BOARD BOOK
OF
September 1, 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 – 5/31/2022)

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: $1,390,897,700
Total Households Served: 6,388

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: $195,679,157
Total Households Served: 159,880

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: $74,138,727
Total Households Served: 7,138

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: $29,655,152
Total Individuals Served: 31,040

Multifamily Rehab Construction
- Affordable rental units financed and rehabilitated

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

Expended Funds: $128,934,074
Total Households Served: 4,061

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: $27,040,135
Total Individuals Served: 305,489

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: $6,647,930
Total Households Served: 81

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: $8,084,543
Total Households Served: 4,162

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: $1,138,500
Total Households Served: 23

Total Expended Funds: $1,876,976,092
Total Households Served: 518,262

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
September 1, 2022

Capitol Extension, Hearing Room E2.030
1100 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.***

Resolution Recognizing October as Energy Awareness Month

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 the Board meeting minutes summaries for July 7, 2022, and July 28, 2022 — **Beau Eccles**, Board Secretary

b) Presentation, discussion, and possible action on an order adopting an amendment to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.407 Inventory Report directing its publication in the *Texas Register* — **Brooke Boston**, Deputy Director of Programs

MULTIFAMILY BOND FINANCE

c) Quarterly report relating to staff-issued Determination Notices for 2022 Non-competitive 4% Housing Tax Credit applications — **Teresa Morales**, Director of Multifamily Bond

FINANCIAL ADMINISTRATION

d) Presentation, discussion, and possible action to adopt a resolution regarding designating signature authority and superseding previous resolutions — **Joe Guevara**, Director of Financial Administration

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.

MULTIFAMILY FINANCE

e) Presentation, discussion, and possible action on a waiver of 10 TAC §13.11(m) and §13.11(p)(11) of the 2019 Multifamily Direct Loan Rule for Sierra Vista Senior Villas — **Cody Campbell**, Director of Multifamily Programs

f) Presentation, discussion, and possible action on multiple requests 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 2021 competitive 9% tax credit round

21004	Skyline at Cedar Crest	Dallas
21006	Westheimer Garden Villas	Houston
21024	Freedom's Path at Waco	Waco
21078	Clifton Riverside	Fort Worth
21099	Marshall Crossing	Marshall
21157	Katy Manor Apartments	Katy
21164	Town Oaks Apartments	Kenedy
21177	Carver Ridge Apartments	Hutto

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) Media Analysis and Outreach Report, July 2022 — **Michael Lyttle**, Director of External Affairs

b) Report on TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives — **Brooke Boston**, Deputy Director of Programs

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

a) Executive Director's Report — **Bobby Wilkinson**, Executive Director, TDHCA

b) Presentation, Discussion and Possible Approval on the Use of Emergency Rental Assistance Funds — **Brooke Boston**, Deputy Director of Programs

ITEM 4: INTERNAL AUDIT

Report on the meeting of the Internal Audit and Finance Committee — **Ajay Thomas**, Chair of the Audit and Finance Committee

ITEM 5: ASSET MANAGEMENT

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application — **Rosalio Banuelos**, Director of Asset Management

21413	Summit at Renaissance Park	Houston
02073/20447	Franklin Park	Austin

ITEM 6: MULTIFAMILY BOND FINANCE

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and an order proposing new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, and directing their publication for public comment in the *Texas Register* — **Teresa Morales**, Director of Multifamily Bond

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

ITEM 7: HOUSING RESOURCE CENTER

Presentation, discussion, and possible action on the 2023 Regional Allocation Formula Methodology

Elizabeth Yevich
Director of Housing Resource Center

ITEM 8: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action on the proposed repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, proposed new 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing their publication for public comment in the *Texas Register*
b) Presentation, discussion, and possible action regarding awards from the Multifamily Direct Loan (MFDL) 2022-1 Notice of Funding Availability (NOFA)

Cody Campbell
Director of Multifamily Programs

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 Danielle Leath, 512-475-4606, 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 Danielle Leath, al siguiente número 512-475-4606 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

Texas Department of Housing and Community Affairs
RESOLUTION

WHEREAS, the U.S. Department of Energy has designated October 2022 as National Energy Awareness Month;

WHEREAS, the Weatherization Assistance Program, the nation's largest residential energy-efficiency program, was established by the U.S. Department of Energy in 1976 to make homes more energy-efficient, safer, and healthier for those with low and moderate incomes;

WHEREAS, the Texas Department of Housing and Community Affairs administers a Weatherization Assistance Program, funded with both U.S. Department of Energy funds and Low Income Home Energy Assistance Program funds, which is operated by a network of private nonprofits and local government entities;

WHEREAS, the Texas Weatherization Assistance Program has introduced millions of dollars into communities to improve thousands of homes, thereby helping Texans, including elderly, disabled, or families with young children, conserve energy and reduce utility costs;

WHEREAS, the Program conducts computerized energy audits and uses advanced diagnostic technology, investing as much as $11,000 in a home and providing an array of improvements that include weather stripping of doors and windows; patching cracks and holes; insulating walls, floors, and attics; replacing doors, windows, refrigerators, and water heaters; and repairing heating and cooling systems; and

WHEREAS, weatherization efforts contribute to the state's economic, social, and environmental progress by creating jobs; prompting the purchase of goods and services; improving housing; stabilizing neighborhoods; reducing emissions; and decreasing the risk of fires;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate October 2022, as Energy Awareness Month in Texas.

Signed this first day of September 2022.

Leo Vasquez, Chair

Kenny Marchant, Vice Chair

Brandon Batch, Member

Anna Maria Farias, Member

Ajay Thomas, Member

Bobby Wilkinson, Executive Director

CONSENT AGENDA

1a

BOARD ACTION REQUEST

BOARD SECRETARY

SEPTEMBER 1, 2022

Presentation, discussion, and possible action on the Board meeting minutes summaries for July 7, 2022, and July 28, 2022

RECOMMENDED ACTION

Approve the Board meeting minutes summaries for July 7, 2022, and July 28, 2022

RESOLVED, that the Board meeting minutes summaries for July 7, 2022, and July 28, 2022, are hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
July 7, 2022

On Thursday, the seventh day of July 2022, at 10:07 a.m., the first of two scheduled meetings of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or the Department) for July 2022 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 as presented.

2) Action Item 3 – Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

3) Action Item 4(a) – Report on the closing of the Department's Single Family Mortgage Revenue Bonds, Series 2022A (Non-AMT) (Social Bonds) – was presented by Heather Hodnett, Interim Director of Bond Finance. The Board heard the report and took no further action.

4) Action Item 4(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 – was presented by Ms. Hodnett with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve Resolution No. 22-031 regarding the issuance, sale and delivery of TDHCA Residential Mortgage Revenue Bonds, Series 2022B, and approval of all related documents, as presented in the item.

5) Action Item 4(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 – was presented by Ms. Hodnett. The Board

unanimously adopted staff recommendation to approve Resolution No. 22-032 regarding approval of assignment agreements on private activity bond authority, as described in the item.

6) Action Item 5(a) – Report of Third Party Request for Administrative Deficiency under 10 TAC §11.10 of the 2022 Qualified Allocation Plan – was presented by Cody Campbell, TDHCA Director of Multifamily Finance, with additional information from Mr. Wilkinson and Mr. Eccles. The Board accepted the report and took no further action.

- Michael Lyttle, TDHCA Director of External Affairs, read a letter into the record from the Honorable Cole Hefner, Texas State Representative, House District 5, which provided comments on how TDHCA staff scored applications.
- Sarah André, representing #22017 Reserve at Choctaw Street, provided comments
- Darren Smith, MVAH Partners and Auxano Development, provided comments
- Fernando Guajardo provided comments
- Lora Myrick, BETCO Consulting, provided comments
- Alexis Sheehy, representing #22017 Reserve at Choctaw Street, provided comments
- Sarah Anderson, S. Anderson Consulting, provided comments
- Andrea Sivells, BETCO Consulting, provided comments
- Robbye Meyer, Arx Advantage, provided comments

7) Action Item 5(b) – Presentation, discussion, and possible action on timely filed appeal of termination for The Ponderosa (#22171) under the Department's Multifamily Program Rules – was presented by Mr. Campbell. Following public comment (listed below), the Board by a 4-1 vote (Vasquez voting nay) upheld staff recommendation to deny the appeal.

- Michelle Snedden, attorney for Shackelford, Bowen, McKinley & Norton, LLP, and representing The Ponderosa, testified in opposition to staff recommendation
- Alma Cobb, Realtex Development, testified in opposition to staff recommendation

8) Action Item 5(c) – Presentation, discussion, and possible action on timely filed appeal of termination for The Victorian (#22174) under the Department's Multifamily Program Rules – was presented by Mr. Campbell. The Board by a 4-1 vote (Vasquez voting nay) upheld staff recommendation to deny the appeal.

9) Action Item 5(d) – Presentation, discussion, and possible action on timely filed appeal of scoring for Weber Lofts (#22249) under the Department's Multifamily Program Rules – was withdrawn from the agenda and not heard.

10) Action Item 5(e) – Presentation, discussion, and possible action on timely filed appeal of scoring for Landmark 301 (#22254) under the Department's Multifamily Program Rules – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously upheld staff recommendation to deny the appeal.

- Mr. Lyttle read a letter into the record from Curt Maddux, Mayor Pro Tem, City of Conroe, who expressed opposition to staff recommendation
- Matt Gillam, Overland Property Group and the appellant, testified in opposition to staff recommendation
- Kit Sarai, associated with the development team, testified in opposition to staff recommendation
- Cynthia Bast, attorney with Locke Lord and representing the appellant, testified in opposition to staff recommendation

11) Action Item 5(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 – the appeal was withdrawn by the Applicant prior to the meeting, and the agenda item was not heard.

12) Action Item 5(g) – Presentation, discussion, and possible action on timely filed appeal of scoring for The Zeisel (#22291) under the Department's Multifamily Program Rules – was presented by Mr. Campbell. Following public comment (listed below), the Board unanimously upheld staff recommendation to deny the appeal.

- Lisa Stephens, Saigebrook Development and the appellant, testified in opposition to staff recommendation
- Audrey Martin, Purple Martin Real Estate, testified in support of staff recommendation
- Chris Applequist, Generation Housing Partners, testified in support of staff recommendation
- Sara Reidy, Casa Linda Development Corporation and representing Palladium USA, testified in support of staff recommendation

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 12:08 p.m. The next meeting is set for Thursday, July 28, 2022.

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Secretary

Approved:

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Chair

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
July 28, 2022

On Thursday, the twenty-eighth day of July 2022, at 10:07 a.m., the second of two scheduled meetings of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or the Department) for July 2022 was held in Room E2.030 in the Texas Capitol Extension, 1100 Congress Avenue, Austin, Texas.

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

- Leo Vasquez, III, Chair
- Brandon Batch
- 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 as presented.

2) Action Item 3 – Executive Director’s Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no further action.

3) Action Item 4 – Presentation, discussion and possible action granting on Homeowner Assistance Fund (HAF) Program Services Awards – was presented by Brooke Boston, TDHCA Deputy Executive Director, with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the award of contracts to provide eligible intake, legal and housing counseling services under the Homeowner Assistance Fund Program, subject to the conditions as expressed in the item.

4) Action Item 5 – Presentation, discussion, and possible action on approval of the 2023 Low Income Home Energy Assistance Program State Plan for submission to the U.S. Department of Health and Human Services and approval of the associated 2023 awards – was presented by Michael De Young, TDHCA Director of Community Affairs, with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the 2023 Low Income Home Energy Assistant Program state plan, LIHEAP, for submission to the U.S. Department of Health and Human Services, and upon federal approval of the plan, to contract for the awards reflected in the plan, all as expressed and conditioned in the item.

5) Action Item 6 – Presentation, discussion, and possible action on State Fiscal Year 2023 Homeless Housing and Services Program Awards – was presented by Abigail Versyp, TDHCA

Director of Single Family and Homelessness Programs, with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the Homeless Housing and Services Program awards to the municipalities and entities and in the amounts specified, all subject to the conditions expressed in the item.

6) Action Item 7(a) – Presentation, discussion, and possible action on a timely filed scoring appeal under the Department's Multifamily Program Rules for Calle del Norte Apartments (#22112) – was presented by Cody Campbell, TDHCA Director of Multifamily Finance. Per staff recommendation, the Board unanimously moved to grant the appeal of Calle del Norte Apartments, application #22112, for the reasons described in the item.

7) Action Item 7(b) – Presentation, discussion, and possible action on timely filed appeal of the underwriting report published under the Department's Multifamily Program Rules for The Warehouse Lofts at 707 (#22295) – the appeal was withdrawn by the Applicant prior to the meeting, and the agenda item was not heard.

8) Action Item 7(c) – Presentation, discussion, and possible action regarding awards from the 2022 State Competitive Housing Credit Ceiling and approval of the waiting list for the 2022 Competitive Housing Tax Credit Application Round – was presented by Mr. Campbell with additional information from Mr. Wilkinson. The Board unanimously adopted staff recommendation to approve the list of recommending applications for final commitments of Housing Tax Credits from the 2022 State Competitive Housing Credit Ceiling and the 2022 Housing Tax Credit Waiting List, as presented at the meeting and as amended by the Board as a result of the appeals heard and determined at the meeting, and as conditioned as set out in the item and by the Board at the meeting.

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

- David Wheaton, Texas Housers, provided comment about Coppertree Village Apartments in Houston
- Ericka Bowman, Texas Housers, provided comment about Coppertree Village Apartments in Houston
- *Following the comments from Mr. Wheaton and Ms. Bowman, Chairman Vasquez directed TDHCA staff to report at a future meeting on the status of, and follow-up measures about, Coppertree Village Apartments*
- Roger Arriaga, Texas Affiliation of Affordable Housing Providers (TAAHP), provided comment about his organization and about the 2022 Texas Housing Conference

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 11:08 a.m. The next meeting is set for Thursday, September 1, 2022.

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Secretary

Approved:

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Chair

1b

BOARD ACTION REQUEST

PROGRAMS DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action on an order adopting an amendment to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.407 Inventory Report directing its publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the current rule relating to the handling of inventory for the purposes of subrecipient's administering federal funds was in need of emergency revisions to ensure that limited federal pandemic–response funds could be promptly released, specifically for the Community Development Block Grant CARES (CDBG-CV) Community Resiliency Program (CRP) and to ensure timely contracting of funds prior to federal deadlines;

WHEREAS, such emergency rulemaking was adopted by the Board in June 2022, and is effective for 120 days from the date of the rule's publication in the *Texas Register*;

WHEREAS, simultaneous with the adoption of the emergency rule, the same rule amendment was also approved to be released for public comment on a non-emergency basis; and

WHEREAS, such proposed non-emergency rulemaking was published in the *Texas Register* for public comment from July 1, 2022, through July 22, 2022; no comment was received; and staff is now recommending adopting of the non-emergency rulemaking;

NOW, therefore, it is hereby

RESOLVED, that the Board adopts the amendment to 10 TAC §1.407 described in this item, and that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the actions herein in the form presented to this meeting, to be published in the *Texas Register*, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preamble.

BACKGROUND

Staff has identified 10 TAC §1.407 Inventory Report, as needing revisions to address changes to facilitate how this rule will be applied for CDBG-CV grants within the CRP. Because the CDBG-CV funding is temporary and is set to expire in 2026, the Department is seeking to follow the real property record-keeping standards when doing certain public facilities activities. For these activities, the U.S. Department of Housing and Urban Development considers real property as all property purchased above the $250,000 threshold, and must be used for its original purpose for five years after the contract expires with the subrecipient. For these CDBG-CV activities, using the HUD interpretation of real property recordkeeping will apply as opposed to the equipment recordkeeping per 10 TAC §1.407. This will align the Department's program with that of the Texas Department of Agriculture, the regular recipient of Community Development Block Grant funding.

Because this definition is different than the definition of Equipment found in the Texas Grant Management Standards, the Department will send a copy of this rulemaking to the Texas Comptroller's Office in accordance with Tex. Gov't Code §783.007.

Attachment 1: Preamble, including required analysis, for adoption of amendment to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.407 Inventory Report

The Texas Department of Housing and Community Affairs (the Department) adopts an amendment to 10 TAC Chapter 1, Subchapter D, Uniform Guidance for Recipients of Federal and State Funds, §1.407 Inventory Report.

The purpose of the amended section is to clarify requirements for participants of the Department's program relating to inventory to facilitate how this rule will be applied for the Community Resiliency Program.

Tex. Gov't Code §2001.0045(b) does not apply to the action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the amended section would be in effect:

1. The amended section does not create or eliminate a government program but relates to changes to existing regulations applicable to Department subrecipients.

2. The amended section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The amended section does not require additional future legislative appropriations.

4. The amended section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

5. The amended section is not creating a new regulation.

6. The amended section will not expand, limit, or repeal an existing regulation.

7. The amended section will not increase or decrease the number of individuals subject to the rule's applicability.

8. The amended section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated the amended section and determined that the action will not create an economic effect on small or micro-businesses or rural communities. The Department has evaluated the rules and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amended section does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the amended sections as to their possible effects on local economies and has determined that for the first five years the amended sections would be in effect there would be no economic effect on local employment; therefore, no local employment impact statement is required to be prepared for the rule. Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that the rules pertain to all Subrecipients throughout the state, regardless of location, there are no "probable" effects of the amended rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amended section is in effect, the public benefit anticipated as a result of the amended section would be an updated and more germane rule. There will not be economic costs to individuals required to comply with the amended sections.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended sections are in effect, enforcing or administering the amendment does not have any foreseeable implications related to costs or revenues of the state or local governments.

g. SUMMARY OF PUBLIC COMMENT. The public comment period was held July 1, 2022, to July 22, 2022, to receive input on the amended section. No comment was received.

STATUTORY AUTHORITY. The amended section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the amendment affect no other code, article, or statute. The amendment to the rule has been reviewed by legal counsel and found to be a valid exercise of the Department's legal authority.

§1.407 Inventory Report

(a) The Department requires the submission of an inventory report for all Contracts to be submitted to the Department, no later than 45 days after the end of the Contract Term, or a more frequent period as reflected in the Contract. Real Property and Equipment must be inventoried and reported on the Department's required form. The form and instructions are found on the Department's website.
(b) Real property and Equipment purchased with funds under a Contract with the Department must be inventoried and reported to the Department during the Contract Term.
(c) Aggregate Supplies of over $5,000 must be reported to the Department at the end of the Contract Term using federal form SF-428, which is a standard form to collect information related to tangible personal property or other form required by the federal fund source.
(d) For certain public facility activities funded by the Community Development Block Grant, inventory requirements will be those required by HUD for real property, as further identified in the Contract.

1c

BOARD REPORT ITEM

MULTIFAMILY BOND DIVISION

SEPTEMBER 1, 2022

Quarterly report relating to staff-issued Determination Notices for 2022 Non-competitive 4% Housing Tax Credit applications

BACKGROUND

The 4% Housing Tax Credit (HTC) applications are reviewed by program, underwriting, and compliance staff within an approximately 90-day period, and Determination Notices are issued once all reviews are complete and the underwriting report is posted to the Department's website. Applications are submitted at the beginning of each month and are then slated for a Determination Notice to be issued approximately 90 days later, which generally coincides with the Board meeting calendar, in order to provide internal and external expectations regarding the Determination Notice issuance date.

The 4% HTC applications listed in Exhibit A include those where the Determination Notice was issued administratively by staff. Over the last quarter (June through August), staff has administratively issued 18 Determination Notices. This represents 4,232 total units and $41,625,008 in annual 4% Housing Tax Credits.

The 2022 Private Activity Bond Program has an annual ceiling amount of approximately $3.2 billion. With the August 15th collapse, where any unreserved volume cap in any of the sub-ceilings collapsed into one allocation pool, there was approximately $408 million available for the Bond Review Board to continue to make its way through all of the requests, many of which are multifamily transactions that remain unreserved since January 2022. Currently there is approximately $2.9 billion in requests that continue to wait for a reservation.

The 2022 4% Application Log is included as Exhibit B. There are 22 applications currently under review that total 4,694 total units. When considering what has closed, been approved, and is currently active, the total units are 12,484. Also reflected on the log are the pre-applications that continue to be added to the TDHCA waiting list for a bond reservation, which is not anticipated this year. These pre-applications will comprise the Department's 2023 lottery applications. Moreover, the log reflects those applications that were submitted, but ultimately withdrawn. Many, if not all, were withdrawn given the recent increase in interest rates, combined with increased construction costs, which made the transactions infeasible. This represented approximately 3,500 total units.

EXHIBIT A

4% Housing Tax Credit Recommended Applications

Application #	Development Information	Determination Notice Issue Date	Units	Recommended HTC Amount	Bond Issuer & Priority Designation	PPR Category and Conditions
22409	Pathways at Rosewood Courts 2001 Rosewood Avenue City: Austin County: Travis Acquisition/Rehabilitation and Reconstruction Target Population: General	August 16, 2022	184	$2,594,071	Austin Affordable PFC, Inc. Traditional Carryforward	Category 2
22418	Trendwood Apartments 1700 Dallas Circle City: Waco County: McLennan Acquisition/Rehabilitation Target Population: General	June 7, 2022	152	$1,140,679	Waco Public Facility Corporation II Priority 1A	Category 2 Conditioned upon the following: 1. Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control. 2. Owner agrees to establish an email distribution group in CMTS (or other Department required system), to be kept in place until no later than December 31, 2022, and include agreed upon employee positions and/or designated Applicant members.
22419	800 Middle Apartments 800 Middle Street City: Houston County: Harris New Construction Target Population: General	June 7, 2022	398	$4,716,397	Victory Street Public Facility Corporation Priority 1B	Previously Approved
22422	Ware Meadows Apartments 901 South High Street City: Longview County: Gregg Acquisition/Rehabilitation Target Population: General	July 14, 2022	104	$739,533	East Texas Housing Finance Corporation Priority 1B	Category 2

Application #	Development Information	Determination Notice Issue Date	Units	Recommended HTC Amount	Bond Issuer & Priority Designation	PPR Category and Conditions
22423	Villages at Westlake 3033 West Lake Road City: Abilene County: Taylor Acquisition/Rehabilitation Target Population: General	June 30, 2022	220	$1,272,236	Housing Synergy Public Finance Corporation Priority 1B	Category 1
22426	Lakeside Pointe 2920 Oak Road City: Pearland County: Brazoria Acquisition/Rehabilitation Target Population: General	June 14, 2022	274	$2,579,729	Southeast Texas Housing Finance Corporation Priority 1C	Category 1
22432	Pathway on Woodrow 315 South Woodrow Lane City: Denton County: Denton New Construction Target Population: General	June 15, 2022	285	$2,837,871	Denton County Housing Finance Corporation Priority 1B	Previously Approved Conditioned upon the following: 1. The controlling member(s) of associated development 04057 (ID 4112) Stone Hollow will correct all applicable issues of non-compliance identified with the associated development on or before May 31, 2022 and provide the Department with evidence of such correction within 30 calendar days of that date. 2. THF Housing Development Corporation is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses for all Development(s) subject to TDHCA LURAs over which THF Housing Development Corporation has the power to exercise Control.
22434	Highpoint at Wynnewood 1911 Pratt Street City: Dallas County: Dallas New Construction Target Population: General	June 21, 2022	220	$2,381,645	Dallas Housing Finance Corporation Priority 1B	Category 2
22437	Country Club Village 3500 Magic Drive City: San Antonio County: Bexar Acquisition/Rehabilitation Target Population: Elderly	July 12, 2022	270	$2,534,398	San Antonio Housing Trust PFC Priority 1B	Previously Approved
22438	Allen Parkway Village 1600 Allen Parkway Village City: Houston County: Harris Acquisition/Rehabilitation Target Population: General	June 23, 2022	278	$3,544,046	HHA Fountainview PFC Priority 1A	Category 1

Application #	Development Information	Determination Notice Issue Date	Units	Recommended HTC Amount	Bond Issuer & Priority Designation	PPR Category and Conditions
22439	Historic Oaks of Allen Parkway Village 1600 Allen Parkway Village City: Houston County: Harris Acquisition/Rehabilitation Target Population: Elderly	June 23, 2022	222	$1,960,389	HHA Fountainview PFC Priority 1A	Category 1
22441	Lakeside Manor 902 W. Eldorado Parkway City: Little Elm County: Denton Acquisition/Rehabilitation Target Population: Elderly	June 17, 2022	176	$1,494,907	The PFC Priority 1A	Previously Approved Conditioned upon the following: 1. The controlling member(s) of associated development 04057 (ID 4112) Stone Hollow will correct all applicable issues of non-compliance identified with the associated development on or before May 31, 2022 and provide the Department with evidence of such correction within 30 calendar days of that date. 2. THF Housing Development Corporation is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses for all Development(s) subject to TDHCA LURAs over which THF Housing Development Corporation has the power to exercise Control.
22443	Legacy Senior Residences 2200 Block of West San Antonio Street City: Lockhart County: Caldwell New Construction Target Population: Elderly	July 18, 2022	172	$1,876,567	Capital Area Housing Finance Corporation Priority 1A	Category 1
22445	Sunset Gardens 4141 Barberry Road City: Houston County: Harris Acquisition/Rehabilitation Target Population: General	August 16, 2022	330	$3,058,153	Houston Housing Finance Corporation Priority 1A	Category 2
22446	1800 Apartments 1800 Centerpoint Road City: San Marcos ETJ County: Hays New Construction Target Population: General	August 11, 2022	330	$3,184,795	Capital Area Housing Finance Corporation Priority 1A	Previously Approved
22448	The Gateway at Lake Jackson 111 Loganberry Street City: Lake Jackson County: Brazoria Acquisition/Rehabilitation Target Population: General	August 4, 2022	160	$1,744,213	Southeast Texas Housing Finance Corporation Priority 1C	Category 1

Application #	Development Information	Determination Notice Issue Date	Units	Recommended HTC Amount	Bond Issuer & Priority Designation	PPR Category and Conditions
22452 FKA 22421	Rosemont at Baytown 6033 Garth Road City: Baytown County: Harris Acquisition/Rehabilitation Target Population: General	July 12, 2022	250	$1,539,484	Southeast Texas Housing Finance Corporation Priority 1B	Previously Approved
22453	Vintage Ranch S.E. corner of Vintage Boulevard and FM 2449 City: Denton County: Denton New Construction Target Population: General	July 15, 2022	207	$2,425,895	Legacy Denton Public Facility Corporation Priority 2	Category 2
Totals for Recommended Applications			4232	$ 41,625,008		

EXHIBIT B

4% (Non-Competitive) Housing Tax Credit Program
2022 Application Status Log

TDHCA #	Previous TDHCA #	Development Name	Development City	Board Meeting Date (MM/DD/YYYY)	Application Status	Total Units	Total Low-Income Units	Bond Reservation Amount	Requested HTC Amount	Recommend HTC Amount
22404		Liberty Arms	Tyler	3/10/2022	Closed	100	99	$ 17,500,000	$1,066,888	$ 1,056,604
22604		Socorro Village	Socorro	3/10/2022	Closed	53	53	$ 6,500,000	$460,618	$ 460,618
22607		Union Acres	Center	5/12/2022	Closed	100	100	$ 10,100,000	$679,520	$ 679,520
22601		Torrington Arcadia Trails	Balch Springs	5/12/2022	Closed	250	250	$ 35,000,000	$2,726,740	$ 2,726,740
22603		Marine Park	Fort Worth	6/16/2022	Closed	124	124	$ 15,800,000	$1,357,873	$ 1,350,490
22608		Champion's Crossing	San Marcos	6/16/2022	Closed	156	156	$ 20,000,000	$1,117,969	$ 1,117,969
22610		Palladium East Berry Street	Fort Worth	6/16/2022	Closed	240	240	$ 26,100,000	$2,575,221	$ 2,575,221
22609		380/Throckmorton Villas	McKinney	7/7/2022	Closed	220	216	$ 40,000,000	$1,957,902	$ 2,606,120
22408		Estelle Village Apartments	Dallas	3/10/2022	Closed	300	300	$ 50,000,000	$3,026,001	$ 3,026,001
22413	04408	Hickory Manor	DeSoto	3/10/2022	Closed	190	190	$ 24,000,000	$1,571,685	$ 1,561,646
22405		Palladium East Foster Crossing	Anna	3/10/2022	Closed	239	239	$ 33,000,000	$2,500,969	$ 2,500,969
22412	07402	Rockwell Manor	Brownsville	3/10/2022	Closed	126	125	$ 18,440,000	$1,306,891	$ 1,306,891
22406	04447	Rosemont at Bethel Place	San Antonio	4/14/2022	Closed	250	250	$ 41,000,000	$2,316,590	$ 2,316,590
22418		Trendwood Apartments	Waco	4/14/2022	Closed	152	152	$ 19,000,000	$1,141,202	$ 1,140,679
22416		Park Manor	Sherman	4/14/2022	Closed	196	196	$ 25,000,000	$1,267,012	$ 1,261,371
22407		The Sorento	San Antonio	4/14/2022	Closed	248	248	$ 38,000,000	$1,994,035	$ 1,994,035
22402	060040	River Trails Apartments	San Antonio	4/14/2022	Closed	220	220	$ 40,000,000	$2,326,119	$ 2,326,119
22415		Cielo Tower	El Paso	5/12/2022	Closed	123	123	$ 20,000,000	$1,348,086	$ 1,348,086
22423	99126	Villages at Westlake	Abilene	5/12/2022	Closed	220	220	$ 18,000,000	$1,272,236	$ 1,272,236
22432		Pathway on Woodrow	Denton	5/12/2022	Closed	285	285	$ 40,000,000	$2,837,871	$ 2,837,871
22437		Country Club Village	San Antonio	5/12/2022	Closed	270	270	$ 35,000,000	$2,538,998	$ 2,534,398
22419		800 Middle Apartments	Houston	5/12/2022	Closed	398	398	$ 48,000,000	$4,716,397	$ 4,716,397
22441	04463	Lakeside Manor Senior	Little Elm	5/12/2022	Closed	176	176	$ 25,000,000	$1,494,907	$ 1,494,907
22426	04420	akeside Point (fka Tranquility Bay	Pearland	5/12/2022	Closed	274	274	$ 50,000,000	$2,620,709	$ 2,579,729
22434		Highpoint at Wynnewood	Dallas	6/16/2022	Closed	220	220	$ 30,000,000	$2,381,645	$ 2,381,645
22438	21453	Allen Parkway Village	Houston	6/16/2022	Closed	278	278	$ 45,000,000	$2,941,771	$ 3,544,046
22439	)7093/2145:	Historic Oaks Allen Parkway Villag	Houston	6/16/2022	Closed	222	222	$ 35,000,000	$1,418,597	$ 1,960,389
22452	22421; 0446!	Rosemont at Baytown	Baytown	6/16/2022	Closed	250	250	$ 33,000,000	$1,539,881	$ 1,539,484
22403		Aurora Apartments	San Antonio	4/14/2022	Closed	105	105	$ 20,000,000	$1,411,196	$ 1,411,196
						5,985	**5,979**	**858,440,000**	**55,915,529**	**57,627,967**
22410		Marketplace at Liberty Crossing	Wilmer	4/14/2022	Approved	318	318	$ 43,000,000	$2,970,848	$ 2,907,848
22409		Pathways at Rosewood Courts	Austin	4/14/2022	Approved	184	184	$ 30,000,000	$2,594,071	$ 2,594,071
22422		Ware Meadows Apartments	Longview	6/16/2022	Approved	104	104	$ 9,049,235	$761,270	$ 739,533
22445	02020	Sunset Gardens	Houston	6/16/2022	Approved	330	330	$ 33,000,000	$1,539,881	$ 3,058,153
22446		1800 Apartments	San Marcos	6/16/2022	Approved	330	330	$ 50,000,000	$3,184,795	$ 3,184,795
22448	99011T	The Gateway at Lake Jackson	Lake Jackson	7/28/2022	Approved	160	160	$ 25,000,000	$1,744,213	$ 1,744,213
22443		Legacy Senior Residences	Lockhart	7/28/2022	Approved	172	172	$ 31,000,000	$1,876,567	$ 1,876,567
22453		Vintage Ranch	Denton	7/28/2022	Approved	207	207	$ 35,000,000	$2,369,870	$ 2,425,895
						1,805	**1,805**	**256,049,235**	**17,041,515**	**18,531,075**
22400		Robinhood Terrace Apartments	Brownsville	7/28/2022	Active	236	236	$ 18,952,686	$2,153,701	$ -
22420	04088	South Plains Apartments	Lubbock	9/1/2022	Active	244	243	$ 29,000,000	$1,629,673	$ -
22450		Airport Gateway Apartments	Austin	9/1/2022	Active	288	288	$ 44,000,000	$3,391,549	$ -
22457		Bluffview Apartments	Boerne	9/1/2022	Active	192	192	$ 35,000,000	$1,955,487	$ -
22455		La Vista de Lopez	Austin	9/1/2022	Active	27	27	$ 11,000,000	$679,305	$ -
22617		Palladium Oak Grove	Fort Worth	10/13/2022	Active	240	240	$ 23,600,000	$2,363,520	$ -
22458	01108	Logan's Pointe	Mount Vernon	10/13/2022	Active	100	100	$ 7,000,000	$448,668	$ -
22454	01424	Arbors at Creekside	Austin	10/13/2022	Active	176	175	$ 25,000,000	$1,892,237	$ -
22459		1518 Apartments	Schertz	10/13/2022	Active	300	300	$ 36,000,000	$3,244,346	$ -
22456	)1111; 0414!	Villages at Meadowbend	Temple	10/13/2022	Active	237	237	$ 22,000,000	$1,665,995	$ -
22462		Ostry Ranch	Converse	10/13/2022	Active	240	240	$ 50,000,000	$2,902,096	$ -
22451		Northwind Apartments	Austin ETJ	10/13/2022	Active	240	240	$ 45,000,000	$2,286,639	$ -
22449		Easton Park Multifamily Apartmen	Austin	10/13/2022	Active	150	150	$ 20,000,000	$1,780,142	$ -
22460	03424	Rosemont at Mayfield Villas	Arlington	11/10/2022	Active	280	280	$ 38,000,000	$2,406,069	$ -
22461		Live Make Apartments	Austin	11/10/2022	Active	66	66	$ 9,000,000	$857,335	$ -
22465		Kensington Apartments	Austin	11/10/2022	Active	148	148	$ 20,000,000	$1,425,941	$ -
22467		Farm Street Village	Bastrop	11/10/2022	Active	120	120	$ 20,000,000	$1,136,145	$ -
22463		Sendero at Centerpoint	San Marcos	11/10/2022	Active	164	164	$ 35,000,000	$1,929,881	$ -
22466	03465	Park at Humble	Houston	11/10/2022	Active	216	216	$ 35,000,000	$1,793,340	$ -
22469		Viento Apartments	San Antonio	11/10/2022	Active	324	324	$ 38,000,000	$3,393,336	$ -
22471		Airport Crossing	Austin	11/10/2022	Active	334	334	$ 50,000,000	$2,994,953	$ -
22464		Independence Heights II	Houston	12/8/2022	Active	212	212	$ 35,000,000	$3,150,000	$ -
22474	70131	Coppertree Village	Houston	12/8/2022	Active	324	324	$ 40,000,000	$3,040,621	$ -
						4,858	**4,856**	**686,552,686**	**48,520,979**	**-**
				TOTAL		**12,648**	**12,640**	**$ 1,801,041,921**	**$121,478,023**	**$ 76,159,042**
22600		Harvest Ridge at Brushy Creek	Hutto	10/14/2021	Pre-Application	276	276	TBD	$2,113,027	$ -
22605		The Reserves Seagoville	Seagoville	12/9/2021	Pre-Application	240	240	TBD	$2,071,508	$ -
22606		West Houston Senior Living	Houston	2/10/2022	Pre-Application	70	70	TBD	$800,000	$ -
22611		The Rhett	Austin	1/13/2022	Pre-Application	215	215	TBD	$1,915,860	$ -
22612		Fieldcrest Apartments	Wilmer	3/10/2022	Pre-Application	312	312	TBD	$3,172,938	$ -

22613		The Crossing at Clear Creek	Dallas	3/10/2022	Pre-Application	264	238		TBD	$2,649,300	$	-
22615		Worthington Point	Fort Worth	3/10/2022	Pre-Application	248	248		TBD	$1,971,770	$	-
22616		The Terrace at Highland Hills	Dallas	4/14/2022	Pre-Application	300	270		TBD	$3,170,461	$	-
22618		The Life at Forest View	Clute	7/28/2022	Pre-Application	520	520		TBD	$3,513,862	$	-
						2,445	**2,389**		**-**	**21,378,726**		**-**
22431		Crystal Bend Apartments	Pflugerville	4/14/2022	Withdrawn	237	237	$	26,172,665	$1,824,136	$	-
22436		Connally Loop	San Antonio	5/12/2022	Withdrawn	372	372	$	50,000,000	$4,184,393	$	-
22428		Bluffs at Nelms Senior Apartment	Austin	5/12/2022	Withdrawn	165	165	$	18,000,000	$1,621,582	$	-
22425		Harbor Walk Apartments	League City	5/12/2022	Withdrawn	138	138	$	20,400,000	$1,298,927	$	-
22433		Reserve at Hartsook	Houston	5/12/2022	Withdrawn	80	80	$	28,000,000	$2,368,670	$	-
22417	03410	Rosemont at Ash Creek	Dallas	5/12/2022	Withdrawn	280	280	$	35,000,000	$2,195,070	$	-
22411		EMLI at UNT Station	Dallas	5/12/2022	Withdrawn	324	324	$	45,000,000	$3,035,704	$	-
22447		Patriot's Pointe	San Antonio	6/16/2022	Withdrawn	320	320	$	30,000,000	$2,712,406	$	-
22414		Tobias Place	Fort Worth	4/14/2022	Withdrawn	288	288	$	30,000,000	$2,716,676	$	2,716,676
22430	03009	Sandy Creek Apartments	Bryan	5/12/2022	Withdrawn	226	226	$	23,000,000	$1,897,648	$	1,895,254
22429		Cattleman Square Lofts Apartmen	San Antonio	5/12/2022	Withdrawn	138	138	$	25,000,000	$1,645,866	$	-
22424		Parkside Place	Pasadena	6/16/2022	Withdrawn	320	320	$	36,000,000	$2,246,011	$	-
22444		ALMA at Greenwood	Corpus Christi	7/28/2022	Withdrawn	152	152	$	15,000,000	$1,103,816	$	-
22440		Odem Street Apartments	Victoria	9/1/2022	Withdrawn	324	324	$	32,000,000	$2,643,493	$	-

1d

BOARD ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action to adopt a resolution regarding designating signature authority and superseding previous resolutions

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department), a public and official governmental agency of the State of Texas, was created and organized pursuant to and in accordance with the provisions of Tex. Gov't Code, Chapter 2306 (the Code), as amended;

WHEREAS, the Code authorizes the Department, among other things: (a) to make and acquire and finance, and to enter into advance commitments to make and acquire and finance, mortgage loans and finance, participating interests therein, secured by mortgages on residential housing in the State of Texas (the State); (b) to issue its bonds, for the purpose of, among other things, 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 of participating interests, and to mortgage, pledge or grant security interests in such mortgages of 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;

WHEREAS, on July 28, 2022, the Governing Board adopted a resolution designating signature authority to reflect the structure of the Department; and

WHEREAS, organizational changes have occurred to remove David Cervantes as Director of Administration, Homero V. Cabello, Jr. as Deputy Executive Director of Program Controls and Oversight, Cathy Gutierrez as Director of Texas Homeownership Program and to include Rosalio Banuelos as Interim Deputy Executive Director of Program Controls and Oversight, and Lisa Johnson as Interim Director of Texas Homeownership Program, such that the Governing Board has now determined that its resolution adopted July 28, 2022, designating signature authority, should be superseded by a new resolution designating signature authority in order to conform to the Department's current organizational structure, working titles, and operations;

NOW, THEREFORE, it is hereby

RESOLVED that the Governing Board makes changes to its resolution adopted July 28, 2022, as shown below.

SECTION 1 – Supersession of the Prior Signature Authority. The Governing Board hereby supersedes its prior resolution, adopted July 28, 2022, designating signature authority by adopting this new resolution.

SECTION 2 – Designation of Signature Authority for Bond and Indenture-Related Transactions. The Governing Board hereby authorizes and designates the Board Secretary, the Assistant Board Secretary, the Executive Director, the Director of Financial Administration, the Director of Bond Finance, the Director of Multifamily Bonds, the Manager of Single Family Finance, and each of them as signatories for single family and multifamily bond and indenture-related transactions as well as transactions under the Department's "to be announced" or TBA program including, but not limited to letters of instruction, officer's certificates, bond transactional documents and all other documents and certificates executed in connection with such transactions. In addition, the Governing Board authorizes and designates the Manager of Single Family Finance and Senior Bond Financial Analysts within the Bond Finance division as signatories for day-to-day operations activities related to advances taken through the Federal Home Loan Bank of Dallas (FHLB) for the purchase of loan participations from the Idaho Housing and Finance Association (IHFA), the Department's Master Servicer, including directing the wiring of such advances from FHLB to IHFA.

SECTION 3 – Designation of Signatory Authority for Real Estate Transactions. The Governing Board hereby authorizes and designates the following persons holding the positions described and each of them to execute and deliver, as specified, earnest money contracts, deeds or conveyances of title, leases of real property, settlement statements on purchase or sale of real property, deposits and disbursements on agency bank accounts, real estate transactional documents and all other documents executed in connection with real estate or real estate-related transactions. Every reference to a signatory office or title herein includes any person serving in an acting or interim capacity:

(a) Executive Director, Deputy Executive Director of Programs, Interim Deputy Executive Director of Program Controls and Oversight, Board Secretary, and Assistant Board Secretary: All real estate or real estate related transactions;
(b) Director of Financial Administration: All real estate or real estate-related transactions administered by the Financial Administration Division;
(c) Director of Multifamily Programs: All real estate or real estate-related transactions administered by the Multifamily Programs Division;
(d) Director of Bond Finance and Manager of Single Family Finance: All real estate or real estate-related transactions administered by the Bond Finance Division;
(e) Director of Multifamily Bonds: All real estate or real estate-related transactions administered by the Multifamily Bonds, and Texas Homeownership Divisions, and 4% Housing Tax Credit transactions;
(f) Interim Director of Texas Homeownership Program: All real estate or real estate-related transactions administered by the Texas Home Ownership Division;
(g) Director of Single Family and Homeless Programs: All real estate or real estate-related transactions administered by the Single Family and Homeless Programs, which includes HOME, Housing Trust Fund (HTF); Office of Colonia Initiatives (OCI); and Neighborhood Specialization Program (NSP);
(h) Director of Section 811 Program: All transactions administered by the Section 811 Program;

(i) Director of CDBG CARES: All transactions administered by the Community Development Block Grant CARES Program;
(j) Director of Texas Rent Relief Program: All transactions administered by the Texas Rent Relief Program;
(k) Director of Housing Stability Services: All transactions administered by the Housing Stability Services Program;
(l) Director of the HOME-ARP Program: All transactions administered by the HOME-ARP Program;
(m) Director of Texas Homeowner Assistance Fund: All transactions administered by the Texas Homeowner Assistance Fund Program;
(n) Signatory authority on deposits and disbursements on agency bank accounts is limited to those persons designated on the applicable signature cards, as specified by the Executive Director; provided however, that no person may be so designated other than the Executive Director or a Director.

SECTION 4 – Designation of Signatory Authority for Fund Transfers. The Governing Board hereby authorizes and designates the following persons and each of them to execute and deliver any necessary fund transfer documents, including letters of instruction, in the manner prescribed below.

Fund transfers require dual signatures, consisting of one signatory from each of the following two groups:

(a) Director of Financial Administration; and
(b) Executive Director, Interim Deputy Executive Director of Program Controls and Oversight, or Deputy Executive Director of Programs.

SECTION 5 – Execution of Documents. The Governing Board hereby authorizes the Executive Director, or in his absence the Deputy Executive Director of Programs, or the Interim Deputy Executive Director of Program Controls and Oversight, to execute, on behalf of the Department, any and all documents, instruments reasonably deemed necessary to effectuate this resolution.

SECTION 6 – Effective Date. This Resolution shall be in full force and effect from and upon its adoption until and unless it is revoked or superseded.

<u>BACKGROUND</u>

This Resolution updates and designates signature authority to reflect the current organizational structure of the Department and the current working titles for the positions designated. The update allows for the Interim Director of Texas Homeownership Program to sign documents related to the Texas Homeownership Division and the Interim Deputy Executive Director of Program Controls and Oversight to execute any and all documents on behalf of the Department, and keeping previous authorizations the same.

Incumbency Certificate

I, James "Beau" Eccles, the duly appointed and serving Secretary of the Governing Board of the Texas Department of Housing and Community Affairs (the Department), do hereby certify that Robert “Bobby” Wilkinson is the duly appointed Executive Director of the Department, appointed by its governing board and approved by the Governor effective August 15, 2019, and set forth below opposite his name is his true and correct signature:

Bobby Wilkinson ________________________________

Executed and seal of the Department affixed this ____ day of ________, 2022 at Austin, Texas.

____

James "Beau" Eccles

(S E A L)

Certificate

I, Robert “Bobby” Wilkinson, the duly appointed Executive Director of the Texas Department of Housing and Community Affairs (the Department), do hereby certify that set forth below is a true and correct listing setting forth specific positions within the Department, the name of the person currently designated by me to hold each such position, and, opposite their name, their true and correct signature. Each person listed currently holds the position indicated:

Board Secretary	____________________ James "Beau" Eccles
Assistant Board Secretary	____________________ Michael Lyttle
Director of Financial Administration	____________________ Jose Guevara
Director of Bond Finance	____________________ Scott Fletcher
Manager of Single Family Finance	____________________ Heather Hodnett
Director of Multifamily Bonds	____________________ Teresa W. Morales
Director of Multifamily Programs	____________________ Cody Campbell
Interim Director of Texas Homeownership Program	____________________ Lisa Johnson
Deputy Executive Director of Programs	____________________ Brooke Boston
Director of Single Family and Homeless Programs	____________________ Abigail Versyp
Director of Section 811 Program	____________________ Spencer Duran
Director of CDBG CARES	____________________ Rudy Bentancourt
Director of Texas Rent Relief Program	____________________ Mariana Salazar
Director of Housing Stability Services	____________________ Cate Tracz
Director of the HOME-ARP Program	____________________ Naomi Cantu
Director of Texas Homeowner Assistance Fund	____________________ Tanya Birks
Interim Deputy Executive Director of Program Controls and Oversight	____________________ Rosalio Banuelos

Executed this ____ day of ____________, 2022 at Austin, Texas.

____

Bobby Wilkinson, Executive Director

Texas Department of Housing and Community Affairs

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action on a waiver of 10 TAC §13.11(m) and §13.11(p)(11) of the 2019 Multifamily Direct Loan Rule for Sierra Vista Senior Villas

RECOMMENDED ACTION

WHEREAS, Sierra Vista Senior Villas is recipient of $3,600,000 in funding from the Neighborhood Stabilization Program (NSP) for the new construction of 272 in Fort Worth, Tarrant County;

WHEREAS, 10 TAC §13.11(m) of the 2018 Multifamily Direct Loan (MFDL) rule stipulates that termination of the Direct Loan award and repayment of all disbursed funds will be required for any Development that is not completed within four years of the effective date of a Direct Loan Contract;

WHEREAS, 10 TAC §13.11(p)(11) of the same rule requires that the final draw request for disbursement of funds must be submitted within 24 months from loan closing;

WHEREAS, the Development did not meet these deadlines, and has requested waivers related to them;

WHEREAS, these deadlines are crafted to ensure that MFDL federal expenditure deadlines are met;

WHEREAS, NSP has different expenditure deadlines than the Department's annual funding programs, providing the Board the ability to partially waive these rules and impose new deadlines; and

WHEREAS, staff has reviewed these requests and determined that they meet the requirements of 10 TAC §11.207, related to Waiver of Rules, and 10 TAC §13.1(c).

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §13.11(m) and §13.11(p)(11) of the 2018 Multifamily Direct Loan Rule and requiring different deadlines for Sierra Vista Senior Apartments is hereby granted.

BACKGROUND

Sierra Vista Senior Villas (#18407) is a 2018 recipient of $3,600,000 of NSP funding for the new construction of 272 units in Fort Worth, Tarrant County. The Development had previously received an award of 4% Housing Tax Credits in 2017. The 2018 Multifamily Direct Loan rule, under which the Application was submitted, requires that the loan be terminated and all dispersed funds be repaid if the development is not completed within four years of the effective date of the contract. The Contract for Sierra Vista was signed on February 14, 2019, and therefore construction is required to be completed no later than February 14, 2023. Similarly, the rule requires that the request to draw the final disbursement of funds be submitted no later than 24 months after loan closing. The loan was closed in June 2019, and therefore the final draw request was due to be submitted by June 2021.

Due to delays caused by the COVID-19 pandemic and global supply-chain issues, the Certificates of Occupancy for Sierra Vista were not issued until September 3, 2021, and construction did not substantially complete until December 2019. The final construction inspection was conducted by the Department on November 21, 2021, and was further revised by staff on July 14, 2022. The Owner has received an extension of the corrective action due date for the items noted in this inspection to December 31, 2022. As a result, the final draw is not anticipated to be submitted until January 2023. Because of this, the Owner has requested a waiver of 10 TAC §13.11(p)(11), related to the draw deadline, and an extension until January 2023.

In its 2008 NSP Action Plan Amendment submission to U.S. Department of Housing and Urban Development, the Department adopted 24 CFR §92.252. This regulation requires occupancy of the Development's 27 NSP Units, no later than 18 months after the Development's project completion date, which was September 3, 2021. This is reflected in 10 TAC §13.11(l). Thus, while staff is recommending the deadline to submit a draw be waived until January 31, 2023, the occupancy deadline for the 27 NSP Units (and 3 HOME Match Units) will remain as March 4, 2023, as if the deadline to submit a draw had not been waived. The Contract and the Loan Documents will be amended to separate these requirements.

"Construction Completion," as defined in the Development's loan contract, requires that the final drawdown of funds be disbursed. Because of this, the Development cannot reach completion until the construction inspection is closed out, the final draw is submitted, and the Department has time to review and process it. The Owner currently expects this process to be completed no later than July 1, 2023, which is after the current deadline of February 14, 2023. In order to accommodate this timeline, the Owner has requested a waiver of 10 TAC §13.11(m), and an extension of the deadline to July 1, 2023.
Department staff has reviewed the request and determined that it meets the requirements of waivers established in 10 TAC §11.207. The circumstances of the delays could not have been reasonably foreseen by the Owner, and granting the extension better serves the policies and purposes of the Department because it will allow the Development to complete rather than have its funding terminated. Because of this, staff recommends that the waivers and extensions as described herein be granted.

Riverside Senior Investments, LP
3030 LBJ Freeway, Suite 1350, Dallas, TX 75234
214-342-1400

August 17, 2022

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

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

Re: **MF #18407 – Sphinx at Sierra Vista Senior Villas ('Project')**
Request for Completion Extension and Waiver of Multifamily Direct Loan Rule

Dear Mr. Campbell,

This is to request a waiver of (i) the completion deadline for the above Project as required by Rule 13.11(m) of the 2019 Multifamily Direct Loan Rule ("Rule") to allow for an extension of the first payment due date under the Multifamily Direct Loan awarded to the Project ("MDL") to **July 1, 2023**, and (ii) the final draw submission deadline as required by Rule 13.11(p)(11) of the Rules.

Item 1 -- Waiver of Rule 13.11(m)
The Project closed in June 2019 with an expected construction completion date of June 2021. With the onset of the COVID-19 pandemic in 2020, construction of the Project was significantly impacted. As a result of the pandemic, the Project had significant delays in both the construction schedule and material supplies. We struggled to keep sub-contractors on schedule and fully staffed. Dealing with labor shortages from varying lock-down/stay home orders, temporary shutdown of construction due to potential COVID-19 positive test results and/or exposures, securing adequate personal, protective equipment and the struggle to have workers show up with the high possibility of exposure to the then uncertain COVID-19 virus resulted in significant staffing shortages, multiple task rescheduling and eventual significant delays. As much as the situation improved with staffing, the delays resulted in certain activities being impacted by adverse weather, causing further delays.

In addition to the above, the pandemic severely impacted material supply delivery for construction. Lumber, pipes, sheetrock, HVAC equipment, elevators, flooring, countertops, cabinets, appliances, doors and metals - everything suddenly had delays, shortages and/or piece-meal supplies which significantly impacted progress. In some instances, available materials tripled in price which required a delicate balance of trying to prevent further time loss/delays and keeping the project within a reasonable margin above the budget. Staying within the budget was simply impossible. We sometimes resulted to scouting for single appliances or sets wherever possible in lieu of waiting on the contracted delivery to save time wherever possible. Despite these major setbacks, we were able to substantially complete construction on or about December 2021.

Rule 13.11(m) requires termination of the MDL contract if not completed within four years from the effective contract date. The Project's MDL contract date is February 2019. Under the terms of the MDL, loan repayment commences upon completion. The Project's finance documents require that repayment on all loans (*both senior and junior loans*) commence after conversion of the construction loan to permanent loan. Under those documents, conversion depends on three main conditions: (i) construction completion, (ii) achieving 90% occupancy and sustaining that 90% occupancy or higher for at least 90 days immediately before the intended conversion date, and (iii) maintain a minimum debt to coverage ratio of 1.15 in the same 90 days immediately before the intended conversion date. Although the Project has substantially completed construction, due to the period of completion, lease up is still in progress and has not yet achieved the 90% mark yet. The Project's market study had estimated an approximate 20 month lease up period. The project is currently 70% occupied. We currently expect to be *fully* leased up on or about February, 2023 and estimate a conversion date on or before July 1, 2023.

In view of the above, we seek to extend the conversion deadline to July 1, 2023. This will help accommodate the construction delays induced by the COVID-19 pandemic and comply with the Project's finance documents on conversion and loan repayments. We have secured the consent of all finance partners for this extension other than the Department. Without this extension, the Project will be in default under the terms of the Project's financing documents with regard to conversion deadlines. We kindly request a waiver of Rule 13.11(m) to allow for an extension of completion (*and the first MDL payment date*) to July 1, 2023.

Item 2 – Waiver of Rule 13.11(p)(11)
By Rule 13.11(p)(11), we are required to submit the MDL final draw within 24 months of the MDL closing. Two of the requirements for the MDL final draw are: (i) construction completion, and (ii) satisfactory construction inspection by the Department. The MDL closed on June 2019, which required the final MDL draw to be submitted June 2021. However due to the delays indicated in *Item 1* above, construction was not completed till on or about December 2021. The Department conducted the construction inspection November 2021. The report was issued in April 2022 and further revised in July 2022. We are currently working on repairs noted in the construction report required by the Department to issue a satisfactory letter, which is one of the requirements for the MDL final draw. The draw will be submitted as soon as the repairs are completed to the Department's satisfaction. We continue to experience delays in material supplies with our contractors and some of the repairs are warranty items. We expect the repairs to be complete on or about December 2022. We kindly request a waiver of the Rule 13.11(p)(11) to allow submission of the MDL final draw on or before January 2023.

Conclusion
The Project has been completed and we are requesting time to properly lease up, complete final inspection repairs and ensure the Project is adequately set up for sustainable operations. Our request is in line with the Department's goal of providing high quality, adequate and affordable housing for residents of low/moderate income as required by 10 TAC §11.207 . This waiver will help ensure the viability and sustainability of the Project in furtherance of the Department's objectives.

We look forward to your favorable consideration of our request and thank you for your time on this. Should you need any further information, please contact the undersigned at joseph@sdcus.com or 214-342-1400.

Sincerely,

Joseph Agumadu
Manager

Cc: John Shackelford,
Shackelford, Bowen, McKinley & Norton, LLP
jshack@shackelford.law

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action on multiple requests 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 2021 competitive 9% tax credit round

21004	Skyline at Cedar Crest
21006	Westheimer Garden Villas
21024	Freedom's Path at Waco
21078	Clifton Riverside
21099	Marshall Crossing
21157	Katy Manor Apartments
21164	Town Oaks Apartments
21177	Carver Ridge Apartments

RECOMMENDED ACTION

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

WHEREAS, 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 placed-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 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 2021 Qualified Allocation Plan and Uniform Multifamily Rules, 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 2021. Staff executed Carryover Allocation Agreements with the Development Owners that 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 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.

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 the Developments 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 2021 Qualified Allocation Plan and Uniform Multifamily Rules 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 return the credits outside of a force majeure event, 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.

BROMPTON™

July 20, 2022

Cody Campbell, Director of Multifamily Programs
Texas Department of Housing and Community Affairs ("TDHCA")
221 E. 11th Street
Austin, TX 78701

RE: Request For Placed-In-Service ("PIS") Deadline Extension Pursuant To Force Majeure / Skyline at Cedar Crest, TDHCA Application #21004

Dear Cody,

On September 14th, 2021, CSH Skyline at Cedar Crest, Ltd. (the "Owner") received a Commitment Notice from TDHCA for an award of 2021 9% Low Income Housing Tax Credits (the "HTCs") for Skyline at Cedar Crest (the "Development") located in Dallas, Texas. Due to the current state of the national economy, construction industry and global supply chain market – and more specifically, the ongoing industry-wide shortages of materials and labor due to war, unforeseeable weather events, and the Covid-19 pandemic – the anticipated construction schedule for the Development will result in construction completion after the deadline for PIS required by the Commitment Notice, which is currently set for December 31, 2023.

REQUEST FOR RELIEF

To that end, the Owner is kindly requesting TDHCA approval to utilize the Force Majeure provisions under Section 11.6(5) of the Qualified Allocation Plan (the "QAP") to return the allocation of 2021 9% HTCs for a reissuance of 2022 9% HTCs, resulting in a new PIS deadline set for December 31, 2024.

Of note, this is not a request for additional funds or supplemental credits, but rather, it is a formal request for additional time to close, construct and place Skyline at Cedar Crest into service with the same number of credits originally received in the Commitment Notice.

REASONING

The delays experienced to Skyline at Cedar Crest as a result of materials and labor shortages are Force Majeure events that have significantly impeded the Owner's ability to engage construction activities on a timeline that complies with the PIS deadline applicable to the Development. In addition, now the syndicator is requiring that the Owner request the PIS extension due to the delay in closing and construction start. The following types of events evidence a direct loss impacting the Development:

- After more than two years since the Covid-19 pandemic was declared in Mar-2020, the construction industry still continues to experience logistical difficulties adversely affecting schedules and budgets.
- The pandemic has been further exacerbated by the Russia-Ukraine War beginning in Feb-2022, which continues to escalate fuel, lumber, and housing material costs.
- Unforeseeable weather events, such as Winter Storm Uri in Texas in Feb-2021, with damages from blackouts and freezes nearing $300 billion, continue to create labor shortages on plumbing, drywall, and flooring laborers.
- And importantly, in July-2022, national consumer prices currently reflect an inflation rate at a 40-year high, with the Federal Reserve hiking interest rates at aggressive increments not experienced in nearly three decades with no signs of slowing down.

Because of the unforeseeable escalating global impacts of war, the ongoing Covid-19 pandemic, and the compounded worldwide materials and labor shortages that are outside the Owner's control, the Owner cannot meet the current PIS deadline without receiving an extension. These Force Majeure events have materially impeded the construction progress of this Development, continue to result in loss to the Development, and they could not have been reasonably foreseeable and mitigated through appropriate planning and risk management.

FURTHER CONSIDERATIONS

The Owner attempted to mitigate the situation by beginning to work with financing partners immediately upon receipt of an award, as well as, submitting for permits quickly. The limited investor partner is now requiring as a condition to close, that the Owner receive a PIS extension to account for the unforeseeable force majeure conditions outside of Owner's control. The Development remains financially feasible, despite the ongoing delays.

Each delay caused by the continuing effects of the pandemic, war, weather, and economy triggers a cascading effect on construction timing, worker scheduling, and material availability. While the Owner intends to close within the next 180 days so that placed in service can be met as expeditiously as possible, the challenges outlined in this request are significant.

CONCLUSION

We believe that we have satisfied TDHCA's requirement for a reallocation of HTCs under Section 11.6(5) of the QAP. Again, we kindly request that this matter be considered at the next available TDHCA Board Meeting with a recommendation for approval. If any additional information is required, please feel free to contact me directly. As always, I sincerely appreciate your willingness and prompt attention to this matter.

Eleanor M.C. Fanning

Eleanor M.C. Fanning, Executive Director
Brompton CHDC
emcfanning@BromptonCHDC.org
713-205-4024 / mobile

July 20, 2022

Cody Campbell, Director of Multifamily Programs
Texas Department of Housing and Community Affairs ("TDHCA")
221 E. 11th Street
Austin, TX 78701

RE: Request For Placed-In-Service ("PIS") Deadline Extension Pursuant To Force Majeure / Westheimer Garden Villas, TDHCA Application #21006

Dear Cody,

On September 14th, 2021, CSH Westheimer Garden Villas, Ltd. (the "Owner") received a Commitment Notice from TDHCA for an award of 2021 9% Low Income Housing Tax Credits (the "HTCs") for Westheimer Garden Villas (the "Development") located in Houston, Texas. Due to the current state of the national economy, construction industry and global supply chain market – and more specifically, the ongoing industry-wide shortages of materials and labor due to war, unforeseeable weather events, and the Covid-19 pandemic – the anticipated construction schedule for the Development will result in construction completion after the deadline for PIS required by the Commitment Notice, which is currently set for December 31, 2023.

REQUEST FOR RELIEF

To that end, the Owner is kindly requesting TDHCA approval to utilize the Force Majeure provisions under Section 11.6(5) of the Qualified Allocation Plan (the "QAP") to return the allocation of 2021 9% HTCs for a reissuance of 2022 9% HTCs, resulting in a new PIS deadline set for December 31, 2024.

Of note, this is not a request for additional funds or supplemental credits, but rather, it is a formal request for additional time to close, construct and place Westheimer Garden Villas into service with the same number of credits originally received in the Commitment Notice.

REASONING

The delays experienced to Westheimer Garden Villas as a result of materials and labor shortages are Force Majeure events that have significantly impeded the Owner's ability to engage construction activities on a timeline that complies with the PIS deadline applicable to the Development. In addition, now the syndicator is requiring that the Owner request the PIS extension due to the delay in closing and construction start. The following types of events evidence a direct loss impacting the Development:

- After more than two years since the Covid-19 pandemic was declared in Mar-2020, the construction industry still continues to experience logistical difficulties adversely affecting schedules and budgets.
- The pandemic has been further exacerbated by the Russia-Ukraine War beginning in Feb-2022, which continues to escalate fuel, lumber, and housing material costs.
- Unforeseeable weather events, such as Winter Storm Uri in Texas in Feb-2021, with damages from blackouts and freezes nearing $300 billion, continue to create labor shortages on plumbing, drywall, and flooring laborers.
- And importantly, in July-2022, national consumer prices currently reflect an inflation rate at a 40-year high, with the Federal Reserve hiking interest rates at aggressive increments not experienced in nearly three decades with no signs of slowing down.

Because of the unforeseeable escalating global impacts of war, the ongoing Covid-19 pandemic, and the compounded worldwide materials and labor shortages that are outside the Owner's control, the Owner cannot meet the current PIS deadline without receiving an extension. These Force Majeure events have materially impeded the construction progress of this Development, continue to result in loss to the Development, and they could not have been reasonably foreseeable and mitigated through appropriate planning and risk management.

FURTHER CONSIDERATIONS

The Owner attempted to mitigate the situation by beginning to work with financing partners immediately upon receipt of an award, as well as, submitting for permits quickly. The limited investor partner is now requiring as a condition to close, that the Owner receive a PIS extension to account for the unforeseeable force majeure conditions outside of Owner's control.

In addition, the Owner proactively applied for Multifamily Direct Loan (the "MFDL") funding, and the timeline of review and award for the MFDL approval is one of the factors delaying closing and construction commencement. The Development remains financially feasible, despite the ongoing delays.

