

BOARD MEETING OF JUNE 28, 2004

Beth Anderson, Chair
C. Kent Conine, Vice-Chair



Patrick R. Gordon, Member
Vidal Gonzalez, Member
Shadrick Bogany, Member
Norberto Salinas, Member

MISSION

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

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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

JUNE 28, 2004

ROLL CALL

	Present	Absent
Anderson, Beth, Chair	_____	_____
Conine, C. Kent, Vice-Chair	_____	_____
Bogany, Shadrick, Member	_____	_____
Gonzalez, Vidal, Member	_____	_____
Gordon, Patrick, Member	_____	_____
Salinas, Norberto, Member	_____	_____
Number Present	_____	
Number Absent		_____

_____, Presiding Officer

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
1100 Congress Avenue, State Capitol Extension Auditorium, Austin, Texas 78701
Monday, June 28, 2004 9:00 am

A G E N D A

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

Elizabeth Anderson
Chair of Board

PUBLIC COMMENT

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

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

ACTION ITEMS

Item 1 Presentation, Discussion and Possible Approval of Minutes of Board Meeting of May 13, 2004 Elizabeth Anderson

Item 2 Presentation, Discussion and Possible Approval of Housing Tax Credit Items: Elizabeth Anderson

- a) Appeals to Board from Housing Tax Credit Applicants on Applications as follows:
04-062 Corrigan Gardens, Corrigan, Texas
- b) Report and Discussion on Quantifiable Community Participation from Neighborhood Organizations
- c) Housing Tax Credit Applications:
Board Review of Recommendations of Department Staff and Issuance of the List of Approved Applications **From the Following List of All Applications Submitted** for the Housing Tax Credit Program

App. #	Name	Region	Location	Req. Amount
04007	Oaks of Bandera	9	Bandera	\$ 473,144
04008	Friendship Place	9	Fredericksburg	\$ 473,144
04012	Tyler Square Apts.	4	Tyler	\$ 652,315
04013	Kingswood Village	11	Edinburg	\$ 352,618
04014	La Villita Apts. Phase 11	11	Brownsville	\$ 453,311
04017	Country Lane Sr. Apts.	8	Temple	\$ 762,879
04018	Terrace Pines	8	College Station	\$ 589,664
04024	South Union Place	6	Houston	\$ 739,345
04026	Oak Timbers-White Set.	3	White Settlement	\$ 417,280
04028	Heritage Park	3	Denison	\$ 501,577
04030	Park Estates	5	Nacogdoches	\$ 393,033
04032	Los Milagros	11	Weslaco	\$1,002,175
04033	Bethany Gates Apts.	1	Lubbock	\$ 887,418
04036	Villa del Sol	11	Brownsville	\$ 485,000
04037	Las Canteras Apts.	11	Pharr	\$ 577,000
04041	Mesa Seniors Apts.	6	Houston	\$1,132,759
04047	Stratton Oaks	9	Seguin	\$ 590,539
04050	San Diego Creek	10	Alice	\$ 49,000

04051	Frontier Trail Sr. Apts.	2	Abilene	\$ 530,000
04052	Chisholm Trail Srs.	8	Belton	\$ 415,000
04054	Vista Serena Court	1	Plainview	\$ 828,278
04057	Stone Hollow Village	1	Lubbock	\$ 845,849
04058	Spring Oaks Apts.	3	Balch Springs	\$ 850,235
04059	Asbury Commons Apt.	6	Houston	\$ 706,862
04060	Providence Place Apts.	6	Katy	\$ 772,798
04062	Corrigan Gardens	5	Corrigan	\$ 591,135
04063	Depriest Gardens	6	Houston	\$1,136,358
04064	Ramah Village	6	Houston	\$ 924,991
04065	Waterford Place	4	Longview	\$ 314,334
04066	Pineywoods Community	5	Orange	\$ 411,155
04067	Beverly Place Apts.	5	Groves	\$ 185,762
04069	Plaza Del Rio Apts.	13	El Paso	\$ 568,919
04070	Cedar Oak Townhomes	13	El Paso	\$ 985,523
04071	Sea Breeze	10	Corpus Christi	\$ 943,037
04072	Nacogdoches Sr. Apts.	5	Nacogdoches	\$ 256,888
04073	Avenue Park Villas	9	San Antonio	\$ 757,796
04074	Las Palmas Garden Apts.	9	San Antonio	\$ 639,786
04077	Bayforest Ranch	6	La Porte	\$ 707,177
04079	Baybrook Park Retirement	6	Webster	\$ 450,043
04082	Fenner Square	10	Goliad	\$ 195,062
04084	Chelsea Place Apts.	9	Selma	\$ 870,953
04085	Redwood Heights Apts.	6	Houston	\$ 600,146
04086	Timber Village Apts.	4	Marshall	\$ 640,277
04088	South Plains Apts.	1	Lubbock	\$ 379,812
04089	Villas of Forest Hill	3	Forest Hill	\$ 424,859
04091	Roselawn Manor	5	Orange	\$ 800,000
04093	Villas of Seagoville	3	Seagoville	\$ 428,270
04094	Big Country Sr. Village	2	Abilene	\$ 611,410
04095	Green Briar Village	2	Wichita Falls	\$ 851,219
04096	Villa Main Apts.	5	Port Arthur	\$ 192,811
04098	Copperwood Apts.	6	The Woodlands	\$1,057,335
04100	O.W. Collins Apts.	5	Port Arthur	\$ 406,999
04101	Pleasant Hill Apts.	7	Austin	\$ 493,633
04103	Countryside Village	6	Humble	\$ 414,315
04104	Lexington Square	6	Angleton	\$ 272,917
04105	Preston Trace Apts.	3	Frisco	\$ 140,298
04107	Whitefield Place Apts.	9	San Antonio	\$ 430,196
04108	Tamarac Pines Apts.	6	The Woodlands	\$ 911,804
04109	Frazier Fellowship	3	Dallas	\$ 547,378
04112	Crestmont Village	6	Houston	\$ 474,346
04117	Longview Sr. Apts.	4	Longview	\$ 656,458
04118	Churchill at Commerce	3	Commerce	\$ 727,212
04120	Sedona Springs Village	12	Odessa	\$ 652,451
04121	Tyler Sr. Apt. Comm.	4	Tyler	\$ 638,196
04122	Temple Sr. Apts.	8	Temple	\$ 658,555
04123	Amarillo Apt. Comm.	1	Amarillo	\$ 676,605
04124	San Juan Village	11	San Juan	\$ 319,327
04129	Pelican Landing Town.	10	Rockport	\$ 504,173
04130	Villas at Costa Biscaya	9	San Antonio	\$1,000,000
04131	The Alhambra	9	San Antonio	\$ 932,296
04137	Villas at Costa Verde	9	San Antonio	\$1,000,000
04139	Villas at Costa Alameda	9	San Antonio	\$1,000,000
04140	Villas at Costa Cadiz	9	San Antonio	\$1,000,000
04141	Spring Creek St.	3	Saginaw	\$1,011,969

04142	Western Trail Apts.	9	San Antonio	\$ 881,285
04143	Courtland Square Apts.	12	Odessa	\$ 779,673
04145	Village at Meadowbend II	8	Temple	\$ 656,486
04146	Casa Korima	11	Mercedes	\$1,182,999
04146	Wildwood Trails	2	Brownwood	\$ 558,403
04147	Shiloh Village Apts.	3	Dallas	\$ 800,000
04149	Seton Home Center for Teen Moms	9	San Antonio	\$ 368,360
04150	Alician Manor Apts.	10	Alice	\$ 253,038
04151	Renaissance Courts	3	Denton	\$ 993,822
04152	Bluffview Villas	8	Brenham	\$ 453,021
04154	Plainview Vistas	1	Plainview	\$ 668,428
04156	College Street Apts.	6	Richmond	\$ 507,651
04157	Samaritan House	3	Ft. Worth	\$ 819,331
04158	Windrock Apts.	12	Midland	\$ 642,689
04160	Village on Hobbs Rd.	6	League City	\$ 552,528
04161	Fair Mist Apts.	6	LaPorte	\$ 507,398
04162	Travis Place Apts.	1	Lubbock	\$ 764,539
04163	Riverview Apts.	12	San Angelo	\$ 735,023
04167	Oxford Place	6	Houston	\$1,200,000
04168	Lincoln Park	6	Houston	\$1,200,000
04170	Gardens of Athens	4	Athens	\$ 245,888
04172	Gardens of Tye	2	Tye	\$ 245,557
04173	Gardens of Burkburnett	2	Burkburnett	\$ 229,311
04174	Gardens of Early	2	Early	\$ 230,137
04175	Gardens of Mabank	3	Mabank	\$ 215,498
04176	Gardens of Gladewater	4	Gladewater	\$ 260,918
04180	Hanford Square	3	Granbury	\$ 414,945
04182	Montopolis Sr. Pavilion	7	Austin	\$ 206,339
04183	Riverside Sr. Pavilion	7	Austin	\$ 206,339
04185	Greater Angelina Apts.	5	Diboll	\$ 441,500
04186	Nacogdoches Loop Apts.	5	Nacogdoches	\$ 472,500
04187	Chandler's Cove Apts.	7	Round Rock	\$ 457,724
04188	Ambassador North Apts.	6	Houston	\$ 486,067
04189	Villa Bonita Apts.	9	San Antonio	\$ 900,924
04191	Providence at Boca Ch.	11	Brownsville	\$1,034,927
04192	Providence at UT SW	3	Dallas	\$ 909,255
04193	Providence at Edinburg	11	Edinburg	\$ 445,854
04194	Lexington Court	4	Kilgore	\$ 549,640
04195	Park Madison	3	Corsicana	\$ 578,569
04196	Americas Palms	13	El Paso	\$ 635,064
04197	Horizon Palms	13	Horizon City	\$ 431,206
04198	Socorro Palms	13	El Paso	\$ 206,359
04200	Alvin Manor Estates	6	Alvin	\$ 251,978
04202	Freeport Manor	6	Freeport	\$ 251,978
04203	Alvin Manor	6	Alvin	\$ 177,273
04206	Lake Jackson Manor	6	Lake Jackson	\$ 409,155
04207	Brookside Village Manor	6	Brookside Vill.	\$ 409,155
04210	Westview Place	6	Conroe	\$ 228,852
04211	Arbors at Rose Park	2	Abilene	\$ 542,577
04212	Village At Forest Grove	4	Mt. Pleasant	\$ 540,697
04213	Village at Morningstar	6	Texas City	\$ 537,331
04214	Las Villas de Magnolia	6	Houston	\$ 681,856
04216	Thomas Ninke Sr. Village	10	Victoria	\$ 439,626
04218	Converse Village Apts.	9	Converse	\$ 458,035
04220	Arbor Bend Villas	3	Ft. Worth	\$ 725,017

04222	Primrose at Highland	3	Dallas	\$ 935,153
04223	Cherrycrest Villas	3	Dallas	\$1,159,343
04224	Commons of Grace Sr.	6	Houston	\$ 759,068
04225	Villa San Benito Apts.	11	San Benito	\$ 207,171
04226	Arbor Cove	11	Donna	\$1,152,552
04228	Stone Hearst	5	Beaumont	\$ 685,739
04229	The Villages	6	Huntsville	\$ 691,442
04235	Crescent Moon	6	Texas City	\$ 754,845
04239	Crescent Rivers	8	Waco	\$ 955,575
04240	Deer Creek Apartments	1	Levelland	\$ 454,573
04241	Anson Park 11	2	Abilene	\$ 535,250
04243	Hampton Chase Apts.	4	Palestine	\$ 556,158
04244	Camden Crossing Apts.	1	Brownfield	\$ 455,296
04247	Hawthorne Hills Apts.	4	Marshall	\$ 455,467
04250	Knollwood Heights Apts.	12	Big Spring	\$ 457,678
04252	Waxahachie Sr. Apts.	3	Waxahachie	\$ 490,000
04255	Freeport Oaks Apts.	6	Freeport	\$ 721,599
04258	Vista Del Sol-R.C. Perez	9	San Antonio	\$ 700,000
04259	Villa del Arroyo	12	Midland	\$ 385,000
04260	Towne Park in Fredericksburg 11	9	Fredericksburg	\$ 257,151
04261	Gruene Oaks Apts.	9	New Braunfels	\$ 534,693
04267	Brentwood Apts.	6	Aldine City	\$ 799,000
04268	Lansborough Apts.	6	Houston	\$1,084,983
04270	Essex Gardens Apts.	6	Sealy	\$ 654,654
04272	Crosby Terrace	6	Crosby	\$ 230,149
04275	Bahia Palms Apts.	11	LaGuna Vista	\$ 123,922
04276	Country Terrace Village	6	Highland	\$ 254,325
04277	Western Oaks Apts.	6	West Columbia	\$ 98,755
04279	Golden Manor Apts.	6	Bay City	\$ 116,099
04280	Country Square Apts.	4	Lone Star	\$ 78,006
04281	Tomball Square Apts.	6	Tomball	\$ 84,662
04282	Danbury Manor Apts.	6	Danbury	\$ 148,809
04283	Shady Oaks Apts.	6	Prairie View	\$ 128,636
04284	Katy Manor Apts.	6	Katy	\$ 123,768
04285	Ole Town Apts.	4	Jefferson	\$ 117,328
04286	Country Place Apts.	4	Atlanta	\$ 219,663
04287	Vista Hermosa Apts.	11	Eagle Pass	\$ 63,097
04288	Briarwood Apartment	3	Kaufman	\$ 173,148
04289	Hacienda Santa Barbara	13	Socorro	\$ 103,788
04290	L.U.L.A.C. Village Park	10	Corpus Christi	\$ 899,429
04291	Saltgrass Landing Apts.	10	Rockport	\$ 95,218
04292	West Side Place Apts.	6	West Columbia	\$ 84,339
04293	Lantana Ridge Apts. S.	6	Beeville	\$ 51,980
04294	Lantana Ridge Apts.	6	Beeville	\$ 66,535
04295	La Mirage Villas	1	Perryton	\$ 173,281
04296	Vista de Armistad Apts.	11	Donna	\$ 585,793
04297	Joaquin Apts.	5	Joaquin	\$ 64,492
04298	Paloma Blanca Apts.	11	Pharr	\$ 634,815
04299	Harvest Apts.	11	Mercedes	\$ 624,436
04300	Vida Encanto	11	Rio Grande Cty.	\$ 414,059
04301	Villa de la Sombra	11	Donna	\$ 183,434
04302	Sierra Royale Apts.	10	Robstown	\$ 529,620
04310	Rosemont at Riverside	3	Ft. Worth	\$1,094,189

- d) Proposed Amendments to Housing Tax Credit Projects:
03-145 Sterling Springs Villas, Midland, Texas
- Item 3 Presentation, Discussion and Possible Approval of Programmatic Items: C. Kent Conine
 - a) Forgiveness of Housing Trust Fund Predevelopment Loan for City of Orange for \$50,000
 - b) Strategic Plan for Fiscal Years 2005-2009
- Item 4 Presentation, Discussion and Possible Approval of Department Rules: Edwina Carrington
Final Adoption of New Title 10, Part 1, Chapter 35 – Multifamily Housing Revenue Bond Rules for 2005
- Item 5 Presentation, Discussion and Possible Approval of Multi-Family: Vidal Gonzalez
Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits With TDHCA as the Issuer:

Proposed Issuance of Multifamily Mortgage Revenue Bonds for Sphinx at Delafield, Dallas, Texas in an Amount Not to Exceed \$11,500,000 and Issuance of Determination Notice (Requested Amount of \$729,073 and Recommended Amount of \$729,073) for Housing Tax Credits for Sphinx at Delafield, Dallas, Texas, Texas #04-419
- Item 6 Presentation and Discussion of: Edwina Carrington
 - a) FY 2005 Draft Operating Budget
 - b) FY 2005 Draft Housing Finance Operating Budget

EXECUTIVE SESSION

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session
 Consultation with Attorney Pursuant to §551.071, Texas Government Code, on §2306.6710(b)(1)(B), Texas Government Code, and the 2004 Qualified Allocation Plan and Rules §50.9(g)(2), Concerning “Quantifiable Community Participation” from “Neighborhood Organizations” On Record with the State or County in Which the Development is to be Located and Whose Boundaries Contain the Development Site”; Appeals; 2004 Qualified Allocation Plan and Rules

Elizabeth Anderson

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

Elizabeth Anderson

REPORT ITEMS

Executive Directors Report

1. Biennial Operating Plan and Legislative Appropriations Request Process
2. Speaking Engagement on June 14, 2004 at National Association of Real Estate Brokers in Houston, Texas on *Making Money With Low Income Housing Tax Credits*
3. Speaking Engagement on July 14, 2004 at National Advisory Group in Washington, D.C. *On State Allocating Agencies: Priorities and Issues*
4. House Committee on Urban Affairs Interim Hearings

ADJOURN

Elizabeth Anderson

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 the Board Secretary, Delores Groneck, TDHCA, 507 Sabine, Austin, Texas 78701, 512-475-3934 and request the information.

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

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

EXECUTIVE OFFICE
BOARD ACTION REQUEST
June 28, 2004

Action Item

Board Minutes of May 13, 2004.

Required Action

Approve the minutes for the Board Meeting with any necessary corrections.

Background

The Board is required to keep minutes of each of their meetings. Staff recommends approval of the minutes.

BOARD MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
507 Sabine, Room 437, Austin, Texas 78701
May 13, 2004 9:00 a. m.

Summary of Minutes

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

The Board Meeting of the Texas Department of Housing and Community Affairs of May 13, 2004 was called to order by the Chair of the Board Elizabeth Anderson at 9:10 a.m. It was held at the Texas Department of Housing and Community Affairs Boardroom, 507 Sabine, Austin, Texas. Roll call certified a quorum was present.

Members present:

Elizabeth Anderson – Chair
C. Kent Conine – Vice Chair
Shadrick Bogany – Member
Patrick Gordon – Member
Vidal Gonzalez – Member
Norberto Salinas – Member (joined the meeting in progress)

Staff of the Texas Department of Housing and Community Affairs was also present.

PUBLIC COMMENT

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

Ms. Anderson called for public comment and the following either gave comments at this time or preferred to wait until the agenda item was presented.

The Honorable Frank Madla, Senator, State of Texas, Austin, Texas

Senator Madla congratulated the Board on the staff of the department. He stated Ms. Carrington does an outstanding job and she has been responsive and very willing to work through all the calls she gets from members of his staff. He further stated that a small community in far west Texas, the City of Toyah, was hit very hard with rains. There were around 41 businesses and homes that were damaged by these rains and the city has submitted an application to the department for assistance under the HOME Program. This is an agenda item for this meeting and he urged the Board to give it favorable consideration.

The Honorable Corbin Van Arsdale, Representative, State of Texas, Austin, Texas

Representative Van Arsdale thanked the Board for letting him speak early in the agenda. He stated he found Ms. Carrington to be very easy to work with, very good about communicating information and very courteous. He has enjoyed working with Ms. Carrington and looks forward to working with her in the future. He stated he has received more constituent response and a broader constituent response on the proposed Pinnacle Apartments in his district in Houston than he has had on any other proposed project. He stated the developer's resident relationship has not been very good as there wasn't any contact or any sort of groundwork laid. The developer wanted everything to be in writing at the public hearing and the developer would not orally entertain any sort of dialogue with the residents. There has not been a good neighborly attitude from the developer on this project. There is a one big issue in this proposed area of Houston and that is flooding as the development is in the 100 year flood plain. The school district is Cyoress-Fai8rbanks ISD and is one of the fastest growing school districts in the State of Texas. It is a very large school but they will have to use temporary buildings as children will be coming into the district from this proposed project.

Henry Gorham, Chairman of Board of Blue Light Village Housing, Corpus Christi, Texas

Mr. Gorham stated the Blue Light Village Housing in Corpus Christi is an apartment complex that is more than 30 years old with 152 units that are all affordable housing. Due to the age of this project, there is a need to renovate the entire property and bring it up to what is needed by the people who live there. They have held meetings with the tenants and received the desires from the tenants and there is a great need for air conditioning. He asked for approval of this project.

Ms. Anderson noted that Scott Sims from the Speakers Office was in attendance at this meeting.

Ms. Anderson closed public comment at 9:45 a.m. but those people who requested to speak at the time of the agenda items will do so at that time. She also recognized Rev. Harvey Clemons from Houston who is a former Board member.

Recognition of Former Board Chairman, Michael Jones

Ms. Anderson welcomed Mr. Jones and his wife, Pam to the meeting.

Ms. Carrington stated Mr. Jones served on the Board over 7 years and during these years there were 100 meetings held and he only missed 5. He served with 17 other board members and it was a pleasure to have a Board Chair who is supportive, smart and humorous. Mr. Jones was always accessible to her and would always return calls, etc. She stated he cares about TDHCA and served during the days when there were many problems at the Department. She presented Mr. Jones with a plaque from the Department.

Mr. Jones thanked the Board members, the Department and staff for all their hard work. He stated he enjoyed his service and he was very proud of TDHCA.

Ms. Anderson stated she and the other board members were delighted that he and Mrs. Jones were attending this meeting.

Mr. Conine stated it was a pleasure for him to recognize Mike and Pam. He stated that due to Mr. Jones' leadership the department came from a period in its history where things were turbulent and tough, accusations flying all over the place, to one now that is a shining star as far as state agencies go. There has never been a state agency that has made such a dramatic turnover in such a short period of time and a large part of that was due to Mr. Jones and his leadership on the Board. The citizens of Texas owe a debt of gratitude to Mr. Jones and he personally wanted to thank him for what he has done.

Mr. Bogany stated Mr. Jones really made it a lot easier for him when he started serving on the board and Mr. Jones' friendship and leadership has been outstanding. Mr. Jones always did what was right and did not give in to pressure. If one had a dictionary and looked up leadership and character, that Mr. Jones' name would be there and he appreciated the leadership during the period that Mr. Jones was here.

Mr. Gonzalez stated he appreciated Mr. Jones taking the new Board members under his wing and the leadership he provided made everyone proud of the Board they serve on. He thanked Mr. Jones for his friendship, his help and his advice.

Mr. Salinas stated he appreciated Mr. Jones putting up with him since 2001 and he appreciated Mr. Jones being the leader in the many good things this agency has done. He thanked Mr. Jones for all he has done for Texas and for giving him the opportunity to serve with him. He appreciated all the advice from Mr. Jones and was glad that he was able to meet Mr. Jones and have the friendship that he has with him.

Ms. Anderson stated Mr. Jones listened to all sides and did what was right, and balances the interests of neighborhoods and interests of housing needs and the interests of the advocates, the legislature and the taxpayers. Mr. Jones left very large shoes that will be impossible to fill. His judgment, his steadiness, his legal acumen and his profound sense of fairness are things that served this agency very well. All of the people of the State of Texas owe this true gentleman a tremendous debt of gratitude. She appreciated him being at the Board meeting and presented him with a token of appreciation which stated: "Dear Chairman

Jones, On behalf of the governing board and all the employees of the Texas Department of Housing and Community Affairs, as well as the thousands of Texans that the department has assisted during your tenure on the governing board, we present you with this token of appreciation for, and in honor of, your service to the department and to Texas. We are grateful for your leadership and commitment to the department's mission.

Mr. Jones thanked the Board and stated that they all have really worked on this board. They do an important thing and he thanked each of them for their great contributions to the State of Texas and for them to be willing to continue to do that. He also thanked the entire staff.

ACTION ITEMS

(1) Presentation, Discussion and Possible Approval of Minutes of the Board Meetings of April 8, 2004

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the Minutes of the Board Meeting of April 8, 2004.

Passed Unanimously

(2) Presentation and Discussion of Report from the Programs Committee:

(a) Update on Issues Raised at the Programs Committee and Board Meetings of April 8, 2004

(b) Amendments to the 2004 Consolidated – One Year Action Plan

(c) Update of Department's Draft Performance Measures for 2006-1007

(d) Discussion for Funding Sources for Preservation

Mr. Conine stated the Programs Committee met the day before and reviewed the HOME program and focused on where the state was relative to the nation in the HOME Program functions and the various percentages of each of the programs in the HOME Program. They also discussed the Consolidated Plan, performance measures and funding sources for Preservation and will review these items again at future meetings.

(3) Presentation, Discussion and Possible Approval of Programmatic Items:

(a) Use of Returned Below Market Interest Rate Program (BMIR) Funds to Fund Willow Bend Creek Sponsored by Ability Resources, Inc., in Ft. Worth, Texas in Lieu of HOME Funds

Ms. Carrington stated this is a request to substitute committed HOME funds in the amount of \$623,226 with Below Market Interest Rate Program funds that had not previously been transferred to the Multifamily Housing Preservation Incentive Program. This is a change of a source of funding for Ability Resources Inc. for the development of Willow Bend Creek. In addition, the Department is requesting approval to transfer \$112,821 in remaining BMIR funds to the Multifamily Housing Preservation Incentive Program.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the use of returned Below Market Interest Rate Program Funds to fund Willow Bend Creek sponsored by Ability Resources, Inc. in lieu of HOME funds.

Passed Unanimously

(b) Recommendations for Funding to Rural Economic Assistance League, Inc. and the Institute of Rural Development with Declined Funds from the Gonzalez Economic Development Corporation

Ms. Carrington stated staff is requesting approval of 2002-2003 HOME Investment Partnership Program Awards for owner occupied assistance under the general set aside and the total award would be \$520,000. The Institute of Rural Development is located in Kingsville and staff is requesting approval of an award of \$250,000 with an additional \$10,000 in administrative funds. The Rural Economic Assistance League is located in Alice and staff is recommending \$250,000 in project funds and \$10,000 for administrative funds. Each will be doing 5 units of owner-occupied. The Gonzalez Economic Development Corporation declined their award which is the source of funding for these two awards.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the Rural Economic Assistance League, Inc. and the Institute of Rural Development each for \$250,000 in program funds and each \$10,000 in administrative funds.

Passed Unanimously

(c) Single Family Mortgage Revenue Bond Program 61 Lender List

Ms. Carrington stated staff is requesting approval of a list of lenders for Program 61 and noting that this list can have lenders added throughout the year. There was a map provided on where the branch offices will be located for each lender.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the Program 61 lender list.

Passed Unanimously

**(d) HOME Program Disaster Relief Awards for:
Brooks County for \$514,800 and City of Toyah for \$514,800**

Ms. Carrington stated these two disaster relief awards will be funded out of HOME Program deobligated funds. The City of Toyah had damage due to excessive rains and the area was declared a disaster by the Governors Office. Brooks County was also declared a disaster by the Governors Office. Staff is recommending \$514,800 (\$495,000 in program funds and \$19,800 in administrative funds) for Brooks County and the City of Toyah.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the City of Toyah and Brooks County each for \$514,800.

Passed Unanimously

(e) Recommendation for United Cerebral Palsy (UCP) HOME Program Award Utilizing Deobligated Funds in the Amount of \$500,000

Ms. Carrington stated staff is requesting approval of home buyer assistance in the amount of \$530,000 for Home of Your Own Coalition, Hope For You. This organization serves persons with disabilities and this is a set aside for funding in the states Consolidated Plan. These funds will come from deobligated funds under the special projects category. When the funds come in from HUD this amount will go back into other activities. This is an advance funding for this entity so they can continue with their work and will not have to discontinue any services.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the \$530,000 recommendation (\$500,000 project funds and \$30,000 admin funds) for United Cerebral Palsy.

Passed Unanimously

Bob Cash, Office of State Representative Kevin Bailey, Austin, Texas

Mr. Cash stated that Representative Bailey wanted a statement read into the record concerning Bristol Apartments which stated:

"Dwayne Henson has one development in my district, Shoreham Apartments, which is located at 2450 Aldine, West Hill. Mr. Henson has another development located in my district, before a change in my district boundaries, called Brickmore Apartments, located at 16101 Imperial Valley, Houston. Mr. Henson has always been very sensitive to the needs of neighborhoods adjacent to his developments. My office has yet to receive one serious complaint about properties developed by Mr. Henson.

The high standards of applicant screening, the managerial style, and the architectural quality of these developments has made them assets and add value to our neighborhoods. Mr. Henson and his employees have worked hard to avoid burdening our schools and maintaining traffic flow. While Mr. Henson's site at Green's Parkway, the Bristol Apartments, is adjacent to my district, I want to take this opportunity to support that development, because I know it will be a positive contribution to the community."

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the Rural Economic Assistance League, Inc. and the Institute of Rural Development each for \$250,000 in program funds and each \$10,000 in administrative funds.

Passed Unanimously

(c) Single Family Mortgage Revenue Bond Program 61 Lender List

Ms. Carrington stated staff is requesting approval of a list of lenders for Program 61 and noting that this list can have lenders added throughout the year. There was a map provided on where the branch offices will be located for each lender.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the Program 61 lender list.

Passed Unanimously

**(d) HOME Program Disaster Relief Awards for:
Brooks County for \$514,800 and City of Toyah for \$514,800**

Ms. Carrington stated these two disaster relief awards will be funded out of HOME Program deobligated funds. The City of Toyah had damage due to excessive rains and the area was declared a disaster by the Governors Office. Brooks County was also declared a disaster by the Governors Office. Staff is recommending \$514,800 (\$495,000 in program funds and \$19,800 in administrative funds) for Brooks County and the City of Toyah.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the City of Toyah and Brooks County each for \$514,800.

Passed Unanimously

(e) Recommendation for United Cerebral Palsy (UCP) HOME Program Award Utilizing Deobligated Funds in the Amount of \$500,000

Ms. Carrington stated staff is requesting approval of home buyer assistance in the amount of \$530,000 for Home of Your Own Coalition, Hope For You. This organization serves persons with disabilities and this is a set aside for funding in the states Consolidated Plan. These funds will come from deobligated funds under the special projects category. When the funds come in from HUD this amount will go back into other activities. This is an advance funding for this entity so they can continue with their work and will not have to discontinue any services.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the \$530,000 recommendation (\$500,000 project funds and \$30,000 admin funds) for United Cerebral Palsy.

Passed Unanimously

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Mr. Cash stated that Representative Bailey wanted a statement read into the record concerning Bristol Apartments which stated:

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(4) Presentation, Discussion and Possible Approval of Department Rules:

(a) Proposed New Title 10, Part 1, Chapter 35 – Multifamily Housing Revenue Bond Rules

Ms. Carrington stated staff is requesting approval of the draft 2005 Multifamily Private Activity Bond Rules. These rules will be published to receive public comment. The changes to the rules are minimal from the rules that the Board approved last year. There are three public hearings to be held on these rules.

There was discussions held on the support and opposition to a project stated in the rules and Ms. Carrington advised that the development community has been advised that the letters from local elected officials will not be scored. They will be made part of the files but just not scored.

On page 16 of the rules under income level, staff will add “low income” level.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the proposed Multifamily Housing Revenue Bond Rules for publication in the *Texas Register* to receive public comments.
Passed Unanimously

(b) New Title 10, Part 1, Chapter 1, §1.16-Rule Regarding Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

Ms. Carrington stated staff is requesting adoption of the final regarding ethics and disclosure requirements for outside financial advisors and service providers. This will apply mostly to those professionals that are hired through the single family mortgage revenue bond program.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the New Title 10, Part 1, Chapter 1, §1.16 Rule-Regarding Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers.
Passed Unanimously

(c) Proposed New Title 10, Part 1, Chapter 1, §1.17-Rule on Department Policy Concerning Alternative Dispute Resolution and Negotiated Rulemaking

Ms. Carrington stated SB 264 requires that the department develop and implement a policy to encourage the use of appropriate alternative dispute resolution to assist in the resolution of both internal and external disputes under the agency’s jurisdiction.

