BOARD BOOK
OF
July 7, 2022

Leo Vasquez III, Chair

Kenny Marchant, Vice-Chair

Ajay Thomas, Member

Brandon Batch, Member

Anna Maria Farias, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT

Fiscal Year 2022 Reporting Period (9/1/2021 – 2/28/2022)

Owner Financing and Down Payment

- 30-year, fixed interest rate mortgage loans
- Mortgage credit certificates
- Down payment, closing cost assistance
- Homebuyer education

Programs:

- Single Family Homeownership

Expended Funds: $886,230,750
Total Households Served: 4,121

Energy Related Assistance

- Utility bill payment assistance
- Energy consumption education
- Weatherization for energy efficiency

Programs:

- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP)

Expended CEAP Funds: $83,890,558
Total Households Served: 88,986

Multifamily New Construction

- Affordable rental units financed and developed

Programs:

- 9% Housing Tax Credits (HTC)
- 4% Housing Tax Credits (HTC)
- Multifamily Bonds
- Multifamily Direct Loan Program*

Expended Funds: $47,704,669
Total Households Served: 4,626

Homelessness Services

- Shelter building rehabilitation, conversion, operations
- Essential services e.g., health services, transportation, job training, employment services

Programs:

- Emergency Solutions Grant Program (ESG)
- Homeless Housing and Services Program (HHSP)

Expended Funds: $19,481,276
Total Individuals Served: 22,446

Multifamily Rehab Construction

- Affordable rental units financed and rehabilitated

Programs:

- 9% Housing Tax Credits (HTC)
- 4% Housing Tax Credits (HTC)
- Multifamily Bonds

Expended Funds: $10,573,878
Total Households Served: 1,903

Supportive Services

Provides administrative support for essential services for low income individuals through Community Action Agencies

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: $17,752,129
Total Individuals Served: 181,458

Owner Rehabilitation Assistance

- Home rehabilitation, reconstruction
- Manufactured housing unit replacement
- Accessibility modifications e.g., ramp, grab bar installation

Programs:

- Homeowner Reconstruction Assistance Program (HRA)*
- Amy Young Barrier Removal Program

Expended Funds: $3,815,870
Total Households Served: 56

Rental Assistance

- Short, long term rent payment help
- Assistance linked with services, Transitional assistance
- Security, utility deposits

Programs:

- Tenant-Based Rental Assistance (TBRA)*
- Section 8 Housing Choice Vouchers
- Section 811

Expended Funds: $5,245,935
Total Households Served: 3,977

Single Family Development

- Single family development, reconstruction, rehabilitation
- NSP, Do-it-yourself, “sweat equity” construction (bootstrap), rehabilitation, Contract for Deed refinance

Programs:

- Single Family Development Program (SFD)*
- Contract for Deed (CFD)

Expended Funds: $841,500
Total Households Served: 17

Total Expended Funds: $1,084,528,836
Total Households Served: 308,756

All FY2022 data as reported in TDHCA's 2022 performance measures.

Note: Some households may have been served by more than one TDHCA program. For some programs, allocation is used as a proxy for expenditures. Because of timing of funds request, the funds expended for the quarter may be readjusted substantially by year end.

* Administered through the federally funded HOME Investment Partnerships Program

**TBRA Funds are reported on an annual basis and are not included in the rental assistance total

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
10:00 AM
July 7, 2022

John H. Reagan Building, JHR 140
1400 Congress Ave
Austin, Texas 78701

CALL TO ORDER
ROLL CALL — **Leo Vasquez, Chair**
CERTIFICATION OF QUORUM

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

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

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

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

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summary for June 16, 2022 — **Beau Eccles**, Board Secretary

HOUSING RESOURCE CENTER

b) Presentation, discussion, and possible action on the final 2022 State of Texas Consolidated Plan: One-Year Action Plan — **Elizabeth Yevich**, Director of Housing Resource Center

SINGLE FAMILY & HOMELESS PROGRAMS

c) Presentation, discussion, and possible action on Colonia Self-Help Center Program Awards to Nueces County and Val Verde County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding — **Abigail Versyp**, Director of Single Family & Homeless Programs

d) Presentation, discussion, and possible action on a proposed amendment to a Colonia Self-Help Center Program Contract with Webb County in accordance with 10 TAC Chapter 25, the Colonia Self-Help Center Program Rule

BOND FINANCE

This will be an open, public meeting conducted under Tex. Gov't Code, chapter 551, without COVID-19 emergency waivers. There will not be a remote online or telephone option for public participation. The meeting, however, will be streamed online for public viewing. Masks will be available for members of the public who wish to attend this public meeting.

e) Presentation, discussion, and possible action on Resolution No. 22-028 authorizing publication of Public Notice for Mortgage Credit Certificate Program; and containing other provisions relating to the subject

Heather Hodnett
Director of Bond Finance

f) Presentation, discussion, and possible action on Resolution No. 22-029 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

MULTIFAMILY BOND FINANCE

g) Presentation, discussion, and possible action regarding the Issuance of Governmental Lender Notes (380 Villas) Series 2022A and 2022B Resolution No. 22-030, an award of Direct Loan funds, and a Determination Notice of Housing Tax Credits

Teresa Morales
Director of Multifamily Bond

COMMUNITY AFFAIRS

h) Presentation, discussion, and possible action on an increase in the annual expenditures for the use of the U.S. Citizenship and Immigration Services' Systematic Alien Verification for Entitlements program from $15,000 to $30,000 pursuant to Tex. Gov't Code §2155.088(b)(2)

Michael De Young
Director of Community Affairs

RULES

i) Presentation, discussion, and possible action on amendments to 10 TAC §10.601 Compliance Monitoring Objectives and Applicability; §10.602 Notice to Owners and Corrective Action Periods; §10.604 Options for Review; §10.607 Reporting Requirements; §10.608 Record Keeping Requirements; §10.609 Notices to the Department; §10.610 Written Policies and Procedures; §10.611 Determination, Documentation and Certification of Annual Income; §10.612 Tenant File Requirements; §10.613 Lease Requirements; §10.614 Utility Allowances; §10.615 Elections under IRC §42(g) and Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments; §10.616 Household Unit Transfer Requirements for All Programs; §10.618 Onsite Monitoring; §10.619 Monitoring for Social Services; §10.621 Property Condition Standards; §10.622 Special Rules Regarding Rents and Rent Limits Violations; §10.623 Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period; §10.624 Compliance Requirements for Developments with 811 PRA Units; and Figure §10.625; and directing their publication for public comment in the Texas Register

Wendy Quackenbush
Director of Multifamily Compliance

MULTIFAMILY FINANCE

j) Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications awarded in the 2020 and 2021 competitive 9% tax credit rounds

Cody Campbell
Director of Multifamily Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

Media Analysis and Outreach Report (May 2022)

Michael Lyttle
Director of External Affairs

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions[1]

Leo Vasquez
Chair

ITEM 3: EXECUTIVE

[1] Note: the Chair is not restricted by this item, and may call for an Executive Session at any time during the posted meeting.

Executive Director's Report

Bobby Wilkinson
Executive Director, TDHCA

ITEM 4: BOND FINANCE

Heather Hodnett
Director of Bond Finance

a) Report on the closing of the Department's Single Family Mortgage Revenue Bonds, Series 2022A (Non-AMT) (Social Bonds)

b) Presentation, discussion, and possible action on Resolution No. 22-031 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2022B, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution, and containing other provisions relating to the subject

c) Presentation, discussion, and possible action on Resolution No. 22-032 approving Assignment Agreements relating to Private Activity Bond Authority, and containing other provisions relating to the subject

ITEM 5: MULTIFAMILY FINANCE

Cody Campbell
Director of Multifamily Programs

a) Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2022 Qualified Allocation Plan

b) Presentation, discussion, and possible action on timely filed appeal of termination for The Ponderosa (#22171) under the Department's Multifamily Program Rules

c) Presentation, discussion, and possible action on timely filed appeal of termination for The Victorian (#22174) under the Department's Multifamily Program Rules

d) Presentation, discussion, and possible action on timely filed appeal of scoring for Weber Lofts (#22249) under the Department's Multifamily Program Rules

e) Presentation, discussion, and possible action on timely filed appeal of scoring for Landmark 301 (#22254) under the Department's Multifamily Program Rules

f) Presentation, discussion, and possible action on timely filed appeal of scoring for The Reserves at Monarch (#22258) under the Department's Multifamily Program Rules

g) Presentation, discussion, and possible action on timely filed appeal of scoring for The Zeisel (#22291) under the Department's Multifamily Program Rules

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

The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;

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

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

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

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

OPEN SESSION

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

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information. If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Kathleen Vale Castillo, 512-475-4144, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Kathleen Vale Castillo, al siguiente número 512-475-4144 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

Consent Agenda

1a

BOARD ACTION REQUEST

BOARD SECRETARY

JULY 7, 2022

Presentation, discussion, and possible action on the Board meeting minutes summary for June 16, 2022

RECOMMENDED ACTION

Approve the Board meeting minutes summary for June 16, 2022

RESOLVED, that the Board meeting minutes summary for June 16, 2022, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
June 16, 2022

On Thursday, the sixteenth day of June 2022, at 10:06 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or the Department) was held in Room JHR 140 of the John H. Reagan Building, 1400 Congress Avenue, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- Leo Vasquez, III, Chair
- Brandon Batch
- Anna Maria Farias
- Kenny Marchant
- Ajay Thomas

Mr. Vasquez served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as Secretary.

1) The Board unanimously approved the Consent Agenda and Consent Agenda Report Items except for the following items which were moved to the Action Item Agenda:
- Item 1(k) – Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Champions Crossing) Series 2022 Resolution No. 22-025, and a Determination Notice of Housing Tax Credits; and
- Item 1(l) – Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Marine Park) Series 2022 Resolution No. 22-026, and a Determination Notice of Housing Tax Credits.

2) The Board unanimously approved a resolution recognizing June as Homeownership Month in Texas.

3) Action Item 1(k) – Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Champions Crossing) Series 2022 Resolution No. 22-025, and a Determination Notice of Housing Tax Credits – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. The Board unanimously adopted staff recommendation to approve the issuance of a multifamily housing governmental note Series 2022, Resolution No. 22-025, and a determination notice of housing tax credits, for Champions Crossing, as described and presented in the action item and with the substitution of Exhibit B as presented at the meeting.

4) Action Item 1(l) – Presentation, discussion, and possible action regarding the Issuance of a Multifamily Housing Governmental Note (Marine Park) Series 2022 Resolution No. 22-026, and

a Determination Notice of Housing Tax Credits – was presented by Ms. Morales. The Board unanimously adopted staff recommendation to approve the issuance of a multifamily housing governmental note Series 2022, Resolution No. 22-026, and a determination notice of housing tax credits, for Marine Park, as described and presented in the action item and with the substitution of Exhibit B as presented at the meeting.

5) Action Item 3(a) – Presentation, discussion, and possible action on the election of an assistant presiding officer (or "Vice Chair") to fill a vacancy, pursuant to Tex. Gov't Code §2306.030 – was presented by Chairman Vasquez. The Board unanimously adopted a measure to elect the Honorable Kenny Marchant as assistant presiding officer or vice chairman of the Board.

6) Action Item 3(b) – Executive Director's Report – was presented by Mr. Wilkinson. The Board heard the report and took no further action.

7) Action Item 4 – Report on the meeting of the Internal Audit and Finance Committee – was presented by Ajay Thomas, Chair of the TDHCA Board Audit and Finance Committee. The Board heard the report and took no further action.

8) Action Item 5(a) – Approval of the Department's Operating Budget for Fiscal Year 2023 – was presented by Joe Guevara, TDHCA Director of Financial Administration. The Board unanimously adopted staff recommendation to approve the state fiscal year 2023 operating budget, as presented in the item, and that the Department submit the budget to the Office of the Governor and the Legislative Budget Board.

9) Action Item 5(b) – Approval of the Housing Finance Division Budget for Fiscal Year 2023 – was presented by Mr. Guevara. The Board unanimously adopted staff recommendation to approve the housing finance division budget for fiscal year 2023, as presented in the item, and that the Department submit the budget to the Office of the Governor and the Legislative Budget Board.

10) Action Item 6 – Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for #21003 Tomball Senior Village Tomball – was presented by Rosalio Banuelos, TDHCA Director of Asset Management. Following public comment (listed below), the Board adopted staff recommendation to approve the requested amendments for Tomball Senior Village as expressed in the item.

- Jervon Harris, SuperUrban Realty Ventures, testified in support of staff recommendation

11) Action Item 7 – Quarterly report relating to staff-issued Determination Notices for 2021 and 2022 Non-competitive 4% Housing Tax Credit applications – was presented by Ms. Morales. The Board heard the report and took no further action.

12) Action Item 8(a) – Presentation, discussion, and possible action on timely filed appeal of the underwriting report published under the Department's Multifamily Program Rules for Clear Lake Crossing (#22089) – was presented by Cody Campbell, TDHCA Director of Multifamily Finance, with additional information from Mr. Eccles and Jeanna Adams, TDHCA Director of Real Estate Analysis. Following public comment (listed below), the Board approved by a 4-1 vote (Vasquez voting nay) staff recommendation to deny the appeal from Clear Lake Crossing.

- Russ Micaela, attorney representing Clear Lake Crossing, testified in opposition to staff recommendation
- Jervon Harris, SuperUrban Realty Ventures and a consultant to Clear Lake Crossing, testified in opposition to staff recommendation
- Casey Bump, representing Sycamore Strategies, provided information on the item

13) The following items were not heard as they were pulled from the agenda:

- Action Item 8(b) – Presentation, discussion, and possible action on timely filed appeal of termination under the Department's Multifamily Program Rules for Celebration Paris (#22219)
- Action Item 8(c) – Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Landmark 301 (#22254)

14) Action Item 8(d) – Presentation, discussion, and possible action on timely filed scoring appeal under the Department's Multifamily Program Rules for Butler Park Apartments (#22288) – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation in granting the scoring appeal from Butler Park Apartments for the reasons described in the item and associated materials.

15) Action Item 8(e) – Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2022 Qualified Allocation Plan – was presented by Mr. Campbell with additional information from Mr. Wilkinson and Mr. Eccles. The Board heard the report and public comment (listed below) and took no further action.

- John Shackelford, attorney representing Sonoma Housing Advisors, provided information on the item
- Bill Fisher, Sonoma Housing Advisors, provided information on the item
- Sarah Anderson, S. Anderson Consulting, provided information on the item
- Barry Palmer, attorney representing Coral Hills (#22273), provided information on the item
- Joy Horak-Brown, New Hope Housing, provided information on the item

16) Action Item 8(f) – Presentation, discussion, and possible action to issue a list of approved Applications for 2022 Housing Tax Credits (HTC) in accordance with Tex. Gov't Code §2306.6724(e) – was presented by Mr. Campbell. The Board unanimously adopted staff

recommendation to accept the list of active 9 percent applications, as orally discussed at the meeting in accordance with Tex. Gov't Code §2306.6724(e) and subject to the descriptions, limitations and stipulations stated in the item.

17) In the general public comment portion of the meeting, the following persons provided comments:

- Sarah André, Structure Development, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Lora Myrick, BETCO Consulting, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Roger Arriaga, Texas Affiliation of Affordable Housing Providers, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Megan Lasch, O-SDA Industries, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Russ Micaela, Vault Consulting, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Darren Smith, MVAH Partners and Alexander Development, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Kenny Ball, ITEX Group, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Donna Rickenbacker, Marque Development, provided comments on the current state of the housing tax credit industry and associated financial concerns
- Jay Lundgren, representing stopvillageatboyer.org, provided comments on 2022 9% HTC application #22200 Village at Boyer

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 12:36 p.m. The next meeting is set for Thursday, July 7, 2022.

____
Secretary

Approved:

____
Chair

1b

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

1c

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on Colonia Self-Help Center Program Awards to Nueces County and Val Verde County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia Self-Help Centers (CSHCs) in Cameron/Willacy, El Paso, Hidalgo, Starr, Nueces, and Webb counties;

WHEREAS, in 2001 the Department opened two additional CSHCs in Maverick and Val Verde counties as authorized by Tex. Gov't Code §2306.582 to address the needs of colonias in these counties;

WHEREAS, in accordance with Tex. Gov't Code §2306.585(b) the Department is required to meet with the Colonia Resident Advisory Committee (C-RAC) at least 30 days prior to the Board's consideration of a CSHC award;

WHEREAS, on June 2, 2022, the Department met with the C-RAC via video conference to discuss funding proposals for Nueces and Val Verde counties, and the C-RAC recommended to award funds to these counties; and

WHEREAS, these awards will make Community Development Block Grant (CDBG) funding available to serve Nueces and Val Verde County colonias with the CSHC Program;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to make an award of CDBG funding under the CSHC Program to Nueces County in the amount of $500,000 from Program Year 2021, and to Val Verde County in the amount of $1,000,000 from Program Year 2021, as further described in Exhibits A and B.

BACKGROUND

The Department is required to establish CSHCs under Tex. Gov't Code §2306.582 to provide on-site technical assistance to improve the quality of life for colonia residents located in five counties (El Paso, Hidalgo, Starr, Webb, and Cameron/Willacy). Additionally, the Department is authorized to establish other CSHCs if it determines it is necessary and appropriate. Since the creation of the program in 1995, two additional CSHCs have been established in Maverick, and Val Verde counties. Effective September 1, 2021, HB 2893 requires that a third additional CSHC be established in Nueces County.

The CSHC contracts have a term of four years per Tex. Gov’t Code §2306.587, and a limit of $1,000,000 in accordance with 10 TAC §25.5. The CSHCs are funded through a 2.5% set-aside (approximately $1.5 million per year) of the annual Community Development Block Grant (CDBG) non-entitlement allocation to the State of Texas. The Texas Department of Agriculture (TDA) receives the allocation from the U.S. Department of Housing and Urban Development (HUD), and TDA and TDHCA together manage CDBG funds and implement the CSHC Program through a Memorandum of Understanding.

On December 9, 2021, the Board approved the adoption of a new 10 TAC Chapter 25, to include Nueces County as required by HB 2893.

On May 19, 2022, TDHCA’s Compliance Division did not identify any concerns or delinquencies in its Previous Participation Review of Nueces County and Val Verde County.

TDHCA’s Colonia Resident Advisory Committee (C-RAC) review proposals from participating counties that include a Performance Statement and Budget for the activities to be implemented in their respective designated colonias. On June 2, 2022, the C-RAC convened via videoconference for presentations of proposals by Nueces County and Val Verde County. The C-RAC recommends to the Board that it award both Counties’ proposals in full, which are summarized in the attached Exhibits A and B.

On June 27, 2022, TDHCA’s Executive Award Review Advisory Committee (EARAC) recommended approval of new CSHC contracts with Nueces County and Val Verde County. The Contract Term for each county is anticipated to be four years from a mutually agreed upon date, not to predate July 7, 2022.

EXHIBIT A

NUECES COUNTY COLONIA SELF-HELP CENTER AWARD DESCRIPTION

Subrecipient: Nueces County
Contact: The Honorable Barbara Canales, Nueces County Judge
Colonias: Banquete (M1780010)
Bluebonnet (M178009)
Cindy Park (M178004)
Ja-Lin (M1780013)
The Ranch (M1780006)

Nueces County proposes the following housing and community development activities to benefit an estimated 1,145 persons, of which 1,070 or 93% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service (10%)		**$50,000**
Tool Library	227 checkouts	
Technology Access	182 visits	
Reconstruction (not feasible for rehab)	5 homes	**$375,000**
Administration (15%)		**$75,000**
TOTAL		**$500,000**

EXHIBIT B

VAL VERDE COUNTY COLONIA SELF-HELP CENTER AWARD DESCRIPTION

Subrecipient: Val Verde County
Contact: The Honorable Lewis G. Owens, Val Verde County Judge
Colonias: Rise Estates (M2330019)
Val Verde Park (M2330012)
Val Verde Park #2 (M23300013)
Cienegas Terrace (M2330003)
Town of Comstock (M230011)

Val Verde County proposes the following housing and community development activities to benefit an estimated 4,938 persons, of which 4,938 or 100% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service (10%)		**$100,000**
Tool Library	400 checkouts	
Solid Waste Removal	16	
Title Related Services	5	
Technology Access	400 visits	
Residential Rehabilitation	6 homes	**$350,000**
Reconstruction (Not feasible for rehab)	4 homes	**$400,000**
Administration (15%)		**$150,000**
TOTAL		**$1,000,000**

1d

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on a proposed amendment to a Colonia Self-Help Center Program Contract with Webb County in accordance with 10 TAC Chapter 25, the Colonia Self-Help Center Program Rule

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia Self-Help Centers (CSHCs) in Cameron/Willacy, El Paso, Hidalgo, Nueces, Starr, and Webb counties;

WHEREAS, in accordance with Tex. Gov't Code §2306.585(b) the Department is required to meet with the Colonia Resident Advisory Committee (C-RAC) at least 30 days prior to the Board's consideration of any amendments to a CSHC contract;

WHEREAS, on June 2, 2022, the Department met with the C-RAC via video conference to discuss proposed amendments to the Webb County CSHC Contract 7220013, and the C-RAC recommended approval of the proposed amendments;

WHEREAS, Webb County is current with their CSHC Contract 7220013 benchmarks; and

WHEREAS, this amendment will make an additional $350,000 in Community Development Block Grant (CDBG) funding available to serve Webb County colonias with the CSHC Program;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to amend Webb County's CSHC Program Contract 7220013 by increasing their award by $350,000 of CDBG funding from Program Years 2021, as further described in Attachment A.

BACKGROUND

The Department is required to establish CSHCs under Tex. Gov't Code §2306.582 to provide on-site technical assistance to improve the quality of life for colonia residents located in five counties (El Paso, Hidalgo, Starr, Webb, and Cameron/Willacy). Additionally, the Department is authorized to establish other CSHCs if it determines it is necessary and appropriate. Since the creation of the program in 1995, three additional CSHCs have been established in Maverick, Nueces, and Val Verde counties.

On December 9, 2021, the Board approved the adoption of a new 10 TAC Chapter 25, The Colonia Self-Help Center Program Rule, including to increase program cost limitations for construction activities in response to rising costs nationally.

On May 19, 2022, TDHCA's Compliance Division did not identify any concerns or delinquencies in its Previous Participation Review of Webb County.

On June 2, 2022, the C-RAC convened via videoconference for a presentation of a proposal by Webb County to amend their current Contract by adding additional funding and activities. The C-RAC recommends amending the Contract by awarding an additional $350,000 to Webb County, as further detailed in Attachment A to this item.

On June 27th, 2022, TDHCA's Executive Award Review Advisory Committee (EARAC) recommended approval of the amendment to the CSHC contract with Webb County.

ATTACHMENT A

WEBB COUNTY COLONIA SELF-HELP CENTER PROGRAM AMENDMENT DESCRIPTION

Subrecipient: Webb County
Contact: The Honorable Tano E. Tijerina, Webb County Judge
Colonias: Bruni (M2400007)
San Carlos I (M2400051)
San Carlos II (M2400052)
Ranchitos 359 East (M2400039)
Pueblo Nuevo (M2400038)

Webb County proposes the following changes to their housing and community development activities based on the amendment increase. There is no change to the length of the four-year Contract Term. The Contract will benefit an estimated 2,282 persons, of which 2,282 or 100% are of low- to moderate-income.

Performance Activity	Original	Proposed Amended	Budget Increase	Amended Budget
Public Service (10%)	$56,000		$11,500	**$67,500**
Tool Library	600 checkouts			
Technology Access	500 visits			
Solid Waste Removal	4 events			
Model Home Plans	2			
Title Services	2			
Rehabilitation	3 homes $174,000	3 homes	$51,000	**$225,000**
Reconstruction (Not feasible for rehab)	3 homes 225,000	4 homes	$175,000	**$400,000**
New Construction	2 homes $140,000	2 homes	$60,000	**$200,000**
Administration (15%)	$105,000		$52,500	**$157,500**
TOTAL	$700,000		$350,000	**$1,050,000**

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BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on Resolution No. 22-028 authorizing publication of Public Notice for Mortgage Credit Certificate Program; and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached Resolution.

BACKGROUND

The Texas Department of Housing and Community Affairs (the Department) released its current Mortgage Credit Certificate (MCC) program, Program 96, on November 6, 2020, using $800 million of volume cap allocation to provide MCCs in conjunction with approximately $1 billion in first lien mortgage loans. MCCs make homeownership more affordable for low and moderate income homebuyers by allowing homebuyers to claim, on an annual basis, a direct reduction to their federal income tax liability related to a portion of the mortgage interest paid on their loan. Because the MCC reduces the homebuyer's federal income tax liability, the credit amount may be used to effectively increase the homebuyer's net income for loan qualification purposes. Mortgage loan interest paid by the homebuyer that exceeds the credit claimed may be included as an itemized deduction on the homebuyer's annual federal income tax return.

As of May 31, 2022, Program 96 MCCs have been issued for 71% of the available amount, with another 9% of available funds closed or committed. Based on current volume, staff anticipates that Program 96 funds will be fully committed later this fall. To ensure a continuous flow of available MCC authority, staff is requesting approval to publish the public notice required by the Internal Revenue Service (the "Public Notice") for MCC Program 102, expected to be released in January 2023. The Public Notice is required to be published for 90 days prior to the issuance of the related MCCs.

Staff will return to the Board for authorization to request bond authority from the Texas Bond Review Board, for approval to convert bond authority to MCC authority, and for approval of the related MCC documents before the MCC program is released and MCC issuance can begin. Staff anticipates that the new MCC program will use bond authority that has been carried forward for this purpose.

RESOLUTION NO. 22-028

RESOLUTION AUTHORIZING PUBLICATION OF PUBLIC NOTICE FOR MORTGAGE CREDIT CERTIFICATE PROGRAM; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Department proposes to convert a portion of its authority to issue qualified mortgage bonds to mortgage credit certificates ("MCCs"), to be used for the Department's Mortgage Credit Certificate Program (the "MCC Program"); and

WHEREAS, the Board desires to authorize the publication of public notice required under Section 25 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.25-3T(j)(4) issued thereunder as to the issuance of MCCs and maintenance of a list of single family mortgage lenders that will participate in the MCC Program (the "Public Notice") and the taking of such actions as may be necessary to carry out the purposes of this Resolution;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Publication of Public Notice. The Department is hereby authorized to publish the Public Notice in the Texas Register and newspapers throughout the State.

Section 1.2 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Interim Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.3 Ratifying Other Actions. All other actions taken or to be taken by an Authorized Representative and the Department's staff in connection with the publication of the Public Notice for the MCC Program are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

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

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

PASSED AND APPROVED this 7th day of July, 2022.

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BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on Resolution No. 22-029 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

An allocation of private activity bond authority, also known as volume cap, is required for the issuance of tax-exempt, single family mortgage revenue bonds (SFMRBs) and for the issuance of mortgage credit certificates (MCCs). In 2022, the State of Texas received approximately $3.2 billion in volume cap for all private activity purposes. Pursuant to Chapter 1372, Texas Government Code (the Allocation Act), 32.25% of the State's volume cap is available exclusively for single family activity through August 14, 2022. The Allocation Act creates the following set-asides for single family volume cap, which remain in effect through August 6, 2022:

Texas Department of Housing and Community Affairs	$ 349,237,736
Texas State Affordable Housing Corporation (TSAHC)	104,750,371
Local Housing Finance Corporations (HFCs)	593,515,600
Total Single Family Volume Cap Set-Asides	$1,047,503,707

On August 7, these set-asides collapse and the remaining aggregate balance is available for reservation by any of the above-described entities for single family activity on a first-come, first-served basis through August 14, 2022. Single family volume cap that remains available on August 15, 2022, is collapsed and made available for reservation by any eligible issuer for all private activity purposes beginning on Monday, August 15, 2022.

The demand for affordable financing options for low and moderate income homebuyers in Texas remains strong, particularly in light of the scarcity of affordable home inventory and market conditions remain conducive to the issuance of tax-exempt, single family mortgage revenue bonds (SFMRBs) to finance mortgage loans. The Department, as a statewide issuer, leverages economies of scale and uses single family volume cap to provide an assortment of financing options to low and moderate income homebuyers throughout the state, allowing potential homeowners to compete in an increasingly competitive market.

It has been difficult for HFCs to successfully issue SFMRBs or to implement MCC programs due to the combination of the up-front investment, negative arbitrage, interest rate risk, and other factors. As a result, TDHCA is exploring ways to work cooperatively with local HFCs to increase homeownership. An assignment of volume cap to TDHCA from seven local HFCs is being considered by the Board under Item 4c.

During the past four calendar years, the Department has used single family volume cap to serve almost 18,000 households through the origination of $873 million in bond funded first mortgages and $2.3 billion first mortgages receiving MCCs. In order to continue to meet the needs of low and moderate income homebuyers throughout the state, staff is requesting authorization to submit applications for reservation of volume cap, to include one or more of the following, up to the aggregate amounts below:

TDHCA's 2022 Single Family Set-Aside prior to August 7	$349,237,736
Unused Single Family Set-Aside between August 8 and August 14	425,000,000
RMRB Series 2022B anticipated to be issued September 2022	162,000,000
Total Single Family Volume Cap Reservations	$936,237,736

Staff expects that the RMRB Series 2022B Bonds will use bond authority that has been carried forward. Final approval of the issuance of RMRB Series 2022B is being considered by the Board under item 4b.

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

RESOLUTION NO. 22-029

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

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

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

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

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

WHEREAS, the private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "Allocation Act"); and

WHEREAS, the Allocation Act requires the Department, in order to reserve a portion of the State ceiling for qualified mortgage bonds (the "Reservation") and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (the "Application for Reservation") with the Texas Bond Review Board (the "Bond Review Board"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds; and

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

WHEREAS, the Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of $936,237,736 with respect to qualified mortgage bonds; and

WHEREAS, the Board further desires to approve one or more applications to the Bond Review Board for approval of state bonds;

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

ARTICLE 1

APPROVAL OF CERTAIN ACTIONS

Section 1.1 Applications for Reservation. The Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of $936,237,736 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 State Debt Applications. The Board hereby authorizes and approves the submission of one or more applications for approval of state bonds to the Bond Review Board on behalf of the Department in accordance with Chapter 1231, Texas Government Code.

Section 1.3 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.4 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Interim Director of Bond Finance of the Department, the Director of Texas Homeownership 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

GENERAL PROVISIONS

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

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

PASSED AND APPROVED this 7th day of July, 2022.

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BOARD ACTION REQUEST

MULTIFAMILY BOND DIVISION

JULY 7, 2022

Presentation, discussion, and possible action regarding the Issuance of Governmental Lender Notes (380 Villas) Series 2022A and 2022B Resolution No. 22-030, an award of Direct Loan funds, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for 380 Villas at the Board meeting of October 14, 2021;

WHEREAS, an application for 380 Villas requesting 4% Housing Tax Credits, and HOME Direct Loan funds under the General Set-Aside of the 2022-1 Multifamily Direct Loan Notice of Funding Availability (2022-1 NOFA), sponsored by Sphinx Development and the Cameron County Housing Finance Corporation, was submitted to the Department on January 5, 2022;

WHEREAS, a Certificate of Reservation was issued in the amount of $40,000,000 on January 25, 2022, with a bond delivery deadline of July 24, 2022; and

WHEREAS, EARAC recommends approval of the issuance of Governmental Lender Notes (Series 2022A and 2022B) for 380 Villas, $4,000,000 in HOME Direct Loan funds, and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of tax-exempt, unrated Governmental Lender Notes (380 Villas) Series 2022A and 2022B in the amount of $33,555,000, Resolution No. 22-030, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $2,606,120 in 4% Housing Tax Credits, and $4,000,000 in HOME Direct Loan funds for 380 Villas, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

FURTHER RESOLVED, that if approved, staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

General Information: The Note will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue revenue bonds, including notes, for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: 380 Villas, which was formerly known as Throckmorton Villas, is to be located at 820 University Drive in McKinney, Collin County, and proposes the new construction of 220 units that will serve the general population. The Certificate of Reservation from the Bond Review Board was issued under the Priority 1B designation, which requires that 15% of the units within the development have rents restricted to 30% of Area Median Family Income (AMFI), and 85% of the units have rents restricted to 60% of AMFI. The application submitted to the Department indicates that 33 of the units will be rent and income restricted at 30% of AMFI, while the remaining 187 units will be rent and income restricted at 60% of AMFI.

Organizational Structure and Previous Participation: The Borrower is SDC Throckmorton Villas, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 and was deemed acceptable by EARAC.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on March 24, 2022. Representatives from the Department and the Developer were present, and no public comment was made. A copy of the hearing transcript is included herein. The Department has received no letters of support or opposition for the proposed development.

Summary of Financial Structure

Under the proposed structure, the Department will issue unrated, fixed rate tax-exempt governmental lender notes in the amount of $33,555,000 between a Series 2022A and Series 2022B that will be purchased by Citi Community Capital, who will be serving as construction and permanent lender. Citi Community Capital will acquire the loan and the Department's related multifamily note at closing which will be used to fund a tax-exempt "back-to-back" construction/permanent loan. The construction phase of the loan will have a term of 36 months, plus two six-month extension options. Payments during the construction phase of the loan will be interest only. However, the construction term under the HOME loan will be 36 months, as required by 10 TAC §13.8(b)(1).

The Series 2022A (Tranche A) will be in the amount of $23,616,000, with an estimated interest rate of 5.34% and will be construction to permanent financing. The Series 2022B (Tranche B) will be in the amount of $9,939,000 with an estimated interest rate of 5.45% and will be construction financing with the ability to be converted to perm financing if supported at the time of conversion. The term of the permanent loan will be 18-years, with a 40-year amortization period, and a final maturity date of August 1, 2056.

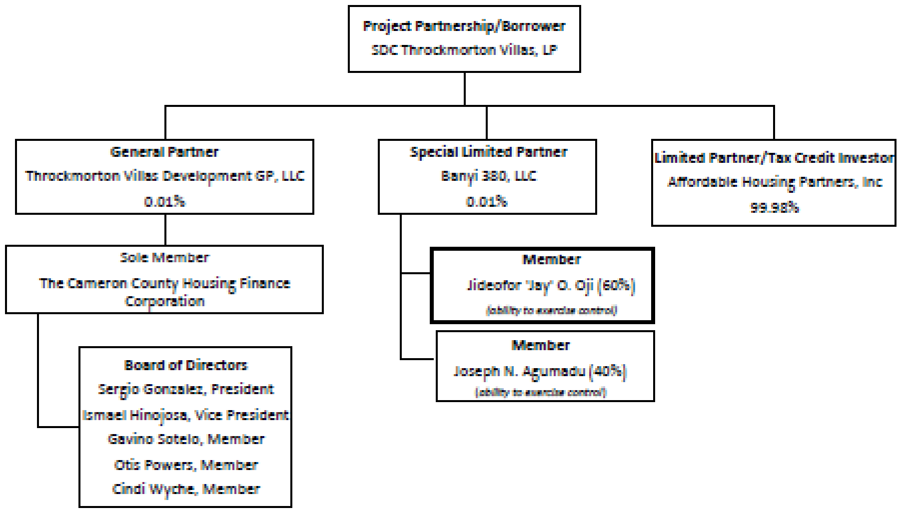
Additionally, Citi Community Capital will provide a taxable construction loan of approximately $5,446,000; payments on which will be interest only. The interest rate on the taxable construction loan is anticipated to be fixed at 4.31%.

Finally, the applicant has applied for HOME Multifamily Direct Loan funds under the General Set-Aside of the 2022-1 NOFA. Applicant has requested $4,000,000 in MFDL funds that will carry a 0% interest rate, 18-year term, with an approximate annual payment of $87,500.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 22-030 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm

Exhibit A

Ownership Structure



RESOLUTION NO. 22-030

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS GOVERNMENTAL LENDER NOTES (380 VILLAS) SERIES 2022A AND SERIES 2022B; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds (including notes), for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (380 Villas) Series 2022A (the “Series 2022A Governmental Lender Note”) and Texas Department of Housing and Community Affairs Multifamily Housing Governmental Note (380 Villas) Series 2022B (the “Series 2022B Governmental Lender Note”, and together with the Series 2022A Governmental Lender Note, the “Governmental Lender Notes”) pursuant to and in accordance with the terms of a Funding Loan Agreement (the “Funding Loan Agreement”) among the Department, Citibank, N.A., as funding lender (the “Funding Lender”), and Wilmington Trust, National Association, as fiscal agent (the “Fiscal Agent”), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Governmental Lender Notes to fund a mortgage loan to SDC Throckmorton Villas, LP, a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, construction and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 14, 2021, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Borrower Loan Agreement (the "Borrower Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Lender Notes (the "Borrower Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department (x) a multifamily note in an original principal amount equal to the original aggregate principal amount of the Series 2022A Governmental Lender Note (the "Series 2022A Borrower Note") and (y) a multifamily note in an original principal amount equal to the original aggregate principal amount of the Series 2022B Governmental Lender Note (the "Series 2022B Borrower Note", and together with the Series 2022A Borrower Note, the "Borrower Notes"), and providing for payment of interest on such principal amount equal to the interest on the Governmental Lender Notes and to pay other costs described in the Borrower Loan Agreement; and

WHEREAS, it is anticipated that the Borrower Notes will be secured by a Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (the "Security Instrument") from the Borrower for the benefit of the Department and assigned to the Fiscal Agent; and

WHEREAS, the Department's rights (except for certain reserved rights) under the Borrower Loan Agreement, the Borrower Notes and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment") from the Department to the Fiscal Agent; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, the Board has determined that the Department, the Fiscal Agent and the Borrower will execute a Tax Exemption Agreement (the "Tax Exemption Agreement"), in connection with the Governmental Lender Notes, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Governmental Lender Notes as tax exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has determined that the Department, the Fiscal Agent, The Cameron County Housing Finance Corporation, a Texas public nonprofit housing finance corporation, as fee owner (the "Fee Owner") and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Collin County, Texas; and

WHEREAS, the Board has further determined that Citibank, N.A. (the "Purchaser") will purchase the Governmental Lender Notes from the Department; and

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Assignment and the Tax Exemption Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Security Instrument and the Borrower Notes; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Governmental Lender Notes, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Borrower Notes and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF GOVERNMENTAL LENDER NOTES; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Lender Notes. That the issuance of the Governmental Lender Notes is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the Authorized Representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Governmental Lender Notes and to deliver the Governmental Lender Notes to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Lender Notes to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price of the Series 2022A Governmental Lender Note. That (i) the Series 2022A Governmental Lender Note shall bear interest at a fixed rate as described in the Series 2022A Borrower Note subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Series 2022A Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Series 2022A Governmental Lender Note shall be $23,616,000; (iii) the final maturity of the Series 2022A Governmental Lender Note shall occur on August 1, 2056; and (iv) the price at which the Series 2022A Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Interest Rate, Principal Amount, Maturity and Price of the Series 2022B Governmental Lender Note. That (i) the Series 2022B Governmental Lender Note shall bear interest at a fixed rate as described in the Series 2022B Borrower Note subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Series 2022B Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Series 2022B Governmental Lender Note shall be $9,939,000; (iii) the final maturity of the Series 2022B Governmental Lender Note shall occur on August 1, 2056; and (iv) the price at which the Series 2022B Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.4 Approval, Execution and Delivery of the Funding Loan Agreement. That the form and substance of the Funding Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent and the Purchaser.

Section 1.5 Approval, Execution and Delivery of the Borrower Loan Agreement. That the form and substance of the Borrower Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Borrower Loan Agreement, and to deliver the Borrower Loan Agreement to the Borrower.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. The form and substance of the Tax Exemption Agreement relating to the Governmental Lender Notes are hereby approved and that the Authorized Representatives each are hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Fiscal Agent.

Section 1.7 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower, the Fee Owner and the Fiscal Agent and to cause the Regulatory Agreement to be filed of record in the real property records of Collin County, Texas.

Section 1.8 Sale of the Governmental Lender Notes. That the sale of the Governmental Lender Notes to the Purchaser is hereby authorized and approved.

Section 1.9 Acceptance of the Borrower Notes and the Security Instrument. That the form and substance of the Borrower Notes and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Notes to the order of the Fiscal Agent without recourse.

Section 1.10 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives each are hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives each are hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Funding Loan Agreement
Exhibit C	-	Borrower Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E-1	-	Series 2022A Borrower Note
Exhibit E-2	-	Series 2022B Borrower Note
Exhibit F	-	Security Instrument
Exhibit G	-	Assignment
Exhibit H	-	Tax Exemption Agreement

Section 1.14 Authorized Representatives. That 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance of the Department, the Interim Director of Bond Finance of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership 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

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Governmental Lender Notes in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Lender Notes.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Governmental Lender Notes and all other Department activities.

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Governmental Lender Notes and the fees and revenues to be received in connection with the financing of the Development in accordance with the Funding Loan Agreement and to enter into any agreements relating thereto only to the extent permitted by the Funding Loan Agreement.

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Governmental Lender Notes and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Borrower Loan Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Governmental Lender Notes to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Borrower Loan established pursuant to the Borrower Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Governmental Lender Notes and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental Lender Notes.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase the Governmental Lender Notes in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Governmental Lender Notes and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Funding Loan Agreement, including the revenues and funds of the Department pledged under the Funding Loan Agreement to secure payment of the Governmental Lender Notes, and under no circumstances shall the Governmental Lender Notes be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Governmental Lender Notes shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental Lender Notes shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing 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 Governing Board.

PASSED AND APPROVED this 7th day of July, 2022.

EXHIBIT A

Description of Development

Borrower: SDC Throckmorton Villas, LP, a Texas limited partnership

Development: The Development is a 220-unit affordable multifamily community to be known as 380 Villas, and to be located at 1003 Throckmorton Street, McKinney, Collin County, Texas 75069. It will consist of eleven (11) residential buildings with approximately 190,399 net rentable square feet. The unit mix will consist of:

32	efficiency units
67	one-bedroom/one-bath units
79	two-bedroom/two-bath units
20	two-bedroom/two-and-a-half-bath units
6	three-bedroom/two-bath units
16	three-bedroom/two-and-a-half-bath units
220	Total Units

Unit sizes will range from approximately 556 square feet to approximately 1,416 square feet.

22609 380 Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
June 10, 2022

PROPERTY IDENTIFICATION

Application #	**22609**
Development	**380 Villas**
City / County	**McKinney / Collin**
Region/Area	**3 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$2,632,838	**$2,606,120**	**$11,846/Unit**	**$0.86**

	Amount	Rate	Amort	Term	Lien
MF Direct Loan Const. to Perm. (Soft Repayabl	$4,000,000	0.00%	0	18.0	2
Private Activity Bonds	$33,555,000	0.00%	0	0	0

KEY PRINCIPALS / SPONSOR

Sphinx Development/Tekevwe Okobiah
Developer/Contractor

Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	32	15%
1	67	30%
2	99	45%
3	22	10%
4	-	0%
TOTAL	220	100%

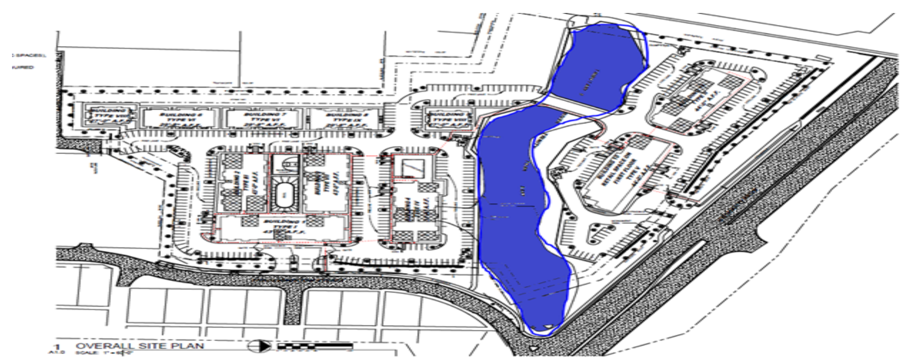
INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	32	15%
40%	-	0%
50%	-	0%
60%	188	85%
70%	-	0%
80%	-	0%
MR	-	0%
TOTAL	220	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	**Expense Ratio**	34.5%
Breakeven Occ.	84.6%	**Breakeven Rent**	$984
Average Rent	$1,079	**B/E Rent Margin**	$95
Property Taxes	Exempt	**Exemption/PILOT**	100%
Total Expense	$4,243/unit	**Controllable**	$2,929/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			11.8%
Highest Unit Capture Rate	34%	0 BR/60%	25
Dominant Unit Cap. Rate	15%	2 BR/60%	90

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	865 SF	**Density**	15.6/acre
Acquisition		$09K/unit	$1,980K
Building Cost	$123.61/SF	$107K/unit	$23,536K
Hard Cost		$134K/unit	$29,515K
Total Cost		$257K/unit	$56,450K
Developer Fee	$6,605K	(91% Deferred)	Paid Year: 15
Contractor Fee	$3,971K	**30% Boost**	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Citi Bank N.A.	18/40	5.34%	$23,616,000	1.22						Affordable Housing Partners	$22,538,432
TDHCA (soft repayable)	18/0	0.00%	$4,000,000	1.15	Housing Services Inc.	0/0	0.00%	$300,000	1.15	Sphinx Development Corporation	$5,995,760
										TOTAL EQUITY SOURCES	**$28,534,192**
										TOTAL DEBT SOURCES	**$27,916,000**
TOTAL DEBT (Must Pay)			**$27,616,000**		**CASH FLOW DEBT / GRANTS**			**$300,000**		**TOTAL CAPITALIZATION**	**$56,450,192**

CONDITIONS

1 Receipt and acceptance before Direct Loan Contract

- Before Contract execution, the Owner will obtain building permits from the City that allow construction of the accessible route over the waterway.

2 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

e: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

3 Receipt and acceptance before Determination Notice:

- Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that parking and drive areas will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance for the buildings as long as they remain in the floodplain.

4 Receipt and acceptance by Cost Certification:

- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	7/24/2022
Bond Amount	$40,000,000
BRB Priority	Priority 1b
% Financed with Tax-Exempt Bonds	**63.2%**

RISK PROFILE

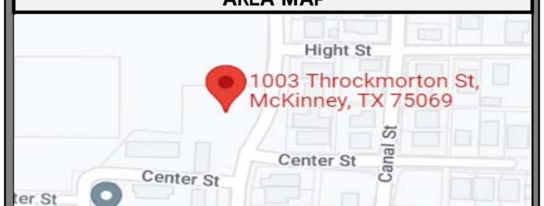
STRENGTHS/MITIGATING FACTORS

- Proximity to Employment Opportunities
- High market demand

WEAKNESSES/RISKS

- Debt coverage at 1.15 times
- Floodplain runs through middle of property

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
June 10, 2022

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **22609** Program(s): **4% HTC/MDL**

380 Villas

Address/Location: 1003 Throckmorton Street

City: McKinney County: Collin Zip: 75069

Population: General Program Set-Aside: General Area: Urban
Activity: New Construction Building Type: Combination Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan Const. to Perm. (Soft Repayable)	$4,000,000	0.00%	40	15	**$4,000,000**	**0.00%**	**0**	**18.0**	**2**
Private Activity Bonds	$33,555,000				**$33,555,000**				
LIHTC (4% Credit)	$2,632,838				**$2,606,120**				

* Multifamily Direct Loan Terms:

* The term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS

1 Receipt and acceptance before Direct Loan Contract

- Before Contract execution, the Owner will obtain building permits from the City that allow construction of the accessible route over the waterway.

Status: To be cleared at direct loan contract by program staff.

2 Receipt and acceptance before Direct Loan Closing

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

e: Senior loan documents (and/or partnership documents) must contain a provision(s) that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

g: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

3 Receipt and acceptance before Determination Notice:

- Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that parking and drive areas will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance for the buildings as long as they remain in the floodplain.

4 Receipt and acceptance by Cost Certification:

- Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	32
60% of AMI	60% of AMI	188

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	5
60% of AMFI	High HOME	19
80% of AMFI	High HOME	3

DEVELOPMENT SUMMARY

380 Villas will be an affordable housing development with complementary live/work units and retail. The community will be comprised of 220 living units. 85% of the residential units will be marketed to families earning no more than 60% of the area median income and the remaining 15% will be marketd to families earning no more than 30% AMGI. The development will be financed with Tax Exempt Bonds and 4% Tax Credits. The project is designed for development under the "integrated setting" guidelines as defined by US Housing & Urban Development (HUD). The development plan calls for 11 buildings, a club house and approximately 12,000 SF of retail space to be constructed on +/-14.14 acres.

Residents will also enjoy a club house with a business center with computers and internet access, a community room with a full functioning kitchen, a large swimming pool, children play area, and controlled access to the property. In addition to the amenities offered to its residents, the proposed retail portion of the project will serve residents and the surrounding community. The development site is within the McKinney Tax Increment Reinvestment Zone ('TIRZ #1') and Brownfield Target Area ('BTA'): both programs drive economic investments. The Development will contribute to the revitalization efforts of the McKinney Downtown/Hwy 5 Corridor as well as benefit from the economic drive resulting from the TIRZ and BTA designation.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Proximity to Employment Opportunities
▫	High market demand

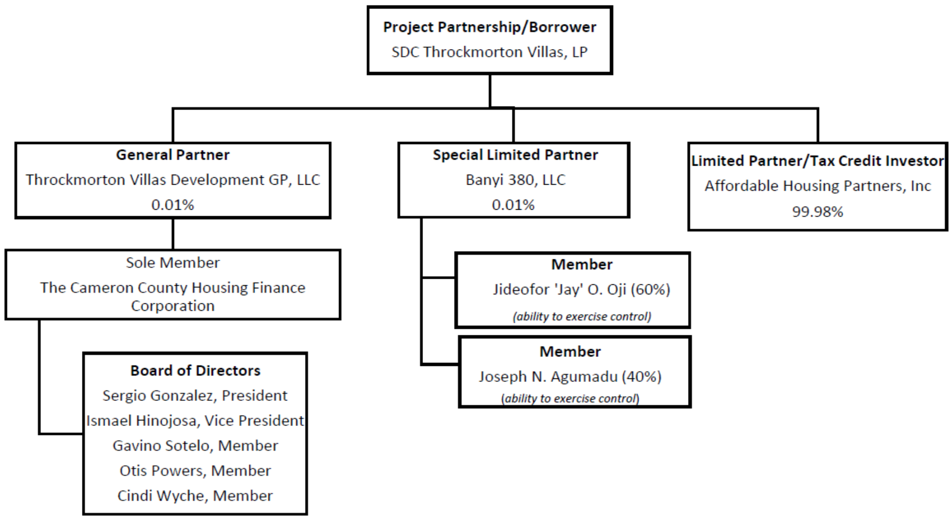
WEAKNESSES/RISKS	
▫	Debt coverage at 1.15 times
▫	Floodplain runs through middle of property

DEVELOPMENT TEAM

PRIMARY CONTACTS

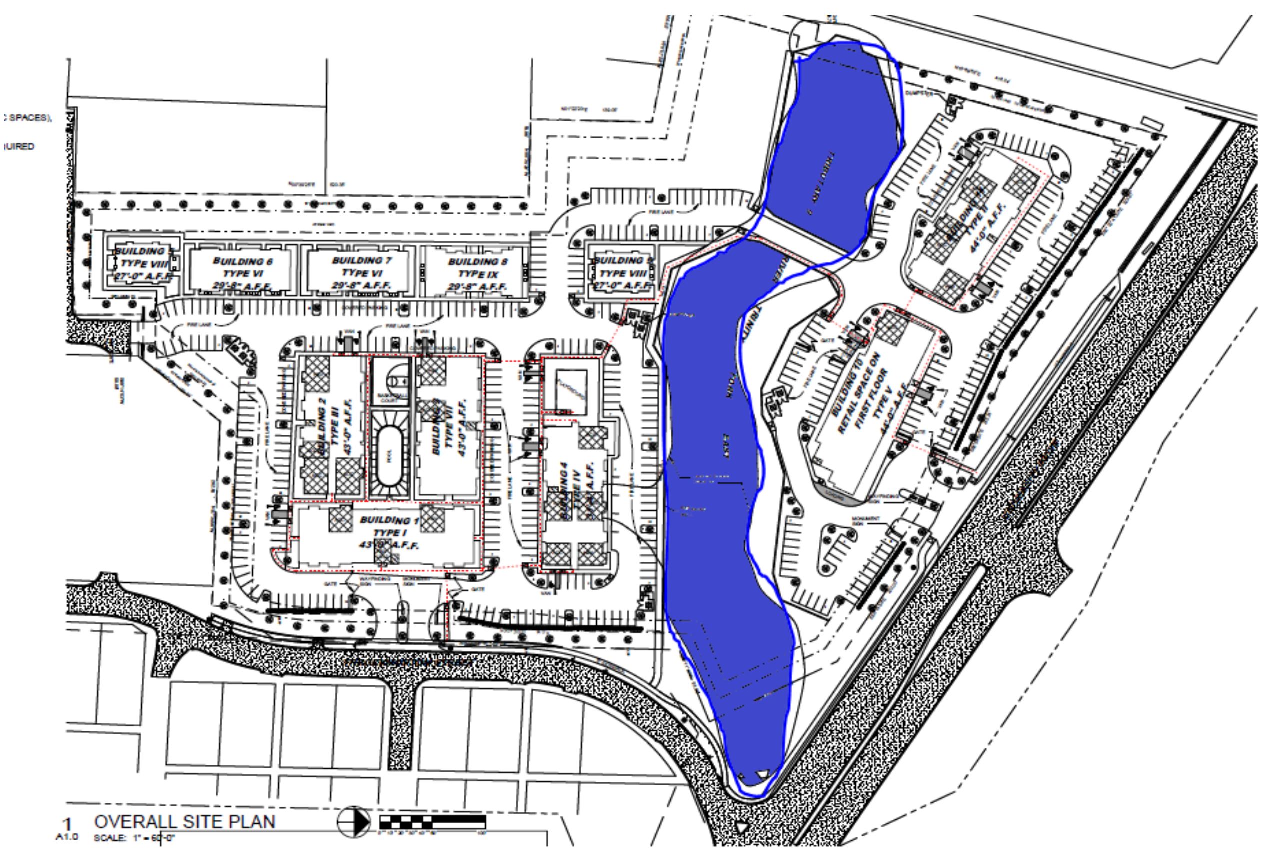
Name:	Tekevwe Okobiah	Name:	Amara Oji
Phone:	214-342-1400	Phone:	214-342-1400
Relationship:	Developer	Relationship:	Developer

OWNERSHIP STRUCTURE



DEVELOPMENT SUMMARY

SITE PLAN

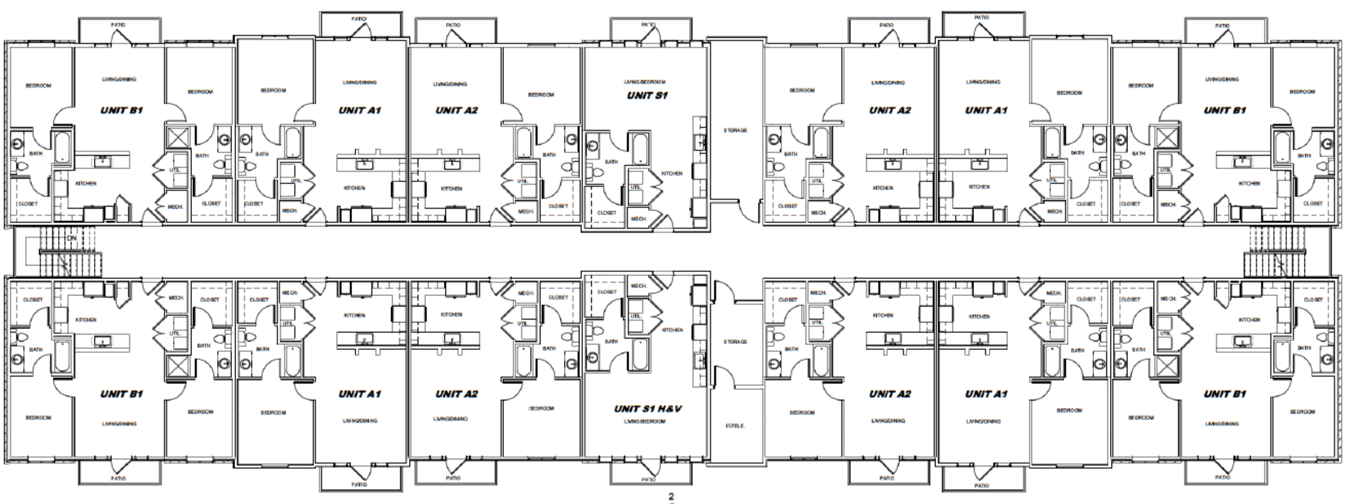


Parking	No Fee		Tenant-Paid		Total	
Open Surface	369	*1.7/unit*	0	--	369	*1.7/unit*
Carport	52	*0.2/unit*	0	--	52	*0.2/unit*
Garage	0	--	0	--	0	--
Total Parking	**421**	*1.9/unit*	**0**	--	**421**	*1.9/unit*

Comments:

421 provided parking spaces is compliant with the city requirements.

BUILDING PLAN (Typical)



Comments:

All units will have a patio/balcony, washer and dryer, and every bedroom has a walk in closet. 3 bedroom units have two sinks in the master bath. Plumbing run is inefficient.

BUILDING ELEVATION

Comments:
Front and rear will have approximately 27% masonry (brick), 35% stucco, 27% fiber cement siding, and 11% aluminum storefront. Sides will be approximately 59% masonry (brick) and 41% stucco. 3/12 roof pitch. The top floors have a metal awning over their patios.

BUILDING CONFIGURATION

Building Type	I	II	III	IV	V	VI	VII	VIII	IX				**Total Buildings**
Floors/Stories	3	3	3	2	3	2	3	2	2				
Number of Bldgs	1	1	1	1	1	2	1	2	1				**11**
Units per Bldg	36	34	30	24	25	10	35	4	8				
Total Units	36	34	30	24	25	20	35	8	8				**220**

Avg. Unit Size (SF)	**865 sf**	**Total NRA (SF)**	**190,399**	**Common Area (SF)***	**7,963**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 14.14 acres Density: 15.6 units/acre

Site Control: 14.14 **Site Plan:** 14.2 **Appraisal:** 14.14 **ESA:** 14.14

Feasibility Report Survey: 14.27 **Feasibility Report Engineer's Plan:** 14.27

Control Type: Contract for Sale

Development Site: 14.14 acres Cost: $1,980,000 $9,000 per unit

Seller: Banyi McKinney,LLC

Buyer: SDC Throckmorton Villas, LP

Assignee: Cameron County Housing Finance Corporation

Related-Party Seller/Identity of Interest: Yes

Comments:

SDC Throckmorton Villas, LP ("Buyer") entered into a contract for sale on March 25, 2020 and secured an option to purchase with a $100 fee. On December 29, 2021, a second amendment to the option to purchase and contract of sale was signed, allowing the buyer until March 2023 to purchase the land.

SDC Throckmorton Villas, LP will enter into a 99-year ground lease with Cameron County Housing Finance Corporation ("CCHFC") who will act as landlord. The property acqusition price will act as the payment of rent, and will essentially be a pass through of the acquisition costs as rent for the ground lease.

APPRAISED VALUE

Appraiser: Robert Brett Moore | Date: 3/28/2022

Land as Vacant:	14.14 acres	$2,050,000	Per Unit:	$9,318
Existing Buildings: (as-is)		$0	Per Unit:	$0
Total Development: (as-is)		**$2,050,000**	Per Unit:	**$9,318**

Comments:

Appraisal has undergone review and is compliant with TDHCA regulations.

SITE INFORMATION

Flood Zone:	X, A	Scattered Site?	No
Zoning:	PD - 2017-12-107 & ML	Within 100-yr floodplain?	Yes
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	NA	Title Issues?	No

Current Uses of Subject Site:

Vacant Land

Surrounding Uses:

North: Vacant Land
East: Vacant land & single-family residences
South: Multifamily residences
West: Vacant land & a commercial/manufacturing building

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Reed Engineering Group | Date: 1/10/2022

Recognized Environmental Conditions (RECs) and Other Concerns:

- Current noise study has a combined DNL of 69.7 dB, considered "Normally Unacceptable". Noise remediation will be necessary during construction.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC Date: 2/1/2022

Contact: Darrell G Jack Phone: 210-530-0040

Primary Market Area (PMA): 35 sq. miles 3 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Collin County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$15,330	$16,440	$19,710	$19,710	$22,770	$22,770	---
	Max	$20,460	$23,400	$26,310	$29,220	$31,560	$33,900	---
60% AMGI	Min	$29,790	$31,950	$30,030	$30,030	$44,100	$44,100	---
	Max	$40,920	$46,800	$52,620	$58,440	$63,120	$67,800	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
22405	Palladium East Crossing Apartments	No	New	General	239	239
Other Affordable Developments in PMA since 2017						
20409	McKinney Flats		New	General	n/a	205
20458	Kinwood Apartments		New	General	n/a	200
17036	Merritt McGowan Manor		New	General	n/a	136
Stabilized Affordable Developments in PMA					Total Units	2,059
					Total Developments	12
					Average Occupancy	99%

Proposed, Under Construction, and Unstabilized Competitive Supply:

TDHCA #22405 Palladium East Foster Crossing has census tracts that overlap the PMA of 380 Villas.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
	HTC	Assisted	HTC	
Total Households in the Primary Market Area	35,030		35,030	
Potential Demand from the Primary Market Area	7,045		7,045	
10% External Demand	705		705	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	7,750		7,750	
Subject Affordable Units	220		220	
Unstabilized Competitive Units	454		693	
RELEVANT SUPPLY	674		913	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**8.7%**		**11.8%**	

Population:	**General**	**Market Area:**	**Urban**	**Maximum Gross Capture Rate:**	**10%**

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND											
	Market Analyst						Underwriter				
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate		Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate
30% AMGI	1,985	199	33	66	5%		1,985	199	32	0	1%
60% AMGI	5,060	506	187	388	10%		5,060	506	188	239	8%

Demand Analysis:

If we included the 238 competitive units that are located outside the Subject PMA, but share some census tracts, the GCR would be 11.8%. This is a worst case scenario as it includes the outside supply, but none of the additional demand from 22405's PMA.

Because the competitive units are located outside the Market Analyst's determined PMA, and Underwriter's worst case scenario test produced an acceptable Gross Capture Rate, Market Analyst's capture rates are used for analysis.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
	Market Analyst						Underwriter				
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate		Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
0 BR/30%	100	10	10	0	9%		100	10	7	0	6%
0 BR/60%	269	27	27	0	9%		269	27	25	75	34%
1 BR/30%	202	20	20	0	9%		202	20	15	0	7%
1 BR/60%	478	48	48	96	27%		478	48	52	110	31%
2 BR/30%	307	31	31	66	29%		307	31	9	0	3%
2 BR/60%	629	63	63	249	45%		629	63	90	11	15%
3 BR/30%	185	19	18	0	9%		185	19	1	0	0%
3 BR/60%	294	29	29	43	22%		294	29	21	43	20%

Market Analyst Comments:

There was a 77.6% increase in population in the Primary Market Area from 2000 to 2010. Between 2000 and 2010, the number of households increased by 82.3%. The population is projected to increase through the year 2026. This represents an overall growth of 82.3% between 2010 and 2026.

When surveyed, the 2000 census reported an average rent of $586.00 for the PMA. According to the data accumulated by Apartment MarketData, the present average rental rate for an apartment unit is $1,653.52 per month. This represents an average increase of 4.95% per year.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$1,773,502	Avg. Rent:	$1,079	Expense Ratio:	34.5%
Debt Service:	$1,542,044	B/E Rent:	$984	Controllable Expenses:	$2,929
Net Cash Flow:	$231,458	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.15	B/E Occupancy:	84.6%	Program Rent Year:	2022

Applicant has overstated the assumed rent on three (3) HH/80% MDL units by approximately $30. This is due to the Applicant assuming the 60% LIHTC rents instead of the more limiting HOME rents. Underwriter has assumed HOME rent limits for these units.

Underwriting assumes Applicant's Administrative and Electric/Gas costs. Over the past few years, total utilities have come in around $800-$1000. Due to the number of units at the property, per unit costs will be lower becuase of the economies of scale, and thus underwriter has seen it appropriate to utilize Applicant's assumption. Applicant's controllable expenses of $2,929 are consistent with market averages.

Project will receive a 100% tax exemption due to their partnership with The Cameron County Housing Finance Corporation.

Underwritten vacancy of 16.5 units; breakeven vacancy 33.9 units.

Deferred developer fee paid off in year 10; 15-year residual cash flow of $489K.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$139,999/ac	$9,000/unit	**$1,980,000**	Contractor Fee	**$3,971,200**
Off-site + Site Work		$19,934/unit	**$4,385,450**	Soft Cost + Financing	**$13,480,245**
Building Cost	$123.61/sf	$106,982/unit	**$23,536,140**	Developer Fee	**$6,605,000**
Contingency	5.71%	$7,245/unit	**$1,593,889**	Reserves	**$898,268**
Total Development Cost	$256,592/unit	**$56,450,192**		**Rehabilitation Cost**	**N/A**
Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH				

Acquisition:

Site acqusition costs of $1.98M are supported by the Appraisal.

Off-site:

$150K for a turn lane from US Highway 380.

Site Work:

Site Work consists of typical expenses such as paving, electrical, concrete, utilities, and grading.

Building Cost:

Applicant's building costs of $106K per unit are within 2.5% of TDHCA's estimates, and are used for analysis. Underwriter has included a 15% increase to TDHCA's pricing to account for COVID cost increases.

$8.1M for wood and plastics, $3.0M for mechanical (HVAC; plumbing), $2.5M for finishes, and $1.4M for concrete are some of the major expense items.

Units have 9 foot ceilings, full kitchens, washers/dryers, and patios/balconies.

Scope of Work:

The project is the construction of nine new multifamily buildings in both apartment and townhome styles. The development will provide 220 new affordable units ranging from efficiency apartments to three bedroom townhomes.

Residents will also enjoy a club house with a business center with computers and internet access, a community room with a full functioning kitchen, a large swimming pool, children play area, and controlled access to the property. In addition to the amenities offered to its residents, the proposed 12,000 SF retail portion of the project will serve residents and the surrounding community.

Contingency:

Applicant's assumed contingency is compliant with TDHCA regulations.

Contractor Fee:

Applicant's assumed contractor fee is compliant with TDHCA regulations.

Ineligible Costs:

$1.9M of site acquisition costs, $150K of off-site work, $360K of commercial space, $200K of marketing, and various financing costs ineligible.

Soft Costs:

$1.325M of impact fees, $615K of liability insurance, and $592K of architect fees.

Financing Cost:

Eligible financing costs are overstated by $445K.

Developer Fee:

Applicant's eligible developer fee is overstated by $68K.

Reserves:

Underwritten resreves at 4 months operating and debt service.

Comments:

Total cost per unit underwritten at $256.592/unit.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$56,450,192	**$50,117,685**	**$2,606,120**

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$40,000,000	1/25/2022	Priority 1b
Closing Deadline			
7/24/2022			

Percent of Cost Financed by Tax-Exempt Bonds	63.2%

Comments:

TDHCA reservation of $40M tax-exempt bonds with an underwritten assumption of $33.555M used. The percent of cost financed by tax-exempt bonds is greater than 50%.

INTERIM SOURCES				
Funding Source	Description	Amount	Rate	LTC
Citi Bank N.A.	Tax Exempt Loan	$23,616,000	5.34%	42%
TDHCA (soft repayable)	Multifamily Direct Loan	$4,000,000	0.00%	7%
Citi Bank N.A.	Tax Exempt Construction Loan	$9,939,000	5.45%	18%
Citi Bank N.A.	Conventional Loan	$5,446,000	4.31%	10%
Affordable Housing Partners	HTC	$9,108,709	$0.87	16%
Sphinx Development Corporation	Deferred Developer Fee	$3,222,215	0.00%	6%
Housing Services Inc.	Direct Loan Match	$300,000	0.00%	1%
ODR (Not Used in Construction)	Operating Reserve	$818,268	0.00%	1%
		$56,450,192	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Citi Bank N.A.	$23,616,000	5.34%	40	18	$23,616,000	5.34%	40	18.0	42%
TDHCA (soft repayable)	$4,000,000	0.00%	0	18	$4,000,000	0.00%	0	18.0	7%
Housing Services Inc.	$300,000	0.00%	0	0	$300,000	0.00%	0	0	1%
Total	**$27,916,000**				**$27,916,000**				

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Affordable Housing Partners	$22,771,772	$0.86		$22,538,432	$0.86	40%	
Sphinx Development Corporation	$5,762,420		87%	$5,995,760		11%	91%
Total	**$28,534,192**			**$28,534,192**			
				$56,450,192	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.084	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.837	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$56,450,192
Permanent Sources (debt + non-HTC equity)	$27,916,000
Gap in Permanent Financing	$28,534,192

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$22,538,432	$2,606,120
Needed to Balance Sources & Uses	$28,534,192	$3,299,410
Requested by Applicant	$22,769,500	$2,632,838

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$22,538,432**	**$2,606,120**

	Amount
TDHCA-Issued Bonds	**$33,555,000**

Deferred Developer Fee	**$5,995,760**	**(91% deferred)**
Repayable in	**15 years**	

Comments:

Underwriter recommends an annual Housing Tax Credit allocation of $2,606,120 as determined by eligible basis and a $4M deferred payable Multifamily Direct Loan with an annual payment of $87,500, at 0% interest, 18 year permanent term and 36 month construction term.

Underwriter:	*Jeffrey Price*
Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

380 Villas, McKinney, 4% HTC/MDL #22609

LOCATION DATA	
CITY:	McKinney
COUNTY:	Collin
Area Median Income	$97,400
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	32	14.5%	0	3
1	67	30.5%	0	8
2	99	45.0%	0	13
3	22	10.0%	0	3
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	220	100.0%	-	27

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	865 sf

56% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	EO / MR	TOTAL
	# Units	-	32	-	-	188	-	-	-	220
	% Total	0.0%	14.5%	0.0%	0.0%	85.5%	0.0%	0.0%	0.0%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MF Direct Loan Units (HOME Rent/Inc)			UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Match	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$511	LH/50%	$778		1	0	1	556	$511	$45	$466	$0	$0.84	$466	**$466**	**$466**	$466	$0.84	$0	$989	$1.78	$989
TC 30%	$511				6	0	1	556	$511	$45	$466	$0	$0.84	$466	**$2,796**	**$2,796**	$466	$0.84	$0	$989	$1.78	$989
TC 60%	$1,023	HH/60%	$993		2	0	1	556	$993	$45	$948	$0	$1.71	$948	**$1,896**	**$1,896**	$948	$1.71	$0	$989	$1.78	$989
TC 60%	$1,023				23	0	1	556	$1,023	$45	$978	$0	$1.76	$978	**$22,494**	**$22,494**	$978	$1.76	$0	$989	$1.78	$989
TC 30%	$548	LH/50%	$834		1	1	1	717	$548	$52	$496	$0	$0.69	$496	**$496**	**$496**	$496	$0.69	$0	$1,328	$1.85	$1,328
TC 30%	$548	HH/60%	$1,065		6	1	1	717	$548	$52	$496	$0	$0.69	$496	**$2,976**	**$2,976**	$496	$0.69	$0	$1,328	$1.85	$1,328
TC 30%	$548				8	1	1	717	$548	$52	$496	$0	$0.69	$496	**$3,968**	**$3,968**	$496	$0.69	$0	$1,328	$1.85	$1,328
TC 60%	$1,096				24	1	1	717	$1,096	$52	$1,044	$0	$1.46	$1,044	**$25,056**	**$25,056**	$1,044	$1.46	$0	$1,328	$1.85	$1,328
TC 60%	$1,096	HH/80%	$1,065	Match	1	1	1	725	$1,065	$52	$1,013	$31	$1.44	$1,044	**$1,044**	**$1,013**	$1,013	$1.40	$0	$1,328	$1.83	$1,328
TC 60%	$1,096				27	1	1	725	$1,096	$52	$1,044	$0	$1.44	$1,044	**$28,188**	**$28,188**	$1,044	$1.44	$0	$1,328	$1.83	$1,328
TC 30%	$657	LH/50%	$1,001		1	2	2	946	$657	$68	$589	$0	$0.62	$589	**$589**	**$589**	$589	$0.62	$0	$1,468	$1.55	$1,468
TC 30%	$657	HH/60%	$1,281		8	2	2	946	$657	$68	$589	$0	$0.62	$589	**$4,712**	**$4,712**	$589	$0.62	$0	$1,468	$1.55	$1,468
TC 60%	$1,315				9	2	2	946	$1,315	$68	$1,247	$0	$1.32	$1,247	**$11,223**	**$11,223**	$1,247	$1.32	$0	$1,468	$1.55	$1,468
TC 60%	$1,315				2	2	2	946	$1,315	$68	$1,247	$0	$1.32	$1,247	**$2,494**	**$2,494**	$1,247	$1.32	$0	$1,468	$1.55	$1,468
TC 60%	$1,315	HH/80%	$1,281	Match	1	2	2	952	$1,281	$68	$1,213	$34	$1.31	$1,247	**$1,247**	**$1,213**	$1,213	$1.27	$0	$1,468	$1.54	$1,468
TC 60%	$1,315	HH/80%	$1,281		1	2	2	952	$1,281	$68	$1,213	$34	$1.31	$1,247	**$1,247**	**$1,213**	$1,213	$1.27	$0	$1,468	$1.54	$1,468
TC 60%	$1,315				57	2	2	952	$1,315	$68	$1,247	$0	$1.31	$1,247	**$71,079**	**$71,079**	$1,247	$1.31	$0	$1,468	$1.54	$1,468
TC 60%	$1,315	LH/50%	$1,001		1	2	2.5	1,108	$1,001	$68	$933	$0	$0.84	$933	**$933**	**$933**	$933	$0.84	$0	$1,626	$1.47	$1,626
TC 60%	$1,315	HH/60%	$1,281		1	2	2.5	1,108	$1,281	$68	$1,213	$0	$1.09	$1,213	**$1,213**	**$1,213**	$1,213	$1.09	$0	$1,626	$1.47	$1,626
TC 60%	$1,315				18	2	2.5	1,108	$1,315	$68	$1,247	$0	$1.13	$1,247	**$22,446**	**$22,446**	$1,247	$1.13	$0	$1,626	$1.47	$1,626
TC 30%	$759	LH/50%	$1,157		1	3	2	1,158	$759	$84	$675	$0	$0.58	$675	**$675**	**$675**	$675	$0.58	$0	$1,648	$1.42	$1,648
TC 60%	$1,519				5	3	2	1,158	$1,519	$84	$1,435	$0	$1.24	$1,435	**$7,175**	**$7,175**	$1,435	$1.24	$0	$1,648	$1.42	$1,648
TC 60%	$1,519	HH/60%	$1,470		1	3	2.5	1,207	$1,470	$84	$1,386	$0	$1.15	$1,386	**$1,386**	**$1,386**	$1,386	$1.15	$0	$1,648	$1.37	$1,648
TC 60%	$1,519				11	3	2.5	1,207	$1,519	$84	$1,435	$0	$1.19	$1,435	**$15,785**	**$15,785**	$1,435	$1.19	$0	$1,648	$1.37	$1,648
TC 60%	$1,519	HH/60%	$1,470		1	3	2.5	1,416	$1,470	$84	$1,386	$0	$0.98	$1,386	**$1,386**	**$1,386**	$1,386	$0.98	$0	$1,648	$1.16	$1,648
TC 60%	$1,519				3	3	2.5	1,416	$1,519	$84	$1,435	$0	$1.01	$1,435	**$4,305**	**$4,305**	$1,435	$1.01	$0	$1,648	$1.16	$1,648
TOTALS/AVERAGES:					**220**			**190,399**				**$0**	**$1.25**	**$1,079**	**$237,275**	**$237,176**	**$1,078**	**$1.25**	**$0**	**$1,388**	**$1.60**	**$1,388**

ANNUAL POTENTIAL GROSS RENT:	$2,847,300	$2,846,112

STABILIZED PRO FORMA

380 Villas, McKinney, 4% HTC/MDL #22609

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Collin County Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.25	$1,079	$2,847,300	$2,846,112	$1,078	$1.25		0.0%	$1,188
Appl Fees, Late Fees, Pet Fees, Cable, St							$30.00	$79,200						
Total Secondary Income							$30.00		$79,200	$30.00			0.0%	$0
POTENTIAL GROSS INCOME								$2,926,500	$2,925,312				0.0%	$1,188
Vacancy & Collection Loss							7.5% PGI	(219,488)	(219,398)	7.5% PGI			0.0%	(89)
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$2,707,013	$2,705,914				0.0%	$1,099
General & Administrative	$105,108	$478/Unit	$110,544	$502	2.62%	$0.37	$323	$71,000	$71,000	$323	$0.37	2.62%	0.0%	-
Management	$98,344	3.7% EGI	$123,330	$561	4.00%	$0.57	$492	$108,200	$108,237	$492	$0.57	4.00%	0.0%	(37)
Payroll & Payroll Tax	$294,613	$1,339/Unit	$279,578	$1,271	11.38%	$1.62	$1,400	$308,000	$294,613	$1,339	$1.55	10.89%	4.5%	13,387
Repairs & Maintenance	$158,991	$723/Unit	$140,614	$639	4.67%	$0.66	$574	$126,311	$143,000	$650	$0.75	5.28%	-11.7%	(16,689)
Electric/Gas	$52,588	$239/Unit	$50,516	$230	0.92%	$0.13	$114	$25,000	$25,000	$114	$0.13	0.92%	0.0%	-
Water, Sewer, & Trash	$171,420	$779/Unit	$153,819	$699	4.21%	$0.60	$518	$114,000	$153,819	$699	$0.81	5.68%	-25.9%	(39,819)
Property Insurance	$99,948	$0.52 /sf	$153,074	$696	3.54%	$0.50	$435	$95,700	$99,948	$454	$0.52	3.69%	-4.3%	(4,248)
Property Tax (@ 0%) 2.1237	$226,112	$1,028/Unit	$241,294	$1,097	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements					2.03%	$0.29	$250	$55,000	$55,000	$250	$0.29	2.03%	0.0%	-
Supportive Services					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.33%	$0.05	$40	$8,800	$8,800	$40	$0.05	0.33%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Bond Compliance Fee					0.20%	$0.03	$25	$5,500	$5,500	$25	$0.03	0.20%	0.0%	-
Bond Trustee Fees					0.15%	$0.02	$18	$4,000	$4,000	$18	$0.02	0.15%	0.0%	-
Security					0.37%	$0.05	$45	$10,000	$10,000	$45	$0.05	0.37%	0.0%	-
Fire Safety					0.07%	$0.01	$9	$2,000	$2,000	$9	$0.01	0.07%	0.0%	-
TOTAL EXPENSES					**34.48%**	**$4.90**	**$4,243**	**$933,511**	**$980,917**	**$4,459**	**$5.15**	**36.25%**	**-4.8%**	**$ (47,406)**
NET OPERATING INCOME ("NOI")					**65.52%**	**$9.31**	**$8,061**	**$1,773,502**	**$1,724,997**	**$7,841**	**$9.06**	**63.75%**	**2.8%**	**$ 48,505**
CONTROLLABLE EXPENSES							$2,929/Unit			$3,125/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

380 Villas, McKinney, 4% HTC/MDL #22609

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citi Bank N.A.	0.10%	1.20	1.23	1,442,031	5.34%	40	18.0	$23,616,000	$23,616,000	18.0	40	5.34%	$1,454,544	1.22	41.8%
TDHCA (soft repayable)		1.12	1.15	$100,000	0.00%	0	18.0	$4,000,000	$4,000,000	18.0	0	0.00%	$87,500	1.15	7.1%
CASH FLOW DEBT / GRANTS															
FHL Bank Loan (TB Applied For)		1.12	1.15		0.00%	0	0	$0	$0	0	0	0.00%		1.15	0.0%
Housing Services Inc.		1.12	1.15		0.00%	0	0	$300,000	$300,000	0	0	0.00%		1.15	0.5%
ODR (Not Used in Construction)		1.12	1.15		0.00%	0	0	$0	$0	0	0	0.00%		1.15	0.0%
				$1,542,031	TOTAL DEBT / GRANT SOURCES			$27,916,000	$27,916,000		TOTAL DEBT SERVICE		$1,542,044	1.15	49.5%
NET CASH FLOW		$182,966	$231,471						APPLICANT	NET OPERATING INCOME		$1,773,502	$231,458	NET CASH FLOW	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Affordable Housing Partners	LIHTC Equity	40.3%	$2,632,838	$0.86	$22,771,772	$22,538,432	$0.8648	$2,606,120	39.9%	$11,846	Eligible Basis
Sphinx Development Corporation	Deferred Developer Fees	10.2%	(87% Deferred)		$5,762,420	$5,995,760	(91% Deferred)		10.6%	Total Developer Fee:	$6,605,000
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		50.5%			$28,534,192	$28,534,192			50.5%		
TOTAL CAPITALIZATION					$56,450,192	$56,450,192				15-Yr Cash Flow after Deferred Fee:	$489,461

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$9,000 / Unit	$1,980,000	$1,980,000	$9,000 / Unit				0.0%	$0
Off-Sites				$682 / Unit	$150,000	$150,000	$682 / Unit				0.0%	$0
Site Work		$2,960,450		$13,457 / Unit	$2,960,450	$2,960,450	$13,457 / Unit		$2,960,450		0.0%	$0
Site Amenities		$1,275,000		$5,795 / Unit	$1,275,000	$1,275,000	$5,795 / Unit		$1,275,000		0.0%	$0
Building Cost		$23,176,140	$123.61 /sf	$106,982/Unit	$23,536,140	$24,902,655	$113,194/Unit	$130.79 /sf	$23,176,140		-5.5%	($1,366,515)
Contingency		$1,593,889	5.81%	5.71%	$1,593,889	$1,593,889	5.44%	5.81%	$1,593,889		0.0%	$0
Contractor Fees		$3,971,200	13.69%	13.45%	$3,971,200	$3,971,200	12.86%	13.69%	$3,971,200		0.0%	$0
Soft Costs	$0	$5,043,600		$23,835 / Unit	$5,243,600	$5,243,600	$23,835 / Unit		$5,043,600	$0	0.0%	$0
Financing	$0	$6,006,223		$37,439 / Unit	$8,236,645	$8,236,645	$37,439 / Unit		$5,560,317	$0	0.0%	$0
Developer Fee	$0	$6,605,000	15.00%	14.83%	$6,605,000	$6,605,000	14.53%	15.00%	$6,537,089	$0	0.0%	$0
Reserves				4 Months	$898,268	$898,268	4 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$50,631,502		$256,592 / Unit	$56,450,192	$57,816,707	$262,803 / Unit		$50,117,685	$0	-2.4%	($1,366,515)
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		($445,906)										
Developer Fee	$0	($67,911)	15.00%		$0							
Reserves					$0							
ADJUSTED BASIS / COST	$0	$50,117,685		$256,592/unit	$56,450,192	$57,816,707	$262,803/unit		$50,117,685	$0	-2.4%	($1,366,515)

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): $56,450,192

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

380 Villas, McKinney, 4% HTC/MDL #22609

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$50,117,685	$0	$50,117,685
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$50,117,685	$0	$50,117,685
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$65,152,991	$0	$65,152,991
Applicable Fraction	100.00%	100.00%	100%	100%
TOTAL QUALIFIED BASIS	$0	$65,152,991	$0	$65,152,991
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$2,606,120	$0	$2,606,120
CREDITS ON QUALIFIED BASIS	$2,606,120		$2,606,120	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8648	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$2,606,120	$22,538,432	**$2,606,120**	($26,718)	($231,068)
Needed to Fill Gap	$3,299,410	$28,534,192	----	----	----
Applicant Request	$2,632,838	$22,769,500	----	----	----

50% Test for Bond Financing for 4% Tax Credits				
Tax-Exempt Bond Amount	$	33,555,000		
			Applicant	TDHCA
Land Cost	$	1,980,000	$1,980,000	$1,980,000
Depreciable Bldg Cost **	$	51,141,502	$51,141,502	$52,062,111
Aggregate Basis for 50% Test	**$**	**53,121,502**	$53,121,502	$54,042,111
Percent Financed by Tax-Exempt Bonds		**63.17%**	**63.2%**	**62.1%**

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

BUILDING COST ESTIMATE

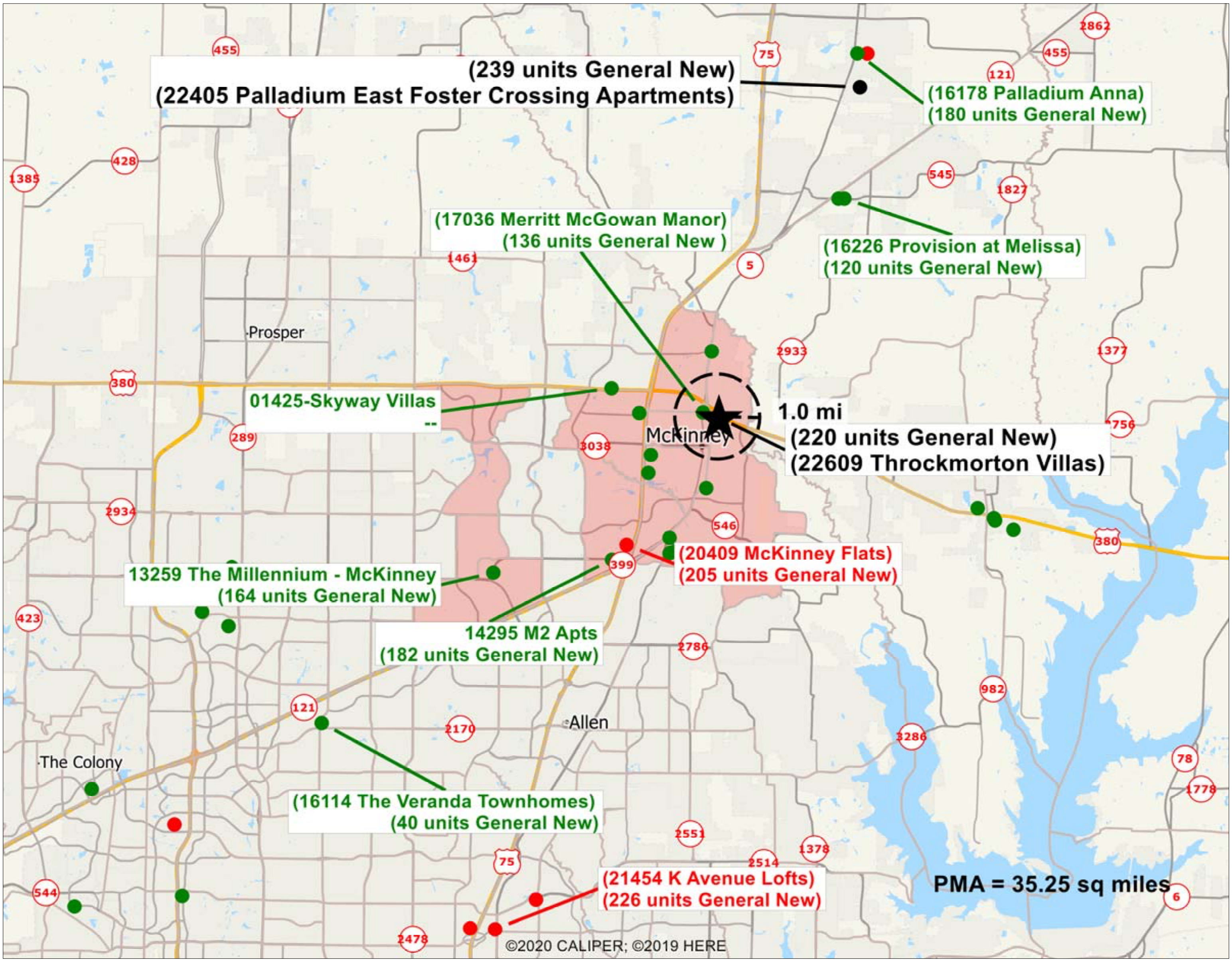
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Combination	190,399 SF	$109.99	20,941,699
Adjustments				
Exterior Wall Finish	7.20%		7.92	$1,507,802
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.90%		4.29	816,726
Roof Adjustment(s)			(0.25)	(47,600)
Subfloor			(0.39)	(73,877)
Floor Cover			3.31	631,001
Breezeways	$30.33	20,845	3.32	632,138
Balconies	$30.04	10,665	1.68	320,411
Plumbing Fixtures	$1,090	477	2.73	519,930
Rough-ins	$535	440	1.24	235,400
Built-In Appliances	$1,880	220	2.17	413,600
Exterior Stairs	$2,460	34	0.44	83,640
Heating/Cooling			2.37	451,246
Storage Space	$30.33	0	0.00	0
Carports	$13.00	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$87.42	24,230	11.12	2,118,187
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.88	235,474	3.56	678,165
SUBTOTAL			**153.51**	**29,228,469**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**153.51**	**$29,228,469**
Plans, specs, survey, bldg permits	3.30%		(5.07)	($964,539)
Contractor's OH & Profit	11.50%		(17.65)	(3,361,274)
NET BUILDING COSTS		$113,194/unit	$130.79/sf	$24,902,655

Long-Term Pro Forma

380 Villas, McKinney, 4% HTC/MDL #22609

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$2,707,013	$2,761,153	$2,816,376	$2,872,703	$2,930,157	$3,235,131	$3,571,846	$3,943,606	$4,354,060	$4,807,234	$5,307,575	$5,859,991
TOTAL EXPENSES	3.00%	$933,511	$960,434	$988,144	$1,016,662	$1,046,014	$1,206,153	$1,391,125	$1,604,815	$1,851,720	$2,137,046	$2,466,817	$2,848,008
NET OPERATING INCOME ("NOI")		**$1,773,502**	**$1,800,718**	**$1,828,232**	**$1,856,041**	**$1,884,143**	**$2,028,978**	**$2,180,721**	**$2,338,791**	**$2,502,339**	**$2,670,188**	**$2,840,758**	**$3,011,984**
EXPENSE/INCOME RATIO		34.5%	34.8%	35.1%	35.4%	35.7%	37.3%	38.9%	40.7%	42.5%	44.5%	46.5%	48.6%
MUST -PAY DEBT SERVICE													
Citi Bank N.A.		$1,454,544	$1,454,370	$1,454,186	$1,453,992	$1,453,788	$1,452,587	$1,451,018	$1,448,971	$1,446,299	$1,442,812	$1,438,260	$1,432,318
TDHCA (soft repayable)		$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500	$87,500
TOTAL DEBT SERVICE		$1,542,044	$1,541,870	$1,541,686	$1,541,492	$1,541,288	$1,540,087	$1,538,518	$1,536,471	$1,533,799	$1,530,312	$1,525,760	$1,519,818
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.32	1.42	1.52	1.63	1.74	1.86	1.98
ANNUAL CASH FLOW		**$231,458**	**$258,849**	**$286,546**	**$314,549**	**$342,855**	**$488,891**	**$642,203**	**$802,320**	**$968,540**	**$1,139,876**	**$1,314,998**	**$1,492,166**
Deferred Developer Fee Balance		$5,764,302	$5,505,453	$5,218,907	$4,904,358	$4,561,503	$2,412,097	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$489,461	$4,178,225	$8,686,219	$14,041,119	$20,264,666	$27,370,748

22609 308 Villas PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

Final Transcript

TEXAS DEPT OF HOUSING AND COMMUNITY AFFAIRS: Public Hearing

March 24, 2022/1:00 p.m. CDT

SPEAKERS

Teresa Morales – Director of Multifamily Bonds

PRESENTATION

Teresa	Good afternoon. This is Teresa Morales with the Texas Department of Housing and Community Affairs. And the purpose of this call is to conduct a public hearing with respect to the proposed Throckmorton Villas development. And to give folks a little bit more time to dial in, we'll get started in just about another minute or so.
W	All participants are now in listen-only mode.
Teresa	All right, this is Teresa Morales with the Texas Department of Housing and Community Affairs. And the purpose of this call is to conduct a public

hearing with respect to the proposed Throckmorton Villas property. To give folks an idea as to how we're going to proceed, there is a brief speech that I need to read for purposes of meeting the requirements of the Internal Revenue Code. And then it will be at the conclusion of that speech where I will unmute all of the lines. And if there are any individuals on the phone who would like to make public comment with respect to the proposed development, that will be your opportunity to do so. So with that being said, I will go ahead and read the brief speech.