Each delay caused by the continuing effects of the pandemic, war, weather, and economy triggers a cascading effect on construction timing, worker scheduling, and material availability. While the Owner intends to close within the next 180 days so that placed in service can be met as expeditiously as possible, the challenges outlined in this request are significant.

CONCLUSION

We believe that we have satisfied TDHCA's requirement for a reallocation of HTCs under Section 11.6(5) of the QAP. Again, we kindly request that this matter be considered at the next available TDHCA Board Meeting with a recommendation for approval. If any additional information is required, please feel free to contact me directly. As always, I sincerely appreciate your willingness and prompt attention to this matter.

Kind Regards,

Russ Michaels, Executive Director
Texas Inter-Faith Housing Corporation
rmichaels@interfaithgroup.org
212-960-3913 / mobile

SOLUTIONS FOR VETERANS

August 12, 2022

Via Electronic Mail

Mr. Cody Campbell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas

Re: 21024 Freedom's Path at Waco

Dear Mr. Campbell:

The Freedom's Path at Waco (Tax Credit Application #21024) is a Supportive Housing development that was awarded Housing Tax Credits in July of 2021. Like many other 2021 awardees, the development has experienced extreme cost increases due to the impact of the COVID-19 pandemic, Uri Winter Storm in Texas and the inflation and economic influences in the financial market. Evidence of the increases are shown in Exhibit A. These increases have been due to delays in bidding and the uncertainly in construction costs for subcontractors. These increases were out of the Owner's control and were not reasonably foreseeable or mitigable through planning

As you are aware, Wellington Waco USA, LP, the Owner, for the above referenced Application, submitted an Application for additional funding under the Direct Loan Program earlier this year to alleviate the cost increase burden. Unfortunately, the Application was terminated due to a change in the rules to disallow access to MFDL funds for developments layered with Historic Tax Credits. Thanks to staff and the Board, the NOFA was amended to allow these developments and the Freedom's Path development will have another opportunity to apply for additional funding as soon as the NOFA is published and with a high expectation of award.

The Applicant has also submitted to an application to the FHLB of Dallas for AHP funds to assist in closing the gap in the funding.

Due to the delay is receiving the additional funding, the Owner will not be able to meet the required 10% Test in December pursuant to 10 TAC §10.402(g) of the Asset Management Rules and §42(h)(1)(E)(i) and (ii) of the Internal Revenue Code.

Additionally, due to the delay, the development will not be able to begin construction on time; therefore, requiring a reset of the construction schedule once the funding is complete later this year.

The development owner respectfully requests an extension of the Placement in Service deadline under 10 TAC §11.6(5), Credit Returns Resulting from Force Majeure Events.

As indicated at the TDHCA Board meeting in May, the owner has the appropriate Historic Approvals needed to move forward and is ready to move to close once the additional funds are secured (Exhibit B). All the financing partners are still committed to the development. Evidence is provided by the attached updated commitment letters (Exhibit C). The owners are prepared to submit the updated Direct Loan application as soon as the NOFA is published.

In accordance with 10 TAC §11.6(5), Credit Returns Resulting from Force Majeure Events, the Owner has met the requirements needed for relief under Force Majeure by:

1) The events occurred prior to the issuance of Forms 8609 with major supply chain issues, material and labor increases; and

2) The Owner has provided evidence of the increases and that they were not foreseeable or controllable by the Owner; and

3) The Owner indicated reasonable and responsible efforts to mitigate the delays by applying for additional funding at the first possible opportunity and continued to work toward closing efforts while those funding approvals were in play; and

4) The Owner has indicated that the delays will prevent the Owner from being able to Place in Service by the original required deadline; and

5) The requested credit amount is the same amount as that which will be returned.

Thank you for your time and thoughtful consideration of our request. Should you need any additional information, please do not hesitate to contact me.

Sincerely,

William Craig Taylor

William Craig Taylor
Executive Director of Managing Member of the GP

Exhibit A

Development Costs

Costs	Original	Update
SiteWork	$ 68,000	$ 140,000
Demolition	$ 40,000	$ 200,000
Asbestos Abatement		
Rough grading	$ 32,750	$ 32,750
Fine grading	$ 28,225	$ 28,225
On-site concrete	$ 34,250	$ 34,250
On-site electrical	$ 31,075	$ 31,075
On-site paving	$ 76,500	$ 76,500
On-site utilities	$ 110,945	$ 110,945
Decorative masonry	$ 9,750	$ 9,750
Bumper stops, striping & signs	$ 12,925	$ 12,925
Subtotal Site Work	**$ 444,420**	**$ 676,420**
Site Amenities		
Landscaping	$ 6,000	$ 6,000
Fencing	$ 15,000	$ 34,010
Subtotal Site Amenities	**$ 21,000**	**$ 40,010**
Building Costs		
Concrete	$ 95,000	$ 95,000
Masonry	$ 106,000	$ 226,000
Metals	$ 21,150	$ 21,150
Woods and Plastics	$ 60,000	$ 270,000
Thermal and Moisture Protection	$ 25,440	$ 25,440
Roof Covering	$ 125,250	$ 225,250
Doors and Windows	$ 165,225	$ 465,225
Finishes	$ 214,885	$ 414,855
Specialties	$ 62,250	$ 62,250
Equipment	$ 68,000	$ 102,000
Furnishings	$ 68,000	$ 68,000
Special Construction	$ 12,000	$ 12,000
Mechanical (HVAC; Plumbing)	$ 380,000	$ 1,680,000
Electrical	$ 320,000	$ 1,350,000
Detached Community Building	$ 150,000	$ 250,000
Subtotal Building Costs	**$ 1,873,200**	**$ 5,267,170**
Contingency	$ 240,000	$ 500,000
General Requirements	$ 140,000	$ 275,000
Contractor Overhead	$ 45,000	$ 95,000
Contractor Profit	$ 140,000	$ 275,000
Total Construction Contract	**$ 2,996,270**	**$ 7,175,260**
Total Development Costs	**$ 5,057,965**	**$ 9,677,260**
Sources		
Perm Debt	$ -	$ 2,400,000
TDHCA Fed Tax Credts (2021)	$ 3,859,000	$ 3,859,000
Federal Historic Tax Credits	$ 405,000	$ 1,292,040
State Historic Tax Credits	$ 396,000	$ 1,292,040
FHLB AHP	$ -	$ 510,000
City of Waco	$ 500	$ 500
Deferred Developer Fee	$ 397,465	$ 323,680
Total Sources	**$ 5,057,965**	**$ 9,677,260**

NPS Form 10-168a (Rev. 2019)
National Park Service
OMB Control No. 1024-0009

Exhibit B

RECEIVED MAR 2 1 2022 NATIONAL PARK SERVICE

Received MAR 1 1 2022 Division of Architecture

HISTORIC PRESERVATION CERTIFICATION APPLICATION
PART 2 – DESCRIPTION OF REHABILITATION

Instructions: This page must bear the applicant's original signature and must be dated. The National Park Service certification decision is based on the descriptions in this application form. In the event of any discrepancy between the application form and other, supplementary material submitted with it (such as architectural plans, drawings and specifications), the application form takes precedence. A copy of this form will be provided to the Internal Revenue Service.

NPS Project Number 44599

1. Historic Property Name Veterans Administration Hospital Historic District, Buildings 19, 20, and 21

Street 4800 Memorial Drive

City Waco County McLennan State TX Zip 76711-1329

Name of Historic District or National Register property Veterans Administration Hospital Historic District

☐ Listed individually in the National Register of Historic Places; date of listing

☒ Located in a Registered Historic District; name of district Veterans Administration Hospital Historic District

☒ Part 1 – Evaluation of Significance submitted? Date submitted 10/12/2021 Date of certification

2. Project Data (for phased projects, data entered in this section must be totals for entire project)

Date of building 1932

Number of buildings in project 3

Start date (estimated) 06/01/2022

Completion date (estimated) 05/31/2023

Application includes phase(s) 1 of 1 phases

☐ Intend to elect IRS 60-month phased rehabilitation

Estimated total rehabilitation costs (QRE) $6,300,000

Floor area before / after rehabilitation 13,146 / 13,146 sq ft

Use(s) before / after rehabilitation Housing / Housing

Number of housing units before / after rehabilitation 5 / 26

Number of low-moderate income housing units before / after rehabilitation 0 / 26

3. Project Contact (if different from applicant)

Name Adam Rajper Company MacRostie Historic Advisors, LLC

Street 711 Milby Street, Suite 5 City Houston State TX

Zip 77023 Telephone (713) 470-0057 Email Address arajper@mac-ha.com

4. Applicant

I hereby attest that the information I have provided is, to the best of my knowledge, correct. I further attest that [check one or both boxes, as applicable]:

☐ I am the owner of the above-described property within the meaning of "owner" set forth in 36 CFR § 67.2 (2011), and/or

☒ if I am not the fee simple owner of the above described property, the fee simple owner is aware of the action I am taking relative to this application and has no objection, as noted in a written statement from the owner, a copy of which (i) either is attached to this application form and incorporated herein, or has been previously submitted, and (ii) meets the requirements of 36 CFR § 67.3(a)(1) (2011).

For purposes of this attestation, the singular shall include the plural wherever appropriate. I understand that knowing and willful falsification of factual representations in this application may subject me to fines and imprisonment under 18 U.S.C. § 1001, which, under certain circumstances, provides for imprisonment of up to 8 years.

Name Craig Taylor (E.D. of Manag. Memb.) Signature (Sign in ink) Craig Taylor Date 3/2/22

Applicant Entity Wellington Waco USA, LP SSN or TIN 86-2372318

Street 235 Ponce de Leon Place, Suite M-313 City Decatur State GA

Zip 30030 Telephone (678) 232-0015 Email Address ctaylor@sfveterans.org

☐ Applicant, SSN, or TIN has changed since previously submitted application.

NPS Official Use Only

The National Park Service has reviewed the Historic Preservation Certification Application – Part 2 for the above-named property and has determined that:

☐ the rehabilitation described herein is consistent with the historic character of the property and, where applicable, with the district in which it is located and that the project meets the Secretary of the Interior's Standards for Rehabilitation. This letter is a preliminary determination only, since a formal certification of rehabilitation can be issued only to the owner of a "certified historic structure" after rehabilitation work is complete.

☒ the rehabilitation or proposed rehabilitation will meet the Secretary of the Interior's Standards for Rehabilitation if the attached conditions are met.

☐ the rehabilitation described herein is not consistent with the historic character of the property or the district in which it is located and that the project does not meet the Secretary of the Interior's Standards for Rehabilitation.

5/10/22

Date

National Park Service Authorized Signature (Sign in ink)

☒ NPS conditions or comments attached

NPS Form 10-168e (Rev. 06/2019)
National Park Service
OMB Control No, 1024-009

UNITED STATES DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE
CONDITIONS

Historic Property Name Veterans Administration Hospital Historic District, Buildings **Project Number** 44599

Property Address, City, State 4800 Memorial Drive Waco, TX

The rehabilitation of this property as described in the Historic Certification Application will meet the Secretary of the Interior's Standards for Rehabilitation provided that the following condition(s) is/are met:

1. More features of the primary, public spaces in each house need to be maintained, so that the transition from single-family units to multi-family units is better understood. Specific requirements include:

* Retain the overall floorplan in the dining rooms in all three units. In Building 19, push the new closet and bathroom into the kitchen space rather than into the dining room. In Buildings 20 and 21, the existing opening between the dining rooms and kitchens can be enlarged, but portions of the walls between the two room types must be retained on both sides and across the ceiling.

* Non-functional doors in the first and second floor foyers should be retained in place, even though they will be inoperable, in order to retain the single-family feel. Door knobs may be removed. Doors may be walled off within the apartment units. Lighting, door numbers, and other new features, can be directed only at the operable entrance doors to guide people to those.

* French doors to the side porches should be retained in place to the greatest extent possible, both in openings where the doors will be operable or inoperable. Inoperable doors may have handles removed and be walled off on the porch side to allow for placement of restrooms.

2. Detailed drawings showing how arched doorways will be infilled must be submitted as an amendment for review and approval. The infill designs should be an obvious addition, but should take into account the level and style of trim and door details around the buildings so that they do not appear to be inferior alterations.

3. Fully detailed drawings and narrative documentation is required regarding all replacement windows. Historic, wood windows that need replacement as the project progresses must be described in photos and narratives so that we understand the threshold for replacement and the number of windows to be replaced. All replacement windows must be fully documented in elevation, section, and plan drawings, submitted as an amendment, so that we can verify the appropriateness of the designs.

4. Sample patches for all masonry cleaning and any required repair work must be submitted to the State Historic Preservation Office via email for review and approval before undertaking the full project work.

CONDITIONS
PG. 1 OF 2

Photographs documenting that the conditions have been met must be submitted wiht the Request for Certification of Completed Work.

Any substantive change in the work as described in the application shoudl be brought to the attention of the State Historic Preservation Office and the National Park Service in writing, using the Amendment/Advisory Determination form, prior to execution to ensure that the proposed project continues to meet the Standards.

3.17.2022 — [signature], DSHPO

Date — State Historic Preservation Offiice Signature

The National Park Service has determined that this project will meet The Secretary of the Interior's Standards For Rehabilitation if the conditions listed above are met.

5/10/22 — [signature]

Date — National Park Service Signature

NPS Form 10-168e (Rev. 2019)
National Park Service
OMB Control No. 1024-0009

HISTORIC PRESERVATION CERTIFICATION APPLICATION
NATIONAL PARK SERVICE
CONDITIONS

Historic Property Name: Veterans Administration Hospital, Buildings 19, 20, 21 Project Number: 44599

Property Address, City, State: 4800 Memorial Drive, Waco, TX

The rehabilitation of this property as described in the Historic Preservation Certification Application will meet the Secretary of the Interior's Standards for Rehabilitation provided that the following condition(s) is/are met:

5. **MEP**: This approval does not extend to the proposed 8" furred wall detail for installation of mini split conduit, pending justification for such treatment. This solution alters the historic wall plane and trim within primary spaces. Conduit should be concealed within existing wall assemblies, with finish plaster carefully trenched only at locations necessary and repaired in-kind. Historic trim and ceiling molding should be retained in place. Revised details must be provided.

6. **New construction**: The asphalt shingle roof must be a color in-keeping with the clay tile used on all buildings throughout the hospital complex. Final roofing product specifications and color selection must be provided for review.

7. **Fence**: Once the non-historic chain link fence is removed along Beverly Drive and South New Road, no new fence should be installed in order to preserve the historic site character between the public street and residential VA buildings. Unless justification is provided to warrant installation of a fence along the primary north and east elevations, the security fence must be limited to the south edge between the development site and VA property.

CONDITIONS
PG. 2 OF 2

Photographs documenting that the conditions have been met must be submitted with the Request for Certification of Completed Work.

Any substantive change in the work as described in the application should be brought to the attention of the State Historic Preservation Office and the National Park Service in writing, using the Amendment/Advisory Determination form, prior to execution to ensure that the proposed project continues to meet the Standards.

The National Park Service has determined that this project will meet the Secretary of the Interior Standards for Rehabilitation if the condition(s) listed above are met.

5/10/22
Date

National Park Service Signature

RAYMOND JAMES®

August 8, 2022

William Craig Taylor
235 Ponce de Leon Place, Suite M-313
Decatur, GA 30030

Re:	Partnership:	Wellington Waco USA, LP
	Property Name:	Freedom's Path at Waco
	City/State:	Waco, TX

Dear Craig:

This letter will confirm our agreement ("Agreement") whereby Raymond James Tax Credit Funds, Inc. ("RJTCF") shall attempt to effect a closing ("Closing") of an investment by a Fund sponsored by RJTCF (the "RJTCF Fund") in the above named partnership ("Partnership") on the assumptions, terms, and conditions contained in this letter, or such other assumptions, terms and conditions as are acceptable to you, RJTCF and the RJTCF Fund.

Raymond James Tax Credit Funds, Inc. reserves the right to alter the terms of this investment to meet market conditions. Final terms and conditions will be set forth in definitive documents proposed by Raymond James Tax Credit Funds, Inc. If the changes are unacceptable, you shall have no obligation to execute definitive documents and this letter shall terminate on the Termination Date, or, if sooner, upon receipt of written notice of termination from you citing the change in terms as the reason for termination.

CURRENT ASSUMPTIONS:

I. DESCRIPTION OF THE PROJECT AND THE INVESTMENT.

A. **Project:**

1. New Construction/Historic Rehab
2. Supportive Housing
3. Units: 34.

B. **Tax Credit Information:**

1. Requested LIHTC Credits: $454,000.
2. Assumed Partnership LIHTC Annual Credits: $454,000.
3. The RJTCF Fund's Share of Partnership Annual Credits: 99.99%
4. Assumed the RJTCF Fund's Annual LIHTC Credits: $453,955.
5. Assumed the RJTCF Fund's Federal Historic Credits: $1,500,000
6. DDA/QCT Adjustment: 130%
7. Applicable Fraction: 100%.
8. Applicable Percentage: 9%
9. First Credit Year: 2024.

C. **LIHTC Equity Investment**:

1. Estimated $.85 per dollar of the RJTCF Fund's Credits ("Credit Price"), subject to market conditions and availability of funds.

2. The RJTCF Fund's Estimated Total Capital: $3,859,000.
Note that the RJTCF Fund's estimated actual contributions are based on actual credits delivered. If actual RJTCF Fund Credits are less than the assumed amount, estimated capital contributions will be reduced by the shortfall times the Credit Price. If actual The RJTCF Fund Credits are greater than the assumed amount ("Excess Credits"), then the RJTCF Fund estimated Capital Contributions will be increased by an amount equal to the Excess Credits times the Credit Price up to 105% of the Estimated Total Capital, unless such increase is attributable to an additional reservation of Credits. The RJTCF Fund will specify under which terms it will purchase any Excess Credits attributable to an additional reservation of Credits, and/or those that would otherwise cause capital contributions to exceed 105% of the Estimated Total Capital. The General Partners can accept or reject those terms. Any Excess Credits that the RJTCF Fund is unwilling to buy or that the General Partners are unwilling to sell at the price specified by the RJTCF Fund shall be allocated to the General Partners.

3. Installment Payment of Estimated Capital Contributions:
   a. $1,929,500 (50%) through construction completion, pursuant to a pre-determined contribution schedule mutually agreed upon in the definitive documents.
   b. $1,929,500 (50%) at Stabilized Operations ("Stabilization Capital Contribution").

   All payments will be subject to various deliveries required by the RJTCF Fund as described in the definitive documents, including without limitation, updates of representations and warranties previously given to the RJTCF Fund.

   No syndication costs or fees will be paid by the partnership.

D. **Federal Historic Equity Investment**:

1. Estimated $.90 per dollar of the RJTCF Fund's Federal Historic Credits ("Historic Credit Price"), subject to market conditions and availability of funds.

2. The RJTCF Fund's Estimated Total Federal Historic Capital: $1,350,000.
Note that the RJTCF Fund's estimated actual contributions are based on actual credits delivered. If actual RJTCF Fund Credits are less than the assumed amount, estimated capital contributions will be reduced by the shortfall times the Credit Price. If actual The RJTCF Fund Credits are greater than the assumed amount ("Excess Credits"), then the RJTCF Fund estimated Capital Contributions will be increased by an amount equal to the Excess Credits times the Credit Price up to 105% of the Estimated Total Capital, unless such increase is attributable to an additional reservation of Credits. The RJTCF Fund will specify under which terms it will purchase any Excess Credits attributable to an additional reservation of Credits, and/or those that would otherwise cause capital contributions to exceed 105% of the Estimated Total Capital. The General

Partners can accept or reject those terms. Any Excess Credits that the RJTCF Fund is unwilling to buy or that the General Partners are unwilling to sell at the price specified by the RJTCF Fund shall be allocated to the General Partners.

3. Installment Payment of Estimated Federal Historic Capital Contributions:
   a. $1,350,000 (100%) at Stabilized Operations ("Stabilization Capital Contribution").

   All payments will be subject to various deliveries required by the RJTCF Fund as described in the definitive documents, including without limitation, updates of representations and warranties previously given to the RJTCF Fund.

   No syndication costs or fees will be paid by the partnership.

E. **Developer and Development Fee:**

1. Developer: Freedom's Path Waco Developer, LLC

   If necessary, part of the development fee, not to exceed $500,000, will be deferred beyond the date of the RJTCF Fund's final capital contribution installment, without interest, and shall be paid in accordance with the terms of allocations of Cash From Operations and Cash from Sale or Refinancing or, if not paid within 12 years after placed-in-service date, from General Partners' capital as described below. It is currently estimated that there will be a deferred development fee in the amount of $432,760.

F. **Reserves**:

1. Replacement Reserve: $10,200 per year beginning at the earlier of six months after completion of construction or the first month of Stabilized Operations, increased by 3% per year thereafter. In the aggregate, no more than $10,000 will be withdrawn from the Replacement Reserve in any calendar year without the approval of the RJTCF Fund.

2. An appropriate amount of Lease-up Reserves and Operating Reserves will be determined prior closing and mutually agreed upon according to the definitive documents. In general, the reserve accounts shall be established with a lending institution, acceptable to the Limited Partner, and such reserves shall be maintained for the duration of the Compliance Period (after which, funds on deposit may be released and distributed as Net Cash Flow) and shall be used exclusively to pay for Operating Deficits incurred by the Partnership after the date of the Stabilization Capital Contribution. All withdrawals from the Operating Reserve Account that would cause aggregate draws in any one fiscal year to exceed $10,000.00 shall be made only with the Consent of the Limited Partner, which shall not be unreasonably withheld, delayed or conditioned.

G. **Obligations of General Partners**:

1. General Partners: Freedom's Path Waco, LLC.
2. General Partners' Capital: $100 (estimate).
3. The General Partners agree that to the extent any deferred development fee has not been repaid from cash flow at the end of twelve years from the date the

property is placed in service (or at the time of removal of the General Partners), they will contribute sufficient capital so that the partnership can pay any amount of the deferred fee outstanding at that time.

4. Guaranties:
Guaranties will be required by the General Partners and the Guarantors. Such guaranties will include, but are not limited to, a Completion Guaranty, Operating Deficit Guaranty, and a Tax Credit Guaranty. The requirements of the Guaranties will be provided in the Definitive Documents.

H. **Obligations of the Guarantors:**

1. Guarantors: The General Partners and Solutions for Veterans, Inc. (Subject to RJTCF approval)

2. Guarantors guarantee that the General Partners will perform all of their obligations under the partnership agreement, including, without limitation, guaranties, repurchase obligations and the obligation to make a capital contribution as and when required to pay deferred development fee.

I. **Financing**:

1. Construction Financing
   a. Lender: TBD.
   b. Amount: $2,750,000.
   c. Rate: 5.25%.
   d. Terms: Interest only monthly payments.
   e. Maturity: 24 Months.
2. Permanent Financing
   a. Lender: TBD.
   b. Amount: $2,400,000
   c. Rate: 4.00%
   d. Amortization: 40 Years
   e. Term: 40 Years
   f. Annual Payment: $0

J. **Other Financing:**

1. Texas State Historic Equity
   a. $1,350,000

K. **Definitive Documents**

All of the terms and conditions of the investment shall be set forth in definitive documents to be negotiated by the parties including but not limited to an Amended and Restated Agreement of Limited Partnership, together with certain closing exhibits (including various Guaranty Agreements). Such documents shall be consistent with the terms and conditions set forth in this letter with such changes as the parties may agree are appropriate. Once executed, the definitive documents shall supersede this letter, which shall be of no further force or effect. RJTCF will begin preparation of the definitive documents upon the completion of our due diligence to our satisfaction, as determined in our sole discretion.

II. THE RJTCF FUND EXIT RIGHTS

The RJTCF Fund shall have the right to require the General Partners to acquire its interest after the end of the compliance period for a price equal to the amount the RJTCF Fund would receive if the Partnership sold the Project at fair market value, paid its debts and distributed the remaining assets in accordance with the provisions relating to distribution of sales proceeds. If the General Partners fail to acquire the RJTCF Fund's interest, then the RJTCF Fund shall have the right, without the concurrence of the General Partners, to order a sale of the Project.

III. FINANCIAL FEASIBILITY

The attached 15-year pro forma was prepared by the Applicant for Wellington Waco USA, LP located in Waco, TX. The pro forma is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on RJTCF current underwriting parameters and consistent with the loan terms indicated in the term sheet and is preliminarily considered feasible, pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio.

Additionally, we have performed a preliminary review of the credit worthiness of Wellington Waco USA, LP and its Principals. At this time, RJTCF has no reservations with the Development Owner or any of the Principals. We anticipate no additional guarantors or financial strength will be needed to facilitate a loan to this borrower, other than those requirements disclosed herein.

IV. OTHER ASSUMPTIONS TO CLOSING

1. Prior to Closing, there shall have been no changes in tax laws or Treasury pronouncements, or changes in interpretations of existing tax issues that would materially and adversely affect this investment.
2. In the event an investment in the Partnership requires HUD Previous Participation Certification (HUD Form 2530), the ability of the RJTCF Fund and its investor members to request and obtain HUD 2530 approval in accordance with the electronic filing requirements promulgated by HUD.
3. RJTCF and the RJTCF Fund's review and approval in its sole discretion of all due diligence materials, including the construction and permanent loan commitments, proposed extended use agreement, real estate, plans and specifications, market study (including any additional market studies determined by the RJTCF Fund and the fund to be necessary - at the Partnership's expense), basis for the Credits, operating budgets, construction and lease-up budgets, current financial statements of the General Partners, other guarantors and their affiliates, verification of background information to be provided by the General Partners and their affiliates, and references to be provided by the General Partners.
4. Satisfactory inspection of the property by RJTCF and the RJTCF Fund investors.
5. Approval by the Investment Committee of RJTCF and the RJTCF Fund investors of the terms and conditions of the investment in their sole discretion based on then current market conditions.
6. Availability of investment funds.
7. The negotiation of definitive documents as described herein (and this Agreement shall terminate if all such documents are not executed and delivered by the Closing date).

V. TERM

The initial term of this Agreement shall be for a period of 11 months from the date of this letter, with a closing (Closing Date) no later than July 15, 2023, providing that either party may terminate this Agreement by giving the other party at least 30 days written notice and both parties can agree in writing to an extension. If due diligence activities and negotiation of definitive documents continue beyond termination of this Agreement, the parties shall not be bound hereunder, but only to the extent provided in definitive documents or other written agreements that are actually executed and delivered.

VI. ACCEPTANCE

If these terms and conditions are acceptable to you, please sign and return one copy of this memorandum.

By acceptance of this letter, you authorize Raymond James Tax Credit Funds, Inc. to make any credit inquiries that we may deem necessary as part of our underwriting process. These credit inquiries may be performed on the General Partners, Guarantors, or any significant business operation of General Partners or Guarantors. This authorization also applies to follow-up credit inquiries that we may deem necessary after our admission to the Partnership.

For more than 25 years Raymond James Tax Credit Funds and our affiliates have been involved with the development of affordable housing. We have provided equity for more than 2,300 properties nationwide. We look forward to working with you.

[Signatures on Next Page]

Sincerely,

Gary K. Robinson

Gary K. Robinson
Vice President - Director of Acquisitions
Raymond James Tax Credit Funds, Inc.

Accepted:

William Craig Taylor   8.9.2022

By: General Partner   Date

CABRETTA CAPITAL

August 8, 2022

Craig Taylor
Solutions for Veterans, Inc.
235 Ponce De Leon Place, Suite M-313
Decatur, GA 30030

Re: Freedom's Path at **Waco - Term Sheet**
Texas Historic Tax Credit Purchase

Dear Mr. Taylor,

This term sheet (the "Term Sheet") is submitted on behalf of Cabretta Capital Corporation or an affiliated entity ("Cabretta"). This Term Sheet is merely an outline of the principal terms and conditions under which Cabretta would purchase the Texas historic tax credits (the "State Credits") from a special purpose entity (the "Company") (or the Company's general partner) generated by the rehabilitation of the Freedom's Path at Waco project in Waco, Texas being sponsored by Solutions for Veterans, Inc. (the "Sponsor"). This Term Sheet shall not be construed as a commitment, representation or contract that is legally binding upon the parties and no cause of action shall arise as a result of this Term Sheet; provided, however, the terms and conditions set forth in the "*Transaction Costs*," "*Exclusivity,*" and "*Governing Law*" provisions below shall be legally binding on and enforceable against each party. Should the terms of this Term Sheet be acceptable to you, appropriate documentation setting forth the terms and conditions shall be prepared for review and approval by the parties, including, but not limited to, the Company's partnership agreement and a State Credit purchase and sale agreement.

Project Description	The rehabilitation of the Freedom's Path at Waco project located in Waco, Texas (the "Project") in a manner that qualifies for the State Credits.
Project Costs and Credits	Total eligible costs (Qualified Rehabilitation Expenses) for the Project are expected to be approximately $7,500,000. The exact ownership structure of the Project will be determined by the parties, with advice from legal counsel and accountants, during the due diligence period. Cabretta will purchase the State Credits generated by the Project pursuant to a purchase and sale agreement between the Company (or the Company's general partner) and Cabretta.
Estimated Cabretta State Credits	2023: $1,875,000
Estimated Completion Date	November 30, 2023
Credit Price	$0.72 per dollar of State Credits actually purchased by Cabretta.
Cabretta Purchase Price	Estimated to be $1,350,000
Cabretta Tax Credit Installment Schedule	The purchase price will be funded according to the following schedule:

1. $10,000 shall be due upon the later of:

    a. Closing;
    b. Receipt and approval by Cabretta of all due diligence items on the Cabretta checklist, including, without limitation, Texas SHPO approval equivalent to NPS approved Part 1 and Part 2; and
    c. Closing of all required construction financing.

2. The remainder shall be due upon the later of:

    a. Satisfaction of all of the conditions to the first installment;
    b. Receipt of architect's certification of lien-free completion;
    c. Receipt of all final certificates of occupancy;
    d. Receipt of final cost certification;
    e. Receipt of Certificate of Eligibility from the Texas Historic Commission;
    f. Receipt of Part 3 approval and Texas SHPO approval equivalent to NPS Part 3 approval; and
    g. Receipt of the State Credit transfer certificate naming Cabretta as recipient.

Tax Returns; Information necessary to claim the State Credits	The Company shall deliver all information necessary for Cabretta to properly claim the State Credits pursuant to the rules and regulations applicable to the State Credits no later than March 1st of the year following the year the State Credits are pre-approved and available to offset taxes against (e.g., if the State Credits are pre-approved and available as 2023 State Credits, such information must be provided by March 1, 2024 to allow Cabretta and its investors to timely file their tax returns). The Company shall pay Cabretta $150 for each day thereafter until actual delivery, which such penalty shall increase to $500 for each day after April 1st until actual delivery.
Tax Credit Adjusters	The purchase price shall be reduced or increased, as necessary but subject to a 5% cap without the consent of Cabretta for any increase, based on actual State Credit amounts. Upon a reduction or recapture of State Credits occurring after funding of the final installment of the purchase price, the Company will be obligated to pay Cabretta a purchase price adjustment payment equal to $1.00 for each State Credit so reduced or recaptured plus any legal/accounting fees, interest, penalties, or increased taxes payable by Cabretta (or its investors) as a result of such reduction or recapture.
Credit Delivery Notice	The Company shall provide an updated estimate to Cabretta on or after October 1, 2023, but prior to November 1, 2023, of the projected placement in service date of the Project if the Project has yet to be placed in service.

Reserves	The Company shall establish and maintain reserves as required by the Project lender and federal investor.
Guaranty Provisions	The Company, the Sponsor and such other individuals or entities as required by Cabretta (collectively, the "Guarantor") shall provide the following guarantees to Cabretta: a) Construction Completion. The Guarantor will guarantee that Project will be completed and placed in service prior to December 31, 2023 in a manner that qualifies for State Credits. The Guarantor will make a capital contribution to the Company to fund any construction period deficits. b) State Credits. The Guarantor will guarantee generation of the State Credits, including without limitation payment of all adjusters on an after-tax basis. c) Return of Purchase Price. At Cabretta's option, the Guarantor will return any purchase price installments previously paid by Cabretta, with interest on such payments at the rate of 8% per annum, if (a) it is found that the Project was placed in service after December 31, 2023, or (b) upon cost certification, the actual credits available to Cabretta are less than 75% of the projected credits. d) Representations and Warranties. The Guarantor will protect and indemnify Cabretta against any loss due to any breach or default of any representation, warranty, or covenant under the State Credit purchase agreement. e) Net Worth Underwriting. The Guarantor must provide evidence of net worth for underwriting purposes equal to at least $1,000,000 and a liquid net worth of at least $1,000,000, or such lower amounts agreed to by the project lender and federal investor.
Transaction Costs	The Guarantor shall be responsible for payment of all of Cabretta's reasonable third-party fees and expenses associated with the proposed investment in the Project, even if the investment does not close, in an amount not to exceed $25,000. Such fees shall be paid at the earlier of closing or the date on which either party terminates this Term Sheet.
Due Diligence Process	When Cabretta has received a signed copy of this Term Sheet, we will begin our underwriting and due diligence review. During this time, Cabretta will conduct further review of the factual representations made by the undersigned, and will negotiate in good faith the terms and conditions of the proposed investment. The due diligence review will include, but not be limited to, Cabretta's review and approval of the following matters: • development team;

- financial model and projected tax credit basis;
- compliance with the Texas tax credit program requirements;
- market/feasibility study;
- site inspection;
- evidence of insurance (property, casualty, business interruption, title, etc.);
- environmental site assessment and all recommended follow-up; and
- the Guarantor's financial capacity.

Exclusivity	Cabretta anticipates incurring expenses and foregoing other opportunities while finalizing an agreement for the Project. Cabretta is willing to do so with the understanding that upon execution of this Term Sheet: (i) the Company, the Guarantor and their respective representatives and agents shall end any and all discussions or agreements with any other party regarding the state tax credit equity for the Project, and shall not entertain any such discussions for a period of 90 days; (ii) all information and materials received by each party to this Term Sheet are to be kept confidential; and (iii) the parties hereto shall negotiate in good faith to close this transaction on or before October 1, 2022, but in any event prior to the date that the Project is placed in service.
Governing Law	This Term Sheet and all claims and controversies hereunder shall be governed by and construed in accordance with the internal laws of the State of Georgia, without regard to the choice of law provisions thereof.

This Term Sheet may be executed in any number of counterparts, each of which shall be deemed an original as against any party who signed such counterpart, and all of which together constitute one and the same instrument.

[*Signatures on the following page*]

We greatly appreciate your interest in working with Cabretta. This proposal is valid only for 10 business days from the date of this Term Sheet, unless countersigned by you and returned to us within such time.

If these terms are agreeable to you, please execute and return one copy.

Very truly yours,

Cabretta Capital Corporation

By: Brent Watts
Michael B. Watts, President

Accepted and Agreed to this 9th day of August, 2022.

Solutions for Veterans, Inc.

By: William Craig Taylor
Name: William Craig Taylor
Title: Executive Director of Managing GP

OVERLAND
PROPERTY GROUP

August 18, 2022

Cody Campbell, Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Request of Force Majeure for Clifton Riverside (#21078)

Dear Mr. Campbell:

OPG Clifton Riverside Partners, LLC ("Owner") received an allocation of Housing Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the construction of the Clifton Riverside community ("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) and §42(h)(1)(E)(i) of the Internal Revenue Code because of extraordinary events effecting the construction and financing environment. The need for requesting an extension to meet the 10% test and placed in service deadlines is the direct result of events that we believe should fall under the provisions of §11.6(5) of the 2021 Qualified Allocation Plan relating to Force Majeure.

Pursuant to §11.6(5) of the 2021 Qualified Allocation Plan, Overland Property Group ("OPG") and its HUB Partner, Across, LLC, respectfully requests an allocation of 2022 credits in exchange for the return of our 2021 credit allocation for the Clifton Riverside development. Please note, this is not a request for additional tax credits.

Since application submission in 2021, the construction industry has experienced extraordinary volatility due to the pandemic which has created a significant financial impact to the Clifton Riverside development. Labor shortages, material delays, inflation and interest rate increases have resulted in a substantial increase to project cost and a reduction in supportable mortgage proceeds. The project remains financially feasible, but OPG has been required to raise additional sources to bridge the financial gap.

<u>Background Information</u>

The Development is located in Fort Worth, Texas, in Tarrant County and will be an infill development to be construction on a site with several existing structures. The City of Fort

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PROPERTY GROUP

Worth, and the entire State of Texas, have experienced significant cost increases, supply chain issues, and labor shortages that have impacted and delayed the commencement of construction of the Development. These issues are a direct result of not one, but several events, that taken together have put extreme pressure, interest rate increases, and timing constraints of the construction industry across the entire State of Texas.

Impact and Request

The construction industry challenges 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 and construction timeline.

ARCO National Living Group ("ARCO"), the General Contractor for Clifton Riverside reports material and labor shortages which are causing a significant impact to the development budget. When the tax credit application as submitted, the total construction contract was expected to be $12,929,148. The most recent estimate is $16,987,694, an almost 30% increase since the application.

The OPG and ARCO team have a successful track record with ARCO having completed two prior tax credit developments across the country with OPG. ARCO has provided cost estimation for Clifton Riverside multiple times during the design process. With each subsequent estimation, the development and design teams, worked to find opportunities for value engineering and have attempted to minimize the impact to the overall development, however, with each estimation, the overall pricing has continued to rise.

We saw a significant increase in construction costs between September 2021 and February 2022. The cost of lumber has increased significantly, as well as mechanical, electrical, and plumbing trades due to labor shortages and supply chain issues. We are working diligently to value engineering and mitigate for as many of these increases as possible, while striving to maintain the high-quality housing that OPG has delivered across the State of Texas.

Specifically, the cost increases on woods and plastics and electrical have seen some of the most drastic increases. When the tax credit application as submitted the estimate for woods and plastics was $2,133,971. Based on the most recent estimate received from ARCO, the cost is expected to be $3,596,310, an increase of $1.4 million. Additionally, the cost and availability of electrical labor and materials has had a drastic increase on the construction budget. At application, electrical was estimated at $893,217; based on the latest estimate, this line item has increased nearly $1 million to $1,845,035.

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PROPERTY GROUP

Another difficulty hampering the development is rising interest rates. At application, the interest rate on our permanent financing was conservatively estimated at 4.95%. At this time, the rate is expected to be 5.75%. The increased interest rate reduces the amount of mortgage the development can support and further exacerbates the financing gap caused by rising costs.

In order to cover these unforeseen increased costs, and reduced sources, and to ensure that the Development remains financially feasible, we have applied for additional funding from the City of Fort Worth and the Fort Worth Housing Finance Corporation who have both committed $1,000,000 to the project. Additionally, we have worked with our financing partners to ensure that we are maximizing the proceeds from the first mortgage through 40-year amortization and pushing for the best pricing on the tax credits awarded.

Clifton Riverside received its reservation of tax credits in July of 2021. At application, OPG conservatively projected a 14-Month construction schedule based upon recent experience with similar construction projects, which assumed a project closing to occur in early 2022. While we still have confidence in the 14-month construction schedule, due to the delays mentioned previously, the project is now assumed to achieve financial closing and construction notice to proceed in the 4th quarter of 2022 (currently estimating construction to commence on or before 10/27/22). Given the unpredictability of the market, we are unable to execute a contract in good faith that delivers the project by the 2023 PIS deadline. Based upon prevailing market conditions, the construction schedule has been pushed back with an updated construction completion date of 12/29/2023. The updated construction schedule is attached and labeled **Exhibit A**.

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

We kindly request that the Owner be permitted to return the Tax Credits and that TDHCA reallocated the Tax Credits to the Owner in the current year in accordance with §11.6(5) of the 2021 Qualified Allocation Plan relating for Force Majeure. We believe the Owner and Development meet all the requirements in §11.6(5), in that:

1. The events that caused the delay occurred before the 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 the 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.

Salina Office:
254 N. Santa Fe Ave, Suite A
Salina, Kansas 67401
913.396.6310

Kansas City Office:
5341 W. 151st Terrace
Leawood, Kansas 66224
785.371.1663

Denver Office:
1732 Wazee Street, Suite 202
Denver, Colorado 80202
303.392.8850

4. The Force Majeure threatens to prevent the Owner from meeting the 10% Test and Place in Service requirements of the original allocation.
5. The requested current year Carryover Agreement would allocate the same amount of Tax Credits as those that would be returned.
6. 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.

The acts or events that necessitate this request are not caused by the negligent or willful act of omission of the Development owner and the increased costs we are experiencing and need to apply for additional funding could not have been reasonably foreseen or mitigated through the appropriate planning or risk management. Reasonable steps have been taken to minimize this situation including timely applying for other funding and diligently and relentlessly finding ways to reduce costs while maintaining the quality of the development.

Today, the construction market remains just as volatile as at the start of the pandemic and the events of the last two years have truly been unpredictable. OPG is working diligently to absorb this impact and to continue serving the mission of providing high quality affordable housing. We have already acquired the site and are nearing permit issuance through the City of Fort Worth. OPG and our financing, design and construction partners remain fully committed to seeing this project through to a successful completion. We are extremely grateful for your consideration for this placed in service extension through the force majeure provisions of the QAP. We believe our request meets all the requirements, however, should you need additional information or have questions, please do not hesitate to contact me at matt@overlandpg.com or by phone at (785)-766-4096.

Sincerely,

Matt Gillam
Managing Partner
Overland Property Group

EXHIBIT A

Updated Construction Schedule

OVERLAND PROPERTY GROUP

Clifton Riverside Apartments
94 Unit Apartment Complex
Ft. Worth, TX
ARCO Job No. LP-1072

ARCO NATIONAL CONSTRUCTION | LIVING GROUP

ID	Task Name	Duration	Start
1	**1 PRE-CONSTRUCTION**	**63 days**	**Mon 8/1/22**
2	1.1 90% Drawing Set to ARCO for Review	0 days	Mon 8/1/22
3	1.2 ARCO Updated Budget on 90% Set	5 days	Mon 8/1/22
4	1.3 ARCO Value Engineering/Evaluations	5 days	Mon 8/8/22
5	1.4 ARCO Pricing for Construction	20 days	Mon 8/15/22
6	1.5 Response & Revisions to AHJ Comments	5 days	Mon 9/12/22
7	1.6 OPG/ARCO Contract Review	8 days	Mon 9/19/22
8	1.7 Permits Issued	0 days	Wed 9/28/22
9	1.8 Finance Closing and Notice to Proceed	20 days	Thu 9/29/22
10	**2 CONSTRUCTION**	**277 days**	**Thu 10/27/22**
11	**2.1 SITEWORK**	**65 days**	**Thu 10/27/22**
12	2.1.1 Mobilization and Abatement	15 days	Thu 10/27/22
13	2.1.2 Bldg Demolition and Earthwork	30 days	Thu 11/17/22
14	2.1.3 Site Utilties	20 days	Thu 12/29/22
15	**2.2 CONCRETE & STEEL**	**48 days**	**Thu 12/29/22**
16	2.2.1 Foundations	15 days	Thu 12/29/22
17	2.2.2 Underslab Utilities	15 days	Thu 1/12/23
18	2.2.3 Elevator Shaft	15 days	Thu 1/26/23
19	2.2.4 Slab on Grade	13 days	Thu 2/16/23
20	**2.3 BUILDING**	**184 days**	**Tue 3/7/23**
21	**2.3.1 STRUCTURAL FRAMING**	**65 days**	**Tue 3/7/23**
22	2.3.1.1 Level 1 Walls	8 days	Tue 3/7/23
23	2.3.1.2 Level 2 Joists/Floor	6 days	Fri 3/17/23
24	2.3.1.3 Level 2 Walls	8 days	Mon 3/27/23
25	2.3.1.4 Level 3 Joists/Floor	6 days	Thu 4/6/23
26	2.3.1.5 Level 3 Walls	8 days	Fri 4/14/23
27	2.3.1.6 Level 4 Joists/Floor	6 days	Wed 4/26/23
28	2.3.1.7 Level 4 Walls	8 days	Thu 5/4/23
29	2.3.1.8 Roof Trusses /Sheathing	15 days	Tue 5/16/23
30	**2.3.2 INTERIORS**	**142 days**	**Thu 5/4/23**
31	2.3.2.1 MEP Rough-In	55 days	Thu 5/4/23
32	2.3.2.2 Drywall & Insulation	50 days	Tue 6/27/23
33	2.3.2.3 Doors	25 days	Tue 8/8/23
34	2.3.2.4 Painting	20 days	Fri 8/25/23
35	2.3.2.5 Cabinets & Countertops	20 days	Fri 9/8/23
36	2.3.2.6 Flooring	25 days	Fri 9/22/23
37	2.3.2.7 MEP Trim-Out	25 days	Wed 10/11/23
38	2.3.2.8 Misc. Finishes & Accessories	15 days	Mon 10/30/23
39	**2.3.3 FAÇADE**	**60 days**	**Tue 5/16/23**
40	2.3.3.1 Windows	20 days	Tue 5/16/23
41	2.3.3.2 Stone/Brick Masonry	35 days	Tue 5/30/23
42	2.3.3.3 Siding	25 days	Tue 7/4/23
43	2.3.3.4 Roofing	15 days	Tue 6/6/23
44	2.3.3.5 Building Dried In	0 days	Mon 6/26/23
45	**2.4 SITEWORK**	**50 days**	**Mon 7/17/23**
46	2.4.1 Site Concrete/Curbing	0 days	Mon 7/17/23
47	2.4.2 Pavers & Striping	20 days	Tue 7/18/23
48	2.4.3 Landscaping and Irrigation	15 days	Tue 8/15/23
49	2.4.4 Exterior Amenity Spaces	15 days	Tue 9/5/23
50	**3 CLOSEOUT**	**30 days**	**Mon 11/20/23**
51	3.1 Weather Days	15 days	Mon 11/20/23
52	3.2 Punchlist	15 days	Mon 12/11/23
53	3.3 Substantial Completion	0 days	Fri 12/29/23

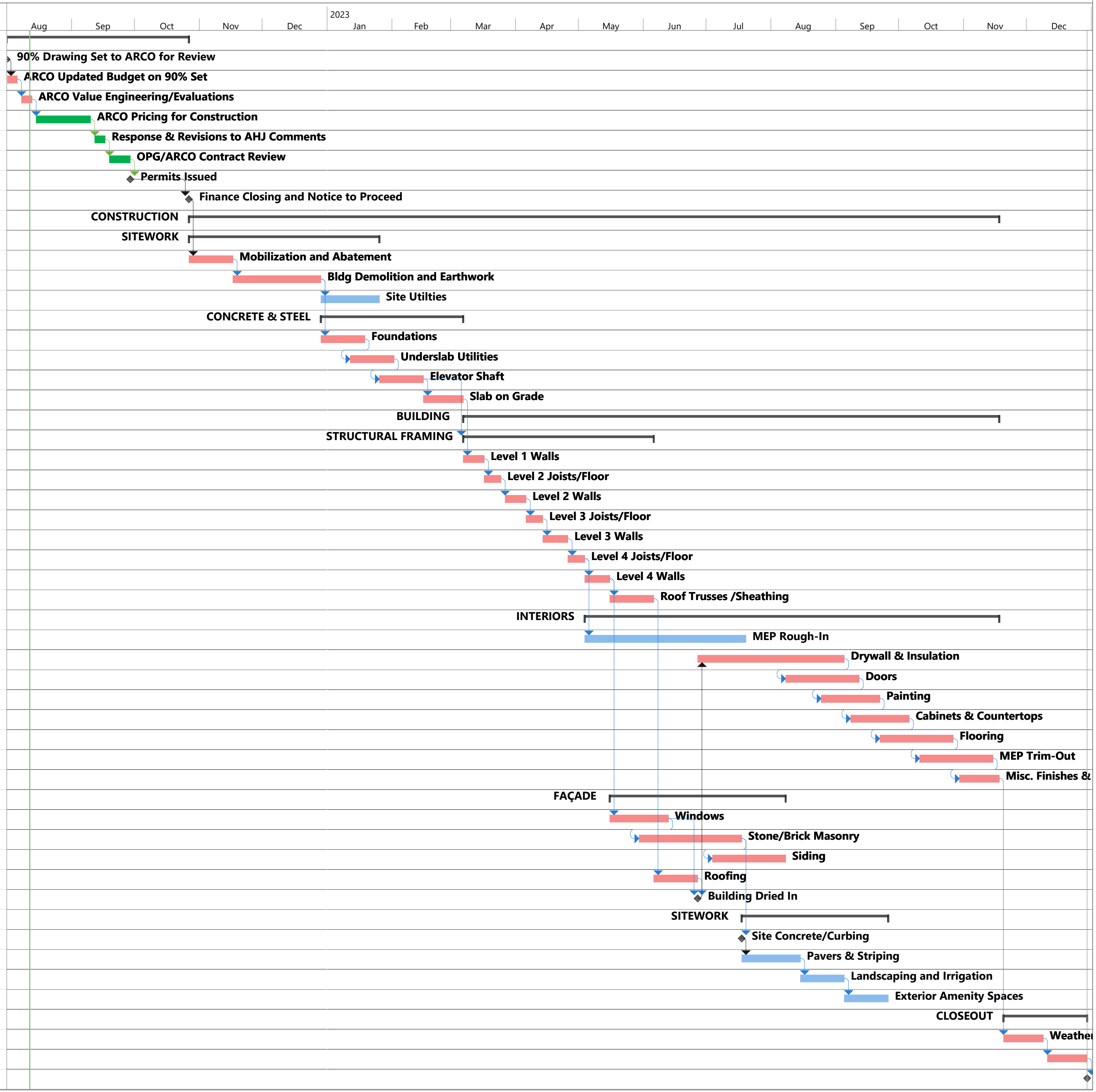

EXHIBIT B

Syndicator / Investor Support Letter

Salina Office:
254 N. Santa Fe Ave, Suite A
Salina, Kansas 67401
913.396.6310

Kansas City Office:
5341 W. 151st Terrace
Leawood, Kansas 66224
785.371.1663

Denver Office:
1732 Wazee Street, Suite 202
Denver, Colorado 80202
303.392.8850

RAYMOND JAMES®

August 18, 2022

Cody Campbell, Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Clifton Riverside – Fort Worth, Texas (TDHCA #21078)

Dear Mr. Campbell:

Raymond James Affordable Housing Investments ("Raymond James") proposes to participate in the above referenced project as the Investor Member. As a standard underwriting guideline, Raymond James (and our investors) requires at least a 90-day cushion from the end of the proposed construction schedule to the Placed in Service ("PIS") expiration date.

The 2021 9% credits awarded to the Clifton Riverside project result in a PIS requirement of December 31, 2023. Given the involvement of permitting timelines and the current construction environment, Raymond James will require a PIS extension prior to finalizing terms with the proposed investors for this project.

Raymond James remains fully committed to the Clifton Riverside project and looks forward to partnering with Overland Property Group and TDHCA to bring this much needed affordable housing to Fort Worth.

Sincerely,

James Dunton
Managing Director of Acquisitions – Midwest Region
Raymond James Affordable Housing Investments, Inc.

Raymond James Affordable Housing Investments
A Subsidiary of Raymond James Financial
880 Carillon Parkway • St. Petersburg, FL 33716
800-438-8088 Toll Free • 727-567-8455 Fax
Visit our Web Site at www.raymondjames/ahi.com

COBBLESTONE DEVELOPMENT, LLC

August 9, 2022

Cody Campbell
Director of Multifamily Finance
P.O. Box 13941
Austin, Texas 78701-394
Cody.campbell@tdhca.state.tx.us

RE: Marshall Crossing # 21099

Dear Mr. Campbell:

Marshall Crossing was awarded 9% Housing Tax Credits in 2021. We are writing today to request a placed in-service extension under the force majeure provisions in the Qualified Allocation Plan. We are experiencing force majeure events that are materially impeding our progress on construction, specifically labor shortages and material shortages. Additionally, the rising interest rates have had a significant impact on our budget.

Hamilton Builders Contracting, LLC, the primary subcontractor for Marshall Crossing, reports material shortages which are causing significant cost increases. When the tax credit application was submitted, the total construction contract was expected to be $8,227,814. The most recent estimate is $9,459,809.47, an almost 15% increase over the 18-month period from application to current. We have seen significant increases in the costs of plumbing, concrete, roofing, steel and appliances.

Hamilton has provided cost estimations for the project several times during the design process, including at the time of original application. With each subsequent estimation, the development team and Hamilton have collectively worked to find opportunities for value engineering but have been unsuccessful in achieving any significant net savings. With each estimation, overall pricing continues to rise.

We also have seen a significant increase in construction costs between September 2021 and August 2022. All construction materials have increased significantly in cost and there continue to be increases labor charges due to mechanical, electrical, and plumbing trades labor shortages and supply chain issues. We are working diligently to value engineer and mitigate for as many of these increases as possible, while striving to maintain a high-quality housing development.

Shortages in the supply chain have especially impacted electrical materials, causes significant delays at other projects we are developing, with no relief in sight. Other specific materials items that have resulted in construction delays are elevators parts and state inspections, truss design and deliveries, design and manufacturing of storm infrastructure and cabinet, countertop, and flooring shipments as containers have been delayed coming into ports.

Another difficulty we are facing is rising interest rates. At application, the interest rate on our permanent financing was expected to be 4.50%. At this time, the rate is expected to be

6.00%. This increased interest rate reduces the amount of a mortgage we qualify for and further increases our financing gap.

To cover these unforeseen increased costs, and ensure that our Development remains financially feasible, we have applied for Multifamily Direct Loan funding through TDHCA. We have completed all application processes to secure additional financing.

We anticipate a 14-month construction period, however, we are not able to commence construction until we close on all financing. As detailed in the attached letter from Aegon Real Assets USA, in order to secure credit approval to close, our investor requires a cushion of 60 to 90 days from the scheduled construction completion date and the placed-in-service deadline. We are hoping to close on the construction financing in August or September of 2022. Based on the proposed 14-month construction schedule, we will miss the Placed-in-Service Deadline of December 31, 2023, for a 2021 Award. Based on the reasons set out in this letter, our situation is consistent with other force majeure approvals granted by the TDHCA Board, and we are requesting to extend the deadline until December 31, 2024.

Attached is a letter from our investor partner in support of our request for an extension of the deadline for placement in service.

The acts or events that necessitate this request are not caused by the negligent or willful act or omission of the Development Owner, Affiliate or a Related Party. The increased costs we are experiencing and need to apply for additional funding could not have been reasonably foreseen or mitigated through appropriate planning or risk management. Reasonable steps have been taken to minimize this situation including timely applying for other funding and identifying costs savings. We have already acquired the site. Our development team is fully committed to seeing this project through to successful completion. We appreciate your consideration for this placed in service extension through the force majeure provisions of the Qualified Allocation Plan. We believe our request meets all of the requirements, however, if you need more information or have questions, please do not hesitate to contact me at douglashamilton@hamiltoncorporation.com or by phone at (417) 882-1701.

Cobblestone Development, LLC

By: ______________________
J. Douglas Hamilton, Manager

August 8, 2022

Via Email
Mr. Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
211 East 11th Street
Austin, TX 78701

RE: **Marshall Crossing, Marshall, TX – TDHCA Reference No. 21099 (the "Project")**

Dear Mr. Wilkinson:

Aegon USA Realty Advisors, LLC ("Aegon") signed a letter of intent dated December 20, 2021 related to a possible equity investment in the above referenced Project. Aegon strongly supports the request by Cobblestone Development, LLC ("Cobblestone") to extend the placed-in-service deadline to December 31, 2024 for Marshall Crossing. Over the last few months, the Project has been impacted by rising interest rates, increased construction costs and broader supply chain issues resulting from the COVID-19 pandemic. Closing has been delayed as Cobblestone has worked through these challenges and has pursued additional soft funds through TDHCA to cover the resulting financing gaps.

These factors have delayed the closing date, which has compromised the ability of the Project to achieve construction completion by the placed-in-service deadline of December 31, 2023. Where the placed-in-service deadline is a "cliff" test for 9% LIHTC projects, such that the LIHTCs awarded to the Project will be lost if the deadline is not achieved, Aegon and its investors require a minimum 90-day period between the projected completion date and the placed-in-service deadline in order to obtain the necessary approvals to close the LIHTC transaction. Based on the current proposed 14-month schedule and assuming a closing in September 2022, there is insufficient cushion to ensure that the placed-in-service deadline will be met on time and we kindly request that TDHCA grant a 12-month extension to the placed-in-service deadline for the Project to facilitate our required approvals and those of the other Project financing partners and enable this much needed Project to move forward.

Thank you for your continued support of what will be an impactful new construction project for seniors in Marshall. Please feel free to contact me with any questions at 415-983-4005 or via email at kpanariello@aegonam.com.

Sincerely,

Karen Panariello
Managing Director

Aegon Real Assets US
505 Sansome Street, Suite 1700
San Francisco, CA 94111
aegonrealassets.com

FIESER DEVELOPMENT, INC.

715 East Main, Ste 100
Tomball, TX 77375
281-419-6114

August 12, 2022

Cody Campbell
Director of Multifamily Programs
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

RE: Request for Extension of Placement in Service Deadline Pursuant to Force Majeure
Katy Manor Apartments, #21157

Dear Mr. Campbell,

FS-KM, LTD. (the Development Owner) received a 2021 award of low-income housing tax credits for the acquisition and rehab of Katy Manor Apartments. Since we submitted our application in 2021, the construction industry has experienced extraordinary issues due to the COVID-19 Pandemic. The effects have materially impacted this project, both financially and in scheduling the rehab of the project.

The impact of the Pandemic on the United States and the ripple affect of how it caused supply chain issues, labor and material shortages, increased prices of materials, and inflation have caused project costs to drastically increase. Because of these issues, we are requesting to return the tax credits and have TDHCA reallocate the tax credits pursuant to the "Force Majeure" provisions in Section 11.6(5) of the Qualified Allocation Plan (QAP). We believe these items qualify as "sudden and unforeseen circumstances outside the control of the Developer Owner."

We currently are required to meet the 10% Test by December 31, 2022. To meet the 10% Test requirements, we must close on the acquisition of the property. With the material and labor shortages along with the increase in construction costs to this project, we feel we will not be able to meet the December 2022 deadline. We are still working with USDA on the approval of the Transfer Application and the 538 Loan.

The final underwriting report from July 2021 showed total development cost of $5,512,517. At that time, the construction costs were estimated at $3,023,177. Today, the construction costs are estimated to be 35% - 40% higher. Areas that we are seeing the most increases are with concrete, wood – framing/sheathing, millwork/plastics, electrical – wiring/fixtures, mechanical – materials/equipment and plumbing – piping/fixtures.

Additionally, we are facing rising interest rates. At application, the interest rate on the permanent loan was expected to be 3.9%. At this time, the anticipated rate is expected to be between 5.5% - 6.5%. We are seeking additional sources to assist in filling the financial gaps.

We respectfully request TDHCA to consider our request. We believe that our circumstances satisfy TDHCA's requirement for reallocation of Tax Credits under Section 11.6(5) of the QAP and we ask that our request be considered at the next available Board meeting. Please contact me at 713-628-6196 or jim.fieser@jfieser.com with any questions.

Sincerely,

James W. Fieser
President
jim.fieser@jfieser.com

CC: Colin Nickells

HVM
Hamilton Valley Management, Inc.

August 12, 2022

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

Re: TDHCA Application #21164 – Town Oaks Apartments, Kenedy, TX

Dear Mr. Campbell,

HVM 2021 Kenedy, LLC (the "Owner") received an allocation of Tax Credits from the Texas Department of Housing and Community Affairs ("TDHCA") for the rehabilitation of Town Oaks Apartments (the "Development"). The Owner is required to meet the 10% test by December 31, 2022 and place the Development in service by December 31, 2023. However, due to circumstances, the Owner may not meet the deadlines required by Section 42(h)(1)(E)(i) and Section 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 qualify under Section 11.6(5) of the 2022 Qualified Allocation Plan ("QAP") relating to Force Majeure.

Event Description

The Town Oaks Apartments are situated in Kenedy, Texas, in Karnes County. Tax Credits were applied for during the 2021 TDHCA cycle. Credits were awarded to the property and the process for transferring ownership with USDA Rural Development ("RD") had begun in January 2021.

Our Delay:

We filed our application for transfer/rehab with the USDA-RD on April 23, 2021. Why are we blaming RD?

1. RD's application process for a transfer/rehab is a very involved, with full underwriting and review just like a new loan application, even though RD is not putting up any new money. It has always been very slow to begin with, partially because RD has been understaffed for years.
2. RD's response was slowed down more than usual due to Covid and working from home.
3. USDA-RD Reorganization slowed them even further and is probably the main problem in their slow response time over the last two years. Reorganization involved the dissolving of the individual state office organization and going to a regional and national organizational structure.
4. Reorganization added several new application items to the process.
5. New RD CNA and appraisal reviewers seemed determined to teach the CNA and appraisal providers a lesson. You can see that our CNA was submitted with "corrections" 5 different times. Our appraisal was submitted a total of 5 times as well and required a Zoom meeting to discuss how the remaining issues could be remedied.

In addition, a winter weather event in 2021 caused our organization to shift its focus to our other properties that received damage from broken water lines. These lead to ceilings falling and other water damage in walls and flooring.

Supply chain issues have also caused our current budgets to come into question as the rise of lumber and shortage of materials will determine what we can actually accomplish with the funds determined at application.

Our timeline of the RD application:

January 8, 2021 RD support letter requested

January 14, 2021 RD set up online folders

January 26, 2021 Appraisal requested with Crown

January 27, 2021 Appraisal initial data submitted to crown

January 27, 2021 CNA requested

February 23, 2021 ice storm damage pics sent to HVM

April 23, 2021 – Application submitted, including the Appraisal and CNA.

May 28, 2021 – corrections requested by RD.

Sept 14, 2021 – requested corrections submitted.

Oct 15, 2021 – requested corrections submitted.

Oct 18, 2021 – As-is CNA corrections submitted.

Oct 20, 2021 – 2nd amended appraisal submitted to RD.

Oct. 20, 2021 – Submitted architect corrections.

Oct 21, 2021 – RD approved our appraiser to communicate with RD reviewer.

Dec 6, 2021 – Post rehab CNA submitted.

Dec 10, 2021 – RD requested corrections to the Post rehab CNA.

Dec 15, 2021 – 1st Post rehab CNA corrections submitted.

Dec 16, 2021 – RD requested corrections to the Post rehab CNA.

Jan 12, 2022 – 2nd Post rehab CNA corrections submitted.

Jan 14, 2022 – RD requested corrections to the Post rehab CNA.

Jan 25, 2022 – 3rd Post rehab CNA corrections submitted.

Jan 31, 2022 – RD requested corrections to the Post rehab CNA.

Feb 1, 2022 – 4th Post rehab CNA corrections submitted.

Feb 3, 2022 – RD requested corrections to the Post rehab CNA.

Feb 10, 2022 – 5th Post rehab CNA corrections submitted. Corrections approved.

Feb 21, 2022 – Architect corrections submitted, approved.

Apr 27, 2022 – 3rd amended appraisal sent to RD.

May 16, 2022 – RD requested corrections to the appraisal.

June 22, 2022 – 4th amended appraisal sent to RD.

July 1, 2022 – RD requested corrections to the appraisal.

July 15, 2022 – 5th amended appraisal sent to RD.

July 25, 2022 – RD approved the appraisal.

Aug 9, 2022 – Underwriting email received with requested corrections

Aug 10, 2022 – Response sent to Underwriting

We applied to RD 4/23/2021 and we're only just now through the first step. Now we go to Underwriting. After Underwriting we will have to go to their Office of General Counsel for them to issue closing instructions; then we respond with any requests; then we schedule closing.

We do not think we can close by December 31, 2022, our 10% test deadline. Depending on when RD allows us to close the transfer, our Placed In-Service deadline of 12/31/2023 is also in jeopardy.

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.

Hamilton Valley Management, Inc.

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

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

If you have any questions or would like to discuss these items further, please do not hesitate to contact me directly at 512-756-6809 ext 212 or dennishoover@hamiltonvalley.com.