Chris Wittmayer, General Counsel, stated that the Center for Public Policy Dispute Resolution had 3 additional recommendations which are: (1) add on page 1, Sec. b definitions (b)(1) – “The Governmental Dispute Resolution Act does not grant the department authority to engage in binding arbitration”; (2) add on last page – paragraph 3 – (after facilitated by Department employee) “or a third party: and (3) add on the last page –paragraph 4 (j) “the department may participate in intergovernmental efforts to share qualified government employees to act as impartial third parties. They agree to reimburse the furnishing entity in kind or monetarily for the full or partial cost of providing the qualified impartial third party”.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the Proposed New Title 10, Part 1, Chapter 1, §1.17-Rule on Department Policy Concerning Alternative Dispute Resolution and Negotiated Rulemaking.
Passed Unanimously

(5) Presentation and Discussion of Report from Audit Committee:

(a) KPMG FY 2003 Statewide Federal Single Audit Report

(b) Status of Prior Audit Issues

(c) Section 8 Family Self Sufficiency Program

(d) Status of Central Database

Mr. Bogany stated that an Audit Committee Meeting was held on May 12 and went over various items and he asked the Internal Auditor to give a report.

David Gaines, Internal Auditor, stated the Committee reviewed the statewide federal single audit report and as a result of the audit there were 11 findings and 9 of those have been implemented by management. On prior audit issues, 5 of the 7 are being reported as fully implemented or resolved by management. There have been discussions with HUD on one of the issues and these talks are continuing to settle this finding.

Mr. Conine asked staff to maybe have this as an agenda item when HUD visits the department on May 20.

Mr. Gaines stated on the Section 8 Family Self Sufficiency Program there was a problem that had surfaced that may affect the plan. HUD approved Brazoria County as a public housing agency and the county is now eligible to deliver the Section 8 program. The department is assessing the impact of this recent development.

Mr. Conine asked for a report on this at the next meeting.

Mr. Gaines stated the committee discussed the status of the central database and went over the issues and accomplishments as the department goes forward with the central database.

Mr. Bogany stated he would like to keep the consultant on until this item is completed.

Mr. Dally advised that the department does have the money to keep the consultant working on this project. He also stated that it would be a good use of the consultant's time and he will present this item at a future meeting.

Mr. Bogany stated that the committee went through the personnel evaluation of the Internal Auditor. He stated that they believe the Internal Group is performing at a very high standard.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the evaluation for Mr. David Gaines, Internal Auditor.
Passed Unanimously

- (6) **Presentation, Discussion and Possible Approval of Multi-Family Mortgage Revenue Bonds and Four Percent (4%) Housing Tax Credits With TDHCA as the Issuer:**
- (a) **Proposed Issuance of Multifamily Mortgage Revenue Bonds for Evergreen at Plano Independence, Plano, Texas in an Amount Not to Exceed \$14,750,000 and Issuance of Determination Notice (Requested Amount of \$585,335 and Recommended Amount of \$585,335) for Housing Tax Credits for Evergreen at Plano Independence, Plano, Texas #04-409**
Ms. Carrington stated this project is located in Plano and will have 250 units with one and two bedrooms as an elderly development. Staff is recommending approval.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Evergreen at Plano Independence, Plano, Texas in an Amount Not to Exceed \$14,750,000 and Issuance of Determination Notice in the recommended amount of \$585,335 for Housing Tax Credits for Evergreen at Plano Independence, Plano, Texas, #04-409 and approval of Resolution No. 04-024.
Passed Unanimously

- (b) **Proposed Issuance of Multifamily Mortgage Revenue Bonds for Montgomery Pines, Porter, Texas in an Amount Not to Exceed \$12,300,000 and Issuance of Determination Notice (Requested Amount of \$622,992 and Recommended Amount of \$621.509) for Housing Tax Credits for Montgomery Pines, Porter, Texas #04-411**
Ms. Carrington stated this project is in Porter (Montgomery County) and will have 224 units as a family development with one, two and three bedrooms.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Montgomery Pines, Porter, Texas in an Amount Not to Exceed \$12,300,000 and Issuance of Determination Notice in the recommended amount of \$621,509 for Housing Tax Credits for Montgomery Pines, Porter, Texas, \$04-411 and approval of Resolution No. 04-025.

Passed Unanimously

Gerald Russell stated he was in attendance to answer any questions the Board may have on Montgomery Pines.

(c) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Pinnacle Apartments, Houston, Texas in an Amount Not to Exceed \$14,500,000 and Issuance of Determination Notice (Requested Amount of \$709,370 and Recommended Amount of \$707,967) for Housing Tax Credits for Pinnacle Apartments, Houston, Texas #04-415

Ms. Carrington stated this project is in Houston, Texas and will have 248 units as a family development with one, two and three bedroom units. There was much public opposition against this project at the TEFRA hearing.

Tom Gouris, Director of Real Estate Analysis, stated they had concerns on the debt service structure, flooding issues on the property and the financial structure using a fixed rate but was working with the developer to handle all their concerns.

Lewis Hill, President of Ravenswood Sellers and Park Home Association, Houston, Texas

Mr. Hill stated the community voiced many concerns at the hearing held and these were on school capacity, lack of service level jobs, and lack of adequate medical facilities, road congestion and public transportation. He stated there are four apartment complexes in this area with over 500 units. These are not full and they have a high vacancy rate. This organization was opposed to the project.

Steve Ford, Developer, Houston, Texas

Mr. Ford stated he was the developer of Pinnacle Apartments. He stated a TEFRA hearing was held and there was communication from the organizations. He stated he responded to all e-mails from groups within 24-48 hours after receiving them. He did state that his group did not give any testimony at the hearing but elected to handle all concerns in writing. There were about 170-200 people who attended the hearing and only 6 people there were in favor of the project. He stated this project will have after school facilities for children. Mr. Ford then discussed in great detail the concerns that everyone had and went over the school issue, the flooding issue and how they plan to handle the traffic congestion, etc.

Mr. Bogany stated he had seen the property and knew of the opposition at the hearing and felt the department should come up with rules and regulations for holding a TEFRA hearing. He also felt the developers could do a better job in providing information at these hearings.

Scott Landen, Katy, Texas

Mr. Landen stated he lives in one of Mr. Ford's developments and it is close to his work and stated he enjoyed living at this development which has many amenities.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Pinnacle Apartments, Houston, Texas in an Amount not to Exceed \$14,500,000 and Issuance of Determination Notice in the recommended amount of \$707,967 for Housing Tax Credits for Pinnacle Apartments, Houston, Texas, #04-415 and approval of Resolution No. 04-023.

Passed Unanimously

(d) Proposed Issuance of Multifamily Mortgage Revenue Bonds for Bristol Apartments, Houston, Texas in an Amount Not to Exceed \$12,625,000 and Issuance of Determination Notice (Requested Amount of \$898,771 and Recommended Amount of \$898,771) for Housing Tax Credits for Bristol Apartments, Houston, Texas #04-416

Ms. Carrington stated this project is also located in Houston, Texas and will have 248 units for families.

Motion made by C. Kent Conine and seconded by Vidal Gonzalez to approve the issuance of Multifamily Mortgage Revenue Bonds for Bristol Apartments, Houston, Texas in an amount not to exceed \$12,625,000 and issuance of determination notice in the recommended amount of \$898,711 for Housing Tax Credits for Bristol Apartments, Houston, Texas #04-416 and approval of Resolution No. 04-022.

Passed Unanimously

(e) Selection of Underwriters for the Multi-Family Bond Program

Ms. Carrington stated staff is recommending the addition of one senior manager and one to remain list. These are: Newman and Associates and Citigroup.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the addition of Newman and Associates and for Citigroup to remain on the list.

Passed Unanimously

(7) Presentation, Discussion and Possible Approval of Housing Tax Credit Items:

(a) Interagency Contract Between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs on the Housing Tax Credit Rural Regional Allocation

Ms. Carrington stated this is the second year for the interagency contract with the Office of Rural Community Affairs and this contract addresses how the department will cooperate and work with ORCA as it relates to the administration of the rural allocation in the housing tax credit program.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the interagency contract between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs.

Mr. Conine asked if this contract could state “the TDHCA board and/or its designees” to attend the hearing with the department and ORCA.

Amendment to the motion made by C. Kent Conine and seconded by Mayor Salinas to add “Each year the TDHCA board and/or its designees”.

Passed Unanimously

Mr. Wittmayer stated he had spoken with the General Counsel from ORCA and he felt the July 7th meeting would work for them. What he recommended was to amend the contract by striking out “each year” and just put “on July 7, 2004 the TDHCA board and the ORCA executive committee shall hold a joint workshop or publish hearing to take public comment and discuss the proposed QAP. At the workshop, the ORCA executive committee shall provide its input on the threshold of the scoring criteria applied to the applications eligible for the tax credit rural set-aside. Underwriting criteria no longer in the QAP will also be discussed at this joint workshop or publish hearing.” The department will strike out “at a separate joint workshop”.

Chairman Anderson proposed that the suggestions of Mr. Wittmayer should be added to the contract and substituting on “July 7” for each year and removing the last six words of the paragraph “or at a separate joint workshop”.

Mr. Conine stated he would like to use the words public hearing instead of workshop and this was part of his amendment.

Motion made by C. Kent Conine to include the recommendation for the date of July 7 and to use the words public hearing and to include the statements of the Board Chair.

Passed Unanimously

Motion made by C. Kent Conine and seconded by Shad Bogany to have the board chair have the authority to designate either the entire board or a subgroup of this board for that July 7 meeting.
Passed Unanimously

The original motion with amendments was then voted on.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the interagency contract between the Texas Department of Housing and Community Affairs and the Office of Rural Community Affairs with the changes and amendments stated.
Passed Unanimously

(b) Revision to Policy on Process/Procedures for USDA Rural Rescue Developments

Ms. Carrington stated staff is requesting minor revisions to the 2004 tax credit USDA Rural Rescue Developments Policy. These changes would be listing the year the allocation would come for a forward commitment.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the changes to the policy for USDA Rural Rescue Developments.
Passed Unanimously

**(c) Issuance of Determination Notices on Tax Exempt Bond Transactions with Other Issuers:
04-405 Primrose at Aldine Bender, Houston, Texas
Harris County Housing Finance Corp. is the Issuer
(Requested Amount of \$861,839 and Recommended Amount of \$848,953**

Ms. Carrington stated this project is to be in Houston, Texas and is an elderly development of 248 units. Staff is recommending approval of this project.

Jeff Spicer, Developer, Houston, Texas

Mr. Spicer was available to answer any questions the board might have on this project.

Craig Alter, Southwest Housing, Dallas, Texas

Mr. Alter presented additional support letters that the board members had not received in time for the mailing of their board package.

Mr. Gouris stated they had in supportive services of the underwriting report a broad scope of services they provided for projects. There are some senior developments that do have some day care functions occasionally as there are seniors that have children living with them and this is permissible. On the market study there were concerns on the higher than normal inclusive capture but seniors developments are allowed to go over the 25%.

Motion made by C. Kent Conine and seconded by Norberto Salinas to approve the issuance of a determination notice for Primrose at Aldine Bender, Houston, Texas for \$848,953.
Passed Unanimously

**04-413 Corinth Estates, Corinth, Texas
Denton County Housing Finance Corp. is the Issuer
(Requested Amount of \$662,566 and Recommended Amount of \$662,566**

Ms. Carrington stated this is also an elderly transaction in Corinth and staff is recommending approval.

Robert Voelker, Developer, Dallas, Texas

Mr. Voelker stated this is a family development and not an elderly transaction.

Motion made by C. Kent Conine and seconded by Shad Bogany to approve the issuance of a determination notice for Corinth Estates, Corinth, Texas for \$662,566.
Passed Unanimously

(d) Proposed Amendments to Housing Tax Credit Projects:

(1) 03-236 Little York Villas, Houston, Texas

Ms. Carrington stated this amendment is for Little York Villas located in Houston, Texas and is a material change. They are reducing the size of the clubhouse and increasing the size of the two and three bedroom units. Staff is recommending approval of this project.

Motion made by Shad Bogany and seconded by Norberto Salinas to approve the amendment for Little York Villas, Houston, Texas.

Passed Unanimously

(2) 03-415 Southwest Pines Apartments, Tyler, Texas

Ms. Carrington stated this is a bond transaction and is located in Tyler, Texas and there was a necessity for a change in the developments site plan due to a creek that ran through the property. The number of buildings has been reduced from 14 to 12 but they have increased the number of one bedroom units and the number of two bedroom units has decreased slightly. The number of units did not change. Staff is recommending approval of this amendment.

Motion made by Shad Bogany and seconded by Vidal Gonzalez to approve the amendment for Southwest Pines Apartments, Tyler, Texas.

Passed Unanimously

(e) Extension of Construction Loan Closing Deadline for Little York Villas, Houston, Texas

Ms. Carrington stated this request is for an extension of the closing date of a construction loan as the applicant has indicated they have experienced delays in obtaining building permits and finalizing their partnership agreement with the syndicator. Staff is recommending the extension from June 11 to July 12, 2004.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the extension of the construction loan closing deadline for Little York Villas, Houston, Texas from June 11, 2004 to July 12, 2004.

Passed Unanimously

(f) Meadows of Oakhaven, Pleasanton, Texas, 02-131, to Consider Award of 2004 Forward Commitment

Ms. Carrington this is a request for a reallocation of returned credits and a waiver of the 2004 qualified allocation plan and rules for that development. Staff is not recommending the reallocation and the waiver. This development was awarded an allocation of 9% credits in October of 2002. It was awarded \$407,934 and was to be located in Pleasanton and came out of the rural set-aside. There have been numerous delays in each state of completion of this development and the board has granted many extensions on this particular development.

Staff is not recommending approval as required deadlines have not been met and staff believes it would set an unfavorable precedent if the board does take this action. The applicant is asking to return the credits he received in 2002 and then out of the 2004 credits he would be reallocated the same amount for this development.

Michael Gilbert, Developer, San Antonio, Texas

Mr. Gilbert stated they have been competing in the program for 9 years and have projects in Fredericksburg, Floresville, and Pasadena and all these are performing and fulfilling their responsibilities as affordable housing developments. On this project they have experienced problems with a lack of adequate funding as there was a shortfall of about \$805,000. There were problems with Muni Mae and they tried to work with another lender but this did not work. They now feel that their funding has been worked out and asked for approval of this item.

Motion made by C. Kent Conine and seconded by Shad Bogany to accept the recommendation of staff and deny an award of 2004 forward commitment for Meadows of Oakhaven, Pleasanton, Texas, 02-131.

Passed Unanimously

(g) Housing Tax Credit Construction Inspection Fees Outstanding and Related Qualified Allocation Plan Requirements

Ms. Carrington stated that the collection of fees was previously handled by the program areas but now is being handled by the Financial Services area. When this was transferred to the Financial Services area, there was about \$203,000 due from developers. Since then the Financial Services area has billed and collected \$826,298.12 and there is \$15,598.01 still to be collected.

Ms. Anderson commended the Financial Services area for their work in getting these dollars into the department.

(h) Request for Additional Housing Tax Credits for Lake West Townhomes, 0005T, in the Amount of \$38,115 (Total Amount of Tax Credits for Lake West Townhomes is \$570,370)

Ms. Carrington stated this is a request for additional tax credits for Lake West Townhomes in Dallas and they are requesting an additional \$38,115 in tax credits. Staff is recommending approval.

Motion made by Shad Bogany and seconded by C. Kent Conine to approve the request for additional tax credits for Lake West Townhomes, 0005T in the amount of \$38,115 for a total of \$570,370 in tax credits.

Passed Unanimously

EXECUTIVE SESSION

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session
Personnel Matters – Discussion Under Sec. 551.074, Texas Government Code of Performance Evaluation for Internal Auditor

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

There was no executive session held.

REPORT ITEMS

Executive Directors Report

1. Chart Reflecting Activities for Marketing, Trade Shows, Speaking Engagements – April – August 2004
Ms. Carrington announced that the Department will participate in the Urban Affairs Committee Meeting on May 20, 2004 to be held in the State Capitol Extension, Austin, Texas and invited Board Members to attend.
Ms. Carrington stated the Urban Affairs Committee Meeting will be held on May 20, 2004 and she invited the board members to attend this meeting.
2. Letter from Attorney General's Office Addressing Scoring of Written Comments From Local Elected Officials in the Low Income Housing Tax Credit Program
Ms. Carrington stated the department had received a response from the Attorney Generals Office and the board members had received a copy of this letter.

Ms. Carrington also advised the Board that several staff members will be participating in the NCSHA Conference being held in Portland later this month.

She also stated that the department has on its internal website an electronic water cooler and it provides information about news articles, staff, etc.

The staff will review to see how to get the Board access to the internal internet.

Mr. Conine asked if there were any programs or policies or rules in existence that the board needs to look at for TEFRA hearings. He would like to make them more user friendly and function better as an opportunity to engage the community.

Ms. Carrington stated there is no federal law on policies and procedures other than requiring one to have a TEFRA hearing. The staff has made some changes over the last year on comments the board members have made.

Ms. Anderson asked that the department publicize that they are holding the hearing but to tell the public that they are interested in all kinds of comments, including comments on how to improve the hearing process.

Mr. Bogany stated the developers who have controversial projects should invite the public to some of their current projects and to volunteer these projects as voting places, etc. and this way, the projects would get exposure.

Ms. Anderson asked that staff uses creativity and to try to find a way to do outreach in the development community and get the community involved. She asked that staff try to solicit comments that really give the board insight of what people want and would be good for the department to do.

Ms. Carrington asked if the board would consider holding the public hearing on the morning of July 8th instead of being set on the July 7th date.

Motion to reconsider the date for the public hearing made by C. Kent Conine and seconded by Shad Bogany and substitute on or about July 7 or 8 for the hearing held jointly with ORCA.
Passed Unanimously

ADJOURN

Motion made by Vidal Gonzalez and seconded by Shad Bogany to adjourn the meeting.
Passed Unanimously

The meeting adjourned at 1:30 p.m.

Respectfully submitted,

Delores Groneck
Board Secretary

Bdmimay

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
June 28, 2004

Action Item

Appeal termination of one 2004 Housing Tax Credit (HTC) Application.

Requested Action

Issue a determination on the appeal.

Background and Recommendations

I. Corrigan Gardens, Ltd., #04062

This Applicant was originally sent a notice on May 6, 2004, notifying the applicant that their application was being terminated for failure to submit the Environmental Site Assessment and Market Study to the Department by March 31, 2004. As stated in §50.9(f)(14)(D)(ii) of the 2004 Qualified Allocation Plan (QAP), “the entire exhibit must be submitted on or before 5:00 p.m. CST, March 31, 2004. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration.”

Upon receipt of the termination, the applicant submitted an appeal to the Executive Director on May 13, 2004, disputing the termination. The Applicant asserted that Mr. Rick Sims was placed in police custody for 72 hours which prevented him from delivering the reports to the Department in a timely manner. On May 27, 2004, the Executive Director responded to the appeal stating that while the circumstances were unfortunate, the appeal was denied because the reports were not submitted by the deadline (CST March 31, 2004) established in the QAP. The applicant submitted an appeal to the Board on May 28, 2004.

It should also be noted that this development is located in the City of Corrigan, which has more than twice the state average of units per capita supported by affordable housing tax credits or private activity bonds. An exception to this rule is possible if the Applicant submits a resolution from the City that indicates prior approval of the Development and a written statement of support from the City. The Applicant has not submitted either of these items. In fact, a letter which states “The applicant has received no such support or approval nor has a resolution from the City Council of the City of Corrigan been received by the Department. Since this requirement is statutory, the Board has no authority to waive this rule.

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

Applicant:	Corrigan Gardens, Ltd.
Site Location:	East of Hwy 59 on FM 287
City/County:	Corrigan / Polk County
Regional Allocation Category:	Rural

Set-Aside:	Nonprofit
Population Served:	Family/Transitional
Region:	5
Type of Development:	New Construction
Units:	76
Credits Requested:	\$1,331,222

Staff Recommendation:

The Executive Director denied the original appeal. Staff is recommending that the Board also deny the appeal of the termination.

*Alfred Freeman Community Development
Corporation*

May 28, 2004

*Edwina P. Carrington/ Executive Director
Texas Department of Housing and
Community Affairs
507 Sabine
Suite 400
P.O. Box 13941
Austin, Texas 78711-3941
(512)475-3340
(512)475-3800*

Re: Corrigan Gardens, TDHCA#04062

*Dear Ms. Carrington and the Board of the Texas Department of Housing and Community
Affairs:*

2nd Request for an Appeal Review

*On May 13, 2004 our development requested for an appeal due to situations that arose
and we had no control over.*

*We are asking that the board reconsider our application at this time. Please, we ask this
because of the tireless effort that we put into completing our application and the scoring
we received on our pre-application.*

*Once again, we worked hard to make this application be what we thought it should be
and as well as what TDCHA requested as a processor of the application.*

*The Alfred Freeman CDC/Corrigan Gardens are asking for another appeal review for
the application that was submitted #04062.*

09:21

Alfred Freeman Community Development Corporation

Fax

RECEIVED

MAY 28 2004

EXECUTIVE

To: Ms Edwin Carrington	From: Corrigan Gardens #04052
Fax: (512)472-8528	Pages: 2
Phone: (512)475-3832	Date: 05/28/04
Re: 2 nd Request for an Appeal Review	CC:

Urgent
 For Review
 Please Comment
 Please Reply
 Please Recycle

• Comments:

Thank you for your consideration in this matter



TEXAS
DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS

WWW.TDHCA.STATE.TX.US

May 6, 2004

RICK PERRY
Governor

EDWINA P. CARRINGTON
Executive Director

BOARD MEMBERS

Elizabeth Anderson, Chair
Shadrick Bogany
C. Kent Conine
Vidal Gonzalez
Patrick R. Gordon
Norberto Salinas

Lonnie Freeman
Corrigan Gardens Ltd.
813 Martin Luther King Blvd.
Houston, Texas 75939
Telephone: (936) 328-1620
Telecopier: (936) 398-0338

Re: Corrigan Gardens, TDHCA# 04062

Dear Mr. Freeman:

On March 1, 2004, you submitted an application for the above-referenced development. In that application you provided engagement letters to temporarily satisfy the requirement for an Environmental Site Assessment (ESA) and Market Study. As stated in §50.9(f)(14)(D)(ii) of the 2004 Qualified Allocation Plan (QAP), "the entire exhibit must be submitted on or before 5:00 p.m. CST, March 31, 2004. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration". Unfortunately, we did not receive the ESA or Market Study on or before that date.

Therefore, please be informed that pursuant to this section of the QAP, the Department has terminated this Application and no further action will be taken on it.

Please be aware that an Appeals Policy exists for the Housing Tax Credit Program. If you wish to appeal this application termination decision, you must file your appeal with the Department no later than May 13, 2004. The restrictions and requirements relating to the filing of an appeal can be found in §50.18(b) of the 2004 QAP.

It should also be noted that the above-referenced application is located in the City of Corrigan. Pursuant to §50.5(a)(7) of the 2004 Qualified Allocation Plan, this application is ineligible unless it, "(A) has obtained prior approval of the Development from the governing body of the appropriate municipality or county containing the Development in the form of a resolution; and (B) has included in the Application a written statement of support from that governing body referencing this

Mr. Freeman

May 6, 2004

Page 2 of 2

rule and authorizing an allocation of housing tax credits for the Development". The Department has ruled that all Developments ineligible under this section have until May 31, 2004 to submit items (A) and (B). This information should be taken into consideration if the Applicant does wish to appeal. If the appeal were to be granted, the applicant would still be required to submit this documentation by the May 31, 2004 deadline.

If you have any questions, please do not hesitate to contact Jennifer Joyce at 512.475.3995. She will be available for questions regarding this termination after May 9, 2004.

Sincerely,



Brooke Boston

Multifamily Finance Production Division Director

 *** TX REPORT ***

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May 6, 2004

RICK PERRY
 Governor

Lonnie Freeman
 Corrigan Gardens Ltd.
 813 Martin Luther King Blvd.
 Houston, Texas 75939

Telephone: (936) 328-1620
 Telecopier: (936) 398-0338

Re: **Corrigan Gardens, TDHCA# 04062**

Dear Mr. Freeman:

On March 1, 2004, you submitted an application for the above-referenced development. In that application you provided engagement letters to temporarily satisfy the requirement for an Environmental Site Assessment (ESA) and Market Study. As stated in §50.9(f)(14)(D)(i) of the 2004 Qualified Allocation Plan (QAP), "the entire exhibit must be submitted on or before 5:00 p.m. CST, March 31, 2004. If the entire exhibit is not received by that time, the Application will be terminated and will be removed from consideration". Unfortunately, we did not receive the ESA or Market Study on or before that date.

Therefore, please be informed that pursuant to this section of the QAP, the Department has terminated this Application and no further action will be taken on it.

May 27, 2004

Lonnie Freeman
Corrigan Gardens Ltd.
813 Martin Luther King Blvd.
Houston, Texas 75939
Telephone: (936) 328-1620
Telecopier: (936) 398-0338

Re: Corrigan Gardens, TDHCA# 04062

Dear Mr. Freeman:

Appeal Review

I have carefully reviewed the application you submitted, as well as the appeal that we received from you on May 13, 2004 on the above-referenced development.

On May 6, 2004 the Department terminated your application because we determined that an Environmental Site Assessment (ESA) and Market Study were not submitted to the Department on or before 5:00 p.m. CST, March 31, 2004, as required by §50.9(f)(14)(D)(ii) of the 2004 Qualified Allocation Plan (QAP).

Appeal Determination

The Department has noted that the above mentioned reports were late because Mr. Rick Sims was placed in police custody for 72 hours. While this is unfortunate, for the reasons outlined above, please be informed that your appeal is denied and no further action will be taken on it.

Section 50.18(b)(4) of the 2004 QAP states that if you are not satisfied with this response to your appeal, you may appeal directly in writing to the Board of the Texas Department of Housing and Community Affairs. Please note that an appeal filed with the Board must be received by the Board before the seventh day preceding the date of the Board meeting at which the relevant commitment decision is expected to be made. To have an appeal considered by the Board at the June 10 Board meeting, the appeal must be received by Delores Groneck, Board Secretary, no later than June 2, although it is strongly suggested that you submit it by May 28, 2004.

If you have questions or comments, please call (512) 475-3340.

Sincerely,

Edwina P. Carrington
Executive Director

EPC/JLJ/MFMU



CITY OF CORRIGAN

101 West Ben Franklin, Corrigan, Texas 75939
Phone (936) 398-4126 * Fax (936) 398-2052
corrigan@lcc.net

April 26, 2004

In reply to: Affordable Housing Tax Credit Pre-Application #04062

Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
P.O. Box 13941
Austin, Texas 78711-3941

Attention: Jennifer Joyce

To Whom It May Concern:

It was my pleasure to speak on behalf of the City of Corrigan during the public hearing held in Lufkin, Texas on April 21, 2004 regarding the above referenced Housing Tax Credit application. I appreciate the opportunity provided to voice the city's concerns and hear more from those in support of this project.

During the hearing, I indicated that I had been reviewing the specifics of application #04062 and raised a concern regarding the Real Estate Option To Purchase Unimproved Property that was included in the application. This agreement stated that the applicant had agreed to pay \$175,000.00 for 19.1929 acres of undeveloped property that has been appraised by the county appraisal district for \$26,578.00.

Upon further review of the application and the 2004 Housing Tax Credit Program Qualified Allocation Plan and Rules, I have found an error in the Corrigan Gardens application that could possibly render the applicant ineligible and I would like to bring this error to your attention. According to Section §50.5(a)(7) of the QAP and rules an applicant would be ineligible if the development is to be located in a municipality that has more that twice the state average of units per capita supported by Housing Tax Credits or private activity bonds. Corrigan is listed on TDHCA's Comparison of Place and State Housing Tax Credit Program Credit per Capita Distribution dated 1-14-04 as having more than twice the state average, yet on page two of Supplement Tab 1C of the Corrigan Gardens application the applicant marked "No" for question number 5 - Ineligibility Exception regarding Section §50.5(a)(7).

I am enclosing documentation to highlight the aforementioned error. I also understand that the applicant would still be eligible to apply if they have prior approval from the City Council in the form of a resolution and have a written statement of support referencing

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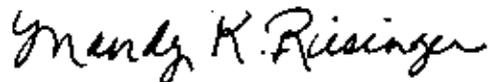
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the rule and authorizing allocation of housing tax credits for the development. The applicant has received no such support or approval nor has a resolution been considered by City Council regarding the ~~Corrigan Gardens development~~.

Thank you for your consideration in this matter. Please feel free to contact me at (936) 398-4126 if I may provide any further information for your consideration.

Sincerely,



Mandy K. Risinger
City Manager

Enclosures (5)

cc: ~~XXXXXXXXXXXX~~
Tom Bowman, CCISD
Rep. Dan Ellis
Sen. Todd Staples

2004 Housing Tax Credit Program Qualified Allocation Plan and Rules

(A) by an individual who is:

- (i) a student and receiving assistance under Title IV of the Social Security Act (42 U.S.C. §§ 601 et seq.), or
- (ii) enrolled in a job training program receiving assistance under the Job Training Partnership Act (29 USCS §§ 1501 et seq., generally; for full classification, consult USCS Tables volumes) or under other similar Federal, State, or local laws, or

(B) entirely by full-time students if such students are:

- (i) single parents and their children and such parents and children are not dependents (as defined in section 152) of another individual, or
- (ii) married and file a joint return."

(76) **Tax Exempt Bond Development** - A Development which receives a portion of its financing from the proceeds of tax exempt bonds which are subject to the state volume cap as described in the Code, §42(h)(4), such that the Development does not receive an allocation of tax credit authority from the State Housing Credit Ceiling.

(77) **Third Party** - A Third Party is a Person who is not an:

- (A) Applicant, General Partner, Developer, or General Contractor, or
- (B) an Affiliate or a Related Party to the Applicant, General Partner, Developer or General Contractor, or
- (C) Person(s) receiving any portion of the contractor fee or developer fee.

(78) **Threshold Criteria** - Criteria used to determine whether the Development satisfies the minimum level of acceptability for consideration as specifically defined in §50.9(f) of this title. [2306.6702]

(79) **Total Housing Development Cost** - The total of all costs incurred or to be incurred by the Development Owner in acquiring, constructing, rehabilitating and financing a Development, as determined by the Department based on the information contained in the Application. Such costs include reserves and any expenses attributable to commercial areas. Costs associated with the sale or use of Housing Tax Credits to raise equity capital shall also be included in the Total Housing Development Cost. Such costs include but are not limited to syndication and partnership organization costs and fees, filing fees, broker commissions, related attorney and accounting fees, appraisal, engineering, and the environmental site assessment.

(80) **TX-USDA-RHS** - The Rural Housing Services (RHS) of the United States Department of Agriculture (USDA) serving the State of Texas (formerly known as TxFmHA) or its successor.

(81) **Unit** - Any residential rental unit in a Development consisting of an accommodation including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation. [2306.6702]

§50.4. State Housing Credit Ceiling.

The Department shall determine the State Housing Credit Ceiling for each calendar year as provided in the Code, §42(h)(3)(C), using such information and guidance as may be made available by the Internal Revenue Service. The Department shall publish each such determination in the *Texas Register* within 30 days after the receipt of such information as is required for that purpose by the Internal Revenue Service. The aggregate amount of commitments of Housing Credit Allocations made by the Department during any calendar year shall not exceed the State Housing Credit Ceiling for such year as provided in the Code, §42. Housing Credit Allocations made to Tax Exempt Bond Developments are not included in the State Housing Credit Ceiling.

