continue going forward on a quarterly basis. HIS will soon be preparing the monthly asset management reports used for the quarterly calls with Dominion without the help of TCAM
- ❖ Communication - Emails and phone calls
- Effective October 2014, HSI hired Judy Rath as Director of Operations to oversee the tasks involved in the day to day operations of running HSI. Judy Rath has a back ground in affordable housing and has worked on various projects with TDHCA.
  - In the course of the last 7 months many emails and phone calls between Judy Rath and Dominion staff have been exchanged in an attempt to improve communication and stay on top of any possible non-compliance issues as well as maintain material participation
    - Dozens of emails with Dominion Accounting staff have been exchanged in order to determine which reports best suit our needs for maintaining material participation
    - Dozens of emails with Dominion Asset Management have been exchanged in order to clear up any open action items following the file review by TCAM
    - Many phone calls have taken place and email exchanged regarding HSI's desire to be added as a recipient of TDHCA correspondence directly
    - YARDI training conference call took place between HSI and Dominion Asset Management ensuring HSI has access to all reporting needed to maintain material participation
  - HSI was recently added to the list of Dominion email recipients to receive direct correspondence from TDHCA for all communications regarding the 12 properties previously mentioned. We believe this will make a world of difference in keeping HSI abreast of any and all non-compliance issues.



Brief Summary prepared by Sabine Geiser to highlight her asset management related activities. We have also attached an example of one property Arbor Cove, the underlying spread sheets, the financials, and everything we do to substantiate this for each partnership. We would be happy to provide this level of detail on all partnerships.

Dominium Accounting is sending me the following reports for all 12 properties HSI is listed as GP

- Executive Summary
- Balance Sheet
- Budget comparison
- Rent Roll
- Trial Balance

#### Site Visits

- We have changed our site visit regime
- Once per year, unless we are having problems in a community or there is more support needed
- We are engaging third party vendor to conduct a review of low income tenant files across our portfolio. As Novograc just conducted a complete review of every low income tenant file, our review of low income tenant files will not start until the 4<sup>th</sup> quarter of 2015.
- We substantially enhanced what we do during site visits. Please find the new form we are working on as a site visit form, this is still under development. As a note, HSI will not be the ones to conduct the review of these low income tenant files.

All financial data is entered in a spread sheet and a summary is created to track

- Total Revenue
- Total operating Expenses
- Net Operating Income
- Total Debt Service
- Total Capex
- Operating expenses/Income per unit
- Accounts receivable/payable per unit
- Expenses as % of EGI
- Management as % of EGI
- DSCR

Each expense, as it is entered, is compared to the budget and previous months expenses.

All items that are either not budgeted or way over budget will be flagged and researched. Dominion has given me access to their yardi system and I can access details as to who the payments were made to and/or what was purchased.

I create a report for each property and take notes of all questions and concerns. At this point we are still working with TCAM and they are creating the same report with the same financial data. Tcam sends their finished reports to me and I compare their report to mine – making notes of any differences. After that we schedule a conference call to go over all the notes and questions and we discuss all action items.

We have a quarterly call set up with dominium to discuss all issues and to do a general overview of all current issues. I am also in touch with the Regional Managers on a regular basis – mostly by e-mail, copying them on all service related issues, upcoming audits etc...

All audits have been reviewed to create notes on Debt Service for each property, checking the Replacement Reserve amounts and making sure that increases (if specified in the agreements) have been applied.

<p>Arbor Cove</p>	<p>RR – amount Increase Debt Service</p> <p>Management Fee</p>	<p>300 per unit/per year – 3000 per month No 19,367 1<sup>st</sup> mortgage +interest</p> <p>5%</p> <p><b>Asset management fee</b> In accordance with the Partnership Agreement, the Investor Limited Partner is entitled to an annual cumulative asset management fee in the amount of \$5,000, increasing by 3% each year. For the years ended December 31, 2014 and 2013, asset management fees of \$6,333 and \$6,149, respectively, were incurred and \$12,121 and \$0, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$6,333 and \$12,121, respectively, remained payable</p> <p><b>Administrative management fee</b> In accordance with the Partnership Agreement, an affiliate of the General Partner is entitled to an administrative management fee for services performed in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low-income housing tax credits. For the years ended December 31, 2014 and 2013, partnership management fees of \$15,300 and \$9,000 were incurred and paid, respectively. As of December 31, 2014 and 2013, no partnership management fees remained payable</p> <p><b>Incentive management fee</b> In accordance with the Partnership Agreement, <b>the General Partner</b> is entitled to an annual non-cumulative incentive management fee in an amount not to exceed 12% of effective gross income, and is payable from cash flow. For the years ended December 31, 2014 and 2013, incentive management fees of \$56,427 and \$1,920, respectively, were incurred and paid. As of December 31, 2014 and 2013, <b>no incentive management fees remained payable</b></p> <p><b>Development fee</b> The Partnership entered into a development agreement with Polaris Holdings I, LLC, an affiliate of the General Partner. The agreement provides for a development fee in the amount of \$1,645,608 for services rendered in connection with the development and the supervision of construction of the Project. For the years ended December 31, 2014 and 2013, development fees of \$133,433 and \$0 were paid, respectively. As of December 31, 2014 and 2013, development fees of \$0 and \$133,433 remained payable, respectively.</p>
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Asbury	<p>RR – amount Increase</p> <p>Debt Service</p> <p>Management fee</p>	<p>3760 Increases 2% each year</p> <p>Note from lender Dougherty mortgage - requiring increase in RR amount – amount is current at 3760 17,223</p> <p>6%</p> <p><b>Administrative management fee</b> Pursuant to the Partnership Agreement, the General Partner will be paid an administrative management fee from operations for service of the General Partner in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for low-income housing tax credits. The administrative management fee includes an initial payment of \$10,000 and an annual fee of \$10,000. On April 23, 2014 the Partnership executed the 2014 master agreement of roles and responsibility whereby the annual fee was modified to \$17,000 and shall increase by 2.5% per year beginning January 1, 2014. For the years ended December 31, 2014 and 2013 administrative management fees of \$19,925 and \$11,000, respectively, were paid to the General Partner.</p> <p><b>Due to Dominionium</b> Dominium paid certain expenses on behalf of the Partnership. The amount payable to Dominionium as of December 31, 2014 and 2013 was \$1,241 and \$3,542, respectively.</p> <p><b>Due to New Limited Partner</b> The New Limited Partner paid certain expenses on behalf of the Partnership. As of December 31, 2014 and 2013, \$115,254 and \$40,000, respectively, remained payable.</p> <p><b>Loans from Affiliates</b> Funds aggregating \$47,491 were advanced by the Withdrawing Limited Partner as of December 31, 2010. The advances are to be repaid from available cash flow and bears interest at 6%. For the year ended December 31, 2013 interest of \$6,155 was incurred. The principal and accrued interest were paid in full on October 16, 2013.</p>

Cathys point	RR – amount Increase Debt Service  Management Fee Asset mgt. fee Incentive mgt. fee	Annual amount of \$250/unit = \$2500/month no 15,129  5% To LP - – increasing by 3% each year To GP – amount not to exceed 12% of EGI – payable from cash flow – according to 2014 audit no fees have been incurred or paid  <b>Asset management fee</b> In accordance with the Partnership Agreement, the Investor Limited Partner is entitled to an annual cumulative asset management fee in the amount of \$5,000, increasing by 3% each year and payable from available cash flow. For the years ended December 31, 2014 and 2013, asset management fees of \$8,304 and \$5,151, respectively, were incurred and \$6,150 and \$5,971, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$6,334 and \$4,180, respectively, remained payable and are included in due to related parties on the accompanying balance sheets.  <b>Administrative management fee</b> In accordance with the Partnership Agreement, the General Partner is entitled to an annual fee equal to \$9,000, payable from available cash flow, for provisions of all services related to maintaining the Partnership's eligibility for the tax credits and qualification for property tax exemption or abatement. For the years ended December 31, 2014 and 2013, administrative management fees of \$2,400 and \$6,750, respectively, were incurred and paid. As of December 31, 2014 and 2013, no administrative management fees remained payable.  <b>Incentive management fee</b> In accordance with the Partnership Agreement, the General Partner is entitled to an annual non-cumulative incentive management fee in an amount not to exceed 12% of effective gross income, payable from available cash flow, for services in connection with the administration of Partnership affairs. As of December 31, 2014 and 2013, no incentive management fees had been incurred or paid.

Fox run	RR – amount Increase Debt Service  Management Fee	<div data-bbox="581 443 1333 709" style="border: 1px solid black; padding: 5px;"> 300 per unit (70 units RR amount 1,750)   3% per year – <b>no increases have been made!!!</b>   Bond deal 2,1771 monthly debt service   4% </div> <p><b>Asset management fee</b>  In accordance with the Partnership Agreement, a one-time asset management fee is to be paid to the Administrative Limited Partner, Alliant Tax Credit 66, LLC, in the amount of \$50,000. As of December 31, 2014 and 2013, \$50,000 and \$50,000, respectively remains payable, and is included in accounts payable - entity on the balance sheet.</p> <p><b>Due to affiliates</b>  The Partnership has received advances from Dominion Development and Acquisition, LLC, an affiliate of the General Partner, for operating expenses and construction of the property. As of December 31, 2014 and 2013, \$189,044 and \$64,497, respectively, remains payable, and is included in accounts payable - entity on the balance sheet.</p> <p><b>Development fee</b>  In accordance with the Partnership Agreement and the Assignment of Development Fee, the Partnership is required to pay a development fee equal to 15% of eligible basis, estimated to be \$746,150, which has been earned as of December 31, 2014 and 2013. The Partnership shall pay this amount to Orange Leased Housing Development I, LLC. The fee bears no interest and is payable from contributions from equity investors or surplus cash derived from operations. If the fee has not been paid in full by December 31, 2025, the <b>General Partner</b> will make a capital contribution within ten days thereafter in an amount sufficient for payment of any unpaid balance. As of December 31, 2014 and 2013, \$678,603 and \$678,603, respectively, remains payable.</p>

		<p><b>Incentive performance fee</b> Pursuant to the partnership agreement, the Partnership may retain and distribute an incentive performance fee in an amount equal to 2.8% of effective gross income as defined by HUD. As of December 31, 2014 and 2013, no incentive performance fee was incurred or paid.</p> <p><b>Incentive management fee</b> The Partnership is obligated to pay to the supervisory agent, Orange Leased Housing Associates SLP I, LLC, an annual incentive management fee commencing in the year in which completion occurs. This fee is payable from 50% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. As of December 31, 2014 and 2013, no incentive management fee was incurred or paid.</p> <p><b>Supervisory management fee</b> The Partnership is obligated to pay to the supervisory agent, Orange Leased Housing Associates SLP I, LLC, an annual supervisory management fee commencing in the year in which completion occurs. This fee is payable from 34.98% of cash flow remaining and shall not exceed 10% of gross revenues, as defined in the Partnership Agreement. As of December 31, 2014 and 2013, no supervisory management fee was incurred or paid.</p>
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Hickory	RR – amount Increase  Debt Service	<p>300 per unit 3% annually <b>\$6,333 in 2015</b></p> <p>21,269 per month</p> <p><b>Incentive property management fee</b> In accordance with the management agreement, DMS, and as of June 16, 2014, DTMS, are entitled to an incentive property management fee equal to 2% of gross collections. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, incentive property management fees of \$33,016 and \$40,625, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$99,568 and \$0, respectively, were paid. As of December 31, 2014 and 2013, incentive management fees of \$16,516 and \$83,065, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.</p> <p><b>Asset management fee</b> In accordance with the Partnership Agreement, the Special Limited Partner is entitled to an annual asset management fee equal to \$7,500 adjusted annually by the consumer price index (“CPI”), for services in assisting with the review of tax returns and required reports. If sufficient cash funds are not available, the fee shall accrue and be payable out of available net operating income in subsequent years. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, asset management fees of \$7,750 and \$7,869, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$7,869 and \$15,000, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,869, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.</p> <p><b>Non-profit service fee</b> Pursuant to the Third Amendment, the <b>General Partner</b> is entitled to a non-profit services fee for ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low income housing tax</p>