Sincerely,

Dennis Hoover

Dennis Hoover, Member

HVM Housing LLC, Managing Member

HVM 2021 Kenedy, LLC

Carver Ridge Apartments, LP
1329 East Lark Street
Springfield, MO 65807

August 23, 2022

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

RE: #21177 – Carver Ridge Apartments
Request for Force Majeure

Dear Mr. Campbell:

We are submitting this request to return our 2021 9% tax credit allocation and have TDHCA reallocate 9% tax credits in the current year under the Force Majeure provisions of the 2022 Qualified Allocation Plan in accordance with 10 TAC §11.6(5). Like other 2021 9% tax credit awards, the development team for Carver Ridge Apartments has encountered a range of difficulties in arranging the financing, finalizing construction costs, and navigating the entitlement process in a community that is trying to manage development on a scale that they have never seen before, all of which can be attributed to the COVID-19 pandemic.

Financing

Since July 2021 when the 9% tax credit award was made, the yield on the 10-Year Treasury Note (one of the main indexes upon which loans are made) has more than doubled, from approximately 1.30% to 3.00%. While tax credit rents have also increased, the financing environment in which 2021 9% tax credit awards must now close is much more difficult than last year, primarily because of the market volatility brought on by the COVID-19 pandemic. Additionally, Raymond James – the syndicator for Carver Ridge Apartments – has endorsed this Force Majeure request to ensure that there is sufficient time to meet a revised placed-in-service deadline of December 31, 2024. Please see attached letter from James Dunton at Raymond James.

Construction Costs/ Timeline

While lumber prices have generally held steady since the 9% tax credit allocation last year, other material and labor costs have continued to increase as a result of supply chain issues brought on by the COVID-19 pandemic. We have a 16-month construction contract with our related general contractor – Zimmerman Properties Construction – which, assuming a closing and start of construction in September 2022, will not allow for any potential delays in meeting the December 31, 2023 placed-in-service deadline under the current allocation.

Entitlement Process/ City Delays

Immediately prior to receiving a 9% tax credit allocation in July 2021, our engineer submitted the plat application to the City of Hutto. The Planning and Zoning Commission approved the plat on August 3, 2021, which led to our engineer submitting the construction plan soon thereafter. On September 23, 2021, the City responded to our engineer with a letter, which included several questions about water/ wastewater capacity and connections in the construction plan. The questions and issues raised by the City in response to our construction plan were addressed over the course of several months due primarily to staff shortages and turnover at the City that were the result of the COVID-19 pandemic, with the City accepting the construction plan in June 2022. Meanwhile, in April-May 2022, the City requested several additional items before the plat could be recorded. The plat was recorded on June 3, 2022, and the City provided a Will-

Issue Letter for the building permits on July 27, 2022. Building permits are expected to be issued no later than September 30, 2022.

Conclusion

As a result of market volatility, supply chain issues, and staffing shortages brought on by the COVID-19 pandemic, which are Force Majeure events in accordance with 10 TAC §11.6(5) that were unforeseen and outside of the Owner's control, we respectfully request that our 2021 9% tax credit allocation be allowed to be returned and exchanged for a 2022 9% tax credit allocation that would extend the placed-in-service deadline to December 31, 2024. We have met and will continue to meet the milestones through the end of this year – Commitment Notice, Carryover Allocation Agreement, and 10% Test – but have significant reservations about being able to meet the current placed-in-service deadline and hope that the Force Majeure relief sought can be considered at the next available Board meeting with a recommendation for approval.

Thank you again and please contact me at jmzlandco@wilhoitproperties.com or (417) 883-1632 if you have any further questions.

Sincerely,

Justin M. Zimmerman, Member
Carver Ridge Apartments, LP

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TDHCA Outreach and Media Analysis, July 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 July 1 through July 31, 2022 (news articles that specifically mentioned the Department, Texas Rent Relief Program, Texas Homeowner Assistance and/or Texas Utility Help).

Total number of articles referencing TDHCA, TRR, TXHAF, TUH: 475
Breakdown by Medium:[1]

- Print: 4 (Editorials/Columnists = 0)
- Broadcast: 367
- Trade, Government or Internet-Based Publications: 104

Figure 1 News Tone

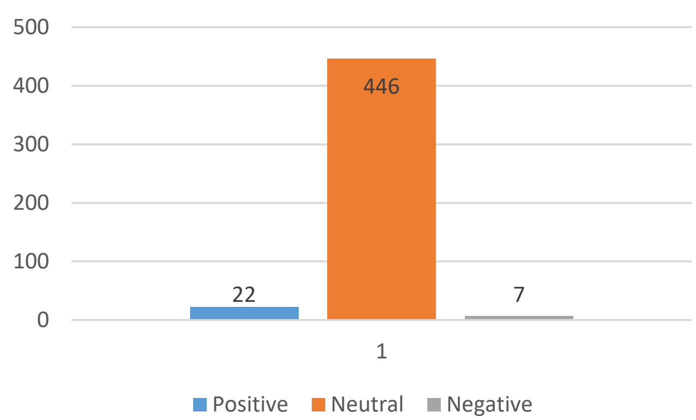
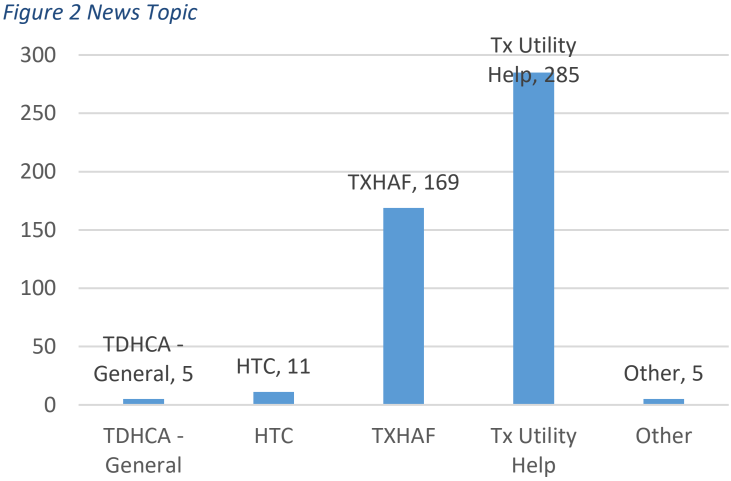
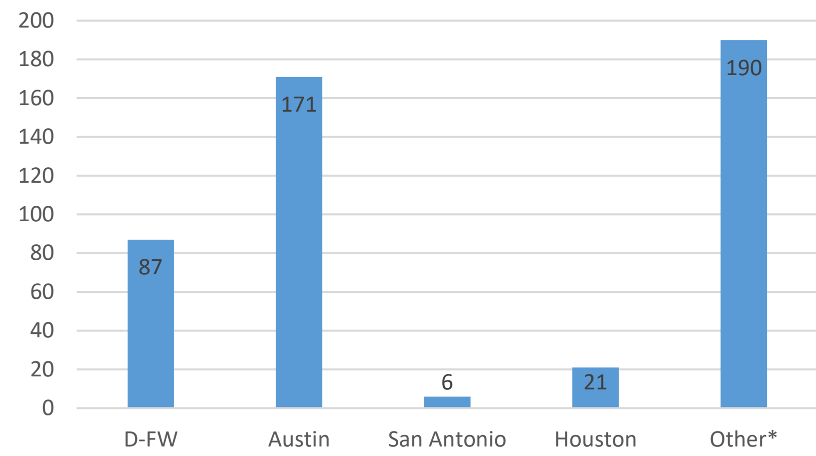


Figure 2 News Topic



[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*

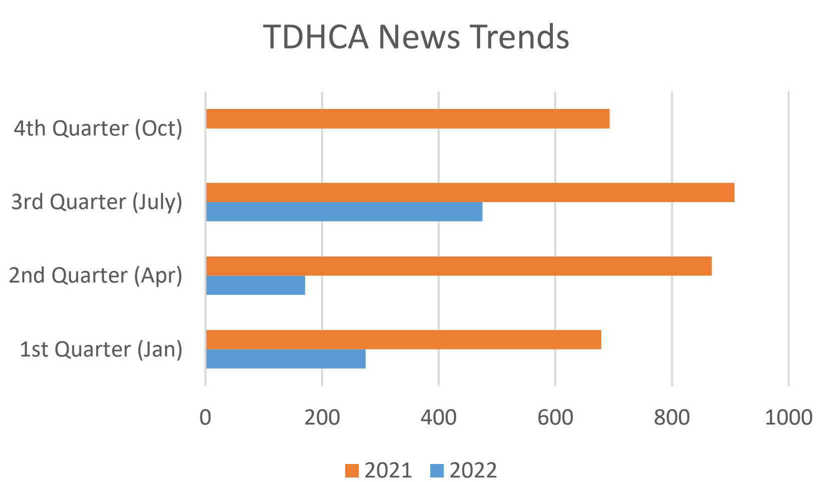
Figure 3 Media Market



Summary:
Reporting on activities by the news media totaled 475 references in July 2022. TDHCA's Texas Homeowner Assistance Fund (TXHAF) continued to receive press attention related to the program's disbursement of $50 million, and assisting more than 7,000 households. The launch of Texas Utility Help dominated news mentions of TDHCA, accounting for 60% of the total mentions for the month, including a small number of negative news mentions related to the Department pausing application submission for energy assistance through the portal.

For comparison purposes, the July 2022 news mentions were fewer than in July 2021 (546 mentions related to TRR), but outpaced news mentions from the same timeframe in 2020. An increase in TDHCA-related news mentions began in 2020 due to Governor Abbott's announcement that TDHCA would administer CARES Act/federal funding. However, the number of articles (475) in July 2022, alone, outnumbered the total number of articles in the third quarter of 2020 (99 total).

The following table illustrates the number of news mentions during each month or quarter of 2022 compared to 2021.



Social media:
Through July 2022, TDHCA has over 3,300 followers to its Twitter account and 6,600 followers to its Facebook account. TDHCA's YouTube channel had more than 5,100 views in July. 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
June 2022	52	8	110	31	31
July 2022	43	3	53	9	31

* 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
June 2022	55	44	30	6	20
July 2022	71	23	43	12	21

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

YouTube

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%
February 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%
June 2022	3,273	193.7	3:33	14,114	3.9%
July 2022	5,136	268.0	3:07	15,927	4.2%

Top 50 videos for July 2022

Content	Views ↓		Watch time (hours)		Subscribers		Impressions	Impressions click-through rate
Total	**5,136**		**268.0**		**50**		**15,927**	**4.2%**
Help For Texans tutorial	2,143	41.7%	63.9	23.9%	4	8%	195	5.1%
How to apply: Texas Homeowners Assistance Fund	982	19.1%	15.9	5.9%	16	32%	620	12.4%
Texas Homebuyer Program introduction	264	5.1%	3.4	1.3%	0	0%	170	6.5%
Texas Rent Relief Program Tutorial – Setting Up Bill.com Account f...	224	4.4%	3.3	1.2%	2	4%	639	5.0%
Texas Rent Relief Program Completing Application Tutorial	170	3.3%	1.7	0.6%	4	8%	1,113	4.5%
Texas Rent Relief Program Registration Tutorial	146	2.8%	1.0	0.4%	1	2%	260	1.2%
TDHCA Training: Section 811 Project Rental Assistance Program	144	2.8%	26.9	10.0%	8	16%	1,128	5.1%
Supportive Services for Affordable Developments	132	2.6%	42.1	15.7%	2	4%	535	5.4%
Low Income Water/Wastewater Assistance Program (LIHWAP) Ove...	75	1.5%	8.3	3.1%	3	6%	447	7.8%
Texas Eviction Diversion Program Overview – September 9, 2021	56	1.1%	3.8	1.4%	2	4%	459	5.0%
Texas Rent Relief Program Landlord Application Tutorial	54	1.1%	1.2	0.4%	1	2%	469	2.6%
Fair Housing 101: The Basics of Fair Housing in Texas	49	1.0%	11.8	4.4%	1	2%	342	7.6%
20 IncomeDeterminationTraining	42	0.8%	15.9	6.0%	0	0%	179	5.0%
Housing Tax Credit after the Federal Compliance Period (Post-15)	34	0.7%	7.7	2.9%	1	2%	234	4.7%
Texas Rent Relief Program Landlord Tips	33	0.6%	0.5	0.2%	0	0%	792	2.0%
Accessing Texas Department of Aging and Disability Services	33	0.6%	1.4	0.5%	2	4%	424	6.1%
Frequently Asked Questions about Utility Allowances	27	0.5%	3.6	1.3%	0	0%	530	2.6%
How to Apply: Texas Homeowners Assistance Fund	26	0.5%	0.4	0.2%	0	0%	162	9.3%
Overview of Updates to Compliance, Affirmative Marketing and Writ...	25	0.5%	2.3	0.9%	1	2%	94	2.1%
Fair Housing Special Topics: Assistance Animals, Service Animals, ...	25	0.5%	3.8	1.4%	1	2%	331	5.1%
ERA2 Housing Stability Services Contract Implementation Webinar ...	23	0.5%	2.9	1.1%	0	0%	174	4.6%
Utility Allowance Training - May 5, 2021	23	0.5%	4.6	1.7%	0	0%	176	2.8%
Texas Emergency Mortgage Assistance Program TEMAP Webinar -...	22	0.4%	1.8	0.7%	0	0%	279	5.0%
ERA2 Housing Stability Services NOFA Application Webinar	22	0.4%	0.6	0.2%	1	2%	175	5.7%
ERA2 Housing Stability Services Contract Implementation Webinar ...	21	0.4%	4.8	1.8%	0	0%	264	3.8%
Como Completar Su Aplicación para el Programa de Asistencia de ...	20	0.4%	0.2	0.1%	1	2%	147	0.7%
Fair Housing Special Topics: Reasonable Accommodations, Modifi...	20	0.4%	5.0	1.9%	0	0%	209	5.7%
CEAP/LIHWAP Quarterly Webinar - March 2022	19	0.4%	0.6	0.2%	0	0%	130	1.5%
CEAP-LIHWAP Quarterly Webinar – June 2022	19	0.4%	1.4	0.5%	0	0%	472	2.1%

Texas Community Resiliency Program (CRP) Contract Workshop - ...	17	0.3%	0.8	0.3%	0	0%	459	2.0%
Texas Community Resiliency Program – Contract Workshop – Publ...	16	0.3%	0.3	0.1%	0	0%	282	2.5%
Fair Housing Special Topics: How to Create an Affirmative Marketin...	15	0.3%	1.5	0.6%	0	0%	131	5.3%
ERA2 Housing Stability Services Contract Implementation Webinar ...	15	0.3%	1.9	0.7%	0	0%	154	4.6%
Housing Stability Services Contract Implementation Webinar	14	0.3%	2.7	1.0%	0	0%	126	2.4%
Fair Housing Special Topics: The Violence Against Women Act in F...	13	0.3%	1.7	0.6%	0	0%	231	4.3%
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	13	0.3%	1.5	0.6%	0	0%	213	4.7%
Compliance Monitoring & Tracking System (CMTS) Training	13	0.3%	1.9	0.7%	0	0%	189	2.7%
Average Income Webinar - Sept. 2, 2020	12	0.2%	7.3	2.7%	0	0%	121	5.0%
Introduction to the Low Income Water/Wastewater Assistance Pro...	10	0.2%	0.9	0.4%	0	0%	162	2.5%
Fair Housing Special Topics: Limited English Proficiency and Langu...	8	0.2%	1.5	0.6%	0	0%	37	8.1%
TERAP Application Workshop	8	0.2%	0.2	0.1%	0	0%	104	2.9%
Texas Community Resiliency Program (CRP): Implementation Work...	8	0.2%	0.1	0.0%	0	0%	269	2.2%
Low Income Household Water/Wastewater Assistance Program (LI...	8	0.2%	0.5	0.2%	0	0%	175	2.9%
Como Registrarse Para el Programa de Asistencia de Pago de Rent...	8	0.2%	0.2	0.1%	0	0%	72	2.8%
Texas Community Resiliency Program – Public Facilities Implemen...	7	0.1%	0.1	0.0%	1	2%	229	2.2%
Texas Community Resiliency Program (CRP) NOFA & Application W...	7	0.1%	0.1	0.0%	0	0%	56	7.1%
Housing Stability Services Reporting and Housing Contract System...	6	0.1%	0.2	0.1%	0	0%	96	5.2%
Energy Assistance	5	0.1%	0.0	0.0%	0	0%	48	10.4%
Rental Assistance	4	0.1%	0.2	0.1%	0	0%	99	3.0%
TEMAP Reporting Webinar	4	0.1%	0.2	0.1%	0	0%	80	1.3%

TDHCA Outreach July 2022

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

Department	Meeting Date	Meeting Title	Attendees (includes organizer)
SF and Homeless Programs	July 07	ESG Annual Competitive Awards Application	96
Housing Stability Services	July 08	HHS Office Hours	19
Compliance	July 12	Supportive Services Training	346
HOME ARP	July 14	Overview/Rental Guidance	82
Compliance	July 18	Rural Development Conference	Unknown (not sponsored by TDHCA)
CDBG CARES	July 21	Community Resiliency Program, Contract Workshop, Public Facilities	18

Compliance	July 25-26	TAAHP conference panel	Unknown (not sponsored by TDHCA)

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives
Report for September 1, 2022

This report reflects one-time or temporary federally awarded allocations of funds, in addition to those funds focused specifically on the programs TDHCA has targeted to assist with Texas' response to COVID-19. Programs reflected include those that were reprogramming of existing funds and those awarded through the administration of federal bills.

Shaded rows reflect completed programs for which the program has been completed and/or assistance is no longer available.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
EARLY REPROGRAMMING OF EXISTING TDHCA PROGRAM FUNDS								
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	Program provided 3-6 months of rental assistance through existing or new HOME subrecipients. *Geography:* Was available where subrecipients applied. 23 administrators covered 120 counties *Income Eligibility:* Households at or below 80% AMFI based on current circumstances	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020. The HUD waivers were extended by HUD in December 2020 to expire September 30, 2021.	**COMPLETED***	No added TDHCA staffing No added admin funds	2,612 house-holds	$11,026,701* $11,026,701 100% $11,026,701 100%	* Total Program Funding was originally authorized up to $11,290,076. Ultimately 97.7% of that ($11,026,701) was obligated and utilized.
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020 • Recipients contracts were effective March 26, 2020 • Expenditure Deadline was August 31, 2020	Used the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19 *Geography*: Available statewide (excluding CWCCP and CSI) *Income Eligibility*: 200% poverty (normally is 125%)	None	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	9,468 persons	$1,434,352 1,434,352 100% $1,434,352 100%	38 CAA subs

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Recaptured 2018/2019 HHSP	• Board approval March 2020 • 2018 had to be spent by August 31, 2020; 2019 had to be spent by December 31, 2020	Allow subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness *Geography*: Available 9 largest metro areas *Income Eligibility*: Generally 30% AMFI if applicable	Approval from Comptroller granted	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	462 persons	$191,939.53 $191,939.53 **100%** $191,939.53 **100%**	9 subs
CARES ACT FUNDS								
CSBG CARES	• Board approved April 2020 • Must expend 90% by August 31, 2022 • 45 day closeout period	90% to CAAs using regular CSBG formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network (THN)[1]; 7% for an eviction diversion pilot program; 1% for state admin *Geography*: Available statewide *Income Eligibility*: 200% of poverty (normally is 125%)	The flexibilities allowed by USHHS have been accepted.	The posting of the information for this program reflects the prior month of activity and subrecipients are provided a close-out period; therefore, this report will not reflect the August 31, 2022 final expenditures until October or November 2022.	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	145,458 persons	$48,102,282 $48,102,282 **100%** $43,597,778 91%	40 CAA subs
LIHEAP CARES	• Board approved April 2020 • Must expend by September 30, 2021 • 45 day closeout period	99% to CEAP subs for households affected by COVID-19; 1% for state admin (no weatherization) *Geography*: Available statewide *Income Eligibility*: 150% of poverty	The flexibilities allowed by USHHS have been accepted	**COMPLETED**	1 Art. IX FTE for CEAP TA/capacity (1 Filled) 1% admin ($892,670)	181,215 persons	$94,023,896 $93,483,658 99% $63,898,418 68%	An estimated $29,676,554 was not expended by subrecipients by the deadline. Unused funds were returned to HHS.

[1] The award to THN is to address homelessness and those at risk of homelessness as a result of COVID-19.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CDBG CARES – Phases I, II and III	Board approved general use of the funds for CDBG Phase I in April 2020 and Plan Amendments in October 2020, January 2021, and July 2021 80% of funds must be expended by November 3, 2023; remaining 20% by November 3, 2026 90-day closeout period	Planned Usage: rental assistance in 40 cities/counties (completed); mortgage payment assistance in 40 counties; legal services; assistance for providers of persons with disabilities (completed); food expenses; and community resiliency activities. *See Also Attached Report.* *Geography:* Varies by activity type.	HUD agreement executed November 3, 2020. All Plan Amendments approved.	*See Attached Report.* Staff has been working closely with all Community Resiliency Program awardees on environmental and other activities which must occur prior to contract execution.	CDBG Director position filled. 7 other positions filled. All FTES are Art. IX Up to 7% admin and TA budget ($9,929,238)	419,656 persons	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $99,285,602* 70.00% $75,286,580* 53.08%	*Income Eligibility:* For persons at or below 80% of AMI. * Figure includes TDHCA admin funds.
ESG CARES – Phase I & 2	• Board approved programming plan for ESG1 on April 2020; ESG1 awards made July 23, 2020 and ESG2 awards made January 14, 2021 • Deadline to expend 80% by March 31, 2022 was removed by HUD; new benchmark for June 2022 has been met • Expend original allocation by September 30, 2023 • Expend any reallocated funds by June 30, 2024 • 90 day closeout period	• ESG1: Existing subs were offered funds. ESG Coordinators decided via local process for their CoC, in three areas without ESG Coordinators awards offered to CoC awardees. Also used for Legal/ HMIS. • ESG2: Funding provided for Homelessness Prevention, Rapid Rehousing, HMIS, Street Outreach & Emergency Shelter • *Geography:* Locations of all funded grantees • *Income Eligibility*: 50% AMI for homeless prevention	TDHCA was notified on August 22, 2022, that it would receive an additional $5,854,004 in reallocated funds; these funds will expire June 30, 2024. The reallocated funds will be made available to existing subrecipients.	• 152 contracts executed: 53 active, 92 closed, 7 expired pending closure. • Obligation updates ongoing due to reallocation of funds. • Deobligated funds offered to other subrecipients; contract amendments being routed.	3 Art. IX FTE (1 FTE has left and will not be replaced) Up to 5 % admin ($4,894,981). This number may shift over time if unused funds are shifted to subrecipient contracts.	83,026 persons	$103,646,620* $97,231,149** 93.8% $74,480,230** 71.86% **Includes TDHCA admin	*Note that these figures now include the reallocation funds just received.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Housing Choice Voucher Program Admin	Expend by December 31, 2021 1st Award: $117,268 2nd Award: $140,871 (8/10/2020)	• Software upgrades with Housing Pro to allow more efficient remote interface • Landlord incentive payments • Ordered 3 tablets for inspections • October 2020 Board approved use of funds for retention payments to existing owners to ensure their ongoing participation in the program	Received HUD interpretation that using funds for software upgrades are acceptable. $11,620 was paid for the system purchase.	**COMPLETED***	No added TDHCA staffing.	142 Land-lord renewals 17 new landlord s added	$258,139 $83,700 32.42% $83,700 32.42%	* These admin funds were not fully utilized. $174,439 is being returned to HUD. Funds were not allowed to be used for direct household assistance nor were there higher admin expenses.
Housing Choice Voucher Program MVP	Have to issue vouchers by December 31, 2021. Orig. Allocation: $105,034*	15 additional MVP vouchers consistent with our award of MVP, which for TDHCA is for Project Access households. Received award from HUD. Issued the 15 vouchers on May 22, 2020. All 15 were leased.	None needed.	**COMPLETED** 100% of vouchers utilized	No added TDHCA staffing. No added admin funds.	15 families in current leases	$110,302 HAP Paid* $53,664 48.65%	Effective December 31, 2021, the funding authority for the 15 housed families has now been rolled into TDHCA's regular yearly HAP authority. While not all allotted HAP was used, all vouchers will continue to be funded.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CORONAVIRUS RELIEF BILL – PART OF THE CONSOLIDATED APPROPRIATIONS ACT OF 2021								
Texas Rent Relief (TRR) Program (Funded with ERA1 and ERA2)	The program dedicates funds through Treasury specifically for rental and utility assistance. The first allocation through the Consolidated Appropriations Act is called ERA1. The second allocation from the American Rescue Plan Act, Section 3201, is called ERA2. ERA1: Required to expend original allocation by September 30, 2022 and reallocated funds by December 29, 2022. ERA2: Required to expend all funds by September 30, 2025.	Program provides up to 15 months of rental and utility assistance including arrears for ERA1 (up to 18 months for ERA2). Households must reapply every 3 months. Program is run by the state with no subrecipients. 10% of funds are for Housing Stability Services (see following row). Established a 10% set-aside for eviction diversion; households facing eviction and utility disconnections are prioritized for processing. Treasury has provided periodic updated FAQs as informal guidance – most recently July 27, 2022. *Geography:* Statewide. *Income Eligibility:* For households at or <80% AMI.	*Treasury Reallocation*: Based on performance, TRR is eligible to receive additional funds recaptured from other ERA grantees. To date, TRR has received $184M in reallocated funds from the Treasury and local/county programs in Texas. An action item addressing the uses of ERA2 reallocated funds is also separately on this month's Board meeting agenda.	As of August 18, 2022, TRR has committed 96.4% of its total funding available. With reallocated funds now available, TRR staff is reviewing previously unfunded applications that had been submitted before the application portal was closed in November 2021. Staff is conducting outreach to applicants to confirm they still need assistance and provide applicants the opportunity to update their applications.	Positions filled include Director and 20 positions. Staffing includes a team for the Housing Stability Services activity. All FTES are Art. IX *Admin Allowed*: 10% ERA1 15% ERA2 $316,021,625	311,434 house-holds served (As of 8/18/22)	Allocations ERA1: $1,308,110,630 ERA2: $1,079,786,857 Reallocated: $184,476,305 Interest*: $3,225,473 Available for Rent/Utility Payments** $2,135,111,211 Expended*** $2,058,098,815 96.4% Admin. Expended**** $179,588,279 56.8%	* Interest was Allocated on 12/2/21, 5/4/22, and 8/10/22 ** Amount is total allocation less funds for HSS and Adm. ***Expended per Internal Report of August 18, 2022, reflects all payments made, plus payments in process. **** Figure is per Internal Report as of August 18, 2022.
Housing Stability Services (HSS) Program (funded by ERA1 and 2)	These funds are a subset of the ERA funds in the row above. Up to 10% of the funds from ERA1 and ERA2 are authorized for housing stability. ERA1: Must expend funds by September 30, 2022 ERA2: Must expend funds by September 30, 2025	Program provides funds to local communities or nonprofits for them to provide eligible Texans with a variety of services that help household maintain or obtain stable housing including legal services, outreach services, shelter services, community services, and services offered at permanent supportive housing properties. *Geography:* Available where Subrecipients are located. *Income Eligibility:* For households at or below 80% AMI.	Treasury has provided periodic updated FAQs as informal program guidance – most recently July 27, 2022. As they are released, HSS policies are adjusted.	ERA1: 28 contracts executed with TAJF, 1 COG and 26 non-profits; MOU executed with TVC. ERA2: 46 contracts executed with TAJF, THN, 2 cities, 2 MHMRs, 1 PHA, and 37 other non-profits; MOU with TVC planned for SFY 2023-24. 18 Subrecipients have both ERA1 and ERA2 contracts.	See above	ERA 1 462,957 meals served ERA 1 48,099 house-holds served ERA 2 1,377	Total $163,624,659 HSS ERA1 Obligated: $58,874,659 100% Expended: $46,860,659 79.5% HSS ERA2 Obligated: $104,750,000 100% Expended: $1,231,839.80 1.16%	In April and May 2022, several ERA1 Subrecipients received contract amendments, reallocating funds between Subrecipients or back to TRR to ensure 100% expenditure by the September 30, 2022, deadline.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Low-Income Household Water Assistance Program (LIHWAP1)	Part of the appropriation bill; provides dedicated funds through HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program Must obligate and expend funds by: September 30, 2023	Program provides funds to assist low-income households by providing funds to owners/operators of public water and treatment systems to reduce arrearages charged. Funds are directed through the LIHEAP network of subs and a statewide web-based vendor. *Geography:* Statewide *Income Eligibility:* 150% federal poverty level	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021.	33 contracts have been executed. Lubbock declined funds. Statewide availability of these funds through a web-based platform also began in July 2022.	3 Art. IX FTEs Admin 15% Any FTES will be Art. IX	6,168	$51,801,876 $44,031,595 85%* $2,063,631.42 4%	$638M Nationally *Remaining 15% is for admin. All program funds are obligated.
AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2								
HOME ARP Program	Passed as Section 3205 of the American Rescue Plan, the program dedicates funds through HUD allowing flexible uses that can include typical HOME activities as well as homeless services and non-congregate shelter Must expend funds by September 30, 2030	Funds are programmed for development of rental housing, development of non-congregate shelter, and operating costs/capacity building for eligible nonprofit organizations. *Geography:* Available where Subrecipients/developers are located *Households Eligibility: (See Other Notes)*	The existing waiver from the Governor relating to limits on using the funds in rural areas will be utilized to allow the funds to assist homeless persons in urban and rural areas.	Applications are being accepted for the $10M HOME-ARP National Housing Trust Fund Set-Aside. Two NOFAs are pending release: (1) Rental Development and (2) Nonprofit Capacity Building/Operating Cost for Non-Congregate Shelters.	A HOME-ARP Division has been established, with five FTEs, and additional hires in process. All FTES are Art. IX 10% for admin/planning ($13,296,915)	0	*$119,672,232 $0 0% $0 0%	$5B nationally *Excludes admin. Eligibility: homeless, at risk of homelessness, those fleeing Domestic Violence, populations with housing instability
LIHEAP ARP	Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2023	99% of funds were programmed in April 2021 to CEAP subs using a modified formula; 1% for state admin. Some funds also being directed to a statewide web-based vendor. *Geography*: Available statewide *Income Eligibility*: 150% of federal poverty level	None needed.	On March 1, 2022, flexibilities were granted. A statewide provider to provide CEAP ARP was selected in May 2022 and made funds available in July 2022.	FTEs noted under CARES LIHEAP will be utilized for both allocations. 1% admin (TBD)	148,403	$134,407,308 $129,720,641 96.5% $98,041,443 72.9%	$4.5B nationally.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Homeowner Assistance Fund (HAF)	Passed as section 3206 of the American Rescue Plan, dedicates funds through Treasury specifically for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement. Must expend funds by September 30, 2026	The HAF Plan includes: 1) a Mortgage Reinstatement Program that provides up to $65,000 per qualified household to eliminate or reduce past-due payments and other delinquent amounts, including payments under a forbearance plan, forward mortgages, reverse mortgages, loans secured by manufactured homes, or contracts for deed; 2) a Property Charge Default Resolution Program that provides up to $25,000 per qualified household to resolve delinquent property charges, including past due property taxes, insurance premiums, condo and homeowner association fees, and cooperative maintenance or common charges, including up to 90 days of upcoming property charges; and 3) a Monthly... *(cont. under Other Notes)*	Treasury approved the HAF Plan on January 28, 2022. *Geography:* Statewide *Income Eligibility:* Household income at or below greater of 100% AMI or 100% of national median income.	All funding has been received. The program became available statewide on March 2, 2022. A NOFA making funds available for legal services, intake centers, and housing counseling was released in early May. Applications are accepted first come-first served until August 2022.	14 to date. Additional hires are in process. All FTES are Art. IX Up to 15% ($126,332,101) for admin, planning, community engagement and needs assessment	11,541	$842,214,006 <u>Expended</u> $94,577,957 11.3%	$9.9B nationally. *(cont. from Planned Activities)* ... Payment Assistance Program (in addition to the Reinstatement Assistance)that provides up to three months of full monthly payment assistance to qualified homeowners that are past due on their mortgage and are facing a continuing hardship (total household assistance may still not exceed $65,000).
LIHWAP2	Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs Must obligate and expend funds by: September 30, 2023	See LIHWAP1 above. HHS will administer LIHWAP1 and 2 under one LIHWAP Plan. Because of the different funding sources, separate contracts will be required. *Geography:* Statewide *Income Eligibility:* TBD	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021	Contracts will be released when the first round of LIHWAP is expended. This allocation of funds may be directed to the statewide provider.	FTEs noted under Appropriation Act LIHWAP will be utilized for both allocations. Admin % not yet determined	0	$40,597,082 $0 0% $0 0%	$500M Nationally

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Emergency Housing Vouchers (EHV)	Passed as Section 3202 of the American Rescue Plan, dedicates vouchers through HUD for emergency rental assistance. HUD Authority to Recapture May Occur as Early As: 1 Year from Funding (if vouchers are unissued) Initial Funding Term Expires: Dec. 31, 2022 Can Reissue EHV until: Sept. 30, 2023 Renewal Funds Available for 'Occupied Units' through: Sept. 30, 2030	TDHCA was allocated 798 vouchers by HUD. The award includes funds for the vouchers ($7,933,560) plus funds to provide services ($2,793,000) and funds for admin ($763,788). Vouchers are for households who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. *Geography*: Balance of State Continuum of Care counties underserved by an EHV-awarded PHA and Heart of Texas Homeless Coalition service area *Income Eligibility*: Not to exceed 50% of AMI	Significant waivers have been authorized by HUD. TDHCA will seek to maximize its use of these waivers to the extent that households will not be offered a voucher if they would be ineligible at renewal. TDHCA is required to update its PHA Admin Plan to reflect our plan for the service fee (see last column) and other program elements.	Executed contracts with CoC partners: the Heart of Texas Homeless Coalition and Texas Homeless Network (the Balance of State CoC). Referrals to TDHCA: 372 Vouchers Issued: 168 Declined: 32 Housed: 41	Program is being administered jointly by the Section 8 and Section 811 areas due to the unique nature of the program. 2 of 3 new positions starting by end of August. Administrator role already in place. All paid for by EHV Admin and CSBG Admin. FTES are Art. IX	41	Total $11,490,348 Rent Payments Avail: $7,933,560 HAP Obligated: $49,727 .63% HAP Expended: $41,910 0.53% Service Contracts Avail: $2,793,000 Obligated: $1,504,868 53.88% Expended: $14,168 2%	$5 billion Nationally A service fee of $3,500 per unit is authorized separate from the rental assistance payment. The fee total is not tied to each voucher, but is a combined total of funds for services. Services may include: housing search assistance; deposits, holding fees, and application fees; owner-related uses; and other eligible uses.
INFRASTRUCTURE INVESTMENT AND JOBS ACT – Public Law 117-58								
LIHEAP	Passed as Section 501 of the Infrastructure Investment and Jobs Act, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2026	Funds nationally to be released in annual increments of $100 million each year for the next 5 years. These funds will be made available to each state as part of its annual LIHEAP allocation; the Department therefore will handle these as part of our annual allocation. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	Not yet known.	Not yet available.	No FTEs will be added as these funds will be part of a regular annual administration of the LIHEAP. 1% admin (TBD)	0	TBD	$500 million nationally

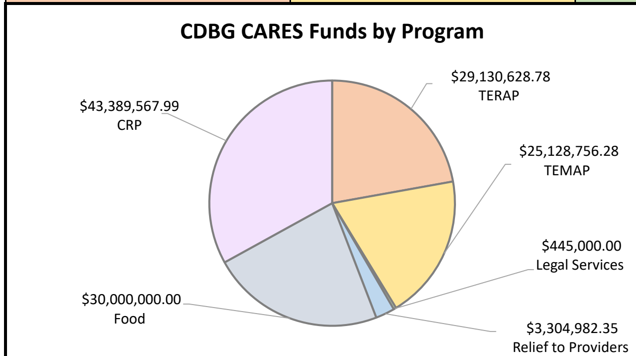
Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
BIL WAP (Bipartisan Infrastructure Law Weatherization Assistance Program)	Passed as Section 40551 of the Infrastructure Investment and Jobs Act (Public Law 117-58), dedicates funds through Department of Energy for home weatherization. Law has no date by which funds must be expended; DOE strongly recommends activities be completed within 5 years of receipt of the funds.	Single family and multifamily weatherization of units. Additional restrictions added to the program through the bill beyond typical DOE WAP include Davis-Bacon, Buy American, NEPA, etc. In addition, DOE has applied several Administration priorities, including a focus on workforce development and diversity, and inclusion and equity on delivering funds. Because this award amount is more than 20 times the typical annual DOE award, staff obtained Board authority in December 2021 to procure a statewide DOE WAP administrator to augment the work of the network. *Geography*: Available statewide *Income Eligibility*: 200% of poverty	Not yet known.	On March 30, 2022, DOE released guidance on the program including a requirement for a 5-Year Plan. DOE is now indicating further guidance will be released and is not expected until November/December 2022. Statewide provider procurement is in drafting.	FTEs will be added once further guidance and information is available from DOE. Admin. TBD	0	$173,162,598 ($142,944,233 for Program and $30,218,365 for Training and TA)	15% of grant made available initially.

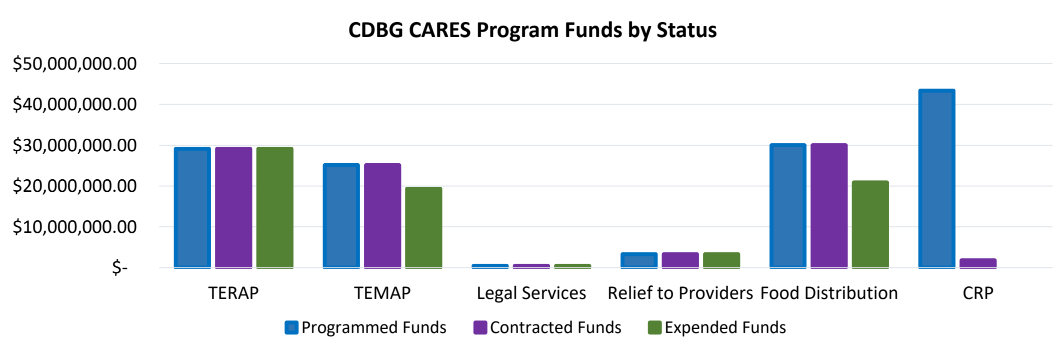
As of August 22, 2022

Texas Department of Housing and Community Affairs

CDBG CARES (Coronavirus Aid, Relief, and Economic Security) Act Programs

Texas Emergency Rental Assistance Program (TERAP)	Texas Emergency Mortgage Assistance Program (TEMAP)	Legal Services to Persons with Disabilities	Relief to Service Providers for Persons with Disabilities	Food Distribution	Community Resiliency Program
COMPLETED Rental assistance (up to six months, including arrears) to income-eligible households impacted by COVID-19 to help provide housing stability during the pandemic. Funds can also be used for eviction diversion, which provides rental assistance to tenants who have been sued for eviction. TERAP was initially funded for $33,981,073.89, however small amounts of funds have been unused or deobligated*.	Mortgage assistance (up to six months, including arrears) to income-eligible homeowners who have been economically impacted by COVID-19 to help provide housing stability during the pandemic.	**COMPLETED** Legal services assistance for persons with disabilities to obtain or retain housing as a result of COVID-19. Legal services include legal advice and legal representation by licensed attorneys in good standing with the State Bar of Texas.	**COMPLETED** Assistance to help providers continue serving residential persons with disabilities during the pandemic by reimbursing for allowable expenses undertaken to prevent, prepare for, or respond to COVID-19. Assistance was initially programmed for $5,000,000, but $1,695,017.65 was unused and deobligated by the administrator*.	Assistance to eligible food bank providers that have been economically impacted by COVID-19. Funds will be utilized to reimburse food banks for bulk food purchases to be distributed statewide.	Assistance to low- and moderate-income persons, and rural and small metro communities, to create, expand or enhance public facilities that provide medical care, social services, and/or emergency housing to prevent the transmission of COVID-19 and allow for adequate social distancing or remote access.
Start Date: January 15, 2021 **Persons Assisted:** 16,606	**Start Date:** June 15, 2021 **Persons Assisted to Date:** 11,389	**Start Date:** April 1, 2021 **Persons Assisted to Date:** 750	**Start Date:** April 15, 2021 **Persons Assisted:** 3,592 **Providers Assisted:** 50	**Start Date:** October 1, 2021 **Persons Assisted to Date:** 387,319	**Awards approved:** April 14, 2022 **Start Date:** May 2022
Program Administrators: 41 entitlement city and county governments throughout Texas	**Program Administrators:** 48 cities, counties and other local and regional service providers	**Program Administrator:** Disability Rights Texas	**Program Administrator:** My Health My Resources of Tarrant County	**Program Administrator:** Feeding Texas, a network of 21 member food banks	**Program Administrators:** 15 Non-Entitlement Communities throughout Texas
Service Area: 41 entitlement cities and counties	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service area:** Statewide - All 254 counties in Texas	**Service Area:** Non-Entitlement communities in Texas
Programmed Funds: **$29,130,628.78**	**Programmed Funds:** **$25,128,756.28**	**Programmed Funds:** **$445,000.00**	**Programmed Funds:** **$3,304,982.35**	**Programmed Funds:** **$30,000,000.00**	**Programmed Funds:** **$43,389,567.99**
Contracted Funds: **$29,130,628.78**	**Contracted Funds:** **$25,128,756.28**	**Contracted Funds:** **$445,000.00**	**Contracted Funds:** **$3,304,982.35**	**Contracted Funds:** **$30,000,000.00**	**Contracted Funds:** **$1,791,996.36**
Expended Funds: **$29,130,628.78**	**Expended Funds:** **$19,350,400.07**	**Expended Funds:** **$445,000.00**	**Expended Funds:** **$3,304,982.35**	**Expended Funds:** **$20,886,735.58**	**Expended Funds:** **$0.00**





* In the case of funds unused by administrators or deobligated, funds will be reprogrammed and used for awards under the Community Resiliency Program or another existing program.

Action Items

3a

ORAL PRESENTATION

3b

BOARD ACTION REQUEST

EXECUTIVE DIVISION

SEPTEMBER 1, 2022

Presentation, Discussion and Possible Approval on the Use of Emergency Rental Assistance Funds

RECOMMENDED ACTION

WHEREAS, in January 2021, the Department accepted Emergency Rental Assistance funds totaling $1,308,110,629 from the U.S. Treasury Department (Treasury) authorized under the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (ERA1) to be used to provide emergency rental and utility assistance;

WHEREAS, in May 2021, the Department accepted a second allocation of Emergency Rental Assistance (ERA2) funds totaling $1,079,786,857 from Treasury authorized under the American Rescue Plan Act (ARPA), to be used to provide emergency rental and utility assistance and housing stability services;

WHEREAS, the enabling legislation provides that up to 10% of both portions of these funds, may be utilized for housing stabilization services related to the COVID-19 outbreak that enable eligible households to maintain or obtain housing;

WHEREAS, the legislation and subsequent guidance from Treasury have confirmed that any of a grantee's ERA2 funds that are unobligated as of October 1, 2022, can be used for "other affordable rental housing and eviction prevention purposes" so long as the grantee had obligated at least 75% of its total ERA2 funds to eligible uses, which TDHCA has achieved; and eligible purposes of these funds include construction, rehabilitation, or preservation of affordable rental housing projects serving very low-income families;

WHEREAS, as state and local recipients of ERA funds nationally are succeeding in expending funds in varying degrees, and Treasury is taking actions to ensure unused funds are redirected for use, recipients having successfully expended funds (including Texas) are now receiving funds from Treasury under ERA1 and ERA2;

WHEREAS, to date the Department has received $96,169,936 in reallocated ERA1 funds which have been used for their original authorized purposes of continued rental and utility assistance, and any other reallocated ERA1 funds received will be programmed for those uses;

WHEREAS, to date the Department has received $88,306,369 in reallocated ERA2 funds, and is expected to receive additional funds, and staff is now seeking Board approval to program reallocated ERA2 funds received by TDHCA as follows: up to $11.5 million for other affordable rental housing, which will specifically be utilized by the Multifamily Division to be made available as loans for gap financing, up to 10% of reallocated funds for housing stability services including eviction prevention and legal services, and all remaining funds to address the continued acute need for rental and utility assistance; and

WHEREAS, staff is also seeking Board approval to program any future additional ERA2 funds reallocated to the Department as follows: up to up to 10% of reallocated funds for housing stability services including eviction prevention and legal services, and all remaining funds to address the continued acute need for rental and utility assistance.

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the use of ERA2 funds as described herein.

BACKGROUND

In January 2021, the Department accepted Emergency Rental Assistance (ERA1) funds totaling $1,308,110,629 from Treasury, authorized under the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260. More recently, the American Rescue Plan Act (ARPA) authorized another tranche of ERA funds (ERA2) for $1,079,786,857.

Some State and local recipients of ERA funds nationally are not fully expending their ERA1 and/or ERA2 funds and Treasury is taking actions to ensure unused funds are redirected for use to those grantees with successful track records in expending funds including Texas. Therefore, TDHCA has been, and will continue to, receive funds from Treasury under ERA1 and ERA2. To date the Department has received $96,169,936 in reallocated ERA1 funds which have been used for their original authorized purposes of continued rental and utility assistance, and housing stability services; any other reallocated ERA1 funds received will continue to be programmed for those uses. To date the Department has received $88,306,369 in reallocated ERA2 funds which have yet to be used.

Staff is recommending that reallocated ERA2 funds received by TDHCA be utilized as follows:

- Up to 10% of reallocated funds for housing stability services including eviction prevention and legal services, up to 15% of which can be used for related administrative expenses;
- Up to $11.5 million for other affordable rental housing as further described below, and out of those $11.5 million, up to 15% can be used for related administrative expenses; and
- All remaining funds to be directed to address the continued acute need for rental and utility assistance, up to 15% of which can be used for related administrative expenses.

Housing Stability Services

Under these grants, up to 10% of the funds may be used for housing stabilization services (HSS). Housing Stabilization services may include, but are not limited to: housing counseling, fair housing counseling, case management related to housing stability, housing related services for survivors of domestic abuse or human trafficking, attorney's fees related to eviction proceedings, and specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.

To date, $58,708,000 of ERA1 funds have been obligated into contracts with 28 HSS Subrecipients. As of July 2022 reporting, $47,049,140 of these ERA1 HSS funds have been expended and staff projects 100% expenditure prior to the September 30, 2022, ERA1 deadline. Additionally to date, $104,750,000 of ERA2 funds have been obligated into contracts with 46 HSS Subrecipients. These ERA2 HSS contracts are quickly ramping up and have expended $2,570,816 as of July 2022 reporting. ERA2 HSS contracts go through March 31, 2024. Staff is recommending that up to 10% of the reallocated ERA2 funds received to date, and to be received in the future, be directed for use for successful ERA2 HSS Subrecipients and/or be awarded through a Notice of Funding Availability (NOFA).

Other Affordable Rental Housing
On July 27, 2022, Treasury released guidance through its Frequently-Asked-Questions document confirming that a grantee may use any of its ERA2 funds that are unobligated on October 1, 2022, for "affordable rental housing and eviction prevention purposes, as defined by the Secretary, so long as the grantee has obligated at least 75% of its ERA2 funds eligible expenses. Funds used for this must serve households with up to 50% of Area Median Income and the property must have a land use restriction agreement (LURA) preserving the federal affordability period for twenty years. The state affordability period will be for a period of at least ten additional years.

Currently, applications for additional funds in the Multifamily Division exceed the Multifamily Direct Loan (MFDL) funds available in the Notices of Funding Availability (NOFAs); therefore, there is demonstrated interest in these ERA2 reallocated funds being utilized by the Multifamily Division to be made available as loans for gap financing.

To be considered an affordable rental housing purpose serving very low-income families, an affordable rental housing project funded, in whole or in part, with ERA2 funds must conform to and meet the program regulations and other requirements of another federal assistance program, which Treasury lists. Those programs include the Low-Income Housing Tax Credit Program and the HOME Investment Partnerships Program (from the U.S. Department of Housing and Urban Development) among others. If allowed by the U.S. Department of Housing and Urban Development, TDHCA is recommending that these funds be used to serve as match for our HOME funds and therefore would follow the program regulations and other requirements of the HOME Program for Match Units.

4

BOARD REPORT ITEM

INTERNAL AUDIT DIVISION

September 1, 2022

Report on the Meeting of the Internal Audit and Finance Committee

REPORT ITEM

Verbal report

5

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Summit at Renaissance Park (HTC #21413)

RECOMMENDED ACTION

WHEREAS, Summit at Renaissance Park (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2021 for the new construction of 325 multifamily units for the general population in Houston, Harris County;

WHEREAS, TXZNH, LLC (Development Owner or Owner) requests approval for a significant modification to the site and architectural plans to remove the parking garage originally proposed at Application, and for a greater than 5% modification of the residential density resulting from the addition of 7.408 acres that will be used for residential and retail surface parking and a detention area;

WHEREAS, these changes result in a modification of the building configuration, elevations, and heights as well as a reduction in the number of parking spaces, and a decrease in the residential density;

WHEREAS, Board approval is required for a significant modification of the site plan, a significant modification of the architectural design, and a modification of the residential density of the Development as directed in Tex. Gov't Code §2306.6712(d)(1), (5), and (6) and 10 TAC §10.405(a)(4)(A), (E), and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2021 4% HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B; and

WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or change the amount of the tax credits awarded prior to cost certification;

NOW, therefore, it is hereby

RESOLVED, that the requested amendments for Summit at Renaissance Park are approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

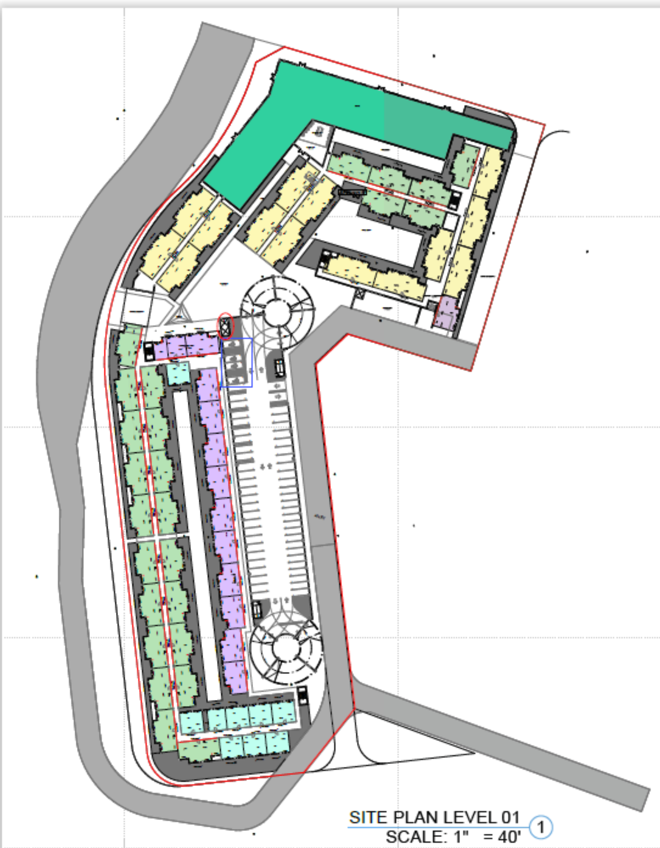
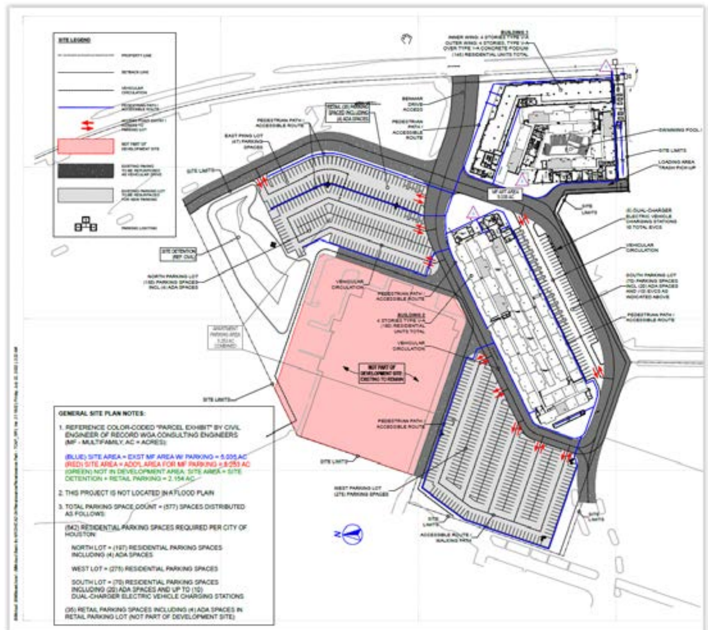
FURTHER RESOLVED, that following staff's review of the cost certification, if the amount of tax credits determined to be necessary as required by §42(m)(2)(D) exceeds 120% of the amount of tax credits reflected in the Determination Notice, an increase not to exceed 120% of the HTC amount estimated in the underwriting analysis for this amendment is hereby approved under 10 TAC §10.401(d), and will require no further Board action but will require the Owner to pay the fee under 10 TAC §11.901(8).

BACKGROUND

Summit at Renaissance Park received a 4% HTC award in 2021 for the new construction of 325 multifamily units for the general population in Houston, Harris County. The Development's design plans include 17,368 square feet of retail space. In a letter originally dated January 7, 2022, and revised on July 22, 2022, Lee Zieben, the representative for the Development Owner, requested approval for material amendments to the Application to remove the originally proposed nine-story parking garage with 597 spaces. The Owner states that, due to market conditions and volatility in the costs for materials and labor, it was determined that it would be prudent to remove the parking garage and use the existing surface parking in addition to adding parking from two adjacent tracts totaling 7.408 acres already owned by an Affiliate of the Owner. The Affiliate will make a charitable contribution of the 7.408 acres to a Texas non-profit entity, Urban Partnerships Community Development Corporation (UPCDC). The Owner will then enter into a 40-year Parking Lot Lease Agreement with UPCDC. The Owner states that the additional acreage is structured with a lease agreement because it was determined that a soft loan for the land would not be a viable option for the purpose of meeting the 50% Test for the private activity bonds. The additional land will be used for residential and retail surface parking and a detention area. The original parking design included 597 garage spaces and 4 surface spaces for a total of 601 spaces. The revised parking will result in a reduction from 601 spaces to 577 surface spaces, composed of 542 residential spaces and 35 retail spaces, which will continue to meet the City of Houston's parking requirements for the Development. The Owner states that the benefits of removing the garage and adding surface parking is that there will be better access to the residential and retail parking, and that it eliminates the maintenance burden of having a garage. The Owner states that, in the original scheme, all parking onsite was located in the parking garage and was funneled through one point of access into the project from the garage. The Owner indicates that the travel distance from the retail parking lot is now more direct and with shorter travel distances than from the most remote spaces in the parking garage.

The addition of 7.408 acres to the Development increases the site acreage from 5.035 to 12.443 acres and results in 59.54% decrease to the residential density. Additional revisions to the design plans include a change to the number of stories and number of units for each building, and a reduction in the number of elevators. There will also be a reduction of 1,433 square feet, or 1.28%, in the Common Area from 112,170 to 110,737 square feet. This reduction is non-material and considered a Notification Item under §10.405(a)(2)(C). The unit mix and Net Rentable Area did not change from what was identified at application.

The tables below compare the changes between the original and amended site and architectural design plans.

<table>
<tr><th colspan="2">Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(1), (2), (5) and (6)
and 10 TAC §10.405(a)(4)(A), (B), (E) and (F)</th></tr>
<tr><td>Application</td><td>Amendment</td></tr>
<tr><td>Original Site Plan

</td><td>Revised Site Plan
</td></tr>
<tr><td>Original Building Configuration
</td><td>Revised Building Configuration

</td></tr>
</table>

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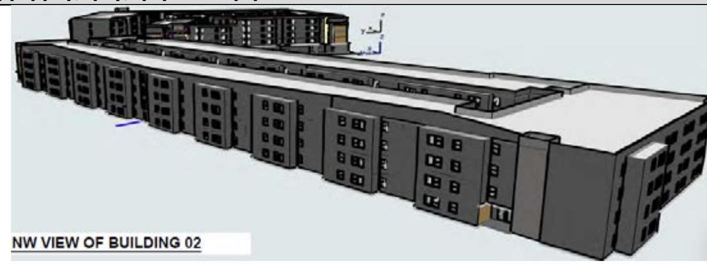
<tr><td></td><td>
</td></tr>
<tr><td>Original Building Elevation and Units per Building

Building 1 – 6 Stories, 168 Units

Building 2 –4 Stories, 157 Units

Total Units: 325</td><td>Revised Building Elevations and Units per Building

Building 1 – 5 Stories, 145 Units

Building 2 – 4 Stories, 180 Units

Total Units 325</td></tr>
<tr><td><u>Design Plans</u>
Number of Stories 6
Elevators 7
Common Area 112,170 s.f.

Acreage 5.035
Residential Density 64.548 units/acre

<u>Parking</u>
Garage Spaces 597
Surface Spaces <u>4</u>
Total 601</td><td><u>Design Plans</u> <u>Change</u>
Number of Stories 5
Elevators 4
Common Area 110,737 s.f -1,433 s.f. or 1.28% reduction
Acreage 12.443 +7.408 acres
Residential Density 26.119 units/acre -59.54%

<u>Parking</u>
Garage Spaces 0
Surfaces Space <u>577</u>
Total 577 -24 spaces</td></tr>
</table>

The Owner explained that the City of Houston's Housing and Community Development Department changed its position on how they would classify the Davis Bacon Wage decisions on the project, and rather than allowing multiple wages based on the type of building, they have said that the entire project will be classified as commercial wages, which will have a significant impact on the labor costs for the project. Furthermore, an easement along Greenspoint Drive was discovered and required the Owner to shift the buildings away from the easement.

The Development was re-underwritten based on the proposed amendment and revised financials. The results of the analysis indicate the Development is still feasible with the changes to the costs and financing structure. The currently estimated total development costs are approximately $12.161 million (16.4%) greater than the Owner's estimate at application and support an annual HTC amount of $3,760,241, which is 13.2% greater than the amount in the Determination Notice and could be approved administratively at cost certification. The final costs will be confirmed at cost certification, and any credit increase fee will be paid at that time.

Staff has reviewed the original application and scoring documentation against this amendment request and has concluded that none of the changes would have resulted in selection or threshold criteria changes that would have affected the selection of the Application for an award.

Staff recommends approval of the amendment request as presented. Staff further recommends approval to administratively approve at cost certification an HTC increase of up to 20% from the HTC amount estimated in the underwriting analysis for this amendment, subject to the payment of the applicable fee under 10 TAC §11.901(8) and staff review and approval of the final cost certification.

Real Estate Analysis Division
July 26, 2022

Addendum to Underwriting Report

TDHCA Application #: **21413** Program(s): **4% HTC**

Summit at Renaissance Park

Address/Location: SWC of Greenspoint Drive and Benmar Drive

City: Houston County: Harris Zip: 77060

	APPLICATION HISTORY
Report Date	**PURPOSE**
07/26/22	**Revised Amendment Memo**
01/18/22	Amendment Memo
06/14/21	New Application-Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (4% Credit)	$3,320,362				**$3,760,241**				

CONDITIONS STATUS

1 Receipt and acceptance before Determination Notice:

a: Formal approval for $14,900,000 loan from the City of Houston clearly stating all terms and conditions.

Status: Cleared-approval confirmed by Ray Miller email 7/14/21.

2 Receipt and acceptance by Cost Certification:

a: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

b: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	17
50% of AMI	50% of AMI	33
60% of AMI	60% of AMI	275

ANALYSIS

The Development Owner, TXZNH, LLC is requesting an update to the Amendment Request submitted on January 7, 2022. The Developer is removing the Parking Garage and utilizing surface parking at the adjacent property that is under the control of the Developer. Also 7.408 acres will be added to the Site for surface parking (retail and apartments) and detention. The Architect has verified that the necessary number of residential spots required by the City is being met. An affiliate of the Development Owner will make a charitable contribution of the 7.408 acre Tract 2 to the Urban Partnerships Community Development Corporation (UPCDC). UPCDC will lease Tract 2 to the Development Owner to be used as surface parking for the Development. The commercial space square footage has been decreased which reduced the amount of Annual Rent for the retail space.

The total number of parking spaces will be reduced from 597 shared garage spaces to 577 open surface spaces. Of that total, 35 spaces are dedicated retail parking spaces and 542 are dedicated for residential parking. This meets the City's residential parking requirement of 542 spaces.

Operating Pro Forma

Applicant reduced retail lease space income with the reduction of 1391 sf.

Development Cost

There have been no changes to the Development Cost proforma from the previous Amendment Memo.

Sources of Funds

There have been no changes to the Sources Schedule from the previous Amendment Memo.

Current costs still support $3,760,241 in annual 4% HTC as determined by eligible basis. An adjustment was made in basis of $715,419 as developer fee exceeded 15% limit as required under TDHCA Rules. Costs will be trued up at cost certification and any credit increase will be paid at that time.