Good afternoon. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 1:03 p.m. on Thursday, March 24, 2022, and we are conducting a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing.

The department's board is scheduled to meet to consider the transaction on May 12, 2022. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings.

The bonds will be issued as tax exempt multifamily revenue bonds in the aggregate principal amount not to exceed $40 million and taxable bonds if necessary in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer. The proceeds of the bonds will be loaned to SDC Throckmorton Villas LP, or a related person or affiliate entity thereof to finance a portion of the cost of acquiring and equipping a multifamily rental housing community described as follows. A 220-unit multifamily residential rental development to be located on approximately 14.2 acres of land located at or near 1003 Throckmorton Street, McKinney, Collin County, Texas 75069. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

I would now like to open the floor up for public comment and unmute all of the lines.

W — All participants are now in interactive talk mode.

Teresa — If there are any individuals on the line who would like to make public comment, this would be your opportunity to do so. And I would ask that just before speaking if you'll state your name for the record.

Louis — My name is Pastor Louis Rosenthal of the McKinney First Baptist Church. Because of my strong belief affordable housing is needed in McKinney, I stand in total support of this venture.

Teresa — Thank you so much for providing comment. Are there any other individuals who would like to make a public comment? Again, if there are any other individuals who would like to make a public comment, all of the lines have been unmuted and this will be your opportunity to do so.

All right, well I would like to thank all of you for attending. Your comments have been recorded and the meeting is now adjourned. And the time is now 1:06 p.m. Thank you.

1h

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on an increase in the annual expenditures for the use of the U.S. Citizenship and Immigration Services' Systematic Alien Verification for Entitlements program from $15,000 to $30,000 pursuant to Tex. Gov't Code §2155.088(b)(2)

RECOMMENDED ACTION

WHEREAS, the Department of Homeland Security U.S. Citizenship and Immigration Services' (DHS-USCIS) Systematic Alien Verification for Entitlements (SAVE) program allows its users to verify a benefit applicant's eligible immigration status or naturalized/derived citizenship;

WHEREAS, the Texas Department of Housing and Community Affairs (the Department) entered into a Memorandum of Agreement (MOA) with the DHS-USCIS (hereafter Contract) to allow the Department, its subrecipients, and its contractors participation in the SAVE program to ensure the Department can achieve compliance on the federal programs for which such verification is required;

WHEREAS, the Department's expenses for the use of SAVE by the Department, its subrecipients, and contractors is currently set not to exceed $15,000 annually;

WHEREAS, after the addition of a new federal benefit program (i.e., the Low Income Household Water Assistance Program (LIHWAP)), increased funding for the Low Income Household Energy Assistance Program (LIHEAP) and the Department of Energy Weatherization Program (DOE WAP), and the procurement of a statewide Comprehensive Energy Assistance Program (CEAP) and LIHWAP provider, the Department anticipates the volume of transactions being submitted via SAVE will rise, and therefore an increase in the annual expenditures from $15,000 to $30,000 for the use of SAVE is necessary; and

WHEREAS, Tex. Gov't Code §2155.088(b)(2) requires the governing body of a state agency to approve a material change to a contract after it has been awarded, and specifies that a material change includes increasing the total consideration to be paid under a contract by at least 10%;

NOW, therefore, it is hereby

RESOLVED, the Department has annual authorization to expend funds under the Contract from up to $15,000 to up to $30,000 for the use of SAVE, for the remaining period of the Contract, as presented in this meeting, and the Executive Director and his designees are hereby authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

In 2019, the Department entered into a MOA with DHS-USCIS to allow the Department and its subrecipients to participate in the SAVE program. At the time, it was understood that only subrecipients receiving LIHEAP or DOE-WAP funds would access SAVE to check an applicant's eligible status.

However, in 2020 a new federal benefit program named LIHWAP was created and the Department became the lead agency responsible for the administration of this new program. Because LIHWAP is a funding source which falls under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), which provides that an alien who is not a qualified alien is not eligible for any federal or state public benefit (unless an exception exists), the Department must ensure that unqualified aliens do not receive LIHWAP assistance. To do so requires that all subrecipients providing LIHWAP assistance must first verify an applicant's eligible status, thereby ensuring no unqualified aliens receive LIHWAP benefits, except as allowable for a mixed status household. With the addition of LIHWAP as a new program in the Department's portfolio, transactions using SAVE to verify eligible status will rise.

Additionally, in May 2022, the Department procured a statewide contractor to provide energy assistance through CEAP and water assistance through LIHWAP. With this addition, the Department anticipates that the contractor will be able to process a significant amount of CEAP and LIHWAP applications in addition to the amount of applications that the Department's subrecipients already process. Because CEAP is also a federal benefit program under PRWORA, the contractor must use SAVE to verify eligible status for those seeking energy assistance and water assistance. With the addition of a statewide contractor processing additional applications, the Department expects a significant increase in the number of SAVE transactions as well. Each transaction has a cost associated with it. The Department had estimated the annual cost of these transactions to be no higher than $15,000. After the addition of LIHWAP and a statewide contractor to provide energy and water assistance, the Department recognizes that $15,000 is insufficient. Therefore, it has become necessary to increase the portion of the operations budget associated with the use of SAVE.

The Department requests Board approval to authorize annual SAVE expenditures from up to $15,000 to up to $30,000.

1i

TO BE POSTED NOT LATER THAN THE THIRD DAY BEFORE THE DATE OF THE MEETING

1j

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Applications awarded in the 2020 and 2021 competitive 9% tax credit rounds

20141	Richmond Senior Village
21132	OST Lofts
21187	Village at Perrin Beitel
21228	El Jardin
21290	Fish Pond Alice

RECOMMENDED ACTION

WHEREAS, the above listed developments were awarded 9% housing tax credits during the 2020 and 2021 competitive Application rounds;

WHEREAS, for the 2020 allocation, staff executed a Carryover Allocation Agreement with the Development Owner, which included a certification from the Development Owner that each building for which the allocation was made would be placed in service by December 31, 2022, which was subsequently extended under Revenue Procedure 2014-49 to December 31, 2023;

WHEREAS, for the 2021 allocations, staff executed Carryover Allocation Agreements with the Development Owners, which included certifications from the Development Owners that each building for which the allocations were made would be placed in service by December 31, 2023;

WHEREAS, the Department received requests from the Development Owners to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events;

WHEREAS, other than in situations covered by force majeure, the Department lacks authority to extend federal deadlines for placement in service; and

WHEREAS, the Development Owners for each of the above-listed developments have presented evidence that relief under force majeure is appropriate;

NOW, therefore, it is hereby

RESOLVED, the requests for treatment under an application of the force majeure rule are approved, with the Qualified Allocation Plan and Uniform Multifamily

Rules from the initial year of award, and the 2022 Program Calendar applicable to the Developments.

BACKGROUND

Awards of Competitive (9%) Housing Tax Credits were approved by the Board for the above-listed developments in 2020 and 2021. Staff executed Carryover Allocation Agreements with the Development Owners which included a certification from the Development Owners that documentation for the 10% Test would be submitted by a set date, and, in order to satisfy the requirements of §42 of the Internal Revenue Code, each building for which the allocations were made would be placed in service by December 31, 2023. The deadline to place in service for the 2020 allocation was initially December 31, 2022, which was subsequently extended under Revenue Procedure 2014-49 to December 31, 2023. The Department received requests from the Development Owners to extend the placement in service deadline under the provisions of 10 TAC §11.6(5) related to Credits Returns Resulting from Force Majeure Events. Staff determined that an extension of the 10% Test deadline was appropriate under these circumstances.

Per 10 TAC §11.6(5) of the Qualified Allocation Plan (QAP), related to Credits Returns Resulting from Force Majeure Events, a Development Owner is allowed to return issued credits within three years of award, and have those credits re-allocated to the Development outside of the usual regional allocation system if all of the requirements of the subsection are met. Per 10 TAC §11.6(5), the Department's Governing Board may approve the execution of a current program year Carryover Allocation Agreement regarding the returned credits with the Development Owner that returned such credits only if:

> (A) The credits were returned as a result of "Force Majeure" events that occurred before issuance of Forms 8609. Force Majeure events are the following sudden and unforeseen circumstances outside the control of the Development Owner: acts of God such as fire, tornado, flooding, significant and unusual rainfall or subfreezing temperatures, or loss of access to necessary water or utilities as a direct result of significant weather events; explosion; vandalism; orders or acts of military authority; unrelated party litigation; changes in law, rules, or regulations; national emergency or insurrection; riot; acts of terrorism; supplier failures; or materials or labor shortages. If a Force Majeure event is also a presidentially declared disaster, the Department may treat the matter under the applicable federal provisions. Force Majeure events must make construction activity impossible or materially impede its progress.

The Development Owners have communicated to staff that rising construction costs, labor shortages, supply chain issues, inflation and interest rate increases have impacted the construction timelines of each of the developments listed in this item.

Staff has determined there is sufficient evidence of "sudden and unforeseen circumstances outside the control of the Development Owner . . . [regarding] supplier failures; or materials or labor shortages," as described in 10 TAC §11.6(5), for the Department to treat all of the Developments in this item under an application of the force majeure rule. If the Board approves the request to consider these force majeure events, the Development Owners will return the awarded credits and execution of a 2022 Carryover Allocation Agreement will result in a new award and a new placed in service deadline of December 31, 2024, for the Developments, with a new 10% Test deadline of July 1, 2023. The Qualified Allocation Plan and Uniform Multifamily Rules from the initial year of award will be applicable to the Developments for the purposes of the force majeure event.

If the Board denies the requests regarding the force majeure events, the date by which the denied Developments must be placed in service will remain as previously agreed. Because the Development Owners have anticipated not meeting the placed in service deadline, the credits are expected to be returned. If the Development Owners returns the credits, the credits would first be made available in the subregions from which they were originally awarded, pursuant to 10 TAC §11.6(2), related to returned credits. If there are pending Applications on the 2022 or 2023 (depending on when the credits are returned) waiting list from the relevant subregions, the next Application would be awarded, assuming there are enough credits to make the award. If there are not enough credits in the subregion to make an award, the credits will go into the statewide collapse and contribute the next award.

Staff recommends the Board approve the requests for treatment under an application of the force majeure rule for the Developments. Approval of this request does not change any federal or state deadlines for MFDL.

20141

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Richmond Senior Village

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Force Majeure Request

Richmond Senior Village, Ltd.
6517 Mapleridge
Houston, TX 77081

June 6, 2022

Cody Campbell
Director of Multifamily Finance
Texas Department of Housing and Community Affairs (the "Department")
221 East 11th Street
Austin, Texas 78701

Re: #20141 Richmond Senior Village: Request for Force Majeure

Dear Cody:

As you may be aware, Richmond Senior Village, Ltd. (the "Partnership") was set to close on debt and equity on September 17, 2021, but four days before that scheduled closing, unrelated-party litigation was filed against the seller of the Development Site, which includes a Class D office building with tenants paying month-to-month. This unrelated party litigation has worked its way through the court systems and a settlement is being negotiated. Because this unrelated-party litigation has delayed the ability to purchase the land and close on debt and equity, and because this third-party litigation constitutes a "sudden and unforeseen circumstance…outside the control of the Development Owner", the Partnership hereby requests treatment under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events.

Previous Action

Richmond Senior Village was initially delayed when the Partnership received a denial of CDBG funds from the City of Houston. That decision was ultimately reversed upon appeal, but there were significant delays getting to that point due to COVID-related closures and the subsequent shut-downs during winter storm Uri. Both of these events were gubernatorially declared disasters, allowing for a Placed in Service extension under Revenue Procedure 2014-49; an initial six-month extension was granted by the Department on June 3, 2021.

With that extension in place, the Partnership worked diligently toward a closing on or before September 17, 2021: the Authority to Use Grant Funds has been received, the CDBG loan documents have been approved by the Houston City Council and are in final form; the Partnership Agreement is in its final form; the interim and permanent loans have received Bank Committee approval and loan documents are in final form; the Construction Contract is executed; the 90 day notices required under the Uniform Relocation Act ("URA") were issued to the existing tenants. The Partnership had even wired its rate-lock deposit to the bank, in anticipation of locking the interest rate on its permanent loan, a process which had to be stopped with notice of the lawsuit.

Believing that the issue could be resolved within 90-120 days, the Partnership immediately notified the Department of the lawsuit, and the extension was administratively lengthened to the twelve months allowable under Revenue Procedure 2014-49.

Background of Unrelated Party Litigation

Richmond Senior Village involves the demolition of a run-down office building, in which all tenants had expired leases and were paying month-to-month. Because the development involves CDBG funds, the URA is triggered, and the development budget includes funds to assist the existing tenants with relocation expenses. The 90-day notices to vacate were issued in accordance with the URA so that construction could start soon after the September 17, 2021 closing date.

However, on September 13, 2021, the Partnership learned that one of the tenants filed a Temporary Restraining Order and Temporary Injunction against the current building owner. The current building owner had filed an eviction against this tenant due to multiple lease violations, including performing unauthorized and unpermitted construction work in the building (which has since been "red-tagged" by the City of Houston), and harassment of another tenant. The Partnership has always believed that this was a nuisance suit designed as an attempt to prevent the eviction in order to force the building owner into a monetary settlement offer; the tenant's business has not been operational in at least two and a half years.

The suit has worked its way through the court system, and a settlement is now being negotiated. With this progress, the Partnership is confident that it will now be able to move forward with development, but will need Force Majeure treatment to do so, given the project's 20-month construction schedule and the current Placed-in-Service deadline of December 31, 2023.

Because this "unrelated party litigation" was "sudden and unforeseen" and "outside the control of the Development Owner", the Partnership respectfully requests treatment under 10 TAC §11.6(5), related to Credit Returns Resulting from Force Majeure Events. Should you have any questions, or need additional information, please contact Kathryn Saar at (512) 828-6413 or by email at kathryn@tbsg.com.

Sincerely,

Doak

Doak Brown
Manager of the General Partner

21132

-

OST Lofts

-

Force Majeure Request

Locke Lord LLP
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June 23, 2022

VIA EMAIL DELIVERY

Cody Campbell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: OST Lofts (the "**Property**")
TDHCA File No. 21132

Greetings:

We represent DWR OST, LP ("**Owner**"), which received a commitment of low-income housing tax credits ("**Tax Credits**") in the 2021 9% competitive cycle. The Property will be funded with equity from the Tax Credits, conventional debt, and CDBG-DR funds from the City of Houston.

Like its peers, Owner has faced a variety of challenges with the volatility in construction costs. Compounding those challenges, in late November 2021, the Texas General Land Office ("**GLO**") notified the City of Houston that it was dissatisfied with the manner in which the City awarded its CDBG-DR funds. GLO demanded the City commence extensive corrective action and specifically froze funding for this Property and four others. See attached Exhibit A. Owner has received assurances that the funds should be released in approximately 30 days. From there, the time-consuming process of documenting and closing the CDBG-DR funds will commence. Owner acquired the land for the Property on June 9, 2022, using bridge financing.

Relief Sought

Owner's syndicator, National Equity Fund, requires a three-month cushion in the construction schedule. See Exhibit B. Because GLO's action has stopped Owner from closing its financing for approximately seven months now, Owner has run out of time to proceed with its normal construction schedule and a 3-month cushion. Owner has no choice but to submit this request to return the Tax Credits and that TDHCA reallocate the Tax Credits in the current year pursuant to the "Force Majeure" provisions in Section 11.6(5) of the 2021 Qualified Allocation Plan (the "**QAP**").

Factors for Consideration

In accordance with Section 11.6(5) of the QAP, we believe Owner meets TDHCA's requirements for the relief sought, in that:

1. The delay imposed by GLO freezing the funding is a "force majeure" event that materially impeded Owner's ability to engage in construction activity.

2. Last year's action by GLO with regard to the City of Houston's procurement process was triggered by public concerns raised by the City's former director of housing. Owner could not have reasonably anticipated this circumstance, nor that it would take GLO and the City of Houston more than seven months to work through the issue.

3. Owner has endeavored to mitigate the delays by acquiring the land and expending additional funds to engage consultants and others to aggressively seek action from the City and GLO.

4. Owner has kept TDHCA informed as to its challenges and progress.

5. Owner believes there is a reasonable likelihood that it will not be able to meet the placement in service deadline because of the delays experienced.

6. The Property continues to be financially viable.

We believe Owner has satisfied TDHCA's requirements for a reallocation of Tax Credits under Section 11.6(5) of the QAP and requests that this matter be considered at the next available Board meeting with a recommendation for approval. If additional information is required, please feel free to contact us.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

cc: DWR Development

Exhibit A

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

November 23, 2021

Keith W. Bynam, Interim Director
Housing and Community Development Department
City of Houston
2100 Travis Street, 9th Floor
Houston, TX 77002

Re: Multifamily Rental Program Monitoring Review Contracts 19-147-001-B489 and 21-134-000-C788

Dear Mr. Bynam:

The Texas General Land Office Community Development and Revitalization division (GLO) performed a monitoring review of the Multifamily Rental Program (MFRP) related to the City of Houston's program activities. The objective of our review is to ensure that necessary controls are in place to monitor contract progression and compliance with state and federal regulations.

The City of Houston must respond with a corrective action plan addressing the overall conclusion and the five findings identified in the report by **December 10, 2021**.

- Finding #1: Strengthen the NOFA/RFP Structure and Corresponding Issuances
- Finding #2: Strengthen the NOFA/RFP Scoring Method
- Finding #3: Ensure Documentation Supports Project Awards
- Finding #4: Strengthen the Execution of the Conflicts of Interest Function
- Finding #5: Lack of Documentation Justifying Award Recommendations

The corrective actions noted within this report are based on the City of Houston's *Harvey Multifamily Program Guidelines, the DR-17-Multifamily and Small Rental (New Construction) Division Standard Operating Procedures Manual, and the Notice of Funding Availability* publications.

If you have any questions or concerns, please contact Anne Hoel at 737-610-9590 or anne.hoel.glo@recovery.texas.gov.

Sincerely,

Martin Rivera, Jr

Martin Rivera, Jr., Deputy Director
Monitoring & Quality Assurance
Community Development and Revitalization

Enclosures: City of Houston Monitoring Report, Exhibit #1, Exhibit #2, Exhibit #3, Exhibit #4

Background

The Texas General Land Office Community Development and Revitalization division (GLO) conducted a monitoring review to evaluate the City of Houston's Multifamily Rental Program (MFRP) activity to determine compliance with requirements in contracts 19-147-001-B489 and 21-134-000-C788. The City of Houston's Local Action Plan (LAP) and subsequent amendments require the development of new multifamily rental housing, the acquisition and/or rehabilitation of flood-damaged multifamily rental housing, and strategic land acquisition for multifamily development to address this shortage and meet the needs of disaster-impacted rental households, including those in public housing.

The GLO's objective for the monitoring review was to evaluate whether processes and necessary controls were in place to meet program requirements and the terms of contract 21-134-000-C788, which allocates $450,050,472 to the City of Houston's MFRP activities.

The City of Houston developed its recovery programs by submitting a local action plan for its Harvey allocation. The City of Houston's LAP was approved by HUD after a review by the GLO and identified criteria for administering MFRP activities, including:

- Leveraging CDBG-DR funds with funding provided by other federal, state, local, and non-profit sources to utilize the limited CDBG-DR funds to the fullest possible extent to generate a more effective and comprehensive recovery.
- Selecting MFRP projects through an application or Notice of Funding Availability/Request for Proposal (NOFA/RFP) process. The application or NOFA/RFP will establish the process and acceptance period, threshold criteria (including applicable building codes), selection criteria, and the award process.

According to the LAP, the City of Houston uses an application or NOFA/RFP process to select MFRP projects competitively. Under the authority of the City of Houston's Chief Procurement Officer, three NOFA/RFPs were issued (T28910 on February 1, 2019; T29314 on January 17, 2020; and T29924 on June 4, 2021) to procure proposals from owners and developers and to select awards based on the set of criteria outlined in the NOFA/RFP.

By October 2021, the City of Houston submitted 29 proposed projects valued at $282,349,262 to the GLO for approval following the City of Houston's NOFA/RFP process. The GLO approved 26 projects, with three projects under review and pending approval based on the outcome of the GLO's monitoring review.

The GLO's review of the MFRP function identified a lack of internal controls necessary to reasonably ensure the following: a) consistency in the development and publication of the three NOFA/RFPs; b) the accurate application of the evaluation and scoring methodologies specified in the NOFA/RFPs; and c) the issuance of awards based on a fair and open competitive process.

The City of Houston must **respond by December 10, 2021**, with a correction action plan that includes a 90-day timeframe for implementing and completing the corrective actions within this monitoring report.

<u>Overall Conclusion</u>

The City of Houston does not have appropriate processes and the necessary controls in place to meet the MFRP program requirements and the terms of contracts 19-147-001-B489 and 21-134-000-C788.

The findings below identify the inherent conditions that contributed to the City of Houston's failure to award development projects based on the *predetermined set of criteria outlined in the NOFA/RFP,* including using a qualitative review to override the scoring results of applications.

The City of Houston must issue a new NOFA/RFP for the remaining MFRP allocation only after all corrective actions identified in the report have been completed and confirmed by the GLO. The GLO will not approve any additional development projects until the NOFA/RFP function is strengthened and project recommendations are awarded based on an open and fair competitive process.

Furthermore, failure to provide satisfactory documentation to support the corrective actions of this report will result in the GLO rescinding previously approved projects, which may include the recapture of program funds.

Finding #1: Strengthen the NOFA/RFP Structure and Corresponding Issuances

Summary

Inconsistencies were identified among the NOFA/RFPs issued in the processes, evaluation and scoring methodologies, program content, threshold criteria, and award processes.

Discussion

The City of Houston's *Harvey Multifamily Program Guidelines* (Guidelines) and the *DR-17-Multifamily and Small Rental (New Construction) Division Standard Operating Procedures Manual* (SOP) are intended to establish the process and acceptance period, threshold criteria, and award process for competitively selecting development projects. The Guidelines state:

> *An application or NOFA/RFP process will be used to competitively select project proposals. The application or NOFA/RFP will clearly establish the process and acceptance period, threshold criteria, selection criteria, and the award process. HCDD will release its initial NOFA/RFP to remain open until a minimum of $75 million but no greater than $100 million is subscribed.*

The City of Houston published the following three NOFA/RFPs: T28910, T29314, and T29924. The GLO identified the following variances involving content, funding, and timing variances among the issued NOFA/RFPs.

NOFA/RFP content variances include:

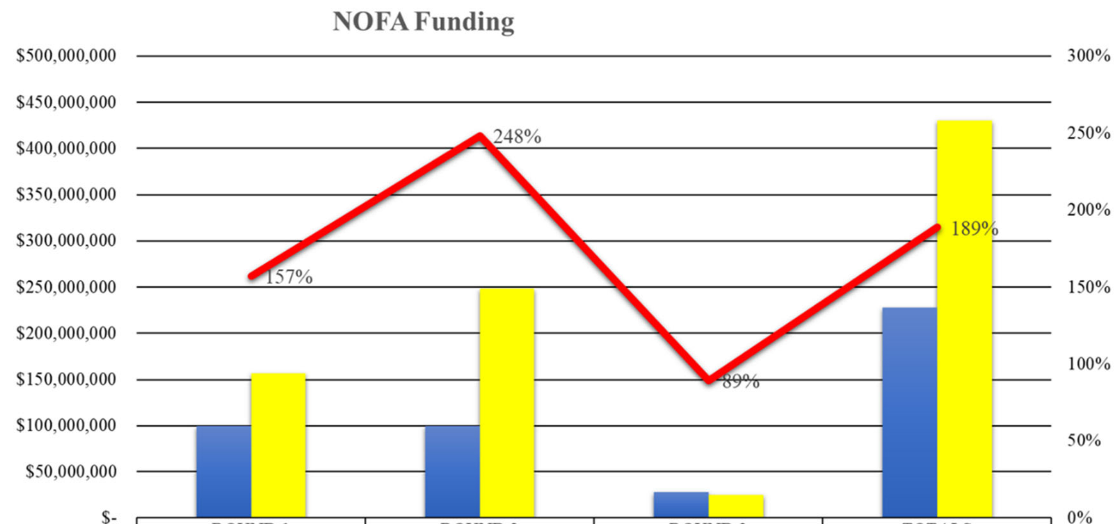
- The Conflict of Interest disclosure requirement was excluded in T28910 but was included in T29314 and T29924.
- A scoring methodology including point scale and scoring percentages was identified in T28910 but was not included in T29314 and T29924.
- The Equitable Dispersion Policy was excluded in T28910.
- Pay or Play, Workers' Compensation, Safety Training and Hourly Base Wage Rate, Employment Training and Apprenticeships, and Employment Classification sections were not included in T28910.
- A Compliance Plan was not included in T28910.
- All NOFA/RFPs contain language providing that "*the Director, at his/her sole discretion, can either waive any of the requirements contained herein, or reject any application to this NOFA/RFP.*"
- Language was included in the Evaluation Criteria and Process for Selection sections for T29314 and T29924, adding more discretion for the Mayor's office, "*The Mayor's office will have eligibility to*

approve or deny applications that meet HCDD's threshold review and are in line with the administration's priorities."

- Houston Energy Program requirements were excluded in T29314 and T29924.
- T28910 included a special program (*HVAC Retrofit Program*), but T29314 and T29924 replaced that program with a different program (*New Multi-family Building Resilience Program*).

NOFA/RFP funding variances include:

- The Guidelines state the City of Houston will "*release its initial NOFA/RFP to remain open until a minimum of $75 million but no greater than $100 million is subscribed.*" The projects recommended for T28910 and T29314 exceeded the maximum $100 million value, while the projects for T29924 were issued for less than the minimum amount stated in the Guidelines. The table below illustrates the outcome of each NOFA/RFP issued.

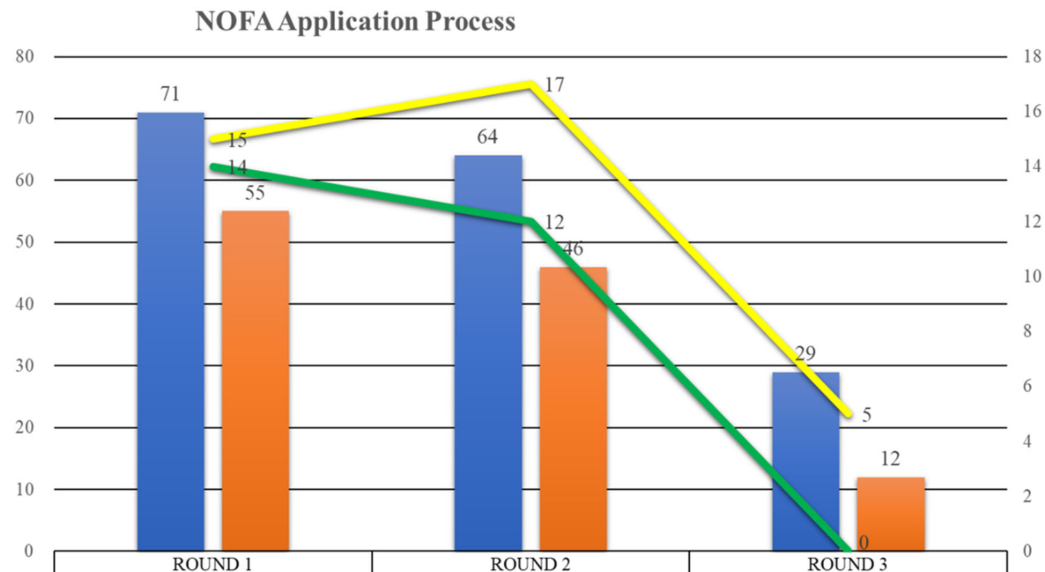


	ROUND 1	ROUND 2	ROUND 3	TOTALS
NOFA TOTAL FUNDING PER ROUND	$100,000,000	$100,000,000	$28,000,000	$228,000,000
RECOMMENDED FOR AWARD*	$157,029,622	$248,288,640	$25,000,000	$430,318,262
ACTUAL TOTAL FUNDING AWARDED %	157%	248%	89%	189%

*Per August 2021 Activity Status Report

NOFA/RFP timing variances include:

- The application submission deadlines were inconsistent and were shortened with the issuance of each subsequent NOFA/RFP. The table below illustrates the relationship between the reduced timeframes and the number of applications received among the three published NOFA/RFPs.



	ROUND 1	ROUND 2	ROUND 3
NOFA TIMEFRAME (DAYS)	71	64	29
ACTUAL APPLICATIONS SUBMITTED	55	46	12
RECOMMENDED APPLICATIONS	15	17	5
GLO APPROVED PROJECTS	14	12	0

Effect/Impact

Inconsistencies within published NOFA/RFPs may result in a competitive disadvantage to certain applicants, a reduced number of applications, and a diminished quality of submitted applications.

Corrective Action

The City of Houston must develop and implement controls that ensure 1) the structure of each NOFA/RFP meets the requirements outlined in the Guidelines and SOP, 2) the application process is transparent, and 3) applicants can make informed decisions when preparing their applications to maximize the fairness of the competitive process. Additionally, the Guidelines and SOP should be updated to identify timeframes that allow sufficient time for applicants to submit project applications.

The City of Houston must submit a copy of the updated Guidelines and SOP to the GLO as part of its corrective action plan.

Finding #2: Strengthen the NOFA/RFP Scoring Method

Summary

The City of Houston does not have controls in place to ensure the predetermined set of criteria outlined in the NOFA/RFPs supports the decisions made for recommending and awarding projects.

Discussion

The City of Houston's award and recommendation process for developer applications include a quantitative approach (scoring) outlined in the NOFA/RFPs as "Selection Criteria," supplemented by a qualitative analysis performed after scoring is completed and applications are ranked. The GLO identified errors in the execution of the Selection Criteria that impact the accuracy of the City of Houston's quantitative approach.

The review of the application population for all three NOFA/RFPs revealed the following scoring errors:

1. Points were awarded in two mutually exclusive columns when scoring should have only been reflected in one column. This error resulted in an average increase of 4.3 points in the overall scores for 29 of 103 (28.15%) applications.
2. Data for 8 of 20 (40%) tested applications was entered incorrectly into the scoring attributes spreadsheet, resulting in incorrect totals, which were subsequently carried forward into the scoring summary. These transcribing errors resulted in a loss of approximately 2 points per application.
3. Data for 18.9% of individual ratings significantly differed from those of the scoring team. The GLO identified variations in awarding points for objective scoring factors (i.e., Concerted Revitalization Area, Urban Concentration, and stair-stepped factors such as Poverty Level, School Ratings, etc.) where there should be no variations.
4. Data for 20 tested applications identified multiple instances where scores contradicted what was listed in the scoring workbooks.

The following table illustrates the issues stated above in the population of scoring summaries. The errors are noted in the orange cells:

			Nonprofit Capacity		Site Location							
			5		5	5	3	3	2	2	2	5
Project	Scorer	Score	Experienced Nonprofit Developer	Nonprofit Capacity Building	CRA or TIRZ	Low Poverty	Within 4m of City Hall	Public Transport	Elem School	Middle School	High School	Amenities within 1 mile
Change Happens Senior Housing	A	71	5	5	5	0	3	3	0	0	0	4
	B	65	5	0	5	0	3	2	0	0	0	5
	C	70	5	5	4	5	3	2	2	2	2	2
NHH Avenue J	A	65	5	0	5	0	3	3	0	0	0	4
	B	70	5	5	5	0	3	3	0	0	0	4
	C	49	5	0	1	2	0	0	2	2	1	1
W. Leo Daniels Tower I	A	52	0	5	0	0	0	3	1	0	0	3
	B	52	0	5	0	0	0	3	1	0	0	3
	C	50	0	5	3	1	0	0	2	2	2	1

The multitude of errors and inconsistencies in the execution of the scoring methodology indicates the lack of a quality control review. Establishing a quality control review after scores are tabulated ensures the scoring methodology is correctly executed according to the Selection Criteria of the NOFA/RFP.

Effect/Impact

Failure to execute the scoring methodology as outlined in a solicitation document undermines the principles for an open and fair competitive process.

Corrective Action

The City of Houston must develop and implement controls and include them in its Guidelines and SOP to ensure applications are scored based on the methodology outlined in the NOFA/RFP process. Action items must include the following:

- Creating specific instructions for scoring applications.
- Creating and implementing a quality control review process, executed by staff independent of the review committee, to ensure the scoring methodology is correctly executed.
- Adding a requirement that an independent reviewer signs off, attesting to the correctness and accuracy of the scoring.

The City of Houston must also rescore T28910 and T29314 to address the errors identified with the execution of the Selection Criteria. The following corrective actions must be performed:

1. Rescore all applications received under T28910 and T29314 and identify the variances between the original and adjusted scores.
2. Draft memoranda to the file for the current 26 GLO-approved projects justifying why the awards are valid and cost reasonable despite any scoring variances.
3. Draft memoranda to the file for unawarded projects justifying why the projects were not awarded despite scoring higher than awarded projects.

The City of Houston must submit a copy of the updated Guidelines and SOP that identify the internal controls and provide copies of each memorandum to the GLO as part of its corrective action plan.

Finding #3: Ensure Documentation Supports Project Awards

Summary

The City of Houston does not document the subjective, qualitative evaluation process used by the review committee (panel of HCDD personnel) or the City of Houston Mayor's office when exercising its discretion.

Discussion

The issued NOFA/RFPs (T28910, T29314, and T29924) indicate that awards will be selected based on the predetermined criteria outlined in the NOFA/RFPs. However, the City of Houston does not recommend projects for awards based on the overall scoring results. Instead, through a review committee, the City of Houston utilizes what the City of Houston calls "a qualitative review" to consider additional factors not included in the published scoring methodology to further evaluate and assess the feasibility of a project.

The City of Houston's SOP states:

> *After each application is scored, a review committee will schedule a Scoring Consolidation Meeting to review and discuss scoring to determine an average for each application and make recommendations for funding. The recommendations will be submitted to the Director of HCDD and the Mayor's Office.*

The published NOFA/RFPs also allow for the following discretion:

- "*PLEASE NOTE: The Director, at his/her sole discretion, can either waive any of the requirements contained herein, or reject any application to this NOFA.*"
- "*The list of recommended transactions will be presented to the Mayor's office for approval. The Mayor's office will have eligibility to approve or deny applications that meet HCDD's threshold review and are in line with the administration's priorities*."

This latitude results in recommending awards that are not in line with the overall results of scoring. The GLO identified instances, within each NOFA/RFP, where projects with a lower score were recommended in favor of projects with a higher score (Ref: Exhibit #1). The factors considered in the qualitative review process are not fully disclosed to applicants in the NOFA/RFPs. The subjectivity with the use of discretion and the lack of documentation undermine the integrity of the published scoring methodology and contribute to a lack of transparency. These qualitative reviews often render the published scoring methodology obsolete, resulting in a competitive process that is not fair and open.

Effect/Impact

Applicants cannot be fully responsive or fairly considered under a NOFA/RFP if the City of Houston does not identify all evaluation factors for awarding projects, including those used in the qualitative review. Recommending projects for an award without documentation to justify the actions taken conflicts with the scoring methodology and negatively impacts the MFRP's stated goal to "*competitively select project proposals*."

Corrective Action

The City of Houston must limit its use of Director or Mayoral discretion to instances of extenuating and unforeseen circumstances. If and when this discretion is used, the City of Houston must add documented justification to the MFRP files to identify why a project is selected when the award is contrary to the overall results of scored applications. The City of Houston must update its Guidelines and SOP, identifying how such circumstances will be documented and justified. Additionally, factors used during the qualitative review must be incorporated into the published scoring methodology. These actions will ensure the competitive award process is fair and open.

The City of Houston must submit a copy of the updated Guidelines and SOP to the GLO as part of its corrective action plan.

Finding #4: Strengthen the Execution of the Conflicts of Interest Function

Summary

The City of Houston does not have internal controls in place to ensure the consistent execution of its Conflict of Interest Policy (COI).

Discussion

The Guidelines, which were effective December 12, 2018, state "*all applicants will be subject to HCDD's Conflict of Interest Policy,*" yet the COI requirement was not included for T28910 issued on February 1, 2019.

As a result, COI Disclosure Forms were not included for the sample of 9 applications tested under this NOFA/RFP.

T29314 and T29924, issued in January 2020 and June 2021, respectively, contained the following COI disclosure requirements:

- "*All programs administered by HCDD are subject to the department's Conflict of Interest policy.*"
- "*Applicant must submit a complete and signed Conflict of Interest form with the application.*"

However, 5 of the 8 applications tested (62.5%) for T29314 did not have the COI Disclosure Forms signed by the co-applicant. All 4 of the applications tested for T29924 included the signed COI Disclosure Forms by all applicants.

The City of Houston executes its COI function during the underwriting phase; however, the COI policy was not consistently executed due to a lack of controls, as identified by the errors noted above.

Effect/Impact

Lack of controls to carry out the COI function increases the risk that conflicts may go undetected which impacts the City of Houston's ability to manage those conflicts according to its policy.

Corrective Action

The City of Houston must develop and implement internal controls and include them in its Guidelines and SOP to ensure COI Disclosure Forms are submitted and reviewed according to its COI policy. Additionally, the City of Houston must obtain executed COI Disclosure Forms for all applications that were not initially provided during the NOFA/RFP process.

The City of Houston must submit a copy of the updated Guidelines and SOP that identify the internal controls and provide copies of each COI Disclosure Form to the GLO as part of its corrective action plan.

Finding #5: Lack of Documentation Justifying Award Recommendations

Summary

The City of Houston's recommendation for awarding development projects is inconsistent with the predetermined criteria outlined in the NOFA/RFP and utilizes subjective and quantitative factors to recommend projects not based on a competitive process.

Discussion

The Leo Daniels Tower I application was submitted under T28910, receiving 51 of 100 points, placing it 30th of 59 applications. The Leo Daniels Tower I development was not initially recommended for an award; however, the City of Houston subsequently recommended the project based on a *Summary of Awards - 2019 Multifamily DR-17 NOFA 1* memo (ref: Exhibit #2). The memo identifies the reasons for subsequently awarding the Leo Daniels Tower I development project. The memo's summary section states:

"*The mayor holds chief executive and legislative authority over operations within the city. The office does hold the authority to approve or deny transactions and may request a review of staff decisions to ensure they align with the Mayor's priorities.*"

The City of Houston re-evaluated the Leo Daniels Tower I project and recommended it for an award despite an initial score not supporting an award recommendation. It is unclear why the reasons within Exhibit #2 were not incorporated into the NOFA/RFPs scoring method. The City of Houston did not document its justification for awarding this project over other higher-scoring projects (ref: Exhibit #1).

In addition, the GLO also conducted a limited review of the City of Houston's responses to appeals related to the published NOFA/RFPs. The City of Houston issued Denial Letters for a Tier 1 and Tier 2 appeal on November 13, 2020, and February 04, 2021, respectively to the Richmond Senior Village development project. These letters state the following:

- *"Your appeal provided outlined items for HCDD consideration that included location of the property, alignment of the Equitable Distribution Policy, readiness, LURA duration, HCDD scoring of the application, site suitability and existing land use. Applications are chosen based on qualifications of the developer, location, financial analysis and other factors."* (Ref: Exhibit #3, p. 1/5)
- *"While the Notice of Funding Availability (NOFA) scoring component is important to separate each proposal, it is not the sole item to determine if a transaction is suitable for an award. Ultimately, the scoring panel reviewed and evaluated the proposed development according to the community's needs."* (Ref: Exhibit #3, p. 2/5)

The City of Houston also issued a Tier 1 Appeal Denial Letter to OST Lofts on September 3, 2020 (Exhibit #3, p. 4/5), stating, "*At this time, your application will not be recommended for an award CDBG DR-17 funds from the Multifamily Rental Program."*

Despite the denial letters sent under the appeal process, the Richmond Senior Village and OST Lofts development project were subsequently recommended for award based on the City of Houston's October 2021 *Multifamily Housing Monthly Data Report* (Exhibit #4).

Additionally, appeal denial letters illustrate a common theme in the appeal language, including the following:

- *"...did not meet a priority outlined within the multifamily disaster recovery guidelines (x2)."*
- *"This evaluation may be based on several factors in the review process. Real estate transactions are nuanced, and each transaction are reviewed on a case-by-case basis and factors are weighed against other proposals received in the NOFA."*
- *"The goal of the selection process was to determine viable projects that exemplify the priorities outlined in the guidelines, provide equitable housing options and effectively leverage additional funds (x2)."*
- *"Ultimately, HCDD recommends transactions that demonstrate environmental and economic resiliency to its residents and the community, which were not outlined in the proposal."*
- *"The HCDD multifamily division upholds its decision not to fund the application based on the scoring criteria in the RFP and the results of the proposal evaluation."*

The reference to the "guidelines" in the denial letters is compelling, considering the NOFA/RFPs do not reference or include the guidelines as part of the predetermined set of criteria. Language in the denial letters indicates the continued reliance on qualitative factors over scoring criteria.

The exclusion of guidelines and goals from the NOFA/RFP's predetermined set of criteria and overreliance on qualitative factors illustrates the structural weaknesses of the competitive process as described in Findings #1 - #3.

Effect/Impact

The lack of a documented explanation for the re-evaluation of these projects and the subsequent award recommendation is an example of projects awarded on discretion and subjectivity rather than on the predetermined set of criteria outlined in the NOFA/RFP. This process undermines the purpose of a competitive process and effectively renders the scoring criteria obsolete.

Corrective Action

Due to the nature of this finding, the City of Houston is not required to take action. However, based on the collective findings in this report, the GLO will not approve any projects from T29924 or the pending projects listed below:

- Citadel on Elgin project (T28910)
- Leo Daniels project (T28910)
- 3300 Caroline Street project (T29314)
- OST Lofts (T29314)
- Richmond Senior Village (T29314)

Observation

The GLO's MFRP review included a review of former Director Tom McCasland's documentation package (Package) provided to the Housing City Council. The content of the Package was not subject to the GLO's compliance review; however, there were circumstances within the Package that correspond with the findings in this report.

As noted in T29924, *"Bid proposals will be reviewed, underwritten, and scored to select awardees based on a predetermined set of criteria outlined in the NOFA*." Contrary to T29924, and utilizing the discretion noted in Finding #3, the Huntington at Bay Area development project was recommended for an award despite being 8^{th} in the overall scoring tabulation.

In addition, a potential conflict of interest was raised concerning possible business ties between the City of Houston Mayor, Sylvester Turner, and Barry Barnes, a former law partner of the City of Houston Mayor and applicant developer. T29924 states*: "It is the responsibility of the developer to disclose any potential conflicts, including those with city officials at the time of application submission, or as soon as a potential conflict is identified."*

The circumstances noted in the Package identify examples where the Guidelines and SOP define actions to be taken; however, those actions were not executed.

Exhibit B

National Equity Fund INC

an affiliate of LISC

June 23, 2022

DWR OST, LP
Ms. Donna Rickenbacker
6300 West Loop South
Suite #670
Bellaire, TX 77401

Re: OST Lofts – PIS Extension Request

Dear Ms. Rickenbacker:

National Equity Fund, Inc. (NEF) proposes to participate in the above referenced project as the Limited Partner. As a standard underwriting guideline, NEF (and our investors) will require at least a 90 day cushion from the end of the construction schedule to the Placed in Service expiration date (PIS). The 2021 9% credits result in a PIS of December 30, 2023. Given the involvement of the City of Houston, permitting timelines, and current construction environment, NEF will require a PIS extension prior to previewing the project to potential investors. NEF remains fully committed to OST Lofts and looks forward to partnering with you to bring this much needed project to fruition.

Sincerely,

Jason Aldridge, VP
National Equity Fund

21187

-

Village at Perrin Beitel

-

Force Majeure Request

Locke Lord LLP
Attorneys & Counselors

600 Congress Avenue, Suite 2200
Austin, Texas 78701-2748
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Rajesh Bandla
Direct Telephone: 512-305-4749
Direct Fax: 512-391-4830
raj.bandla@lockelord.com

June 6, 2022

<u>VIA EMAIL DELIVERY</u>

Rosalio Banuelos
Cody Campbell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Village at Perrin Beitel (the "**Development**")
TDHCA File No. 21187 (MFDL File No. 22509)

Greetings:

We represent Village at Perrin Beitel, LP, a Texas limited partnership ("**Owner**"), which submitted an Application[1] for Housing Tax Credits. An award of Tax Credits was conditionally approved in July 2021, and the Commitment was issued by the Department on September 16, 2021. At the time the Application was submitted, Owner contemplated a conservative 16-month construction schedule to allow for a closing in the Spring of 2022 and completion before December 31, 2023. Upon completion of the permit plan in December 2021, the Owner began updating its construction budget and identified a need for additional funding. Owner considered potential sources from the City of San Antonio ("**COSA**") through its Affordable Rental Housing Development Gap Funding Program utilizing (i) Home Investment Partnership Program ("**HOME**") and (ii) Community Development Block Grant ("**CDBG**"), as well as potential COSA Northwest Corridor Tax Increment Reinvestment Zone ("**TIRZ**") to provide for improvements related to the Development. Therefore the current Placed in Service deadline is unattainable and this deadline should be extended by granting our request for Force Majeure.

With the award of the HOME funding, Owner is required to receive a HUD Environmental Clearance prior to taking any Choice Limiting Actions, which includes signing a construct contract and setting a financial closing date. While it is anticipated that the HUD Environmental and TCEQ Clearance process would allow for a Sept/Oct 2022 closing, there would be no additional time based on the 16-month construction schedule to accommodate for unforeseen delays resulting from the continuing supply chain issues. Finally, Owner's equity provider and lender require that

[1] Capitalized terms used but not defined in this letter shall have the meanings assigned to them in the 2021 Qualified Allocation Plan (the "**QAP**").

the Development's Placed in Service deadline be at least 90 days beyond Owner's finalized construction schedule, which is currently anticipated to be completed May 2023.

Relief Sought

Owner submits this request for a reallocation of credits to 2023 and a related extension of the placement in service deadline to December 31, 2024, as permitted under to the "Force Majeure" provisions in Section 11.6(5) of the QAP.

Support for Force Majeure Conditions

Pursuant to Section 11.6(5) of the QAP, a Force Majeure event includes Acts of God; changes in law, rules, or regulations; and supplier failures or materials or labor shortages that make construction activity impossible or materially impede its progress. We know TDHCA is well aware of the general construction market conditions that have changed dramatically since Applications were submitted in the second quarter of 2021. Additionally, specific to this Development:

- **COSA Home Funding.** While COSA has initially approved the HOME funding process, Owner is required to receive HUD Environmental Clearance prior to signing a construction contract and completing a financial closing. Because the Development contains minimal soil contamination in a few specific areas from the land's prior use, Owner has entered into an extended Environmental Clearance process, with a required certification process through the Texas Commission of Environmental Quality ("**TCEQ**"). TCEQ requires documentation that all hazards have been fully and completely eliminated and during this process, Owner cannot begin construction, despite this minimal contamination. Unfortunately, this additional certification process has created a much more time-consuming hurtle than expected.

- **Materials Costs and Shortages**. Due to the impact of the COVID-19 pandemic on mills, labor, and distribution channels coupled with increased restrictions on cutting/logging in Canada and a significant increase in home improvement projects nationwide, costs for building materials including lumber, steel, and PVC, have increased substantially since Owner filed the Application. While the Development was able to absorb significant material cost escalations throughout 2021 due to favorable Tax Credit equity terms, the cost of building materials continued price increases after the start of 2022; in the period between July 2021 and March 2022 alone, construction costs rose $2.9MM, or 15%. This is unfortunately an industry-wide problem as the enclosed article from Affordable Housing Finance details (Exhibit B).

- **Request for TDHCA MFDL Funding**. As a result of the increases in costs for materials and labor, Owner sought MFDL Funding from the Department under the COVID Set-Aside, which was due March 31, 2022. Unfortunately, we were unaware that any CHDO Set-Aside funds were available as the first MFDL Log was not issued by TDHCA until April 8, 2022 and if known, would have advised Owner to apply for CHDO funding by the same March 31, 2022 deadline. If Owner's MFDL Funding award is not granted, Owner will pursue funding from a combination of Bexar County APRA and COSA Housing Bond sources. However, it is important to note that applications for each funding option would increase the time needed to complete the construction of the Development based on the construction schedule.

Investor Requirements

Like many tax equity investors, our investor Hudson requires some cushion in the construction schedule. Due to the delays outside of Owner's control described herein, the Development will not meet Hudson's required cushion. Therefore, Hudson has required Owner to promptly request a force majeure extension from TDHCA (see Exhibit A). For the same reason, our lender Wells Fargo has also required us to make this request.

Factors for Consideration

In accordance with Section 11.6(5) of the QAP, we believe Owner meets TDHCA's requirements for the relief sought, in that:

1. Owner has proven up delays resulting from "force majeure" events, including supplier failures and materials and labor shortages, the impact of the February ice storm, and the ongoing COVID-19 pandemic. The delays materially impeded Owner's ability to engage in construction activity.

2. When Owner submitted its Tax Credit Application in early 2021, it had no way of knowing what was to come with market conditions that are now commonly referred to as "unprecedented."

3. Owner has endeavored to mitigate the delays by working proactively with the local and state agencies providing funding.

4. Owner's lender believes there is a reasonable likelihood that it will not be able to meet the placement in service deadline because of the delays experienced. The current schedule calls for completion by May 2023, which raises legitimate concern about meeting the deadline for placement in service.

Although we intend to close on financing within the next 180 days so that we can proceed toward placement in service as expeditiously as possible, the challenges outlined in this letter are significant.

We believe Owner has satisfied TDHCA's requirements for a reallocation of Tax Credits under Section 11.6(5) of the QAP and requests that this matter be considered at the next available Board meeting with a recommendation for approval. If additional information is required, please feel free to contact us.

Sincerely,

Rajesh Bandla

cc: Village at Perrin Beitel, LP

Exhibit A -- Investor Correspondence

Exhibit A
Investor/Lender Letters

HUDSON
HOUSING CAPITAL

April 26, 2022

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: 21187 – Village at Perrin Beitel

Mr. Wilkinson:

We strongly support a request by ALT Affordable Housing Services Inc – Arbor Place to extend the placed-in-service deadline to December 31, 2023 on Village at Perrin Beitel. The project has been impacted by rising interest rates and materials and labor shortages, requiring the development team to secure additional soft funds to maintain financial feasibility. These factors will delay the closing date. In order to secure credit approval to close, our investor requires a cushion of at least 3 months from the projected construction completion date and the placed-in-service deadline. Based on the proposed 16-month construction schedule and estimated September 2022 closing, we believe a 12-month extension to the placed-in-service deadline will be sufficient. Without adequate cushion, we will not receive investor approval to close.

We appreciate TDHCA's continued support of this important family development in San Antonio. Should you need any further assistance, please feel free to contact me with any questions at (212) 218-4446 or via email at josh.lappen@hudsonhousing.com.

Sincerely,

Joshua Lappen
Vice President
Hudson Housing Capital, LLC

Brad McMurray

From:	Misty.D.Ramsey@wellsfargo.com
Sent:	Friday, May 6, 2022 11:48 AM
To:	Brad McMurray
Cc:	Misty Ramsey
Subject:	Village at Perrin Beitel - PIS Concern

Good morning Brad,
Per our conversation, I wanted to follow-up via email regarding the Village at Perrin Beitel project and the timing of closing. As we discussed, we are very aware and understanding of the current environment, with rising interest rates and increased construction and labor costs, which has delayed our closing. The delay is to allow your team time to secure additional funds to maintain this projects financial feasibility, which is not a problem for us; however, timing as it relates to the PIS deadline is becoming a concern. Typically, we look for, AT MINIMUM, a 90 day cushion between the PIS deadline and the estimated completion of the project. This is obviously to leave time for unforeseen delays, etc. as to not risk losing the tax credits; although, I would go further to say that we want these projects to be completed well and to be quality structures, not built under a time crunch from day one, which does not make sense from a quality of construction standpoint and does not line up with what we all are trying to accomplish here, which is to provide long-term, quality, affordable housing for our communities.

Given these delays are due to issues outside of anyone's control, we believe that a PIS extension would be a great solution to ease our credit team's concerns and to provide ample time to complete this important project in San Antonio. Please feel free to reach out to me with any additional questions. I am very happy to help and we are so excited to be part of this great project! Thank you again for the opportunity and I hope you have a great afternoon.

Misty D. Ramsey

Vice President
Community Lending & Investment

Wells Fargo Corporate & Investment Banking
201 Main Street | Suite 300 | Fort Worth, Texas 76102
MAC T9639-031 | Tel 682-316-1299 | Cell 682-802-1488

misty.d.ramsey@wellsfargo.com

Exhibit B

Affordable Housing Finance Article Link

https://www.housingfinance.com/news/rising-costs-hit-affordable-housing-projects_o

21228

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El Jardin

-

Force Majeure Request

EL JARDIN BHOC, L.P.
HOUSING | PEOPLE | COMMUNITY

June 21, 2022

By Email to bobby.wilkinson@tdhca.state.tx.us
Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: **# 21228; El Jardin, Brownsville, Cameron County, Texas; Request for *Force Majeure* Exchange of Tax Credits.**

Dear Mr. Wilkinson:

El Jardin BHOC, L.P. ("Development Owner") is the proposed owner of the El Jardin Apartments, a 44-unit, 100% low-income housing tax credit apartment complex under development in Brownsville, Texas ("the "Project"). This is an Adaptive Reuse development, converting the El Jardin Hotel built in 1927 into affordable housing using the 9% HTC, Historic State / Federal Tax Credits and HUD Rental Assistance Demonstration (RAD) program. The Project will replace the existing Victoria Gardens public housing development, which will be demolished after its tenants are transferred to the Project upon its completion. All 44 tenant households in Victoria Gardens will have the right to move to equivalent units in the Project. Enclosed is a letter from Origo Works, A&E for the Project, discussing the delays (Exhibit A).

As the result of Force Majeure delays and cost increases resulting from the Covid-19 Pandemic, Winter Storm Uri, the October 1, 2021 Flooding Event in Cameron County, supplier failures, materials and labor shortages, and other sudden and unforeseen circumstances outside the control of the Development Owner, the Project is unlikely to meet its Placement in Service deadline of December 31, 2023. Because the Covid-19 Presidentially-Declared Major Disaster took place prior to filing the Carryover Allocation Agreement for the Project, we understand that there is no extension of the Placement in Service Deadline available under Rev. Proc. 2014-49 – however, the Pandemic has still adversely impacted the Project, as have the other listed circumstances. For this reason, we are requesting a Force Majeure exchange of 2021 Housing Tax Credits for 2022 Housing Tax Credits with a Placement in Service Deadline of December 31, 2024, under Section 11.6(5)(A) of the 2022 QAP.

Force Majeure Factors Affecting the Project.

A number of conditions beyond the control of the Development Owner have come into play to delay this Project and increase its costs:

1. More than two years after the global Covid-19 Pandemic was declared, the construction industry continues to experience supply chain and logistical difficulties adversely affecting construction schedules and budgets. This situation has been exacerbated by the

Russian/Ukrainian War which has further stressed national and global markets. Well-documented soaring lumber prices tied to the Pandemic and escalating fuel costs stemming from the Russian/Ukrainian War are resulting in increased construction costs and delays in assembling construction crews and transporting materials to the site. This has been initially encountered in connection with the selective interior demolition work currently underway on the Project, but it is anticipated to continue to affect the construction bidding, which has not yet begun.

2. Winter Storm Uri occurred February 13-17, 2021, with damages from the blackouts and harsh freezes estimated to exceed $195 billion. Uri has had lasting effects that continue to plague the construction industry in the form of supply chain pressure on plumbing, drywall, appliances and flooring materials and laborers, due to on-going repairs still in process months after the event. The natural disaster negatively impacts construction budgets provided in 2021 applications which did not anticipate the lingering economic effects of the storm.

3. On October 1, 2021, record-breaking rainfall caused widespread street flooding across Brownsville as reported by the National Weather Service. Cameron County Judge Eddie Treviño, Jr., declared Cameron County an area of disaster in response to the October 2021 Flood Event, with such declaration continuing for seven days thereafter (Exhibit B). The flooding contributed to the delays in procuring a contractor for the selective interior demolition of the Project necessary to finalize the construction documents; specifically, the work requested by the structural engineer to assess the structural integrity of the building and create a report that will develop a thorough scope of work for the construction documents. This will assist in decreasing future change orders during construction.

4. US consumer prices currently reflect an escalating inflation rate now at a 40-year high, and the Federal Reserve has raised interest rates three times thus far in 2022: (i) March - 25 basis points, (ii) May - 50 basis points, and (iii) June - 75 basis points. These factors may be reasonably anticipated to affect the construction costs for the Project and necessitate value engineering once the bids are available.

Diverse Funding Sources Mean Delays Have a Cascading Effect.
This Project has diverse financing sources that require time to put into place and have been delayed by the supplier failures; materials and labor shortages:

(a) The Project has an award of 2021 9% Housing Tax Credits. Because of ongoing concerns about the economy, Investors are issuing lower equity pricing, which has caused delays in identifying an Equity Partner. Initially the Developer had identified a tax credit syndicator who later withdrew, citing changed business conditions. A replacement syndicator was obtained in May 2022, but the current Placement in Service Deadline is a concern to them, and their involvement is conditioned upon obtaining a later Placement in Service Deadline. Please see letter from Omar Chaudhry at Hunt Companies (Exhibit C).

(b) The Project will be a RAD development, replacing the existing Victoria Gardens public housing development owned by the Housing Authority of the City of Brownsville, which will be demolished after its tenants are relocated to the Project. HUD will not issue the RAD

Conversion Commitment ("RCC") until the RAD Financing Plan has been approved. Approval of the Plan requires a final construction contract, which is not anticipated to be available until October 2022. This timing is dictated by (i) the delay in starting the selective interior demolition, (ii) the need to finish the selective demolition to provide a clear Scope of Work for both the National Park Service (see next paragraph below) and the construction documentation of the project so a contractor can be selected and (iii) the need to finalize a construction contract in order to meet the HUD RAD Financing Plan requirements. As a result, we anticipate that the construction and equity financing closing will take place on or after March 2023.

(c) The El Jardin Hotel was certified as historic on October 29, 2021and the Project will qualify for both Federal and State Historic Tax Credits. The Federal Part 1 and State Part A applications for the Project have been approved. The State Part B has been approved by the Texas Historical Commission and National Parks Service Part 2 approval is pending the submittal of additional information requested by the National Park Service on June 16, 2022. Please see supporting letter from Rosin Preservation, the Project's Historic Tax Credit Consultant (Exhibit D). Historic rehabilitations customarily take a longer time to accomplish, due to the unknown status of building conditions and approvals needed to start construction. The Developer has tried to mitigate this by starting the selective demolition far in advance of the construction and equity financing closing. This project experienced a delay in receiving quotes for demolition work due to COVID. Furthermore, once the demolition contractor was selected, we were challenged with accessibility to labor and machinery. The contractor performing the selective demolition was unable to mobilize and start for close to two months after the expected start date. This created a chain reaction to the timeline and pushed everything back. Completion of the selective demolition is now expected in June 2022.

Each delay caused by the continuing effects of the Covid Pandemic, the War and the intervening weather events, results in a cascading adjustment of the Project's time schedule because so many elements of the financing are dependent upon the completion of prior steps. As a result, we now anticipate that Closing will take place in the first Quarter of 2023, and that will not permit construction completion and placement in service by the end of 2023.

Request for Force Majeure Exchange of Tax Credits.

We believe that the Project qualifies for a Force Majeure Exchange of Tax Credits. The Project has not yet closed on its construction and equity financing because of the unforeseen delays caused by the withdrawal of the initial tax credit syndicator and delays in getting the selective demolition contractor on site and underway. These circumstances were outside of the Development Owner's control, without any willful negligence or acts of the Development Owner or any other Related Party. The other factors related to supply chain disruptions, labor shortages, are, likewise, outgrowths of the Pandemic and the Russian/Ukrainian War and are not within the Development Owner's control. The Development Owner has made and will continue to make every effort to mitigate the financial and scheduling problems caused by the Pandemic and the War. The construction and equity closing is now anticipated to be in March 2023, but that timing means that the 18-month construction schedule is impossible to accomplish prior to the December 31, 2023

EL JARDIN BHOC, L.P.
HOUSING | PEOPLE | COMMUNITY

Placement in Service Deadline. We are requesting that the $1,180,840 in 2021 Tax Credits that were awarded to the Project be exchanged for $1,180,840 in 2022 Tax Credits, which will result in a Placement in Service Deadline of December 31, 2024. With such an exchange we believe the Project will remain financially feasible, although the Developer will be pursuing other forms of gap financing, including but not limited to supplemental tax credits, multi-family direct loans or other such financing to help bridge any construction pricing gap. As evidence of our continuing commitment to this Project, we enclose a tally of the expenses incurred already by the Developer in getting the Project to this point (Exhibit E).

In summary, at this time there is no federal extension of the Placement in Service Deadline available because the Covid-19 Major Disaster was on-going at the time the Project's Tax Credits were awarded. Our only recourse (absent a new major disaster in the Brownsville area) is to request an exchange of 2021 Tax Credits for 2022 Tax Credits. We request such an exchange, consistent with action recently taken by the TDHCA Board in connection with other 2021 awardees who also encountered delays and skyrocketing prices due to the Covid-19 situation.

Thank you for your consideration of our request. If any additional information is needed, please contact me at (956)214-1530 or via email cmancha@hacb.us.

Sincerely,

Carla Mancha, Managing Partner for
El Jardin BHOC, LP

Attachments: Exhibits A – E

cc: Cody Campbell
Rosalio Banuelos
Jonathan Chilson
Barry J. Palmer

EXHIBIT A

June 6, 2022

Texas Department of Housing and Community Affairs
Attn: Bobby Wilkinson
Executive Director
221 East 11th Street
Austin, Texas 78701

Re: El Jardin (TDHCA#21228) Placed In Service Extension

Dear Mr. Wilkinson,

I am writing you in support of the extension of the Placed In Service date for the El Jardin project due to the shortage of labor and materials that have impacted the initial schedule of the project. The original schedule included an initial selective demolition phase that needed to be accomplished in order for a structural assessment report be done for the construction documents for the project could be finished. The structural assessment was needed because of the age of the building to make sure that the structural drawings reflected the fixes needed to the structure (if needed.)

The demolition phase was impacted because the sub-contractors have experienced substantial delays in receiving materials and equipment to the project and the historic nature of the project. Once demolition started, getting replacement parts was also very difficult and work was delayed. On the labor side the selective demolition became very tedious and took a lot of manpower. Finding the adequate labor was very difficult for the sub-contractor as they needed a large crew to rotate on a daily basis for the tedious work. The historic requirements also impacted the date because the lack of staffing, delayed information to the projects on what direction to take on certain Historic elements. Because of this, the Bid Set date of February 2022 was moved to July 2022 and the new start of construction date was moved from October 2022 to March 2023. In taking account the Historic nature of this building, we foresee a final completion date of July 2024.

If you have any questions or need any additional information, please contact me at javier@origoworks.com or you can reach me directly at 956-545-9194.

Sincerely,

Javier Huerta, AIA
Partner

EXHIBIT B

Eddie Treviño, Jr.
County Judge

For Immediate Release
October 2, 2021
Contact: Eddie Treviño, Jr.
Cameron County Judge

CAMERON COUNTY JUDGE SIGNS DECLARATION OF DISASTER

Effective immediately, Cameron County Judge Eddie Treviño, Jr., has signed and declared Cameron County an area of disaster in response to the October 2021 Flood Event and the significant threats to life, health, and property.

According to the National Weather Service, Cameron County remains in a Flash Flood Watch Advisory and is classified as a high risk of "excessive rainfall" which can lead low-lying and flood prone areas in Cameron County to receive additional flooding and saturation.

All residents are encouraged to take the necessary precautions to remain safe and avoid all unnecessary travel. This Declaration of Disaster is in effect immediately after its issuance for a period of seven days and will continue once renewed by the Commissioners' Court of Cameron County.

Visit https://damage.tdem.texas.gov to report any property damage and www.cameroncountytx.gov for news and related updates.

###

Cameron County Courthouse
Oscar C. Dancy Building
Phone (956) 544-0830
1100 E. Monroe Street, Suite 218
etrevino@co.cameron.tx.us
Brownsville, Texas 78520
Fax (956) 544-0801

EXHIBIT C

HUNT
HUNT CAPITAL PARTNERS

June 20, 2022

Texas Department of Housing and Community Affairs
Attn: Bobby Wilkinson
Executive Director
221 East 11th Street
Austin, TX 78701

Re: El Jardin Apartments – Brownsville, TX

Mr. Wilkinson:

On May 3, 2022, Hunt Capital Partners ("HCP") entered into a letter of intent to acquire the federal tax credits awarded in the 2021 cycle to El Jardin BHOC, LP. The project will be placed into a nationally syndicated tax credit fund which is expected to close on July 15. In the meantime, HCP and its investor and lender have begun the due diligence and underwriting for the project in anticipation on closing the first quarter of 2023. As part of the underwriting process, HCP will evaluate the construction schedule and placed in service deadline for the project. An extension of the PIS date will surely be necessary given the closing and construction schedule of this adaptive reuse project.

Please feel free to call me at (214) 934-2249 if you have any questions or wish to further discuss the closing process and/or the request for PIS extension.

Sincerely,

Omar Chaudhry
Director, Acquisitions
Hunt Capital Partners, LLC

EXHIBIT D

June 16, 2022

Texas Department of Housing and Community Affairs
Attn: Bobby Wilkinson
Executive Director
221 East 11th Street
Austin, Texas 78701

RE: El Jardin (TDHCA #21228) Placed in Service Extension

Dear Mr. Wilkinson:

I am writing to support an extension of the Placed in Service date for the El Jardin project (TDHCA #21228). Like many of our clients across the country, this project is experiencing unanticipated delays in securing materials coupled with shortages of skilled labor. Projects that we expected to be complete in Spring of 2022 are still under construction, as they await critical materials and building components.

El Jardin has secured federal Part 1 and Texas Part A historic tax credit approval. The federal Part 2 and Texas Part B applications have been approved by the Texas Historical Commission. We had expected federal Part 2 approval by the National Park Service prior to now, but labor shortages and supply chain issues delayed selective demolition, which was required to document building conditions as part of the review process. As soon as the Part 2 receives final approval from the National Park Service, the developer will be able move forward rehabilitation.

I am happy to answer any questions about the historic tax credit review. You can reach me at 816-472-4950 or elizabeth@rosinpreservation.com.

Sincerely,

Elizabeth Rosin
President/CEO

cc: Carla Mancha, HACB

EXHIBIT E

EL JARDIN EXPENSES THRU 05/19/2022					
Date	Check#	Person/Description	PD BY BHOC	PD BY LOC	Description
03/15/19	2228	ANDY CONTRACTING LLC (v010051)	750.00		EL JARDIN SAMPLE & TEST FOR ASBESTOS
04/25/19	2252	ANDY CONTRACTING LLC (v010051)	11,550.00		EL JARDIN CLEANING
07/15/19	2309	GREEN RUBIANO & ASSOCIATES	8,702.50		EL JARDIN-STRUCTURAL ENGINEERING
10/17/19	2403	SCROGGIN (v190133)	2,000.00		EL JARDIN APPRAISAL
11/05/19	2412	RABA KISTNER CONSULTANTS INC (v180030)	11,994.00		CONSTRUCTION MATERIALS TESTING TO SUPPORT STRUCTURAL ASSESSMENT
12/17/19	2438	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	2,085.15		HACB/EL JARDIN HOTEL
02/11/20	2479	ORIGO WORKS (see auditor jv from WIP to asset)	22,945.50		EL JARDIN SELECTIVE DEMOLITION
09/30/20	2647	GREEN RUBIANO & ASSOCIATES	1,387.50		ADDITIONAL ENGINEERING SERVICES
01/05/21	2715	GIBCO ENVIRONMENTAL LLC	1,900.00		PHASE I ESA
01/05/21	2715	GIBCO ENVIRONMENTAL LLC	2,100.00		CAPITAL NEEDS ASSESSMENT
01/05/21	2716	GIBSON CONSULTING LLC	2,100.00		MARKET STUDY
01/05/21	2714	TEXAS DEPT. OF HOUSING & COMMUNITY AFFAIRS	414.00		PRE-APPLICATION
01/14/21	2731	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	1,984.49		HACB/EL JARDIN HOTEL
02/08/21	2756	GIBCO ENVIRONMENTAL LLC	1,900.00		PHASE I ESA - FINAL PYMT
02/11/21	2757	MELDEN & HUNT, INC (v130157)	750.00		FEASIBILITY W/ CONCEPTUAL SITE PLAN
02/11/21	2764	SCROGGIN (v190133)	4,500.00		NARRATIVE APPRAISAL
02/25/21	2766	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	1,440.00		HACB/EL JARDIN HOTEL
03/03/21	2771	TEXAS DEPT. OF HOUSING & COMMUNITY AFFAIRS	792.00		APP FEE
03/08/21	2778	GIBCO ENVIRONMENTAL LLC	2,100.00		CAPITAL NEEDS ASSESSMENT - FINAL PYMT
03/18/21	2793	KSW HOUSING LLC (v110077)	750.00		APP ADVISORY SERVICE
03/19/21	2795	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	1,960.00		HACB/EL JARDIN HOTEL
03/25/21	2801	GIBSON CONSULTING LLC	2,100.00		MARKET STUDY - FINAL PYMT
04/13/21	2814	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	2,120.00		HACB/EL JARDIN HOTEL
06/09/21	2867	MELDEN & HUNT, INC (v130157)	7,979.50		BOUNDARY & TOPOGRAPHICAL SURVEY
06/23/21	2884	ROSIN PRESERVATION LLC (v180198)	4,000.00		EXECUTION OF CONTRACT
06/30/21	2895	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	40.00		HACB/EL JARDIN HOTEL
07/15/21	1019	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)	360.00		HACB/EL JARDIN HOTEL
09/14/21	1073	ROSIN PRESERVATION LLC (v180198)	7,326.36		PSM PART I, STATE PRELIM APP & EXPENSES
10/05/21	1001	TEXAS DEPT. OF HOUSING & COMMUNITY AFFAIRS		47,234.00	COMMITMENT FEE
10/15/21	1002	MELDEN & HUNT, INC (v130157)		1,387.50	CIVIL ENGINEERING
10/18/21	1003	KATOPODY		600.00	FRANCHISE TAX PREPARATION
11/03/21	1004	TEXAS REGIONAL BANK		316.66	LOC INTEREST
11/16/21	1005	RENTFRO		560.00	LEGAL FEES
11/17/21	1006	MELDEN & HUNT, INC (v130157)		1,387.50	ON-SITE CIVIL ENGINEERING
12/01/21	1007	TEXAS REGIONAL BANK		250.00	LOC INTEREST
12/22/21	1008	MELDEN & HUNT, INC (v130157)		1,387.50	ON-SITE CIVIL ENGINEERING
12/22/21	1009	RENTFRO		280.00	LEGAL FEES
01/05/22	1010	TEXAS REGIONAL BANK		258.32	LOC INTEREST
01/07/22	1011	TERRACON		4,500.00	GEOTECHNICAL ENGINEERING
01/20/22	1012	ORIGO WORKS		114,700.00	EL JARDIN MASTER & SCHEMATIC PLAN
01/25/22	1013	TERRACON		6,600.00	ASBESTON & LEAD CONTAINING PAINT SURVEY
01/28/22	1014	MELDEN & HUNT, INC (v130157)		1,387.50	ON-SITE CIVIL ENGINEERING
02/01/22	PCARD	CITY OF BROWNSVILLE	637.50		SELECTIVE DEMOLITION PERMIT
02/01/22	PCARD	CITY OF BROWNSVILLE	140.00		TEMPORARY PARKING PERMIT
02/02/22	1015	TEXAS REGIONAL BANK		575.00	LOC INTEREST
02/04/22	PCARD	CITY OF BROWNSVILLE	125.00		TEMPORARY PARKING PERMIT
02/22/22	1016	ORIGO WORKS		53,349.30	EL JARDIN DEMO PAY APP#1

EL JARDIN EXPENSES THRU 05/19/2022

Date	Check#	Person/Description	PD BY BHOC	PD BY LOC	Description
03/03/22	1017	MELDEN & HUNT, INC (v130157)		1,387.50	ON-SITE CIVIL ENGINEERING
03/03/22	1018	TEXAS REGIONAL BANK		700.00	LOC INTEREST
03/07/22	PCARD	CITY OF BROWNSVILLE	405.00		TEMPORARY PARKING PERMIT 3/7-4/7
03/09/22	1019	TEXAS HISTORICAL COMMISSION		9,000.00	APPLICATION FEE PART 2
03/15/22	1020	RENTFRO, IRWIN, & IRWIN, PLLC (v180012)		480.00	LEGAL FEES
03/16/22	1021	MELDEN & HUNT, INC (v130157)		2,775.00	ON-SITE CIVIL ENGINEERING
03/18/22	1022	ORIGO WORKS LTD		85,100.00	DESIGN DEVELOPMENT & 10% CONST. DOCS
03/30/22	1023	ROSIN PRESERVATION LLC (v180198)		10,134.19	PART 2 & PX PART B APPLICATIONS
04/04/22	PCARD	CITY OF BROWNSVILLE	405.00		TEMPORARY PARKING PERMIT
04/06/22	1024	TEXAS REGIONAL BANK		1,125.00	LOC INTEREST
04/07/22	1025	ORIGO WORKS		39,240.00	EL JARDIN DEMO PAY APP#2
04/20/22	1026	ORIGO WORKS		72,281.16	EL JARDIN DEMO PAY APP#3
04/27/22	1027	MELDEN & HUNT, INC (v130157)		5,550.00	ON-SITE CIVIL ENGINEERING
05/03/22	1028	TEXAS REGIONAL BANK		833.33	LOC INTEREST
05/09/22	1029	TERRACON CONSULTANTS, INC.		1,042.00	ASBESTOS SURVEY
05/11/22	1030	ORIGO WORKS LTD		79,295.00	CONSTRUCTION DOCS, HEFFNER
05/18/22	1031	COATS ROSE, PC		2,305.00	LEGAL FEES
05/18/22	1032	MELDEN & HUNT, INC (v130157)		1,387.50	ON-SITE CIVIL ENGINEERING
05/18/22	PCARD	HISTORIC PRESERVATION CERT. APPL. (HPCA)	3,250.00		APPLICATION FEES-NPS PART 2
		Sub-Total	112,993.50	547,408.96	
		Total Paid to Date		660,402.46	

EL JARDIN PENDING EXPENSES THRU 05/19/2022

ORIGO WORKS LTD - ARCHITECTURE ($370,000)	100,200.00	TASK ORDER FOR A&E
ORIGO WORKS LTD - ENGINEERING ($227,400)	218,105.00	TASK ORDER FOR ENGINEERING
ORIGO WORKS LTD ($276,862)	111,991.50	DEMOLITION
ORIGO WORKS LTD	22,239.04	DEMOLITION-CHANGE ORDER#1
ORIGO WORKS LTD	10,668.73	DEMOLITION-CHANGE ORDER#2
ORIGO WORK LTD-STUCCO REMOVAL FROM CEILINGS	157,769.70	DEMOLITION-CHANGE ORDER#3
MELDEN & HUNT ($41,650)	16,650.00	CIVIL ENGINEERING, ALTA & AS BUILT SURVEYS
ROSIN PRESERVATION LLC ($35,000)	13,539.45	CONSULTANTS FOR HISTORICAL SERVICES
Total Unpaid	651,163.42	
ORIGO WORKS LTD-PCO#5 (CONTINGENT BOARD APPROVAL)	85,233.89	PCO#5 REMOVING TOPPING SLAB FROM FLOORS
TERRACON	1,100.00	ASBESTOS SCOPE OF WORK
Total Proposed	86,333.89	
Grant Total	1,397,899.77	
Line of Credit	1,000,000.00	
LOC payments plus proposed expenses	1,284,906.27	
LOC balance after proposed expenses	(284,906.27)	

21290

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Fish Pond Alice

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Force Majeure Request

June 22, 2022

Mr. Cody Campbell
Director of Multifamily Finance
Texas Department of Housing and Community Affairs
211 E 11th Street
Austin, Texas 78701

Via Email: cody.campbell@tdhca.state.tx.us

Re: TDHCA HTC Application #21290 – Fish Pond at Alice

Dear Mr. Campbell,

Fish Pond Living at Alice, LP ("Owner") received an allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the construction of Fish Pond at Alice ("Development") on July 22, 2021. The Owner is required to meet the 10% test by December 31, 2022, and place the Development in service by December 31, 2023. Unfortunately, the Owner faces the possibility of not being able to meet these deadlines as required by §42(h)(1)(E)(i) & §42(h)(1)(E)(ii) of the Internal Revenue Code. The need for requesting an extension to meet the required 10% test and placed in service deadlines is the result of events that we believe should fall under the provisions of §11.6(5) of the 2022 Qualified Allocation Plan ("QAP") relating to Force Majeure.

Background Information

The Development is located in Alice, Texas, in Jim Wells County and will be an infill development to be constructed on a site with an existing 4-story, 71,000 SF former hospital building. The City of Alice, and quite frankly the entire State of Texas, have experienced significant cost increases, supply chain issues, and labor shortages that as a whole have impacted and delayed the completion of demolition and the start of construction of the Development, which has had an adverse effect on the initial construction schedule and anticipated placed-in-service timelines. These issues are the direct result of not one, but several events, that together have put extreme upward pricing pressure, interest rate increases, and timing constraints on the construction industry across the entire State of Texas. The most sever events affecting our development are Winter Storm Uri, the Russian/Ukrainian war, and the COVID-19 Pandemic.

Winter Storm Uri

Winter Storm Uri occurred between February 13-17, 2021, and the lasting effects of the damage have sent a shockwave throughout the State of Texas that is still being felt by many residences and businesses. The damages from the blackouts and harsh freezes are estimated to be at least $195 billion, making it the costliest natural disaster in Texas and the United States as a whole. [1] This devastation has continued to put supply chain pressure on plumbing parts and services, drywall, appliances and flooring materials as repairs are still being made to many homes and businesses over a year after the event took place. These increased needs have negatively impacted the original construction budgets that were presented in the 2021 tax credit application, which was compiled immediately prior to the disaster taking place and before the effects of the damage were fully known to Texans.

Russia/Ukraine War

The uncertainty caused by the Russia/Ukraine war has sent already stressed global markets deeper into a downward spiral. US consumer prices rose in March by the most since late 1981, evidence of a painfully high cost of living, which reinforced pressure on the Federal Reserve to raise interest rates even more aggressively. In particular, gasoline costs drove half of the monthly increase, which were up on account of the Russia-Ukraine war.[2] These fuel price hikes resulting from the decreased supply of crude oil created by the Russia-Ukraine war have created a ripple effect on the pricing from transportation of construction materials, to the cost of performing site work, and even the underlying cost of the materials themselves. In April 2022, the Association of General Contractors of America ("ACG") issued the sixth update to the initial construction inflation alert issued in March 2021. In this update, the ACG cited information obtained by the Bureau of Labor Statistics ("BLS") which posts producer price indexes ("PPIs"). In particular, the BLS change in PPIs from April 2020 to February 2022 was 237% for diesel fuel. During that same period lumber and plywood increased by 101%, plastic construction products increased by 45%, copper and brass mill shapes increased by 70%, aluminum mill shapes increased by 52%, and gypsum products increased by 29%.[3] To compound the issue, the Federal Reserve has been forced to hike interest rates to offset inflation. The most recent rate hike was the largest single rate increase since 1994, at three-quarters of a percentage point. This move comes as no surprise, given inflation is at a 40-year high.[4]

COVID-19 Pandemic

Globally, the COVID-19 Pandemic is an event that will forever change our lives as a world population. On March 11, 2020, the World Health Organization (WHO) declared COVID-19 a pandemic.[5] Two days later, March 13, 2020, Texas shut down because of Gov. Abbott's State disaster declaration spanning all counties in the State of Texas.[6] For Texans, that was when the COVID-19 Pandemic became real, and our lives were forever changed. More than two

[1] Ivanova, Irina (February 25, 2021). "Texas winter storm costs could top $200 billion — more than hurricanes Harvey and Ike". CBS News. Retrieved March 5, 2021

[2] https://www.business-standard.com/article/international/russia-ukraine-war-impact-us-inflation-rises-to-new-40-year-high-122041201337_1.html

[3] https://www.agc.org/sites/default/files/users/user21902/Construction%20Inflation%20Alert%20Cover_Apr2022_0.pdf

[4] https://www.cnbc.com/2022/06/15/fed-hikes-its-benchmark-interest-rate-by-three-quarters-of-a-point-the-biggest-increase-since-1994.html

[5] https://www.yalemedicine.org/news/covid-timeline

[6] https://www.kxan.com/news/coronavirus/365-days-of-covid-how-the-coronavirus-in-texas-unfolded-one-year-after-the-first-case/

years later, the global pandemic has affected and continues to affect various global economies in a multitude of ways, but one thing can be said for all economies, supply chain and logistical challenges are here to stay for the foreseeable future. The shutdowns have affected global supply chains, which is still problematic in the US, given the fact that as of May 12, 2022, the US has nearly two million shipping containers headed inbound.[7] Associated Builders and Contractors Chief Economist Anirban Basu noted the discrepancy in access to vaccines across many countries that do not have the same vaccine coverage as the US. There will continue to be a lag in production of materials due to COVID-19. He opined, "Even if COVID went away tomorrow and the Russia-Ukraine war ended, these supply chain troubles last into 2023 and in some cases 2024. It takes a long time to build capacity."[8]

Impact and Request

The global and statewide events mentioned above have directly impacted the development, which has experienced the full effect of the labor shortages, price increases, and supply chain issues that have each threatened the development construction timeline.

As mentioned earlier, the Development is located in Alice, Texas, in Jim Wells County and will be an infill development to be constructed on a site with an existing 4-story, 71,000 SF former hospital building. The hospital was built in 1932 and contains a significant amount of asbestos containing materials which needs to be abated prior to any demolition of the structure. As prescribed by the Texas Commission on Environmental Quality (TCEQ) guidelines, the abatement must be filed with the State and must be monitored by an asbestos engineer.

In late September of 2021, the Development Owner engaged King Consultants as environmental engineer responsible for oversight of abatement and demolition. The proposal and bidding process took approximately 120 days before King Consultants were officially engaged in February 2022. The abatement process is underway and expected to be completed in July 2022. At that time, King Consultants will certify that all asbestos contained materials have been properly and compliantly removed and demolition work can commence with the demolition contractor, JR Ramon. Not only did the contract with King Consultants take some time (as they secured several bids to negotiate the best pricing), but the labor shortage and finding of hidden asbestos containing materials not visible by the asbestos engineer caused unforeseen delays.

The second issue impacting the demolition is the site itself. There are large oak trees lining the street and surrounding the building where the demolition work will occur. The Development Owner is trying to preserve the old oak trees to include them in the landscaping of the development, as this was a request from the community through the community engagement discussions. With the structure taking up most of the site and the precaution being taken to preserve the old trees, as well as the neighboring structures, there are limitations for the equipment, as well as the approach that will be used, for the demolition work on the east side of the site. Due to these additional precautionary measures, JR Ramon

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[7] https://www.quickdrawfundcontrol.com/2022-the-second-half-will-construction-costs-continue-to-rise/

[8] https://www.quickdrawfundcontrol.com/2022-the-second-half-will-construction-costs-continue-to-rise/

estimates the demolition work is expected to take 120-180 days with an approximate completion date of October 31, 2022. The original closing date was scheduled in July of 2022. However, with these delays, closing has been pushed further out and delaying construction start. Again, we have been warned by the superintendent on the job that labor shortages have prevented full crews and demolition delays are expected.

In addition to the labor shortage delays affecting the demolition, American Electric Power (AEP) is the sole electricity provider for the region where the development is located. AEP currently has transformers on a 12-month backorder. This means the development will not have a transformer installed for at least another 12-months delaying construction and lease-up activities even further.

Lastly, the Development has also been impacted by the inflationary pressures created by the global supply chain issues. The current construction contract is approximately $387K more that was originally budgeted and underwritten. To make matters worse, interest rates have increased an entire percentage point during this same period, further eroding the leveraging power of the Development and creating concern that the Development will have a gap that will need to be addressed prior to close.

Due to the aforementioned concerns and delays, the construction schedule has been pushed back for a new construction completion date of May 6, 2024. The updated construction completion schedule is attached and labeled **Exhibit A.**

It is also important to note that the Investor Partner, PNC, required a three-month cushion from the projected construction completion date and the place-in-service deadline. Please see their attached letter, **Exhibit B,** in support of this Force Majeure request.

We request that the Owner be permitted to return the Tax Credits and that TDHCA reallocate the Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2022 QAP relating to Force Majeure. We believe the Owner and Development meet all the requirements in Section 11.6(5), in that:

1. The events that caused the delay occurred before issuance of 8609s and were sudden, unforeseen circumstances outside the control of the Development Owner.

2. The delays were not caused by willful negligence or acts of Owner, any Affiliate, or any other Related Party.

3. The Owner has provided evidence and a timeline of the events that was the direct result of the delays, see referenced footnotes 1–8 and events listed in the background, TCEQ abatement requirements, and demolition delays.

4. Though there was little that could be done to mitigate the effects of the Winter Storm Uri, the Russia/Ukraine war and the COVID-19 Pandemic, the Development Owner took all reasonable steps to minimize or mitigate any delays. Specifically, to expedite the construction process the Developer has taken down the land and has been self-funding the abatement and demolition and plans to have the site clean prior to closing on the equity funding which was scheduled to close in July

2022, but will likely be delayed because of timeline and gap concerns. The Developer has done value engineering and obtained multiple bids in an effort to offset the unprecedented price increases seen in the construction industry. Unfortunately, the successes afforded from these efforts have been eroded by the interest rate increases which have limited the leveraging power of the Development to the point where it cannot continue to absorb additional cost increases or rate hikes. Additionally, the Development was and remains properly insured, and TDHCA was notified of the Force Majeure events.

5. The Force Majeure threatens to prevent the Owner from meeting the 10% Test and Place in Service requirements of the original allocation.

6. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.

7. The Development continues to be financially feasible at this time, and there have not been any insurance proceeds received related to the Force Majeure event. Provided the Force Majeure is granted and further delays are avoided, the Development will be constructed as planned. If further delays occur, increased pricing for supplies, labor, and borrowing may force the developers to seek additional funding, which may extend the construction schedule.

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at (512) 785-3710 or via email at lora@betcohousinglab.com .