		<p>credits. For the year ended December 31, 2014 and the period October 29, 2012 (date of refinance) through December 31, 2013, non-profit service fees of \$2,500 and \$12,500, respectively, were incurred, and \$2,500 and \$22,500, respectively, were paid. As of December 31, 2014 and 2013, <b>no non-profit service fees remained payable</b></p> <p><b>Performance-based consulting fee</b> In accordance with the Partnership Agreement, the Class A Limited Partner is entitled to a non-cumulative performance-based consulting fee equal to 25% of net operating income for overseeing the marketing, lease-up and continued occupancy of the apartment units, obtaining and monitoring the mortgage loan and maintaining the books and records. The fee is payable from net operating income in accordance with the priorities set forth in Note 9. For the year ended December 31, 2014 and the period October 29, 2012 (date of</p>
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Hillcrest	RR – amount Increase Debt Service  Management Fee	7,073 – 200/unit 3% annually – adjustments have been made, amount current 40,124 monthly  3%  <b>Incentive management fee</b> In accordance with the Management Agreement, DMS, and as of June 16, 2014, Dominion Texas Management Services, LLC is entitled to an incentive management fee equal to 2% of gross collections. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinancing) through December 31, 2013, incentive management fees of \$31,410 and \$40,510, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$9,476 and \$72,664, respectively, were paid. As of December 31, 2014 and 2013, incentive management fees of \$16,078 and (\$5,856), respectively, remained payable (receivable) and are included in accounts payable - entity on the accompanying balance sheets.  <b>Asset management fee</b> Pursuant to the Partnership Agreement, the Investor Limited Partner is entitled to an annual asset management fee equal to \$7,500, adjusted annually by the consumer price index ("CPI") for its services in assisting with the preparation of tax returns and required reports. The fee shall be paid from available net operating income. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinancing) through December 31, 2013, asset management fees of \$7,866 and \$7,742, respectively, were incurred, and are included in other entity expenses on the accompanying statements of operations, and \$7,742 and \$15,128, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,866 and \$7,742, respectively, remained payable and are included in accounts payable - entity on the accompanying balance sheets.  <b>Administrative management fee</b> Pursuant to the Partnership Agreement, the <b>General Partner</b> is entitled to an annual administrative management fee equal to \$10,000 for services performed in ensuring the provision of all social services and related services required to be provided in order to

		<p>maintain eligibility for the low-income housing tax credits. For the year ended December 31, 2014 and the period September 14, 2012 (date of refinance) through December 31, 2013, administrative management fees of \$8,824 and \$15,000, respectively, were incurred and paid. As of December 31, 2014 and 2013, <b>no administrative management fees remained payable</b></p>
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humble	RR – amount Increase Debt Service  Management Fee	1,556 <b>have not found any RR info in either audit or PS agreement</b>  10,619 monthly  6%  <u>Partnership management fee</u> Pursuant to the 2 <sup>nd</sup> Agreement, reimbursements to Dominion or their affiliates by the Partnership shall be allowed under certain circumstances. Partnership management fees of \$4,500 were incurred and paid for the years ended December 31, 2014 and 2013.  <u>Due to Dominion Development and Acquisitions (“DDA”)</u> DDA paid for certain operating costs of the Partnership. As of December 31, 2014 and 2013, \$36,622 and \$30,684, respectively, remained payable.  <u>Non-profit services fee</u> Pursuant to the 2 <sup>nd</sup> Agreement, the Partnership shall pay to the Managing General Partner an annual fee, in the amount of \$10,000, in consideration for services performed pursuant to the 2 <sup>nd</sup> Agreement. In 2011, the non-profit services fee was prepaid through 2016. As of December 31, 2014 and 2013, the prepaid non-profit service fee was \$20,000 and \$30,000, respectively, and is included in “Prepaid expenses” in the accompanying balance sheets. For the years ended December 31, 2014 and 2013, respectively, non-profit services fees of \$10,000 were incurred.  <u>Developer fee</u> The development agreement provides that a development fee be paid to an affiliate of the Initial General Partner for providing certain development services and guarantees for the completion of the development of the apartment community as described in the development agreement. The total development fee \$599,525 was capitalized as a depreciable cost of the Property and assigned to the Class A Limited Partner during 2009. The developer fee is non-interest bearing and paid out of available cash flows, as defined by the 2 <sup>nd</sup> Agreement. As of December 31, 2014 and 2013, the outstanding balance of the developer fee was \$329,349.  <u>Due to Investment Partner</u> In 2009, the Investment Partner advanced the Partnership \$90,980. This amount was held in escrow and released in 2010. As of December 31, 2014 and 2013, the outstanding balance due to the Investment Partner was \$113.  <u>Due from Shady Creek</u> The Partnership paid for expenses on behalf of Shady Creek, an affiliate of the General Partner. As of December 31, 2014 and 2013, the balance receivable from Shady Creek was \$82 and \$0, respectively.  <u>Due to General Partner</u> During 2009, the General Partner advanced the Partnership funds to pay off existing loans and to obtain permanent financing. The advance shall bear interest at the greater of 8.0% per annum or the highest prime rate as published in the <i>Wall Street Journal</i> plus 2.0%. The advances shall only be paid from available Net Cash Flow as defined in the 2 <sup>nd</sup> Agreement. As of December 31, 2014 and 2013, \$20,937 was owed to the General Partner for both years. Interest expense for the years ended December 31, 2014 and 2013 was \$1,675. Interest payable as of December 31, 2014 and 2013 was \$5,025 and \$3,350, respectively.

kaufman	RR – amount Increase Debt Service  Management Fee	1,804 (includes 3% increase annually since Jan 2014) 3% 19,940 (bond reserve fund+interest)  4%  <b>Asset management fee</b> In accordance with the Partnership Agreement, a one-time asset management fee is to be paid to the Administrative Limited Partner, Alliant Tax Credit 66, LLC, in the amount of \$50,000. As of December 31, 2014 and 2013, \$50,000 and \$50,000, respectively, remains payable.  <b>Development fee</b> In accordance with the Partnership Agreement and the Development Agreement, the Partnership is required to pay a development fee equal to 15% of eligible basis, estimated to be \$682,264. The Partnership shall pay this amount to Kaufman Leased Housing Development I, LLC. The fee bears no interest and is payable from contributions from equity investors or surplus cash derived from operations. If the fee has not been paid in full by December 31, 2025, the General Partners will make a capital contribution within 10 days thereafter in an amount sufficient for payment of any unpaid balance. As of December 31, 2014 and 2013, \$669,035 and \$669,035,  <b>Advances from related party</b> As of December 31, 2014 and 2013, the Partnership received advances from Dominion Development and Acquisition, LLC, an affiliate of the General Partner. Advances are non-interest bearing and due on demand. As of December 31, 2014 and 2013, \$252,363 and \$96,591, respectively, remains payable.  <b>Incentive performance fee</b> Pursuant to the partnership agreement, the Partnership may retain and distribute an incentive performance fee in an amount equal to 3.0% of effective gross income as defined by HUD. During the years ended December 31, 2014 and 2013, no incentive performance fees were incurred or paid.

		<p><b>Incentive management fee</b> The Partnership is obligated to pay to the supervisory agent, Kaufman Leased Housing Associates SLP I, LLC, an annual incentive management fee commencing in the year in which completion occurs. This fee is payable from 50% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. During the years ended December 31, 2014 and 2013, no incentive management fees were incurred or paid.</p> <p><b>Supervisory management fee</b> The Partnership is obligated to pay to the supervisory agent, Kaufman Leased Housing Associates SLP I, LLC, and annual supervisory management fee commencing in the year in which completion occurs. This fee is payable from 34.98% of cash flow remaining and shall not exceed 12% of effective gross income, as defined in the Partnership Agreement. During the years ended December 31, 2014 and 2013, no supervisory management fees were incurred or paid</p>
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Lakeside	RR – amount Increase Debt Service  Management Fee	4400 no 41,418  3%  <b>Incentive property management fee</b> In accordance with the management agreement, DMS, and as of June 16, 2014, DTMS, are entitled to an incentive property management fee equal to 2% of gross collections, as defined. For the years ended December 31, 2014 and 2013, incentive property management fees of \$30,631 and \$29,665, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$60,233 and \$25,353, respectively, were paid. As of December 31, 2014 and 2013, incentive property management fees of \$15,391 and \$44,993, respectively, remained payable and are included in accounts payable – entity on the accompanying balance sheets.  <b>Asset management fee</b> Pursuant to the Second Amended and Restated Agreement, the Special Limited Partner is entitled to an annual asset management fee equal to \$7,500 per annum, adjusted annually by the consumer price index (“CPI”), for services in assisting with the review of tax returns and required reports. If sufficient cash is not available, then the fee shall accrue and be payable out of available net cash flow. For the years ended December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,742, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$7,742 and \$15,128, respectively, were paid. As of December 31, 2014 and 2013, asset management fees of \$7,750 and \$7,742, respectively, remained payable and are included in accounts payable – entity on the accompanying balance sheets.  <b>Performance-based consulting fee</b> Pursuant to the Second Amended and Restated Agreement, the Class A Limited Partner is entitled to a non-cumulative performance-based consulting fee equal to 25% of net operating income to operate the Partnership efficiently. The fee is payable from net cash

		<p>flow. For the years ended December 31, 2014 and 2013, performance-based consulting fees of \$66,717 and \$66,383, respectively, were incurred and paid, and are included in other entity expenses on the accompanying statements of operations. A portion of the fee paid during 2014 has been reimbursed to the Partnership subsequent to December 31, 2014 as a result of an over distribution of available surplus cash. As of December 31, 2014 and 2013, no performance-based consulting fees remained payable.</p> <p><b>Administrative management fee</b> Pursuant to the Second Amended and Restated Agreement, the <b>General Partner</b> is entitled to an annual non-cumulative administrative management fee equal to \$10,000 for services performed in ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low-income housing tax credits. The fee is payable from operations. For the years ended December 31, 2014 and 2013, administrative management fees of \$6,325 and \$10,000, respectively, were incurred and are included in other entity expenses on the accompanying statements of operations and \$11,325 and \$12,500, respectively, were paid. As of December 31, 2014 and 2013, administrative management fees of \$0 and \$5,000, respectively, remained payable and are included in accounts payable - entity on the balance sheets.</p>
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Madison	RR – amount Increase Debt Service  Management Fee	1583 – 250 per unit - no increase mentioned in audit, check PS  No debt service  5%  <b>Administrative management fee</b> Pursuant to the Partnership Agreement, the General Partner shall receive an administrative management fee for all services required to be provided to maintain the Partnership's eligibility for the tax credits. An annual amount of \$9,000 is payable annually in arrears, with the first annual payment due in 2012 from cash flow, as defined. If any administrative management fee is not paid in any year due, the Class B Limited Partner shall make a loan to the Partnership to pay the administrative management fee and the loan shall be deemed an operating deficit loan. As of December 31, 2014 and 2013, administrative fees of \$9,000 and \$6,000 were incurred, respectively, and \$16,500 and \$7,500, respectively, remained payable.  <b>Incentive management fee</b> Pursuant to the Partnership Agreement, the General Partner shall receive an annual non-cumulative incentive management fee in an amount not to exceed 12% of Effective Gross Income, payable from cash flow, as defined, for services in connection with the administration of Partnership affairs. As of December 31, 2014 and 2013, no incentive management fees had been earned or paid.  <b>Asset management fee</b> Beginning in 2008, the Investor Limited Partner shall receive an annual cumulative asset management fee in the amount of \$2,500, increasing by 3% each year from available cash flow or net proceeds, as defined. During the years ended December 31, 2014 and 2013, \$2,985 and \$2,898, respectively, was charged to operations and \$2,898 and \$2,732, respectively, was paid. As of December 31, 2014 and 2013, \$3,067 and \$2,980, respectively, remained payable.