Underwriter:	*Eric Weiner*
Manager of Real Estate Analysis:	*Gregg Kazak*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Summit at Renaissance Park, Houston, 4% HTC #21413

LOCATION DATA

CITY:	Houston
COUNTY:	Harris
Area Median Income	$79,200
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	35	10.8%	0	0
2	62	19.1%	0	0
3	156	48.0%	0	0
4	72	22.2%	0	0
5	-	0.0%	0	0
TOTAL	**325**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	981 sf

57%	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
Average Income	# Units	-	17	-	33	275	-	-	-	**325**
	% Total	0.0%	5.2%	0.0%	10.2%	84.6%	0.0%	0.0%	0.0%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				MARKET RENTS	
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent		Mrkt Analyst
TC 30%	$445	4	1	1	606	$445	$83	$362	$0	$0.60	$362	**$1,448**		$1,065
TC 50%	$743	10	1	1	606	$743	$83	$660	$0	$1.09	$660	**$6,600**		$1,065
TC 60%	$891	21	1	1	606	$891	$83	$808	$0	$1.33	$808	**$16,968**		$1,065
TC 30%	$534	4	2	2	807	$534	$107	$427	$0	$0.53	$427	**$1,708**		$1,215
TC 50%	$891	10	2	2	807	$891	$107	$784	$0	$0.97	$784	**$7,840**		$1,215
TC 60%	$1,069	48	2	2	807	$1,069	$107	$962	$0	$1.19	$962	**$46,176**		$1,215
TC 30%	$618	4	3	2	1,007	$618	$131	$487	$0	$0.48	$487	**$1,948**		$1,470
TC 50%	$1,030	7	3	2	1,007	$1,030	$131	$899	$0	$0.89	$899	**$6,293**		$1,470
TC 60%	$1,236	145	3	2	1,007	$1,236	$131	$1,105	$0	$1.10	$1,105	**$160,225**		$1,470
TC 30%	$689	5	4	2	1,259	$689	$152	$537	$0	$0.43	$537	**$2,685**		$1,735
TC 50%	$1,148	6	4	2	1,259	$1,148	$152	$996	$0	$0.79	$996	**$5,976**		$1,735
TC 60%	$1,378	61	4	2	1,259	$1,378	$152	$1,226	$0	$0.97	$1,226	**$74,786**		$1,735
TOTALS/AVERAGES:		**325**			**318,984**				**$0**	**$1.04**	**$1,024**	**$332,653**		**$1,436**

ANNUAL POTENTIAL GROSS RENT:	**$3,991,836**

STABILIZED PRO FORMA

Summit at Renaissance Park, Houston, 4% HTC #21413

	STABILIZED FIRST YEAR PRO FORMA						
	COMPARABLES		APPLICANT				PRIOR REPORT
	Database		% EGI	Per SF	Per Unit	Amount	Applicant
POTENTIAL GROSS RENT				$1.04	$1,024	$3,991,836	**$3,991,836**
Retail Lease Space - 17,368/sf @ $11.00 f					$48.99	$191,052	204,885
Misc Income/Cable					$8.60	$33,540	33,540
Lease Income-Additional Acreage					$0.00	$0	996
Total Secondary Income					$57.59		
POTENTIAL GROSS INCOME						$4,216,428	$4,231,257
Vacancy & Collection Loss					7.5% PGI	(316,232)	(317,344)
Rental Concessions						-	0
EFFECTIVE GROSS INCOME						$3,900,196	$3,913,913
General & Administrative	$125,870	$387/Unit	2.29%	$0.28	$275	$89,410	$89,410
Management	$119,880	3.3% EGI	5.00%	$0.61	$600	$195,056	$195,717
Payroll & Payroll Tax	$396,911	$1,221/Unit	10.37%	$1.27	$1,244	$404,300	$404,300
Repairs & Maintenance	$213,532	$657/Unit	3.17%	$0.39	$381	$123,675	$123,675
Electric/Gas	$108,773	$335/Unit	1.00%	$0.12	$120	$39,000	$39,000
Water, Sewer, & Trash	$199,260	$613/Unit	4.47%	$0.55	$536	$174,175	$174,175
Property Insurance	$123,395	$0.39 /sf	5.82%	$0.71	$699	$227,050	$227,050
Property Tax (@ 100%) 2.7157	$300,502	$925/Unit	12.74%	$1.56	$1,529	$497,000	$497,000
Reserve for Replacements			2.50%	$0.31	$300	$97,500	$97,500
Supportive Services			0.46%	$0.06	$55	$18,000	$18,000
TDHCA Compliance fees ($40/HTC unit)			0.33%	$0.04	$40	$13,000	$13,000
Bond Trustee Fees			0.13%	$0.02	$15	$5,000	$5,000
Security			0.77%	$0.09	$92	$30,000	$30,000
City of Houston - HCDD Compliance Fee			0.25%	$0.03	$30	$9,750	$9,750
TOTAL EXPENSES			**49.30%**	**$6.03**	**$5,917**	**$ 1,922,916**	$1,923,577
NET OPERATING INCOME ("NOI")			**50.70%**	**$6.20**	**$6,084**	**$1,977,280**	$1,990,336
CONTROLLABLE EXPENSES					$2,556/Unit		

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Summit at Renaissance Park, Houston, 4% HTC #21413

	DEVELOPMENT COST / ITEMIZED BASIS					
	APPLICANT COST / BASIS ITEMS					Prior Underwriting
	Eligible Basis		Total Costs			PRIOR REPORT
	Acquisition	New Const. Rehab				
Land Acquisition				$19,354 / Unit	$6,290,000	$6,290,000
Off-Sites		$0		$ / Unit	$0	$0
Site Work		$841,528		$3,204 / Unit	$1,041,315	$1,041,315
Site Amenities		$1,006,371		$3,097 / Unit	$1,006,371	$1,006,371
Commercial Space		$0		$3,692/Unit	$1,199,787	$1,199,787
Building Cost		$45,168,709	$141.60 /sf	$138,981/Unit	$45,168,709	$45,168,709
Contingency		$2,420,809	5.15%	5.37%	$2,599,524	$2,599,524
Contractor Fees		$5,687,600	11.50%	11.15%	$5,687,600	$5,687,600
Soft Costs	$0	$4,487,000		$14,345 / Unit	$4,662,000	$4,662,000
Financing	$0	$3,268,259		$22,813 / Unit	$7,414,156	$7,414,156
Developer Fee	$0	$10,147,460	16.14%	15.74%	$10,147,460	$10,147,460
Reserves				6 Months	$1,748,695	$1,748,695
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$73,027,736**		$267,587 / Unit	**$86,965,717**	$86,965,717
Acquisition Cost	$0				$0	$0
Contingency		$0			$0	$0
Contractor's Fee		$0			$0	$0
Financing Cost		$0				
Developer Fee	$0	($715,419)	15.00%	15.00%	($478,675)	($478,675)
Reserves					$0	$0
ADJUSTED BASIS / COST	**$0**	**$72,312,317**		$266,114/unit	**$86,487,042**	$86,487,042

TOTAL HOUSING DEVELOPMENT COSTS Applicant's Uses	**$86,487,042**

	CREDIT CALCULATION ON QUALIFIED BASIS	
	Applicant	
	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$72,312,317
Deduction of Federal Grants	$0	$0
TOTAL ELIGIBLE BASIS	$0	$72,312,317
High Cost Area Adjustment		130.0%
TOTAL ADJUSTED BASIS	$0	$94,006,013
Applicable Fraction	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$94,006,013
Applicable Percentage	4.00%	4.00%
ANNUAL CREDIT ON BASIS	0	$3,760,241
CREDITS ON QUALIFIED BASIS	$3,760,241	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price **$0.8660**	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$3,760,241	$32,563,683	**$3,760,241**	($37,201)	($322,165)
Needed to Fill Gap	$4,366,044	$37,809,942	----	----	----
Applicant Request	$3,797,442	$32,885,848	----	----	----

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$40,000,000**
	Applicant
Land Cost	$6,290,000
Depreciable Bldg Cost	$64,433,778
Aggregate Basis for 50% Test	**$70,723,778**

Percent Financed by Tax-Exempt Bonds	**Applicant** **56.6%**
amount aggregate basis can increase before 50% test fails	$9,276,222 13.1%

SOURCES OF FUNDS

Summit at Renaissance Park, Houston, 4% HTC #21413

Bond Issuer	Interim Bonds		Permanent Bonds	
Houston Housing Finance Corporation	**$40,000,000**		**$33,777,000**	

		Interim		Permanent Period				Debt Service		
DEBT	**Type**	**Principal**	**Rate**	**Principal**	**Term**	**Amort**	**Rate**	**DCR**	**Payment**	**Fee**
Cedar Rapids Bank & Trust	Conventional Loan	$33,777,000	3.67%	$33,777,000	20	40	3.67%	**1.20**	$1,645,557	0.10%
PNC	Conventional Bridge Loan	$25,380,000	3.75%	$0	0	0	0.00%	**1.20**		
TOTAL		**$59,157,000**		**$33,777,000**				1.20	**Cumulative DCR**	

EQUITY					Credit Price	Annual Credits
PNC	HTC Equity	$3,369,497		$32,563,683	$0.87	$3,760,240.50
TOTAL		**$3,369,497**		**$32,563,683**		

PARTNERSHIP DEBT				
ZG Real Estate Management Group	Deferred Fee	$9,132,794		$5,246,259
TOTAL		**$9,132,794**		**$5,246,259**

CASH FLOW DEBT/GRANTS				
City of Houston HCDD	CDBG	$14,900,000		$14,900,000
TOTAL		**$14,900,000**		**$14,900,000**

OTHER				
GP Capital Contribution	General Partner Income	$100		$100
Interest Income	General Partner Income	$135,273		$0
Distributable Cash Flow	General Partner Income	$270,952		$0
TOTAL		**$406,325**		**$100**

TOTAL		**$86,965,616**		**$86,487,042**

Long-Term Pro Forma

Summit at Renaissance Park, Houston, 4% HTC #21413

	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%	$3,900,196	$3,978,200	$4,057,764	$4,138,919	$4,221,697	$4,661,095	$5,146,226	$5,681,849	$6,273,220	$6,926,142	$7,647,021	$8,442,929
TOTAL EXPENSES	3.00%	$1,922,916	$1,978,653	$2,036,023	$2,095,074	$2,155,857	$2,487,575	$2,870,916	$3,313,973	$3,826,119	$4,418,204	$5,102,792	$5,894,426
NET OPERATING INCOME ("NOI")		**$1,977,280**	**$1,999,547**	**$2,021,741**	**$2,043,845**	**$2,065,841**	**$2,173,520**	**$2,275,310**	**$2,367,876**	**$2,447,101**	**$2,507,938**	**$2,544,229**	**$2,548,503**
EXPENSE/INCOME RATIO		49.3%	49.7%	50.2%	50.6%	51.1%	53.4%	55.8%	58.3%	61.0%	63.8%	66.7%	69.8%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$1,645,557	$1,645,178	$1,644,786	$1,644,379	$1,643,956	$1,641,595	$1,638,759	$1,635,353	$1,631,263	$1,626,349	$1,620,448	$1,613,360
DEBT COVERAGE RATIO		1.20	1.22	1.23	1.24	1.26	1.32	1.39	1.45	1.50	1.54	1.57	1.58
ANNUAL CASH FLOW		**$331,723**	**$354,368**	**$376,955**	**$399,466**	**$421,885**	**$531,925**	**$636,551**	**$732,523**	**$815,839**	**$881,588**	**$923,781**	**$935,143**
Deferred Developer Fee Balance		$4,914,536	$4,560,167	$4,183,212	$3,783,746	$3,361,861	$920,715	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$2,055,549	$5,530,419	$9,448,953	$13,733,534	$18,278,829	$22,945,789

<u>Executive Summary Highlights</u>
(Updated Summary 07/22/2022)

- *Site Acreage Modification – 5.035 Acres (Tract 1-Existing Track) and 7.408 Acres (Tract 2)*
- *Additional Land – There will be no additional land cost as the Owner will donate the site under a Lease Agreement.*
- *Benefits of Garage Removal*
    - *Adds Room for Better On-Site Amenities*
    - *Adds Expanded Green Space*
    - *Better Access to Parking*
    - *Better Parking for Retail Tenants*
    - *Better Parking Access Points*
    - *Eliminates the Maintenance Burden of having a Garage*

The Development Owner, TXZNH, LLC, would like to submit an Amendment Request for the removal of the 9-Story Parking Garage and a Site Amendment change for the Summit at Renaissance Park (SARP). This is an update to the Amendment Request submitted to the Department on January 7, 2022.

Due to market conditions and volatility of both the cost and sourcing of labor and materials, the Developer felt it would be a prudent decision to remove the Parking Garage and utilize the existing Surface Parking at the adjacent property that is already under the control of an affiliate of the Developer. This change was unforeseeable prior to closing due the changes in the Market for Materials and Labor after closing. Furthermore, the City of Houston's Housing and Community Development Department changed their position on how they would classify the Davis Bacon Wage decisions on the project and rather than allowing multiple wages based on the type of building they recently have said that the entire project will be classified as commercial wages. This will have a significant impact on the labor costs for the project. Furthermore, a Center Point Easement along Greenspoint Drive was discovered and required us to shift Buildings 1 and 2 away from the Easement.

In order to support the decision to remove the garage, the developer analyzed all aspects of the project; the building, market comparables within a three mile and city-wide radius, and operationally. The largest parking consultancy firm in the US, Walker Consultants, was retained to assist in this effort. Upon performing this research and analysis, the developer concluded that the proposed change will enhance the overall desirability and marketability of the project with the upgraded amenities and increased passive and active security from neighboring partners.

The original site is currently 5.035 acres (Tract 1). An adjacent 7.408-acre tract is currently owned by an affiliate of the Development Owner, which, as described below, may be used for the Apartment Surface Parking, Retail Surface Parking, and Detention (Tract 2).

SARP originally featured (3) buildings: Building (1) 168 units, Building (2) 157 units, and Building (3) the Garage with 597 Parking Spaces. The revised scheme now features (2) Buildings: Building (1) 145 units, Building (2) 180 units, and the 9-Story Parking Garage has been removed. It is important to note that the architect has verified that the necessary number of residential spots required by City of Houston Code is being met.

The removal of the garage will provide room for better on-site amenities. All of the existing TDHCA Amenity Selections remain in place per the Architect's Drawings. Additionally, there will be a Walking/Jogging Trail, Locally Inspired Art Wall, Landscaped Detention Park, Green Space, and an Urban Pedestrian Plaza. In the original scheme, all of our landscaping was restricted to limited areas.

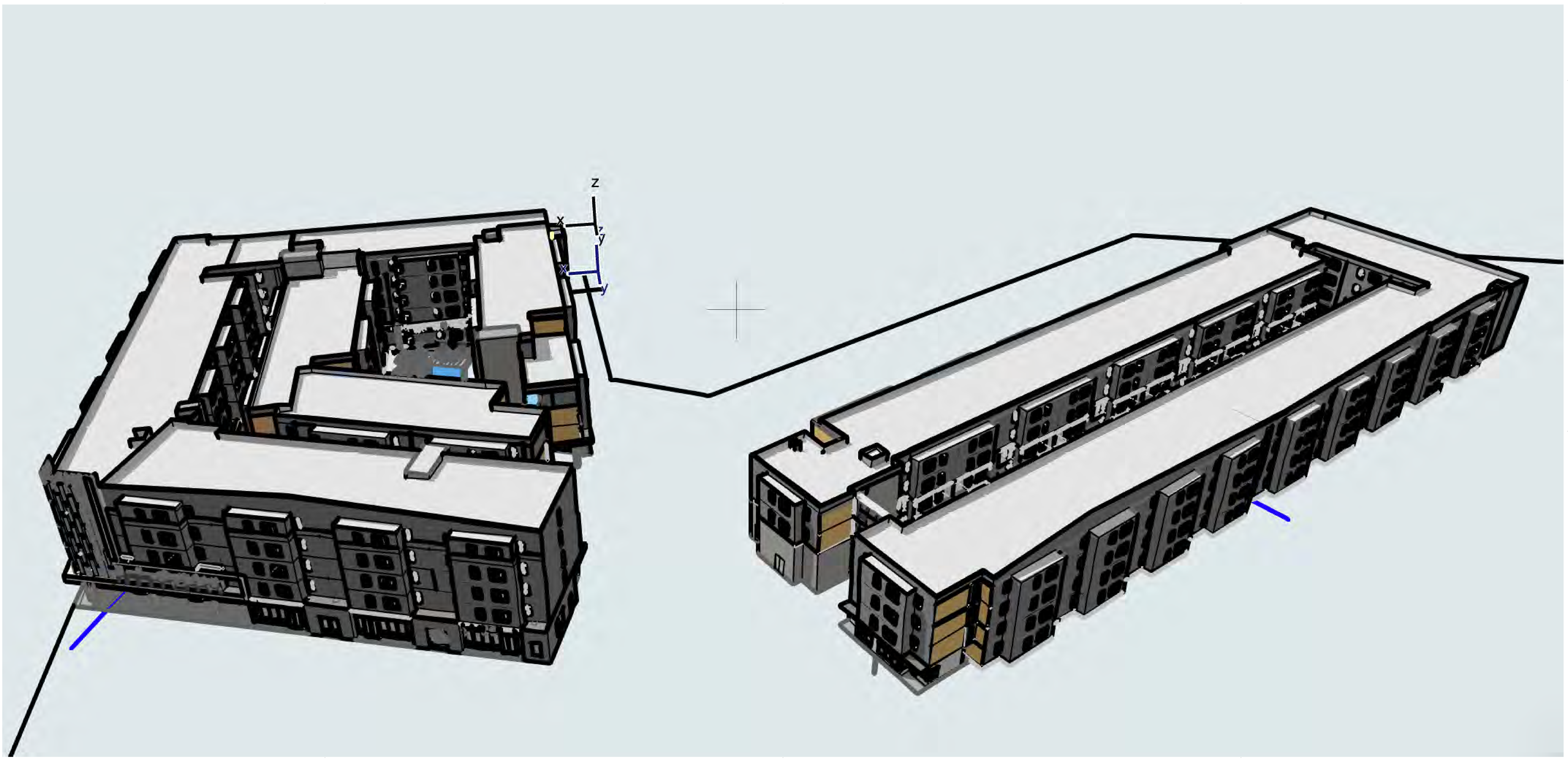
There is now better access from parking to Residential units. In the original scheme, all parking on-site was located in the parking garage and was funneled through one point of access into the project from the garage. The travel distance from the retail parking lot is now more direct and with shorter travel distances than the remotest spaces in the parking garage. All retail parking was previously located in the garage. There are also new multiple Access Points for Residential parking as well.

Parking structures, unlike occupied structures, are exposed to vehicle traffic and the elements 24/7. This is especially true in Houston where larger personal vehicles, high humidity and wide temperature swings are the norm. By eliminating the parking structure, the elevated long term maintenance burden associated with exposed concrete and steel construction in Houston is eliminated.

A Parking Lot Lease Agreement structure has been chosen due to the Soft Loan concept not being viable for the 50% Test for the Private Activity Bonds. An affiliate of the Development Owner will make a charitable contribution of the 7.408-Acre Tract 2 to Urban Partnerships Community Development Corporation, a Texas nonprofit corporation ("**UPCDC**"). UPCDC's charitable purpose includes the creation, development, construction, acquisition, and maintenance of multi-family housing that is affordable to low-and moderate-income persons. In furtherance of its charitable purpose, UPCDC will, in turn, lease Tract 2 to the Development Owner, to be used for, among other things, surface parking for the Development. The Maintenance and Property Taxes for Tract 2 will be covered under the Lease. There have been no updates to the Development Model, only the Proforma and it is enclosed herein as Exhibit D. The Monthly Lease Rent has been added and the Commercial Square Footage has been decreased to reduce the Annual Rent for the Retail Space.

Please find enclosed the following Exhibits for your review:

- **Exhibit A** – 5.035 Acres - Existing Survey and Metes and Bounds (Tract 1)
- **Exhibit B** – 7.408 Acres - New Survey and Metes and Bounds (Tract 2)
- **Exhibit C** – New Site Plans
- **Exhibit D** – Development Model (Proforma Update)
- **Exhibit E** – Draft Lease
- **Exhibit F** – Forge Craft Parking Confirmation and Architectural Package



SUMMIT AT RENAISSANCE PARK

12121 GREENSPOINT DRIVE
HOUSTON TX 77060

FORGE CRAFT
ARCHITECTURE + DESIGN
608 West Monroe Street, Suite C
Austin, Texas 78704
512.872.6655
www.forgecraftarchitecture.com

Scott Ginder - Texas Architect
Registration # 21234
--
This document is included with the QAP documents but may not be used for regulatory approval, permitting or construction.

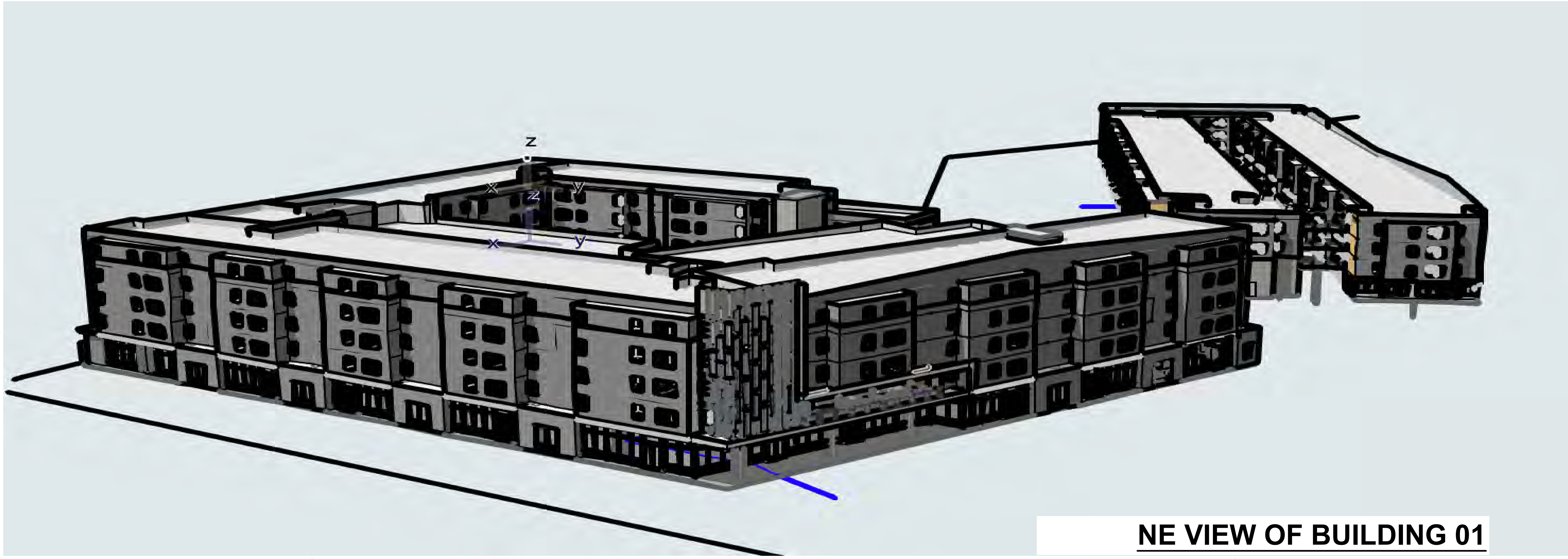
TCAP PACKAGE UPDATE
06/10/22

SUMMIT AT RENAISSANCE PARK
Houston, TX

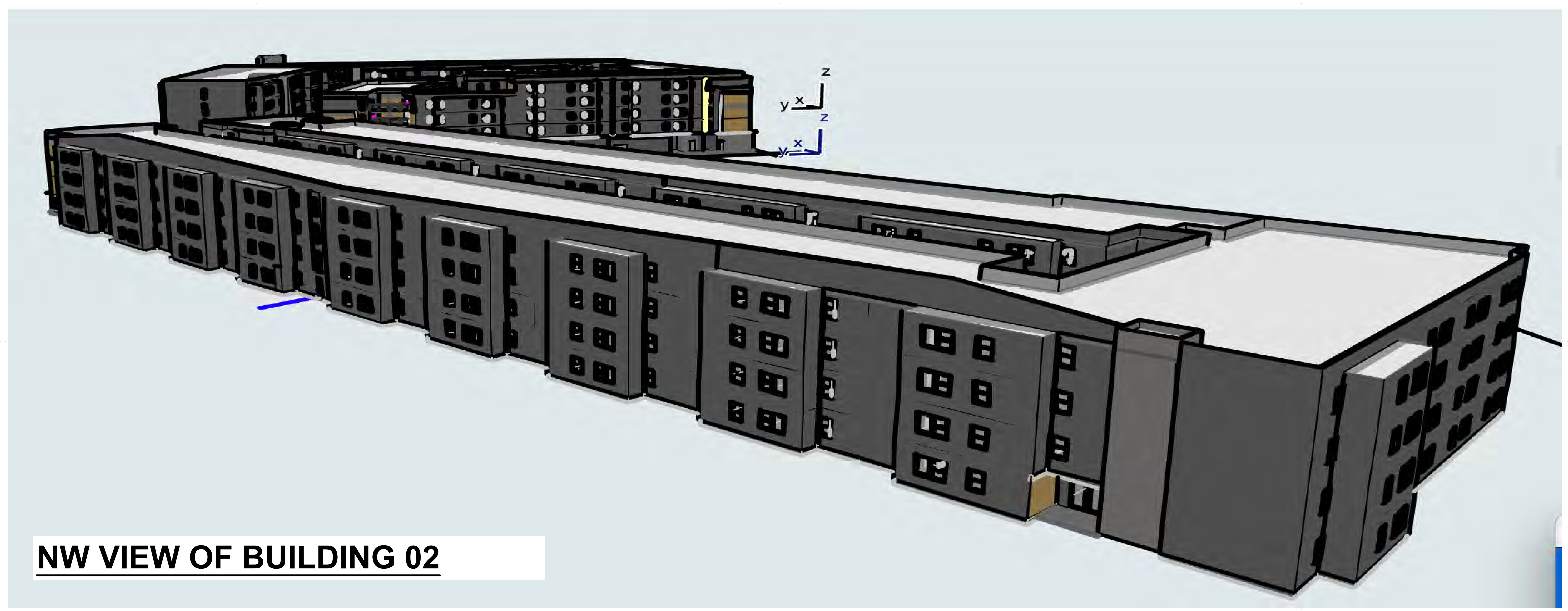
REV	DATE	DESCRIPTION
02	05/06/22	TCAP UPDATE
03	05/20/22	TCAP UPDATE
04	05/26/22	TCAP UPDATE
05	07/22/22	TCAP UPDATE

ISSUE:
Tax Credit Application
DATE:
03/05/2021
PROJECT NUMBER:
2020-0008
SHEET TITLE:
COVER SHEET
SHEET:
G.0

BIMcloud: BIMBeast.local - BIMcloud Basic for ARCHICAD 24/Renaissance/Renaissance Park - TCAP_RR | Ver. 21.1802 | Friday, July 22, 2022 | 6:53 AM



NE VIEW OF BUILDING 01



NW VIEW OF BUILDING 02

FORGE CRAFT
ARCHITECTURE + DESIGN
608 West Monroe Street, Suite C
Austin, Texas 78704
512.872.6655
www.forgecraftarchitecture.com

Scott Ginder - Texas Architect
Registration # 21234

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This document is included with the QAP documents but may not be used for regulatory approval, permitting or construction.

TCAP PACKAGE UPDATE
06/10/22

SUMMIT AT RENAISSANCE PARK

Houston, TX

REV	DATE	DESCRIPTION
02	05/06/22	TCAP UPDATE
03	05/20/22	TCAP UPDATE
04	05/26/22	TCAP UPDATE
05	07/22/22	TCAP UPDATE

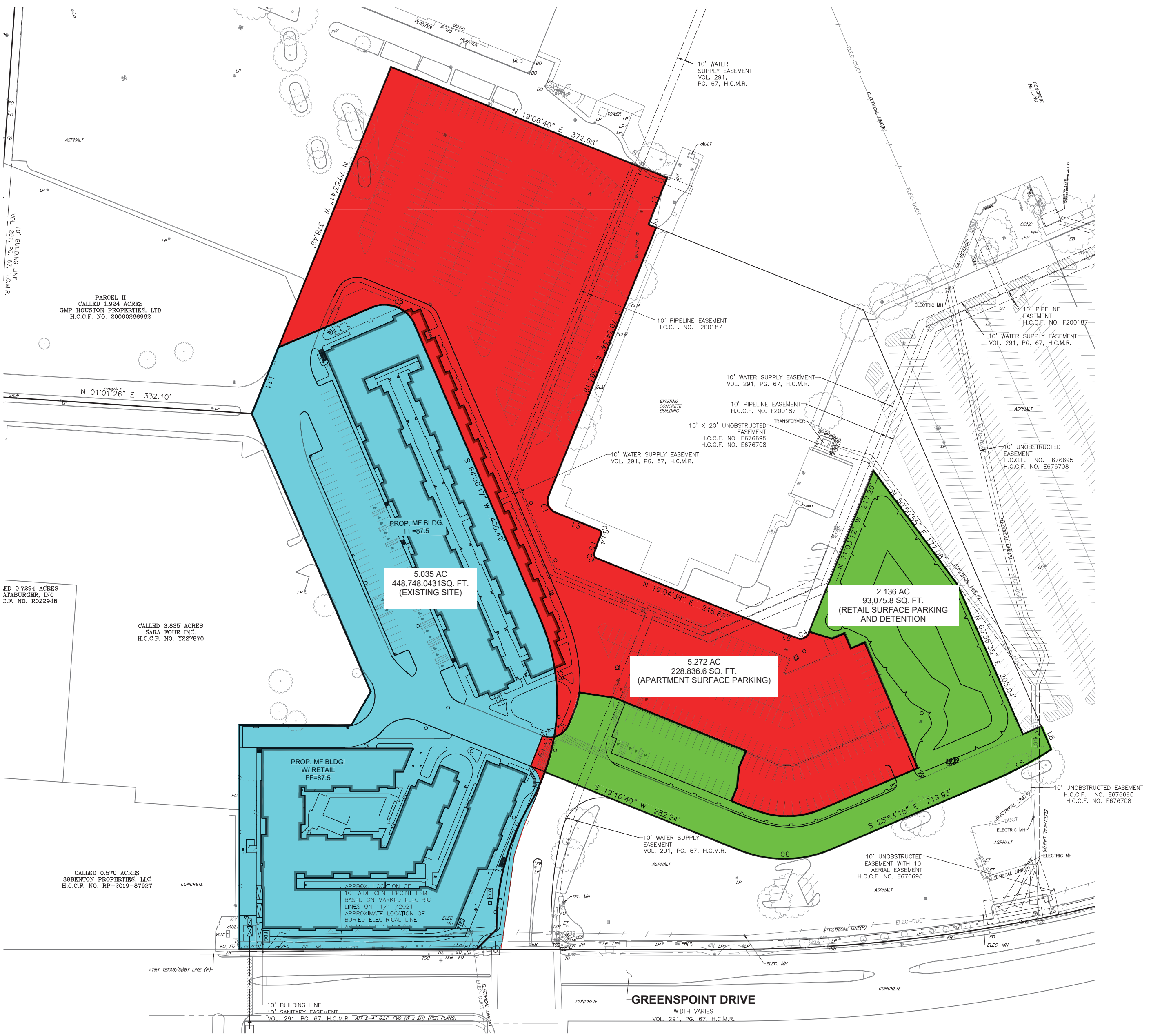
ISSUE:
Tax Credit Application

DATE:
03/05/2021

PROJECT NUMBER:
2020-0008

SHEET TITLE:
PERSPECTIVE VIEWS

SHEET:
A.29



PARCEL EXHIBIT

7/22/22

WGA

CONSULTING ENGINEERS

WARD, GETZ & ASSOCIATES, PLLC
TEXAS REGISTERED ENGINEERING FIRM F-9756
2500 Tanglewilde, Suite 120
Houston, Texas 77063
713.789.1900

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Applications for Franklin Park (HTC #02073/#20447)

RECOMMENDED ACTION

WHEREAS, Franklin Park formerly known as Rosemont at Williamson Creek (Development) originally received 9% Housing Tax Credits (HTCs) in 2002 to construct 163 units of multifamily housing in Austin, Travis County, and the Development was later re-syndicated and awarded 4% HTCs in 2020 for an acquisition and rehabilitation of the Development;

WHEREAS, Dominium, the parent company of one of the co-Developers, is seeking to use 4.7902 acres from the Development for the construction of a new multifamily affordable housing development, and Austin Leased Housing Associates III, LP (Development Owner or Owner) is requesting approval to exclude this land from the Land Use Restriction Agreements (LURAs);

WHEREAS, the acreage encumbered by the LURA for the 2020 HTC award would decrease from 26.398 to 21.6078 acres, which is a reduction of 4.7902 acres and results in a 22.17% increase in residential density from 6.175 to 7.544 units per acre;

WHEREAS, the LURA for the 2002 HTC allocation encumbers 26.528 acres, and the requested reduction to 21.6078 acres results in a 22.77% increase in residential density from 6.144 to 7.544 units per acre;

WHEREAS, Board approval is required for a modification of the residential density of at least 5% as directed in Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested change does not materially alter the Development in a negative manner, was not reasonably foreseeable or preventable by the Owner at the time of Application, and would not have adversely affected the selection of the Applications;

NOW, therefore, it is hereby

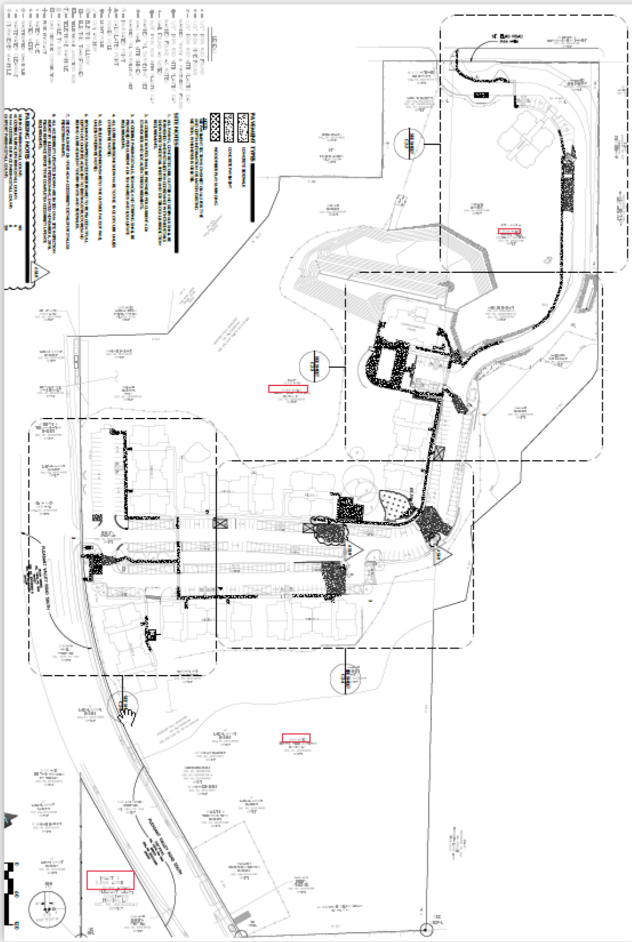
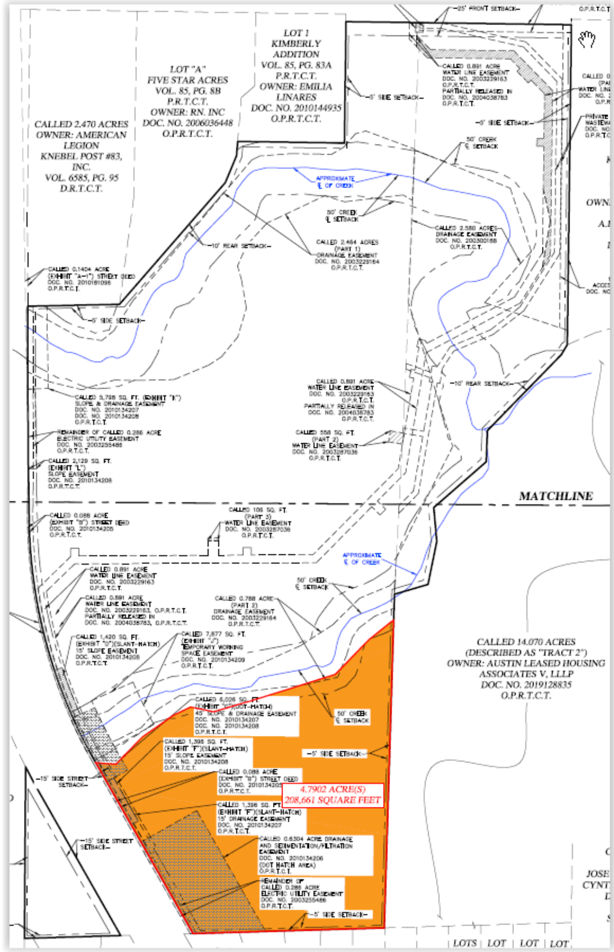
RESOLVED, that the requested material amendment to the Applications for Franklin Park is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Rosemont at Williamson Creek, now known as Franklin Park, originally received 9% Housing Tax Credits (HTCs) in 2002 to construct 163 units of multifamily housing in Austin, Travis County, and the Development was later re-syndicated and awarded 4% HTCs in 2020 for acquisition and rehabilitation. In a letter dated July 13, 2022, Jeff Spicer, the authorized representative for the current Development Owner, submitted a request for a material amendment to the Applications to release 4.7902 acres of undeveloped land from the Development site. This amendment results in a 22.17% increase in the residential density from 6.175 to 7.544 units per acre for the 2020 Application and a 22.77% increase in the residential density from 6.144 to 7.544 units for the 2002 Application. The increase to the residential density requires approval by the Board under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F). It should be noted that there is a 0.13 acre difference from the 26.528 acres identified in the LURA for the 2002 HTC allocation and the 26.398 acres identified in the LURA for the 2020 HTC award. This difference is considered a Notification Item under §10.405(a)(2)(B) and is the result of measurement differences in an updated survey. The Owner states the purpose for the amendment is to convey the 4.7902 acres to their Affiliate, Austin Leased Housing Associates V, and combine it with an additional adjacent tract for a new development. Their plan is to submit an Application for a 4% HTC award to build a 280- to 320-unit affordable housing development.

The following table compares the Development site identified in the 2020 Application and revised site after the removal of the 4.7902 acres:

Material Alterations as defined in Texas Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F)	
Application	**Amendment**
Density: 6.175 unit/acre (163 units on a 26.398 acre tract) or 6.144 unit/acre on a 26.528 acre tract)	Density: 7.544 unit/acre (163 units on a 21.6078 acre tract after removing 4.7902 acres)

Material Alterations as defined in Texas Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F)	
Application	**Amendment**
	

The 2020 HTC allocation was underwritten with a land acquisition cost of $2,300,000. The Owner confirmed that this cost will be prorated in the cost certification and states that the reduced costs should be addressed by reducing the amount of Deferred Developer Fee in the sources. At the time of the 4% HTC award in 2020, the proration of the land cost would have resulted in an adjustment to the HTC amount based on the financing gap method; however, the final recommended HTC amount will be determined at cost certification. As a 4% HTC award, no credits would be lost or recaptured, if the final recommended credit amount is lower than the amount in the Determination Notice, and also, the Owner may request an increase to the HTC amount, if it is supported by the final costs.

The requested amendment does not materially alter the Development in a negative manner and would not have affected the selection of the Development for the HTC awards.

Staff recommends approval of the requested material amendment to the Applications.

DOMINIUM

July 13, 2022

Lee Ann Chance
Manager of Multifamily Asset Management
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Franklin Park Apartments, PID: 794971

Dear Ms. Chance,

Dominium is requesting a LURA amendment related to the Franklin Park Property (PID: 794971). Dominium is seeking to convey 4.7902 acres from the Franklin Park apartments to Austin Leased Housing Associates V for the construction of a new multifamily affordable housing development. We are seeking a LURA amendment that would amend the legal description to exclude the land that will be conveyed.

The land at issue is currently unused and unimproved. The plan for this land is to include it in a development that will consist of 280-320 apartments, consisting of 2-bedroom and 3-bedroom homes restricted to 60% of the area median income.

Attached to this document is an exhibit showing the piece of the Franklin Park tract that will be conveyed and a letter from the Housing Authority of the City of Austin (Franklin Park landowner) showing their approval of the land conveyance.

Sincerely,

Jeff Spicer
Senior Vice President & Project Partner
Dominium

Housing Authority of the City of Austin

Established in 1937

July 7, 2022

Lilly Deprey
Dominium
4835 Lyndon B Johnson Fwy., Suite 1000
Dallas, TX 75244

RE: Sage at Franklin Park

Dear Lilly,

Please accept this letter as our approval of the conveyance of the piece of land in Exhibit A attached from Franklin Park to the Sage at Franklin Park. We support this project.

If you should have any questions, please reach out to Suzanne Schwertner at 512-680-3181 or by email at suzannes@hacanet.org.

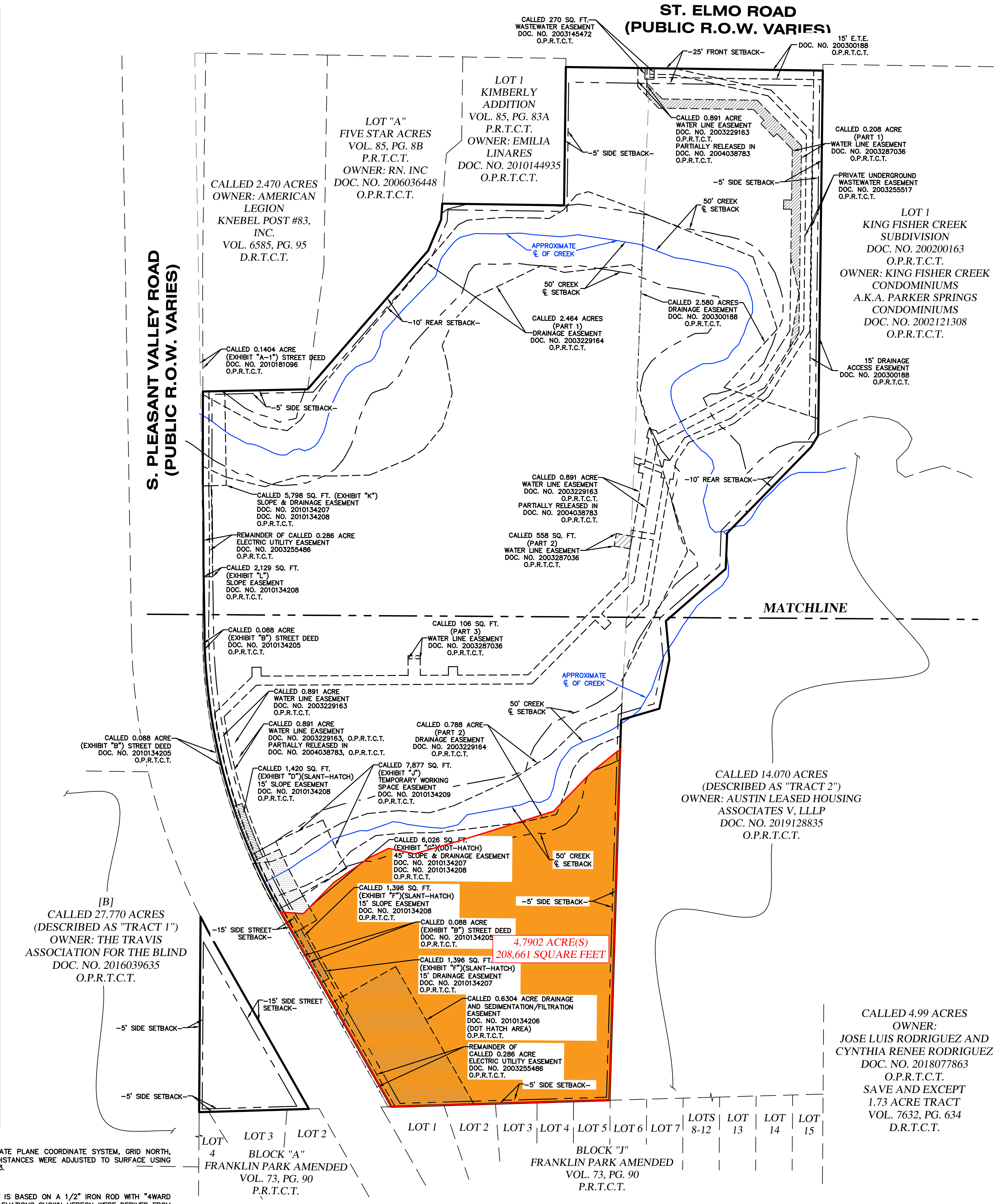
Sincerely,

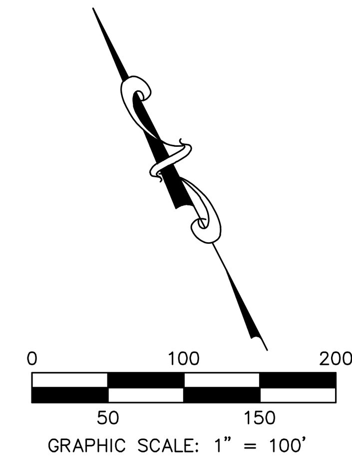
Ron Kowal
Vice President

LEGEND

- PROPERTY LINE
- EXISTING PROPERTY LINES
- EXISTING EASEMENTS
- 1/2" IRON ROD WITH "4WARD BOUNDARY" CAP SET
- 1/2" IRON ROD FOUND (UNLESS NOTED)
- MAG NAIL WITH "RPLS 4337" WASHER FOUND
- 1/2" IRON PIPE FOUND (UNLESS NOTED)
- IRON ROD WITH "M&S 1888" CAP FOUND (UNLESS NOTED)
- 60D NAIL FOUND
- CALCULATED POINT
- SURVEY CONTROL POINT
- CLEAN OUT
- BOLLARD POST (UNLESS NOTED)
- KEYPAD
- FIRE DEPARTMENT CONNECT
- AIR CONDITIONER UNIT
- GROUND LIGHT
- ELECTRIC JUNCTION BOX
- ELECTRIC METER
- ELECTRIC TRANSFORMER
- TELECOMMUNICATIONS MANHOLE
- ELECTRIC MANHOLE
- FIRE HYDRANT
- GAS METER
- HANDICAP PARKING
- LIGHT POLE
- TELECOMMUNICATIONS PEDESTAL
- TELECOMMUNICATIONS BOX
- HANDICAP PARKING SIGN
- STOP SIGN
- TELECOMMUNICATIONS POST
- GAS MARKER POST
- BIKE LANE SIGN
- BIKE RACK
- WATER VALVE
- WATER METER
- IRRIGATION CONTROL VALVE
- STORM SEWER MANHOLE
- WASTEWATER MANHOLE
- SIGN (AS NOTED)
- POWER/UTILITY POLE
- GUY ANCHOR
- TRASH CAN
- DRAIN INLET
- EDGE OF ASPHALT
- WROUGHT IRON FENCE
- CHAIN LINK FENCE
- OVERHEAD UTILITY
- GUARD RAIL
- HAND RAIL
- CONCRETE
- STONE
- BRICK PAVERS
- BUILDING

DOC. NO.	DOCUMENT NUMBER
P.U.E.	PUBLIC UTILITY EASEMENT
C.E.F.	CRITICAL ENVIRONMENTAL FEATURE
E.T.E.	ELECTRIC & TELECOMMUNICATION EASEMENT
W.E.	WATERLINE EASEMENT
B.L.	BUILDING LINE
VOL./PG.	VOLUME, PAGE
R.O.W.	RIGHT-OF-WAY
P.R.T.C.T.	PLAT RECORDS, TRAVIS COUNTY, TEXAS
O.P.R.T.C.T.	OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS
D.R.T.C.T.	DEED RECORDS, TRAVIS COUNTY, TEXAS
(......)	RECORD INFORMATION PER DEED DOC. NO. 2019087603
((......))	RECORD INFORMATION PER PLAT VOL. 73, PG. 90
[......]	RECORD INFORMATION PER DOC. NO. 2019128835
[[......]]	RECORD INFORMATION PER VOL. 6585, PG. 95
{......}	RECORD INFORMATION PER DOC. NO. 2016039635
{{......}}	RECORD INFORMATION PER PLAT VOL. 85, PG. 8B
<......>	RECORD INFORMATION PER PLAT DOC. NO. 200200163
<<......>>	RECORD INFORMATION PER PLAT DOC. NO. 200300188
({......})	RECORD INFORMATION PER PLAT VOL. 85, PG. 83A
{[......]}	RECORD INFORMATION PER DEED DOC. NO. 2010134205
–......–	ZONING SETBACKS PER ZONING REPORT



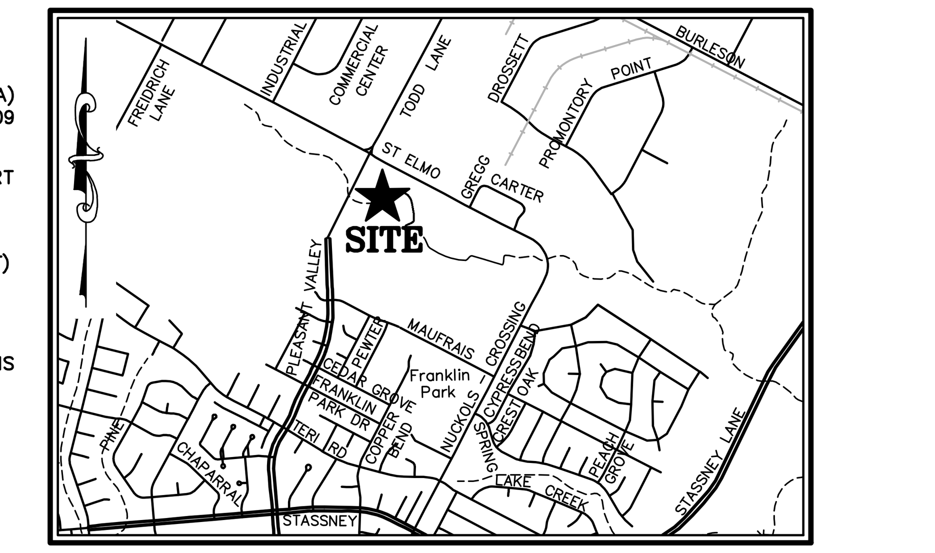


ZONING NOTES (TRACTS 1 & 2):

1. ZONING DESIGNATION OF ROSEMONT AT WILLIAMSON CREEK (MULTI-FAMILY LAND USE AREA) PER ZONING ANALYSIS REPORT PREPARED BY ZONING INFO INC., DATED 12/07/2018 FOR 4509 EAST ST. ELMO ROAD, AUSTIN, TEXAS 78744, ZONING INFO INC. SITE NO. 60316.

2. THE FOLLOWING SITE DEVELOPMENT STANDARDS ARE PER ZONING ANALYSIS REPORT PREPARED BY ZONING INFO, INC.

MULTI-FAMILY ZONING	("MF-3-CO-NP" MULTI-FAMILY RESIDENCE MEDIUM DENSITY DISTRICT, CONDITIONAL OVERLAY COMBINING DISTRICT)
MINIMUM LOT SIZE (S.F.) (PER SECTION 25-2-492)	8,000 SQ. FT.
MINIMUM LOT SIZE (S.F.) (PER SECTION 25-2-562)	MINIMUM 1,800 SQ. FT. LOT AREA PER 2+ BEDROOMS (163 UNITS X 1,800 = 293,400 SQ. FT. TOTAL)
MINIMUM LOT WIDTH	50' (ALONG ST. ELMO ROAD)
MAXIMUM HEIGHT	40'
MINIMUM SETBACKS	
FRONT (EAST ST. ELMO RD)	25'
SIDE STREET (PLEASANT VALLEY RD)	15'
INTERIOR SIDE	5'
REAR	10'
CREEK CENTERLINE	50'
STREET YARD LANDSCAPING	20%
MAXIMUM IMPERVIOUS COVER	65%
REQUIRED PARKING SPACES	327 TOTAL PARKING SPACES



VICINITY MAP

SCALE: 1" = 2000'

TITLE COMMITMENT NOTES:

COMMITMENT FOR TITLE INSURANCE PREPARED BY: FIDELITY NATIONAL TITLE INSURANCE COMPANY
G.F. NO.: 2810012289
EFFECTIVE DATE: MAY 19, 2020
ISSUED: JULY 29, 2020

THE SURVEYOR HAS RELIED UPON THE REFERENCED COMMITMENT FOR TITLE REGARDING EASEMENTS, RESTRICTIONS, AND OTHER MATTERS AFFECTING THIS PROPERTY. NO ADDITIONAL RESEARCH WAS DONE FOR THE PURPOSE OF THIS SURVEY. ITEMS LISTED ARE WORDED ACCORDING TO THE COMMITMENT, FOLLOWED BY SURVEYOR'S NOTES AND/OR OBSERVATIONS SHOWN IN BRACKETS. **[ ]**

1) THE FOLLOWING RESTRICTIVE COVENANTS OF RECORD ITEMIZED BELOW:
VOLUME 10107, PAGE 579, REAL PROPERTY RECORDS, TRAVIS COUNTY, TEXAS, DOC. NO. 2002221461, DOC. NO. 2002215379, AND AS AMENDED IN DOCUMENT NO. 2004024959, DOC. NO. 200300188, DOC. NO. 2003036536 AND DOC. NO. 2003229162, DOC. NO. 2004235505, AND AS AMENDED IN DOC. NO. 2018192049, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS. **[SUBJECT TO]**

10) THE FOLLOWING MATTERS AND ALL TERMS OF THE DOCUMENTS CREATING OR OFFERING EVIDENCE OF THE MATTERS:

g. ELECTRIC UTILITY EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING NO.: VOLUME 8004, PAGE 76, DEED RECORDS OF TRAVIS COUNTY, TEXAS, AS MODIFIED AND REPLACED BY ELECTRIC DISTRIBUTION AND TELECOMMUNICATIONS LINES AND SYSTEMS EASEMENT RECORDED UNDER DOCUMENT NO. 2003255486, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS
[SUBJECT TO – SHOWN ON SURVEY]

h. INTENTIONALLY DELETED.

i. EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS DELINEATED OR AS OFFERED FOR DEDICATION, ON THE MAP OF SAID TRACT/PLAT;

PURPOSE: A 15' ELECTRIC AND TELECOMMUNICATIONS LINES EASEMENT
AFFECTS: NORTHEASTERLY PROPERTY LINE
RECORDING NO.: AS SHOWN ON PLAT RECORDED UNDER DOCUMENT NO. 200300188, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

j. EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS DELINEATED OR AS OFFERED FOR DEDICATION, ON THE MAP OF SAID TRACT/PLAT;

PURPOSE: A 15' DRAINAGE ACCESS EASEMENT
AFFECTS: SOUTHEASTERLY PROPERTY LINE
RECORDING NO.: DOCUMENT NO. 200300188, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

k. EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS DELINEATED OR AS OFFERED FOR DEDICATION, ON THE MAP OF SAID TRACT/PLAT;

PURPOSE: A 2.580 ACRE DRAINAGE EASEMENT
AFFECTS: COVERING THE SOUTHERLY PORTION OF SUBJECT PROPERTY
RECORDING NO.: DOCUMENT NO. 200300188, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

l. WASTEWATER LINE EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING NO.: DOCUMENT NO. 2003145472, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

n. WATER LINE EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING NO.: DOCUMENT NO. 2003229163, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, AS FURTHER AFFECTED BY PARTIAL RELEASE RECORDED IN DOCUMENT NO. 2004038783, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

o. DRAINAGE EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING NO.: DOCUMENT NO. 2003229164, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

p. PRIVATE UNDERGROUND WASTEWATER EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: OWNERS
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: OCTOBER 30, 2003
RECORDING NO.: DOCUMENT NO. 2003255517, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – APPROXIMATE LOCATION SHOWN ON SURVEY – NO METES AND BOUNDS DESCRIPTION GIVEN]

q. ELECTRIC UTILITY EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: NOVEMBER 12, 2003
RECORDING NO.: DOCUMENT NO. 2003265362, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – BLANKET TYPE]

r. WATER LINE EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: DECEMBER 9, 2003
RECORDING NO.: DOCUMENT NO. 2003287036, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

s. GAS UTILITY EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: TEXAS GAS SERVICE
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: FEBRUARY 13, 2004
RECORDING NO.: DOCUMENT NO. 2004027378, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, AS FURTHER AFFECTED BY ASSIGNMENT AND ASSUMPTION OF REAL PROPERTY INTEREST AS RECORDED IN DOCUMENT NO. 2014018447, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS (SUBJECT PROPERTY NOTED ON PAGE 65. **[SUBJECT TO – BLANKET TYPE]**

t. TERMS AND CONDITIONS OF THAT CERTAIN DOCUMENT ENTITLED: LICENSE AND MEMORANDUM AGREEMENT
DATED: JANUARY 20, 2004
EXECUTED BY: PLEASANT VALLEY COURTYARDS HOUSING, LP
RECORDING DATE: MARCH 23, 2004
RECORDING NO.: DOCUMENT NO. 2004053940, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – BLANKET TYPE]

u. INTENTIONALLY DELETED.

v. DRAINAGE AND SEDIMENTATION/FILTRATION EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: SEPTEMBER 13, 2010
RECORDING NO.: DOCUMENT NO. 2010134206, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

w. DRAINAGE EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: SEPTEMBER 13, 2010
RECORDING NO.: DOCUMENT NO. 2010134207, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

x. LATERAL SUPPORT (SLOPE) EASEMENT(S) FOR THE PURPOSE(S) SHOWN BELOW AND RIGHTS INCIDENTAL THERETO, AS GRANTED IN A DOCUMENT:

GRANTED TO: CITY OF AUSTIN
PURPOSE: AS PROVIDED IN SAID INSTRUMENT
RECORDING DATE: SEPTEMBER 13, 2010
RECORDING NO.: DOCUMENT NO. 2010134208, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.
[SUBJECT TO – SHOWN ON SURVEY]

y. INTENTIONALLY DELETED.

z. TERMS, CONDITIONS AND STIPULATIONS OF GROUND LEASE AS EVIDENCED BY THE DOCUMENT:

ENTITLED: MEMORANDUM OF LEASE
LESSOR: HOUSING AUTHORITY OF THE CITY OF AUSTIN
LESSEE: PLEASANT VALLEY COURTYARDS HOUSING, LP, A TEXAS LIMITED PARTNERSHIP
RECORDING DATE: JUNE 17, 2019
RECORDING NO: DOCUMENT NO. 2019087604
[SUBJECT TO – BLANKET TYPE]

ALTA/NSPS CERTIFICATION:

TO: AUSTIN LEASED HOUSING ASSOCIATES III, LIMITED PARTNERSHIP, A TEXAS LIMITED PARTNERSHIP; THE HOUSING AUTHORITY OF THE CITY OF AUSTIN, A MUNICIPAL HOUSING AUTHORITY ORGANIZED UNDER THE LAWS OF THE STATE OF TEXAS – AS TO FEE SIMPLE ESTATE; BOKF, N.A., AND EACH SUCCESSOR IN OWNERSHIP OF THE INDEBTEDNESS SECURED BY THE INSURED MORTGAGE, EXCEPT A SUCCESSOR WHO IS AN OBLIGOR UNDER THE PROVISIONS OF SECTION 12(C) OF THE CONDITIONS; JPMORGAN CHASE BANK, N.A., A NATIONAL BANKING ASSOCIATION, AND ITS SUCCESSORS AND/OR ASSIGNS; FIDELITY NATIONAL TITLE INSURANCE COMPANY; WNC INSTITUTIONAL TAX CREDIT FUND 48, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND ITS SUCCESSORS AND ASSIGNS; WNC HOLDING, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, AND ITS SUCCESSORS AND ASSIGNS; WNC HOUSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP, AND ITS SUCCESSORS AND ASSIGNS; BELLWETHER ENTERPRISE REAL ESTATE CAPITAL, LLC; AND FEDERAL HOME LOAN MORTGAGE CORPORATION.

THIS IS TO CERTIFY THAT THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2016 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS, AND INCLUDES ITEMS 1–4, 6(a), 6(b), 7(a), 8–9, 10(a), 11, 13, 14, AND 16–20 OF TABLE A THEREOF.

THE FIELD WORK WAS COMPLETED ON 8/3/2020.

6/16/2022

STEVEN M. DUARTE, R.P.L.S. — DATE
TEXAS REGISTRATION NO. 5940

STATE OF TEXAS — REGISTERED — STEVEN M. DUARTE — 5940 — PROFESSIONAL LAND SURVEYOR

BEARING BASIS:

ALL BEARINGS ARE BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, GRID NORTH, CENTRAL ZONE, (4203), NAD83 (CORS). ALL DISTANCES WERE ADJUSTED TO SURFACE USING A COMBINED SCALE FACTOR OF 1.000052147323.

SURVEY CONTROL:

STATE PLANE GRID CONTROL FOR THIS SURVEY IS BASED ON A 1/2" IRON ROD WITH "4WARD CONTROL" CAP SET, GRID COORDINATES AND ELEVATIONS SHOWN HEREON WERE DERIVED FROM NGS OPUS SOLUTIONS REPORT COMPUTED ON MAY 28, 2019, 4WARD CONTROL POINT WAS CHECKED TO CITY OF AUSTIN MONUMENT J-17-4002, HAVING A PUBLISHED GRID COORDINATE OF N: 10,049,195.25, E: 3,114,357.58 AND PUBLISHED ELEVATION OF 637.46 (NAVD88).

FLOODPLAIN NOTE:

THIS PROPERTY IS LOCATED WITHIN ZONE 'X', (UNSHADED) AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN, AS SHOWN ON F.I.R.M. PANEL NO. 48453C0605J, FOR TRAVIS COUNTY, TEXAS AND INCORPORATED AREAS, REVISED JANUARY 6, 2016.

THIS FLOOD STATEMENT DOES NOT IMPLY THAT THE PROPERTY AND/OR THE STRUCTURES THEREON WILL BE FREE FROM FLOODING OR FLOOD DAMAGE. THIS FLOOD STATEMENT SHALL NOT CREATE LIABILITY ON THE PART OF THE SURVEYOR.

UTILITY NOTE:

THE SURVEYOR MAKES NO GUARANTEES THAT THE UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED. THE SURVEYOR FURTHER DOES NOT WARRANT THAT THE UTILITIES SHOWN ARE IN THE EXACT LOCATION INDICATED (UTILITIES SHOWN HEREON MAY BE EXAGGERATED FOR GRAPHIC REPRESENTATION ONLY) ALTHOUGH HE DOES CERTIFY THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE FROM INFORMATION AVAILABLE. THE SURVEYOR HAS NOT PHYSICALLY LOCATED THE UNDERGROUND UTILITIES ONLY THE VISIBLE ABOVE GROUND UTILITY STRUCTURES.

GENERAL NOTES:

1) PROPERTY ADDRESS: 4509 E ST ELMO RD, AUSTIN, TX 78744 & PLEASANT VALLEY RD, AUSTIN, TX 78744
2) THE LOCATION OF FENCES AND THE SIZE AND LOCATION OF UTILITY STRUCTURES, (IF SHOWN), MAY BE EXAGGERATED FOR GRAPHICAL CLARITY.
3) ADDITIONAL NUMBERS (IF SHOWN) IN THE TREE LIST AT THE END OF THE TREE DESCRIPTION, REPRESENT THE SIZES AND NUMBER OF MULTI-TRUNK TREES.
4) ONLY THOSE TREES IN AREAS SPECIFIED BY CLIENT WERE LOCATED AND ADDED TO THIS SURVEY.
5) THERE WAS NO EVIDENCE OF RECENT EARTH MOVING WORK, BUILDING CONSTRUCTION, OR BUILDING ADDITIONS OBSERVED IN THE PROCESS OF CONDUCTING THE FIELD WORK.
6) EXCEPT AS SHOWN HEREON, THERE ARE NO VISIBLE ABOVE GROUND ENCROACHMENTS AFFECTING THE SUBJECT PROPERTY.
7) THERE WAS NO OBSERVED EVIDENCE OF WETLAND MARKERS TO DELINEATE WETLAND AREAS OBSERVED AT THE TIME OF THE SURVEY.
8) THERE WAS NO OBSERVED EVIDENCE OF CURRENT EARTH MOVING WORK, BUILDING CONSTRUCTION, BUILDING ADDITIONS, AND STREET OR SIDEWALK REPAIRS/CONSTRUCTION AT THE TIME OF THE SURVEY.
9) THERE WAS NO OBSERVED EVIDENCE OF CEMETERIES OR BURIAL GROUNDS AT THE TIME OF THE SURVEY.
10) THE PROPERTY SHOWN HEREON HAS PHYSICAL ACCESS TO S PLEASANT VALLEY AND ST ELMO RIGHT-OF-WAYS. ACCESS POINTS ARE SHOWN ON THE SURVEY HEREON.
11) THE PROPERTY SHOWN HEREON IS THE SAME PROPERTY AS DESCRIBED IN THE TITLE COMMITMENT.
12) CREEK CENTERLINES SHOWN HEREON ARE BASED ON CITY OF AUSTIN GIS DATA.
13) ZONING SETBACKS SHOWN HEREON ARE THE SURVEYOR'S INTERPRETATION OF THE ZONING REPORT PROVIDED. THE SURVEYOR MAKES NO GUARANTEE THAT THE SETBACKS ARE SHOWN ACCURATELY, AND WOULD NEED TO BE VERIFIED BY A ZONING ANALYST PROFESSIONAL.

PARKING SPACE TALLY:

REGULAR PARKING SPACES:	307
HANDICAP PARKING SPACES:	20
TOTAL PARKING SPACES:	327

ALTA/NSPS LAND TITLE SURVEY OF 26.3927 ACRES OF LAND OUT OF THE SANTIAGO DEL VALLE GRANT, ABSTRACT NO. 24 City of Austin, Travis County, Texas

NO.	DATE	REVISION	APP.
3	4/15/22	NEW IMPROVEMENTS	HT
2	8/3/20	NEW COMMITMENT	SD
1	5/14/20	PARTIAL TREE SURVEY	SD

4WARD Land Surveying
A Limited Liability Company
PO Box 90876, Austin Texas 78709
WWW.4WARDLS.COM (512) 537-2384
TBPLS FIRM #10174300

Date:	6/16/2022
Project:	00871
Scale:	1" = 100'
Reviewer:	FM
Tech:	DDL
Field Crew:	AW/JO/JZ
Survey Date:	JAN. 2020
Sheet:	1 OF 3

P:\00871\Dwg\00871-8_Franklin-Rev2.dwg

6

BOARD ACTION REQUEST

MULTIFAMILY BOND DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 12, concerning the Multifamily Housing Revenue Bond Rules, and an order proposing new 10 TAC Chapter 12 concerning the Multifamily Housing Revenue Bond Rules, and directing their publication for public comment in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, the Department is authorized to issue multifamily housing revenue bonds for the State of Texas by Tex. Gov't Code §2306.351 and Tex. Gov't Code §2306.359 requires the Department to provide for specific scoring criteria and underwriting considerations for multifamily private activity bond activities;

WHEREAS, the Department developed the Multifamily Housing Revenue Bond Rules to establish the procedures and requirements relating to the issuance of bonds; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment and subsequently returned to the Board for final adoption;

NOW, therefore, it is hereby

RESOLVED that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed for and on behalf of the Department, to cause the proposed repeal of the current 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules, and the proposed new 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules, together with the preambles in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make non-substantive technical corrections as they may deem necessary to effectuate the foregoing including any requested revisions to the preambles.