Sincerely,

Lora Myrick

Lora Myrick, Principal
BETCO Consulting, LLC

Exhibit A

WMCC Project Name:	Fish Pond at Alice		5/29/2022
Title :	Construction Schedule		
WATERMARK COMMERCIAL CONTRACTORS LLC.	START DATE	Station 1 1st - 4th Floor	Station 2 1st-4th Floor
START DATE	11/15/2022		
MOBILIZE /SILT FENCE	11/15/2022		
DIRT WORK	12/14/2022		
UTILITIES	1/15/2023		
TEMP POWER ON SITE	1/15/2023		
FOUNDATION	2/15/2023		
PAVING	3/15/2023		
FRAMING		4/15/2023	5/19/2023
FLOOR TRUSSES AND DECK		5/19/2023	6/26/2023
EXTERIOR SHEATHING		6/11/2023	7/15/2023
PLUMBING ROUGH		7/5/2023	8/10/2023
ROOF TRUSSES		7/15/2023	8/20/2023
FACIA		7/25/2023	8/30/2023
ROOF DECK		8/5/2023	9/9/2023
DRY IN		8/10/2023	9/14/2023
FIRE SPRINKLER		8/20/2023	9/24/2023
TBAR-METAL STAIRS-DOOR POCKETS		8/30/2023	10/4/2023
GYPCRETE TUB AREAS/BATHS		9/14/2023	10/19/2023
SET TUBS		10/4/2023	11/8/2023
WINDOWS AND EXTERIOR DOORS		10/4/2023	11/8/2023
SIDING		10/4/2023	11/8/2023
HVAC		10/19/2023	11/23/2023
ELECTRICAL-FIRE ALARM		11/3/2023	12/7/2023
COVER INSPECTIONS		11/3/2023	12/7/2023
INSULATION		11/10/2023	12/14/2023
MASONRY		11/17/2023	12/21/2023
DRYWALL		11/27/2023	1/1/2024
TAPE AND FLOAT		12/6/2023	1/11/2024
TEXTURE		12/11/2023	1/16/2024
INTERIOR TRIM AND DOORS		12/21/2023	1/26/2024
EXTERIOR PAINT		12/26/2023	1/31/2024
INTERIOR PAINT		1/6/2024	2/8/2024
CABINETS AND TOPS		1/16/2024	2/18/2024
HARDWARE -2ND TRIM		1/21/2024	2/23/2024

MEP TRIMS		1/26/2024	2/28/2024
POWER UP		1/31/2024	3/3/2024
HOT PUNCH		2/7/2024	3/10/2024
INTERIOR TUB & WINDOW CLEAN		2/17/2024	3/19/2024
PUNCH OUT		2/24/2024	3/26/2024
MIRRORS-BLINDS-APPLIANCES		3/1/2024	4/2/2024
FLOORS		3/8/2024	4/9/2024
FINAL CLEAN		3/13/2024	4/14/2024
TCO		3/18/2024	4/19/2024
MGMT WALK AND TURNOVER		4/7/2024	5/6/2024

Exhibit B

PNC REAL ESTATE

TAX CREDIT SOLUTIONS

May 18, 2022

Via Email

Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 E. 11Th Street
Austin, TX 78701

RE: Fishpond Living at Alice, LP

Dear Mr. Wilkinson:

PNC Bank supports a request by Fish Pond Development to extend the placed in service deadline on Fishpond Living at Alice, LP prior to partnership closing. PNC Bank and its investors require a cushion of at least 3 months from the projected construction completion date and the placed in service deadline. Fishpond Living at Alice, LP does not have a three month cushion based on construction schedule provided by Fish Pond Development's general contractor. Without adequate cushion, PNC Bank will not receive investor approval to close, which would jeopardize the feasibility of this important housing development in Alice.

Sincerely,

Robert Dicks
Vice President

Address: 9525 SW Imperial Drive Portland, OR 97225
Phone: 503-453-5332

2

TDHCA Outreach and Media Analysis, May 2022

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print and broadcast news, and social media reporting for the time period of May 1 through May 31, 2022 (news articles that specifically mentioned the Department, Texas Rent Relief Program, and/or Texas Homeowner Assistance).

Total number of articles referencing TDHCA, TRR, TXHAF: 31
Breakdown by Medium:[1]

- Print: 5 (Editorials/Columnists = 0)
- Broadcast: 13
- Trade, Government or Internet-Based Publications: 13

Figure 1 News Tone

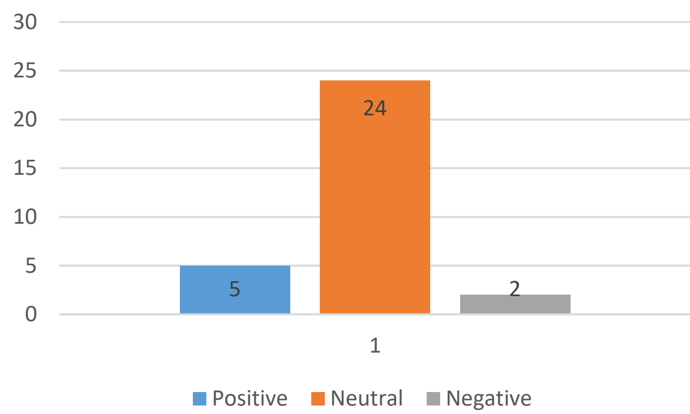
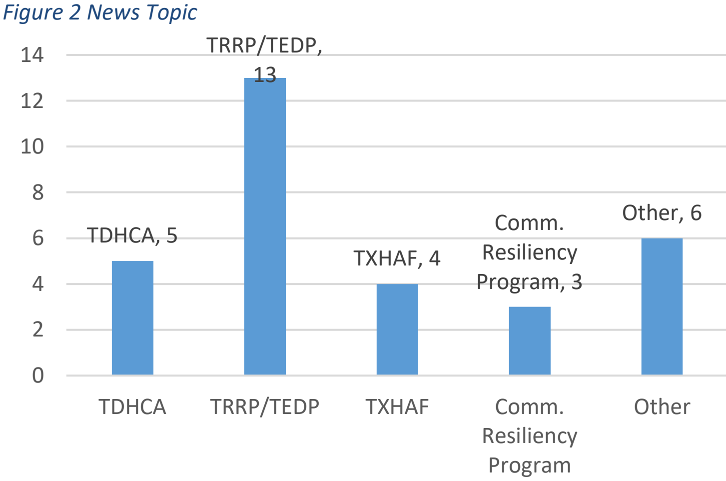
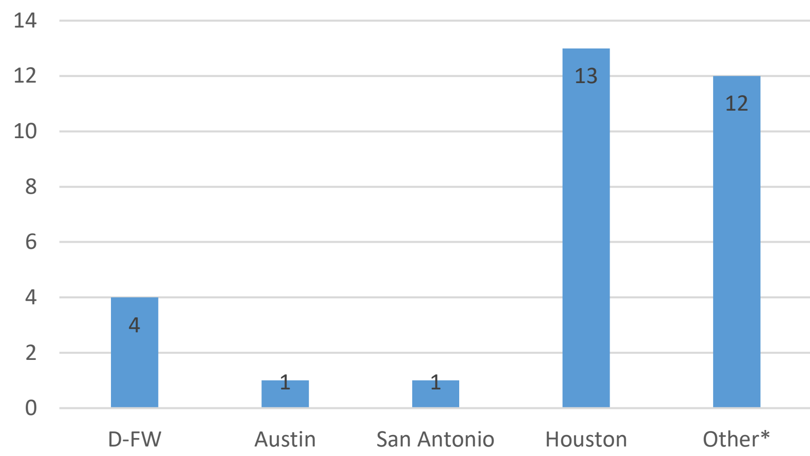


Figure 2 News Topic



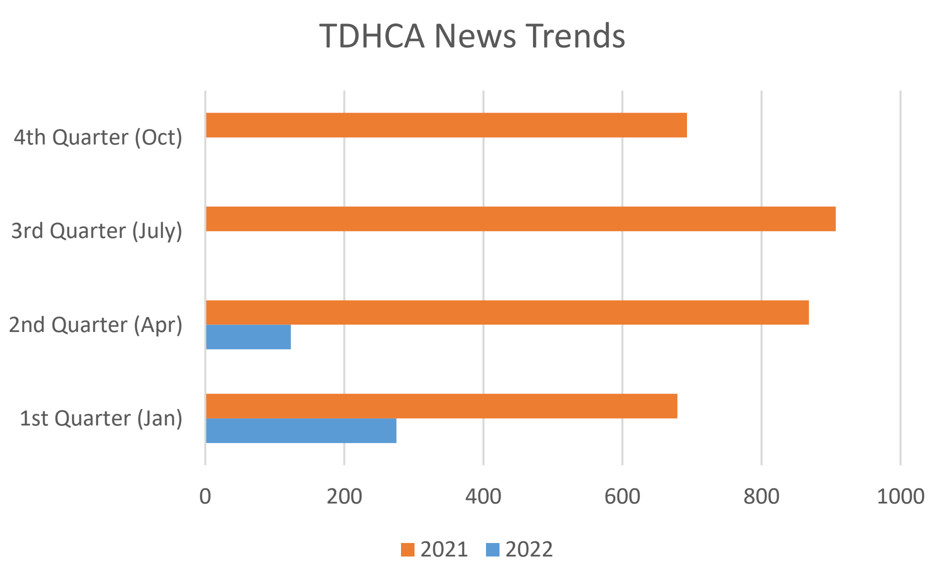
[1] *Broadcast numbers may represent instances in which TDHCA was referenced on a television or radio station's website, rather than in a specific broadcast news segment*

Figure 3 Media Market



Summary:
Reporting on activities by the news media totaled 31 references in May 2022. TDHCA's Texas Homeowner Assistance continued to receive press mentions. In addition to TXHAF, TDHCA received positive news mentions related to Community Resiliency Program awards. Articles related to the Texas Rent Relief Program made up the largest number of mentions. There were no news mentions of TDHCA's Housing Choice Voucher portal opening on May 2; however, TDHCA's Facebook page received a sharp uptick in engagement and click thru rates in the days following a social media post about the portal opening (see social media analysis, next page).

The following table illustrates the number of news mentions during each month or quarter of 2022 compared to 2021. May 2022 total news mentions were less than May 2021 (239 total); however the news articles remained more positive in tone in 2022. The combined number of articles for April and May 2022 (beginning of the second quarter) continue to outpace the total number of articles in the second quarter of 2020 (56 total).



Social media:

Through May 2022, TDHCA has nearly 3,300 followers to its Twitter account and 6,600 followers to its Facebook account. TDHCA's YouTube channel had more than 3,000 views in May. The following is a summary analysis of TDHCA's efforts to engage stakeholders and the public on federal and state resources, initiatives, and programs.

Month/Yr	Posts	Clicks	Engagements	Shared posts	Liked posts
January 2022	35	14	118	12	46
February 2022	47	70	42	2	16
March 2022	66	43	131	47	48
April 2022	62	0	51	8	27
May 2022	66	905	198	71	50

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

Month/Yr	Tweets	Clicks	Engagements	Retweets	Liked posts
January 2022	35	128	20	7	13
February 2022	47	186	14	7	4
March 2022	67	318	39	12	21
April 2022	61	171	29	6	17
May 2022	75	288	31	7	15

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

Month	Views	Watch time (hours)	Avg. view duration	Impressions	Impressions click-through rate
January 2022	3,478	176.9	3:03	19,871	4.0%
Feb. 2022	1,839	125.2	4:05	15,141	3.4%
March 2022	1,890	143.2	4:32	16,764	3.5%
April 2022	3,154	205.1	3:54	18,194	4.0%
May 2022	3,043	180.1	3:33	14,734	3.9%

Top 50 videos for May 2022

Video	Views		Watch time (hours)		Subscribers		Impressions	Impressions click-through rate
Total	**2,736**		**170.3**		**24**		**12,984**	**3.9%**
Help For Texans tutorial	939	34.3%	28.4	16.7%	4	16.7%	133	3.8%
Texas Rent Relief Program Tutorial – Setting Up Bill.com Account f...	280	10.2%	4.9	2.9%	3	12.5%	936	5.9%
Texas Rent Relief Program Completing Application Tutorial	236	8.6%	2.2	1.3%	3	12.5%	1,886	5.5%
Texas Homebuyer Program introduction	207	7.6%	2.7	1.6%	1	4.2%	67	10.5%
Texas Rent Relief Program Registration Tutorial	160	5.9%	1.1	0.7%	4	16.7%	287	1.1%
Fair Housing 101: The Basics of Fair Housing in Texas	65	2.4%	11.2	6.6%	1	4.2%	394	6.6%
Texas Rent Relief Program Landlord Application Tutorial	62	2.3%	2.1	1.3%	1	4.2%	601	2.8%
How to apply: Texas Homeowners Assistance Fund	54	2.0%	0.8	0.5%	0	0.0%	232	11.2%
Frequently Asked Questions about Utility Allowances	47	1.7%	11.5	6.8%	1	4.2%	364	4.4%
Texas Rent Relief Program Landlord Tips	47	1.7%	0.8	0.5%	1	4.2%	1,324	1.7%
Texas Eviction Diversion Program Overview – September 9, 2021	35	1.3%	3.2	1.9%	0	0.0%	463	3.0%
Como Completar Su Aplicación para el Programa de Asistencia de ...	32	1.2%	0.2	0.1%	0	0.0%	88	8.0%
Housing Stability Services Reporting and Housing Contract System...	32	1.2%	4.7	2.8%	0	0.0%	175	2.9%
Utility Allowance Training - May 5, 2021	30	1.1%	2.5	1.5%	0	0.0%	144	3.5%
ERA2 Housing Stability Services Contract Implementation Webinar ...	28	1.0%	7.7	4.5%	0	0.0%	157	1.3%
Accessing Texas Department of Aging and Disability Services	28	1.0%	1.1	0.6%	1	4.2%	298	7.7%
Housing Tax Credit after the Federal Compliance Period (Post-15)	27	1.0%	11.6	6.8%	-1	-4.2%	131	9.9%
CEAP/LIHWAP Quarterly Webinar	25	0.9%	6.2	3.6%	0	0.0%	116	1.7%
ERA2 Housing Stability Services Contract Implementation Webinar ...	24	0.9%	7.0	4.1%	0	0.0%	213	1.4%
Fair Housing Special Topics: How to Create an Affirmative Marketin...	23	0.8%	5.2	3.1%	0	0.0%	144	5.6%
How to Apply: Texas Homeowners Assistance Fund	23	0.8%	0.4	0.2%	1	4.2%	178	6.2%
Compliance Monitoring & Tracking System (CMTS) Training	22	0.8%	2.0	1.2%	0	0.0%	149	6.7%
20 IncomeDeterminationTraining	21	0.8%	3.1	1.8%	0	0.0%	130	2.3%
Fair Housing Special Topics: Assistance Animals, Service Animals, ...	21	0.8%	5.5	3.2%	0	0.0%	390	4.1%
Low Income Water/Wastewater Assistance Program (LIHWAP) Ove...	21	0.8%	2.6	1.6%	0	0.0%	117	5.1%
Texas Emergency Mortgage Assistance Program TEMAP Webinar -...	20	0.7%	1.7	1.0%	0	0.0%	234	3.4%
Overview of Updates to Compliance, Affirmative Marketing and Writ...	19	0.7%	2.9	1.7%	0	0.0%	86	1.2%
Texas Community Resiliency Program (CRP): Implementation Work...	17	0.6%	0.9	0.5%	1	4.2%	687	1.5%
ERA2 Housing Stability Services NOFA Application Webinar	17	0.6%	2.2	1.3%	0	0.0%	235	2.6%
Housing Stability Services Contract Implementation Webinar	16	0.6%	3.5	2.1%	0	0.0%	144	4.2%
TDHCA Utility Allowance Roundtable - Oct. 13, 2020	12	0.4%	0.2	0.1%	0	0.0%	109	3.7%
ERA2 Housing Stability Services Contract Implementation Webinar ...	12	0.4%	2.5	1.5%	0	0.0%	173	1.2%
Introduction to the Low Income Water/Wastewater Assistance Pro...	11	0.4%	1.2	0.7%	0	0.0%	179	5.0%
Low Income Household Water/Wastewater Assistance Program (LI...	10	0.4%	0.6	0.3%	0	0.0%	145	2.8%
Texas Community Resiliency Program – Public Facilities Implemen...	9	0.3%	0.1	0.1%	0	0.0%	315	1.0%
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	9	0.3%	6.1	3.6%	1	4.2%	123	4.1%
Como Registrarse Para el Programa de Asistencia de Pago de Rent...	9	0.3%	0.1	0.1%	0	0.0%	51	9.8%
Fair Housing Special Topics: Reasonable Accommodations, Modifi...	8	0.3%	1.5	0.9%	1	4.2%	123	4.9%
Fair Housing Special Topics: The Violence Against Women Act in F...	8	0.3%	2.8	1.7%	0	0.0%	159	1.3%
TERAP Application Workshop	8	0.3%	0.1	0.1%	0	0.0%	115	1.7%

Housing Contract System and TEMAP Monthly Reporting Webinar ...	5	0.2%	1.8	1.1%	0	0.0%	34	2.9%
Texas Community Resiliency Program (CRP) NOFA & Application W...	5	0.2%	0.8	0.5%	0	0.0%	52	3.9%
Virtual Roundtable - TDHCA's Enforcement Rule	5	0.2%	0.6	0.3%	0	0.0%	66	6.1%
TERAP Implementation Workshop	5	0.2%	2.5	1.5%	0	0.0%	37	2.7%
TEMAP Reporting Webinar	4	0.2%	0.8	0.5%	0	0.0%	17	0%
Introducción al Programa de Compradores de Vivienda de Texas	4	0.2%	0.0	0.0%	0	0.0%	35	5.7%
TERAP Webinar on Monthly Reporting and Duplication of Benefits	4	0.2%	1.4	0.8%	0	0.0%	55	1.8%
Average Income Webinar - Sept. 2, 2020	4	0.2%	2.7	1.6%	0	0.0%	75	0%
TEMAP NOFA 2 Implementation Workshop	3	0.1%	0.4	0.2%	0	0.0%	44	0%
Fair Housing Special Topics: Limited English Proficiency and Langu...	3	0.1%	0.5	0.3%	0	0.0%	21	14.3%

TDHCA Outreach May 2022

A compilation of outreach activities such as meetings, trainings and webinars.

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
Housing Stability Services	May 09, 2022	HSS Monthly Office Hours	9
Community Affairs	May 12, 2022	LIHWAP, Regional Meeting 1on Program barriers and solutions, PCS, SPCAA, WTO, ASBDC, RPMC	10
Community Affairs	May 12, 2022	LIHWAP, Regional Meeting 2 on Program barriers and solutions, Travis, Bexar, BR, Dallas, El Paso, Fort Worth	9
Community Affairs	May 12, 2022	LIHWAP, Regional Meeting 3 on Program barriers and solutions, GETCAP, CSNT, TCOG, TCCA, BVCAP	6
Community Affairs	May 12, 2022	LIHWAP, Regional Meeting 4 on Program barriers and solutions, CTO, HCCAA, EOAC, CAICT, CCA, CSNT	7
Community Affairs	May 13, 2022	LIHWAP, Regional Meeting 5 on Program barriers and solutions, CACOST, CCSCT, CACVT, Hidalgo, NCCAA	6

Community Affairs	May 13, 2022	LIHWAP, Regional Meeting 6 on Program barriers and solutions, Pecos, Big Bend, CVCAA, STDC, Webb	5
Compliance	May 19, 2022	Frequently Asked Questions about Utility Allowances	101
Multifamily	May 26, 2022	TDHCA 2023 QAP Work Group - Tenant Right of First Refusal (ROFR)	52
Community Affairs	May 26, 2022	Presentation of TDHCA Programs for Elderly, Tx. Association of Regional Councils: Older Adults Programs	20

ACTION ITEMS

3

Oral Presentation

4a

BOARD REPORT ITEM

BOND FINANCE DIVISION

JULY 7, 2022

Report on the closing of the Department's Single Family Mortgage Revenue Bonds, Series 2022A (Non-AMT) (Social Bonds)

BACKGROUND

On April 14, 2022, the Board approved the issuance of Single Family Mortgage Revenue Bonds, Series 2022A (2022A Bonds). The Preliminary Official Statement was published April 25, 2022, with the final Official Statement published on May 13, 2022. The Retail Order and Institution Order Periods were May 3, 2022. The Bonds closed June 14, 2022.

The 2022A Bonds were designated as Social Bonds, and were the Department's fourth issuance of social bonds for single family.

The financing team included Bracewell LLP, Bond Counsel; McCall, Parkhurst & Horton L.L.P., Disclosure Counsel; Stifel, Nicolaus & Co., Inc., Financial Advisor; and an underwriting team led by Jefferies, as Book Running Senior Manager, Piper Sandler & Co., and Ramirez & Co., Inc. as co-managers.

The 2022A Bonds, issued to provide funds for new loan origination, were structured to maximize premium received while keeping mortgage rates as low as possible. Fixed rate and tax-exempt, the bond structure included par and premium serial bonds, term bonds, and a premium PAC (Planned Amortization Class) bond. The par amount of 2022A Bonds sold was $190,000,000, and the premium received was $8,658,255, for total 2022A Bond proceeds of $198,658,255. The premium will fund down payment and closing cost assistance (DPA) for loans originated through this bond issue, as well as a portion of the lender compensation.

This series made funds available for assisted loans, currently providing 3 and 4 points of repayable DPA, with mortgage rates 5.875% and 6.25%, respectively. Eligible loan types are FHA, VA, and USDA-RD loans. DPA is provided through 30-year, non-amortizing, 0% interest second mortgage loans that are due on sale of the property, refinance, or payment in full of the first mortgage.

As of June 24, 2022, funds made available through this issue have been 65% reserved.

Attached is a Pricing Book prepared by Jefferies that details the bond sale.

Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2022 Series A

Retail Pricing: May 2, 2022
Institutional Pricing: May 3, 2022
Closing: June 14, 2022

Jefferies

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1. Overview of Financing

Executive Summary

EXECUTIVE SUMMARY

Timing and Underwriting	Retail Order Period:	May 2, 2022
	Institutional Pricing:	May 3, 2022
	Method of Sale:	Negotiated
Underwriters	Senior Manager:	Jefferies, LLC
	Co- Managers:	Piper Sandler & Co.
		Ramirez & Co., Inc.

Use of Proceeds: The Series 2022A Bonds are being issued for the primary purpose of providing funds for the purchase of Mortgage Certificates, funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loans. The Mortgage Certificates purchased with the proceeds of the Series 2022A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association.

Bond Structure

Maturity	Principal
Serial Bonds	
3/1/2023	$105,000
9/1/2023	$745,000
3/1/2024	$760,000
9/1/2024	$780,000
3/1/2025	$795,000
9/1/2025	$810,000
3/1/2026	$825,000
9/1/2026	$850,000
Premium Serial Bonds	
3/1/2027	$865,000
9/1/2027	$890,000
3/1/2028	$915,000
9/1/2028	$945,000
3/1/2029	$970,000
9/1/2029	$1,000,000
3/1/2030	$1,030,000
9/1/2030	$1,060,000
3/1/2031	$1,095,000
9/1/2031	$1,125,000
Serial Bonds	
3/1/2032	$1,165,000
9/1/2032	$1,195,000
3/1/2033	$1,225,000
9/1/2033	$1,255,000
Term Bonds	
9/1/2037	$16,125,000
9/1/2042	$6,075,000
9/1/2047	$30,080,000
3/1/2052	$26,790,000
9/1/2052 (PAC)	$90,525,000
TOTAL	**$190,000,000**

Tax Status Series 2022A: Non-AMT

Ratings Moody's: Aaa S&P: AA+

Bondholder Security

The Series 2022A Bonds, the Prior Bonds and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate held by the Trustee under the Trust Indenture.

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money, and Investment Securities held in the Funds (excluding the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any Supplemental Indenture. Revenues do not include Swap Agreement Periodic Receipts or Swap Agreement Termination Receipts, payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department. Swap Agreement Periodic Receipts will be available to pay Debt Service on the Bonds. Bondholders have no rights to or lien on the Swap Agreements.

Results of Sale

Maturity	Par ($000's)	Coupon (%)	Yield (%)
3/1/2023	105	2.050	2.050
9/1/2023	745	2.300	2.300
3/1/2024	760	2.500	2.500
9/1/2024	780	2.700	2.700
3/1/2025	795	2.850	2.850
9/1/2025	810	3.000	3.000
3/1/2026	825	3.100	3.100
9/1/2026	850	3.150	3.150
3/1/2027	865	5.500	3.190
9/1/2027	890	5.500	3.230
3/1/2028	915	5.500	3.290
9/1/2028	945	5.500	3.330
3/1/2029	970	5.500	3.400
9/1/2029	1,000	5.500	3.440
3/1/2030	1,030	5.500	3.490
9/1/2030	1,060	5.500	3.530
3/1/2031	1,095	5.500	3.580
9/1/2031	1,125	5.500	3.630
3/1/2032	1,165	3.850	3.850
9/1/2032	1,195	3.900	3.900
3/1/2033	1,225	3.950	3.950
9/1/2033	1,255	4.000	4.000
9/1/2037	16,125	4.050	4.050
9/1/2040	6,075	4.100	4.100
9/1/2047	30,080	4.300	4.300
3/1/2052	26,790	4.350	4.350
9/1/2052	90,525	5.500	3.900

Market Conditions

- Municipal investors remained cautious ahead of the Federal Reserve's May 4th Meeting – anticipation of a 0.50% rate hike but with a possibility of a 0.75% hike as well
- The primary municipal market saw $3.0 billion in negotiated issuance come to market, a significant contraction from the previous week ($11.9 billion in negotiated issuance)
- Selling pressures on the secondary markets persisted, with swap activity and elevated weekly bid-wanted volume ($9.4B); trading volumes were down as compared to the prior week on a smaller primary calendar
- In the past month, there had been a deluge of State HFA housing transactions coming to market, often 3 bond issues per week. TDHCA's financing was one or the larger fixed-rate single family transactions of the year in this sector, and the PAC Bond was one of the largest sold in several weeks
- Municipal fund flows continued an eleven-week outflow trend, with bond funds the week prior recording outflows of over $3.0 billion, and outflows during the week totaling over $1.6 billion. The 4-week MAVG for outflows was $2.47 billion (EPFR)
- Consistent with the recent trends, municipal rates lagged Treasury volatility ending the week higher by 8 and 9 bps in 10 and 30 years, but outperforming the week's Treasury sell-off, which saw 10 and 30 year rates higher by 12 and 19 bps

Commentary

The transaction was structured to generate as much premium proceeds as the cashflow can handle to help fund TDHCA's DPA programs. Approximately $9 million in premium serial bonds and $90 million in premium PAC bonds were structured to generate attractive levels of premium proceeds for the Department. Market technicals and the uncertainty around the Fed announcements also had some investors on pause or requiring higher yield returns. Despite these market conditions, Jefferies and the syndicate brought in $218.7 million in going away orders, approximately 1.15x of total par. Approximately $10.7 million of the bonds went to retail buyers and $177 million to 18 institutional accounts. ESG aspects of the bonds appealed to four institutional accounts that placed $47 million in orders. Jefferies underwrote $2.38 million of serial bonds to maintain pricing levels.

PARTICIPANTS

Issuer	Texas Department of Housing and Community Affairs
Bond Counsel	Bracewell LLP
Disclosure Counsel	McCall, Parkhurst & Horton, L.L.P.
Financial Advisor	Stifel, Nicolaus & Company
Senior Manager	Jefferies LLC
Co-Managers	Piper Sandler & Co. Ramirez & Co., Inc.
Underwriter's Counsel	Chapman and Cutler, LLP
Trustee	Bank of New York Mellon
Trustee's Counsel	McGuire, Craddock & Strother, P.C.
Rating Agencies	Moody's Investors Service, S&P Global Ratings
Printer	ImageMaster, Inc.

Preliminary Official Statement Cover

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2022

<u>NEW ISSUE</u> - BOOK-ENTRY ONLY

RATINGS
S&P: "AA+"
Moody's: "Aaa"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2022A Bonds is not a specific preference item subject to the alternative minimum tax. See "TAX MATTERS" herein.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$190,000,000*
Single Family Mortgage
Revenue Bonds
2022 Series A (Non-AMT)
(Social Bonds)

Dated Date/ Delivery Date:	June 14, 2022*
Due:	September 1 and March 1, as shown on the inside cover.
Interest Payment Dates:	Interest accrued on the Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds 2022 Series A (Social Bonds) (the "Series 2022A Bonds") will be payable on each September 1 and March 1, commencing September 1, 2022*, as described herein.
Interest Rates:	Payable at the rates as shown on the inside cover.
Redemption:	The Series 2022A Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2022A BONDS – Redemption Provisions."
Denominations:	The Series 2022A Bonds will be available to purchasers in book-entry form only in $5,000 or any integral multiple thereof as described herein.
Tax Matters:	Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2022A Bonds is not a specific preference item subject to the alternative minimum tax. See "TAX MATTERS" herein.
Purpose:	The Series 2022A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"), funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loans. The Mortgage Certificates purchased with the proceeds of the Series 2022A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."
Security:	The Series 2022A Bonds, the Prior Bonds (as defined herein) and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2022A Bonds are limited obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, Freddie Mac, and Fannie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2022A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae, Freddie Mac, and Fannie Mae guarantee only the payment of the principal of and interest on the Ginnie Mae Certificates, Freddie Mac Certificates, and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2022A Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "APPENDIX E – SUMMARY OF INFORMATION REGARDING THE TRUST INDENTURE."
Book-Entry Only System:	The Series 2022A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX F – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS, PRIOR SWAP AGREEMENTS, PRIOR LIQUIDITY FACILITIES AND OTHER MATTERS – DTC and Book-Entry."
Trustee:	The Bank of New York Mellon Trust Company, N.A.
Bond Counsel:	Bracewell LLP
Disclosure Counsel:	McCall, Parkhurst & Horton L.L.P.
Underwriters' Counsel:	Chapman and Cutler LLP
Financial Advisor:	Stifel, Nicolaus & Co., Inc.

Jefferies

Barclays **RBC Capital Markets**

Morgan Stanley **Piper Sandler & Co.** **Ramirez & Co., Inc.**

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* *Preliminary, subject to change.*

Official Statement Cover

OFFICIAL STATEMENT DATED MAY 4, 2022

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS
S&P: "AA+"
Moody's: "Aaa"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2022A Bonds is not a specific preference item subject to the alternative minimum tax. See "TAX MATTERS" herein.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$190,000,000
Single Family Mortgage
Revenue Bonds
2022 Series A (Non-AMT)
(Social Bonds)

Dated Date/Delivery Date: June 14, 2022

Due: September 1 and March 1, as shown on the inside cover.

Interest Payment Dates: Interest accrued on the Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds 2022 Series A (Social Bonds) (the "Series 2022A Bonds") will be payable on each September 1 and March 1, commencing September 1, 2022, as described herein.

Interest Rates: Payable at the rates as shown on the inside cover.

Redemption: The Series 2022A Bonds are subject to redemption on the dates and at the Redemption Prices more fully described herein. See "THE SERIES 2022A BONDS – Redemption Provisions."

Denominations: The Series 2022A Bonds will be available to purchasers in book-entry form only in $5,000 or any integral multiple thereof as described herein.

Tax Matters: Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2022A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2022A Bonds is not a specific preference item subject to the alternative minimum tax. See "TAX MATTERS" herein.

Purpose: The Series 2022A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"), funding loans for down payment and closing cost assistance, and paying lender compensation related to the Mortgage Loans. The Mortgage Certificates purchased with the proceeds of the Series 2022A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See "APPENDIX B-1 – GNMA AND THE GNMA CERTIFICATES."

Security: The Series 2022A Bonds, the Prior Bonds (as defined herein) and, unless subordinated, all Bonds subsequently issued under the Trust Indenture (as defined herein) are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. The Series 2022A Bonds are limited obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof as more fully described herein. Neither the State of Texas (the "State") nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, Freddie Mac, and Fannie Mae, is obligated to pay the principal or Redemption Price of or interest on the Series 2022A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae, Freddie Mac, and Fannie Mae guarantee only the payment of the principal of and interest on the Ginnie Mae Certificates, Freddie Mac Certificates, and Fannie Mae Certificates, respectively, when due and do not guarantee the payment of the Series 2022A Bonds or any other obligations issued by the Department. See "SECURITY FOR THE BONDS" and "APPENDIX E – SUMMARY OF INFORMATION REGARDING THE TRUST INDENTURE."

Book-Entry Only System: The Series 2022A Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). See "APPENDIX F – SUMMARY OF INFORMATION REGARDING THE PROGRAM AND MORTGAGE LOANS, PRIOR SWAP AGREEMENTS, PRIOR LIQUIDITY FACILITIES AND OTHER MATTERS – DTC and Book-Entry."

Trustee: The Bank of New York Mellon Trust Company, N.A.

Bond Counsel: Bracewell LLP

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P.

Underwriters' Counsel: Chapman and Cutler LLP

Financial Advisor: Stifel, Nicolaus & Co., Inc.

Jefferies

Piper Sandler & Co. **Ramirez & Co., Inc.**

Financing Schedule

3/11/2022

Texas Department of Housing and Community Affairs

2022A Single Family Mortgage Revenue Bonds
Program 100

Financing Team

Issuer	Texas Department of Housing and Community Affairs	TDHCA
Bond Counsel	Bracewell	BC
Disclosure Counsel	McCall, Parkhurst & Horton LLP	DC
Financial Advisor	Stifel	FA
Senior Manager	Jefferies	SM
Co-Managers	Co Sr. Barclays RBC Co Mgr. Ramirez Piper Sandler Morgan Stanley	UW
Underwriter's Counsel	Chapman & Cutler LLP	UWC
Working Group	All Parties Above	WG

Date	Action	Party
03/01 -Tue	Underwriter Engagement Call	TDHCA/UW/FA
03/02 -Wed	*Texas Independence Day*	*Holiday*
03/09 -Wed	Working Group Kickoff Call	WG
03/11 -Fri	Distribute First Drafts of Documents & POS	BC / DC
03/14 -Mon	Rating Agency Submission (SF Consol Cashflows)	FA
03/15 -Tue	Comments due on docs	WG
03/16 -Wed	Rating Agency Submission (New Money Standalone)	FA
03/17 -Thu	Distribute 2nd Round of Documents & POS	BC / DC
03/17 -Thu	Send First Draft of BPA	UWC
03/22 -Tue	Comments on BPA and 2nd Round of Docs Due	WG
03/31 -Thu	*Cesar Chavez Day*	*Holiday*
04/04 -Mon	Substantially final docs due for TDHCA Board Posting	WG
04/08 -Fri	-Receive Ratings	TDHCA/FA
04/08 -Fri	-Confirm Fees before Draft BRB NOI	WG
04/11 -Mon	-Distribute Draft of BRB Exempt Issuer State Debt NOI	WG
04/12 -Tue	-Comments due on Draft of BRB Exempt Issuer NOI	WG
04/13 -Wed	-Submit **Exempt** Issuer State Debt Notice of Intent to BRB	TDHCA, BC, FA
04/18 -Mon	-Submit Volume Cap Application	TDHCA/BC
04/14 -Thu	**-TDHCA Board Meeting (Final Approval)**	TDHCA / FA
04/14 -Thu	-BRB Exempt Track - Begin 6-day clock	TDHCA
04/15 -Fri	*Good Friday*	*Holiday*
04/21 -Thu	*San Jacinto Day*	*Holiday*
04/22 -Fri	-Receive BRB Approval (after 5pm)	
04/25 -Mon	-Due Diligence Call	WG
04/26 -Tue	**-Release POS**	WG
05/03 -Tue	-Pre-Pricing	WG
05/04 -Wed	**-Price and Execute BPA**	WG;FA
05/10 -Tue	**Distribute Official Statement**	WG
05/12 -Thu	-Submit AG Transcript	WG
05/30 -Mon	*Memorial Day*	*Holiday*
06/15 -Wed	**-Pre-Closing**	WG
06/16 -Thu	**-Close the Bonds**	WG
06/19 -Sun	*Emancipation Day*	*Holiday*
08/05 -Fri	BRB Final Report (58 days following close)	TDHCA

2. Pricing Information

Pre-Pricing: Market Data and Comparable Pricing Information

Texas Department of Housing and Community Affairs

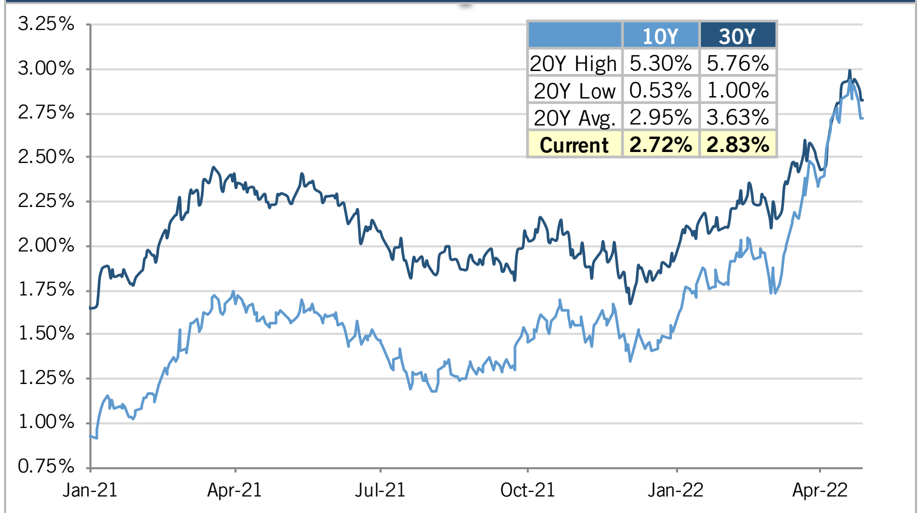
Single Family Mortgage Revenue Bonds **(Social Bonds)**
2022 Series A (Non-AMT)

Pre-pricing Book

Jefferies

Benchmark Rates

UST Performance (YTD)

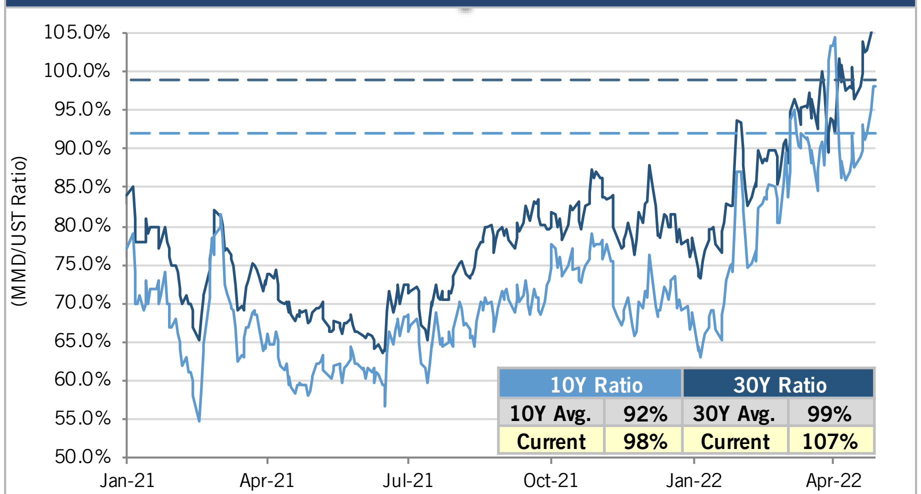


	10Y	30Y
20Y High	5.30%	5.76%
20Y Low	0.53%	1.00%
20Y Avg.	2.95%	3.63%
Current	2.72%	2.83%

MMD Performance (YTD)

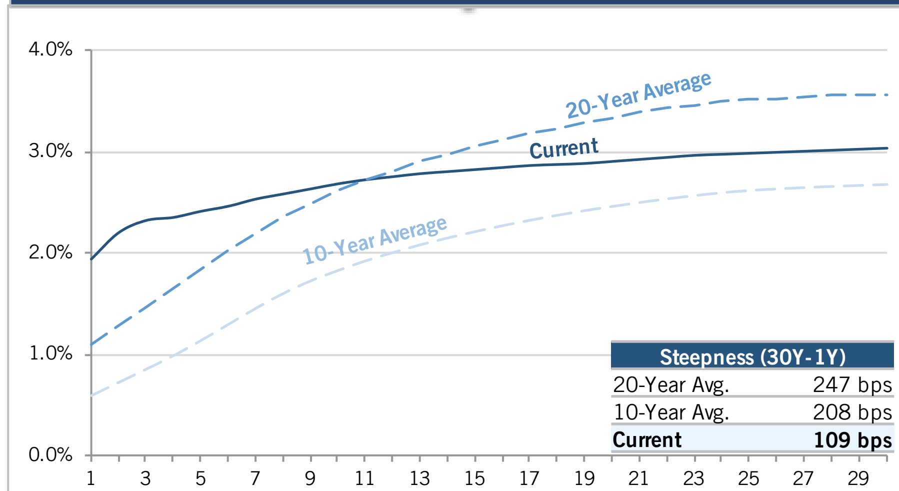
	10Y	30Y
20Y High	4.86%	5.94%
20Y Low	0.58%	1.27%
20Y Avg.	2.61%	3.57%
Current	2.68%	3.03%

MMD/UST (YTD)



10Y Ratio		30Y Ratio	
10Y Avg.	92%	30Y Avg.	99%
Current	98%	Current	107%

Shape of the MMD Yield Curve



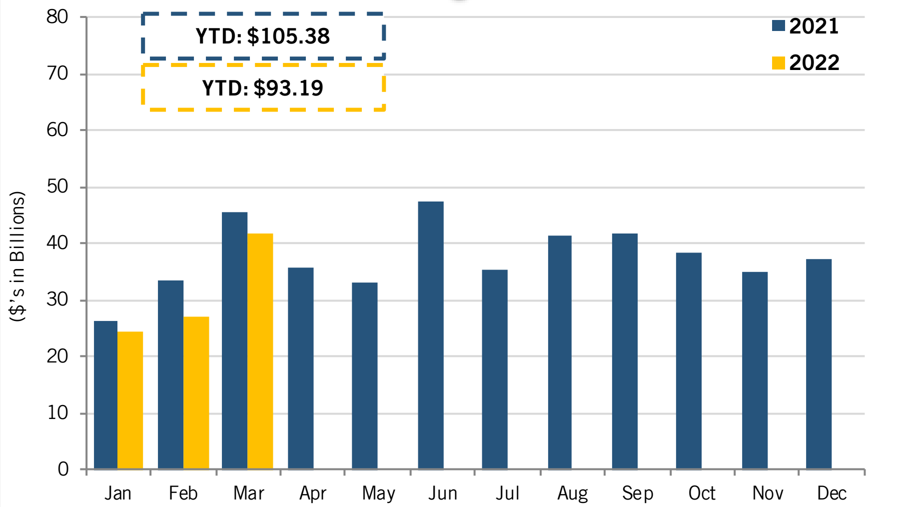
Steepness (30Y-1Y)	
20-Year Avg.	247 bps
10-Year Avg.	208 bps
Current	109 bps

Source: Bloomberg and Thomson Reuters as of 4/27/2022

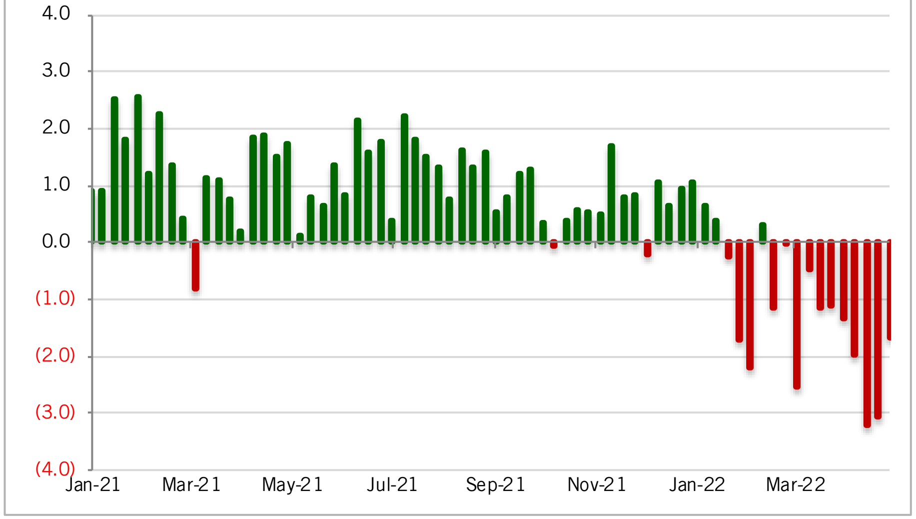
Jefferies

Municipal Supply and Demand

Municipal issuance through March is down 11.6% compared to 2021

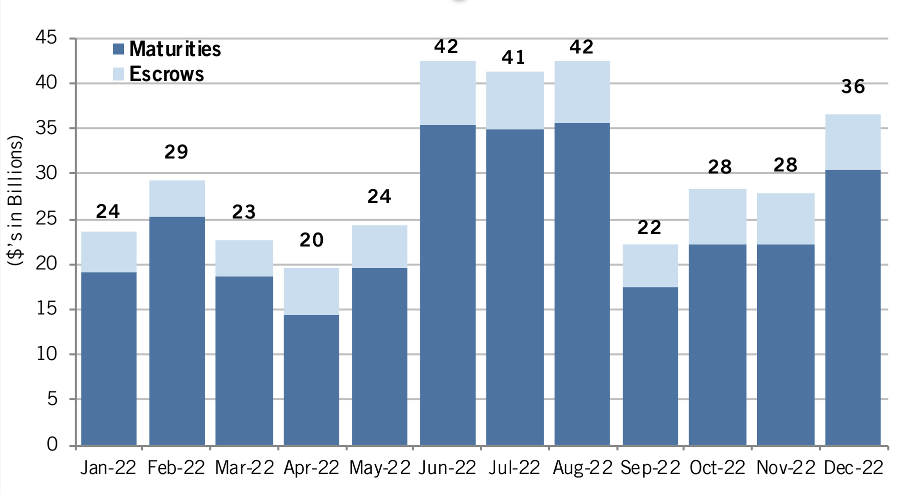


Bond funds have seen 11 consecutive weeks of outflows, totaling over $17.6 billion[1]



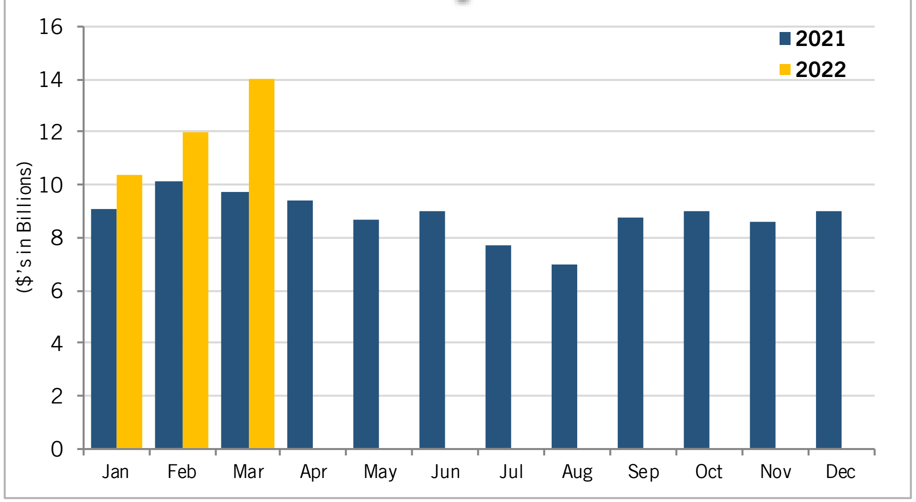
Source: EPFR as of 4/27/2022; [1]Includes funds which report weekly through April 27th

Expected redemptions for 2022 are highest in the summer months



Source: Bloomberg as of 4/27/2022

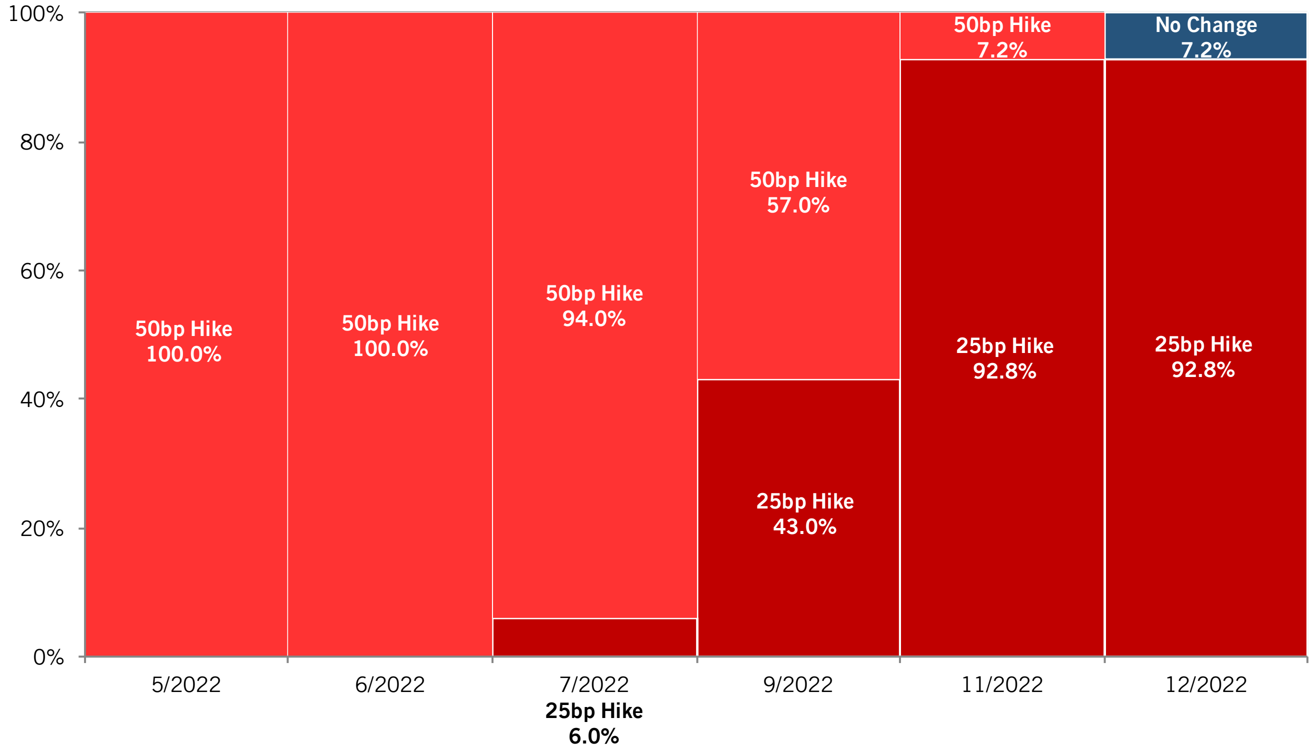
Average municipal daily trading volume through March is $12.1 billion, compared to $9.6 billion over the same period in 2021



Source: SIFMA as of 4/27/2022

Economic Activity and Consensus Forecasts

Implied Fed Funds Rate Changes *(Current Target Range of 0-50 bps)*



Bars indicate "cumulative" increases or decreases by FOMC meeting dates; for example, the market is pricing in an 100% probability of a 50bp rate hike in the May FOMC meeting
Source: Bloomberg as of 4/27/2022

Market Consensus Interest Rate Forecasts

	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Fed Funds Target Rate	1.40%	1.90%	2.30%	2.60%	2.75%
3-Month Libor	1.05%	1.56%	1.97%	2.29%	2.40%
2-Year UST	2.57%	2.69%	2.74%	2.82%	2.84%
10-Year UST	2.64%	2.71%	2.76%	2.84%	2.89%
30-Year UST	2.75%	2.85%	2.93%	3.02%	3.09%
Steepness (30Y less 2Y)	**18 bps**	**16 bps**	**19 bps**	**20 bps**	**25 bps**

Source: Bloomberg as of 4/27/2022

Jefferies

Forward Negotiated Calendar

Week of May 2, 2022 (Sorted by Par Size and Including Housing Transactions)				
Date	Issuer	State	Amount ($000's)	Ratings (M/S&P/F)
5/3	**Texas Department of Housing and Community Affairs**	**TX**	**$190,000**	**Aaa/AA+/NR/NR**
5/5	Triborough Bridge and Tunnel Authority	NY	$882,895	NR/AA+/AA+/AA+
5/5	State of North Carolina	NC	300,000	Aa1/AA+/AA+/NR
5/3	Maryland Economic Development Corporation	MD	289,000	Baa3/NR/NR/NR
5/2	Royse City Independent School District	GA	128,320	Aaa/NR/AAA/NR
5/5	Clarke County School District	GA	75,000	Aa1/NR/NR/NR
5/3	State of Ohio	OH	70,650	NR/NR/BBB+/NR
5/3	Greater Clark Building Corporation	IN	68,900	NR/AA+/NR/NR
5/3	Del Mar Union School District	CA	64,000	Aaa/NR/NR/NR
5/2	City of Lewisville, Texas	TX	63,305	NR/AAA/AAA/NR
5/3	Princeton Independent School District	TX	59,440	Aaa/NR/AAA/NR
5/5	Coachella Valley Water District Stormwater System	CA	52,470	NR/AA+/AAA/NR
Week of	Michigan State Housing Development Authority	MI	135,065	NR/AA/NR/NR
5/5	North Dakota Housing Finance Agency	ND	50,000	Aa1/NR/NR/NR
5/2	Las Varas Public Facility Corporation	TX	31,000	Aaa/NR/NR/NR
5/3	Utah Housing Corporation	UT	21,500	NR/AA+/NR/NR
5/3	Illinois Housing Development Authority	IL	11,100	Aaa/NR/NR/NR
Total Negotiated Volume for the Week			**$2,761,665**	

Note: Totals may not add due to rounding. Excludes daily issues, corporate issues, VR issues and notes. Blue fill denotes housing issuance. Source: IHS Markit's Negotiated Forward Calendar as of 4/22/2021, Bloomberg.

Economic Calendar

Monday May 2	Tuesday May 3	Wednesday May 4	Thursday May 5	Friday May
Economic Releases				
▪ 9:45am – Markit US Manufacturing PMI ▪ 10:00am – ISM Manufacturing	▪ 10:00am – Durable Good Orders	▪ 7:00am – MBA Mortgage Applications ▪ 2:00pm – FOMC Rate Decision (Upper Bound)	▪ 8:30am – Initial Jobless Claims	▪ 8:30am – Change in Nonfarm Payrolls
Treasury Auctions				
▪ Auction: 3M & 6M Bills				

Jefferies

Recently Priced Housing Transactions

Illinois Housing Development Authority
Revenue Bonds
2022 Series C (Social Bonds)
4/27/2022
Aaa | NR | NR
Non-AMT
$90,140,000
Optional call in 10/1/2030 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
4/1/2023	1,470	2.050	2.050	1.94	+ 11
10/1/2023	1,485	2.300	2.300	2.07	+ 23
4/1/2024	1,500	2.500	2.500	2.20	+ 30
10/1/2024	1,520	2.700	2.700	2.25	+ 45
4/1/2025	1,540	2.850	2.850	2.32	+ 53
10/1/2025	1,560	3.000	3.000	2.35	+ 65
4/1/2026	1,580	3.100	3.100	2.35	+ 75
10/1/2026	1,605	3.150	3.150	2.37	+ 78
4/1/2027	1,630	3.200	3.200	2.41	+ 79
10/1/2027	1,655	3.250	3.250	2.42	+ 83
4/1/2028	1,680	3.300	3.300	2.46	+ 84
10/1/2028	1,705	3.350	3.350	2.48	+ 87
4/1/2029	1,735	3.400	3.400	2.53	+ 87
10/1/2029	1,765	3.450	3.450	2.55	+ 90
4/1/2030	1,795	3.600	3.600	2.58	+ 102
10/1/2030	1,825	3.650	3.650	2.60	+ 105
4/1/2031	1,855	3.700	3.700	2.63	+ 107
10/1/2031	1,890	3.750	3.750	2.66	+ 109
4/1/2032	1,925	3.800	3.800	2.68	+ 112
10/1/2032	1,960	3.850	3.850	2.70	+ 115
4/1/2033	1,995	3.900	3.900	2.72	+ 118
10/1/2033	2,035	4.000	4.000	2.74	+ 126
10/1/2052	52,430	4.500	3.520	2.42	+ 110
			104.384		

***PAC Avg Life 5.0 yrs over range of 100-400% PSA @ 4.50% coupon**

Pennsylvania Housing Finance Agency
Single Family Mortgage Revenue Bonds
Series 2022-139 A (Social Bonds)
4/26/2022
Aa1 | AA+ | NR
Non-AMT
$222,030,000
Optional call in 10/1/2032 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
10/1/2022	710	1.800	1.800	1.88	- 8
4/1/2023	2,685	1.950	1.950	1.94	+ 1
10/1/2023	3,320	2.150	2.150	2.06	+ 9
4/1/2024	1,670	5.000	2.350	2.20	+ 15
10/1/2024	2,210	5.000	2.450	2.25	+ 20
4/1/2025	2,670	5.000	2.570	2.32	+ 25
10/1/2025	2,700	5.000	2.700	2.35	+ 35
4/1/2026	2,615	5.000	2.780	2.35	+ 43
10/1/2026	2,530	5.000	2.810	2.37	+ 44
4/1/2027	2,450	5.000	2.950	2.41	+ 54
10/1/2027	2,365	5.000	3.000	2.42	+ 58
4/1/2028	2,280	5.000	3.080	2.46	+ 62
10/1/2028	2,195	5.000	3.120	2.48	+ 64
4/1/2029	2,100	5.000	3.160	2.53	+ 63
10/1/2029	2,020	5.000	3.200	2.55	+ 65
4/1/2030	2,995	5.000	3.250	2.58	+ 67
10/1/2030	1,995	5.000	3.300	2.60	+ 70
10/1/2037	34,875	4.000	4.000	2.82	+ 118
10/1/2042	57,580	4.150	4.150	2.90	+ 125
10/1/2047	31,065	4.250	4.220	2.42	+ 180
10/1/2052	59,000	4.250	3.420	2.42	+ 100
			103.727		

***PAC Avg Life 5.0 yrs over range of 100-500% PSA @ 4.25% coupon**

Rhode Island Housing and Mortgage Finance Corporation
Homeownership Opportunity Bonds
Series 77-A (Social Bonds)
4/26/2022
Aa1 | AA+ | NR
Non-AMT
$92,965,000
Optional call in 4/1/2032 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
4/1/2023	345	5.000	2.100	1.94	+ 16
10/1/2023	585	5.000	2.250	2.06	+ 19
4/1/2024	845	5.000	2.400	2.20	+ 20
10/1/2024	1,075	5.000	2.520	2.25	+ 27
4/1/2025	1,285	5.000	2.670	2.32	+ 35
10/1/2025	1,330	5.000	2.770	2.35	+ 42
4/1/2026	1,250	5.000	2.880	2.35	+ 53
10/1/2026	1,180	5.000	2.900	2.37	+ 53
4/1/2027	1,105	5.000	3.040	2.41	+ 63
10/1/2027	1,040	5.000	3.070	2.42	+ 65
4/1/2028	965	5.000	3.140	2.46	+ 68
10/1/2028	900	5.000	3.180	2.48	+ 70
4/1/2029	830	5.000	3.250	2.53	+ 72
10/1/2029	1,780	3.350	3.350	2.55	+ 80
4/1/2030	2,450	3.500	3.500	2.58	+ 92
10/1/2030	2,415	3.550	3.550	2.60	+ 95
4/1/2031	2,390	3.600	3.600	2.63	+ 97
10/1/2031	2,370	3.650	3.650	2.66	+ 99
4/1/2032	2,180	3.700	3.700	2.68	+ 102
10/1/2032	1,920	3.750	3.750	2.70	+ 105
4/1/2033	1,960	3.800	3.800	2.72	+ 108
10/1/2033	2,000	3.900	3.900	2.74	+ 116
4/1/2034	2,035	3.950	3.950	2.75	+ 120
10/1/2034	2,060	3.950	3.950	2.77	+ 118
10/1/2037	12,060	4.000	4.000	2.82	+ 118
10/1/2042	25,610	4.150	4.150	2.90	+ 125
4/1/2051	19,000	4.250	3.320	2.42	+ 90
			104.183		

***PAC Avg Life 5.0 yrs over range of 100-500% PSA @ 4.25% coupon**

Social Bond Issuance

Social Bond Issuance

Social Bond Issuance

Recently Priced Housing Transactions (*cont.*)

Iowa Finance Authority
Single Family Mortgage Bonds
2022 Series D (Social Bonds)
4/20/2022
Aaa | AAA | NR
Non-AMT
$63,360,000
Optional call in 7/1/2032 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
1/1/2031	690	3.500	3.500	2.58	**+ 92**
7/1/2031	1,135	3.500	3.500	2.61	**+ 89**
1/1/2032	1,160	3.600	3.600	2.64	**+ 96**
7/1/2032	1,185	3.650	3.650	2.65	**+ 100**
1/1/2033	1,215	3.700	3.700	2.68	**+ 102**
7/1/2033	1,240	3.800	3.800	2.69	**+ 111**
1/1/2034	1,265	3.850	3.850	2.71	**+ 114**
7/1/2034	1,295	3.850	3.850	2.72	**+ 113**
7/1/2037	5,960	3.900	3.900	2.78	**+ 112**
7/1/2042	14,390	4.050	4.050	2.86	**+ 119**
7/1/2042	33,825	4.000	3.050 **104.701**	2.38	**+ 67**

West Virginia Housing Development Fund
Housing Finance Bonds
2022 Series A (Social Bonds)
4/19/2022
Aaa | AAA | NR
Non-AMT
$30,000,000
Optional call in 5/1/2032 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
5/1/2023	375	1.900	1.900	1.84	**+ 6**
11/1/2023	460	2.100	2.100	1.97	**+ 13**
5/1/2024	540	2.350	2.350	2.09	**+ 26**
11/1/2024	610	2.500	2.500	2.14	**+ 36**
11/1/2025	1,375	2.700	2.700	2.21	**+ 49**
11/1/2026	1,355	2.900	2.900	2.23	**+ 67**
11/1/2027	1,310	3.100	3.100	2.28	**+ 82**
11/1/2028	1,270	3.250	3.250	2.35	**+ 90**
11/1/2029	1,235	3.350	3.350	2.42	**+ 93**
11/1/2030	1,200	3.450	3.450	2.46	**+ 99**
11/1/2031	1,170	3.500	3.500	2.53	**+ 97**
5/1/2032	570	3.550	3.550	2.55	**+ 100**
11/1/2032	565	3.600	3.600	2.56	**+ 104**
5/1/2033	555	3.650	3.650	2.59	**+ 106**
11/1/2033	550	3.700	3.700	2.61	**+ 109**
5/1/2034	545	3.750	3.750	2.62	**+ 113**
11/1/2037	3,620	3.800	3.800	2.68	**+ 112**
11/1/2042	4,675	4.000	4.000	2.76	**+ 124**
11/1/2047	4,225	4.100	4.100	2.84	**+ 126**
11/1/2052	3,795	4.150	4.150	2.89	**+ 126**

Connecticut Housing Finance Authority
Housing Mortgage Finance Program Bonds
2022 Series B (Subseries B-1) (Sustainability Bonds)
4/19/2022
Aaa | AAA | NR
Non-AMT
$77,845,000
Optional call in 11/15/2031 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
11/15/2022	500	5.000	1.760	1.76	
5/15/2023	125	5.000	1.860	1.84	**+ 2**
11/15/2023	120	5.000	2.050	1.97	**+ 8**
5/15/2024	135	5.000	2.220	2.09	**+ 13**
11/15/2024	400	5.000	2.320	2.14	**+ 18**
5/15/2025	405	5.000	2.490	2.19	**+ 30**
11/15/2025	415	5.000	2.560	2.21	**+ 35**
5/15/2026	420	5.000	2.620	2.22	**+ 40**
11/15/2026	430	5.000	2.680	2.23	**+ 45**
5/15/2027	440	5.000	2.780	2.28	**+ 50**
11/15/2027	450	5.000	2.830	2.28	**+ 55**
5/15/2028	460	5.000	2.930	2.33	**+ 60**
11/15/2028	465	5.000	3.000	2.35	**+ 65**
5/15/2029	480	5.000	3.080	2.40	**+ 68**
11/15/2029	490	5.000	3.120	2.42	**+ 70**
5/15/2030	495	5.000	3.200	2.45	**+ 75**
11/15/2030	510	5.000	3.210	2.46	**+ 75**
5/15/2031	520	5.000	3.300	2.50	**+ 80**
11/15/2031	525	5.000	3.330	2.53	**+ 80**
5/15/2032	545	5.000	3.380	2.55	**+ 83**
11/15/2032	550	3.600	3.600	2.56	**+ 104**
5/15/2033	565	3.650	3.650	2.59	**+ 106**
11/15/2033	575	3.700	3.700	2.61	**+ 109**
5/15/2034	585	3.750	3.750	2.62	**+ 113**
11/15/2034	600	3.750	3.750	2.63	**+ 112**
11/15/2037	5,405	3.850	3.850	2.68	**+ 117**
11/15/2042	16,355	4.050	4.050	2.76	**+ 129**
11/15/2047	20,095	4.150	4.150	2.84	**+ 131**
11/15/2052	24,785	4.200	4.200	2.89	**+ 131**

Social Bond Issuance

[1]5/1/2025 optional call in 5/1/2023 @ 100.00

Sustainability Bond Issuance

Recently Priced Housing Transactions (*cont.*)

Virginia Housing Development Authority Rental Housing Bonds 2022 Series D 4/12/2022 Aa1 I AA+ I NR Non-AMT $23,425,000 Optional call in 5/1/2032 @ 100.00					
Maturity	Par	Coupon	Yield	MMD	Spread
5/1/2025	1,530	2.400	2.400	2.10	+ 30
5/1/2026	400	2.600	2.600	2.17	+ 43
5/1/2027	410	2.800	2.800	2.21	+ 59
5/1/2028	420	2.900	2.900	2.23	+ 67
5/1/2029	430	3.050	3.050	2.30	+ 75
5/1/2030	440	3.200	3.200	2.35	+ 85
5/1/2031	455	3.250	3.250	2.38	+ 87
5/1/2032	465	3.400	3.400	2.43	+ 97
5/1/2033	480	3.500	3.500	2.47	+ 103
5/1/2034	500	3.550	3.550	2.50	+ 105
5/1/2037	1,595	3.650	3.650	2.56	+ 109
5/1/2042	3,040	3.850	3.850	2.64	+ 121
5/1/2047	3,630	3.950	3.950	2.72	+ 123
5/1/2052	4,360	4.050	4.050	2.77	+ 128
5/1/2057	5,270	4.100	4.100	2.77	+ 133

New Mexico Mortgage Finance Authority Single Family Mortgage Program Class I Bonds 2022 Series C 4/12/2022 Aaa I NR I NR Non-AMT $90,000,000 Optional Call in 9/1/2031 @ 100.00					
Maturity	Par	Coupon	Yield	MMD	Spread
3/1/2023	65	1.800	1.800	1.73	+ 7
9/1/2023	850	1.950	1.950	1.85	+ 10
3/1/2024	855	2.200	2.200	1.98	+ 22
9/1/2024	865	2.350	2.350	2.03	+ 32
3/1/2025	875	2.500	2.500	2.08	+ 42
9/1/2025	890	2.600	2.600	2.13	+ 47
3/1/2026	900	2.700	2.700	2.15	+ 55
9/1/2026	910	2.750	2.750	2.18	+ 57
3/1/2027	925	2.850	2.850	2.19	+ 66
9/1/2027	940	2.950	2.950	2.21	+ 74
3/1/2028	950	3.000	3.000	2.22	+ 78
9/1/2028	970	3.000	3.000	2.24	+ 76
3/1/2029	985	3.100	3.100	2.29	+ 81
9/1/2029	1,000	3.150	3.150	2.31	+ 84
3/1/2030	1,015	3.200	3.200	2.34	+ 86
9/1/2030	1,035	3.250	3.250	2.36	+ 89
3/1/2031	1,055	3.300	3.300	2.37	+ 93
9/1/2031	1,070	3.350	3.350	2.40	+ 95
3/1/2032	1,090	3.400	3.400	2.42	+ 98
9/1/2032	1,110	3.450	3.450	2.44	+ 101
3/1/2033	625	3.500	3.500	2.46	+ 104
9/1/2033	635	3.550	3.550	2.48	+ 107
9/1/2037	5,535	3.650	3.650	2.56	+ 109
9/1/2042	8,290	3.850	3.850	2.64	+ 121
9/1/2047	10,175	3.950	3.950	2.72	+ 123
9/1/2052	12,385	4.000	4.000	2.77	+ 123
3/1/2053	34,000	4.250	2.980	2.21	+ 77
			106.436		

*PAC Avg Life 5.7 yrs over range of 100-400% PSA @ 4.25% coupon

Georgia Housing and Finance Authority Single Family Mortgage Bonds 2022 Series A 4/11/2022 NR I AAA I NR Non-AMT $111,970,000 Optional call in 6/1/2031 @ 100.00					
Maturity	Par	Coupon	Yield	MMD	Spread
12/1/2022	1,690	1.600	1.600		
6/1/2023	1,985	1.700	1.700	1.78	
12/1/2023	2,025	1.950	1.950	1.91	+ 4
6/1/2024	2,065	2.150	2.150	2.00	+ 15
12/1/2024	2,110	2.300	2.300	2.06	+ 24
6/1/2025	2,150	5.000	2.350	2.21	+ 14
12/1/2025	2,190	5.000	2.400	2.21	+ 19
6/1/2026	2,235	5.000	2.500	2.21	+ 29
12/1/2026	2,275	5.000	2.550	2.21	+ 34
6/1/2027	2,320	5.000	2.630	2.21	+ 42
12/1/2027	2,360	5.000	2.680	2.21	+ 47
6/1/2028	2,380	5.000	2.750	2.21	+ 54
12/1/2028	2,375	5.000	2.800	2.21	+ 59
6/1/2029	2,370	5.000	2.850	2.21	+ 64
12/1/2029	2,325	3.100	3.100	2.32	+ 78
6/1/2030	2,360	3.200	3.200	2.35	+ 85
12/1/2030	2,645	3.250	3.250	2.36	+ 89
6/1/2031	2,405	3.300	3.300	2.38	+ 92
12/1/2031	2,300	3.350	3.350	2.41	+ 94
6/1/2032	2,195	3.400	3.400	2.43	+ 97
12/1/2032	2,080	3.450	3.450	2.44	+ 101
6/1/2033	2,025	3.500	3.500	2.47	+ 103
12/1/2033	1,955	3.550	3.550	2.49	+ 106
6/1/2034	1,965	3.600	3.600	2.50	+ 110
12/1/2034	1,975	3.600	3.600	2.51	+ 109
12/1/2037	12,450	3.650	3.650	2.56	+ 109
12/1/2042	24,760	3.850	3.850	2.64	+ 121
6/1/2049	20,000	4.000	3.020	2.21	+ 81
			104.474		

*PAC Avg Life 5.0 yrs over range of 75-400% PSA @ 4.00% coupon

Recently Priced TDHCA Non-AMT Transactions

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
Series 2022A (Social Bonds)
1/19/2022
Aaa | AA+ | NR
Non-AMT
$190,000,000
Optional Call in 1/1/2031 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
1/1/2023	265	0.500	0.500	0.35	+ 15
7/1/2023	1,080	0.600	0.600	0.40	+ 20
1/1/2024	1,090	0.750	0.750	0.48	+ 27
7/1/2024	1,100	0.850	0.850	0.53	+ 32
1/1/2025	1,115	0.900	0.900	0.62	+ 28
7/1/2025	1,130	1.000	1.000	0.68	+ 32
1/1/2026	1,145	1.100	1.100	0.73	+ 37
7/1/2026	1,160	1.200	1.200	0.80	+ 40
1/1/2027	1,165	5.000	1.150	0.83	+ 32
7/1/2027	1,190	5.000	1.250	0.92	+ 33
1/1/2028	1,220	5.000	1.350	0.97	+ 38
7/1/2028	1,250	5.000	1.450	1.03	+ 42
1/1/2029	1,280	5.000	1.500	1.06	+ 44
7/1/2029	1,310	5.000	1.600	1.10	+ 50
1/1/2030	1,345	5.000	1.650	1.13	+ 52
7/1/2030	1,375	5.000	1.700	1.15	+ 55
7/1/2031	2,855	2.000	2.000	1.19	+ 81
1/1/2032	1,465	2.100	2.100	1.21	+ 89
7/1/2032	1,485	2.150	2.150	1.22	+ 93
1/1/2033	1,510	2.200	2.200	1.23	+ 97
7/1/2033	1,530	2.200	2.200	1.24	+ 96
7/1/2037	13,175	2.150	2.150	1.35	+ 80
7/1/2042	19,080	2.600	2.600	1.50	+ 110
7/1/2047	22,790	3.125	2.750	1.62	+ 113
1/1/2052	24,505	3.125	2.850	1.67	+ 118
7/1/2052	83,385	3.500	1.610	0.93	+ 68
			109.750		

***PAC Avg Life 5.5 yrs over range of 100-400% PSA @ 3.50 % coupon**

Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2021 Series A (Social Bonds)
7/27/2021
Aaa | AA+ | NR
Non-AMT
$150,000,000
Optional call in 3/1/2030 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
9/1/2022	640	0.125	0.125	0.05	+ 8
3/1/2023	995	0.150	0.150	0.05	+ 10
9/1/2023	995	0.200	0.200	0.06	+ 14
3/1/2024	1,005	0.300	0.300	0.09	+ 21
9/1/2024	1,005	0.350	0.350	0.14	+ 21
3/1/2025	1,005	0.500	0.500	0.18	+ 32
9/1/2025	1,015	0.550	0.550	0.25	+ 30
3/1/2026	1,020	0.600	0.600	0.32	+ 28
9/1/2026	1,030	0.700	0.700	0.38	+ 32
3/1/2027	1,035	5.000	0.750	0.42	+ 33
9/1/2027	1,065	5.000	0.820	0.49	+ 33
3/1/2028	1,090	5.000	0.900	0.55	+ 35
9/1/2028	1,120	5.000	0.970	0.60	+ 37
3/1/2029	1,155	5.000	1.150	0.64	+ 51
9/1/2029	1,185	5.000	1.210	0.69	+ 52
3/1/2030	1,215	1.550	1.550	0.75	+ 80
9/1/2030	1,225	1.600	1.600	0.78	+ 82
3/1/2031	1,235	1.650	1.650	0.81	+ 84
9/1/2031	1,255	1.700	1.700	0.84	+ 86
3/1/2032	1,265	1.750	1.750	0.87	+ 88
9/1/2032	1,285	1.750	1.750	0.89	+ 86
3/1/2033	1,295	1.800	1.800	0.91	+ 89
9/1/2033	1,310	1.800	1.800	0.93	+ 87
9/1/2036	8,225	1.850	1.850	1.01	+ 84
9/1/2041	15,195	2.050	2.050	1.16	+ 89
9/1/2046	17,390	2.250	2.200	1.31	+ 91
9/1/2051	19,995	2.350	2.320	1.36	+ 96
			100.230		
3/1/2052	63,750	3.000	0.850	0.42	+ 43
			111.478		

***PAC Avg Life 5.5 yrs over range of 100-400% PSA @ 3.00 % coupon**

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
Series 2021A (Social Bonds)
3/31/2021
Aaa | AA+ | NR
Non-AMT
$100,000,000
Optional call in 01/01/2030 @ 100.00

Maturity	Par	Coupon	Yield	MMD	Spread
7/1/2022	585	0.250	0.250	0.10	+ 15
1/1/2023	595	0.300	0.300	0.13	+ 17
7/1/2023	600	0.350	0.350	0.17	+ 18
1/1/2024	605	0.345	0.345	0.25	+ 10
7/1/2024	610	0.500	0.500	0.29	+ 21
1/1/2025	620	0.600	0.600	0.38	+ 22
7/1/2025	630	0.650	0.650	0.41	+ 24
1/1/2026	635	0.750	0.750	0.49	+ 26
7/1/2026	645	0.800	0.800	0.53	+ 27
1/1/2027	645	5.000	0.850	0.60	+ 25
7/1/2027	665	5.000	0.950	0.67	+ 28
1/1/2028	675	5.000	1.050	0.75	+ 30
7/1/2028	705	5.000	1.150	0.81	+ 34
1/1/2029	705	5.000	1.250	0.89	+ 36
7/1/2029	720	5.000	1.350	0.94	+ 41
1/1/2030	750	1.600	1.600	1.02	+ 58
7/1/2030	755	1.650	1.650	1.06	+ 59
1/1/2031	770	1.800	1.800	1.10	+ 70
7/1/2031	780	1.850	1.850	1.14	+ 71
1/1/2032	795	1.950	1.950	1.16	+ 79
7/1/2032	805	1.950	1.950	1.18	+ 77
1/1/2033	815	2.000	2.000	1.20	+ 80
7/1/2033	830	2.000	2.000	1.23	+ 77
7/1/2036	5,215	2.050	2.050	1.35	+ 70
7/1/2041	9,815	2.250	2.250	1.55	+ 70
7/1/2046	11,555	2.450	2.450	1.70	+ 75
7/1/2051	13,475	2.500	2.500	1.75	+ 75
1/1/2052	44,000	3.000	1.030	0.51	+ 49
			110.370		

***PAC Avg Life 5.5 yrs over range of 100-400% PSA @ 3.00 % coupon**

2022 Series A Syndicate Price Views

Price Views						
2022 Series A (Non-AMT) (Social Bonds)						
Maturity	Par	Year	MMD	Jefferies	Piper Sandler	Ramirez
3/1/2023	100,000	0.5	1.92	2.050	2.050	2.050
9/1/2023	860,000	1.0	2.06	2.300	2.300	2.300
3/1/2024	880,000	1.5	2.21	2.500	2.500	2.500
9/1/2024	895,000	2.0	2.26	2.700	2.700	2.700
3/1/2025	915,000	2.5	2.35	2.850	2.850	2.850
9/1/2025	930,000	3.0	2.39	3.000	3.000	3.000
3/1/2026	950,000	3.5	2.39	3.100	3.100	3.100
9/1/2026	965,000	4.0	2.41	3.150	3.150	3.150
3/1/2027	985,000	4.5	2.44	3.120	3.100	3.000
9/1/2027	1,010,000	5.0	2.46	3.160	3.150	3.050
3/1/2028	1,035,000	5.5	2.50	3.220	3.200	3.150
9/1/2028	1,065,000	6.0	2.52	3.260	3.250	3.200
3/1/2029	1,090,000	6.5	2.57	3.330	3.300	3.250
9/1/2029	1,120,000	7.0	2.59	3.370	3.350	3.300
3/1/2030	1,150,000	7.5	2.62	3.420	3.400	3.350
9/1/2030	1,180,000	8.0	2.64	3.460	3.450	3.350
3/1/2031	1,215,000	8.5	2.67	3.510	3.550	3.400
9/1/2031	1,245,000	9.0	2.70	3.560	3.600	3.500
3/1/2032	1,280,000	9.5	2.72	3.800	3.800	3.750
9/1/2032	1,315,000	10.0	2.74	3.850	3.850	3.800
3/1/2033	1,340,000	10.5	2.76	3.900	3.900	3.850
9/1/2033	1,375,000	11.0	2.78	3.950	3.950	3.900
9/1/2037	12,195,000	15.0	2.84	4.000	4.000	4.000
9/1/2040	18,830,000	20.0	2.92	4.150	4.150	4.150
9/1/2047	23,950,000	25.0	3.00	4.250	4.250	4.250
3/1/2052	27,120,000	29.5	3.05	4.300	4.300	4.350
9/1/2052	$85,005,000	5.5	2.46	3.560	3.550	3.590
Total	$190,000,000					

Note: MMD rates as of 5/2/2022. Blue fill denotes premium serial bonds.