Seville	RR – amount Increase Debt Service  Management Fee	300/unit 2250 monthly  22,866/month  4%  <b>Partnership management fee</b> The Partnership entered into a Partnership Management Fee Agreement with the <b>General Partner</b> for its services in providing partnership and asset management services. This fee is \$60 per unit per year. Any portion of the fee which cannot be paid shall accrue without interest until there is sufficient cash flow to be paid. For the years ended December 31, 2014 and 2013, partnership management fees incurred were \$5,400 and \$5,400, respectively. As of December 31, 2014 and 2013, \$31,050 and \$25,650, respectively, <b>remains payable</b>  <b>Construction management fee</b> In accordance with the Partnership Agreement, \$176,128 is to be paid to an affiliate of the General Partner as consideration for services in the oversight of the construction of the Project. In prior years, the construction management fee was increased to \$196,716 pursuant to the completion of a cost certification. The fee is non-interest bearing. During the years ended December 31, 2014 and 2013, no amounts were repaid. As of December 31, 2014 and 2013, \$19,073 and \$19,073, respectively, remain payable.  <b>Development fee</b> In accordance with the Partnership Agreement, it is provided that a \$945,974 developer fee is to be paid to Beaumont Leased Housing Development II, LLC ("Developer"), an affiliate of the General Partner, for providing services as described in the Development Services Agreement. The fee is non-interest bearing. In prior years, the developer fee was increased to \$993,583 pursuant to the completion of a cost certification. During the years ended December 31, 2014 and 2013, no amounts were repaid. As of December 31, 2014 and 2013, \$993,583 and \$993,583, respectively, remains payable.

Timbers Edge	RR – amount	<p>500/unit</p> <p><b>Replacement reserves</b>  Under the terms of the Partnership Agreement and Loan Agreement, the Partnership is required to fund a Repair and Replacement Reserve Fund. The Partnership shall make monthly deposits equal to \$300 per apartment unit per year, or \$45,000 annually. Effective May 2014, the deposits were increased to \$500 per apartment unit per year, or \$75,000 annually. The reserve shall be used to make disbursements to the Project for capital improvements incurred. As of December 31, 2014 and 2013, the balance in this account was \$187,517 and \$25,972, respectively.</p> <p>Current RR Deposits in tcam report are not adjusted to the 500/per unit amount which would be 6,250 this is the amount debited in the trial balance</p>
	Increase	
	Debt Service	<p>Questions about debt service – TCAM uses 32,463  My number is 30,441</p>
	Management Fee	4%
	Notes	<p><b>Partnership management fee</b>  The Partnership entered into a Partnership Management Fee Agreement with the General Partner for its services in providing partnership asset management services. This fee is \$60 per unit. For the years ended December 31, 2014 and 2013, partnership management fees incurred were \$9,000 and \$9,000, respectively. As of December 31, 2014 and 2013, \$51,750 and \$42,750 remain payable, respectively.</p> <p><b>Non-profit services fees</b>  Pursuant to the Master Agreement, the Partnership shall pay Housing Services Incorporated, an affiliate of the General Partner, a non-profit services fee for ensuring the provision of all social services and related services required to be provided in order to maintain eligibility for the low income housing tax credit. As of December 31, 2014 and 2013, fees of \$30,301 and \$19,000 were incurred and paid, respectively. As of</p>

		<p>December 31, 2014 and 2013, no amounts remained payable.</p> <p><b>Construction management fee</b>  In accordance with the Construction Management Agreement, \$461,408 is to be paid to Beaumont Leased Housing Development I, LLC, an affiliate of the General Partner, as consideration for the services of oversight of the construction of the Project. The fee is non-interest bearing. No payments were made during 2014 and 2013. As of December 31, 2014 and 2013, \$461,408 and \$461,408, respectively, remains payable.</p> <p><b>Development fee</b>  In accordance with the Development Agreement, it is provided that a \$1,542,987 developer fee is to be paid to Beaumont Leased Housing Development I, LLC (Developer), an affiliate of the General Partner, for providing services as described in the Development Agreement. The fee is non-interest bearing. No payments were made during 2014 and 2013. As of December 31, 2014 and 2013, \$1,542,987 and \$1,542,987, respectively, remains payable</p>

**Balance Sheet**

Period = Apr 2015

Book = Accrual,Audit,Ops

**Current Balance****ASSETS****CURRENT ASSETS**

<b>Cash</b>	
Petty Cash	300.00
Operating Account	23,061.34
<b>Total Cash</b>	<b>23,361.34</b>

**Receivables**

Tenant Accounts Receivable	971.00
Subsidy Accounts Receivable	2,158.00
<b>Total Tenant Receivables</b>	<b>3,129.00</b>
<b>Total Receivables</b>	<b>3,129.00</b>

**Prepaid Expenses:**

Prepaid Property Insurance	9,901.36
<b>Total Prepaid Expenses</b>	<b>9,901.36</b>

**Reserves & Escrows****Mortgage Reserves & Escrows**

Real Estate Tax Escrow	22,878.88
Insurance Escrow	35,635.29
<b>Total Mortgage Reserves &amp; Escrows</b>	<b>58,514.17</b>
<b>Replacement Reserves</b>	<b>105,690.77</b>
<b>Total Reserves &amp; Escrows</b>	<b>164,204.94</b>
<b>Total Current Assets</b>	<b>200,596.64</b>

**FIXED ASSETS:****Property & Equipment:**

Land	463,019.00
Land Improvements	2,210,048.00
Buildings	10,543,989.95
Personal Property	609,474.00
Loan Costs	155,038.00
<b>Total Property &amp; Equipment</b>	<b>13,981,568.95</b>

**Accum. Depr./Amort.:**

Accumulated Depreciation	-3,678,078.00
Accumulated Amortization	-68,350.00
<b>Total Accum. Depr./Amort.</b>	<b>-3,746,428.00</b>
<b>Net Fixed Assets</b>	<b>10,235,140.95</b>

**OTHER ASSETS:**

Tax Credit Costs	49,251.00
<b>Total Other Assets</b>	<b>49,251.00</b>
<b>TOTAL ASSETS</b>	<b>10,484,988.59</b>

**LIABILITIES & EQUITY****CURRENT LIABILITIES:**

Accounts Payable	10,310.29
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**Balance Sheet**

Period = Apr 2015

Book = Accrual,Audit,Ops

	<b>Current Balance</b>
<b>Total Accounts Payable &amp; Notes</b>	<b>10,310.29</b>
<b>Accr. Expense/Deferred Income:</b>	
Prepaid Rent	2,002.00
Accrued R/E Taxes	18,141.81
Accrued Asset Mgmt Fees LP - Non-Affiliated	1.12
<b>Total Accr Exp./Deferred Inc.</b>	<b>20,144.93</b>
<b>Deposits:</b>	
Security Deposits	35,250.00
Pet Deposits	2,700.00
<b>Total Deposits</b>	<b>37,950.00</b>
<b>Total Current Liabilities</b>	<b>68,405.22</b>
<b>LONG TERM LIABILITIES:</b>	
First Mortgage Payable	2,746,668.06
Accrued 1st Mortgage Interest	14,725.65
Due to GP - Funding - Affiliated	4,174.69
<b>Total Long Term Liabilities</b>	<b>2,765,568.40</b>
<b>TOTAL LIABILITIES</b>	<b>2,833,973.62</b>
<b>EQUITY</b>	
ILP Distributions - Non-Affiliated	-28,599.46
LP Distributions - Affiliated	-7.15
GP Capital - Affiliated	2.00
GP Distributions - Non-Affiliated	-14.30
General Partners Capital - Internal	-150.00
GP Cash Distributions - External	-12.30
Limited Partners Capital - Internal	9,281,422.00
LP Cash Distributions - Internal	-165,016.29
LP Cash Distributions - External	-24,606.22
LP Distributions - Affiliated	-203,317.24
Retained Earnings	-1,220,405.09
Year to Date Net Income/(Loss)	11,719.02
<b>TOTAL EQUITY</b>	<b>7,651,014.97</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>10,484,988.59</b>