BACKGROUND

Attached to the Board Action Request is a draft that reflects the proposed changes to the 2023 Draft Multifamily Housing Revenue Bond Rules, and incorporates staff's recommendations for the Board's consideration. The proposed changes primarily include modifications to existing scoring items. Given the fact that the Private Activity Bond program was oversubscribed in 2022, which is anticipated to continue, the proposed revised scoring items incorporate more competitive scoring options. Moreover, there have been changes made to be consistent with the changes made to the 2023 Draft Qualified Allocation Plan (QAP). Hence, if the Board makes changes to items under Chapter 11, corresponding changes may be made in this Chapter.

Modifications to existing scoring items include the following:

- Increasing the threshold for the Cost of Development per Square Foot to be more reflective of current conditions.
- Clarifying that even though the Underserved Area scoring item in the QAP provides varying point values for the options noted, the Underserved Area scoring item herein shall be limited to two points.
- Reducing the Preservation Initiative scoring item to reduce the significant point discrepancy between existing developments and those proposing new construction. It is worth noting is that existing preservation developments still have point advantages under some of the other scoring items that new construction developments do not have.
- Introducing a tiered approach to the Waiting List scoring item to allow those pre-applications that have been on the waiting list for a longer period of time to achieve a higher number of points.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules

The Texas Department of Housing and Community Affairs (the Department) proposes the repeal of 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules (Bond Rules). The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX GOV'T CODE §2001.0221.

1. Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed repeal would be in effect, the proposed repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, the issuance of Private Activity Bonds (PAB).

2. The proposed repeal does not require a change in work that would require the creation of new employee positions, nor is the proposed repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The proposed repeal does not require additional future legislative appropriations.

4. The proposed repeal does not result in an increase in fees paid to the Department or in a decrease in fees paid to the Department.

5. The proposed repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The proposed action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, the issuance of PABs.

7. The proposed repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed repeal will not negatively or positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.
The Department has evaluated this proposed repeal and determined that the proposed repeal will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043.
The proposed repeal does not contemplate nor authorize a takings by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the proposed repeal as to its possible effects on local economies and has determined that for the first five years the proposed repeal would be in effect there would be no

economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5).
Mr. Wilkinson has determined that, for each year of the first five years the proposed repeal is in effect, the public benefit anticipated as a result of the repealed section would be an updated and more germane rule for administering the issuance of PAB. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4).
Mr. Wilkinson also has determined that for each year of the first five years the proposed repeal is in effect, enforcing or administering the repeal does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held September 16, 2022, to October 14, 2022, to receive stakeholder comment on the proposed repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Jon Galvan, Bond Rule Public Comment, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-3963, attn: Jon Galvan, Bond Rule Public Comments, or by email to jonathan.galvan@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time OCTOBER 14, 2022.

STATUTORY AUTHORITY. The proposed repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed repealed sections affect no other code, article, or statute.

10 TAC Chapter 12, Multifamily Housing Revenue Bond Rule

§12.1. General.
§12.2. Definitions.
§12.3. Bond Rating and Investment Letter.
§12.4. Pre-Application Process and Evaluation.
§12.5. Pre-Application Threshold Requirements.
§12.6. Pre-Application Scoring Criteria.
§12.7. Full Application Process.
§12.8. Refunding Application Process
§12.9. Occupancy Requirements.
§12.10. Fees.

Attachment 2 Preamble, including required analysis, for proposed new 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules

The Texas Department of Housing and Community Affairs (the Department) proposes new 10 TAC Chapter 12, Multifamily Housing Revenue Bond Rules (Bond Rule). The purpose of the proposed new section is to provide compliance with Tex. Gov't Code §2306.67022 and to update the rule to make changes to the scoring criteria to reflect the competitive nature of the Private Activity Bond program. Moreover, the changes reflect minor administrative revisions, and to ensure that it is reflective of changes made in the Department's Qualified Allocation Plan where applicable.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action pursuant to item (9), which excepts rule changes necessary to implement legislation. The proposed rule provides compliance with Tex. Gov't Code §2306.359, which requires the Department to provide for specific scoring criteria and underwriting considerations for its multifamily private activity bond activities.

The Department has analyzed this proposed rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the proposed new rule would be in effect:

1. The proposed rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, the issuance of Private Activity Bonds (PAB).

2. The proposed new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The proposed rule changes do not require additional future legislative appropriations.

4. The proposed rule changes will not result in an increase in fees paid to the Department, but may, under certain circumstances, result in a decrease in fees paid to the Department regarding Tax-Exempt Bond Developments.

5. The proposed rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.

6. The proposed rule will not limit, expand or repeal an existing regulation but merely revises a rule.

7. The proposed rule will not increase or decrease the number of individuals subject to the rule's applicability.

8. The proposed rule will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this proposed rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code

§2306.359. Although these rules mostly pertain to the filing of a bond pre-application, some stakeholders have reported that their average cost of filing a full Application is between $50,000 and $60,000, which may vary depending on the specific type of Application, location of the Development Site, and other non-state of Texas funding sources utilized. The proposed rules do not, on average, result in an increased cost of filing an application as compared to the existing program rules.

1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. This rule relates to the procedures in place for entities applying for multifamily PAB. Only those small or micro-businesses that participate in this program are subject to this rule. There are approximately 100 to 150 businesses, which could possibly be considered small or micro-businesses, subject to the proposed rule for which the economic impact of the rule would be a fee of approximately $11,000 which includes the filing fees associated with submitting a bond pre-application.

The Department bases this estimate on the potential number of Applicants and their related parties who may submit applications to TDHCA for PAB (and accompanying housing tax credits). There could be additional costs associated with pre-applications depending on whether the small or micro-businesses outsource how the application materials are compiled. The fee for submitting an Application for PAB layered with LIHTC is based on $30 per unit, and all Applicants are required to propose constructing, at a minimum, 16 Units.

These Application Fee costs are not inclusive of external costs required by the basic business necessities underlying any real estate transaction, from placing earnest money on land, conducting an Environmental Site Assessment, conducting a market study, potentially retaining counsel, hiring an architect and an engineer to construct basic site designs and elevations, and paying any other related, third-party fees for securing the necessary financing to construct multifamily housing. Nor does this estimate include fees from the Department for Applications that successfully attain an award.

There are approximately 1,300 rural communities potentially subject to the proposed rule for which the economic impact of the rule is projected to be $0. 10 TAC Chapter 12 places no financial burdens on rural communities, as the costs associated with submitting an Application are born entirely by private parties. In an average year the volume of applications for PAB that are located in rural areas is not more than 20% of all PAB applications received. In those cases, a rural community securing a PAB Development will experience an economic benefit, not least among which is the potential increased property tax revenue from a large multifamily Development.

3. The Department has determined that because there are rural PAB awardees, this program helps promote construction activities and long term tax base in rural areas of Texas. Aside from the fees and costs associated with submitting an Application, there is a probable positive economic effect on small or micro-businesses or rural communities that receive PAB awards and successfully use those awards to construct multifamily housing, although the specific impact is not able to be quantified in advance.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The proposed rule does not contemplate or authorize a takings by the Department. Therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6). The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the proposed rule may provide a possible positive economic effect on local employment in association with this rule since PAB Developments, layered with housing tax credits, often involve a total input of, typically at a minimum, $5 million in capital, but often an input of $10 million - $30 million. Such a capital investment has concrete direct, indirect, and induced effects on the local and regional economies and local employment. However, because the exact location of where program funds or developments are directed is not determined in rule, and is driven by real estate demand, there is no way to determine during rulemaking where the positive effects may occur. Furthermore, while the Department knows that any and all impacts are positive, that impact is not able to be quantified for any given community until PABs and LIHTCs are actually awarded to a proposed Development, given the unique characteristics of each proposed multifamily Development and region in which it is being developed.

Tex. Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that significant construction activity is associated with any PAB Development layered with LIHTC and each apartment community significantly increases the property value of the land being developed, there are no probable negative effects of the new rule on particular geographic regions. If anything, positive effects will ensue in those communities where developers receive PAB awards.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section will be an updated and more germane rule for administering the issuances of PABs and corresponding allocation of housing tax credits. There is no change to the economic cost to any individuals required to comply with the new section because the same processes described by the rule have already been in place through the rule found at this section being repealed. The average cost of filing a pre-application and application remain unchanged based on these rules changes. The proposed rules do not, on average, result in an increased cost of filing an application as compared to the existing program rules.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new section is in effect, enforcing or administering the new section does not have any foreseeable implications related to costs or revenues of the state or local governments because the same processes described by the rule have already been in place through the rule found at this section being repealed.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held September 16, 2022, to October 14, 2022, to receive stakeholder comment on the new proposed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Jon Galvan, Bond

Rule Public Comment, P.O. Box 13941, Austin, Texas 78711-3941, or by fax to (512) 475-3963, attn: Jon Galvan, Bond Rule Public Comments, or by email to jonathan.galvan@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin local time OCTOBER 14, 2022.

STATUTORY AUTHORITY. The new sections are proposed pursuant to Tex. Gov’t Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new sections affect no other code, article, or statute.

§12.1. General.

(a) Authority. The rules in this chapter apply to the issuance of multifamily housing revenue bonds (Bonds) by the Texas Department of Housing and Community Affairs (Department). The Department is authorized to issue Bonds pursuant to Tex. Gov't Code, Chapter 2306. Notwithstanding anything in this chapter to the contrary, Bonds which are issued to finance the Development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Tex. Gov't Code, Chapters 1372 and 2306, and federal law pursuant to the requirements of Internal Revenue Code (Code), §142.

(b) General. The purpose of this chapter is to state the Department's requirements for issuing Bonds, the procedures for applying for Bonds and the regulatory and land use restrictions imposed upon Bond financed Developments. The provisions contained in this chapter are separate from the rules relating to the Department's administration of the Housing Tax Credit program. Applicants seeking a Housing Tax Credit Allocation should consult Chapter 11 of this part (relating to the Housing Tax Credit Program Qualified Allocation Plan) for the current program year. In general, the Applicant will be required to satisfy the eligibility and threshold requirements of the Qualified Allocation Plan (QAP) in effect at the time the Certificate of Reservation is issued by the Texas Bond Review Board (TBRB). If the applicable QAP contradicts rules set forth in this chapter, the applicable QAP will take precedence over the rules in this chapter except in an instance of a conflicting statutory requirement, which shall always take precedence. To the extent applicable to each specific Bond issuance, the Department's conduit multifamily Bond transactions will be processed in accordance with 34 TAC Part 9, Chapter 181, Subchapter A (relating to Bond Review Board Rules) and Tex. Gov't Code, Chapter 1372.

(c) Costs of Issuance. The Applicant shall be responsible for payment of all costs related to the preparation and submission of the pre-application and Application, including but not limited to, costs associated with the publication and posting of required public notices and all costs and expenses associated with the issuance of the Bonds, regardless of whether the Application is ultimately approved or whether Bonds are ultimately issued. At any point during the process, the Applicant is solely responsible for determining whether to proceed with the Application and the Department disclaims any and all responsibility and liability in this regard.

(d) Taxable Bonds. The Department may issue taxable Bonds and the requirements associated with such Bonds, including occupancy requirements, shall be determined by the Department on a case by case basis. Taxable bonds will not be eligible for an allocation of tax credits.

(e) Waivers and Appeals. Requests for any permitted waivers of program rules must be made in accordance with §11.207 of this part (relating to Waiver of Rules). The process for appeals and grounds for appeals may be found under §1.7 of this part (relating to Appeals Process).

§12.2. Definitions.

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise. Any capitalized terms not specifically mentioned in this section shall have the meaning as defined in Tex. Gov't Code, Chapter 2306, §§141, 142, and 145 of the Internal Revenue Code, and Chapter 11 of this part (relating to Housing Tax Credit Program Qualified Allocation Plan).

(1) Institutional Buyer--Shall have the meaning prescribed under 17 CFR §230.501(a), but excluding any natural person or any director or executive officer of the Department (17 CFR §230.501(a)(4) - (6)), or as defined by 17 CFR §230.144(a), promulgated under the Securities Act of 1933, as amended.
(2) Persons with Special Needs--Shall have the meaning prescribed under Tex. Gov't Code, §2306.511.
(3) Bond Trustee--A financial institution, usually a trust company or the trust department in a commercial bank, that holds collateral for the benefit of the holders of municipal securities. The Bond Trustee's obligations and responsibilities are set forth in the Indenture.

§12.3. Bond Rating and Investment Letter.

(a) Bond Ratings. All publicly offered Bonds issued by the Department to finance Developments shall have a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, or Moody's Investors Service, Inc. If such rating is based upon credit enhancement provided by an institution other than the Applicant or Development Owner, the form and substance of such credit enhancement shall be subject to approval by the Board, evidenced by a resolution authorizing the issuance of the credit enhanced Bonds.

(b) Investment Letters. Bonds rated less than "A" or Bonds which are unrated must be placed with one or more Institutional Buyers and must be accompanied by an investor letter acceptable to the Department. Subsequent purchasers of such Bonds must also be qualified as Institutional Buyers and must execute and deliver to the Department an investor letter in a form satisfactory to the Department. Bonds rated less than "A" and Bonds which are unrated shall be issued in physical form, in minimum denominations of one hundred thousand dollars ($100,000), and must carry a legend requiring any purchasers of the Bonds to be Institutional Buyers and sign and deliver to the Department an investor letter in a form acceptable to the Department.

§12.4. Pre-Application Process and Evaluation.

(a) Pre-Inducement Questionnaire. Prior to the filing of a pre-application, the Applicant shall submit the Pre-Inducement Questionnaire, in the form prescribed by the Department, so the Department can have a preliminary understanding of the proposed Development plan before a pre-application and corresponding fees are submitted. After reviewing the pre-inducement questionnaire, Department staff will follow-up with the Applicant to discuss the next steps in the process and may schedule a pre-inducement conference call or meeting. Prior to the submission of a pre-application, it is essential that the Department and Applicant communicate regarding the Department's objectives and policies in the development of affordable housing throughout the State using Bond financing. The acceptance of the questionnaire by the Department does not constitute a pre-application or Application and does not bind the Department to any formal action regarding an inducement resolution.

(b) Neighborhood Risk Factors. If the Development Site has any of the characteristics described in §11.101(a)(3)(B) of this part (relating to Neighborhood Risk Factors), the Applicant must disclose the presence of such characteristics to the Department. Disclosure may be done at time of pre-application and handled in connection with the inducement or it can be addressed at the time of Application submission. The Applicant understands that any determination made by staff or the Board at the time of bond inducement regarding Site eligibility based on the documentation presented, is preliminary in nature. Should additional information related to any of the Neighborhood Risk Factors become available while the Tax-Exempt Bond Development Application is under review, or the information by which the original determination was made changes in a way that could affect eligibility, then such information will be re-evaluated and presented to the Board. The Application may be subject to termination should staff conclude that the Development Site has any characteristics found in §11.101(a)(3)(B) of this part (relating to Neighborhood Risk Factors) and the Applicant failed to disclose.

(c) Pre-Application Process. An Applicant who intends to pursue Bond financing from the Department shall submit a pre-application by the corresponding pre-application submission deadline, as set forth by the Department. The required pre-application fee as described in §12.10 of this chapter (relating to Fees) must be submitted with the pre-application in order for the pre-application to be considered accepted by the Department. Department review at the time of the pre-application is limited and not all issues of eligibility, fulfillment of threshold requirements in connection with the full Application, and documentation submission requirements pursuant to Chapter 11 of this part (relating to Housing Tax Credit Program Qualified Allocation Plan) are reviewed. The Department is not responsible for notifying an Applicant of potential areas of ineligibility or other deficiencies at the time of pre-application. If the Development meets the criteria as described in §12.5 of this chapter (relating to Pre-Application Threshold Requirements), the pre-application will be scored and ranked according to the selection criteria as described in §12.6 of this chapter (relating to Pre-Application Scoring Criteria). The selection criteria, as further described in §12.6 of this chapter, reflects a structure that~~which~~ gives priority consideration to specific criteria as outlined in Tex. Gov't Code, §2306.359, as well as other important criteria~~ considered important to the Department~~.

~~**(d) Scoring and Ranking.** The Department will rank the pre-application according to score within each priority defined by Tex. Gov't Code, §1372.0321. All Priority 1 pre-applications will be ranked above all Priority 2 pre-applications which will be ranked above all Priority 3 pre-applications. This priority ranking will be used throughout the calendar year. The selection criteria, as further described in §12.6 of this chapter, reflect a structure which gives priority consideration to specific criteria as outlined in Tex. Gov't Code, §2306.359.~~

(1) Tie Breakers. Should two or more pre-applications ~~within the same priority~~ receive the same score, the Department will utilize the factors in this section, which will be considered in the order they are presented herein, to determine which pre-application will receive preference in consideration of a Certificate of Reservation:

(i) To the pre-application that was on the waiting list with the TBRB but did not have an active Certificate of Reservation at the time of the TBRB lottery and achieved the maximum number of points under §12.6(12) of this chapter (relating to Waiting List); and

(ii) To the pre-application with the highest number of points achieved under §12.6(13) of this chapter (relating to Tax-Exempt Bond 50% Test).

(d~~e~~) Inducement Resolution. After the pre-applications have been scored and ranked, the pre-application will be presented to the Department's Board for consideration of an inducement resolution declaring the Department's initial intent to issue Bonds with respect to the Development. Approval of the inducement resolution does not guarantee final Board approval of the Bond Application. Department staff may recommend that the Board not approve an inducement resolution for a pre-application. Notwithstanding the foregoing, Department staff may, but is not required to, recommend that an inducement resolution be approved despite the presence of neighborhood risk factors, undesirable site features, or requirements that may necessitate a waiver, that have not fully been evaluated by staff at pre-application. The Applicant recognizes the risk involved in moving forward should this be the case and the Department assumes no responsibility or liability in that regard. Each Development is unique, and therefore, making the final determination to issue Bonds is often dependent on the issues presented at the time the full Application is considered by the Board.

§12.5. Pre-Application Threshold Requirements.

The threshold requirements of a pre-application include the criteria listed in paragraphs (1) - (8) of this section. As the Department reviews the pre-application the assumptions as reflected in Chapter 11, Subchapter D of this part (relating to Underwriting and Loan Policy) will be utilized even if not reflected by the Applicant in the pre-application. The threshold requirements of a pre-application include:

(1) Submission of the required tabs of the Uniform Application as prescribed by the Department in the Multifamily Bond Pre-Application Procedures Manual;

(2) Submission of the completed Bond Pre-Application Supplement in the form prescribed by the Department;

(3) Completed Bond Review Board Residential Rental Attachment for the current program year;

(4) Site Control, evidenced by the documentation required under §11.204(10) of this part (relating to Required Documentation for Application Submission). The Site Control must be valid through the date of both the Board meeting at which the inducement resolution is considered and subsequent submission of the application to the TBRB. For Lottery applications, Site Control must meet the requirements of 34 TAC §190.3(b)(13).~~have the option to extend through March 1 of the current program year.~~

(5) Boundary survey or plat clearly identifying the location and boundaries of the subject

Property;

(6) Organizational Chart showing the structure of the Development Owner and of any Developer and Guarantor, providing the names and ownership percentages of all Persons having an ownership interest in the Development Owner, Developer and Guarantor, as applicable, and completed List of Organizations form, as provided in the pre-application. The List of Organizations form must include all Persons identified on the organizational charts, and further identify which of those Persons listed exercise Control of the Development;

(7) Evidence of Entity Registration or Reservation with the Texas Office of the Secretary of State; and

(8) A certification, as provided in the pre-application, that the Applicant met the requirements and deadlines for public notifications as identified in §11.203 of this part (relating to Public Notifications (§2306.6705(9)). In general, notifications should not be older than three months prior to the date of Application submission. Re-notification will be required by Applicants who have submitted a change from pre-application to Application that reflects a total Unit increase of greater than 10% or a 5% increase in density (calculated as Units per acre) as a result of a change in the size of the Development Site. In addition, should the jurisdiction of the official holding any position or role described in §11.203 of this part change between the submission of a pre-application and the submission of an Application, Applicants are required to notify the new entity no later than the Full Application Delivery Date.

§12.6. Pre-Application Scoring Criteria.

This section identifies the scoring criteria used in evaluating and ranking pre-applications. ~~The criteria identified below include those items required under Tex. Gov't Code, §2306.359 and other criteria considered important by the Department.~~ Any scoring items that require supplemental information to substantiate points must be submitted in the pre-application, as further outlined in the Multifamily Bond Pre-Application Procedures Manual. Applicants proposing multiple sites will be required to submit a separate pre-application for each Development Site, unless staff determines that one pre-application is more appropriate based on the specifics of the transaction. Each individual pre-application will be scored on its own merits and the final score will be determined based on an average of all of the individual scores. Ongoing requirements, as selected in the pre-application, will be reflected in the Bond Regulatory and Land Use Restriction Agreement and must be maintained throughout the State Restrictive Period, unless otherwise stated or required in such Agreement.

(1) Income and Rent Levels of the Tenants. Pre-applications may qualify for up to ten (10 points) for this item.

(A) Priority 1 designation includes one of clauses (i) - (iii) of this subparagraph. (10 points)

(i) set aside 50% of Units rent capped at 50% AMGI and the remaining 50% of Units rent capped at 60% AMGI; or

(ii) set aside 15% of Units rent capped at 30% AMGI and the remaining 85% of Units rent capped at 60% AMGI; or

(iii) set aside 100% of Units rent capped at 60% AMGI for Developments located in a census tract with a median income that is higher than the median income of the county, MSA, or PMSA in which the census tract is located.

(B) Priority 2 designation requires the set aside of at least 80% of the Units rent capped at 60% AMGI (7 points).

(C) Priority 3 designation. Includes any qualified residential rental development. Market rate Units can be included under this priority (5 points).

(2) Cost of Development per Square Foot. (1 point) For this item, costs shall be defined as the Building Cost as represented in the Development Cost Schedule, as originally provided in the pre-application. This calculation does not include indirect construction costs or site work. Pre-applications that do not exceed $125~~95~~ per square foot of Net Rentable Area will receive one (1) point. Rehabilitation Developments will automatically receive one (1) point.

(3) Unit Sizes. (6 points) The Development must meet the minimum requirements identified in this subparagraph to qualify for points. Points for this item will be automatically granted for Applications involving Rehabilitation (excluding Reconstruction).

(A) Five-hundred~~-fifty~~ (500~~50~~) square feet for an Efficiency Unit;
(B) Six-hundred~~-fifty~~ (600~~50~~) square feet for a one Bedroom Unit;
(C) Eight-hundred-fifty (850) square feet for a two Bedroom Unit;
(D) One-thousand-fifty (1,050) square feet for a three Bedroom Unit; and
(E) One-thousand, two-hundred-fifty (1,250) square feet for a four Bedroom Unit.

(4) Extended Affordability. A pre-application may qualify for up to three (3) points under this item.

(A) Development Owners that agree to extend the State Restrictive Period for a Development to a total of 40 years (3 points).

(B) Development Owners that agree to extend the State Restrictive Period for a Development to a total of 35 years (2 points).

(5) Unit and Development Construction Features. A pre-application may qualify for nine (9) points, as certified in the pre-application, for providing specific amenity and quality features in every Unit at no extra charge to the tenant. The amenities and corresponding point structure is provided in §11.101(b)(6)(B) of this part (relating to Unit, Development Construction, and Energy and Water Efficiency Features), which includes a minimum number of points that must come from Energy and Water Efficiency Features. Applications involving scattered site Developments must have a specific amenity located within each Unit to count for points. Rehabilitation Developments will start with a base score of (5 points).

(6) Common Amenities. All Developments must provide at least the minimum threshold of points for common amenities based on the total number of Units in the Development as provided in subparagraphs (A) - (F) of this paragraph. An Applicant may choose to exceed the minimum number of points necessary based on Development size; however, the maximum number of points under this item which a Development may be awarded under this section shall not exceed 22~~25~~ points. The common amenities include those listed in §11.101(b)(5) of this part and must meet the requirements as stated therein. The Owner may change, from time to time, the amenities offered; however, the overall points as selected at Application must remain the same.

(A) Developments with 16 to 40 Units must qualify for (2~~4~~ points);
(B) Developments with 41 to 76 Units must qualify for (4~~7~~ points);
(C) Developments with 77 to 99 Units must qualify for (7~~10~~ points);
(D) Developments with 100 to 149 Units must qualify for (10~~14~~ points);
(E) Developments with 150 to 199 Units must qualify for (14~~18~~ points); or
(F) Developments with 200 or more Units must qualify for (18~~22~~ points).

(7) Resident Supportive Services. A pre-application may qualify for up to ten (10) points for this item. By electing points, the Applicant certifies that the Development will provide supportive services, which are listed in §11.101(b)(7) of this part, appropriate for the residents and that there will be adequate space for the intended services. The Owner may change, from time to time, the services offered; however, the overall points as selected at pre-application must remain the same. Should the QAP in subsequent years provide different services than those listed in §11.101(b)(7)(A) – (E), the Development Owner may be allowed to select services as listed therein upon written consent from the Department and any services selected must be of similar value to the service it is intending to replace. The Development Owner will be required to substantiate such service(s) at the time of compliance monitoring, if requested by staff. The services provided should be those that will directly benefit the Target Population of the Development and be accessible to all. No fees may be charged to the residents for any of the services. Services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item. These services are intended to be provided by a qualified and reputable provider in the specified industry such that the experience and background of the provider demonstrates sufficient knowledge to be providing the service. In general, on-site leasing staff or property maintenance staff would not be considered a qualified provider. Where applicable, the services must be documented by a written agreement with the provider.

(A) The Development Owner shall provide resident services sufficient to substantiate ten (10) points; or

(B) The Development Owner shall provide resident services sufficient to substantiate eight (8) points.

(8) Underserved Area. An Application may qualify to receive up to two (2) points if the Development Site meets the criteria described in §11.9(c)(8~~5~~)(A) - (H) of this title. The pre-

application must include evidence that the Development Site meets this requirement. Regardless of the varying point options listed under §11.9(c)(8), the number of points attributed to this scoring item shall be two (2) points.

(9) Development Support/Opposition. (Maximum +24 to -24 points) Each letter will receive a maximum of +3 to -3 points and must be received 10 business days prior to the Board's consideration of the pre-application. Letters must clearly state support or opposition to the specific Development. State Representatives or Senators as well as local elected officials must be in office when the pre-application is submitted and represent the district containing the proposed Development Site. Letters of support from State or local elected officials that do not represent the district containing the proposed Development Site will not qualify for points. Neutral letters that do not specifically refer to the Development or do not explicitly state support will receive (zero points). A letter that does not directly express support but expresses it indirectly by inference (i.e., "the local jurisdiction supports the Development and I support the local jurisdiction") counts as a neutral letter except in the case of State elected officials. A letter from a State elected official that does not directly indicate support by the official, but expresses support on behalf of the official's constituents or community (i.e., "My constituents support the Development and I am relaying their support") counts as a support letter.

(A) State Senator and State Representative of the districts whose boundaries include the proposed Development Site;
(B) Mayor of the municipality (if the Development is within a municipality or its extraterritorial jurisdiction);
(C) All elected members of the Governing Body of the municipality (if the Development is within a municipality or its extraterritorial jurisdiction);
(D) Presiding officer of the Governing Body of the county in which the Development Site is located;
(E) All elected members of the Governing Body of the county in which the Development Site is located;
(F) Superintendent of the school district in which the Development Site is located; and
(G) Presiding officer of the board of trustees of the school district in which the Development Site is located.

(10) Preservation Initiative. (3~~10~~ points) Preservation Developments, including Rehabilitation proposals on Properties which are nearing expiration of an existing affordability requirement within the next two years or for which there has been a rent restriction requirement in the past 10 years may qualify for points under this item. Evidence must be submitted in the pre-application.

(11) Declared Disaster Areas. (7 points) A pre-application may receive points if the Development Site is located in an area declared a disaster area under Tex. Gov't Code §418.014 at the time of submission, or at any time within the two-year period preceding the date of submission.

(12) Waiting List. (5 points) A pre-application that is on the Department's waiting list with the

TBRB and does not have an active Certificate of Reservation at the time of the Private Activity Bond Lottery may receive points under this item ~~have five (5) points added to their pre-application score~~ if participating in the Lottery for the upcoming program year. These points will be added by staff once all of the scores for Lottery applications have been finalized.

(A) For pre-applications that participated in the prior year Private Activity Bond Lottery (5 points); or

(B) For pre-applications that had an Inducement Resolution adoption date of November of the prior calendar year through March of the current calendar year (3 points); or

(C) For pre-applications that had an Inducement Resolution adoption date of April through July of the current calendar year (1 point).

(13) Tax-Exempt Bond 50% Test. (5 points) A pre-application may receive points under this item based on the amount of the Development financed with Tax-Exempt Bond proceeds relative to the amount necessary to meet the 50% Test. The 50% Test is calculated by dividing the Tax-Exempt Bond proceeds by the aggregate basis of the Development and shall be based on such amounts as reflected in the pre-application once staff's review is complete and all Administrative Deficiencies have been resolved. Normal rounding shall apply. Should there be changes to this federal requirement, the percentage ranges noted below shall be modified accordingly by the same range.

(A) The pre-application reflects a 50% Test amount that is greater than or equal to 55.0% and less than 60% (5 points); or

(B) The pre-application reflects a 50% Test amount that is greater than or equal to 60% and less than or equal to 64% (3 points).

(14) Assisting Households with Children. (42(m)(1)(C)(vii)) A pre-application may receive one point under this item if at least 15% of the Units in the Development contain three or more bedrooms. The specific number of three or more bedrooms may change from pre-application to full Application, but the minimum percentage must still be met.

§12.7. Full Application Process.

(a) Application Submission. Once the inducement resolution has been approved by the Board, an Applicant who elects to proceed with submitting a full Application to the Department must submit the complete tax credit Application pursuant to §11.201 of this part (relating to Procedural Requirements for Application Submission). While a Certificate of Reservation is required under §11.201 of this part (relating to Procedural Requirements for Application Submission) prior to submission of the complete tax credit Application, staff may allow the Application to be submitted prior to the issuance of a Certificate of Reservation depending on circumstances associated with the Development Site, structure of the transaction, volume cap environment, or other factors in the Department's sole discretion.

(b) Eligibility Criteria. The Department will evaluate the Application for eligibility and threshold at the time of full Application pursuant to Chapter 11 of this part (relating to Housing Tax Credit Program Qualified Allocation Plan). If there are changes to the Application at any point prior to closing that have an adverse effect on the score and ranking order and that would have resulted in the pre-application being placed below another pre-application in the ranking, the Department ~~will~~may terminate the Application and withdraw the Certificate of Reservation from the Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). The Development and the Applicant must satisfy the requirements set forth in Chapter 11 of this part in addition to Tex. Gov't Code, Chapter 1372, the applicable requirements of Tex. Gov't Code Chapter 2306, and the Code. The Applicant will also be required to select a Bond Trustee from the Department's approved list as published on its website.

(c) Bond Documents. Once the Application has been submitted and the Applicant has deposited funds to pay initial costs, the Department's bond counsel shall draft Bond documents.

(d) Public Hearings. The Department will hold a public hearing to receive comments pertaining to the Development and the issuance of the Bonds. A representative of the Applicant or member of the Development Team must be present at the public hearing and will be responsible for conducting a brief presentation on the proposed Development and providing handouts at the hearing that should include at minimum, a description of the Development, maximum rents and income restrictions. If the proposed Development is Rehabilitation, the presentation should include the proposed scope of work that is planned for the Development. The handouts must be submitted to the Department for review at least two days prior to the public hearing. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant, as well as any facility rental fees or required deposits, if applicable.

(e) Approval of the Bonds. Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, financial feasibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board will consider the approval of the final Bond resolution relating to the issuance, substantially final Bond documents and in the instance of privately placed Bonds, the pricing, terms and interest rate of the Bonds. For Applications that include local funding, Department staff may choose to delay Board consideration of the Bond issuance until such time it has been confirmed that the amount or terms associated with such local funding will not change and remain consistent with what was represented in the Department's underwriting analysis.

(f) Local Permits. Prior to closing on the Bond financing, all necessary approvals, including building permits from local municipalities, counties, or other jurisdictions with authority over the Development Site must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees. ~~For Rehabilitation Developments, in~~In instances where such permits will be not received prior to bond closing, the Department may, on a limited and case-by-case basis allow for the closing to occur, subject to receipt of confirmation, acceptable to the Department, by the lender and/or equity investor that they are comfortable proceeding with closing.

§12.8. Refunding Application Process.

(a) Application Submission. Owners who wish to refund or modify tax-exempt bonds that were previously issued by the Department must submit to the Department a summary of the proposed refunding plan or modifications. To the extent such modifications constitute a re-issuance under state law the Applicant shall then be required to submit a refunding Application in the form prescribed by the Department pursuant to the Bond Refunding Application Procedures Manual.

(b) Bond Documents. Once the Department has received the refunding Application and the Applicant has deposited funds to pay initial costs, the Department's bond counsel will draft the necessary Bond documents.

(c) Public Hearings. Depending on the proposed modifications to existing Bond covenants a public hearing may be required. Such hearing must take place prior to obtaining Board approval and must meet the requirements pursuant to §12.7(d) of this chapter (relating to Full Application Process) regarding the presence of a member of the Development Team and providing a summary of proposed Development changes.

(d) Rule Applicability. Refunding Applications must meet the applicable requirements pursuant to Chapter 11 of this part (relating to Housing Tax Credit Program Qualified Allocation Plan). At the time of the original award the Application would have been subject to eligibility and threshold requirements under the QAP in effect the year the Application was awarded. Therefore, it is anticipated the Refunding Application would not be subject to the site and development requirements and restrictions pursuant to §11.101 of this part (relating to Site and Development Requirements and Restrictions). The circumstances surrounding a refunding Application are unique to each Development; therefore, upon evaluation of the refunding Application, the Department is authorized to utilize its discretion in the applicability of the Department's rules as it deems appropriate.

§12.9. Occupancy Requirements.

(a) Filing and Term of Regulatory Agreement. A Bond Regulatory and Land Use Restriction Agreement will be filed in the property records of the county in which the Development is located for each Development financed from the proceeds of Bonds issued by the Department. Such Regulatory and Land Use Restriction Agreement shall include provisions relating to the Qualified Project Period, the State Restrictive Period, along with points claimed for other provisions that will be required to be monitored throughout the State Restrictive Period, and shall also include provisions relating to Persons with Special Needs. The minimum term of the Regulatory Agreement will be based on the criteria as described in paragraphs (1) - (3) of this subsection, as applicable:

(1) 30 years, or such longer period as elected under §12.6(4) of this chapter (relating to Extended Affordability), from the date the Development Owner takes legal possession of the Development;

(2) The end of the remaining term of the existing federal government assistance pursuant to Tex. Gov't Code, §2306.185; or

(3) The period required by the Code.

(b) Federal Set Aside Requirements.

(1) Developments which are financed from the proceeds of Private Activity Bonds must be restricted under one of the two minimum set-asides as described in subparagraphs (A) and (B) of this paragraph. Regardless of an election that may be made under Section 42 of the Code relating to income averaging, a Development will be required under the Bond Regulatory and Land Use Restriction Agreement to meet one of the two minimum set-asides described in subparagraphs (A) and (B) of this paragraph. Any proposed market rate Units shall be limited to 140% of the area median income and be considered restricted units under the Bond Regulatory and Land Use Restriction Agreement for purposes of using Bond proceeds to construct such Units.

(A) At least 20% of the Units within the Development shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 50% of the area median income; or

(B) At least 40% of the Units within the Development shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed 60% of the area median income.

(2) The Development Owner must, at the time of Application, indicate which of the two federal set-asides will apply to the Development and must also designate the selected priority for the Development in accordance with Tex. Gov't Code, §1372.0321. Units intended to satisfy set-aside requirements must be distributed equally throughout the Development, and must include a reasonably proportionate amount of each type of Unit available in the Development.

(3) No tenant qualifying under either of the minimum federal set-asides shall be denied continued occupancy of a Unit in the Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit. However, should a tenant's income, as of the most recent determination thereof, exceed 140% of the applicable federal set-aside income limit and such tenant constitutes a portion of the set-aside requirement of this section, then such tenant shall only continue to qualify for so long as no Unit of comparable or smaller size is rented to a tenant that does not qualify as a Low-Income Tenant.

§12.10. Fees.

(a) Pre-Application Fees. The Applicant is required to submit, at the time of pre-application, a pre-application fee of $1,000, along with the fees noted on the Schedule of Fees posted on the Department’s website specific to the Department's bond counsel and the Texas Bond Review Board (TBRB) pursuant to Tex. Gov't Code, §1372.006(a)). These fees cover the costs of pre-application review by the Department and its bond counsel and filing fees associated with application submission for the Certificate of Reservation to the TBRB.

(b) Application Fees. At the time of Application the Applicant is required to submit a tax credit application fee of $30 per Unit based on the total number of Units and a bond application fee of $20 per Unit based on the total number of Units, unless otherwise modified by a specific program NOFA. Such fees cover the costs associated with Application review and the Department's expenses in connection with providing financing for a Development. For Developments proposed to be structured as a portfolio the bond application fees may be reduced on a case by case basis at the discretion of Department staff.

(c) Closing Fees. The closing fee for Bonds, other than refunding Bonds, is equal to 50 basis points (0.005%) of the issued principal amount of the Bonds, unless otherwise modified by a program NOFA. The Applicant will also be required to pay at closing of the Bonds the first two years of the administration fee equal to 20 basis points (0.002%) of the issued principal amount of the Bonds, with the first year prorated based on the actual closing date, and a Bond compliance fee equal to $25/Unit (excludes market rate Units). Such compliance fee shall be applied to the third year following closing.

(d) Application and Issuance Fees for Refunding Applications. For refunding an Application the application fee will be $10,000 unless the refunding is not required to have a public hearing, in which case the fee will be $5,000. The closing fee for refunding Bonds is equal to 25 basis points (0.0025%) of the issued principal amount of the refunding Bonds. If applicable, administration and compliance fees due at closing may be prorated based on the current billing period of such fees. If additional volume cap is being requested other fees may be required as further described in the Bond Refunding Applications Procedures Manual. Transactions previously issued that involved a financing structure that would constitute a re-issuance under state law, but do not fit under §12.8, will be required to pay a closing fee that shall not exceed 25 basis points (0.0025%) of the re-issued principal amount of the bonds which may be reduced in the sole determination of the Department as commensurate with the review by staff in obtaining Board approval at the time of conversion.

(e) Administration Fee. The annual administration fee is equal to 10 basis points (0.001%) of the outstanding bond amount at the inception of each payment period and is paid as long as the Bonds are outstanding, unless otherwise modified by a specific program NOFA.

(f) Bond Compliance Fee. The Bond compliance monitoring fee is equal to $25/Unit (excludes market rate Units), and is paid for the duration of the State Restrictive Period under the Regulatory Agreement, regardless of whether the Bonds have been paid off and are no longer outstanding. For Developments for which (1) the Department’s Bonds are no longer outstanding and (2) new bonds or notes have been issued and delivered, the bond compliance monitoring fee may be reduced on a case by case basis upon a written request to, and at the discretion, of Department staff.

7

BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

SEPTEMBER 1, 2022

Presentation, discussion, and possible action on the 2023 Regional Allocation Formula Methodology

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §2306.1115 and §2306.111(d) require that the Texas Department of Housing and Community Affairs (TDHCA or the Department) use a Regional Allocation Formula (RAF) to allocate its HOME Investment Partnerships (HOME) Program, Housing Tax Credit (HTC) Program, and under certain circumstances, the Texas Housing Trust Fund (HTF) Program funding;

WHEREAS, the proposed RAF Methodology utilizes appropriate statistical data to measure affordable housing needs, available housing resources, and other factors determined by the Department to be relevant to the equitable distribution of housing funds in the urban and rural areas of the 13 State Service Regions used for planning purposes; and

WHEREAS, the proposed RAF Methodology was approved by the Governing Board of the Department at the meeting of June 16, 2022, and was available for public comment through July 20, 2022, and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the 2023 RAF Methodology for the HOME, HTC, and, as applicable, HTF programs, in the form presented at this meeting, are hereby approved.

BACKGROUND

The Regional Allocation Formula (RAF) utilizes appropriate statistical data to measure the affordable housing need and available resources in the 13 State Service Regions which is used for planning purposes. It also guides the allocation of funding to rural and urban areas within each region. The Department has flexibility in determining variables to be used in the RAF, per Tex. Gov't Code §2306.1115(a)(3), "the department shall develop a formula that…includes other factors determined by the department to be relevant to the equitable distribution of housing funds."

The RAF is revised annually to reflect current data, respond to public comment, and better assess regional housing needs and available resources. In prior RAF cycles the RAF Methodology was updated to refine the use of Metropolitan Statistical Areas (MSAs) by using "MSA counties with urban places" and "Non-MSA counties or counties with only rural places" instead of using just MSA and Non-MSA counties to allocate between urban and rural areas. This accounts for the fact that even though a county may be a part of an MSA, all the places within that county may meet the definition of rural per Tex. Gov't Code §2306.004(28-a). Based on public comment in previous cycles, factors for lack of kitchen and plumbing facilities were added to the RAF Methodology to measure housing need for Single Family activities as well as an additional factor for Single Family Activities called the Regional Coverage. The Regional Coverage Factor takes into account the smaller populations of rural areas as well as scattered locations of single family projects, instead of relying solely on population as an absolute.

The 2023 RAF Methodology explains the use of factors, in keeping with the statutory requirements, which include the need for housing assistance, the availability of housing resources, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The Single Family HOME, Multifamily HOME, HTC, and HTF program RAFs each use slightly different formulas because the programs have different eligible activities, households, and geographical service areas. For example, Tex. Gov't Code §2306.111(c) requires that 95% of HOME funding be set aside for non-participating jurisdictions (non-PJs). Therefore, the Single Family and Multifamily HOME RAFs only use need and available resource data for non-PJs.

The following tables show the difference in allocation from 2022 to 2023 using the formulas for each program and example allocations.

Single Family HOME example

	2023	2023	Difference	2022	2022
1	$ 831,302.12	5.5%	-0.1%	$ 839,797.05	5.6%
2	$ 706,133.17	4.7%	0.1%	$ 692,123.34	4.6%
3	$ 2,598,252.81	17.3%	-0.1%	$ 2,612,097.23	17.4%
4	$ 1,415,579.94	9.4%	-0.1%	$ 1,428,761.92	9.5%
5	$ 931,831.67	6.2%	0.1%	$ 916,227.11	6.1%
6	$ 846,982.28	5.6%	0.1%	$ 838,985.83	5.6%
7	$ 1,436,728.66	9.6%	0.3%	$ 1,387,778.73	9.3%
8	$ 1,035,506.76	6.9%	0.0%	$ 1,033,497.10	6.9%
9	$ 735,652.56	4.9%	0.1%	$ 727,354.03	4.8%
10	$ 803,808.70	5.4%	-0.2%	$ 827,440.66	5.5%
11	$ 1,035,351.86	6.9%	-0.1%	$ 1,051,495.95	7.0%
12	$ 861,291.79	5.7%	-0.1%	$ 871,277.59	5.8%
13	$ 1,761,577.68	11.7%	-0.1%	$ 1,773,163.48	11.8%
Total	$ 15,000,000.00	100.0%	0.0%	$ 15,000,000.00	100.0%

Multifamily HOME example

	2023	2023	Difference	2022	2022
1	$ 514,274.83	4.1%	-0.3%	$ 546,919.19	4.4%
2	$ 395,262.47	3.2%	0.3%	$ 352,636.95	2.8%
3	$ 2,559,481.79	20.5%	-0.5%	$ 2,618,858.55	21.0%
4	$ 1,423,409.71	11.4%	-0.6%	$ 1,495,438.88	12.0%
5	$ 882,424.60	7.1%	0.1%	$ 870,276.36	7.0%
6	$ 907,904.21	7.3%	0.2%	$ 882,328.68	7.1%
7	$ 1,429,730.41	11.4%	0.5%	$ 1,369,347.04	11.0%
8	$ 1,035,030.57	8.3%	0.5%	$ 973,542.91	7.8%
9	$ 742,395.44	5.9%	0.2%	$ 721,051.53	5.8%
10	$ 634,551.63	5.1%	-0.2%	$ 655,334.34	5.2%
11	$ 1,086,054.83	8.7%	-0.1%	$ 1,095,966.35	8.8%
12	$ 517,824.97	4.1%	-0.1%	$ 528,645.35	4.2%
13	$ 371,654.55	3.0%	-0.1%	$ 389,653.87	3.1%
Total	$ 12,500,000.00	100.0%	0.0%	$ 12,500,000.00	100.0%

Housing Tax Credit example

	2023	2023	Difference	2022	2022
1	$ 1,891,455.80	2.9%	0.0%	$ 1,876,742.83	2.9%
2	$ 1,200,000.00	1.8%	0.0%	$ 1,200,000.00	1.8%
3	$ 15,373,775.64	23.7%	-1.1%	$ 16,120,130.23	24.8%
4	$ 2,585,149.50	4.0%	0.0%	$ 2,603,993.84	4.0%
5	$ 2,029,912.75	3.1%	0.2%	$ 1,925,762.06	3.0%
6	$ 14,980,001.85	23.0%	0.1%	$ 14,886,723.81	22.9%
7	$ 4,853,657.07	7.5%	0.3%	$ 4,681,093.00	7.2%
8	$ 3,030,189.13	4.7%	0.3%	$ 2,839,021.32	4.4%
9	$ 6,109,308.48	9.4%	0.5%	$ 5,787,505.27	8.9%
10	$ 1,869,088.11	2.9%	-0.1%	$ 1,960,850.60	3.0%
11	$ 6,661,260.64	10.2%	-0.2%	$ 6,785,139.33	10.4%
12	$ 1,486,149.00	2.3%	0.1%	$ 1,434,329.69	2.2%
13	$ 2,930,052.03	4.5%	0.0%	$ 2,898,708.02	4.5%
Total	$ 65,000,000.00	100.0%	0.0%	$ 65,000,000.00	100.0%

Texas Housing Trust Fund example

	2023	2023	Difference	2022	2022
1	$ 125,170.19	4.2%	0.0%	$ 124,577.81	4.2%
2	$ 88,187.89	2.9%	0.0%	$ 87,695.44	2.9%
3	$ 605,795.09	20.2%	-0.3%	$ 613,459.32	20.4%
4	$ 112,450.52	3.7%	-0.1%	$ 114,073.09	3.8%
5	$ 88,520.49	3.0%	0.1%	$ 85,788.22	2.9%
6	$ 577,418.44	19.2%	0.0%	$ 576,074.57	19.2%
7	$ 184,202.48	6.1%	0.1%	$ 181,001.76	6.0%
8	$ 128,539.77	4.3%	0.0%	$ 128,684.54	4.3%
9	$ 227,248.96	7.6%	0.1%	$ 223,537.34	7.5%
10	$ 97,206.12	3.2%	0.0%	$ 98,552.65	3.3%
11	$ 246,984.09	8.2%	-0.1%	$ 250,441.53	8.3%
12	$ 122,969.93	4.1%	0.0%	$ 122,926.71	4.1%
13	$ 395,306.02	13.2%	0.1%	$ 393,187.01	13.1%
Total	$ 3,000,000.00	100.0%	0.0%	$ 3,000,000.00	100.0%

The draft 2023 RAF Methodology was made available for public comment from Monday, June 20, 2022, through Wednesday, July 20, 2022, at 5:00 p.m. Austin local time. A public hearing for the draft 2023 RAF Methodology was held at 2:00 p.m. Austin local time on Tuesday, July 5, 2022, in the Stephen F. Austin Building, Rm. 172, 170 Congress Ave., Austin, TX 78701. No public comment was received during this time.

The following attachments are provided:

A. 2023 RAF Methodology
B. Example 2023 HOME SF RAF
C. Example 2023 HTF RAF
D. Example 2023 HOME MF RAF
E. Example 2023 HTC RAF

Staff recommends approving the 2023 RAF Methodology as presented at the board meeting of September 1, 2022. Once approved, the 2023 RAF Methodology will be published on the Department's website. **It should be noted with this action that the Board is approving the methodology, not specific allocation amounts. Total available program amounts will be applied to this adopted methodology and regional allocation amounts made available by each program.**

To the extent funds received/proposed to be used fall below the statutory minimum for any program/activity, or if the proposed activities fall into a statutory exception, the RAF will not be used for the program/activity in question.

Attachment A: 2023 Regional Allocation Formula Methodology

Contents

Introduction

Since 2000, the Texas Department of Housing and Community Affairs (TDHCA or the Department) has used a Regional Allocation Formula (RAF) to allocate funding at the regional and subregional level for multifamily and single-family activities. The RAF is required by Tex. Gov't Code §§2306.111 and 2306.1115. It allocates funding for the following programs:

<u>Multifamily Programs:</u>
Housing Tax Credit (HTC) Program
HOME Investment Partnerships Program (HOME) Multifamily (MF)

<u>Single Family Programs:</u>
Housing Trust Fund (HTF) Program*
HOME Single Family (SF)
* The RAF is not required to be utilized for HTF as authorized by Tex. Gov't Code §2306.111(d-1) unless certain factors are in place. HTF is funded through state general revenue and is not to be confused with the federally funded National Housing Trust Fund (NHTF).

The following methodology explains how the RAF meets statutory requirements by accounting for housing need, housing resource availability, and other factors relevant to the equitable distribution of housing funds in urban and rural areas of the state.

The methodology also includes example allocation spreadsheets for each of the four programs subject to the RAF. These spreadsheets demonstrate how the methodology affects each program. The provided spreadsheets utilize the following total allocation amounts:

Program	Example Total Allocation
HTC	$65,000,000
HOME Multifamily	$12,500,000
HTF	$3,000,000
HOME Single Family	$15,000,000

These allocation amounts are only examples. After approval of the RAF Methodology by the TDHCA Governing Board, Program area staff calculate the final allocation amounts according to the most recent information on funding availability. Other planning considerations may also alter the final allocations provided by the RAF. For example, certain HOME SF activities may not release funds subregionally using the RAF. In addition, per Tex. Gov't Code §2306.111(d-1)(3), if HTF funds administered by the Department (and not otherwise set aside) do not exceed $3 million, then HTF funds are not required to be allocated using the RAF.

The draft 2023 RAF Methodology was presented at the June 16, 2022, TDHCA Board meeting for approval to be released for public comment. A public comment period was open from Monday, June 20, 2022, through Wednesday, July 20, 2022 at 5:00 pm Austin local time. A public hearing for the draft 2023 RAF Methodology was held at 2:00 p.m. Austin local time on Tuesday, July 5, 2022. No public comment was received.

Statutory Requirement

Tex. Gov't Code §§2306.111 and 2306.1115 require that TDHCA use a formula to allocate funding for the HOME, HTF, and HTC programs.

Tex. Gov't Code §2306.1115 states:

(a) To allocate housing funds under Section 2306.111(d), the department shall develop a formula that:

(1) includes as a factor the need for housing assistance and the availability of housing resources in an urban area or rural area;

(2) provides for allocations that are consistent with applicable federal and state requirements and limitations; and

(3) includes other factors determined by the department to be relevant to the equitable distribution of housing funds under Section 2306.111(d).

(b) The department shall use information contained in its annual state low income housing plan and other appropriate data to develop the formula under this section.

The methodology detailed in this document evaluates both housing need and housing availability in urban and rural areas, as required by statute for the HOME SF, HOME MF, HTF, and HTC programs. The methodology also includes a regional coverage factor for single family programs. This coverage factor utilizes an inverse population density function to help distribute single family program funding to more rural areas of the state in accordance with the statutory requirements.

Urban and Rural Areas

Tex. Gov't Code §2306.004 states:

(28-a) "Rural area" means an area that is located:

(A) outside the boundaries of a primary metropolitan statistical area or a metropolitan statistical area; or

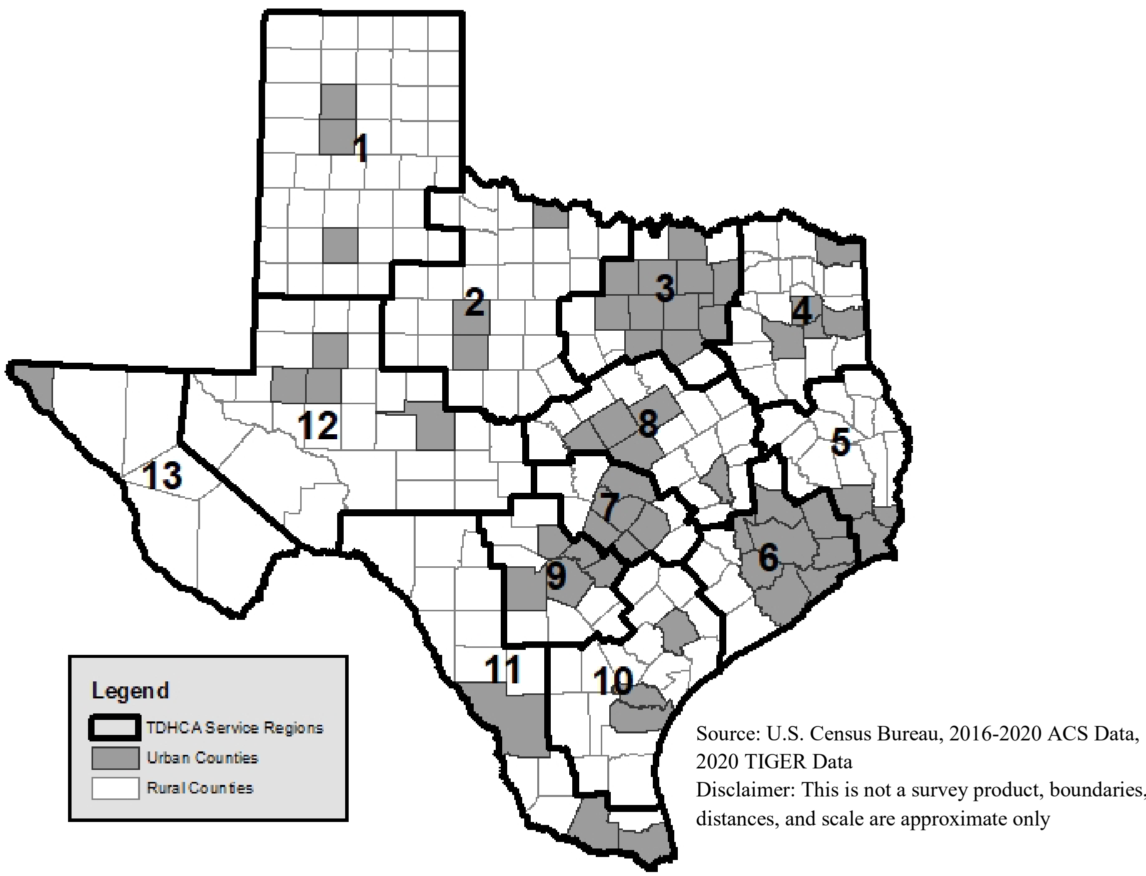
(B) within the boundaries of a primary metropolitan statistical area or a metropolitan statistical area, if the statistical area has a population of 25,000 or less and does not share a boundary with an urban area.

Tex. Gov't Code §2306.004(28-a) is applied to incorporated places and Census Designated Places, as defined by the U.S. Census Bureau, collectively referred to as places. Prior to the development of the RAF each year, the parameters outlined in Tex. Gov't Code are used to determine which of these places are urban and which are rural. Organizations applying for certain site-specific TDHCA-administered funds use the urban and rural place designations to determine which subregional allocation they are eligible to apply for. If the site is located in an urban place, then that organization applies for funds allocated to the urban subregion of their region, while organizations requesting funds for sites in rural places would apply for rural subregional funds. For non-site specific funds, if a place crosses county or regional boundaries, then that place's subregion (urban or rural) is determined by the county that contains the majority area and population of the place.

Additionally, the RAF must account for the statewide need for and availability of housing. If the RAF only analyzed data from places, many unincorporated parts of the state would not be included, which would significantly hinder the RAF's utility as an equitable allocation tool. For this reason, the RAF uses county-level data to measure statewide housing need and to calculate subregional allocations. This allows for a more complete picture of the state's demographics in determining allocations.

Even if a county contains a Metropolitan Statistical Area (MSA) per the U.S. Office of Management and Budget (OMB) definitions, it's possible that all the places within that county meet the definition of a rural area per Tex. Gov't Code §2306.004(28-a). Therefore, if an MSA county has no places designated as urban, the need and availability of the whole county will be counted toward the rural allocation (*i.e.*, the MSA county had no places with a population over 25,000 or places touching a boundary of a place with a population over 25,000). The allocation process outlined in this document refers to "MSA counties with urban places" as "urban counties" and "Non-MSA counties and counties with only rural places" as "rural counties." The need and availability of "MSA counties with urban places" directs the allocation toward the urban places, and the need and availability of "Non-MSA counties and counties with only rural places" directs the allocation toward the rural places.

Map of Urban and Rural Counties in Texas by Region



Methodology

For many of the RAF's variables, the Department uses the most recent American Community Survey (ACS) 5-Year Estimates data available. Land area data are not available in the annually released ACS; therefore, decennial census data must be used for the Regional Coverage Factor. The RAF currently uses the 2010 Decennial Census SF1 tables for land area.

Affordable Housing Need

For the purposes of developing an allocation formula, affordable housing need is measured through variables that correspond with the assistance provided by each specific TDHCA program. Despite HTF not currently utilizing the RAF, HTF is included in the RAF methodology description if funding levels or programmatic changes require the RAF to be utilized for this program.

Income

A household's income is the primary measurement of eligibility for housing assistance through TDHCA. HOME, HTC, and HTF serve households that earn less than or equal to 80% Area Median Family Income (AMFI). While eligibility for housing assistance is measured by AMFI, the Comprehensive Housing Affordability Strategy (CHAS) datasets that estimate the number of households in each AMFI category lag behind the poverty data included in the ACS by one year. In order to use the most up-to-date data, the RAF will incorporate ACS data for number of individuals at or below 200% of the poverty level to help calculate affordable housing need. Individuals at or below 200% of the poverty level will qualify for a majority of the housing assistance options offered through TDHCA's HOME, HTC, and HTF programs. The ACS collects income data by individual and housing data by household. Therefore, to ensure that data on *individuals* in poverty can be accurately weighted with data on cost burdened and overcrowded *households* to calculate affordable housing need, the income data must be converted to *households* at or below 200% of poverty. To do this, the number of individuals at or below 200% poverty in each subregion is divided by the average size of a household in Texas. The number of households at or below 200% poverty is included as a variable in all four program RAFs.

Cost Burden and Overcrowding

Renter and owner need for housing assistance is measured through cost burden and overcrowding conditions. The RAF defines a cost-burdened household as one that spends 30% or more of their monthly income on rent or homeowner costs (for homeowners with a mortgage), which is a common measure of unaffordable housing. The RAF considers an overcrowded housing unit to be one that contains more than one person per room, including the kitchen and bathroom. Areas with high cost burden or overcrowding may signify a need for assistance.
Many of TDHCA's programs aim to assist households that are cost-burdened or overcrowded. HTC and HOME MF both offer assistance for reduced-rent apartments. HOME SF offers Tenant-Based Rental Assistance, which pays a portion of a recipient's rent to their landlord. HTF offers the Amy Young Barrier Removal Program, which can serve both renters and homeowners. Therefore, variables representing renters who need assistance are included in the analysis for all four program RAFs.

HOME SF offers homebuyer assistance, home repair assistance, and single family development programs. For home repair, HOME SF offers grants and no-interest loans to homeowners to rehabilitate or reconstruct their homes. For single family development, typically the homes are built by Community Housing Development Organizations (CHDOs) and purchased by low-income homeowners. HTF offers the Amy Young Barrier Removal Program, which can be used for homeowners (as well as renters), and the Bootstrap Loan Program for potential homeowners who use “sweat equity” and low- to no-interest loans to build and secure ownership of their homes. Therefore, variables representing homeowners who need assistance are included in the HOME SF and HTF RAFs.

Lack of Kitchen and Plumbing Facilities

HOME SF offers homeowner rehabilitation or reconstruction assistance. HTF includes activities for the rehabilitation, such as the Amy Young Barrier Removal Program. Since TDHCA programs fund the rehabilitation of substandard housing, the RAF includes measures for substandard housing. Common definitions of substandard housing include lack of operable indoor plumbing, usable flush toilets, usable bathtub or shower, safe electricity, safe or adequate source of heat, or kitchen facilities. Data regarding total units lacking kitchen facilities or plumbing are the only data available on both an annual basis and at a county level. The count of occupied and unoccupied units lacking kitchen facilities and the count of occupied and unoccupied units lacking plumbing are utilized in the HOME SF and HTF RAFs.

Summary of Affordable Housing Need for Single Family and Multifamily Activities

The extent of Texans needing affordable housing is measured using five variables for single family activities:

- Cost burdened renter and owner households;
- Overcrowded renter and owner households;
- Housing units lacking kitchen facilities;
- Housing units lacking plumbing; and
- Individuals at or below 200% of the poverty rate.

The extent of Texans needing affordable housing is measured using three variables for multifamily activities:

- Cost burdened renter households;
- Overcrowded renter households; and
- Individuals at or below 200% of the poverty rate.

Housing Availability

Housing availability is included to measure where existing housing resources are located. Since this includes both market-rate and subsidized units, the RAF uses vacancies as a common measurement for housing availability. A high number of vacancies may indicate that a market has an adequate or a potentially abundant supply of housing. The HOME SF and HTF RAFs incorporate both units for rent and units for sale only into their housing availability measure, while the HOME MF and HTC RAFs only incorporate units for rent.

Regional Coverage Factor

The RAF uses inverse population density to generate a regional coverage factor. Population density measures the average number of people located in a defined area (i.e. persons per square mile). This is calculated by dividing the number of people in a geographic area by the area of the land in that area. In this way, population density can be used to compare the population size of geographic areas with different dimensions. A high population density means that a geographic area has higher population relative to its available land area. Contrarily, inverse population density measures the amount of land in a geographic area per person in that area (i.e. square miles per person). This is calculated by dividing the land area by the number of people that live in that area. A high inverse population density means that a geographic area has more land area relative to its population size. In this way, high population density generally corresponds to urban regions, while high inverse population generally corresponds to more rural regions.

Inverse population density is included in the HOME SF and HTF RAFs as a Regional Coverage Factor to consider the distance between scattered-site single family activities. This includes accounting for the dispersed population within the predominantly rural areas where HOME SF and HTF administrators provide assistance. TDHCA’s multifamily programs generally focus development on a single site, so the Regional Coverage Factor is not as pertinent to multifamily program allocation. The Regional Coverage Factor assists in redistributing single family program funding from urban areas to more rural parts of the state. This better aligns funding availability with the statutory requirement that 95% of HOME funds be allocated for the benefit of those areas of the state that do not receive HOME funds directly from the U.S. Department of Housing and Urban

Summary of Variables

The following chart shows which need, availability, and other variables are used in the RAF Methodology for each of the four applicable programs.