~~§50.4. State Housing Credit Ceiling.~~
~~The Department shall determine the State Housing Credit Ceiling for each calendar year as provided in the Code, §42(h)(3)(C), using such information and guidance as may be made available by the Internal Revenue Service. The Department shall publish each such determination in the Texas Register within 30 days after the receipt of such information as is required for that purpose by the Internal Revenue Service. The aggregate amount of commitments of Housing Credit Allocations made by the Department during any calendar year shall not exceed the State Housing Credit Ceiling for such year as provided in the Code, §42. Housing Credit Allocations made to Tax Exempt Bond Developments are not included in the State Housing Credit Ceiling.~~

~~(1) The Applicant, Development Owner, Developer or Guarantor has been or is barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or,~~

~~(2) The Applicant, Development Owner, Developer or Guarantor has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentations of material facts, misappropriation of funds, or other similar criminal offenses within fifteen years preceding the Application deadline; or,~~

~~(3) The Applicant, Development Owner, Developer or Guarantor at the time of Application is: subject to an enforcement action under state or federal securities law; is subject to a federal tax lien; or is the subject of an enforcement proceeding with any Governmental Entity; or~~

~~(4) The Applicant, Development Owner, Developer or Guarantor with any past due audits has not submitted those past due audits to the Department in a satisfactory format on or before the close of the Application Acceptance Period. A Person is not eligible to receive a commitment of Housing Tax Credits from the~~

2004 Housing Tax Credit Program Qualified Allocation Plan and Rules

Department if any audit finding or questioned or disallowed cost is unresolved as of June 1 of each year, or for Tax Exempt Bond Developments is unresolved as of the date the Application is submitted; or

(5) [2306.6703 as amended] At the time of Application or at any time during the two-year period preceding the date the Application Round begins (or for Tax Exempt Bond Developments any time during the two-year period preceding the date the Application is submitted to the Department), the Applicant or a Related Party is or has been:

(A) a member of the Board; or

(B) the Executive Director, a Deputy Executive Director, the Director of Multifamily Finance Production, the Director of Portfolio Management and Compliance, the Director of Real Estate Analysis, or a manager over housing tax credits employed by the Department.

(6) [2306.6703] The Applicant proposes to replace in less than 15 years any private activity bond financing of the Development described by the Application, unless:

(A) the Applicant proposes to maintain for a period of 30 years or more 100 percent of the Development Units supported by Housing Tax Credits as rent-restricted and exclusively for occupancy by individuals and families earning not more than 50 percent of the Area Median Gross Income, adjusted for family size; and

(B) at least one-third of all the units in the Development are public housing units or Section 8 Development-based units; or,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]; or

(8) The Applicant proposes to construct a new Development that is located one linear mile (measured by a straight line on a map) or less from a Development that:

(A) serves the same type of household as the new Development, regardless of whether the Developments serve families, elderly individuals, or another type of household;

(B) has received an allocation of Housing Tax Credits (including Tax Exempt Bond Developments) for new construction at any time during the three-year period preceding the date the application round begins (or for Tax Exempt Bond Developments the three-year period preceding the date the Volume I is submitted); and

(C) has not been withdrawn or terminated from the Housing Tax Credit Program.

(D) An Application is not ineligible under this paragraph if:

(i) the Development is using federal HOPE VI funds received through the United States Department of Housing and Urban Development; locally approved funds received from a public improvement district or a tax increment financing district; funds provided to the state under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. Section 12701 et seq.); or funds provided to the state and participating jurisdictions under the Housing and Community Development Act of 1974 (42 U.S.C. Section 5301 et seq.); or

(ii) the Development is located in a county with a population of less than one million; or

(iii) the Development is located outside of a metropolitan statistical area; or

(iv) the local government where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described under subparagraphs (A) through (C) of this paragraph. [2306.6703]

(E) In determining the age of an existing development as it relates to the application of the three-year period, the development will be considered from the date the Board took action on approving the allocation of tax credits. For example, a Development whose credits were approved by the Board on March 15, 2002, could not have a new Development located within one mile until March 16, 2005. In dealing with ties between two or more Developments as it relates to this rule, refer to §50.9(h).

(b) **Disqualification and Debarment.** The Department will disqualify an Application, and/or debar a Person (see 2306.6721, Texas Government Code), if it is determined by the Department that those issues identified in paragraphs (1) through (6) of this subsection exist. The Department shall debar a Person for the longer of, one year from the date of debarment, or until the violation causing the debarment has been remedied. Causes for disqualification and debarment include: [2306.6721]

(1) The provision of fraudulent information, knowingly false documentation, or other intentional or negligent material misrepresentation in the Application or other information submitted to the Department at any stage of the evaluation or approval process; or,



Comparison of Place and State Housing Tax Credit Program Credit per Capita Distribution

[REDACTED]

Note: Huffman, Kamack, New Caney, and Porter are places that have previously received credits but are not recognized as places by the US Census Bureau. It is likely they would have been included in this table if 2000 Census population data was available. If you are considering an application in these areas check with the Department for further guidance.

Prepared by the TDHCA Housing Center for Research, Planning, and Communications
 Population Data: 2003 Texas Population Estimate from the Texas State Data Center,
 Unit Data: TDHCA Property Inventory as of [REDACTED]

Place	TX UHTC Units/Capita		0.0058	
	HTC Units	2003 Population Est.	Place HTC Units/Capita	Place HTC Units Per Capita/ TX HTC Units Per Capita
Albany	40	1,917	0.021	3.57
Alto	32	1,191	0.027	4.60
Angleton	248	18,752	0.013	2.26
Anthony	60	4,029	0.015	2.55
Aransas Pass	100	8,034	0.012	2.13
Azle	140	9,956	0.014	2.40
Baird	24	1,619	0.015	2.54
Bastrop	118	6,047	0.020	3.34
Big Sandy	24	1,305	0.018	3.15
Blanco	20	1,613	0.012	2.12
Boerne	171	6,706	0.025	4.36
Bogata	24	1,365	0.018	3.01
Brackettville	32	1,939	0.017	2.82
Brookshire	44	3,737	0.012	2.01
Brownwood	242	20,407	0.012	2.03
Bryson	32	516	0.062	10.61
Buffalo	24	1,897	0.013	2.16
Bullard	48	1,368	0.035	6.00
Burnet	84	5,041	0.017	2.85
Caddo Mills	16	1,175	0.014	2.33
Caldwell	56	3,694	0.015	2.59
Calvert	24	1,424	0.017	2.88
Cameron	100	5,729	0.017	2.99
Carrizo Springs	102	5,615	0.018	3.11
Carthage	128	6,716	0.019	3.26
Castroville	39	2,747	0.014	2.43
Cedar Park	662	36,968	0.018	3.06
Chandler	43	2,169	0.020	3.39
Childress	80	6,789	0.012	2.02

Place	HTC Units	2003 Population Est.	Place HTC Units/Capita	Place HTC Units Per Capita/ TX HTC Units Per Capita
Clarksville	48	3,750	0.013	2.19
Cleburne	366	28,423	0.013	2.20
Cleveland	166	8,091	0.021	3.51
Clint	20	956	0.021	3.58
Coldspring	48	719	0.067	11.42
Colorado City	56	4,384	0.013	2.18
Columbus	48	4,036	0.012	2.03
Conroe	525	40,797	0.013	2.20
Crockett	136	7,230	0.019	3.22
Crosbyton	24	1,791	0.013	2.29
Dallas	16,771	1,216,720	0.014	2.36
Dayton	202	6,418	0.031	5.38
Decatur	89	5,440	0.016	2.80
De Kalb	24	1,746	0.014	2.35
Denton	1,340	91,302	0.015	2.51
Desoto	628	39,345	0.016	2.73
Detroit	18	765	0.021	3.58
Dilley	68	3,820	0.018	3.04
Dripping Springs	76	1,651	0.046	7.87
Dublin	48	3,761	0.013	2.18
Eastland	68	3,830	0.018	3.04
Edcouch	121	4,093	0.030	5.06
Edgewood	46	1,366	0.034	5.78
Eldorado	32	1,925	0.017	2.84
Electra	54	3,150	0.017	2.93
Elgin	103	6,019	0.017	2.93
Ekhart	54	1,248	0.043	7.41
Elsa	74	5,952	0.012	2.13
Emory	40	1,157	0.035	5.91
Ennis	508	18,246	0.028	4.76
Evant	17	411	0.041	7.07
Farmersville	56	3,394	0.016	2.82
Frankston	24	1,240	0.019	3.31
Fredericksburg	192	9,292	0.021	3.53
Garrison	32	833	0.038	6.57
Godley	20	935	0.021	3.66
Grandview	24	1,431	0.017	2.87
Grapeland	32	1,418	0.023	3.86
Greenville	528	24,977	0.021	3.62
Groveton	32	1,113	0.029	4.92
Hemphill	32	1,095	0.029	5.00
Hempstead	223	5,593	0.040	6.82
Hillsboro	232	8,717	0.027	4.55
Hitchcock	286	7,332	0.039	6.67
Hondo	142	8,284	0.017	2.93
Honey Grove	32	1,757	0.018	3.11
Hooks	40	3,031	0.013	2.26

Place	HTC Units	2003 Population Est.	Place HTC Units/Capita	Place HTC Units Per Capita/ TX HTC Units Per Capita
Hughes Springs	32	1,839	0.017	2.98
Ingleside	144	9,402	0.015	2.62
Jacinto City	160	10,370	0.015	2.64
Jacksboro	59	4,508	0.013	2.24
Jasper	96	7,439	0.013	2.21
Jefferson	62	1,940	0.032	5.47
Jersey Village	160	7,080	0.023	3.86
Johnson City	24	1,267	0.019	3.24
Katy	276	12,743	0.022	3.70
Keufman	106	7,060	0.015	2.57
Keene	92	5,437	0.017	2.89
Kingsland	204	5,004	0.041	6.97
Kirbyville	36	2,090	0.017	2.95
La Casita-Garciasville	28	2,297	0.012	2.08
Lake Dallas	224	6,847	0.033	5.60
Lancaster	548	26,764	0.020	3.50
La Villa	30	1,362	0.022	3.77
Leonard	32	1,889	0.017	2.90
Lexington	24	1,227	0.020	3.35
Livingston	110	5,849	0.019	3.22
Ueno	76	3,608	0.021	3.60
Lockhart	176	12,370	0.014	2.43
Lone Star	24	1,616	0.015	2.54
Mabank	42	2,421	0.017	2.97
McKinney	1,754	77,293	0.023	3.88
Madisonville	84	4,221	0.020	3.40
Marble Falls	76	5,300	0.014	2.45
Marlin	81	6,699	0.012	2.07
Martindale	24	1,016	0.024	4.04
Mathis	134	5,180	0.026	4.42
Meadows Place	145	5,326	0.027	4.66
Menard	24	1,642	0.015	2.50
Mercedes	232	14,240	0.016	2.79
Mount Vernon	100	2,292	0.044	7.46
Nacogdoches	504	30,332	0.017	2.84
Navasota	128	7,160	0.018	3.06
Orange	268	18,480	0.015	2.48
Orange Grove	24	1,354	0.018	3.03
Ozona	56	3,492	0.016	2.74
Palacios	66	5,267	0.013	2.14
Palestine	333	17,981	0.019	3.17
Pearsall	142	7,215	0.020	3.37
Pflugerville	654	23,699	0.028	4.72
Pittsburg	116	4,548	0.026	4.36
Port Arthur	986	57,497	0.017	2.93
Port Isabel	76	5,305	0.014	2.45
Port Lavaca	183	12,266	0.015	2.55
Prairie View	101	4,365	0.023	3.96

Place	HTC Units	2003 Population Est.	Place HTC Units/Capita	Place HTC Units Per Capita/ TX HTC Units Per Capita
Princeton	104	3,897	0.027	4.56
Queen City	36	1,615	0.022	3.81
Quinlan	56	1,368	0.041	7.00
Quitman	48	2,105	0.023	3.90
Refugio	68	2,894	0.023	4.02
Reno (Lamar)	48	2,937	0.016	2.80
Rhome	24	679	0.035	6.05
Rio Hondo	30	2,106	0.014	2.44
Rockport	104	7,973	0.013	2.23
Rosenberg	336	27,785	0.012	2.07
Runge	32	1,087	0.029	5.03
Rusk	138	5,110	0.027	4.62
Sabinal	24	1,564	0.015	2.62
St. Jo	48	977	0.049	8.40
San Augustine	36	2,511	0.014	2.45
Sanger	208	4,989	0.042	7.13
San Marcos	1,131	41,336	0.027	4.68
Santa Anna	24	1,034	0.023	3.97
Seagraves	32	2,385	0.013	2.29
Sebastian	32	1,869	0.017	2.93
Seven Points	47	1,186	0.040	6.78
Shepherd	80	2,147	0.037	6.37
Somerset	40	1,642	0.024	4.17
Somerville	24	1,737	0.014	2.36
Sonora	64	2,996	0.021	3.65
Sour Lake	60	1,661	0.036	6.18
South Houston	307	16,202	0.019	3.24
Spring	448	36,642	0.012	2.09
Springtown	32	2,240	0.014	2.44
Stafford	250	18,497	0.014	2.31
Sweeny	107	3,744	0.029	4.89
Tatum	24	1,169	0.021	3.51
Terrell	568	14,589	0.039	6.66
Three Rivers	60	1,829	0.033	5.61
Timpson	28	1,054	0.027	4.54
Tomball	284	9,779	0.029	4.97
Trinity	76	2,745	0.028	4.74
Troup	36	2,040	0.018	3.02
Valley View	24	772	0.031	5.32
Van Alstyne	40	2,578	0.016	2.65
Venus	48	2,501	0.019	3.28
Victoria	740	61,213	0.012	2.07
Waller	130	2,297	0.057	9.68
Wallis	24	1,233	0.019	3.33
Waskom	48	2,077	0.023	3.95
Waxahachie	385	23,560	0.016	2.79
Weatherford	292	20,995	0.014	2.38
West	44	2,720	0.016	2.77

Place	HTC Units	2003 Population Est.	Place HTC Units/Capita	Place HTC Units Per Capita/ TX HTC Units Per Capita
Whitewright	40	1,755	0.023	3.90
Willis	198	4,663	0.042	7.26
Wills Point	60	3,671	0.016	2.80
Wolfe City	40	1,609	0.025	4.25
Yantis	24	349	0.069	11.76

HTC APPLICATION SUPPLEMENT - TAB 1C

DEVELOPMENT NAME: Corrigan Gardens

1. SET-ASIDE ELECTION

Pursuant to Section 42(g)(1)(A) & (B), the term "qualified low income housing development" means any project or residential rental property, if the development meets one of the requirements below, whichever is elected by the taxpayer. Once an election is made, it is irrevocable. Select only one:

- At least 20% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 50% or less of the area median gross income, adjusted for family size.
- At least 40% or more of the residential units in such development are both rent restricted and occupied by individuals whose income is 60% or less of the area median gross income, adjusted for family size.

2. UNIT COMPOSITION¹

Type of Unit	# of Designated Units	% of Total Units in Development
Family	56	75 %
Elderly		%
Handicapped/Developmentally Disabled		%
Battered Women		%
Transitional Housing	20	25 %
Owner/Employee Occupied		%
Market Rate Units		%
Other: (specify)		%

3. SUPPORTIVE SERVICES

Will supportive services be provided to tenants? Yes No Services will be: Mandatory Optional
 Cost of the services is included in rent? Yes No If "No", the estimated monthly tenant expense is: \$ _____
 Description of services: Counseling, Academic and Vocational Training, Work Experience, Job Development, Permanent Housing Placement
 Name of Service Provider: THP LLC
 Contact Name: Rick Sims
 Address: 10933 Maple Leaf
 City: Houston State: Tx Zip: 77016 Phone: (281) 449-1023

4. SELECTION CRITERIA POINT REDUCTIONS (HTC Competitive Applications Only)

Have you requested an extension on a 2003 Carryover? Yes No
 If yes, list all development numbers for which an extension was filed: _____
 Has the Developer or Principal of the Applicant been removed by a lender, equity provider or limited partner in the last five years? Yes No If yes, provide a detailed description of every removal including the development # of the development for which the removal took place behind Tab 1B. If court proceedings for a removal are pending at the time of Application, disclose this information as well.

~~As described in §50.5(a)(8) of the QAP, is the proposed development located in Bexar, Harris, Dallas or Tarrant County and located within one mile of an existing tax credit development? Yes No~~
 If yes to either of these, provide documentation of an acceptable exception, under §50.5(a)(7) or (8) behind Tab 1B.
 If your Development is located in Bexar, Harris, Dallas or Tarrant County, to your knowledge, is the Development within one linear mile of another tax credit application/award in the 2004 calendar year (Tax Exempt Bond or

¹ "Type of Unit" categories are not mutually exclusive (For a 200 unit family development w/ 1 manager's unit and 5% of the units set-aside for persons with disabilities, the table would read 200 Family units, 1 employee occupied and 10 units for Handicapped/Developmentally Disabled with corresponding %s of total units.)

Signed this 7th day of January 7, 2004

Buyer

Seller

Lonnie Freeman

Lonnie Freeman, Managing GP
Corrigan Gardens Ltd
813 Martin Luther King Blvd.
Corrigan, Texas 75939

Alvin Freeman

Alvin Freeman

Johnnie Marie Brooks 1/8/04



PRINT RUN
 2/12/2004
 Acct: 10047003010
 Name:
 5011 ANDREA
 HOUSTON, TX 77021-

TAX YEAR: 2004

* Alt:
 * Legal:
 * [REDACTED]

Card Number: 001-001
 * UG: UG2 / GP ICG
 * SC
 * FYI/Ce] UG00/
 * Exemptions: CAU 0.00
 * Recheck Code:
 * Id.
 * User Codes Date 00/00/0000

Property Location
 Strt Nmbr
 Strt Name FM 352 Strt Dir
 Strt Type Suite/E
 Loc City

* ACS 19.1929
 * Property Type R
 * Remarks:
 * SP FROM 10047003000
 * FOR 2004 (LAND 2 SC)
 * Image Id:

**** A L E S H I S T O R Y ****
 Sale Type Current Owner Sale
 Information Src D2 I/L/B
 TE (mm/yr) 10/2003 Link
 Volume & Page 1357 / 238
 Fees Amount 0

* Stcod Zone U1
 * D2
 * Nth Map RG
 * COR L7 G

Previous Owner Sale
 Information Src I/L/B
 TE (mm/yr) 00/0000 Link
 Volume & Page /
 Fees Amount 0

* Yrblt
 * Gary Typ E1SH
 * RoofT Lstrnd
 * BsmtF InJ
 * IntrF Mul
 * HeatA Ext
 * No. Bl 0 Flr
 * No. Fd 0 Uth 0.00
 * TypJ 0
 * Phyd 0 Phob 0
 * EcOb 0
 * FncOb 0

Instrument
 *** DESCRIPTION ***
 PERMIT
 MM/YR
 Val

Improvement Remarks
 * L 0.000 P 0.000 W 0.000
 * LL LA .0000

***** VALUES *****
 Inc Calc

SKETCH VECTORS

CODE	AG CODE	TP	SC	H	FRONT	DEPTH	NO. UNITS	MKT RATE	AG	RATE	ALJ	AG VALUE
					0.00	0.00	19.1929	1384.801		0.000	0	26578
Overall Code/Factor: 0												
Correlated Values: Inpr. 0												
Un. Int. Value: Impr. 0												
Ag Def. 0 Land 0 Land												
26578 Total												
0 Total 26578												
0												

Value
 pe: 0

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 28, 2004

Action Items

Explanation of process and rationale for scoring of letters for Quantifiable Community Participation for the 2004 Housing Tax Credit cycle.

Required Action

No action required.

Background and Recommendations

The Executive Award and Review Advisory Committee (The Committee) met the week of June 17, 2004 to review the 234 letters submitted for Quantifiable Community Participation. The Committee met for 3½ hours each day for five days. All members of the Committee were required to be present at all meetings reviewing and scoring the letters. The attached document, providing an explanation of the processing and rationale for the scoring of letters for Quantifiable Community Participation, was provided to the public on June 17, 2004, via posting on our website, to better understand the scores released for this item. It is provided to the board for information.



2004 HTC APPLICATION CYCLE
Introductory Statement for Housing Tax Credit Application Scoring Log - Revised
June 16, 2004

**THE BELOW STATEMENT WAS REVISED AS IT RELATES TO THE
CALCULATION OF QCP POINTS AND LETTERS.**

Following this statement is a Housing Tax Credit Application Scoring Log that reflects final scores as of Monday, June 7, 2004. The log does not include any applications that have been withdrawn or terminated. Several applications (as noted) show their requested score, in lieu of the final score, because the application is still under review and pending receipt of additional information. For those showing a final score, the final score includes points awarded for letters of support or opposition from state senators and representatives. Additionally, it includes points awarded for Quantifiable Community Participation (QCP). Below is a brief description of how the QCP scores were calculated by the Department.

The scores on the log do not reflect point deductions that may still be made for extensions on construction loan closings for 2003 applications consistent with Section 50.9(g)(18)(A) of the QAP. The scores also do not reflect possible point losses that may occur from applications that were awarded points for targeting units at 30% of AMGI or leveraging, consistent with Section 50.9(g)(13) or (14), and for which no evidence of a funding source is provided to the Department by June 14, 2004.

Description of Calculation of QCP Scores

Consistent with §50.9(g)(2) of the 2004 Qualified Allocation Plan and Rules (QAP), the Executive Award and Review Advisory Committee ("the Committee") evaluated every letter received for consideration for QCP - there were 234 letters received giving input on 75 applications. This includes some letters that were not originally included in our review released on June 7, 2004, but that were submitted for evaluation under this item. Letters were first evaluated to determine if all of the submission requirements of the statute and QAP were satisfied. Of the 234 letters, 220 did not satisfy one or more of the submission requirements. While not an inclusive list, some examples of requirements that were not met include: the letter and enclosures not showing that the organization was on record with the state or county; the letter and enclosures not showing that the boundaries of the organization contain the proposed Development; the letter not providing the total number of members of the organization and/or a brief description of the process used to determine the members position; and the letter and enclosures not showing that the organization is a "neighborhood organization." The remaining 14 letters and enclosures (and other documentation received by the Department) were evaluated and assigned a score by the Committee, ranging from +12 to 0 to -1. Those 14 letters provided input scores for 13 applications - in other words, one application received two letters. The score assigned to each letter became the score for the application; in the case of the application for

which two letters were scored, the score was calculated by taking the sum of the score for each letter.

The sum of the scores for these 14 letters totaled 91 points. The QAP states, "Applicants that accurately certify that they do not know of any neighborhood organizations that are on record with the state or county in which the Development is to be located and whose boundaries contain the proposed Development, and for which no letters were received, will be awarded the higher of zero points or the average number of points received by all Applications for this exhibit." Thus, those applications for which no letters were received and for which a certification was submitted, receive the average; there were 83 of these applications. Therefore, of 182 total applications received, less the 13 that were assigned a score and less the 83 getting the average, there are a remaining 86 applications - those that received a letter and those that did not have a certification – that received a zero. See calculation below:

Total Applications	182
Less Applications with Scored Letters	-13
Less Applications Receiving Average	<u>-83</u>
Applications Receiving Zero Points	86

In calculating the "average" for the group with no letters and a certification, the numerator is the number points awarded to all applications -- 91 points total as noted above. The denominator is the total number of applications (182) less the number of applications that had no letter and did have a certification (83) for a net denominator of 99. This population was removed because they are the group the average is being calculated for so they would not be used in the denominator. This calculation then yields an average score per application of 0.9191, which when rounded using basic mathematic principles, is a score of 1. Thus, the Applications that accurately certified that they do not know of any neighborhood organizations that are on record with the state or county in which the Development is proposed to be located and for which no letters were received are awarded the score of 1. See calculation below:

$$\frac{\text{Total Point Awarded}}{\text{Total \# Applications} - \text{Number to Receive Average}} = \frac{91}{182 - 83} = \frac{91}{99} = 0.9191 = 1$$

HOUSING TAX CREDIT APPLICATIONS RECOMMENDATIONS

Please see addendum to this board book posted on the TDHCA website.

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 28, 2004

Action Item

Request for amendment to HTC application involving material changes.

Requested Action

Approve request for amendment.

Background and Recommendations

Pertinent facts about the development requesting an amendment are summarized below. The request is recommended for approval by staff.

Sterling Springs Villas, HTC Development No. 03145

Summary of Request: Applicant requests approval to reduce the number of duplexes along Golf Course Road from 12 to 10. The site plan and building configurations will change to accommodate the units that would be displaced so that there would be no gain or loss of units, or of net rentable area, to the development as a whole. The total number of buildings in the development would change from 36 to 35.

Governing QAP:	2003 QAP, Section 49.18(c)(4)
Applicant:	LHD Sterling Springs, L.P.
General Partner:	Landmark TC Management, LLC
Principals/Interested Parties:	Kent Hance, Sr., Kent (Ron) Hance, Jr., Susan Hance Sorrells
Syndicator:	Lend Lease Real Estate Investments
Construction Lender:	JP Morgan Chase
Permanent Lender:	JP Morgan Chase
City/County:	Midland/Midland
Set-Aside:	General
Type of Development:	New Construction
Units:	124 HTC and 6 market rate units
Allocation:	\$845,579
Allocation per HTC Unit:	\$6,819
Other Funding:	None
Prior Board Actions:	Approved allocation on July 30, 2003. Approved request for amendment on October 9, 2003. Amendment dedicated right-of-way, added land to compensate for right-of-way dedicated, amended number of buildings from 30 to 36, and converted 6 fourplexes to 12 duplexes.
Underwriting Reevaluation:	An evaluation by the Real Estate Analysis Division is pending.
Staff Recommendation:	Staff recommends that the request be approved.

STERLING SPRINGS VILLAS

May 31, 2004

Ms. Brooke Boston
Texas Department of Housing and Community Affairs
507 Sabine, Suite 400
Austin, TX 78711

Re: Sterling Springs Villas, TDHCA # 03145

Dear Brooke,

In September of 2003 LHD Sterling Springs, LP requested changes to Sterling Springs Villas and received approval for these changes from the TDHCA Board on October 9, 2003, as noted in the attached information. In subsequent planning with the City of Midland, an additional change has been requested. It is the desire of the City of Midland to reduce the number duplexes along Golf Course Road. In order to do this, Sterling Springs Villas will need to reduce the building number from 36 buildings to 35 buildings and requests permission to make this change. The number of units, the unit mix, square footage, and the basic site plan will remain the same. The development costs and operating proforma are unchanged.

This change would not affect the points received by the application and this was the only application in the region in 2003.

We respectfully request that you approve this change from 36 buildings to 35 buildings. After your review and consideration of this request, please sign below and return this letter to our office.

Thank you for your time and attention.

Sincerely,



Ron Hance
Manager of the General Partner

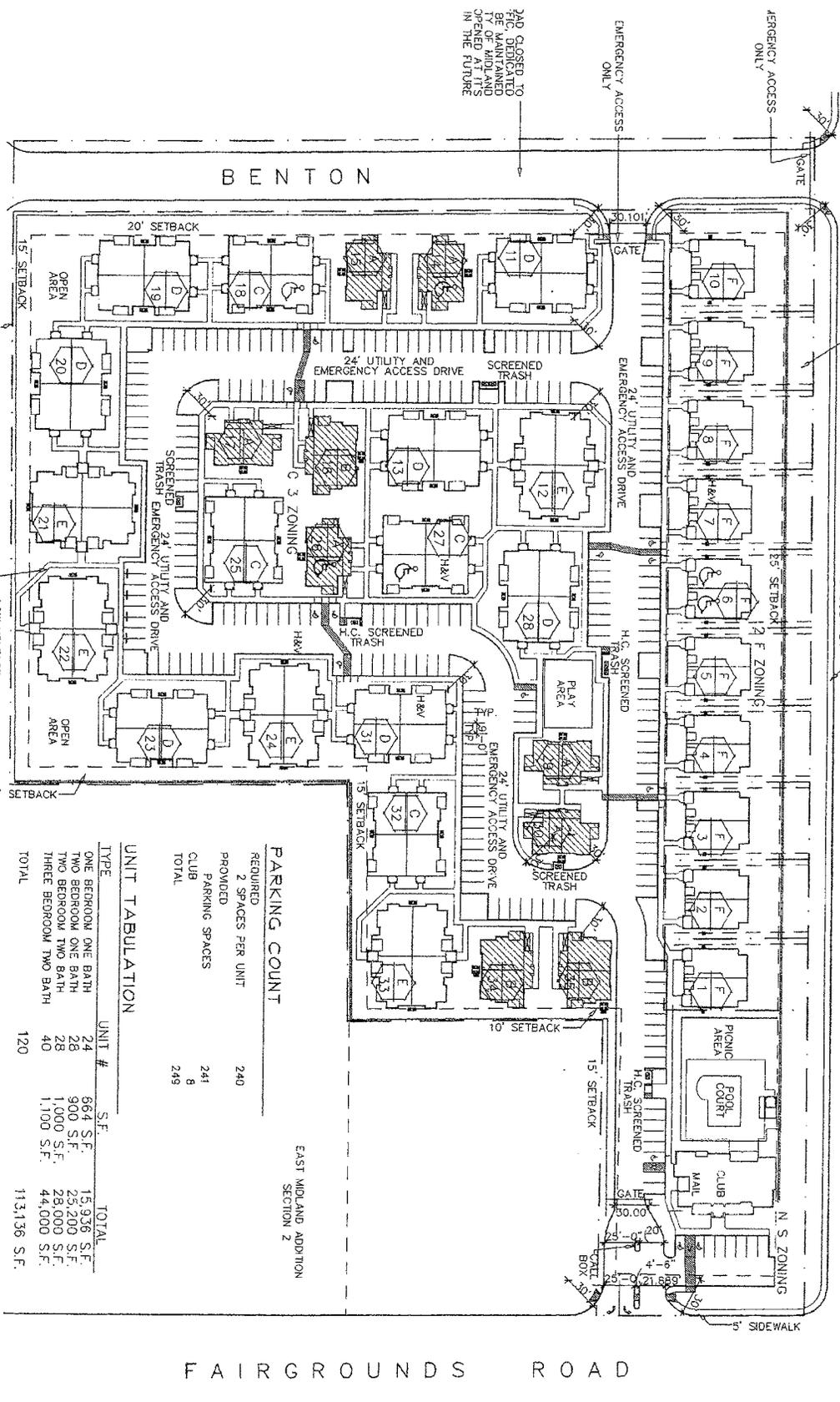
I have reviewed the above changes and accept them as stated.

Signature

Date

REVISED

GOLF COURSE ROAD



AND CLOSED TO
70% DEDICATED TO
BE MAINTAINED
BY OF MIDLAND
OPENED AT LATER
IN THE FUTURE

EMERGENCY ACCESS
ONLY

EMERGENCY ACCESS
ONLY

SITE PLAN

SCALE 1"=60'

100' T. U. ELECTRIC EASEMENT

LOW VOLTAGE
SITE LIGHTING
SCREEN BUILDINGS

PARKING COUNT

REQUIRED	240
PROVIDED	241
PARKING SPACES	241
CLUB	B
TOTAL	249

EAST MIDLAND ADDITION
SECTION 2

UNIT TABULATION

TYPE	UNIT #	S.F.	TOTAL
ONE BEDROOM ONE BATH	24	664 S.F.	15,936 S.F.
TWO BEDROOM ONE BATH	28	900 S.F.	25,200 S.F.
TWO BEDROOM TWO BATH	28	1,000 S.F.	28,000 S.F.
THREE BEDROOM TWO BATH	40	1,100 S.F.	44,000 S.F.
TOTAL	120		113,136 S.F.