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
<b>INCOME</b>									
<b>Rental Income</b>									
<b>Gross Rental Income</b>									
Total Gross Potential Rent	<u>79,155.00</u>	<u>78,826.00</u>	<u>329.00</u>	<u>0.42</u>	<u>315,818.00</u>	<u>315,024.00</u>	<u>794.00</u>	<u>0.25</u>	<u>948,054.00</u>
Total Gross Rental Income	<u>79,155.00</u>	<u>78,826.00</u>	<u>329.00</u>	<u>0.42</u>	<u>315,818.00</u>	<u>315,024.00</u>	<u>794.00</u>	<u>0.25</u>	<u>948,054.00</u>
<b>Rent Loss</b>									
<b>Rental Loss</b>									
Total Vacancy Loss	<u>76.00</u>	<u>-400.00</u>	<u>476.00</u>	<u>119.00</u>	<u>-128.00</u>	<u>-1,600.00</u>	<u>1,472.00</u>	<u>92.00</u>	<u>-4,800.00</u>
Concessions	<u>-100.00</u>	<u>-333.33</u>	<u>233.33</u>	<u>70.00</u>	<u>-1,201.68</u>	<u>-1,333.32</u>	<u>131.64</u>	<u>9.87</u>	<u>-4,000.00</u>
Total Bad Debt & Recovery	<u>0.00</u>	<u>-124.66</u>	<u>124.66</u>	<u>100.00</u>	<u>601.00</u>	<u>-498.64</u>	<u>1,099.64</u>	<u>220.53</u>	<u>-1,495.92</u>
Total Rent Loss	<u>-24.00</u>	<u>-857.99</u>	<u>833.99</u>	<u>97.20</u>	<u>-728.68</u>	<u>-3,431.96</u>	<u>2,703.28</u>	<u>78.77</u>	<u>-10,295.92</u>
Total Rental Income	<u>79,131.00</u>	<u>77,968.01</u>	<u>1,162.99</u>	<u>1.49</u>	<u>315,089.32</u>	<u>311,592.04</u>	<u>3,497.28</u>	<u>1.12</u>	<u>937,758.08</u>
<b>Other Income</b>									
<b>Other Income</b>									
Application Fees	<u>56.00</u>	<u>50.00</u>	<u>6.00</u>	<u>12.00</u>	<u>112.00</u>	<u>200.00</u>	<u>-88.00</u>	<u>-44.00</u>	<u>600.00</u>
Late Charges	<u>370.00</u>	<u>804.90</u>	<u>-434.90</u>	<u>-54.03</u>	<u>3,482.00</u>	<u>3,219.60</u>	<u>262.40</u>	<u>8.15</u>	<u>9,658.80</u>
NSF Fees	<u>0.00</u>	<u>25.00</u>	<u>-25.00</u>	<u>-100.00</u>	<u>130.00</u>	<u>50.00</u>	<u>80.00</u>	<u>160.00</u>	<u>100.00</u>
Total Forfeited Security Deposits	<u>270.00</u>	<u>201.73</u>	<u>68.27</u>	<u>33.84</u>	<u>737.00</u>	<u>806.92</u>	<u>-69.92</u>	<u>-8.66</u>	<u>2,420.76</u>
Misc. Other Income	<u>0.00</u>	<u>16.67</u>	<u>-16.67</u>	<u>-100.00</u>	<u>0.00</u>	<u>66.68</u>	<u>-66.68</u>	<u>-100.00</u>	<u>200.00</u>
WO Chargebacks	<u>25.00</u>	<u>50.00</u>	<u>-25.00</u>	<u>-50.00</u>	<u>425.00</u>	<u>200.00</u>	<u>225.00</u>	<u>112.50</u>	<u>600.00</u>
Total Other Income	<u>721.00</u>	<u>1,148.30</u>	<u>-427.30</u>	<u>-37.21</u>	<u>4,886.00</u>	<u>4,543.20</u>	<u>342.80</u>	<u>7.55</u>	<u>13,579.56</u>
TOTAL INCOME	<u>79,852.00</u>	<u>79,116.31</u>	<u>735.69</u>	<u>0.93</u>	<u>319,975.32</u>	<u>316,135.24</u>	<u>3,840.08</u>	<u>1.21</u>	<u>951,337.64</u>
<b>Direct Expenses</b>									
<b>Marketing</b>									
Advertising - Internet	<u>0.00</u>	<u>25.00</u>	<u>25.00</u>	<u>100.00</u>	<u>0.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>300.00</u>
Misc. Marketing Expenses	<u>0.00</u>	<u>50.00</u>	<u>50.00</u>	<u>100.00</u>	<u>0.00</u>	<u>200.00</u>	<u>200.00</u>	<u>100.00</u>	<u>600.00</u>
Tenant Relations Promo/Events	<u>616.36</u>	<u>450.00</u>	<u>-166.36</u>	<u>-36.97</u>	<u>2,384.76</u>	<u>1,800.00</u>	<u>-584.76</u>	<u>-32.49</u>	<u>5,400.00</u>
Locators Referral Service	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>630.00</u>
Resident Referrals	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>N/A</u>	<u>200.00</u>
Total Marketing Expenses	<u>616.36</u>	<u>525.00</u>	<u>-91.36</u>	<u>-17.40</u>	<u>2,384.76</u>	<u>2,100.00</u>	<u>-284.76</u>	<u>-13.56</u>	<u>7,130.00</u>

### Budget Comparison

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
<b>Administrative</b>									
Travel-Mileage	0.00	10.00	10.00	100.00	0.00	40.00	40.00	100.00	120.00
M & E - Out of Town Travel	0.00	0.00	0.00	N/A	-80.45	0.00	80.45	N/A	0.00
Credit Reports/Background Checks	166.00	114.58	-51.42	-44.88	697.00	458.32	-238.68	-52.08	1,375.00
Recruiting Costs	0.00	10.00	10.00	100.00	61.00	40.00	-21.00	-52.50	120.00
Office Supplies - Misc	164.46	83.33	-81.13	-97.36	346.67	333.32	-13.35	-4.01	1,000.00
Office Supplies - Toner	226.24	37.50	-188.74	-503.31	375.41	150.00	-225.41	-150.27	450.00
Office Supplies - Envelopes/Let...	0.00	18.75	18.75	100.00	269.13	75.00	-194.13	-258.84	225.00
Office Supplies - Copy Paper	0.00	12.50	12.50	100.00	79.89	50.00	-29.89	-59.78	150.00
Computer Supplies - Misc	0.00	0.00	0.00	N/A	21.64	0.00	-21.64	N/A	0.00
Computer Supplies - Software	0.00	6.36	6.36	100.00	0.00	25.44	25.44	100.00	76.32
Computer Supplies - Licenses	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A	1,010.00
Recruiting Fees	0.00	6.85	6.85	100.00	0.00	27.40	27.40	100.00	82.20
Dues	0.00	0.00	0.00	N/A	535.84	250.00	-285.84	-114.34	250.00
Licenses & Permits	0.00	6.34	6.34	100.00	0.00	25.36	25.36	100.00	76.08
Legal	1,170.52	0.00	-1,170.52	N/A	1,470.88	0.00	-1,470.88	N/A	284.00
Telephone - Misc	15.95	58.75	42.80	72.85	150.35	235.00	84.65	36.02	705.00
Telephone - Local	601.11	468.85	-132.26	-28.21	2,274.43	1,875.40	-399.03	-21.28	5,626.20
Telephone - Long Distance	11.68	20.11	8.43	41.92	46.85	80.44	33.59	41.76	241.32
Training/Education - Misc	0.00	15.73	15.73	100.00	0.00	62.92	62.92	100.00	188.76
Training/Education - Internal	24.00	22.92	-1.08	-4.71	97.00	91.68	-5.32	-5.80	275.00
Training/Education - External	0.00	0.00	0.00	N/A	716.50	0.00	-716.50	N/A	0.00
Uniforms/Logo Wear	0.00	36.28	36.28	100.00	331.89	145.12	-186.77	-128.70	435.36
Portal Costs	92.09	100.00	7.91	7.91	381.20	400.00	18.80	4.70	1,200.00
Misc. Admin/Use Tax Expenses	0.00	12.50	12.50	100.00	12.00	50.00	38.00	76.00	150.00
<b>Total Admin. Expenses</b>	<b>2,472.05</b>	<b>1,041.35</b>	<b>-1,430.70</b>	<b>-137.39</b>	<b>7,787.23</b>	<b>4,415.40</b>	<b>-3,371.83</b>	<b>-76.37</b>	<b>14,040.24</b>
<b>Insurance</b>									
Property Insurance	3,183.34	3,158.33	-25.01	-0.79	12,733.36	12,633.32	-100.04	-0.79	37,899.96
<b>Total Insurance Expense</b>	<b>3,183.34</b>	<b>3,158.33</b>	<b>-25.01</b>	<b>-0.79</b>	<b>12,733.36</b>	<b>12,633.32</b>	<b>-100.04</b>	<b>-0.79</b>	<b>37,899.96</b>
<b>Payroll</b>									
Administrative Payroll	6,812.00	6,905.00	93.00	1.35	26,742.65	27,620.00	877.35	3.18	82,860.00
Repair & Maintenance Payroll	4,127.92	3,817.67	-310.25	-8.13	16,064.48	15,270.68	-793.80	-5.20	45,812.00
Bonuses	0.00	0.00	0.00	N/A	2,200.00	4,200.00	2,000.00	47.62	7,200.00
Payroll Budget Allowance	0.00	-79.68	-79.68	-100.00	0.00	-318.72	-318.72	-100.00	-956.16
PR Taxes, Benefits, WC Ins., etc.	2,669.61	2,992.54	322.93	10.79	12,760.73	11,970.16	-790.57	-6.60	35,910.48
<b>Total Payroll Expense</b>	<b>13,609.53</b>	<b>13,635.53</b>	<b>26.00</b>	<b>0.19</b>	<b>57,767.86</b>	<b>58,742.12</b>	<b>974.26</b>	<b>1.66</b>	<b>170,826.32</b>
<b>Utilities</b>									



**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	PTD Actual	PTD Budget	Variance	% Var	YTD Actual	YTD Budget	Variance	% Var	Annual
Cable TV / Internet Expense	182.99	250.00	67.01	26.80	731.96	1,000.00	268.04	26.80	3,000.00
Refuse Removal	102.65	101.47	-1.18	-1.16	410.60	405.88	-4.72	-1.16	1,217.64
Electricity - Common Area (Sta...	285.30	291.60	6.30	2.16	1,189.70	1,347.10	157.40	11.68	5,174.70
Electricity - Common Area (Ra...	197.15	212.40	15.25	7.18	750.40	882.90	132.50	15.01	2,248.30
Electricity (Vacant Units)	67.93	104.17	36.24	34.79	132.76	416.68	283.92	68.14	1,250.00
Water & Sewer (Standard Cost)	25.00	45.00	20.00	44.44	81.00	319.00	238.00	74.61	1,427.00
Water & Sewer (Rate Variance)	43.28	41.52	-1.76	-4.24	110.95	167.16	56.21	33.63	362.11
Water & Sewer - Irrigation (Sta...	1,093.00	1,755.00	662.00	37.72	4,185.00	5,609.00	1,424.00	25.39	19,252.00
Water & Sewer - Irrigation (Rat...	-455.64	-724.80	-269.16	-37.14	-1,881.94	-2,372.54	-490.60	-20.68	-8,353.30
Gas (Standard Cost)	17.51	7.20	-10.31	-143.19	93.73	53.57	-40.16	-74.97	88.97
Gas (Rate Variance)	29.58	26.56	-3.02	-11.37	113.95	95.47	-18.48	-19.36	352.26
Utility Consultant/Monitoring Fees	0.00	54.03	54.03	100.00	152.34	216.12	63.78	29.51	648.36
Late Charges for Utilities	83.17	0.00	-83.17	N/A	170.40	0.00	-170.40	N/A	0.00
<b>Total Utilities</b>	<b>1,671.92</b>	<b>2,164.15</b>	<b>492.23</b>	<b>22.74</b>	<b>6,240.85</b>	<b>8,140.34</b>	<b>1,899.49</b>	<b>23.33</b>	<b>26,668.04</b>
<b>Repairs And Maintenance</b>									
General Building Maintenance	191.06	103.00	-88.06	-85.50	923.93	412.00	-511.93	-124.25	1,236.00
Cleaning Equipment & Supplies	0.00	36.30	36.30	100.00	46.66	145.20	98.54	67.86	435.60
Exterminating Contract	608.36	515.00	-93.36	-18.13	2,172.56	2,060.00	-112.56	-5.46	6,180.00
Exterminating Supplies	53.77	10.30	-43.47	-422.04	77.81	41.20	-36.61	-88.86	123.60
Grounds Contract	1,082.00	1,114.46	32.46	2.91	5,410.00	4,457.84	-952.16	-21.36	13,373.52
Grounds Supplies	149.75	214.58	64.83	30.21	245.63	858.32	612.69	71.38	2,575.00
Security Monitoring	0.00	200.85	200.85	100.00	205.53	401.70	196.17	48.84	803.40
General Repairs Material	45.33	154.50	109.17	70.66	500.83	618.00	117.17	18.96	1,854.00
HVAC Repairs	77.49	360.50	283.01	78.50	768.65	1,442.00	673.35	46.70	4,326.00
Pool Repairs & Maintenance	218.93	231.75	12.82	5.53	785.15	927.00	141.85	15.30	2,781.00
Window and Doors	3,517.00	12.88	-3,504.12	-27,205.90	4,116.00	51.52	-4,064.48	-7,889.13	154.56
Plumbing Repairs & Supplies	1,113.83	464.00	-649.83	-140.05	3,163.25	1,856.00	-1,307.25	-70.43	5,568.00
Electrical Repairs & Supplies	293.98	42.92	-251.06	-584.95	1,047.72	171.68	-876.04	-510.27	515.00
Locks and Keys	106.36	64.38	-41.98	-65.21	158.57	257.52	98.95	38.42	772.56
Appliance Maintenance/Parts	194.18	163.08	-31.10	-19.07	383.96	652.32	268.36	41.14	1,957.00
Equipment Repair Maint/Rental	0.00	0.00	0.00	N/A	150.00	0.00	-150.00	N/A	0.00
Misc. Maintenance Expense	42.83	42.92	0.09	0.21	260.00	171.68	-88.32	-51.44	515.00
Parking Lot Sweep & Stripe	0.00	0.00	0.00	N/A	0.00	8.78	8.78	100.00	8.78
<b>Total Repairs &amp; Maintenance</b>	<b>7,694.87</b>	<b>3,731.42</b>	<b>-3,963.45</b>	<b>-106.22</b>	<b>20,416.25</b>	<b>14,532.76</b>	<b>-5,883.49</b>	<b>-40.48</b>	<b>43,179.02</b>
<b>Turnover Expenses</b>									
Paint Supplies	15.57	318.00	302.43	95.10	1,260.99	1,272.00	11.01	0.87	3,816.00
Cleaning Supplies	88.72	35.33	-53.39	-151.12	197.52	141.32	-56.20	-39.77	424.00
Window Coverings	107.03	0.00	-107.03	N/A	425.75	0.00	-425.75	N/A	0.00