		Multifamily Programs		Single Family Programs	
		HTC	HOME MF	HTF	HOME SF
Need Variables	*Cost Burdened Renter Households*	✓	✓	✓	✓
	Cost Burdened Owner Households			✓	✓
	Overcrowded Renter Households	✓	✓	✓	✓
	Overcrowded Owner Households			✓	✓
	Units Lacking Kitchen Facilities			✓	✓
	Units Lacking Plumbing Facilities			✓	✓
	Individuals at or Below 200% of Poverty	✓	✓	✓	✓
Availability Variables	*Vacant Units for Rent*	✓	✓	✓	✓
	Vacant Units for Sale			✓	✓
Other	*Regional Coverage Factor*			✓	✓

Exceptions to the RAF

Per Tex. Gov't Code §2306.111, there are certain instances in which the RAF requirement does not apply to HOME MF, HOME SF, HTC, or HTF funds.

Set-Asides

Specific set-asides will not be subject to the RAF per Tex. Gov't Code §2306.111(d-1), including set-asides for contract-for-deed activities and set-asides mandated by state or federal law, if these set-asides are less than 10% of the total allocation of funds or credits. Set-asides for funds allocated to serve persons with disabilities will not be subject to the RAF. The total amount available through the RAF will not include funds for at-risk developments for the HTC Program or other statutorily created set-asides. Also pursuant to Tex. Gov't Code §2306.111(d-1), programmed activities for HTF that do not exceed $3 million are not subject to the RAF. It is due to these exceptions that the HTF funds, as currently programmed, do not utilize the RAF.

In addition, per Tex. Gov't Code §2306.111(c)(2), 5% of State HOME funds must be spent on activities that serve persons with disabilities in any area of the State. This portion of HOME is not subject to the RAF because it is set-aside for persons with disabilities.

In Tex. Gov't Code §2306.111(d-2), 5% of HTC funds must be allocated to developments that receive federal assistance through USDA. Any developments that receive federal assistance through USDA and HTC for rehabilitation may compete for funding separately under the "USDA Set-Aside." This funding is taken from the total tax credit ceiling prior to applying the RAF.

Participating Jurisdictions (PJs)

PJs refer to geographic areas that are under the jurisdiction of local government entities that receive HOME funding directly from HUD. In accordance with Tex. Gov't Code §§2306.111(c)(1), 95% of the funds for HOME must be spent outside of PJs. Since 95% of HOME funds cannot be spent within a PJ, the housing need, availability, and coverage variables of PJs are not counted toward the subregional allocations for the HOME SF and HOME MF RAFS.

PJ designations are subject to change annually depending on HUD funding. According to HUD's 2022 HOME allocation, 33 of the PJs are cities and eight of the PJs are counties. Five PJ cities fell completely within PJ counties, resulting in a total of 28 PJ cities and eight PJ counties that will be subtracted from the HOME SF and HOME MF RAFs.

Allocation Adjustments

The HOME SF and HTC RAFs have subregional allocation adjustments under certain conditions. Tex. Gov't Code §2306.111(d-3) requires that at least $500,000 in housing tax credits be allocated to each urban and rural subregion. In the most current Qualified Allocation Plan (QAP), the Department reflects an increase to the $500,000 figure establishing a $600,000 minimum for each region. In a further effort to meet Tex. Gov't Code §§2306.111(c)(1) and (2), the HOME SF RAF has a minimum subregional allocation of $100,000. Additional detail regarding the processes used to adjust allocations for the HOME SF RAF and the HTC RAF can be found in the single family and multifamily RAF examples.

Single Family RAF Example

Tables 1, 2, and 3 show the need variables, availability variables, and regional coverage factor used in the HOME SF RAF. The HTF RAF is very similar to the HOME SF RAF with the exception that the HTF RAF includes PJs. Example numbers are used for illustrative purposes only. The statewide average household size in the following example is 2.83.

Table 1: Example of Need Variables Used for HOME SF, by Subregion

	Region	Column A: Individuals at or below 200% Poverty without PJs	Column B: Households (HH) at or below 200% Poverty without PJs	Column C: Cost Burdened Owners without PJs	Column D: Cost Burdened Renters without PJs	Column E: Overcrowded Owners without PJs	Column F: Overcrowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Total Need Variables
MSA Counties with Urban Places	1	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	2	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	3	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	4	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	5	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	6	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	7	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	8	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	9	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	10	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	11	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691
	12	100,000	35,461	2,500	16,000	3,500	2,500	3,000	5,000	67,961
	13	150,000	53,191	1,500	15,000	3,000	2,000	4,000	6,000	84,691

	Region	Column A: Individuals at or below 200% Poverty without PJs	Column B: HH at or below 200% Poverty without PJs	Column C: Cost Burdened Owners without PJs	Column D: Cost Burdened Renters without PJs	Column E: Overcrowded Owners without PJs	Column F: Overcrowded Renters without PJs	Column G: Units Lacking Plumbing without PJs	Column H: Units Lacking Kitchen without PJs	Column I: Total Need Variables
Non-MSA counties and counties with only rural places	1	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	2	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	3	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	4	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	5	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	6	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	7	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	8	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	9	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	10	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	11	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369
	12	60,000	21,277	9,000	5,000	1,000	1,000	7,000	7,000	51,277
	13	80,000	28,369	6,000	8,000	2,000	2,000	5,000	5,000	56,369

	Col A Total	Col B Total	Col C Total	Col D Total	Col E Total	Col F Total	Col G Total	Col H Total	Col I Total
State Total	2,570,000	911,348	121,500	287,000	62,000	49,000	123,000	149,000	1,702,848

Table 2: Example of Availability Variables Used for HOME SF, by Subregion

	Region	Column J: Vacant Units For Sale without PJs	Column K: Vacant Units For Rent without PJs	Column L: Total Availability Variables
MSA Counties with urban places	1	1,500	2,000	3,500
	2	1,000	3,000	4,000
	3	1,500	2,000	3,500
	4	1,000	3,000	4,000
	5	1,500	2,000	3,500
	6	1,000	3,000	4,000
	7	1,500	2,000	3,500
	8	1,000	3,000	4,000
	9	1,500	2,000	3,500
	10	1,000	3,000	4,000
	11	1,500	2,000	3,500
	12	1,000	3,000	4,000
	13	1,500	2,000	3,500

	Region	Column J: Vacant Units For Sale without PJs	Column K: Vacant Units For Rent without PJs	Column L: Total Availability Variables
Non-MSA counties and counties with only rural places	1	1,500	2,000	3,500
	2	2,000	2,500	4,500
	3	1,500	2,000	3,500
	4	2,000	2,500	4,500
	5	1,500	2,000	3,500
	6	2,000	2,500	4,500
	7	1,500	2,000	3,500
	8	2,000	2,500	4,500
	9	1,500	2,000	3,500
	10	2,000	2,500	4,500
	11	1,500	2,000	3,500
	12	2,000	2,500	4,500
	13	1,500	2,000	3,500

	Column J Total	Column K Total	Column L Total
State Total	39,000	61,000	100,000

Table 3: Example of Regional Coverage Factor used for HOME SF, by Subregion

	Region	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor
MSA Counties with urban places	1	3,000	350,000	0.009
	2	2,000	250,000	0.008
	3	3,000	350,000	0.009
	4	2,000	250,000	0.008
	5	3,000	350,000	0.009
	6	2,000	250,000	0.008
	7	3,000	350,000	0.009
	8	2,000	250,000	0.008
	9	3,000	350,000	0.009
	10	2,000	250,000	0.008
	11	3,000	350,000	0.009
	12	2,000	250,000	0.008
	13	3,000	350,000	0.009

	Region	Column M: Land area without PJs	Column N: Total Population without PJs	Column O: Regional Coverage Factor
Non-MSA counties and counties with only rural places	1	15,000	200,000	0.075
	2	13,000	300,000	0.043
	3	15,000	200,000	0.075
	4	13,000	300,000	0.043
	5	15,000	200,000	0.075
	6	13,000	300,000	0.043
	7	15,000	200,000	0.075
	8	13,000	300,000	0.043
	9	15,000	200,000	0.075
	10	13,000	300,000	0.043
	11	15,000	200,000	0.075
	12	13,000	300,000	0.043
	13	15,000	200,000	0.075

	Column M Total	Column N Total	Column O Total
State Total	216,000	7,150,000	0.893

Compounded Need

To allocate funds, the RAF compares each subregion's total need to the state's total need. All of the housing need variables are added together. Then, each subregion's total need is taken as a percentage of the amount of total need in the state. Table 1, Column I, illustrates how the Total Need Variables are derived: households at 200% of poverty, cost burdened owner and renter households, overcrowded owner and renter households, units lacking kitchen facilities, and units lacking plumbing facilities are added together, thereby compounding the need.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need. This prevents variables from being disproportionately weighted.

Weights

Examples of how the weights operate in the RAF are in Tables 4 and 5. The column header letters (A, B, C, etc.) will build off the previous table. If column letters are not in alphabetical order, the column header letter refers to a previous table.

To apply weights, first the subregional percentage (the subregional share of statewide need), housing availability, and regional allocation factor must be calculated. Table 4 demonstrates how the percentages are derived. Table 4 shows only Urban Region 1 and the statewide total in order to simplify the example.

Table 4: Percentages Taken

Area	Column I: Total Need Variables	Column P: Percent of State's Total Need	Column L: Total Availability Variables	Column Q: Percent of State's Total Availability	Column O: Regional Coverage Factor	Column R: Percent of State's Total Regional Coverage Factor
Urban Region 1	84,691	5.0%	3,500	3.5%	0.009	1.0%
State Total	1,702,848		100,000		0.893	

Note: Column I is from Table 1, Column L is from Table 2, and Column O is from Table 3.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. Housing availability variables have a negative weight to reflect that an abundance of available units might reduce the need for assistance. The housing need variables and the regional coverage factor have positive weights to reflect that these factors may increase the need for assistance. Renter and owner components of a single need or availability category are added together, as they represent one variable for the purposes of weighting compounded need. The weight of each variable, whether need, availability, or regional coverage factor, must equal 100%; otherwise, the initial subregion allocation will not add up to the total example allocation. The formulas to determine variable weight for the Single Family RAF are as follows:

Total Need Variables = HH at or below 200% poverty + Cost Burden + Overcrowding + Units Lacking Plumbing + Units Lacking Kitchen

Total Availability Variables = Unoccupied Units for Sale or Rent

Regional Coverage Factor = Inverse Population Density

Total Need Variables – Total Availability Variables + Regional Coverage Factor = 100%

To put it simply (with x representing the weight of each variable): 5x-x+x=100%

As a result, each variable is weighted at 20% for Single Family programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variables receive 100% weight. Table 5 shows the application of the weights based on a hypothetical statewide availability of $2,500,000.

Table 5: Weight Application

Area	Column P: Percent of State's Total Need	Column S: Weight of Need Variables	Column T: Need Variable Allocation*	Column Q: Percent of State's Total Availability	Column U: Weight of Availability Variable	Column V: Availability Variable Allocation~	Column R: Percent of State's Total Regional Coverage Factor	Column W: Weight of Regional Coverage Factor	Column X: Regional Coverage Factor Allocation^	Column Y: Total Allocation+
Urban Region 1	5.0%	100%	$ 124,338	3.5%	-20%	$ (17,500)	1.0%	20%	$4,799	$ 111,637

Note: Column P, Q and R taken from Table 4.

*Column T is calculated as follows: Column P x Column S x statewide availability of funds.

~Column V is calculated as follows: Column Q x Column U x statewide availability of funds.

^ Column X is calculated as follows: Column W x Column R x statewide availability of funds.

+Column Y is calculated as follows: Column T + Column V + Column X.

HOME Subregional Allocation Adjustment

The HOME SF RAF has a subregional floor. This floor ensures sufficient funding to award at least one contract in each subregion. If the RAF results in a subregional funding amount that is less than $100,000, that subregion's funding amount is adjusted upward to provide for at least a minimum of $100,000. The process does not reallocate funds from subregions with initial funding amounts in excess of $100,000 to those subregions with initial funding amounts that are less than $100,000. Funds used to enable the floor are not subject to RAF requirements and are added as a final adjustment to the subregional allocation amounts available for award. The final adjustment adds a supplemental allocation to bring all subregions to a minimum of $100,000. The process is complete when each subregion has at least $100,000.

Table 6 shows the process of supplementing funds to subregions that have initial funding amounts that are less than $100,000. This table builds from the previous tables included in this methodology and Urban Regions 1 and 2 are included as examples of this adjustment. The column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.

Table 6: Subregion amount under $100,000

Area	Column Y: Initial Subregion amount	Column Z: Amount needed to reach $100,000	Column AA: Final Subregion Allocation
Urban Region 1	$111,637	$-	$111,637
Urban Region 2	$84,255	$15,745	$100,000

Note: Column Y is from Table 5.

Since the Urban Region 1 initial Subregion amount exceeds $100,000, no adjustment is made to this sub-allocation. However, because the Urban Region 2 initial Subregion amount is less than $100,000, a supplemental allocation amount is added to bring the subregion allocation up to the final allocation amount of $100,000.

Multifamily RAF Example

Table 7 shows the need and availability variables used in the HTC RAF. The HTC RAF is very similar to the HOME MF RAF with the exception that the HTC RAF includes PJs. Example numbers are used for clarity. The statewide average household size in the following example is 2.83.

Table 7: Example of Need and Availability Variables used for HTC, by Subregion

	Region	Column BB: Individuals at or below 200% Poverty	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column FF: Vacant Units for Rent
MSA Counties with urban places	1	150,000	53,571	25,000	4,000	6,000
	2	100,000	35,714	20,000	2,000	4,000
	3	150,000	53,571	25,000	4,000	6,000
	4	100,000	35,714	20,000	2,000	4,000
	5	150,000	53,571	25,000	4,000	6,000
	6	100,000	35,714	20,000	2,000	4,000
	7	150,000	53,571	25,000	4,000	6,000
	8	100,000	35,714	20,000	2,000	4,000
	9	150,000	53,571	25,000	4,000	6,000
	10	100,000	35,714	20,000	2,000	4,000
	11	150,000	53,571	25,000	4,000	6,000
	12	100,000	35,714	20,000	2,000	4,000
	13	150,000	53,571	25,000	4,000	6,000

	Region	Column BB: Individuals at or below 200% Poverty	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column FF: Vacant Units for Rent
Non-MSA counties and counties with only rural places	1	40,000	14,286	7,000	700	700
	2	25,000	8,929	2,000	400	500
	3	40,000	14,286	7,000	700	700
	4	25,000	8,929	2,000	400	500
	5	40,000	14,286	7,000	700	700
	6	25,000	8,929	2,000	400	500
	7	40,000	14,286	7,000	700	700
	8	25,000	8,929	2,000	400	500
	9	40,000	14,286	7,000	700	700
	10	25,000	8,929	2,000	400	500
	11	40,000	14,286	7,000	700	700
	12	25,000	8,929	2,000	400	500
	13	40,000	14,286	7,000	700	700

	Column BB Total	Column CC Total	Column DD Total	Column EE Total	Column FF Total
State Total	2,080,000	742,857	356,000	47,300	73,900

Compounded Need

To allocate funds, the RAF compares each subregion's total need to the state's total need. All of the housing need variables are added together. Then, each subregion's total need is taken as a percentage of the amount of total need in the state. Table 8 illustrates how the Total Need Variables are derived: households at or below 200% of poverty, cost burdened renter households, and overcrowded renter households are added together, thereby compounding the need. Table 8 shows only Urban Region 1 and the statewide total, in order to simplify the example.

Table 8: Total Need Variables

Area	Column CC: HH at or below 200% Poverty	Column DD: Cost Burdened Renters	Column EE: Overcrowded Renters	Column GG: Total Need Variables
Urban Region 1	53,571	25,000	4,000	82,571
State Total	742,857	356,000	47,300	1,146,157

Note: Columns CC, DD and EE are from Table 7.

This compounding balances the relative importance of the variables; variables with very high or very small numbers are combined with the overall total of need. This prevents variables from being disproportionately weighted.

Weights

Examples of how the weights work in the RAF are in Tables 9 and 10. If the letters are not in alphabetical order, the column header letter refers to a previous table.

In order to apply weights, first the subregional percentage availability, and inverse population density must be calculated. Table 9 demonstrates how the percentages are derived.

Table 9: Percentages Taken

Area	Column GG: Total Need Variables	Column HH: Percent of State's Total Need	Column II: Vacant Units for Rent	Column JJ: Percent of State's Total Availability
Urban Region 1	82,571	7.2%	6,000	8.1%
State Total	1,146,157		73,900	

Note: Column GG is from Table 8.

A successful allocation formula will provide more funding for areas with high housing need and reduce funding for areas with an abundance of housing resources. The housing availability variable has negative weight to reflect that an abundance of available units might reduce the need for assistance, while housing need variables have positive weight to reflect that these factors may increase the need for assistance. Renter and owner components of a single need or availability category are added together, as they represent one variable for the purposes of weighting the variables. The weight of each variable, whether need, availability, or regional coverage factor, must equal 100%; otherwise, the initial subregion allocation will not add up to the total example allocation. The formulas to determine variable weight for the Multifamily RAF are as follows:

Total Need Variables = HH at or below 200% poverty + Renter Cost Burden + Renter Overcrowding

Availability Variable = Unoccupied Units for Rent

Total Need Variables – Availability Variable = 100%

Simply stated (with x representing the weight of each variable): 3x-x=100%

As a result, each variable is weighted at 50% for multifamily programs, giving the appropriate relationship between funding and current availability of resources. The compounded need variables receive 150% weight. Table 10 shows the application of the weights based on a statewide availability of $40,000,000.

Table 10: Weight Application

Area	Column HH: Percent of State's Total Need	Column KK: Weight of Need Variables	Column LL: Need Variable Allocation*	Column JJ: Percent of State's Total Availability	Column MM: Weight of Availability Variable	Column NN: Availability Variable Allocation~	Column OO: Total Allocation⁺
Urban Region 1	7.2%	150%	$ 4,322,519	8.1%	-50%	$ (1,623,816)	$ 2,698,703

Note: Column HH and JJ taken from Table 9.

*Column LL is calculated as follows: Column HH x Column KK x statewide availability of funds.

~Column NN is calculated as follows: Column JJ x Column MM x statewide availability of funds.

⁺Column OO is calculated as follows: Column LL + Column NN.

HTC Subregional Allocation Adjustment

Tex. Gov't Code §2306.111(d-3) is a requirement regarding funding and the RAF that applies only to HTC. This provision requires that TDHCA allocate at least 20% of housing tax credits to rural areas and that $500,000 or more be available for each of the 26 subregions. In the most recent QAP the Department reflects an increase to the $500,000 figure establishing a $600,000 minimum for each region. The overall state rural allocation of funds is ensured to satisfy the minimum of 20% of the credit ceiling amount in rural areas by making any needed adjustments at the time of award, if needed. Usually, the 20% allocation to rural areas occurs through the competitive process, but, if not, one or more applications from rural areas will be awarded from the statewide collapse of the RAF to ensure the requirement is met.

For the HTC RAF, the subregional funding amount is adjusted to a minimum of $600,000 if needed. This is a final adjustment to the subregional allocation amounts available for award. The process proportionately takes funds from subregions with initial funding amounts in excess of $600,000 and reallocates those funds to those subregions with initial funding amounts that are less than $600,000. The process is complete when each subregion has at least $600,000.

Tables 11 and 12 show the process of determining the amount to adjust from subregions with more than $600,000. These tables build from the previous tables included in this methodology and Urban Region 1 and 2 and Rural Region 1 and 2 are included. The column header letters build off previous tables, so if the letters are not in alphabetical order, the column letter refers to previous tables.
These four subregions are examined because the most common movement for funds during the $600,000 adjustment is from Urban Counties to Rural Counties. The first step in the $600,000 adjustment process is to determine the amount by which each subregion is over or under $600,000 for each subregion. This is illustrated in Table 11.

Table 11: Subregional amount over/under $600,000

Area	Column OO: Initial Subregion amount	Column PP: Amount needed to reach $600,000	Column QQ: Amount over $600,000 that can be reallocated
Urban Region 1	$2,698,703	$-	$2,098,703
Urban Region 2	$1,938,732	$-	$1,338,732
Rural Region 1	$961,482	$-	$361,482
Rural Region 2	$457,720	$142,280	$-
State Total	$40,000,000	$853,682.36	$25,253,682.36

Note: Column OO is from Table 10.

Column QQ in Table 11 is the amount in Column OO minus $600,000 if the amount in Column OO is more than $600,000. At least $600,000 is maintained in each subregion before the adjustment process.

The next step in the adjustment process is to determine the percentage to be reallocated. The proportion of the total amount to be reallocated is in Column SS. Finally, Column OO is adjusted by Column SS to equal the final Sub-Amount in Column TT.

Table 12: Proportional adjustment

Area	Column RR: Percent of Total Amount that can be reallocated*	Column SS: Amount to be reallocated~	Column TT: Final Subregion Allocation+
Urban Region 1	8.31%	$ (70,945)	$2,627,758
Urban Region 2	5.30%	$ (45,255)	$1,893,477
Rural Region 1	1.43%	$ (12,220)	$949,262
Rural Region 2	0.00%	$142,280	$600,000
State Total	100.00%	$0	$40,000,000

**Column RR is calculated as follows: if Column OO is more than $600,000, then ((Column OO-$600,000)/(Statewide total for Column QQ))*

~Column SS is calculated as followed: if Column RR is a percentage, then (Column RR$853,682.36); if Column RR is "-%", then Column SS equals Column PP.*

+Column TT is calculated as follows: Column OO + Column SS.

DR

Attachment B: Texas Department of Housing and Community Affairs Example 2023 HOME SF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	25,589	9,042	3,286	2,882	524	588	1,347	1,539	240	489	2,494	106,482	0.023
	2	16,929	5,982	1,601	1,662	266	126	1,869	1,871	344	270	2,293	60,201	0.038
	3	465,370	164,442	91,842	90,557	10,612	10,946	10,325	20,494	6,193	13,688	7,665	2,364,737	0.003
	4	124,220	43,894	10,990	13,217	2,189	2,291	9,618	6,775	1,137	2,395	3,453	367,330	0.009
	5	56,262	19,881	4,832	6,321	1,036	963	4,671	6,049	1,033	1,879	1,941	222,242	0.009
	6	125,184	44,235	15,155	18,705	3,366	2,402	4,328	4,840	2,192	2,964	2,606	469,663	0.006
	7	250,945	88,673	49,929	52,275	6,282	6,532	4,159	8,165	3,360	7,230	3,922	1,207,932	0.003
	8	128,060	45,251	13,392	21,206	2,227	2,400	3,823	5,756	1,651	3,007	4,202	445,044	0.009
	9	89,232	31,531	15,396	13,603	1,991	1,674	2,197	3,736	1,542	1,870	3,258	408,311	0.008
	10	70,495	24,910	4,739	8,913	1,279	1,882	3,972	5,381	752	2,418	2,256	194,832	0.012
	11	104,374	36,881	4,791	6,027	3,563	1,924	2,526	2,028	301	1,644	3,991	189,153	0.021
	12	57,904	20,461	6,298	8,807	1,833	3,186	2,156	2,358	664	1,678	4,136	234,487	0.018
	13	75,796	26,783	6,077	3,989	1,805	848	1,499	1,327	635	866	757	157,036	0.005
	Subtotal	1,590,360	561,965	228,328	248,164	36,973	35,762	52,490	70,319	20,044	40,398	42,975	6,427,450	0.164
Non-MSA Counties and Counties with Only Rural Places	1	115,922	40,962	6,010	9,389	2,312	1,927	10,859	13,471	1,306	3,076	36,633	307,374	0.119
	2	90,726	32,059	6,907	7,636	1,879	825	12,031	11,818	1,752	2,258	24,831	260,521	0.095
	3	81,384	28,758	8,663	10,997	1,914	1,453	4,538	6,116	1,392	1,902	5,417	264,950	0.020
	4	217,277	76,776	17,522	20,746	4,543	3,281	12,536	15,438	2,483	4,782	11,856	594,991	0.020
	5	154,845	54,716	9,326	18,315	3,849	2,560	13,076	11,824	1,965	3,054	9,910	383,426	0.026
	6	70,952	25,071	4,854	10,853	1,581	1,340	4,853	4,956	1,019	1,673	4,577	202,007	0.023
	7	36,063	12,743	4,802	3,595	1,019	518	2,595	3,108	620	460	4,217	123,154	0.034
	8	97,826	34,567	7,628	9,304	2,917	1,215	8,762	9,658	1,551	1,853	12,672	289,745	0.044
	9	72,450	25,601	6,425	6,674	2,567	1,843	4,303	4,459	1,378	1,503	6,857	237,497	0.029
	10	102,601	36,255	5,183	9,999	2,606	2,179	10,166	8,975	1,124	2,571	15,155	271,936	0.056
	11	147,673	52,181	4,993	9,708	3,679	3,709	7,711	7,085	844	2,171	18,214	277,656	0.066
	12	64,643	22,842	3,566	5,158	1,544	806	5,434	6,182	742	1,352	35,496	192,408	0.184
	13	12,234	4,323	376	1,377	170	246	1,681	1,536	154	408	20,687	25,154	0.822
	Subtotal	1,264,596	446,854	86,255	123,751	30,580	21,902	98,545	104,626	16,330	27,063	206,522	3,430,819	1.538
	Total	2,854,956	1,008,818	314,583	371,915	67,553	57,664	151,035	174,945	36,374	67,461	249,496	9,858,269	1.703

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.83

Attachment B: Texas Department of Housing and Community Affairs
Example 2023 HOME SF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	19,208	0.9%	$ 134,227	729	0.7%	$ (21,062)	0.023	1.4%	$ 41,261	$ 154,426	1.03%
	2	13,377	0.6%	$ 93,479	614	0.6%	$ (17,740)	0.038	2.2%	$ 67,108	$ 142,848	0.95%
	3	399,218	18.6%	$ 2,789,764	19,881	19.1%	$ (574,402)	0.003	0.2%	$ 5,711	$ 2,221,073	14.81%
	4	88,974	4.1%	$ 621,757	3,532	3.4%	$ (102,047)	0.009	0.6%	$ 16,563	$ 536,274	3.58%
	5	43,753	2.0%	$ 305,746	2,912	2.8%	$ (84,133)	0.009	0.5%	$ 15,387	$ 237,000	1.58%
	6	93,031	4.3%	$ 650,105	5,156	5.0%	$ (148,967)	0.006	0.3%	$ 9,777	$ 510,915	3.41%
	7	216,015	10.1%	$ 1,509,530	10,590	10.2%	$ (305,966)	0.003	0.2%	$ 5,721	$ 1,209,285	8.06%
	8	94,055	4.4%	$ 657,263	4,658	4.5%	$ (134,579)	0.009	0.6%	$ 16,636	$ 539,320	3.60%
	9	70,128	3.3%	$ 490,058	3,412	3.3%	$ (98,579)	0.008	0.5%	$ 14,060	$ 405,538	2.70%
	10	51,076	2.4%	$ 356,922	3,170	3.1%	$ (91,588)	0.012	0.7%	$ 20,400	$ 285,735	1.90%
	11	57,740	2.7%	$ 403,493	1,945	1.9%	$ (56,195)	0.021	1.2%	$ 37,179	$ 384,477	2.56%
	12	45,099	2.1%	$ 315,154	2,342	2.3%	$ (67,665)	0.018	1.0%	$ 31,078	$ 278,567	1.86%
	13	42,328	2.0%	$ 295,792	1,501	1.4%	$ (43,367)	0.005	0.3%	$ 8,499	$ 260,923	1.74%
	Subtotal	1,234,001	57.5%	$ 8,623,291	60,442	58.2%	$ (1,746,290)	0.164	9.6%	$ 289,378	$ 7,166,380	47.78%
Non-MSA Counties and Counties with Only Rural Places	1	84,930	4.0%	$ 593,496	4,382	4.2%	$ (126,605)	0.119	7.0%	$ 209,985	$ 676,876	4.51%
	2	73,155	3.4%	$ 511,210	4,010	3.9%	$ (115,857)	0.095	5.6%	$ 167,932	$ 563,285	3.76%
	3	62,439	2.9%	$ 436,326	3,294	3.2%	$ (95,170)	0.020	1.2%	$ 36,024	$ 377,180	2.51%
	4	150,842	7.0%	$ 1,054,098	7,265	7.0%	$ (209,900)	0.020	1.2%	$ 35,109	$ 879,306	5.86%
	5	113,666	5.3%	$ 794,304	5,019	4.8%	$ (145,009)	0.026	1.5%	$ 45,537	$ 694,832	4.63%
	6	53,508	2.5%	$ 373,921	2,692	2.6%	$ (77,777)	0.023	1.3%	$ 39,924	$ 336,068	2.24%
	7	28,380	1.3%	$ 198,322	1,080	1.0%	$ (31,203)	0.034	2.0%	$ 60,325	$ 227,444	1.52%
	8	74,051	3.4%	$ 517,477	3,404	3.3%	$ (98,348)	0.044	2.6%	$ 77,058	$ 496,187	3.31%
	9	51,872	2.4%	$ 362,483	2,881	2.8%	$ (83,238)	0.029	1.7%	$ 50,869	$ 330,114	2.20%
	10	75,363	3.5%	$ 526,641	3,695	3.6%	$ (106,756)	0.056	3.3%	$ 98,189	$ 518,074	3.45%
	11	89,066	4.1%	$ 622,402	3,015	2.9%	$ (87,109)	0.066	3.9%	$ 115,582	$ 650,875	4.34%
	12	45,532	2.1%	$ 318,181	2,094	2.0%	$ (60,500)	0.184	10.8%	$ 325,043	$ 582,725	3.88%
	13	9,709	0.5%	$ 67,847	562	0.5%	$ (16,237)	0.822	48.3%	$ 1,449,045	$ 1,500,654	10.00%
	Subtotal	912,513	42.5%	$ 6,376,709	43,393	41.8%	$ (1,253,710)	1.538	90.4%	$ 2,710,622	$ 7,833,620	52.22%
	Total	2,146,513	100%	$ 15,000,000	103,835	100%	$ (3,000,000)	1.703	100.0%	$ 3,000,000	$ 15,000,000	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: $15,000,000
Weight of Need Variables: 100%
Weight of Availability Variables: -20%
Weight of Regional Coverage Factor: 20%

Table 3 - Supplemental Allocation

	Region	Initial Subregion Amount	Supplemental Amount Needed to Reach Subregion Floor	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$ 154,426.09	$ -	$ 154,426.09	1.03%
	2	$ 142,847.89	$ -	$ 142,847.89	0.95%
	3	$ 2,221,073.07	$ -	$ 2,221,073.07	14.81%
	4	$ 536,273.56	$ -	$ 536,273.56	3.58%
	5	$ 236,999.52	$ -	$ 236,999.52	1.58%
	6	$ 510,914.78	$ -	$ 510,914.78	3.41%
	7	$ 1,209,284.90	$ -	$ 1,209,284.90	8.06%
	8	$ 539,319.69	$ -	$ 539,319.69	3.60%
	9	$ 405,538.32	$ -	$ 405,538.32	2.70%
	10	$ 285,734.69	$ -	$ 285,734.69	1.90%
	11	$ 384,477.09	$ -	$ 384,477.09	2.56%
	12	$ 278,566.84	$ -	$ 278,566.84	1.86%
	13	$ 260,923.23	$ -	$ 260,923.23	1.74%
	Subtotal	$ 7,166,379.66	$ -	$ 7,166,379.66	47.78%
Non-MSA Counties and Counties with Only Rural Places	1	$ 676,876.03	$ -	$ 676,876.03	4.51%
	2	$ 563,285.29	$ -	$ 563,285.29	3.76%
	3	$ 377,179.74	$ -	$ 377,179.74	2.51%
	4	$ 879,306.38	$ -	$ 879,306.38	5.86%
	5	$ 694,832.15	$ -	$ 694,832.15	4.63%
	6	$ 336,067.50	$ -	$ 336,067.50	2.24%
	7	$ 227,443.76	$ -	$ 227,443.76	1.52%
	8	$ 496,187.07	$ -	$ 496,187.07	3.31%
	9	$ 330,114.24	$ -	$ 330,114.24	2.20%
	10	$ 518,074.01	$ -	$ 518,074.01	3.45%
	11	$ 650,874.78	$ -	$ 650,874.78	4.34%
	12	$ 582,724.95	$ -	$ 582,724.95	3.88%
	13	$ 1,500,654.44	$ -	$ 1,500,654.44	10.00%
	Subtotal	$ 7,833,620.34	$ -	$ 7,833,620.34	52.22%
	Total	$ 15,000,000.00	$ -	$ 15,000,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Subregion Allocation Floor: $100,000.00

Attachment C: Texas Department of Housing and Community Affairs

Example 2023 HTF Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Owners	Cost-Burdened Renters	Over-crowded Owners	Over-crowded Renters	Total Units Lacking Plumbing	Total Units Lacking Kitchen	Vacant Units For Sale	Vacant Units For Rent	Land Area	Total Population	Inverse Population Density
MSA Counties with Urban Places	1	200,076	70,698	16,530	40,872	2,293	4,822	4,878	7,447	1,718	9,014	2,716	562,720	0.005
	2	96,285	34,023	7,007	17,684	918	1,312	5,238	5,426	1,261	3,995	2,472	289,549	0.009
	3	2,119,825	749,055	264,020	474,536	42,816	76,931	26,722	57,147	17,973	88,922	9,603	7,585,385	0.001
	4	192,974	68,189	15,804	27,450	3,018	3,241	11,103	8,634	1,968	5,972	3,563	555,372	0.006
	5	129,765	45,853	9,626	19,930	1,754	1,906	7,460	9,480	1,557	2,986	2,101	394,268	0.005
	6	2,157,770	762,463	228,432	437,313	41,594	79,317	34,848	56,047	20,603	88,980	7,612	6,949,721	0.001
	7	505,616	178,663	81,821	148,243	9,557	20,320	6,071	12,862	5,336	20,735	4,220	2,173,804	0.002
	8	337,272	119,177	26,941	70,821	4,377	6,998	6,559	9,432	3,222	12,165	4,438	932,843	0.005
	9	786,541	277,930	78,675	139,385	12,465	19,626	12,602	20,543	6,610	24,466	4,498	2,387,137	0.002
	10	185,356	65,497	14,867	31,935	3,541	4,517	6,726	9,763	1,781	6,396	2,414	521,164	0.005
	11	833,753	294,612	43,372	68,571	28,155	24,044	18,331	15,125	4,341	13,719	5,823	1,558,119	0.004
	12	125,499	44,346	12,068	21,956	3,203	4,772	4,712	5,444	1,518	4,219	4,235	457,626	0.009
	13	374,261	132,248	30,720	47,288	6,840	8,937	3,847	6,295	2,850	11,116	1,013	836,915	0.001
	Subtotal	8,044,993	2,842,754	829,883	1,545,984	160,531	256,743	149,097	223,645	70,738	292,685	54,708	25,204,623	0.055
Non-MSA Counties and Counties with Only Rural Places	1	115,922	40,962	6,010	9,389	2,312	1,927	10,859	13,471	1,306	3,076	36,633	307,374	0.119
	2	90,726	32,059	6,907	7,636	1,879	825	12,031	11,818	1,752	2,258	24,831	260,521	0.095
	3	81,384	28,758	8,663	10,997	1,914	1,453	4,538	6,116	1,392	1,902	5,417	264,950	0.020
	4	217,277	76,776	17,522	20,746	4,543	3,281	12,536	15,438	2,483	4,782	11,856	594,991	0.020
	5	154,845	54,716	9,326	18,315	3,849	2,560	13,076	11,824	1,965	3,054	9,910	383,426	0.026
	6	70,952	25,071	4,854	10,853	1,581	1,340	4,853	4,956	1,019	1,673	4,577	202,007	0.023
	7	36,063	12,743	4,802	3,595	1,019	518	2,595	3,108	620	460	4,217	123,154	0.034
	8	97,826	34,567	7,628	9,304	2,917	1,215	8,762	9,658	1,551	1,853	12,672	289,745	0.044
	9	72,450	25,601	6,425	6,674	2,567	1,843	4,303	4,459	1,378	1,503	6,857	237,497	0.029
	10	102,601	36,255	5,183	9,999	2,606	2,179	10,166	8,975	1,124	2,571	15,157	271,936	0.056
	11	147,673	52,181	4,993	9,708	3,679	3,709	7,711	7,085	844	2,171	18,214	277,656	0.066
	12	64,643	22,842	3,566	5,158	1,544	806	5,434	6,182	742	1,352	35,496	192,408	0.184
	13	12,234	4,323	376	1,377	170	246	1,681	1,536	154	408	20,687	25,154	0.822
	Subtotal	1,264,596	446,854	86,255	123,751	30,580	21,902	98,545	104,626	16,330	27,063	206,524	3,430,819	1.538
	Total	9,309,589	3,289,607	916,138	1,669,735	191,111	278,645	247,642	328,271	87,068	319,748	261,232	28,635,442	1.593

Texas Average HH Size: 2.83

Attachment C: Texas Department of Housing and Community Affairs

Example 2023 HTF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variables	% of Total Availability Variables	Weighted	Regional Coverage Factor	% of Total Regional Coverage Factor	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	147,540	2.1%	$ 63,952	10,732	2.6%	$ (15,828)	0.005	0.3%	$ 1,817	$ 49,941	1.66%
	2	71,608	1.0%	$ 31,039	5,256	1.3%	$ (7,752)	0.009	0.5%	$ 3,215	$ 26,502	0.88%
	3	1,691,227	24.4%	$ 733,069	106,895	26.3%	$ (157,656)	0.001	0.1%	$ 477	$ 575,890	19.20%
	4	137,439	2.0%	$ 59,573	7,940	2.0%	$ (11,710)	0.006	0.4%	$ 2,416	$ 50,279	1.68%
	5	96,009	1.4%	$ 41,616	4,543	1.1%	$ (6,700)	0.005	0.3%	$ 2,006	$ 36,922	1.23%
	6	1,640,014	23.7%	$ 710,871	109,583	26.9%	$ (161,620)	0.001	0.1%	$ 412	$ 549,663	18.32%
	7	457,537	6.6%	$ 198,321	26,071	6.4%	$ (38,451)	0.002	0.1%	$ 731	$ 160,601	5.35%
	8	244,305	3.5%	$ 105,895	15,387	3.8%	$ (22,694)	0.005	0.3%	$ 1,792	$ 84,993	2.83%
	9	561,226	8.1%	$ 243,266	31,076	7.6%	$ (45,833)	0.002	0.1%	$ 710	$ 198,142	6.60%
	10	136,846	2.0%	$ 59,316	8,177	2.0%	$ (12,060)	0.005	0.3%	$ 1,744	$ 49,001	1.63%
	11	492,210	7.1%	$ 213,351	18,060	4.4%	$ (26,636)	0.004	0.2%	$ 1,407	$ 188,122	6.27%
	12	96,501	1.4%	$ 41,829	5,737	1.4%	$ (8,461)	0.009	0.6%	$ 3,485	$ 36,852	1.23%
	13	236,175	3.4%	$ 102,371	13,966	3.4%	$ (20,598)	0.001	0.1%	$ 456	$ 82,229	2.74%
	Subtotal	6,008,637	86.8%	$ 2,604,468	363,423	89.3%	$ (536,001)	0.055	3.4%	$ 20,667	$ 2,089,134	69.64%
Non-MSA Counties and Counties with Only Rural Places	1	84,930	1.2%	$ 36,813	4,382	1.1%	$ (6,463)	0.119	7.5%	$ 44,879	$ 75,229	2.51%
	2	73,155	1.1%	$ 31,709	4,010	1.0%	$ (5,914)	0.095	6.0%	$ 35,891	$ 61,686	2.06%
	3	62,439	0.9%	$ 27,064	3,294	0.8%	$ (4,858)	0.020	1.3%	$ 7,699	$ 29,905	1.00%
	4	150,842	2.2%	$ 65,383	7,265	1.8%	$ (10,715)	0.020	1.3%	$ 7,504	$ 62,172	2.07%
	5	113,666	1.6%	$ 49,269	5,019	1.2%	$ (7,402)	0.026	1.6%	$ 9,733	$ 51,599	1.72%
	6	53,508	0.8%	$ 23,193	2,692	0.7%	$ (3,970)	0.023	1.4%	$ 8,533	$ 27,756	0.93%
	7	28,380	0.4%	$ 12,301	1,080	0.3%	$ (1,593)	0.034	2.1%	$ 12,893	$ 23,602	0.79%
	8	74,051	1.1%	$ 32,098	3,404	0.8%	$ (5,020)	0.044	2.7%	$ 16,469	$ 43,547	1.45%
	9	51,872	0.7%	$ 22,484	2,881	0.7%	$ (4,249)	0.029	1.8%	$ 10,872	$ 29,107	0.97%
	10	75,363	1.1%	$ 32,666	3,695	0.9%	$ (5,450)	0.056	3.5%	$ 20,989	$ 48,205	1.61%
	11	89,066	1.3%	$ 38,606	3,015	0.7%	$ (4,447)	0.066	4.1%	$ 24,703	$ 58,862	1.96%
	12	45,532	0.7%	$ 19,736	2,094	0.5%	$ (3,088)	0.184	11.6%	$ 69,470	$ 86,118	2.87%
	13	9,709	0.1%	$ 4,208	562	0.1%	$ (829)	0.822	51.6%	$ 309,698	$ 313,077	10.44%
	Subtotal	912,513	13.2%	$ 395,532	43,393	10.7%	$ (63,999)	1.538	96.6%	$ 579,333	$ 910,866	30.36%
	Total	6,921,149	100%	$ 3,000,000	406,816	100%	$ (600,000)	1.593	100.0%	$ 600,000	$ 3,000,000	100.00%

Total Sample Allocation: $3,000,000

Weight of Need Variables: 100%

Weight of Availability Variables: -20%

Weight of Regional Coverage Factor: 20%

Attachment D: Texas Department of Housing and Community Affairs Example 2023 HOME MF Regional Allocation Formula

Table 1 – Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	25,589	9,042	2,882	588	489
	2	16,929	5,982	1,662	126	270
	3	465,370	164,442	90,557	10,946	13,688
	4	124,220	43,894	13,217	2,291	2,395
	5	56,262	19,881	6,321	963	1,879
	6	125,184	44,235	18,705	2,402	2,964
	7	250,945	88,673	52,275	6,532	7,230
	8	128,060	45,251	21,206	2,400	3,007
	9	89,232	31,531	13,603	1,674	1,870
	10	70,495	24,910	8,913	1,882	2,418
	11	104,374	36,881	6,027	1,924	1,644
	12	57,904	20,461	8,807	3,186	1,678
	13	75,796	26,783	3,989	848	866
	Subtotal	1,590,360	561,965	223,697	33,687	39,834
Non-MSA Counties and Counties with Only Rural Places	1	115,922	40,962	9,389	1,927	3,076
	2	90,726	32,059	7,636	825	2,258
	3	81,384	28,758	10,997	1,453	1,902
	4	217,277	76,776	20,746	3,281	4,782
	5	154,845	54,716	18,315	2,560	3,054
	6	70,952	25,071	10,853	1,340	1,673
	7	36,063	12,743	3,595	518	460
	8	97,826	34,567	9,304	1,215	1,853
	9	72,450	25,601	6,674	1,843	1,503
	10	102,601	36,255	9,999	2,179	2,571
	11	147,673	52,181	9,708	3,709	2,171
	12	64,643	22,842	5,158	806	1,352
	13	12,234	4,323	1,377	246	408
	Subtotal	1,264,596	446,854	124,284	22,639	29,945
	Total	2,854,956	1,008,818	347,981	56,326	69,779

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Texas Average HH Size: 2.83

Attachment D: Texas Department of Housing and Community Affairs Example 2023 HOME MF Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	12,512	0.9%	$ 163,099	489	0.7%	$ (45,304)	$ 117,794.88	0.94%
	2	7,770	0.5%	$ 101,284	270	0.4%	$ (25,014)	$ 76,269.87	0.61%
	3	265,945	18.5%	$ 3,466,680	13,688	20.3%	$ (1,268,140)	$ 2,198,539.64	17.59%
	4	59,402	4.1%	$ 774,325	2,395	3.6%	$ (221,887)	$ 552,437.76	4.42%
	5	27,165	1.9%	$ 354,099	1,879	2.8%	$ (174,082)	$ 180,017.31	1.44%
	6	65,342	4.5%	$ 851,750	2,964	4.4%	$ (274,603)	$ 577,147.30	4.62%
	7	147,480	10.3%	$ 1,922,454	7,230	10.7%	$ (669,831)	$ 1,252,622.49	10.02%
	8	68,857	4.8%	$ 897,573	3,007	4.5%	$ (278,587)	$ 618,986.06	4.95%
	9	46,808	3.3%	$ 610,155	1,870	2.8%	$ (173,248)	$ 436,906.62	3.50%
	10	35,705	2.5%	$ 465,425	2,418	3.6%	$ (224,018)	$ 241,407.14	1.93%
	11	44,832	3.1%	$ 584,404	1,644	2.4%	$ (152,310)	$ 432,093.72	3.46%
	12	32,454	2.3%	$ 423,046	1,678	2.5%	$ (155,460)	$ 267,585.86	2.14%
	13	31,620	2.2%	$ 412,178	866	1.3%	$ (80,232)	$ 331,946.44	2.66%
	Subtotal	845,891	58.8%	$ 11,026,473	40,398	59.9%	$ (3,742,718)	$ 7,283,755.08	58.27%
Non-MSA Counties and Counties with Only Rural Places	1	52,278	3.6%	$ 681,459	3,076	4.6%	$ (284,979)	$ 396,479.96	3.17%
	2	40,520	2.8%	$ 528,188	2,258	3.3%	$ (209,195)	$ 318,992.60	2.55%
	3	41,208	2.9%	$ 537,155	1,902	2.8%	$ (176,213)	$ 360,942.15	2.89%
	4	100,803	7.0%	$ 1,314,006	4,782	7.1%	$ (443,034)	$ 870,971.94	6.97%
	5	75,591	5.3%	$ 985,349	3,054	4.5%	$ (282,941)	$ 702,407.30	5.62%
	6	37,264	2.6%	$ 485,754	1,673	2.5%	$ (154,997)	$ 330,756.91	2.65%
	7	16,856	1.2%	$ 219,725	460	0.7%	$ (42,617)	$ 177,107.92	1.42%
	8	45,086	3.1%	$ 587,718	1,853	2.7%	$ (171,673)	$ 416,044.52	3.33%
	9	34,118	2.4%	$ 444,736	1,503	2.2%	$ (139,247)	$ 305,488.81	2.44%
	10	48,433	3.4%	$ 631,338	2,571	3.8%	$ (238,193)	$ 393,144.49	3.15%
	11	65,598	4.6%	$ 855,096	2,171	3.2%	$ (201,135)	$ 653,961.10	5.23%
	12	28,806	2.0%	$ 375,497	1,352	2.0%	$ (125,258)	$ 250,239.12	2.00%
	13	5,946	0.4%	$ 77,508	408	0.6%	$ (37,800)	$ 39,708.10	0.32%
	Subtotal	592,507	41.2%	$ 7,723,527	27,063	40.1%	$ (2,507,282)	$ 5,216,244.92	41.73%
	Total	1,438,397	100%	$ 18,750,000	67,461	100%	$ (6,250,000)	$ 12,500,000.00	100.00%

Variables from Participating Jurisdictions (PJs) are not counted for HOME Program RAFs.

Total Sample Allocation: $12,500,000
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

Attachment E: Texas Department of Housing and Community Affairs Example 2023 HTC Regional Allocation Formula

Table 1 - Raw Data

	Region	Individuals at or Below 200% Poverty	HH at or Below 200% Poverty	Cost-Burdened Renters	Overcrowded Renters	Vacant Units For Rent
MSA Counties with Urban Places	1	200,076	70,698	40,872	4,822	9,014
	2	96,285	34,023	17,684	1,312	3,995
	3	2,119,825	749,055	474,536	76,931	88,922
	4	192,974	68,189	27,450	3,241	5,972
	5	129,765	45,853	19,930	1,906	2,986
	6	2,157,770	762,463	437,313	79,317	88,980
	7	505,616	178,663	148,243	20,320	20,735
	8	337,272	119,177	70,821	6,998	12,165
	9	786,541	277,930	139,385	19,626	24,466
	10	185,356	65,497	31,935	4,517	6,396
	11	833,753	294,612	68,571	24,044	13,719
	12	125,499	44,346	21,956	4,772	4,219
	13	374,261	132,248	47,288	8,937	11,116
	Subtotal	8,044,993	2,842,754	1,545,984	256,743	292,685
Non-MSA Counties and Counties with Only Rural Places	1	115,922	40,962	9,389	1,927	3,076
	2	90,726	32,059	7,636	825	2,258
	3	81,384	28,758	10,997	1,453	1,902
	4	217,277	76,776	20,746	3,281	4,782
	5	154,845	54,716	18,315	2,560	3,054
	6	70,952	25,071	10,853	1,340	1,673
	7	36,063	12,743	3,595	518	460
	8	97,826	34,567	9,304	1,215	1,853
	9	72,450	25,601	6,674	1,843	1,503
	10	102,601	36,255	9,999	2,179	2,571
	11	147,673	52,181	9,708	3,709	2,171
	12	64,643	22,842	5,158	806	1,352
	13	12,234	4,323	1,377	246	408
	Subtotal	1,264,596	446,854	123,751	21,902	27,063
	Total	9,309,589	3,289,607	1,669,735	278,645	319,748

Texas Average HH Size: 2.83

Attachment E: Texas Department of Housing and Community Affairs Example 2023 HTC Regional Allocation Formula

Table 2 - Weights

	Region	Total Need Variables	% of Total Need Variables	Weighted	Total Availability Variable	% of Total Availability Variable	Weighted	Initial Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	116,392	2.2%	$ 2,166,527	9,014	2.8%	$ (916,206)	$ 1,250,321.41	1.92%
	2	53,019	1.0%	$ 986,896	3,995	1.2%	$ (406,062)	$ 580,834.15	0.89%
	3	1,300,522	24.8%	$ 24,207,938	88,922	27.8%	$ (9,038,258)	$ 15,169,679.34	23.34%
	4	98,880	1.9%	$ 1,840,549	5,972	1.9%	$ (607,009)	$ 1,233,539.26	1.90%
	5	67,689	1.3%	$ 1,259,971	2,986	0.9%	$ (303,505)	$ 956,466.37	1.47%
	6	1,279,093	24.4%	$ 23,809,060	88,980	27.8%	$ (9,044,154)	$ 14,764,906.62	22.72%
	7	347,226	6.6%	$ 6,463,270	20,735	6.5%	$ (2,107,558)	$ 4,355,711.49	6.70%
	8	196,996	3.8%	$ 3,666,895	12,165	3.8%	$ (1,236,482)	$ 2,430,413.01	3.74%
	9	436,941	8.3%	$ 8,133,222	24,466	7.7%	$ (2,486,786)	$ 5,646,435.91	8.69%
	10	101,949	1.9%	$ 1,897,677	6,396	2.0%	$ (650,106)	$ 1,247,571.61	1.92%
	11	387,227	7.4%	$ 7,207,858	13,719	4.3%	$ (1,394,434)	$ 5,813,423.72	8.94%
	12	71,074	1.4%	$ 1,322,972	4,219	1.3%	$ (428,830)	$ 894,141.75	1.38%
	13	188,473	3.6%	$ 3,508,235	11,116	3.5%	$ (1,129,859)	$ 2,378,376.06	3.66%
	Subtotal	4,645,481	88.7%	$ 86,471,069	292,685	91.5%	$ (29,749,248)	$ 56,721,820.69	87.26%
Non-MSA Counties and Counties with Only Rural Places	1	52,278	1.0%	$ 973,101	3,076	1.0%	$ (312,652)	$ 660,448.22	1.02%
	2	40,520	0.8%	$ 754,234	2,258	0.7%	$ (229,509)	$ 524,724.83	0.81%
	3	41,208	0.8%	$ 767,039	1,902	0.6%	$ (193,324)	$ 573,714.90	0.88%
	4	100,803	1.9%	$ 1,876,355	4,782	1.5%	$ (486,055)	$ 1,390,300.42	2.14%
	5	75,591	1.4%	$ 1,407,044	3,054	1.0%	$ (310,416)	$ 1,096,627.60	1.69%
	6	37,264	0.7%	$ 693,640	1,673	0.5%	$ (170,048)	$ 523,591.89	0.81%
	7	16,856	0.3%	$ 313,760	460	0.1%	$ (46,756)	$ 267,004.38	0.41%
	8	45,086	0.9%	$ 839,241	1,853	0.6%	$ (188,344)	$ 650,897.19	1.00%
	9	34,118	0.7%	$ 635,068	1,503	0.5%	$ (152,769)	$ 482,298.92	0.74%
	10	48,433	0.9%	$ 901,529	2,571	0.8%	$ (261,323)	$ 640,205.55	0.98%
	11	65,598	1.3%	$ 1,221,048	2,171	0.7%	$ (220,666)	$ 1,000,381.55	1.54%
	12	28,806	0.5%	$ 536,196	1,352	0.4%	$ (137,421)	$ 398,775.65	0.61%
	13	5,946	0.1%	$ 110,678	408	0.1%	$ (41,470)	$ 69,208.21	0.11%
	Subtotal	592,507	11.3%	$ 11,028,931	27,063	8.5%	$ (2,750,752)	$ 8,278,179.31	12.74%
	Total	5,237,987	100.0%	$ 97,500,000	319,748	100%	$ (32,500,000)	$ 65,000,000.00	100.00%

Total Sample Allocation: $65,000,000
Weight of Need Variables: 150%
Weight of Availability Variables: -50%

Attachment E: Texas Department of Housing and Community Affairs Example 2023 HTC Regional Allocation Formula

Table 3 - Reallocation

	Region	Initial Subregion Amount	Amount Needed to Reach Subregion Floor	Amount that can be Reallocated	% of Total Amount that can be Reallocated	Amount to be Reallocated	Final Subregion Allocation	% of Total Award
MSA Counties with Urban Places	1	$ 1,250,321.41	$ -	$ 650,321.41	1.28%	$ (17,671.26)	$ 1,232,650.15	1.90%
	2	$ 580,834.15	$ 19,165.85	$ -	0.00%	$ 19,165.85	$ 600,000.00	0.92%
	3	$ 15,169,679.34	$ -	$ 14,569,679.34	28.69%	$ (395,903.70)	$ 14,773,775.64	22.73%
	4	$ 1,233,539.26	$ -	$ 633,539.26	1.25%	$ (17,215.24)	$ 1,216,324.02	1.87%
	5	$ 956,466.37	$ -	$ 356,466.37	0.70%	$ (9,686.31)	$ 946,780.07	1.46%
	6	$ 14,764,906.62	$ -	$ 14,164,906.62	27.89%	$ (384,904.77)	$ 14,380,001.85	22.12%
	7	$ 4,355,711.49	$ -	$ 3,755,711.49	7.40%	$ (102,054.41)	$ 4,253,657.07	6.54%
	8	$ 2,430,413.01	$ -	$ 1,830,413.01	3.60%	$ (49,738.04)	$ 2,380,674.97	3.66%
	9	$ 5,646,435.91	$ -	$ 5,046,435.91	9.94%	$ (137,127.43)	$ 5,509,308.48	8.48%
	10	$ 1,247,571.61	$ -	$ 647,571.61	1.28%	$ (17,596.54)	$ 1,229,975.07	1.89%
	11	$ 5,813,423.72	$ -	$ 5,213,423.72	10.27%	$ (141,665.01)	$ 5,671,758.71	8.73%
	12	$ 894,141.75	$ -	$ 294,141.75	0.58%	$ (7,992.75)	$ 886,149.00	1.36%
	13	$ 2,378,376.06	$ -	$ 1,778,376.06	3.50%	$ (48,324.03)	$ 2,330,052.03	3.58%
	Subtotal	$ 56,721,820.69	$ 19,165.85	$ 48,940,986.55	96.38%	$ (1,310,713.65)	$ 55,411,107.05	85.25%
Non-MSA Counties and Counties with Only Rural Places	1	$ 660,448.22	$ -	$ 60,448.22	0.12%	$ (1,642.57)	$ 658,805.66	1.01%
	2	$ 524,724.83	$ 75,275.17	$ -	0.00%	$ 75,275.17	$ 600,000.00	0.92%
	3	$ 573,714.90	$ 26,285.10	$ -	0.00%	$ 26,285.10	$ 600,000.00	0.92%
	4	$ 1,390,300.42	$ -	$ 790,300.42	1.56%	$ (21,474.93)	$ 1,368,825.48	2.11%
	5	$ 1,096,627.60	$ -	$ 496,627.60	0.98%	$ (13,494.92)	$ 1,083,132.68	1.67%
	6	$ 523,591.89	$ 76,408.11	$ -	0.00%	$ 76,408.11	$ 600,000.00	0.92%
	7	$ 267,004.38	$ 332,995.62	$ -	0.00%	$ 332,995.62	$ 600,000.00	0.92%
	8	$ 650,897.19	$ -	$ 50,897.19	0.10%	$ (1,383.04)	$ 649,514.16	1.00%
	9	$ 482,298.92	$ 117,701.08	$ -	0.00%	$ 117,701.08	$ 600,000.00	0.92%
	10	$ 640,205.55	$ -	$ 40,205.55	0.08%	$ (1,092.51)	$ 639,113.04	0.98%
	11	$ 1,000,381.55	$ -	$ 400,381.55	0.79%	$ (10,879.62)	$ 989,501.94	1.52%
	12	$ 398,775.65	$ 201,224.35	$ -	0.00%	$ 201,224.35	$ 600,000.00	0.92%
	13	$ 69,208.21	$ 530,791.79	$ -	0.00%	$ 530,791.79	$ 600,000.00	0.92%
	Subtotal	$ 8,278,179.31	$ 1,360,681.23	$ 1,838,860.54	3.62%	$ 1,310,713.65	$ 9,588,892.95	14.75%
	Total	$ 65,000,000.00	$ 1,379,847.09	$ 50,779,847.09	100.00%	$ -	$ 65,000,000.00	100.00%

Subregion Allocation Floor: $600,000.00

8a

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

8b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

SEPTEMBER 1, 2022

Presentation, discussion, and possible action regarding awards from the Multifamily Direct Loan (MFDL) 2022-1 Notice of Funding Availability (NOFA)

Table 1 2022 NOFA Applications Recommended for Action				
App. ID	Application Name	Recommended Award	Fund Source	City
22505	Westheimer Garden Villas	$3,000,000	HOME	Houston
22510	Uvalde Villas	$1,770,000	HOME	McAllen
Both Applications applied under the COVID-Impact Set-Aside.				

RECOMMENDED ACTION

WHEREAS, the Governing Board approved publication of the MFDL 2022-1 NOFA on December 9, 2021, which announced the availability of $24,517,494 in HOME Investment Partnership Program (HOME) funding, with $10,000,000 made available in the COVID-Impact Set-Aside;

WHEREAS, as noted above in Table 1, two 2022-1 NOFA Applications requesting $4,770,000 are being recommended for an award;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history for both Applications has previously been deemed acceptable by the Executive Award Review Advisory Committee (EARAC); and

WHEREAS, staff recommends approval of the 2022-1 NOFA Applications referenced in Table 1.

NOW, therefore, it is hereby

RESOLVED, that the 2022-1 NOFA Applications Recommended for Action reflected in Table 1 are approved, subject to conditions that may be applicable as found in the Real Estate Analysis Underwriting Report posted to the Department's website and as described within this Board Action Request; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of EARAC, underwriting, and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

22505 Westheimer Garden Villas: $3,000,000 HOME

Description: Westheimer Garden Villas proposes the new construction of 85 units that will serve the elderly population of Houston, Harris County. Unit sizes will include one and two-bedroom units with rent/income levels from 30% to 60% of the area median income (AMI), with three market rate units. Out of the total 85 units, 50 will be HOME units restricted to either 50% or 60% AMI. In addition, the development will provide two HOME Match Units at 60% AMI and High HOME Rents. The application documents building cost increases of $3.2 million from initial underwriting.

Financing and Regulatory Terms: Subject to final underwriting as further set forth in the following Real Estate Analysis (REA) Report, the $3,000,000 HOME loan will be in second lien position with an interest rate of 0.50%, a 15-year term, and a 40-year amortization period. Annual debt service on the loan will be $82,765.

Organizational Structure: The proposed owner is CSH WESTHEIMER GARDEN VILLAS, Ltd., and includes principals with the ability to exercise control as indicated in the organizational chart below.

OWNER ORGANIZATION CHART

WESTHEIMER GARDEN VILLAS
Houston, Texas

↓

Operating Partnership

CSH WESTHEIMER GARDEN VILLAS, Ltd.
A to-be-formed Texas Limited Partnership

↓

00.01% General Partner

CSH WESTHEIMER GARDEN VILLAS GP, LLC
a to-be-formed Texas Limited Liability Corporation

99.99% Proposed Investor Limited Partner

Investment Limited Partner

↓

100% Member/Manager

Texas Inter-Faith Housing Corporation
a Non-Profit 501(c)(3) Corporation

Russ Michaels*, Executive Director, 0%
Gloria Sanderson, Board, 0%
Kristin McLaughlin, Board, 0%
Minal Vyas, Board, 0%
Troy Nelson, Board, 0%
Stacey Jackson, Board, 0%
Stewart Hill, Board, 0%
Veronica Sanders, Board, 0%
Karen Nelson, Board, 0%
Arrie Colca, Board, 0%
David Jones, Board, 0%
Carlos Saenz, Board, 0%
Sam Lark, Jr., Board, 0%

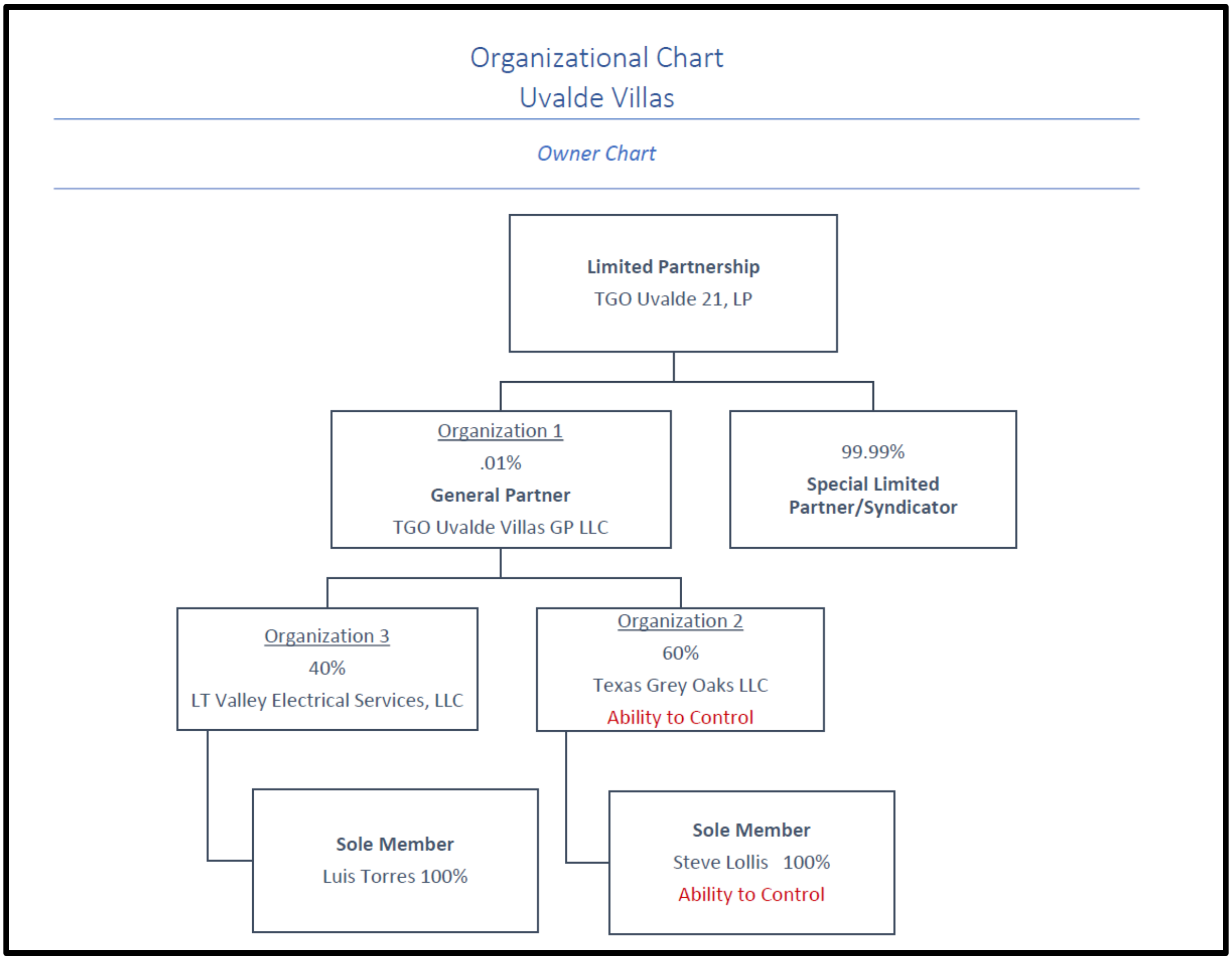
*Denotes Ability to Exercise Control

<u>22510 Uvalde Villas:</u> $1,770,000 HOME

Description: Previously approved for 9% LIHTC on July 22, 2021 (ID 21039), Uvalde Villas is the new construction of 102 units that will serve the general population of McAllen, Hidalgo County. Unit sizes will include one, two, and three-bedroom units with rent/income levels from 30% to 60% of the area median income (AMI), with six market rate units. Out of the total 102 units, 21 will be HOME units restricted to either 30% or 50% AMI. In addition, the development will provide two HOME Match Units at 50% AMI and Low HOME rents. The application documents building cost increases of $1.7 million from initial underwriting.