BUILDING TABULATION

TYPE	# OF BUILDINGS	# OF UNITS	S.F. PER BUILDING	TOTAL
A	6	24	2,656 S.F.	15,936 S.F.
B	3	12	3,600 S.F.	10,800 S.F.
C	4	16	3,600 S.F.	14,400 S.F.
D	7	28	4,000 S.F.	28,000 S.F.
E	5	20	4,400 S.F.	22,000 S.F.
F	10	20	2,200 S.F.	22,000 S.F.
TOTAL	35	120		113,136 S.F.

TOTAL LANDSCAPE AREA 45%

**STERLING SPRINGS
APARTMENTS**

CROSS

ARCHITECT:
CROSS ARCHITECTS
301 N. ALLEN
ALLEN, TEXAS 75013
PH: 972.727.0044
FAX: 270.342.5715
brumsey@crossarchitects.com

MULTIFAMILY FINANCE PRODUCTION DIVISION
BOARD ACTION REQUEST
June 28, 2004

Action Items

Request forgiveness of the repayment of a predevelopment loan made through the Housing Trust Fund.

Required Action

Approve or deny the requests to forgive the repayment of \$50,000 for the City of Orange.

Background

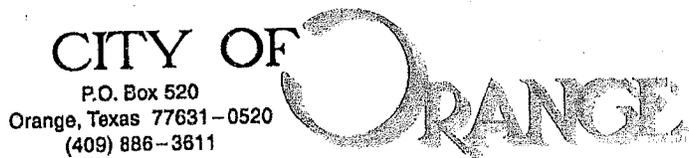
City of Orange – Loan #85102000015

On March 27, 2003 the Department entered into a loan agreement with the City of Orange (“Orange”) to fund \$50,000 in predevelopment costs associated with the Navy Park Addition, a 100-acre housing development in the City of Orange. The funds were used to develop a neighborhood redevelopment plan performed by Wilbur Smith Associates. The plan provides a strategy for the social and economic revitalization of the Navy Park Addition. On March 23, 2004, the Navy Park Neighborhood Plan was approved and adopted by the City Council.

While the plan does call for the creation of commercial businesses in existing structures and parks on vacant parcels of land, it does not include new construction of affordable housing. According to a letter submitted by Jimmie Lewis, Director of Planning for the City of Orange, “New Construction was not a high priority to the residents; therefore no new construction will be produced as a result. The only new construction revealed in the plan was the need for a community center.” Therefore, they are requesting forgiveness of the predevelopment loan. Under §51.6(2) of the Housing Trust Fund Rules, in place at the time, provided that the predevelopment costs “shall be provided in the form of a loan to be repaid to the Housing Trust Fund....The Board may waive repayment of the loan, in whole or in part, if there are impediments to project development that the Board determines are reasonably beyond the control of the applicant.”

Recommendations

As noted above, there is no construction planned for the Navy Park Addition. Staff recommends that the loan to the City of Orange in the amount of \$50,000 be forgiven.



May 13, 2004

Cert. Receipt #7003 0500 0005 0544 7511

Emily Price
Texas Department of Housing
and Community Affairs
P.O. Box 13941
Austin, TX 78711

RE: Navy Park Revitalization Plan, Pre-Development Loan - City of Orange

Dear Ms. Price:

This letter will serve as an explanation of why the City of Orange has requested a waiver of repayment for its pre-development loan under Section 51.6 of the TDHCA Housing Trust Fund rules.

Navy Park is a 254-unit subdivision built in 1941 by the U. S. Navy in an effort to meet the housing need produced by the onset of World War II. Today all but approximately 15 units are still in existence and most are occupied by low income residents. This neighborhood has been a target of redevelopment in the Community Development Division for several years. Since 1985 the Rental Rehabilitation Program and the HOME Rental Rehabilitation Program targeted this neighborhood. There were numerous projects completed that made many homes decent, safe and sanitary to live in. However, some units were not managed properly and the homes became substandard once again. Over the years it has become evident that programs with just a financial handout were not the answer. Government sponsored surveys concluded that residents living in blighted areas not only needed financial assistance but that they needed supportive services to teach them how to take pride in their homes and neighborhoods.

Approximately 3 - 4 years ago Navy Park residents tried to organize a group to make this neighborhood better. The group invited many city staff from various departments to their meetings. However, most of the time the meetings became "What is the CITY going to do for our neighborhood?" not "What can WE do for our neighborhood?". A few members of this group came to the Community Development Division asking for assistance. The Community Development Division contacted it's U. S. Department of Housing and & Urban Development

(HUD) Community Builder for advise in redeveloping this neighborhood. A meeting hosted by Congressman Turner's office was held with Ann Gray, city staff and HUD staff to brainstorm the possibilities. HUD staff, at a later date, also brought in foundations and banking institutions to tour the neighborhood and get their advice. Everyone who had interest in the neighborhood expressed the importance of having a master neighborhood plan before continuing. Ann Gray as well as city staff and HUD staff searched for funding avenues to have a neighborhood plan funded. Finally HUD called and stated that funds were available through the State of Texas Housing Trust Fund Pre-Development Loan Program. On June 7, 2002 the manager of the Texas Housing Trust Fund came to Orange to tour Navy Park. He informed us that pre-development loan funds could be used for the development of a Neighborhood Plan and advised that the Pre-Development Loan Program favored funding non-profit organizations. The city collaborated with Nautical Affordable Housing to submit an application for funding for the development of a Neighborhood Plan for Navy Park. The funds were awarded in November 2003 and received on June 25, 2003.

The consultant chosen to write the plan, Wilbur Smith and Associates, began the process with a "possibilities meeting" in which residents and community leaders came together to discuss the strengths and weaknesses of the neighborhood. There was a great deal of brainstorming and discussions, among approximately 80 people in attendance, about Navy Park. The priorities were voted on by the participants of this meeting. Anything that was emphasized in the plan was emphasized by the residents about what they wanted for their neighborhood.

In the past Navy Park was not considered a Historic site and federal funds were allowed to demolish a couple of structures. However, in 1997 the State Historical Commission realized the significant history of the neighborhood. The war effort was the reason Orange grew from a population of 7,500 to 60,000 within a 5-year period. Navy Park is the last remaining neighborhood of 4 built by the U. S. Navy. It was brought out at the planning meeting that these structures should be preserved.

The Neighborhood Plan was completed and a meeting was held on February 21, 2004 for Wilbur Smith Associates to present the proposed plan to the residents of the neighborhood, community leaders and elected officials. There were over 118 in attendance. On February 3, 2004 the Planning & Zoning Commission reviewed the document and made a favorable recommendation to the City Council to approve the plan. Ordinance readings were considered by City Council on March 9 and March 23, 2004 and the Navy Park Neighborhood Plan was approved and adopted.

The goals and objectives which are stated in the plan were from information taken directly from the residents. It was clear in the beginning of the process that this plan would belong to the neighborhood. New construction was not a high priority to the residents; therefore no new construction will be produced as a result. The only new construction revealed in the plan was the need for a community center. Land was donated but no funds were available to construct the facility. The day care facility operating in the neighborhood closed business before the plan was approved and adopted by the city and that existing structure was donated for the purpose of a community center. Today many social service organizations are housed there including a literacy service, women's & children's shelter office, Catholic Charities offering parenting

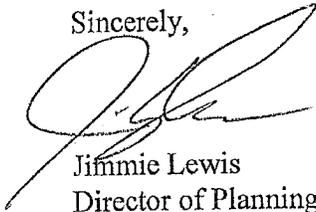
classes, and a homeless service organization. There will be no profits from which this pre-development loan can be repaid.

Once the plan is approved by the U. S. Department of Housing and Urban Development as a designated Neighborhood Revitalization Strategy Area, a board of directors created from the neighborhood will take ownership and guide the revitalization efforts to Navy Park. Goals identified, but not limited to, include establishing small, "mom & pop" commercial opportunities in existing structures, utilizing vacant parcels of land within Navy Park to improve quality of life (such as pocket parks), protecting the character of the neighborhood, eliminating criminal elements of the neighborhood, providing a means to allow the community to focus on protecting the integrity of the neighborhood, establishing connections between Navy Park and the surrounding neighborhoods, ensuring that the streets, alleys and infrastructure are safe and maintained, improving opportunities for pedestrian and bicycle travel, preserving and restoring the historic character of Navy Park, and improving opportunities for residents of Navy Park to establish businesses and utilize entrepreneurial skills.

Thank you for taking this matter to the board of the Texas Department of Housing and Community Affairs and for their consideration. The Navy Park planning process was a greater success than we had imagined and the attendance and participation of the residents shows full support of the community to fulfill the goals and objectives of their plan.

If you need any further information, please feel free to contact me at 409/883-1034.

Sincerely,

A handwritten signature in black ink, appearing to read "Jimmie Lewis", written over a horizontal line.

Jimmie Lewis
Director of Planning

Copy - Emily

CITY OF

ORANGE

P.O. Box 520
Orange, Texas 77631-0520
(409) 886-3611

April 16, 2004

RECEIVED

MAY 3 2004

LIHTC

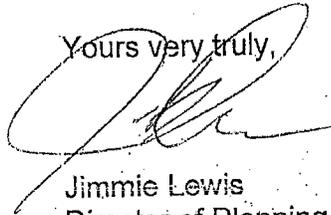
Ms. Stephanie A. D'Couto
Team Leader
Loan Servicing Department
P. O. Box 13941
Austin, TX 78711-3941

Re: Navy Park Project - Pre-Development Loan - City of Orange

Dear Ms. D'Couto:

The City of Orange is in receipt of your request of repayment of the pre-development loan captioned above. Please be advised that the City is requesting a waiver of repayment under Section 51.6 of the TDHCA Housing Trust Fund Rules. We would appreciate it if you would suspend your request for repayment of these funds until such time as the request of the City is considered by the TDHCA board. This suspension should not present a hardship to the TDHCA, since the funds for the pre-development loan were not disbursed until June of 2003, some three months after execution of the loan agreement. We would appreciate your kind consideration in this matter, and if you need any further information, please contact me.

Yours very truly,



Jimmie Lewis
Director of Planning and
Community Development



April 16, 2004

Mr. Jerry Sparks
Economic Development Manager
Ark-Tex Council of Governments
P. O. Box 5307
Texarkana, TX 75505

Re: Navy Park Project - Pre-Development Loan - City of Orange

Dear Mr. Sparks:

Attached hereto is a letter from the Texas Department of Housing and Community Affairs dated April 6, 2004, requesting payment in full of the \$50,000.00 pre-development loan made to the City of Orange in connection with our Navy Park Project. As you know from our previous discussions, this loan was obtained to commission and pay for a study by Wilbur Smith Associates to plan for the future of this historic area of the city of Orange. A copy of that study is enclosed. From the outset, it was made clear to all parties that no new construction for any type of building project would result from this study, and that pursuant to §51.6 of the Housing Trust Fund Rules of the Texas Department of Housing and Community Affairs, a waiver of repayment of this loan would be sought.

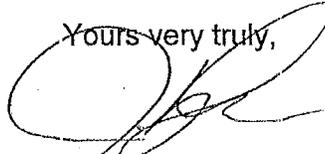
The cited section of the Housing Trust Fund Rules (§51.6) provides that "The board may waive repayment of the loan, in whole or in part, if there are impediments to project development that the board determines are reasonably beyond the control of the applicant. From the outset of contemplating the commission of the study, we have been told that the city of Orange could receive a waiver of repayment of the monies, since no construction would result as a result of the study. We believe that the information we received and the actual facts surrounding the commission of the study make it very clear that there are "impediments to project development" since no construction will ensue.

Pursuant to our discussion, we would appreciate it if you would present this study and the request of the city of Orange for a waiver of repayment of this loan. We

would not have sought the funds or commissioned the study but for the reassurances given to us that the obligation to repay the costs could and would be waived.

If you need any further information on this matter, please contact me.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Jimmie Lewis', written over the closing text.

Jimmie Lewis
Director of Planning &
Community Development

CENTER FOR HOUSING RESEARCH, PLANNING, AND COMMUNICATIONS

BOARD ACTION ITEM

June 28, 2004

Item

Texas Department of Housing and Community Affairs' *Strategic Plan for Fiscal Years 2005-2009*.

Required Action

Approval of the *Strategic Plan for Fiscal Years 2005-2009*.

Background

A Strategic Plan is a formal document that communicates an agency's goals, directions, and outcomes to various audiences, including the Governor and the Legislature, client and constituency groups, the general public, and the agency's employees.

The TDHCA *Strategic Plan for Fiscal Years 2005-2009* (the Plan) is developed as required by Government Code, Chapter 2056. The Board previously reviewed the draft Plan at its June 10, 2004 board meeting. In accordance with the joint instructions from the Governor's Office of Budget and Planning and the Legislative Budget Board, the Plan contains the following elements:

- Correlation Between Statewide Goals and Benchmarks
- TDHCA's Mission and Philosophy
- An External/Internal Assessment of the Department including:
 - Overview of Agency Scope and Functions
 - Organizational Aspects
 - Fiscal Aspects
 - Service Population Demographics
 - Technological Developments
 - Economic Variables
 - Impact of Federal Statutes/Regulations
 - Other Legal Issues
 - Self-Evaluation and Opportunities for Improvement
- Goals, Objectives, and Outcome Measures
- Strategies and Output, Efficiency, and Explanatory Measures
- Description of the Agency's Planning Process
- Current Organization of Agency
- Five-Year Projections for Outcomes

- Measure Definitions
- Workforce Plan
- Result of Survey or Organizational Excellence

The Plan not only reflects the Department's commitment to its mission, but is also a statement of consensus about the direction that TDHCA anticipates moving in the next five years.

The Plan is due to the Legislative Budget Board and Governor's Office of Budget and Planning on July 2, 2004. While there are no public comment requirements associated with the development of the Strategic Plan, the Department made it available to the public for two weeks via its web site (www.tdhca.state.tx.us) from June 3, 2004 until June 17, 2004. Hard copies were made available through the Department's Housing Center (512) 475-3976. There were no public comments received.

MULTIFAMILY FINANCE PRODUCTION

BOARD ACTION REQUEST

June 28, 2004

Action Items

2005 Final Multifamily Housing Revenue Bond Rules.

Required Action

1. Adoption of Title 10, Part 1, Chapter 35, Section 35.1 – 35.10.

Background

At the May 13, 2004 Board Meeting, the Board approved the Proposed Draft of Title 10, Part 1, Chapter 35 – Multifamily Housing Revenue Bond Rules. This proposed draft was published in the *Texas Register* on May 28, 2004 for the public to provide comments. In order to receive additional comments on the proposed rules, Texas Department of Housing and Community Affairs staff held public hearings in the cities of Dallas, Austin and Houston. Two people attended these hearings, however, no comments were made.

The Department received a few comments in writing which are provided below along with the Department's responses:

§35.6(d)(4) – Pre-Application Scoring Criteria – Quality and Amenities

Comment:

Comments from Elizabeth Rippey of Vinson and Elkins suggested that the following be added: If there are changes to the Application prior to closing that have an adverse effect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Substitutions in amenities will be allowed as long as the overall score is not affected

Department Response:

The Department currently includes this language in §35.6(g) – Evaluation Criteria. To clarify which section the language pertains to, it will be restated in §35.6(d)(4).

§35.6(d)(4) - Quality and Amenities (maximum 34 points) Acquisition / Rehab will receive double points not to exceed 34 points). (If there are changes to the

Application prior to closing that have an adverse effect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Substitutions in amenities will be allowed as long as the overall score is not affected.)

§35.6(d)(5) – Pre-Application Scoring Criteria – Tenant Services

Comment:

Comments from Elizabeth Rippy of Vinson and Elkins suggested the following be added: Tenant Services shall include only direct costs (tenant service contract amount, supplies for services, internet connections, initial cost of computer equipment, etc.). Indirect costs such as overhead and utility allocations may not be included.

Department Response:

The Department agrees and will add the language to clarify what can be used as tenant service expenses.

Tenant Services (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc.). Indirect costs such as overhead and utility allocations may not be included).

- (A) \$10.00 per Unit per month (10 points);
- (B) \$7.00 per Unit per month (5 points);
- (C) \$4.00 per Unit per month (3 points).

TITLE 10. COMMUNITY DEVELOPMENT
PART I. TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 35. MULTIFAMILY HOUSING REVENUE BOND RULES
10 TAC §§35.1 – 35.10

The Texas Department of Housing and Community Affairs (the “Department”) proposes new §§35.1 – 35.10, concerning the Multifamily Housing Revenue Bond rules. These new sections are proposed in order to implement changes that will effectively improve the 2005 Private Activity Bond Program.

The scope of the public comment concerning the Multifamily Housing Revenue Bond Rules pertains to the following sections:

SUMMARY OF COMMENT RECEIVED UPON PUBLICATION OF THE PROPOSED RULES IN THE TEXAS REGISTER AND COMMENTS PROVIDED AT PUBLIC HEARINGS HELD BY THE DEPARTMENT ON ITEMS THAT RELATE DIRECTLY TO THE MULTIFAMILY HOUSING REVENUE BOND RULES.

§35.6(d)(4) – Pre-Application Scoring Criteria; Quality and Amenities

Comment:

Comments from Elizabeth Rippy of Vinson and Elkins suggested that the following be added: If there are changes to the Application prior to closing that have an adverse effect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Substitutions in amenities will be allowed as long as the overall score is not affected

Department Response:

The Department currently includes this language in §35.6(g) – Evaluation Criteria. To clarify which section the language pertains to, it will be restated here.

§35.6(d)(4) - Quality and Amenities (maximum 34 points) Acquisition / Rehab will receive double points not to exceed 34 points). (If there are changes to the Application prior to closing that have an adverse effect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Substitutions in amenities will be allowed as long as the overall score is not affected.)

Board Response:

§35.6(d)(5) – Pre-Application Scoring Criteria; Tenant Services

Comment:

Comments from Elizabeth Rippy of Vinson and Elkins suggested the following be added: Tenant Services shall include only direct costs (tenant service contract amount, supplies for services, internet connections, initial cost of computer equipment, etc...). Indirect costs such as overhead and utility allocations may not be included.

Department Response:

The Department agrees and will add the language to clarify what can used in the tenant service expense.

Tenant Services (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc...)). Indirect costs such as overhead and utility allocations may not be included).

- (A) \$10.00 per Unit per month (10 points);
- (B) \$7.00 per Unit per month (5 points);
- (C) \$4.00 per Unit per month (3 points).

Board Response:

The proposed new sections are proposed pursuant to the authority of the Texas Government Code, Chapter 2306.

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

§3335.1. Introduction

The purpose of this Chapter ~~3335~~ is to state the Texas Department of Housing and Community Affairs (the "Department") requirements for issuing Bonds, the procedures for applying for multifamily housing revenue Bond financing, and the regulatory and land use restrictions imposed upon ~~Housing Development~~ Developments financed with the issuance of Bonds for the 2005 Private Activity Bond Program Year. The rules and provisions contained in Chapter ~~3335~~, of this title are separate from the rules relating to the Department's administration of the Housing Tax Credit Program. Applicants seeking a tax credit allocation should consult the Department's ~~2004~~ Qualified Allocation Plan and Rules ("QAP"), ~~Chapter 50 of this title relating to the Housing Tax Credit Program in effect for the program year for which the Housing Tax Credit application will be submitted.~~

§3335.2. Authority

The Department receives its authority to issue Bonds from Chapter 2306 of the Texas Government Code (the "Act"). All Bonds issued by the Department must conform to the requirements of the Act. Notwithstanding anything herein to the contrary, tax-exempt Bonds which are issued to finance the ~~Housing Development~~ Development of multifamily rental housing are specifically subject to the requirements of the laws of the State of Texas, including but not limited to the Act, Chapter 1372 of the Texas Government Code relating to Private Activity Bonds, and to the requirements of the Code (as defined in this chapter).

§3335.3. Definitions.

The following words and terms, when used in the chapter, shall have the following meaning, unless context clearly indicates otherwise.

- (1) **Applicant**--means any Person or Affiliate of a Person who is a member of the General Partner, who files a Pre-Application or an full Application with the Department requesting the Department issue Bonds to finance a ~~Housing Development~~ Development.
- (2) **Application**--means an Application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material.
- (3) **Board**--means the ~~g~~ Governing Board of the Department.
- (4) **Bond**--means an evidence of indebtedness or other obligation, regardless of the sources of payment, issued by the Department under the Act, including a bond, note, or bond or revenue anticipation note, regardless of whether the obligation is general or special, negotiable, or

nonnegotiable, in bearer or registered form, in certified or book entry form, in temporary or permanent form, or with or without interest coupons.

- (5) **Code**--means the Internal Revenue Code of 1986, as amended from time to time, together with any applicable regulations, rules, rulings, revenue procedures, information statements or other official pronouncements issued by the United States Department of the Treasury or the Internal Revenue Service.
- (6) **Development**--means property or work or a development, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the Department for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, or use by individuals and families of Low Income and Very Low Income and Families of Moderate Income in need of housing. The term includes:
- (A) buildings, structures, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, including streets, water, sewerage facilities, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances; and
 - (B) multifamily dwellings in rural and urban areas.
- (7) **Development Owner**--means an Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a ~~Housing Development~~Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.
- (8) **Eligible Tenants**—means
- (A) individuals and families of Extremely Low, Very Low and ~~Very~~ Low Income,
 - (B) Families of Moderate Income (in each case in the foregoing subparagraph (A) and (B) of this paragraph as such terms are defined by the Issuer under the Act), and
 - (C) Persons with Special Needs, in each case, with an Anticipated Annual Income not in excess of 140% of the area median income for a four-person household in the applicable standard metropolitan statistical area; provided that all Low-Income Tenants shall count as Eligible Tenants.
- (9) **Extremely Low Income**--means the income received by an individual or family whose income does not exceed thirty percent (30%) of the area median income or applicable federal poverty line, as determined by the Act.
- (10) **Family of Moderate Income**--means a family:
- (A) that is determined by the Board to require assistance taking into account
 - (i) the amount of total income available for the housing needs of the individuals and family,
 - (ii) the size of the family,
 - (iii) the cost and condition of available housing facilities,
 - (iv) the ability of the individuals and family to compete successfully in the private housing market and to pay the amounts required by private enterprise for sanitary, decent, and safe housing, and
 - (v) standards established for various federal programs determining eligibility based on income; and
 - (B) that does not qualify as a family of Low Income.
- ~~(11) Housing Development means property or work or a development, building, structure, facility, or undertaking, whether existing, new construction, remodeling, improvement, or rehabilitation, that meets or is designed to meet minimum property standards required by the Department for the primary purpose of providing sanitary, decent, and safe dwelling accommodations for rent, lease, or use by individuals and families of Low Income and Very Low Income and Families of Moderate Income in need of housing. The term includes:~~

- ~~(A) buildings, structures, land, equipment, facilities, or other real or personal properties that are necessary, convenient, or desirable appurtenances, including streets, water, sewers, utilities, parks, site preparation, landscaping, stores, offices, and other non-housing facilities, such as administrative, community, and recreational facilities the Department determines to be necessary, convenient, or desirable appurtenances; and~~
- ~~(B) multifamily dwellings in rural and urban areas.~~
- ~~(12)~~(11) **Ineligible Building Type** – as defined in the Department’s QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted.
- (12) **Institutional Buyer**—means
- (A) an accredited investor as defined in Regulation D promulgated under the Securities Act of 1933, as amended (17 CFR Sec. 230.501(a)), but excluding any natural person or any director or executive officer of the Department (17 CFR §§ 230.501(a)(4) through (6)) or
- (B) a qualified institutional buyer as defined by Rule 144A promulgated under the Securities Act of 1933~~35~~, as amended (17 CFR Sec. 230.144A).
- (13) **Low Income**--means the income received by an individual or family whose income does not exceed eighty percent (80%) of the area median income or applicable federal poverty line, as determined by the Act.
- (14) **Land Use Restriction Agreement (LURA)**--means an agreement between the Department and the ~~Housing Development~~Development Owner which is binding upon the ~~Housing Development~~Development Owner’s successors in interest that encumbers the ~~Housing Development~~Development with respect to the requirements of law, including this title, the Act and Section 42 of the Code.
- (15) **Owner**--means an Applicant that is approved by the Department as qualified to own, construct, acquire, rehabilitate, operate, manage, or maintain a ~~Housing Development~~Development subject to the regulatory powers of the Department and other terms and conditions required by the Department and the Act.
- (16) **Persons with Special Needs**--means persons who
- (A) are considered to be disabled under a state or federal law,
- (B) are elderly, meaning 60 years of age or older or of an age specified by an applicable federal program,
- (C) are designated by the Board as experiencing a unique need for decent, safe housing that is not being met adequately by private enterprise, or
- (D) are legally responsible for caring for an individual described by subparagraph (A), (B) or (C) of this paragraph above and meet the income guidelines established by the Board.
- (17) **Private Activity Bonds**--means any Bonds described by §141(a) of the Code.
- (18) **Private Activity Bond Program Scoring Criteria**--means the scoring criteria established by the Department for the Department’s Multifamily Housing Revenue Bond Program, §~~3335.6~~3335.6(bd) of this title. ~~The Scoring Criteria are also available on the Department website.~~
- (19) **Private Activity Bond Program Threshold Requirements**--means the threshold requirements established by the Department for the Department’s Multifamily Housing Revenue Bond Program, §~~3335.6~~3335.6(bc) of this title. ~~The Threshold Requirements are also available on the Department’s website.~~
- (20) **Program**--means the Department's Multifamily Housing Revenue Bond Program.
- (21) **Proper Site Control** – Regarding the legal control of the land to be used for the Development, means the earnest money contract is in the name of the Applicant (principal or member of the General Partner); fully executed by all parties and escrowed by the title company.
- ~~(21)~~(22) **Property**--means the real estate and all improvements thereon, whether currently existing or proposed to be built thereon in connection with the ~~Housing Development~~Development, and including all items of personal property affixed or related thereto.
- ~~(22)~~(23) **Qualified 501(c)(3) Bonds**--means any Bonds described by §145(a) of the Code.

- ~~(23)~~(24) **Tenant Income Certification**--means a certification as to income and other matters executed by the household members of each tenant in the ~~Housing Development~~Development, in such form as reasonably may be required by the Department in satisfaction of the criteria prescribed by the Secretary of Housing and Urban Development under §8(f)(3) of the Housing Act of 1937 ("the Housing Act") (42 U.S.C. 1437f) for purposes of determining whether a family is a lower income family within the meaning of the §8(f)(1) of the Housing Act.
- ~~(24)~~(25) **Tenant Services**--means social services, including child care, transportation, and basic adult education, that are provided to individuals residing in low income housing under Title IV-A, Social Security Act (42 U.S.C. §601 et seq.), and other similar services.
- ~~(25)~~(26) **Tenant Services Program Plan**--means the plan, subject to approval by the Department, which describes the Tenant Services to be provided by the Development Owner in a ~~Housing Development~~Development.
- ~~(26)~~(27) **Trustee**--means a national banking association organized and existing under the laws of the ~~Unit~~United States, as trustee (together with its successors and assigns and any successor trustee).
- ~~(27)~~(28) **Unit**Unit--means any residential rental ~~unit~~Unit in a ~~Housing Development~~Development consisting of an accommodation, including a single room used as an accommodation on a non-transient basis, that contains complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation.
- ~~(28)~~(29) **Very Low Income**--means the income received by an individual or family whose income does not exceed sixty percent (60%) of the area median income or applicable federal poverty line as determined under the Act.

§3335.4. Policy Objectives & Eligible ~~Housing Development~~Developments

The Department will issue Bonds to finance the preservation or construction of decent, safe and affordable housing throughout the State of Texas. Eligible ~~Housing Development~~Developments may include those which are constructed, acquired, or rehabilitated and which provide housing for individuals and families of Low Income, Very Low Income, or Extremely Low Income, and Families of Moderate Income.

§3335.5. Bond Rating and Investment Letter

~~(a)~~(b) Bond Ratings. All publicly offered Bonds issued by the Department to finance ~~Housing Development~~Developments shall have and be required to maintain a debt rating the equivalent of at least an "A" rating assigned to long-term obligations by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. 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, which approval shall be evidenced by adoption by the Board of a resolution authorizing the issuance of the credit-enhanced Bonds. Remedies relating to failure to maintain appropriate credit ratings shall be provided in the financing documents relating to the ~~Housing Development~~Development.

~~(b)~~(c) 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 investment letter acceptable to the Department. Subsequent purchasers of such Bonds shall also be qualified as Institutional Buyers and shall sign and deliver to the Department an investment letter in a form acceptable 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 shall carry a legend requiring any purchasers of the Bonds to sign and deliver to the Department an investment letter in a form acceptable to the Department.

§3335.6. Application Procedures, Evaluation and Approval

- (a) Application Costs, Costs of Issuance, Responsibility and Disclaimer. The Applicant shall pay all costs associated with the preparation and submission of the Application – including 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 stage during the Application 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.
- (b) Pre-application. An Applicant who requests financing from the Department for a ~~Housing Development~~Development shall submit a pre-application in a format prescribed by the Department. Within fourteen (14) days of the Department's receipt of the pre-application, the Department will be responsible for federal, state, and local community notifications of the proposed ~~Housing Development~~Development. Upon review of the pre-application, if the ~~Housing Development~~Development is determined to be ineligible for Bond financing by the Department, the Department will send a letter to the Applicant explaining the reason for the ineligibility. If the ~~Housing Development~~Development is determined to be eligible for Bond financing by the Department, the Department will score and rank the pre-application based on the Private Activity Bond Program Scoring Criteria as ~~set out~~described in ~~figure 1~~subsection (d) of this ~~subsection~~. The Department will score and rank the pre-application with higher scores ranking higher within each priority defined by §1372.0321, Texas Government Code. All Priority 1 Applications will be ranked above all Priority 2 Applications which will be ranked above all Priority 3 Applications, regardless of score. This ranking will be used throughout the calendar year. In the event two or more Applications receive the same score, the Department will use, as a tie-breaking mechanism, the number of points awarded for Quality and Amenities for the ~~Housing Development~~Development. If a tie still exists, the Department will ~~consider~~grant preference to the pre-application with the lower the number of net rentable square feet per bond amount requested. Pre-Applications must meet the threshold requirements as stated in ~~The~~ Private Activity Bond Program Threshold Requirements as set out in ~~figure 2~~subsection (c) of this ~~subsection~~. The Private Activity Bond Program Threshold Requirements will be posted on the Department's website. After scoring, the ~~Housing Development~~Development and the proposed financing structure will be presented to the Department's Board for consideration of a resolution declaring the Department's intent to issue Bonds (the "inducement resolution") with respect to the ~~Housing Development~~Development. After Board approval of the inducement resolution, the scored and ranked Applications will be submitted to the Texas Bond Review Board for its lottery processing. The Texas Bond Review Board will draw the number of lottery numbers that equates to the number of eligible Applications submitted by the Department. The lottery numbers drawn will not equate to a specific ~~Housing Development~~Development. The Texas Bond Review Board will thereafter assign the lowest lottery number drawn to the highest scored and ranked Application as ~~previously submitted~~determined by the Department. The criteria by which a ~~Housing Development~~Development may be deemed to be eligible or ineligible are explained below in subsection (eg) of this section, entitled Evaluation Criteria. The Private Activity Bond Program Scoring Criteria ~~form~~ will be posted on the Department's website. The pre-application shall consist of the following information:

Figure 1: 10 TAC §33.6(b)

Figure 2: 10 TAC §33.6(b)

- (1) Completed Uniform Application forms in the format required by the Department;
- (2) Texas Bond Review Board's Residential Rental Attachment;
- (3) Relevant Development Information-(~~form on website~~);
- (4) Public Notification Information-(~~form on website~~);

- (5) Certification and agreement to comply with the Department's rules;
- (6) Agreement of responsibility of all cost incurred;
- (7) An organizational chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant;
- (8) Evidence that the Applicant and principals are registered with the Texas Secretary of State, or if the Applicant has not yet been formed, evidence that the name of the Applicant is reserved with the Secretary of State;
- (9) Organizational documents such as partnership agreements and articles of incorporation, as applicable, for the Applicant and its principals;
- (10) Documentation of non-profit status if applicable; Evidence of good standing from the Comptroller of Public Accounts of the State of Texas for the Applicant and its principals; Corporate resumes and individual resumes of the Applicant and any principals;
- (11) A copy of an executed earnest money contract between the Applicant and the seller of the Property. This earnest money contract must be in effect at the time of submission of the application and expire no earlier than December 1 of the year preceding the applicable program year. The earnest money contract must stipulate and provide for the Applicant's option to extend the contract expiration date through March 1 of the program year, subject only to the seller's receipt of additional earnest money or extension fees, so that the Applicant will have site control at the time a reservation is granted. If the Applicant owns the Property, a copy of the recorded warranty deed is required;
- (12) Evidence of zoning appropriate for the proposed use, ~~or~~ application for the appropriate zoning or statement that no zoning is required;
- (13) A local map showing the location of the proposed Property site;
- (14) A boundary survey or subdivision plat which clearly identifies the location and boundaries of the subject Property;
- (15) Name, address and telephone number of the Seller of the Property;
- (16) Construction draw and lease-up proforma for ~~Housing Development~~Developments involving new construction;
- (17) Past two years' operating statements for existing ~~Housing Development~~Developments;
- (18) Current market information which includes rental comparisons;
- (19) Documentation of local Section 8 utility allowances;
- (20) Verification/Evidence of delivery of federal, state, and local community notifications;
- (21) Self-Scoring Criteria; and
- (22) Such other items deemed necessary by the Department per individual application.