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	<u>PTD Actual</u>	<u>PTD Budget</u>	<u>Variance</u>	<u>% Var</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>% Var</u>	<u>Annual</u>
Turnover Maintenance	136.15	53.00	-83.15	-156.89	507.42	212.00	-295.42	-139.35	636.00
<b>Total Turnover Expenses</b>	<b>347.47</b>	<b>406.33</b>	<b>58.86</b>	<b>14.49</b>	<b>2,391.68</b>	<b>1,625.32</b>	<b>-766.36</b>	<b>-47.15</b>	<b>4,876.00</b>
<b>Total Direct Expenses</b>	<b>29,595.54</b>	<b>24,662.11</b>	<b>-4,933.43</b>	<b>-20.00</b>	<b>109,721.99</b>	<b>102,189.26</b>	<b>-7,532.73</b>	<b>-7.37</b>	<b>304,619.58</b>
<b>Controllable Operating Income</b>	<b>50,256.46</b>	<b>54,454.20</b>	<b>-4,197.74</b>	<b>-7.71</b>	<b>210,253.33</b>	<b>213,945.98</b>	<b>-3,692.65</b>	<b>-1.73</b>	<b>646,718.06</b>
<b>Management Fees &amp; Taxes</b>									
Management Fees - Affiliated	3,978.75	3,955.82	-22.93	-0.58	15,937.82	15,806.78	-131.04	-0.83	47,566.93
Real Estate Taxes	4,535.55	4,140.86	-394.69	-9.53	18,142.20	16,563.44	-1,578.76	-9.53	49,690.32
<b>Total Mgmt. Fees &amp; Taxes</b>	<b>8,514.30</b>	<b>8,096.68</b>	<b>-417.62</b>	<b>-5.16</b>	<b>34,080.02</b>	<b>32,370.22</b>	<b>-1,709.80</b>	<b>-5.28</b>	<b>97,257.25</b>
<b>Net Operating Income</b>	<b>41,742.16</b>	<b>46,357.52</b>	<b>-4,615.36</b>	<b>-9.96</b>	<b>176,173.31</b>	<b>181,575.76</b>	<b>-5,402.45</b>	<b>-2.98</b>	<b>549,460.81</b>
<b>Non-Operating Expenses</b>									
<b>Debt Service Interest and Fees</b>									
Debt Service Interest	14,651.12	14,651.12	0.00	0.00	58,753.80	58,753.80	0.00	0.00	175,047.45
Interest Expense - Note Payab...	50.58	0.00	-50.58	N/A	50.58	0.00	-50.58	N/A	0.00
<b>Total Debt Service Interest and...</b>	<b>14,701.70</b>	<b>14,651.12</b>	<b>-50.58</b>	<b>-0.35</b>	<b>58,804.38</b>	<b>58,753.80</b>	<b>-50.58</b>	<b>-0.09</b>	<b>175,047.45</b>
<b>Major Repairs/Capital Impr...</b>									
Air Conditioners	0.00	0.00	0.00	N/A	1,040.00	0.00	-1,040.00	N/A	3,225.00
Refrigerators	0.00	0.00	0.00	N/A	1,351.13	1,350.00	-1.13	-0.08	4,050.00
Stoves & Ranges	0.00	0.00	0.00	N/A	1,535.28	550.00	-985.28	-179.14	1,650.00
Dishwashers	0.00	358.00	358.00	100.00	0.00	716.00	716.00	100.00	1,432.00
Water Heaters	324.09	1,000.00	675.91	67.59	9,202.48	4,000.00	-5,202.48	-130.06	12,000.00
Floor Coverings - Tile & Vinyl	0.00	300.00	300.00	100.00	0.00	1,200.00	1,200.00	100.00	3,600.00
Window Covering Replacement	0.00	83.33	83.33	100.00	0.00	333.32	333.32	100.00	1,000.00
Unit Improvements	0.00	0.00	0.00	N/A	2,660.00	0.00	-2,660.00	N/A	0.00
Miscellaneous	0.00	0.00	0.00	N/A	7.25	0.00	-7.25	N/A	0.00
1 - Grounds	0.00	250.00	250.00	100.00	345.32	700.00	354.68	50.67	700.00
1 - Building & Garage Repairs	0.00	0.00	0.00	N/A	0.00	1,010.00	1,010.00	100.00	1,010.00
1 - Miscellaneous Major	0.00	7,500.00	7,500.00	100.00	1,503.53	7,500.00	5,996.47	79.95	7,500.00
1 - Common Area Improvements	384.00	0.00	-384.00	N/A	384.00	1,000.00	616.00	61.60	1,000.00
1 - Computer/Office Equip Desk...	0.00	0.00	0.00	N/A	0.00	2,500.00	2,500.00	100.00	2,500.00
4 - Supervisory Fees (Project ...	0.00	0.00	0.00	N/A	7,160.94	0.00	-7,160.94	N/A	0.00
<b>Total Unit Major Repairs/Capita...</b>	<b>324.09</b>	<b>1,741.33</b>	<b>1,417.24</b>	<b>81.39</b>	<b>15,796.14</b>	<b>8,149.32</b>	<b>-7,646.82</b>	<b>-93.83</b>	<b>26,957.00</b>
<b>Total 1 - Major Repairs/Capital...</b>	<b>384.00</b>	<b>7,750.00</b>	<b>7,366.00</b>	<b>95.05</b>	<b>2,232.85</b>	<b>12,710.00</b>	<b>10,477.15</b>	<b>82.43</b>	<b>12,710.00</b>
<b>Total 4 - Major Repairs/Capital...</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>N/A</b>	<b>7,160.94</b>	<b>0.00</b>	<b>-7,160.94</b>	<b>N/A</b>	<b>0.00</b>
<b>Total All Major Repair Expense</b>	<b>708.09</b>	<b>9,491.33</b>	<b>8,783.24</b>	<b>92.54</b>	<b>25,189.93</b>	<b>20,859.32</b>	<b>-4,330.61</b>	<b>-20.76</b>	<b>39,667.00</b>

\*Extraordinary Costs

**Budget Comparison**

Period = Apr 2015

Book = Accrual,Audit,Ops

	<b>PTD Actual</b>	<b>PTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>% Var</b>	<b>Annual</b>
*Other Extraordinary Costs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	N/A	<u>6,738.00</u>	<u>0.00</u>	<u>-6,738.00</u>	N/A	<u>0.00</u>
<b>*Total Extraordinary Cost</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>N/A</b>	<b>6,738.00</b>	<b>0.00</b>	<b>-6,738.00</b>	<b>N/A</b>	<b>0.00</b>
<b>Owner Expenses</b>									
Bank Charges	87.93	308.39	220.46	71.49	1,089.30	1,233.56	144.26	11.69	3,700.68
Compliance Fees - Affiliated	2,361.60	708.48	-1,653.12	-233.33	2,361.60	2,833.92	472.32	16.67	8,501.76
Compliance Fees - Non-Affiliated	0.00	202.50	202.50	100.00	0.00	810.00	810.00	100.00	2,430.00
Incentive Mgmt Fees - Affiliated	54,056.41	0.00	-54,056.41	N/A	54,056.41	0.00	-54,056.41	N/A	0.00
Asset Mgmt Fees GP - Affiliated	0.00	600.00	600.00	100.00	0.00	2,400.00	2,400.00	100.00	7,200.00
Partnership Mgmt Fee - Affiliated	600.00	50.00	-550.00	-1,100.00	2,400.00	200.00	-2,200.00	-1,100.00	600.00
Partnership Mgmt Fee - Non-Affi...	3,229.00	1,018.75	-2,210.25	-216.96	6,304.00	4,075.00	-2,229.00	-54.70	12,225.00
Interest Income	-2.71	-3.42	-0.71	-20.76	-12.45	-13.68	-1.23	-8.99	-41.04
Audit Expense	512.50	498.75	-13.75	-2.76	2,050.00	1,995.00	-55.00	-2.76	5,985.00
Tax Expense	114.58	109.58	-5.00	-4.56	458.32	438.32	-20.00	-4.56	1,314.96
*Legal Partnership	1,000.00	0.00	-1,000.00	N/A	5,014.80	0.00	-5,014.80	N/A	0.00
*Other Partnership Expenses	<u>0.00</u>	<u>308.67</u>	<u>308.67</u>	<u>100.00</u>	<u>0.00</u>	<u>1,234.68</u>	<u>1,234.68</u>	<u>100.00</u>	<u>3,704.04</u>
<b>Total Owner Expenses</b>	<b><u>61,959.31</u></b>	<b><u>3,801.70</u></b>	<b><u>-58,157.61</u></b>	<b><u>-1,529.78</u></b>	<b><u>73,721.98</u></b>	<b><u>15,206.80</u></b>	<b><u>-58,515.18</u></b>	<b><u>-384.80</u></b>	<b><u>45,620.40</u></b>
<b>Net Profit (Loss)</b>	<b><u>-35,626.94</u></b>	<b><u>18,413.37</u></b>	<b><u>-54,040.31</u></b>	<b><u>-293.48</u></b>	<b><u>11,719.02</u></b>	<b><u>86,755.84</u></b>	<b><u>-75,036.82</u></b>	<b><u>-86.49</u></b>	<b><u>289,125.96</u></b>