Jefferies

Daily Rate Sheets

Daily Rate Sheet
Close of Business May 2, 2022

Jefferies

	Jefferies' AAA Scale				UST				SIFMA Swaps				LIBOR Swaps				Jefferies' AAA Scale/UST	SIFMA/LIBOR
Yr.	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Ratio	Ratio
1	1.88%	0.03%	0.08%	1.70%	2.05%	-0.01%	0.14%	2.00%	1.81%	-0.01%	0.28%	1.70%	2.54%	-0.01%	0.29%	2.33%	91.81%	71.13%
2	2.04%	0.03%	0.08%	1.80%	2.73%	0.02%	0.16%	2.57%	2.26%	0.01%	0.23%	2.10%	3.06%	0.01%	0.22%	2.79%	74.64%	73.88%
3	2.18%	0.03%	0.08%	1.86%	2.94%	0.05%	0.15%	2.61%	2.41%	0.02%	0.19%	2.12%	3.14%	0.03%	0.20%	2.68%	74.28%	76.63%
4	2.29%	0.03%	0.08%	1.85%	2.97%	0.05%	0.15%	2.40%	2.48%	0.03%	0.18%	2.03%	3.12%	0.04%	0.18%	2.42%	77.09%	79.38%
5	2.39%	0.03%	0.08%	1.81%	3.01%	0.05%	0.14%	2.18%	2.52%	0.04%	0.14%	1.92%	3.10%	0.05%	0.18%	2.18%	79.51%	81.38%
6	2.49%	0.03%	0.08%	1.73%	3.02%	0.05%	0.15%	1.97%	2.54%	0.04%	0.13%	1.79%	3.09%	0.05%	0.18%	1.97%	82.44%	82.31%
7	2.59%	0.03%	0.08%	1.67%	3.04%	0.05%	0.16%	1.76%	2.56%	0.04%	0.12%	1.67%	3.08%	0.05%	0.18%	1.80%	85.34%	83.13%
8	2.68%	0.03%	0.08%	1.63%	3.02%	0.05%	0.15%	1.63%	2.58%	0.04%	0.11%	1.59%	3.07%	0.04%	0.18%	1.66%	88.79%	83.88%
9	2.77%	0.03%	0.08%	1.60%	3.00%	0.05%	0.15%	1.51%	2.59%	0.04%	0.11%	1.52%	3.06%	0.04%	0.18%	1.55%	92.28%	84.60%
10	2.86%	0.03%	0.08%	1.59%	2.99%	0.05%	0.15%	1.39%	2.61%	0.04%	0.10%	1.44%	3.06%	0.04%	0.18%	1.47%	95.81%	85.13%
11	2.95%	0.03%	0.08%	1.60%	3.01%	0.05%	0.15%	1.36%	2.64%	0.03%	0.10%	1.40%	3.06%	0.04%	0.18%	1.39%	97.96%	86.02%
12	3.03%	0.03%	0.08%	1.61%	3.04%	0.05%	0.16%	1.33%	2.66%	0.03%	0.10%	1.36%	3.06%	0.04%	0.18%	1.33%	99.74%	86.88%
13	3.08%	0.03%	0.08%	1.62%	3.06%	0.05%	0.16%	1.30%	2.68%	0.03%	0.10%	1.34%	3.06%	0.03%	0.17%	1.28%	100.52%	87.50%
14	3.12%	0.03%	0.08%	1.62%	3.09%	0.04%	0.16%	1.27%	2.69%	0.03%	0.10%	1.31%	3.06%	0.03%	0.17%	1.24%	100.95%	88.12%
15	3.16%	0.03%	0.08%	1.62%	3.12%	0.04%	0.17%	1.24%	2.71%	0.03%	0.10%	1.28%	3.05%	0.03%	0.17%	1.19%	101.38%	88.75%
16	3.19%	0.02%	0.07%	1.61%	3.14%	0.04%	0.17%	1.21%	2.71%	0.03%	0.10%	1.26%	3.04%	0.03%	0.17%	1.16%	101.48%	89.14%
17	3.22%	0.02%	0.07%	1.60%	3.17%	0.04%	0.18%	1.18%	2.72%	0.03%	0.09%	1.23%	3.03%	0.03%	0.17%	1.12%	101.58%	89.54%
18	3.25%	0.02%	0.07%	1.60%	3.20%	0.04%	0.18%	1.15%	2.72%	0.03%	0.09%	1.21%	3.02%	0.03%	0.16%	1.09%	101.68%	89.94%
19	3.28%	0.02%	0.07%	1.60%	3.22%	0.04%	0.18%	1.12%	2.72%	0.02%	0.09%	1.19%	3.01%	0.03%	0.16%	1.06%	101.78%	90.34%
20	3.31%	0.02%	0.07%	1.61%	3.25%	0.04%	0.19%	1.09%	2.72%	0.02%	0.08%	1.17%	3.00%	0.03%	0.16%	1.03%	101.88%	90.75%
21	3.33%	0.02%	0.07%	1.61%	3.23%	0.04%	0.18%	1.05%	2.72%	0.02%	0.08%	1.15%	2.98%	0.02%	0.16%	1.00%	103.17%	91.11%
22	3.35%	0.02%	0.07%	1.61%	3.21%	0.04%	0.18%	1.02%	2.71%	0.02%	0.08%	1.13%	2.96%	0.02%	0.15%	0.97%	104.48%	91.48%
23	3.36%	0.02%	0.07%	1.61%	3.19%	0.04%	0.18%	0.98%	2.70%	0.02%	0.08%	1.11%	2.94%	0.02%	0.15%	0.94%	105.49%	91.86%
24	3.37%	0.02%	0.07%	1.61%	3.16%	0.04%	0.18%	0.95%	2.69%	0.02%	0.08%	1.09%	2.92%	0.02%	0.15%	0.92%	106.52%	92.24%
25	3.38%	0.02%	0.07%	1.61%	3.14%	0.04%	0.17%	0.92%	2.69%	0.02%	0.07%	1.07%	2.90%	0.02%	0.14%	0.89%	107.56%	92.62%
26	3.39%	0.02%	0.07%	1.61%	3.12%	0.04%	0.17%	0.88%	2.68%	0.02%	0.07%	1.05%	2.88%	0.02%	0.14%	0.87%	108.61%	93.01%
27	3.40%	0.02%	0.07%	1.61%	3.10%	0.04%	0.17%	0.85%	2.67%	0.02%	0.07%	1.03%	2.86%	0.02%	0.14%	0.84%	109.68%	93.41%
28	3.41%	0.02%	0.07%	1.61%	3.08%	0.04%	0.17%	0.82%	2.66%	0.02%	0.07%	1.01%	2.84%	0.02%	0.13%	0.82%	110.76%	93.81%
29	3.42%	0.02%	0.07%	1.61%	3.06%	0.04%	0.16%	0.78%	2.66%	0.02%	0.06%	0.99%	2.82%	0.02%	0.13%	0.80%	111.86%	94.21%
30	3.43%	0.02%	0.07%	1.61%	3.04%	0.04%	0.16%	0.75%	2.65%	0.01%	0.06%	0.97%	2.80%	0.02%	0.13%	0.78%	112.98%	94.63%

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	0.44%	0.00%	-0.02%	0.38%
1M LIBOR	0.80%	0.00%	0.17%	0.70%
3M LIBOR	1.33%	0.00%	0.20%	1.16%
Fed Fund	0.32%	0.00%	0.00%	0.29%
Prime	3.50%	0.00%	0.00%	0.25%
SOFR	0.28%	0.00%	0.00%	0.27%

*Represents reset on April 27, 2022, effective from April 28, 2022 to May 04, 2022

SIFMA/1M LIBOR RATIO

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
Spot	54.77%	0.00%	-18.06%	-1.17%
6M Avg.	77.59%	-0.43%	-0.65%	13.86%
2-Yr. Avg.	66.79%	0.12%	0.70%	-7.68%

Reinvestment Rates

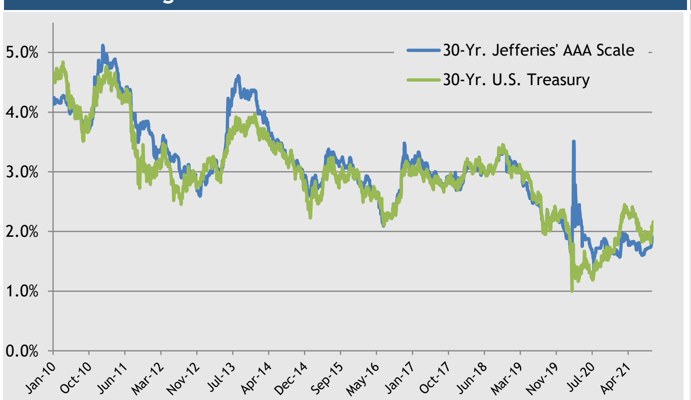
Years	UST	Agencies
1	2.05%	1.57%
2	2.73%	2.56%
3	2.94%	2.92%
4	2.97%	2.95%
5	3.01%	2.98%
7	3.04%	3.05%
10	2.99%	3.27%

Generic GO Credit Spreads*

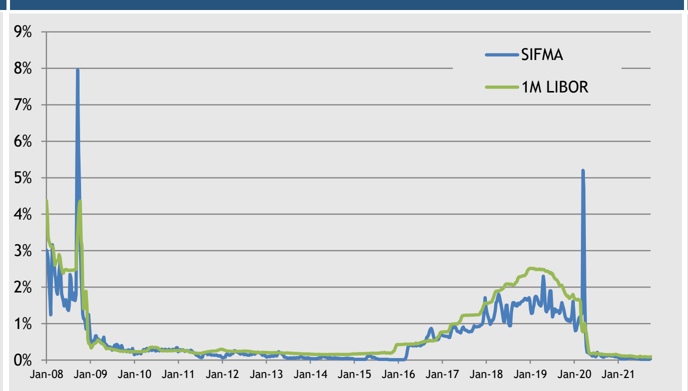
Years	AA	A	BBB
10	25 bps	45 bps	82 bps
20	33 bps	54 bps	88 bps
30	34 bps	54 bps	88 bps

*Source: Thomson Reuters

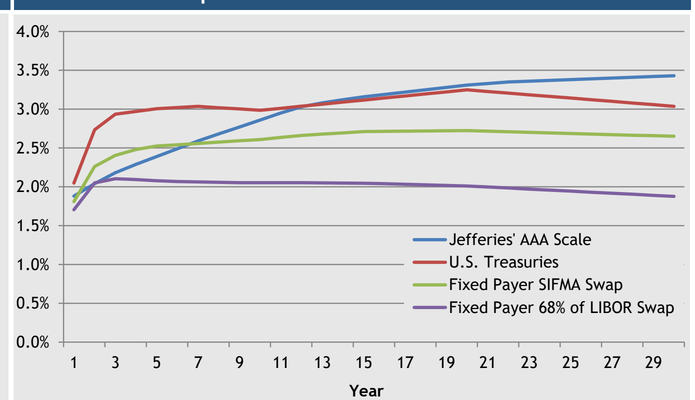
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



Daily Rate Sheet
Close of Business May 3, 2022

Jefferies

	Jefferies' AAA Scale				UST				SIFMA Swaps				LIBOR Swaps				Jefferies' AAA Scale/UST	SIFMA/LIBOR
Yr.	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Rate	Δ 1 Day	Δ 1 Week	Δ 1 Year	Ratio	Ratio
1	1.88%	0.00%	0.06%	1.70%	2.10%	0.05%	0.12%	2.05%	1.84%	0.03%	0.16%	1.73%	2.58%	0.04%	0.21%	2.37%	89.65%	71.38%
2	2.04%	0.00%	0.06%	1.80%	2.78%	0.05%	0.10%	2.62%	2.29%	0.03%	0.10%	2.14%	3.10%	0.04%	0.13%	2.82%	73.28%	74.13%
3	2.18%	0.00%	0.06%	1.86%	2.97%	0.03%	0.08%	2.65%	2.43%	0.03%	0.08%	2.15%	3.16%	0.02%	0.09%	2.70%	73.43%	76.88%
4	2.29%	0.00%	0.06%	1.85%	3.00%	0.03%	0.06%	2.42%	2.50%	0.02%	0.07%	2.05%	3.14%	0.02%	0.08%	2.44%	76.44%	79.63%
5	2.39%	0.00%	0.06%	1.81%	3.02%	0.02%	0.05%	2.20%	2.54%	0.02%	0.07%	1.93%	3.11%	0.01%	0.08%	2.19%	79.06%	81.63%
6	2.49%	0.00%	0.06%	1.73%	3.03%	0.01%	0.06%	1.98%	2.56%	0.02%	0.07%	1.81%	3.09%	0.00%	0.08%	1.98%	82.08%	82.67%
7	2.59%	0.00%	0.06%	1.67%	3.04%	0.01%	0.07%	1.76%	2.57%	0.01%	0.06%	1.68%	3.08%	0.00%	0.08%	1.80%	85.09%	83.63%
8	2.68%	0.00%	0.06%	1.63%	3.02%	0.00%	0.07%	1.63%	2.59%	0.01%	0.06%	1.60%	3.06%	-0.01%	0.09%	1.66%	88.71%	84.41%
9	2.77%	0.00%	0.06%	1.60%	3.00%	0.00%	0.06%	1.50%	2.60%	0.01%	0.07%	1.52%	3.05%	-0.01%	0.09%	1.54%	92.39%	85.11%
10	2.86%	0.00%	0.06%	1.59%	2.98%	-0.01%	0.06%	1.38%	2.61%	0.00%	0.07%	1.45%	3.05%	-0.01%	0.09%	1.45%	96.13%	85.63%
11	2.95%	0.00%	0.06%	1.60%	3.00%	-0.01%	0.07%	1.34%	2.64%	0.01%	0.07%	1.41%	3.05%	-0.01%	0.09%	1.38%	98.34%	86.67%
12	3.03%	0.00%	0.06%	1.61%	3.02%	-0.01%	0.07%	1.31%	2.67%	0.01%	0.08%	1.37%	3.05%	-0.02%	0.09%	1.31%	100.18%	87.63%
13	3.08%	0.00%	0.06%	1.62%	3.05%	-0.01%	0.07%	1.28%	2.69%	0.01%	0.08%	1.35%	3.04%	-0.02%	0.09%	1.27%	101.00%	88.29%
14	3.12%	0.00%	0.06%	1.62%	3.07%	-0.02%	0.07%	1.25%	2.70%	0.01%	0.09%	1.32%	3.04%	-0.02%	0.09%	1.22%	101.49%	88.96%
15	3.16%	0.00%	0.06%	1.62%	3.10%	-0.02%	0.08%	1.22%	2.72%	0.01%	0.09%	1.29%	3.04%	-0.02%	0.09%	1.17%	101.97%	89.63%
16	3.19%	0.00%	0.05%	1.61%	3.12%	-0.02%	0.08%	1.19%	2.72%	0.01%	0.09%	1.27%	3.02%	-0.02%	0.09%	1.14%	102.12%	90.02%
17	3.22%	0.00%	0.05%	1.60%	3.15%	-0.02%	0.08%	1.15%	2.72%	0.01%	0.09%	1.24%	3.01%	-0.02%	0.09%	1.11%	102.27%	90.42%
18	3.25%	0.00%	0.05%	1.60%	3.17%	-0.02%	0.08%	1.12%	2.73%	0.01%	0.08%	1.22%	3.00%	-0.02%	0.09%	1.07%	102.41%	90.82%
19	3.28%	0.00%	0.05%	1.60%	3.20%	-0.02%	0.09%	1.09%	2.73%	0.01%	0.08%	1.20%	2.99%	-0.02%	0.09%	1.04%	102.56%	91.22%
20	3.31%	0.00%	0.05%	1.61%	3.22%	-0.03%	0.09%	1.06%	2.73%	0.01%	0.08%	1.18%	2.98%	-0.02%	0.09%	1.01%	102.70%	91.63%
21	3.33%	0.00%	0.05%	1.61%	3.20%	-0.03%	0.09%	1.03%	2.72%	0.01%	0.08%	1.16%	2.96%	-0.02%	0.08%	0.98%	104.00%	92.00%
22	3.35%	0.00%	0.05%	1.61%	3.18%	-0.03%	0.09%	0.99%	2.72%	0.01%	0.08%	1.14%	2.94%	-0.02%	0.08%	0.95%	105.33%	92.38%
23	3.36%	0.00%	0.05%	1.61%	3.16%	-0.03%	0.09%	0.96%	2.71%	0.01%	0.07%	1.12%	2.92%	-0.02%	0.08%	0.92%	106.35%	92.77%
24	3.37%	0.00%	0.05%	1.61%	3.14%	-0.03%	0.09%	0.93%	2.70%	0.01%	0.07%	1.10%	2.90%	-0.02%	0.08%	0.90%	107.39%	93.16%
25	3.38%	0.00%	0.05%	1.61%	3.12%	-0.03%	0.09%	0.89%	2.69%	0.01%	0.07%	1.08%	2.88%	-0.02%	0.07%	0.87%	108.44%	93.56%
26	3.39%	0.00%	0.05%	1.61%	3.10%	-0.03%	0.08%	0.86%	2.69%	0.01%	0.07%	1.06%	2.86%	-0.02%	0.07%	0.84%	109.50%	93.96%
27	3.40%	0.00%	0.05%	1.61%	3.07%	-0.03%	0.08%	0.83%	2.68%	0.01%	0.07%	1.04%	2.84%	-0.02%	0.07%	0.82%	110.58%	94.37%
28	3.41%	0.00%	0.05%	1.61%	3.05%	-0.03%	0.08%	0.79%	2.67%	0.01%	0.06%	1.02%	2.82%	-0.02%	0.07%	0.80%	111.68%	94.78%
29	3.42%	0.00%	0.05%	1.61%	3.03%	-0.03%	0.08%	0.76%	2.66%	0.01%	0.06%	1.00%	2.80%	-0.02%	0.06%	0.78%	112.79%	95.20%
30	3.43%	0.00%	0.05%	1.61%	3.01%	-0.03%	0.08%	0.73%	2.66%	0.01%	0.06%	0.98%	2.78%	-0.02%	0.06%	0.75%	113.92%	95.63%

Key Rates

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
SIFMA*	0.44%	0.00%	-0.02%	0.38%
1M LIBOR	0.83%	0.03%	0.16%	0.72%
3M LIBOR	1.36%	0.03%	0.18%	1.19%
Fed Fund	0.32%	0.00%	0.00%	0.29%
Prime	3.50%	0.00%	0.00%	0.25%
SOFR	0.30%	0.02%	0.03%	0.29%

*Represents reset on April 27, 2022, effective from April 28, 2022 to May 04, 2022

SIFMA/1M LIBOR RATIO

	Today	Δ 1 Day	Δ 1 Week	Δ 1 Year
Spot	52.90%	-1.87%	-15.97%	-3.04%
6M Avg.	75.74%	-0.43%	-0.69%	12.76%
2-Yr. Avg.	66.23%	0.12%	0.67%	-8.48%

Reinvestment Rates

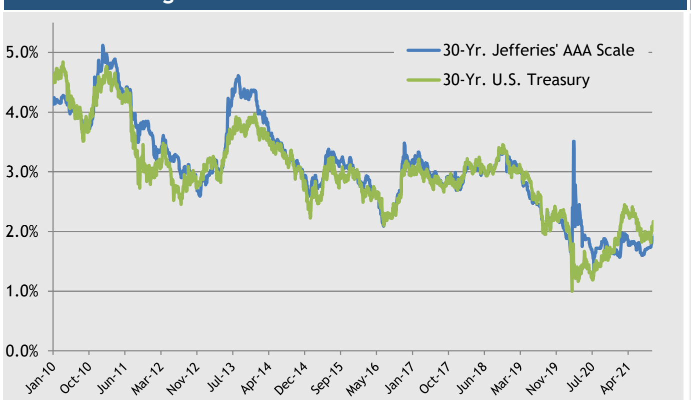
Years	UST	Agencies
1	2.10%	1.64%
2	2.78%	2.62%
3	2.97%	2.95%
4	3.00%	2.98%
5	3.02%	3.01%
7	3.04%	3.07%
10	2.98%	3.26%

Generic GO Credit Spreads*

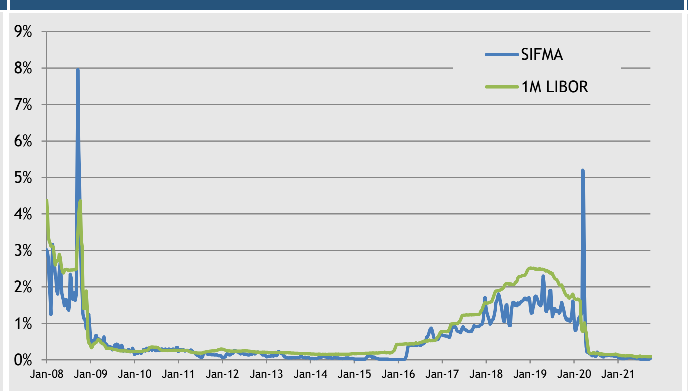
Years	AA	A	BBB
10	29 bps	49 bps	86 bps
20	37 bps	58 bps	92 bps
30	38 bps	58 bps	92 bps

*Source: Thomson Reuters

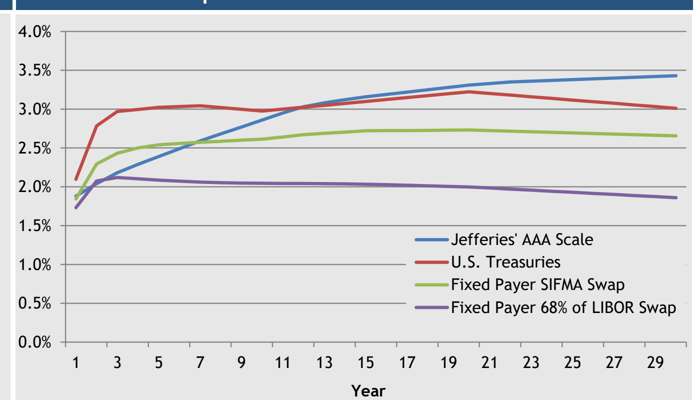
Historical Long-Term Interest Rates



Historical Short-Term Interest Rates



Yield Curve Comparison



Pricing Wires

Jefferies

RE: $ 190,000,000*
Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2022 Series A (Non-AMT) (Social Bonds)

POS URL: https://www.munios.com/munios-notice.aspx?i=PT5GLlgNKk12

Roadshow URL: https://roadshow.munios.com/roadshow-viewer.aspx?e=PT5GL

WE HAVE A RELEASE FOR THE RETAIL ORDER PERIOD. ORDERS WILL BE TAKEN UNTIL 4:00PM EASTERN.

PLEASE NOTE: THE PAC BONDS WILL NOT BE OFFERED IN THE RETAIL ORDER PERIOD.

MOODY'S: Aaa S&P: AA+
FITCH: NR KROLL: NR

DATED:06/14/2022 FIRST COUPON:09/01/2022

DUE: 03/01 & 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
03/01/2023	100M	2.05%	100.00	1/4
09/01/2023	755M	2.30%	100.00	1/4
03/01/2024	765M	2.50%	100.00	1/4
09/01/2024	785M	2.70%	100.00	1/4
03/01/2025	800M	2.85%	100.00	3/8
09/01/2025	820M	3.00%	100.00	3/8
03/01/2026	835M	3.10%	100.00	1/2
09/01/2026	860M	3.15%	100.00	1/2
03/01/2027	870M	5.50%	3.12	1/2
		(Approx. $ Price 110.353)		
09/01/2027	895M	5.50%	3.16	1/2
		(Approx. $ Price 111.162)		
03/01/2028	925M	5.50%	3.22	1/2
		(Approx. $ Price 111.807)		
09/01/2028	950M	5.50%	3.26	1/2
		(Approx. $ Price 112.502)		
03/01/2029	980M	5.50%	3.33	5/8
		(Approx. $ Price 112.953)		
09/01/2029	1,005M	5.50%	3.37	5/8
		(Approx. $ Price 113.534)		
03/01/2030	1,035M	5.50%	3.42	5/8
		(Approx. $ Price 113.992)		
09/01/2030	1,065M	5.50%	3.46	5/8
		(Approx. $ Price 114.471)		
03/01/2031	1,100M	5.50%	3.51	5/8
		(Approx. $ Price 114.822)		
09/01/2031	1,130M	5.50%	3.56	5/8
		(Approx. $ Price 115.119)		
03/01/2032	1,165M	3.80%	100.00	5/8
09/01/2032	1,195M	3.85%	100.00	5/8
03/01/2033	1,225M	3.90%	100.00	5/8
09/01/2033	1,260M	3.95%	100.00	5/8
09/01/2037	11,275M	4.00%	100.00	5/8
09/01/2042	17,700M	4.15%	100.00	5/8
09/01/2047	22,835M	4.25%	100.00	5/8
03/01/2052	26,245M	4.30%	100.00	5/8
09/01/2052 NO RETAIL	91,425M	5.25%	3.61	1/2
	(Approx. $ Price 108.513)			

(PAC)
(Avg. Life: 5.90 years over a range of 100.00 to 400.00% of PSA experience)

CALL FEATURES: Optional call in 09/01/2031 @ 100.00

EXCEPT: The PAC Term bonds are subject to redemption prior to maturity, in whole or in part at anytime and from time to time, on and after September 1, 2031, at the option of the Department, at the redemption prices set forth below (expressed as a percentage of the principal amount to be redeemed):

Redemption Date	PAC Redemption Price
September 1, 2031	
March 1, 2032	
September 1, 2032	
March 1, 2033 and thereafter	100%

The Series 2022A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement beginning on page 5.

The Series 2022A premium serial bonds are not subject to special redemption from mortgage loan principal payments, excess revenues or mandatory sinking fund redemption as described in the Preliminary Official Statement on pages 5 to 14.

PROJECTED WEIGHTED AVERAGE LIFE (IN YEARS):

SIFMA Prepayment Model	Term Bonds due 9/1/2037	Term Bonds due 9/1/2042	Term Bonds due 9/1/2047	Term Bonds due 3/1/2052	PAC Term Bonds Due 9/1/2052 Optional Call not Exercised	Optional Call Exercised
0%	13.5	18.1	23.1	27.6	17.6	8.5
50%	13.5	18.1	22.3	23.9	9.1	7.0
75%	13.5	17.5	20.3	20.9	7.1	6.4
100%	13.3	16.4	18.2	18.4	5.9	5.7
125%	12.1	14.5	15.6	15.7	5.9	5.7
150%	11.0	12.8	13.5	13.5	5.9	5.7
175%	9.9	11.4	11.8	11.8	5.9	5.7
200%	9.0	10.1	10.4	10.3	5.9	5.7
300%	6.0	6.4	6.5	6.4	5.9	5.7
400%	3.6	3.7	3.8	3.7	5.9	5.7
500%	2.8	2.8	2.8	2.8	6.0	5.7

Sinking Fund Schedule

2037 Term Bond

03/01/2034	1,290M
09/01/2034	1,325M
03/01/2035	1,355M
09/01/2035	1,390M
03/01/2036	1,425M
09/01/2036	1,460M
03/01/2037	1,495M
09/01/2037	1,535M

Sinking Fund Schedule

2042 Term Bond

03/01/2038	1,575M
09/01/2038	1,615M
03/01/2039	1,655M
09/01/2039	1,700M
03/01/2040	1,745M
09/01/2040	1,790M
03/01/2041	1,835M
09/01/2041	1,880M
03/01/2042	1,925M
09/01/2042	1,980M

Sinking Fund Schedule

2047 Term Bond

03/01/2043	2,030M
09/01/2043	2,085M
03/01/2044	2,135M
09/01/2044	2,195M
03/01/2045	2,250M
09/01/2045	2,305M
03/01/2046	2,365M

09/01/2046	2,425M
03/01/2047	2,490M
09/01/2047	2,555M

Sinking Fund Schedule

2052 Term Bond

03/01/2048	2,625M
09/01/2048	2,695M
03/01/2049	2,760M
09/01/2049	2,835M
03/01/2050	2,910M
09/01/2050	2,985M
03/01/2051	3,065M
09/01/2051	3,145M
03/01/2052	3,225M

Sinking Fund Schedule

2052 Term Bond

09/01/2023	645M
03/01/2024	660M
09/01/2024	675M
03/01/2025	690M
09/01/2025	705M
03/01/2026	720M
09/01/2026	735M
03/01/2027	760M
09/01/2027	785M
03/01/2028	800M
09/01/2028	830M
03/01/2029	850M
09/01/2029	880M
03/01/2030	905M
09/01/2030	930M
03/01/2031	955M
09/01/2031	985M
03/01/2032	1,010M
09/01/2032	1,035M
03/01/2033	1,060M
09/01/2033	1,085M
03/01/2034	1,115M
09/01/2034	1,140M
03/01/2035	1,170M
09/01/2035	1,200M
03/01/2036	1,230M
09/01/2036	1,265M
03/01/2037	1,295M
09/01/2037	1,325M
03/01/2038	1,360M
09/01/2038	1,395M
03/01/2039	1,435M
09/01/2039	1,470M
03/01/2040	1,505M
09/01/2040	1,545M
03/01/2041	1,585M
09/01/2041	1,625M
03/01/2042	1,670M
09/01/2042	1,710M
03/01/2043	1,755M
09/01/2043	1,800M
03/01/2044	1,850M
09/01/2044	1,895M
03/01/2045	1,945M
09/01/2045	2,000M
03/01/2046	2,050M
09/01/2046	2,105M
03/01/2047	2,160M
09/01/2047	2,215M
03/01/2048	2,270M
09/01/2048	2,330M
03/01/2049	2,395M
09/01/2049	2,455M
03/01/2050	2,520M
09/01/2050	2,585M
03/01/2051	2,655M
09/01/2051	2,725M
03/01/2052	2,795M
09/01/2052	6,180M

* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 4:00 PM, Eastern, Monday, 05/02/22.
Please use Electronic Order Entry to enter orders or call (212) 336-7151.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:
1. Texas Retail
2. National Retail
3. Net Designated (Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
4. Member

DEFINITION OF RETAIL ORDER:

A "RETAIL" ORDER IS DEFINED AS AN ORDER PLACED FOR THE ACCOUNT OF AN INDIVIDUAL, BANK TRUST, OR INVESTMENT ADVISOR ACTING ON BEHALF OF AN INDIVIDUAL, WITH A MAXIMUM OF $500,000 PER ACCOUNT, OR AT THE DISCRETION OF THE ISSUER, SOME LARGER AMOUNT. RETAIL ORDERS DO NOT INCLUDE BANK PORTFOLIOS, INSURANCE COMPANIES, BOND FUNDS OR MUNICIPALITIES. ZIP CODES ARE REQUIRED WITH ALL RETAIL ORDERS.

PRIORITY POLICY:

At least 2 firms must be designated.

No firm may receive more than 70.00% of any designation.

Each designee must receive a minimum of 10.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

Delivery is expected on Tuesday, June 14, 2022.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
Piper Sandler & Co
Ramirez & Co., Inc.

By: Jefferies LLC New York, NY

RE: $ 190,000,000*
Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2022 Series A (Non-AMT) (Social Bonds)

POS URL: https://www.munios.com/munios-notice.aspx?i=PT5GLlgNKk12

Roadshow URL: https://roadshow.munios.com/roadshow-viewer.aspx?e=PT5GL

WE HAVE A RELEASE. ORDERS WILL BE TAKEN UNTIL 1:00PM EASTERN.

MOODY'S: Aaa S&P: AA+
FITCH: NR KROLL: NR

DATED:06/14/2022 FIRST COUPON:09/01/2022

DUE: 03/01 & 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
03/01/2023	100M	2.05%	100.00	1/4
09/01/2023	750M	2.30%	100.00	1/4
03/01/2024	765M	2.50%	100.00	1/4
09/01/2024	780M	2.70%	100.00	1/4
03/01/2025	800M	2.85%	100.00	3/8
09/01/2025	815M	3.00%	100.00	3/8
03/01/2026	835M	3.10%	100.00	1/2
09/01/2026	850M	3.15%	100.00	1/2
03/01/2027	870M	5.50%	3.17	1/2
		(Approx. $ Price 110.122)		
09/01/2027	895M	5.50%	3.21	1/2
		(Approx. $ Price 110.908)		
03/01/2028	920M	5.50%	3.27	1/2
		(Approx. $ Price 111.531)		
09/01/2028	945M	5.50%	3.31	1/2
		(Approx. $ Price 112.203)		
03/01/2029	975M	5.50%	3.38	5/8
		(Approx. $ Price 112.633)		
09/01/2029	1,005M	5.50%	3.42	5/8
		(Approx. $ Price 113.192)		
03/01/2030	1,030M	5.50%	3.47	5/8
		(Approx. $ Price 113.629)		
09/01/2030	1,060M	5.50%	3.51	5/8
		(Approx. $ Price 114.088)		
03/01/2031	1,095M	5.50%	3.56	5/8
		(Approx. $ Price 114.419)		
09/01/2031	1,125M	5.50%	3.61	5/8
		(Approx. $ Price 114.696)		
03/01/2032	1,165M	3.85%	100.00	5/8
09/01/2032	1,190M	3.90%	100.00	5/8
03/01/2033	1,225M	3.95%	100.00	5/8
09/01/2033	1,250M	4.00%	100.00	5/8
09/01/2037	11,210M	4.05%	100.00	5/8
09/01/2042	17,595M	4.20%	100.00	5/8
09/01/2047	22,715M	4.30%	100.00	5/8
03/01/2052	26,095M	4.35%	100.00	5/8
09/01/2052	91,940M	5.50%	3.65	1/2
	(Approx. $ Price 109.552)			

(PAC)
(Avg. Life: 5.90 years over a range of 100.00 to 400.00% of PSA experience)

CALL FEATURES: Optional call in 03/01/2032 @ 100.00

EXCEPT:
09/01/2052 Optional call in 03/01/2032 @ 101.6100 DTP 03/01/2034

EXCEPT: The PAC Term bonds are subject to redemption prior to maturity, in whole or in part at anytime and from time to time, on and after September 1, 2031, at the option of the Department, at the redemption prices set forth below (expressed as a percentage of the principal amount to be redeemed):

Redemption Date	PAC Redemption Price
September 1, 2031	
March 1, 2032	
September 1, 2032	
March 1, 2033 and thereafter	100%

The Series 2022A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement beginning on page 5.

The Series 2022A premium serial bonds are not subject to special redemption from mortgage loan principal payments, excess revenues or mandatory sinking fund redemption as described in the Preliminary Official Statement on pages 5 to 14.

PROJECTED WEIGHTED AVERAGE LIFE (IN YEARS):

SIFMA Prepayment Model	Term Bonds due 9/1/2037	Term Bonds due 9/1/2042	Term Bonds due 9/1/2047	Term Bonds due 3/1/2052	PAC Term Bonds Due 9/1/2052 Optional Call not Exercised	Optional Call Exercised
0%	13.5	18.1	23.1	27.8	18.6	9.0
50%	13.5	18.1	22.6	24.7	9.4	7.4
75%	13.5	17.7	20.7	21.5	7.3	6.6
100%	13.4	16.6	18.5	18.8	5.9	5.9
125%	12.2	14.8	16.0	16.1	5.9	5.8
150%	11.1	13.1	13.9	13.9	5.9	5.8
175%	10.0	11.6	12.2	12.2	5.9	5.8
200%	9.1	10.3	10.7	10.7	5.9	5.8
300%	6.1	6.5	6.6	6.6	5.9	5.8
400%	3.7	3.8	3.8	3.8	5.9	5.8
500%	4.4	4.4	4.4	4.4	4.2	4.1

Sinking Fund Schedule

2037 Term Bond

03/01/2034	1,285M
09/01/2034	1,315M
03/01/2035	1,345M
09/01/2035	1,380M
03/01/2036	1,415M
09/01/2036	1,455M
03/01/2037	1,485M
09/01/2037	1,530M

Sinking Fund Schedule

2042 Term Bond

03/01/2038	1,565M

09/01/2038	1,605M
03/01/2039	1,650M
09/01/2039	1,685M
03/01/2040	1,735M
09/01/2040	1,775M
03/01/2041	1,825M
09/01/2041	1,870M
03/01/2042	1,915M
09/01/2042	1,970M

Sinking Fund Schedule

2047 Term Bond

03/01/2043	2,020M
09/01/2043	2,070M
03/01/2044	2,125M
09/01/2044	2,175M
03/01/2045	2,235M
09/01/2045	2,295M
03/01/2046	2,355M
09/01/2046	2,415M
03/01/2047	2,480M
09/01/2047	2,545M

Sinking Fund Schedule

2052 Term Bond

03/01/2048	2,610M
09/01/2048	2,675M
03/01/2049	2,750M
09/01/2049	2,820M
03/01/2050	2,890M
09/01/2050	2,970M
03/01/2051	3,045M
09/01/2051	3,125M
03/01/2052	3,210M

Sinking Fund Schedule

2052 Term Bond

09/01/2023	650M
03/01/2024	665M
09/01/2024	680M
03/01/2025	695M
09/01/2025	710M
03/01/2026	725M
09/01/2026	745M
03/01/2027	765M
09/01/2027	785M
03/01/2028	810M
09/01/2028	835M
03/01/2029	855M
09/01/2029	880M
03/01/2030	910M
09/01/2030	940M
03/01/2031	960M
09/01/2031	990M
03/01/2032	1,015M
09/01/2032	1,040M
03/01/2033	1,065M
09/01/2033	1,095M
03/01/2034	1,120M
09/01/2034	1,150M
03/01/2035	1,180M
09/01/2035	1,210M
03/01/2036	1,240M
09/01/2036	1,270M
03/01/2037	1,305M

09/01/2037	1,335M
03/01/2038	1,370M
09/01/2038	1,405M
03/01/2039	1,440M
09/01/2039	1,480M
03/01/2040	1,515M
09/01/2040	1,555M
03/01/2041	1,595M
09/01/2041	1,635M
03/01/2042	1,680M
09/01/2042	1,720M
03/01/2043	1,765M
09/01/2043	1,810M
03/01/2044	1,860M
09/01/2044	1,910M
03/01/2045	1,960M
09/01/2045	2,010M
03/01/2046	2,060M
09/01/2046	2,115M
03/01/2047	2,170M
09/01/2047	2,225M
03/01/2048	2,285M
09/01/2048	2,345M
03/01/2049	2,405M
09/01/2049	2,470M
03/01/2050	2,535M
09/01/2050	2,600M
03/01/2051	2,670M
09/01/2051	2,740M
03/01/2052	2,810M
09/01/2052	6,175M

* - APPROXIMATE SUBJECT TO CHANGE

Order period until today 1:00 PM, Eastern, Tuesday, 05/03/22.
Please use Electronic Order Entry to enter orders or call (212) 336-7151.

The managers reserve the right to terminate or extend the order period prior to or later than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated (Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Texas Retail
3. National Retail
4. Member

DEFINITION OF RETAIL ORDER:

A "RETAIL" ORDER IS DEFINED AS AN ORDER PLACED FOR THE ACCOUNT OF AN INDIVIDUAL, BANK TRUST, OR INVESTMENT ADVISOR ACTING ON BEHALF OF AN INDIVIDUAL, WITH A MAXIMUM OF $500,000 PER ACCOUNT, OR AT THE DISCRETION OF THE ISSUER, SOME LARGER AMOUNT. RETAIL ORDERS DO NOT INCLUDE BANK PORTFOLIOS, INSURANCE COMPANIES, BOND FUNDS OR MUNICIPALITIES. ZIP CODES ARE REQUIRED WITH ALL RETAIL ORDERS.

PRIORITY POLICY:

At least 2 firms must be designated.

No firm may receive more than 70.00% of any designation.

Each designee must receive a minimum of 10.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

Delivery is expected on Tuesday, June 14, 2022.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
Piper Sandler & Co
Ramirez & Co., Inc.

By: Jefferies LLC New York, NY

RE: $ 190,000,000*
Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2022 Series A (Non-AMT) (Social Bonds)

POS URL: https://www.munios.com/munios-notice.aspx?i=PT5GLlgNKk12

Roadshow URL: https://roadshow.munios.com/roadshow-viewer.aspx?e=PT5GL

PLEASE NOTE UPDATED PAR AMOUNTS AND PAC PRICE.

MOODY'S: Aaa   S&P: AA+
FITCH: NR   KROLL: NR

DATED:06/14/2022   FIRST COUPON:09/01/2022

DUE: 03/01 & 09/01

MATURITY	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
03/01/2023	105M	2.05%	100.00	1/4
09/01/2023	745M	2.30%	100.00	1/4
03/01/2024	760M	2.50%	100.00	1/4
09/01/2024	780M	2.70%	100.00	1/4
03/01/2025	795M	2.85%	100.00	3/8
09/01/2025	810M	3.00%	100.00	3/8
03/01/2026	825M	3.10%	100.00	1/2
09/01/2026	850M	3.15%	100.00	1/2
03/01/2027	865M	5.50%	3.19	1/2
		(Approx. $ Price 110.030)		
09/01/2027	890M	5.50%	3.23	1/2
		(Approx. $ Price 110.807)		
03/01/2028	915M	5.50%	3.29	1/2
		(Approx. $ Price 111.421)		
09/01/2028	945M	5.50%	3.33	1/2
		(Approx. $ Price 112.084)		
03/01/2029	970M	5.50%	3.40	5/8
		(Approx. $ Price 112.505)		
09/01/2029	1,000M	5.50%	3.44	5/8
		(Approx. $ Price 113.055)		
03/01/2030	1,030M	5.50%	3.49	5/8
		(Approx. $ Price 113.485)		
09/01/2030	1,060M	5.50%	3.53	5/8
		(Approx. $ Price 113.935)		
03/01/2031	1,095M	5.50%	3.58	5/8
		(Approx. $ Price 114.258)		
09/01/2031	1,125M	5.50%	3.63	5/8
		(Approx. $ Price 114.527)		
03/01/2032	1,165M	3.85%	100.00	5/8
09/01/2032	1,195M	3.90%	100.00	5/8
03/01/2033	1,225M	3.95%	100.00	5/8
09/01/2033	1,255M	4.00%	100.00	5/8
09/01/2037	16,125M	4.05%	100.00	5/8
09/01/2040	6,075M	4.10%	100.00	5/8
09/01/2047	30,080M	4.30%	100.00	5/8
03/01/2052	26,790M	4.35%	100.00	5/8
09/01/2052	90,525M	5.50%	3.90	1/2
	(Approx. $ Price 108.173)			

(PAC)
(Avg. Life: 5.9 years over a range of 100.00 to 400.00% of PSA experience)

CALL FEATURES: Optional call in 03/01/2032 @ 100.00

EXCEPT:
09/01/2052 Optional call in 03/01/2032 @ 101.337 DTP 03/01/2034

EXCEPT: The PAC Term bonds are subject to redemption prior to maturity, in whole or in part at anytime and from time to time, on and after September 1, 2031, at the option of the Department, at the redemption prices set forth below (expressed as a percentage of the principal amount to be redeemed):

Redemption Date	PAC Redemption Price
March 1, 2032	101.337%
September 1, 2032	100.964%
March 1, 2033	100.573%
September 1, 2033	100.113%
March 1, 2034 and thereafter	100.000%

The Series 2022A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement beginning on page 5.

The Series 2022A premium serial bonds are not subject to special redemption from mortgage loan principal payments, excess revenues or mandatory sinking fund redemption as described in the Preliminary Official Statement on pages 5 to 14.

PROJECTED WEIGHTED AVERAGE LIFE (IN YEARS):

SIFMA Prepayment Model	Term Bonds due 9/1/2037	Term Bonds due 9/1/2040	Term Bonds due 9/1/2047	Term Bonds due 3/1/2052	PAC Term Bonds Due 9/1/2052 Optional Call not Exercised	Optional Call Exercised
0%	13.5	17.0	21.7	27.4	17.5	8.9
50%	13.5	17.0	21.2	23.7	9.2	7.2
75%	13.5	16.8	19.7	20.9	7.0	6.5
100%	13.2	15.9	17.7	18.2	5.9	5.8
125%	12.0	14.4	15.2	15.5	5.9	5.8
150%	10.9	12.8	13.3	13.4	5.9	5.8
175%	9.8	11.4	11.6	11.7	5.9	5.8
200%	8.9	10.2	10.2	10.3	5.9	5.8
300%	6.0	6.5	6.4	6.4	5.9	5.8
400%	3.9	4.2	4.1	4.1	5.9	5.7
500%	4.3	4.4	4.3	4.3	4.1	4.1

Sinking Fund Schedule

2037 Term Bond

03/01/2034	1,835M
09/01/2034	1,885M
03/01/2035	1,935M
09/01/2035	1,985M
03/01/2036	2,045M
09/01/2036	2,085M
03/01/2037	2,150M
09/01/2037	2,205M

Sinking Fund Schedule

2040 Term Bond

03/01/2038	945M
09/01/2038	970M
03/01/2039	1,000M
09/01/2039	1,025M
03/01/2040	1,055M
09/01/2040	1,080M

Sinking Fund Schedule

2047 Term Bond

03/01/2038	445M
09/01/2038	460M
03/01/2039	470M
09/01/2039	480M
03/01/2040	495M
09/01/2040	510M
03/01/2041	1,625M
09/01/2041	1,675M
03/01/2042	1,715M
09/01/2042	1,770M
03/01/2043	1,810M
09/01/2043	1,855M
03/01/2044	1,910M
09/01/2044	1,960M
03/01/2045	2,010M
09/01/2045	2,070M
03/01/2046	2,120M
09/01/2046	2,175M
03/01/2047	2,235M
09/01/2047	2,290M

Sinking Fund Schedule

2052 Term Bond

03/01/2048	2,670M
09/01/2048	2,745M
03/01/2049	2,815M
09/01/2049	2,890M
03/01/2050	2,970M
09/01/2050	3,050M
03/01/2051	3,130M
09/01/2051	3,215M
03/01/2052	3,305M

Sinking Fund Schedule

2052 Term Bond

09/01/2023	625M
03/01/2024	640M
09/01/2024	650M
03/01/2025	665M
09/01/2025	685M
03/01/2026	700M
09/01/2026	715M
03/01/2027	735M
09/01/2027	760M
03/01/2028	780M
09/01/2028	805M
03/01/2029	830M
09/01/2029	855M
03/01/2030	880M
09/01/2030	905M
03/01/2031	930M
09/01/2031	960M
03/01/2032	985M
09/01/2032	1,010M
03/01/2033	1,035M
09/01/2033	1,060M

03/01/2034	1,090M
09/01/2034	1,120M
03/01/2035	1,145M
09/01/2035	1,175M
03/01/2036	1,205M
09/01/2036	1,240M
03/01/2037	1,270M
09/01/2037	1,305M
03/01/2038	1,340M
09/01/2038	1,375M
03/01/2039	1,410M
09/01/2039	1,450M
03/01/2040	1,485M
09/01/2040	1,525M
03/01/2041	1,570M
09/01/2041	1,610M
03/01/2042	1,655M
09/01/2042	1,695M
03/01/2043	1,740M
09/01/2043	1,790M
03/01/2044	1,835M
09/01/2044	1,885M
03/01/2045	1,935M
09/01/2045	1,985M
03/01/2046	2,040M
09/01/2046	2,095M
03/01/2047	2,150M
09/01/2047	2,205M
03/01/2048	2,265M
09/01/2048	2,325M
03/01/2049	2,390M
09/01/2049	2,455M
03/01/2050	2,520M
09/01/2050	2,585M
03/01/2051	2,655M
09/01/2051	2,730M
03/01/2052	2,800M
09/01/2052	6,265M

* - APPROXIMATE SUBJECT TO CHANGE

PRIORITY OF ORDERS AS FOLLOWS:

1. Net Designated (Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Texas Retail
3. National Retail
4. Member

DEFINITION OF RETAIL ORDER:

A "RETAIL" ORDER IS DEFINED AS AN ORDER PLACED FOR THE ACCOUNT OF AN INDIVIDUAL, BANK TRUST, OR INVESTMENT ADVISOR ACTING ON BEHALF OF AN INDIVIDUAL, WITH A MAXIMUM OF $500,000 PER ACCOUNT, OR AT THE DISCRETION OF THE ISSUER, SOME LARGER AMOUNT. RETAIL ORDERS DO NOT INCLUDE BANK PORTFOLIOS, INSURANCE COMPANIES, BOND FUNDS OR MUNICIPALITIES. ZIP CODES ARE REQUIRED WITH ALL RETAIL ORDERS.

PRIORITY POLICY:

At least 2 firms must be designated.

No firm may receive more than 70.00% of any designation.

Each designee must receive a minimum of 10.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

Delivery is expected on Tuesday, June 14, 2022.

This issue is book entry only. This issue is clearing through DTC.

Jefferies LLC
Piper Sandler & Co
Ramirez & Co., Inc.

By: Jefferies LLC New York, NY

RE: $ 190,000,000
Texas Department of Housing and Community Affairs
Single Family Mortgage Revenue Bonds
2022 Series A (Non-AMT) (Social Bonds)

POS URL: https://www.munios.com/munios-notice.aspx?i=PT5GLlgNKk12

Roadshow URL: https://roadshow.munios.com/roadshow-viewer.aspx?e=PT5GL

WE HAVE RECEIVED THE WRITTEN AWARD. TRADE TIME IS SET FOR 3:15PM EASTERN.

MOODY'S: Aaa   S&P: AA+
FITCH: NR   KROLL: NR

DATED:06/14/2022   FIRST COUPON:09/01/2022

DUE: 03/01 & 09/01

INITIAL TRADE DATE: 05/04/2022 @ 3:15PM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP
03/01/2023	105M	2.05%	100.00	1/4	88275FTR0
09/01/2023	745M	2.30%	100.00	1/4	88275FTS8
03/01/2024	760M	2.50%	100.00	1/4	88275FTT6
09/01/2024	780M	2.70%	100.00	1/4	88275FTU3
03/01/2025	795M	2.85%	100.00	3/8	88275FTV1
09/01/2025	810M	3.00%	100.00	3/8	88275FTW9
03/01/2026	825M	3.10%	100.00	1/2	88275FTX7
09/01/2026	850M	3.15%	100.00	1/2	88275FTY5
03/01/2027	865M	5.50%	3.19	1/2	88275FTZ2
		(Approx. $ Price 110.030)			
09/01/2027	890M	5.50%	3.23	1/2	88275FUA5
		(Approx. $ Price 110.807)			
03/01/2028	915M	5.50%	3.29	1/2	88275FUB3
		(Approx. $ Price 111.421)			
09/01/2028	945M	5.50%	3.33	1/2	88275FUC1
		(Approx. $ Price 112.084)			
03/01/2029	970M	5.50%	3.40	5/8	88275FUD9
		(Approx. $ Price 112.505)			
09/01/2029	1,000M	5.50%	3.44	5/8	88275FUE7
		(Approx. $ Price 113.055)			
03/01/2030	1,030M	5.50%	3.49	5/8	88275FUF4
		(Approx. $ Price 113.485)			
09/01/2030	1,060M	5.50%	3.53	5/8	88275FUG2
		(Approx. $ Price 113.935)			
03/01/2031	1,095M	5.50%	3.58	5/8	88275FUH0
		(Approx. $ Price 114.258)			
09/01/2031	1,125M	5.50%	3.63	5/8	88275FUJ6
		(Approx. $ Price 114.527)			
03/01/2032	1,165M	3.85%	100.00	5/8	88275FUK3
09/01/2032	1,195M	3.90%	100.00	5/8	88275FUL1
03/01/2033	1,225M	3.95%	100.00	5/8	88275FUM9
09/01/2033	1,255M	4.00%	100.00	5/8	88275FUN7
09/01/2037	16,125M	4.05%	100.00	5/8	88275FUP2
09/01/2040	6,075M	4.10%	100.00	5/8	88275FUQ0
09/01/2047	30,080M	4.30%	100.00	5/8	88275FUR8
03/01/2052	26,790M	4.35%	100.00	5/8	88275FUS6
09/01/2052	90,525M	5.50%	3.90	1/2	88275FUT4
	(Approx. $ Price 108.173)				

(PAC)
(Avg. Life: 5.90 years over a range of 100.00 to 400.00% of PSA experience)

CALL FEATURES: Optional call in 03/01/2032 @ 100.00

EXCEPT:
09/01/2052 Optional call in 03/01/2032 @ 101.3370 DTP 03/01/2034

EXCEPT: The PAC Term bonds are subject to redemption prior to maturity, in whole or in part at anytime and from time to time, on and after September 1, 2031, at the option of the Department, at the redemption prices set forth below (expressed as a percentage of the principal amount to be redeemed):

Redemption Date	PAC Redemption Price
March 1, 2032	101.337%
September 1, 2032	100.964%
March 1, 2033	100.573%
September 1, 2033	100.113%
March 1, 2034 and thereafter	100.000%

The Series 2022A bonds are subject to special redemption from mortgage loan principal payments, unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the Preliminary Official Statement beginning on page 5.

The Series 2022A premium serial bonds are not subject to special redemption from mortgage loan principal payments, excess revenues or mandatory sinking fund redemption as described in the Preliminary Official Statement on pages 5 to 14.

PROJECTED WEIGHTED AVERAGE LIFE (IN YEARS):

SIFMA Prepayment Model	Term Bonds due 9/1/2037	Term Bonds due 9/1/2040	Term Bonds due 9/1/2047	Term Bonds due 3/1/2052	PAC Term Bonds Optional Call not Exercised	Due 9/1/2052 Optional Call Exercised
0%	13.5	17.0	21.7	27.4	17.5	8.9
50%	13.5	17.0	21.2	23.7	9.2	7.2
75%	13.5	16.8	19.7	20.9	7.0	6.5
100%	13.2	15.9	17.7	18.2	5.9	5.8
125%	12.0	14.4	15.2	15.5	5.9	5.8
150%	10.9	12.8	13.3	13.4	5.9	5.8
175%	9.8	11.4	11.6	11.7	5.9	5.8
200%	8.9	10.2	10.2	10.3	5.9	5.8
300%	6.0	6.5	6.4	6.4	5.9	5.8
400%	3.9	4.2	4.1	4.1	5.9	5.7
500%	4.3	4.4	4.3	4.3	4.1	4.1

Sinking Fund Schedule

2037 Term Bond

03/01/2034	1,835M
09/01/2034	1,885M
03/01/2035	1,935M
09/01/2035	1,985M
03/01/2036	2,045M
09/01/2036	2,085M
03/01/2037	2,150M
09/01/2037	2,205M

Sinking Fund Schedule

2040 Term Bond

03/01/2038	945M
09/01/2038	970M
03/01/2039	1,000M
09/01/2039	1,025M

03/01/2040	1,055M
09/01/2040	1,080M

Sinking Fund Schedule

2047 Term Bond

03/01/2038	445M
09/01/2038	460M
03/01/2039	470M
09/01/2039	480M
03/01/2040	495M
09/01/2040	510M
03/01/2041	1,625M
09/01/2041	1,675M
03/01/2042	1,715M
09/01/2042	1,770M
03/01/2043	1,810M
09/01/2043	1,855M
03/01/2044	1,910M
09/01/2044	1,960M
03/01/2045	2,010M
09/01/2045	2,070M
03/01/2046	2,120M
09/01/2046	2,175M
03/01/2047	2,235M
09/01/2047	2,290M

Sinking Fund Schedule

2052 Term Bond

03/01/2048	2,670M
09/01/2048	2,745M
03/01/2049	2,815M
09/01/2049	2,890M
03/01/2050	2,970M
09/01/2050	3,050M
03/01/2051	3,130M
09/01/2051	3,215M
03/01/2052	3,305M

Sinking Fund Schedule

2052 Term Bond

09/01/2023	625M
03/01/2024	640M
09/01/2024	650M
03/01/2025	665M
09/01/2025	685M
03/01/2026	700M
09/01/2026	715M
03/01/2027	735M
09/01/2027	760M
03/01/2028	780M
09/01/2028	805M
03/01/2029	830M
09/01/2029	855M
03/01/2030	880M
09/01/2030	905M
03/01/2031	930M
09/01/2031	960M
03/01/2032	985M
09/01/2032	1,010M
03/01/2033	1,035M
09/01/2033	1,060M
03/01/2034	1,090M
09/01/2034	1,120M
03/01/2035	1,145M
09/01/2035	1,175M

03/01/2036	1,205M
09/01/2036	1,240M
03/01/2037	1,270M
09/01/2037	1,305M
03/01/2038	1,340M
09/01/2038	1,375M
03/01/2039	1,410M
09/01/2039	1,450M
03/01/2040	1,485M
09/01/2040	1,525M
03/01/2041	1,570M
09/01/2041	1,610M
03/01/2042	1,655M
09/01/2042	1,695M
03/01/2043	1,740M
09/01/2043	1,790M
03/01/2044	1,835M
09/01/2044	1,885M
03/01/2045	1,935M
09/01/2045	1,985M
03/01/2046	2,040M
09/01/2046	2,095M
03/01/2047	2,150M
09/01/2047	2,205M
03/01/2048	2,265M
09/01/2048	2,325M
03/01/2049	2,390M
09/01/2049	2,455M
03/01/2050	2,520M
09/01/2050	2,585M
03/01/2051	2,655M
09/01/2051	2,730M
03/01/2052	2,800M
09/01/2052	6,265M

PRIORITY OF ORDERS AS FOLLOWS:

1. Net Designated (Exception: If an investor is affiliated with a syndicate member and that syndicate member may not be compensated for the investor's order, the investor will not be required to designate that syndicate member.)
2. Texas Retail
3. National Retail
4. Member

DEFINITION OF RETAIL ORDER:

A "RETAIL" ORDER IS DEFINED AS AN ORDER PLACED FOR THE ACCOUNT OF AN INDIVIDUAL, BANK TRUST, OR INVESTMENT ADVISOR ACTING ON BEHALF OF AN INDIVIDUAL, WITH A MAXIMUM OF $500,000 PER ACCOUNT, OR AT THE DISCRETION OF THE ISSUER, SOME LARGER AMOUNT. RETAIL ORDERS DO NOT INCLUDE BANK PORTFOLIOS, INSURANCE COMPANIES, BOND FUNDS OR MUNICIPALITIES. ZIP CODES ARE REQUIRED WITH ALL RETAIL ORDERS.

PRIORITY POLICY:

At least 2 firms must be designated.

No firm may receive more than 70.00% of any designation.

Each designee must receive a minimum of 10.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

The compliance addendum MSRB Rule G-11 will apply.

The Award is final for Wednesday, May 4, 2022 at 12:37PM Eastern.

Delivery is firm for Tuesday, June 14, 2022.

This issue is book entry only. This issue is clearing through DTC.

Award: 05/04/2022
Award Time: 12:37PM Eastern
Delivery: 06/14/2022 (Firm)
Initial trade: 05/04/2022
Date of Execution: 05/04/2022
Time of Execution: 3:15PM Eastern

Jefferies LLC
Piper Sandler & Co
Ramirez & Co., Inc.
By: Jefferies LLC New York, NY

3. Financing Results

Summary of Results

Summary of Results - 2022A		
Market Bonds	**$190,000,000**	
Bond Retail Pricing	**5/2/2022**	
Bond Pricing Date	**5/3/2022**	
Sign BPA	**5/4/2022**	
Delivery Date	**6/14/2022**	
Rating Reports	**Moody's**	**Aaa**
	S&P	**AA+**

Maturity	Principal	Coupon	Price	Premium	Yield
Serial Bonds					
3/1/2023	$105,000	2.050%	100.000%	-	2.050%
9/1/2023	$745,000	2.300%	100.000%	-	2.300%
3/1/2024	$760,000	2.500%	100.000%	-	2.500%
9/1/2024	$780,000	2.700%	100.000%	-	2.700%
3/1/2025	$795,000	2.850%	100.000%	-	2.850%
9/1/2025	$810,000	3.000%	100.000%	-	3.000%
3/1/2026	$825,000	3.100%	100.000%	-	3.100%
9/1/2026	$850,000	3.150%	100.000%	-	3.150%
3/1/2032	$1,165,000	3.850%	100.000%	-	3.850%
9/1/2032	$1,195,000	3.900%	100.000%	-	3.900%
3/1/2033	$1,225,000	3.950%	100.000%	-	3.950%
9/1/2033	$1,255,000	4.000%	100.000%	-	4.000%
Premium Serial Bonds					
3/1/2027	$865,000	5.500%	110.030%	86,759.50	3.190%
9/1/2027	$890,000	5.500%	110.807%	96,182.30	3.230%
3/1/2028	$915,000	5.500%	111.421%	104,502.15	3.290%
9/1/2028	$945,000	5.500%	112.084%	114,193.80	3.330%
3/1/2029	$970,000	5.500%	112.505%	121,298.50	3.400%
9/1/2029	$1,000,000	5.500%	113.055%	130,550.00	3.440%
3/1/2030	$1,030,000	5.500%	113.485%	138,895.50	3.490%
9/1/2030	$1,060,000	5.500%	113.935%	147,711.00	3.530%
3/1/2031	$1,095,000	5.500%	114.258%	156,125.10	3.580%
9/1/2031	$1,125,000	5.500%	114.527%	163,428.75	3.630%
Term Bonds					
9/1/2037	$16,125,000	4.050%	100.000%	-	4.050%
9/1/2040	$6,075,000	4.100%	100.000%	-	4.100%
9/1/2047	$30,080,000	4.300%	100.000%	-	4.300%
3/1/2052	$26,790,000	4.350%	100.000%	-	4.350%
9/1/2052 (PAC)	$90,525,000	5.500%	108.173%	7,398,608.25	3.900%
TOTAL	**$190,000,000**				

Pricing Progression

Texas Department of Housing and Community Affairs
Residential Mortgage Revenue Bonds
2022 Series A
$190,000,000

		Retail Pricing			Institutional Pricing			Final Pricing	
Maturity	Par	MMD (4/29)	Spread to MMD	Yield	MMD (5/2)	Spread to MMD	Yield	Spread to MMD	Yield
Serial Bonds									
3/1/2023	$105,000	1.92%	+ 13	2.050%	1.93%	+ 12	2.050%	+ 12	2.050%
9/1/2023	$745,000	2.06%	+ 24	2.300%	2.06%	+ 24	2.300%	+ 24	2.300%
3/1/2024	$760,000	2.21%	+ 29	2.500%	2.21%	+ 29	2.500%	+ 29	2.500%
9/1/2024	$780,000	2.26%	+ 44	2.700%	2.26%	+ 44	2.700%	+ 44	2.700%
3/1/2025	$795,000	2.35%	+ 50	2.850%	2.38%	+ 47	2.850%	+ 47	2.850%
9/1/2025	$810,000	2.39%	+ 61	3.000%	2.42%	+ 58	3.000%	+ 58	3.000%
3/1/2026	$825,000	2.39%	+ 71	3.100%	2.43%	+ 67	3.100%	+ 67	3.100%
9/1/2026	$850,000	2.41%	+ 74	3.150%	2.44%	+ 71	3.150%	+ 71	3.150%
Premium Serial Bonds									
3/1/2027	$865,000	2.44%	+ 68	3.120%	2.48%	+ 69	3.170%	+ 71	3.190%
9/1/2027	$890,000	2.46%	+ 70	3.160%	2.49%	+ 72	3.210%	+ 74	3.230%
3/1/2028	$915,000	2.50%	+ 72	3.220%	2.53%	+ 74	3.270%	+ 76	3.290%
9/1/2028	$945,000	2.52%	+ 74	3.260%	2.55%	+ 76	3.310%	+ 78	3.330%
3/1/2029	$970,000	2.57%	+ 76	3.330%	2.60%	+ 78	3.380%	+ 80	3.400%
9/1/2029	$1,000,000	2.59%	+ 78	3.370%	2.62%	+ 80	3.420%	+ 82	3.440%
3/1/2030	$1,030,000	2.62%	+ 80	3.420%	2.65%	+ 82	3.470%	+ 84	3.490%
9/1/2030	$1,060,000	2.64%	+ 82	3.460%	2.67%	+ 84	3.510%	+ 86	3.530%
3/1/2031	$1,095,000	2.67%	+ 84	3.510%	2.70%	+ 86	3.560%	+ 88	3.580%
9/1/2031	$1,125,000	2.70%	+ 86	3.560%	2.73%	+ 88	3.610%	+ 90	3.630%
Serial Bonds									
3/1/2032	$1,165,000	2.72%	+ 108	3.800%	2.76%	+ 109	3.850%	+ 109	3.850%
9/1/2032	$1,195,000	2.74%	+ 111	3.850%	2.77%	+ 113	3.900%	+ 113	3.900%
3/1/2033	$1,225,000	2.76%	+ 114	3.900%	2.80%	+ 115	3.950%	+ 115	3.950%
9/1/2033	$1,255,000	2.78%	+ 117	3.950%	2.81%	+ 119	4.000%	+ 119	4.000%
Term Bonds									
9/1/2037	$16,125,000	2.84%	+ 116	4.000%	2.88%	+ 117	4.050%	+ 117	4.050%
9/1/2042	$6,075,000	2.92%	+ 123	4.150%	2.96%	+ 124	4.200%	+ 117	4.100%
9/1/2047	$30,080,000	3.00%	+ 125	4.250%	3.04%	+ 126	4.300%	+ 126	4.300%
3/1/2052	$26,790,000	3.05%	+ 125	4.300%	3.09%	+ 126	4.350%	+ 126	4.350%
9/1/2052 (PAC)	$90,525,000	2.46%	+ 115	3.610%	2.53%	+ 112	3.650%	+ 137	3.900%
TOTAL	**$190,000,000**								

Pricing Comparisons

Jefferies

Texas Department of Housing and Community Affairs					
Single Family Mortgage Revenue Bonds					
2022 Series A (Social Bonds)					
5/3/2022					
Aaa | AA+ | NR					
Non-AMT					
$190,000,000					
Optional Call in 3/1/2032 @ 100.00					
Maturity	Par	Coupon	Yield	MMD	Spread
3/1/2023	105	2.050	2.050	1.93	+ 12
9/1/2023	745	2.300	2.300	2.06	+ 24
3/1/2024	760	2.500	2.500	2.21	+ 29
9/1/2024	780	2.700	2.700	2.26	+ 44
3/1/2025	795	2.850	2.850	2.38	+ 47
9/1/2025	810	3.000	3.000	2.42	+ 58
3/1/2026	825	3.100	3.100	2.43	+ 67
9/1/2026	850	3.150	3.150	2.44	+ 71
3/1/2027	865	5.500	3.190	2.48	+ 71
9/1/2027	890	5.500	3.230	2.49	+ 74
3/1/2028	915	5.500	3.290	2.53	+ 76
9/1/2028	945	5.500	3.330	2.55	+ 78
3/1/2029	970	5.500	3.400	2.60	+ 80
9/1/2029	1,000	5.500	3.440	2.62	+ 82
3/1/2030	1,030	5.500	3.490	2.65	+ 84
9/1/2030	1,060	5.500	3.530	2.67	+ 86
3/1/2031	1,095	5.500	3.580	2.70	+ 88
9/1/2031	1,125	5.500	3.630	2.73	+ 90
3/1/2032	1,165	3.850	3.850	2.76	+ 109
9/1/2032	1,195	3.900	3.900	2.77	+ 113
3/1/2033	1,225	3.950	3.950	2.80	+ 115
9/1/2033	1,255	4.000	4.000	2.81	+ 119
9/1/2037	16,125	4.050	4.050	2.88	+ 117
9/1/2040	6,075	4.100	4.100	2.93	+ 117
9/1/2047	30,080	4.300	4.300	3.04	+ 126
3/1/2052	26,790	4.350	4.350	3.09	+ 126
9/1/2052	90,525	5.500	3.900	2.53	+ 137
			108.173		
*PAC Avg Life 5.9 yrs over range of 100-500% PSA @ 5.50% coupon					

Michigan State Housing Development Authority					
Rental Housing Revenue Bonds					
2022 Series A					
5/3/2022					
NR | AA | NR					
Non-AMT					
$135,045,000					
Optional Call in 4/1/2032 @ 100.00					
Maturity	Par	Coupon	Yield	MMD	Spread
10/1/2024	700	2.650	2.650	2.27	+ 38
4/1/2025	740	2.850	2.850	2.39	+ 46
10/1/2025	755	3.000	3.000	2.42	+ 58
4/1/2026	51,390	3.300	3.300	2.43	+ 87
10/1/2026	790	3.250	3.250	2.44	+ 81
4/1/2027	810	3.350	3.350	2.48	+ 87
10/1/2027	825	3.400	3.400	2.49	+ 91
4/1/2028	845	3.450	3.450	2.54	+ 91
10/1/2028	865	3.500	3.500	2.55	+ 95
4/1/2029	885	3.550	3.550	2.61	+ 94
10/1/2029	905	3.600	3.600	2.62	+ 98
4/1/2030	925	3.650	3.650	2.66	+ 99
10/1/2030	950	3.700	3.700	2.67	+ 103
4/1/2031	970	3.750	3.750	2.71	+ 104
10/1/2031	990	3.800	3.800	2.73	+ 107
4/1/2032	1,015	3.850	3.850	2.76	+ 109
10/1/2032	1,040	3.900	3.900	2.77	+ 113
4/1/2033	1,060	3.950	3.950	2.80	+ 115
10/1/2033	1,090	4.000	4.000	2.81	+ 119
10/1/2037	9,645	4.100	4.100	2.88	+ 122
10/1/2042	15,365	4.250	4.250	2.96	+ 129
10/1/2047	19,170	4.350	4.350	3.04	+ 131
10/1/2052	23,315	4.450	4.450	3.09	+ 136

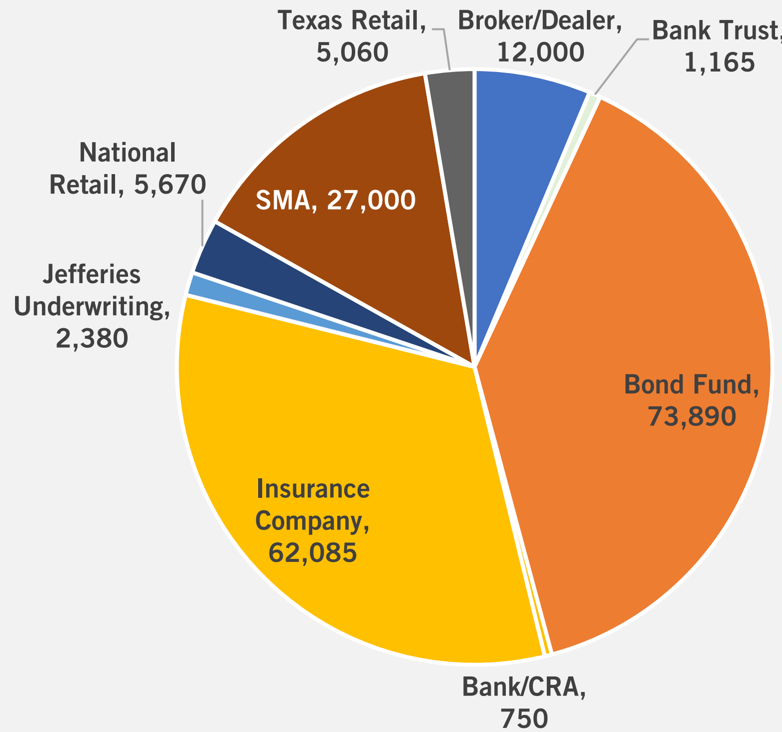
4. Order Book

Orders and Allotments

Orders and Allotments by Maturity 2022 Series A											
		Texas Retail		National Retail		Institutional		Member		Total	
Maturity	Par Amount ($000)	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
3/1/2023	105	-	-	-	-	-	-	-	105	-	105
9/1/2023	745	-	-	-	-	-	-	-	745	-	745
3/1/2024	760	-	-	-	-	-	-	-	760	-	760
9/1/2024	780	-	-	780	780	-	-	-	-	780	780
3/1/2025	795	-	-	25	25	-	-	-	770	25	795
9/1/2025	810	-	-	265	265	1,310	545	-	-	1,575	810
3/1/2026	825	825	810	15	15	-	-	-	-	840	825
9/1/2026	850	850	750	100	100	-	-	-	-	950	850
3/1/2027	865	-	-	-	-	865	865	-	-	865	865
9/1/2027	890	-	-	-	-	890	890	-	-	890	890
3/1/2028	915	-	-	-	-	915	915	-	-	915	915
9/1/2028	945	-	-	-	-	945	945	-	-	945	945
3/1/2029	970	-	-	-	-	970	970	-	-	970	970
9/1/2029	1,000	-	-	-	-	1,000	1,000	-	-	1,000	1,000
3/1/2030	1,030	-	-	-	-	1,030	1,030	-	-	1,030	1,030
9/1/2030	1,060	-	-	-	-	1,060	1,060	-	-	1,060	1,060
3/1/2031	1,095	-	-	-	-	1,095	1,095	-	-	1,095	1,095
9/1/2031	1,125	-	-	-	-	1,125	1,125	-	-	1,125	1,125
3/1/2032	1,165	-	-	-	-	1,165	1,165	-	-	1,165	1,165
9/1/2032	1,195	-	-	-	-	1,195	1,195	-	-	1,195	1,195
3/1/2033	1,225	-	-	-	-	1,225	1,225	-	-	1,225	1,225
9/1/2033	1,255	-	-	-	-	1,755	1,255	-	-	1,755	1,255
9/1/2037	16,125	1,000	1,000	4,125	4,125	16,125	11,000	2,000	-	23,250	16,125
9/1/2040	6,075	-	-	75	75	6,000	6,000	-	-	6,075	6,075
9/1/2047	30,080	-	-	-	-	30,080	30,080	2,500	-	32,580	30,080
3/1/2052	26,790	2,500	2,500	285	285	32,000	24,005	2,500	-	37,285	26,790
9/1/2052	90,525	-	-	-	-	107,065	90,525	5,000	-	112,065	90,525
Total	**190,000**	**5,175**	**5,060**	**5,670**	**5,670**	**207,815**	**176,890**	**12,000**	**2,380**	**230,660**	**190,000**

Allotments by Investor Type
2022 Series A

Account Type	Amount Allotted ($000's)
Broker/Dealer	12,000
Bank Trust	1,165
Bond Fund	73,890
Bank/CRA	750
Insurance Company	62,085
Jefferies Underwriting	2,380
National Retail	5,670
SMA	27,000
Texas Retail	5,060
Total:	**$190,000**



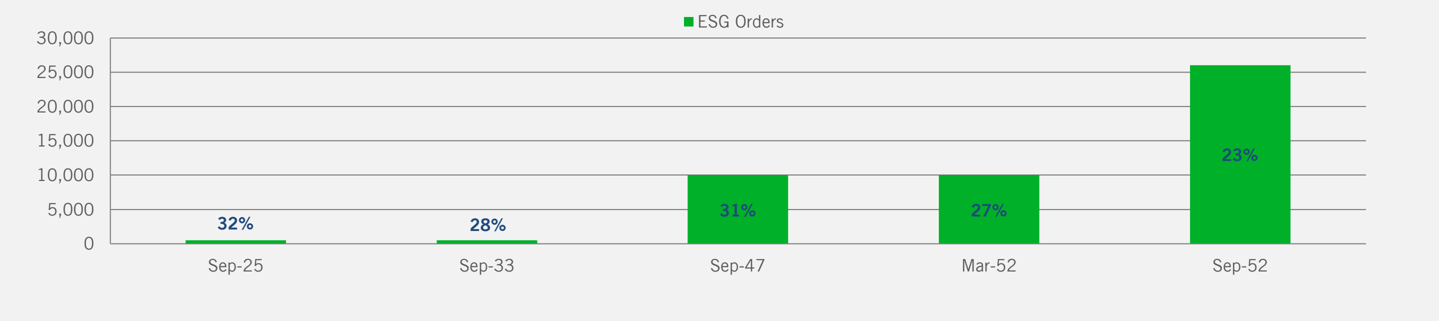
Allotments per Syndicate Member 2022 Series A								
		Jefferies		Ramirez & Co.		Piper Sandler		Total
Maturity	Par Amount ($000)	Allotments	%	Allotments	%	Allotments	%	Allotments
3/1/2023	105	105	100.0%	-	-	-	-	105
9/1/2023	745	745	100.0%	-	-	-	-	745
3/1/2024	760	760	100.0%	-	-	-	-	760
9/1/2024	780	780	100.0%	-	-	-	-	780
3/1/2025	795	770	96.9%	-	-	25	3.1%	795
9/1/2025	810	545	67.3%	200	24.7%	65	8.0%	810
3/1/2026	825	810	98.2%	-	-	15	1.8%	825
9/1/2026	850	750	88.2%	-	-	100	11.8%	850
3/1/2027	865	-	-	865	100.0%	-	-	865
9/1/2027	890	-	-	890	100.0%	-	-	890
3/1/2028	915	-	-	915	100.0%	-	-	915
9/1/2028	945	-	-	945	100.0%	-	-	945
3/1/2029	970	-	-	970	100.0%	-	-	970
9/1/2029	1,000	-	-	1,000	100.0%	-	-	1,000
3/1/2030	1,030	-	-	1,030	100.0%	-	-	1,030
9/1/2030	1,060	-	-	1,060	100.0%	-	-	1,060
3/1/2031	1,095	-	-	1,095	100.0%	-	-	1,095
9/1/2031	1,125	-	-	1,125	100.0%	-	-	1,125
3/1/2032	1,165	1,165	100.0%	-	-	-	-	1,165
9/1/2032	1,195	-	-	1,195	100.0%	-	-	1,195
3/1/2033	1,225	-	-	1,225	100.0%	-	-	1,225
9/1/2033	1,255	1,255	100.0%	-	-	-	-	1,255
9/1/2037	16,125	16,000	99.2%	-	-	125	0.8%	16,125
9/1/2040	6,075	6,000	98.8%	-	-	75	1.2%	6,075
9/1/2047	30,080	15,000	49.9%	15,080	50.1%	-	-	30,080
3/1/2052	26,790	17,255	64.4%	9,250	34.5%	285	1.1%	26,790
9/1/2052	90,525	90,525	100.0%	-	-	-	-	90,525
Total	190,000	152,465	80.24%	36,845	19.39%	690	0.36%	190,000

ESG Summary

Texas Department of Housing and Community Affairs
ESG Investor Feedback
Single Family Mortgage Revenue Bonds
$190,000,000 2022 Series A (Social Bonds)

	Orders	Allotments	Money Type	Notes
Investor 1	20,000	17,755	Insurance Company	Although ESG is not a primary driver of bond purchases, they like the added benefits
Investor 2	6,000	6,000	Bond Fund	A portion of the bonds will be allocated internally for ESG purposes
Investor 3	1,000	750	Bank	They have CRA interest, which aligns with ESG factors
Investor 4	20,000	12,000	Bond Fund	They value the Social Bonds designation and will prefer those over a non-designated bond, all else being equal
Total	47,000	36,505		

Texas Department of Housing and Community Affairs - Single Family Mortgage Revenue Bonds Series 2022A (Social Bonds) - ESG Interest by Maturity



Note: Includes total ESG orders by maturity. **Data labels represent the percentage of orders by ESG Investors.**

Investor Roadshow

Texas Department of Housing and Community Affairs

$190,000,000*
Single Family Mortgage Revenue Bonds

Consisting of:

$190,000,000* 2022 Series A (Non-AMT) (Social Bonds)

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Investor Presentation

April 25, 2022

*Preliminary subject to change

Disclaimer

This document and any other materials accompanying this document (collectively, the "Materials") are provided for your information. By accepting any Materials, the recipient acknowledges and agrees to the matters set forth below.

This electronic Investor Presentation you are about to view is provided as of April 25, 2022 for a proposed offering by the Texas Department of Housing and Community Affairs of its proposed Single Family Mortgage Revenue Bonds, 2022 Series A (the "2022 Series A Bonds"). If you are viewing this presentation after April 25, there may have been events that occurred subsequent to such date that would have a material adverse effect on the financial information that is presented herein, and the Texas Department of Housing and Community Affairs has not undertaken any obligation to update this electronic presentation. All market prices, financial data and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice.

The Materials are not part of the preliminary official statement or the final official statement as those terms are defined in SEC rule 15c2-12, and are qualified in all respects by reference to the Preliminary Official Statement (the "POS"). Prospective purchasers of the Bonds should rely only on the Preliminary Official Statement, and not the Materials, in making an investment decision. The Materials and statements contained in this presentation do not constitute an offer to sell or a solicitation of any offer to buy any securities of the Texas Department of Housing and Community Affairs to any person in any jurisdiction; nor shall there be any sale of securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. To the extent there are conflicts between statements made in the Preliminary Official Statement and this presentation, the information contained in the Preliminary Official Statement should be deemed more reliable.

Any opinions or estimates contained in the Materials represent the judgment of Texas Department of Housing and Community Affairs at this time, and are subject to change without notice.

This presentation may contain statements that, to the extent they are not recitations of historical fact, may constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. Any forward-looking statements made herein are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such forward-looking statements speak only as of the date of the Preliminary Official Statement of April 25. The Texas Department of Housing and Community Affairs disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Texas Department of Housing and Community Affairs expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Given these uncertainties, readers are cautioned not to rely on forward-looking statements.

Definitions

TDHCA or the Department	Texas Department of Housing and Community Affairs
The State	State of Texas
SFMRB	Single Family Mortgage Revenue Bonds
2022 Series A or the Bonds	SFMRB 2022 Series A
ICMA	International Capital Market Association
UNSDG	United Nations 17 Sustainable Development Goals

Transaction Overview*

Issuer	**Texas Department of Housing and Community Affairs**
Bond Program	**Single Family Mortgage Revenue Bonds**
Designation	The 2022 Series A Bonds are designated as "**Social Bonds**"
Bond Series	**2022 Series A**
Par Amount	$190,000,000*
Use of Proceeds	Proceeds will be used to provide funds for the purchase of mortgage-backed, pass-through certificates, fund down payment and closing cost assistance
Tax Status	Non-AMT
Interest Payment Dates	Payable on March 1 and September 1 of each year, commencing September 1, 2022
Security	The 2022 Series A and all Bonds issued under the Indenture are limited obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof as more fully described in the POS
Ratings	**Aaa/Stable** (Moody's) and **AA+/Stable** (S&P)
Redemption Features	The 2022 Series A Bonds are subject to optional redemption on or after September 1, 2031. 2022 Series A Bonds are subject to unexpended proceeds, excess revenues and mandatory sinking fund redemption as more fully described in the POS. The 2022 Series A premium serial bonds are not subject to special redemption from mortgage prepayments, excess revenues or mandatory sinking fund redemption.
Retail Order Period	Monday, May 2, 2022
Institutional Pricing	Tuesday, May 3, 2022
Closing Date	Tuesday, June 14, 2022

Source: Preliminary Official Statement
*Preliminary subject to change

Preliminary Bond Structure*

Maturity	2022 Series A (Non-AMT)	
3/1/2023	$100,000	Par Serials
9/1/2023	860,000	
3/1/2024	880,000	
9/1/2024	895,000	
3/1/2025	915,000	
9/1/2025	930,000	
3/1/2026	950,000	
9/1/2026	965,000	
3/1/2027	985,000	Premium Serials
9/1/2027	1,010,000	
3/1/2028	1,035,000	
9/1/2028	1,065,000	
3/1/2029	1,090,000	
9/1/2029	1,120,000	
3/1/2030	1,150,000	
9/1/2030	1,180,000	
3/1/2031	1,215,000	
9/1/2031	1,245,000	
3/1/2032	1,280,000	Par Serials
9/1/2032	1,315,000	
3/1/2033	1,340,000	
9/1/2033	1,375,000	
9/1/2037	12,195,000	Terms
9/1/2042	18,830,000	
9/1/2047	23,950,000	
3/1/2052	27,120,000	
9/1/2052	85,005,000	PAC
2022A Total	$190,000,000	

- Optional redemption at par on or after 9/1/2031
- Redemption provisions of the 2022 Series A bonds are described in the POS beginning on page 5
- The premium serial bonds will not be subject to Special Redemption from mortgage prepayments or excess revenues
- 5.5-year average life PAC (100%-400% PSA)

Projected Weighted Average Life (in years)

2022 Series A PAC		
SIFMA Prepayment Model	Average Life (Optional Call not Exercised)	Average Life (Optional Call Exercised)
0%	16.1	8.4
50%	8.2	6.8
75%	6.5	6.1
100%	5.5	5.4
125%	5.5	5.4
150%	5.5	5.4
175%	5.5	5.4
200%	5.5	5.4
300%	5.5	5.4
400%	5.5	5.4
500%	4.0	4.0

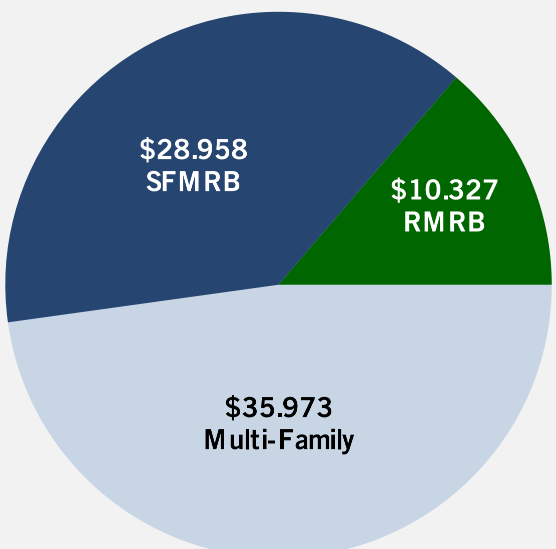
Source: Preliminary Official Statement
*Preliminary subject to change

Issuer Overview

Overview and Mission

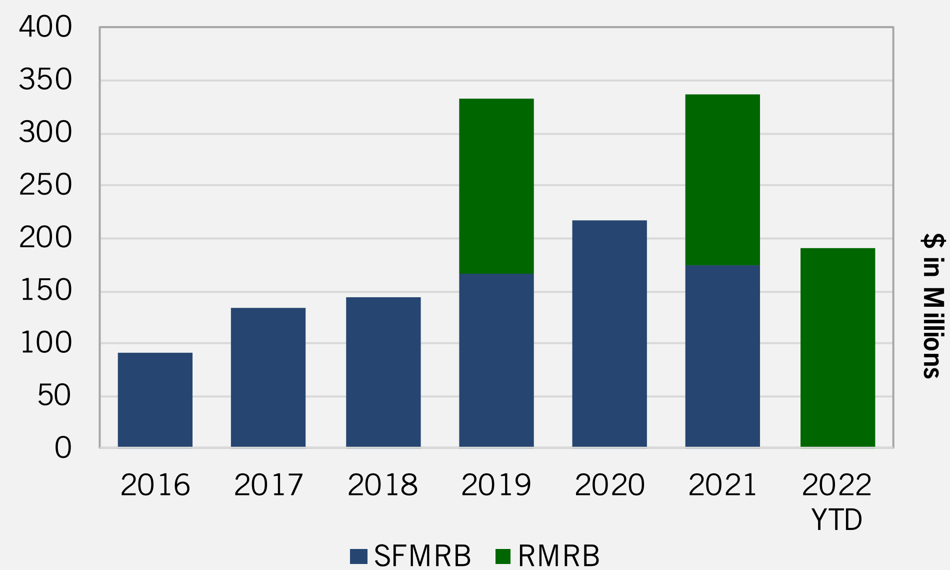
- Public and official agency of the State of Texas created on September 1, 1991; the Department is the successor agency to the Texas Housing Agency and the Texas Department of Community Affairs
- Mission of the TDHCA is to administer its assigned programs efficiently, transparently, and lawfully and to invest its resources strategically and develop high quality affordable housing which allows Texas communities to thrive
- Single family program loans are financed through the Department's SFMRB, Residential Mortgage Revenue Bond ("RMRB"), and Mortgage Credit Certificate ("MCC") programs and the sale of MBS
- **The SFMRB Program is rated Aaa (Moody's) and AA+ (S&P)**

Interest Revenue by Bond Program for FY 2021 (Amounts in Millions)



Single Family Bond Issuance by Year

Since 2016, the Department has issued $1.4 billion of single family bonds, including $925.7 million of SFMRB Bonds



Source: Preliminary Official Statement, TDHCA Audited Financials

Social Bonds Designation

Use of Proceeds	▪ The 2022 Series A Bonds are the Department's second issuance of **Social Bonds** in the SFMRB Indenture ▪ Kestrel Verifiers has designated the 2022 Series A Bonds as **Social Bonds** based on the determination – The 2022 Series A Bonds are in conformance with the four pillars of the ICMA Social Bond Principles, as described in Kestrel Verifiers' Second Party Opinion in the POS ▪ Proceeds of the 2022 Series A Bonds are expected to be used to purchase Mortgage Certificates, and fund down payment and closing cost assistance
Process for Evaluation and Selection	▪ Mortgage loans funded through SFMRB bonds, including the 2022 Series A Bonds, must meet origination standards, eligibility requirements and underwriting standards consistent with the Program
Management of Proceeds	▪ Net of certain transaction costs, the proceeds of the 2022 Series A Bonds shall be deposited into the Mortgage Loan Fund and invested according to the Single Family Mortgage Revenue Bond Trust Indenture prior to purchasing Mortgage Certificates backed by Mortgage Loans
Tracking/ Reporting/ Investments	▪ Upon the final expenditure of the proceeds of the 2022 Series A Bonds to acquire Mortgage Certificates, the Department expects to prepare a report regarding the 2022A Mortgage Loans consisting of the information set forth in Appendix J of the POS

UNSDG	Mapping to Social Bond Principle
Goal 1: No Poverty	Affordable Housing, Access to Essential Services, Socioeconomic Advancement and Empowerment
Goal 8: Decent Work and Economic Growth	Access to Essential Services
Goal 10: Reduced Inequalities	Socioeconomic Advancement and Empowerment, Access to Essential Services
Goal 11: Sustainable Cities and Communities	Affordable Housing

Source: Preliminary Official Statement, Kestrel Second Party Opinion

The Single Family Mortgage Revenue Bond Program (the "Program")

The Department has established a single family mortgage revenue bond program for the purpose of assisting in financing the costs of acquisition of residences within the State of Texas by Eligible Borrowers

Program Guidelines

- The guidelines adopted by the Department from time to time in connection with the Program establish:
  - Eligibility of lenders to participate in the Program
  - Time limits for commitments and originations of Mortgage Loans
  - Types of Mortgage Loans eligible for purchase by the Servicer
  - Eligibility of mortgagors
  - Requirements for dwellings which secure Mortgage Loans
  - Mortgage Lender origination fees & servicing fees
- The Department anticipates that it may revise its procedures from time to time to conform with changes in the procedures followed by Fannie Mae, RHS, Ginnie Mae, VA, or other major secondary mortgage market institutions

Down Payment Assistance

- 2022 Series A Bond proceeds are expected to be used to originate and pool Mortgage Loans accompanied by a DPA Loan ("Assisted Option")
- Assisted Option Mortgage Loans are expected to receive up to five points of down payment and closing cost assistance
- Down payment and closing cost assistance in form of 0%, non-amortizing, 30-year second loan that is due on sale or refinance

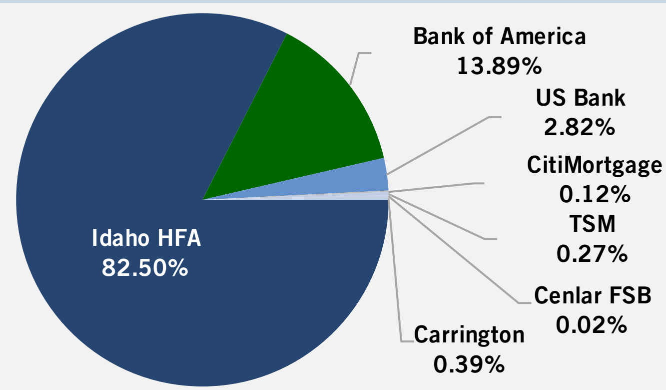
Low- and Moderate-Income Reservations

- For the first one-year period, 30% of the funds from the 2022 Series A Bonds will be reserved for Mortgage Loans for individuals and families of low income (not exceeding 80% of AMFI)
- The remaining lendable funds will be made available for Mortgage Loans to low and moderate incomes whose family income does not exceed:
  - ✓ 115% AMFI for 3+ person households, 140% in targeted areas
  - ✓ 100% AMFI for 1-2 person households, 120% in targeted areas

Servicing and Master Servicers

- Idaho Housing and Finance Association ("Idaho HFA") will serve as Master Servicer of Mortgage Loans related to 2022 Series A Bonds
- Idaho HFA, Bank of America, CitiMortgage, Texas Star Mortgage and US Bank are the five Master Servicers for loans under the Program
  - CitiMortgage recently sold servicing rights to Cenlar FSB for 12 Mortgage Loans

Outstanding Principal Balance Serviced by Master Servicers



Source: Preliminary Official Statement

TDHCA Borrower Profile

My First Texas Home

- The 2022 Series A Mortgage Loans will primarily include loans under the "My First Texas Home" program offering financing to low- and moderate-income households—including 1st time home buyers, qualified veterans or borrowers purchasing residences in targeted areas. Benefits include:
  - **Low interest rate loans**
  - **Down payment assistance**
  - **Homebuyer education**

Target Population

- Federal Tax Requirements set limitations on Mortgage Loans, including, the following:
  - 95% of net bond proceeds for 1st time homebuyers (Targeted Area Residences, qualified veterans and certain residences on possessed land are exempt)
  - Purchase price limits
  - Family income limits
    - ✓ Non-Targeted Areas: capped at 115% AMFI (or 100%, for 1-2 person households) of the greater of area or state median income
    - ✓ Targeted Areas: No income limit for 1/3rd of Mortgage Loans financed; balance of loans capped at 140% AMFI (or 120% for 1-2 person households) of median family income, subject to increase due to "high housing cost areas"

Homebuyer Education

- Homebuyer education classes required for all My First Texas Home borrowers
- Classes provide critical education about interest rates, borrowers' rights, role of a lender, and tools to make informed home buying decisions

Targeted Areas

(i) Census tracts with high concentrations of low-income persons and
(ii) Areas of chronic distress identified by the State and approved by HUD

Income Bands of Loans Financed by the Department's Single Family Mortgage Programs (1/1/2020 – 3/25/2022)

	$ Amount of 1st Liens		$ Amount of 2nd Liens		Number of Loans	
AMI Band	**$ of Loans**	**% of Proceeds**	**$ of Loans**	**% of Proceeds**	**# of Loans**	**% of Loans**
<50.0%	$72,321,088	16%	$3,205,688	16%	479	20%
50.00%-59.9%	75,522,597	16%	3,333,745	16%	418	17%
60.0%-69.9%	94,296,138	20%	4,190,713	21%	484	20%
70.0%-79.9%	88,966,129	19%	3,947,949	19%	429	18%
80.0%-89.9%	79,823,712	17%	3,438,243	17%	367	15%
90.00%-100%	51,432,351	11%	2,271,562	11%	232	10%
Total	**462,362,015**	**100%**	**20,387,900**	**100%**	**2,409**	**100%**

Source: Preliminary Official Statement, Kestrel Second Party Opinion
Note: Totals may not add due to rounding

SFMRB Indenture Overview

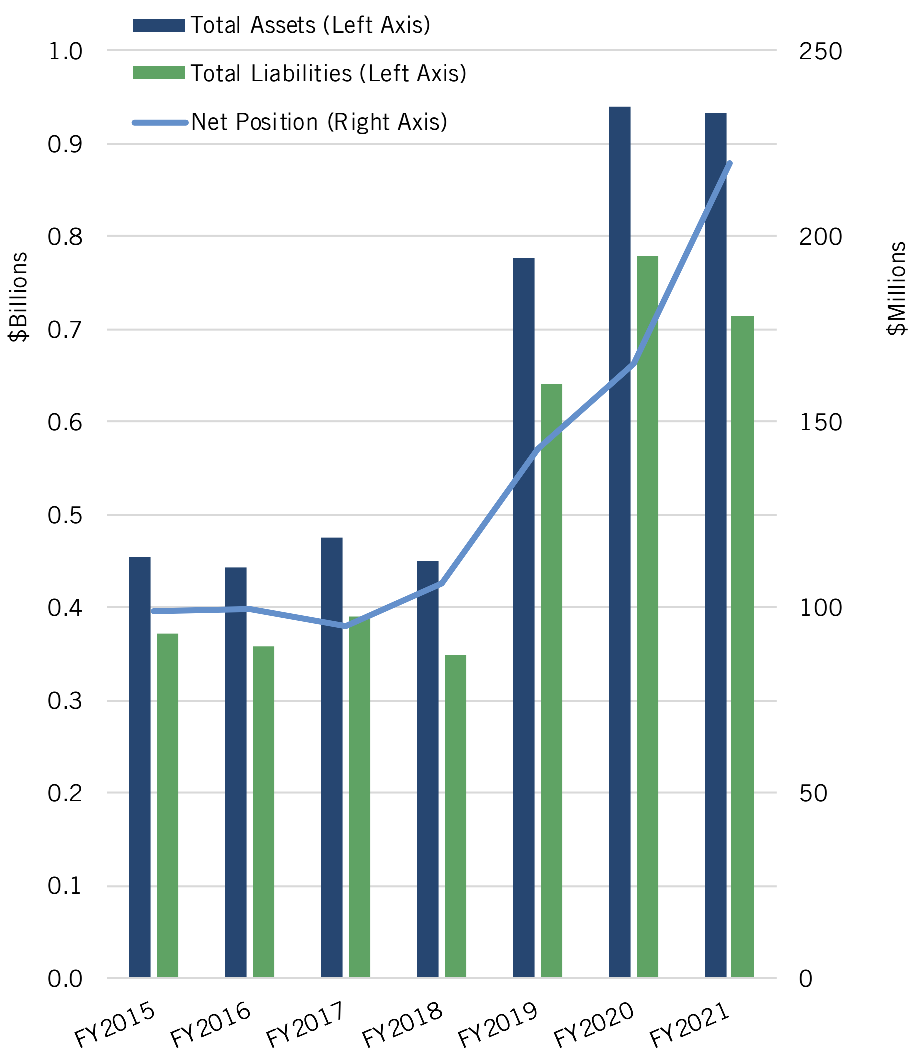
SFMRB History	The SFMRB Indenture was established in 1980 and amended and restated in 2017
Ratings	**Aaa/Stable** by Moody's and **AA+/Stable** by S&P
Bonds Outstanding	$751.1 million as of January 31, 2022
Security	The Bonds, including the 2022 Series A Bonds, are equally and ratably secured by the Trust Indenture for the equal benefit, protection and security of the owners of the Bonds, each of which, regardless of time of issuance or maturity, is to be of equal rank without preference, priority or distinction, except as otherwise provided in the Trust Indenture. The 2022 Series A Bonds are limited obligations of the Department and are payable solely from the revenues and funds pledged for the payment thereof. Neither the State nor any agency of the State, other than the Department, nor the United States of America or any agency, department or other instrumentality thereof, including Ginnie Mae, Freddie Mac, and Fannie Mae, is obligated to pay the principal or redemption price of or interest on the 2022 Series A Bonds. Neither the faith and credit nor the taxing power of the State or the United States of America is pledged, given or loaned to such payment. The Department has no taxing power. Ginnie Mae, Freddie Mac, and Fannie Mae guarantee only the payment of the principal of and interest on the Ginnie Mae Certificates, Freddie Mac Certificates, and Fannie Mae certificates, respectively, when due and do not guarantee the payment of the 2022 Series A Bonds or any other obligations issued by the Department. For further detail, please refer to the POS "SECURITY FOR THE BONDS" and "APPENDIX E – SUMMARY OF INFORMATION REGARDING THE TRUST INDENTURE."
MBS Guarantee	A substantial amount of the mortgage loans in the SFMRB Indenture have been pooled into Mortgage Certificates guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac

Source: Preliminary Official Statement

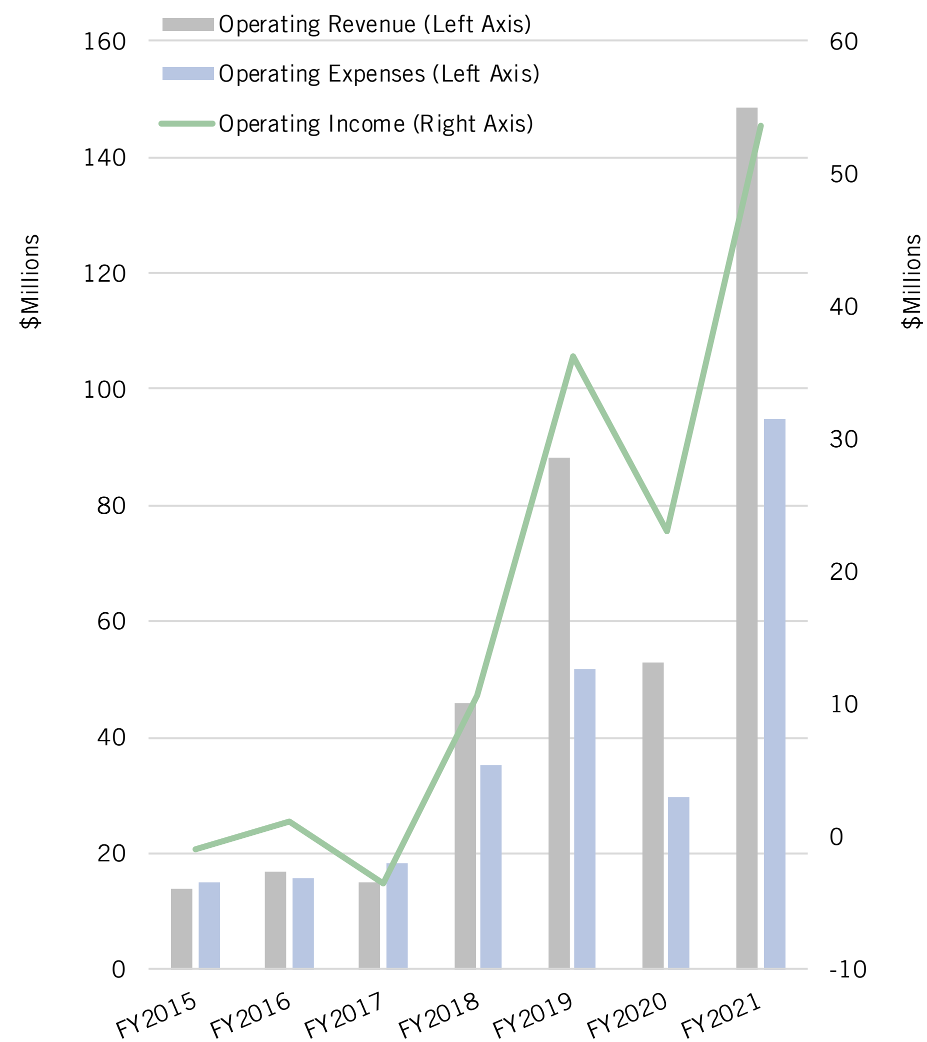
SFMRB Financial History

Select Single Family Mortgage Revenue Bond financial data from TDHCA's Audited fiscal year 2021, and prior years' financials. Please refer to TDHCA's Financial Statements at www.tdhca.state.tx.us.