(e)(d) Pre-Application Threshold Requirements.

- (1) As the Department reviews the Application, the Department will use the following assumptions, even if not reflected in the Application. Prequalification Assumptions:
 - (A) Development Feasibility:
 - (i) Debt Coverage ~~at~~ Ratio must be greater than or equal to 1.10;
 - (ii) Annual Expenses ~~at~~ must be at least \$3,800 per ~~unit~~Unit or \$3.75 per square foot;
 - (iii) Deferred Developer Fees ~~at~~ are limited to 80% of Developer's Fees;
 - (iv) Contractor Fee ~~at~~ are limited to 6% of direct costs plus site work cost;
 - (v) Overhead ~~at~~ are limited to 2% of direct costs plus site work cost;
 - (vi) General Requirements ~~at~~ are limited to 6% of direct costs plus site work cost;
 - (vii) Developer Fees ~~at~~ cannot exceed 15% of the project's Total Eligible Basis;
 - (B) Construction Costs Per ~~Unit~~Unit Assumption. The Acceptable range is \$47 to \$61 per ~~unit~~Unit (Acquisition / Rehab developments are exempt from this requirement);

- (C) Interest Rate Assumption. 6.00% for 30 year financing and 6.75% for 40 year financing;
- (D) Size of ~~Unit~~Units (Acquisition / Rehab developments are exempt from this requirement);
 - (i) One bedroom Unit must be greater than or equal to 650 square feet for family and 550 square feet for senior Units.
 - (ii) Two bedroom Unit must be greater than or equal to 900 square feet for family and 750 square feet for senior Units.
 - (iii) Three bedroom Unit must be greater than or equal to 1,000 square feet for family.
- (2) Appropriate Zoning. Evidence of appropriate zoning for the proposed use or evidence of application made and pending decision;
- (3) Executed Site Control. Properly executed and escrow receipted site control through 12/1/~~03-04~~with option to extend through 3/1/~~04~~05;
- (4) Previous Participation and Authorization to Release Credit Information (located in the uniform application);
- (5) Current Market Information (must support affordable rents);
- (6) Completed TDHCA Uniform Application and application exhibits;
- (7) Completed Multifamily Rental Worksheets;
- (8) Public Notification Information (see application package);
- (9) Relevant Development Information (see application package);
- (10) Completed 2004 Bond Review Board Residential Rental Attachment;
- (11) Signed letter of Responsibility for All Costs Incurred;
- (12) Signed MRB Program Certification Letter;
- (13) Evidence of Paid Application Fees (\$1,000 to TDHCA, \$1,500 to Vinson and Elkins and \$5,000 to Bond Review Board);
- (14) Boundary Survey or Plat;
- (15) Local Area map showing the location of the Property and Community Services / Amenities within a three (3) mile radius;
- (16) Utility Allowance from the Appropriate Local Housing Authority;
- (17) Organization Chart with evidence of Entity Registration or Reservation with the Secretary of State; and
- (18) Required Notification. Evidence of notifications shall include a copy of the exact letter and other materials that were sent to the individual or entity and proof of delivery in the form of a signed certified mail receipt, signed overnight mail receipt or confirmation letter from each official. Each notice must include the information required for "Community Notification" within the Application Package. Notification must be sent to all the following individuals and entities: *(If the QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted reflect a notification process that is different from the process listed below, then the QAP and Rules will override the notification process listed below):*
 - (A) State Senator and Representative that represents the community containing the development;
 - (B) Presiding Officer of the governing body of any municipality containing the development and **all** elected members of that body (Mayor, City Council members);
 - (C) Presiding Officer of the governing body of the county containing the development and **all** elected members of that body (County Judge and/or Commissioners);
 - (D) School District Superintendent of the school district containing the development;
 - (E) Presiding Officer of the School Board of Trustees of the school district containing the development;

- (F) City and County Clerks (Evidence must be provided that a letter, meeting the requirements of the "Clerk Notification" letter in the application materials, was sent to the city clerk and county clerk no later than August 9, 2004. A copy of the return letter from the city and county clerks must be provided); and
- (G) Neighborhood Organizations on record with the state or county whose boundaries contain the development (All entities identified in the letters from the city and county clerks must be provided with written notification and evidence of that notification must be provided. If the Applicant can provide evidence that the proposed Development is not located within the boundaries of an entity on a list from the clerk(s), then such evidence in lieu of notification may be acceptable. If no letter is received from the city or county clerk by seven (7) days prior to the date of Application submission, the Applicant must submit a statement attesting to the fact that no return letter was received. If the Applicant has knowledge of neighborhood organizations on record with the state or county within whose boundaries the development is located, written notification must be provided to them. If the Applicant has no knowledge of such neighborhood organizations within whose boundaries the Development is located, they must submit a statement to that effect with the Application).

~~(d)~~(e) Pre-Application Scoring Criteria.

- (1) Construction Cost Per Unit includes: site work, contractor profit, overhead, general requirements and contingency. Calculation will be hard costs per square foot of net rentable area. —Must be greater than or equal to \$60 per square foot (1point) (Acquisition / Rehab will automatically receive (1 point)).
- (2) Size of Units. Average size of all ~~unit~~Units combined in the development —must be greater than or equal to 950 square foot for family and must be greater than or equal to — 750 square foot for elderly (5 points). (Acquisition / Rehab developments will automatically receive 5 points).
- (3) Period of Guaranteed Affordability for Low Income Tenants.
Add 10 years of affordability after the extended use period for a total affordability period of 40 years (1 point).
- ~~(3)~~(4) Quality and Amenities (maximum 34 points) Acquisition / Rehab will receive double points not to exceed 34 points). (If there are changes to the Application prior to closing that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points). Substitutions in amenities will be allowed as long as the overall score is not affected)
 - (A) Washer / Dryer Connections (1 point);
 - (B) Microwave Ovens (in each ~~unit~~Unit) (1 point);
 - (C) Storage Room (outside the ~~unit~~Unit) (1 point);
 - (D) Covered Parking (at least one per ~~unit~~Unit) (3 points);
 - (E) Garages (equal to at least 35% of ~~unit~~Units) (5 points);
 - (F) Ceiling Fans (living rooms and bedrooms) (1 point);
 - (G) Ceramic Tile Flooring (entry way and all bathroom) (2 points);
 - (H) 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes EFIS) (5 points);
 - (I) Playground and Equipment or Covered Community Porch (3 points);

- (J) BBQ Grills and Tables (one each per 50 ~~unit~~Units) or Walking Trail (minimum length of ¼ mile) (3 points);
 - (K) Full Perimeter Fencing and Gated (3 points);
 - (L) Computers with internet access / Business Facilities (8 hour availability) (2 points);
 - (M) Game Room or TV Lounge (2 points);
 - (N) Workout Facilities or Library (with comparable square footage as workout facilities) (2 points).
- ~~(4)~~(5) Tenant Services (per unit / above line on the expenses) (Tenant Services shall include only direct costs (tenant services contract amount, supplies for services, internet connections, initial cost of computer equipment, etc...). Indirect costs such as overhead and utility allocations may not be included).
- (A) \$10.00 per ~~unit~~Unit per month (10 points);
 - (B) \$7.00 per ~~unit~~Unit per month (5 points);
 - (C) \$4.00 per ~~unit~~Unit per month (3 points).
- ~~(5)~~(6) Zoning appropriate for the proposed use or ~~state of not~~ zoning required (appropriate zoning for the intended use must be in place at the time of application submission date, ~~September 2, 2003~~August 30, 2004, in order to receive points) (5 points).
- ~~(6)~~(7) Proper Site Control (fully executed and escrow received as defined in §35.3(21) of this title control through 12/01/0304 with option to extend through 03/01/0405 and all information correct at the time of application submission date, ~~September 2, 2003~~August 30, 2004, in order to receive points) (5 points).
- ~~(7)~~(8) Development Support / Opposition (Maximum net points of +12 to -12. Each letter will receive a maximum of +1.5 to -1.5. All letters received by ~~October 24, 2003~~by 5:00 PM, October 22, 2004 will be used in scoring).
- (A) Texas State Senator and Texas State Representative (maximum +3 to -3 points);
 - (B) Presiding officer of the governing body of any municipality containing the Development and the elected district member of the governing body of the municipality containing the Development (maximum +3 to -3 points);
 - (C) Presiding officer of the governing body of the county containing the Development and the elected district member of the governing body of the county containing the Development (if the site is not in a municipality, these points will be doubled) (maximum +3 to -3 points);
 - (D) Local School District Superintendent and Presiding Officer of the Board of Trustees for the School district containing the Development (maximum +3 to -3 points).
- ~~(8)~~(9) Penalties for Missed Deadlines in the Previous Year's Bond and / or Tax Credit program year. (This includes approved and used extensions) (-1 point with maximum 3 point deduction).
- ~~(9)~~(10) Local Political Subdivision Development Funding Commitment that enables additional Units for the Very Low Income (CDBG, HOME or other funds through local political subdivisions) (must be ~~—~~greater than or equal to 2% of the bond amount requested and must provide at least 5% of the total Development Units at or below 30% AMFI or an additional 5% of the total Development Units if the Applicant has chosen category Priority 1B on the residential rental attachment) (2 points).
- ~~(10)~~(11) Proximity to Community Services / Amenities (Community services / amenities within three (3) miles of the site. A Map must be included with the Application showing a three (3) mile radius notating where the services / amenities are located) (maximum 12 points)
- (A) Grocery Store (1 point);
 - (B) Pharmacy (1 point);
 - (C) Convenience store (1 point);
 - (D) Retail Facilities (Target, Wal-Mart, Home Depot, etc...) (1 point);

- (E) Bank / Financial Institution (1 point);
- (F) Restaurant (1 point);
- (G) Public Recreation Facilities (park, civic center, YMCA) (1 point);
- (H) Fire / Police Station (1 point);
- (I) Medical Facilities (hospitals, minor emergency, etc...) (1 point);
- (J) Public Library (1 point);
- (K) Public Transportation (1/2 mile from site) (1 point);
- (L) Public School (only one school required for point (1 point).

~~(11)~~(12) Proximity to Negative Features (within 300 feet of any part of the Development site boundaries. A Map must be included with the application showing where the feature is located. Developer must provide a letter stating there are none of the negative features listed below within the stated area if that is correct. (maximum -20 points)

- (A) Junkyards (5points);
- (B) Active Railways (excluding light rail) (5 points);
- (C) Interstate Highways / Service Roads (5 points);
- (D) Solid Waste / Sanitary Landfills (5 points);
- (E) High Voltage Transmission Towers (5 points).

~~(e)~~(f) Financing Commitments. After approval by the Board of the inducement resolution, and before submission of a final application, the Applicant will be solely responsible for making appropriate arrangements with financial institutions which are to be involved with the issuance of the Bonds or the financing of the Development, and to begin the process of obtaining firm commitments for financing from each of the financial institutions involved.

~~(d)~~(g) Final Application. An Applicant who elects to proceed with submitting a final Application to the Department must provide a final Application and such supporting material as is required by the Department at least sixty (60) days prior to the scheduled meeting of the Board at which the ~~Housing Development~~Development and the Bond issuance are to be considered, unless the Department directs the Applicant otherwise in writing. The final application must adhere to the Department's QAP and Rules in effect for the program year for which the Bond and Housing Tax Credit applications are submitted. The Department may determine that supporting materials listed in paragraphs (1) through (42) of this subsection shall be provided subsequent to the final Application deadline in accordance with a schedule approved by the Department. Failure to provide any supporting materials in accordance with the approved schedule may be grounds for terminating the Application and returning the reservation to the Texas Bond Review Board. The final application and supporting material shall consist of the following information:

- (1) A Public Notification Sign shall be installed on the ~~Housing Development~~Development site no later than fourteen (14) days after the submission of Volume I and II of the Tax Credit Application to the Department (pictures and invoice receipts must be submitted as evidence of installation within fourteen (14) days of the submission). ~~minimum signage requirements and language, as set out in figure 3 of this paragraph~~The sign must be at least four (4) feet by eight (8) feet in size and be located within twenty (20) feet of, and facing, the main road adjacent to the site. The sign shall be continuously maintained on the site until the day the TDHCA Board takes final action on the Application for the development. The information and lettering on the sign must meet the requirements identified in the Application. As an alternative to installing a Public Notification Sign and at the same required time, the Applicant may instead, at the Applicant's Option, mail written notification to all addresses located within the footage distance required by the local municipality zoning ordinance or 1,000 feet, if there is no local zoning ordinance or if the zoning ordinance does not require notification, of any part of the proposed Development

site. This written notification must include the information otherwise required for the sign, as set out in ~~figure 3 of this paragraph~~. If the Applicant chooses to provide this mailed notice in lieu of signage, the final Application must include a map of the proposed Development site and mark the 1,000 foot or local ordinance area showing street names and addresses; a list of all addresses the notice was mailed to; an exact copy of the notice that was mailed; and a certification that the notice was mailed through the U.S. Postal Service and stating the date of mailing. In addition (within the 14 days), the Applicant must notify any public official that has changed since the submission of the pre-application and any neighborhood organizations that are known and were not notified at the time of the pre-application submission.

~~Figure 3: 10 TAC §33.6(d)(1)~~

- (2) Completed Uniform Application forms in the format required by the Department;
- (3) Certification of no changes from the pre-application to the final application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the application being placed below another application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition points);
- (4) Certification and agreement to comply with the Department's rules;
- (5) A narrative description of the ~~Housing Development~~ Development;
- (6) A narrative description of the proposed financing;
- (7) Firm letters of commitment from any lenders, credit providers, and equity providers involved in the transaction;
- (8) Documentation of local Section 8 utility allowances;
- (9) Site plan;
- (10) ~~Unit~~ Unit and building floor plans and elevations;
- (11) Complete construction plans and specifications;
- (12) General contractor's contract;
- (13) Completion schedule;
- (14) Copy of a recorded warranty deed if the Applicant already owns the Property, or a copy of an executed earnest money contract between the Applicant and the seller of the Property if the Property is to be purchased, ~~or other form of site control acceptable to the Department~~;
- (15) A local map showing the location of the Property;
- (16) Photographs of the Site;
- (17) Survey with legal description;
- (18) Flood plain map;
- (19) Evidence of zoning appropriate for the proposed use from the appropriate local municipality that satisfies one of these subparagraphs (A) through (C) of this paragraph:
 - (A) no later than fourteen (14) days before the Board meets to consider the transaction, the Applicant must submit to the Department written evidence that the local entity responsible for initial approval of zoning has approved the appropriate zoning and that they will recommend approval of the appropriate zoning to the entity responsible for final approval of zoning decisions;
 - (B) provide a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating that the Development is located within the boundaries of a political subdivision which does not have a zoning ordinance;
 - (C) a letter from the chief executive officer of the political subdivision or another local official with appropriate jurisdiction stating the Development is permitted under the

provision of the zoning ordinance that apply to the location of the Development or that there is not a zoning requirement.

- (20) Evidence of the availability of utilities;
- (21) Copies of any deed restrictions which may encumber the Property;
- (22) A Phase I Environmental Site Assessment performed in accordance with the Department's Environmental Site Assessment Rules and Guidelines (§1.35 of this title);
- (23) Title search or title commitment;
- (24) Current tax assessor's valuation or tax bill;
- (25) For existing ~~Housing Development~~ Developments, current insurance bills;
- (26) For existing ~~Housing Development~~ Developments, past two (2) fiscal year end development operating statements;
- (27) For existing ~~Housing Development~~ Developments, current rent rolls;
- (28) For existing ~~Housing Development~~ Developments, substantiation that income-based tenancy requirements will be met prior to closing;
- (29) A market study performed in accordance with the Department's Market Analysis Rules and Guidelines (§1.33 of this title);
- (30) Appraisal of the existing or proposed ~~Housing Development~~ Development performed in accordance with the Department's Underwriting Rules and Guidelines (§1.32 of this title);
- (31) Statement that the Development Owner will accept tenants with Section 8 or other government housing assistance;
- (32) An organizational chart showing the structure of the Applicant and the ownership structure of any principals of the Applicant;
- (33) Evidence that the Applicant and principals are registered with the Texas Secretary of State, as applicable;
- (34) Organizational documents such as partnership agreements and articles of incorporation, as applicable, for the Applicant and its principals;
- (35) Documentation of non-profit status if applicable;
- (36) Evidence of good standing from the Comptroller of Public Accounts of the State of Texas for the Applicant and its principals;
- (37) Corporate resumes and individual resumes of the Applicant and any principals;
- (38) Latest two (2) annual financial statements and current interim financial statement for the Applicant and its principals;
- (39) Latest income tax filings for the Applicant and its principals;
- (40) Resolutions or other documentation indicating that the transaction has been approved by the general partner;
- (41) Resumes of the general contractor's and the property manager's experience; and
- (42) Such other items deemed necessary by the Department per individual application.

(e)(h) Evaluation Criteria. The Department will evaluate the ~~Housing Development~~ Development for eligibility at the time of pre-application, and at the time of final Application. If there are changes to the Application that have an adverse affect on the score and ranking order and that would have resulted in the Application being placed below another Application in the ranking, the Department will terminate the Application and return the reservation to the Texas Bond Review Board (with the exception of changes to deferred developer's fees and support or opposition point). The ~~Housing Development~~ Development and the Applicant must satisfy the conditions set out in paragraphs (1) through (6) of this subsection in order for a ~~Housing Development~~ Development to be considered eligible:

- (1) The proposed ~~Housing Development~~ Development must further the public purposes of the Department as identified in the Act.
- (2) The proposed ~~Housing Development~~ Development and the Applicant and its principals must satisfy the Department's Underwriting Rules and Guidelines (§1.32 of this title). The pre-

application must include sufficient information for the Department to establish that the Underwriting Guidelines can be satisfied. The final Application will be thoroughly underwritten according to the Underwriting Rules and Guidelines (§1.32 of this title).

- (3) The ~~Housing Development~~Development must not be located on a site determined to be unacceptable for the intended use by the Department.
- (4) Any ~~Housing Development~~Development in which the Applicant or principals of the Applicant have an ownership interest must be found not to be in Material Non-Compliance under the compliance ~~Rules~~ in effect at the time of ~~pre-Application~~ application submission. Any corrective action documentation affecting the Material Non-compliance status score must be submitted to the Department no later than thirty (30) days prior to final application submission.
- (5) Neither the Applicant nor any principals of the Applicant is, at the time of Application:
 - (a) barred, suspended, or terminated from procurement in a state or federal program or listed in the List of Parties Excluded from Federal Procurement or Non-Procurement Programs; or
 - (b) ~~or~~ has been convicted of a state or federal crime involving fraud, bribery, theft, misrepresentation, misappropriation of funds, or other similar criminal offenses within fifteen (15) years; or
 - (c) ~~or~~ is subject to enforcement action under state or federal securities law, action by the NASD, subject to a federal tax lien, or the subject of an enforcement proceeding with any governmental entity; or
 - (d) neither applicant nor any principals of the applicant have a development under their ownership or control with a Material Non-compliance score of 30 or more; or
 - ~~(d)~~(e) otherwise disqualified or debarred from participation in any of the Department's programs.
- (6) Neither the Applicant nor any of its principals may have provided any fraudulent information, knowingly false documentation or other intentional or negligent misrepresentation in the Application or other information submitted to the Department.

~~(f)~~(i) Bond Documents. After receipt of the final Application, bond counsel for the Department shall draft Bond documents which conform to the state and federal laws and regulations which apply to the transaction.

~~(g)~~(j) Public Hearings; Board Decisions. For every Bond issuance, the Department will hold a public hearing in accordance with §2306.0661, Texas Government Code and §147(f) of the Code, in order to receive comments from the public pertaining to the ~~Housing Development~~Development and the issuance of the Bonds. Publication of all notices required for the public hearing shall be at the sole expense of the Applicant. The Board's decisions on approvals of proposed ~~Housing Development~~Developments will consider all relevant matters. Any topics or matters, alone or in combination, may or may not determine the Board's decision. The Department's Board will consider the following topics in relation to the approval of a proposed ~~Housing Development~~Development:

- (1) The Development Owner market study;
- (2) The location, including supporting broad geographic dispersion;
- (3) The compliance history of the Development Owner;
- (4) The financial feasibility;
- (5) The ~~Housing Development~~Development's proposed size and configuration; in relation to the housing needs of the community in which the Development is located and the needs of the area, region and state;

- ~~(6)~~ The housing needs of the community in which the Housing Development is located and the needs of the area, region and state;
- ~~(7)~~(6) The ~~Housing Development~~Development's proximity to other low income ~~Housing Development~~Developments including avoiding over concentration;
- ~~(8)~~(7) The availability of adequate public facilities and services;
- ~~(9)~~(8) The anticipated impact on local school districts, giving due consideration to the authorized land use;
- (9) Zoning and other land use considerations;
- (10) Fair Housing law, including affirmatively furthering fair housing;
- (11) Any matter considered by the Board to be relevant to the approval decision and in furtherance of the Department's purposes and the policies of Chapter 2306, Texas Government Code.

~~(h)~~(k) Approval of the Bonds.

- (1) Subject to the timely receipt and approval of commitments for financing, an acceptable evaluation for eligibility, the satisfactory negotiation of Bond documents, and the completion of a public hearing, the Board, upon presentation by the Department's staff, will consider the approval of the Bond issuance, final Bond documents and, in the instance of privately placed Bonds, the pricing of the Bonds. The process for appeals and grounds for appeals may be found under §§1.7 and 1.8 of this title. The Department's conduit housing transactions will be processed in accordance with the Texas Bond Review Board rules Title 34, Part 9, Chapter 181, Subchapter A. The Bond issuance must receive an approving opinion from the Department's bond counsel with respect to the legality and validity of the Bonds and the security therefore, and in the case of tax-exempt Bonds, with respect to the excludability from gross income for federal income tax purposes of interest on the Bonds.
- (2) Alternative Dispute Resolution Policy. In accordance with Section 2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator (fax: (512) 475-3978). For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 Texas Administrative Code §1.17.~~In accordance with Section 2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation and nonbinding arbitration. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at anytime an applicant or other person would like to engage the Department in an ADR process, the person may send a proposal to the Department's General Counsel and Dispute Resolution Coordinator. The proposal should~~

~~describe the dispute and the details of the process proposed (including proposed participants, third party, when, where, procedure, and cost). The Department will evaluate whether the proposed process would fairly, expeditiously, and efficiently assist in resolving the dispute and promptly respond to the proposal.~~

~~(i)(1)~~ Local Permits. Prior to the closing of the Bonds, all necessary approvals, including building permits, from local municipalities, counties, or other jurisdictions with authority over the ~~Housing Development~~ Development must have been obtained or evidence that the permits are obtainable subject only to payment of certain fees must be provided to the Department.

~~(i)(m)~~ Closing. Once all approvals have been obtained and Bond documents have been finalized to the respective parties' satisfaction, the Bond transaction will close. Upon satisfaction of all conditions precedent to closing, the Department will issue Bonds in exchange for payment therefor. The Department will then loan the proceeds of the Bonds to the Applicant and disbursements of the proceeds may begin.

§ ~~3335~~.7. Regulatory and Land Use Restrictions.

(a) Filing and Term of LURA. A Regulatory and Land Use Restriction Agreement or other similar instrument (the "LURA"), will be filed in the property records of the county in which the ~~Housing Development~~ Development is located for each ~~Housing Development~~ Development financed from the proceeds of Bonds issued by the Department. For ~~Housing Development~~ Developments involving new construction, the term of the LURA will be the longer of 30 years, the period of guaranteed affordability or the period for which Bonds are outstanding. For the financing of an existing ~~Housing Development~~ Development, the term of the LURA will be the longer of the longest period which is economically feasible in accordance with the Act, or the period for which Bonds are outstanding.

(b) ~~Housing Development~~ Development Occupancy. The LURA will specify occupancy restrictions for each ~~Housing Development~~ Development based on the income of its tenants, and will restrict the rents that may be charged for Units occupied by tenants who satisfy the specified income requirements. Pursuant to §2306.269, Texas Government Code, the LURA will prohibit a Development Owner from excluding an individual or family from admission to the ~~Housing Development~~ Development because the individual or family participates in the housing choice voucher program under Section 8, United States Housing Act of 1937 (the "Housing Act"), and from using a financial or minimum income standard for an individual or family participating in the voucher program that requires the individual or family to have a monthly income of more than two and one half (2.5) times the individual's or family's share of the total monthly rent payable to the Development Owner of the ~~Housing Development~~ Development. ~~Housing Development~~ Development occupancy requirements must be met on or prior to the date on which Bonds are issued unless the ~~Housing Development~~ Development is under construction. Adequate substantiation that the occupancy requirements have been met, in the sole discretion of the Department, must be provided prior to closing. Occupancy requirements exclude ~~unit~~ Units for managers and maintenance personnel that are reasonably required by the ~~Housing Development~~ Development.

(c) Set Asides.

(1) ~~Housing Development~~ Developments which are financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds must be restricted under one of the following two set-asides:

(a) at least twenty percent (20%) of the Units within the ~~Housing Development~~ Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed fifty percent (50%) of the area median income, or

- (b) at least forty percent (40%) of the Units within the ~~Housing Development~~Development that are available for occupancy shall be occupied or held vacant and available for occupancy at all times by persons or families whose income does not exceed sixty percent (60%) of the area median income.
- (2) The Development Owner must designate at the time of Application which of the two set-asides will apply to the ~~Housing Development~~Development and must also designate the selected priority for the ~~Housing Development~~Development in accordance with §1372.0321, Texas Government Code. ~~Unit~~Units intended to satisfy set-aside requirements must be distributed evenly throughout the ~~Housing Development~~Development, and must include a reasonably proportionate amount of each type of ~~unit~~Unit available in the ~~Housing Development~~Development.
- (3) No tenant qualifying under either of the set-asides shall be denied continued occupancy of a ~~Unit~~Unit in the ~~Housing Development~~Development because, after commencement of such occupancy, such tenant's income increases to exceed the qualifying limit; provided, however, that, should a tenant's income, as of the most recent determination thereof, exceed 140% of the then applicable 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. (These are the federal set-aside requirements)
- (d) Global Income Requirement. All of the Units that are available for occupancy in ~~Housing Development~~Developments financed from the proceeds of Private Activity Bonds or from the proceeds of Qualified 501(c)(3) Bonds shall be occupied or held vacant (in the case of new construction) and available for occupancy at all times by persons or families whose income does not exceed one hundred and forty percent (140%) of the area median income for a four-person household.
- (e) Qualified 501(c)(3) Bonds. ~~Housing Development~~Developments which are financed from the proceeds of Qualified 501(c)(3) Bonds are further subject to the restriction that at least seventy-five percent (75%) of the ~~Unit~~Units within the ~~Housing Development~~Development that are available for occupancy shall be occupied (or, in the case of new construction, held vacant and available for occupancy until such time as initial lease-up is complete) at all times by individuals and families of Low Income (less than or equal to 80% of AMFI).
- (f) Taxable Bonds. The occupancy requirements for ~~Housing Development~~Developments financed from the issuance of taxable Bonds will be negotiated, considered and ~~considered~~approved by the Department on a case by case basis.
- (g) Special Needs. At least five percent (5%) of the Units within each ~~Housing Development~~Development must be designed to be accessible to Persons with Special Needs and hardware and cabinetry must be stored on site or provided to be installed on an as needed basis in such Units. The Development will comply with accessibility requirements in the Fair Housing Act Design manual. The Development Owner will use its best efforts (including giving preference to Persons with Special Needs) to:
- (1) make at least five percent (5%) of the Units within the ~~Housing Development~~Development available for occupancy by Persons with Special Needs;
 - (2) make reasonable accommodations for such persons; and
 - (3) allow reasonable modifications at the tenant's sole expense pursuant to the Housing Act. During the term of the LURA, the Development Owner shall maintain written policies

regarding the Development Owner's outreach and marketing program to Persons with Special Needs.