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		<b>Forward Balance</b>	<b>Debit</b>	<b>Credit</b>	<b>Ending Balance</b>
1110-0000	Petty Cash	300.00	0.00	0.00	300.00
1120-0000	Operating Account	304,390.94	0.00	281,329.60	23,061.34
1130-0000	Tenant Accounts Receivable	77.00	894.00	0.00	971.00
1131-0000	Subsidy Accounts Receivable	1,415.00	743.00	0.00	2,158.00
1141-0000	Other Receivable	0.00	0.00	0.00	0.00
1200-0000	Prepaid Property Insurance	13,084.70	0.00	3,183.34	9,901.36
1300-0000	Real Estate Tax Escrow	19,121.54	3,757.34	0.00	22,878.88
1301-0000	Insurance Escrow	32,195.28	3,440.01	0.00	35,635.29
1303-0000	Replacement Reserve	115,132.52	2.71	0.00	115,135.23
1303-0500	Replacement Reserve Deposits	9,000.00	3,000.00	0.00	12,000.00
1303-0600	Replacement Reserve Draws	-21,444.46	0.00	0.00	-21,444.46
1400-0000	Land	463,019.00	0.00	0.00	463,019.00
1401-0000	Land Improvements	2,210,048.00	0.00	0.00	2,210,048.00
1402-0000	Buildings	10,543,989.95	0.00	0.00	10,543,989.95
1403-0000	Personal Property	609,474.00	0.00	0.00	609,474.00
1450-0000	Loan Costs	155,038.00	0.00	0.00	155,038.00
1453-0000	Monitoring Fees	0.00	0.00	0.00	0.00
1490-0000	Accumulated Depreciation	-3,678,078.00	0.00	0.00	-3,678,078.00
1492-0000	Accumulated Amortization	-68,350.00	0.00	0.00	-68,350.00
1501-1000	Tax Credit Costs	49,251.00	0.00	0.00	49,251.00
2110-0000	Accounts Payable	-7,173.43	0.00	3,136.86	-10,310.29
2114-0000	Audit Adjustments	0.00	0.00	0.00	0.00
2120-0000	Prepaid Rent	-2,454.00	452.00	0.00	-2,002.00
2133-0000	Accrued R/E Taxes	-13,606.26	0.00	4,535.55	-18,141.81
2135-3000	Accrued Asset Mgmt Fees GP - Affiliated	0.00	0.00	0.00	0.00
2135-4001	Accrued Asset Mgmt Fees LP - Non-Affiliated	-6,334.12	6,333.00	0.00	-1.12
2191-0000	Security Deposits	-35,050.00	0.00	200.00	-35,250.00
2191-1000	Pet Deposits	-2,550.00	0.00	150.00	-2,700.00
2193-0000	Security Deposit Clearing	0.00	0.00	0.00	0.00
2324-0000	1st Mortgage Payable	-2,765,380.82	0.00	0.00	-2,765,380.82
2324-0050	Debt Service(Principal) 1st Mortgage	13,997.24	4,715.52	0.00	18,712.76
2330-0000	Accrued 1st Mortgage Interest	-14,725.65	0.00	0.00	-14,725.65
2331-8000	Due to GP - Funding - Affiliated	-5,807.37	1,632.68	0.00	-4,174.69
2331-8100	Due to LP - Funding - Affiliated	0.00	0.00	0.00	0.00
2333-0000	Other Liabilities	0.00	0.00	0.00	0.00
3200-3401	ILP Distributions - Non-Affiliated	0.00	28,599.46	0.00	28,599.46
3200-8400	LP Distributions - Affiliated	0.00	7.15	0.00	7.15
3200-9000	GP Capital - Affiliated	-2.00	0.00	0.00	-2.00

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
3200-9401	GP Distributions - Non-Affiliated	0.00	14.30	0.00	14.30
3210-0000	General Partners Capital - Internal	150.00	0.00	0.00	150.00
3210-0200	GP Cash Distributions - Internal	0.00	0.00	0.00	0.00
3210-0201	GP Cash Distributions - External	12.30	0.00	0.00	12.30
3210-1000	Limited Partners Capital - Internal	-9,281,422.00	0.00	0.00	-9,281,422.00
3210-1200	LP Cash Distributions - Internal	165,016.29	0.00	0.00	165,016.29
3210-1201	LP Cash Distributions - External	24,606.22	0.00	0.00	24,606.22
3220-8400	LP Distributions - Affiliated	0.00	203,317.24	0.00	203,317.24
3245-0000	Retained Earnings	1,220,405.09	0.00	0.00	1,220,405.09
3250-0000	Year to Date Net Income/(Loss)	0.00	0.00	0.00	0.00
5110-0000	Gross Potential Rent	-197,504.00	0.00	66,604.00	-264,108.00
5110-1000	Gross Potential Vacancy Adjustment	-204.00	76.00	0.00	-128.00
5121-0000	Tax Credit Subsidy Rental Income	-38,955.00	0.00	12,627.00	-51,582.00
5145-0000	Vacancy Loss	204.00	0.00	76.00	128.00
5150-0000	Concessions	1,101.68	100.00	0.00	1,201.68
5153-0000	Improper Notice Fee	-1,152.60	0.00	0.00	-1,152.60
5155-0000	Bad Debt Expense	1,198.60	0.00	0.00	1,198.60
5156-0000	Forfeited S/D Damage W/O's	-647.00	0.00	0.00	-647.00
5505-0000	Application Fees	-56.00	0.00	56.00	-112.00
5520-0000	Late Charges	-3,112.00	0.00	370.00	-3,482.00
5525-0000	NSF Fees	-130.00	0.00	0.00	-130.00
5545-0500	Forfeited S/D - Other Charges	-709.00	0.00	145.00	-854.00
5545-4000	Forfeited S/D - Apartment Cleaning	-405.00	0.00	125.00	-530.00
5545-9000	Forfeited S/D - W/O Contra Account	647.00	0.00	0.00	647.00
5561-0000	WO Chargebacks	-400.00	0.00	25.00	-425.00
6120-0000	Tenant Relations Promo/Events	1,768.40	616.36	0.00	2,384.76
6225-0100	M & E - Out of Town Travel	-80.45	0.00	0.00	-80.45
6265-0000	Credit Reports/Background Checks	531.00	166.00	0.00	697.00
6266-0000	Recruiting Costs	61.00	0.00	0.00	61.00
6270-0000	Office Supplies - Misc	182.21	164.46	0.00	346.67
6270-0100	Office Supplies - Toner	149.17	226.24	0.00	375.41
6270-0200	Office Supplies - Envelopes/Letterhead	269.13	0.00	0.00	269.13
6270-0300	Office Supplies - Copy Paper	79.89	0.00	0.00	79.89
6275-0000	Computer Supplies - Misc	21.64	0.00	0.00	21.64
6290-0000	Dues	535.84	0.00	0.00	535.84
6305-0000	Legal	300.36	1,170.52	0.00	1,470.88
6320-0000	Telephone - Misc	134.40	15.95	0.00	150.35
6320-0100	Telephone - Local	1,673.32	601.11	0.00	2,274.43
6320-0200	Telephone - Long Distance	35.17	11.68	0.00	46.85

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		<b>Forward Balance</b>	<b>Debit</b>	<b>Credit</b>	<b>Ending Balance</b>
6325-0100	Training/Education - Internal	73.00	24.00	0.00	97.00
6325-0200	Training/Education - External	716.50	0.00	0.00	716.50
6336-0000	Uniforms/Logo Wear	331.89	0.00	0.00	331.89
6338-0000	Portal Costs	289.11	92.09	0.00	381.20
6350-0000	Misc. Admin/Use Tax Expenses	12.00	0.00	0.00	12.00
6352-0000	Property Insurance	9,550.02	3,183.34	0.00	12,733.36
6355-0000	Administrative Payroll	19,930.65	6,812.00	0.00	26,742.65
6360-0000	Repair & Maintenance Payroll	11,936.56	4,127.92	0.00	16,064.48
6385-0000	Bonuses	2,200.00	0.00	0.00	2,200.00
6390-0000	PR Taxes, Benefits, WC Ins., etc.	4,048.11	939.34	0.00	4,987.45
6390-1000	Workmans Comp	2,039.37	656.09	0.00	2,695.46
6390-2000	Health Ins & Other Benefits	4,003.64	1,074.18	0.00	5,077.82
6408-0000	Cable TV / Internet Expense	548.97	182.99	0.00	731.96
6410-0000	Refuse Removal	307.95	102.65	0.00	410.60
6415-0000	Electricity - Common Area (Standard Cost)	904.40	285.30	0.00	1,189.70
6415-1000	Electricity - Common Area (Rate Variance)	553.25	197.15	0.00	750.40
6416-0000	Electricity (Vacant Units)	64.83	67.93	0.00	132.76
6420-0000	Water & Sewer (Standard Cost)	56.00	25.00	0.00	81.00
6420-1000	Water & Sewer (Rate Variance)	67.67	43.28	0.00	110.95
6422-0000	Water & Sewer - Irrigation (Standard Cost)	3,092.00	1,093.00	0.00	4,185.00
6422-1000	Water & Sewer - Irrigation (Rate Variance)	-1,426.30	0.00	455.64	-1,881.94
6425-0000	Gas (Standard Cost)	76.22	17.51	0.00	93.73
6425-1000	Gas (Rate Variance)	84.37	29.58	0.00	113.95
6427-0000	Utility Consultant/Monitoring Fees	152.34	0.00	0.00	152.34
6430-0000	Late Charges for Utilities	87.23	83.17	0.00	170.40
6540-0000	General Building Maintenance	732.87	191.06	0.00	923.93
6545-0000	Cleaning Equipment & Supplies	46.66	0.00	0.00	46.66
6555-0000	Exterminating Contract	1,564.20	608.36	0.00	2,172.56
6560-0000	Exterminating Supplies	24.04	53.77	0.00	77.81
6570-0000	Grounds Contract	4,328.00	1,082.00	0.00	5,410.00
6575-0000	Grounds Supplies	95.88	149.75	0.00	245.63
6582-0000	Security Monitoring	205.53	0.00	0.00	205.53
6590-0000	General Repairs Material	455.50	45.33	0.00	500.83
6605-0000	HVAC Repairs	691.16	77.49	0.00	768.65
6610-0000	Pool Repairs & Maintenance	566.22	218.93	0.00	785.15
6617-0000	Window and Doors	599.00	3,517.00	0.00	4,116.00