Total Assets, Liabilities and Net Position



Operating Revenue, Expenses and Income



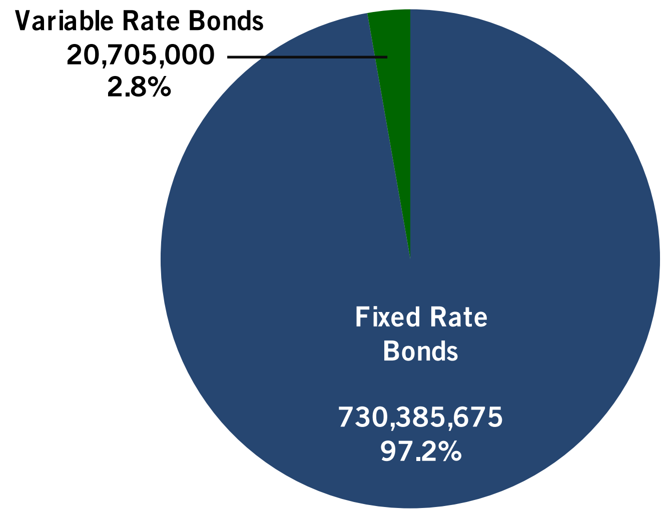
Source: TDHCA Financial Statements
Note: Fiscal Years Ending August 31

SFMRB Bonds Outstanding

- **As of January 31, 2022, $751.1 million of SFMRB Bonds were outstanding**

SFMRB Bonds Outstanding	
Bond Series	**Amount Outstanding**
2005 A	$10,920,000
2007 A	9,785,000
2015 A/B	19,330,000
2016 A/B	29,615,000
2017 A/B/C	81,896,295
2018 A	102,225,000
2019 A	145,535,000
2020 A/B	178,534,299
2021 A/B	173,250,081
Total	**$751,090,675**

Bonds Outstanding By Rate



Liquidity Facilities and Swap Agreements as of January 31, 2022

Bond Series	Amount Outstanding	Liquidity Provider	Agreement Expiration[1]	Swap Provider	Swap Notional Amount	Fixed Rate
2005A	$10,920,000	Texas Comptroller	8/31/2021	JPMorgan Chase	$10,920,000	4.01%
2007A	9,785,000	Texas Comptroller	8/31/2021	JPMorgan Chase	$9,785,000	4.01%
Total	**$20,705,000**				**$20,705,000**	

As of January 31, 2022, in addition to the SFMRB Bonds, $30 million of the Department's 2020 Series A Junior Lien Bonds were outstanding

- *Junior Lien Bonds are secured on an equal and ratable basis with each other and on a subordinated basis to SFMRB Bonds held under the SFMRB Indenture, as more fully described in the POS under "Appendix E – Summary Of Information Regarding The Trust Indenture"*

Source: Preliminary Official Statement

1. Effective September 1, 2021, the termination dates under the Prior Liquidity Facilities was extended to August 31, 2023

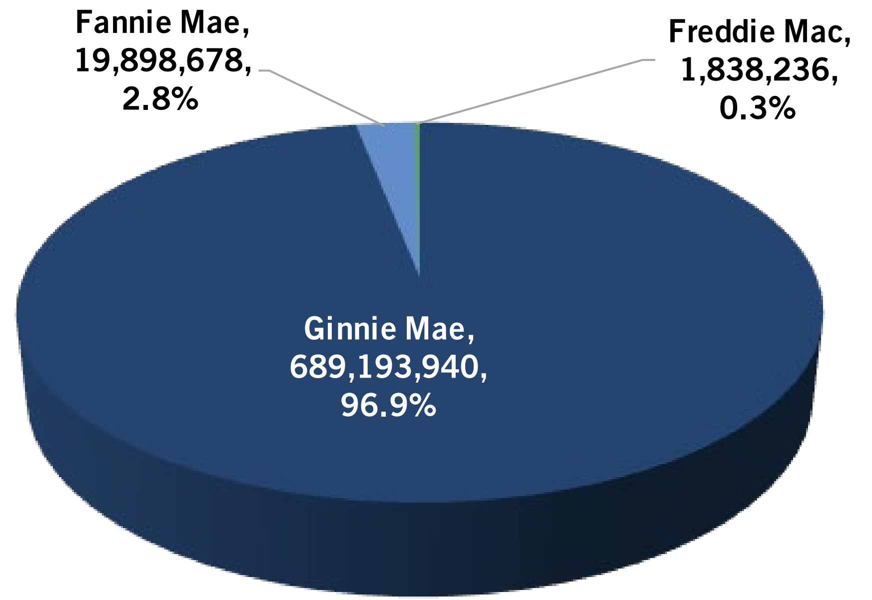
SFMRB Assets

- As of January 31, 2022, the SFMRB Program had $710.9 million of Mortgage Loans and Mortgage Certificates outstanding

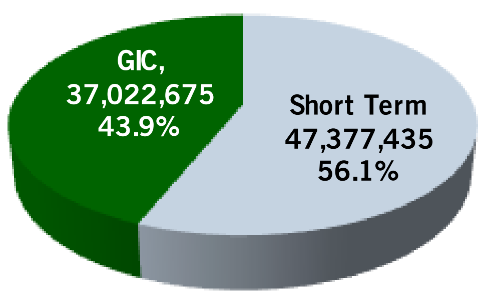
SFMRB Prior Mortgage Certificates as of January 31, 2022

Bond Series	Mortgage Certificates Outstanding	Avg. Weighted Mortgage Rates	DPA and Special Loans[1]
Surplus	$6,111,594	5.50%	$183,262,157
2005 A	11,263,960	4.99%	-
2007 A	14,621,095	5.82%	-
2015 A/B	18,065,856	5.45%	-
2016 A/B	27,870,060	5.48%	-
2017 A/B/C	82,302,407	4.60%	-
2018 A	94,855,068	5.11%	-
2019 A	141,517,021	4.32%	-
2020 A/B	174,746,043	3.77%	-
2021 A/B	139,577,751	3.48%	-
Total	**$710,930,855**		**$183,262,157**

Mortgage Certificates as of January 31, 2022



Investment of Funds as of January 31, 2022



Provider	Par Value	Rate	Maturity Date
FGIC	$34,416,441	6.08%	9/30/2029
NATWEST	47,377,435	0.01%	Short Term
Transamerica Life	1,488,737	4.32%	9/1/2038
Transamerica Life	1,117,498	3.37%	9/1/2036
Total	**$84,400,111**		

Source: Preliminary Official Statement

[1] Not included for cash flow purposes

COVID-19

Department Activities	▪ As part of the State's response to the COVID-19 pandemic, the Department has allocated approximately $105.9 million of the State's CARES Act funds for use in rent and mortgage payments assistance including eviction diversion. These funds are designed to provide short term relief to income eligible renters and homeowners who are behind in their rent or mortgage payments and may be at risk of eviction or foreclosure ▪ The Department will administer, on behalf of the State of Texas, $842,214,006 of Homeowner Assistance Funds made available through the American Rescue Plan Act, and expects those funds to be used for a Reinstatement Program to reduce or eliminate mortgage loan delinquencies and prevent foreclosure and homeowner displacement for homeowners at or below the greater of 100% AMFI or 100% of the U.S. Median Income
Loan Forbearance Requests	▪ On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was singed into law to address the crisis created by the COVID-19 pandemic. Among other things, the CARES Act provides that: a) lenders are prohibited from foreclosing all mortgage loans which are FHA insured, VA, HUD or Rural Housing guaranteed, or purchased or securitized by Fannie Mae or Freddie Mac (collectively, "Federal Single Family Loans") for a period of 60-days commencing March 18, 2020, and; b) until the sooner of the termination of the pandemic or December 31, 2020, Federal Single Family Loan borrowers directly or indirectly facing economic difficulties as a result of the coronavirus can seek up to 360 days of payment forbearance ▪ The CARES Act does not allow fees, penalties or additional interest to be charged due to delayed payments ▪ Separately, Ginnie Mae has announced a program to assist Ginnie Mae seller/servicers which experience financial hardships in meeting their obligations to advance funds and/or repurchase loans due to the forbearance provisions of the CARES Act. Ginnie Mae stated it will implement a "pass-through assistance program" through which Ginnie Mae seller/servicers with payment shortfalls may request that Ginnie Mae advance (subject to Ginnie Mae approval) the difference between available funds and the scheduled payments to investors. Ginnie Mae stated that the program would apply initially to seller/services of single family loans and that it anticipated the program subsequently applying to multifamily loans, as well
Additional Disclosures	▪ Additional COVID-19 disclosures regarding the CARES Act, American Rescue Plan Act, FHFA Orders, HUD/FHA, USDA, VA, Ginnie Mae Orders, and Gubernatorial Orders are discussed in further detail in the POS

Conclusion and Financing Schedule

Program Highlights	▪ 2022 Series A Bonds are the Department's second issuance of **Social Bonds** in the SFMRB Indenture ▪ The Bonds have ratings of **Aaa/Stable** and **AA+/Stable** by Moody's and S&P, respectively ▪ A substantial amount of the mortgage loans in the SFMRB Indenture have been pooled into Mortgage Certificates guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac
Anticipated Financing Schedule*	▪ **POS Posting:** Monday, April 25th ▪ **Retail Order Period:** Monday, May 2nd ▪ **Institutional Pricing:** Tuesday, May 3rd ▪ **Closing Date:** Tuesday, June 14th

Contact Information

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*Preliminary subject to change

5. Rating Reports

Jefferies

Moody's

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to Texas Dept. of Housing and Community Affairs' Single Family Mortgage Revenue Bonds, 2022 Series A; outlook stable

07 Apr 2022

New York, April 07, 2022 -- Moody's Investors Service, ("Moody's") has assigned a rating of Aaa to the proposed Texas Department of Housing and Community Affairs' ("TDHCA") approximately $190 million Single Family Mortgage Revenue Bonds, 2022 Series A (Non-AMT) (Social Bonds). Moody's maintains existing Aaa ratings on all outstanding Single Family Mortgage Revenue Senior Lien Bonds and Aa1 ratings on all outstanding Single Family Mortgage Revenue Junior Lien Bonds. The outlook is stable.

RATINGS RATIONALE

The Aaa rating reflects the strong program portfolio which consists of 100% GNMA, Freddie Mac and FNMA mortgage-backed securities ("MBS") and a program asset-to-debt ratio (PADR) of 1.30x (1.06x excluding all second lien loans) as of August 31, 2021. The rating also reflects that variable rate bonds comprise 3% of program debt as of December 31, 2021 and that 100% of the liquidity on the variable rate bonds is provided by the Texas Comptroller of Public Accounts (State of Texas general obligation rating of Aaa with a stable outlook).

RATING OUTLOOK

The stable outlook is based on the solid financial position, strong mortgage portfolio, and variable rate debt position.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable.

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Replacement of the State Comptroller-provided liquidity with agreements containing terms that are too onerous to withstand Moody's cash flow tests.

- A severe decline in the financial performance of the program that causes the PADR to decrease.

- A significant increase in program variable rate debt.

LEGAL SECURITY

The Bonds are special obligations of TDHCA and are secured by GNMA, FNMA, and Freddie Mac MBS, mortgage loans, and all reserves and other assets under the indenture. Payment of senior lien debt is on parity with approximately $761 million (as of December 31, 2021) in Single Family Mortgage Revenue Bonds. There is also $30 million (as of December 31, 2021) of junior lien Single Family Mortgage Revenue Bonds. The junior lien bonds are payable solely from surplus revenues of the indenture subordinate to the payment of senior lien bonds and departmental expenses.

USE OF PROCEEDS

Proceeds of the 2022 Series A bonds will be primarily used to purchase GNMA MBS backed by pools of qualifying mortgages to finance the acquisition of single-family residences in the State of Texas.

PROFILE

The Single Family Mortgage Revenue Bond Program was established in 1980. This indenture was TDHCA's initial single family financing program. The proceeds of bonds issued under this indenture are used to finance affordable residential housing to low and moderate income persons in the State of Texas. All bonds under the indenture are secured equally by all of the mortgages.

METHODOLOGY

The principal methodology used in this rating was US Housing Finance Agency Single-Family Housing Methodology published in October 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1154478 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

This rating is solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1288235 .

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on www.moodys.com.

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the UK and is endorsed by Moody's Investors Service Limited, One Canada Square, Canary Wharf, London E14 5FA under the law applicable to credit rating agencies in the UK. Further information on the UK endorsement status and on the Moody's office that issued the credit rating is available on www.moodys.com.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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Additional terms for Japan only: Moody's Japan K.K. (“MJKK”) is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody’s Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody’s SF Japan K.K. (“MSFJ”) is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization (“NRSRO”). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Standard and Poor’s

CLASS/MATURITY DATE	RATING TYPE	PUBLICATION DATE
2022 A/01-Mar-2023	Local Currency LT	06-May-2022 12:01 EDT

Symbol, Number, or Score in the Rating Scale Used to Denote Credit Rating Categories and Notches as Required by Paragraph (a)(1)(ii)(A)of Rule 17g-7

Rating Information

RATING	RATING DATE	CREDITWATCH / OUTLOOK	CREDITWATCH/ OUTLOOK DATE
AA+	08-Apr-2022	Stable	08-Apr-2022

Procedure or Methodology Used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(B)of Rule 17g-7

The following criteria were used in determining this credit rating:

[Criteria | Governments | U.S. Public Finance: U.S. Federally Enhanced Housing Bonds Rating Methodology]

[General Criteria: Methodology And Assumptions For Stressed Reinvestment Rates For Fixed-Rate U.S. Debt Obligations]

[General Criteria: Environmental, Social, And Governance Principles In Credit Ratings]

[Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions]

The following Models were used in preparing this rating

Criteria Evaluation Engine -- RS-PUB-USA-R-000332-V008

Main Assumptions and Principles Used to Construct the Rating Methodology Used to Determine the Credit Rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

Obligor, Property, and Loan Characteristics

- The credit quality of mortgage loans underlying global residential mortgage-backed securities (RMBS) is assumed based on performance and macroeconomic indicators during historical periods of stress. A key assumption in constructing our criteria is that obligor, property, and loan characteristics will influence the degree to which changing macroeconomic environments affect pool performance and result in defaults. As loans season, actual performance data also become a useful indicator in estimating future default projections. Correlation of defaults across residential mortgages in a pool is typically captured in the data we analyze.

Cash Flow and Payment Mechanics

- We make assumptions regarding the repayment patterns of the assets when conducting cash flow analysis to determine if a transaction has sufficient credit and liquidity enhancement to pay its obligations under rating stress scenarios consistent with our ratings definitions. In addition, we may use the cash flow analysis to test a transaction's credit stability during a moderate economic stress period in accordance with our credit stability criteria.

Operational Risk

- Key transaction parties may affect the ultimate performance of the assets. As applicable, a review may be conducted of origination and underwriting standards and of servicing and collection policies. Our analysis of operational risks also generally includes an assessment of the potential impact of a key transaction party's service disruption on the securitization's cash flows.

Counterparty Risk

- The credit exposure to transaction counterparties may be managed through replacement mechanisms and/or posted collateral, at a high enough rating level, and with sufficient replacement counterparties so that defaulting counterparty risk is mitigated to a degree consistent with the rating on the notes.

Bankruptcy Remoteness

- S&P Global Ratings assumes that transactions can be structured to achieve legal isolation of the securitized assets so that the cash flows from those assets are available to repay the structured finance (SF) notes on a timely basis, notwithstanding the bankruptcy or insolvency of the originator of the assets and/or certain other transaction parties. S&P Global Ratings also assumes that the transactions can be structured so as to achieve bankruptcy remoteness of the issuer of the SF notes.

The Potential Limitations of the Credit Rating, including Types of Risk Excluded from the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

S&P Global Ratings' credit ratings:

- Are not exact measures of the probability that a certain issuer or issue will default but are instead expressions of the relative credit risk of rated issuers and debt instruments;
- Are not intended to indicate the value, suitability, or merit of an investment;
- Do not measure performance factors, such as market value or price fluctuations.;
- Do not address investment merit;
- Do not address whether a particular rated security is suitable for a particular investor or group of investors;
- Do not address whether a security is appropriate for an investor's risk tolerance;
- Do not address whether the expected return of a particular investment is adequate compensation for the risk it poses;
- Do not address whether the price of a security is appropriate;
- Do not address whether there is, or will be, a ready liquid market in which the security may be bought or sold; and
- Do not address whether the market value of the security will remain stable over time.

Information on the Uncertainty of the Credit Ratings as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

S&P Global Ratings uses information in its credit rating analyses from sources it believes to be reliable, including from the issuer. S&P Global Ratings neither audits nor undertakes due diligence on the information it receives from the issuer, its agents or third parties in connection with its credit rating and surveillance processes. Nevertheless, when assessing the quality of information as required by regulation, S&P Global Ratings will consider and take into account, among other factors, whether the information it receives from the issuer, its agents or other third parties is: a) subject to external verification; b) published by official sources S&P Global Ratings considers to be reliable; c) submitted to regulatory bodies pursuant to applicable securities laws or d) provided by parties that S&P Global Ratings has assessed as having a history of providing reliable information to it or to the public. In the course of its assessment on the quality of information received, S&P Global Ratings identified no material issues (such as a lack of historical data, documentation or other material information) thereby leading S&P Global Ratings to conclude that it had sufficient information of satisfactory quality on which to base its credit rating opinion.

The assignment of a credit rating to an issuer or issue by S&P Global Ratings is not a warranty of the accuracy, completeness or timeliness of (a) the information S&P Global Ratings used in connection with the credit rating or (b) the results which may be obtained from the use of the credit rating or the related information.

Use of Third Party Due Diligence Services in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

This Credit Rating Action does not involve U.S. Securities Exchange Act- ABS.

Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating as Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

This is not applicable to new issue ratings.

Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- Data related to the expected performance of the underlying assets, if applicable. For instance, information about the features or characteristics of the assets that may be correlated to an expected default rate or loss given default and/or about the performance of assets believed to be similar to the assets in the securitization pool.
- Information related to the financial strength of any counterparties exposing the transaction to credit or liquidity risk.
- Economic data that may affect the performance of the rated securities, for instance GDP or unemployment rates.
- Data related to the operational capability of those third parties most likely to affect the securitization.
- General information regarding the applicable industry, sector, or sovereign.
- Information about the legal and capital structure, credit enhancement, payment mechanics, and any third-party obligations.
- Bond payment information, if applicable. For instance, data related to the cash flow generated by the assets and paid to security holders or other owners of the securitization assets.

Overall Assessment of the Quality of Information Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

S&P Global Ratings believes that the information received and considered in determining this credit rating was of comparable quality to that received and considered in determining the credit ratings of similar obligors or obligations.

Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

S&P Global Ratings was paid to determine the credit rating either by the rated entity, or by the issuer, underwriter, depositor, or sponsor of the obligation, being rated.

S&P Global Ratings was not paid for services other than determining credit ratings during the most recently ended fiscal year by the entity that paid it to determine the credit rating.

Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

GDP Growth Rate

- A change in GDP could be associated with upward or downward rating changes. For example, in a previous period of stress, a 1% decline in U.S. GDP was linked to a one- to two-notch average decline in global structured finance ratings, and we expect that larger declines in GDP could result in a rating change of several notches. During the same period of stress, the U.S. RMBS sector experienced multi-notch movements.

Unemployment Rate

- A change in unemployment could be associated with downward or upward rating changes. For example, in a previous period of stress, a one percentage point increase in the U.S. unemployment rate was linked to a one- to two-notch average decline in global structured finance ratings, and we expect that a larger increase in unemployment could result in a rating change of several notches. During the same period of stress, the U.S. RMBS sector experienced multi-notch movements.

Home Price Changes

- A change in home prices could be associated with upward or downward rating changes. For example, in a previous period of stress, a 10% decline in home prices, as measured by a U.S. home price index, was linked to a one- to two-notch average decline in global structured finance ratings, and we expect that a larger decline in home prices could result in a rating change of several notches. During the same period of stress, the U.S. RMBS sector experienced multi-notch movements.

Historical Performance of the Credit Rating as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

Historical Performance of Credit Rating

An S&P Global Ratings credit rating is an opinion about the relative creditworthiness of an entity or an instrument. S&P Global Ratings credit ratings should not be viewed as assurances of credit quality or exact measures of the likelihood of default. Exhibit 1 of Form NRSRO provides information on S&P Global Ratings credit rating definitions, including the meaning of default, and observed default rates in credit ratings performance measurement statistics.

Default Studies, Credit & Economic Trends

Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

Foreclosure Frequency Assumptions for the Underlying Loans

- For example, we may have initially assumed a foreclosure frequency of 12% in an 'AAA' rating scenario. However, if this assumption proved to be incorrect, it could cause us to lower our rating. For instance, if, based on the actual experience of the loans, we were to revise our foreclosure frequency to 15% in an 'AAA' scenario and, as a result, determine that the rated security no longer had a sufficient level of credit support for us to continue to rate it 'AAA', we might, without accounting for any other factor, lower the rating one or more notches or rating categories.

Loss Severity Assumptions for the Underlying Loans

- For example, we may have initially assumed a 50% loss severity in an 'AAA' rating scenario. However, if this assumption proved to be incorrect, it could cause us to lower our rating. For instance, if, based on the actual experience of the loans, we were to revise our loss severity assumptions to 55% for the remaining loan pool in an 'AAA' scenario and, as a result, determine that the rated security no longer had a sufficient level of credit support for us to continue to rate it 'AAA', we might, without accounting for any other factor, lower the rating one or more notches or rating categories.

Timing of Foreclosure and Recovery Assumptions on the Underlying Consumer Loans

- For example, we may have initially assumed a variety of front-loaded and back-loaded foreclosure patterns. If, however, based on the actual experience of the loans, any of these assumptions proved to be incorrect and the actual timing of foreclosures and recoveries experienced in the loan pool were to contribute to an erosion of credit support beyond what we view as necessary to maintain a particular rating, without accounting for any other factor, we might lower the ratings one or more notches or rating categories.

Interest Rate Assumptions

- For example, we may have assumed a variety of high and low interest rate scenarios, where applicable. If, however, based on the actual experience of the loans, any of these assumptions proved to be incorrect and the result was an erosion of credit support beyond what we view as sufficient to maintain a particular rating, without accounting for any other factor, we might lower the ratings one or more notches or rating categories.

Prepayment Rate Assumptions for the Underlying Consumer Loans

- For example, we may have initially assumed a variety of high and low prepayment rates. If, however, based on the actual experience of the loans, any of these assumptions proved to be incorrect and the result was an erosion of credit support beyond what we view as sufficient to maintain a particular rating, without accounting for any other factor, we may lower the ratings one or more notches or rating categories.

The Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of Rule 17g-7

The Report of Representations, Warranties, and Enforcement Mechanisms is not required by regulation.

Attestation as Required by 17g-7 (a)(1)(iii)

I, Sam Krouse, have responsibility for this Rating Action and to the best of my knowledge:
(A) No part of the credit rating was influenced by any other business activities.
(B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
(C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

AND

I, Adam Torres, have responsibility for this Rating Action and to the best of my knowledge:
(A) No part of the credit rating was influenced by any other business activities.
(B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
(C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

*A description of each S&P Global Ratings' rating categories is contained in "**S&P Global Ratings Definitions**".*

The disclosures contained herein apply to the credit rating action as of the rating date listed above. If these disclosures require correction, such corrected disclosures will apply to this rating action as of the date of the rating action and replace the original disclosures.

4b

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on Resolution No. 22-031 authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs Residential Mortgage Revenue Bonds, Series 2022B, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution, and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

On June 14, 2022, the Department issued $190 million Single Family Mortgage Revenue Bonds, 2022 Series A (Non-AMT) (Social Bonds). Mortgage loan reservations began on May 6, 2022. As of June 24, 2022, the proceeds are 65% reserved and are expected to be fully reserved in August. Market conditions remain conducive to the issuance of tax-exempt, single family mortgage revenue bonds (SFMRBs) to finance mortgage loans for low, very low, and moderate income homebuyers.

To ensure the availability of continuous funding, staff is seeking approval for the issuance of Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2022B (the 2022B Bonds).

2022B Bonds

The 2022B Bonds will be issued in a maximum par amount of $150 million; total bond proceeds (par amount of bonds plus bond premium) will not exceed $162 million. Proceeds of the 2022B Bonds will be used to purchase Ginnie Mae mortgage-backed securities (MBS) backed by tax-exempt eligible mortgage loans, to pay all or a portion of the costs of issuance related to the 2022B Bonds, and to finance a portion of the down payment assistance, lender compensation, and second loan servicing fees related to the underlying mortgage loans. The 2022B Bonds are expected to be offered as traditional SFMRBs, with serial bonds, premium serial bonds, term bonds, and premium Planned Amortization Class (PAC) bonds. Depending on market conditions, proceeds of the 2022B Bonds may be invested in a Guaranteed Investment Contract (GIC) until expended; otherwise, proceeds will be invested in overnight obligations that meet indenture requirements. The 2022B Bonds are anticipated to be designated as “Social Bonds” and are expected to receive an Independent Second Party Opinion related thereto provided by Kestrel Verifiers.

2022B Mortgage Loans

Mortgage loans will be 30-year, fixed rate loans guaranteed by FHA, VA, or USDA and pooled into Ginnie Mae MBS. Initially, borrowers will have the choice of three or four points of down payment assistance (DPA). DPA will be offered as either or both of the following: (1) repayable with three or four points of assistance, where the DPA is provided as 0% interest, non-amortizing, 30-year second mortgage loan that is due on sale or refinance of the first loan, or (2) forgivable with three or four points of assistance, where the DPA is provided as a 0% interest, non-amortizing, second mortgage loan that is fully repayable for the first three years, and forgiven three years after loan closing. The repayable option typically offers a mortgage rate on the first mortgage loan that is .25% to .375% lower than the forgivable option. DPA options will be subject to modification in response to borrower demand or market conditions. The issuance of $150 million of par amount of 2022B Bonds will provide for $150 million in par amount of mortgage loans to be originated. The associated down payment assistance, lender compensation, and servicing fees for the second loans are expected to total approximately $9.5 million.

Underwriting Team

Jefferies will serve as senior manager, with Piper Sandler, and Ramirez & Co. servicing as co-managers for this transaction.

Timing

Preliminarily, the key events are as follows, and subject to change:

08/01/2022	Preliminary Official Statement is Released
08/11/2022	Bonds Priced, Bond Purchase Agreement is Executed
08/15/2022	Program Funds Available for Reservation
08/23/2022	Official Statement is Released
09/22/2022	Bond Closing

Department Contribution

The contribution by the Department will not exceed $7.5 million, which will to be used to fund a portion of the down payment and closing cost assistance and costs related to the acquisition of qualifying mortgage loans (including the payment of lender compensation and servicing fees for second mortgage loans) and to pay all or a portion of the costs of issuance of the 2022B Bonds. The contribution will be funded from amounts on deposit in the RMRB indenture. Capitalized interest of up to $4.5 million may be paid from the RMRB indenture as necessary. As with prior transactions, these amounts are maximums; the actual contribution and capitalized interest expense are expected to be less than that approved by the Board.

Summary

Staff will continue to work with the Department's financing team to ensure the economic viability of the 2022B Bonds. Depending on market conditions and other factors, the amount of 2022B Bonds issued may be less than approved by the Board.

Exhibits

The Exhibits for Resolution 22-031 can be found online at the Department's Board Meeting Information Center website: http://www.tdhca.state.tx.us/board/meetings.htm.

RESOLUTION NO. 22-031

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS RESIDENTIAL MORTGAGE REVENUE BONDS, SERIES 2022B; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code (the "Act"), as amended from time to time, for the purpose of providing for the housing needs of individuals and families of low, very low, and extremely low income and families of moderate income (as described in the Act as determined by the Governing Board of the Department (the "Board") from time to time) at prices they can afford; and

WHEREAS, the Act authorizes the Department: (a) to issue revenue bonds, to provide money to (i) make and acquire mortgage loans or participations therein, (ii) fund or increase the Department's reserves or funds (iii) pay the costs and expenses of issuing the bonds and (iv) pay interest on the bonds; and (b) to pledge all or part of the revenues, income or resources of the Department, including the revenues to be received by the Department from the mortgage loans or participations therein, to secure the payment of the principal, interest or redemption premium on the bonds; and

WHEREAS, the Department and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), have executed and delivered that certain Amended and Restated Residential Mortgage Revenue Bond Trust Indenture dated as of July 1, 2019 (as amended and supplemented from time to time, the "RMRB Indenture"), providing for the issuance from time to time by the Department of one or more series of its Residential Mortgage Revenue Bonds; and

WHEREAS, the Department has a single family mortgage purchase program (the "Program") to fund all or a portion of the Department's single family loan production; and

WHEREAS, pursuant to Resolution No. 17-003, the Board approved Program Guidelines setting forth the general terms of the mortgage loans to be originated under the Program (the "Mortgage Loans") and authorized execution and delivery of (i) a Mortgage Acquisition, Pooling and Servicing Agreement setting forth the terms under which Idaho Housing and Finance Association (the "Servicer"), will review, acquire, package and service the Mortgage Loans, and (ii) a Master Mortgage Origination Agreement in connection with the acceptance of new lenders in the Program (collectively, the "Program Documents"); and

WHEREAS, pursuant to Resolution No. 22-002, the Board approved certain modifications to the Program and the execution of revised Program Documents in connection therewith to authorize the making of forgivable Mortgage Loans for down payment and closing costs assistance; and

WHEREAS, Article III of the RMRB Indenture authorizes the issuance of additional Residential Mortgage Revenue Bonds for the purposes of acquiring Mortgage Loans or participations therein, payment of costs of issuance, funding of reserves, payments of certain Department expenses and refunding bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Department's Residential Mortgage Revenue Bonds, to be known as its Residential Mortgage Revenue Bonds, Series 2022B (the "Bonds") pursuant to the RMRB Indenture for the purpose of providing funds to make and acquire qualifying Mortgage Loans through the purchase of mortgage backed securities ("Mortgage Certificates"), to provide down payment and closing cost assistance and to pay a portion of the costs of issuance related thereto; and

WHEREAS, the Board desires to authorize the execution and delivery of the Thirty-Seventh Supplemental Residential Mortgage Revenue Bond Trust Indenture (the "Supplemental Indenture") in substantially the form attached hereto relating to the Bonds; and

WHEREAS, the Board has further determined that the Department should enter into a Bond Purchase Agreement relating to the sale of the Bonds (the "Bond Purchase Agreement") with Jefferies LLC (or other party as identified in the Bond Purchase Agreement), as representative of the group of underwriters listed in the Bond Purchase Agreement (the "Underwriters"), in substantially the form attached hereto setting forth certain terms and conditions upon which the Underwriters will purchase the Bonds from the Department and the Department will sell the Bonds to the Underwriters; and

WHEREAS, the Board has determined to authorize the execution and delivery of a Fourteenth Supplement to Depository Agreement relating to the Bonds (the "Depository Agreement"), by and among the Department, the Trustee and the Texas Treasury Safekeeping Trust Company (the "Trust Company"), in substantially the form attached hereto to provide for the holding, administering and investing of certain moneys and securities relating to the Bonds; and

WHEREAS, the Board has been presented with a draft of a preliminary official statement to be used in the public offering of the Bonds (the "Official Statement") and the Board desires to approve such Official Statement in substantially the form attached hereto; and

WHEREAS, the Board desires to authorize the execution and delivery of a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") relating to the Bonds in substantially the form attached hereto between the Department and the Trustee; and

WHEREAS, the Board has determined to authorize the investment of a portion of the proceeds of the Bonds and any other amounts held under the RMRB Indenture with respect to the Bonds in one or more guaranteed investment contracts (the "GICs") on or after the closing date or in such other investments as the authorized representatives named herein may approve; and

WHEREAS, the Board desires to approve the use of an amount not to exceed $7,500,000 of Department funds for any purpose authorized under the Act and the RMRB Indenture, including to provide down payment and closing cost assistance, to make and acquire qualifying Mortgage Loans, including payment of lender compensation, through the purchase of Mortgage Certificates and to pay a portion of the costs of issuance; and

WHEREAS, the Board desires to authorize the use of an amount not to exceed $4,500,000 of funds on deposit under the RMRB Indenture to fund capitalized interest on the Bonds; and

WHEREAS, Chapter 1371, Texas Government Code, as amended ("Chapter 1371") authorizes the Department to take certain actions described in this Resolution related to the issuance of the Bonds; and

WHEREAS, the Board desires to approve the form of the Supplemental Indenture, the Bond Purchase Agreement, the Depository Agreement, the Official Statement and the Continuing Disclosure Agreement and find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution;

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

ARTICLE 1
ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of any or all of the Bonds is hereby authorized, all under and in accordance with the RMRB Indenture, and that, upon execution and delivery of the Supplemental Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of Texas (the "Attorney General") for approval, the Comptroller of Public Accounts of the State of Texas (the "Comptroller") for registration and the Trustee for authentication, and thereafter to deliver the Bonds to or upon the order of the Underwriters.

Section 1.2 Authority to Determine Interest Rates, Principal Amounts, Maturities and Prices. That the Authorized Representatives of the Department are hereby authorized and empowered, in accordance with Chapter 1371, to fix and determine the interest rates, principal amounts and maturities of the Bonds, and the prices at which the Department will sell the Bonds to the Underwriters, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative of the Bond Purchase Agreement; provided, however, that: (a) the interest rate on the Bonds shall not exceed 7.00% per annum; (b) the aggregate principal amount of the Bonds shall not exceed $150,000,000; (c) the final maturity of the Bonds shall occur not later than July 1, 2053; (d) the price at which the Bonds are sold to the Underwriters shall not exceed 108% of the aggregate principal amount thereof; and (e) the Bonds shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term debt instrument. In no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

Section 1.3 Approval, Execution and Delivery of the Supplemental Indenture. That the form and substance of the Supplemental Indenture are hereby approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department's seal to the Supplemental Indenture and to deliver the Supplemental Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriters pursuant to the Bond Purchase Agreement is hereby approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriters.

Section 1.5 Official Statement. That the Official Statement, in substantially the form presented to the Board, is hereby approved; that prior to the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Official Statement for distribution by the Underwriters to prospective purchasers of the Bonds, with such changes therein as an Authorized Representative may approve in order to permit such Authorized Representative, for and on behalf of the Board, to deem the Official Statement final as of its date, except for such omissions as are permitted by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), such approval to be conclusively evidenced by the distribution of such Official Statement; and that within seven business days after the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Board, shall cause the final Official Statement, in substantially the form of the Official Statement attached hereto, with such changes as an Authorized Representative may approve, such approval to be conclusively evidenced by such Authorized Representative's execution thereof, to be provided to the Underwriters in compliance with Rule 15c2-12.

Section 1.6 Approval of Depository Agreement. That the form and substance of the Depository Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department's seal to the Depository Agreement and to deliver the Depository Agreement to the Trustee and to the Trust Company.

Section 1.7 Approval of Continuing Disclosure Agreement. That the form and substance of the Continuing Disclosure Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute, and if requested, attest and affix the Department's seal to the Continuing Disclosure Agreement and to deliver the Continuing Disclosure Agreement to the Trustee.

Section 1.8 Approval of GIC Broker; Approval of Investment in GICs. That the Authorized Representatives are each hereby authorized to select a GIC broker, if any, and that the investment of funds held under the RMRB Indenture in connection with the Bonds in GICs is hereby approved and that the Authorized Representatives are hereby authorized to complete arrangements for such investment in GICs or such other investments as the Authorized Representatives may approve.

Section 1.9 Authority to Designate Bonds as Social Bonds. That the Authorized Representatives are each hereby authorized to designate the Bonds as "social bonds," and if such designation occurs, "(Social Bonds)" shall be added at the end of the name of the Bonds.

Section 1.10 Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to execute, attest, affix the Department's seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, and to take such other acts, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the RMRB Indenture, the Bonds, the Supplemental Indenture, the Bond Purchase Agreement, the Depository Agreement and the Continuing Disclosure Agreement.

Section 1.11 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, or in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.12 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A – Supplemental Indenture
Exhibit B – Bond Purchase Agreement
Exhibit C – Official Statement
Exhibit D – Depository Agreement
Exhibit E – Continuing Disclosure Agreement

Section 1.13 Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Interim Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.14 Department Contribution. That the contribution of Department funds in an amount not to exceed $7,500,000 to be used for any purpose authorized under the Act and the RMRB Indenture, including to provide down payment and closing cost assistance, to make and acquire qualifying Mortgage Loans, including payment of lender compensation, through the purchase of Mortgage Certificates and to pay all or a portion of the costs of issuance of the Bonds is hereby authorized.

Section 1.15 Use of RMRB Indenture Funds. That the use of an amount not to exceed $4,500,000 of funds on deposit under the RMRB Indenture to fund capitalized interest on the Bonds is hereby authorized.

ARTICLE 2
APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Submission to the Attorney General of Texas. That the Board hereby approves the submission by Bond Counsel to the Attorney General of Texas, for his approval, of a transcript of the legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.2 Engagement of Other Professionals. That the Authorized Representatives are each authorized to engage an accounting firm or firms to perform such functions, audits, yield calculations, verifications and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of the purchasers of the Bonds and Bond Counsel, provided such engagement is done in accordance with applicable State law.

Section 2.3 Certification of the Minutes and Records. That the Secretary and any Assistant Secretary to the Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for its single family mortgage revenue bond program, the issuance of the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agencies. That the Authorized Representatives and the Department's consultants are authorized to seek ratings from Moody's Investors Service, Inc. and S&P Global Ratings, a division of S&P Global Inc.

Section 2.5 Ratifying Other Actions. That all other actions taken or to be taken by the Authorized Representatives and the Department's staff in connection with the issuance of the Bonds are hereby ratified and confirmed.

Section 2.6 Authorized to Invest Funds. That pursuant to Section 1371.102, Texas Government Code, and the Act, the Authorized Representatives are each hereby authorized to undertake all appropriate actions required under the RMRB Indenture and the Depository Agreement and to provide for investment and reinvestment of all funds held under the RMRB Indenture in accordance with the RMRB Indenture.

ARTICLE 3
CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Purpose of Bonds. That the Board hereby determines that the purpose for which the Department may issue the Bonds constitutes "public works" as contemplated by Chapter 1371.

ARTICLE 4
GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under the RMRB Indenture to secure payment of the bonds issued under the RMRB Indenture and payment of the Department's costs and expenses for its single family mortgage revenue bond program thereunder and under the RMRB Indenture, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 4.3 Purposes of Resolution. That the Board has expressly determined and hereby confirms that the issuance of the Bonds and the furtherance of the purposes contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State.

Section 4.4 Notice of Meeting. That 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 Section 2306.032 of the Texas Government Code, regarding meetings of the Board.

Section 4.5 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 7th day of July, 2022.

EXHIBITS

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE BONDS.

4c

BOARD ACTION REQUEST

BOND FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on Resolution No. 22-032 approving Assignment Agreements relating to Private Activity Bond Authority, and containing other provisions relating to the subject

RECOMMENDED ACTION

Adopt attached resolution.

BACKGROUND

Chapter 394 of the Local Government Code provides for the establishment of local housing finance corporations (HFCs) for, among other things, the issuance of single family mortgage revenue bonds (SFMRBs) or mortgage credit certificates (MCCs). Federal tax law limits issuance of SFMRBs or MCCs through the allocation of volume cap. Chapter 1372 of the Texas Government Code (the Allocation Act) sets out the rules for allocation of volume cap in Texas. Until August 6 of each year, of the total volume cap available for single family mortgage bond purposes in Texas, approximately 33% is set-aside for the Department, and 10% for the Texas State Affordable Housing Corporation (TSAHC), leaving approximately 57% of the single family volume cap available for use by HFCs for the purposes of issuing SFMRBs or MCCs. On August 7 of each year, these set-asides collapse into a single family pool, available to the Department, TSAHC, and HFCs on a first-come, first-served, basis. On August 15, any single family volume cap that has not been reserved by a housing issuer becomes available for reservation by any issuer of private activity bonds for any authorized purpose.

HFCs were once very active in financing single family homeownership for low, very low, and moderate income homebuyers. However, in recent years, it has been difficult for HFCs to successfully issue SFMRBs or to implement MCC programs due to the combination of the up-front investment, negative arbitrage, interest rate risk, and other factors. As such, for several years now, the single family volume cap set-aside for HFCs has been largely unreserved.

Pursuant to Section 394.032(e) of the Local Government Code, an HFC can assign its volume cap to the Department ". . . to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the housing finance corporation, including its authority to issue bonds for those purposes."

The Department and seven HFCs are proposing to enter into an Assignment Agreement substantially in the form attached to the resolution by which each HFC will assign volume cap to the Department in the amounts outlined below (to be requested by each HFC prior to the

August 7 collapse), to originate, on the HFCs behalf, mortgage loans through the Department's My First Texas Home Program that are either financed by one or more of the Department's SFMRB issues or originated in combination with an MCC.

Housing Finance Corporation	Proposed Volume Cap Assignment Amount
Cameron County HFC	10,000,000
Capital Area HFC	30,000,000
City of Dallas HFC	25,000,000
Fort Bend County HFC	20,000,000
City of McKinney HFC	2,000,000
North Central Texas HFC	50,000,000
City of Rowlett HFC	2,000,000
	139,000,000

Approval of the Assignment Agreements benefit the HFCs and the Department. The HFCs will benefit economically through an ongoing fee received against loans originated, on their behalf, within the HFC's jurisdiction. More importantly, the HFC can actively and meaningfully participate in financing affordable housing for single family activity. The HFCs have indicated a desire to jointly market the program, including the coordination of outreach efforts to increase participation by low and moderate income homebuyers in HFC jurisdiction. The Assignment Agreements benefit the Department by leveraging existing volume cap, which will assist the Department in maintaining current bond and MCC issuance levels in an environment where volume cap is becoming increasingly scarce. Ultimately, the benefit flows through to low, very low, and moderate income homebuyers in Texas that are able to access affordable financing options.

RESOLUTION NO. 22-032

RESOLUTION APPROVING ASSIGNMENT AGREEMENTS RELATING TO PRIVATE ACTIVITY BOND AUTHORITY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, pursuant to Section 394.032(e), Texas Local Government Code and resolutions adopted by the respective Board of Directors of each housing finance corporation identified on Exhibit A hereto (each individually referred to herein as the "HFC"), the HFC has determined to delegate to the Department the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the HFC, including its authority to issue bonds for those purposes; and

WHEREAS, in connection with such delegation, Section 1372.044, Texas Government Code, authorizes the HFC to assign to the Department a reservation of a portion of the "State ceiling" as defined in Chapter 1372, Texas Government Code (the "Allocation Act"); and

WHEREAS, pursuant to the Act and the Allocation Act, the Governing Board of the Department (the "Board") desires to approve an Assignment Agreement with the HFC in substantially the form attached as Exhibit B (the "Assignment Agreement"); and

WHEREAS, the Board has examined the proposed form of the Assignment Agreement (which is attached to and comprises a part of this Resolution); has found the form and substance of such document to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the execution and delivery of the Assignment Agreement and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval, Execution and Delivery of Assignment Agreement. The Assignment Agreement, in substantially the form presented at this meeting and attached hereto as Exhibit B, is hereby approved and adopted by the Department, and the Authorized

Representatives of the Department named in this Resolution are each hereby authorized and empowered to execute and deliver the Assignment Agreement on behalf of the Department, with such changes as may be approved by the Authorized Representative executing the same, such approval to be evidenced by such Authorized Representative's execution thereof.

Section 1.2 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.4 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A - Form of Assignment Agreement

Section 1.5 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Interim Director of Bond Finance of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department, and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the execution of the Assignment Agreement are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 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 2.2 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.3 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing 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 Section 2306.032 of the Texas Government Code regarding meetings of the Governing Board.

Section 2.4 Effective Date. This resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 7th day of July, 2022.

Exhibit A

Cameron County HFC

Capital Area HFC

City of Dallas HFC

Fort Bend County HFC

City of McKinney HFC

North Central Texas HFC

City of Rowlett HFC

<u>Exhibit B</u>

Form of Assignment Agreement

[continued next page]

ASSIGNMENT AGREEMENT

This **ASSIGNMENT AGREEMENT** (this "**Agreement**") is made as of the _____ day of ________, 20__ by and between **[NAME OF ENTITY] HOUSING FINANCE CORPORATION** ("**HFC**"), a Texas non-profit housing finance corporation and the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** ("**TDHCA**"), a public and official agency of the State of Texas.

RECITALS:

A. HFC has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the "**Act**"), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford.

B. The Act authorizes HFC to issue bonds for the purpose of obtaining funds to finance home mortgage loans (or participation interests therein) for persons of low and moderate income for homes within the geographic limits of [**JURISDICTION**].

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

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

E. The private activity bond "State ceiling" (as defined in Section 146(d) of the Code) applicable to the State of Texas (the "**State**") is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the "**Allocation Act**").

F. The Allocation Act requires HFC, in order to reserve a portion of the State ceiling for qualified mortgage bonds and satisfy the requirements of Section 146(a) of the Code, to file an application for reservation (an "**Application for Reservation**") with the Texas Bond Review Board (the "**Bond Review Board**"), stating the maximum amount of the bonds requiring an allocation, the purpose of the bonds and the section of the Code applicable to the bonds.

G. The Allocation Act and the rules promulgated thereunder by the Bond Review Board (the "**Allocation Rules**") require that an Application for Reservation be accompanied by a copy of the certified resolution of the issuer authorizing the filing of the Application for Reservation.

H. By resolution adopted on [**DATE OF RESOLUTION APPROVING FILING VOLUME CAP APPLICATION**], HFC authorized the filing of an Application for Reservation with the Bond Review Board in the maximum amount of $[**RESERVATION AMOUNT**] with respect to qualified mortgage bonds, and the Bond Review Board has issued or is expected to issue a reservation of "State Ceiling" in connection with such Application for Reservation (the "**Reservation**").

I. HFC has determined to (a) delegate to TDHCA HFC's authority to issue bonds or mortgage credit certificates ("**MCCs**") for the purposes specified above, pursuant to Section 394.032(e) of the Act, which provides that "a housing finance corporation may delegate to the Texas Department of Housing and Community Affairs the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the housing finance corporation, including its authority to issue bonds for those purposes," and (b) assign the Reservation to TDHCA, pursuant to Section 1372.044 of the Texas Government Code.

J. HFC was created by [**NAME OF SPONSOR**] (the "Sponsor") pursuant to the Act.

K. As the governmental unit that created HFC, the Sponsor has approved the assignment of the Reservation to TDHCA in accordance with Section 1372.044 of the Texas Government Code.

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and conditions contained herein, the parties hereto hereby agree as follows:

1. **Assignment**. HFC hereby assigns, conveys and transfers to TDHCA, to the full extent assignable under applicable law, all of HFC's right, title and interest in, to and under the Reservation (the "**Assignment**"), including without limitation, the right to file a carryforward designation request and to elect to use the Reservation to issue MCCs. The Assignment is irrevocable and applies only to the Reservation for the 2022 program year.

2. **Consents**. HFC agrees to obtain and deliver to TDHCA, such consents to the Assignment of the Reservation as may be required.

3. **Expenses**. TDHCA shall be responsible for payment of all fees and expenses incurred from and after the date of this Agreement with respect to the Reservation, including any carryforward application fee and/or closing fees payable to the Bond Review Board.

4. **Agreement**. In exchange for the Assignment, TDHCA agrees to originate in the geographic service area of HFC (a) mortgage loans that are eligible for pooling into mortgage certificates and purchase by the trustee for one or more series of tax-exempt bonds issued by TDHCA ("Pooled Loans"), and/or (b) My First Texas Home Combo Loans with MCCs ("Combo Loans", and referred to herein together with the Pooled Loans collectively as "HFC Loans"), until an aggregate amount of $[AMOUNT] of HFC Loans (accounting for the amount of Pooled Loans originated, pooled and purchased by the trustee, and the combined total mortgage loan principal amount of the Combo Loans) have been originated or issued, respectively. HFC Loans will be originated on a first-in, first-out basis.

5. **Fees**. TDHCA will pay an ongoing fee of [**FEE AMOUNT**] basis points (collectively, "HFC Fees") of the aggregate outstanding balance of HFC Loans that have been pooled into mortgage-backed securities or for which an MCC has been issued. HFC Fees will be paid for a period of [**TERM**] years for each HFC Loan originated under this Agreement and purchased by the trustee that is not more than 30-days delinquent at the time an HFC Fee is calculated. The outstanding balance of HFC Loans will be reduced monthly to reflect principal repayments and prepayments (including foreclosures of HFC Loans). HFC Fees cease to accrue with respect to any HFC Loan once that HFC Loan has been repaid or prepaid. HFC Fees will be paid annually, in accordance with payment instructions to be provided by HFC.

6. **Reporting**. Once HFC Loans have been pooled into mortgage-backed securities or an MCC has been issued, TDHCA will provide [**FREQUENCY**] loan level detail with respect to the outstanding loan balances; no personally identifiable information will be included.

7. **Governing Law**. This Agreement shall be governed by and enforced in accordance with the laws of the State of Texas.

8. **Severability**. The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

9. **Entire Agreement; Amendment and Waiver**. This Agreement contains the complete and entire understanding of the parties with respect to the matters covered herein. This Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Agreement shall be considered as a general waiver.

10. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which is an original and all of which together constitute one and the same Agreement. Electronically transmitted counterparts shall be deemed originals.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement to be effective as of the date first set forth above.

[NAME OF ENTITY] HOUSING FINANCE CORPORATION

By: ____
Name: ____
Title: ____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

By: ____
Name: ____
Title: ____

5a

BOARD REPORT ITEM

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2022 Qualified Allocation Plan

BACKGROUND

Pursuant to 10 TAC §11.10 of the 2022 Qualified Allocation Plan related to Third Party Requests for Administrative Deficiency (RFAD), an unrelated person or entity may bring new, material information about an Application to staff's attention. Third parties may request that staff consider whether an Application should be the subject of an Administrative Deficiency, based on the information submitted with the request. At the time of filing the request, requestors must provide all briefings, documentation, and other information that the requestor offers in support of the deficiency. Requestors must provide sufficient credible evidence that, if confirmed, would substantiate the deficiency request. Assertions not accompanied by supporting documentation susceptible to confirmation will not be considered. The deadline for submission of RFADs was May 6, 2022.

A similar report was presented to the Board at the meeting held on June 16, 2022, which included information on 63 of the RFADs received this year. Two RFADs were inadvertently excluded and are instead presented in this report. While these Requests were determined by staff to not include new, material information, they are technical and nuanced in nature, and this report includes a more robust analysis of them than what is strictly required by the QAP. This additional analysis is provided to thoroughly explain staff's actions as it relates to the matter raised in the Requests. However, an RFAD requester may not formally appeal the staff determination of an RFAD through the Appeals Process. See 10 TAC §11.902(b) and 10 TAC §11.10.

TDHCA ID#	22219	**Development Name:**	Celebration Paris
City:	Paris	**Region:**	4 Rural
Requested By:	Tamea Dula, Coats Rose		

TDHCA ID#	22222	**Development Name:**	Paris View Apartments
City:	Paris	**Region:**	4 Rural
Requested By:	Tamea Dula, Coats Rose		

The two RFADs listed above raise the same issue related to the Underserved Area point category established in 10 TAC §11.9(c)(5). This scoring category awards points for Applications that propose Developments in areas considered by the rule to be underserved, including the following four-point item:

> (C) The Development Site is located entirely within a census tract that does not have another Development that was awarded less than 30 years ago according to the Department's property inventory in the Site Demographic Characteristics Report (4 points)

The issue raised in the RFADs concerns the calculation of “less than 30 years ago.” 10 TAC §11.9(c)(5) prescribes a specific method for the calculation of years for this point item, establishing that, “years are measured by deducting the most recent year of award on the property inventory of the Site Demographic Characteristics Report from January 1 of the current year.” Critically, the rule specifies that this calculation is based on the most recent **year** of award, rather than the most recent specific date.

Both of the Applications in question are located in census tract 48277000402. The most recent year of award for this census tract from the property inventory is 1992. Following the methodology prescribed by the rule, this year of award is deducted from January 1, 2022, which is 30 years. For the purposes of this scoring item, as of January 1, 2022, this census tract’s most recent award was made 30 years ago. Because the rule awards four points if the census tract does not have another Development that was awarded *less than* 30 years ago, this census tract qualifies for this point item.

Both RFADs incorrectly suggest that staff should deduct 30 years from January 1, 2022, and then review the Applications for point eligibility by determining if any awards in the census tract were made after that date. Both Requests reference two factors in support of this suggestion:

- **Tie Breaker Factors:** The RFADs present the Department’s implementation of the Tie Breaker Factors established in 10 TAC §11.7 in support of their position. One of the tie-breakers established in the QAP requires reviewing Developments that were awarded “less than 15 years ago.” This section of the QAP does not include similar language regarding calculating years by deducting the most recent year of award from January 1 of the current year. The inclusion of that language in the Underserved Area rule section establishes a calculation regarding years that is specific to that point item.
- **Previous Staff Guidance:** Both RFADs assert that guidance previously provided by staff conflicts with the Applications’ eligibility for these points, citing the Application form, Application Procedures Manual, and webinars hosted by the Department to support this suggestion. Staff acknowledges the potential for conflict among various secondary

sources for rule interpretation; however, this is not sufficient basis for staff to disallow points when an Application is clearly eligible for the points under the rules.

Staff has determined that a Notice of Administrative Deficiency was not necessary for this request as a determination could be made without one. Because the most recent award was made in the census tract in question 30 years ago, in accordance with the calculation procedure clearly established in the QAP, the Applications in question qualify for four points under 10 TAC §11.9(c)(5).

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

May 6, 2022

Via Email to colin.nickells@tdhca.state.tx.us
Mr. Colin Nickells
Administrator, 9% Competitive Housing Tax Credit Program
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: #22219 - Celebration Paris;
Third Party Request for Administrative Deficiency.

Dear Mr. Nickells:

This law firm represents Reserve at Choctaw Street LLC which filed Application #22017 in the 2022 Competitive Housing Tax Credit Round. On behalf of our client, please accept this Third Party Request for an Administrative Deficiency on Application #22219 - Celebration Paris ("Celebration"). We assert that Celebration fails to qualify for the four points selected under Section 11.9(c)(5)(C) of the 2022 Qualified Allocation Plan ("QAP").

Assertation

Celebration lists a 1992 9% tax credit award, #92054 Reno (Lamar) Plaza, as being in the same census tract and not less than 30 years old. Following the language in the QAP, #92054 is less than 30 years old. Thus, the Celebration application does not qualify for four Underserved Area points.

Celebration asserts that Reno Plaza is 30 years and 57 days old on page 99 of the Application. This age count is inconsistent with existing staff guiding documents, historical staff and Board implementation, and most importantly the language in the QAP. It is also non-sensical. To demonstrate the error, consider a person ("Ruth") born on July 31, 1992 (an estimated 1992 Board meeting date for 9% awards). Ruth turns 30 on July 31, 2022. On January 1st or any day up until her birthday in 2022, Ruth is 29, and less than 30 years old. The same applies to #92054.

Regulating Documents

Section 2306.6705(b)(2) of the Texas Government Code states:

> (b) The department shall provide appropriate incentives as determined through the qualified allocation plan to reward applicants who agree to:
> … (2) locate the development in a census tract in which there are ***no other existing developments supported by housing tax credits*.**

The manner in which the Department has decided to incentivize such sites is through the Underserved Area points in Section 11.9(c)(5). The language of the QAP is considered definitive in establishing criteria for the points, as long as it is consistent with the statutory requirements. Section 11.9(c)(5)(C) states the following requirement to establish Underserved Area points:

> (C) The Development Site is located entirely within a census tract that does not have another Development that was ***awarded less than 30 years ago*** according to the Department's property inventory in the Site Demographic Characteristics Report (4 points);

Like Ruth, #92054 was 29 years at Pre-Application, was 29 years at Full Application and is 29 years old today. This affirms that the census tract does not qualify for four Underserved Area points.

Guiding Documents

The process of determining the age of a pre-existing Development affects Underserved Area points in Section 11.9(c)(5)(C) - (F) of the QAP and also affects whether a pre-existing Development must be considered in the second tie breaker under Section 11.7(2) of the QAP. For this reason, it is extremely important to be consistent in the application of the rules, so that potential applicants can accurately evaluate their proposed Development Sites early in the development process.

The Department has interpreted and awarded Underserved Area points based on the exact same methodology year after year. Looking back three (3) years the Department has provided consistent guidance on how to quantify the age of a development for Underserved Area points and tie-breaker purposes through the Multifamily Application Procedures Manuals, application webinars, and instructions on the application forms. Because not all prior awards have a Board Approval date on the Property Inventory (some only list the year), the guidance consistently requires that the beginning of the year be used for the mathematical exercise. Guidance provides in all cases that for 2022 applications, the pre-existing Development must have been awarded tax credits on January 1, 1992 or earlier for 30-year threshold, as listed in the Board Approval column of the Property Inventory. To be earlier than January 1, 1992, the date would have to be no later than 1991. We have included excerpts from these guiding documents provided for 2022. Also included is a 2020 email from Sharon Gamble clarifying the method (Please see below).

Based on this methodology, Celebration has requested an incorrect number of Underserved Areas points. They have claimed four Underserved Areas points, which they may only qualify for if there have **not** been any Developments awarded tax credits in the subject census tract less than 30 years ago. The subject census tract has #92054 which was awarded in July 1992. By the historically followed methodology, #92054 **is** less than 30 years ago, as it was awarded **after** January 1, 1992.

New Staff Interpretation

It is our understanding that the Department reconsidered the above referenced methodology for determining the age of an existing LIHTC development sometime before January 21, 2022, and publicly disclosed it at an Application Seminar held January 21, 2022 - **after the Pre-Application Final Delivery Date**. To our knowledge, the disclosure was only verbal and no written notice of a change in policy exists.

The intent of the revised methodology is commendable. We all seek a transparent process with clear direction that is free of surprises, and such a change in approach is fine, if introduced to the development community substantially before an Application Acceptance Period opens. Changing the Staff's approach after the Application Round is in progress, however, is unfair and certainly detrimental to those applicants who chose sites based upon reasonably anticipated scoring. For that reason, please consider this three-fold justification to retain the original methodology for the 2022 Round:

1. Changing the methodology in the middle of an Application Acceptance Period is unfair to the development community, and can result in significant financial harm to developers who have invested a great deal in applications relying upon the historical calculation of Underserved Area points and the presumed outcome of the second tie breaker.
2. At most, the new interpretation would only clarify some awkward language in the guidance documents - which language is just that, guiding, not regulatory.
3. The Department's implementation should be based on the Texas statute and the QAP.

There were, and are still, no changes to the QAP or any published guidance that would support a change in how the age of pre-existing developments should be calculated. Thus, the same methodology that was used historically should be used in 2022 in the absence of any public information provided prior to the commencement of the Application Acceptance Period, or at the very latest, prior to the Pre-Application Final Delivery Date. The Department's interpretation of the QAP should be discussed publicly and before the beginning of the 2023 Application Acceptance Period, for implementation during the 2023 Competitive Round.

Guidance Evidence

See the following evidence of 2022 guidance stating that a 1992 tax credit award makes a 2022 development site ineligible for four Underserved Area points from (i) the 2022 Uniform Application Form (January 25, 2022), (ii) the 2022 Multifamily Procedures Manual (January 5, 2022), (iii) the 2022 Application Webinar Video (December 2021), and (iv) further clarifying language from Sharon Gamble (February 2020).

1. 2022 UNIFORM APPLICATION

Tab 10 of the Uniform Application Form says that in the context of Underserved Area points, a LIHTC Development must have been awarded tax credits January 1, 2007 or earlier to qualify for the 15-year threshold, January 1, 2002 or earlier for the 20-year threshold, and January 1, 1992 for the 30-year threshold:

Development must be awarded January 1, 2007 or earlier for 15-year threshold, January 1, 2002 or earlier for the 20-year threshold, and January 1, 1992 or earlier for 30-year threshold, as listed in the "Board Approval" column of the Property Inventory tab of the Site Demographic Characteristics Report.

A B C D E F G H I J K L M N O P Q

For other items:

Development must be awarded January 1, 2007 or earlier for 15-year threshold, January 1, 2002 or earlier for the 20-year threshold, and January 1, 1992 or earlier for 30-year threshold, as listed in the "Board Approval" column of the Property

***

2. 2022 MULTIFAMILY PROCEDURES MANUAL

For the past 3 years the manual has provided consistent guidance:

2022 Multifamily Programs Application Procedures Manual p 19 says any award after January 1, 1990 is not eligible for points (TDHCA acknowledged this was a typo and was meant to say 1992)

- **Remember:** the rule states "less than 15 years ago" and "less than 30 years ago". Staff counts back 15 years from January 1 of the calendar year for that year's cycle. So, for the 2022 cycle, the 15-year time frame would count back 15 years from Jan. 1, 2022, to Jan. 1, 2005. Any award made after Jan. 1, 2005, makes the census tract ineligible for these points. The 30-year period would count back 30 years from Jan. 1, 2022, to Jan. 1, 1990. Any award made after Jan. 1, 1990, makes the census tract ineligible for these points.

2021 Multifamily Programs Application Procedures Manual p21

- **Remember:** the rule states "less than 15 years ago" and "less than 30 years ago". Staff counts back 15 years from January 1 of the calendar year for that year's cycle. So, for the 2021 cycle, the 15-year time frame would count back 15 years from Jan. 1, 2021, to Jan. 1, 2006. Any award made after Jan. 1, 2006, makes the census tract ineligible for these points. The 30-year period would count back 30 years from Jan. 1, 2021, to Jan. 1, 1991. Any award made after Jan. 1, 1991, makes the census tract ineligible for these points.

2020 Multifamily Programs Application Procedures Manual p 20

- **Remember:** the rule states "less than 15 years ago" and "less than 30 years ago". Staff counts back 15 years from January 1 of the calendar year for that year's cycle. So, for the 2020 cycle, the 15-year time frame would count back 15 years from Jan. 1, 2020, to Jan. 1, 2005. Any award made after Jan. 1, 2005, makes the census tract ineligible for these points. The 30-year period would count back 30 years from Jan. 1, 2020, to Jan. 1, 1990. Any award made after Jan. 1, 1990, makes the census tract ineligible for these points.

***

3. 2022 APPLICATION WEBINAR VIDEOS

The "TDHCA 2022 Application Uptick" was posted on December 30, 2021, per the email shown below:

---------- Forwarded message ---------
From: **TDHCA** <do-not-reply@tdhca.state.tx.us>
Date: Thu, Dec 30, 2021 at 11:36 AM
Subject: TDHCA posts Application Webinar Videos and announces Multifamily Application Seminar
To: <anjelica@structuretexas.com>

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The Application Webinar is separated into two videos. The first video covers pre-application and full application submission procedures, changes to the QAP, and an overview of the housing tax credit ceiling and set-asides. The second video covers details on completing the 2022 Multifamily Uniform Application.

Additionally, the Department will host a Multifamily Application Seminar in which staff will deliver a presentation similar to the Application Webinar. The seminar will be held in Room JHR 140 of the John H. Reagan Building, 1400 North Congress Avenue, Austin, Texas, starting at 8:30 a.m., Austin local time, on Friday January 21, 2022. If you wish to attend the seminar, please register at the following link: https://www.eventbrite.com/e/2022-multifamily-application-seminar-tickets-235342946087.

If you have any questions about the Application Webinar Videos or Multifamily Application Seminar, please contact Colin Nickells, Competitive Housing Tax Credit Manager, at colin.nickells@tdhca.state.tx.us.

Please do not reply to this email. It is from an unattended email address. To contact the Texas Department of Housing and Community Affairs, get more information, or view a slideshow of recent TDHCA activities, visit http://www.tdhca.state.tx.us/ in your Web browser. Like us on facebook (http://www.facebook.com/TDHCA) and follow us on twitter (http://twitter.com/TDHCA).
Listserv announcements and other TDHCA-issued guidance regarding COVID-19 can be found here: https://www.tdhca.state.tx.us/covid19.htm

Login to your email list account to edit your subscription:
http://maillist.tdhca.state.tx.us/list/login.html?lui=f9mu0g2g&mContainer=2&mOwner=G382s2w2r2p&mAddress=anjelica%40STRUCTURETEXAS.COM

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http://maillist.tdhca.state.tx.us/list/leave.html?lui=f9mu0g2g&mContainer=2&mOwner=G382s2w2r2p&mListId=HL%233&address=anjelica%40STRUCTURETEXAS.COM&val=3qtq7oa3&d=211230A%2C3439%2C1

***

See Part 2 (wmv) go to 10:20 mark. Material provided is consistent with prior years.

Underserved Area, Year Count

TDHCA#	Program Type	Original TDHCA#	Year	Board Approval	Development Name	Project Address	LIHTC Amt Awarded
12409	4%HTC	94189	2012	09/06/12	Tealwood Place Apartments	5300 Professional Dr	$456,477
94189	9% HTC		1994	1994	Tealwood Place Apartments	5300 Professional Dr	1,163,216
05074	9% HTC		2005	07/27/05	Alamo Village	504 North 9th St	$127,257
08023	9% HTC	05074	2008	10/12/06	Alamo Village	504 N. 9th St.	$8,969
13605	4%HTC	04488	2013	09/12/13	Mission Del Rio	927 V.F.W Blvd	REFUNDING
04488	4% HTC		2004	01/07/05	Mission del Rio Homes	927 V.F.W. Blvd	$787,746

Count from January 1 of the year of *Award.*
For the 2022 cycle, the 15-year date is January 1, 2007 and the 30-year date is January 1, 1992.
Anything awarded after those dates will not qualify.

***

4. SHARON GAMBLE GUIDANCE

15 year calculation question

Sharon Gamble <sharon.gamble@tdhca.state.tx.us> Fri, Feb 7, 2020 at 10:35 AM
To: Sallie Burchett <sallie@structuretexas.com>

From the manual:

• **Part 2 – Underserved Area:** Select from the seven options available if requesting points for this item, and select the Total Points Claimed from the drop-down box.

o **Remember:** the rule states "less than 15 years ago" and "less than 30 years ago". Staff counts back 15 years from January 1 of the calendar year for that year's cycle. So, for the 2020 cycle, the 15-year time frame would count back 15 years from Jan. 1, 2020, to Jan. 1, 2005. Any award made after Jan. 1, 2005, makes the census tract ineligible for these points. The 30-year period would count back 30 years from Jan. 1, 2020, to Jan. 1, 1990. Any award made after Jan. 1, 1990, makes the census tract ineligible for these points.

***

In conclusion, all guidance indicates that a 1992 development is not old enough to qualify a census tract for four Underserved Area points in the 2022 Competitive Application Cycle.

Evidence of TDHCA Implementation

The identification of tie breakers on Tab 48 provides further evidence that this methodology was widely understood and used by applicants. In the 2022 Round, several applications from experienced applicants listed Developments that were awarded in 2007 but after January 1, 2007 for the tie breaker on Tab 48. This tie breaker asks applicants to list the nearest same Target Population Development that was awarded less than 15 years ago. The applications that followed this methodology are #22195 and #22043.

In 2021, at least three applications (#21117, #21118 and #21130) were awarded tax credits resulting from a tie breaker based upon a 2006 Development. The application asks for distance to a development that was awarded "less than 15 years ago" and the TDHCA, in all three cases cited here, accepted a Development awarded tax credits during 2006 but after January 1, 2006. This demonstrates that in the 2021 round, projects from 2006 were considered less than 15 years old. By that same methodology, one can conclude that a Development awarded tax credits in 1991 was less than 30 years old during the 2021 cycle.

In 2020, an award was given to #20150 that fell in a census tract with only a 1990 pre-existing LIHTC development. At Pre-Application, #20150 provided a self-score of four Underserved Areas points. However, in the Full Application, one point was taken away, and #20150 was given 3 Underserved Areas points. This once again demonstrates that during the 2020 round, a Development awarded tax credits during 1990 was considered less than 30 years old and therefore #20150 did not qualify for four Underserved Area points.

Conclusion

The census tract for Celebration includes a 1992 award - #92054 Reno (Lamar) Plaza. This means that the census tract does not qualify for four Underserved Area points because a development awarded tax credits in 1992 is only 29 years old (which means less than 30 years old).

If Staff determines that Celebration qualifies for four Underserved Area points, the Department will have changed the working interpretation of the “less than X years” measurements as stated in the QAP without public notice of this change prior to the start of the Application Acceptance Period. This interpretation affects Underserved Area points and the second tie breaker established under Section 11.7(2), and significantly impacts which sites are competitive. If all participants in the Competitive Housing Tax Credit process are not looking for sites based on the same criteria provided by TDHCA, the integrity of the program is threatened.

The QAP unequivocally states that to qualify for four Underserved Area points the Development Site must be located entirely within a census tract ***that does not have another Development that was awarded less than 30 years ago*** according to the Department's property inventory in the Site Demographic Characteristics Report. Any rounding guidance based on the year by any standards should be consistent with math. Reno (Lamar) Plaza and Ruth are both 29 years old and less than 30. To round the other way, stating both are over 30 is incorrect.

Sincerely,

Tamea A. Dula

Tamea A. Dula

cc: Justin Gregory
Darren Smith
Sallie Burchett

TAMEA A. DULA
OF COUNSEL

tdula@coatsrose.com
Direct Dial
(713) 653-7322
Direct Fax
(713) 890-3918

May 6, 2022

Via Email to colin.nickells@tdhca.state.tx.us
Mr. Colin Nickells
Administrator, 9% Competitive Housing Tax Credit Program
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: #22222 – Paris View Apartments;
Third Party Request for Administrative Deficiency.

Dear Mr. Nickells:

This law firm represents Reserve at Choctaw Street LLC which filed Application #22017 in the 2022 Competitive Housing Tax Credit Round. On behalf of our client, please accept this Third Party Request for an Administrative Deficiency on Application #22222 – Paris View Apartments ("Paris View"). We assert that Paris View fails to qualify for the four points selected under Section 11.9(c)(5)(C) of the 2022 Qualified Allocation Plan ("QAP").

Assertation

Paris View indicates on page 51 of its application that "The proposed development will provide greater choice of housing since the last housing tax credit award in Paris occurred 20 years ago and ***census tract 4.02 has never received a HTC award***.' Notwithstanding that statement, on page 102 of Paris View's application, data from the 2022 Site Demographic Characteristics Report is included, identifying a 1992 9% tax credit award, #92054 Reno (Lamar) Plaza, as being in the same census tract. Following the language in the QAP, #92054 is less than 30 years old. Thus, the Paris View application does not qualify for four Underserved Area points. Any age count that shows #92054 as being over 30 years old is inconsistent with existing staff guiding documents, historical staff and Board implementation, and most importantly the language in the QAP. It is also non-sensical. To demonstrate the error, consider a person ("Ruth") born on July 31, 1992 (an estimated 1992 Board meeting date for 9% awards). Ruth turns 30 on July 31, 2022. On January 1st or any day up until her birthday in 2022, Ruth is 29, and less than 30 years old. The same applies to #92054.

Regulating Documents

Section 2306.6705(b)(2) of the Texas Government Code states:

> (b) The department shall provide appropriate incentives as determined through the qualified allocation plan to reward applicants who agree to:
> … (2) locate the development in a census tract in which there are ***no other existing developments supported by housing tax credits*.**

The manner in which the Department has decided to incentivize such sites is through the Underserved Area points in Section 11.9(c)(5). The language of the QAP is considered definitive in establishing criteria for the points, as long as it is consistent with the statutory requirements. Section 11.9(c)(5)(C) states the following requirement to establish Underserved Area points:

> (C) The Development Site is located entirely within a census tract that does not have another Development that was ***awarded less than 30 years ago*** according to the Department's property inventory in the Site Demographic Characteristics Report (4 points);

Like Ruth, #92054 was 29 years at Pre-Application, was 29 years at Full Application and is 29 years old today. This affirms that the census tract does not qualify for four Underserved Area points.

Guiding Documents

The process of determining the age of a pre-existing Development affects Underserved Area points in Section 11.9(c)(5)(C) - (F) of the QAP and also affects whether a pre-existing Development must be considered in the second tie breaker under Section 11.7(2) of the QAP. For this reason, it is extremely important to be consistent in the application of the rules, so that potential applicants can accurately evaluate their proposed Development Sites early in the development process.

The Department has interpreted and awarded Underserved Area points based on the exact same methodology year after year. Looking back three (3) years the Department has provided consistent guidance on how to quantify the age of a development for Underserved Area points and tie-breaker purposes through the Multifamily Application Procedures Manuals, application webinars, and instructions on the application forms. Because not all prior awards have a Board Approval date on the Property Inventory (some only list the year), the guidance consistently requires that the beginning of the year be used for the mathematical exercise. Guidance provides in all cases that for 2022 applications, the pre-existing Development must have been awarded tax credits on January 1, 1992 or earlier for 30-year threshold, as listed in the Board Approval column of the Property Inventory. To be earlier than January 1, 1992, the date would have to be no later than 1991. We have included excerpts from these guiding documents provided for 2022. Also included is a 2020 email from Sharon Gamble clarifying the method (Please see below).

Based on this methodology, Paris View has requested an incorrect number of Underserved Areas points. They have claimed four Underserved Areas points, which they may only qualify for if there have **not** been any Developments awarded tax credits in the subject census tract less than 30 years ago. The subject census tract has #92054 which was awarded in July 1992. By the historically followed methodology, #92054 **is** less than 30 years ago, as it was awarded **after** January 1, 1992.

New Staff Interpretation

It is our understanding that the Department reconsidered the above referenced methodology for determining the age of an existing LIHTC development sometime before January 21, 2022, and publicly disclosed it at an Application Seminar held January 21, 2022 - **after the Pre-Application Final Delivery Date**. To our knowledge, the disclosure was only verbal and no written notice of a change in policy exists.

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1. Changing the methodology in the middle of an Application Acceptance Period is unfair to the development community, and can result in significant financial harm to developers who have invested a great deal in applications relying upon the historical calculation of Underserved Area points and the presumed outcome of the second tie breaker.
2. At most, the new interpretation would only clarify some awkward language in the guidance documents - which language is just that, guiding, not regulatory.
3. The Department's implementation should be based on the Texas statute and the QAP.

There were, and are still, no changes to the QAP or any published guidance that would support a change in how the age of pre-existing developments should be calculated. Thus, the same methodology that was used historically should be used in 2022 in the absence of any public information provided prior to the commencement of the Application Acceptance Period, or at the very latest, prior to the Pre-Application Final Delivery Date. The Department's interpretation of the QAP should be discussed publicly and before the beginning of the 2023 Application Acceptance Period, for implementation during the 2023 Competitive Round.

Guidance Evidence

See the following evidence of 2022 guidance stating that a 1992 tax credit award makes a 2022 development site ineligible for four Underserved Area points from (i) the 2022 Uniform Application Form (January 25, 2022), (ii) the 2022 Multifamily Procedures Manual (January 5, 2022), (iii) the 2022 Application Webinar Video (December 2021), and (iv) further clarifying language from Sharon Gamble (February 2020).

1. 2022 UNIFORM APPLICATION

Tab 10 of the Uniform Application Form says that in the context of Underserved Area points, a LIHTC Development must have been awarded tax credits January 1, 2007 or earlier to qualify for the 15-year threshold, January 1, 2002 or earlier for the 20-year threshold, and January 1, 1992 for the 30-year threshold:

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A B C D E F G H I J K L M N O P Q

For other items:

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***

2. 2022 MULTIFAMILY PROCEDURES MANUAL

For the past 3 years the manual has provided consistent guidance:

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2021 Multifamily Programs Application Procedures Manual p21

- **Remember:** the rule states "less than 15 years ago" and "less than 30 years ago". Staff counts back 15 years from January 1 of the calendar year for that year's cycle. So, for the 2021 cycle, the 15-year time frame would count back 15 years from Jan. 1, 2021, to Jan. 1, 2006. Any award made after Jan. 1, 2006, makes the census tract ineligible for these points. The 30-year period would count back 30 years from Jan. 1, 2021, to Jan. 1, 1991. Any award made after Jan. 1, 1991, makes the census tract ineligible for these points.

2020 Multifamily Programs Application Procedures Manual p 20

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If you have any questions about the Application Webinar Videos or Multifamily Application Seminar, please contact Colin Nickells, Competitive Housing Tax Credit Manager, at colin.nickells@tdhca.state.tx.us.

Login to your email list account to edit your subscription:
http://maillist.tdhca.state.tx.us/list/login.html?lui=f9mu0g2g&mContainer=2&mOwner=G382s2w2r2p&mAddress=anjelica%40STRUCTURETEXAS.COM

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***

See Part 2 (wmv) go to 10:20 mark. Material provided is consistent with prior years.

Underserved Area, Year Count

TDHCA#	Program Type	Original TDHCA#	Year	Board Approval	Development Name	Project Address	LIHTC Amt Awarded
12409	4%HTC	94189	2012	09/06/12	Tealwood Place Apartments	5300 Professional Dr	$456,477
94189	9% HTC		1994	1994	Tealwood Place Apartments	5300 Professional Dr	1,163,216
05074	9% HTC		2005	07/27/05	Alamo Village	504 North 9th St	$127,257
08023	9% HTC	05074	2008	10/12/06	Alamo Village	504 N. 9th St.	$8,969
13605	4%HTC	04488	2013	09/12/13	Mission Del Rio	927 V.F.W Blvd	REFUNDING
04488	4% HTC		2004	01/07/05	Mission del Rio Homes	927 V.F.W. Blvd	$787,746

Count from January 1 of the year of *Award.*
For the 2022 cycle, the 15-year date is January 1, 2007 and the 30-year date is January 1, 1992.
Anything awarded after those dates will not qualify.

***

4. SHARON GAMBLE GUIDANCE

15 year calculation question

Sharon Gamble <sharon.gamble@tdhca.state.tx.us> Fri, Feb 7, 2020 at 10:35 AM
To: Sallie Burchett <sallie@structuretexas.com>

From the manual:

• **Part 2 – Underserved Area:** Select from the seven options available if requesting points for this item, and select the Total Points Claimed from the drop-down box.

o **Remember:** the rule states "less than 15 years ago" and "less than 30 years ago". Staff counts back 15 years from January 1 of the calendar year for that year's cycle. So, for the 2020 cycle, the 15-year time frame would count back 15 years from Jan. 1, 2020, to Jan. 1, 2005. Any award made after Jan. 1, 2005, makes the census tract ineligible for these points. The 30-year period would count back 30 years from Jan. 1, 2020, to Jan. 1, 1990. Any award made after Jan. 1, 1990, makes the census tract ineligible for these points.

***

In conclusion, all guidance indicates that a 1992 development is not old enough to qualify a census tract for four Underserved Area points in the 2022 Competitive Application Cycle.

Evidence of TDHCA Implementation

The identification of tie breakers on Tab 48 provides further evidence that this methodology was widely understood and used by applicants. In the 2022 Round, several applications from experienced applicants listed Developments that were awarded in 2007 but after January 1, 2007 for the tie breaker on Tab 48. This tie breaker asks applicants to list the nearest same Target Population Development that was awarded less than 15 years ago. The applications that followed this methodology are #22195 and #22043.

In 2021, at least three applications (#21117, #21118 and #21130) were awarded tax credits resulting from a tie breaker based upon a 2006 Development. The application asks for distance to a development that was awarded "less than 15 years ago" and the TDHCA, in all three cases cited here, accepted a Development awarded tax credits during 2006 but after January 1, 2006. This demonstrates that in the 2021 round, projects from 2006 were considered less than 15 years old. By that same methodology, one can conclude that a Development awarded tax credits in 1991 was less than 30 years old during the 2021 cycle.

In 2020, an award was given to #20150 that fell in a census tract with only a 1990 pre-existing LIHTC development. At Pre-Application, #20150 provided a self-score of four Underserved Areas points. However, in the Full Application, one point was taken away, and #20150 was given 3 Underserved Areas points. This once again demonstrates that during the 2020 round, a Development awarded tax credits during 1990 was considered less than 30 years old and therefore #20150 did not qualify for four Underserved Area points.

Conclusion

The census tract for Paris View includes a 1992 award - #92054 Reno (Lamar) Plaza. This means that the census tract does not qualify for four Underserved Area points because a development awarded tax credits in 1992 is only 29 years old (which means less than 30 years old).

If Staff determines that Paris View qualifies for four Underserved Area points, the Department will have changed the working interpretation of the “less than X years” measurements as stated in the QAP without public notice of this change prior to the start of the Application Acceptance Period. This interpretation affects Underserved Area points and the second tie breaker established under Section 11.7(2), and significantly impacts which sites are competitive. If all participants in the Competitive Housing Tax Credit process are not looking for sites based on the same criteria provided by TDHCA, the integrity of the program is threatened.

The QAP unequivocally states that to qualify for four Underserved Area points the Development Site must be located entirely within a census tract ***<u>that does not have another Development that was awarded less than 30 years ago</u>*** according to the Department's property inventory in the Site Demographic Characteristics Report. Any rounding guidance based on the year by any standards should be consistent with math. Reno (Lamar) Plaza and Ruth are both 29 years old and less than 30. To round the other way, stating both are over 30 is incorrect.

Sincerely,

Tamea A. Dula

cc: Justin Gregory
Darren Smith
Sallie Burchett

5b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on timely filed appeal of termination for The Ponderosa (#22171), under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, competitive Housing Tax Credit Application #22171 for The Ponderosa was timely submitted to the Department to compete in the 2022 Application round, proposing the new construction of 48 Units in Alice, Jim Wells County;

WHEREAS, the Application did not include a Primary Market Area map, which is a third party report required to be submitted no later March 1, 2022, in accordance with 10 TAC §11.205;

WHEREAS, 10 TAC §11.205 establishes that the Application will be terminated if third party reports are not received in their entirety by the deadline, and such termination was issued by the Department on June 1, 2022;

WHEREAS, the Applicant timely filed the appeal, which was denied by the Executive Director on June 20, 2022; and

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of the termination for The Ponderosa (#22171) be denied.

BACKGROUND

The Ponderosa (#22171) is a 2022 competitive housing tax credit Application that proposes the new construction of 48 Units in Alice, Jim Wells County. Applications are required by 10 TAC §11.205 to include certain third party reports, including a Primary Market Area map, and failure to timely submit these reports results in Application termination:

> . . . For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of

PMA in square miles, and list of census tracts included) must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter. **For Competitive HTC Applications, if the reports, in their entirety, are not received by the deadline, the Application will be terminated**. . . (emphasis added)

The Application was submitted on March 1, 2022, and did not include the Primary Market Area map as required. Accordingly, a termination notice was issued on June 1, 2022, and the Applicant timely submitted an appeal on June 8, 2022.

The appeal suggests that the omission of the Primary Market Area map is an unintentional clerical oversight that should be curable via the Administrative Deficiency process; however, this is in direct conflict with the language from the QAP that clearly establishes that Applications are to be terminated if all required third-party reports are not submitted timely and in their entirety.

The appeal further suggests that all necessary information from the Primary Market Area map was included in various other parts of the Application. While the site coordinates in decimal degrees and information about the proposed development site's census tract are part of the 2022 Uniform Multifamily Application, other required information, such as the area of the PMA in square miles and the census tracts included in this area, is not available in the original Application.

If the Board grants the appeal, the Application will be reinstated and will continue with the typical review process. The Application will be susceptible to additional deficiencies, both material and administrative, as well as point reductions, should any be identified during that review. If the Board denies the appeal, then the Application will remain terminated. Staff recommends that the Board deny the appeal.

Texas Department of Housing and Community Affairs

www.tdhca.state.tx.us

Greg Abbott
Governor

June 20, 2022

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Rick J. Deyoe
President
RealTex Development
1114 Lost Creek Blvd, G20
Austin, Texas 78746

RE: Appeal of Termination of 9% Housing Tax Credit Application
#22171 The Ponderosa (the Development)

Mr. Deyoe:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022. The 2022 Qualified Allocation Plan (QAP) establishes the requirements for Application submission, including 10 TAC §11.205, which describes the Third Party Reports that are required to be submitted with an Application:

> . . . For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included) must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter. **For Competitive HTC Applications, if the reports, in their entirety, are not received by the deadline, the Application will be terminated** (emphasis added). . . .

A Primary Market Area map was not submitted by the Full Application Delivery Date as identified in 10 TAC §11.2(a). Accordingly, the Application was terminated on June 1, 2022. An appeal of this termination was timely received on June 8, 2022.

The appeal suggests that the omission of the Primary Market Area map is an unintentional clerical oversight that should be curable via the Administrative Deficiency process; however, this is in direct conflict with the language from the QAP that clearly establishes that Applications are to be terminated if all required third-party reports are not submitted timely and in their entirety.

The appeal further suggests that all necessary information from the Primary Market Area map was included in various other parts of the Application. While the site coordinates in decimal degrees and information about the proposed development site's census tract are part of the 2022 Uniform Multifamily Application, other required information, such as the area of the PMA in square miles and the census tracts included in this area, is not available in the original Application.

The termination of this Application was issued by the Department in direct adherence to 10 TAC §11.205. Accordingly, the appeal is denied and will be presented to the Department's Governing Board for consideration at the meeting to be held on July 7, 2022. As a reminder, in accordance with 10 TAC §11.902(g), "a witness in an appeal may not present or refer to any document, instrument, or writing not already contained within the Application as reflected in the Department's records."

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

RDWil II

Bobby Wilkinson
Executive Director

Shackelford
A LIMITED LIABILITY PARTNERSHIP
ATTORNEYS & COUNSELORS

Michelle J. Snedden
9201 N. Central Expressway
Fourth Floor
Dallas, Texas 75231
(214) 780-1413 (Direct)
(214) 780-1401 (Fax
msnedden@shackelford.law

June 8, 2022

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78711

RE: Appeal of Termination
TDHCA Applicant # 22171 – The Ponderosa

Dear Mr. Wilkinson:

This Firm represents ATX Ponderosa, Ltd. ("***Project Owner***"), and has been requested by Project Owner to appeal the Texas Department of Housing and Community Affairs' ("***TDHCA***") termination of Project Owner's 2022 competitive housing tax credit application (the "***Application***") for its proposed tax credit development known as The Ponderosa (the "***Project***"). This letter sets forth Project Owner's grounds for this appeal in accordance with 10 TAC §11.902(c).

Termination of Application

As set forth in a letter dated June 1, 2022, from Cody Campbell, Director of Multifamily Programs at TDHCA, the Application was terminated because Project Owner failed to include the Primary Market Area map (the "***PMA***") in the Application by the Full Application Delivery Date as identified in 10 TAC §11.2(a) and as required by the 2022 Final Qualified Allocation Plan (the "***QAP***"). As stated by Mr. Campbell in his letter, this termination is appealable under 10 TAC §11.902 of the QAP and, as such, we hereby respectfully request that the Application be reinstated for the reasons set forth below.

For convenience, the relevant section of the QAP is re-stated below (***emphasis added***):

§11.205. Required Third Party Reports. "For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the ***Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included)*** must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter."

Background

March 1, 2022: Project Owner timely submitted the Application and inadvertently (which it did not know at the time) omitted the PMA. Notwithstanding that omission, the information and data included in the PMA (as ***emphasized above***) was however incorporated into other sections of the Application, including, Tabs 8, 47 and 48 (site coordinates in decimal degrees); and Tab 7 and 8 (census tract information). Please refer to Exhibit "A".

April 1, 2022: Project Owner, unaware it had not included the PMA in the Application, did include the PMA as part of the Market Analysis Delivery (see attached Exhibit "B" a copy of the PMA).

May 6, 2022: Project owner received a copy of a Third-Party Request for Administrative Deficiency ("RFAD") from Millpond Living at Robstown, LP, which identified that the PMA was omitted from the Application. This is the first time Project Owner became aware of such omission which was simply an oversight and administrative error. At no point did Project Owner receive any direct communication from TDHCA regarding the missing PMA or the RFAD until receipt of the termination.