- (h) Fair Housing. All ~~Housing Development~~ Developments financed by the Department must comply with the Fair Housing Act which prohibits discrimination in the sale, rental, and financing of dwellings based on race, color, religion, sex, national origin, familial status, and disability. The Fair Housing Act also mandates specific design and construction requirements for multifamily housing built for first occupancy after March 13, 1991, in order to provide accessible housing for individuals with disabilities.
- (i) Tenant Services. The LURA will require that the Development Owner offer a variety of services for residents of the ~~Housing Development~~ Development through a Tenant Services Program Plan which is subject to annual approval by the Department.
- (j) The LURA will require the Development Owner:
 - (1) To obtain, complete and maintain on file Tenant Income Certifications from each Eligible Tenant, including:
 - (A) a Tenant Income Certification dated immediately prior to the initial occupancy of each new Eligible Tenant in the ~~Housing Development~~ Development; and
 - (B) thereafter, annual Tenant Income Certifications which must be obtained on or before the anniversary of such Eligible Tenant's occupancy of the Unit, and in no event less than once in every 12-month period following each Eligible Tenant's occupancy of a ~~Unit~~ Unit in the ~~Housing Development~~ Development. For administrative convenience, the Development Owner may establish the first date that a Tenant Income Certification for the ~~Housing Development~~ Development is received as the annual recertification date for all tenants. The Development Owner will obtain such additional information as may be required in the future by §142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are tax-exempt private activity bonds described in §142(d) of the Code. The Development Owner shall make a diligent and good-faith effort to determine that the income information provided by an applicant in a Tenant Income Certification is accurate by taking steps required under §142(d) of the Code pursuant to provisions of the Housing Act.
 - (C) The Development shall comply with Title 10, Part 1, Chapter 60, Subchapter A.
 - (2) As part of the verification, such steps may include the following, provided such action meets the requirements of §142(d) of the Code and the gross income of individuals shall be determined in a manner consistent with the determinations of low income families under section 8 of the United States Housing Act of 1937:
 - (A) obtain pay stubs ~~for the most recent one month period~~ sufficient to annualize income;
 - ~~(B) obtain income tax returns for the most recent two tax years;~~
 - ~~(C)(B) conduct a consumer credit search~~ obtain third party written verification of income;
 - ~~(D)(C)~~ obtain an income verification from the applicant's current employer;
 - ~~(E)(D)~~ obtain an income verification from the Social Security Administration; or
 - ~~(F)(E)~~ if the applicant is self-employed, unemployed, does not have income tax returns or is otherwise not reasonably able to provide other forms of verification as required above, obtain another form of independent verification as would, in the Development Owner's reasonable commercial judgment, enable the Development Owner to determine the accuracy of the applicant's income information. The Development

- Owner shall retain all Tenant Income Certifications obtained in compliance with this subsection (b) of this section until the date that is six years after the last Bond is retired.
- (3) To obtain from each tenant in the ~~Housing Development~~Development, at the time of execution of the lease pertaining to the Unit occupied by such tenant, a written certification, acknowledgment and acceptance in such form as provided by the Department to the Development Owner from time to time that
 - (A) such lease is subordinate to the Mortgage and the LURA;
 - (B) all statements made in the Tenant Income Certification submitted by such tenant are accurate;
 - (C) the family income and eligibility requirements of the LURA and the Loan Agreement are substantial and material obligations of tenancy in the ~~Housing Development~~Development;
 - (D) such tenant will comply promptly with all requests for information with respect to such requirements from the Development Owner, the Trustee and the Department; and
 - (E) failure to provide accurate information in the Tenant Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such tenant in the ~~Housing Development~~Development;
 - (4) To maintain complete and accurate records pertaining to the Low-Income Units and to permit, at all reasonable times during normal business hours and upon reasonable notice, any duly authorized representative of the Department, the Trustee, the Department of the Treasury or the Internal Revenue Service to enter upon the ~~Housing Development~~Development Site to examine and inspect the ~~Housing Development~~Development and to inspect the books and records of the Development Owner pertaining to the ~~Housing Development~~Development, including those records pertaining to the occupancy of the Low-Income Units;
 - (5) On or before each February 15 during the qualified development period, to submit to the Department (to the attention of the Portfolio Management and Compliance Division) a draft of the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the ~~Housing Development~~Development continues to meet the requirements of §142(d) of the Code and on or before each March 31 during the qualified development period, to submit such completed form to the Secretary of the Treasury and the Department;
 - (6) To prepare and submit the compliance monitoring report. To cause to be prepared and submitted to the Department and the Trustee on the first day of the state restrictive period, and thereafter by the tenth calendar day of each March, June, September, and December, or other quarterly schedule as determined by the Department with written notice to the Development Owner, a certified compliance monitoring report and Development Owner's certification in such form as provided by the Departments to the Development Owner from time to time; and
 - (7) To provide regular maintenance to keep the ~~Housing Development~~Development sanitary, decent and safe.
 - (8) To establish a reserve account consistent with the requirements of §2306.186, Texas Government Code.
 - (9) To prepare and submit the Housing Sponsor Report to the Department no later than March 1st of each year.

§3335.8. Fees.

- (a) Application and Issuance Fees. The Department shall set fees to be paid by the Applicant in order to cover the costs of pre-application review, Application and Development review, the

Department's expenses in connection with providing financing for a ~~Housing Development~~Development, and as required by law. (§1372.006(a), Texas Government Code)

- (b) Administration and Portfolio Management and Compliance Fees. The Department shall set ongoing fees to be paid by Development Owners to cover the Department's costs of administering the Bonds and portfolio management and compliance with the program requirements applicable to each ~~Housing Development~~Development.

§~~3335~~35.9. Waiver of Rules

Provided all requirements of the Act, the Code, and any other applicable law are met, the Board may waive any one or more of the ~~Rules~~ set forth in §§~~3335~~35.3 through ~~3335~~35.8 of this title relating to the Multifamily Housing Revenue Bond Program in order to further the purposes and the policies of Chapter 2306, Texas Government Code; to encourage the acquisition, construction, reconstruction, or rehabilitation of a ~~Housing Development~~Development that would provide decent, safe, and sanitary housing, including, but not limited to, providing such housing in economically depressed or blighted areas, or providing housing designed and equipped for Persons with Special Needs; or for other good cause, as determined by the Board.

§~~3335~~35.10. No Discrimination

The Department and its staff or agents, Applicants, Development Owners, and any participants in the Program shall not discriminate under this Program against any person or family on the basis of race, creed, national origin, age, religion, handicap, family status, or sex, or against persons or families on the basis of their having minor children, except that nothing herein shall be deemed to preclude a Development Owner from selecting tenants with Special Needs, or to preclude a Development Owner from selecting tenants based on income in renting Units to comply with the set asides under the provisions of this Chapter.

**Housing Tax Credit Program
Board Action Request
June 28, 2004**

Action Item

Request, review, and board determination of one (1) four percent (4%) tax credit application with TDHCA as the issuer.

Recommendation

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

Development No.	Name	Location	Issuer	Total Units	LI Units	Total Development	Applicant Proposed Tax Exempt Bond Amount	Requested Credit Allocation	Recommended Credit Allocation
04419	Sphinx at Delafield	Dallas	TDHCA	204	204	\$18,538,363	\$11,500,000	\$729,073	\$729,073



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MULTIFAMILY FINANCE PRODUCTION DIVISION

2004 Private Activity Multifamily Revenue Bonds

**Sphinx at Delafield Apartments
SW corner of Hoyle Avenue and Delafield Lane
Dallas, Texas**

St. Augustine Villas Housing, L.P.

204 Units

Priority 1A – 50% of units at 50% AMFI remaining at 60% AMFI

\$11,500,000 Tax Exempt – Series 2004

TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (April 13, 2004)

MULTIFAMILY FINANCE PRODUCTION DIVISION

BOARD ACTION REQUEST

June 28, 2004

Action Item

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Sphinx at Delafield Apartments development.

Summary of the Sphinx at Delafield Apartments Transaction

The pre-application was received on September 2, 2003. The application was scored and ranked by staff. The application ranked fourteenth out of a total of forty-four applications. The application was induced at the October 2003 Board meeting and submitted to the Texas Bond Review Board for inclusion in the lottery. The application received a Reservation of Allocation on February 17, 2004. This application was submitted under the Priority 1A category. 50% of the units will serve families at 50% of the AMFI and 50% of the units will serve families at 60% of the AMFI (rent and income will be capped at 50% and 60% AMFI). A public hearing was held on April 13, 2004. There were twenty-six (26) people in attendance (all in support) with one (1) person speaking for the record. A copy of the transcript is behind Tab 9 of this presentation. This development is supported by State Senator Royce West, State Representative Terri Hodge, County Commissioner John Wiley Price and City Councilmember Maxine Reese. The Pleasant Wood/Grove Community Development Corporation, which has been working diligently with the city of Dallas to revitalize this area, is in support of the development. The proposed site is located to the east of Loop 12 in east Dallas at the corner of Hoyle Avenue and Delafield Lane.

Summary of the Financial Structure

The applicant is requesting the Department's approval and issuance of variable rate tax exempt bonds in an amount not to exceed \$11,500,000. The bonds will be credit enhanced by GNMA and carry a AAA rating. Newman & Associates will underwrite the transaction at a strike interest rate of 4.55%. The construction and lease up period will be for thirty months plus one 6 month optional extension with payment terms of interest only during construction. There will be a 40 year term and amortization.

Recommendation

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2004 and Housing Tax Credits for the Sphinx at Delafield Apartments development because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the commitments from the FHA Lender, equity provider, and the underwriting report by the Department's Real Estate Analysis Division) and the demand for additional affordable units as demonstrated by the occupancy rates of other affordable units in the market area.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEMORANDUM
June 28, 2003

DEVELOPMENT:

Sphinx at Delafield, Dallas, Dallas County, Texas

PROGRAM:

Texas Department of Housing & Community Affairs
2004 Multifamily Housing Revenue Bonds
(Reservation received 2/17/2004)

ACTION

REQUESTED:

Approve the issuance of multifamily revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371 of the Texas Government Code and under Chapter 2306 of the Texas Government Code, the Department's enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

PURPOSE:

The proceeds of the Bonds will be used for the purpose of providing funds to finance a Federal Housing Administration insured mortgage loan (the "Mortgage Loan") to be originated by Malone Mortgage Company America, Ltd. (the "FHA Lender") to St. Augustine Villas Housing, L.P., a Texas limited partnership (the "Borrower"), for the acquisition, construction, equipping and long-term financing of a new, 204-unit multifamily residential rental development to be constructed on approximately 12.41 acres of land located at the southwest corner of Hoyle Avenue and Delafield Lane, Dallas, Dallas County, Texas 75227. (the "Development").

BOND AMOUNT:

\$11,500,000 Series 2004, Tax Exempt Bonds

(*)The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.

ANTICIPATED

CLOSING DATE:

The Department received a volume cap allocation for the Bonds on February 17, 2004 pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. While the Department is required to deliver the Bonds on or before July 16, 2004, the anticipated closing date is July 15, 2004.

BORROWER:

St. Augustine Villas Housing, , L.P., a Texas limited partnership, the general partner of which is St. Augustine Villas Housing Development, L.L.C., a Texas limited liability company. The principals/members of the general partner are Jay O. Oji and Joseph N. Agumadu.

COMPLIANCE HISTORY:

The Compliance Status Summary completed on June 15, 2004 reveals that the principals of the general partner above have a total of four (4) properties being monitored by the Department. One property has received a compliance score. All scores are below the material non-compliance score of thirty (30).

ISSUANCE TEAM:

Malone Mortgage Company America, Ltd. ("FHA Lender")
Wachovia Securities. ("Equity Provider")
GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, a Division of GMAC Commercial Holding Capital Markets Corp. ("Underwriter")
Wells Fargo Bank National Association. ("Trustee")
Vinson & Elkins L.L.P. ("Bond Counsel")
RBC Dain Rauscher Inc. ("Financial Advisor")
McCall, Parkhurst & Horton, L.L.P. ("Disclosure Counsel")

BOND PURCHASER:

The Bonds will be publicly offered on a limited basis on or about July 7, 2004, at which time the final pricing and Bond Purchaser(s) will be determined.

DEVELOPMENT DESCRIPTION:

The Development is a 204-unit multifamily residential rental development to be constructed on approximately 12.41 acres of land located at the southwest corner of Hoyle Avenue and Delafield Lane, Dallas, Dallas County, Texas 75227. (the "Development").

The proposed site density will be 16 units per acre and will consist of fifteen (15) two or three story building types constructed of brick veneer and hardi-plank siding, wood trim, and pitched composition shingle roofs. The development will contain a total of 210,504 net rentable square feet and an average unit size of 1032 square feet. The complex will have perimeter fencing with control access gates. Unit amenities will include frost-free refrigerator, microwave, self cleaning oven, dishwasher, disposal, large storage areas, washer/dryer connections, ceiling fans, energy efficient HVAC systems and pre-wiring for cable television and high-speed internet service. The property will have clubhouse, leasing, office and community room space and a laundry building.

<u>Units</u>	<u>Unit Type</u>	<u>Square Feet</u>	<u>Proposed</u>	<u>Net Rent</u>
22	1-Bedrooms/1-Baths	750	\$539.00	50%
22	1-Bedrooms/1-Baths	750	\$665.00	60%
44	2-Bedrooms/2-Baths	984	\$642.00	50%
44	2-Bedrooms/2-Baths	984	\$793.00	60%

36	3-Bedrooms/2-Baths	1,277	\$737.00	50%
36	3-Bedrooms/2-Baths	1,277	\$910.00	60%
204	Total Units			

SET-ASIDE UNITS:

For Bond covenant purposes, at least forty percent (40%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (60%) of the area median income. Five percent (5%) of the units in each Development will be set aside on a priority basis for persons with special needs.

(The Borrower has elected to set aside 100% of the units for tax credit purposes.)

RENT CAPS:

For Bond covenant purposes, the rental rates of the units will be restricted such that for one half of the units, the maximum rent will not exceed thirty percent (30%) of the income, adjusted for family size, for a family whose income equals fifty percent (50%) of the area median income and one half of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size for a family whose income equals sixty percent (60%) of the area median income.

TENANT SERVICES:

Borrower will provide Tenant Services provided by Social Services management Consultants, Inc. (“SSMCI”) based on the tenant profile upon lease-up that conforms to the Department’s program guidelines.

DEPARTMENT ORIGINATION FEES:

\$1,000 Pre-Application Fee (Paid)
 \$10,000 Application Fee (Paid)
 \$57,500 Issuance Fee (.50% of the bond amount paid at closing)

DEPARTMENT ANNUAL FEES:

\$11,500 Bond Administration (0.10% per annum of the aggregate principle amount of the Bonds outstanding)
 \$5,100 Compliance Fee (\$25/unit/year adjusted annually for CPI)

(Department’s annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)

ASSET OVERSIGHT FEE:

\$5,100 TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

TAX CREDITS:

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to \$641,021 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of the limited partnership, typically 99.99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$5,845,404 of equity for the transaction.

**BOND STRUCTURE &
SECURITY FOR THE
BONDS:**

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

As stated above, the Mortgage Loan will be originated by the FHA Lender as evidenced by a note from the Borrower (the "Mortgage Note"). The FHA Lender will make advances on the Mortgage Loan to the Borrower for the acquisition, construction, equipping and long-term financing of the Development. The Mortgage Loan will be secured by, among other things, a Deed of Trust for the benefit of the FHA Lender.

The FHA Lender will issue mortgage-backed securities in the form of Construction Loan Certificates and a Development Loan Certificate (the "GNMA Certificates") to be purchased by the trustee from Bond proceeds at a price of par plus accrued interest thereon. The trustee will collect the payments on the GNMA Certificates to pay bondholders.

The Bonds will be secured primarily by the payments on the GNMA Certificates and from other security pledged under the Indenture. Prior to the acquisition of the GNMA Certificates by the Trustee, the Bonds will be secured by certain of the Bond proceeds held under the Indenture and invested by the Trustee pursuant to an investment agreement. Upon the purchase thereof by the Trustee, the Bonds will be secured primarily by the GNMA Certificates to be issued by the FHA Lender, guaranteed as to principal and interest by the Government National Mortgage Association ("Ginnie Mae") and to be backed by the Mortgage Loan.

The Bonds are revenue bonds and, as such, create no liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation,

debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the financing carried out through the issuance of the Bonds.

**CREDIT
ENHANCEMENT:**

As stated above, the GNMA Certificates are guaranteed as to principal and interest by Ginnie Mae, which allows for an anticipated rating of AAA/Aaa and an anticipated interest rate of 4.55% on the Tax Exempt Bonds. Without the credit enhancement, the Tax-Exempt Bonds would not be investment grade and would therefore command a higher interest rate from investors on similar maturity bonds.

FORM OF BONDS:

The Bonds will be issued in book entry form and in denominations of \$5,000 or any integral multiples thereof.

MORTGAGE LOAN:

The Mortgage Loan is a non-recourse obligation of the Borrower, which means, subject to certain exceptions, that the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security. The Mortgage Loan is funded by the FHA Lender. Two types of GNMA Certificates are intended to be issued by the FHA Lender in connection with the Mortgage Loan to the Borrower: (i) Construction Loan Certificates which are to be issued with respect to each construction loan advance under the Mortgage Loan, and (ii) the Development Loan Certificate which is to be issued with respect to the permanent Mortgage Loan with payment provisions which correspond to the monthly scheduled installments of principal and interest on the Mortgage Note. The Delivery Date or maturity of the construction loan means the date on which the Development Loan Certificate is delivered to the Trustee, which shall be on or before January 31, 2006 (the "Delivery Date") (a preliminary date that is subject to change), unless extended in accordance with the Trust Indenture.

**MATURITY/SOURCES
& METHODS OF
REPAYMENT:**

The Bonds will bear interest at a fixed rate until maturity, which is anticipated to be July 1, 2044.

The Bonds will be payable from: (1) payments on the GNMA Certificates; (2) earnings derived from amounts held in Funds & Accounts (discussed below) or on deposit in an investment agreement; and (3) funds deposited to the Acquisition Fund specifically for capitalized interest.

The Bonds will be structured to have level debt service from commencement of amortization until maturity.

**REDEMPTION OF
BONDS PRIOR TO
MATURITY:**

The Bonds are subject to redemption under any of the following circumstances:

Optional Redemption:

The Tax-Exempt Bonds are subject to optional redemption by the Borrower on or after August 20, 2014 (a preliminary date that is subject to change) with certain applicable premiums in the event the Borrower exercises any option to prepay the Mortgage Note and amounts are paid under the GNMA Certificates representing such prepayments.

Mandatory Redemption:

- (1) The Bonds will be subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof, without any premium, plus accrued interest, on the dates of redemption specified in the Indenture.
- (2) The Bonds are subject to extraordinary mandatory redemption:
 - (a) in part, following the Delivery Date of the Development Loan Certificate in the amount of the difference between Bonds then outstanding and the Construction Loan Certificates delivered to the Trustee;
 - (b) in whole, following the maturity date of the Construction Loan Certificates if the Development Loan Certificate is not delivered to the Trustee on or before the Delivery Date;
 - (c) in part, following the date on which the Development Loan Certificate is delivered to the Trustee, in an amount equal to the remainder, if any, of the difference between the Bonds then outstanding less the amount of the Development Loan Certificate delivered to the Trustee;
 - (d) in whole or in part to the extent the Trustee receives payments on the GNMA Certificates exceeding regularly scheduled payments of principal and interest thereon; or

- (e) in whole, following the delivery date of the Initial Construction Loan Certificate, if the Initial Construction Loan Certificate is not delivered to the Trustee on or before the delivery date of the Initial Construction Loan Certificate in the amount specified in the Indenture.

FUNDS AND
ACCOUNTS/FUNDS
ADMINISTRATION:

Under the Trust Indenture, Wells Fargo Bank National Association (the "Trustee") will serve as registrar and authenticating agent for the Bonds, trustee of certain of the funds created under the Trust Indenture (described below), and will have responsibility for a number of loan administration and monitoring functions.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will initially be issued as fully registered securities and when issued will be registered in the name of Cede & Co., as nominee for DTC. One fully registered global bond in the aggregate principal amount of each stated maturity of the Bonds will be deposited with DTC.

Moneys on deposit in Trust Indenture funds are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will initially create up to five (5) funds with the following general purposes:

- 1) Acquisition Fund (containing a Capitalized Interest Account therein) – Fund into which Bond proceeds shall be deposited and shall be applied to the acquisition of the GNMA Certificates and accrued interest thereon.
- 2) Bond Fund (containing a Special Mandatory Redemption Account therein) – Fund into which amounts, if any, paid by the Underwriter as accrued interest; all income, revenues, proceeds and other amounts received from or in connection with the GNMA Certificates; all earnings and gains from the investment of money held in the Bond and Acquisition Fund; and amounts transferred from the Acquisition Fund to the Bond Fund for mandatory redemption of the Bonds in the Special Mandatory Redemption Account attributable to the receipt by the Trustee of payments under the GNMA Certificates exceeding regularly scheduled payments of principal and interest thereon.

- 3) Costs of Issuance Fund - A temporary fund into which amounts for the payment of the costs of issuance are deposited and disbursed by the Trustee;
- 4) Rebate Fund - Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Tax-Exempt Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds; and
- 5) Expense Fund – Fund into which the Trustee deposits amounts paid by the Borrower pursuant to the Loan Agreement and uses such moneys to pay certain fees and expenses of the Department.

**DEPARTMENT
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. Bond Counsel - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. Bond Trustee – Wells Fargo Bank National Association, was selected as bond trustee by the Department pursuant to a request for proposals process in April 2003.
3. Financial Advisor – RBC Dain Rauscher Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in June 2003.
4. Disclosure Counsel – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in August 2003.

**ATTORNEY GENERAL
REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

RESOLUTION NO. 04-031

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (GNMA COLLATERALIZED MORTGAGE LOAN—SPHINX AT DELAFIELD) SERIES 2004; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; (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 multi-family residential rental project loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and (d) to make, commit to make, and participate in the making of mortgage loans, including federally insured loans, and to enter into agreements and contracts to make or participate in mortgage loans for residential housing for individuals and families of low and very low income and families of moderate income; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan—Sphinx at Delafield) Series 2004 (the “Bonds”), pursuant to and in accordance with the terms of a Trust Indenture (the “Indenture”) by and between the Department and Wells Fargo Bank, National Association, as trustee (the “Trustee”), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to St. Augustine Villas Housing, L.P., a Texas limited partnership (the “Borrower”), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the “Project”) located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 9, 2003, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower, Malone Mortgage Company America, Ltd., as lender (the “Lender”), and the Trustee will execute and deliver a Loan Agreement (the

“Loan Agreement”) (i) for the purpose of providing funds to finance the loan to be originated by the Lender (the “Loan”) to provide financing for the cost of acquisition and construction of the Project and related costs, and (ii) pursuant to which repayment of the Loan will be secured by a first lien Deed of Trust from the Borrower for the benefit of the Lender; and

WHEREAS, the Department now desires to authorize the use and distribution of a preliminary official statement (the “Preliminary Official Statement”) in connection with the offering of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Purchase Agreement”) with the Borrower, GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp. (the “Underwriter”), and any other party to the Purchase Agreement as authorized by the execution thereof by the Department, setting forth certain terms and conditions upon which the Underwriter and/or another party will purchase all or their respective portion of the Bonds from the Department and the Department will sell the Bonds to the Underwriter and/or another party to such Purchase Agreement; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”), with respect to the Project which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the “Asset Oversight Agreement”), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Regulatory Agreement, the Asset Oversight Agreement, the Preliminary Official Statement and the Purchase Agreement, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.12, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

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

ARTICLE I

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department’s seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchasers thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That the Chair of the Governing Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of and the redemption provisions related to, the Bonds, all of which determinations shall be

conclusively evidenced by the execution and delivery by the Chair of the Governing Board or the Executive Director of the Department of the Indenture and the Purchase Agreement; provided, however, that: (a) the interest rate on the Bonds shall not exceed 6.0% per annum; provided, that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum rate of interest permitted by applicable law; (b) the aggregate principal amount of the Bonds shall not exceed \$11,500,000; (c) the final maturity of the Bonds shall occur not later than July 1, 2044; and (d) the price at which the Bonds are sold to the Underwriter and/or any additional party to the Purchase Agreement shall not exceed the principal amount thereof.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. That the form and substance of the Loan Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Loan Agreement and the Regulatory Agreement and deliver the Loan Agreement to the Borrower, the Lender and the Trustee and deliver the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement is hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement and to deliver the Purchase Agreement to the Borrower and the Underwriter and any additional party to the Purchase Agreement as appropriate.

Section 1.6--Approval, Execution, Use and Distribution of the Preliminary Official Statement and the Official Statement. That the form and substance of the Preliminary Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and the Executive Director are hereby severally authorized to deem the Preliminary Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission; that the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such changes in the Preliminary Official Statement as may be required to provide a final Official Statement for the Bonds; that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Preliminary Official Statement and the Official Statement, as required; and that the distribution and circulation of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.7-- Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.8--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents,

instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.9--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Preliminary Official Statement
- Exhibit F - Purchase Agreement
- Exhibit G - Asset Oversight Agreement

Section 1.10--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.11--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary to the Board.

Section 1.12--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director of the Department; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

ARTICLE II

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary is hereby severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit G to the Regulatory Agreement and shall be annually redetermined by the Borrower and reviewed by the Department, as set forth in the Loan Agreement.

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

Section 2.7--Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State of Texas.

Section 2.8--Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc. and/or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., is approved, ratified and confirmed hereby.

Section 2.9--Underwriter. That the underwriter with respect to the issuance of the Bonds shall be GMAC Commercial Holding Capital Markets Corp. d/b/a Newman and Associates, A Division of GMAC Commercial Holding Capital Markets Corp.

ARTICLE III CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

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

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms, and

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

(c) Public Purpose and Benefits.

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

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

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

Section 3.3--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.4--Waiver of Rules. That the Board hereby waives the rules contained in Chapter 33, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

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

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

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

PASSED AND APPROVED this 28th day of June, 2004.

By: _____
Elizabeth Anderson, Chair

[SEAL]

Attest: _____
Delores Groneck, Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

Section 1. Project and Owner.

Owner: St. Augustine Villas Housing, L.P., a Texas limited partnership

Project: The Project is a 204-unit multifamily facility to be known as Sphinx at Delafield and to be located at the southwest corner of Hoyle Avenue and Delafield Lane, Dallas, Dallas County, Texas. The Project will include a total of 15 two- and three-story residential apartment buildings with approximately 210,856 net rentable square feet and an approximate average unit size of 1,034 square feet. The unit mix will consist of:

44	one-bedroom/one-bath units
88	two-bedroom/two-bath units
<u>72</u>	three-bedroom/two-bath units
204	Total Units

Unit sizes will range from approximately 760 square feet to approximately 1,226 square feet.

The Project will include a recreation center with offices, a business center, a fitness room, a community room, a computer room, a laundry room, kitchen facilities, and public restrooms. On-site amenities will include a swimming pool, a children's play area, playground equipment, and a picnic area. All individual units will have washer/dryer connections.

Section 2. Project Amenities.

Project Amenities shall include:

- Washer/Dryer Connections
- Microwave Ovens (in each unit)
- Storage Room (outside the unit)
- Garages (equal to at least 35% of units)
- Ceiling Fans (living room and bedrooms)
- Ceramic Tile Flooring (entry way and bathroom)
- 75% or Greater Masonry (includes rock, stone, brick, stucco and cementious board product; excludes efis)
- Playground and Equipment and Covered Community Porch
- BBQ Grills and Tables (one each per 50 units) or Walking Trail (minimum length of ¼ mile) or Gazebo with Seating for Twelve
- Full Perimeter Fencing and Gated
- Computers with Internet Access / Business Facilities (8 hour availability)
- Game Room or TV Lounge
- Workout Facilities or Library (with comparable square footage as workout facilities)



**HOUSING TAX CREDIT PROGRAM
2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Sphinx at Delafield**

TDHCA#: 04419

DEVELOPMENT AND OWNER INFORMATION

Development Location: Dallas QCT: Y DDA: N TTC: N
 Development Owner: St. Augustine Villas Housing, LP
 General Partner(s): St. Augustine Housing Development, LLC, 100%, Contact: Jay O. Oji
 Construction Category: New
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA
 Development Type: Family

Annual Tax Credit Allocation Calculation

Applicant Request: \$729,073 Eligible Basis Amt: \$743,738 Equity/Gap Amt.: \$869,496

Annual Tax Credit Allocation Recommendation: \$729,073

Total Tax Credit Allocation Over Ten Years: \$7,290,730

PROPERTY INFORMATION

Unit and Building Information

Total Units: 204 HTC Units: 204 % of HTC Units: 100
 Gross Square Footage: 215,379 Net Rentable Square Footage: 210,856
 Average Square Footage/Unit: 972
 Number of Buildings: 15
 Currently Occupied: N

Development Cost

Total Cost: \$18,538,363 Total Cost/Net Rentable Sq. Ft.: \$87.92

Income and Expenses

Effective Gross Income:¹ \$1,700,120 Ttl. Expenses: \$865,218 Net Operating Inc.: \$834,902
 Estimated 1st Year DCR: 1.08

DEVELOPMENT TEAM

Consultant: Not Utilized	Manager: Innovative Management
Attorney: Shackelford, Melton & McKinley	Architect: JHP + P Architects
Accountant: Thomas Stephens, LLC	Engineer: Victor Lisiak
Market Analyst: Butler Burgher	Lender: Malone Mortgage Company
Contractor: BBL-Texas, LLC	Syndicator: Wachovia Securities

PUBLIC COMMENT²

From Citizens:	From Legislators or Local Officials:
Letters: # in Support: 1 # in Opposition: 1 Public Hearing: # in Support: 26 # in Opposition: 0 # Neutral: 0	Sen. Royce West, District 23 - S Rep. Terri Hodge, District 100 - S Mayor Laura Miller - NC Patricia Smith Harrington, CD Manager, City of Dallas; Consistent with the City of Dallas Consolidated Plan. County Commissioner John Wiley Price S

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

Sphinx at Delafield Apartments

Estimated Sources & Uses of Funds
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Sources of Funds

2004 Series Bond Proceeds	\$ 11,500,000
Equity Funds from Borrower (Tax credit proceeds)	5,650,000
Deferred Developer's Fee (Note at Completion)	545,568
Total Sources	<u><u>\$ 17,695,568</u></u>

Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 13,496,414
Deposit to Revenue Fund (30-Day Payment Lag)	45,365
Capitalized Interest	479,917
Negative Arbitrage Deposite	697,315
Developer's Fee/Overhead	2,041,882
Costs of Issuance	
Direct Bond Related	307,855
Underwriter's Spread/Council	115,800
Other Transaction Costs	74,180
Credit Enhancement Costs	301,840
Real Estate Closing Costs	135,000
Total Uses	<u><u>\$ 17,695,568</u></u>

Estimated Costs of Issuance of the Bonds

Direct Bond Related

Department Issuance Fee (.5% of Issuance)	\$ 57,900
Department Application Fee	11,000
Department Bond Administration Fee (2 years)	23,160
Bond Counsel (Note 1)	77,000
Disclosure Counsel (Note 1)	5,000
Developer Legal Expenses	65,000
Department Financial Advisor	25,000
Rating Agency Fee	12,500
OS Printing & Mailing	3,750
Trustee Fee (Note 1)	7,795
Trustee's Counsel (Note 1)	5,000
Attorney General Transcript Fee	1,250
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Fee	3,400
TDHCA Compliance Fee (1st Year Escrow)	5,100
Total Direct Bond Related	<u><u>\$ 307,855</u></u>

Underwriter's Spread

Sphinx at Delafield Apartments

Underwriter's Fee/Expenses	\$ 115,800
Underwriter's Counsel	30,000
Total Underwriter's Spread	\$ 145,800

Credit Enhancement Costs

HUD Lender Fees	\$ 231,600
Lender's Application Fee	34,740
HUD Lender Counsel	35,500
Total Credit Enhancement Costs	\$ 301,840

Other Transaction Costs

Tax Credit Application & Commitment Fee	74,180
Total Transaction Costs	\$ 74,180

Real Estate Closing Costs

Title, Recording & Survey	\$ 115,000
Property Taxes	20,000
Total Real Estate Costs	\$ 135,000

Estimated Total Costs of Issuance	\$ 964,675
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Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimates do not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

DATE: June 8, 2004 **PROGRAM:** MRB & 4% HTC **FILE NUMBER:** 2004-010 04419

DEVELOPMENT NAME

Sphinx at Delafield Apartments

APPLICANT

Name: St. Augustine Villas Housing, L.P. **Type:** For Profit
Address: 3030 LBJ Freeway, Suite 880 **City:** Dallas **State:** TX
Zip: 75234 **Contact:** Jay O. Oji **Phone:** (214) 342-1400 **Fax:** (214) 342-1409

PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS

Name: St. Augustine Housing Development, LLC **(%):** _____ **Title:** Managing General Partner
Name: Jay O. Oji **(%):** _____ **Title:** 60% owner of MGP
Name: Joseph N. Agumadu **(%):** _____ **Title:** 40% owner of MGP

PROPERTY LOCATION

Location: 8200 Hoyle Avenue **QCT** **DDA**
City: Dallas **County:** Dallas **Zip:** 75227

REQUEST

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$729,073	N/A	N/A	N/A
2) \$12,270,000	To be determined	40	40
Other Requested Terms: <u>1) Annual ten-year allocation of low-income housing tax credits 2) Tax exempt bonds</u>			
Proposed Use of Funds: <u>New Construction</u>		Property Type: <u>Multifamily</u>	

RECOMMENDATION

- RECOMMEND APPROVAL OF ISSUANCE OF UP TO \$11,500,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS SUBJECT TO CONDITIONS.
- RECOMMEND APPROVAL OF HOUSING TAX CREDITS NOT TO EXCEED \$729,073 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

CONDITIONS

1. Annual debt service for the bonds after conversion from the construction period may not exceed \$759,002 including mortgage insurance payments.
2. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to any purchase options held by other parties.
3. Receipt review and acceptance of a noise study from the ESA inspector by bond closing.
4. Should the terms or rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount me be warranted.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

REVIEW of PREVIOUS UNDERWRITING REPORTS

No previous reports.