**Trial Balance**

Period = Apr 2015

Book = Accrual,Audit,Ops

		Forward Balance	Debit	Credit	Ending Balance
6620-0000	Plumbing Repairs & Supplies	2,049.42	1,113.83	0.00	3,163.25
6625-0000	Electrical Repairs & Supplies	753.74	293.98	0.00	1,047.72
6626-0000	Locks and Keys	52.21	106.36	0.00	158.57
6630-0000	Appliance Maintenance/Parts	189.78	194.18	0.00	383.96
6665-0000	Equipment Repair Maint/Rental	150.00	0.00	0.00	150.00
6670-0000	Misc. Maintenance Expense	217.17	42.83	0.00	260.00
6705-0000	Paint Supplies	1,245.42	15.57	0.00	1,260.99
6715-0000	Cleaning Supplies	108.80	88.72	0.00	197.52
6727-0000	Window Coverings	318.72	107.03	0.00	425.75
6730-0000	Turnover Maintenance	371.27	136.15	0.00	507.42
7505-0000	Management Fees - Affiliated	11,959.07	3,978.75	0.00	15,937.82
7520-0000	Real Estate Taxes	13,606.65	4,535.55	0.00	18,142.20
7560-0000	Debt Service Interest	44,102.68	14,651.12	0.00	58,753.80
7560-8500	Interest Expense - Note Payable GP - Affiliated	0.00	50.58	0.00	50.58
7570-1505	Air Conditioners	1,040.00	0.00	0.00	1,040.00
7570-1510	Refrigerators	1,351.13	0.00	0.00	1,351.13
7570-1511	Stoves & Ranges	1,535.28	0.00	0.00	1,535.28
7570-1515	Water Heaters	8,878.39	324.09	0.00	9,202.48
7570-1530	Unit Improvements	2,660.00	0.00	0.00	2,660.00
7570-1590	Miscellaneous	7.25	0.00	0.00	7.25
7571-1535	1 - Grounds	345.32	0.00	0.00	345.32
7571-1590	1 - Miscellaneous Major	1,503.53	0.00	0.00	1,503.53
7571-1620	1 - Common Area Improvements	0.00	384.00	0.00	384.00
7574-1575	4 - Supervisory Fees (Project Super. and VP Maint)	7,160.94	0.00	0.00	7,160.94
7730-0000	*Other Extraordinary Costs	6,738.00	0.00	0.00	6,738.00
8330-0000	Bank Charges	1,001.37	87.93	0.00	1,089.30
8505-0000	Compliance Fees - Affiliated	0.00	2,361.60	0.00	2,361.60
8575-0000	Incentive Mgmt Fees - Affiliated	0.00	54,056.41	0.00	54,056.41
8581-0000	Partnership Mgmt Fee - Affiliated	1,800.00	600.00	0.00	2,400.00
8581-0001	Partnership Mgmt Fee - Non-Affiliated	3,075.00	3,229.00	0.00	6,304.00
8595-2000	Interest Income Replacement Reserve	-9.74	0.00	2.71	-12.45
8610-0000	Audit Expense	1,537.50	512.50	0.00	2,050.00
8612-0000	Tax Expense	343.74	114.58	0.00	458.32
8615-0000	*Legal Partnership	4,014.80	1,000.00	0.00	5,014.80
	<b>Total</b>	<b>0.00</b>	<b>373,021.70</b>	<b>373,021.70</b>	<b>0.00</b>

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**

Page: 1  
 Date: 05/11/2015  
 Time: 10:54 am

**As of: 04/30/2015**

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
03000	481c5	1,260	t0193926	Marcus Mercado	570.00	570.00	250.00	0.00	9/29/2014	8/31/2015		0.00
03010	481dm	1,400	t0180674	Reymundo Ortega III	815.00	810.00	300.00	0.00	2/13/2014	1/31/2016		0.00
03020	481d4	1,400	t0142625	Ada Rincon	467.00	467.00	300.00	0.00	12/14/2012	11/30/2014		0.00
03030	481c6	1,260	t0112191	Jose Lara	708.00	708.00	250.00	0.00	2/21/2012	1/31/2015		0.00
03040	481d4	1,400	t0100788	Jose Campos	467.00	467.00	300.00	0.00	11/18/2011	10/31/2015		0.00
03050	481b4	1,260	t0147776	Esperanza Reyes	432.00	432.00	250.00	0.00	3/6/2013	2/28/2015		0.00
03060	481c6	1,260	t0063213	Ada Perez	708.00	721.00	250.00	0.00	6/1/2007	8/31/2015		-3.00
03070	481d6	1,400	t0123167	Rachel Palacios	775.00	755.00	300.00	0.00	6/22/2012	5/31/2015		0.00
03080	481c6	1,260	t0063215	Catalina Reyna	708.00	721.00	250.00	0.00	1/31/2006	2/28/2015		-6.00
03090	481c6	1,260	t0090051	Rigoberto Arevalo	708.00	697.00	250.00	0.00	8/12/2011	7/31/2015		0.00
03100	481d6	1,400	t0063217	Juliana Herrera	775.00	775.00	300.00	0.00	3/23/2007	4/30/2015		0.00
03110	481d6	1,400	t0163266	Erica Lopez	775.00	755.00	300.00	0.00	8/20/2013	7/31/2015		0.00
03120	481d5	1,400	t0161549	Norma Villalobos	621.00	601.00	300.00	0.00	7/31/2013	6/30/2015		0.00
03130	481c6	1,260	t0090621	Angelica Garcia	708.00	697.00	250.00	0.00	8/18/2011	7/31/2015		0.00
0314A	481b4	1,260	t0186953	Elia Gonzalez	570.00	559.00	450.00	0.00	7/2/2014	6/30/2015		-10.00
03140	481c5	1,260	t0122997	Miriam Reyes	570.00	559.00	250.00	0.00	6/28/2012	5/31/2015		0.00
0315A	481e5	1,400	t0184032	Maria Lopez	621.00	601.00	500.00	0.00	5/1/2014	4/30/2015		5.00
03150	481b5	1,260	t0186542	Seferino Saucedo	432.00	421.00	450.00	100.00	7/2/2014	6/30/2015		0.00
03160	481b5	1,260	t0068155	Blanca Camacho	570.00	559.00	250.00	0.00	8/14/2010	7/31/2015		0.00
03170	481e6	1,400	t0150987	Melissa Herrera	775.00	775.00	300.00	300.00	4/4/2013	3/31/2015		0.00
03180	481e5	1,400	t0063227	Olivia Rodriguez	621.00	601.00	300.00	0.00	7/23/2009	7/31/2015		0.00
03190	481c6	1,260	t0090835	Laura Sustaita	708.00	697.00	250.00	300.00	9/1/2011	8/31/2015		0.00
03200	481e5	1,400	t0063229	Geneva Munoz	621.00	621.00	300.00	0.00	2/23/2007	3/31/2015		-1.00
03210	481em	1,400	t0163375	Reynaldo Reyna	815.00	810.00	300.00	0.00	9/1/2013	8/31/2015		0.00
03220	481b5	1,260	t0201775	Linda Sustaita	570.00	570.00	450.00	0.00	3/2/2015	2/29/2016		0.00
03230	481d6	1,400	t0161232	Gloria Carreon	775.00	755.00	300.00	0.00	7/31/2013	6/30/2015		0.00
03240	481b5	1,260	t0171829	Angelica Medellin	570.00	570.00	250.00	0.00	11/1/2013	10/31/2015		0.00
03250	481d6	1,400	t0202770	Jaime Alaniz	775.00	775.00	300.00	0.00	2/12/2015	1/31/2016		0.00
03260	481d5	1,400	t0063235	Sofia Maldonado	621.00	601.00	300.00	200.00	8/4/2006	9/30/2015		0.00
03270	481b6	1,260	t0063236	Maria Hernandez	708.00	697.00	250.00	0.00	6/19/2006	8/31/2015		0.00
03280	481e6	1,400	t0195194	Amelia Villareal	775.00	755.00	300.00	0.00	9/15/2014	8/31/2015		0.00
03290	481c5	1,260	t0063238	Hermelinda Salinas	570.00	550.00	250.00	0.00	11/20/2009	10/31/2015		0.00
04000	481c5	1,260	t0063239	Ysabel Martinez	570.00	559.00	250.00	0.00	9/26/2008	10/31/2015		-6.00



**Rent Roll**  
**Arbor Cove Single Family Homes (481)**  
**As of: 04/30/2015**

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Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
0401A	481b6	1,260	t0178222	Jessica Gutierrez	708.00	708.00	250.00	0.00	1/6/2014	12/31/2014		0.00
0401O	481d6	1,400	t0063241	Telma Turner	775.00	755.00	300.00	0.00	8/18/2006	8/31/2015		-87.00
0402A	481c6	1,260	t0200292	Rogelio Perez	708.00	708.00	0.00	0.00	12/29/2014	11/30/2015	5/7/2015	777.00
0402O	481e5	1,400	t0063243	Juan Flores	621.00	601.00	300.00	0.00	7/27/2006	9/30/2015		0.00
0403A	481c5	1,260	t0127503	Joselin Pedraza	570.00	559.00	250.00	150.00	9/1/2012	8/31/2015		0.00
0403O	481c6	1,260	t0063245	Diana Garcia	708.00	697.00	250.00	0.00	6/14/2006	7/31/2015		37.00
0404A	481d5	1,400	t0091157	Heberto Guerra III	621.00	601.00	300.00	0.00	8/29/2011	7/31/2015		0.00
0404O	481b4	1,260	t0191332	Maria Perez	421.00	421.00	250.00	0.00	7/31/2014	6/30/2015		-4.00
0405O	481e6	1,400	t0063248	Virginia Garcia	775.00	755.00	300.00	0.00	8/7/2006	9/30/2015		0.00
0406O	481d6	1,400	t0086784	Joe Herrera	775.00	755.00	300.00	0.00	6/28/2011	5/31/2015		-4.00
0407A	481e4	1,400	t0063250	Gregorio Cruz	467.00	444.00	600.00	0.00	1/1/2007	1/31/2015		0.00
0407O	481d6	1,400	t0154145	Maria Perrett	775.00	755.00	300.00	0.00	5/20/2013	4/30/2015		-40.00
0408A	481e5	1,400	t0202399	Kerry Tafolla	621.00	621.00	300.00	0.00	2/9/2015	1/31/2016		0.00
0409A	481b6	1,260	t0063253	Maria Munoz	708.00	708.00	250.00	0.00	11/29/2009	11/30/2014		0.00
0409O	481c4	1,260	t0180261	Esmeralda Blanco	432.00	432.00	250.00	0.00	2/7/2014	1/31/2015		0.00
0410A	481c6	1,260	t0158783	Dana Creech	708.00	697.00	250.00	0.00	7/5/2013	6/30/2015		0.00
0410O	481bm	1,260	t0191836	Samuel Grimaldo	760.00	760.00	250.00	300.00	8/5/2014	7/31/2015		0.00
0411A	481d6	1,400	t0117918	Rebecca Chavez	775.00	775.00	300.00	0.00	4/25/2012	3/31/2015		0.00
0411O	481e6	1,400	t0063258	Aida De Los Santos	775.00	775.00	300.00	0.00	12/18/2009	11/30/2014		0.00
0412A	481d5	1,400	t0162687	Lydia Martinez	621.00	601.00	300.00	0.00	8/13/2013	7/31/2015		0.00
0412O	481c5	1,260	t0063260	Sarah Garcia	570.00	570.00	250.00	0.00	2/28/2006	4/30/2015		25.00
0413A	481c6	1,260	t0063261	Francisca Lugo	708.00	708.00	250.00	0.00	3/27/2009	3/31/2015		0.00
0413O	481bm	1,260	t0203375	David Radford	760.00	760.00	250.00	0.00	3/11/2015	2/29/2016		0.00
0414A	481b6	1,260	t0063263	Alma Lopez	708.00	708.00	350.00	300.00	3/9/2010	2/28/2015		-2.00
0414O	481e6	1,400	t0199933	Jaime Guajardo	775.00	775.00	500.00	0.00	12/15/2014	11/30/2015		0.00
0415O	481e6	1,400	t0100773	Rolando Garza	775.00	775.00	300.00	0.00	11/16/2011	10/31/2015		0.00
0416O	481bm	1,260	t0185225	Jeanie Alcantar	760.00	750.00	250.00	0.00	4/29/2014	3/31/2015		0.00
0417O	481a3	1,020	t0149378	Delia Rodriguez	256.00	256.00	200.00	0.00	4/1/2013	3/31/2015		0.00
0418O	481bm	1,260	t0163707	Jaime Mata	760.00	750.00	250.00	0.00	9/6/2013	8/31/2015		0.00
0419O	481d6	1,400	t0187134	Sammantha Maldonado	775.00	755.00	500.00	0.00	7/2/2014	6/30/2015		0.00
0420O	481e5	1,400	t0063270	Teresa Gomez	621.00	621.00	300.00	0.00	4/21/2006	9/30/2015		0.00
0421O	481d6	1,400	t0157079	Soledad Villarreal	775.00	755.00	300.00	0.00	6/29/2013	5/31/2015		0.00
0422O	481e4	1,400	t0063272	Armando Uresti Jr	621.00	601.00	300.00	0.00	5/5/2006	4/30/2015	5/31/2015	0.00