Financing and Regulatory Terms: Subject to final underwriting as further set forth in the following Real Estate Analysis (REA) Report, the $1,770,000 HOME loan will be in second lien position with an interest rate of 0.50%, an 18-year term, and a 35-year amortization period. Annual debt service on the loan will be $55,136.

Organizational Structure: The proposed owner is TGO Uvalde 21, LP, and includes principals with the ability to exercise control as indicated in the organizational chart below.


Organizational Chart
Uvalde Villas
Owner Chart
Limited Partnership
TGO Uvalde 21, LP
Organization 1
.01%
General Partner
TGO Uvalde Villas GP LLC
99.99%
Special Limited Partner/Syndicator
Organization 3
40%
LT Valley Electrical Services, LLC
Organization 2
60%
Texas Grey Oaks LLC
Ability to Control
Sole Member
Luis Torres 100%
Sole Member
Steve Lollis 100%
Ability to Control

Underwriting Report
22505 – Westheimer Garden Villas

Real Estate Analysis Division
August 22, 2022

Addendum to Underwriting Report

TDHCA Application #: **22505 21006** Program(s): **9% HTC/MDL**

Westheimer Garden Villas

Address/Location: 5811 Winsome Lane

City: Houston County: Harris Zip: 77057

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/22/22	**MDL Memo**
07/17/21	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan Const. to Perm. (Repayable)	$0	0.00%	0	0	**$3,000,000**	**0.50%**	**40**	**15**	**2**
LIHTC (9% Credit)	$1,499,558				**$1,499,558**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), 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 STATUS

1 **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 partnership documents must contain provisions that any stabilization resizing on the senior debt includes the debt service on the TDHCA MDL at a minimum 1.15 DCR.

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

2 Receipt and acceptance by Cost Certification:

a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

b: Certification that testing for asbestos was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	33
60% of AMI	60% of AMI	40

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	10
60% of AMFI	High HOME	40

ANALYSIS

The Development was awarded $1,499,558 in 9% Housing Tax Credits in 2021. The Development has applied for $3M in HOME funding under the 2022 MDL NOFA Covid Set Aside.

Operating Pro Forma

Underwriter utilized 2022 HTC and HOME rents; the increased income allowed full amortization of the requested $3M MDL.

MFDL units float among unit types.

Development Cost

Building Cost increased $3.2M and Total Development Cost increased $2.9M.

Total Developer Fee did not increase as required by Rule.

Sources of Funds

If the Direct Loan funds are not awarded, the deal is infeasible due to the increase in the deferred developer fee (DDF) The DDF is not repayable within the first 15 years without additional non-amortizing debt sources.

Underwriter recommends a construction to permanent Multifamily Direct Loan in the amount of $3M as a second lien at 0.50% interest with a 15 year term and 40 year amortization. The annual debt service payment on the loan is $82,765.

Underwriter:	*Eric Weiner*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Westheimer Garden Villas, Houston, 9% HTC/MDL #22505 21006

LOCATION DATA

CITY:	Houston
COUNTY:	Harris
Area Median Income	$90,100
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	69	81.2%	0	40
2	16	18.8%	0	10
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**85**	**100.0%**	**-**	**50**

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	96.36%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	703 sf

53%	**Income**	20%	30%	40%	50%	60%	70%	80%	MR	**TOTAL**
Average Income	**# Units**	-	9	-	33	40	-	-	3	**85**
	% Total	0.0%	10.6%	0.0%	38.8%	47.1%	0.0%	0.0%	3.5%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program			UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent		# 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%	$498				5	1	1	650	$498	$38	$460	$0	$0.71	$460	**$2,300**	**$2,300**	$460	**$0.71**	**$0**	$997	$1.53	$1,260
TC 50%	$831				4	1	1	650	$831	$38	$793	$0	$1.22	$793	**$3,172**	**$3,172**	$793	**$1.22**	**$0**	$997	$1.53	$1,260
TC 60%	$997				1	1	1	650	$997	$38	$959	$0	$1.48	$959	**$959**	**$959**	$959	**$1.48**	**$0**	$997	$1.53	$1,260
MR					1	1	1	650	$0	$38		NA	$1.53	$997	**$997**	**$997**	$997	**$1.53**	**NA**	$997	$1.53	$1,260
TC 50%	$831	LH/50%	$831		4	1	1	650	$831	$38	$793	$0	$1.22	$793	**$3,172**	**$3,172**	$793	**$1.22**	**$0**	$997	$1.53	$1,260
TC 50%	$831	HH/60%	$1,014		3	1	1	650	$831	$38	$793	$0	$1.22	$793	**$2,379**	**$2,379**	$793	**$1.22**	**$0**	$997	$1.53	$1,260
TC 60%	$997	HH/60%	$1,014		4	1	1	650	$997	$38	$959	$0	$1.48	$959	**$3,836**	**$3,836**	$959	**$1.48**	**$0**	$997	$1.53	$1,260
TC 30%	$498				2	1	1	672	$498	$38	$460	$0	$0.68	$460	**$920**	**$920**	$460	**$0.68**	**$0**	$997	$1.48	$1,260
TC 50%	$831				11	1	1	672	$831	$38	$793	$0	$1.18	$793	**$8,723**	**$8,723**	$793	**$1.18**	**$0**	$997	$1.48	$1,260
TC 60%	$997			Match-HH	1	1	1	672	$997	$38	$959	$0	$1.43	$959	**$959**	**$959**	$959	**$1.43**	**$0**	$997	$1.48	$1,260
MR					1	1	1	672	$0	$38		NA	$1.48	$997	**$997**	**$997**	$997	**$1.48**	**NA**	$997	$1.48	$1,260
TC 50%	$831	LH/50%	$831		4	1	1	672	$831	$38	$793	$0	$1.18	$793	**$3,172**	**$3,172**	$793	**$1.18**	**$0**	$997	$1.48	$1,260
TC 50%	$831	HH/60%	$1,014		5	1	1	672	$831	$38	$793	$0	$1.18	$793	**$3,965**	**$3,965**	$793	**$1.18**	**$0**	$997	$1.48	$1,260
TC 60%	$997	HH/60%	$1,014		20	1	1	672	$997	$38	$959	$0	$1.43	$959	**$19,180**	**$19,180**	$959	**$1.43**	**$0**	$997	$1.48	$1,260
TC 60%	$997				3	1	1	749	$997	$38	$959	$0	$1.28	$959	**$2,877**	**$2,877**	$959	**$1.28**	**$0**	$997	$1.33	$1,260
TC 30%	$598				2	2	1	855	$598	$49	$549	$0	$0.64	$549	**$1,098**	**$1,098**	$549	**$0.64**	**$0**	$1,197	$1.40	$1,350
TC 50%	$997	LH/50%	$997		2	2	1	855	$997	$49	$948	$0	$1.11	$948	**$1,896**	**$1,896**	$948	**$1.11**	**$0**	$1,197	$1.40	$1,350
TC 60%	$1,197				2	2	1	855	$1,197	$49	$1,148	$0	$1.34	$1,148	**$2,296**	**$2,296**	$1,148	**$1.34**	**$0**	$1,197	$1.40	$1,350
TC 60%	$1,197	HH/60%	$1,208		8	2	1	855	$1,197	$49	$1,148	$0	$1.34	$1,148	**$9,184**	**$9,184**	$1,148	**$1.34**	**$0**	$1,197	$1.40	$1,350
TC 60%	$1,197			Match-HH	1	2	1	855	$1,197	$49	$1,148	$0	$1.34	$1,148	**$1,148**	**$1,148**	$1,148	**$1.34**	**$0**	$1,197	$1.40	$1,350
MR					1	2	1	855	$0	$49		NA	$1.40	$1,197	**$1,197**	**$1,197**	$1,197	**$1.40**	NA	$1,197	$1.40	$1,350
TOTALS/AVERAGES:					**85**			**59,795**				**$0**	**$1.24**	**$876**	**$74,427**	**$74,427**	**$876**	**$1.24**	**$0**	**$1,035**	**$1.47**	**$1,277**

ANNUAL POTENTIAL GROSS RENT:	**$893,124**	**$893,124**

*MFDL Units Float Among Unit Type

STABILIZED PRO FORMA

Westheimer Garden Villas, Houston, 9% HTC/MDL #22505 21006

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Local Elderly		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.24	$876	$893,124	$790,128	$790,128	$893,124	$876	$1.24		0.0%	$0
Cleaning, Damages, Late, NSF fees							$20.00	$20,400	20,400							
Total Secondary Income							$20.00			20,400	$20,400	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$913,524	$810,528	$810,528	$913,524				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(68,514)	(60,790)	(60,790)	(68,514)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$845,010	$749,738	$749,738	$845,010				0.0%	$0
General & Administrative	$33,751	$397/Unit	$33,844	$398	4.10%	$0.58	$408	$34,680	$34,425	$33,844	$34,680	$408	$0.58	4.10%	0.0%	-
Management	$34,486	4.4% EGI	$32,803	$386	4.46%	$0.63	$443	$37,666	$37,466	$37,487	$42,250	$497	$0.71	5.00%	-10.9%	(4,584)
Payroll & Payroll Tax	$117,847	$1,386/Unit	$121,966	$1,435	14.93%	$2.11	$1,484	$126,140	$126,126	$121,966	$126,140	$1,484	$2.11	14.93%	0.0%	-
Repairs & Maintenance	$64,959	$764/Unit	$70,910	$834	7.04%	$1.00	$700	$59,500	$59,500	$55,250	$55,250	$650	$0.92	6.54%	7.7%	4,250
Electric/Gas	$17,811	$210/Unit	$16,084	$189	1.97%	$0.28	$196	$16,625	$16,625	$16,084	$16,084	$189	$0.27	1.90%	3.4%	541
Water, Sewer, & Trash	$59,314	$698/Unit	$57,101	$672	6.43%	$0.91	$639	$54,350	$54,350	$57,101	$57,101	$672	$0.95	6.76%	-4.8%	(2,751)
Property Insurance	$38,124	$0.64 /sf	$33,428	$393	6.04%	$0.85	$600	$51,000	$35,020	$38,124	$51,000	$600	$0.85	6.04%	0.0%	-
Property Tax (@ 100%) 2.3994	$65,032	$765/Unit	$66,112	$778	9.51%	$1.34	$945	$80,362	$72,803	$70,699	$80,362	$945	$1.34	9.51%	0.0%	-
Reserve for Replacements					2.51%	$0.36	$250	$21,250	$21,250	$21,250	$21,250	$250	$0.36	2.51%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.39%	$0.05	$39	$3,280	$3,280	$3,280	$3,280	$39	$0.05	0.39%	0.0%	-
TOTAL EXPENSES					**57.38%**	**$8.11**	**$5,704**	**$484,853**	$460,845	$455,086	**$487,397**	**$5,734**	**$8.15**	**57.68%**	**-0.5%**	**$ (2,544)**
NET OPERATING INCOME ("NOI")					**42.62%**	**$6.02**	**$4,237**	**$360,157**	$288,893	$294,653	**$357,612**	**$4,207**	**$5.98**	**42.32%**	**0.7%**	**$ 2,544**
CONTROLLABLE EXPENSES							$3,427/Unit					$3,403/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Westheimer Garden Villas, Houston, 9% HTC/MDL #22505 21006

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Legacy Bank and Trust		1.56	1.57	228,992	5.75%	40	15	$3,581,000	$4,273,000	$4,273,000	$3,581,000	15	40	5.75%	$228,992	1.57	16.7%
MF Direct Loan Const. to Perm. (Repayable)		1.53	1.54	$4,138	0.50%	40	15	$150,000			$3,000,000	15	40	0.50%	$82,765	1.16	14.0%
MDL non-amortized deferred repayable portion		1.53	1.54		0.50%	0	15	$2,850,000			$0	15	0	0.00%		1.16	0.0%
CASH FLOW DEBT / GRANTS																	
City of Houston		1.53	1.54		0.00%	0	0	$500	$500	$500	$500	0	0	0.00%		1.16	0.0%
Nations Construction		1.53	1.54		0.00%	0	0	$225,000			$225,000	0	0	0.00%		1.16	1.1%
				$233,130	**TOTAL DEBT / GRANT SOURCES**			**$6,806,500**	$4,273,500	$4,273,500	**$6,806,500**		**TOTAL DEBT SERVICE**		**$311,758**	**1.16**	31.8%
NET CASH FLOW		$124,482	$127,027								**APPLICANT**	**NET OPERATING INCOME**		**$360,157**	**$48,399**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
						Prior Underwriting							
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Hunt Capital Partners	LIHTC Equity	65.8%	$1,499,558	0.94	$14,094,436	$13,798,620	$13,794,550	$14,094,436	$0.94	$1,499,558	65.8%	$17,642	Previous Allocation
Texas Inter Faith Development	Deferred Developer Fees	2.4%	(30% Deferred)		$522,923	$435,448	$439,019	$522,924	(30% Deferred)		2.4%	**Total Developer Fee:**	**$1,735,000**
Additional (Excess) Funds Req'd		0.0%						$0			0.0%		
TOTAL EQUITY SOURCES		68.2%			$14,617,359	$14,234,068		$14,617,360			68.2%		
TOTAL CAPITALIZATION					**$21,423,859**	$18,507,568	$18,507,068	**$21,423,860**				**15-Yr Cash Flow after Deferred Fee:**	**$445,246**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab			Total Costs	Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$46,047 / Unit	$3,914,000	$3,914,000	$3,914,000	$3,914,000	$46,047 / Unit				0.0%	$0
Site Work		$1,573,490		$18,512 / Unit	$1,573,490	$1,309,879	$1,309,879	$1,573,490	$18,512 / Unit		$1,573,490		0.0%	$0
Site Amenities		$391,800		$4,609 / Unit	$391,800	$691,058	$691,058	$391,800	$4,609 / Unit		$391,800		0.0%	$0
Building Cost		$8,944,000	$149.58 /sf	$105,224/Unit	$8,944,000	$5,732,525	$6,210,732	$8,944,000	$105,224/Unit	$149.58 /sf	$8,944,000		0.0%	$0
Contingency		$545,464	5.00%	5.00%	$545,464	$489,313	$489,313	$545,464	5.00%	5.00%	$545,464		0.0%	$0
Contractor Fees		$1,447,388	12.64%	12.64%	$1,447,388	$1,047,130	$1,047,130	$1,447,388	12.64%	12.64%	$1,447,388		0.0%	$0
Soft Costs	$0	$1,218,667		$14,337 / Unit	$1,218,667	$2,095,434	$2,095,434	$1,218,667	$14,337 / Unit		$1,218,667	$0	0.0%	$0
Financing	$0	$1,095,891		$15,297 / Unit	$1,300,250	$1,136,864	$1,136,864	$1,300,250	$15,297 / Unit		$1,095,891	$0	0.0%	$0
Developer Fee	$0	$1,735,000	11.40%	11.40%	$1,735,000	$1,735,000	$1,735,000	$1,735,000	11.40%	11.40%	$1,735,000	$0	0.0%	$0
Reserves				6 Months	$353,801	$355,865	$352,876	$353,801	5 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$16,951,700**		$252,045 / Unit	**$21,423,860**	$18,507,068	$18,982,287	**$21,423,860**	$252,045 / Unit		**$16,951,700**	**$0**	**0.0%**	**$0**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$16,951,700**		$252,045/unit	**$21,423,860**	$18,507,068	$18,982,287	**$21,423,860**	$252,045/unit		**$16,951,700**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$21,423,860**

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Westheimer Garden Villas, Houston, 9% HTC/MDL #22505 21006

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$16,951,700	$0	$16,951,700
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$16,951,700	$0	$16,951,700
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$22,037,211	$0	$22,037,211
Applicable Fraction	96%	96.36%	96%	96.36%
TOTAL QUALIFIED BASIS	$0	$21,234,886	$0	$21,234,886
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$1,911,140	$0	$1,911,140
CREDITS ON QUALIFIED BASIS	$1,911,140		$1,911,140	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9399	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,911,140	$17,962,917	----	----	----
Needed to Fill Gap	$1,555,194	$14,617,360	----	----	----
Previous Allocation	$1,499,558	$14,094,436	**$1,499,558**	**$0**	**$0**

Long-Term Pro Forma

Westheimer Garden Villas, Houston, 9% HTC/MDL #22505 21006

	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%	$845,010	$861,910	$879,148	$896,731	$914,666	$1,009,865	$1,114,972	$1,231,020	$1,359,145	$1,500,606	$1,656,790	$1,829,230
TOTAL EXPENSES	3.00%	$484,853	$499,022	$513,608	$528,625	$544,084	$628,492	$726,110	$839,017	$969,622	$1,120,714	$1,295,523	$1,497,791
NET OPERATING INCOME ("NOI")		**$360,157**	**$362,888**	**$365,540**	**$368,106**	**$370,582**	**$381,373**	**$388,862**	**$392,002**	**$389,523**	**$379,892**	**$361,267**	**$331,440**
EXPENSE/INCOME RATIO		57.4%	57.9%	58.4%	59.0%	59.5%	62.2%	65.1%	68.2%	71.3%	74.7%	78.2%	81.9%
MUST -PAY DEBT SERVICE													
Legacy Bank and Trust		$228,992	$228,992	$228,992	$228,992	$228,992	$228,992	$228,992	$228,992	$228,992	$228,992	$228,992	$228,992
MF Direct Loan Const. to Perm. (Repayabl		$82,765	$82,765	$82,765	$82,765	$82,765	$82,765	$82,765	$82,765	$82,765	$82,765	$82,765	$82,765
TOTAL DEBT SERVICE		$311,758	$311,758	$311,758	$311,758	$311,758	$311,758	$311,758	$311,758	$311,758	$311,758	$311,758	$311,758
DEBT COVERAGE RATIO		1.16	1.16	1.17	1.18	1.19	1.22	1.25	1.26	1.25	1.22	1.16	1.06
ANNUAL CASH FLOW		**$48,399**	**$51,130**	**$53,782**	**$56,348**	**$58,824**	**$69,615**	**$77,105**	**$80,244**	**$77,765**	**$68,134**	**$49,509**	**$19,682**
Deferred Developer Fee Balance		$474,526	$423,395	$369,614	$313,265	$254,441	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$73,187	$445,246	$842,164	$1,238,480	$1,601,615	$1,890,419	$2,053,458

21006 Westheimer Garden Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 8, 2021

PROPERTY IDENTIFICATION	
Application #	21006
Development	Westheimer Garden Villas
City / County	Houston / Harris
Region/Area	6 / Urban
Population	Elderly Limitation
Set-Aside	Non-Profit
Activity	New Construction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,500,000	$1,499,558	$17,642/Unit	$0.92

KEY PRINCIPALS / SPONSOR

Russ Michaels -
Executive Director & Managing Member of the GP /
Texas Inter-Faith Development, LLC
&
JOT Couch, sole member of
IFG Legacy Development, LLC.

Related Parties	Contractor -	No	Seller -	No

TYPICAL BUILDING ELEVATION/PHOTO

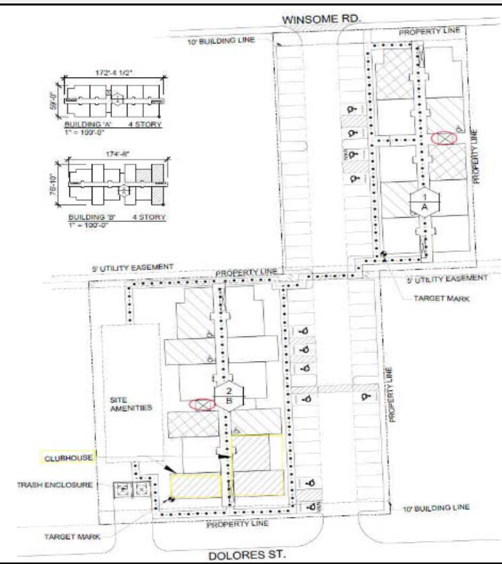
UNIT DISTRIBUTION		
# Beds	# Units	% Total
Eff	-	0%
1	69	81%
2	16	19%
3	-	0%
4	-	0%
TOTAL	85	100%

INCOME DISTRIBUTION		
Income	# Units	% Total
20%	-	0%
30%	9	11%
40%	-	0%
50%	33	39%
60%	40	47%
70%	-	0%
80%	-	0%
MR	3	4%
TOTAL	85	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	Expense Ratio	61.5%
Breakeven Occ.	87.8%	Breakeven Rent	$734
Average Rent	$775	B/E Rent Margin	$41
Property Taxes	$857/unit	Exemption/PILOT	0%
Total Expense	$5,422/unit	Controllable	$3,424/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			5.5%
Highest Unit Capture Rate	14%	1 BR/60%	29
Dominant Unit Cap. Rate	9%	1 BR/50%	31
Premiums (↑60% Rents)	Yes		$42/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	701 SF	Density	61.6/acre
Acquisition		$46K/unit	$3,914K
Building Cost	$96.24/SF	$67K/unit	$5,733K
Hard Cost		$97K/unit	$8,223K
Total Cost		$218K/unit	$18,507K
Developer Fee	$1,735K	(25% Deferred)	Paid Year: 11
Contractor Fee	$1,047K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Citi Community Capital	15/35	4.75%	$4,273,000	1.15
TOTAL DEBT (Must Pay)			$4,273,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Houston	0/0	0.00%	$500	1.15
CASH FLOW DEBT / GRANTS			$500	

EQUITY / DEFERRED FEES	
Source	Amount
Hudson Housing Capital	$13,794,550
CSH Westheimer Garden Villas, Ltd.	$439,019
TOTAL EQUITY SOURCES	**$14,233,568**
TOTAL DEBT SOURCES	**$4,273,500**
TOTAL CAPITALIZATION	**$18,507,068**

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Certification that testing for asbestos was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

RISK PROFILE

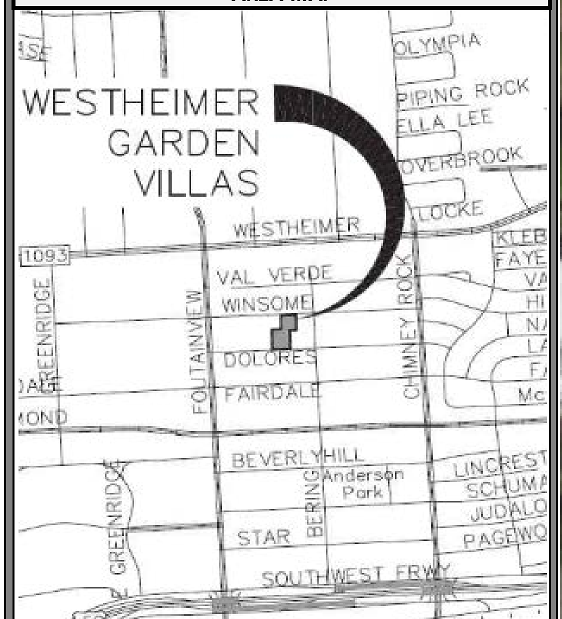
STRENGTHS/MITIGATING FACTORS

- Market premiums possible on 3 market units.
- Efficient parking
- Deep rent restrictions (53% Average Income)

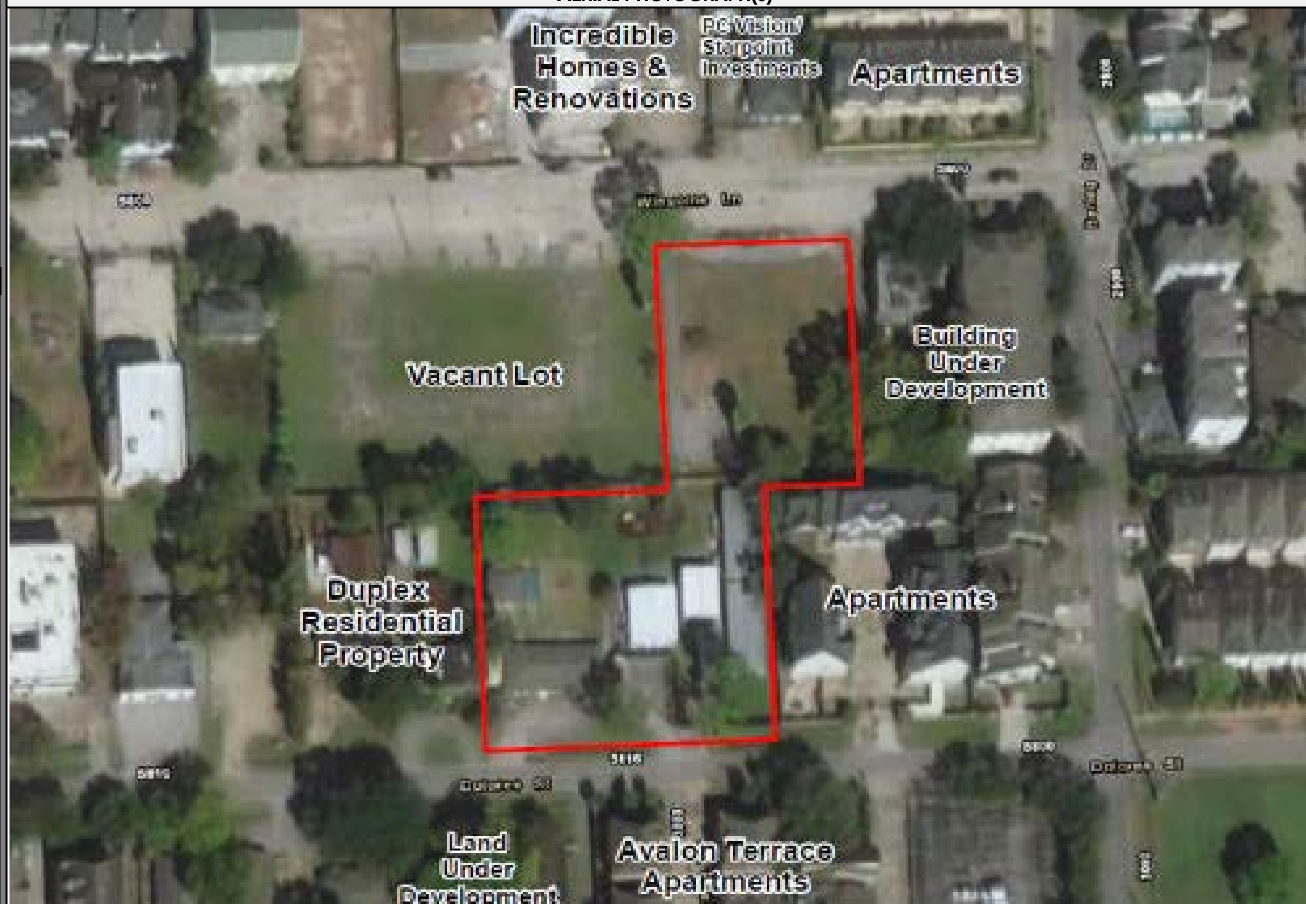
WEAKNESSES/RISKS

- Only 3 market rate units.
- 0.78 parking spaces / unit
- Debt coverage at 1.15 times
- Potential abatement costs
- Very little green space

AREA MAP



AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
July 8, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21006** Program(s): **9% HTC**

Westheimer Garden Villas

Address/Location:	5811 Winsome Lane				
City:	Houston	County:	Harris	Zip:	77057
Population:	Elderly Limitation	Program Set-Aside:	Non-Profit	Area:	Urban
Activity:	New Construction	Building Type:	Elevator Served	Region:	6
Analysis Purpose:	New Application - Initial Underwriting				

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,500,000				**$1,499,558**				

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Certification that testing for asbestos was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	9
50% of AMI	50% of AMI	33
60% of AMI	60% of AMI	40

DEVELOPMENT SUMMARY

The proposed project is an Elderly Limitation development that wll feature 2 buidings situated on a 1.38 acre site. The elevator served four-story buildings total 85 units and will have set-asides for rent levels at 30%/50%/60% AMI, Average Income of 53%, along with 3 market rate units. The infill development is surrounded by considerable new construction and undeveloped land on surrounding parcels.

RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	Market premiums possible on 3 market units.
▫	Efficient parking
▫	Deep rent restrictions (53% Average Income)
▫	
▫	

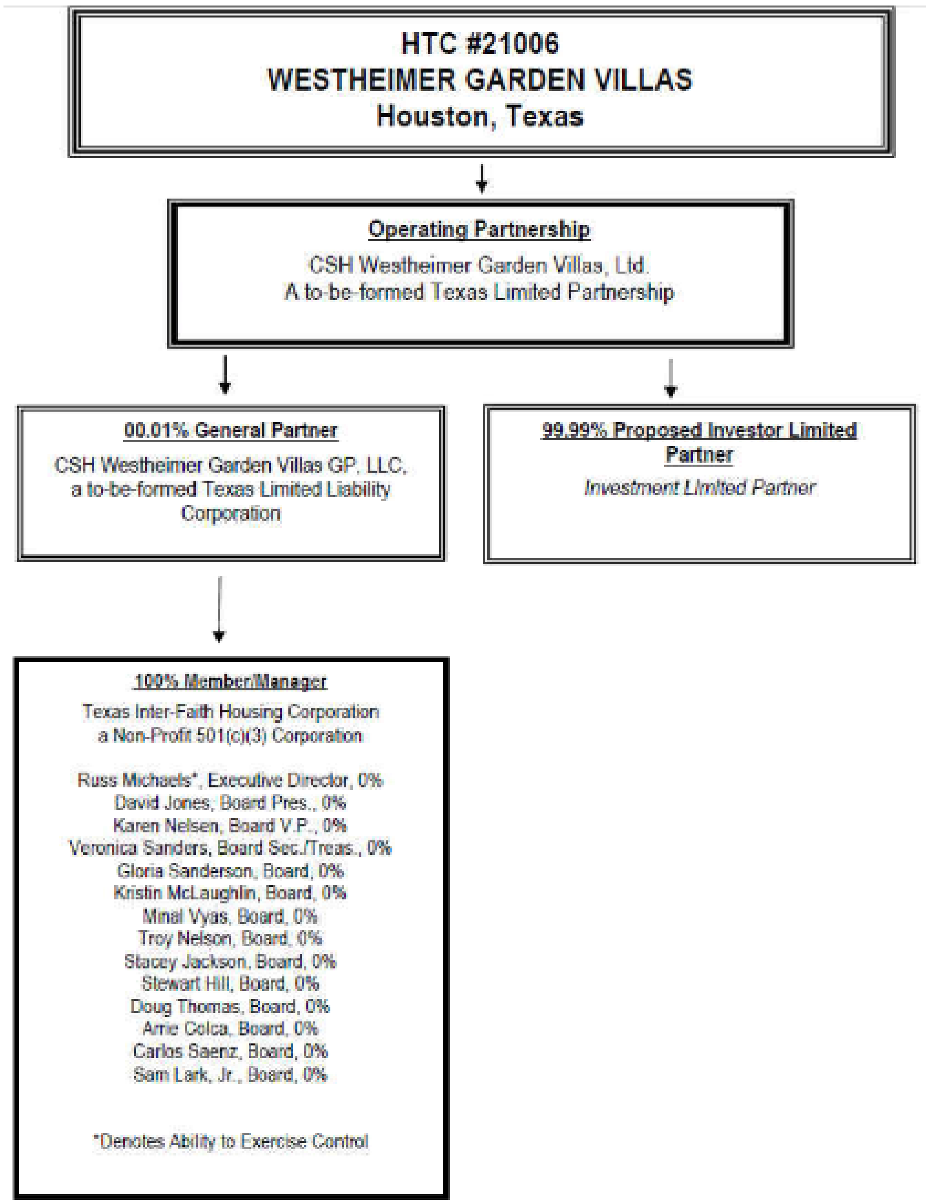
	WEAKNESSES/RISKS
▫	Only 3 market rate units.
▫	0.78 parking spaces / unit
▫	Debt coverage at 1.15 times
▫	Potential abatement costs
▫	Very little green space

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Russ Michaels	Name:	Matt Higgins
Phone:	212-960-3913	Phone:	817 683 1571
Relationship:	Executive Director	Relationship:	Compliance Consultant

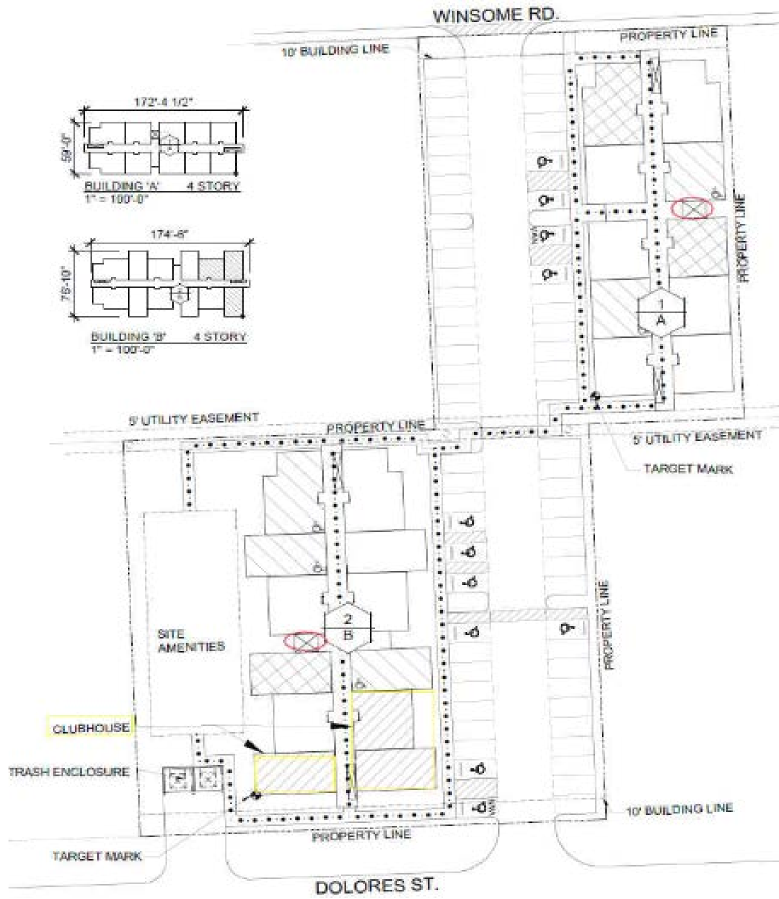
OWNERSHIP STRUCTURE

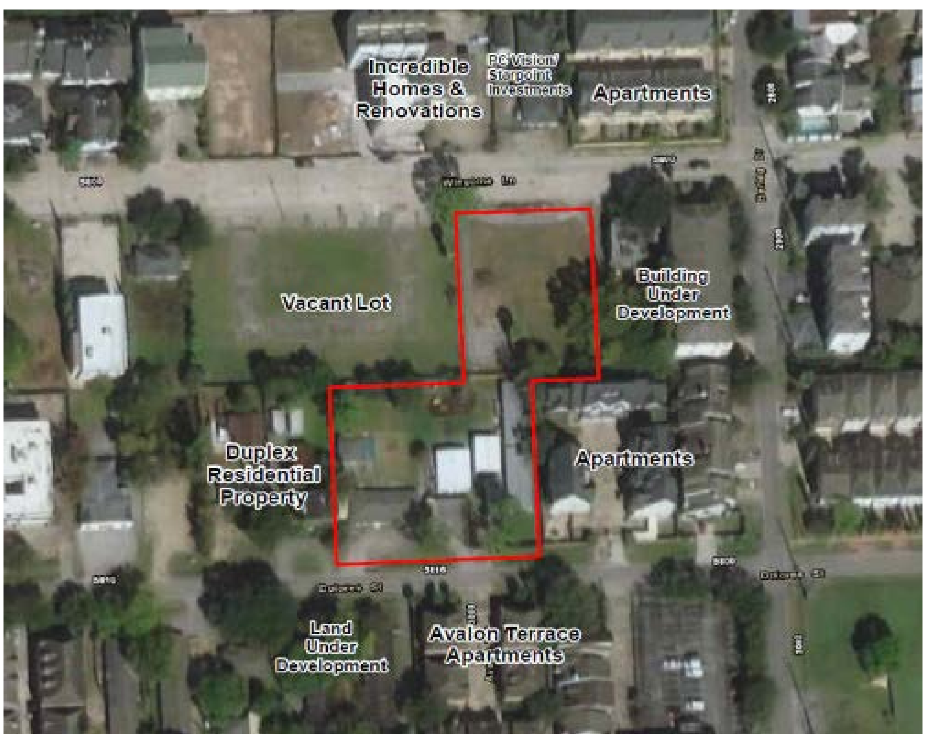


- Texas Inter-faith Housing Corporation is a non-profit 501(c)(3) with Previous Participation at 20116 Dian Street Villas. The majority of the development teams HTC expereince in Texas is provided by JOT Couch, the founder of Texas Inter-Faith Housing & the sole member of the Co-Developer entity IFG Legacy Development, LLC.

DEVELOPMENT SUMMARY

SITE PLAN



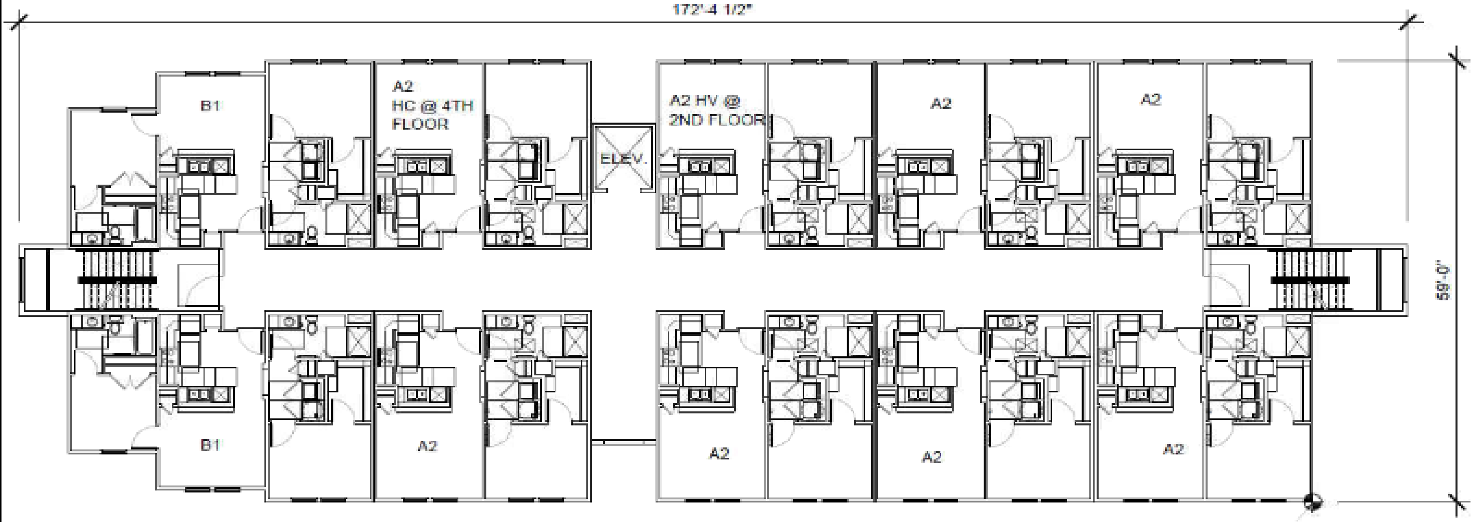


Comments:

This flat site has a single drive with two means of egress to both the northern and the southern residential streets. All site amenities, including a pool, are on the western edge of the parcel behind Building A. Although only 0.78 parking spaces / unit, all parking is efficiently distributed.

66 parking spaces required and 66 space provided.

BUILDING PLAN (Typical)



Comments:

Small 701 SF average unit sizes, separated by a wide breezeway with stairwells at each end and a single elevator in each of the two buildings. There are efficient plumbing runs other than for the 22 units with wet island kitchens, and all units have at least one walk-in closet.

BUILDING ELEVATION

Comments:

Significant ornamentation on each of the two four-story elevator-served garden towers. All roofs have a steep 6/12 roof pitch, and the façade is 35% Brick/Stone, 30% Board on Batton, and 35% Fiber Cement.

BUILDING CONFIGURATION

Building Type	A	B										Total Buildings
Floors/Stories	4	4										
Number of Bldgs	1	1										2
Units per Bldg	40	45										
Total Units	40	45										**85**

Avg. Unit Size (SF)	**701 sf**	**Total NRA (SF)**	**59,564**	**Common Area (SF)***	**1,485**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 1.38 acres Density: 61.6 units/acre

Site Control: 1.382 **Site Plan:** 1.38 **Appraisal:** n/a **ESA:** 1.383

Feasibility Report Survey: 1.38 **Feasibility Report Engineer's Plan:** 1.38

Control Type: Earnest Money Contract

Development Site: 1.38 acres Cost: $3,914,000 $46,047 per unit

Seller: Park Place Dolores, LLC

Buyer: SuperUrban Realty Ventures, LLC

Assignee: CSH Westheimer Garden Villas, Ltd.

Related-Party Seller/Identity of Interest: No

Comments:

Buyer has exercised a Feasibility Period until September 30, 2021.

Seller has the right to relocate an existing Modular building on site.

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	No Zoning	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

1 story building with 4 separate modular buildings of a Private school that closed this campus in May 2020.

Surrounding Uses:

North: Winsome Lane, Incredible Homes & Renovations, retail and residential property.
East: Residential property and building under development.
South: Dolores Street, Avalon Terrace Apartments and land under development.
West: Residential property and vacant lot.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 2/22/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- The on-site buildings were constructed in the 1960s, thus a visual asbestos inspection was conducted by Phase Engineering, Inc. Potential asbestos containing building materials (ACBMs) in the form of wall material, ceiling material and miscellaneous building materials in good non-friable condition were observed at the subject property. No potential suspect damaged friable ACBMs were observed. No asbestos sampling was performed as part of this ESA and no previous asbestos inspection reports or abatement reports were provided to Phase Engineering, Inc.

- Asbestos inspection is recommended prior to any demolition or renovation activities.

Comments:

Per EPA and HUD regulations, in the event of total demolition no further sampling or lead abatement is required. However, the use of lead-safe practices is recommended during the demolition activities in order to minimize exposure to lead dust.

Since the on-site buildings were constructed prior to 1986, testing for lead in the drinking water is recommended if any of the existing plumbing systems are planned for use in future development of the subject property.

MARKET ANALYSIS

Provider:	Affordable Housing Analysts	Date:	3/30/2021
Contact:	Bob Coe	Phone:	281-387-7552

Primary Market Area (PMA): 9 sq. miles 2 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Harris County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$10,632	$10,632	$12,768	$12,768	---	---	---
	Max	$16,560	$18,930	$21,300	$23,640	---	---	---
50% AMGI	Min	$17,736	$17,736	$21,288	$21,288	---	---	---
	Max	$27,600	$31,550	$35,500	$39,400	---	---	---
60% AMGI	Min	$21,288	$21,288	$25,560	$25,560	---	---	---
	Max	$33,120	$37,860	$42,600	$47,280	---	---	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
20141	Richmond Senior Village	Y	New	Elderly	100	125
20205	Ella Grand	Y	New	Elderly	98	145
Other Affordable Developments in PMA since 2016						
21131	Boulevard 61		New	General	NA	100
Stabilized Affordable Developments in PMA					Total Units	174
					Total Developments	1
					Average Occupancy	98%

Proposed, Under Construction, and Unstabilized Competitive Supply:

There is considerable development of Elderly LIHTC properties in West Houston, with 20141 Richmond Senior Vilage and 20205 Ella Grand in development as direct competitors to the subject. In addition, 21100 Hawthorn Terrace is another Elderly new development just 1 mile west of the PMA; however its PMA does not overlap with Subject's PMA.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	39,180			
Senior Households in the Primary Market Area	10,981			
Potential Demand from the Primary Market Area	4,647			
10% External Demand	465			
Potential Demand from Other Sources	0			
GROSS DEMAND	5,112			
Subject Affordable Units	82			
Unstabilized Competitive Units	198			
RELEVANT SUPPLY	280			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**5.5%**			

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

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	876	88	9	22	3%					
50% AMGI	1,762	176	33	83	6%					
60% AMGI	2,008	201	40	93	6%					

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Elderly is assumed age 55 and up.

TC 60% rents provide an average $373 discount to the market rents reported by the Market Analyst.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst									
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate					
1 BR/30%	583	58	7	18	4%					
1 BR/50%	946	95	31	66	9%					
1 BR/60%	700	70	29	75	14%					
2 BR/30%	328	33	2	4	2%					
2 BR/50%	755	76	2	17	2%					
2 BR/60%	361	36	11	18	7%					

Market Analyst Comments:

"There are no elderly HTC projects in the PMA. Other elderly HTC properties outside the PMA but within relatively close proximity include: Orchard at Westchase is a 153-unit Elderly HTC with a current occupancy of 97%. West Oaks Village is a 232-unit Elderly HTC with a current occupancy of 100%." (p. 13)

"I estimate absorption at 15 to 25 units a month and the property should stabilize within 3 to 5 months of opening." (p. 15)

"Houston gained more residents between 2000 and 2010 than any of the nation’s other 365 cities according to a new study by Kinder Institute for Urban Research at Rice University. During this period, the Greater Houston metropolitan area grew by 1.2 million people." (p. 22)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$288,893	Avg. Rent:	$775	Expense Ratio:	61.5%
Debt Service:	$250,666	B/E Rent:	$734	Controllable Expenses:	$3,424
Net Cash Flow:	$38,227	UW Occupancy:	92.5%	Property Taxes/Unit:	$857
Aggregate DCR:	1.15	B/E Occupancy:	87.8%	Program Rent Year:	2020

All restricted units underwritten at maximum HTC Program rents.

Three unrestricted units underwritten at HTC 60% Gross Rent per REA Rules (market units less than 15% ot total). Market Study indicates achievable rents average $373 above the collected rents on HTC 60% units.

Breakeven Occupancy is a high 87.8%, but market study indicates a low risk of opperating below full occupancy.

Aggregate DCR of 1.15 due to deep rent restrictions.

Deferred Developer Fee should fully repay by Year 11, and the 15-yr cash flow after DDF repayment is $244,223.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$2,836,232/ac	$46,047/unit	**$3,914,000**	Contractor Fee	**$1,047,130**
Off-site + Site Work		$23,540/unit	**$2,000,937**	Soft Cost + Financing	**$3,232,298**
Building Cost	$96.24/sf	$67,441/unit	**$5,732,525**	Developer Fee	**$1,735,000**
Contingency	6.33%	$5,757/unit	**$489,313**	Reserves	**$355,865**

Total Development Cost	$217,730/unit	**$18,507,068**	**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Add'l 10% of units restricted at or below 30% AMI

Acquisition:

Acquisition price of $2.8M / acre high due to submarket demand for redevelopment.

Site Work:

Site Work costs are high per unit due to low unit count, as well as items like underground water detention. Eligible Site Work costs are $14,992/unit, while Eligible Site Amenities ($8,130/unit) include a Pool, Landscaping, Pavillions, Recreation Areas, and a BBQ.area,

Building Cost:

$19,382/unit for Woods and Plastics reflects current premium for supply of wood, or 29% of Building Costs.

Mechanical (HVAC; Plumbing) and Electrical estimates both account for just over $9,000/unit in total costs.

Applicant's building cost of $96.24/sf is 8% lower than Underwriter's estimate of $104.27/sf based on Marshall and Swift's "average" base cost adjusted for small number of units and four story build.

Applicant limited eligible building cost to $84.36/sf for scoring purposes.

Comments:

Applicant's Total Development Cost is wiithin 5% of the Underwriter's estimate. As a result, the recommended capital structure is determined by the Applicant's Cost Schedule.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$18,507,068	**$13,302,939**	**$1,499,558**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Citi Community Capital	Construction Loan	$13,250,000	4.00%	84%
Hudson Housing Capital	HTC	$2,069,793	$0.92	13%
City of Houston	LPS Contribution	$500		0%
CSH Westheimer Garden Villas, Ltd.	Deferred Developer Fee	$435,488		3%
		$15,755,781	**Total Sources**	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**LTC**
Citi Community Capital	$4,273,000	4.75%	35	15	$4,273,000	4.75%	35	15	23%
Total	**$4,273,500**				**$4,273,500**				

Comments:

Citi Community Capital offers both the $13.25M construction loan, as well as the $4.273M permanent loan.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	**Amount**	**Rate**	**% Def**	**Amount**	**Rate**	**% TC**	**% Def**
Hudson Housing Capital	$13,798,620	$0.92		$13,794,550	$0.92	75%	
CSH Westheimer Garden Villas, Ltd.	$435,448		25%	$439,019		2%	25%
Total	**$14,234,068**			**$14,233,568**			
				$18,507,068	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.949	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.903	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$18,507,068
Permanent Sources (debt + non-HTC equity)	$4,273,500
Gap in Permanent Financing	$14,233,568

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$13,794,550	$1,499,558
Needed to Balance Sources & Uses	$14,233,568	$1,547,282
Requested by Applicant	$13,798,620	$1,500,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$13,794,550**	**$1,499,558**

Deferred Developer Fee	**$439,019**	**(25% deferred)**
Repayable in	**11 years**	

Comments:

Underwriter recommends $1,499,558 annual tax credit allocation as determined by Eligible Basis.

Applicant's credit request was calculated using an applicable fraction based on the number of units. The Underwriter utilized the lower fraction based on net rentable area, resulting in a reduction to the credit recommendation.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Westheimer Garden Villas, Houston, 9% HTC #21006

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$78,800
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	69	81.2%	0	0
2	16	18.8%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**85**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	96.35%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	701 sf

53%	**Income**	20%	30%	40%	50%	60%	70%	80%	MR	**TOTAL**
Average Income	**# Units**	-	9	-	33	40	-	-	3	**85**
	% Total	0.0%	10.6%	0.0%	38.8%	47.1%	0.0%	0.0%	3.5%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# 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%	$443	5	1	1	650	$443	$38	$405	$0	$0.62	$405	**$2,025**	**$2,025**	$405	**$1**	**$0**	$887	$1.36	$1,260
TC 50%	$739	11	1	1	650	$739	$38	$701	$0	$1.08	$701	**$7,711**	**$7,711**	$701	**$1**	**$0**	$887	$1.36	$1,260
TC 60%	$887	5	1	1	650	$887	$38	$849	$0	$1.31	$849	**$4,245**	**$4,245**	$849	**$1**	**$0**	$887	$1.36	$1,260
MR		1	1	1	650	$0	$38		NA	$1.36	$887	**$887**	**$887**	$887	**$1**	**NA**	$887	$1.36	$1,260
TC 30%	$443	2	1	1	672	$443	$38	$405	$0	$0.60	$405	**$810**	**$810**	$405	**$1**	**$0**	$887	$1.32	$1,260
TC 50%	$739	20	1	1	672	$739	$38	$701	$0	$1.04	$701	**$14,020**	**$14,020**	$701	**$1**	**$0**	$887	$1.32	$1,260
TC 60%	$887	24	1	1	672	$887	$38	$849	$0	$1.26	$849	**$20,376**	**$20,376**	$849	**$1**	**$0**	$887	$1.32	$1,260
MR		1	1	1	672	$0	$38		NA	$1.32	$887	**$887**	**$887**	$887	**$1**	**NA**	$887	$1.32	$1,260
TC 30%	$532	2	2	2	855	$532	$49	$483	$0	$0.56	$483	**$966**	**$966**	$483	**$1**	**$0**	$1,065	$1.25	$1,350
TC 50%	$887	2	2	2	855	$887	$49	$838	$0	$0.98	$838	**$1,676**	**$1,676**	$838	**$1**	**$0**	$1,065	$1.25	$1,350
TC 60%	$1,065	11	2	2	855	$1,065	$49	$1,016	$0	$1.19	$1,016	**$11,176**	**$11,176**	$1,016	**$1**	**$0**	$1,065	$1.25	$1,350
MR		1	2	2	855	$0	$49		NA	$1.25	$1,065	**$1,065**	**$1,065**	$1,065	**$1**	**NA**	$1,065	$1.25	$1,350
TOTALS/AVERAGES:		**85**			**59,564**				**$0**	**$1.11**	**$775**	**$65,844**	**$65,844**	**$775**	**$1.11**	**$0**	**$921**	**$1.31**	**$1,277**
ANNUAL POTENTIAL GROSS RENT:												**$790,128**	**$790,128**						

STABILIZED PRO FORMA

Westheimer Garden Villas, Houston, 9% HTC #21006

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Local Elderly		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.11	$775	$790,128	$790,128	$775	$1.11		0.0%	$0
Cleaning, Damages, Late, NSF fees							$20.00	$20,400						
Total Secondary Income							$20.00		$20,400	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$810,528	$810,528				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(60,790)	(60,790)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$749,738	$749,738				0.0%	$0
General & Administrative	$33,692	$396/Unit	$33,844	$398	4.59%	$0.58	$405	$34,425	$33,844	$398	$0.57	4.51%	1.7%	581
Management	$34,426	4.4% EGI	$32,803	$386	5.00%	$0.63	$441	$37,466	$37,487	$441	$0.63	5.00%	-0.1%	(21)
Payroll & Payroll Tax	$117,847	$1,386/Unit	$121,966	$1,435	16.82%	$2.12	$1,484	$126,126	$121,966	$1,435	$2.05	16.27%	3.4%	4,160
Repairs & Maintenance	$64,959	$764/Unit	$70,910	$834	7.94%	$1.00	$700	$59,500	$55,250	$650	$0.93	7.37%	7.7%	4,250
Electric/Gas	$17,777	$209/Unit	$16,084	$189	2.22%	$0.28	$196	$16,625	$16,084	$189	$0.27	2.15%	3.4%	541
Water, Sewer, & Trash	$59,314	$698/Unit	$57,101	$672	7.25%	$0.91	$639	$54,350	$57,101	$672	$0.96	7.62%	-4.8%	(2,751)
Property Insurance	$38,124	$0.64 /sf	$33,428	$393	4.67%	$0.59	$412	$35,020	$38,124	$449	$0.64	5.09%	-8.1%	(3,104)
Property Tax (@ 100%) 2.3994	$64,921	$764/Unit	$66,112	$778	9.71%	$1.22	$857	$72,803	$70,699	$832	$1.19	9.43%	3.0%	2,104
Reserve for Replacements					2.83%	$0.36	$250	$21,250	$21,250	$250	$0.36	2.83%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.44%	$0.06	$39	$3,280	$3,280	$39	$0.06	0.44%	0.0%	-
TOTAL EXPENSES					**61.47%**	**$7.74**	**$5,422**	**$460,845**	**$455,086**	**$5,354**	**$7.64**	**60.70%**	**1.3%**	**$ 5,759**
NET OPERATING INCOME ("NOI")					**38.53%**	**$4.85**	**$3,399**	**$288,893**	**$294,653**	**$3,467**	**$4.95**	**39.30%**	**-2.0%**	**$ (5,759)**

CONTROLLABLE EXPENSES	$3,424/Unit		$3,344/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Westheimer Garden Villas, Houston, 9% HTC #21006

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 Community Capital		1.18	1.15	250,666	4.75%	35	15	$4,273,000	$4,273,000	15	35	4.75%	$250,666	1.15	23.1%
CASH FLOW DEBT / GRANTS															
City of Houston		1.18	1.15		0.00%	0	0	$500	$500	0	0	0.00%		1.15	0.0%
				$250,666	**TOTAL DEBT / GRANT SOURCES**			**$4,273,500**	**$4,273,500**		**TOTAL DEBT SERVICE**		**$250,666**	**1.15**	23.1%
NET CASH FLOW		$43,987	$38,227						**APPLICANT**	**NET OPERATING INCOME**			**$288,893**	**$38,227**	**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
Hudson Housing Capital	LIHTC Equity	74.6%	$1,500,000	0.919908	$13,798,620	$13,794,550	$0.9199	$1,499,558	74.5%	$17,642	Eligible Basis
CSH Westheimer Garden Villas, Ltd.	Deferred Developer Fees	2.4%	(25% Deferred)		$435,448	$439,019	(25% Deferred)		2.4%	**Total Developer Fee:**	**$1,735,000**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		76.9%			$14,234,068	$14,233,568			76.9%		
TOTAL CAPITALIZATION					**$18,507,568**	**$18,507,068**				**15-Yr Cash Flow after Deferred Fee:**	**$244,223**

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				$46,047 / Unit	$3,914,000	$3,914,000	$46,047 / Unit				0.0%	$0
Site Work		$1,274,320		$15,410 / Unit	$1,309,879	$1,309,879	$15,410 / Unit		$1,274,320		0.0%	$0
Site Amenities		$691,058		$8,130 / Unit	$691,058	$691,058	$8,130 / Unit		$691,058		0.0%	$0
Building Cost		$5,024,813	$96.24 /sf	$67,441/Unit	$5,732,525	$6,210,732	$73,067/Unit	$104.27 /sf	$5,024,813		-7.7%	($478,207)
Contingency		$489,313	7.00%	6.33%	$489,313	$489,313	5.96%	7.00%	$489,313		0.0%	$0
Contractor Fees		$1,047,130	14.00%	12.73%	$1,047,130	$1,047,130	12.03%	14.00%	$1,047,130		0.0%	$0
Soft Costs	$0	$2,020,434		$24,652 / Unit	$2,095,434	$2,095,434	$24,652 / Unit		$2,020,434	$0	0.0%	$0
Financing	$0	$1,020,871		$13,375 / Unit	$1,136,864	$1,136,864	$13,375 / Unit		$1,020,871	$0	0.0%	$0
Developer Fee	$0	$1,735,000	15.00%	14.09%	$1,735,000	$1,735,000	13.57%	15.00%	$1,735,000	$0	0.0%	$0
Reserves				6 Months	$355,865	$352,876	6 Months				0.8%	$2,989
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$13,302,939**		$217,730 / Unit	**$18,507,068**	**$18,982,287**	$223,321 / Unit		**$13,302,939**	**$0**	**-2.5%**	**($475,218)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$13,302,939**		$217,730/unit	**$18,507,068**	**$18,982,287**	$223,321/unit		**$13,302,939**	**$0**	**-2.5%**	**($475,218)**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$18,507,068**							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Westheimer Garden Villas, Houston, 9% HTC #21006

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	**Construction Rehabilitation**	**Acquisition**	**Construction**
ADJUSTED BASIS	$0	$13,302,939	$0	$13,302,939
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,302,939	$0	$13,302,939
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,293,821	$0	$17,293,821
Applicable Fraction	96%	96.35%	96%	96.35%
TOTAL QUALIFIED BASIS	$0	$16,661,750	$0	$16,661,750
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$1,499,558	$0	$1,499,558
CREDITS ON QUALIFIED BASIS	$1,499,558		$1,499,558	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,499,558	$13,794,550	**$1,499,558**	**($442)**	**($4,070)**
Needed to Fill Gap	$1,547,282	$14,233,568	----	----	----
Applicant Request	$1,500,000	$13,798,620	----	----	----

BUILDING COST ESTIMATE

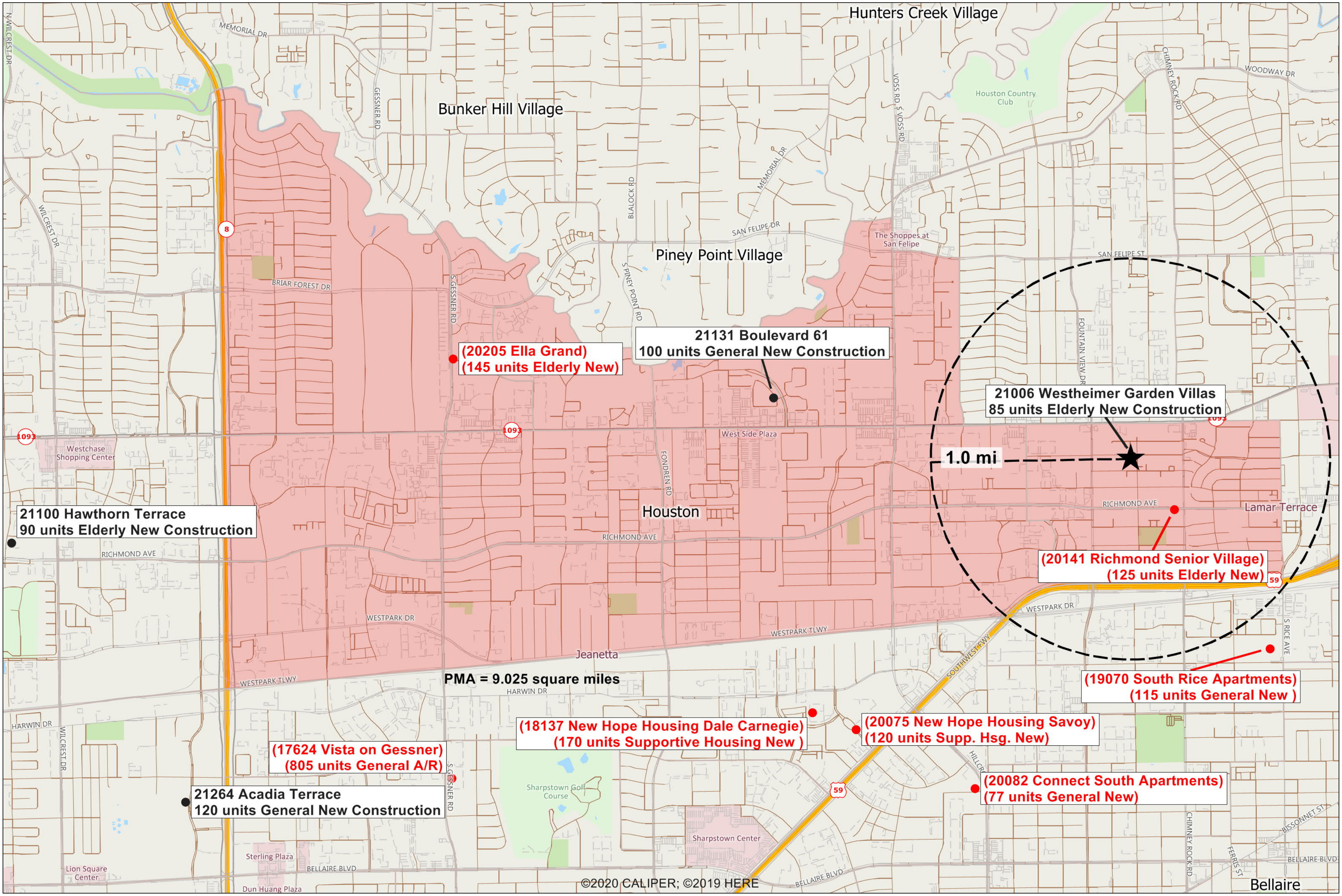
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	59,564 SF	$85.21	5,075,154
Adjustments				
Exterior Wall Finish	5.45%		4.64	$276,480
Elderly	3.00%		2.56	152,255
9-Ft. Ceilings	3.68%		3.14	186,815
Roof Adjustment(s)			1.43	85,000
Subfloor			0.22	13,253
Floor Cover			2.56	152,484
Breezeways	$30.19	10,097	5.12	304,879
Balconies	$0.00	0	0.00	0
Plumbing Fixtures	$1,080	48	0.87	51,840
Rough-ins	$530	170	1.51	90,100
Built-In Appliances	$1,830	85	2.61	155,550
Exterior Stairs	$2,460	4	0.17	9,840
Heating/Cooling			2.34	139,380
Storage Space	$30.19	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$110.91	1,395	2.60	154,722
Elevators	$118,600	2	3.98	237,200
Other:			0.00	0
Fire Sprinklers	$2.88	71,056	3.44	204,641
SUBTOTAL			**122.38**	**7,289,592**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**122.38**	**$7,289,592**
Plans, specs, survey, bldg permits	3.30%		(4.04)	($240,557)
Contractor's OH & Profit	11.50%		(14.07)	(838,303)
NET BUILDING COSTS		$73,067/unit	$104.27/sf	$6,210,732

Long-Term Pro Forma

Westheimer Garden Villas, Houston, 9% HTC #21006

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$749,738	$764,733	$780,028	$795,628	$811,541	$896,007	$989,264	$1,092,227	$1,205,907	$1,331,419	$1,469,994
TOTAL EXPENSES	3.00%	$460,845	$474,296	$488,142	$502,397	$517,071	$597,189	$689,834	$796,979	$920,904	$1,064,254	$1,230,090
NET OPERATING INCOME ("NOI")		**$288,893**	**$290,437**	**$291,885**	**$293,232**	**$294,470**	**$298,818**	**$299,430**	**$295,249**	**$285,003**	**$267,165**	**$239,904**
EXPENSE/INCOME RATIO		61.5%	62.0%	62.6%	63.1%	63.7%	66.7%	69.7%	73.0%	76.4%	79.9%	83.7%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$250,666	$250,666	$250,666	$250,666	$250,666	$250,666	$250,666	$250,666	$250,666	$250,666	$250,666
DEBT COVERAGE RATIO		1.15	1.16	1.16	1.17	1.17	1.19	1.19	1.18	1.14	1.07	0.96
ANNUAL CASH FLOW		**$38,227**	**$39,771**	**$41,219**	**$42,565**	**$43,804**	**$48,152**	**$48,763**	**$44,583**	**$34,337**	**$16,499**	**($10,762)**
Deferred Developer Fee Balance		$400,791	$361,020	$319,801	$277,236	$233,432	$62	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$244,223	$477,651	$672,538	$794,087	$798,976

21006 Westheimer Garden Villas - PMA Map



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

Underwriting Report
22510 – Uvalde Villas

Real Estate Analysis Division
August 22, 2022

Addendum to Underwriting Report

TDHCA Application #: 22510 21039 Program(s): 9%/MDL

Uvalde Villas

Address/Location: Uvalde Ave. (east of S 10th St.)