June 1, 2022: Three (3) months after submission of the Application and almost four (4) weeks since receipt of the RFAD, TDHCA informed Project Owner that the Application was terminated due to the missing PMA.

Basis for the Appeal

Project Owner fully understands and appreciates that if it fails to include a third-party report because it did not have such report in its possession *at the time of submission of an application*, this can trigger a termination of the Application. However, this is not the case here.

As correctly stated by Millpond in its RFAD, §11.205 states "*For Competitive HTC Applications, if the reports, in their entirety, are not received by the deadline, the Application will be terminated.*" However, the QAP also allow for this type of unintentional and clerical oversight (including a threshold item) to be cured via the deficiency process, however, the Applicant was not given that opportunity.

Project Owner was in possession of the PMA *prior to submission of the Application* (please see attached email at Exhibit "C" that shows Project Owner had the PMA in its possession on ***February 28, 2022***). The information needed from the PMA was accurately reflected within the appropriate areas of the Application. The fact it was not included in the Application was simply a clerical oversight. This is not information that materially changes the Application and, if Project Owner had been given the opportunity to respond via the Deficiency Process, would've been resolved immediately without any delay.

There is a dire need for affordable housing in Alice. We contend that termination of the Application for this type of oversight, without notice or an opportunity to cure, does not best serve TDHCA's policies and purposes or the citizens of Alice.

The QAP allows for a threshold item to be cured via the deficiency process. Please see below applicable sections of the QAP as it relates to the deficiency process and corresponding information specific to this Application (***emphasis added***):

§11.1(g) Documentation to Substantiate Items and Representations in a Competitive HTC Application:

Any Application that staff identifies as having insufficient support information ***will be directed to cure the matter via the Deficiency process***.

- The information included in the PMA was clearly documented in other sections of the Application as noted above (see attached Exhibit "A"), including site coordinates in decimal degrees and list of census tracts. We contend that the omission of the PMA itself, which simply reiterates information already in the Application, should be subject to cure via the deficiency process as provided for in §11.1(g).

Applicants are reminded that this process ***may not be used to increase a scoring item's points or to change any aspect of the proposed Development, financing structure, or other element of the Application***. Although a responsive narrative will be created after Application submission, ***all facts and materials to substantiate any item in response to such an Administrative Deficiency must have been clearly established at the time of submission of the Application.***

- Addition of the PMA via the Deficiency process would not and does not increase a scoring item's points or change any aspect of the proposed Development, financing structure, or other element of the Application. Furthermore, by providing the PMA to substantiate this matter is clearly established at the time of submission of the Application (see attached Exhibit "C").

§11.201(6) Deficiency Process:

- The ***purpose of the deficiency process is to allow an Applicant to provide*** clarification, explanation, ***or non-material missing information*** to resolve inconsistencies in the original Application or to assist staff in an efficient and effective review of the Application. ***Deficiencies may be Administrative or Material, in either case they will be treated similarly in that Applicants may receive a deficiency notice and have an opportunity to respond.***

    - As noted above, the data contained in the PMA is information that was already included in other sections of the Application; therefore, the omission (or addition thereof after submission) is not material as it does not change any aspect of the Application or the data therein. We contend that even if this is considered "material: as noted in §11.201(6) above, it should be treated similar to that of an administrative deficiency and provide Applicant with an opportunity to respond after notice of such missing information.

- A review of the response provided by the Applicant may reveal that issues initially identified as an Administrative Deficiency are actually determined to be beyond the scope of an Administrative Deficiency process, ***meaning they are Material Deficiencies not susceptible to being resolved.***

    - This deficiency was and is susceptible to being resolved by providing the PMA that was simply omitted in error.

- Final determinations regarding the sufficiency of documentation submitted to cure a Deficiency as well ***as the distinction between material and non-material missing information are reserved for the Director of Multifamily Finance, Executive Director, and Board***

    - As stated, the Executive Director has the ability to determine, based on the facts herein, that the omission of the PMA is non-material and should be subject to the administrative deficiency process.

<u>§11.1(d)(2) Administrative Deficiency</u>:

Information requested by Department staff that is required to clarify or explain one or more inconsistencies; ***to provide non-material missing information in the original Application*** or pre-application; or to assist staff in evaluating the Application or pre-application ***that, in the Department staff's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application*** or pre-application.

- We believe it's reasonable for staff to determine that the omission of the PMA was a mere clerical error, can be cured by supplemental information, and that it does not trigger any kind of reassessment or re-evaluation, given that the data contained in the PMA was included in the Application itself and a part of TDHCA's initial review and underwriting of the Application.

<u>§11.1(d)(79) Material Deficiency</u>:

Any deficiency in a pre-application or an Application or other documentation that exceeds the scope of an Administrative Deficiency. ***Inability to provide <u>documentation that existed prior to submission of an Application</u> to substantiate claimed points <u>or meet threshold requirements</u>***

is material and may result in denial of the requested points or a termination in the case of threshold items.

- Even if it's determined that failure to include the PMA is Material Deficiency rather than an Administrative Deficiency, the above language provides that an application may be terminated if the document being produced (as part of the deficiency process) did not exist prior to submission of an application. Applicant has clearly shown that the PMA existed prior to submission of the Application (see Exhibit "C") and that it meets the threshold requirement.

Conclusion

As detailed above, Sections §11.1(d)(2) and (79), plus 11.1(g) differentiate between (i) documents/reports not provided in an application because such document did not exist at the time of submission of an application and, as in this case (ii) an applicant that can show it was in possession of and the missing material existed at the time of submission of an application. We believe it's a reasonable conclusion, based on this language, that the intent is to allow an applicant that falls under (ii) above the ability to cure such clerical error via the deficiency process, including, as noted in §11.1(d)(79), a threshold item.

§11.205 (termination of an application due to failure to submit the PMA) should not deny the Applicant access to the deficiency process (whether administrative or material), and the ability to cure this item by simply providing an already existing, one-page document that was inadvertently missing from a 324-page application, especially when the data in the PMA was included in the Application. The addition of the PMA does not alter, add to, or change the Application.

Further, and as noted above, to deny this appeal and allow termination based on this omission (whether deemed administrative or material) does not best serve TDHCA's policies and purposes and the citizens of Alice.

Based on the information provided above, I respectfully request that you reinstate the Application. As you are aware, these appeals may be granted by you, as the Executive Director. If you determine that the appeal request does not merit you granting it, then Project Owner hereby requests that your decision be appealed to the Board and that this letter be made the basis for the appeal of your decision for consideration at the next Board meeting.

Very truly yours,

Michelle Snedden

cc: Rick Deyoe (*via E-mail*)
Kara Hargrove (*Of the Firm*)

EXHIBIT A

TABS 7, 8, 47 AND 48 FROM THE APPLICATION (SPECIFICALLY, PMA DATA INCLUDED IN THE APPLICATION)

(See Attached.)

TAB 7

SITE INFORMATION FORM PART I

Site Information Form Part I

Development Name *(All Programs)* Self Score Total: **136**

The Ponderosa

1. **Development Address *(All Programs)***

106 Cecilia Street		Alice	ETJ?	No
Address		**City**		

10	78332	Jim Wells	Rural		**Rural via §11.204(5)(B) Rural Designation**
Region	**Zip**	**County**	**Rural/Urban**		

2. **Census Tract Information *(All Programs)***

48249950200 — **11-digit Census Tract Number**

No — **QCT?**

Median Household Income: 48114 **Quartile:** 3q **Poverty Rate:** 18.5

☐ The poverty rate for the Census Tract is above 40% (55% for Regions 11 or 13), and the Governing Body resolution has been submitted behind Tab 8.

3. **Resolutions *(Competitive HTC and Tax-Exempt Bonds, if applicable) (10 TAC §11.3)***

Check the boxes of true statements below. Resolutions must be provided to demonstrate eligibility for any ***unchecked*** item.

[X] **Twice the State Average Per Capita.** The proposed Development is **NOT** located in a municipality or a county that has more than twice the state average of units per capita supported by Tax Credits or Private Activity Bonds. (§11.3(c)).

[X] **One Mile Three Year Rule.** The proposed Development is **NOT** a New Construction or Adaptive Reuse development that will be located one mile or less from a New Construction HTC or Bond Development serving the same type of household and awarded within the applicable three-year period, **including 2022 Supplemental Allocations,** and has not been withdrawn or terminated, **OR** the Development meets one of the exceptions in §11.3(d)(2) of the QAP (provide evidence of exception). (§11.3(d)).

[X] **Limitations on Developments in Certain Census Tracts (20% Rule).** The proposed Development is **NOT** a New Construction or Adaptive Reuse development that will be located in a census tract that has more than 20% HTC units per total households. (§11.3(e)).

4. **Two Mile Same Year Rule *(Competitive HTC Only) (10 TAC §11.3(b))***

[X] The Development Site is not located in a county with a population that exceeds one million.

[ ] The site is located in a municipality with a population of two million or more where a federal disaster has been declared, and the municipality is authorized to administer disaster recovery funds as a subgrant recipient.

[ ] The site is located in a county with a population that exceeds one million and is not located within 2 linear miles of the proposed Development Site of any eligible Pre-application(s) **or Application(s) for a 2022 Supplemental Allocation** in the same county.

[ ] The site is located in a county with a population that exceeds one million and is located within 2 linear miles of the site of the following eligible Pre-application(s) **or Application(s) for a 2022 Supplemental Allocation** within the same county:

5. **Proximity of Development Sites *(Competitive HTC Only) (10 TAC §11.3(f))***

[ ] The Development Site is not located in a county with a population less than one million.

[X] The site is located in a county with a population less than one million and is not contiguous to or within 1,000 feet of the site for any other eligible Pre-application(s) serving the same Target Population.

[ ] The site is located in a county with a population less than one million and is contiguous to or within 1,000 feet of the site for the following eligible Pre-application(s) serving the same Target Population:

6. **One Award per Census Tract Limitation *(Competitive HTC Only) (10 TAC §11.3(g))***

[X] The Application is USDA or At-Risk, or is in a Rural Subregion.

[ ] The Application is not USDA or At-Risk, and the Development Site is located in a census tract in an Urban subregion and the following eligible Pre-application(s) are located in the same census tract:

7. **Zoning (10 TAC §11.204(11)) and Flood Zone Designation (10 TAC §11.101(a)(1))** ***(All Programs)***

Currently R-5, apparently requesting R-4.

Development Site is appropriately zoned? No **Zoning Designation:** R4

Flood Zone Designation: **Entire Development Site is outside the 100 year floodplain.** Yes

Farmland Designation **(To be completed if requesting MFDL funds.)**

Not Prime Farmland

8. **Site & Neighborhood Standards (New Construction/Reconstruction Direct Loan Only) (10 TAC §13.2); (24 CFR 92.202 or 93.150**

Confirm the following supporting documents are provided behind this tab.

X Statement explaining **how** the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

X DP-05 ACS Demographi and Housing Estimates Census data for the census tract and city (and county if proposed site is located in a rural area) where the proposed site will be located. DP-05 Census data can be accessed using the data.census.gov Advanced Search option at https://data.census.gov/cedsci/

9. **School Rating (All Programs) (Tex. Gov't Code §2306.6710(a)); (10 TAC §11.101(a)(3)(B)(iv))**

Children of the proposed development will attend:

School Name	Grades X through X			TEA Rating 2019	TEA Rating XXXX*
Saenz Elementary	K	through	5	C	MS
Adams Middle School	6	through	8	D	MS
Alice High School	9	through	12	C	MS
		through			
		through			

***Fill in the year (e.g., 2018). Account for the most recent year available prior to Application and most recent preceding year available *for each school*.**

☐ School district has no attendance zones and the closest schools are listed.

☐ The Development Site is located within the attendance zone of an elementary school, a middle school or a high school that has a TEA rating of D for the most recent year available prior to Application and an IR rating for the most recent year available preceding; or a TEA rating of F for most recent year available prior to Application and a Met Standard rating for most recent available year preceding. **Pursuant to §11.101(a)(3)(C) of the QAP no mitigation is required for <u>2022</u> Applications. <u>If schools are the only Neighborhood Risk Factor, the Report is not required for 2022 Applications.</u>**

☐ The Application meets the following exception(s). **Applicant is required to enter school rating information above and disclose the presence of the Neighborhood Risk Factor, but no mitigation is required. (§11.101(a)(3)(B)).**

- ☐ Elderly Development
- ☐ Development encumbered by a TDHCA LURA on the first day of the Application Acceptance Period or date the pre-application is submitted (if applicable)
- ☐ Supportive Housing SRO Development or Supportive Housing Development where all Units are Efficiency Units

TAB 8

SUPPORTING DOCUMENTATION FOR SITE INFORMATION FORM PART I

Supporting Documentation Checklist for the Site Information Form Part I

Maps:

X	**Street Map with Site Drawn and Identified**
X	**Census Tract Map with Development Site Identified**

https://www.huduser.gov/portal/sadda/sadda_qct.html
https://data.census.gov/cedsci/

Resolutions:

n/a	**Twice the State Average of Units Per Capita Resolution**
n/a	**One Mile Three Year Resolution or evidence of other exception**
n/a	**Housing Tax Credit Units per Total Household Resolution**
n/a	**Poverty Rate Resolution**

A Resolution is attached if the poverty rate exceeds 40% (or 55% for Regions 11 and 13).

	For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of 10 TAC §11.204(4) of the QAP is included
	For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of 10 TAC §11.204(4) of the QAP is not included and will be provided under separate cover no later than the Resolutions Delivery Date described in §11.2(b) of the QAP.

Zoning and Floodplain

X	**Evidence of Zoning and/or Evidence of Re-Zoning Process**
X	**Evidence of Flood Zone Designation (FIRM or local government documentation)**

Farmland Designation-Required only if Direct Loan funds are requested.

	Information is included in the ESA.
X	Information is included behind this tab.

Go to https://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx **and**

- Go to "Quick Navigation", select address and enter street address, city, and state. If the Development Site does not have a fixed address, enter the street, city and state.
- Just below where it says "Area of Interest Interactive Map" and to the left of where it says "Legend" is a row of buttons. Two at the end are labeled "AOI" for area of interest. Click the rectangle or triangle button based on the relative shape of the Development Site
- Outline the Development Site, getting as much within the rectangle or triangle as possible.
- Select the tab for "Soil Data Explorer", select "Land Classifications", then select "Farmland Classification".
- Select "View Rating". You may need to scroll down to see it.
- In the upper right corner, select "Printable Version". Name it if you wish, scale to "Fit to page", printed sheet size "A landscape (11" x 8.5"). Make sure the box labeled "show UTM Coordinate Ticks" is checked. Select "View".
- Save the file as a PDF and include it in the Application.

Site and Neighborhood Standards (New Construction/Reconstruction Direct Loan Only)

[X] Descriptive statement regarding promoting housing choice explains HOW the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low income persons.

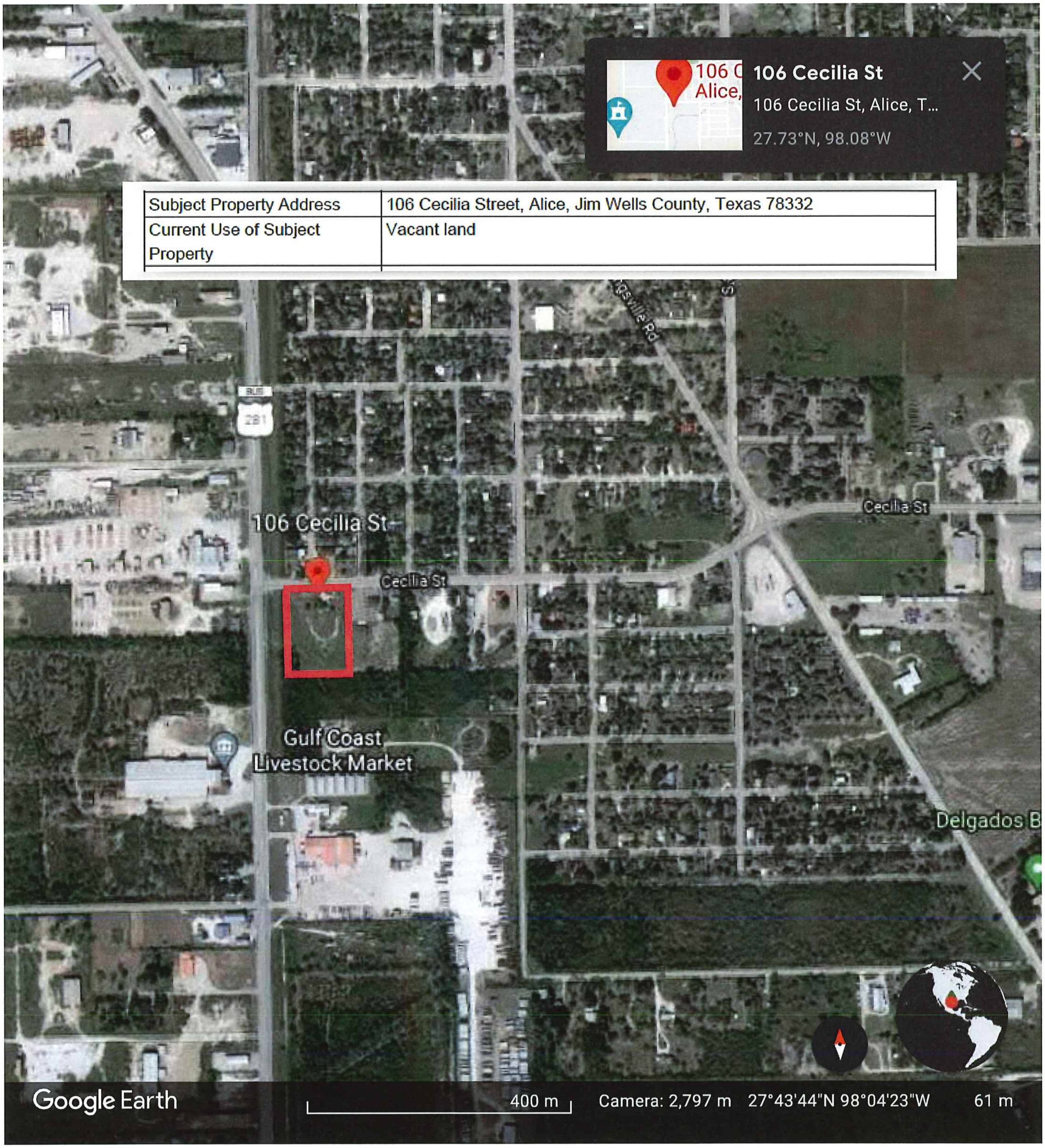
[X] DP-05 ACS Demographi and Housing Estimates for census tract and city (and county if proposed site is located in a Rural Area) where the proposed Development Site is located (found using the Advanced Search option at www.census.gov).

Educational Quality (all Applications)

[X] School Attendance Zone Map with Development labeled;

If schools are the only Neighborhood Risk Factor, the Report is not required for 2022 Applications.

Subject Property Address	106 Cecilia Street, Alice, Jim Wells County, Texas 78332
Current Use of Subject Property	Vacant land



ABOUT PD&R **RESEARCH & PUBLICATIONS** **DATASETS**

Map Options
17 Current Zoom Level
- [ ] Show Difficult Development Areas (Zoom 7+)
- [x] Color QCT Qualified Tracts (Zoom 7+)
- [x] Show Tracts Outline (Zoom 11+)
- [ ] Show FMR Outlines (Zoom 4+)
- [ ] Show LIHTC Projects (Zoom 11+)

Click here for full screen map

Select Year
- (•) 2022
- ( ) 2021

alice tx [Go]

Select a State | Select a County | Go

Map Options : Clear | Reset | Full Screen

QCT Legend:	Tract Outline	LIHTC Project	2022 Qualified Census Tracts		
SADDA Legend:	FMR Boundary	ZCTA Boundary	2022 Small DDA	Part DDA	Non Metro DDA

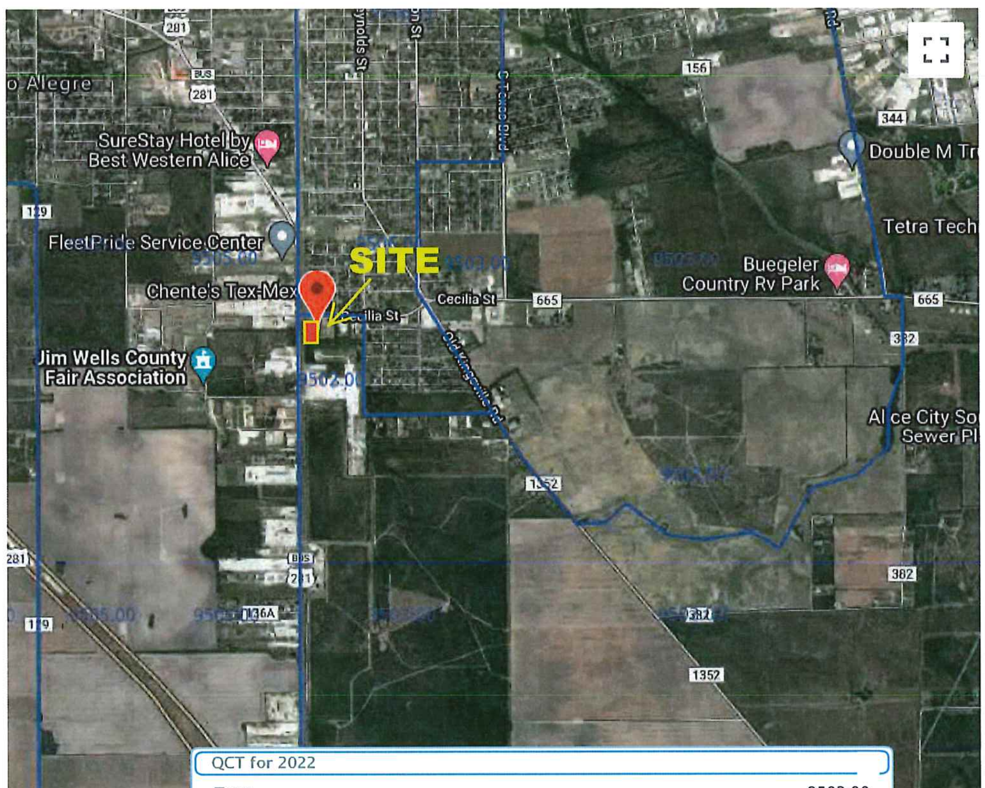
Hide the overview

The 2022 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2022. The 2022 designations use data from the 2010 Decennial census. The designation methodology is explained in the federal Register notice published September 9, 2021

Map Options
14 Current Zoom Level
- [ ] Show Difficult Development Areas (Zoom 7+)
- [ ] Color QCT Qualified Tracts (Zoom 7+)
- [x] Show Tracts Outline (Zoom 11+)
- [ ] Show FMR Outlines (Zoom 4+)
- [ ] Show LIHTC Projects (Zoom 11+)

Click here for full screen map

Select Year
- (•) 2022
- ( ) 2021



Map data ©2022 ... rvice Agency

QCT for 2022

Tract	9502.00
County	Jim Wells County
State	TX
Status (2022)	
Full Tract Number	48249950200

1.8K

About PD&R
PD&R Misssion
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Case Studies
Datasets
Periodicals
Regulatory Barriers Clearinghouse
Reports

ZONING VERFICATION LETTER

January 10, 2022

Realtex Development Corporation
1114 Lost Creek Blvd. G20
Austin, TX 78746

RE: ZOING VERICATION FOR: 106 Cecilia St. Alice, TX 78332
Property ID: 1145800100000
Legal Description: FLORES ADDN LT 1

Dear Ms. Cobb

This letter has been prepared in response to your request for evidence of zoning with regard to the above described property. According to the Official Zoning Map maintain by the City of Alice Planning Department, the current zoning on the above reference tract is R-5 Townhouse Residential District

This letter shall also serve to confirm to you that the city has received your hold harmless letter and zoning application for the change in zoning to allow construction of a multifamily community and will begin processing the application received.

If I can be of further assistance, please contact me at 361-668-7286

Sincerely,

Esteban Duena

RECEIVED

JAN 10 2022

CITY OF ALICE
ENGINEERING DEPT.

FEMA
(//www.fema.gov/)

FEMA Flood Map Service Center: Search By Address

Navigation

Search

Languages

MSC Home (/portal/)

MSC Search by Address (/portal/search)

MSC Search All Products (/portal/advanceSearch)

MSC Products and Tools (/portal/resources/productsandtools)

Hazus (/portal/resources/hazus)

LOMC Batch Files (/portal/resources/lomc)

Product Availability (/portal/productAvailability)

MSC Frequently Asked Questions (FAQs) (/portal/resources/faq)

MSC Email Subscription (/portal/subscriptionHo

Contact MSC Help (/portal/resources/cont

Enter an address, place, or coordinates:

106 cecilia street, alice tx

Search

Whether you are in a high risk zone or not, you may need flood insurance (https://www.fema.gov/national-flood-insurance-program) because most homeowners insurance doesn't cover flood damage. If you live in an area with low or moderate flood risk, you are 5 times more likely to experience flood than a fire in your home over the next 30 years. For many, a National Flood Insurance Program's flood insurance policy could cost less than $400 per year. Call your insurance agent today and protect what you've built.

Learn more about steps you can take (https://www.fema.gov/what-mitigation) to reduce flood risk damage.

Search Results—Products for **ALICE, CITY OF**

Show ALL Products » (https://msc.fema.gov/portal/availabilitySearch?addcommunity=480394&communityName=ALICE

The flood map for the selected area is number **48249C0305D**, effective on **08/15/2017**

DYNAMIC MAP

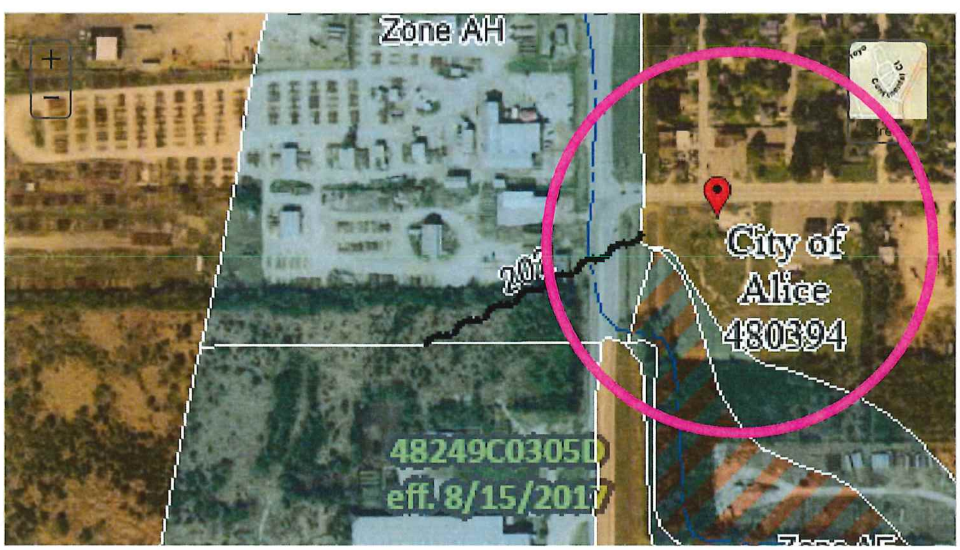
PRINT MAP/ FIRMette

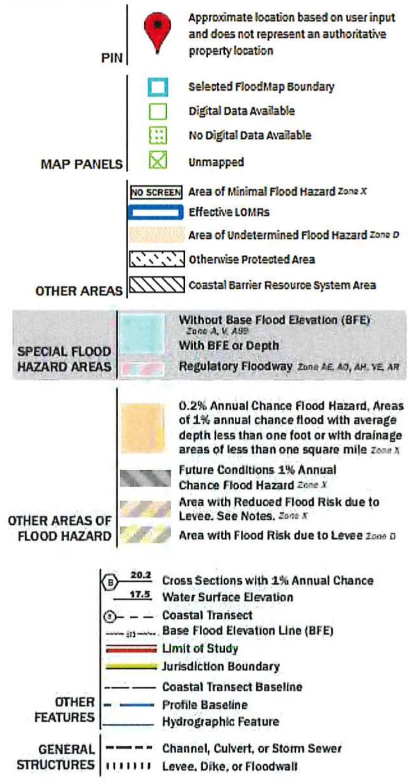
MAP IMAGE

(https://msc.fema.gov/portal/downloadProduct?

Flood Zone(s)	
Zone Designation	**Zone Description**
Zone AE	Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. BFEs are shown within these zones. (Zone AE is used on new and revised maps in place of Zones A1–A30.)
Zone X	Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Go To NFHL Viewer » (https://hazards-fema.maps.arcgis.com/apps/webappviewer/index.html?id=8b0adb51996444d





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(https://www.oig.dhs.gov/hotline)

Official website of the Department of Homeland Security

Alice Independent School District

Find your address

106 CECILIA STREET Alice, TX 78332

Zoom To

Or, click on the map to pick your home location.

Clear Location

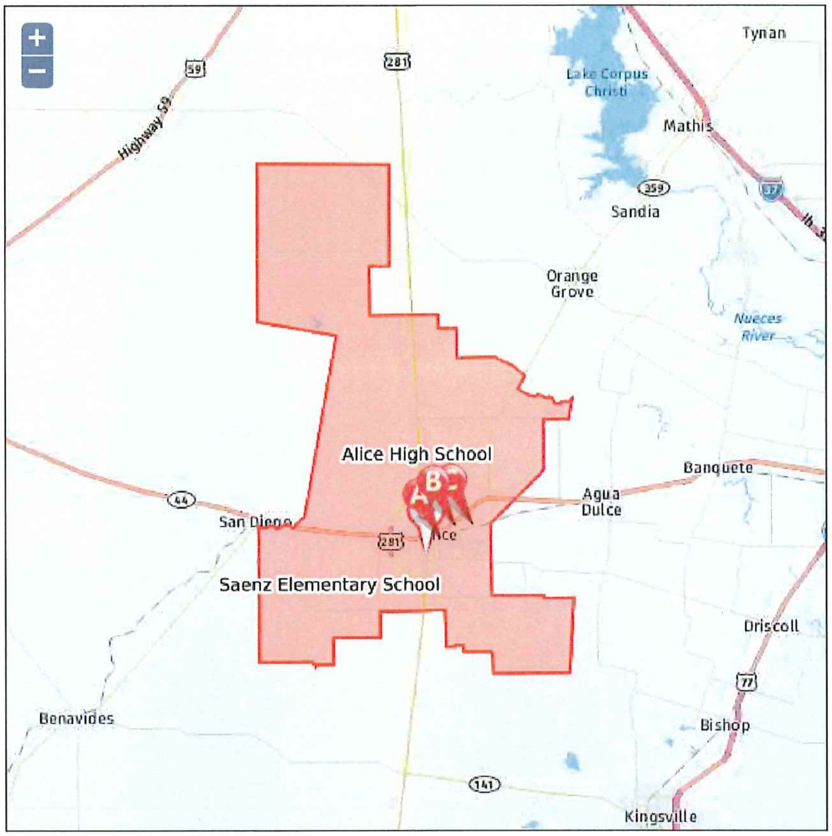
Advanced search [+]

Matching Results

A **Saenz Elementary School**
Assigned school
400 Palo Blanco St
Alice, TX 78332
Grades Served: PK-5
Drive Time: 3 min
Drive Distance: 1.1 mi

B **William Adams Middle School**
Assigned school
901 E 3rd St
Alice, TX 78332
Grades Served: 6-8
Drive Time: 7 min
Drive Distance: 2.2 mi

C **Alice High School**
Assigned school
#1 Coyote Trail
Alice, TX 78332
Grades Served: 9-12
Drive Time: 9 min
Drive Distance: 4.3 mi



TAB 8 – SITE & NEIGHBORHOOD STANDARDS

STATEMENT REGARDING PROMOTION OF GREATER CHOICE OF HOUSING OPPORTUNITIES

ATX Ponderosa, Ltd., will promote a greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons. The Ponderosa is a new construction development of 48 mixed income units for the residents of Alice, Texas.

This new development will allow low-income adults and/or families a greater housing opportunity. The Ponderosa is in Census tract 48249950200 which is classified as a high opportunity area with a poverty rate at 18%. According to TDHCA's Property Inventory Tab of the Site Demographic Worksheet, Alice has not received an HTC award for a family development since 2006.

The property is located at 106 Cecilia Street, only 1 mile away from the nearest bus station. The Alice Transit has multiple routes throughout the entire city allowing residents to travel and commute as needed. This new proposed development is in an ideal location with easy transit access to schools, retail, health related facilities, grocery, and employment hubs. As a new mixed-income workforce housing community at this location will only benefit the City of Alice by providing an exceptional housing option to residents who will in return pay a fraction of the cost for rent.

ATX Ponderosa, Ltd., is committed to further full compliance of the provisions of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, Executive Order 11063, HUD regulations and any other civil rights statutes. With the proposed development submitted an application for 9% competitive tax credits as well as applying for a Multifamily Direct Loan, guarantees that The Ponderosa will continue furthering the fair housing goals of the City. Since high-quality and newly constructed affordable housing is almost non-existent, the City of Alice is honored to be apart of The Ponderosa development and helping promote greater housing opportunities to the residents in their community.

US Department of Agriculture, Rural Development
Initial Eligibility Determination

USDA Rural Development
Committed to the future of rural communities.

Matched Address 106 Cecilia St Alice TX 78332

This address IS
located in an eligible area.

* Keep in mind that this is only an initial determination on the eligibility of your address.
There are other eligibility factors for this program which cannot be confirmed through this tool.

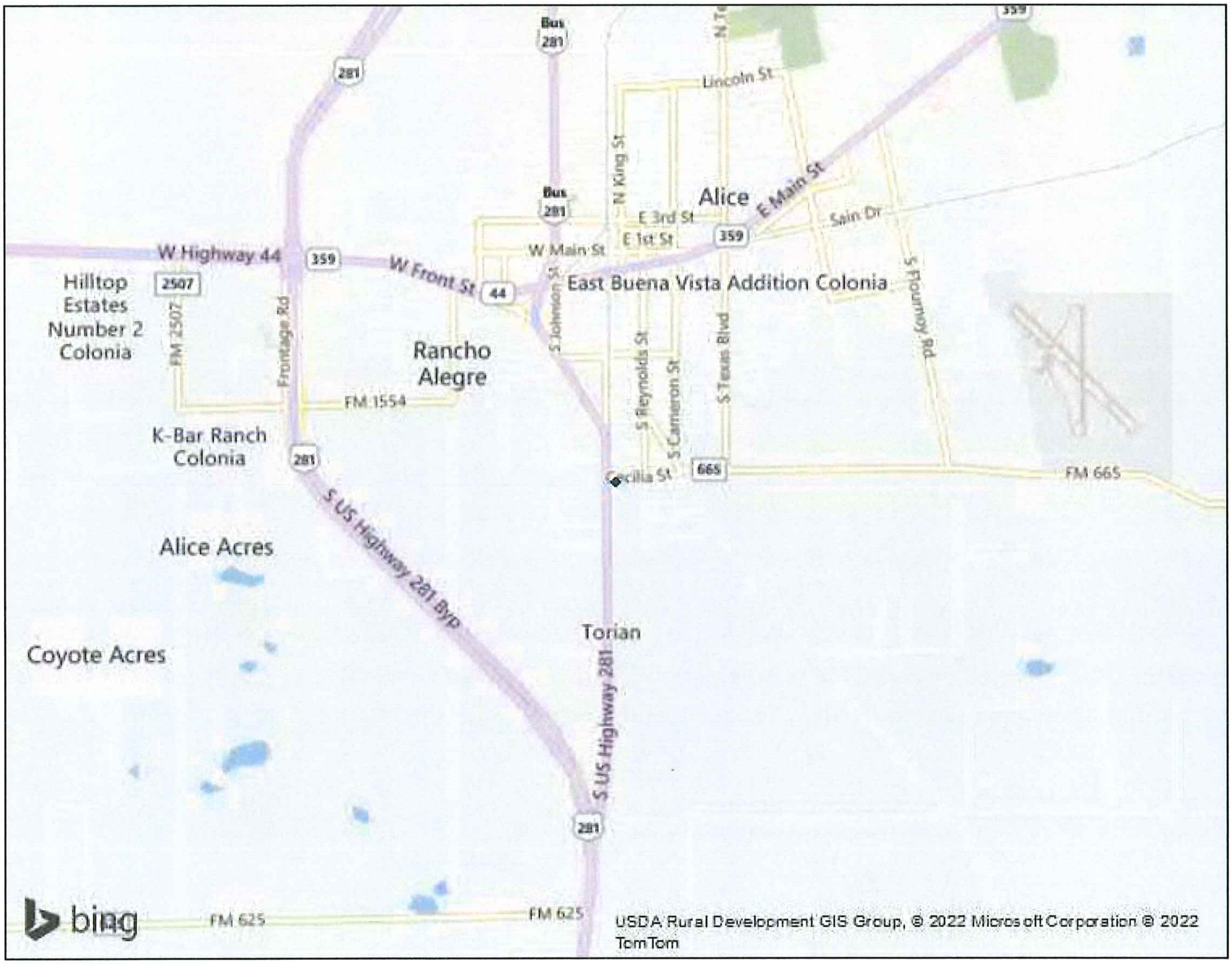
User Entered Point:

User Located

Latitude
27.728728
Longitude
-98.07626

This address IS
located in an eligible area.
for properties in the US

RHS SFH MFH
Ineligible Area



Date created: Tuesday, March 1, 2022 - 11:52:48 AM (Central Daylight Time)

TAB 47

THIRD PARTY REPORTS

Required Third Party Reports

ALL third-party reports must include the following statement:

"All persons who have a property interest in this report hereby acknowledge that the Department may publish the full report on the Department's website, release the report in response to a request for public information and make other use of the report as authorized by law."

Complete the information below as applicable [§11.205]. (**Reminder:** Do not include third party reports in the same PDF document as the rest of the Uniform Multifamily Application. Third party reports must each be submitted as separate, searchable PDF documents.)

1. Environmental Site Assessment (ESA) (All Multifamily Applications)

This entry autofills from Tab 42.

Prepared by: Phase Engineering   Date of Report: 2/28/2022

[X] Report recommends further studies or establishes environmental hazards that currently exist on the Property or off-site with the potential to affect the Property.

[ ] If the above box is checked, a statement is provided behind this tab signed by the Development Owner, that certifies the Development Owner will comply with any and all recommendations made by the ESA preparer.

[ ] Development is funded by USDA and is not required to supply an ESA.

2. Environmental Clearance (Direct Loan applications only)

All Applications for Direct Loans awarded HOME, NHTF, or NSP1 PI must complete an environmental clearance process in accordance with 24 CFR Parts 50 or 58 or 24 CFR 93.301(f), as applicable, prior to engaging in choice limiting activities such as closing on land, loans, beginning demolition or construction activities, or entering into construction contracts. A Phase I Environmental Site Assessment (ESA) will not satisfy the environmental clearance required for use of Multifamily Direct Loan funds.

[ ] Property has already received Environmental Clearance from HUD under 24 CFR Parts 50 or 58 or 24 CFR 93.301(f), as applicable, and documentation of HUD Environmental Clearance is included behind this tab.

[ ] Applicant has submitted an environmental packet to TDHCA and clearance is pending.

[X] Applicant has reviewed the environmental clearance materials available on the Department's website and understands that clearance must be received prior to closing on the loan.
http://www.tdhca.state.tx.us/program-services/environmental/index.htm

[ ] A Third Party will aid in the completion of the environmental clearance process. If checked, complete the following:

Name of Firm:

Contact Person:

Contact Telephone: Email:

3. Primary Market Area Map

[X] Primary Market Area (PMA) map with definition of PMA is included behind this tab.

This entry autofills from Tab 42.

Prepared by: Market Apartment Data, LLC   Date of Report: 2/5/2022

Development Site Location:

Longitude: -98.076473   Latitude: 27.728709

4. Scope and Cost Review (SCR) (formerly PCA)

This entry autofills from Tab 42.

Prepared by: 0   Date of Report:

5. Appraisal

This entry autofills from Tab 42.

Prepared by: 0   Date of Report:

6. Feasibility Report (See 10 TAC §11.204(15) regarding exemptions for Acquisition and Rehabilitation ONLY developments)

Prepared by: Carney Engineering   Date of Report: 2/22/2022

TAB 48

TIE-BREAKERS

Tie-Breaker Information (Competitive HTC Only)

Tie-Breaker #1 (§11.7(1) of the QAP)

Applications proposed to be located in a census tract with a poverty rate below the average poverty rate for all awarded Competitive HTC Applications from the past three years, **17.10352** (with Region 11 adding an additional 15% to that value and Region 13 adding an additional 5% to that value), are eligible for the first tie-breaker. Any of the tied Applications that meet the first part of the tie-breaker will progress to the second part. Then the Development in the census tract with the highest percentage of statewide rent burden for renter households at or below 80% Area Median Family Income (AMFI), will win the tie-breaker. Tied Applications that do not meet the first part of the tie-breaker or that are still tied after applying the second part of the tie-breaker will proceed to the second tie-breaker to break the tie.

Is Site in Region 11 or 13? No — Poverty Rate = 18.5

Poverty Rate is less than the average No

Is Site in Region 11? No — Poverty Rate = NA

Applicable Poverty Rate = NA

Poverty Rate is less than 32.10352 No

Is Site in Region 13? No — Poverty Rate = NA

Applicable Poverty Rate = NA

Poverty Rate is less than 22.10352 No

Rent Burden Rank = 3774 **(lower number wins tie)**

Tie-Breaker #2 (§11.7(2) of the QAP)

Applications proposed to be located the greatest linear distance from the nearest Housing Tax Credit assisted Development that serves the same Target Population and that was awarded less than 15 years ago according to the Department's property inventory tab of the Site Demographic Characteristics Report.

Development Longitude: -98.076473

Development Latitude: 27.728709

Target Population: General

Closest Development serving same Population:

Application Number:

Address:

Year of Award:

EXHIBIT B

PMA

(See Attached.)

The Ponderosa
106 Cecilia Street Alice, Texas

Legend
- Site
- Custom Boundary
- Highways
- CENSUS TRACTS - 2010
- County Boundaries
- State Boundaries

Site Coordinates

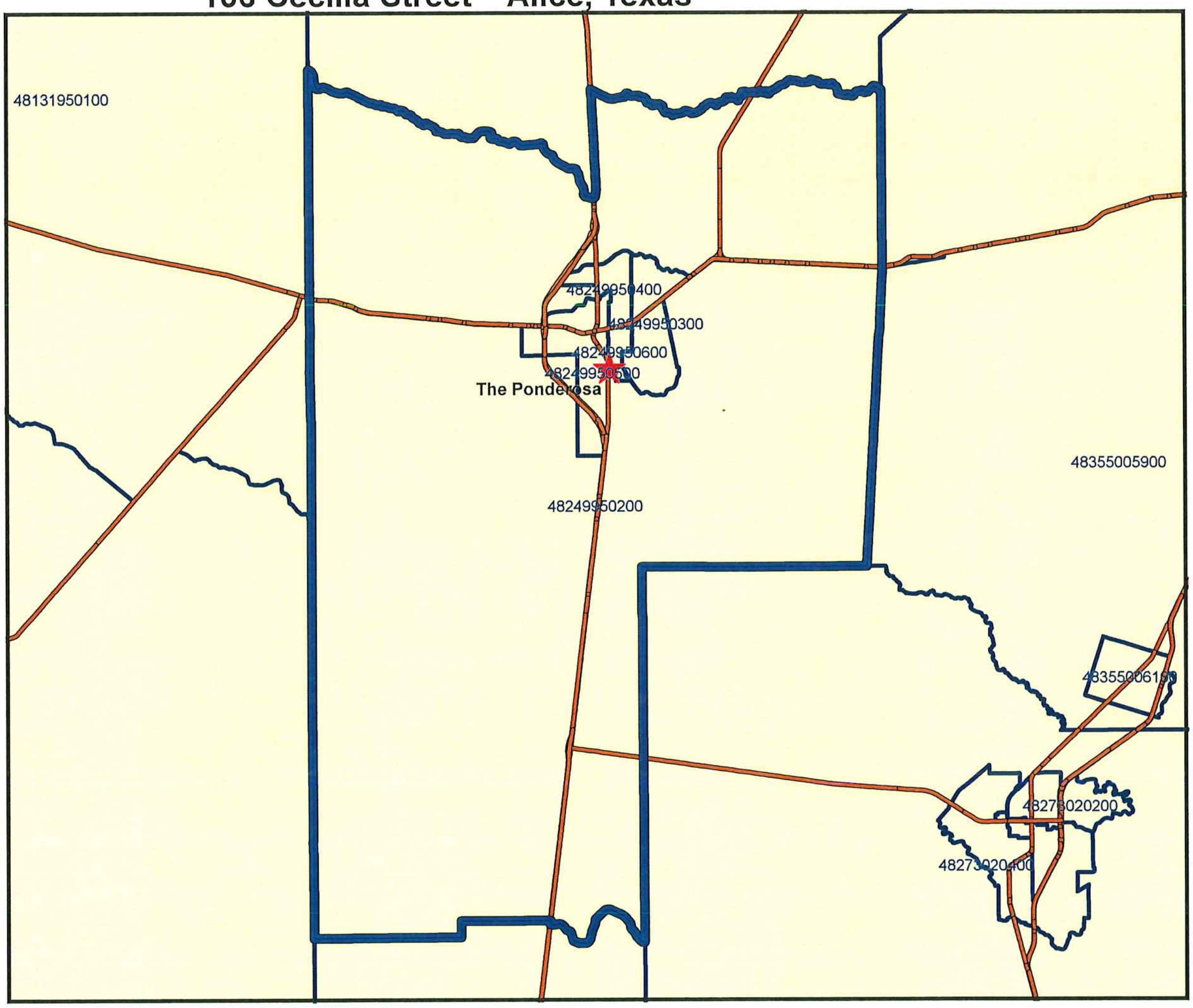
Longitude/X:	-98.076473
Latitude/Y:	27.728709

N

0 3.5 7

Miles

AnySite



Print Date: 6 February 2022

Data Source:

MARKET ANALYSIS SUMMARY

Provider:	Apartment MarketData, LLC	Date:	2/5/2022
Contact:	Darrell G Jack	Phone:	(210) 530-0040
Development	The Ponderosa	Target Population:	General
		Definition of Senior Age:	

Site Location	106 Cecilia Street	City:	Alice	County:	Jim Wells

Site Coordinates:

Latitude	Longitude	
27.728709	-98.076473	(decimal degree format)

Primary Market Area (PMA) page

395.86 Square Miles

482499502.00	482499503.00	482499504.00	482499505.00	482499506.00	0.00

EXHIBIT C

**CONFIRMATION OF RECEIPT OF PMA
PRIOR TO APPLICATION SUBMISSION**

(See Attached)

From: Alma Cobb <acobb@realtexdevelopment.com>
Date: Friday, June 3, 2022 at 5:44 PM
To: Rick Deyoe <rdeyoe@realtexdevelopment.com>, Tiffany Cornelius <tcornelius@realtexdevelopment.com>
Subject: Fwd: PMA Maps

Thank you,

Alma Cobb

Begin forwarded message:

> **From:** Kirt Shell <kirt02@hotmail.com>
> **Date:** February 28, 2022 at 3:18:31 PM CST
> **Subject: Re: PMA Maps**
>
> Rick,
> Here are the PMA Maps and Definitions for Alice, Edinburg, Victoria, and Killeen.
>
> Kirt Shell
>
> Office Phone: (512) 312-4238
> Cell Phone: (512) 635-7199

From: Darrell G Jack <djack@stic.net>
Sent: Monday, February 28, 2022 3:04 PM
To: 'Kirt Shell' <kirt02@hotmail.com>
Subject: FW: PMA Maps

From: Rick Deyoe <rdeyoe@realtexdevelopment.com>
Sent: Monday, February 28, 2022 12:30 PM
To: Darrell Jack (djack@stic.net) <djack@stic.net>
Subject: PMA Maps

Darrell,

Can you please forward us the PMA maps associated with our 4 tax credit application packages?

Thanks

Rick J. Deyoe
President

1114 Lost Creek Blvd., Suite G20
Austin, Texas 78746
PH- (512) 306-9206
FAX (512) 306-9010
CELL (512) 426-5205
www.realtexdevelopment.com

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

June 1, 2022

Writer's direct dial: (512) 475-1676
Email: cody.campbell@tdhca.state.tx.us

Rick J. Deyoe
President
RealTex Development
1114 Lost Creek Blvd, G20
Austin, Texas 78746

RE: TERMINATION OF 9% HOUSING TAX CREDIT APPLICATION
#22171 THE PONDEROSA (THE "DEVELOPMENT")

Mr. Deyoe:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022.

The 2022 Qualified Allocation Plan (QAP) establishes the requirements for Application submission, including 10 TAC §11.205, which describes the Third Party Reports that are required to be submitted with an Application:

> The Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Market Analysis must be submitted no later than the Third Party Report Delivery Date as identified in §11.2(b) of this chapter (relating to Tax-Exempt Bond and Direct Loan Development Dates and Deadlines). For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included) must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter.

The Application was submitted to compete within the Rural 10 subregion and requests $977,537 in Housing Tax Credits to construct 48 units, 31 of which as affordable units, serving the general population in Alice, Texas.

Various Third Party Reports were submitted in a timely manner, including an Environmental Site Assessment and Market Study, but a Primary Market Area map was not submitted by the Full Application Delivery Date as identified in 10 TAC §11.2(a) as required by the QAP. Accordingly, the Application is terminated subject to your ability to appeal this decision as described below.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2022 Qualified Allocation Plan. 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 calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if 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 §11.902 of the 2022 Qualified Allocation Plan for full instructions on the appeals process.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell
Director of Multifamily Programs

5c

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on timely filed appeal of termination for The Victorian (#22174), under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, competitive Housing Tax Credit Application #22174 for The Victorian was timely submitted to the Department to compete in the 2022 Application round, proposing the new construction of 80 Units in Victoria, Victoria County;

WHEREAS, the Application did not include a Primary Market Area map, which is a third party report required to be submitted no later March 1, 2022, in accordance with 10 TAC §11.205;

WHEREAS, 10 TAC §11.205 establishes that the Application will be terminated if third party reports are not received in their entirety by the deadline, and such termination was issued by the Department on June 1, 2022;

WHEREAS, the Applicant timely filed the appeal, which was denied by the Executive Director on June 20, 2022; and

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of the termination for The Victorian (#22174) be denied.

BACKGROUND

The Victorian (#22174) is a 2022 competitive housing tax credit Application that proposes the new construction of 80 Units in Victoria, Victoria County. Applications are required by 10 TAC §11.205 to include certain third party reports, including a Primary Market Area map, and failure to timely submit these reports results in Application termination:

. . . For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included) must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter. **For Competitive HTC Applications, if the reports, in their entirety, are not received by the deadline, the Application will be terminated**. . . (emphasis added)

The Application was submitted on March 1, 2022, and did not include the Primary Market Area map as required. Accordingly, a termination notice was issued on June 1, 2022, and the Applicant timely submitted an appeal on June 8, 2022.

The appeal suggests that the omission of the Primary Market Area map is an unintentional clerical oversight that should be curable via the Administrative Deficiency process; however, this is in direct conflict with the language from the QAP that clearly establishes that Applications are to be terminated if all required third-party reports are not submitted timely and in their entirety.

The appeal further suggests that all necessary information from the Primary Market Area map was included in various other parts of the Application. While the site coordinates in decimal degrees and information about the proposed development site's census tract are part of the 2022 Uniform Multifamily Application, other required information, such as the area of the PMA in square miles and the census tracts included in this area, is not available in the original Application.

If the Board grants the appeal, the Application will be reinstated and will continue with the typical review process. The Application will be susceptible to additional deficiencies, both material and administrative, as well as point reductions, should any be identified during that review. If the Board denies the appeal, then the Application will remain terminated. Staff recommends that the Board deny the appeal.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

June 20, 2022

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Rick J. Deyoe
President
RealTex Development
1114 Lost Creek Blvd, G20
Austin, Texas 78746

RE: APPEAL OF TERMINATION OF 9% HOUSING TAX CREDIT APPLICATION
#22174 THE VICTORIAN (THE DEVELOPMENT)

Mr. Deyoe:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022. The 2022 Qualified Allocation Plan (QAP) establishes the requirements for Application submission, including 10 TAC §11.205, which describes the Third Party Reports that are required to be submitted with an Application:

> . . . For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included) must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter. **For Competitive HTC Applications, if the reports, in their entirety, are not received by the deadline, the Application will be terminated. . . .** (emphasis added).

A Primary Market Area map was not submitted by the Full Application Delivery Date as identified in 10 TAC §11.2(a). Accordingly, the Application was terminated on June 1, 2022. An appeal of this termination was timely received on June 8, 2022.

The appeal suggests that the omission of the Primary Market Area map is an unintentional clerical oversight that should be curable via the Administrative Deficiency process; however, this is in direct conflict with the language from the QAP that clearly establishes that Applications are to be terminated if all required third-party reports are not submitted timely and in their entirety.

The appeal further suggests that all necessary information from the Primary Market Area map was included in various other parts of the Application. While the site coordinates in decimal degrees and information about the proposed development site's census tract are part of the 2022 Uniform Multifamily Application, other required information, such as the area of the PMA in square miles and the census tracts included in this area, is not available in the original Application.

The termination of this Application was issued by the Department in direct adherence to 10 TAC §11.205. Accordingly, the appeal is denied and will be presented to the Department's Governing Board for consideration at the meeting to be held on July 7, 2022. As a reminder, in accordance with 10 TAC §11.902(g), "a witness in an appeal may not present or refer to any document, instrument, or writing not already contained within the Application as reflected in the Department's records."

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

RGWil II

Bobby Wilkinson
Executive Director

Shackelford
A LIMITED LIABILITY PARTNERSHIP
ATTORNEYS & COUNSELORS

Michelle J. Snedden
9201 N. Central Expressway
Fourth Floor
Dallas, Texas 75231
(214) 780-1413 (Direct)
(214) 780-1401 (Fax
msnedden@shackelford.law

June 8, 2022

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78711

RE: Appeal of Termination
TDHCA Applicant # 22174 – The Victorian

Dear Mr. Wilkinson:

This Firm represents The Victorian, Ltd. ("***Project Owner***"), and has been requested by Project Owner to appeal the Texas Department of Housing and Community Affairs' ("***TDHCA***") termination of Project Owner's 2022 competitive housing tax credit application (the "***Application***") for its proposed tax credit development known as The Victorian (the "***Project***"). This letter sets forth Project Owner's grounds for this appeal in accordance with 10 TAC §11.902(c).

Termination of Application

As set forth in a letter dated June 1, 2022, from Cody Campbell, Director of Multifamily Programs at TDHCA, the Application was terminated because (i) Project Owner failed to include the Primary Market Area map (the "***PMA***") in the Application by the Full Application Delivery Date as identified in 10 TAC §11.2(a) and as required by the 2022 Final Qualified Allocation Plan (the "***QAP***") and (ii) Project Owner failed to submit the Market Study by the Market Analysis Date. As stated by Mr. Campbell in his letter, this termination is appealable under 10 TAC §11.902 of the QAP and, as such, we hereby respectfully request that the Application be reinstated for the reasons set forth below.

For convenience, the relevant section of the QAP is re-stated below (***emphasis added***):

§11.205. Required Third Party Reports. "For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the ***Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included)*** must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market

Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter."

I. MARKET ANALYSIS: The Market Study was submitted by the Markey Analysis Date (April 1) as evidenced by the attached submission screenshot attached here at Exhibit "D".

II. PRIMARY MARKET AREA MAP:

Background

March 1, 2022: Project Owner timely submitted the Application and inadvertently (which it did not know at the time) omitted the PMA. Notwithstanding that omission, information and data included in the PMA (as ***emphasized above***) was incorporated into other sections of the Application, including, Tabs 7, 8 and 48. Please refer to Exhibit "A".

April 1, 2022: Project Owner, unaware it had not included the PMA in the Application, did include the PMA as part of the Market Analysis Delivery (see attached Exhibit "B" a copy of the PMA).

May 6, 2022: Project owner received a copy of a Third-Party Request for Administrative Deficiency ("RFAD") from Fishpond Living at Victoria, LP ("***Fishpond***"), which identified that the PMA was omitted from the Application. This is the first time Project Owner became aware of such omission which was simply an oversight and administrative error. At no point did Project Owner receive any direct communication from TDHCA regarding the missing PMA or the RFAD until receipt of the termination.

June 1, 2022: Three (3) months after submission of the Application and almost four (4) weeks since receipt of the RFAD, TDHCA informed Project Owner that the Application was terminated due to the missing PMA.

Basis for the Appeal

Project Owner fully understands and appreciates that if it fails to include a third-party report because it did not have such report in its possession *at the time of submission of an application*, this can trigger a termination of the Application. However, this is not the case here.

As correctly stated by Fishpond in its RFAD, §11.205 states "*For Competitive HTC Applications, if the reports, in their entirety, are not received by the deadline, the Application will be terminated.*" However, the QAP also allow for this type of unintentional and clerical oversight (including a threshold item) to be cured via the deficiency process, however, the Applicant was not given that opportunity.

Project Owner was in possession of the PMA *prior to submission of the Application* (please see attached email at Exhibit "C" that shows Project Owner had the PMA in its possession on

February 28, 2022). The information needed from the PMA was accurately reflected within the appropriate areas of the Application. The fact it was not included in the Application was simply a clerical oversight. This is not information that materially changes the Application and, if Project Owner had been given the opportunity to respond via the Deficiency Process, would've been resolved immediately without any delay.

There is a dire need for senior housing in Victoria as evidenced by the attached letter from the City of Victoria (please see Exhibit "E"). We contend that termination of the Application for this type of oversight, without notice or an opportunity to cure, does not best serve TDHCA's policies and purposes or the citizens of Victoria.

The QAP allows for a threshold item to be cured via the deficiency process. Please see below applicable sections of the QAP as it relates to the deficiency process and corresponding information specific to this Application (***emphasis added***):

§11.1(g) Documentation to Substantiate Items and Representations in a Competitive HTC Application:

Any Application that staff identifies as having insufficient support information ***will be directed to cure the matter via the Deficiency process***.

- Information included in the PMA was documented in other sections of the Application as noted above (see attached Exhibit "A"). We contend that the omission of the PMA itself, which simply reiterates information already in the Application, should be subject to cure via the deficiency process as provided for in §11.1(g).

Applicants are reminded that this process ***may not be used to increase a scoring item's points or to change any aspect of the proposed Development, financing structure, or other element of the Application***. Although a responsive narrative will be created after Application submission, ***all facts and materials to substantiate any item in response to such an Administrative Deficiency must have been clearly established at the time of submission of the Application.***

- Addition of the PMA via the Deficiency process would not and does not increase a scoring item's points or change any aspect of the proposed Development, financing structure, or other element of the Application. Furthermore, by providing the PMA to substantiate this matter is clearly established at the time of submission of the Application (see attached Exhibit "C").

§11.201(6) Deficiency Process:

- The ***purpose of the deficiency process is to allow an Applicant to provide*** clarification, explanation, ***or non-material missing information*** to resolve inconsistencies in the original Application or to assist staff in an efficient and effective review of the Application. ***Deficiencies may be Administrative or Material, in either case they will be treated similarly in that Applicants may receive a deficiency notice and have an opportunity to respond.***

    - As noted above, certain data contained in the PMA is information that was already included in other sections of the Application; therefore, the omission (or addition thereof after submission) is not material as it does not change any aspect of the Application or the data therein. We contend that even if this is considered "material: as noted in §11.201(6) above, it should be treated similar to that of an administrative deficiency and provide Applicant with an opportunity to respond after notice of such missing information.

- A review of the response provided by the Applicant may reveal that issues initially identified as an Administrative Deficiency are actually determined to be beyond the scope of an Administrative Deficiency process, ***meaning they are Material Deficiencies not susceptible to being resolved.***

    - This deficiency was and is susceptible to being resolved by providing the PMA that was simply omitted in error.

- Final determinations regarding the sufficiency of documentation submitted to cure a Deficiency as well ***as the distinction between material and non-material missing information are reserved for the Director of Multifamily Finance, Executive Director, and Board***

    - As stated, the Executive Director has the ability to determine, based on the facts herein, that the omission of the PMA is non-material and should be subject to the administrative deficiency process.

§11.1(d)(2) Administrative Deficiency:

Information requested by Department staff that is required to clarify or explain one or more inconsistencies; ***to provide non-material missing information in the original Application*** or pre-application; or to assist staff in evaluating the Application or pre-application ***that, in the Department staff's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application*** or pre-application.

- We believe it's reasonable for staff to determine that the omission of the PMA was a mere clerical error, can be cured by supplemental information, and that it does not trigger any kind of reassessment or re-evaluation.

§11.1(d)(79) Material Deficiency:

Any deficiency in a pre-application or an Application or other documentation that exceeds the scope of an Administrative Deficiency. ***Inability to provide documentation that existed prior to submission of an Application to substantiate claimed points or meet threshold requirements is material and may result in denial of the requested points or a termination in the case of threshold items.***

- Even if it's determined that failure to include the PMA is Material Deficiency rather than an Administrative Deficiency, the above language provides that an application may be terminated if the document being produced (as part of the deficiency process) did not exist prior to submission of an application. Applicant has clearly shown that the PMA existed prior to submission of the Application (see Exhibit "C") and that it meets the threshold requirement.

Conclusion

As detailed above, Sections §11.1(d)(2) and (79), plus 11.1(g) differentiate between (i) documents/reports not provided in an application because such document did not exist at the time of submission of an application and, as in this case (ii) an applicant that can show it was in possession of and the missing material existed at the time of submission of an application. We believe it's a reasonable conclusion, based on this language, that the intent is to allow an applicant that falls under (ii) above the ability to cure such clerical error via the deficiency process, including, as noted in §11.1(d)(79), a threshold item.

§11.205 (termination of an application due to failure to submit the PMA) should not deny the Applicant access to the deficiency process (whether administrative or material), and the ability to cure this item by simply providing an already existing, one-page document that was inadvertently missing from a 324-page application, especially when data in the PMA was included in the Application. The addition of the PMA does not alter, add to, or change the Application.

Further, and as noted above, to deny this appeal and allow termination based on this omission (whether deemed administrative or material) does not best serve TDHCA's policies and purposes and the citizens of Victoria.

Based on the information provided above, I respectfully request that you reinstate the Application. As you are aware, these appeals may be granted by you, as the Executive Director. If you determine that the appeal request does not merit you granting it, then Project Owner hereby requests that your decision be appealed to the Board and that this letter be made the basis for the appeal of your decision for consideration at the next Board meeting.

Very truly yours,

Michelle Snedden

cc: Rick Deyoe (*via E-mail*)
Kara Hargrove (*Of the Firm*)

EXHIBIT A

TABS 7, 8 AND 47 FROM THE APPLICATION (SPECIFICALLY, PMA DATA INCLUDED IN THE APPLICATION)

(See Attached.)

TAB 7

SITE INFORMATION FORM PART I

Site Information Form Part I

Development Name *(All Programs)* Self Score Total: 138

The Victorian

1. **Development Address *(All Programs)***

901 John Stockbauer — Victoria — **ETJ?** No

Address **City**

10	77901	Victoria	Urban	No
Region	**Zip**	**County**	**Rural/Urban**	**Rural via §11.204(5)(B) Rural Designation**

2. **Census Tract Information *(All Programs)***

48469001605 — **11-digit Census Tract Number**; No — **QCT?**; **Median Household Income:** 55264; **Quartile:** 2q; **Poverty Rate:** 12.6

☐ The poverty rate for the Census Tract is above 40% (55% for Regions 11 or 13), and the Governing Body resolution has been submitted behind Tab 8.

3. **Resolutions *(Competitive HTC and Tax-Exempt Bonds, if applicable) (10 TAC §11.3)***

Check the boxes of true statements below. Resolutions must be provided to demonstrate eligibility for any ***unchecked*** item.

X **Twice the State Average Per Capita.** The proposed Development is **NOT** located in a municipality or a county that has more than twice the state average of units per capita supported by Tax Credits or Private Activity Bonds. (§11.3(c)).

X **One Mile Three Year Rule.** The proposed Development is **NOT** a New Construction or Adaptive Reuse development that will be located one mile or less from a New Construction HTC or Bond Development serving the same type of household and awarded within the applicable three-year period, **including 2022 Supplemental Allocations,** and has not been withdrawn or terminated, **OR** the Development meets one of the exceptions in §11.3(d)(2) of the QAP (provide evidence of exception). (§11.3(d)).

X **Limitations on Developments in Certain Census Tracts (20% Rule).** The proposed Development is **NOT** a New Construction or Adaptive Reuse development that will be located in a census tract that has more than 20% HTC units per total households. (§11.3(e)).

4. **Two Mile Same Year Rule *(Competitive HTC Only) (10 TAC §11.3(b))***

X The Development Site is not located in a county with a population that exceeds one million.

☐ The site is located in a municipality with a population of two million or more where a federal disaster has been declared, and the municipality is authorized to administer disaster recovery funds as a subgrant recipient.

☐ The site is located in a county with a population that exceeds one million and is not located within 2 linear miles of the proposed Development Site of any eligible Pre-application(s) **or Application(s) for a 2022 Supplemental Allocation** in the same county.

☐ The site is located in a county with a population that exceeds one million and is located within 2 linear miles of the site of the following eligible Pre-application(s) **or Application(s) for a 2022 Supplemental Allocation** within the same county:

5. **Proximity of Development Sites *(Competitive HTC Only) (10 TAC §11.3(f))***

☐ The Development Site is not located in a county with a population less than one million.

X The site is located in a county with a population less than one million and is not contiguous to or within 1,000 feet of the site for any other eligible Pre-application(s) serving the same Target Population.

☐ The site is located in a county with a population less than one million and is contiguous to or within 1,000 feet of the site for the following eligible Pre-application(s) serving the same Target Population:

6. **One Award per Census Tract Limitation *(Competitive HTC Only) (10 TAC §11.3(g))***

n/a The Application is USDA or At-Risk, or is in a Rural Subregion.

n/a The Application is not USDA or At-Risk, and the Development Site is located in a census tract in an Urban subregion and the following eligible Pre-application(s) are located in the same census tract:

7. **Zoning (10 TAC §11.204(11)) and Flood Zone Designation (10 TAC §11.101(a)(1))** ***(All Programs)***

Development Site is appropriately zoned? Yes **Zoning Designation:** No Zoning Ordinance

Flood Zone Designation: Zone X **Entire Development Site is outside the 100 year floodplain.** No

Farmland Designation **(To be completed if requesting MFDL funds.)**

8. **Site & Neighborhood Standards (New Construction/Reconstruction Direct Loan Only) (10 TAC §13.2); (24 CFR 92.202 or 93.150**

Confirm the following supporting documents are provided behind this tab.

n/a Statement explaining **how** the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.

n/a DP-05 ACS Demographi and Housing Estimates Census data for the census tract and city (and county if proposed site is located in a rural area) where the proposed site will be located. DP-05 Census data can be accessed using the data.census.gov Advanced Search option at https://data.census.gov/cedsci/

9. **School Rating (All Programs) (Tex. Gov't Code §2306.6710(a)); (10 TAC §11.101(a)(3)(B)(iv))**

Children of the proposed development will attend:

School Name	Grades through X		X	TEA Rating 2019	TEA Rating 2018
Torres Elementary	K	through	5	D	MS
Howell Middle School	6	through	8	C	MS
Victoria East High Schhol	9	through	12	C	MS
		through			
		through			

***Fill in the year (e.g., 2018). Account for the most recent year available prior to Application and most recent preceding year available *for each school*.**

[ ] School district has no attendance zones and the closest schools are listed.

[ ] The Development Site is located within the attendance zone of an elementary school, a middle school or a high school that has a TEA rating of D for the most recent year available prior to Application and an IR rating for the most recent year available preceding; or a TEA rating of F for most recent year available prior to Application and a Met Standard rating for most recent available year preceding. **Pursuant to §11.101(a)(3)(C) of the QAP no mitigation is required for <u>2022</u> Applications. <u>If schools are the only Neighborhood Risk Factor, the Report is not required for 2022 Applications.</u>**

[X] The Application meets the following exception(s). **Applicant is required to enter school rating information above and disclose the presence of the Neighborhood Risk Factor, but no mitigation is required. (§11.101(a)(3)(B)).**

- [X] Elderly Development
- [ ] Development encumbered by a TDHCA LURA on the first day of the Application Acceptance Period or date the pre-application is submitted (if applicable)
- [ ] Supportive Housing SRO Development or Supportive Housing Development where all Units are Efficiency Units

TAB 8

SUPPORTING DOCUMENTATION FOR SITE INFORMATION FORM PART I

Supporting Documentation Checklist for the Site Information Form Part I

Maps:

X **Street Map with Site Drawn and Identified**

X **Census Tract Map with Development Site Identified**

https://www.huduser.gov/portal/sadda/sadda_qct.html
https://data.census.gov/cedsci/

Resolutions:

n/a **Twice the State Average of Units Per Capita Resolution**

n/a **One Mile Three Year Resolution or evidence of other exception**

n/a **Housing Tax Credit Units per Total Household Resolution**

n/a **Poverty Rate Resolution**

A Resolution is attached if the poverty rate exceeds 40% (or 55% for Regions 11 and 13).

n/a **For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of 10 TAC §11.204(4) of the QAP is included**

n/a **For Tax-Exempt Bond Applications the resolution of no objection to satisfy requirements of 10 TAC §11.204(4) of the QAP is not included and will be provided under separate cover no later than the Resolutions Delivery Date described in §11.2(b) of the QAP.**

Zoning and Floodplain

X **Evidence of Zoning and/or Evidence of Re-Zoning Process**

X **Evidence of Flood Zone Designation (FIRM or local government documentation)**

Farmland Designation-Required only if Direct Loan funds are requested.

n/a Information is included in the ESA.

n/a Information is included behind this tab.

Go to https://websoilsurvey.nrcs.usda.gov/app/WebSoilSurvey.aspx **and**

- Go to "Quick Navigation", select address and enter street address, city, and state. If the Development Site does not have a fixed address, enter the street, city and state.
- Just below where it says "Area of Interest Interactive Map" and to the left of where it says "Legend" is a row of buttons. Two at the end are labeled "AOI" for area of interest. Click the rectangle or triangle button based on the relative shape of the Development Site
- Outline the Development Site, getting as much within the rectangle or triangle as possible.
- Select the tab for "Soil Data Explorer", select "Land Classifications", then select "Farmland Classification".
- Select "View Rating". You may need to scroll down to see it.
- In the upper right corner, select "Printable Version". Name it if you wish, scale to "Fit to page", printed sheet size "A landscape (11" x 8.5"). Make sure the box labeled "show UTM Coordinate Ticks" is checked. Select "View".
- Save the file as a PDF and include it in the Application.

Site and Neighborhood Standards (New Construction/Reconstruction Direct Loan Only)

[ ] Descriptive statement regarding promoting housing choice explains HOW the Development will promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low income persons.

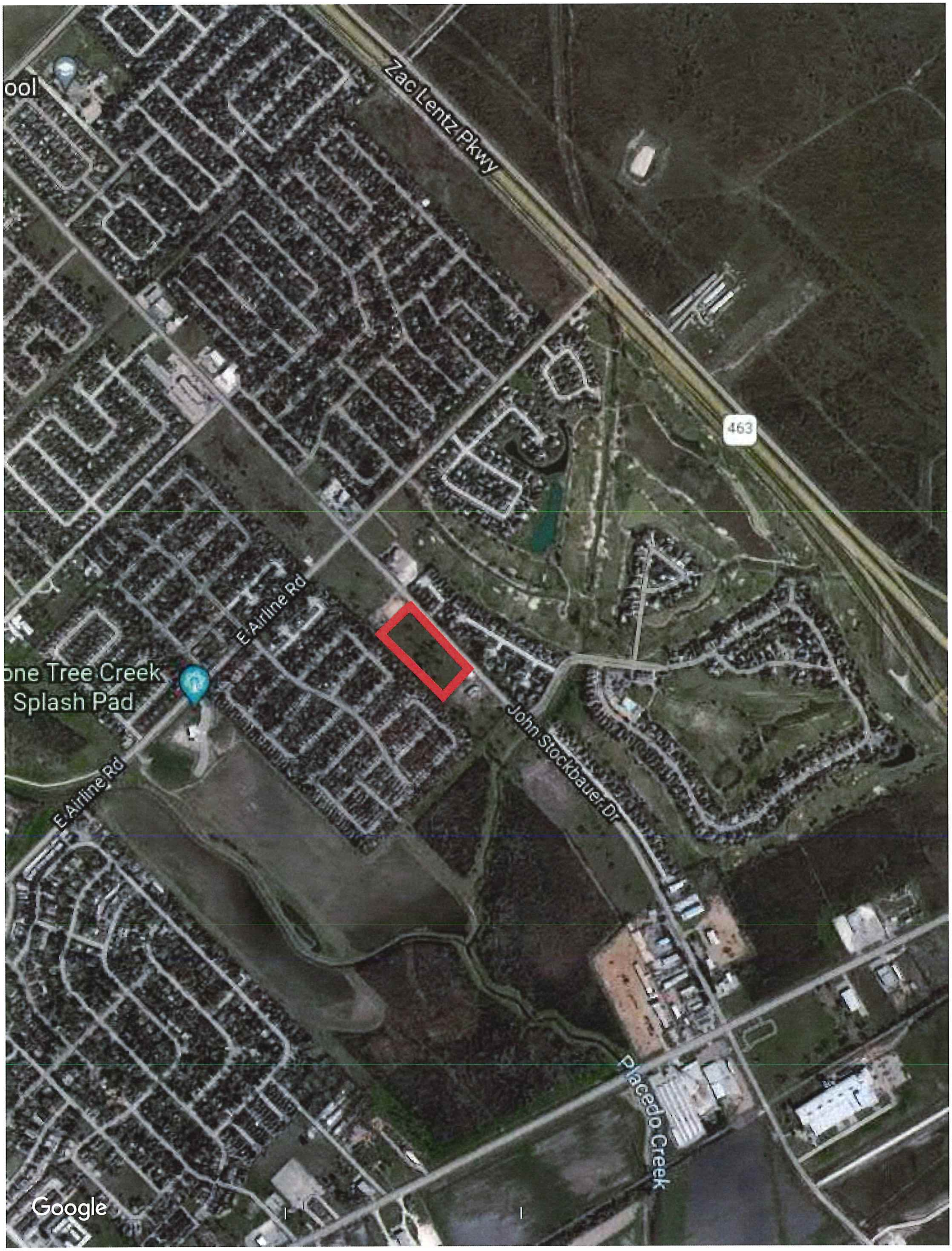
[ ] DP-05 ACS Demographi and Housing Estimates for census tract and city (and county if proposed site is located in a Rural Area) where the proposed Development Site is located (found using the Advanced Search option at www.census.gov).

Educational Quality (all Applications)

[X] School Attendance Zone Map with Development labeled;

If schools are the only Neighborhood Risk Factor, the Report is not required for 2022 Applications.

STREET MAP


ool
Zac Lentz Pkwy
463
E Airline Rd
one Tree Creek
Splash Pad
E Airline Rd
John Stockbauer Dr
Placedo Creek
Google

2021 and 2022 Small DDAs and QCTs

victoria tx Go Select a State Select a County Go

Map Options : Clear | Reset | Full Screen

QCT Legend: Tract Outline | LIHTC Project | 2022 Qualified Census Tracts

SADDA Legend: FMR Boundary | ZCTA Boundary | 2022 Small DDA | Part DDA | Non Metro DDA

Hide the overview

The 2022 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2022. The 2022 designations use data from the 2010 Decennial census. The designation methodology is explained in the federal Register notice published September 9, 2021

Map Options

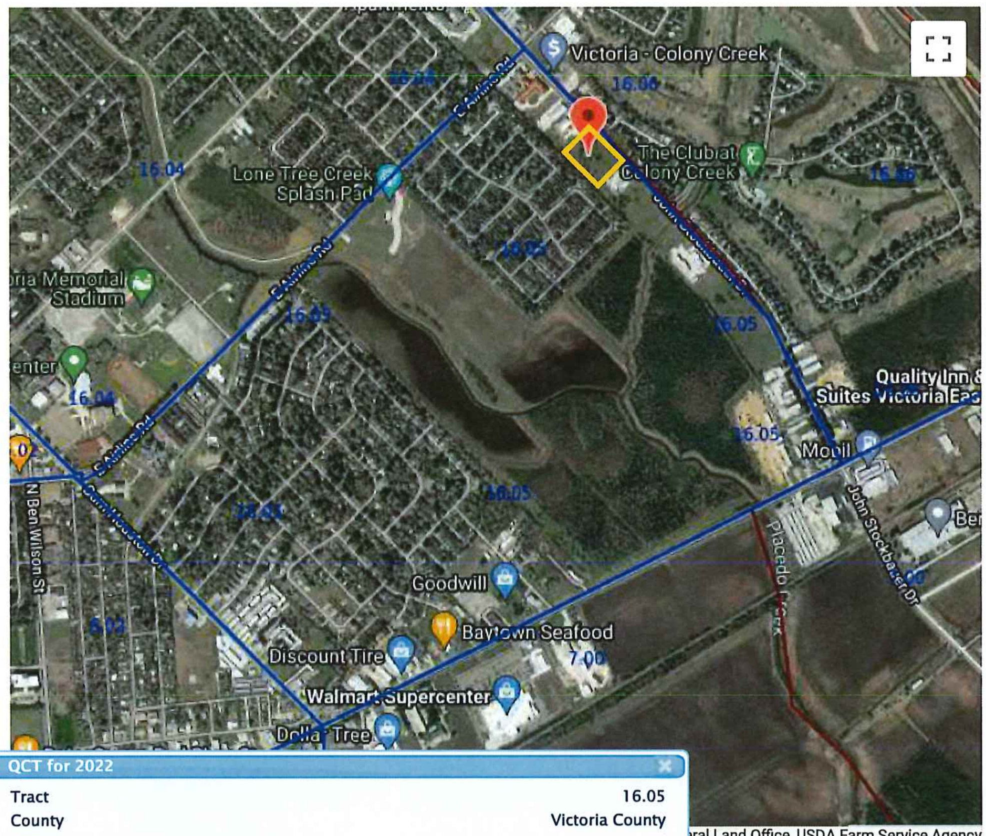
15 Current Zoom Level

- [x] Show Difficult Development Areas (Zoom 7+)
- [ ] Color QCT Qualified Tracts (Zoom 7+)
- [x] Show Tracts Outline (Zoom 11+)
- [ ] Show FMR Outlines (Zoom 4+)
- [ ] Show LIHTC Projects (Zoom 11+)

Click here for full screen map

Select Year

- (•) 2022
- ( ) 2021



QCT for 2022

Tract	16.05
County	Victoria County
State	TX
Status (2022)	
Full Tract Number	48469001605

THE CITY OF
VICTORIA
DEVELOPMENT SERVICES

Established 1824

The mission of the City of Victoria is to meet or exceed our citizens' expectations in the provision of municipal services.

January 10, 2022

Alma Cobb
Realtex Development Corporation
1114 Lost Creek Blvd.
Austin, TX
acobb@realtexdevelopment.com

Dear Ms. Cobb:

This letter is in response to your Land Use Compliance Request submitted to the City of Victoria's Development Services Department. The City of Victoria does not have a zoning ordinance.

The undeveloped property is identified as Parcel No. 34885 and legally described as 02500 Z LANNINGHAM ABST 250, TRACT 5, ACRES 4.42. Addressing will be assigned at ~~ppla~~the time this property is platted and should be in the 1000 block.

The property is unplatted and would need to be platted before any development could occur on the parcel. The property may be developed as a commercial property, if it meets the requirements of the Subdivision and Development Ordinance and all other applicable City Codes and regulations.

The City does enforce various land development regulations contained in a Subdivision and Development Ordinance, including platting requirements, site plan requirements, minimum lot dimensions, building setbacks, easements, off-street parking, landscaping, screening, and other related items. These requirements are triggered by various types of development or redevelopment activities, including the subdivision of land, certain categories of building permits for new structures or expansions, and others.

If you have any further questions, please contact our office at 361-485-3360.

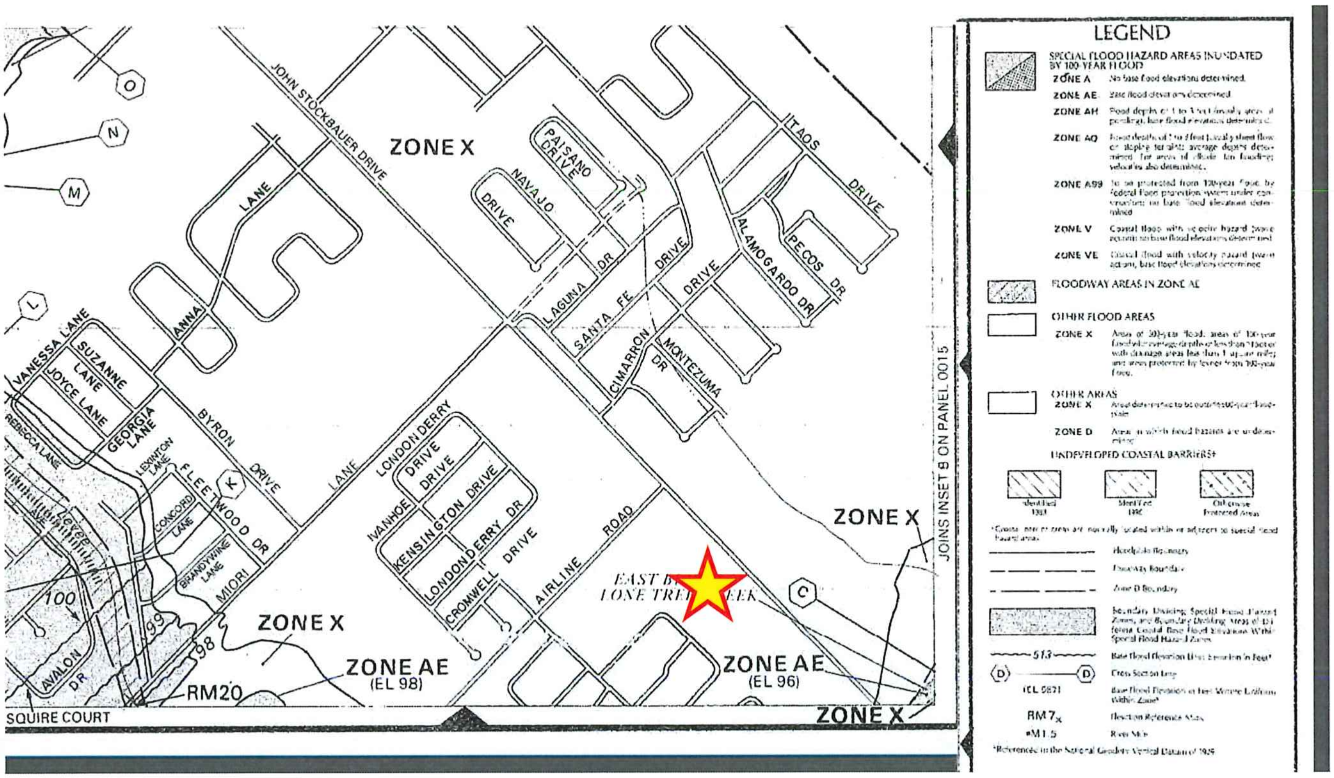
Sincerely,

Lila Foster
Planning Technician

Planning Services:
700 Main Center, Suite 129

P.O. BOX 1758
VICTORIA, TX 77902
PHONE (361) 485-3360
FAX (361) 485-3364
www.victoriatx.org

FLOOD ZONE MAP



TAB 48

TIE-BREAKERS

Tie-Breaker Information (Competitive HTC Only)

Tie-Breaker #1 (§11.7(1) of the QAP)

Applications proposed to be located in a census tract with a poverty rate below the average poverty rate for all awarded Competitive HTC Applications from the past three years, **17.10352** (with Region 11 adding an additional 15% to that value and Region 13 adding an additional 5% to that value), are eligible for the first tie-breaker. Any of the tied Applications that meet the first part of the tie-breaker will progress to the second part. Then the Development in the census tract with the highest percentage of statewide rent burden for renter households at or below 80% Area Median Family Income (AMFI), will win the tie-breaker. Tied Applications that do not meet the first part of the tie-breaker or that are still tied after applying the second part of the tie-breaker will proceed to the second tie-breaker to break the tie.

Is Site in Region 11 or 13? No Poverty Rate = 12.6

Poverty Rate is less than the average Yes

Is Site in Region 11? No Poverty Rate = NA

Applicable Poverty Rate = NA

Poverty Rate is less than 32.10352 No

Is Site in Region 13? No Poverty Rate = NA

Applicable Poverty Rate = NA

Poverty Rate is less than 22.10352 No

Rent Burden Rank = 2026 **(lower number wins tie)**

Tie-Breaker #2 (§11.7(2) of the QAP)

Applications proposed to be located the greatest linear distance from the nearest Housing Tax Credit assisted Development that serves the same Target Population and that was awarded less than 15 years ago according to the Department's property inventory tab of the Site Demographic Characteristics Report.

Development Longitude: --Complete on Third Party (Tab 47)--

Development Latitude: --Complete on Third Party (Tab 47)--

Target Population: Elderly

Closest Development serving same Population:

Application Number:

Address:

Year of Award:

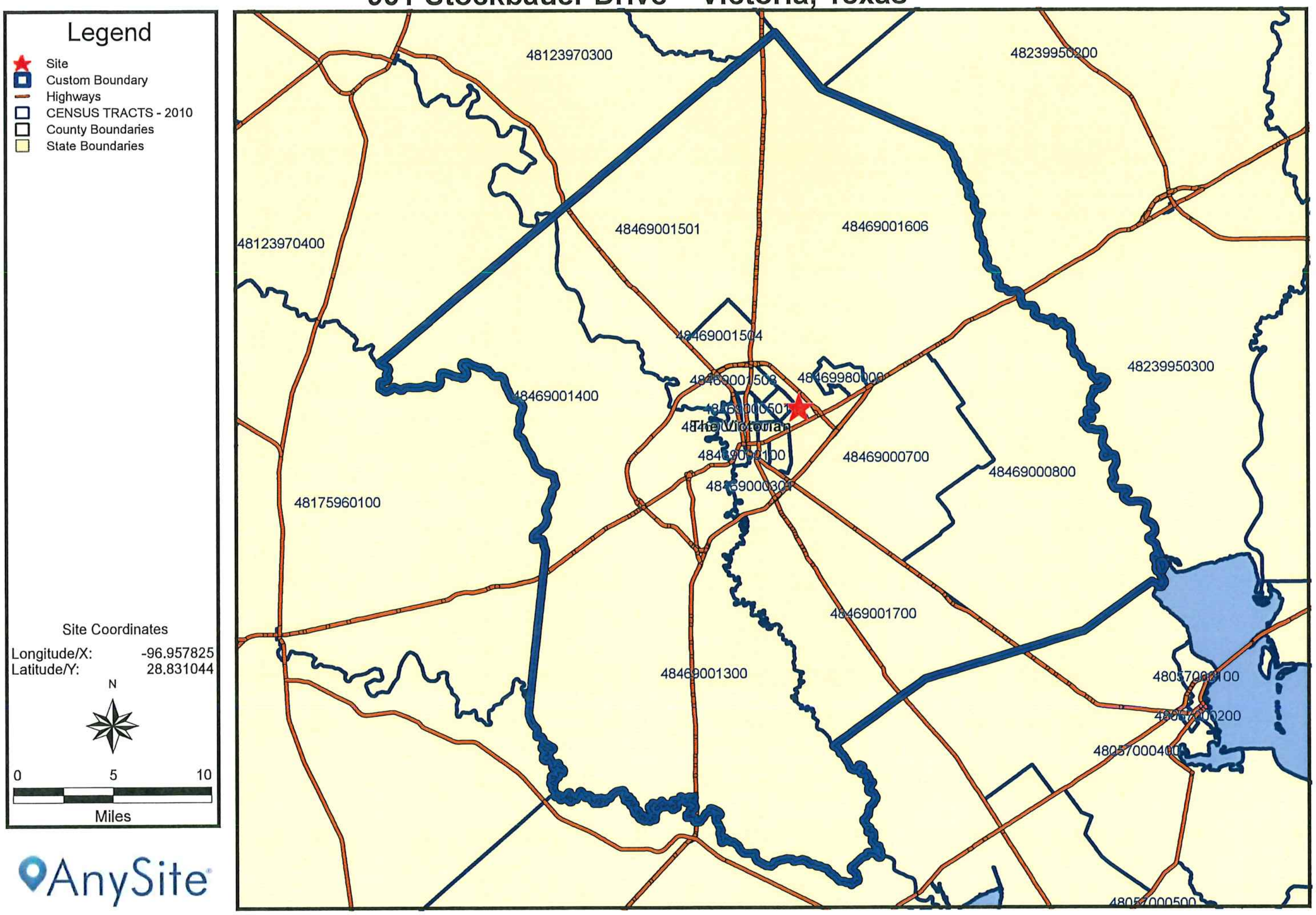
EXHIBIT B

PMA

(See Attached.)