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**

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**As of: 04/30/2015**

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
04230	481c6	1,260	t0165785	Crystal Gonzales	708.00	697.00	250.00	0.00	9/4/2013	8/31/2015		5.00
04240	481c5	1,260	t0177527	Saleta Sanchez	570.00	570.00	250.00	0.00	12/30/2013	11/30/2014		0.00
04250	481b6	1,260	t0063275	Esmeralda Magana	583.00	583.00	250.00	0.00	7/25/2006	9/30/2015		0.00
04260	481b5	1,260	t0063276	Ana Rosas	570.00	559.00	550.00	0.00	8/1/2009	7/31/2015		0.00
05000	481e6	1,400	t0117812	Daisy Gonzalez	775.00	755.00	300.00	0.00	5/1/2012	4/30/2015		0.00
0501A	481d6	1,400	t0204016	Vicente Rangel Jr	775.00	775.00	300.00	0.00	3/6/2015	2/29/2016		0.00
0501O	481dm	1,400	t0197597	Ramiro Zamora Jr	815.00	810.00	300.00	0.00	10/24/2014	9/30/2015		0.00
0502A	481e5	1,400	t0063290	Yvonne McCall	621.00	621.00	300.00	0.00	11/7/2006	12/31/2014		0.00
0502O	481e6	1,400	t0198101	Gloria Gonzalez	775.00	775.00	500.00	0.00	11/6/2014	10/31/2015		0.00
0503A	481c6	1,260	t0070930	Roy Cedillo	708.00	708.00	250.00	150.00	11/5/2010	10/31/2015		-1.00
0503O	481cm	1,260	t0199719	Amanda Mendez	760.00	760.00	250.00	0.00	12/6/2014	11/30/2015		0.00
0504A	481c6	1,260	t0177580	Mayra Hernandez	708.00	708.00	250.00	0.00	1/9/2014	12/31/2014		0.00
0504O	481b6	1,260	t0162704	Lucinda Perez	721.00	721.00	250.00	0.00	8/14/2013	7/31/2015		0.00
0505A	481b6	1,260	t0134810	Emily Medellin	708.00	708.00	250.00	0.00	10/11/2012	9/30/2015		0.00
0505O	481em	1,400	t0175290	Aleida Valdez	815.00	810.00	300.00	0.00	11/15/2013	10/31/2015		0.00
0506A	481dm	1,400	t0163033	Erika Llanos	815.00	810.00	300.00	0.00	8/20/2013	8/31/2015		0.00
0506O	481em	1,400	t0178301	Juan Martinez	800.00	800.00	300.00	0.00	2/1/2014	1/31/2015		0.00
0507A	481d6	1,400	t0063300	Maria Alvarado	775.00	755.00	300.00	0.00	10/19/2007	12/31/2014		-62.00
0507O	481b6	1,260	t0198511	Maria Loera	708.00	708.00	250.00	0.00	11/26/2014	10/31/2015		5.00
0508A	481b6	1,260	t0205405	Gabriel Rodriguez	708.00	708.00	450.00	0.00	4/2/2015	3/31/2016		384.00
0508O	481b4	1,260	t0070092	Melissa Mercado	570.00	570.00	250.00	0.00	10/6/2010	9/30/2015	5/31/2015	0.00
0509O	481a3	1,020	t0144258	Balbina Garcia	256.00	256.00	200.00	0.00	1/8/2013	12/31/2014		0.00
0510A	481e6	1,400	t0195197	Maria Gonzalez	775.00	755.00	500.00	0.00	10/6/2014	9/30/2015		0.00
0510O	481e6	1,400	t0063306	Adan Canche	775.00	755.00	300.00	0.00	9/28/2007	11/30/2014		0.00
0511O	481b6	1,260	t0186837	Luong Nguyen	708.00	697.00	250.00	0.00	6/5/2014	5/31/2015		-2.00
0512O	481b6	1,260	t0063308	Reynaldo Calderon	708.00	697.00	250.00	0.00	5/15/2009	4/30/2015		0.00
0513O	481e6	1,400	t0144965	Esmeralda Ramos	775.00	775.00	300.00	300.00	1/25/2013	12/31/2014		0.00
0514O	481d6	1,400	t0063310	Francisco Avalos Jr.	775.00	755.00	300.00	0.00	8/5/2008	8/31/2015		0.00
0515O	481b6	1,260	t0111870	JoAnn Perez	708.00	708.00	250.00	150.00	3/2/2012	2/28/2015		0.00
0516O	481c6	1,260	t0063924	Luis Lopez	708.00	708.00	250.00	0.00	4/23/2010	3/31/2015		0.00
0517O	481a4	1,020	t0204284	Ruben Barron	376.00	376.00	200.00	0.00	4/1/2015	3/31/2016		0.00
0518O	481d6	1,400	t0184030	Elizabeth Alaniz	775.00	755.00	0.00	0.00	5/1/2014	4/30/2015	5/4/2015	0.00
0519O	481a4	1,020	t0063326	Consuelo Cardenas	376.00	371.00	200.00	0.00	9/14/2009	8/31/2015		0.00

**Rent Roll**  
**Arbor Cove Single Family Homes (481)**  
**As of: 04/30/2015**

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Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
<b>Current/Notice Residents</b>												
05200	481a3	1,020	t0063327	Aurora Benavidez	256.00	251.00	200.00	0.00	6/1/2008	5/31/2015		0.00
27070	481c6	1,260	t0128346	Joseph Benavidez	708.00	697.00	250.00	0.00	9/1/2012	8/31/2015		-22.00
27080	481a3	1,020	t0068973	Victoria Lopez	256.00	272.00	200.00	0.00	9/3/2010	8/31/2015		-6.00
27090	481d6	1,400	t0200054	Tomas Escobedo	775.00	775.00	300.00	0.00	12/18/2014	11/30/2015		0.00
27100	481d6	1,400	t0087900	Norma Gracia	775.00	755.00	300.00	0.00	7/13/2011	6/30/2015		0.00
27110	481c6	1,260	t0096389	Sonia Morales	708.00	697.00	250.00	0.00	9/26/2011	8/31/2015		0.00
27120	481e6	1,400	t0063332	Clara Camarillo	775.00	755.00	300.00	0.00	7/28/2008	6/30/2015		-5.00
28000	481b6	1,260	t0165844	Jeannette Lira	708.00	697.00	250.00	0.00	9/4/2013	8/31/2015		0.00
28010	481d5	1,400	t0146448	Carlos Cantu	621.00	621.00	300.00	0.00	2/7/2013	1/31/2015		0.00
28020	481d6	1,400	t0104946	Diana Vargas	775.00	775.00	300.00	300.00	12/21/2011	11/30/2014		0.00
28040	481c6	1,260	t0193021	Laura Castillo	708.00	697.00	250.00	0.00	8/22/2014	7/31/2015		0.00
28060	481e6	1,400	t0063337	Graciela Garcia	775.00	775.00	300.00	0.00	1/26/2010	12/31/2014		117.00
28070	481e5	1,400	t0130386	Jamie Perez	621.00	621.00	300.00	0.00	10/12/2012	9/30/2015		0.00
28080	481bm	1,260	t0078198	Anna Yanes	760.00	750.00	250.00	0.00	2/25/2011	1/31/2015		0.00
28090	481b5	1,260	t0186841	Alma Parra	570.00	559.00	250.00	0.00	6/5/2014	5/31/2015	5/31/2015	0.00
28100	481e6	1,400	t0063341	Vanessa Yanez	775.00	775.00	300.00	150.00	2/13/2009	1/31/2015		68.00
28110	481e4	1,400	t0063342	Paulina Martinez	467.00	467.00	300.00	0.00	1/31/2006	2/28/2015		0.00
28120	481b5	1,260	t0092501	Jamie Yanez	570.00	559.00	250.00	0.00	9/9/2011	8/31/2015		-5.00
28130	481b6	1,260	t0127233	Eduardo Hernandez	708.00	697.00	250.00	0.00	8/3/2012	7/31/2015		0.00
28150	481c6	1,260	t0190368	Jesus Arredondo	708.00	697.00	250.00	0.00	7/16/2014	6/30/2015		0.00
28170	481d5	1,400	t0063346	Joe Jackson	621.00	621.00	300.00	0.00	1/1/2007	5/31/2015		-30.00
<b>Future Residents/Applicants</b>												
05180	481d6	1,400	t0207357	Gerardo Torres	775.00	0.00	0.00	0.00	6/1/2015	5/31/2016		0.00
28090	481b5	1,260	t0207739	Scott Powell II	570.00	0.00	0.00	0.00	6/1/2015	5/31/2016		0.00

# Rent Roll

## Arbor Cove Single Family Homes (481)

As of: 04/30/2015

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Date: 05/11/2015  
Time: 10:54 am

Unit	Unit type	Unit Sq Ft	Resident	Name	Market Rent	Actual Rent	Resident Deposit	Other Deposits	Move In	Lease Exp	Move out	Balance
		Square Footage			Market Rent	Actual Rent	Security Deposit	Other Deposit	# of Units	Occupancy		Balance
Current/Notice Res.					79,155.00	34,500.00	2,700.00					1,127.00
Future Residents/Applicants					0.00	0.00	0.00					0.00
Occupied Units		157,740			80,005.00				120	100.00		
Vacant Units		0			0.00				0	0.00		
Totals:		157,740			80,005.00	79,155.00	34,500.00	2,700.00	120	100.00		1,127.00

# Executive Summary - Arbor Cove

## Occupancy

Month of:	Apr-15
Physical occupancy:	100%
Economic occupancy:	100%

Notes:

## Staffing

Notes:	**list any changes in staff and who new contact is
Community Manager	Cristina Ortiz/Mary Garza
Maintenance	Ruben Reyna/Gabriel Ruiz
Any other staff listed	

## Accounts Receivable

Month of:	Apr-15
A/R %:	1.20%
# of households under eviction:	1

## Incidents

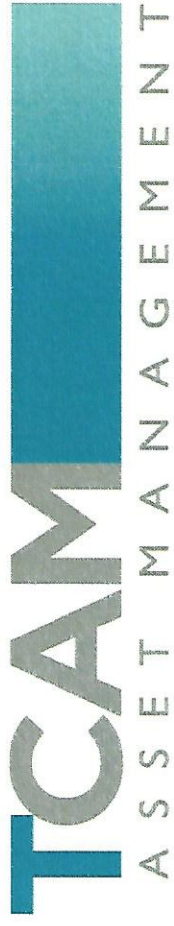
Notes:	None
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## Insurance Claims

Notes:	None
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## Inspections

Notes:	Lenders inspection May 17, 2015
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Certificate of Completion

is hereby presented to

**Sabine Geiser**

for successfully completing

**TCAM's Asset Management Training**

in Boston, MA, May 05-06, 2015

  
Jenny Netzer, CEO