DEVELOPMENT SPECIFICATIONS

IMPROVEMENTS

Total Units: 204 **# Rental Buildings:** 15 **# Common Area Bldgs:** 1 **# of Floors:** 2 **Age:** N/A yrs **Vacant:** N/A at / /
Net Rentable SF: 210,856 **Av Un SF:** 972 **Common Area SF:** 4,523 **Gross Bldg SF:** 215,379

STRUCTURAL MATERIALS

The structures will have wood frames on post-tensioned concrete slabs. According to the plans provided in the application the exterior will be comprised of 40% masonry/brick veneer, 20% cement fiber siding, and 40% stucco. The interior wall surfaces will be painted or papered drywall. The pitched roofs will be finished with asphalt composite shingles.

APPLIANCES AND INTERIOR FEATURES

The interior flooring will be a combination of carpeting and vinyl. Each unit will include a range and oven, hood and fan, garbage disposal, dishwasher, refrigerator, microwave oven, tile tub and shower, washer and dryer connections, laminated counter tops, individual water heaters, and 9-foot ceilings.

ON-SITE AMENITIES

A 4,523-square foot community building will include: activity room, management offices, laundry facilities, restrooms, and computer/business center. A swimming pool, a basketball court, and a playground are also to be located on the property. Perimeter fencing with limited access gates will enclose the site

Uncovered Parking: 373 spaces **Carpports:** 0 spaces **Garages:** 50 spaces

PROPOSAL and DEVELOPMENT PLAN DESCRIPTION

Description: The Sphinx at Delafield is a dense (19 units per acre) new construction development of 204 affordable housing units located in east Dallas. The development is comprised of 15 evenly distributed, medium-sized, garden style residential buildings as follows:

- 6 Building Type I with 3 one-bedroom/one-bath units, 8 two-bedroom/one-bath units, 2 two-bedroom/one-bath units and 4 three-bedroom/two-bath units;
- 4 Building Type II with 4 one-bedroom/one-bath units, 2 two-bedroom/one-bath units, 7 three-bedroom/two-bath units; and
- 5 Building Type III with 2 one-bedroom/one-bath units, 2 two-bedroom/one-bath units, 2 two-bedroom/two-bath units and 4 three-bedroom/two-bath units.

Architectural Review: Each of the units appears well arranged with an adequate amount of space in each of the rooms and work areas.

Supportive Services: The Applicant has included \$35,000 annually within the operating budget for supportive services, and named Social Services Management Consultants as the service provider.

SITE ISSUES

SITE DESCRIPTION

Size: 12.141 acres 528,862 square feet **Zoning/ Permitted Uses:** Light Industrial
Flood Zone Designation: Zone X **Status of Off-Sites:** Partially Improved

SITE and NEIGHBORHOOD CHARACTERISTICS

Location: The site is a rectangularly-shaped parcel located in the east area of Dallas, approximately seven miles from the central business district. The site is situated on the south side of Hoyle Avenue.

Adjacent Land Uses:

- **North:** Hoyle Avenue with light industrial businesses and Union Pacific Railroad beyond.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

- **South:** Forester Stadium and athletic fields
- **East:** Undeveloped land across Delafield, zoned light industrial
- **West:** Single family residential

Site Access: The development is to have two main entrances, one from the east by Delafield, and the other to the north from Hoyle. Access to Interstate Highway 30 is approximately two miles north, which provides connections to all other major roads serving the Dallas area.

Public Transportation: Public transportation to the area is provided by the Dallas Area Rapid Transit System. The location of the nearest bus stop is approximately one half mile away at the corner of Buckner and Military Parkway.

Shopping & Services: The site is within one mile of major grocery stores, pharmacies, and other retail establishments and restaurants. Schools, churches, hospitals and health care facilities are located within a short driving distance from the site.

Site Inspection Findings: TDHCA staff performed a site inspection on April 13, 2004 and found the location to be acceptable for the proposed development.

The site was zoned for light industrial uses. The Applicant applied to have the land rezoned for multifamily and received City Council approval for MF-2(A) on May 26, 2004.

The commitment for title insurance shows an option to purchase the property held by Vehicles, Inc, a Delaware Corporation. Receipt, review and acceptance prior to the issuance of bonds or a determination notice of evidence that the property is no longer subject to the option to purchase is a condition of approval.

HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)

A Phase I Environmental Site Assessment report dated February 24, 2004 was prepared by Reed Engineering Group. The assessment identified no evidence of recognized environmental conditions. The ESA inspector recognized that the site is located within 3,000 feet of a Union Pacific Railroad and three railroad spurs and attempted to contact Union Pacific Railroad to complete a noise study. At the time the report was completed, however, the information from Union Pacific Railroad had not been provided and therefore the noise study is said to be forth coming upon receipt of this information. This report is conditioned upon receipt review and acceptance of a noise study by the EDA inspector prior to bond closing.

POPULATIONS TARGETED

Income Set-Aside: The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 50% at 50% / 50% at 60% option. All of the units will be reserved for low-income tenants: half reserved for households earning 50% or less of AMGI, and half for households earning 60% or less of AMGI.

MAXIMUM ELIGIBLE INCOMES						
	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
60% of AMI	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

MARKET HIGHLIGHTS

A market feasibility study dated March 17, 2004 was prepared by Butler Burgher, Inc. (“Market Analyst”) and highlighted the following findings:

Definition of Primary Market Area (PMA): “The Primary Market Area (PMA) is defined as the portions of the City of Dallas, Mesquite, and Balch Springs that are located south of IH 30, west of IH 635 and north and east of US 175” (p. 59). This area encompasses approximately 32.85 square miles and is equivalent to a circle with a radius of 3.23 miles.

Population: The estimated 2003 population of the PMA was 128,280 and is expected to increase by 1.4% annually to approximately 137,292 by 2008. Within the primary market area there were estimated to be

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

39,877 households in 2003.

Total Primary Market Demand for Rental Units: The Market Analyst calculated a total demand of 5,287 qualified households in the PMA, based on the current estimate of 39,877 households, the projected annual growth rate of 1.4%, renter households estimated at 40.52% of the population, income-qualified households estimated at 52.55%, and an annual renter turnover rate of 60%. (p. 77). The Market Analyst used an income band of \$0 to \$41,490 based upon the assumption that Section 8 Vouchers would be accepted at the property but provided no additional details regarding Section 8 Voucher availability to the lowest income residents in this market. Therefore, the Underwriter recalculated the income band with at a minimum income of \$18,480.

ANNUAL INCOME-ELIGIBLE SUBMARKET DEMAND SUMMARY				
Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	192	4%	52	2%
Resident Turnover	5,095	96%	2,772	98%
TOTAL ANNUAL DEMAND	5,287	100%	2,824	100%

Ref: p. 5

Inclusive Capture Rate: The Market Analyst calculated an inclusive capture rate of 9.42% based upon 5,287 units of demand and 498 unstabilized affordable housing in the PMA (including the subject) (p. 77). The Underwriter calculated an inclusive capture rate of 14.23% based upon a revised supply of 402 unstabilized, comparable, affordable units divided by a demand of 2,824.

Market Rent Comparables: The Market Analyst surveyed six comparable apartment projects totaling 1,718 units in the market area.

RENT ANALYSIS (net tenant-paid rents)					
Unit Type (% AMI)	Proposed	Program Max	Differential	Est. Market	Differential
1-Bedroom (50%)	\$539	\$539	\$0	\$669	-\$130
1-Bedroom (60%)	\$665	\$664	+\$1	\$669	-\$4
2-Bedroom (50%)	\$642	\$642	\$0	\$870	-\$228
2-Bedroom (60%)	\$793	\$792	+\$1	\$870	-\$77
3-Bedroom (50%)	\$737	\$737	\$0	\$1,010	-\$273
3-Bedroom (60%)	\$910	\$910	\$0	\$1,010	-\$100

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

Primary Market Occupancy Rates: “Gross occupancy levels had been stable around 90% but have recently decreased to the current 82.5%. M/PF Research, Inc. forecasts occupancy in this submarket to decrease 0.6% to 81.9% over the next year due to absorption of new completions, and supply and demand becoming more balanced” (p. 72).

Absorption Projections: “The D/FW area had a net positive absorption for the past three years and 8,990 units are forecast for absorption in the next 12 months” (p. 79).

“Absorption was negative for the submarket over the year ending 4th Quarter 2003 (-90 units), compared to the previous positive absorption in 2002 (410) and the forecast positive absorption in 2004 (420 units)” (p. 72).

“These calculations result in an average forecast demand of 96 units/year through 2008. These figures are based on 2004 Claritas, Inc.’s 2003 and 2008 projected demographic performance of the area” (p. 78).

Based on the absorption rates of comparable properties, an “absorption rate of 5 to 20 units per month is reasonable for the subject, as encumbered by LIHTC, resulting in a 7-month absorption period from completion to obtain stabilized physical occupancy” (p. 79).

“The subject developer has projected an encumbered vacancy and collection loss allowance of 93%, similar to the level required by TDHCA. The developer’s projection is similar to that indicated [by vacancy rates] in the market; it is a slightly aggressive estimate that may not be sustainable in the marketplace when also

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

considering collection loss. Therefore, we have estimated a stabilized vacancy and collection loss allowance of 8.0%” (p. 91).

Known Planned Development: “According to M/PF Research, Inc. 541 new units were added during the year ending 2003. ... The new additions were affordable product, which will serve the lower income segments of the population” (p. 79).

“Another 584 units are forecast for completion by September 2004 and another 336 units are scheduled to be complete in January 2005” (p. 72).

Effect on Existing Housing Stock: “The addition of the subject units is not expected to impact the overall vacancy rate of the submarket since the subject is expected to quickly lease-up to stabilization with occupancy in the mid 90%” (p. 91).

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

OPERATING PROFORMA ANALYSIS

Income: The Applicant’s rent projections are the maximum rents allowed under HTC program guidelines, and are achievable according to the Market Analyst. The Applicant included secondary income of \$32.19 per unit which included 40 garages at \$50 each and 80 covered parking spaces at \$15 each. While the Market Study contained evidence that these were reasonable asking rates for such amenities, the Study did not provide an analysis of the vacancy rate or need to use these amenities in conjunction with other concessions to maintain overall occupancy. The Applicant included only garages in the final set of plans provided but did not exclude the costs for same from eligible basis. The Underwriter compared secondary income levels of several similar developments in the area and included the garage income with a 50% combined physical and economic vacancy rate for this amenity. The Applicant used a vacancy and collection loss rate of 7% which is less than the 7.5% TDHCA guideline and the 8% estimate by the Market Analyst and this also contributed to the gross income estimate \$35,104 higher than the Underwriter’s estimate.

Expenses: The Applicant’s total expense estimate of \$4,105 per unit is within 3.2% of the TDHCA database-derived estimate of \$4,241 per unit for comparably-sized developments. Significant difference from TDHCA’s data were noted in general and administrative expenses (\$32,430 lower), and payroll (\$31,620 lower). The Applicant also appears to have overstated expenses for providing tenant services by \$24,800 based on the contract the Applicant provided with the supportive services provider.

Conclusion: The Applicant’s net operating income (NOI) estimate is not within 5% of the Underwriter’s estimate. Therefore, the Underwriter’s NOI will be used to evaluate debt service capacity.

Due to the differences in income and expenses, the Underwriter’s estimated debt coverage ratio (DCR) of 1.01 for the bonds only is less than the program minimum standard of 1.10. Therefore, the maximum annual debt service for this project should be limited to \$759,002. Program staff are recommending a maximum issuance of \$11,500,000 in tax exempt bonds, with a projected annual debt service of \$754,941, which would result in a debt coverage ratio of 1.11. See financing discussion below.

ACQUISITION VALUATION INFORMATION

ASSESSED VALUE

Land: 13 acres	\$197,850	Assessment for the Year of:	2003
Building:	N/A	Valuation by:	Dallas Central Appraisal District
Total Assessed Value:	\$197,850	Tax Rate:	\$2.88046

EVIDENCE of SITE or PROPERTY CONTROL

Type of Site Control:	Unimproved Commercial Property Contract					
Contract Expiration Date:	08/	30/	2004	Anticipated Closing Date:	07/	01/ 2004
Acquisition Cost:	\$107,500 plus improvement of a parking			Other Terms/Conditions:	For 1.5 acres	

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

	lot for seller
Seller: D. Cecil Williams Trust	Related to Development Team Member: No
Type of Site Control:	Unimproved Commercial Property Contract
Contract Expiration Date: 08/ 30/ 2004	Anticipated Closing Date: 07/ 01/ 2004
Acquisition Cost: \$500,000	Other Terms/Conditions: For 10.6 acres
Seller: Redden Electrical Contractors, Inc.	Related to Development Team Member: No

CONSTRUCTION COST ESTIMATE EVALUATION

Acquisition Value: The site is controlled under two contracts with separate sellers. One section of the site, 10.6 acres in area, will be sold for \$500,000 by Redden Electrical contractors. Consideration for the second 1.5 acre part of the site includes \$107,500 plus the condition that the buyer develops one acre of land retained by the seller as a parking lot. The earnest money contract stipulates that \$150,000 will be held in escrow with the title agent to ensure the completion of the parking lot. No design plan for the development of the off-site parking lot was included with the application. Based on the estimate that the available space could accommodate approximately 98 parking spaces, the Underwriter used Marshall & Swift's *Residential Cost Handbook* to estimate a probable cost of approximately \$63,123 for the development of the off-site parking lot. Although development of the parking lot is part of the consideration for the purchase of the property, the Underwriter included the associated cost in the line for off-site costs in order to distinguish it from cash paid to purchase the site. The acquisition costs indicated under the two earnest money contracts submitted, including the estimated cost of developing an off-site parking lot, total \$670,623. The Applicant's allowance of \$755,000 for acquisition costs in their cost schedule, therefore, is overstated based on the information provided. The Underwriter's estimated acquisition costs of \$670,623 (\$1.27/SF, \$55,423/acre, or \$3,287/unit) is assumed to be reasonable since the acquisitions are at arm's-length.

Off-Site Costs: See discussion in "Acquisition Value" above.

Sitework Cost: The Applicant's claimed site work costs of \$7,495 per unit are within the safe harbor guidelines for site work costs for multifamily projects.

Direct Construction Cost: The Applicant's direct construction cost estimate is \$54,266 or less than 1% higher than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate.

Ineligible Costs: Because the proposed garages will be offered to residents at a cost in addition to the maximum rents, the estimated cost to construct the garages was removed from eligible basis for both the Underwriter's and the Applicant's estimates.

Fees: The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within the maximums allowed by TDHCA guidelines.

Conclusion: The Applicant's direct construction costs, and total development cost are within 5% of the Underwriter's estimate. Therefore, the Applicant's cost estimate as adjusted by the Underwriter is used to calculate eligible basis and determine the HTC allocation. As a result, the Applicant's revised eligible basis of \$16,115,666 would render a potential credit allocation of \$743,738 which is more than the Applicant's request of \$729,073 and the latter will be used to compare to the gap of funds to determine the recommended credit amount.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

FINANCING STRUCTURE	
INTERIM TO PERMANENT BOND FINANCING	
Source: <u>Malone Mortgage Company</u>	Contact: <u>Jeff Rogers</u>
Tax-Exempt Amount: <u>\$11,581,700</u>	Interest Rate: <u>5.60% (plus 0.50% MIP)</u>
Additional Information:	
Amortization: <u>38</u> yrs	Term: <u>40</u> yrs
Commitment: <input checked="" type="checkbox"/> LOI <input type="checkbox"/> Firm <input type="checkbox"/> Conditional	
Annual Payment: <u>\$784,593</u>	Lien Priority: <u>1st</u> Commitment Date 04/ 09/ 2004
TAX CREDIT SYNDICATION	
Source: <u>Wachovia Securities</u>	Contact: <u>Tim McCann</u>
Address: <u>301 South College Street, TW-17</u>	City: <u>Charlotte</u>
State: <u>NC</u> Zip: <u>28288</u> Phone: <u>(704) 374-3468</u> Fax: <u>(704) 383-9525</u>	
Net Proceeds: <u>\$5,802,317</u>	Net Syndication Rate (per \$1.00 of 10-yr LIHTC) <u>82¢</u>
Commitment <input type="checkbox"/> LOI <input type="checkbox"/> Firm <input checked="" type="checkbox"/> Conditional Date: 04/ 09/ 2004	
Additional Information: <u>Syndicator's commitment is based on the receipt of \$708,304 in tax credits annually.</u>	
APPLICANT EQUITY	
Amount: <u>\$380,322</u>	Source: <u>Deferred Developer Fee</u>
FINANCING STRUCTURE ANALYSIS	
<p><u>Interim to Permanent Bond Financing:</u> The tax-exempt bonds are to be issued by TDHCA and publicly offered. The mortgage loan will be FHA-insured under the 221(d)(4) program. The permanent financing commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application, and the Applicant's operating proforma. The Applicant's use of a lower interest rate and longer amortization period than stated by the lender resulted in a slightly lower annual debt service.</p>	
<p><u>HTC Syndication:</u> The tax credit syndication commitment is inconsistent with the terms reflected in the sources and uses of funds listed in the application. In particular, the syndicator indicated the provision of \$5,802,317 in equity, rather than \$5,972,418 as indicated by the Applicant, the difference being due to the syndicator's anticipated receipt of \$708,304 in tax credits annually, rather than the requested \$729,073.</p>	
<p><u>Deferred Developer's Fees:</u> The Applicant's proposed deferred developer's fees of \$380,322 would amount to 19% of the total fees.</p>	
<p><u>Financing Conclusions:</u> Due to the difference in estimated net operating income, the Underwriter's estimated debt coverage ratio (DCR) of 1.01 for the Applicant's requested bond issuance of \$12,270,000 is less than the program minimum standard of 1.10. While the estimated debt service for the recommended bond issuance of \$11,500,000 would result in a DCR of 1.11, this estimate has been based on an assumed interest rate of 5.35% plus an annual mortgage insurance premium of 0.50%. If the pricing of the bonds is not so favorable, then it may be possible that the bonds issued may be less. Therefore, the maximum annual debt service for this development should not exceed \$759,002, including the mortgage insurance premiums associated with the FHA insurance.</p>	
<p>Based on the Applicant's requested annual tax credits being lower than the amount derived from the revised estimate of eligible basis, the HTC allocation should not exceed \$729,073 annually for ten years, resulting in syndication proceeds of approximately \$5,972,420. To compensate for the reduction in loan funds and tax credit equity, the Applicant's deferred developer fee will be increased to \$1,065,942, which amounts to approximately 53% of the total fee and which should be repayable by the eighth year of stabilized operations.</p>	

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS
MULTIFAMILY UNDERWRITING ANALYSIS**

**DEVELOPMENT TEAM
IDENTITIES of INTEREST**

The Applicant and Developer are related entities. This is a common relationship for HTC-funded developments.

APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE

Financial Highlights:

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Developer, Sphinx Development Corporation, submitted an unaudited financial statement as of December 31, 2003 reporting total assets of \$2,812,351 and consisting of \$79,162 in cash, \$5,500 in earnest money escrows, \$40,543 in machinery, equipment, and fixtures, and \$2,607,984 in developer's notes and partnership interests. Liabilities totaled \$51,455, resulting in a net worth of \$2,760,896.
- The principals of the General Partner, Jay O. Oji and Joseph N. Agumadu, submitted unaudited financial statements as of December 31, 2004 and are anticipated to be guarantors of the development.

Background & Experience:

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the contractor has met the Department's experience requirements and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

SUMMARY OF SALIENT RISKS AND ISSUES

- The Applicant's operating proforma is more than 5% outside of the Underwriter's verifiable ranges.
- The recommended amount of deferred developer fee cannot be repaid within ten years and any amount unpaid past ten years would be removed from eligible basis.
- The site is not currently zoned appropriately for the proposed development and rezoning is subject to local approval.
- An option for the purchase of the property is held by another entity and should be cleared before issuance of bonds or a determination notice.
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

Underwriter:	_____	Date:	June 18, 2004
	<i>Stephen Apple</i>		
Director of Real Estate Analysis:	_____	Date:	June 18, 2004
	<i>Tom Gouris</i>		

MULTIFAMILY COMPARATIVE ANALYSIS

Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

Type of Unit	Number	Bedrooms	No. of Baths	Size in SF	Gross Rent Lmt.	Net Rent per Unit	Rent per Month	Rent per SF	Tnt Pd Util	Wtr, Swr, Trsh
TC 50%	22	1	1	778	\$623	\$539	\$11,858	\$0.69	\$84.00	\$52.00
TC 60%	22	1	1	778	748	664	14,608	0.85	84.00	52.00
TC 50%	44	2	1.5	1,023	748	642	28,248	0.63	106.00	58.00
TC 60%	44	2	1.5	1,023	898	792	34,848	0.77	106.00	58.00
TC 50%	36	3	2.5	1,203	864	737	26,532	0.61	127.00	67.00
TC 60%	36	3	2.5	1,203	1,037	910	32,760	0.76	127.00	67.00
TOTAL:	204		AVERAGE:	1,034	\$838	\$730	\$148,854	\$0.71	\$108.67	\$59.88

INCOME

Total Net Rentable Sq Ft: **210,856**

POTENTIAL GROSS RENT

Secondary Income Per Unit Per Month: \$21.13
 Other Support Income: (describe)

POTENTIAL GROSS INCOME

Vacancy & Collection Loss % of Potential Gross Income: -7.50%
 Employee or Other Non-Rental Units or Concessions

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	4.90%	\$408	0.39
Management	5.00%	417	0.40
Payroll & Payroll Tax	10.26%	855	0.83
Repairs & Maintenance	5.57%	464	0.45
Utilities	2.48%	207	0.20
Water, Sewer, & Trash	5.33%	444	0.43
Property Insurance	3.10%	258	0.25
Property Tax 2.88046	10.37%	864	0.84
Reserve for Replacements	2.40%	200	0.19
Compliance, Services, Security	1.49%	124	0.12
TOTAL EXPENSES	50.89%	\$4,241	\$4.10
NET OPERATING INC	49.11%	\$4,093	\$3.96

DEBT SERVICE

	% of TOTAL	PER UNIT	PER SQ FT
First Lien Mortgage	47.38%	\$3,948	\$3.82
Trustee Fee	0.21%	\$17	\$0.02
TDHCA Admin. Fees	0.72%	\$60	\$0.06
Asset Oversight Fees	0.30%	\$25	\$0.02
NET CASH FLOW	0.71%	\$59	\$0.06

AGGREGATE DEBT COVERAGE RATIO

INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO (Bonds only)

	TDHCA	APPLICANT
POTENTIAL GROSS RENT	\$1,786,248	\$1,787,040
Secondary Income	51,720	78,792
Other Support Income	0	0
POTENTIAL GROSS INCOME	\$1,837,968	\$1,865,832
Vacancy & Collection Loss	(137,848)	(130,608)
Employee or Other Non-Rental Units or Concessions	0	0
EFFECTIVE GROSS INCOME	\$1,700,120	\$1,735,224
TOTAL EXPENSES	\$865,218	\$837,433
NET OPERATING INC	\$834,902	\$897,791
First Lien Mortgage	\$805,489	\$802,510
Trustee Fee	\$3,500	\$0
TDHCA Admin. Fees	12,270	0
Asset Oversight Fees	5,100	0
NET CASH FLOW	\$12,044	\$95,281
AGGREGATE DEBT COVERAGE RATIO	1.01	1.12
INITIAL BONDS & TRUSTEE FEE-ONLY DEBT COVERAGE RATIO	1.03	
RECOMMENDED DEBT COVERAGE RATIO (Bonds only)	1.11	

	PER SQ FT	PER UNIT	% OF EGI
General & Administrative	\$0.24	\$249	2.93%
Management	0.48	500	5.88%
Payroll & Payroll Tax	0.68	700	8.23%
Repairs & Maintenance	0.44	450	5.29%
Utilities	0.24	250	2.94%
Water, Sewer, & Trash	0.30	308	3.62%
Property Insurance	0.24	250	2.94%
Property Tax 2.88046	0.92	954	11.22%
Reserve for Replacements	0.19	198	2.33%
Compliance, Services, Security	0.24	246	2.89%
TOTAL EXPENSES	\$3.97	\$4,105	48.26%
NET OPERATING INC	\$4.26	\$4,401	51.74%

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		3.32%	\$2,978	\$2.88
Off-Sites		0.34%	309	0.30
Sitework		8.34%	7,495	7.25
Direct Construction		51.73%	46,463	44.95
Contingency 1.84%	1.84%	1.11%	995	0.96
General Req'ts 5.54%	5.54%	3.33%	2,990	2.89
Contractor's G & A 1.84%	1.84%	1.11%	995	0.96
Contractor's Profit 5.54%	5.54%	3.33%	2,990	2.89
Indirect Construction		2.45%	2,198	2.13
Ineligible Costs		5.57%	5,002	4.84
Developer's G & A 2.99%	2.99%	2.29%	2,059	1.99
Developer's Profit 11.24%	11.24%	8.62%	7,745	7.49
Interim Financing		5.35%	4,801	4.65
Reserves		3.11%	2,794	2.70
TOTAL COST		100.00%	\$89,816	\$86.90
Recap-Hard Construction Costs		68.95%	\$61,929	\$59.92

	TDHCA	APPLICANT
Acquisition Cost (site or bldg)	\$607,500	\$755,000
Off-Sites	63,123	0
Sitework	1,529,000	1,529,000
Direct Construction	9,478,534	9,532,800
Contingency 1.84%	203,000	203,000
General Req'ts 5.54%	610,000	610,000
Contractor's G & A 1.84%	203,000	203,000
Contractor's Profit 5.54%	610,000	610,000
Indirect Construction	448,366	448,366
Ineligible Costs	1,020,454	1,182,074
Developer's G & A 2.99%	420,000	420,000
Developer's Profit 11.24%	1,580,000	1,580,000
Interim Financing	979,500	979,500
Reserves	570,000	570,000
TOTAL COST	\$18,322,476	\$18,622,740
Recap-Hard Construction Costs	\$12,633,534	\$12,687,800

	PER SQ FT	PER UNIT	% of TOTAL
Acquisition Cost (site or bldg)	\$3.58	\$3,701	4.05%
Off-Sites	0.00	0	0.00%
Sitework	7.25	7,495	8.21%
Direct Construction	45.21	46,729	51.19%
Contingency 1.84%	0.96	995	1.09%
General Req'ts 5.54%	2.89	2,990	3.28%
Contractor's G & A 1.84%	0.96	995	1.09%
Contractor's Profit 5.54%	2.89	2,990	3.28%
Indirect Construction	2.13	2,198	2.41%
Ineligible Costs	5.61	5,794	6.35%
Developer's G & A 2.99%	1.99	2,059	2.26%
Developer's Profit 11.24%	7.49	7,745	8.48%
Interim Financing	4.65	4,801	5.26%
Reserves	2.70	2,794	3.06%
TOTAL COST	\$88.32	\$91,288	100.00%
Recap-Hard Construction Costs	\$60.17	\$62,195	68.13%

SOURCES OF FUNDS

	% of TOTAL	PER UNIT	PER SQ FT
First Lien Mortgage	66.97%	\$60,147	\$58.19
Additional Financing	0.00%	\$0	\$0.00
HTC Syndication Proceeds	32.60%	\$29,277	\$28.32
Deferred Developer Fees	2.08%	\$1,864	\$1.80
Additional (excess) Funds Required	-1.64%	(\$1,472)	(\$1.42)
TOTAL SOURCES			

	TDHCA	APPLICANT
First Lien Mortgage	\$12,270,000	\$12,270,000
Additional Financing	0	0
HTC Syndication Proceeds	5,972,418	5,972,418
Deferred Developer Fees	380,322	380,322
Additional (excess) Funds Required	(300,264)	0
TOTAL SOURCES	\$18,322,476	\$18,622,740

	RECOMMENDED	
First Lien Mortgage	\$11,500,000	Developer Fee Available
Additional Financing	0	\$2,000,000
HTC Syndication Proceeds	5,972,420	% of Dev. Fee Deferred
Deferred Developer Fees	1,065,942	53%
Additional (excess) Funds Required	0	15-Yr Cumulative Cash Flow
TOTAL SOURCES	\$18,538,363	\$2,688,736.70

MULTIFAMILY COMPARATIVE ANALYSIS (continued)
Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

DIRECT CONSTRUCTION COST ESTIMATE

Residential Cost Handbook
 Average Quality Mixed Townhouse Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$ 47.23	\$9,958,484
Adjustments				
Exterior Wall Finish	2.96%		\$1.40	\$294,771
9-Ft. Ceilings	3.40%		1.61	338,588
Roofing			0.00	0
Subfloor			(0.87)	(182,953)
Floor Cover			2.32	488,764
Porches/Balconies	\$16.36	15,634	1.21	255,772
Plumbing	\$680	522	1.68	354,960
Built-In Appliances	\$1,965	204	1.90	400,860
Stairs/Fireplaces			0.00	0
Floor Insulation			0.00	0
Heating/Cooling			1.79	377,011
Garages/Carports	\$13.44	11,760	0.75	158,054
Comm &/or Aux Bldgs	\$60.46	4,523	1.30	273,465
Other:			0.00	0
SUBTOTAL			60.31	12,717,777
Current Cost Multiplier	1.03		1.81	381,533
Local Multiplier	0.90		(6.03)	(1,271,778)
TOTAL DIRECT CONSTRUCTION COSTS			\$56.09	\$11,827,533
Plans, specs, survy, bld prr	3.90%		(\$2.19)	(\$461,274)
Interim Construction Interest	3.38%		(1.89)	(399,179)
Contractor's OH & Profit	11.50%		(6.45)	(1,360,166)
NET DIRECT CONSTRUCTION COSTS			\$45.56	\$9,606,913

PAYMENT COMPUTATION

Primary	\$12,270,000	Amort	456
Int Rate	5.85%	DCR	1.04

Secondary	\$0	Amort	
Int Rate	0.00%	Subtotal DCR	1.03

Additional	\$0	Amort	
Int Rate		Aggregate DCR	1.01

RECOMMENDED FINANCING STRUCTURE:

Primary Debt Service	\$754,941
Trustee Fee	3,500
TDHCA Admin & Asset Oversight Fee	17,370
NET CASH FLOW	\$59,092