The Victorian

901 Stockbauer Drive   Victoria, Texas



AnySite

Print Date: 2 February 2022

Data Source:

MARKET ANALYSIS SUMMARY

Provider: Apartment MarketData, LLC

Date: 2/1/2022

Contact: Darrell G Jack

Phone: (210) 530-0040

Development: The Victorian

Target Population: Senior

Definition of Senior Age: 55

Site Location: 901 Stockbauer Drive

City: Victoria

County: Victoria

Site Coordinates:

Latitude: 28.831044

Longitude: -96.957825

(decimal degree format)

Primary Market Area (PMA) page

889.42 Square Miles

484690001.00	484690002.01	484690002.02	484690003.01	484690003.02	484690004.00
484690005.01	484690005.02	484690006.01	484690006.02	484690007.00	484690008.00
484690013.00	484690014.00	484690015.01	484690015.03	484690015.04	484690016.01
484690016.04	484690016.05	484690016.06	484690017.00	484699800.00	0.00

EXHIBIT C

**CONFIRMATION OF RECEIPT OF PMA
PRIOR TO APPLICATION SUBMISSION**

(See Attached)

From: Alma Cobb <acobb@realtexdevelopment.com>
Date: Friday, June 3, 2022 at 5:44 PM
To: Rick Deyoe <rdeyoe@realtexdevelopment.com>, Tiffany Cornelius <tcornelius@realtexdevelopment.com>
Subject: Fwd: PMA Maps

Thank you,

Alma Cobb

Begin forwarded message:

> **From:** Kirt Shell <kirt02@hotmail.com>
> **Date:** February 28, 2022 at 3:18:31 PM CST
> **Subject: Re: PMA Maps**
>
> Rick,
> Here are the PMA Maps and Definitions for Alice, Edinburg, Victoria, and Killeen.
>
> Kirt Shell
>
> Office Phone: (512) 312-4238
> Cell Phone: (512) 635-7199

From: Darrell G Jack <djack@stic.net>
Sent: Monday, February 28, 2022 3:04 PM
To: 'Kirt Shell' <kirt02@hotmail.com>
Subject: FW: PMA Maps

From: Rick Deyoe <rdeyoe@realtexdevelopment.com>
Sent: Monday, February 28, 2022 12:30 PM
To: Darrell Jack (djack@stic.net) <djack@stic.net>
Subject: PMA Maps

Darrell,

Can you please forward us the PMA maps associated with our 4 tax credit application packages?

Thanks

Rick J. Deyoe

President

1114 Lost Creek Blvd., Suite G20
Austin, Texas 78746
PH- (512) 306-9206
FAX (512) 306-9010
CELL (512) 426-5205
www.realtexdevelopment.com

EXHIBIT D

MARKET ANALYSIS SUBMISSION

(See Attached)

Texas Department of Housing and Community Affairs | Web Client

Favorites ▾ Tools ▾ Help mf22174 ▾

Home ▸

Jump to: Web Client

Home

Search

Parent Directory | New Directory | Open | Upload | Download | Delete | More Actions ▾

Name	Size	Time
22174_The Victorian FINAL.pdf	82.27 MB	3/1/2022, 4:57:15 PM
22174_The Victorian.xlsx	4.46 MB	3/1/2022, 4:54:56 PM
22174_The Victorian_ESA.pdf	39.2 MB	3/1/2022, 5:00:16 PM
22174_The Victorian_Feasibility Study.pdf	8.58 MB	3/1/2022, 4:55:26 PM
22174_The Victorian_Market Study.pdf	13.81 MB	4/1/2022, 3:00:04 PM

Directories: 0 Files: 5 Size: 148.32 MB

EXHIBIT E

LETTER – CITY OF VICTORIA

(See Attached)

THE CITY OF
VICTORIA
OFFICE OF MAYOR JEFF BAUKNIGHT

Established 1824,
Founded By Congress,
Republic of Texas, 1839

The mission of the City of Victoria is to meet or exceed our citizens' expectations in the provision of municipal services.

June 7, 2022

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

RE: The Victorian (TDHCA #22174)

Dear Mr. Wilkinson,

I am writing you on behalf of the above referenced proposed development, The Victorian, located at 901 N. John Stockbauer Drive in Victoria, Texas. As the Mayor, I am honored to represent the citizens of the City of Victoria and want you to know that the city has a very strong demand for this type of elderly housing. We put forth all our support behind this Applicant as this proposed development will provide the much-needed housing for our residents living within Victoria and the surrounding area. It would be ashamed for our city to lose out once again to Corpus Christi as it does every year due to a technicality that has no bearing on the merits of the application and could be easily remedied with a phone call or deficiency request. Please consider all that has been said and reinstate the Victorian application.

If you should have any questions or if I may be of further assistance, please do not hesitate to contact my office at (361)485-3030.

Jeff Bauknight
Mayor, City of Victoria

Office of Mayor Jeff Bauknight

City Hall Square,
Main at Juan Linn

June 1, 2022

Writer's direct dial: (512) 475-1676
Email: cody.campbell@tdhca.state.tx.us

Rick J. Deyoe
President
RealTex Development
1114 Lost Creek Blvd, G20
Austin, Texas 78746

RE: Termination of 9% Housing Tax Credit Application
#22174 The Victorian (the "Development")

Mr. Deyoe:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022.

The 2022 Qualified Allocation Plan (QAP) establishes the requirements for Application submission, including 10 TAC §11.205, which describes the Third Party Reports that are required to be submitted with an Application:

> The Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Market Analysis must be submitted no later than the Third Party Report Delivery Date as identified in §11.2(b) of this chapter (relating to Tax-Exempt Bond and Direct Loan Development Dates and Deadlines). For Competitive HTC Applications, the Environmental Site Assessment, Scope and Cost Review, Appraisal (if applicable), and the Primary Market Area map (with definition based on census tracts, and site coordinates in decimal degrees, area of PMA in square miles, and list of census tracts included) must be submitted no later than the Full Application Delivery Date as identified in §11.2(a) of this title (relating to Competitive HTC Deadlines Program Calendar) and the Market Analysis must be submitted no later than the Market Analysis Delivery Date as identified in §11.2(a) of this chapter.

The Application was submitted to compete within the Urban 10 subregion and requests $1,243,435 in Housing Tax Credits to construct 80 units, 65 of which as affordable units, serving the elderly population in Victoria, Texas.

Various Third Party Reports were submitted in a timely manner, including an Environmental Site Assessment and Feasibility Study, but a Primary Market Area map and Market Study were not submitted by the Full Application Delivery Date and Market Analysis Delivery Date respectively as identified in 10 TAC §11.2(a). Accordingly, the Application is terminated subject to your ability to appeal this decision as described below.

An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2022 Qualified Allocation Plan. 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 calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if 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 §11.902 of the 2022 Qualified Allocation Plan for full instructions on the appeals process.

If you have any questions or concerns, please contact me at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Cody Campbell
Director of Multifamily Programs

5d

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on timely filed appeal of scoring for Weber Lofts (#22249) under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, Weber Lofts, Application #22249, is a timely submitted 2022 9% competitive Housing Tax Credit (HTC) Application that requests $1,252,405 in tax credits for the new construction of 58 units in Corpus Christi, Nueces County;

WHEREAS, a scoring notice was issued for this Application on June 15, 2022, which included a reduction of one point related to the Funding Request Amount scoring item established in 10 TAC §11.9(e)(8);

WHEREAS, the Applicant timely filed an appeal, which was denied by the Executive Director on June 27, 2022; and,

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of scoring for Weber Lofts (#22249) be denied.

BACKGROUND

Weber Lofts is a 2022 competitive 9% HTC application that proposes the new construction of 58 units in Corpus Christi, Nueces County. The Application requests $1,252,405 in HTC funding.

10 TAC §11.9 of the Qualified Allocation Plan (QAP) establishes the selection criteria by which competitive applications are scored. 10 TAC §11.9(e)(8) awards one point for applications that request no more than 100% of the amount of LIHTC available within the subregion or set-aside as determined by the regional allocation formula on or before December 1, 2021. Corpus Christi is located in Region 10 Urban, and the amount available in this subregion as of December 1, 2021, was $1,243,435; therefore, the Applicant's final funding request of $1,252,405 would not qualify for the point allowed under 10 TAC §11.9(e)(8).

On June 15, 2022, a scoring notice for this Application was issued by Department staff, which included a one point reduction due to the funding request amount. The Applicant timely submitted an appeal of this scoring notice on June 22, 2022. The appeal suggests that the Applicant was denied due process by being, "denied the opportunity to clarify the inconsistency in the Application through the Deficiency Process."

Tex. Gov't Code §2306.6708 establishes that changes to Application are prohibited except in limited circumstances:

> APPLICATION CHANGES OR SUPPLEMENTS.
>
> (a) Except as provided by Subsection (b), an applicant may not change or supplement an application in any manner after the filing deadline.
>
> (b) This section does not prohibit an applicant from:
>
> > (1) at the request of the department, clarifying information in the application or correcting administrative deficiencies in the application; or
> >
> > (2) amending an application after allocation of housing tax credits in the manner provided by Section 2306.6712.

The process related to "clarifying information in the application or correcting administrative deficiencies in the application" is established in 10 TAC §11.201(6):

> Deficiency Process. The purpose of the deficiency process is to allow an Applicant to provide clarification, explanation, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in an efficient and effective review of the Application. . .

The appeal suggests that, by not being allowed to change the Application to qualify for points, the Applicant has been denied due process; however, this suggestion is based on the incorrect premise that Applicants are entitled to an opportunity to address point losses through the Deficiency Process. This process exists neither in statute nor in the rules that govern the program. "Administrative Deficiency" is defined in 10 TAC §11.1(d)(2), and includes the caveat that Administrative Deficiencies are issued, "in the Department staff's reasonable judgment:"

> Administrative Deficiency--Information requested by Department staff that is required to clarify or explain one or more inconsistencies; to provide non-material missing information in the original Application or pre-application; or to assist staff in evaluating the Application or pre-application that, in the Department staff's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application or pre-application.

As the funding amount requested is consistent throughout the final Application and is substantiated by a letter from the proposed equity investor, staff found no reason to issue a deficiency concerning this matter in order to then allow the Applicant to qualify for the one point that is awarded to those applicants that request the appropriate and qualifying amount of credits. Because of this, the Executive Director denied the Applicant's request and it is now presented to the Board for consideration. Staff recommends that the Board deny the appeal.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

June 27, 2022

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Jose Gonzalez
Creative Urban Multifamily, LLC
San Antonio, Texas

RE: APPEAL OF SCORING OF 9% HOUSING TAX CREDIT APPLICATION
#22249 WEBER LOFTS (THE DEVELOPMENT)

Mr. Gonzalez:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022. A scoring notice was issued on June 15, 2022, which included a reduction of one point related to the Funding Request Amount scoring item established in 10 TAC §11.9(e)(8). This point was deducted because the Application does not qualify for the requested point related to the Funding Request Amount scoring item, which requires that the Application requests no more than 100% of the amount of LIHTC available within the subregion or set-aside as determined by the regional allocation formula on or before December 1, 2021.

The appeal suggests that the Applicant was denied due process by being "denied the opportunity to clarify the inconsistency in the Application through the Deficiency Process" by not being allowed to change the Application to qualify for the requested points. In accordance with 10 TAC §11.201(6), "The purpose of the deficiency process is to allow an Applicant to provide clarification, explanation, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in an efficient and effective review of the Application." As the funding amount requested is consistent throughout the final Application and is substantiated by a letter from the proposed equity investor, staff found no reason to issue a deficiency concerning this matter, and therefore the Deficiency Process was not necessary for the accurate review of this scoring item.

The Application was reviewed in accordance with the 2022 Qualified Allocation Plan, and the scoring notice accurately reflects the points under 10 TAC §11.9(e)(8) for which the Application qualifies. 10 TAC §11.902(a)(2) and the applicable statute provide you the opportunity to appeal staff's scoring decision to me and, thereafter the Board. Your appeal to me, however, set out no substantive argument as to why staff's scoring was incorrect – only that you expected that staff would have provided you the ability to change your Application in order to qualify for the additional point you want. Accordingly, the appeal is denied and, per your request, will be presented to the Department's Governing Board for final consideration at the meeting to be held on July 7, 2022.

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

Bobby Wilkinson
Executive Director

MULTIFAMILY FINANCE DIVISION
Housing Tax Credit Program - 2022 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Appeal Election Form: 22249, Weber Lofts

Note: If you do not wish to appeal this notice, do not submit this form.

I am in receipt of my 2022 scoring notice and am filing a formal appeal to the Executive Director on or before Wednesday, June 22, 2022.

If my appeal is denied by the Executive Director:

- [X] 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 documention to the Executive Director will be utilized.

- [ ] I do not wish to appeal to the Board of Directors.

Signed [signature]

Title MEMBER

Date JUNE 22, 2022

Please email to Colin Nickells:
mailto:colin.nickells@tdhca.state.tx.us

Creative Urban Multifamily, LLC

6892 Fair Grounds Pkwy • San Antonio, TX 78238 • Telephone (210) 264-8017
Email josedos.tx@gmail.com

June 21, 2022

Via Electronic Mail

Mr. Bobby Wilkinson
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas

Re: 22249 Weber Lofts, Urban Subregion 10

Dear Mr. Wilkinson:

Creative Urban Multifamily, LLC, the Applicant, for the above referenced Application submitted for funding in the 2022 Housing Tax Credit Application Cycle.

The Applicant believes they were not given due process by being denied the opportunity to clarify the inconsistency in the Application through the Deficiency Process.

Section 11.201(6) Deficiency Process of the Qualified Allocation Plan states:

> "The purpose of the deficiency process is to allow an Applicant to provide clarification, explanation, or non-material missing information to **resolve inconsistencies in the original Application** or to assist staff in an efficient and effective review of the Application. Deficiencies may be Administrative or Material, in either case they will be treated similarly in that Applicants may receive a deficiency notice and have an opportunity to respond. Applicants are encouraged to utilize manuals or other materials produced by staff, as additional guidance in conjunction with the rules to **provide appropriate support for each item substantiating a claim or representation, such as claims for points,** qualification for set-asides, or meeting of threshold and eligibility requirements."

The Applicant was issued a Deficiency Notice on June 6, 2022 with no mention of the inconsistency in the credit amount (Exhibit A). The Applicant responded to the Deficiency Notice timely. The Applicant then received a Scoring Notice, reducing their score by one point for the credit amount being higher than what was available in the sub-region (Exhibit B).

In accordance with the rules and due process, the Applicant should have been allowed the opportunity to explain and resolve the inconsistency in the Application through the Deficiency Process.

Respectfully, we request you grant the appeal and allow the Applicant their due process.

Sincerely,

Jose Gonzalez

Exhibit A

robbye arxadvantage.net

From: Ben Sheppard <ben.sheppard@tdhca.state.tx.us>
Sent: Monday, June 6, 2022 10:36 AM
To: Jose Gonzalez II; jennfer.gonzalez@creativeurbantx.com; jennifer.gonzalez@creativeurbantx.com; robbye arxadvantage.net
Subject: 22249 - 9% HTC Application Deficiency Notice - TIME SENSITIVE - Please reply immediately acknowledging receipt.

Importance: High

In the course of the Department's Housing Tax Credit **Eligibility/Selection/Threshold** and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(6), §11.201(6)(A) and §11.201(6)(B) of the 2022 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1. H and HV units are not distributed throughout the building. Revise or submit compelling (e.g., legal) evidence that this cannot be done.
2. If a detention pond is required, revise the site plan to show it. Otherwise, confirm this issue remains to be determined or none is needed.
3. Rent Schedule has no description of non-rental income.
4. Cost Schedule does not state name and phone of preparer.
5. Complete all applicable "experience" boxes in the Sponsor Characteristics exhibit.
6. With respect to the prohibition of relationships between the HUB and other members of the owner, developer, and guarantor in the Sponsor Characteristics scoring item, describe any relationship that exists between Jennifer Gonzalez and Jose Gonzalez.

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

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(6)(B) of the 2022 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5pm Austin local time on the fifth business day following the date of this deficiency notice [§11.2(b)(4)]. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved.

Unless the person that issued this deficiency notice, named below, specifies otherwise, submit all documentation at the same time and in only one file using the Department's Serv-U HTTPs System. Once the documents are submitted to the Serv-U HTTPs system, please email the staff member issuing this notice. If you have questions regarding the

Serv-U HTTPs submission process, contact Liz Cline at liz.cline@tdhca.state.tx.us or by phone at (512)475-3227. You may also contact Jason Burr at jason.burr@tdhca.state.tx.us or by phone at (512)475-3986.

All applicants should review §§11.1(b) and 11.1(c) of the 2022 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

****All deficiencies must be corrected or clarified by 5 pm Austin local time on Monday, June 13, 2022. Please respond to this email as confirmation of receipt.****

Thanks,

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

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

Exhibit B

MULTIFAMILY FINANCE DIVISION
Housing Tax Credit Program - 2022 Application Round
Scoring Notice - Competitive Housing Tax Credit Application

Jose Gonzalez
Phone #: (210) 264-8017
Email: josedos.tx@gmail.com
Second Email: jennfer.gonzalez@creativeurbantx.com

Date: June 15, 2022

RE: 2022 Competitive Housing Tax Credit (HTC) Application for Weber Lofts, TDHCA Number: 22249

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2022 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 assessed based on the Application submitted. You should note that five scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the five 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, §11.9(d)(6) Input from Community Organizations, and §11.9(d)(7) Concerted Revitalization Plan.

Section 3 provides information related to any point deductions assessed under §11.9(f) and/or §11.201(7)(B) of the QAP.

Section 4 provides the final cumulative score in bold.

Section 5 includes, as applicable, notes and 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)(4) "Leveraging of Private, State, and Federal Resources", §11.9(b)(1)(A) "Unit Sizes", §11.9(b)(1)(B) "Unit and Development Features", §11.9(c)(1) "Income Levels of Residents", §11.9(c)(2) "Rent Levels of Tenants", §11.9(e)(1) "Financial Feasibility", §11.9(e)(3) "Pre-Application Participation", and may be adjusted should the underwriting review result in changes to the Application that would impact these scores. 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 scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §11.902 of the 2022 QAP. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board. If the score of an Application changes, a revised scoring notice will be provided to the Applicant.

Page 2 of Final Scoring Notice: 22249, Weber Lofts

Section 1:

Score Requested by Applicant (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	138
Score Awarded by TDHCA (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	137
Difference between Requested and Awarded:	1

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
Points Awarded for §11.9(d)(7) Concerted Revitalization Plan:	0

Section 3:

Points Deducted for §11.9(f) and/or §11.201(7)(B) of the QAP:	0

Section 4:

Final Score Awarded to Application by Department staff (Including all points):	**170**

Section 5:

Notes and explanation for difference between points requested and points awarded by the Department, as well as penalties assessed:

§11.9(e)(8) Funding Request Amount. The application is not eligible for one (1) point because the Application requests more Housing Tax Credits than the amount that is available in its respective subregion.

Restrictions and requirements relating to the filing of an appeal can be found in §11.902 of the 2022 QAP. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Wednesday, June 22, 2022. 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 Colin Nickells at (512) 936-7834 or by email at mailto:colin.nickells@tdhca.state.tx.us.

Sincerely,

Colin Nickells

Colin Nickells
Competitive HTC Program Administrator

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on timely filed appeal of scoring for Landmark 301 (#22254), under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, competitive Housing Tax Credit Application #22254 for Landmark 301 was timely submitted to the Department to compete in the 2022 Application round, proposing the new construction of 48 Units in Conroe, Montgomery County;

WHEREAS, a scoring notice was issued for this Application on June 1, 2022, which included a reduction of four points related to the Income Level of Residents scoring item established in 10 TAC §11.9(e)(2);

WHEREAS, the Applicant timely filed the appeal, which was denied by the Executive Director on June 20, 2022; and,

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of scoring for Landmark 301 (#22254) be denied.

BACKGROUND

Landmark 301 (#22254) is a 2022 competitive housing tax credit Application that proposes the new construction of 48 Units in Conroe, Montgomery County. The 2022 Qualified Allocation Plan (QAP) establishes in 10 TAC §11.9(c)(1) that an Application may qualify for 15 points if at least 40% of the Low-Income Units are restricted at 50% of less of Area Median Income (AMI). The Application claims these 15 points, but was submitted with only 21% of the units restricted at 50% AMI. An additional 10% of the units are restricted at 30% AMI; however, these units are used in the Application to support claiming 11 points under 10 TAC §11.9(c)(1), related to Rent Levels of Tenants, and are therefore not eligible to support points claimed under the Income Levels category. A scoring notice was issued on June 1, 2022, which included a deduction of four points, due to the insufficient number of 50% AMI units to support the 15 point-item from this scoring category.

The Applicant timely submitted an appeal of this scoring notice on June 8, 2022. The appeal asserts that this was a "single unintentional typo," related to a dropdown box in the Application, which should be curable under the Department's Administrative Deficiency process; however, a review of the Application shows that this is not the case. In addition to "TC 60%" being chosen in the dropdown box for the units in question, the 60% AMI rent was manually entered into the Application for these units. This 60% rent was also calculated into the Gross Monthly Income, and is factored into the Development's financial information elsewhere in the Application. Critically, if the appellant's proposed 50% rent were entered for these units, the Debt Coverage Ratio on the Application's Pro Forma would drop to 1.08 in year one, increasing steadily to 1.14 in year fifteen. This is insufficient to meet the Department's Underwriting Rules and Guidelines, which requires a Debt Coverage Ratio of at least 1.15 for the first 15 years of the Development's service. Accordingly, changing the AMI level of the units in question from 60% to 50% results in a financially infeasible Application, unless additional changes are made to the financial exhibits elsewhere in the Application.

The appeal cites two other Applications that are competing in the 2022 round as evidence that this matter should be addressed through the Administrative Deficiency process. Staff does not find sufficient similarity between these situations to warrant further analysis.

If the Board grants the appeal, staff will accept the updated Rent Schedule and other financial exhibits submitted by the Applicant, which appear to qualify the Application for the full 15 points in question. If the Board denies the appeal, then the Application will not qualify for those points. Staff recommends that the Board deny the appeal.

Locke Lord LLP

600 Congress, Suite 2200
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

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

June 28, 2022

Via Electronic Mail

Mr. Leo Vasquez, Board Chair
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: #22254, Landmark 301 (the "**Development**")

Greetings:

We represent OPG Partners 301, LLC, which has applied for housing tax credits for the Development referenced above. This letter responds to a scoring notice in which TDHCA asserted that the Application[1] was not entitled to fifteen (15) points under §11.9(c)(1)[2] of the QAP for having at least 40% of all Low-Income Units at 50% or less of AMGI. Only eleven (11) points were awarded, resulting in a loss of four (4) points. For the reasons cited below, Applicant believes the points must be restored.

This appeal is submitted in accordance with Tex. Gov't Code §2306.6715(d), which states "the applicant may appeal directly in writing to the board." Nothing in this appeal presents new information, not contained in or filed with the original Application.

The key question to be answered in this appeal is as follows: When TDHCA staff issues an Administrative Deficiency that impacts scoring, because of an inconsistency in the Application, and the Applicant submits appropriate documentation to resolve the inconsistency, under what circumstances may staff deny the points, despite the fact that the Applicant resolved the inconsistency?

[1] Capitalized terms used but not defined in this letter shall have the meanings given them in the 2022 Qualified Allocation Plan.
[2] Note that the scoring notice refers to §11.9(e)(2), which we believe to be a typographical error.

Summary of Facts

With the four (4) points restored, the Application is the highest scoring Application in this round. On April 29, 2022, TDHCA issued an Administrative Deficiency response request, with very few items to be addressed. One of them said:

Please explain requested scores for §11.9(c)(1) and (2).

Upon receipt of the Administrative Deficiency, the Applicant noted that certain errors in the Application led to an inconsistency between the points requested and the support for those points. In both its Pre-Application and its final Application, the Applicant consistently presented an intent to receive fifteen (15) points under §11.9(c)(1). The Applicant intended for all of its 683 square foot units to be reserved for households at 50% AMFI. Unfortunately, when the Applicant completed the Rent Schedule at Tab 24, it showed five (5) units reserved for households at 50% AMFI and twelve (12) units reserved for households at 60% AMFI. (See Exhibit A.) This resulted in the Development having too few 50% AMFI units to qualify for the fifteen (15) points under §11.9(c)(1). (See Exhibit B.)

The Applicant timely submitted its response with a correction of the errors. Tabs 19 and 24 were revised to correct those errors so that the Rent Schedule would line up with the households intended to be served and, ultimately, the points intended to be received. (See Exhibit C.) Of course, some changes ripple through an Application, so those corrections were also made to resolve the inconsistency. In addition, the investor and lender confirmed their understanding that at least 40% of the units would qualify for households at 50% AMI.

On June 1, 2022, TDHCA issued a scoring notice, removing four (4) points under §11.9(c)(1), stating:

The application does not qualify for (15) points because less than 40% of low income units are restricted at or below 50% of AGMI [sic].

The scoring notice gave the Applicant no indication why the Department reduced the points, when the Applicant produced corrected information to resolve the inconsistency.

Legal Analysis

§11.201(6) of the QAP states:

> The purpose of the deficiency process is to allow an Applicant to provide clarification, explanation, or non-material missing information to resolve inconsistencies in the original Application or to assist staff in an efficient and effective review of the Application.

The Administrative Deficiency issued by TDHCA did exactly what it was supposed to – it identified an inconsistency and asked the Applicant to address it. The inconsistency was that the Applicant claimed fifteen (15) points in Tab 19 for having at least 40% of the units reserved for households at 50% AMGI, but the Rent Schedule in Tab 24 showed that only 20.83% of the units would be reserved for households at 50% AMGI.

The definition of Administrative Deficiency states:

> If an Applicant claims points for a scoring item, but provides supporting documentation that would support fewer points for that item, staff would treat this as an inconsistency and may issue an Administrative Deficiency or take action without an Administrative Deficiency which will result in a correction of the claimed points to align with the provided supporting documentation.

The language is very clear. Because the Applicant requested fifteen (15) points in Tab 19 but only supported eleven (11) points in Tab 24, "staff would treat this as an inconsistency." Upon noting that inconsistency, staff has two choices – it can "issue an Administrative Deficiency" or "take action without an Administrative Deficiency". In this case, staff chose to issue an Administrative Deficiency. This implies that the Applicant is allowed an opportunity to resolve the inconsistency by responding to the Administrative Deficiency. The Applicant did, and now the claimed points "align with the provided supporting documentation." Note, further, that when the Administrative Deficiency was submitted, TDHCA staff crossed through the erroneous Tabs 19 and 24 included in the online version (see <u>Exhibits A and B</u>) and replaced them with the revised Tabs 19 and 24 (see <u>Exhibit C</u>) for those revised tabs to now become a part of the Application.

Conclusion and Request for Approval on Appeal

TDHCA staff decided that the inconsistency in the Application was worthy of a deficiency request. The inconsistency resulted from an error that was capable of resolution, without submitting new information that was not available prior to the submission of the Application. With that, the four (4) points must be retained.

We respectfully request that you reinstate the four (4) points under §11.9(c)(1). Thank you very much.

Sincerely,

Cynthia L. Bast

Cynthia L. Bast

Exhibit A

Tab 24 Rent Schedule from Initial Application

Rent Schedule

Self Score Total: 135

Unit types must be entered from smallest to largest based on “# of Bedrooms” and “Unit Size”, then within the same “# of Bedrooms” and “Unit Size” from lowest to highest “Rent Collected/Unit”. You are not required to distinguish the HC or AV Units from other Units that are the same size/floor plan.

If MFDL only or MFDL is the only permanent financing, there cannot be ANY market rate Units. If HTC and scattered site, there cannot be ANY market rate Units.

Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Rent Designations (select from Drop down menu)

HTC Units	MFDL HOME Units	MFDL NHTF Units	TDHCA MRB Units	Other/ Subsidy Units	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%					1	0	1.0	616	616	414	45	369	369
TC 50%					1	0	1.0	616	616	690	45	645	645
TC 60%					3	0	1.0	616	1,847	828	45	783	2,349
TC 30%					3	1	1.0	853	2,559	443	59	384	1,152
TC 50%					3	1	1.0	853	2,559	739	59	680	2,040
TC 50%					5	1	1.0	683	3,415	739	59	680	3,400
TC 60%					12	1	1.0	683	8,195	887	59	828	9,936
TC 60%					16	1	1.0	734	11,744	887	59	828	13,248
TC 30%					1	2	1.0	946	946	532	75	457	457
TC 50%					1	2	1.0	946	946	887	75	812	812
TC 60%					2	2	1.0	946	1,892	1,065	75	990	1,980
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RENT LIMITS

AMFI %	0	1	2
~~20~~	~~$277~~	~~$297~~	~~$356~~
30	$416	$445	$534
~~40~~	~~$555~~	~~$594~~	~~$713~~
50	$693	$743	$891
60	$832	$891	$1,069

Exhibit B

Tab 19 from Initial Application

Development Activities II

Self Score Total: 135

1. Size and Quality of Units (Competitive HTC Applications only) [10 TAC §11.9(b)(1)]

x Development is Rehabilitation (excluding Reconstruction-Only), Supportive Housing, or USDA financed; **OR** meets the minimum size requirements below: (6 points) **(NEW: If the Development involves both Rehabilitation and Reconstruction or New Construction, then the Reconstruction or New Construction Units must meet these requirements.)** — **Points claimed:** 6

Bedroom Size	0	1	2	3	4
Square Footage	550	650	850	1,050	1,250

x Specific amenities and quality features will be provided in every Unit at no extra charge to the resident; Development will maintain the points selected and associated with those amenities as outlined in 10 TAC §11.101(b)(6)(B).* (9 points) — **Points claimed:** 9

** Direct Loan applicants proposing new construction or rehabilitation should be prepared to comply with requirements of 81 FR 92626, which requires installation of broadband infrastructure at the time of new construction or substantial rehabilitation of multifamily rental housing that is funded or supported by HUD.*

2. Rent Levels of Residents and Tiebreaker (Direct Loan Applications only) [10 TAC §13.6(5) and (6)]

Mark only one box below:

- [ ] At least 20 percent of all low-income Units at 30% or less of AMGI* — **Direct Loan Points:** 0
- [ ] At least 10 percent of all low-income Units at 30% or less of AMGI or, for a Development located in a Rural Area, 7.5 percent of all low-income Units at 30% or less of AMGI* — **Direct Loan Points:** 0
- [ ] At least 5 percent of all low-income Units at 30% or less of AMGI* — **Direct Loan Points:** 0

[ ] In the event of a tie with another application or applications, this percentage of 30% AMGI MFDL units within the Development would be converted to be available to households at 15% AMGI.

** Applicants electing to restrict units at 30% AMGI for Competitive HTC or income averaging purposes may not count those same units for scoring points under §13.6(5). However, units restricted to ≥40% AMGI for HTC purposes that are layered with 30% AMGI units for Direct Loan purposes may count for point scoring under §13.6(5).* ***Points claimed here will appear on the MFDL Self Score tab.***

Application is seeking points for Rent Levels of Residents. — **Direct Loan Points Claimed:** 0

3. Subsidy Per Unit (Direct Loan Applications only) [10 TAC §13.6(4)] Mark only one box below:

- [ ] Direct Loan Request/ Direct Loan or NHTF Units ≤ 60,000 — **Direct Loan Points:** 0
- [ ] Direct Loan Request/ Direct Loan or NHTF Units = 60,001 - 80,000 — **Direct Loan Points:** 0
- [ ] Direct Loan Request/ Direct Loan or NHTF Units = 80,001 - 100,000 — **Direct Loan Points:** 0

Applicants should confirm any point selections in this section by using the Direct Loan Unit Calculator Tool on the Apply for Funds page on the TDHCA website: https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. ***Points claimed here will appear on the MFDL Self Score tab.***

Application is seeking points for Subsidy Per Unit. — **Direct Loan Points Claimed:** 0

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

**30% boost Units and 30% Units used for other scoring items must not be included in the units needed to achieve the Application's scoring elections*

x **Application proposes to use the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively.**

15	Total Number of Units at 50% or less of AMGI	**COMPLETE THIS SECTION!**
5	Number of 30% Units used to score points under §11.9(c)(2)*	**CHECK YOUR MATH!**
	Number of 30% Units used under §11.4(c)(3)(D) regarding an Increase in Eligible Basis (30% boost)	
10	Number of Units at 50% or less of AMGI available to use for points under §11.9(c)(1)	
20.83%	Percentage used for calculation of eligible points under §11.9(c)(1)	

A. x **Development located in Non-Rural Area of Dallas, Fort Worth, Houston, San Antonio or Austin MSA, and**

- [ ] Development is Supportive Housing proposed by a Qualified Nonprofit (16 points) — 0
- x Development is NOT Supportive Housing proposed by a Qualified Nonprofit (up to 15 pts) — 11

B. [ ] **Development proposed in all other areas.**

- [ ] Development is Supportive Housing proposed by a Qualified Nonprofit (16 points) — 0
- [ ] Development is NOT Supportive Housing proposed by a Qualified Nonprofit (up to 15 pts) — 0

These boxes calculate the score based on information entered but do not populate the Self Score form. Select elected points in the yellow box below.

OR (DO NOT COMPLETE BOTH)

Exhibit C

Tabs 24 and 19 from Initial Application

Rent Schedule

Self Score Total: **135**

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit". You are not required to distinguish the HC or AV Units from other Units that are the same size/floor plan.

If MFDL only or MFDL is the only permanent financing, there cannot be ANY market rate Units. If HTC and scattered site, there cannot be ANY market rate Units.

Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Rent Designations (select from Drop down menu)													
HTC Units	MFDL HOME Units	MFDL NHTF Units	TDHCA MRB Units	Other/ Subsidy Units	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%					1	0	1.0	616	616	414	45	369	369
TC 50%					1	0	1.0	616	616	690	45	645	645
TC 60%					3	0	1.0	616	1,847	828	45	783	2,349
TC 30%					3	1	1.0	853	2,559	443	59	384	1,152
TC 50%					3	1	1.0	853	2,559	739	59	680	2,040
TC 50%					5	1	1.0	683	3,415	739	59	680	3,400
TC 50%					12	1	1.0	683	8,195	739	59	680	8,160
TC 60%					16	1	1.0	734	11,744	887	59	828	13,248
TC 30%					1	2	1.0	946	946	532	75	457	457
TC 50%					1	2	1.0	946	946	887	75	812	812
TC 60%					2	2	1.0	946	1,892	1,065	75	990	1,980
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Development Activities II

Self Score: 135

1. Size and Quality of Units (Competitive HTC Applications only) [10 TAC §11.9(b)(1)]

[x] Development is Rehabilitation (excluding Reconstruction-Only), Supportive Housing, or USDA financed; **OR** meets the minimum size requirements below: (6 points) **(<u>NEW</u>: If the Development involves both Rehabilitation and Reconstruction or New Construction, then the Reconstruction or New Construction Units must meet these requirements.)** — **Points claimed:** 6

Bedroom Size	0	1	2	3	4
Square Footage	550	650	850	1,050	1,250

[x] Specific amenities and quality features will be provided in every Unit at no extra charge to the resident; Development will maintain the points selected and associated with those amenities as outlined in 10 TAC §11.101(b)(6)(B).* (9 points) — **Points claimed:** 9

** Direct Loan applicants proposing new construction or rehabilitation should be prepared to comply with requirements of 81 FR 92626, which requires installation of broadband infrastructure at the time of new construction or substantial rehabilitation of multifamily rental housing that is funded or supported by HUD.*

2. Rent Levels of Residents and Tiebreaker (Direct Loan Applications only) [10 TAC §13.6(5) and (6)]

Mark only one box below:

[ ] At least 20 percent of all low-income Units at 30% or less of AMGI* — **Direct Loan Points:** 0

[ ] At least 10 percent of all low-income Units at 30% or less of AMGI or, for a Development located in a Rural Area, 7.5 percent of all low-income Units at 30% or less of AMGI* — **Direct Loan Points:** 0

[ ] At least 5 percent of all low-income Units at 30% or less of AMGI* — **Direct Loan Points:** 0

[ ] In the event of a tie with another application or applications, this percentage of 30% AMGI MFDL units within the Development would be converted to be available to households at 15% AMGI.

** Applicants electing to restrict units at 30% AMGI for Competitive HTC or income averaging purposes may not count those same units for scoring points under §13.6(5). However, units restricted to ≥40% AMGI for HTC purposes that are layered with 30% AMGI units for Direct Loan purposes may count for point scoring under §13.6(5).* ***Points claimed here will appear on the MFDL Self Score tab.***

Application is seeking points for Rent Levels of Residents. — **Direct Loan Points Claimed:** 0

3. Subsidy Per Unit (Direct Loan Applications only) [10 TAC §13.6(4)] Mark only one box below:

[ ] Direct Loan Request/ Direct Loan or NHTF Units ≤ 60,000 — **Direct Loan Points:** 0

[ ] Direct Loan Request/ Direct Loan or NHTF Units = 60,001 - 80,000 — **Direct Loan Points:** 0

[ ] Direct Loan Request/ Direct Loan or NHTF Units = 80,001 - 100,000 — **Direct Loan Points:** 0

Applicants should confirm any point selections in this section by using the Direct Loan Unit Calculator Tool on the Apply for Funds page on the TDHCA website: https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. ***Points claimed here will appear on the MFDL Self Score***

Application is seeking points for Subsidy Per Unit. — **Direct Loan Points Claimed:** 0

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

**30% boost Units and 30% Units used for other scoring items must not be included in the units needed to achieve the Application's scoring*

[x] **Application proposes to use the 20-50 or 40-60 election under §42(g)(1)(A) or §42(g)(1)(B) of the Code, respectively.**

27	Total Number of Units at 50% or less of AMGI
5	Number of 30% Units used to score points under §11.9(c)(2)*
	Number of 30% Units used under §11.4(c)(3)(D) regarding an Increase in Eligible Basis (30% boost)
22	Number of Units at 50% or less of AMGI available to use for points under §11.9(c)(1)
45.83%	Percentage used for calculation of eligible points under §11.9(c)(1)

COMPLETE THIS SECTION!
CHECK YOUR MATH!

A. [x] **Development located in Non-Rural Area of Dallas, Fort Worth, Houston, San Antonio or Austin MSA, and**

[ ] Development is Supportive Housing proposed by a Qualified Nonprofit (16 points) — 0

[x] Development is NOT Supportive Housing proposed by a Qualified Nonprofit (up to 15 pts) — 15

B. [ ] **Development proposed in all other areas.**

[ ] Development is Supportive Housing proposed by a Qualified Nonprofit (16 points) — 0

[ ] Development is NOT Supportive Housing proposed by a Qualified Nonprofit (up to 15 pts) — 0

These boxes calculate the score based on information entered but do not populate the Self Score form. Select elected points in the yellow box below.

OR (DO NOT COMPLETE BOTH)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

June 20, 2022

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Matthew Gillam
Overland Property Group, LLC
Leawood, Kansas

RE: APPEAL OF SCORING OF 9% HOUSING TAX CREDIT APPLICATION
#22254 LANDMARK 301 (THE DEVELOPMENT)

Mr. Gillam:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022. A scoring notice was issued on June 1, 2022, which included a deduction of four points from the score requested in the Application. These points were deducted because the Application does not qualify for 15 points under 10 TAC §11.9(c)(1), related to Income Level of Residents, which requires that at least 40% of all low-income units be restricted at 50% or less of area median income (AMI). The Application was submitted with 21% of the units restricted at 50% AMI. An additional 10% of the units are restricted at 30% AMI; however, these units are used in the Application to support claiming 11 points under 10 TAC §11.9(c)(1), related to Rent Levels of Tenants, and are therefore not eligible to support points claimed under the Income Levels category.

The appeal asserts that this was a "single unintentional typo," related to a dropdown box in the Application, which should be curable under the Department's Administrative Deficiency process; however, a review of the Application shows that this is not the case. In addition to "TC 60%" being chosen in the dropdown box for the units in question, the 60% AMI rent was manually entered into the Application for these units. This 60% rent was also calculated into the Gross Monthly Income, and is factored into the Development's financial information elsewhere in the Application. Critically, if the appellant's proposed 50% rent were entered for these units, the Debt Coverage Ratio on the Application's Pro Forma would drop to 1.08 in year one, increasing steadily to 1.14 in year fifteen. This is insufficient to meet the Department's Underwriting Rules and Guidelines, which requires a Debt Coverage Ratio of at least 1.15 for the first 15 years of the Development's service. Accordingly, changing the AMI level of the units in question from 60% to 50% results in a financially infeasible Application, unless additional changes are made to the financial exhibits elsewhere in the Application.

The appeal cites two other Applications which are competing in the 2022 round as evidence that this matter should be addressed through the Administrative Deficiency process. The first of these, Kirkwood Crossing (#22023), initially deferred more than 50% of the developer fee, which would make the Application ineligible for 3 points related to financial leveraging. An Administrative Deficiency was issued related to this matter, the Applicant provided new financial exhibits for the Application which qualified for the 3 points in question, and a scoring notice was issued on May 25, 2022, which awarded those points. Staff has reviewed this matter and determined that this Application does not qualify for these points, and a revised scoring notice was issued on June 13, 2022, subject to the Application's ability to appeal.

The second matter cited in the appeal, related to Las Brisas Redevelopment (#22114), concerns a matter related to that Application's claiming of points related to Opportunity Index. Staff does not find sufficient similarity between these two situations to warrant further analysis.

The Application was reviewed in accordance with the 2022 Qualified Allocation Plan, and the scoring notice accurately reflects the points under 10 TAC §11.9(c)(1) for which the Application qualifies. Accordingly, the appeal is denied and will be presented to the Department's Governing Board for consideration at the meeting to be held on July 7, 2022.

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

R D Wil II

Bobby Wilkinson
Executive Director

Appeal Election Form: 22254, Landmark 301

Note: If you do not wish to appeal this notice, do not submit this form.

I am in receipt of my 2022 scoring notice and am filing a formal appeal to the Executive Director on or before the seventh calendar day after the date of the scoring notice.

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 documention to the Executive Director will be utilized.

☐ I do not wish to appeal to the Board of Directors.

**We request that this Appeal be heard at the July 7, 2022 Board Meeting in order to give speakers local to the Conroe area time to make travel arrangements.

Signed ____________________

Title Managing Partner

Date June 8, 2022

Please email to Colin Nickells:
mailto:colin.nickells@tdhca.state.tx.us

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June 8, 2022

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th St
Austin, TX 78701

RE: Notice of Appeal for 22254 Landmark 301

Dear Mr. Wilkinson

This letter serves as a formal appeal of the Scoring Notice for HTC 22254 Landmark 301 dated June 01, 2022. According to the scoring notice, 131 points were awarded instead of the 135 points requested by the Applicant. The difference of 4 points was for 11.9(e)(2) Income Levels of Residents. The scoring notice states "The application does not qualify for (15) points because less than 40% of low income units are restricted at or below 50% of AGMI."

Income Levels of Residents

This scoring item concerns the percentage of 50% units in a development. 15 points may be awarded for General or Elderly developments if at least 40% of the units are restricted to incomes of 50% or less. In order to be competitive in the Application Round, Applications must choose the highest point value possible. The 22254 Pre-Application selected 15 points for this scoring item and the Full Application also selected 15 points.

As explained in the deficiency response, there was a typo when completing the Excel spreadsheet and one of the dropdown boxes in the Rent Schedule inadvertently selected 60% when it should have selected 50%. This miscalculated the income levels for the units and created an inconsistency with regard to the points claimed in both the Pre-Application and the Tab 6a Self Score in the Full Application. Tab 19 Development Activities II includes 10 different HTC scoring items including Income Levels of Residents. On this form, all of the "points claimed" boxes automatically populate based on the Applicant's checkboxes for each scoring item *except* for the Income Levels of Residents scoring item. This scoring item has checkboxes that make a calculation and generates a point value, but the Applicant is required to manually select the "points claimed." This can create an inconsistency between the "points claimed" box and the calculation box, which is not possible with any other scoring item on the form. (It should be noted that in the 2019 Excel application, the "points claimed" box for Income Levels of Residents automatically populated to match whichever box was checked based on the calculation, so that there was no way to have a discrepancy between what was claimed and what was calculated. We do not know why this was changed starting in 2020.) Unfortunately, when reviewing the Application prior to submission, we looked at the "points claimed" box and the Tab 6a Self Score and did not realize that there was an error that did not calculate to the full 15 points.

This is a single unintentional typo that creates an inconsistency between the points claimed and the supporting documentation. In the deficiency notice dated April 29, 2022, we were asked to "Please explain requested scores for §11.9(c)(1) and (2)." We explained the typo and submitted documentation that would correct the issue.

Statute Does Not Prohibit This Correction

There is no language in Statute that would prohibit Staff, the Executive Director, or the Board from allowing the Applicant to correct this item. Section 2306.6708 concerns Application changes or supplements and the language is as follows:

> Sec. 2306.6708. APPLICATION CHANGES OR SUPPLEMENTS. (a) Except as provided by Subsection (b), an applicant may not change or supplement an application in any manner after the filing deadline.
>
> (b) This section does not prohibit an applicant from:
>
> (1) at the request of the department, clarifying information in the application or correcting administrative deficiencies in the application; or
>
> (2) amending an application after allocation of housing tax credits in the manner provided by Section 2306.6712.

Section 2306.6708(b)(1) explicitly allows for the correction of administrative deficiencies at the request of the department.

2022 Definition of Administrative Deficiency

The QAP defines "Administrative Deficiency," and that definition changed significantly for 2022.

In 2021, the QAP was clear that scoring items would be awarded/corrected to align with the supporting documentation. The exact language of the 2021 QAP is as follows with the relevant sentence underlined. There is no option other than to correct the points requested to match what was submitted in the Application.

> (2) Administrative Deficiency--Information requested by Department staff that staff requires to clarify or explain one or more inconsistencies; to provide non-material missing information in the original Application or pre-application; or to assist staff in evaluating the Application or pre-application that, in the Department staff's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application or pre-application. Administrative Deficiencies may be issued at any time while the Application or pre-application or Contract is under consideration by the Department, including at any time while reviewing performance under a Contract, processing documentation for a Commitment of Funds, closing of a loan, processing of a disbursement request, closing out of a Contract, or resolving of any issues related to compliance. A matter may begin as an Administrative Deficiency but later be determined to have constituted a Material Deficiency. <u>If an Applicant claims points for a scoring item, but provides supporting documentation that would support fewer points for that item, staff would treat this as an inconsistency and issue an Administrative Deficiency which will result in a correction of the claimed points to align with the provided supporting documentation.</u> If the supporting documentation is not provided for claimed points, the item would be assigned no points.

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The following changes were made to the definition in the 2022 QAP:

(2) Administrative Deficiency--Information requested by Department staff that ~~staff requires~~is required to clarify or explain one or more inconsistencies; to provide non-material missing information in the original Application or pre-application; or to assist staff in evaluating the Application or pre-application that, in the Department staff's reasonable judgment, may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application or pre-application. Administrative Deficiencies may be issued at any time while the Application, or pre-application ~~or Contract~~ is under consideration by the Department, including at any time ~~while reviewing performance under a Contract, processing documentation for a Commitment of Funds, closing of a loan, processing of a disbursement request, closing out of a Contract, or resolving of any issues related to compliance~~after award or allocation and throughout the Affordability Period. A matter may begin as an Administrative Deficiency but later be determined to have constituted a Material Deficiency. If an Applicant claims points for a scoring item, but provides supporting documentation that would support fewer points for that item, staff would treat this as an inconsistency and may issue an Administrative Deficiency or take action without an Administrative Deficiency which will result in a correction of the claimed points to align with the provided supporting documentation. ~~If the supporting documentation is not provided for claimed points, the item would be assigned no points.~~

The language change is significant because the QAP adds an "or" which now allows staff to make a choice if an Applicant requests points for a scoring item but provides documentation that does not match the request. For 2022, staff can "treat this as an inconsistency and may issue an Administrative Deficiency **or** take action without an Administrative Deficiency which will result in a correction of the claimed points to align with the provided supporting documentation."

In 2021 and prior years, the QAP required that scoring items be adjusted to align with the documentation included in the Application. However, the 2022 QAP gives staff the ability to issue a deficiency and allow correction.

Kansas City Office | 5341 W. 151st Terrace | Leawood, Kansas 66224 | 913.396.6310 | overlandpg.com

Board Member Comments on Mistakes

There is no disputing that the HTC application process is very technical and it is imperative that Applicants fill out Applications carefully and completely; however, mistakes do occur. At the August 9, 2021, Rules Committee Meeting regarding the 2022 QAP, Mr. Leo Vasquez III made the following comments as found in the meeting transcript:

> MR. VASQUEZ: Yeah, right. Absolutely. I agree with you, Marni.
>
> And I don't know if -- between Bobby and Beau and Marni, if there's a way -- and I know some of this is statutory, but wherever possible, there's got to be a way that we can incorporate in our rules, and just kind of standard operating procedure, items that are truly not material that can just be correcting a mistake.
>
> Someone forgot to check a box or cross a T or dot an I, that should be able to get resolved, and that staff, with the authority to accept a -- what would -- an immaterial error or something that -- again, I just think that there's things that end up getting escalated, that really didn't need to be escalated. And I don't know how building that discretion, that flexibility in the rules -- and again, that's that whole -- get rid of the -- those gotcha situations.

With 22254 Landmark 301, there was a typo in one of the dropdown boxes in the Rent Schedule that inadvertently selected the wrong income level, which then caused an incorrect calculation for this scoring item. This was a single unintentional mistake and we believe it is comparable to forgetting to check a box or cross a T. This is not a material correction that would require a substantial re-review of the Application. The correction does not require changes to the financing. And as provided as evidence in the deficiency response, both the lender and syndicator confirmed that the development had at least 40% of the units at 50% AMGI prior to submission of the Application.

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Mistakes Concerning Scoring Items in Other 2022 HTC Applications
We have identified two instances, also in Region 6 Urban, where Applicants made mistakes on scoring items but were allowed by staff to correct the items through the deficiency process.

22023 Kirkwood Crossing
This Application was submitted with a financing structure where there is more than 50% deferred developer fee. However, the Applicant also selected 3 points for Leveraging of Private, State, and Federal Resources, which requires the deferred developer fee to be less than 50%. In fact, the Leveraging of Private, State, and Federal Resources scoring item specifically states the following:

> (B) The calculation of the percentages stated in subparagraph (A) of this paragraph will be based strictly on the figures listed in the Funding Request and Development Cost Schedule. Should staff issue an Administrative Deficiency that requires a change in either form, then the calculation will be performed again and the score adjusted, as necessary. However, points may not increase based on changes to the Application. In order to be eligible for points, no more than 50% of the Developer Fee can be deferred. Where costs or financing change after completion of underwriting or award (whichever occurs later), the points attributed to an Application under this scoring item will not be reassessed unless there is clear evidence that the information in the Application was intentionally misleading or incorrect.

The QAP specifically states that the calculation will be based "strictly" on the figures in the Funding Request and Development Cost Schedule and that points may not increase based on changes to the Application. If treated like 22254 Landmark 301, 22023 should have lost the 3 Leveraging points because the Application as submitted did not qualify. However, in a deficiency dated May 5, 2022, staff made the following request:

5	Tab 35	11.204(7)(D)	Equity Letter	any fees, charged by the syndicator. Please clarify.
6	Tab 35	11.9(e)(4)(B)	Deferred Developer Fee	The percentage of the Developer Fee that is deferred calculates to 54.29%. It must be below 50%. Please revise and resubmit.

In response to the deficiency, it appears that the Applicant submitted a new Sources and Uses with a reduced developer fee (without revising all of the other Application forms that would have been required due to the change). Without this correction, the Application as submitted is ineligible for Leveraging points. This exact same issue occurred in 2021 with HTC 21149 Residences at Alpha. HTC 21149 also deferred more than 50% of deferred developer fee and staff did not ask them to revise the developer fee or award Leveraging points. That Applicant appealed to the Board and the Board denied the Appeal. Please see the attached board documents. The deficiency notice that directs 22023 to reduce deferred developer fee and therefore make it eligible for Leveraging points is completely opposite from the way the same issue was handled in 2021. If this treatment of ineligibility for a scoring item has changed for 2022 because of changes to the QAP with regard to Administrative Deficiency, we would expect this treatment to be consistent between scoring items and applications.

OVERLAND
PROPERTY GROUP

22114 Las Brisas Redevelopment
This Application requested 7 points for Opportunity Index. The census tract was eligible for 1 point and on Tab 9 Site Information Form Part II, the Applicant listed exactly 6 items, which would total the 7 requested points. One of the 6 items listed is a Library that does not meet QAP requirements. If treated like 22254 Landmark 301, 22114 should have lost 1 point since the Library did not qualify and the Application would receive 6 points based on the documentation submitted in the Application. However, in the deficiency notice dated May 23, 2022, staff made the following request:

> 3. Opportunity Index items for scoring must be listed in Tab 9, part 1, and each item listed must be supported by documentation of the required features. Documentation associated with the public library listed in part 1 is deficient because it does not show the library to be open at least 50 hours per week. Both the Opportunity Index points and the ability to take the 30% increase in eligible basis are dependent on the Opportunity Index score.

In response to the deficiency, the Applicant stated "The Public Library item is replaced with the Pharmacy item as Simon's Pharmacy is less than 1 mile from the development site. The Health-related Facility item has also been included with CareNow Urgent Care located 1.5 miles from the development site." They also submitted a new Application form that changes the scoring selections to add Pharmacy and Health-Related Facility as well as the related backup documentation, but those facilities were not anywhere in the original Application.

Discussion
Both 22023 and 22114 have issues where they submitted documentation in the Application that would not qualify them for the points requested. However, in both of these situations, staff has allowed them to revise their Applications to qualify for the requested points. We do not see how these Applications are any different from our Application. One dropdown box is the cause of the scoring discrepancy for 22254 Landmark 301 and we have revised and submitted the corrections. However, 22023 requires significant changes to the financing to correct their deferred developer fee mistake and 22114 made entirely new selections for the scoring form and submitted brand new documentation that did not exist in the original Application to correct their mistake. We believe that there should be consistency in the way that scoring item mistakes are handled, and we request that 22254 Landmark 301 be allowed to correct its scoring item mistake as was allowed with 22023 and 22114.

Impact on Other Applicants
The correction of this scoring item does not and would not impact the decisions of other competing Applicants because this Pre-Application and Application claimed 15 points for this scoring item, and it was and still is the intention to claim 15 points for this scoring item. This developer also submitted this Application in 2021 with 15 points claimed. Decisions of competing Applicants are based on scores requested in the Pre-Application log and scores that differentiate sites, such as Underserved Area and Proximity to Jobs. In oversubscribed regions, all Applications must select the full 15 points for the Income Levels scoring item to be competitive, just as Applications must select all Leveraging and Opportunity Index points to be competitive. As a development community, we all know that the Applications intended to select the full points for these types of scoring items

because otherwise they would not be competitive. Allowing correction for Income Levels is no different than Leveraging or Opportunity Index. These are not items like resolutions of support, notifications, etc. that require specific language or specific dates and therefore cannot be corrected.

Conclusion

We are asking that staff treat this issue as an administrative deficiency and allow for correction of the Income Levels of Residents scoring item. This would be consistent with how scoring mistakes were handled in Applications 22023 and 22114. Based on the 2022 change to the definition of Administrative Deficiency and the fact that this correction is not prohibited by statute, we respectfully request that you consider this appeal and accept the documentation submitted with the deficiency notice that substantiates 15 points for this scoring item.

Thank you for your attention and consideration. Please contact me with any questions.

Sincerely,

Matthew Gillam
Manager
Overland Property Group, LLC

Rules Committee Transcript

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

RULES COMMITTEE MEETING

VIA TELEPHONE AND WEB LINK

August 6, 2021
8:00 a.m.

MEMBERS:

PAUL A. BRADEN, Chair
LEO VASQUEZ III, Member
BRANDON BATCH, Member
KENNY MARCHANT, Member (absent)

I N D E X

AGENDA ITEM	PAGE
CALL TO ORDER ROLL CALL CERTIFICATION OF QUORUM	3
PLEDGES	3
ACTION ITEMS:	
a) Presentation, discussion, and possible action to make recommendations to the Governing Board on the 2022 Housing Tax Credit Program Qualified Allocation Plan regarding the proposed use of 2022 Housing Tax Credits to assist 2020 Housing Tax Credit Awarded Developments.	4
b) Presentation, discussion, and possible action to make recommendations to the Governing Board on the 2022 Housing Tax Credit Program Qualified Allocation Plan, regarding the proposed repeal, and proposed new, 10 TAC Chapter 11 or related Chapters in Title 10, Part 1 impacting 9 percent awards.	83
PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS	none
EXECUTIVE SESSION	none
OPEN SESSION	--
ADJOURN	111

tightens that up quite a bit. Because that's something that we're seeing too, and it means that we're spending a lot of time on things that we already know about or we've already decided, and -- yeah. That's my comment.

MR. VASQUEZ: Yeah, right. Absolutely. I agree with you, Marni.

And I don't know if -- between Bobby and Beau and Marni, if there's a way -- and I know some of this is statutory, but wherever possible, there's got to be a way that we can incorporate in our rules, and just kind of standard operating procedure, items that are truly not material that can just be correcting a mistake.

Someone forgot to check a box or cross a T or dot an I, that should be able to get resolved, and that staff, with the authority to accept a -- what would -- an immaterial error or something that -- again, I just think that there's things that end up getting escalated, that really didn't need to be escalated. And I don't know how building that discretion, that flexibility in the rules -- and again, that's that whole -- get rid of the -- those gotcha situations.

And then one item that I haven't heard anyone speak about, and I'd be interested in getting more comments, and perhaps industry can give us some more written comments on this, but I'm concerned that we don't

22023 Kirkwood Crossing Deficiency

From: Elizabeth Henderson
To: jmullins@impactdevelopmentpartnersllc.com; awatervury@impactdevelopmentpartnersllc.com; Sarah Andre
Subject: 22023 - 9% HTC Application Deficiency Notice - TIME SENSITIVE - Please reply immediately acknowledging receipt.
Date: Thursday, May 5, 2022 12:29:00 PM
Importance: High

In the course of the Department's Housing Tax Credit **Eligibility/Selection/Threshold** and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(6), §11.201(6)(A) and §11.201(6)(B) of the 2022 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1	22023			
2	Tab 12	11.204(10)	Access Roads	Please clarify who will own the access roads for the site. The Preliminary Site Plan has the streets labeled "By Others" so who will own and maintain these roads?
3	Tab 12	11.204(12)	Land Locked Site	Please confirm whether an easement, leasehold or similar is needed and whether the fee title holder of the property agrees that the LURA may extend to the access easement.
4	Tab 35	11.204(7)(A)	Financing Letter	The Construction and Permanent letter did not name the guarantors specifically and did not state whether guarantees were required during the permanent phase. Please clarify.
5	Tab 35	11.204(7)(D)	Equity Letter	The equity letter did not state the annual amount of tax credits applied for and did not make a statement about any fees, charged by the syndicator. Please clarify.
6	Tab 35	11.9(e)(4)(B)	Deferred Developer Fee	The percentage of the Developer Fee that is deferred calculates to 54.29%. It must be below 50%. Please revise and resubmit.

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

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(6)(B) of the 2022 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5pm Austin local time on the fifth business day following the date of this deficiency notice [§11.2(b)(4)]. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved.

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

All applicants should review §§11.1(b) and 11.1(c) of the 2022 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

****All deficiencies must be corrected or clarified by 5 pm Austin local time on May 12, 2022. Please respond to this email as confirmation of receipt.****

Thank you,

Elizabeth Henderson
Program Specialist III
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: 512.463.9784 | Fax: 512.475.0764

Development Cost Schedule

22023 Kirkwood Crossing Development Cost Schedule from Application. Was not revised for Deferred Developer Fee Change. See total Development Costs.

Self Score Total: **132**

T... e Summary Sources and Uses of Funds Statement. All Applications must complete the Total Cost column. D... bursement with Direct Loan funds in 10 TAC §13.3(e), while all HTC Applicants must complete the Eligible B...

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	3,920,400			
Existing building acquisition cost				
Closing costs & acq. legal fees	15,000			
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$3,935,400	$0	$0	
OFF-SITES[2]				
Off-site concrete				**ALL OFF-SITE COSTS REQUIRE DOCUMENTATION. THOSE ENTERED IN BASIS REQUIRE MORE DOCUMENTATION!!! SEE 10 TAC §11.204(8)(E)(ii).**
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	626,836		626,836	
Fine grading	60,424		60,424	
On-site concrete	99,831		99,831	
On-site electrical	160,256		160,256	
On-site paving	225,409		225,409	
On-site utilities	701,447		701,447	
Decorative masonry	34,153		34,153	
Bumper stops, striping & signs	23,644		23,644	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$1,932,000	$0	$1,932,000	
SITE AMENITIES				
Landscaping	150,000		150,000	
Pool and decking				
Athletic court(s), playground(s)	80,000		80,000	
Fencing	100,000		100,000	
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$330,000	$0	$330,000	
BUILDING COSTS*:				
Concrete	2,181,224		2,181,224	
Masonry	521,980		521,980	
Metals	201,440		201,440	
Woods and Plastics	3,637,470		3,637,470	
Thermal and Moisture Protection	526,986		526,986	
Roof Covering	270,216		270,216	
Doors and Windows	660,624		660,624	
Finishes	1,388,567		1,388,567	
Specialties	226,911		226,911	
Equipment	266,578		266,578	
Furnishings	115,827		115,827	
Special Construction	121,415		121,415	
Conveying Systems (Elevators)	170,831		170,831	
Mechanical (HVAC; Plumbing)	1,994,677		1,994,677	

Electrical	1,193,198		1,193,198	

Individually itemize costs below:

Detached Community Facilities/Building						
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						e.g. Community spaces not exclusively used by tenants/guests
Subtotal Building Costs		$13,477,944	$0	$13,477,944		
Before 11.9(e)(2)						
Voluntary Eligible Building Costs (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			$82.66 psf	$10,705,297		< $82.67 or <$ 88.58

If NOT seeking to score points under §11.9(e)(2), E77:E78 should remain BLANK. True eligible building cost should be entered in line items E33:E74. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E77:E78 that produces the target cost per square foot in D77:D78. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$15,739,944	$0	$12,967,297		
Contingency	6.67%	$1,049,323		859,627		
TOTAL HARD COSTS		$16,789,267	$0	$13,826,924		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	5.32%	894,024		829,615	6.00%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.77%	298,008		276,538	2.00%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.32%	894,024		829,615	6.00%	
TOTAL CONTRACTOR FEES		$2,086,056	$0	$1,935,769		
TOTAL CONSTRUCTION CONTRACT		$18,875,323	$0	$15,762,693		
Before 11.9(e)(2)						
Voluntary Eligible "Hard Costs" (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			$0.00 psf			< $106.29 or < $118.10

If NOT seeking to score points under §11.9(e)(2), E96:E97 should remain BLANK. True eligible cost should be entered in line items E83 and E87:E91. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E96:E97 that produces the target cost per square foot in D96:D97. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

SOFT COSTS[3]				
Architectural - Design fees	850,000		850,000	
Architectural - Supervision fees	90,000		90,000	
Engineering fees	170,000		170,000	
Real estate attorney/other legal fees	155,000		150,000	
Accounting fees	57,500		57,500	
Impact Fees	239,656		239,656	
Building permits & related costs	367,161		367,161	
Appraisal	18,000		18,000	
Market analysis	10,000		10,000	
Environmental assessment	50,000		15,000	
Soils report	22,500		22,500	
Survey	25,000		25,000	
Marketing	30,000			
Hazard & liability insurance	414,000		414,000	
Real property taxes	52,500		50,000	
Personal property taxes				
Tenant Relocation				
Energy Consultant/Green Building	75,000		75,000	
FFE	115,000		115,000	
Soft Cost Contingency	50,000		50,000	
Subtotal Soft Cost	$2,791,317	$0	$2,718,817	

FINANCING:						
CONSTRUCTION LOAN(S)[3]						
Interest		839,500		839,500		
Loan origination fees		230,000		230,000		
Title & recording fees		150,000		150,000		
Closing costs & legal fees		13,000		13,000		
Inspection fees		87,500		87,500		
Credit Report						
Discount Points						
PERMANENT LOAN(S)						
Loan origination fees		114,130				
Title & recording fees		57,065				
Closing costs & legal		95,000				
Bond premium						
Credit report						
Discount points						
Credit enhancement fees						
Prepaid MIP						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
BRIDGE LOAN(S)						
Interest						
Loan origination fees						
Title & recording fees						
Closing costs & legal fees						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
OTHER FINANCING COSTS[3]						
Tax credit fees		216,600				
Tax and/or bond counsel						
Payment bonds						
Performance bonds						
Credit enhancement fees						
Mortgage insurance premiums						
Cost of underwriting & issuance						BREAKDOWN MUST BE PROVIDED
Syndication organizational cost		30,000				
Tax opinion						
Refinance (existing loan payoff amt)						
Other						
Subtotal Financing Cost		$1,832,795	$0	$1,320,000		
DEVELOPER FEES[3]						
Housing consultant fees[4]						
General & administrative						
Profit or fee		3,400,630		2,853,066		
Subtotal Developer Fees	14.94%	$3,400,630	$0	$2,853,066	14.41%	
RESERVES						
Rent-up - new funds		205,234				debt service reserve
Rent-up - existing reserves*						
Operating - new funds		417,413				
Operating - existing reserves*						
Replacement - new funds						
Replacement - existing reserves*						
Escrows - new funds						
Escrows - existing reserves*						
Subtotal Reserves		$622,647	$0	$0		
***Any existing reserve amounts should be listed on the Schedule of Sources.**						
TOTAL HOUSING DEVELOPMENT COSTS[5]		$31,458,112	$0	$22,654,576		

The following calculations are for HTC Applications only.

Deduct From Basis:				
Federal grants used to finance costs in Eligible Basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units §42(d)(5)				
Historic Credits (residential portion only)				
Total Eligible Basis		$0	$22,654,576	
**High Cost Area Adjustment (100% or 130%)			130%	
Total Adjusted Basis		$0	$29,450,949	
Applicable Fraction			82%	
Total Qualified Basis	$24,055,535	$0	$24,055,535	by SF
Applicable Percentage[6]			9.00%	0.817156976
Credits Supported by Eligible Basis	$2,164,998	$0	$2,164,998	
Credit Request (from 17.Development Narrative)	$ 2,000,000			
Requested Score for 11.9(e)(2)		12		

*11.9(e)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that the figure is not rounding down to the maximum dollar figure to support the elected points.**

For TDHCA Issued Bonds Only
Scoring Item per 12.6 (13)

50% Test for Bond Financing for 4% Tax Credits	
TDHCA Tax-Exempt Bond Amount	$ -
Land Cost	$ 3,920,400
Depreciable Bldg Cost **	$ 26,314,770
Aggregate Basis for 50% Test	**$ 30,235,170**
Percent Financed by Tax-Exempt Bonds	**0.00%**

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

Name of contact for Cost Estimate: **Jessica Mullins**
Phone Number for Contact: **(713) 344-7055**

If a revised form is submitted, date of submission:

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §11.1 of the QAP.

22023 Kirkwood Crossing Sources and Uses from Application with Deferred Developer Fee

of Funds and Financing Narrative

Des... ded throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Bo... ds actually used, not bond reservation amount. Bonds do not add into total sources)

Bond Issuer	Funding Description	Construction Period Bonds – Bond Amount		Permanent Period Bonds – Bond Amount				
	Tax Exempt Bonds							
	Taxable Bonds							

Debt

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amortization	Term (Yrs)	Syndication Rate	Lien Position
TDHCA	Multifamily Direct Loan	$0	0.00%		$ -	0.00%	0	0		
Bank of Amer ica		$23,000,000	3.65%		$ 11,413,180	4.50%	40	18		1
Third Party Equity										
Bank of American	HTC $ 2,000,000	$ 4,549,545			$ 18,198,180				0.91	
Grant										
City of Houston	§11.9(d)(2)LPS Contribution	$ -			$ 500					
Deferred Developer Fee										
Deferred Developer Fee		$ 1,870,482			$ 1,846,252					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 29,420,027			$ 31,458,112					
	Total Uses of Funds				$ 31,458,112					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Bank of America will provide the construction and perm debt to the development in the amounts shown above. Interest will be 3.65% during construction and 4.5% during the perm period. The perm loan is amortized over 40 years and has an 18 year term. Bank of America willalso pay .91 per $1 of tax credits for an equity contribution as shown above. The City of Houston has commited to a contribution of $500. Finally, the developer will defer fee in the amount shown above. This can be repaid from cash flow in less than 15 years. There is no other anticipated financing for the development.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

This is new construction. There are no existing reserves. Replacement reserves are $300 per unit per year and are shown in the operating expense worksheet.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Rents are max tax credit rents less utility allowances. Market rents were set using the market study.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

Telephone:

Email address:

If a revised form is submitted, date of submission:

Rec'd 5/10/2022 - 8:33 AM - EH

22023 Kirkwood Crossing Sources and Uses Revised with Deficiency. Reduced Deferred Developer Fee which reduced total Sources and Uses so is now not consistent with rest of Application

Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

de amount of bonds actually used, not bond reservation amount. Bonds do not add into total sources)

		Construction Period Bonds		Permanent Period Bonds				
		Bond Amount		Bond Amount				

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
Debt										
TDHCA	Multifamily Direct Loan	$0	0.00%		$ -	0.00%	0	0		
Bank of Amer ica		$23,000,000	3.65%		$ 11,413,180	4.50%	40	18		
Third Party Equity										
Bank of American	HTC $ 2,000,000	$ 4,549,545			$ 18,198,180				0.91	
Grant										
City of Houston	§11.9(d)(2)LPS Contribution	$ -			$ 500					
Deferred Developer Fee										
Deferred Developer Fee		$ 1,700,281			$ 1,700,281					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 29,249,826			$ 31,312,141					
	Total Uses of Funds				$ 31,312,141					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Bank of America will provide the construction and perm debt to the development in the amounts shown above. Interest will be 3.65% during construction and 4.5% during the perm period. The perm loan is amortized over 40 years and has an 18 year term. Bank of America willalso pay .91 per $1 of tax credits for an equity contribution as shown above. The City of Houston has commited to a contribution of $500. Finally, the developer will defer fee in the amount shown above. This can be repaid from cash flow in less than 15 years. There is no other anticipated financing for the development.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

This is new construction. There are no existing reserves. Replacement reserves are $300 per unit per year and are shown in the operating expense worksheet.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Rents are max tax credit rents less utility allowances. Market rents were set using the market study.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

Telephone:

Email address:

If a revised form is submitted, date of submission:

22023 Kirkwood Crossing Scoring Notice. Did not lose any points for Leveraging.

VISION
m - 2022 Application Round
tive Housing Tax Credit Application

Jessica Mullins
Phone #: (713) 344-7055
Email: jmullins@impactdevelopmentpartnersllc.com
Second Email: awaterbury@impactdevelopmentpartnersllc.co

Date: May 25, 2022

RE: 2022 Competitive Housing Tax Credit (HTC) Application for Kirkwood Crossing Apartments, TDHCA Number: 22023

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2022 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 assessed based on the Application submitted. You should note that five scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the five 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, §11.9(d)(6) Input from Community Organizations, and §11.9(d)(7) Concerted Revitalization Plan.

Section 3 provides information related to any point deductions assessed under §11.9(f) and/or §11.201(7)(B) of the QAP.

Section 4 provides the final cumulative score in bold.

Section 5 includes, as applicable, notes and 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)(4) "Leveraging of Private, State, and Federal Resources", §11.9(b)(1)(A) "Unit Sizes", §11.9(b)(1)(B) "Unit and Development Features", §11.9(c)(1) "Income Levels of Residents", §11.9(c)(2) "Rent Levels of Tenants", §11.9(e)(1) "Financial Feasibility", §11.9(e)(3) "Pre-Application Participation", and may be adjusted should the underwriting review result in changes to the Application that would impact these scores. 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 scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §11.902 of the 2022 QAP. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board. If the score of an Application changes, a revised scoring notice will be provided to the Applicant.

Page 2 of Final Scoring Notice: 22023, Kirkwood Crossing Apartments

Section 1:

Score Requested by Applicant (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	132
Score Awarded by TDHCA (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	132
Difference between Requested and Awarded:	0

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
Points Awarded for §11.9(d)(7) Concerted Revitalization Plan:	7

Section 3:

Points Deducted for §11.9(f) and/or §11.201(7)(B) of the QAP:	0

Section 4:

Final Score Awarded to Application by Department staff (Including all points):	**172**

Section 5:

Notes and explanation for difference between points requested and points awarded by the Department, as well as penalties assessed:

NA

Restrictions and requirements relating to the filing of an appeal can be found in §11.902 of the 2022 QAP. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Thursday, June 2, 2022. 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 Colin Nickells at (512) 936-7834 or by email at mailto:colin.nickells@tdhca.state.tx.us.

Sincerely,

Colin Nickells
Colin Nickells
Competitive HTC Program Administrator

21149 Residences at Alpha. Deferred Developer Fee over 50% and Lost Leveraging points

BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

JULY 8, 2021

Presentation, discussion, and possible action on timely filed scoring appeals under the Department's Multifamily Program Rules for Application 21149 Residences at Alpha

RECOMMENDED ACTION

WHEREAS, the appeal relates to Competitive Housing Tax Credit (HTC) Application 21149 Residences at Alpha, which was submitted to the Department by the Full Application Delivery Date;

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

WHEREAS, the Applicant timely filed an appeal; and

WHEREAS, the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the scoring appeal for 21149 Residences at Alpha is hereby denied.

BACKGROUND

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

The Application proposes the New Construction of 100 Units for the elderly population in Dallas, of which 80 will be Restricted and 20 will be Market Rate Units.

The Department received a Third Party Request for Administrative Deficiency (RFAD) questioning whether the Application qualifies for points under 10 TAC §11.9(e)(3) related to Pre-Application Participation and 10 TAC §11.9(e)(4) related to Leveraging of Federal, State, and Private Resources. Upon further review, staff issued a Notice of Scoring Adjustment denying the points under both scoring items, pending the Applicant's ability to appeal. The Applicant appealed, and as detailed below, the Executive Director denied the appeal for both scoring items.

Pre-Application Participation

In the 2021 Qualified Allocation Plan (QAP) relating to Pre-application Participation, 10 TAC §11.9(e)(3)(F) most relevantly provides:

> **(3) Pre-application Participation. (§2306.6704)** An Application may qualify to receive up to six (6) points provided a pre-application was submitted by the Pre-Application Final Delivery Date. Applications that meet all of the requirements described in subparagraphs (A) - (H) of this paragraph will qualify for six (6) points:
>
> (F) The Development Site at Application is at least in part the Development Site at pre-application, and the census tract number listed at pre-application is the same at Application. The site at full Application may not require notification to any person or entity not required to have been notified at pre-application[.]

Staff determined that the change in Site Control location from Pre-Application to Application precluded eligibility for Pre-Application points under 10 TAC §11.9(e)(3) related to Pre-Application Participation. Specifically, staff confirmed the Pre-Application included Site Control documentation for a site in Houston while the full Application included documentation for a site in Dallas. On appeal, the Applicant claimed their inability to revoke the incorrect submission after 4:05 pm Central time on the date of the Pre-Application deadline was the cause for not providing the correct Site Control documentation. However, no other Applicants described technological difficulties with regard to the ability to revoke and resubmit prior to the end of the Pre-Application submission deadline. Staff also did not receive notification from the Applicant regarding the alleged error at the time of Pre-Application submission.

Accordingly, the Executive Director denied the appeal. Staff recommends the Board also deny the appeal.

Leveraging of Federal, State, and Private Resources

10 TAC §11.9(e)(4) of the QAP related to Leveraging of Federal, State, and Private Resources states:

> **(4) Leveraging of Private, State, and Federal Resources. (§2306.6725(a)(3))**
>
> (A) An Application may qualify to receive up to three (3) points if at least 5% of the total Units are restricted to serve households at or below 30% of AMGI (restrictions elected under other point items may count) and the Housing Tax Credit funding request for the proposed Development meet one of the levels described in clauses (i) - (iv) of this subparagraph:
>
> (i) the Development leverages CDBG Disaster Recovery, HOPE VI, RAD, or Choice Neighborhoods funding and the Housing Tax Credit Funding Request is less than 9% of the Total Housing Development Cost (3 points). The Application must include a commitment of such funding; or
>
> (ii) if the Housing Tax Credit funding request is less than 9% of the Total Housing Development Cost (3 points); or

(iii) if the Housing Tax Credit funding request is less than 10% of the Total Housing Development Cost (2 points); or

(iv) if the Housing Tax Credit funding request is less than 11% of the Total Housing Development Cost (1 point).

(B) The calculation of the percentages stated in subparagraph (A) of this paragraph will be based strictly on the figures listed in the Funding Request and Development Cost Schedule. Should staff issue an Administrative Deficiency that requires a change in either form, then the calculation will be performed again and the score adjusted, as necessary. ***However, points may not increase based on changes to the Application. In order to be eligible for points, no more than 50% of the Developer Fee can be deferred.*** Where costs or financing change after completion of underwriting or award (whichever occurs later), the points attributed to an Application under this scoring item will not be reassessed unless there is clear evidence that the information in the Application was intentionally misleading or incorrect. (Emphasis added).

Staff received a Third Party Request for Administrative Deficiency highlighting the ineligibility of this Application to earn points under this scoring item. Staff issued an Administrative Deficiency asking for clarification on the issue. In response, the Applicant stated:

> Residences at Alpha's site has an existing commercial building on it. Part of this building will be demolished for the new project, but a portion will be retained. That is shown on the site plan in Tab 22 of the application. Exhibit D the Contract to Purchase and Sell under Tab 12 has a list of the commercial tenants, rents and lease expirations. The tenant in the portion of the building that will remain is Verizon. They have a lease that doesn't expire until 10/31/2027. It is the applicant's intention to retain Verizon at this location. The rent will be a minimum of $5,925 per month and a short-term loan in the amount of $350,000 will be obtained using the income from Verizon lease to pay the interest and principal. This loan will be made to the applicant as they will be the lessee and the proceeds will be used only to pay developer's fee, so the deferred developer's fee will be less than 50%. The attached revised Tab 31 - Schedule of Sources includes his loan and we are providing a letter from Bank of Oklahoma indicates the proposed terms. Tab 17 – Development Narrative has been attached with the information about the commercial building added.
>
> This is a unique situation. This secondary financing is collateralized only by the Verizon lease. This commercial lease has only a six-year term remaining so can't be used to help amortize the permanent debt. It's not clear in the rules where to include this type of funds source or income in the application.

Despite the categorization of the potential receipt of funds related to a commercial building, the initial Application submission clearly showed $1,353,548 of the $2,504,000 total Developer Fee will be deferred (see Development Cost Schedule and Schedule of Sources and Uses). The status of the aforementioned funds ultimately had no merit with regard to the Application's ineligibility to score points under 10 TAC §11.9(e)(4) related to Leveraging of Federal, State, and Private Resources. The rule explicitly precluded the Application from scoring points because the amount of Deferred Developer Fee exceeded 50% of the total Developer Fee. As staff determined, the original Application documents indicated approximately 54% of the Developer Fee would be deferred.

Accordingly, the Executive Director denied the appeal. Staff recommends the Board also deny the appeal.

21149 Residences at Alpha Deficiency Notice asks Applicant to explain how they are eligible for points and does not tell them to revise the deferred developer fee because it is over 50%

Matthew Griego

From:	Matthew Griego
Sent:	Wednesday, May 12, 2021 11:16 AM
To:	'glacey@nuirock.com'; 'Christian Garcia'
Subject:	2021 - 9% HTC Application 21149 Deficiency Notice - TIME SENSITIVE - Please reply immediately acknowledging receipt.
Importance:	High
Follow Up Flag:	Follow up
Flag Status:	Completed

All deficiencies must be corrected or clarified by 5 pm Austin local time on May 19, 2021. Please respond to this email as confirmation of receipt.

In the course of the Department's Housing Tax Credit Eligibility/Selection/Threshold and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(7), §11.201(7)(A) and §11.201(7)(B) of the 2021 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

The Department has received a Third Party Request for Administrative Deficiency (RFAD) regarding HTC Application 21149, Residences at Alpha. The request includes information that was not previously provided to the Department, and, pursuant to §11.10 of the QAP, staff believes that the administrative deficiency should be issued. Please refer to the copy of the request that you received from the requestor.

The request states the Application incorrectly used the 2018 OnTheMap data for the Proximity to Jobs scoring item rather than the required 2017 data.

1. Provide the required 2017 US Census' OnTheMap documentation evidence substantiating qualification for points under 10 TAC §11.9(c)(7)(B)(v) related to Proximity to Jobs.
2. Please explain how the Application is eligible for points under 10 TAC §11.9(e)(4)(B) related to Leveraging of Private, State, and Federal Resources.

All deficiencies must be corrected or clarified by 5 pm Austin local time on May 19, 2021. Please respond to this email as confirmation of receipt.

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

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth business day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(7)(B) of the 2021 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5pm Austin local time on the fifth business day following the date of this deficiency notice. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved. For purposes of priority under the Direct Loan set-asides, if the outstanding item(s) are resolved within one business day, the date by which the item is submitted shall be the new received date pursuant to §13.5(b) of the 2021 Multifamily Direct Loan Rule. Applicants should be prepared for additional time needed for completion of staff reviews.

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

All applicants should review §§11.1(b) and 11.1(h) of the 2021 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

**All deficiencies must be corrected or clarified by 5 pm Austin local time on May 18, 2021.
Please respond to this email as confirmation of receipt.**

22114 Las Brisas Deficiency Notice

From:	Ben Sheppard
To:	"aaronc@avenuecdc.org"; "laurag@avenuecdc.org"
Cc:	Greg Stoll; Colin Nickells
Subject:	22114 - 9% HTC Application Deficiency Notice - TIME SENSITIVE - Please reply immediately acknowledging receipt.
Date:	Monday, May 23, 2022 3:06:00 PM
Importance:	High

In the course of the Department's Housing Tax Credit **Eligibility/Selection/Threshold** and/or Direct Loan review of the above referenced application, a possible Administrative Deficiency as defined in §11.1(d)(2) and described in §11.201(6), §11.201(6)(A) and §11.201(6)(B) of the 2022 Uniform Multifamily Rules was identified. By this notice, the Department is requesting documentation to correct the following deficiency or deficiencies. Any issue initially identified as an Administrative Deficiency may ultimately be determined to be beyond the scope of an Administrative Deficiency, and the distinction between material and non-material missing information is reserved for the Director of Multifamily Finance, Executive Director, and Board.

1. **An appraisal review fee of $1,875 is required with any application that contains an appraisal. Include Multifamily Finance Receipt with complete information, a copy of the check, and the check, itself, payable to TDHCA.**
2. Provide TEA campus report card that shows the academic rating for 2018-2019 for each school.
3. Opportunity Index items for scoring must be listed in Tab 9, part 1, and each item listed must be supported by documentation of the required features. Documentation associated with the public library listed in part 1 is deficient because it does not show the library to be open at least 50 hours per week. Both the Opportunity Index points and the ability to take the 30% increase in eligible basis are dependent on the Opportunity Index score.
4. Submit escrow receipt for earnest money payment for 4428 N Main.
5. Submit current title commitment or policy for 4500 N Main.
6. Regarding Tab 46, Community Support from community organizations, each letter of support must be accompanied by a 501(c)(3) letter, Texas Comptroller certificate, or other documentation indicated by §11.9(d)(6) that evidences the nonprofit status of the organization. Each letter must also be accompanied by evidence from the internet, published media or other publicly disseminated documentation indicated by §11.9(d)(6) that evidences the organization's activities in the community.
7. Common Area is stated in Tab 23 as 35,707 sf. The areas that are included in this number are not apparent from the architect's tables in the plans. Common Area by definition [§11.1(d)(22)] should not include "Support" areas but should include Amenity (2,301sf), Leasing (552sf) and Corridors (5,889+5,889+6,084+5,889=23,751sf). This accounts for 26,604sf. Common porches and patios and interior courtyards should also be included. Please account for 35,707-26,604=9,103sf of Common Area that is not identified in the foregoing 26,604sf.
8. Site plan must denote van accessible parking spaces, e.g., with a "V" at the applicable parking space.
9. Tab 23c says there will be 13 accessible parking spaces. Only 12 are depicted in the building floor plans.
10. Confirm that all paved surfaces are accessible routes or otherwise depict accessible routes on

the site plan and ground level plan to identify the accessible routes from accessible parking spaces to the building, courtyard, pool and any other amenities that are depicted in these plan sheets.

11. Explain why unit S1 is an efficiency (studio) while unit A1 is a 1BR. Both appear to have pocket doors that enclose the bedroom. Efficiency units cannot have enclosed bedrooms. If the studio units are not efficiencies, their unit size becomes a scoring issue. See definition of Efficiency §11.1(d)(46).
12. In floor plans of unit types A3, A4, and B1, explain the inaccessible empty spaces beside W/D and/or WH. Do not revise the NRAs stated for these unit types.
13. There must be at least one HV unit of each unit type, i.e., S, A, B, and C.
14. Tab 23 unit type labels 2A, 2D, and 3A do not correspond to the labels for these unit types on the unit or building floor plans.
15. Label the unit type of each ADA and HV unit in the building floor plans.
16. S1 units at top right side of courtyard should be labeled A3 on levels 2-4 of building floor plans.
17. Unit floor plan sheet of the standard A3 unit type says that there are 91 such units. Tab 23 says there are 89, including 7 A3 ADA units. Therefore this floor plan sheet should state the count of standard A3 units as 82.
18. "Other fees" is not an acceptable description of non-rental income on Tab 24, Rent Schedule, i.e., it lacks specificity.
19. Per §11.302(e)(4)(A), "[c]osts for multi-level parking structures must be supported by a cost estimate from a Third Party contractor with demonstrated experience in structured parking construction." Identify the location of the documentation that identifies said third party contractor and documents said experience, or submit the applicable documentation.
20. Amegy funding letter speaks of Las Brisas Redevelopment GP LLC as the general partner of the borrower, Avenue CDC. The organization charts do not indicate that Las Brisas Redevelopment GP LLC has any position within the ownership of the development owner or that Avenue CDC has a general partner.
21. Memorial Hermann letter does not clarify the terms of the loan. The MH letter does not indicate the funds as hard or soft repayment, does not state an interest rate. The letter mandates a second lien position but does not indicate the terms of foreclosure.
22. Sources of Funds does not reflect the second lien position of Memorial Hermann as indicated in the MH funding letter.
23. Developer fee stated in Hunt letter is $4,110,000. Development Cost Schedule says $4,064,000.
24. Hunt letter states term of permanent loan as 15 years. Amegy states it as 17.5 years (30-month construction loan followed by 17.5-year permanent loan).
25. Provide documentation of status of obtaining Social Impact Funds.
26. In Tab 37 all three organization charts contain the name Las Brisas Redevelopment GP LLC (LBRGP). LBRGP should not be in these charts unless LBRGP is a principal of one of the other organizations named in the same chart. If LBRGP belongs in a chart, it should be in a block immediately under and connected to the block of the organization of which it is a principal. If LBRGP belongs in a chart, then it also belongs in the List of Organizations and Principals – twice – once as a principal of an organization and again as the headline organization of an "Org." block. In the block that LBRGP will headline (if applicable), the principals of LBRGP will

be named, also.

27. Eliminate Hunt Capital Partners from the List of Organizations and Principals (LOP). As an equity investor, only, it is unnecessary to include it.
28. There is no Previous Participation Form for Mark Nightingale.
29. There is a Previous Participation Form for Frances Valdez. This person is not named in the charts or LOP and has no Eligibility Certification.
30. "List of the Nonprofit Organization's Board Members, Directors and Officers" does not include Lawler or Nightingale, but does include Frances Valdez.

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

All deficiencies must be corrected or otherwise resolved by 5 pm Austin local time on the fifth business day following the date of this deficiency notice. Deficiencies resolved after 5 pm Austin local time on the fifth business day will have 5 points deducted from the final score. For each additional day beyond the fifth day that any deficiency remains unresolved, the application will be treated in accordance with §11.201(6)(B) of the 2022 Uniform Multifamily Rules. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day may be terminated.

All deficiencies related to the Direct Loan portion of the Application must be resolved to the satisfaction of the Department by 5pm Austin local time on the fifth business day following the date of this deficiency notice [§11.2(b)(4)]. Applications with unresolved deficiencies after 5pm Austin local time on the seventh business day will be suspended from further processing, and the Applicant will be notified to that effect, until the deficiencies are resolved.

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

All applicants should review §§11.1(b) and 11.1(c) of the 2022 QAP and Uniform Multifamily Rules as they apply to due diligence, applicant responsibility, and the competitive nature of the program for which they are applying.