City: McAllen County: Hidalgo Zip: 78503

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/22/22	**MDL Underwriting Memo**
07/20/21	Initial Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
MF Direct Loan Const. to Perm. (Repayable)	$0	0.00%	0	0	**$1,770,000**	**0.50%**	**35**	**18**	**2**
LIHTC (9% Credit)	$1,500,000				$1,500,000				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), 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 STATUS

1 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.

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

Status: Applicant provided a Limited Asbestos Inspection Report dated 2-24-2022 that found that there was no suspect CBMS found containing more than 1% asbestos.

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	10
50% of AMI	50% of AMI	20
60% of AMI	60% of AMI	66

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	6
50% of AMFI	Low HOME	17

ANALYSIS

The Development was awarded $1.5M in 9% Housing Tax Credits in 2021. The Development has applied for $1.77M in HOME funding under the 2022 MDL NOFA Covid Set Aside.

Operating Pro Forma

Underwriter utilized market rents in investor's Market Feasibility Analysis dated 1-27-2022 and discounted 10% per investor's guidelines. For the LIHTC and HOME units, 2022 Program Rents were used. MFDL units float among unit types.

Underwriter utilized 2022 HTC and HOME rents; the increased income allowed for amortization of the requested $1.77M MDL.

Development Cost

Building Cost increased $1.7M and Total Development Cost increased $1.4M.

Total Developer Fee did not increase as required by Rule.

Sources of Funds

Applicant submitted a 0.50% MDL construction interest rate. The construction interest rate is underwritten at 0% per MDL Rule in §13.8(b)(2): No interest will accrue during the construction term.

If the Direct Loan funds are not awarded, the deal is infeasible due to the increase in the deferred developer fee (DDF) The DDF is not repayable within the first 15 years without additional non-amortizing debt sources.

Underwriter recommends a construction to permanent Multifamily Direct Loan in the amount of $1,770,000 as a second lien at 0.50% interest with an 18-year term and 35-year amortization to match senior debt. Annual debt service payment for MDL is $55,136.

Underwriter:	*Eric Weiner*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Uvalde Villas, McAllen, 9% HTC #22510 21039

LOCATION DATA	
CITY:	McAllen
COUNTY:	Hidalgo
Area Median Income	$52,500
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2022

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	64	62.7%	0	14
2	32	31.4%	0	8
3	6	5.9%	0	1
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	102	100.0%	-	23

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	92.95%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	787 sf

55% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
	# Units	-	10	-	20	66	-	-	6	102
	% Total	0.0%	9.8%	0.0%	19.6%	64.7%	0.0%	0.0%	5.9%	100.0%

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program			UNIT MIX				PROGRAM RENT			APPLICANT				TDHCA				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent		# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Net Rent	Delta to Max	Rent psf	Net Rent per Unit	Monthly Rent	Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$383	30%/30%	$384		2	1	1	652	$383	$60	$323	$0	$0.50	$323	**$646**	**$646**	$323	$0.50	$0	$810	$1.24	$900
TC 50%	$638	LH/50%	$637		5	1	1	652	$637	$60	$577	$0	$0.88	$577	**$2,885**	**$2,885**	$577	$0.88	$0	$810	$1.24	$900
TC 60%	$766				24	1	1	652	$766	$60	$706	$0	$1.08	$706	**$16,944**	**$16,944**	$706	$1.08	$0	$810	$1.24	$900
MR					1	1	1	652	$0	$60		NA	$1.24	$810	**$810**	**$810**	$810	$1.24	NA	$810	$1.24	$900
TC 30%	$383	30%/30%	$384		2	1	1	674	$383	$60	$323	$0	$0.48	$323	**$646**	**$646**	$323	$0.48	$0	$810	$1.20	$900
TC 50%	$638	LH/50%	$637		3	1	1	674	$637	$60	$577	$0	$0.86	$577	**$1,731**	**$1,731**	$577	$0.86	$0	$810	$1.20	$900
TC 50%	$638			Match-LH	1	1	1	674	$638	$60	$578	$0	$0.86	$578	**$578**	**$578**	$578	$0.86	$0	$810	$1.20	$900
TC 60%	$766				18	1	1	674	$766	$60	$706	$0	$1.05	$706	**$12,708**	**$12,708**	$706	$1.05	$0	$810	$1.20	$900
TC 30%	$383				1	1	1	756	$383	$60	$323	$0	$0.43	$323	**$323**	**$323**	$323	$0.43	$0	$810	$1.07	$900
TC 50%	$638	LH/50%	$637		2	1	1	756	$637	$60	$577	$0	$0.76	$577	**$1,154**	**$1,154**	$577	$0.76	$0	$810	$1.07	$900
TC 60%	$766				5	1	1	756	$766	$60	$706	$0	$0.93	$706	**$3,530**	**$3,530**	$706	$0.93	$0	$810	$1.07	$900
TC 30%	$459				2	2	2	920	$459	$80	$379	$0	$0.41	$379	**$758**	**$758**	$379	$0.41	$0	$990	$1.08	$1,100
TC 50%	$766	LH/50%	$766		4	2	2	920	$766	$80	$686	$0	$0.75	$686	**$2,744**	**$2,744**	$686	$0.75	$0	$990	$1.08	$1,100
TC 60%	$919				9	2	2	920	$919	$80	$839	$0	$0.91	$839	**$7,551**	**$7,551**	$839	$0.91	$0	$990	$1.08	$1,100
MR					1	2	2	920	$0	$80		NA	$1.08	$990	**$990**	**$990**	$990	$1.08	NA	$990	$1.08	$1,100
TC 30%	$459	30%/30%	$461		1	2	2	970	$459	$80	$379	$0	$0.39	$379	**$379**	**$379**	$379	$0.39	$0	$990	$1.02	$1,100
TC 50%	$766	LH/50%	$766		2	2	2	970	$766	$80	$686	$0	$0.71	$686	**$1,372**	**$1,372**	$686	$0.71	$0	$990	$1.02	$1,100
TC 60%	$919				7	2	2	970	$919	$80	$839	$0	$0.86	$839	**$5,873**	**$5,873**	$839	$0.86	$0	$990	$1.02	$1,100
MR					2	2	2	970	$0	$80		NA	$1.02	$990	**$1,980**	**$1,980**	$990	$1.02	NA	$990	$1.02	$1,100
TC 30%	$459	30%/30%	$461		1	2	2	1,004	$459	$80	$379	$0	$0.38	$379	**$379**	**$379**	$379	$0.38	$0	$990	$0.99	$1,100
TC 50%	$766			Match-LH	1	2	2	1,004	$766	$80	$686	$0	$0.68	$686	**$686**	**$686**	$686	$0.68	$0	$990	$0.99	$1,100
TC 60%	$919				1	2	2	1,004	$919	$80	$839	$0	$0.84	$839	**$839**	**$839**	$839	$0.84	$0	$990	$0.99	$1,100
MR					1	2	2	1,004	$0	$80		NA	$0.99	$990	**$990**	**$990**	$990	$0.99	NA	$990	$0.99	$1,100
TC 50%	$885	LH/50%	$885		1	3	2	1,125	$885	$100	$785	$0	$0.70	$785	**$785**	**$785**	$785	$0.70	$0	$1,211	$1.08	$1,345
TC 60%	$1,062				1	3	2	1,125	$1,062	$100	$962	$0	$0.86	$962	**$962**	**$962**	$962	$0.86	$0	$1,211	$1.08	$1,345
TC 30%	$531				1	3	2	1,128	$531	$100	$431	$0	$0.38	$431	**$431**	**$431**	$431	$0.38	$0	$1,211	$1.07	$1,345
TC 50%	$885				1	3	2	1,128	$885	$100	$785	$0	$0.70	$785	**$785**	**$785**	$785	$0.70	$0	$1,211	$1.07	$1,345
TC 60%	$1,062				1	3	2	1,128	$1,062	$100	$962	$0	$0.85	$962	**$962**	**$962**	$962	$0.85	$0	$1,211	$1.07	$1,345
MR					1	3	2	1,140	$0	$100		NA	$1.06	$1,211	**$1,211**	**$1,211**	$1,211	$1.06	NA	$1,211	$1.06	$1,345
TOTALS/AVERAGES:					**102**			**80,238**				**$0**	**$0.89**	**$702**	**$71,632**	**$71,632**	**$702**	**$0.89**	**$0**	**$890**	**$1.13**	**$989**

ANNUAL POTENTIAL GROSS RENT:	**$859,584**	**$859,584**

*MFDL units float among Unit Types

STABILIZED PRO FORMA

Uvalde Villas, McAllen, 9% HTC #22510 21039

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		McAllen Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.89	$702	$859,584	$760,620	$760,620	$859,584	$702	$0.89		0.0%	$0
App fees, late fees, pet rent							$20.00	$24,480	14,688							
Total Secondary Income							$20.00			14,688	$24,480	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$884,064	$775,308	$775,308	$884,064				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(66,305)	(58,148)	(58,148)	(66,305)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$817,759	$717,160	$717,160	$817,759				0.0%	$0
General & Administrative	$31,994	$314/Unit	$34,174	$335	5.02%	$0.51	$402	$41,040	$46,970	$31,994	$31,994	$314	$0.40	3.91%	28.3%	9,046
Management	$30,459	4.1% EGI	$28,779	$282	3.59%	$0.37	$288	$29,350	$28,686	$35,858	$32,710	$321	$0.41	4.00%	-10.3%	(3,360)
Payroll & Payroll Tax	$112,283	$1,101/Unit	$114,585	$1,123	16.46%	$1.68	$1,320	$134,634	$114,750	$112,283	$134,634	$1,320	$1.68	16.46%	0.0%	-
Repairs & Maintenance	$51,668	$507/Unit	$58,464	$573	7.00%	$0.71	$561	$57,240	$49,616	$66,300	$66,300	$650	$0.83	8.11%	-13.7%	(9,060)
Electric/Gas	$19,498	$191/Unit	$12,002	$118	2.00%	$0.20	$160	$16,320	$17,034	$19,498	$19,498	$191	$0.24	2.38%	-16.3%	(3,178)
Water, Sewer, & Trash	$55,680	$546/Unit	$38,885	$381	5.17%	$0.53	$414	$42,240	$40,698	$38,885	$42,240	$414	$0.53	5.17%	0.0%	-
Property Insurance	$42,888	$0.53 /sf	$35,858	$352	5.36%	$0.55	$430	$43,860	$44,156	$42,888	$43,860	$430	$0.55	5.36%	0.0%	-
Property Tax (@ 100%) 2.5328	$61,121	$599/Unit	$69,299	$679	9.31%	$0.95	$746	$76,130	$74,428	$70,328	$76,130	$746	$0.95	9.31%	0.0%	-
Reserve for Replacements					3.12%	$0.32	$250	$25,500	$25,500	$25,500	$25,500	$250	$0.32	3.12%	0.0%	-
Supportive Services					0.75%	$0.08	$60	$6,120	$6,000	$6,000	$6,120	$60	$0.08	0.75%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.47%	$0.05	$38	$3,840	$2,640	$3,840	$3,840	$38	$0.05	0.47%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)					0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**58.24%**	**$5.94**	**$4,669**	**$476,274**	$450,478	$453,374	**$482,826**	**$4,734**	**$6.02**	**59.04%**	**-1.4%**	**$ (6,552)**
NET OPERATING INCOME ("NOI")					**41.76%**	**$4.26**	**$3,348**	**$341,485**	$266,681	$263,786	**$334,933**	**$3,284**	**$4.17**	**40.96%**	**2.0%**	**$ 6,552**
CONTROLLABLE EXPENSES							$2,858/Unit					$2,889/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Uvalde Villas, McAllen, 9% HTC #22510 21039

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE					Cumulative	
DEBT (Must Pay)	**Fee**	Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
JPMC		1.61	1.65	207,474	5.55%	35	18	$3,200,000	$3,640,000	$3,640,000	$3,200,000	18	35	5.55%	$207,474	1.65	16.9%
MF Direct Loan Const. to Perm. (Repayable)		1.61	1.65		0.00%	0	0	$0			$1,770,000	18	35	0.50%	$55,136	1.30	9.4%
Multifamily Direct Loan (Soft Repayable)		1.61	1.65		0.50%	0	18	$1,770,000			$0	0	0	0.000%		1.30	0.0%
CASH FLOW DEBT / GRANTS																	
City of McAllen		1.61	1.65		0.00%	0	0	$500	$500	$500	$500	0	0	0.00%		1.30	0.0%
Mark Mucasey		1.61	1.65		0.00%	0	0	$132,750	$0	$0	$132,750	0	0	0.00%		1.30	0.7%
				$207,474	**TOTAL DEBT / GRANT SOURCES**			**$5,103,250**	$3,640,500	$3,640,500	**$5,103,250**	**TOTAL DEBT SERVICE**			**$262,610**	**1.30**	27.0%
NET CASH FLOW		$127,459	$134,011								**APPLICANT**	**NET OPERATING INCOME**			**$341,485**	**$78,875**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Hudson Housing	LIHTC Equity	69.9%	$1,500,000	$0.88	$13,198,680	$13,498,650	$13,498,650	$13,198,680	$0.88	$1,500,000	69.9%	$14,706	Previous Allocation
Texas Grey Oaks, LLC	Deferred Developer Fees	3.1%	(36% Deferred)		$587,888	$279,587	$279,587	$587,889	(36% Deferred)		3.1%	**Total Developer Fee:**	**$1,632,000**
Additional (Excess) Funds Req'd		0.0%					$0	($0)			0.0%		
TOTAL EQUITY SOURCES		73.0%			$13,786,568	$13,778,237	$13,778,237	$13,786,569			73.0%		
TOTAL CAPITALIZATION					**$18,889,818**	$17,418,737	$17,418,737	**$18,889,819**				**15-Yr Cash Flow after Deferred Fee:**	**$794,952**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis Acquisition	Eligible Basis New Const. Rehab			Total Costs	Applicant	TDHCA	Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	%	$
Land Acquisition				$26,866 / Unit	$2,740,360	$2,740,360	$2,740,360	$2,740,360	$26,866 / Unit				0.0%	$0
Off-Sites		$0		$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,468,897		$14,842 / Unit	$1,513,897	$1,464,150	$1,464,150	$1,510,383	$14,808 / Unit		$1,468,897		0.2%	$3,514
Site Amenities		$514,650		$5,046 / Unit	$514,650	$514,650	$514,650	$514,650	$5,046 / Unit		$514,650		0.0%	$0
Building Cost		$8,545,066	$106.50 /sf	$83,775/Unit	$8,545,066	$6,823,970	$7,271,725	$8,518,580	$83,515/Unit	$106.17 /sf	$8,518,580		0.3%	$26,486
Contingency		$575,824	5.47%	5.47%	$578,074	$577,559	$577,559	$578,074	5.48%	5.48%	$575,824		0.0%	$0
Contractor Fees		$1,271,331	11.45%	11.45%	$1,276,764	$1,232,388	$1,232,388	$1,276,764	11.48%	11.48%	$1,271,331		0.0%	$0
Soft Costs	$0	$964,007		$9,451 / Unit	$964,007	$1,077,437	$1,077,437	$964,007	$9,451 / Unit		$964,007	$0	0.0%	$0
Financing	$0	$627,907		$7,367 / Unit	$751,467	$778,667	$778,667	$751,467	$7,367 / Unit		$627,907	$0	0.0%	$0
Developer Fee	$0	$1,632,000	11.68%	11.64%	$1,632,000	$1,827,645	$1,827,644	$1,632,000	11.67%	11.71%	$1,632,000	$0	0.0%	$0
Reserves				7 Months	$373,534	$381,912	$333,453	$372,718	6 Months				0.2%	$816
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$15,599,682**		$185,194 / Unit	**$18,889,819**	$17,418,737	$17,818,034	**$18,859,003**	$184,892 / Unit		**$15,573,196**	**$0**	**0.2%**	**$30,816**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	($1)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$15,599,682**		$185,194/unit	**$18,889,819**	$17,418,737	$17,818,034	**$18,859,003**	$184,892/unit		**$15,573,196**	**$0**	**0.2%**	**$30,816**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$18,889,819**									

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Uvalde Villas, McAllen, 9% HTC #21039

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$15,599,682	$0	$15,573,196
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$15,599,682	$0	$15,573,196
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$20,279,586	$0	$20,245,155
Applicable Fraction	92.95%	92.95%	93%	93%
TOTAL QUALIFIED BASIS	$0	$18,850,072	$0	$18,818,068
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$1,696,507	$0	$1,693,626
CREDITS ON QUALIFIED BASIS	$1,696,507		$1,693,626	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8799	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,696,507	$14,927,764	----	----	----
Needed to Fill Gap	$1,566,812	$13,786,569	----	----	----
Previous Allocation	$1,500,000	$13,198,680	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

Uvalde Villas, McAllen, 9% HTC #22510 21039

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$817,759	$834,114	$850,797	$867,813	$885,169	$977,298	$1,079,016	$1,191,321	$1,315,314	$1,452,213	$1,603,361
TOTAL EXPENSES	3.00%	$476,274	$490,269	$504,677	$519,512	$534,786	$618,210	$714,739	$826,441	$955,712	$1,105,327	$1,278,500
NET OPERATING INCOME ("NOI")		**$341,485**	**$343,846**	**$346,119**	**$348,300**	**$350,383**	**$359,088**	**$364,277**	**$364,879**	**$359,602**	**$346,887**	**$324,861**
EXPENSE/INCOME RATIO		58.2%	58.8%	59.3%	59.9%	60.4%	63.3%	66.2%	69.4%	72.7%	76.1%	79.7%
MUST -PAY DEBT SERVICE												
JPMC		$207,474	$207,474	$207,474	$207,474	$207,474	$207,474	$207,474	$207,474	$207,474	$207,474	$207,474
MF Direct Loan Const. to Perm. (Repayabl		$55,136	$55,136	$55,136	$55,136	$55,136	$55,136	$55,136	$55,136	$55,136	$55,136	$55,136
TOTAL DEBT SERVICE		$262,610	$262,610	$262,610	$262,610	$262,610	$262,610	$262,610	$262,610	$262,610	$262,610	$262,610
DEBT COVERAGE RATIO		1.30	1.31	1.32	1.33	1.33	1.37	1.39	1.39	1.37	1.32	1.24
ANNUAL CASH FLOW		**$78,875**	**$81,236**	**$83,509**	**$85,690**	**$87,773**	**$96,478**	**$101,667**	**$102,270**	**$96,992**	**$84,277**	**$62,251**
Deferred Developer Fee Balance		$509,013	$427,778	$344,268	$258,578	$170,805	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$295,391	$794,952	$1,307,170	$1,805,329	$2,255,469	$2,614,919

21039 Uvalde Villas - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 20, 2021

PROPERTY IDENTIFICATION

Application #	**21039**
Development	**Uvalde Villas**
City / County	**McAllen / Hidalgo**
Region/Area	**11 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$1,500,000	**$1,500,000**	**$14,706/Unit**	**$0.90**

KEY PRINCIPALS / SPONSOR

Steve Lollis, Principal
of Texas Gre Oaks, LLC

&

Luis Torres, Principal
of LT Valley Electrical Services, LLC

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION

# Beds	# Units	% Total
Eff	-	0%
1	64	63%
2	32	31%
3	6	6%
4	-	0%
TOTAL	102	100%

INCOME DISTRIBUTION

Income	# Units	% Total
20%	-	0%
30%	10	10%
40%	-	0%
50%	20	20%
60%	66	65%
70%	-	0%
80%	-	0%
MR	6	6%
TOTAL	102	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.25	**Expense Ratio**	62.8%
Breakeven Occ.	85.6%	**Breakeven Rent**	$574
Average Rent	$621	**B/E Rent Margin**	$47
Property Taxes	$730/unit	**Exemption/PILOT**	0%
Total Expense	$4,416/unit	**Controllable**	$2,638/unit

SITE PLAN

MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			3.2%
Highest Unit Capture Rate	19%	1 BR/60%	24
Dominant Unit Cap. Rate	19%	1 BR/60%	24
Premiums (↑60% Rents)	Yes		$47/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	787 SF	**Density**	13.8/acre
Acquisition		$27K/unit	$2,740K
Building Cost	$85.05/SF	$67K/unit	$6,824K
Hard Cost		$92K/unit	$9,380K
Total Cost		$171K/unit	$17,419K
Developer Fee	$1,828K	(15% Deferred)	Paid Year: 6
Contractor Fee	$1,232K	**30% Boost**	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Community Bank of Texas	18/35	4.75%	$3,640,000	1.25
TOTAL DEBT (Must Pay)			$3,640,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$500	

EQUITY / DEFERRED FEES	
Source	Amount
RBC	$13,498,650
Texas Grey Oaks, LLC	$279,587
TOTAL EQUITY SOURCES	$13,778,237
TOTAL DEBT SOURCES	$3,640,500
TOTAL CAPITALIZATION	$17,418,737

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

RISK PROFILE

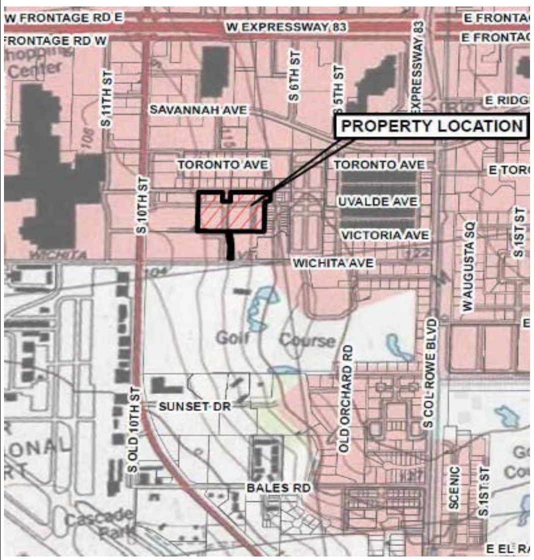
STRENGTHS/MITIGATING FACTORS

- Overall Feasibility Indicators
- Designated in a high opportunity area
- Developer experience

WEAKNESSES/RISKS

- Low 15 year cash flow
- Proximity to airport
- Potential abatement cost
- Required rezoning.

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
July 20, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **21039** Program(s): **9% HTC**

Uvalde Villas

Address/Location: Uvalde Ave. (east of S 10th St.)

City: McAllen County: Hidalgo Zip: 78503

Population: General Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 11

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$1,500,000				**$1,500,000**				

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Certification that testing for asbestos was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	10
50% of AMI	50% of AMI	20
60% of AMI	60% of AMI	66

DEVELOPMENT SUMMARY

Uvalde Villas is a proposed apartment community that will consist of 102-total units. Uvalde Villas will be located on land in McAllen TX (Region 11-Urban) and is intended to serve individuals and family residents earning primarily between 30%-60% of the area median income.

RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	Overall Feasibility Indicators
▫	Designated in a high opportunity area
▫	Developer experience
▫	

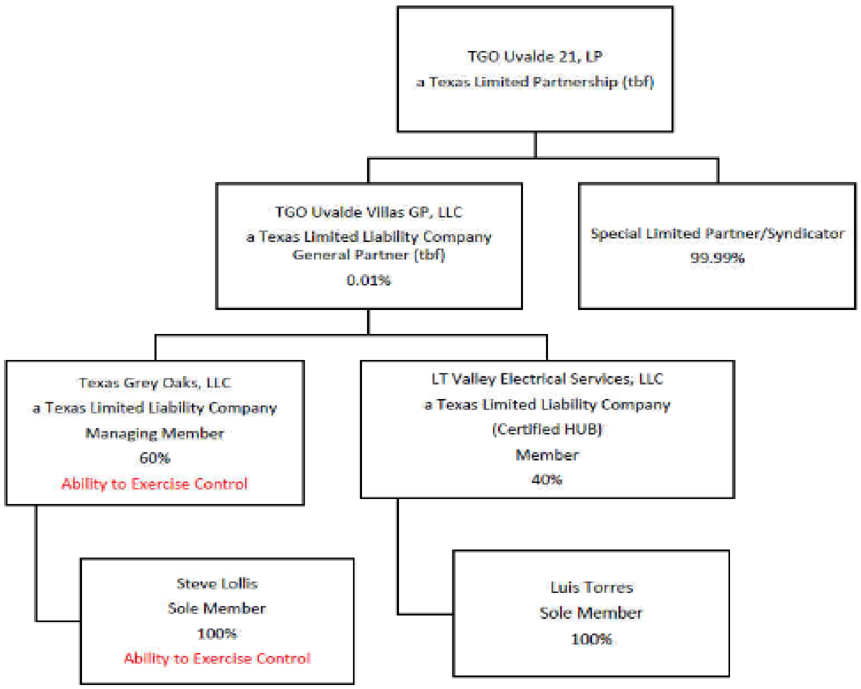
	WEAKNESSES/RISKS
▫	Low 15 year cash flow
▫	Proximity to airport
▫	Potential abatement cost
▫	Required rezoning.

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Steve Lollis	Name:	Donna Rickenbacker
Phone:	(713) 875-9445	Phone:	(713) 560-0068
Relationship:	Developer	Relationship:	Application Consultant

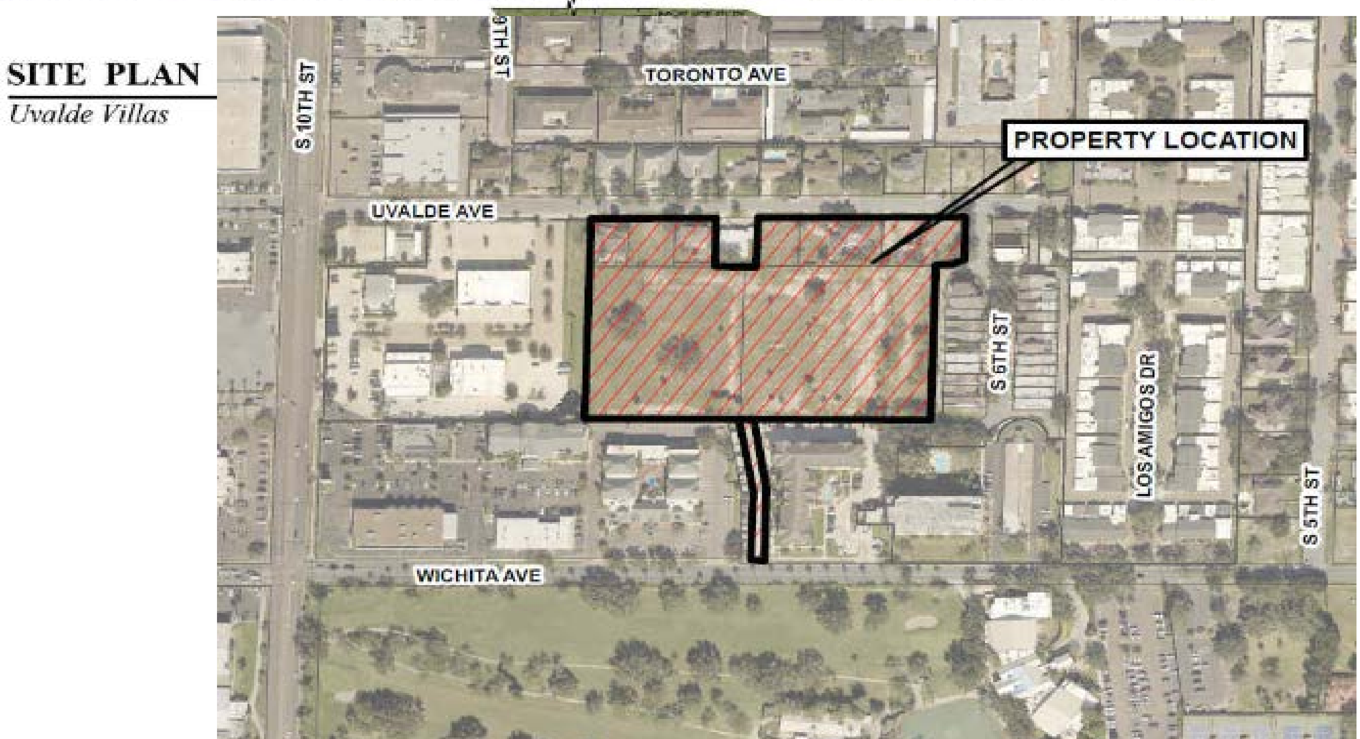
OWNERSHIP STRUCTURE



- Texas Grey Oaks, LLC has controlled eight HTC properties in Texas since as early as 2005.
  Luis Torres has controlled two HTC properties in Texas, including 19273 Nolana Villas in partnership with Texas Grey Oaks.

DEVELOPMENT SUMMARY

SITE PLAN

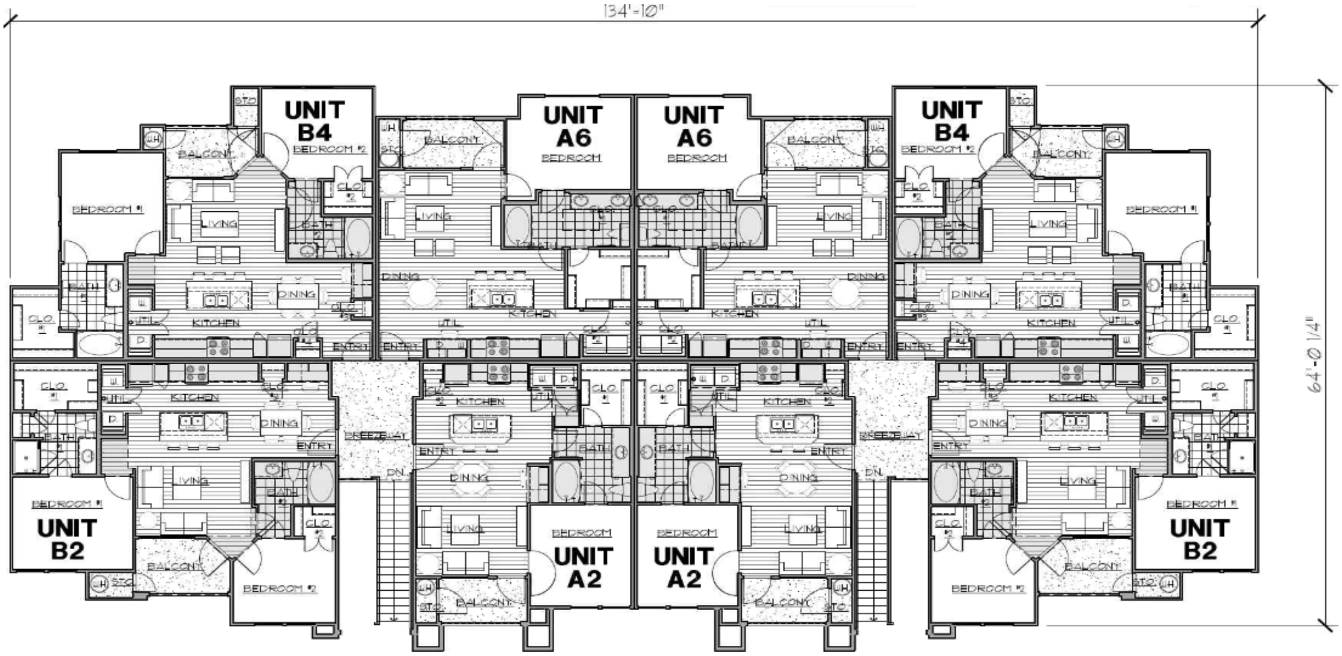


Comments:

All three entries are accessed from Uvalde Ave leading to a single drive of parking surrounding the proposed development.

172 parking spaces are required, and 172 parking spaces have been provided in the site plan.

BUILDING PLAN (Typical)



Numerous building types with eight different unit types. All units include wet island kitchens, and most master bedrooms have a walk-in closet. Water heaters on balcony add costs due to lengthy plumbing runs.

BUILDING ELEVATION

Comments:
Substantial articulation and ornamentation on all four building types. Each of the buildings are two story with 9' ceilings and 5/12 pitched roofs.

BUILDING CONFIGURATION

Building Type	1	2	3	4									**Total Buildings**
Floors/Stories	2	2	2	2									
Number of Bldgs	2	2	2	1									**7**
Units per Bldg	16	16	16	6									
Total Units	32	32	32	6									**102**

Avg. Unit Size (SF)	**787 sf**	**Total NRA (SF)**	**80,238**	**Common Area (SF)***	**5,194**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 7.39 acres Density: 13.8 units/acre

Site Control: 7.393 **Site Plan:** 7.393 **Appraisal:** n/a **ESA:** 7.393

Feasibility Report Survey: 7.393 **Feasibility Report Engineer's Plan:** 7.393

Control Type: Commercial Contract

Development Site: 7.39 acres Cost: $2,740,360 $26,866 per unit

Seller: Alonzo Cantu, Trustee & South Villa Hermosa, Ltd.

Buyer: Texas Grey Oaks, LLC

Assignee: TGO Uvalde 21, LP

Related-Party Seller/Identity of Interest: No

Comments:

The Applicant is purchasing a total of 7.393 acres (6.84 acres plus 0.363 acres burdened by a street ROW and 0.190 acres in an ingress/egress easement). The total 7.39 acres will be encumbered by the LURA.

SITE INFORMATION

Flood Zone:	B	Scattered Site?	No
Zoning:	R-3,C-3, R-3C & R-2	Within 100-yr floodplain?	No
Re-Zoning Required?	yes	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Current Uses of Subject Site:

The site is currently open land and 4 single-family home rentals built in the 1960's, 70's, and 80's.

The existing homes are occupied by renters. The Seller is obligated to terminate the month to month leases and convey the site without any tenants in possession.

Surrounding Uses:

There is Uvalde Ave. and existing multi-family residential use to the north; S. 6th St., an alleyway and existing multi-family residential use to the east and commercial use to the south and west.

This site is also less than 500 ft from the McAllen-Miller International Airport.

Other Observations:

None of the Subject improvements will be located in the Uvalde Avenue ROW or the driveway easement area.

There is a 10’ gas pipeline easement currently maintained by Texas Gas Service for a natural gas line on the north side of the site.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 2/9/2021

Recognized Environmental Conditions (RECs) and Other Concerns:

- The on-site buildings were constructed in the 1960s through the 1990s, thus a visual asbestos inspection was conducted by Phase Engineering, Inc. Potential asbestos containing building materials (ACBMs) in the form of wall material, ceiling material and miscellaneous building materials in good non-friable condition were observed at the subject property. An asbestos inspection is recommended prior to any demolition or renovation activities.
- Per EPA and HUD regulations, in the event of total demolition no further sampling or lead abatement is required. However, the use of lead-safe practices is recommended during the demolition activities in order to minimize exposure to lead dust.
- Testing for lead in the drinking water is recommended if any of the existing plumbing systems are planned for use in future development of the subject property.

Comments:

Site is less than a mile from McAllen International Airport.

MARKET ANALYSIS

Provider: Affordable Housing Analysts — Date: 3/20/2021

Contact: Bob Coe — Phone: 281-387-7552

Primary Market Area (PMA): 44 sq. miles 4 mile equivalent radius

ELIGIBLE HOUSEHOLDS BY INCOME								
Hidalgo County Income Limits								
HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$9,930	$9,930	$11,940	$11,940	$13,770	$13,770	---
	Max	$12,390	$14,160	$15,930	$17,670	$19,110	$20,520	---
50% AMGI	Min	$16,590	$16,590	$19,890	$19,890	$22,980	$22,980	---
	Max	$20,650	$23,600	$26,550	$29,450	$31,850	$34,200	---
60% AMGI	Min	$19,890	$19,890	$23,880	$23,880	$27,570	$27,570	---
	Max	$24,780	$28,320	$31,860	$35,340	$38,220	$41,040	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
21069	Dalhia Villas	Y	New	General	102	120
Other Affordable Developments in PMA since 2016						
17221	Twin Oaks		New	General	n/a	104
18235	Memorial Apartments II		New	General	n/a	246
20177	Avanti Legacy Valor Heights		New	Elderly	n/a	93
Stabilized Affordable Developments in PMA					Total Units	1,160
					Total Developments	9
					Average Occupancy	97%

Proposed, Under Construction, and Unstabilized Competitive Supply:

21069 Dalhia Villas is a competitive proposed development just 2.5 miles east of the subject; its 102 competitive units are included in capture rates.

OVERALL DEMAND ANALYSIS				
	Market Analyst			
	HTC	Assisted		
Total Households in the Primary Market Area	33,954			
Potential Demand from the Primary Market Area	5,655			
10% External Demand	566			
Potential Demand from Other Sources				
GROSS DEMAND	6,221			
Subject Affordable Units	96			
Unstabilized Competitive Units	102			
RELEVANT SUPPLY	198			
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**3.2%**			

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

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst									
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate					
30% AMGI	1,495	150	10	11	1%					
50% AMGI	1,708	171	20	21	2%					
60% AMGI	2,451	245	66	70	5%					

Demand Analysis:

The capture rate calculation determines the percentage of the qualified demand that is needed to absorb the proposed units. All capture rates reported are below the maximum thresholds.

The capture rates only reflect the demand for the 96 affordable units at the Subject property and do not include any of the 6 market units in the analysis.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE											
	Market Analyst										
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate						
1 BR/30%	251	25	2	6	3%						
1 BR/50%	194	19	5	11	7%						
1 BR/60%	338	34	24	45	19%						
2 BR/30%	480	48	2	4	1%						
2 BR/50%	320	32	4	8	3%						
2 BR/60%	531	53	9	23	5%						
3 BR/30%	550	55	1	1	0%						
3 BR/50%	609	61	1	2	0%						
3 BR/60%	827	83	1	2	0%						

Market Analyst Comments:

"In 2021, the primary market area had ±20,400 (60.08%) owner-occupied housing units and ±13,554 (39.92%) renter occupied units," (p. 38)

"±60.66% of the households living in the primary market area earn less than $50,000 per year, with ±47.12% earning less than $35,000 per year, and ±36.83% earning less than $25,000 per year." (p. 39)

"The subject's submarket has performed favorably to the overall Harlingen market as a whole." (p. 44)

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$266,681	Avg. Rent:	$621	Expense Ratio:	62.8%
Debt Service:	$213,533	B/E Rent:	$574	Controllable Expenses:	$2,638
Net Cash Flow:	$53,149	UW Occupancy:	92.5%	Property Taxes/Unit:	$730
Aggregate DCR:	1.25	B/E Occupancy:	85.6%	Program Rent Year:	2020

All restricted units underwritten at maximum HTC Program rents.

With less than 15% Market Rate units, all market rents are underwritten as HTC 60% rents per REA Rules.

Underwriter utilized standard 5% management fee.

Deferred Fee pays off in year 6 and 15-yr cash-flow totals $578,610.

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$370,670/ac	$26,866/unit	**$2,740,360**	Contractor Fee	**$1,232,388**
Off-site + Site Work		$19,400/unit	**$1,978,800**	Soft Cost + Financing	**$1,856,104**
Building Cost	$85.05/sf	$66,902/unit	**$6,823,970**	Developer Fee	**$1,827,644**
Contingency	6.56%	$5,662/unit	**$577,559**	Reserves	**$381,912**
Total Development Cost	$170,772/unit	**$17,418,737**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	High Opportunity Index [9% only]

Acquisition:

Land acquisition cost is $26,866/unit.

Site Work:

Site Work is $14,354/unit before adding costs for site amenities like landscaping, the pool, and fencing.

Building Cost:

Detached Amenity Center is 2,768 SF of tenant resources such as a kitchen and fitness center.

$14,447/unit for Woods & Plastics incorporate the spike in wood pricing from early 2021.

Underwriter utilizes Marshall & Swift Average quality costing for multifamily development.

Soft Costs:

Lender required $49,393 Soft Cost Contingency was combined with the General Contingency.

Reserves:

Sponsor's capital reserves as required by limited partner represent approximately 7 months of operating expenses and debt service.

Comments:

Applicant limited eligible building costs to $84.35/sf for scoring purposes, but eligible building costs are actually less than 1% higher.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$17,418,737	**$13,835,010**	**$1,504,594**

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Community Bank of Texas	Conventional Loan	$13,640,061	3.50%	78%
RBC	HTC	$2,699,730	$0.90	15%
City of McAllen	Waiver of Fees	$500		0%
Texas Grey Oaks, LLC	Deferred Developer Fee	$1,078,446		6%
		$17,418,737	**Total Sources**	

PERMANENT SOURCES

Debt Source	PROPOSED Amount	PROPOSED Interest Rate	PROPOSED Amort	PROPOSED Term	UNDERWRITTEN Amount	UNDERWRITTEN Interest Rate	UNDERWRITTEN Amort	UNDERWRITTEN Term	UNDERWRITTEN LTC
Community Bank of Texas	$3,640,000	4.75%	35	18	$3,640,000	4.75%	35	18	21%
City of McAllen	$500				$500				0%
Total	**$3,640,500**				**$3,640,500**				

Comments:

Community Bank of Texas will provide both the Construction and the Permanent Loans.

Equity & Deferred Fees	PROPOSED Amount	PROPOSED Rate	PROPOSED % Def	UNDERWRITTEN Amount	UNDERWRITTEN Rate	UNDERWRITTEN % TC	UNDERWRITTEN % Def
RBC	$13,498,650	$0.90		$13,498,650	$0.90	77%	
Texas Grey Oaks, LLC	$279,587		15%	$279,587		2%	15%
Total	**$13,778,237**			**$13,778,237**			
				$17,418,737	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.919	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.861	Minimum Credit Price below which the Development would be characterized as infeasible

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$17,418,737
Permanent Sources (debt + non-HTC equity)	$3,640,500
Gap in Permanent Financing	$13,778,237

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$13,539,990	$1,504,594
Needed to Balance Sources & Uses	$13,778,237	$1,531,068
Requested by Applicant	$13,498,650	$1,500,000

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$13,498,650**	**$1,500,000**

Deferred Developer Fee	**$279,587**	**(15% deferred)**
Repayable in	**6 years**	

Comments:

Underwriter recommends $1,500,000 annual tax credit allocation as requested by Applicant.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Jeanna Adams*
Director of Real Estate Analysis:	*Thomas Cavanagh*

UNIT MIX/RENT SCHEDULE

Uvalde Villas, McAllen, 9% HTC #21039

LOCATION DATA	
CITY:	McAllen
COUNTY:	Hidalgo
Area Median Income	$45,100
PROGRAM REGION:	11
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	64	62.7%	0	0
2	32	31.4%	0	0
3	6	5.9%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**102**	**100.0%**	**-**	**-**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	92.95%
APP % Acquisition	4.00%
APP % Construction	9.00%
Average Unit Size	787 sf

55% Average Income	Income	20%	30%	40%	50%	60%	70%	80%	MR	TOTAL
	# Units	-	10	-	20	66	-	-	6	**102**
	% Total	0.0%	9.8%	0.0%	19.6%	64.7%	0.0%	0.0%	5.9%	**100.0%**

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				PROGRAM RENT			APPLICANT				TDHCA				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Net Rent	Delta to Max	Rent psf	Net Rent per Unit	Monthly Rent	Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$331	2	1	1	652	$331	$36	$295	$0	$0.45	$295	**$590**	**$590**	$295	$0.45	$0	$663	$1.02	$845
TC 50%	$553	5	1	1	652	$553	$36	$517	$0	$0.79	$517	**$2,585**	**$2,585**	$517	$0.79	$0	$663	$1.02	$845
TC 60%	$663	24	1	1	652	$663	$36	$627	$0	$0.96	$627	**$15,048**	**$15,048**	$627	$0.96	$0	$663	$1.02	$845
MR		1	1	1	652	$0	$36		NA	$1.02	$663	**$663**	**$663**	$663	$1.02	NA	$663	$1.02	$845
TC 30%	$331	2	1	1	674	$331	$36	$295	$0	$0.44	$295	**$590**	**$590**	$295	$0.44	$0	$663	$0.98	$845
TC 50%	$553	4	1	1	674	$553	$36	$517	$0	$0.77	$517	**$2,068**	**$2,068**	$517	$0.77	$0	$663	$0.98	$845
TC 60%	$663	18	1	1	674	$663	$36	$627	$0	$0.93	$627	**$11,286**	**$11,286**	$627	$0.93	$0	$663	$0.98	$845
TC 30%	$331	1	1	1	756	$331	$36	$295	$0	$0.39	$295	**$295**	**$295**	$295	$0.39	$0	$663	$0.88	$920
TC 50%	$553	2	1	1	756	$553	$36	$517	$0	$0.68	$517	**$1,034**	**$1,034**	$517	$0.68	$0	$663	$0.88	$920
TC 60%	$663	5	1	1	756	$663	$36	$627	$0	$0.83	$627	**$3,135**	**$3,135**	$627	$0.83	$0	$663	$0.88	$920
TC 30%	$398	2	2	2	920	$398	$47	$351	$0	$0.38	$351	**$702**	**$702**	$351	$0.38	$0	$796	$0.87	$1,085
TC 50%	$663	4	2	2	920	$663	$47	$616	$0	$0.67	$616	**$2,464**	**$2,464**	$616	$0.67	$0	$796	$0.87	$1,085
TC 60%	$796	9	2	2	920	$796	$47	$749	$0	$0.81	$749	**$6,741**	**$6,741**	$749	$0.81	$0	$796	$0.87	$1,085
MR		1	2	2	920	$0	$47		NA	$0.87	$796	**$796**	**$796**	$796	$0.87	NA	$796	$0.87	$1,085
TC 30%	$398	1	2	2	970	$398	$47	$351	$0	$0.36	$351	**$351**	**$351**	$351	$0.36	$0	$796	$0.82	$1,120
TC 50%	$663	2	2	2	970	$663	$47	$616	$0	$0.64	$616	**$1,232**	**$1,232**	$616	$0.64	$0	$796	$0.82	$1,120
TC 60%	$796	7	2	2	970	$796	$47	$749	$0	$0.77	$749	**$5,243**	**$5,243**	$749	$0.77	$0	$796	$0.82	$1,120
MR		2	2	2	970	$0	$47		NA	$0.82	$796	**$1,592**	**$1,592**	$796	$0.82	NA	$796	$0.82	$1,120
TC 30%	$398	1	2	2	1,004	$398	$47	$351	$0	$0.35	$351	**$351**	**$351**	$351	$0.35	$0	$796	$0.79	$1,360
TC 50%	$663	1	2	2	1,004	$663	$47	$616	$0	$0.61	$616	**$616**	**$616**	$616	$0.61	$0	$796	$0.79	$1,360
TC 60%	$796	1	2	2	1,004	$796	$47	$749	$0	$0.75	$749	**$749**	**$749**	$749	$0.75	$0	$796	$0.79	$1,360
MR		1	2	2	1,004	$0	$47		NA	$0.79	$796	**$796**	**$796**	$796	$0.79	NA	$796	$0.79	$1,360
TC 50%	$766	1	3	2	1,125	$766	$58	$708	$0	$0.63	$708	**$708**	**$708**	$708	$0.63	$0	$919	$0.82	$1,360
TC 60%	$919	1	3	2	1,125	$919	$58	$861	$0	$0.77	$861	**$861**	**$861**	$861	$0.77	$0	$919	$0.82	$1,360
TC 30%	$459	1	3	2	1,128	$459	$58	$401	$0	$0.36	$401	**$401**	**$401**	$401	$0.36	$0	$919	$0.81	$1,360
TC 50%	$766	1	3	2	1,128	$766	$58	$708	$0	$0.63	$708	**$708**	**$708**	$708	$0.63	$0	$919	$0.81	$1,360
TC 60%	$919	1	3	2	1,128	$919	$58	$861	$0	$0.76	$861	**$861**	**$861**	$861	$0.76	$0	$919	$0.81	$1,360
MR		1	3	2	1,140	$0	$58		NA	$0.81	$919	**$919**	**$919**	$919	$0.81	NA	$919	$0.81	$1,360
TOTALS/AVERAGES:		**102**			**80,238**				**$0**	**$0.79**	**$621**	**$63,385**	**$63,385**	**$621**	**$0.79**	**$0**	**$720**	**$0.92**	**$971**
ANNUAL POTENTIAL GROSS RENT:												**$760,620**	**$760,620**						

STABILIZED PRO FORMA

Uvalde Villas, McAllen, 9% HTC #21039

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		McAllen Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.79	$621	$760,620	$760,620	$621	$0.79		0.0%	$0
Late fees, relet fees, damage forfeit							$12.00	$14,688						
Total Secondary Income							$12.00		$14,688	$12.00			0.0%	$0
POTENTIAL GROSS INCOME								$775,308	$775,308				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(58,148)	(58,148)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$717,160	$717,160				0.0%	$0
General & Administrative	$31,994	$314/Unit	$34,174	$335	6.55%	$0.59	$460	$46,970	$31,994	$314	$0.40	4.46%	46.8%	14,976
Management	$30,459	4.1% EGI	$28,779	$282	4.00%	$0.36	$281	$28,686	$35,858	$352	$0.45	5.00%	-20.0%	(7,172)
Payroll & Payroll Tax	$112,283	$1,101/Unit	$114,585	$1,123	16.00%	$1.43	$1,125	$114,750	$112,283	$1,101	$1.40	15.66%	2.2%	2,467
Repairs & Maintenance	$51,668	$507/Unit	$58,464	$573	6.92%	$0.62	$486	$49,616	$66,300	$650	$0.83	9.24%	-25.2%	(16,684)
Electric/Gas	$19,498	$191/Unit	$12,002	$118	2.38%	$0.21	$167	$17,034	$19,498	$191	$0.24	2.72%	-12.6%	(2,464)
Water, Sewer, & Trash	$55,680	$546/Unit	$38,885	$381	5.67%	$0.51	$399	$40,698	$38,885	$381	$0.48	5.42%	4.7%	1,813
Property Insurance	$42,888	$0.53 /sf	$35,858	$352	6.16%	$0.55	$433	$44,156	$42,888	$420	$0.53	5.98%	3.0%	1,268
Property Tax (@ 100%) 2.5328	$61,121	$599/Unit	$69,299	$679	10.38%	$0.93	$730	$74,428	$70,328	$689	$0.88	9.81%	5.8%	4,100
Reserve for Replacements					3.56%	$0.32	$250	$25,500	$25,500	$250	$0.32	3.56%	0.0%	-
Supportive Services					0.84%	$0.07	$59	$6,000	$6,000	$59	$0.07	0.84%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)					0.37%	$0.03	$26	$2,640	$3,840	$38	$0.05	0.54%	-31.3%	(1,200)
TOTAL EXPENSES					**62.81%**	**$5.61**	**$4,416**	**$450,478**	**$453,374**	**$4,445**	**$5.65**	**63.22%**	**-0.6%**	**$ (2,895)**
NET OPERATING INCOME ("NOI")					**37.19%**	**$3.32**	**$2,615**	**$266,681**	**$263,786**	**$2,586**	**$3.29**	**36.78%**	**1.1%**	**$ 2,895**

CONTROLLABLE EXPENSES	$2,638/Unit		$2,637/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Uvalde Villas, McAllen, 9% HTC #21039

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
Community Bank of Texas		1.24	1.25	213,345	4.75%	35	18	$3,640,000	$3,640,000	18	35	4.75%	$213,533	1.25	20.9%
CASH FLOW DEBT / GRANTS															
City of McAllen		1.24	1.25		0.00%	0	0	$500	$500	0	0	0.00%		1.25	0.0%
				$213,345	TOTAL DEBT / GRANT SOURCES			$3,640,500	$3,640,500	TOTAL DEBT SERVICE			$213,533	1.25	20.9%
NET CASH FLOW		$50,441	$53,336						APPLICANT	NET OPERATING INCOME		$266,681	$53,149	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
RBC	LIHTC Equity	77.5%	$1,500,000	$0.90	$13,498,650	$13,498,650	$0.90	$1,500,000	77.5%	$14,706	Applicant Request
Texas Grey Oaks, LLC	Deferred Developer Fees	1.6%	(15% Deferred)		$279,587	$279,587	(15% Deferred)		1.6%	Total Developer Fee:	$1,827,644
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		79.1%			$13,778,237	$13,778,237			79.1%		
TOTAL CAPITALIZATION					$17,418,737	$17,418,737				15-Yr Cash Flow after Deferred Fee:	$578,610

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				$26,866 / Unit	$2,740,360	$2,740,360	$26,866 / Unit				0.0%	$0
Site Work		$1,456,829		$14,354 / Unit	$1,464,150	$1,464,150	$14,354 / Unit		$1,456,829		0.0%	$0
Site Amenities		$514,650		$5,046 / Unit	$514,650	$514,650	$5,046 / Unit		$514,650		0.0%	$0
Building Cost		$6,768,075	$85.05 /sf	$66,902/Unit	$6,823,970	$7,271,725	$71,291/Unit	$90.63 /sf	$6,768,075		-6.2%	($447,756)
Contingency		$486,922	5.57%	6.56%	$577,559	$577,559	6.24%	5.57%	$486,922		0.0%	$0
Contractor Fees		$1,225,082	13.28%	13.14%	$1,232,388	$1,232,388	12.54%	13.28%	$1,225,082		0.0%	$0
Soft Costs	$0	$1,077,437		$10,563 / Unit	$1,077,437	$1,077,437	$10,563 / Unit		$1,077,437	$0	0.0%	$0
Financing	$0	$501,448		$7,634 / Unit	$778,667	$778,667	$7,634 / Unit		$501,448	$0	0.0%	$0
Developer Fee	$0	$1,805,150	15.00%	15.00%	$1,827,645	$1,827,644	14.47%	15.00%	$1,804,566	$0	0.0%	$1
Reserves				7 Months	$381,912	$333,453	6 Months				14.5%	$48,459
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	$0	$13,835,593		$170,772 / Unit	$17,418,737	$17,818,034	$174,687 / Unit		$13,835,010	$0	-2.2%	($399,296)
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	($584)	15.00%	15.00%	($1)							
Reserves					$0							
ADJUSTED BASIS / COST	$0	$13,835,010		$170,772/unit	$17,418,737	$17,818,034	$174,687/unit		$13,835,010	$0	-2.2%	($399,297)
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					$17,418,737							

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Uvalde Villas, McAllen, 9% HTC #21039

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction
ADJUSTED BASIS	$0	$13,835,010	$0	$13,835,010
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,835,010	$0	$13,835,010
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,985,512	$0	$17,985,512
Applicable Fraction	92.95%	92.95%	93%	93%
TOTAL QUALIFIED BASIS	$0	$16,717,708	$0	$16,717,708
Applicable Percentage	4.00%	9.00%	4.00%	9.00%
ANNUAL CREDIT ON BASIS	0	$1,504,594	$0	$1,504,594
CREDITS ON QUALIFIED BASIS	$1,504,594		$1,504,594	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,504,594	$13,539,990	----	----	----
Needed to Fill Gap	$1,531,068	$13,778,237	----	----	----
Applicant Request	$1,500,000	$13,498,650	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE

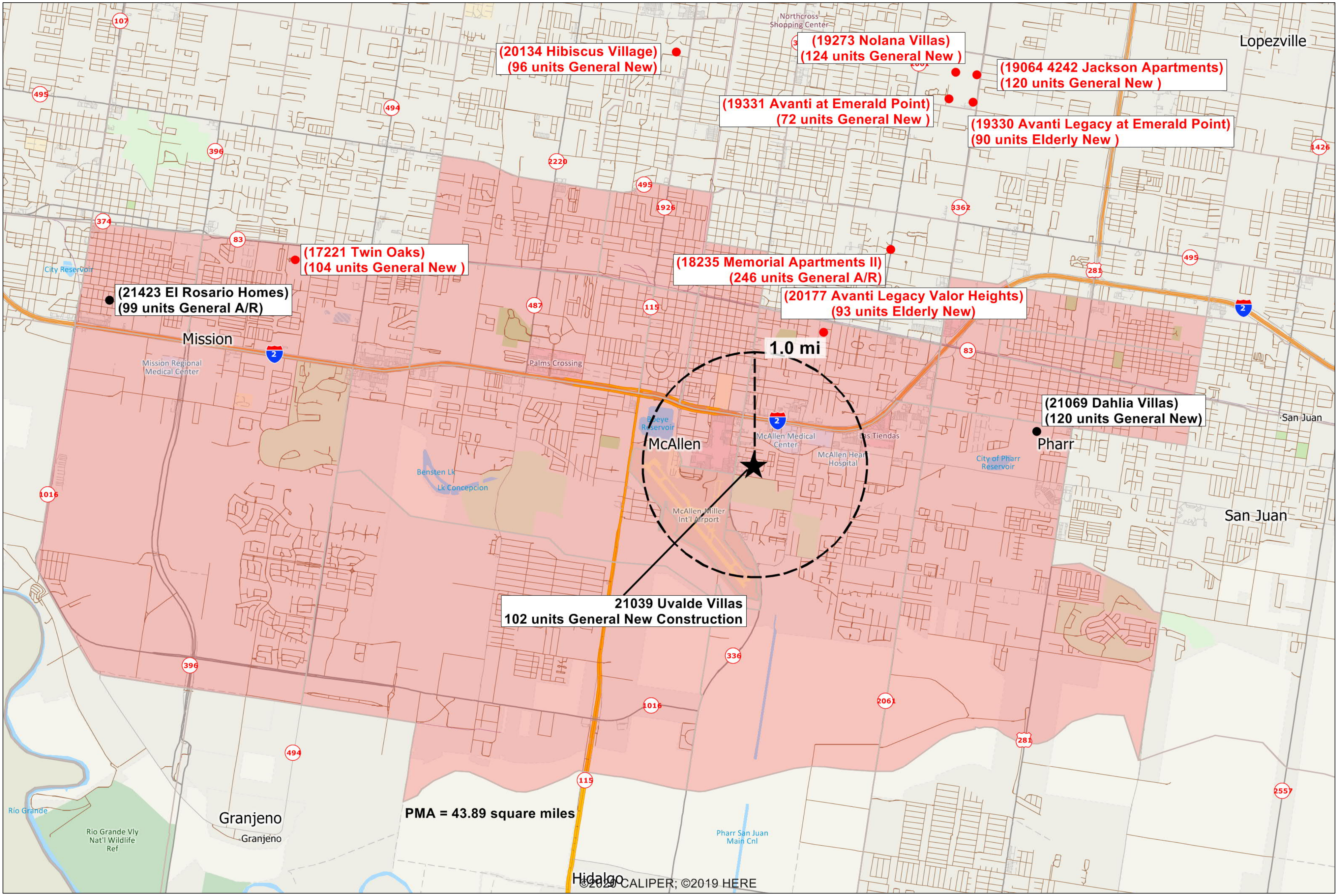
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Garden (Up to 4-story)		80,238 SF	$76.88	6,168,463
Adjustments				
Exterior Wall Finish	3.60%		2.77	$222,065
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.45%		2.65	212,812
Roof Adjustment(s)			0.00	0
Subfloor			(0.93)	(74,220)
Floor Cover			3.55	285,005
Breezeways	$27.47	5,437	1.86	149,354
Balconies	$27.47	6,126	2.10	168,281
Plumbing Fixtures	$1,080	126	1.70	136,080
Rough-ins	$530	204	1.35	108,120
Built-In Appliances	$1,830	102	2.33	186,660
Exterior Stairs	$2,460	13	0.40	31,980
Heating/Cooling			2.34	187,757
Storage Space	$27.47	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	$94.50	5,194	6.12	490,829
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.88	90,869	3.26	261,703
SUBTOTAL			**106.37**	**8,534,889**
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	1.00		0.00	0
Reserved				0
TOTAL BUILDING COSTS			**106.37**	**$8,534,889**
Plans, specs, survey, bldg permits	3.30%		(3.51)	($281,651)
Contractor's OH & Profit	11.50%		(12.23)	(981,512)
NET BUILDING COSTS		$71,291/unit	$90.63/sf	$7,271,725

Long-Term Pro Forma

Uvalde Villas, McAllen, 9% HTC #21039

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$717,160	$731,503	$746,133	$761,056	$776,277	$857,072	$946,277	$1,044,767	$1,153,507	$1,273,565	$1,406,118
TOTAL EXPENSES	3.00%	$450,478	$463,706	$477,324	$491,346	$505,782	$584,626	$675,849	$781,406	$903,557	$1,044,923	$1,208,541
NET OPERATING INCOME ("NOI")		**$266,681**	**$267,797**	**$268,809**	**$269,710**	**$270,495**	**$272,447**	**$270,428**	**$263,361**	**$249,950**	**$228,641**	**$197,577**
EXPENSE/INCOME RATIO		62.8%	63.4%	64.0%	64.6%	65.2%	68.2%	71.4%	74.8%	78.3%	82.0%	85.9%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$213,533	$213,533	$213,533	$213,533	$213,533	$213,533	$213,533	$213,533	$213,533	$213,533	$213,533
DEBT COVERAGE RATIO		1.25	1.25	1.26	1.26	1.27	1.28	1.27	1.23	1.17	1.07	0.93
ANNUAL CASH FLOW		**$53,149**	**$54,265**	**$55,276**	**$56,177**	**$56,963**	**$58,914**	**$56,895**	**$49,828**	**$36,417**	**$15,109**	**($15,955)**
Deferred Developer Fee Balance		$226,438	$172,173	$116,897	$60,720	$3,757	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$288,307	$578,610	$844,146	$1,055,882	$1,177,549	$1,164,218

21039 Uvalde Villas - PMA Map



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