****All deficiencies must be corrected or clarified by 5 pm Austin local time on Tuesday, May 31, 2022. Please respond to this email as confirmation of receipt.****

Thanks,

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

22114 Las Brisas Deficiency Response

1. An appraisal review fee of $1,875 is required with any application that contains an appraisal. Include Multifamily Finance Receipt with complete information, a copy of the check, and the check, itself, payable to TDHCA.
    - **The Appraisal review fee has been paid and requested documents are provided.**
2. Provide TEA campus report card that shows the academic rating for 2018-2019 for each school.
    - **TEA campus report card is provided for each school.**
3. Opportunity Index items for scoring must be listed in Tab 9, part 1, and each item listed must be supported by documentation of the required features. Documentation associated with the public library listed in part 1 is deficient because it does not show the library to be open at least 50 hours per week. Both the Opportunity Index points and the ability to take the 30% increase in eligible basis are dependent on the Opportunity Index score.
    - **The Public Library item is replaced with the Pharmacy item as Simon's Pharmacy is less than 1 mile from the development site. The Health-related Facility item has also been included with CareNow Urgent Care located 1.5 miles from the development site.**
4. Submit escrow receipt for earnest money payment for 4428 N Main.
    - **Escrow receipt is provided.**
5. Submit current title commitment or policy for 4500 N Main.
    - **Current Title Policy for 4500 N. Main is provided.**
6. Regarding Tab 46, Community Support from community organizations, each letter of support must be accompanied by a 501(c)(3) letter, Texas Comptroller certificate, or other documentation indicated by §11.9(d)(6) that evidences the nonprofit status of the organization. Each letter must also be accompanied by evidence from the internet, published media or other publicly disseminated documentation indicated by §11.9(d)(6) that evidences the organization's activities in the community.
    - **We are taking points for Quantifiable Community Participation 11.d(4) submitted by Montie Beach Civic Club.**
7. Common Area is stated in Tab 23 as 35,707 sf. The areas that are included in this number are not apparent from the architect's tables in the plans. Common Area by definition [§11.1(d)(22)] should not include "Support" areas but should include Amenity (2,301sf), Leasing (552sf) and Corridors (5,889+5,889+6,084+5,889=23,751sf). This accounts for 26,604sf. Common porches and patios and interior courtyards should also be included. Please account for 35,707-26,604=9,103sf of Common Area that is not identified in the foregoing 26,604sf.
    - **Common Area Square Footage has been revised on Tab 23 and the areas clarified on Architect's tables.**
8. Site plan must denote van accessible parking spaces, e.g., with a "V" at the applicable parking space.
    - **Van accessible parking spaces have been labeled on the Site Plan.**
9. Tab 23c says there will be 13 accessible parking spaces. Only 12 are depicted in the building floor plans.
    - **Building floor plans revised to reflect 13 accessible parking spaces.**
10. Confirm that all paved surfaces are accessible routes or otherwise depict accessible routes on the site plan and ground level plan to identify the accessible routes from accessible parking spaces to the building, courtyard, pool and any other amenities that are depicted in these plan sheets.
    - **Accessible routes have been identified on the Site Plan and Ground Level Plan.**
11. Explain why unit S1 is an efficiency (studio) while unit A1 is a 1BR. Both appear to have pocket doors that enclose the bedroom. Efficiency units cannot have enclosed bedrooms. If the studio units are not efficiencies, their unit size becomes a scoring issue. See definition of Efficiency §11.1(d)(46).
    - **The pocket door and wall in unit S1 have been removed to ensure that this unit meets the definition of an efficiency.**

22114 Las Brisas Original Form with Application with No Pharmacy or Health Facility

Site Information Form Part II

Self Score Total: 138

[ ] Part 1 entries are related to Concerted Revitalization Plan, and Opportunity Index points are not requested. If yes, skip down to select amenities under Urban or Rural, as applicable.

1. Opportunity Index ***(Competitive HTC and Direct Loan Applications Only) (10 TAC §11.9(c)(4); 10 TAC §13.6(1))***

[X] Development Site is located entirely within a census tract that has a poverty rate that is less than 20% **or** that is less than the median poverty rate for the region, whichever is higher.

AND

[ ] The census tract has a median household income rate in the two highest quartiles within the region (2 points).

OR

[X] The census tract has a median household income in the third quartile within the region, **and** is contiguous to a census tract in the first or second quartile for median household income that has a poverty rate of less than the greater of 20% or the median poverty rate for the region, without physical barriers such as (but not limited to) highways or rivers between, **and** the Development Site is no more than 2 miles from the boundary between the census tracts. A map showing the Development Site, location of the border, scale showing distance, and other applicable evidence is included (1 point).

Contiguous Census Tract # 48201511400 Contiguous Tract Quartile 1Q

[X] Development is Urban and Development Site is within the required radius of eligible amenities or services, pursuant to §11.9(c)(4)(B)(i) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all applicable requirements of the rule, is included.

NOTE: Applicants seeking points under 10 TAC §11.9(c)(4)(B)(i)(I) or (II) related to distance from a playground or transit stop must provide a map that clearly illustrates the accessible route and distance.

university or community college (1 point)(6 miles	
census tract with ≥27% associate degrees adults ≥	
full service grocery store (1 point)(2 miles)	
outdoor recreation facility available to public (1 p	
A or B-rated public school (1 point)	
public library (1 point)(2 miles)	

[n/a] Development is Rural or USDA and Development Site is within the required distance of eligible amenities or services pursuant to §11.9(c)(4)(B)(ii) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all applicable requirements of the rule, is included.

[X] No members of the Applicant or Affiliates had an ownership position in a selected amenity or served on the board or staff of a nonprofit that owned or managed a selected amenity within the year preceding the Pre-Application Final Delivery Date.

Application is seeking points for Opportunity Index. **Total Points Claimed:** 7

If necessary, provide a brief summary of how the Development Site is justifying the points selected:

2. Underserved Area ***(Competitive HTC and Direct Loan Applications Only) (10 TAC §11.9(c)(5); 10 TAC §13.6(3))***

Applications may qualify for up to five (5) points for proposed Developments located in ONE of the following areas:

22114 Las Brisas Revised Form from Deficiency adding Pharmacy and Health Facility and removing Library

MF 6/1/2022_9:56am-bps

ation Form Part II

Self Score Total: **138**

[ ] Part 1 entries are related to Concerted Revitalization Plan, and Opportunity Index points are not requested.
If yes, skip down to select amenities under Urban or Rural, as applicable.

1. Opportunity Index ***(Competitive HTC and Direct Loan Applications Only) (10 TAC §11.9(c)(4); 10 TAC §13.6(1))***

[X] Development Site is located entirely within a census tract that has a poverty rate that is less than 20% **or** that is less than the median poverty rate for the region, whichever is higher.

AND

[ ] The census tract has a median household income rate in the two highest quartiles within the region (2 points).

OR

[X] The census tract has a median household income in the third quartile within the region, **and** is contiguous to a census tract in the first or second quartile for median household income that has a poverty rate of less than the greater of 20% or the median poverty rate for the region, without physical barriers such as (but not limited to) highways or rivers between, **and** the Development Site is no more than 2 miles from the boundary between the census tracts. A map showing the Development Site, location of the border, scale showing distance, and other applicable evidence is included (1 point).

Contiguous Census Tract # 48201511400 Contiguous Tract Quartile 1Q

[X] Development is Urban and Development Site is within the required radius of eligible amenities or services, pursuant to §11.9(c)(4)(B)(i) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all applicable requirements of the rule, is included.

NOTE: Applicants seeking points under 10 TAC §11.9(c)(4)(B)(i)(I) or (II) related to distance from a playground or transit stop must provide a map that clearly illustrates the accessible route and distance.

university or community college (1 point)(6 miles)	
census tract with ≥27% associate degrees adults ≥	
full service grocery store (1 point)(2 miles)	
outdoor recreation facility available to public (1 p	
A or B-rated public school (1 point)	
pharmacy (1 point)(2 miles)	
health-related facility (1 point)(4 miles)	

[n/a] Development is Rural or USDA and Development Site is within the required distance of eligible amenities or services pursuant to §11.9(c)(4)(B)(ii) of the QAP. A map showing the Development Site, scale showing radius, location of the amenities, and evidence that the amenity meets all applicable requirements of the rule, is included.

[X] No members of the Applicant or Affiliates had an ownership position in a selected amenity or served on the board or staff of a nonprofit that owned or managed a selected amenity within the year preceding the Pre-Application Final Delivery Date.

Application is seeking points for Opportunity Index. **Total Points Claimed:** **7**

If necessary, provide a brief summary of how the Development Site is justifying the points selected:

MF 5/31/2022_3:54pm-bps

Eligible Amenities Revised

22114 Las Brisas Brand New documentation submitted with Deficiency Response not in original Application.

Pharmacy: Simon's Pharmacy

SIMON'S PHARMACY
WE HAVE YOUR HEALTH AT HEART

HOME ABOUT DIRECTION CONTACT

Welcome to SIMON'S PHARMACY

SIMON'S PHARMACY is a family owned and operated since 1986, thanks to our excellent staff. We take pride in our store and the services we have to offer. We strive to put the health of our patients first and we look forward to continuing to provide you and your family with the very best medical care.

Our goal is to provide fast and friendly service to all our customers. We work with doctors and health care providers to provide you the best option for better health. We endeavor to meet our customer's needs and will go to great lengths to acquire customer satisfaction.

At Simon's Pharmacy you can "Expect the personal attention you deserve"

SERVICES

Here are just some of the services you can count on at Simon's Pharmacy.

Over the Counter

We have all the traditional items found in pharmacy as well as "old time" hard to find items. If we don't have what you're looking for, we will attempt to special order the item for you.

Personal Injury

We are one of the very few pharmacies in Houston that work with select attorneys on letter of protection for those patients that have been involved in accident.

Delivery

We deliver to those patients that are bedridden, physically disabled, elderly or have no means of transportation.

Durable Medical Equipment

We have relaters, blood pressure machines, professional orthopedic braces, therapeutic socks, stockings and shoe orthotics.

Health-related facility: CareNow Urgent Care

Selected Clinic: Change clinic

In Clinic Visits

Hours

Days	Hours
Weekdays	8:00 AM - 8:00 PM
Sunday	8:00 AM - 5:00 PM
Monday	8:00 AM - 8:00 PM
Tuesday	8:00 AM - 8:00 PM
Wednesday	8:00 AM - 8:00 PM
Thursday	8:00 AM - 8:00 PM
Friday	8:00 AM - 8:00 PM
Saturday	8:00 AM - 7:00 PM

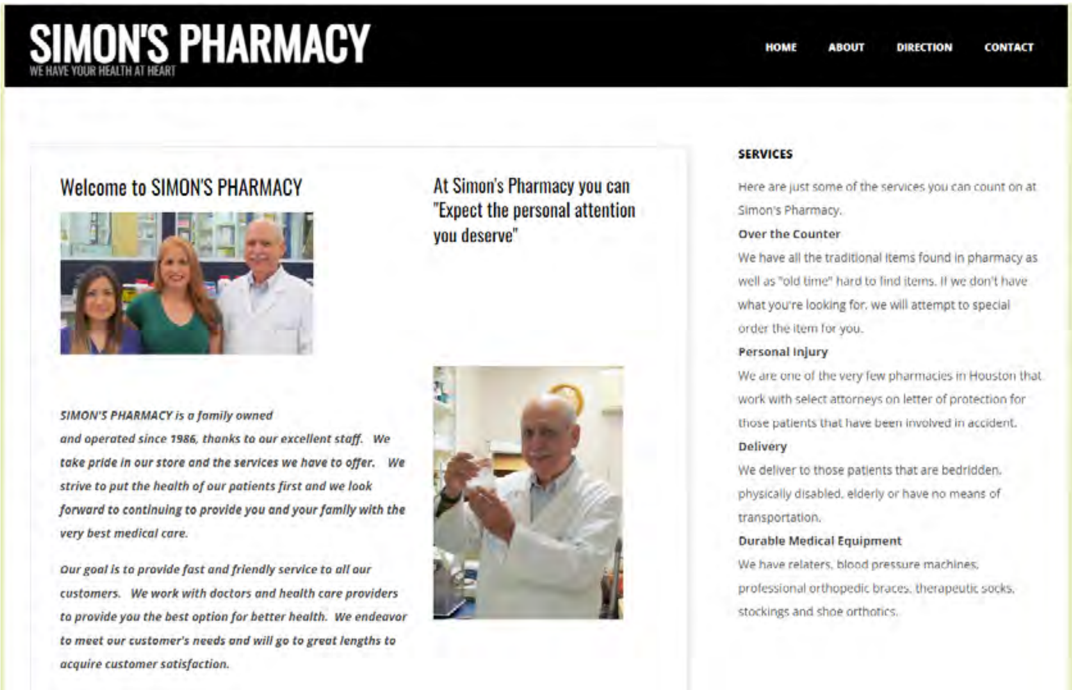
102 West 11th St
Houston, TX 77008

Phone: (832) 539-4707

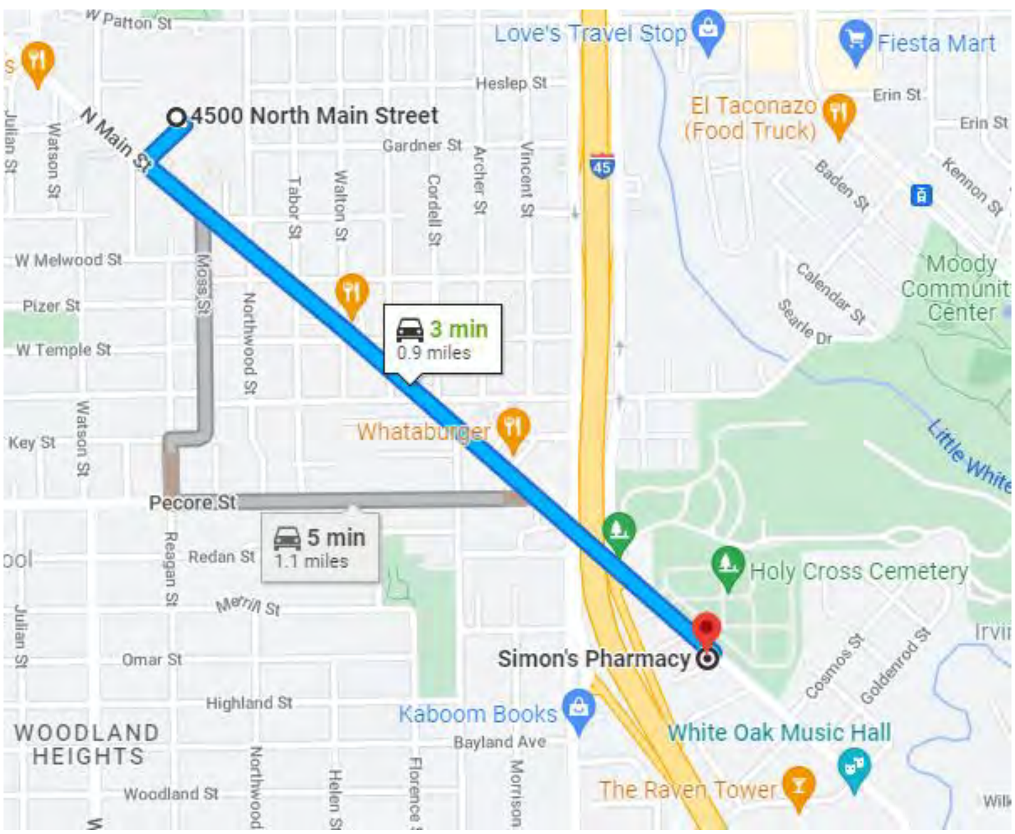
MF 6/1/2022_9:56am-bps

Eligible Amenities Revised

Pharmacy: Simon's Pharmacy



Proximity Map:



Eligible Amenities Revised

Health-related facility: CareNow Urgent Care

Selected Clinic: Change clinic

In Clinic Visits

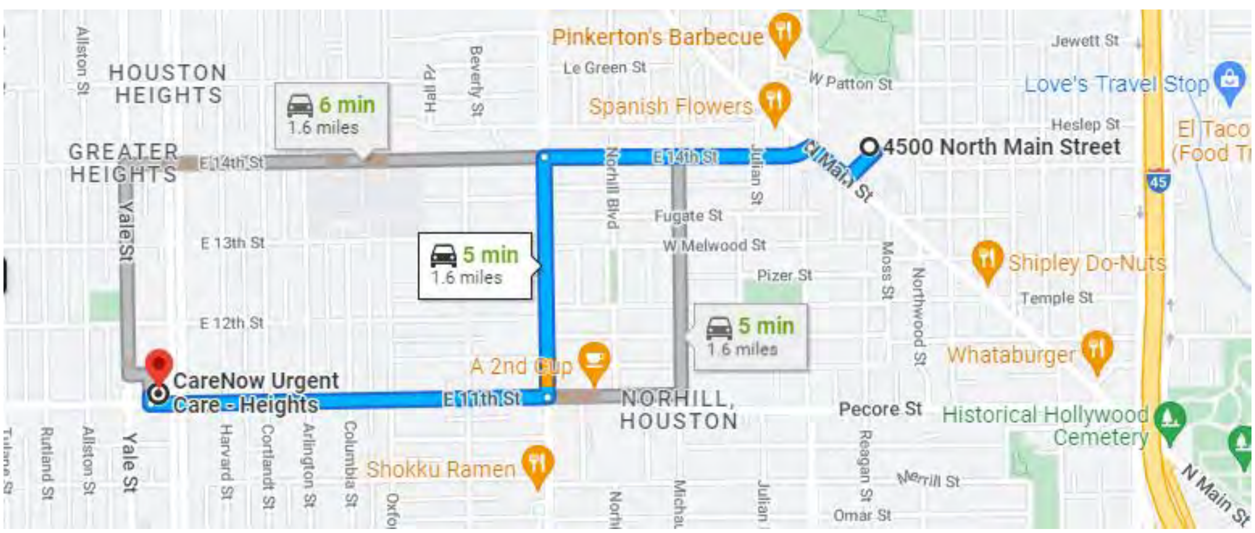
Hours

Days	Hours
Weekdays	8:00 AM - 8:00 PM
Sunday	8:00 AM - 5:00 PM
Monday	8:00 AM - 8:00 PM
Tuesday	8:00 AM - 8:00 PM
Wednesday	8:00 AM - 8:00 PM
Thursday	8:00 AM - 8:00 PM
Friday	8:00 AM - 8:00 PM
Saturday	8:00 AM - 7:00 PM

102 West 11th St
Houston, TX 77008

Phone: (832) 539-4707

Proximity Map:



22114 Las Brisas Scoring Notice.
Did not lose any points for
Opportunity Index

2 Application Round
sing Tax Credit Application

Aaron Campbell
Phone #:
Email: aaronc@avenuecdc.org
Second Email: laurag@avenuecdc.org

Date: June 06, 2022

RE: 2022 Competitive Housing Tax Credit (HTC) Application for Las Brisas Redevelopment, TDHCA Number: 22114

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2022 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 assessed based on the Application submitted. You should note that five scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the five 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) Quantifiabl Community Participation, §11.9(d)(5) Community Support from State Representative, §11.9(d)(6) Input from Community Organizations, and §11.9(d)(7) Concerted Revitalization Plan.

Section 3 provides information related to any point deductions assessed under §11.9(f) and/or §11.201(7)(B) of the QAP.

Section 4 provides the final cumulative score in bold.

Section 5 includes, as applicable, notes and an explanation of any differences between the requested and awarded score, a 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)(4) "Leveraging of Private, State, and Federal Resources", §11.9(b)(1)(A) "Unit Sizes", §11.9(b)(1)(B) "Unit and Development Features", §11.9(c)(1) "Income Levels of Residents", §11.9(c)(2) "Rent Levels of Tenants", §11.9(e)(1) "Financial Feasibility", §11.9(e)(3) "Pre-Application Participation", and may be adjusted should the underwriting review result in changes to the Application that would impact these scores. 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 scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appea process provided under §11.902 of the 2022 QAP. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board. If the score of an Application changes, a revised scoring notice will be provided to the Applicant.

Page 2 of Final Scoring Notice: 22114, Las Brisas Redevelopment

Section 1:

Score Requested by Applicant (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	138
Score Awarded by TDHCA (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	137
Difference between Requested and Awarded:	1

Section 2:

Points Awarded for §11.9(d)(1) Local Government Support:	17
Points Awarded for §11.9(d)(4) Quantifiable Community Participation:	8
Points Awarded for §11.9(d)(5) Community Support from State Representative:	8
Points Awarded for §11.9(d)(6) Input from Community Organizations:	0
Points Awarded for §11.9(d)(7) Concerted Revitalization Plan:	0

Section 3:

Points Deducted for §11.9(f) and/or §11.201(7)(B) of the QAP:	0

Section 4:

Final Score Awarded to Application by Department staff (Including all points):	**170**

Section 5:

Notes and explanation for difference between points requested and points awarded by the Department, as well as penalties assessed:

§11.9(e)(2) Cost of Development per Square Foot. The Application is not eligible for twelve (12) points because the voluntary Eligible Building Cost per square foot included in the application is not less than $88.58 per square foot.

Restrictions and requirements relating to the filing of an appeal can be found in §11.902 of the 2022 QAP. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Monday June 13, 2022. 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 Colin Nickells at (512) 936-7834 or by email at mailto:colin.nickells@tdhca.state.tx.us.

Sincerely,

Colin Nickells

Colin Nickells
Competitive HTC Program Administrator

Original Landmark 301 Scoring Notice

Matthew Gillam
Phone #: (785) 766-4096
Email: matt@overlandpg.com
Second Email: ajcarpen@gmail.com

Date: June 01, 2022

RE: 2022 Competitive Housing Tax Credit (HTC) Application for Landmark 301, TDHCA Number: 22254

The Texas Department of Housing and Community Affairs has completed its program review of the Application referenced above as further described in the 2022 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 assessed based on the Application submitted. You should note that five scoring items are not reflected in this scoring comparison but are addressed separately.

Section 2 of the scoring notice includes each of the five 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, §11.9(d)(6) Input from Community Organizations, and §11.9(d)(7) Concerted Revitalization Plan.

Section 3 provides information related to any point deductions assessed under §11.9(f) and/or §11.201(7)(B) of the QAP.

Section 4 provides the final cumulative score in bold.

Section 5 includes, as applicable, notes and 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)(4) "Leveraging of Private, State, and Federal Resources", §11.9(b)(1)(A) "Unit Sizes", §11.9(b)(1)(B) "Unit and Development Features", §11.9(c)(1) "Income Levels of Residents", §11.9(c)(2) "Rent Levels of Tenants", §11.9(e)(1) "Financial Feasibility", §11.9(e)(3) "Pre-Application Participation", and may be adjusted should the underwriting review result in changes to the Application that would impact these scores. 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 scoring notice is provided by staff at this time to ensure that an Applicant has sufficient notice to exercise any appeal process provided under §11.902 of the 2022 QAP. All information in this scoring notice is further subject to modification, acceptance, and/or approval by the Department's Governing Board. If the score of an Application changes, a revised scoring notice will be provided to the Applicant.

Page 2 of Final Scoring Notice: 22254, Landmark 301

Section 1:

Score Requested by Applicant (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	135
Score Awarded by TDHCA (Not including points for §11.9(c)(8) or (d)(1), (4), (5), (6) or (7) of the 2022 QAP):	131
Difference between Requested and Awarded:	4

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
Points Awarded for §11.9(d)(7) Concerted Revitalization Plan:	7

Section 3:

Points Deducted for §11.9(f) and/or §11.201(7)(B) of the QAP:	0

Section 4:

Final Score Awarded to Application by Department staff (Including all points):	**171**

Section 5:

Notes and explanation for difference between points requested and points awarded by the Department, as well as penalties assessed:

§11.9(e)(2) Income Level of Residents. The application does not qualify for (15) points because less than 40% of low income units are restricted at or below 50% of AGMI.

Restrictions and requirements relating to the filing of an appeal can be found in §11.902 of the 2022 QAP. If you wish to appeal this scoring notice, you must file your appeal with the Department no later than 5:00 p.m. Austin local time, Thursday, June 9, 2022. 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 Colin Nickells at (512) 936-7834 or by email at mailto:colin.nickells@tdhca.state.tx.us.

Sincerely,

Colin Nickells

Colin Nickells
Competitive HTC Program Administrator

5f

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

JULY 7, 2022

Presentation, discussion, and possible action on timely filed appeal of scoring for The Reserves at Monarch (#22258) under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, competitive Housing Tax Credit Application #22258 for The Reserves at Monarch was timely submitted to the Department to compete in the 2022 Application round, proposing the new construction of 68 Units in Denton, Denton County;

WHEREAS, a scoring notice was issued for this Application on June 1, 2022, which included a reduction of seven points related to the Concerted Revitalization Plan scoring item established in 10 TAC §11.9(d)(7);

WHEREAS, the Applicant timely filed the appeal, which was denied by the Executive Director on June 22, 2022; and

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of scoring for The Reserves at Monarch (#22258) be denied.

BACKGROUND

The Reserves at Monarch (#22258) is a 2022 competitive housing tax credit Application that proposes the new construction of 68 Units in Denton, Denton County. The 2022 Qualified Allocation Plan (QAP) establishes in 10 TAC §11.9(d)(7) that up to seven points may be awarded to Applications if the Development Site is geographically located within an area for which a concerted revitalization plan (CRP) has been developed and published by the municipality.

A scoring notice was issued on June 1, 2022, which included a deduction of seven points from the requested score, due to the Application not appearing to qualify for the seven points requested related to Concerted Revitalization Plans.

The Application claims these points on the basis that the proposed Development Site is located within the "Dallas Drive Corridor Focus Area" that is identified in the Denton Plan 2030. The Denton Plan 2030 includes both "Focus Areas" and "Small Area Plans," which are clearly and consistently distinguished from one another throughout the Plan. Specifically, Small Area Plans are described as:

> A small area plan is a plan that is developed for a clearly delineated area that addresses specific issues and challenges with more detailed actions and strategies than is provided in Denton Plan 2030.

A number of Small Area Plans are specified in the Denton Plan 2030. These have defined boundaries, established goals and priorities related to revitalization, and recommendations that identify the course of action necessary to achieve those goals. In contrast with Small Area Plans, Focus Areas are areas for which the City intends to create a Small Area Plan; however, no plan for the revitalization of the identified Focus Areas has been developed and published as part of the Denton Plan 2030. This is confirmed in a letter from Ron Menguita, Principal Planner of the City of Denton, which was included in the Application. In it, Mr. Menguita states:

> Specifically, the property is located within a Corridor Focus Study Area as depicted on page 118 of the Comprehensive Plan and referred to as Dallas Drive (I-35 to Eagle Drive), further described on page 132 and 133. Although the subject property is not located along Dallas Drive, it is near a major intersection of the study area and **will be included in the future study of the corridor for potential recommendations**. (emphasis added)

The Denton Plan 2030 is a city-wide comprehensive plan. In accordance with 10 TAC §11.9(d)(7), a city-wide comprehensive plan does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken to meet the following requirement, found in 10 TAC §11.9(d)(7)(iii):

> The area targeted for revitalization must be larger than the assisted housing footprint.

Staff has reviewed the Denton Plan 2030 and has determined that the proposed development site does not meet this requirement, as it is not located in an area currently targeted for revitalization. Accordingly, the appeal was denied by the Executive Director on June 22, 2022, and is now presented to the Board for consideration.

If the Board grants the appeal, staff will award the Application seven points related to the Concerted Revitalization Plan. If the Board denies the appeal, then the Application will not qualify for those points. Staff recommends that the Board deny the appeal.

Locke Lord LLP

600 Congress, Suite 2200
Austin, TX 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

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

June 29, 2022

Via Electronic Mail

Mr. Leo Vasquez, Board Chair
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: #22258, The Reserves at Monarch (the "**Development**")

Greetings:

We represent OPG Monarch Partners, LLC, which has applied for housing tax credits for the Development referenced above. This letter responds to a scoring notice in which TDHCA asserted that the Application[1] was not entitled to seven (7) points under §11.9(d)(7) of the QAP for location within the boundaries of a concerted revitalization plan. For the reasons cited below, the Applicant believes the points must be restored.

This appeal is submitted in accordance with Tex. Gov't Code §2306.6715(d), which states "the applicant may appeal directly in writing to the board." Nothing in this appeal presents new information, not contained in or filed with the original Application.

Each time TDHCA makes a substantive change to the QAP, the Board, staff, and Applicant community must work through interpretive challenges with the new language. Such is the case here.

[1] Capitalized terms used but not defined in this letter shall have the meanings given them in the 2022 Qualified Allocation Plan.

Summary of Facts

For 2022, TDHCA staff recommended a significant change to §11.9(d)(7) of the QAP, which awards points for a Development located within the jurisdiction of a concerted revitalization plan. Previously, points for this item were awarded based upon a whole host of criteria. Given that community planning is unique to each local governing body, TDHCA's criteria often did not fit the particular planning document. In 2021, the staff and Board determined it best to reduce the specific criteria and allow the local jurisdictions' plans to speak for themselves. At the Board meeting on September 2, 2021, Ms. Boston said: "We think we took out a little bit of the 'gotcha' of the CRP process, which is for community revitalization plans."

The Applicant submitted a Concerted Revitalization Plan Application Packet at Tab 10, identifying the location of the Development in the "Dallas Drive Corridor Focus Area" (the "**Designated Area**") of the Denton 2030 Plan (the "**Plan**"). The Development Site is entirely within the Designated Area, and the footprint of the Designated Area extends beyond the Development Site.

The Plan sets forth goals, policies, and actions for the various Plan Elements. It states that Focus Areas are "an important element of ensuring quality development" and sets forth five (5) pages of guidelines for design within the Focus Areas. The Plan recognizes that some Focus Areas may require Area Plans to "identify unique recommendations for land use, urban design, circulation and public realm improvements" that "go beyond the general recommendations of the Urban Design Principles."

The Applicant did not receive an Administrative Deficiency with regard to its Concerted Revitalization Plan Application Packet. When the scoring notice arrived, it stated that the Applicant did not qualify for the seven (7) points because the Plan is a city-wide plan that does not meet the requirements of §11.9(d)(7).

Legal Analysis

When TDHCA staff proposed a significant overhaul for §11.9(d)(7) in the 2022 QAP, they said: "This scoring item has been significantly modified to ease the time-consuming nature of the reviews and to ease the process for applicants." Before this backdrop, we ask the Board to determine whether the Designated Area established in the Plan, and the guiding principles assigned to the Designated Area, as sufficient to meet the requirements of the new QAP language. The rule states:

> A city- or county-wide comprehensive plan, including a consolidated plan or one-year action plan required to receive HUD funds does not equate to a concerted revitalization plan <u>unless evidence is presented that</u>

> additional efforts have been undertaken to meet the requirements in clause (iii) of this subparagraph (emphasis reflects language added for 2022)

How does the City of Denton 2030 Plan stack up against the QAP requirement?

- The Plan is a city-wide comprehensive plan.
- In order to be considered a concerted revitalization plan, the Applicant must provide evidence that "additional efforts have been undertaken to meet the requirements in clause (iii) of this subparagraph." This language was added to the 2022 QAP. The 2021 QAP said:

> A city- or county-wide comprehensive plan, by itself, does not equate to a concerted revitalization plan.

- Per the standards for the interpretation of administrative rules, we must assume that TDHCA added the underlined phrase for a reason.
- Clause (iii) states:

> The area targeted for revitalization must be larger than the assisted housing footprint.

- Taken all together, a city-wide comprehensive plan is a concerted revitalization plan if evidence is presented that effort has been made to ensure that the area targeted for revitalization is larger than the Development Site.
- The Applicant has shown that the Designated Area in the Plan is larger than the Development Site.
- With that, the Applicant has met the plain language of the new rule.

In its response to the Applicant's appeal, TDHCA staff asserts that the Designated Area in the Plan is not currently targeted for revitalization. This is the kind of subjective judgment that we believe staff was trying to avoid by changing the requirements for points for a concerted revitalization plan. As noted above, the Plan includes five (5) pages of design recommendations for the Focus Areas, including the Designated Area. These recommendations include:

- Promote high quality development along corridors to improve aesthetics, enrich neighborhoods, and encourage reinvestment. Design of new development should contribute to the overall visual quality of the corridor and define the streetscape.

- Apply zoning standards to discourage strip commercial shopping centers and auto-oriented development in Corridor Focus Areas. Buildings set back behind parking lots facing key corridors are discouraged.
- Create visually cohesive Corridor Focus Areas using a variety of techniques including landscaping, undergrounding of utilities, and other streetscape improvements along key corridors.

Conclusion and Request for Approval on Appeal

The Applicant asks the Board to make a determination that the Plan meets the requirements of the 2022 QAP. The Applicant believes the principles enumerated in the Plan, as applicable to the Designated Area, meet the requirements of the QAP. The Designated Area is larger than the footprint of the Development Site, and the Plan sets forth design principles for the Designated Area, including revitalization.

We respectfully request that you reinstate the seven (7) points under §11.9(d)(7). Thank you very much.

Sincerely,

Cynthia L Bast

Cynthia L. Bast

June 22, 2022

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Matthew Gillam
Overland Property Group, LLC
Leawood, Kansas

RE: APPEAL OF SCORING OF 9% HOUSING TAX CREDIT APPLICATION
#22258 THE RESERVES AT MONARCH (THE DEVELOPMENT)

Mr. Gillam:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on March 1, 2022. A scoring notice was issued on June 1, 2022, which included a deduction of seven points from the score requested in the Application. These points were deducted because the Application does not appear to qualify for points under 10 TAC §11.9(d)(7), related to Concerted Revitalization Plans, which requires that the Development Site be geographically located within an area for which a concerted revitalization plan (CRP) has been developed and published by the municipality.

The Application claims these points on the basis that the proposed Development Site is located within the "Dallas Drive Corridor Focus Area" that is identified in the Denton Plan 2030. The Denton Plan 2030 includes both "Focus Areas" and "Small Area Plans," which are clearly and consistently distinguished from one another throughout the Plan. Specifically, Small Area Plans are described as:

> A small area plan is a plan that is developed for a clearly delineated area that addresses specific issues and challenges with more detailed actions and strategies than is provided in Denton Plan 2030

A number of Small Area Plans are specified in the Denton Plan 2030. These have defined boundaries, established goals and priorities related to revitalization, and recommendations that identify the course of action necessary to achieve those goals. In contrast with Small Area Plans, Focus Areas are areas for which the City intends to create a Small Area Plan; however, no plan for the revitalization of the identified Focus Areas has been developed and published as part of the Denton Plan 2030. This is confirmed in a letter from Ron Menguita, Principal Planner of the City of Denton, which was included in the Application. In it, Mr. Menguita states:

> Specifically, the property is located within a Corridor Focus Study Area as depicted on page 118 of the Comprehensive Plan and referred to as Dallas Drive (I-35 to Eagle Drive), further described on page 132 and 133. Although the subject property is not located along Dallas Drive, it is near a major intersection of the study area and **will be included in the future study of the corridor for potential recommendations**. (emphasis added)

The Denton Plan 2030 is a city-wide comprehensive plan. In accordance with 10 TAC §11.9(d)(7), a city-wide comprehensive plan does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken to meet the following requirement, found in 10 TAC §11.9(d)(7)(iii):

> The area targeted for revitalization must be larger than the assisted housing footprint.

Staff has reviewed the Denton Plan 2030 and has determined that the proposed development site does not meet this requirement, as it is not located in area currently targeted for revitalization. As a result, the scoring notice accurately reflects the points under 10 TAC §11.9(d)(7) for which the Application qualifies. Accordingly, the appeal is denied, and will be presented to the Department's Governing Board for consideration at the meeting to be held on July 7, 2022.

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

RBW II

Bobby Wilkinson
Executive Director

Appeal Election Form: 22258, The Reserves at Monarch

Note: If you do not wish to appeal this notice, do not submit this form.

I am in receipt of my 2022 scoring notice and am filing a formal appeal to the Executive Director on or before the seventh calendar day after the date of the scoring notice.

If my appeal is denied by the Executive Director:

[X] 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 documention to the Executive Director will be utilized.

[ ] I do not wish to appeal to the Board of Directors.

Signed ______________________

Title Managing Partner

Date 6/8/22

Please email to Colin Nickells:
mailto:colin.nickells@tdhca.state.tx.us

OVERLAND
PROPERTY GROUP

June 8, 2022

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th St
Austin, TX 78701

RE: Notice of Appeal for 22258 Reserves at Monarch

Dear Mr. Wilkinson:

Please consider this a formal appeal of staff determination of zero points for Concerted Revitalization Plan for TDHCA Application #22258, the Reserves at Monarch.

Below is the explanation given by staff for the denial of points of the Application – emphasis of the highlight is from staff:

> During the review of Application #22258, staff determined the Application does not qualify for seven (7) points under Section 11.7(d)(7) of the QAP because the supporting documentation submitted with the Application's Concerted Revitalization Plan (CRP) Packet is a city-wide comprehensive plan. Section 11.9(d)(7)(A)(ii) and (iii) of the QAP state the following:
>
> > (ii) A plan may consist of one or two complementary local planning documents that together have been approved by the municipality as a plan to revitalize the specific area. The plan and supporting documentation must be submitted using the CRP Application Packet. No more than two local plans may be submitted for each proposed Development. The concerted revitalization plan may be a Tax Increment Reinvestment Zone (TIRZ) or Tax Increment Finance (TIF) or similar plan. A city- or county-wide comprehensive plan, including a consolidated plan or one-year action plan required to receive HUD funds does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken to meet the requirements in clause (iii) of this subparagraph.
> >
> > (iii) The area targeted for revitalization must be larger than the assisted housing footprint.

OVERLAND
PROPERTY GROUP

Background
During the review of Application #22258, staff determined the Application does not qualify for seven (7) points under Section 11.7(d)(7) of the QAP because the supporting documentation submitted with the Application's Concerted Revitalization Plan (CRP) Packet is a city-wide comprehensive plan.

While previous QAPs had significant requirements for a comprehensive plan to be eligible as a CRP, the 2022 QAP only requires that "evidence is presented that additional efforts have been undertaken to meet the requirements of clause (iii) of the subparagraph" which states:

(iii) The area targeted for revitalization must be larger than the assisted housing footprint.

As outlined in the explanation below (and attached), the Applicant submitted documentation that met this requirement.

The changes to the 2022 QAP were intended to allow for local municipalities to determine their CRP plans and areas and the City of Denton has clearly done that in the case of this Application.

Overview
The revitalization plan submitted for the CRP points was the Denton Plan 2030, the City of Denton's Comprehensive Plan. Within the Plan there are specific Focus Study Areas where the City outlines guidelines for the focus areas and future goals for those areas (see attachment A). One of those areas, which is specific to the Application, is the Dallas Drive Corridor Focus Study Area (See attachment B from CRP submission that has the map and letter from the city confirming the area in question).

As you will note, the Dallas Drive Corridor Focus Study Area runs along Hwy 77 from south of Teasley Rd to the Downtown area – on both sides of the highway. As outlined by staff, the sole requirement for a comprehensive plan to be eligible to be considered as a CRP is that it meets the requirement of clause (iii) of the subparagraph which states:

> **(iii) The area targeted for revitalization must be larger than the assisted housing footprint.**

As provided in the CRP packet, the map of the revitalization area is clearly larger than the development footprint – thus the Plan should be considered eligible for consideration.

Furthermore, the letter from City Staff (see Attachment B) should be sufficient confirmation that the site is indeed located within a legitimate Revitalization Area/Plan.

Conclusion
The documentation submitted at Application identified the City's Comprehensive Plan and specifically the Dallas Drive Corridor Focus Study Area within the plan as the revitalization area covered by the Revitalization Plan. The City of Denton confirmed that the area was a revitalization area and that the development was within the revitalization area. The documentation included a map that clearly shows that the target area is larger than the assisted housing footprint. All of the requirements of the 2022 QAP have been met and we respectfully request that the Concerted Revitalization Plan points for TDHCA Application #22258 The Reserves at Monarch be awarded.

Thank you for your attention and consideration. Please contact me with any questions.

Sincerely,

Matthew Gillam
Manager
Overland Property Group, LLC

Exhibit A

4.16.10 Employ the following guidelines in the design of Industrial Commerce land uses:

* Minimize conflicts with adjoining land uses and efficiently utilize existing transportation systems. (DP p. 49)
* Locate development in a manner that does not compromise health, safety, and welfare of community. (DP p. 48, CHS 8.3.2)
* Design all facilities (whether free standing or related to manufacturing uses) to address the street frontage at a pedestrian scale.
* Consider the adaptive reuse of existing warehouse buildings for non-industrial uses, such as office or community facilities.
* Use varying building heights and setbacks to define different functions, such as offices and warehousing.
* Screen all loading docks, platforms, and overhead bay doors from public view. Loading function should be located away from front streets and should be designed or screened in such a way as to reduce their visibility.

Guidelines for Focus Areas:

The establishment of Focus Areas is an important element of ensuring quality development in key areas of Denton. Focus areas include Centers, Corridors, Gateways, Branding Stations, and Travel Centers that are located at key intersections and destinations throughout the city and were identified as part of the Plan development process. Due to their prominent locations—either currently or envisioned for the future—they warrant special design scrutiny that will result in perceivable distinction in design, urban vitality, and potentially increased development intensity in the future. Focus areas—Centers, Corridors, Gateways, Branding Stations, and Travel Centers—are not land use types, rather they are types of development that may occur within specified areas, allowable in the underlying mixed-use land use designation. The goal for identified Focus Areas is to create Small Area Plans that examine the areas to develop context-specific guidelines and land uses that go beyond the general recommendations of the Urban Design Principles and land use guidelines. If necessary, these plans could then be incorporated into the zoning code as overlays. The guidelines for Focus Areas add specificity to the Regional, Community, and Neighborhood Center Mixed-use land use designations for use in guiding the development types that may occur in those areas.

The goal for identified Focus Areas is to create Small Area Plans that examine the areas to develop context-specific guidelines and land uses that go beyond the general recommendations of the Urban Design Principles and land use guidelines.

Potential Focus Areas are listed below and illustrated on Figure 4.1: Focus Areas Concept. These focus areas were developed in the creation of the future land use alternatives in Phase 3 to illustrate potential areas of intensification, based on input from City staff. These areas are reflected in the Future Land Use Map (FLUM) as areas for intensification or the creation of new development. Additional areas could be added as a result of prioritization or development momentum (CC 4.12.4). Those areas located within approved MPCs are shown for illustrative purposes and are liable to be changed based on potential redesign of MPCs based on alignment with Preferred

Growth Concept (i.e. compact development). (LU 2.11.1) These will not warrant Small Area Plans to be initiated by the City.

Focus areas shown on Figure 4.2 include the following centers, corridors, and travel centers- a type of center geared towards freight use. Locations of Gateways are discussed in policy 4.2.6.

Centers

- Cole Ranch (intersection of potential Loop 288 extension and I-35W)
- Cole Ranch (FM 2449) Highway 377 and Country Club Road
- Denton Center (University Drive/ U.S. 380 and Carroll Boulevard)
- Denton Enterprise Airport (Airport Road)
- Denton Natatorium and surrounding area (Loop 288 and Sherman Drive/ FM 428)
- Downtown Denton (see Downtown Small Area Plan)
- Elm and Windsor
- Fry Street
- Golden Triangle Mall
- Hills of Denton (intersection of Loop 288 and Locust Street)
- Hills of Denton (south of Milam)
- Hunter Ranch (corner of I-35W and Crawford Road)
- McKinney at Loop 288/ Mayhill
- McKinney at Trinity
- McKinney at Woodrow
- MedPark Station (Mayhill north of I-35E)
- Presbyterian Hospital Denton (I-35 at Scripture)
- Rayzor Ranch (Town Center South)
- Robson Ranch
- Stonehill Center (at I-35 and Loop 288)
- Teasley and Teasley
- Teasley at Robinson
- Trinity North of McKinney

Center Development

Center Development

Corridor Development

- Trinity South of McKinney
- Unicorn Lake
- University at Loop 288/ Mayhill

Corridors

- Dallas Drive (I-35 to Eagle Drive)
- Fort Worth Drive (I-35 to Country Club Road)
- Fort Worth Drive/Carroll Boulevard (I-35 to Eagle Drive)
- I-35 Frontage Road North and South (Fort Worth Drive to North Texas Boulevard)
- Mayhill Road (I-35 to University Drive)
- Sherman Drive (Locust Street to Loop 288)
- Teasley Lane (Lillian Miller Parkway to Dallas Drive)
- Teasley Lane (I-35 to south city limits)
- University Drive (I-35 to Loop 288)
- University Drive (Loop 288 to east city limits)
- University Drive (I-35 to west city limits)

Travel Centers

- I-35 and Milam Road
- I-35 at West University Drive (U.S. 380)

4.17 Establish design guidelines for Focus Areas to aid in design review for key intersections and destinations in Denton, with the intention of creating Small Area Plans and corresponding Overlay Districts. (LU 2.8.1, 2.8.2)

4.17.1 The following design principles should guide the design of Center Focus Areas:

* Design and development intensity of Center Focus Areas will be determined by underlying land use shown in the FLUM and development regulations of underlying zoning districts.
* New development in Center Focus Areas should adhere to general urban design guidelines and policies of the Community Character and Urban Design Element. (Table 4.1)
* Coordinate designs for Center Focus Areas with best practices of NCTCOG, Project for Public Spaces, and other national resources.
* Center Focus Areas should be included in the *Citywide Branding and Placemaking Strategy.* (CC 4.2.1)
* Center Focus Areas that are located adjacent to key entry points to the city may employ guidelines for Gateways (CC 4.2.6).
* Buildings in identified Center Focus Areas should be oriented along streets, plazas, and pedestrian ways.
* Building facades in Center Focus Areas should create an active and engaging public realm and encourage walking and alternative transportation. Amenities for public transit and bicycle infrastructure should be included at key intersections/ focal points.
* All modes of transportation should be accommodated to the greatest extent possible to contribute to efficient and safe travel for all modes.
* Transitions between building intensity should be established between large-scale and small-scale development. The relationship can be improved by designing larger buildings to reduce their apparent size and recessing the upper floors of the building to relate to the lower scale of the adjacent, lower-density buildings.
* Center Focus Areas that are within existing developed areas should complement the scale and architectural features of surrounding development.
* Encourage parking structure designs that include landscaping and other aesthetic treatments

to minimize their visual prominence. Parking structures should be lined with active and visually attractive uses to lessen their impact on the streetscape.

* Parking standards should be reduced in centers to further principles for transit-oriented design. Buildings set back behind parking lots are discouraged.

4.17.2 The following design principles should guide the design of Corridor Focus Areas:

* Design and development intensity of Corridor Focus Areas will be determined by underlying land use shown in the FLUM and development regulations of underlying zoning districts.
* Promote high quality development along corridors to improve aesthetics, enrich neighborhoods, and encourage reinvestment. Design of new development should contribute to the overall visual quality of the corridor and define the streetscape.
* Highlight important intersections and access points along key Corridor Focus Areas through enhanced architectural design features, streetscape treatments, or traffic-calming elements such as roundabouts to mark transitions and define character.
* Apply zoning standards to discourage strip commercial shopping centers and auto-oriented development in Corridor Focus Areas. Buildings set back behind parking lots facing key corridors are discouraged.
* In urban contexts and where Corridor Focus Areas intersect with Center Focus Areas, encourage development to create continuous facades built to activate the street wall, provide a sense of enclosure and improve pedestrian comfort.
* Corridor Focus Areas that are within existing developed areas should complement the scale and architectural features of surrounding development.
* Create visually cohesive Corridor Focus Areas using a variety of techniques including landscaping, undergrounding of utilities, and other streetscape improvements along key corridors.
* Corridor Focus Areas that are located adjacent to key entry points to the city may employ guidelines for Gateways (CC 4.2.6).

4.17.3 The following design principles should guide design within Travel Center Focus Areas:

* Special signage and gateway treatment should be applied in order create a distinctive entry point into the city in Travel Center Focus Areas.
* Land uses should be appropriate to support freight industry in Denton and recognize the importance of Denton as the first destination on I-35 from points northward.
* Landscape screening should be employed in parking areas.
* Development should be oriented in a manner that reduces conflicts with adjacent sensitive uses, such as residential uses.
* Buffering techniques should be employed to minimize impacts to adjacent sensitive uses, such as residential uses.

Attachment B

Concerted Revitalization Plan (CRP) Application Packet

The purpose of the packet is to formalize the process by which Concerted Revitalization Plans (CRP) are described and submitted pursuant to 10 TAC §11.9(d)(7) of the Qualified Allocation Plan (QAP). The CRP and all supporting documentation must be uploaded to the Department's ServU system along with this packet, as a separate document from the Application. Refer to the Multifamily Programs Procedures Manual posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm for an explanation of the process to set-up a Serv-U Account if needed.

Application # **22258** Development Name **The Reserves at Monarch**

Development City **Denton** Development County **Denton**

☒ The Application claims no points under 10 TAC §11.9(c)(4) related to Opportunity Index.

My Development Site is located in an area that is:

☒ Urban

☐ Rural (skip to page 2 of the packet)

☒ My Development Site is located in a distinct area known locally as (or named by the CRP as) **Dallas Drive Corridor Focus Area** that is larger than the assisted housing footprint.

☒ This packet includes proof that the Development Site is geographically located within an area for which a Concerted Revitalization Plan has been developed and published by the municipality which can be found at (document name, page number(s), etc.) **Denton 2030 Plan, p. 118, figure 4.1 (p. 132 of the PDF).**

☒ A CRP covering the area mentioned above has been developed and executed. The CRP consists of the following local planning document(s):

Denton Plan 2030

☐ The document(s) is included in its entirety.

☒ The document(s) can be found online at https://www.cityofdenton.com/DocumentCenter/View/3941/Denton-Plan-2030-PDF

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NOTE: Per the requirements of 10 TAC §11.9(d)(7)(A)(ii), a plan may consist of one or multiple, but complementary, local planning documents that together create a cohesive agenda for the plan's specific area. **No more than two (2) local plans may be submitted for each proposed Development**. The concerted revitalization plan may be a Tax Increment Reinvestment Zone (TIRZ) or Tax Increment Finance (TIF) or similar plan. A city-wide or county-wide comprehensive plan, including a consolidated plan or one-year action plan required to received HUD funds does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken

The URBAN CRP meets the following criteria as required by 10 TAC §11.9(d)(7)(A)(iii)(I)):

1. The concerted revitalization plan, or each of the local planning documents that compose the plan, must have been published by the municipality or county in which the Development Site is located. ☒
   The plan must be current at the time of Application. ☒

URBAN CRP Requested Scoring

Points may be selected under 1, 2, and 3 below for no more than a total of 7 points.

1. ☒ Applications may receive (7) points if the proposed Development Site is located within a Qualified Census Tract; or
2. ☐ Application may receive (7) points if the proposed Development Site is not located within a Qualified Census Tract and has also submitted a letter from the appropriate local official for the municipality (or county if the Development Site is completely outside of a municipality) that explicitly identifies the proposed Development as contributing to the concerted revitalization efforts of the municipality or county (as applicable); or
3. ☐ Application may receive (5) points if the proposed Development Site is not located within a Qualified Census Tract and does not have a letter from the from the appropriate local official for the municipality (or county if the Development Site is completely outside of a municipality) that explicitly identifies the proposed Development as contributing to the concerted revitalization efforts of the municipality or county.

401 N. ELM STREET ■ DENTON, TEXAS ■ 76201 ■ 940.349.8451
DEVELOPMENT SERVICES DEPARTMENT

February 22, 2022

TDHCA
Cody Campbell
221 East 11th Street
Austin, TX 78701

RE: 1400 Teasley Lane (The Reserves at Monarch)

Dear Mr. Campbell:

I am writing this letter to confirm that the property located at 1400 Teasley Lane in Denton is within a Focus Study Area outlined in the Denton Plan 2030, the City of Denton's Comprehensive Plan.

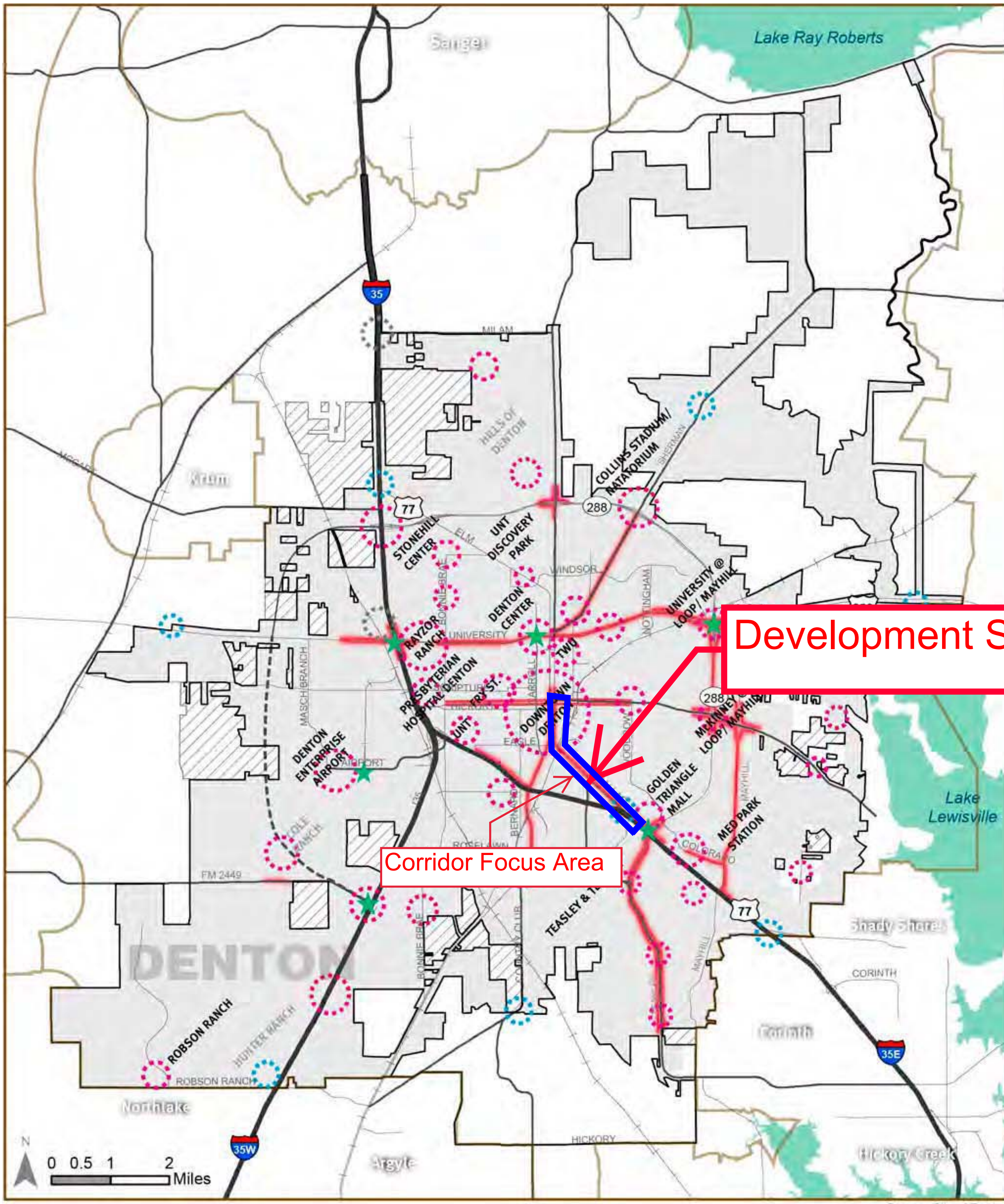
Specifically, the property is located within a Corridor Focus Study Area as depicted on page 118 of the Comprehensive Plan and referred to as Dallas Drive (I-35 to Eagle Drive), further described on page 132 and 133. Although the subject property is not located along Dallas Drive, it is near a major intersection of the study area and will be included in the future study of the corridor for potential recommendations.

This letter is to confirm that the subject corridor study area Dallas Drive (I-35 to Eagle Drive) is current. Please note that the City's Comprehensive Plan is currently being updated. However, there is no changes to the Focus Areas Concept that would affect the status of the subject corridor.

Sincerely,

Ron Menguita, AICP
Principal Planner

FIGURE 4.1: Focus Areas Concept



Source: City of Denton

- Center Focus Area
- Corridor Focus Area
- Gateway Focus Area
- Travel Center Focus Area
- Branding Station
- Municipal Boundaries
- City of Denton
- ETJ

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JULY 7, 2022

Presentation, discussion, and possible action on timely filed appeal of scoring for The Zeisel (#22291), under the Department's Multifamily Program Rules

RECOMMENDED ACTION

WHEREAS, competitive Housing Tax Credit Application #22291 for The Zeisel was timely submitted to the Department to compete in the 2022 Application round, proposing the new construction of 78 Units in Denton, Denton County;

WHEREAS, an Application Log was published to the Department's website on June 8, 2022, which included a reduction of seven points related to the Concerted Revitalization Plan scoring item established in 10 TAC §11.9(d)(7);

WHEREAS, the Applicant timely filed the appeal, which was denied by the Executive Director on June 27, 2022; and,

WHEREAS, the Applicant has requested that the appeal be heard by the Department's Governing Board in accordance with Tex. Gov't Code §2306.6715;

NOW, therefore, it is hereby

RESOLVED, that the appeal of scoring for The Zeisel (#22291) be denied.

BACKGROUND

The Zeisel (#22291) is a 2022 competitive housing tax credit Application that proposes the new construction of 68 Units in Denton, Denton County. The 2022 Qualified Allocation Plan (QAP) establishes in 10 TAC §11.9(d)(7) that up to seven points may be awarded to Applications if the Development Site is geographically located within an area for which a concerted revitalization plan (CRP) has been developed and published by the municipality.

An Application Log was posted to the Department's website on June 8, 2022, which included a deduction of seven points from the requested score, due to the Application not appearing to qualify for the seven points requested related to Concerted Revitalization Plans.

The Application claims these points on the basis that the proposed Development Site is located within the "I-35 Frontage Road North and South Corridor Focus Area" that is identified in the Denton Plan 2030. The Denton Plan 2030 includes both "Focus Areas" and "Small Area Plans," which are clearly and consistently distinguished from one another throughout the Plan. Specifically, Small Area Plans are described as:

> A small area plan is a plan that is developed for a clearly delineated area that addresses specific issues and challenges with more detailed actions and strategies than is provided in Denton Plan 2030.

A number of Small Area Plans are specified in the Denton Plan 2030. These have defined boundaries, established goals and priorities related to revitalization, and recommendations that identify the course of action necessary to achieve those goals. In contrast with Small Area Plans, Focus Areas are areas for which the City intends to create a Small Area Plan; however, no plan for the revitalization of the identified Focus Areas has been developed and published as part of the Denton Plan 2030.

The Denton Plan 2030 is a city-wide comprehensive plan. In accordance with 10 TAC §11.9(d)(7), a city-wide comprehensive plan does not equate to a concerted revitalization plan, unless evidence is presented that additional efforts have been undertaken to meet the following requirement, found in 10 TAC §11.9(d)(7)(iii):

> The area targeted for revitalization must be larger than the assisted housing footprint.

Staff has reviewed the Denton Plan 2030 and has determined that the proposed development site does not meet this requirement, as it is not located in an area currently targeted for revitalization. Accordingly, the appeal was denied by the Executive Director and is now presented to the Board for consideration.

If the Board grants the appeal, staff will award the Application seven points related to the Concerted Revitalization Plan. If the Board denies the appeal, then the Application will not qualify for those points. Staff recommends that the Board deny the appeal.

June 30, 2022

TDHCA Board
221 East 11th Street
Austin, TX 78701

RE: Denton Revitalization Plan

Dear Board Members:

Please consider this a formal appeal of staff /Executive Director determination of zero points for Concerted Revitalization Plan for TDHCA Application #22291, The Zeisel.

The denial letter from the Executive Director stated that:

> *These points were deducted because the Application does not appear to qualify for points under 10 TAC §11.9(d)(7), related to Concerted Revitalization Plans, which requires that the Development Site be geographically located within an area for which a concerted revitalization plan (CRP) has been developed and published by the municipality.*

And more specifically:

> *In contrast with Small Area Plans, Focus Areas are areas for which the City intends to create a Small Area Plan; however, no plan for the revitalization of the identified Focus Areas has been developed and published as part of the Denton Plan 2030….Staff has reviewed the Denton Plan 2030 and has determined that the proposed development site does not meet this requirement, as it is not located in area currently targeted for revitalization."*

In essence, staff is saying that a Small Area Plan must have been developed for a Corridor Focus Area to qualify as a Community Revitalization Plan/Area.

We disagree with staff/ED assessment as outlined in the letter below.

This appeal is submitted in accordance with Tex. Gov't Code §2306.6715(d), which states "the applicant may appeal directly in writing to the board." Nothing in this appeal presents new information, not contained in or filed with the original Application.

Background

For 2022, TDHCA staff recommended a significant change to §11.9(d)(7) of the QAP, which awards points for a Development located within the jurisdiction of a concerted revitalization plan. Previously, points for this item were awarded based upon a whole host of criteria. Given that community planning is unique to each local governing body, TDHCA's criteria often did not fit the particular planning document or efforts. In 2021, the staff and Board determined it best to reduce the specific criteria and allow the local jurisdictions' plans and representations to speak for themselves.

220 Adams Dr., Ste. 280, #138
Weatherford, TX 76086
352-213-8700 Lisa@Saigebrook.com

Saigebrook Development

Please note that the Applicant did not receive an Administrative Deficiency with regard to its Concerted Revitalization Plan Application Packet, nor did it receive a scoring notice for the Application. The Applicant did not receive a reason for the loss of the seven (7) points until it received a response to its appeal to the Executive Director.

Analysis

The rules related to Revitalization simply state:

> *A plan may consist of one or two complementary local planning documents that together have been approved by the municipality as a plan to revitalize the specific area…A city- or county-wide comprehensive plan, including a consolidated plan or one-year action plan required to receive HUD funds does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken to meet the requirements in clause (iii) of this subparagraph*
>
> *(iii) The area targeted for revitalization must be larger than the assisted housing footprint.*

In accordance with this rule, we believe that a city-wide comprehensive plan is a concerted revitalization plan if evidence is presented that effort has been made to ensure that the area targeted for revitalization is larger than the Development Site. The Applicant has shown that the Designated Area in the Plan is larger than the Development Site. With that, the Applicant has met the plain language of the new rule.

The City of Denton's *Denton Plan 2030* outlines/identifies very specific areas of the city in need of re-investment, revitalization, and redevelopment -- specifically key growth centers and corridors. Corridor Focus Areas are one type of these areas. Under "Guidelines for Focus Areas," the following criteria are outlined:

- Establishment of Focus Areas is an important element of ensuring quality development in key areas.
- Focus Areas warrant special design scrutiny that will result in perceivable distinction.
- Focus Areas are not land use types, rather they are types of development that may occur within specified areas.

These Guidelines "were identified as part of the Plan development process." The Plan recognizes in several locations that Focus Areas *may* [emphasis added] be the subject of Small Area Plans to "identify unique recommendations for land use, urban design, circulation and public realm improvements" that "go beyond the general recommendations of the Urban Design Principles." However, a Small Area Plan is not a pre-requisite for the Focus Area to exist or for its recommendations and guidelines to apply.

Small Area Plans are not required for the Corridor Focus Area to exist. Nor do they have to be developed for those areas to be considered Revitalization areas and have specific goals and objectives tied to those areas.

The Denton Plan includes five (5) pages of design recommendations for the Focus Areas, including the Designated Area. These recommendations include:

- Promote high quality development along corridors to improve aesthetics, enrich neighborhoods, and encourage reinvestment. Design of new development should contribute to the overall visual quality of the corridor and define the streetscape.
- Apply zoning standards to discourage strip commercial shopping centers and auto-oriented development in Corridor Focus Areas. Buildings set back behind parking lots facing key corridors are discouraged.

220 Adams Dr., Ste. 280, #138
Weatherford, TX 76086
352-213-8700 Lisa@Saigebrook.com

- Create visually cohesive Corridor Focus Areas using a variety of techniques including landscaping, undergrounding of utilities, and other streetscape improvements along key corridors.

Conclusion

We believe that the Corridor Focus Area the Development Site is located within meets the requirements of the 2022 QAP Concerted Revitalization provisions. The Designated Area is larger than the footprint of the Development Site, and the *Denton 2030 Plan* sets forth design principles for the Designated Area, including revitalization efforts such as streetscape improvements, relocation of utilities, improving aesthetics and encouraging reinvestment in Focus Areas. These planning efforts were part of an established process by the City in approving their *Denton 2030 Plan*. As such, we respectfully request that you reinstate the seven (7) points under Section 11.9(d)(7).

Thank you for your consideration.

Sincerely

Lisa Stephens
President

June 27, 2022

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Lisa Stephens
Saigebrook Development
Weatherford, Texas

RE: APPEAL OF SCORING OF 9% HOUSING TAX CREDIT APPLICATION
#22291 THE ZEISEL (THE DEVELOPMENT)

Ms. Stephens:

The Texas Department of Housing and Community Affairs (the Department) received the Application named above on February 28, 2022. An Application Log was published to the Department's website on June 8, 2022, which included a deduction of seven points from the score requested in the Application. These points were deducted because the Application does not appear to qualify for points under 10 TAC §11.9(d)(7), related to Concerted Revitalization Plans, which requires that the Development Site be geographically located within an area for which a concerted revitalization plan (CRP) has been developed and published by the municipality.

The Application claims these points on the basis that the proposed Development Site is located within the "I-35 Frontage Road North and South Corridor Focus Study" that is identified in the Denton 2030 Plan. The Denton 2030 Plan includes both "Focus Areas" and "Small Area Plans," which are clearly and consistently distinguished from one another throughout the Plan. Specifically, Small Area Plans are described as:

> A small area plan is a plan that is developed for a clearly delineated area that addresses specific issues and challenges with more detailed actions and strategies than is provided in Denton Plan 2030

A number of Small Area Plans are specified in the Denton Plan 2030. These have defined boundaries, established goals and priorities related to revitalization, and recommendations that identify the course of action necessary to achieve those goals. In contrast with Small Area Plans, Focus Areas are areas for which the City intends to create a Small Area Plan; however, no plan for the revitalization of the identified

Focus Areas has been developed and published as part of the Denton Plan 2030. Moreover, the identified "corridor" (I-35 Frontage Road North and South) does not contain the subject property.

The Denton Plan 2030 is a city-wide comprehensive plan. In accordance with 10 TAC §11.9(d)(7), a city-wide comprehensive plan does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken to meet the following requirement, found in 10 TAC §11.9(d)(7)(iii):

> The area targeted for revitalization must be larger than the assisted housing footprint.

Staff has reviewed the Denton Plan 2030 and has determined that the proposed development site does not meet this requirement, as it is not located in area currently targeted for revitalization. As a result, the Application Log accurately reflects the points under 10 TAC §11.9(d)(7) for which the Application qualifies. Accordingly, the appeal is denied, and will be presented to the Department's Governing Board for consideration at the meeting to be held on July 7, 2022.

If you have any questions or concerns, please contact Cody Campbell, Director of Multifamily Programs, at 512-475-1676 or by email at cody.campbell@tdhca.state.tx.us.

Sincerely,

R G Wil II

Bobby Wilkinson
Executive Director

June 14, 2022

Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th St
Austin, TX 78701

RE: Notice of Appeal for 22291 The Zeisel

Dear Mr. Wilkinson:

Please consider this a formal appeal of staff determination of zero points for Concerted Revitalization Plan for TDHCA Application #22291, The Zeisel. This appeal is based on the published score log of June 8, 2022. The Applicant has not received a scoring notice and has not received a specific reason for the denial of the CRP points. Based upon review of the list, knowledge of other scoring notices, and use of the same plan for the purposes of CRP scoring we believe that the issue is similar to that of TDHCA #22258, The Reserves at Monarch.

Below is the explanation given by staff for the denial of points of the Reserves at Monarch Application – emphasis of the highlight is from staff:

> During the review of Application #22258, staff determined the Application does not qualify for seven (7) points under Section 11.7(d)(7) of the QAP because the supporting documentation submitted with the Application's Concerted Revitalization Plan (CRP) Packet is a city-wide comprehensive plan. Section 11.9(d)(7)(A)(ii) and (iii) of the QAP state the following:
>
> > (ii) A plan may consist of one or two complementary local planning documents that together have been approved by the municipality as a plan to revitalize the specific area. The plan and supporting documentation must be submitted using the CRP Application Packet. No more than two local plans may be submitted for each proposed Development. The concerted revitalization plan may be a Tax Increment Reinvestment Zone (TIRZ) or Tax Increment Finance (TIF) or similar plan. A city- or county-wide comprehensive plan, including a consolidated plan or one-year action plan required to receive HUD funds does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken to meet the requirements in clause (iii) of this subparagraph.
> >
> > (iii) The area targeted for revitalization must be larger than the assisted housing footprint.

Background

During the review of Application #22291, we believe that staff determined the Application does not qualify for seven (7) points under Section 11.7(d)(7) of the QAP because the supporting documentation submitted with the Application's Concerted Revitalization Plan (CRP) Packet is a city-wide comprehensive plan.

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Weatherford, TX 76086
352-213-8700 Lisa@Saigebrook.com

While previous QAPs had significant requirements for a comprehensive plan to be eligible as a CRP, the 2022 QAP only requires that "evidence is presented that additional efforts have been undertaken to meet the requirements of clause (iii) of the subparagraph" which states:

(iii) The area targeted for revitalization must be larger than the assisted housing footprint.

As outlined in the explanation below (and attached), the Applicant submitted documentation that met this requirement.

The changes to the 2022 QAP were intended to allow for local municipalities to determine their CRP plans and areas and the City of Denton has clearly done that in the case of this Application.

Overview
The revitalization plan submitted for the CRP points was the Denton Plan 2030, the City of Denton's Comprehensive Plan. Within the Plan there are specific Focus Study Areas where the City outlines guidelines for the focus areas and future goals for those areas (see attachment A). One of those areas, which is specific to the Application, is the I-35 Frontage Road North and South Corridor Focus Area (See attachment B from CRP submission that has the map and letter from the city confirming the area in question).

As you will note, the I-35 Frontage Road North and South Corridor Focus Study Area runs along I-35 E south of the Downtown area – on both sides of the highway. As outlined by staff, the sole requirement for a comprehensive plan to be eligible to be considered as a CRP is that it meets the requirement of clause (iii) of the subparagraph which states:

(iii) The area targeted for revitalization must be larger than the assisted housing footprint.

As provided in the CRP packet, the map of the revitalization area is clearly larger than the development footprint – thus the Plan should be considered eligible for consideration.

Furthermore, the letter from City Staff (see Attachment B) should be sufficient confirmation that the site is indeed located within a legitimate Revitalization Area/Plan.

Conclusion
The documentation submitted at Application identified the City's Comprehensive Plan and specifically the Dallas Drive Corridor Focus Study Area within the plan as the revitalization area covered by the Revitalization Plan. The documentation included a map that clearly shows that the target area is larger than the assisted housing footprint. All of the requirements of the 2022 QAP have been met and we respectfully request that the Concerted Revitalization Plan points for TDHCA Application #22291 The Zeisel be awarded.
Thank you for your attention and consideration. Please contact me with any questions.

Sincerely,

Lisa Stephens, President
Saigebrook Development

Exhibit A

4.16.10 Employ the following guidelines in the design of Industrial Commerce land uses:

* Minimize conflicts with adjoining land uses and efficiently utilize existing transportation systems. (DP p. 49)
* Locate development in a manner that does not compromise health, safety, and welfare of community. (DP p. 48, CHS 8.3.2)
* Design all facilities (whether free standing or related to manufacturing uses) to address the street frontage at a pedestrian scale.
* Consider the adaptive reuse of existing warehouse buildings for non-industrial uses, such as office or community facilities.
* Use varying building heights and setbacks to define different functions, such as offices and warehousing.
* Screen all loading docks, platforms, and overhead bay doors from public view. Loading function should be located away from front streets and should be designed or screened in such a way as to reduce their visibility.

Guidelines for Focus Areas:

The establishment of Focus Areas is an important element of ensuring quality development in key areas of Denton. Focus areas include Centers, Corridors, Gateways, Branding Stations, and Travel Centers that are located at key intersections and destinations throughout the city and were identified as part of the Plan development process. Due to their prominent locations—either currently or envisioned for the future—they warrant special design scrutiny that will result in perceivable distinction in design, urban vitality, and potentially increased development intensity in the future. Focus areas—Centers, Corridors, Gateways, Branding Stations, and Travel Centers—are not land use types, rather they are types of development that may occur within specified areas, allowable in the underlying mixed-use land use designation. The goal for identified Focus Areas is to create Small Area Plans that examine the areas to develop context-specific guidelines and land uses that go beyond the general recommendations of the Urban Design Principles and land use guidelines. If necessary, these plans could then be incorporated into the zoning code as overlays. The guidelines for Focus Areas add specificity to the Regional, Community, and Neighborhood Center Mixed-use land use designations for use in guiding the development types that may occur in those areas.

The goal for identified Focus Areas is to create Small Area Plans that examine the areas to develop context-specific guidelines and land uses that go beyond the general recommendations of the Urban Design Principles and land use guidelines.

Potential Focus Areas are listed below and illustrated on Figure 4.1: Focus Areas Concept. These focus areas were developed in the creation of the future land use alternatives in Phase 3 to illustrate potential areas of intensification, based on input from City staff. These areas are reflected in the Future Land Use Map (FLUM) as areas for intensification or the creation of new development. Additional areas could be added as a result of prioritization or development momentum (CC 4.12.4). Those areas located within approved MPCs are shown for illustrative purposes and are liable to be changed based on potential redesign of MPCs based on alignment with Preferred

Growth Concept (i.e. compact development). (LU 2.11.1) These will not warrant Small Area Plans to be initiated by the City.

Focus areas shown on Figure 4.2 include the following centers, corridors, and travel centers- a type of center geared towards freight use. Locations of Gateways are discussed in policy 4.2.6.

Centers

- Cole Ranch (intersection of potential Loop 288 extension and I-35W)
- Cole Ranch (FM 2449) Highway 377 and Country Club Road
- Denton Center (University Drive/ U.S. 380 and Carroll Boulevard)
- Denton Enterprise Airport (Airport Road)
- Denton Natatorium and surrounding area (Loop 288 and Sherman Drive/ FM 428)
- Downtown Denton (see Downtown Small Area Plan)
- Elm and Windsor
- Fry Street
- Golden Triangle Mall
- Hills of Denton (intersection of Loop 288 and Locust Street)
- Hills of Denton (south of Milam)
- Hunter Ranch (corner of I-35W and Crawford Road)
- McKinney at Loop 288/ Mayhill
- McKinney at Trinity
- McKinney at Woodrow
- MedPark Station (Mayhill north of I-35E)
- Presbyterian Hospital Denton (I-35 at Scripture)
- Rayzor Ranch (Town Center South)
- Robson Ranch
- Stonehill Center (at I-35 and Loop 288)
- Teasley and Teasley
- Teasley at Robinson
- Trinity North of McKinney

Center Development

Center Development

Corridor Development

- Trinity South of McKinney
- Unicorn Lake
- University at Loop 288/ Mayhill

Corridors

- Dallas Drive (I-35 to Eagle Drive)
- Fort Worth Drive (I-35 to Country Club Road)
- Fort Worth Drive/Carroll Boulevard (I-35 to Eagle Drive)
- I-35 Frontage Road North and South (Fort Worth Drive to North Texas Boulevard)
- Mayhill Road (I-35 to University Drive)
- Sherman Drive (Locust Street to Loop 288)
- Teasley Lane (Lillian Miller Parkway to Dallas Drive)
- Teasley Lane (I-35 to south city limits)
- University Drive (I-35 to Loop 288)
- University Drive (Loop 288 to east city limits)
- University Drive (I-35 to west city limits)

Travel Centers

- I-35 and Milam Road
- I-35 at West University Drive (U.S. 380)

4.17 Establish design guidelines for Focus Areas to aid in design review for key intersections and destinations in Denton, with the intention of creating Small Area Plans and corresponding Overlay Districts. (LU 2.8.1, 2.8.2)

4.17.1 The following design principles should guide the design of Center Focus Areas:

* Design and development intensity of Center Focus Areas will be determined by underlying land use shown in the FLUM and development regulations of underlying zoning districts.
* New development in Center Focus Areas should adhere to general urban design guidelines and policies of the Community Character and Urban Design Element. (Table 4.1)
* Coordinate designs for Center Focus Areas with best practices of NCTCOG, Project for Public Spaces, and other national resources.
* Center Focus Areas should be included in the *Citywide Branding and Placemaking Strategy.* (CC 4.2.1)
* Center Focus Areas that are located adjacent to key entry points to the city may employ guidelines for Gateways (CC 4.2.6).
* Buildings in identified Center Focus Areas should be oriented along streets, plazas, and pedestrian ways.
* Building facades in Center Focus Areas should create an active and engaging public realm and encourage walking and alternative transportation. Amenities for public transit and bicycle infrastructure should be included at key intersections/ focal points.
* All modes of transportation should be accommodated to the greatest extent possible to contribute to efficient and safe travel for all modes.
* Transitions between building intensity should be established between large-scale and small-scale development. The relationship can be improved by designing larger buildings to reduce their apparent size and recessing the upper floors of the building to relate to the lower scale of the adjacent, lower-density buildings.
* Center Focus Areas that are within existing developed areas should complement the scale and architectural features of surrounding development.
* Encourage parking structure designs that include landscaping and other aesthetic treatments

to minimize their visual prominence. Parking structures should be lined with active and visually attractive uses to lessen their impact on the streetscape.

* Parking standards should be reduced in centers to further principles for transit-oriented design. Buildings set back behind parking lots are discouraged.

4.17.2 The following design principles should guide the design of Corridor Focus Areas:

* Design and development intensity of Corridor Focus Areas will be determined by underlying land use shown in the FLUM and development regulations of underlying zoning districts.
* Promote high quality development along corridors to improve aesthetics, enrich neighborhoods, and encourage reinvestment. Design of new development should contribute to the overall visual quality of the corridor and define the streetscape.
* Highlight important intersections and access points along key Corridor Focus Areas through enhanced architectural design features, streetscape treatments, or traffic-calming elements such as roundabouts to mark transitions and define character.
* Apply zoning standards to discourage strip commercial shopping centers and auto-oriented development in Corridor Focus Areas. Buildings set back behind parking lots facing key corridors are discouraged.
* In urban contexts and where Corridor Focus Areas intersect with Center Focus Areas, encourage development to create continuous facades built to activate the street wall, provide a sense of enclosure and improve pedestrian comfort.
* Corridor Focus Areas that are within existing developed areas should complement the scale and architectural features of surrounding development.
* Create visually cohesive Corridor Focus Areas using a variety of techniques including landscaping, undergrounding of utilities, and other streetscape improvements along key corridors.
* Corridor Focus Areas that are located adjacent to key entry points to the city may employ guidelines for Gateways (CC 4.2.6).

4.17.3 The following design principles should guide design within Travel Center Focus Areas:

* Special signage and gateway treatment should be applied in order create a distinctive entry point into the city in Travel Center Focus Areas.
* Land uses should be appropriate to support freight industry in Denton and recognize the importance of Denton as the first destination on I-35 from points northward.
* Landscape screening should be employed in parking areas.
* Development should be oriented in a manner that reduces conflicts with adjacent sensitive uses, such as residential uses.
* Buffering techniques should be employed to minimize impacts to adjacent sensitive uses, such as residential uses.

Exhibit B

Concerted Revitalization Plan (CRP) Application Packet

The purpose of the packet is to formalize the process by which Concerted Revitalization Plans (CRP) are described and submitted pursuant to 10 TAC §11.9(d)(7) of the Qualified Allocation Plan (QAP). The CRP and all supporting documentation must be uploaded to the Department's ServU system along with this packet, as a separate document from the Application. Refer to the Multifamily Programs Procedures Manual posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm for an explanation of the process to set-up a Serv-U Account if needed.

Application # **22291** Development Name **The Zeisel**

Development City **Denton** Development County **Denton**

☒ The Application claims no points under 10 TAC §11.9(c)(4) related to Opportunity Index.

My Development Site is located in an area that is:

☒ Urban

☐ Rural (skip to page 2 of the packet)

☒ My Development Site is located in a distinct area known locally as (or named by the CRP as) **I-35 Frontage Road North and South Corridor Focus Area** that is larger than the assisted housing footprint.

☒ This packet includes proof that the Development Site is geographically located within an area for which a Concerted Revitalization Plan has been developed and published by the municipality which can be found at (document name, page number(s), etc.) **Denton 2030 Plan, p. 118, figure 4.1 (p. 132 of the PDF).**

☒ A CRP covering the area mentioned above has been developed and executed. The CRP consists of the following local planning document(s):

Denton Plan 2030

☐ The document(s) is included in its entirety.

☒ The document(s) can be found online at https://www.cityofdenton.com/DocumentCenter/View/3941/Denton-Plan-2030-PDF

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NOTE: Per the requirements of 10 TAC §11.9(d)(7)(A)(ii), a plan may consist of one or multiple, but complementary, local planning documents that together create a cohesive agenda for the plan's specific area. **No more than two (2) local plans may be submitted for each proposed Development**. The concerted revitalization plan may be a Tax Increment Reinvestment Zone (TIRZ) or Tax Increment Finance (TIF) or similar plan. A city-wide or county-wide comprehensive plan, including a consolidated plan or one-year action plan required to received HUD funds does not equate to a concerted revitalization plan unless evidence is presented that additional efforts have been undertaken

The URBAN CRP meets the following criteria as required by 10 TAC §11.9(d)(7)(A)(iii)(I)):

1. The concerted revitalization plan, or each of the local planning documents that compose the plan, must have been published by the municipality or county in which the Development Site is located. ☒
   The plan must be current at the time of Application. ☒

URBAN CRP Requested Scoring

Points may be selected under 1, 2, and 3 below for no more than a total of 7 points.

1. ☒ Applications may receive (7) points if the proposed Development Site is located within a Qualified Census Tract; or
2. ☐ Application may receive (7) points if the proposed Development Site is not located within a Qualified Census Tract and has also submitted a letter from the appropriate local official for the municipality (or county if the Development Site is completely outside of a municipality) that explicitly identifies the proposed Development as contributing to the concerted revitalization efforts of the municipality or county (as applicable); or
3. ☐ Application may receive (5) points if the proposed Development Site is not located within a Qualified Census Tract and does not have a letter from the from the appropriate local official for the municipality (or county if the Development Site is completely outside of a municipality) that explicitly identifies the proposed Development as contributing to the concerted revitalization efforts of the municipality or county.

401 N. ELM STREET ■ DENTON, TEXAS ■ 76201 ■ 940.349.8451
DEVELOPMENT SERVICES DEPARTMENT

February 4, 2022

TDHCA
Colin Nickells
221 East 11th Street
Austin, TX 78701

RE: 900, 914, and 920 Lindsey Street and 1518 Bernard Street (The Zeisel)

Dear Mr. Nickells:

I am writing this letter to confirm that the properties located at 900, 914, and 920 Lindsey Street and 1518 Bernard Street in Denton are within a Focus Study Area outlined in the Denton Plan 2030, the City of Denton's Comprehensive Plan. Please see attachment – Focus Areas Concept.

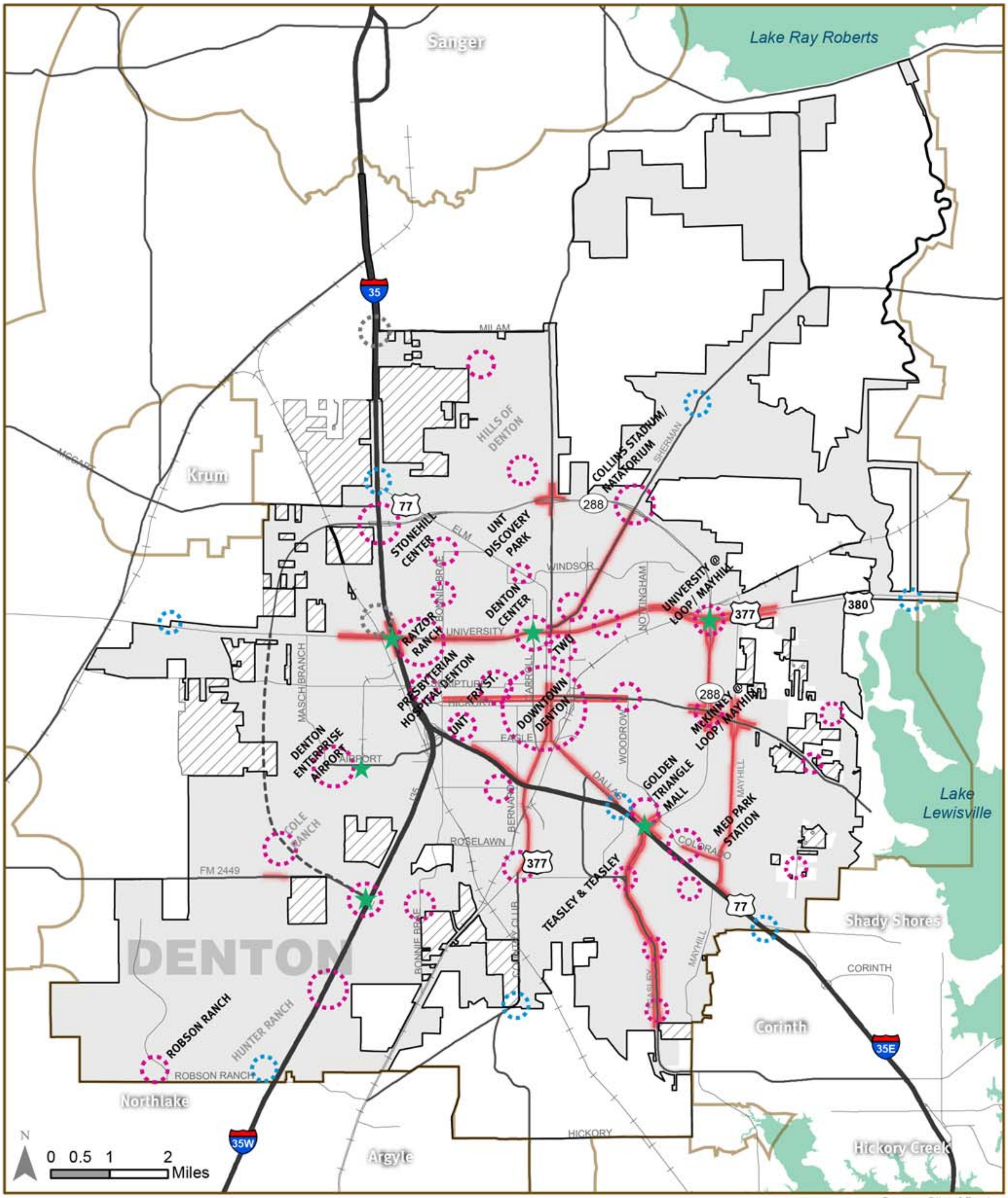
Specifically, the properties are located within a Corridor Focus Study Area as depicted on page 118 of the Comprehensive Plan and referred to as I-35 Frontage Road North and South (Fort Worth Drive to North Texas Boulevard), further described on page 132.

This letter is to confirm that the subject corridor study area (I-35 Frontage Road North and South (Fort Worth Drive to North Texas Boulevard) is current. Please note that the City's Comprehensive Plan is currently being updated. However, there is no changes to the Focus Areas Concept that would affect the status of the subject corridor.

Sincerely,

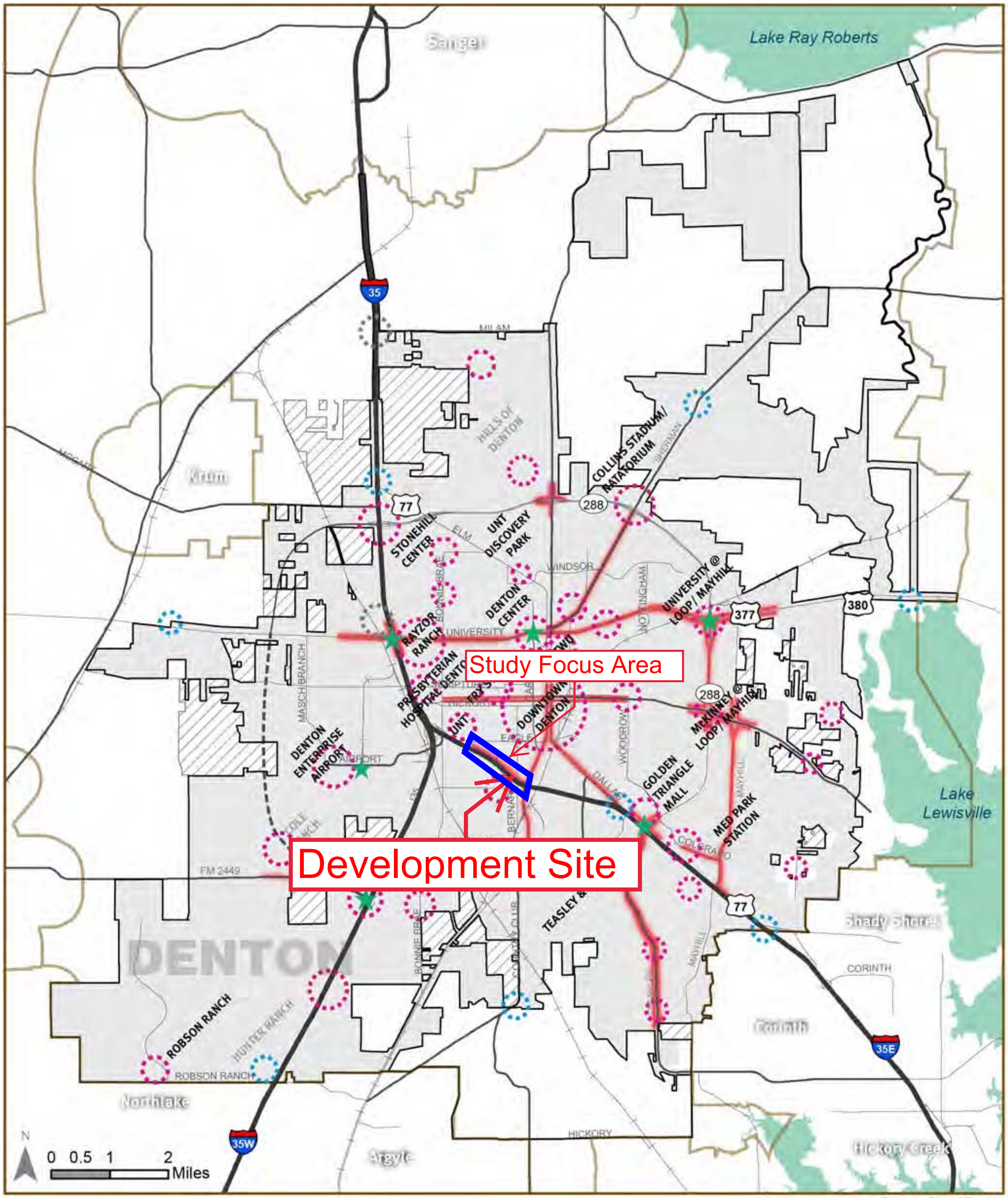
Ron Menguita, AICP
Principal Planner

FIGURE 4.1: Focus Areas Concept



Source: City of Denton

FIGURE 4.1: Focus Areas Concept



Source: City of Denton

- Center Focus Area
- Corridor Focus Area
- Gateway Focus Area
- Travel Center Focus Area
- Branding Station
- Municipal Boundaries
- City of Denton
- ETJ