Primary	\$11,500,000	Amort	456
Int Rate	5.85%	DCR	1.11

Secondary	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.08

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

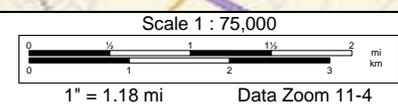
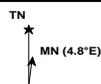
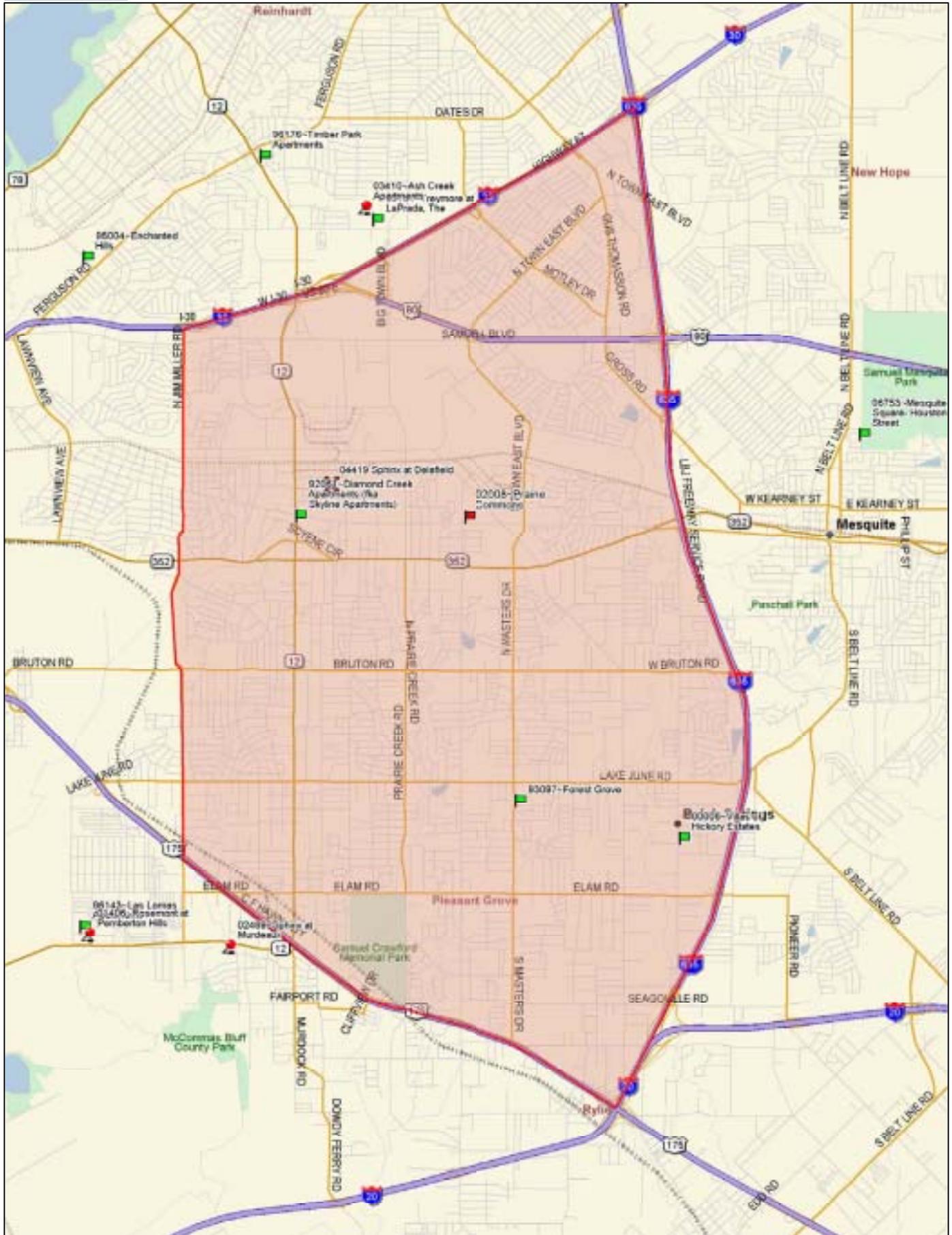
INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$1,786,248	\$1,839,835	\$1,895,031	\$1,951,881	\$2,010,438	\$2,330,648	\$2,701,860	\$3,132,197	\$4,209,410
Secondary Income	51,720	53,272	54,870	56,516	58,211	67,483	78,231	90,691	121,882
Other Support Income: (desc)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	1,837,968	1,893,107	1,949,900	2,008,397	2,068,649	2,398,131	2,780,092	3,222,888	4,331,292
Vacancy & Collection Loss	(137,848)	(141,983)	(146,243)	(150,630)	(155,149)	(179,860)	(208,507)	(241,717)	(324,847)
Employee or Other Non-Renta	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$1,700,120	\$1,751,124	\$1,803,658	\$1,857,767	\$1,913,500	\$2,218,272	\$2,571,585	\$2,981,171	\$4,006,445
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
General & Administrative	\$83,230	\$86,559	\$90,021	\$93,622	\$97,367	\$118,462	\$144,127	\$175,353	\$259,565
Management	85,006	87,556	90,183	92,888	95,675	110,914	128,579	149,059	200,322
Payroll & Payroll Tax	174,420	181,397	188,653	196,199	204,047	248,254	302,039	367,477	543,955
Repairs & Maintenance	94,625	98,410	102,346	106,440	110,697	134,680	163,859	199,360	295,101
Utilities	42,171	43,858	45,612	47,437	49,334	60,023	73,027	88,848	131,517
Water, Sewer & Trash	90,668	94,295	98,067	101,989	106,069	129,049	157,008	191,024	282,762
Insurance	52,714	54,823	57,015	59,296	61,668	75,028	91,284	111,060	164,397
Property Tax	176,284	183,336	190,669	198,296	206,228	250,907	305,267	371,404	549,769
Reserve for Replacements	40,800	42,432	44,129	45,894	47,730	58,071	70,652	85,959	127,241
Other	25,300	26,312	27,364	28,459	29,597	36,010	43,811	53,303	78,902
TOTAL EXPENSES	\$865,218	\$898,977	\$934,060	\$970,521	\$1,008,413	\$1,221,398	\$1,479,654	\$1,792,847	\$2,633,531
NET OPERATING INCOME	\$834,902	\$852,147	\$869,598	\$887,247	\$905,088	\$996,873	\$1,091,931	\$1,188,324	\$1,372,914
DEBT SERVICE	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
First Lien Financing	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941	\$754,941
Second Lien	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Other Financing	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370	17,370
NET CASH FLOW	\$59,092	\$76,337	\$93,787	\$111,436	\$129,277	\$221,063	\$316,120	\$412,514	\$597,103
DEBT COVERAGE RATIO	1.08	1.10	1.12	1.14	1.17	1.28	1.41	1.53	1.77

LIHTC Allocation Calculation - Sphinx at Delafield, Dallas, MRB #2004-010, HTC #04419

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
(1) Acquisition Cost				
Purchase of land	\$755,000	\$607,500		
Purchase of buildings				
(2) Rehabilitation/New Construction Cost				
On-site work	\$1,529,000	\$1,529,000	\$1,529,000	\$1,529,000
Off-site improvements		\$63,123		
(3) Construction Hard Costs				
New structures/rehabilitation hard costs	\$9,532,800	\$9,478,534	\$9,532,800	\$9,478,534
(4) Contractor Fees & General Requirements				
Contractor overhead	\$203,000	\$203,000	\$203,000	\$203,000
Contractor profit	\$610,000	\$610,000	\$610,000	\$610,000
General requirements	\$610,000	\$610,000	\$610,000	\$610,000
(5) Contingencies	\$203,000	\$203,000	\$203,000	\$203,000
(6) Eligible Indirect Fees	\$448,366	\$448,366	\$448,366	\$448,366
(7) Eligible Financing Fees	\$979,500	\$979,500	\$979,500	\$979,500
(8) All Ineligible Costs	\$1,182,074	\$1,020,454		
(9) Developer Fees				
Developer overhead	\$420,000	\$420,000	\$420,000	\$420,000
Developer fee	\$1,580,000	\$1,580,000	\$1,580,000	\$1,580,000
(10) Development Reserves	\$570,000	\$570,000		
TOTAL DEVELOPMENT COSTS	\$18,622,740	\$18,322,476	\$16,115,666	\$16,061,400

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$16,115,666	\$16,061,400
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$20,950,366	\$20,879,820
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$20,950,366	\$20,879,820
Applicable Percentage		3.55%	3.55%
TOTAL AMOUNT OF TAX CREDITS		\$743,738	\$741,234

Syndication Proceeds	0.8192	\$6,092,553	\$6,072,037
Total Credits (Eligible Basis Method)		\$743,738	\$741,234
Syndication Proceeds		\$6,092,553	\$6,072,037
Requested Credits		\$729,073	
Syndication Proceeds		\$5,972,420	
Gap of Syndication Proceeds Needed		\$7,122,740	
Credit Amount		\$869,496	



RENT CAP EXPLANATION Dallas MSA

AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "**affordable**" if the total housing expense (rent and utilities) that the tenant pays is **equal to or less than 30%** of the tenant's household income (as determined by HUD).

Rent Caps are established at this **30%** "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004

MSA/County: Dallas **Area Median Family Income (Annual):** \$65,100

ANNUALLY				MONTHLY								
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below				At or Below			
	50%	60%	80%		50%	60%	80%		50%	60%	80%	
1	\$ 23,300	\$ 27,960	\$ 37,250	Efficiency	\$ 582	\$ 699	\$ 931	84.00	\$ 582	\$ 699	\$ 931	
2	26,600	31,920	42,550	1-Bedroom	623	748	997		539	664	913	
3	29,950	35,940	47,900	2-Bedroom	748	898	1,197		106.00	642	792	1,091
4	33,250	39,900	53,200	3-Bedroom	864	1,037	1,383		127.00	737	910	1,256
5	35,900	43,080	57,450	4-Bedroom	963	1,156	1,542			963	1,156	1,542
6	38,550	46,260	61,700	5-Bedroom	1,064	1,277	1,701			1,064	1,277	1,701
7	41,250	49,500	65,950									
8	43,900	52,680	70,200									
FIGURE 1				FIGURE 2				FIGURE 3	FIGURE 4			

Figure 1 outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$33,000 per year would fall in the 60% set-aside group. A family of three earning \$28,000 would fall in the 50% set-aside group.

Figure 2 shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 50% income bracket earning \$29,950 could not pay more than \$748 for rent and utilities under the affordable definition.

- 1) \$29,950 divided by 12 = **\$2,496** monthly income; then,
- 2) **\$2,496** monthly income times 30% = **\$748** maximum total housing expense.

Figure 4 displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in *Figure 3* from the maximum total housing expense for each unit type found in *Figure 2*.

Figure 3 shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

RESULTS & ANALYSIS: for 50% AMFI Units

Tenants in the 50% AMFI bracket will **save \$153 to \$322** per month (leaving 6.9% to 11.2% more of their monthly income for food, child care and other living expenses).
 This is a monthly savings off the market rents of **22.2% to 30.4%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	778	1,023	1,203
Rents if Offered at Market Rates	\$692	\$900	\$1,059
Rent per Square Foot	\$0.89	\$0.88	\$0.88

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 50% AMFI Set-Aside	\$539	\$642	\$737
Monthly Savings for Tenant	\$153	\$258	\$322
Rent per square foot	\$0.69	\$0.63	\$0.61
Maximum Monthly Income - 50% AMFI	\$2,217	\$2,496	\$2,881
Monthly Savings as % of Monthly Income	6.9%	10.3%	11.2%
% DISCOUNT OFF MONTHLY RENT	22.2%	28.7%	30.4%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 77206. Report dated April 26, 2004.

Sphinx at Delafield Apartments

RESULTS & ANALYSIS: for 60% AMFI units

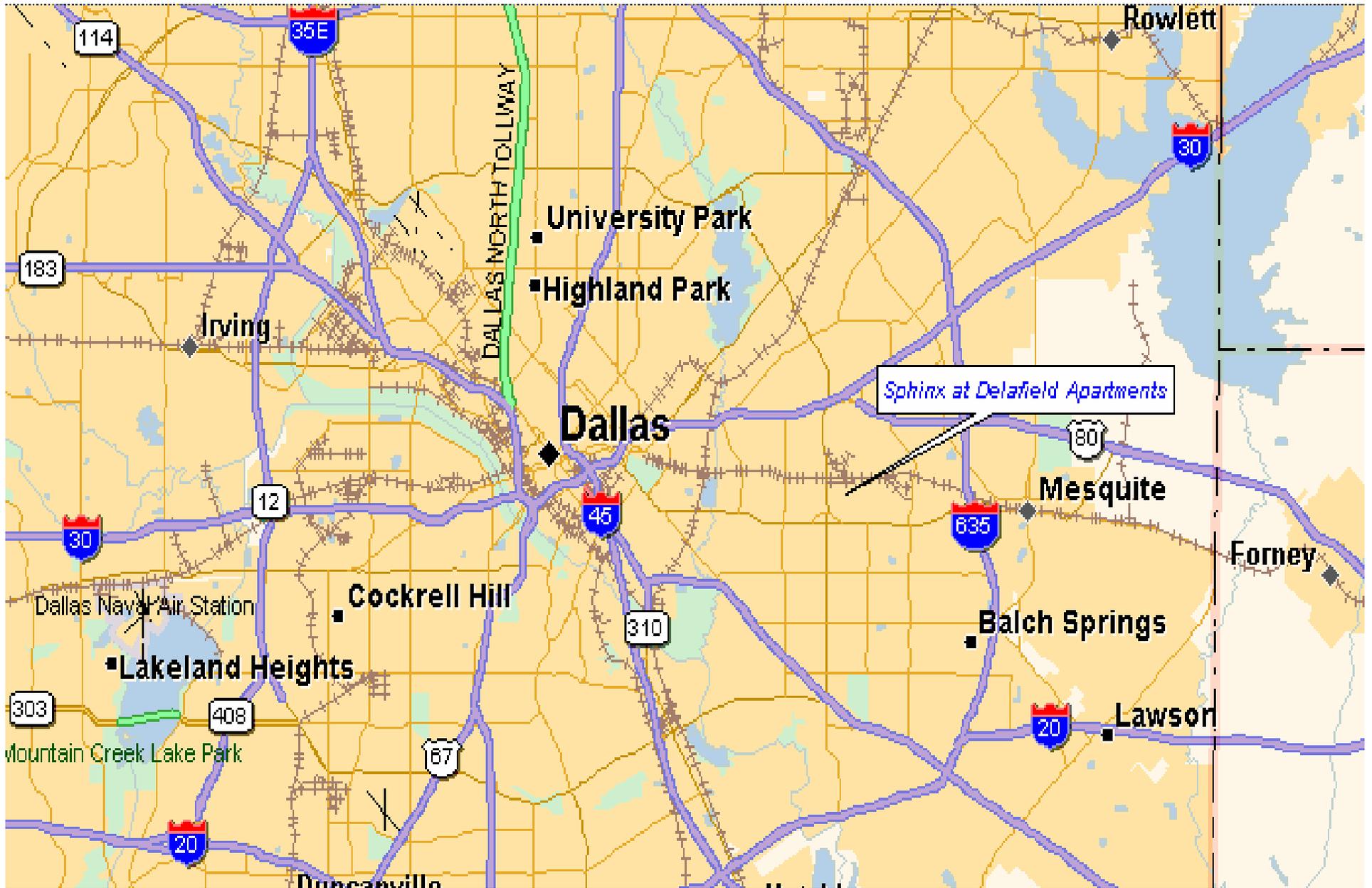
Tenants in the 60% AMFI bracket will **save \$28 to \$149** per month (leaving 1.1% to 4.3% more of their monthly income for food, child care and other living expenses).

This is a monthly savings off the market rents of **4.1% to 14.0%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	778	1,023	1,203
Rents if Offered at Market Rates	\$692	\$900	\$1,059
Rent per Square Foot	\$0.89	\$0.88	\$0.88

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$664	\$792	\$910
Monthly Savings for Tenant	\$28	\$108	\$149
Rent per square foot	\$0.85	\$0.77	\$0.76
Maximum Monthly Income - 60% AMFI	\$2,660	\$2,995	\$3,458
Monthly Savings as % of Monthly Income	1.1%	3.6%	4.3%
% DISCOUNT OFF MONTHLY RENT	4.1%	12.0%	14.0%

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 77206. Report dated April 26, 2004.



Sphinx at Delafield Apartments

Dallas

University Park

Highland Park

Irving

Mesquite

Cockrell Hill

Lakeland Heights

Balch Springs

Lawson

Forney

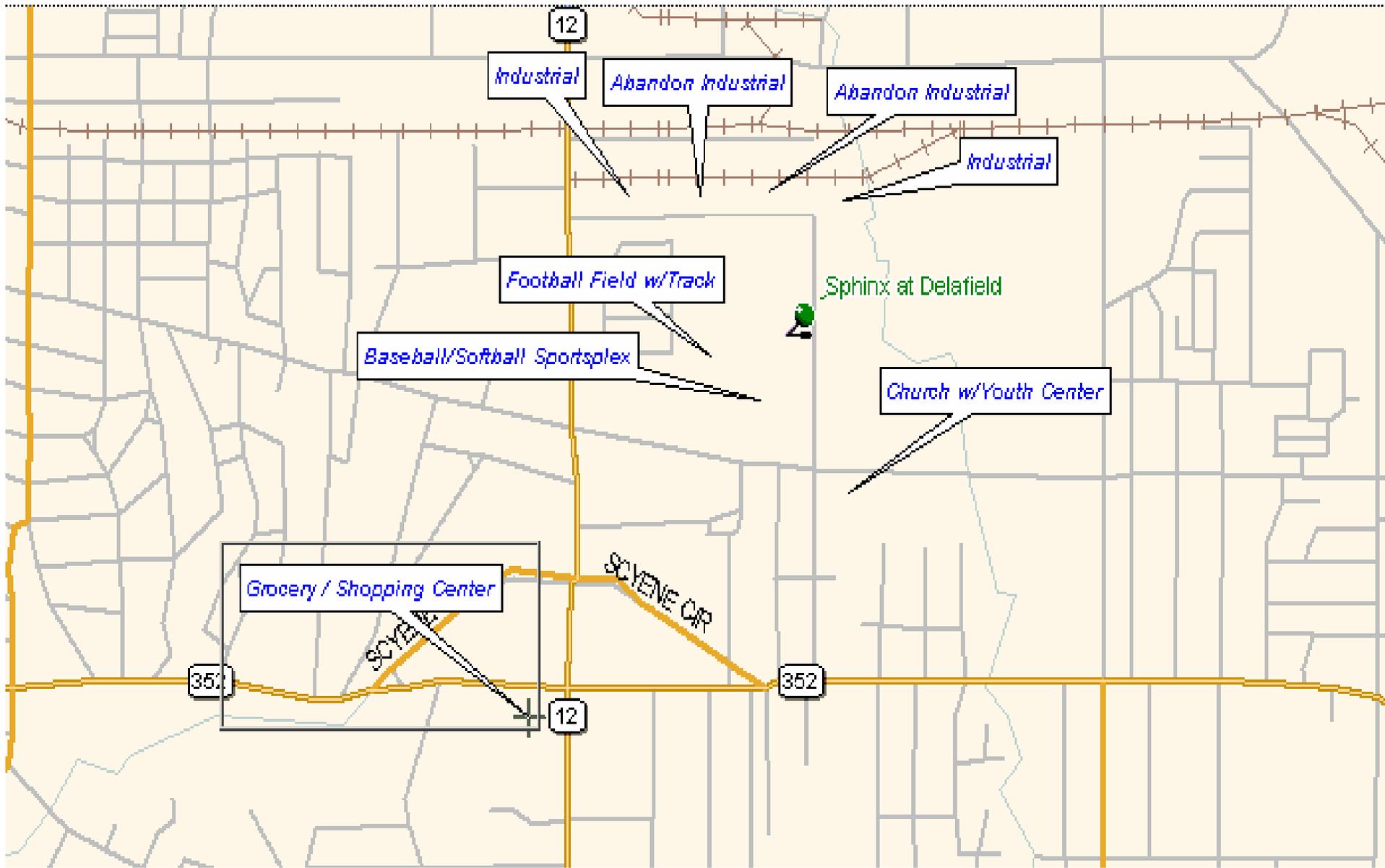
Rowlett

DALLAS NORTH TOLLWAY

Mountain Creek Lake Park

Dallas Naval Air Station

Duncanville



Industrial

Abandon Industrial

Abandon Industrial

Industrial

Football Field w/Track

Sphinx at Delafield

Baseball/Softball Sportsplex

Church w/Youth Center

Grocery / Shopping Center

SCYENE CR

12

351

12

352

Applicant Evaluation

Project ID # **04419**

Name: **Sphinx @ Delafield**

City: **Dallas**

LIHTC 9% LIHTC 4% HOME BOND HTF SECO ESGP Other

No Previous Participation in Texas Members of the development team have been disbarred by HUD

Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: N/A Yes No

Noncompliance Reported on National Previous Participation Certification: Yes No

Portfolio Management and Compliance

Total # of Projects monitored: 1

Projects in Material Noncompliance

in noncompliance: 0

Projects zero to nine: 0
grouped ten to nineteen: 1
by score twenty to twenty-nine: 0

Yes No

monitored with a score less than thirty: 1

Projects not reported Yes
in application No

not yet monitored or pending review: 3

of projects not reported 0

Portfolio Monitoring

Single Audit

Portfolio Administration/Analysis

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

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

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

Reviewed by Sara Newsom

Date Tuesday, June 15, 2004

Multifamily Finance Production

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

Reviewer S. Roth
Date 5 /27/2004

Single Family Finance Production

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

Reviewer _____
Date _____

Real Estate Analysis (Cost Certification and Workout)

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

Reviewer _____
Date _____

Community Affairs

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

Reviewer EEF
Date 6 /15/2004

Office of Colonia Initiatives

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

Reviewer _____
Date _____

Financial Administration

No delinquencies found
Delinquencies found

Reviewer Stephanie A. D'Couto
Date 6 /14/2004

Executive Director: _____

Executed: _____

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Multifamily Finance Division

Public Comment Summary

Sphinx at Delafield

Public Hearing

<i>Total Number Attended</i>	26
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	26
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	1

Public Officials Letters Received

<i>Opposition</i>	0
<i>Support</i>	4
Senator Royce West	
Representative Terri Hodge	
County Commissioner John Wiley Price	
City Councilmember Maxine Reese	

General Public Letters and Emails Received

<i>Opposition</i>	1
Buckner Terrace HOA	
<i>Support</i>	1
Pleasant Wood/Grove Community Development Corporation	

Summary of Public Comments

- 1 Why would anyone want to build in the middle of of light industrial zoning
- 2 Already overcrowded schools
- 3 Limited shopping facilities
- 4 Want to make sure the building meets with neighborhood standards

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MULTIFAMILY HOUSING REVENUE BONDS
SPHINX AT DELAFIELD APARTMENTS

PUBLIC HEARING

San Jacinto Elementary School
7900 Hume Drive
Dallas, Texas

April 13, 2004
6:00 p.m.

BEFORE:

ROBBYE G. MEYER, Multifamily Bond Administrator

I N D E X

SPEAKER

PAGE

Reverend Johnson

4

P R O C E E D I N G S

1
2 MS. MEYER: Good evening. My name is Robbye Meyer. I
3 would like to proceed with the public hearing. Let the record show
4 that it is 6:12 p.m., Tuesday, April 13, 2004 and we are at the San
5 Jacinto Elementary School located at 7900 Hume Drive, Dallas, Texas
6 75227.

7 I am here to conduct the public hearing on behalf of the
8 Texas Department of Housing and Community Affairs with respect to an
9 issue of tax-exempt multifamily revenue bonds for a residential
10 rental community.

11 This hearing is required by the Internal Revenue Code.
12 The sole purpose of this hearing is to provide a reasonable
13 opportunity for interested individuals to express their views
14 regarding the development and the proposed bond issuance.

15 No decisions regarding the development will be made at
16 this hearing. The Department's board is scheduled to meet to
17 consider this transaction on June 10, 2004. In addition to providing
18 your comments at this hearing, the public is also invited to provide
19 comment directly to the board at their meeting, and the Department
20 staff will also accept written comments from the public up until 5:00
21 on May 28, 2004.

22 The bonds will be issued as tax-exempt multifamily
23 revenue bonds in the aggregate principal amount not to exceed
24 \$13,600,000 and taxable bonds, if necessary, in an amount to be

1 determined and issued by the Texas Department of Housing and
2 Community Affairs.

3 The proceeds of the bonds will be loaned to San
4 Augustine Villas Housing, L.P. or a related person or affiliate
5 entity thereof to finance a portion of the cost of acquiring and
6 constructing and equipping a multifamily rental housing community
7 describes as follows: a 204 unit multifamily residential rental
8 development to be constructed on approximately 12.8 acres of land
9 located in the southwest corner of Hoyle Avenue and Delafield Lane in
10 Dallas, Texas. The proposed multifamily rental housing community
11 will be initially owned and operated by the borrower or related
12 person or affiliate entity thereof.

13 I would like to now open the floor up for -- we do have
14 one person that would like to speak, and I will open the floor up to
15 Reverend Johnson.

16 REVEREND JOHNSON: Thank you. Ms. Meyer, I will be very
17 careful and not do what you asked me not to do, and that is to preach
18 a little sermon. But you're always in danger when there's a Baptist
19 preacher before two or three folk, and so I'm very tempted, but I'll
20 yield not to the temptation.

21 Allow me to -- good evening everybody -- say that I am
22 very much here today to support these two young men, Sphinx, in this
23 Delafield housing development. And, of course, our CDC, which has
24 longed for the day when we'd have good quality housing in this area.

1 Of course, we're running something like about 40 years behind and
2 5,000 something housing units behind schedule.

3 So I'm very happy that these young men and their company
4 have decided to continue the beginning progress putting housing in
5 this particular area. Of course, we know that if we can housing in
6 the area, the economic development would take place in the area as
7 well.

8 Then, of course, let me also say that, I'm glad that
9 Councilman Walter Reese [phonetic] supports this development, and has
10 given 100 percent support for this, and, of course, our CDC.

11 And if you don't mind, Ms. Meyer, I'd like to ask the
12 members of our present Pleasantwood/Pleasantville [phonetic]
13 Community and Economic Development Corporation to stand, who are
14 members also of the [unintelligible] of Faith. So we're here
15 tonight, as our CDC, and say to these young men, we definitely
16 appreciate your thinking about the Pleasantwood/Pleasantville area.

17 Thank you very kindly. Let me say also to you, Ms.
18 Meyer, I've known you for a few days now, and let me say thanks to
19 you and good work that you do here in this area, and all across the
20 State of Texas. We appreciate it very much.

21 And that was sermonette. Thank you.

22 MS. MEYER: I would like the record to show that there
23 are 14 persons that have signed in, and they are all showing support
24 of this particular development.

1 Seeing that there are no other public comment that would
2 like to be made, I will conclude the hearing at this time. And I
3 would like to thank everyone for attending and showing your support
4 for this particular development.

5 The time is now, 6:21 -- if there is anybody that would
6 like to send in written statements, if you've got one of the packets
7 of information up here, my e-mail address, also my mailing address is
8 listed in there, if you'd like to send in a letter of support, you're
9 welcome to do that, and I can get that, along with a transcript of
10 this hearing, to my board when they make a decision for this
11 particular development. So if you get one of those packets, you're
12 more than welcome to send that information to me.

13 But I would like to thank everybody for coming out, and,
14 I appreciate it. Thank you.

15 (Whereupon, at 6:21 p.m., the hearing was concluded.)

**FINANCIAL SERVICES DIVISION
BOARD ACTION REQUEST**

June 28, 2004

Action Item

FY 2005 Draft Operating Budget.

Required Action

The Board consider for discussion purposes the attached FY 2005 Draft Operating Budget for fiscal year beginning September 1, 2004 through August 31, 2005. The final draft budget will be considered by the Board for approval at the July 8, 2004 Board Meeting.

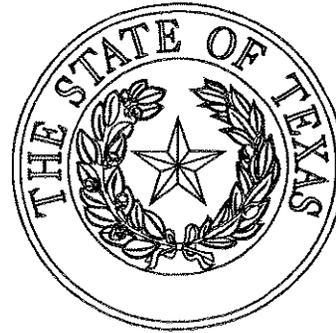
Background

The Operating Budget for FY 2005 is within the appropriations approved by the 78th Legislature, but does not include the pass-through grant funds.

Recommendation

Review the Draft budget and provide staff with any requested changes.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS**



FY-2005 DRAFT OPERATING BUDGET

(September 1, 2004 through August 31, 2005)

June 17, 2004

Prepared by the Financial Administration Division

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2005 DRAFT OPERATING BUDGET**

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

Agency Wide Organizational Chart	iii
TDHCA Agency Wide Budget.....	1
Comparison by Expense Object	2
FTEs by Division.....	3
Capital Budget.....	4
Capital Budget by Project.....	5
Executive Administration.....	6
Executive Office.....	7
Board	8
Legal Services	9
Internal Audit	10
Governmental Affairs.....	11
Housing Programs Division	12
Office of Colonia Initiatives.....	13
Community Affairs.....	14
Community Affairs - Administration	15
Community Services.....	16
Energy Assistance	17
Section 8	18
Multifamily Finance Production	19
Single Family Finance Production	20
Housing Operations Division	21
Real Estate Analysis.....	22
Center for Housing Research, Planning and Communication	23
Portfolio Management and Compliance.....	24
Bond Finance.....	25

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FY-2005 DRAFT OPERATING BUDGET

T A B L E O F C O N T E N T S (Continued)

Agency Administration26
 Human Resources.....27
 Facilities and Space Management28
 Information Systems.....29
 Financial Administration.....30
 Director's Office – Financial Administration31
 Accounting Operations.....32
 Financial Services.....33
 Purchasing34

Manufactured Housing (Under Separate Budget)

**Texas Department of Housing & Community Affairs Organizational Chart
(313)**

GOVERNOR

**Manufactured Housing Division
Governing Board**

**Executive Director
Tim Irvine
(69)**

Governing Board

**Executive Office
Delores Groncek**

**Executive Director
Edwina P. Carrington
(6)**

**Director of
Internal Audit
David Gaines
(3)**

**Chief of Agency Administration
Bill Dally
(67)**

**Special Assistant
Leonard Spearman**

**Legal Services
Chris Wittmayer
(6)**

**Director of Governmental Affairs
Michael Lyttle
(4)**

**Office of State and
Federal Relations**

**Director of
Administrative
Support
John Gonzales
(12)**

**Director of
Information
Systems
Curtis Howe
(18)**

**Director of Financial Administration
David Cervantes
(36)**

**Human
Resources
Gina Esteves**

Technical Support
Network
**Software
Development
Walt Vega**

**Accounting
Operations
Esther Ku**

**Budget/Travel/
Payroll
David Aldrich**

**Financial Services
Ernie Palacios**
Loan Servicing

**Purchasing
Donna Schielack**

**Facilities &
Space
Management
Trisha Randow**

**Deputy Executive Director
Ruth Cedillo
(144)**

**Director of
Office of
Colonia Initiatives
Homer Cabello
(8)**

**Director of
Community Affairs
Eddie Fariss
(42)**

**Director of
Multifamily Finance
Production
Brooke Boston
(13)**

**Director of Single
Family Finance
Production
Eric Pike
(13)**

**Director of Real Estate
Analysis
Tom Gouris
(10)**

**Director of Center
for Housing
Research, Planning,
and
Communication
Sarah Anderson
(10)**

**Director of
Portfolio Management
and
Compliance
Suzanne Phillips
(44)**

**Director of
Bond Finance
Byron Johnson
(4)**

**Field Offices
Edinburg
El Paso
Laredo**

**Community
Services
Jesse Mitchell**
**Energy Assistance
Peggy Colvin**
**Section 8
Willie Faye Hurd**

**Multifamily Awards
& Allocation
Robert Onion**
Closing

**Loan Closing & Bond
Administration**
**Product
Development &
Award**

**Credit
Underwriting**
**Cost
Certifications**
Workouts
**Credit Policy &
Training**
**Asset
Management**

**Research &
Planning**
**Publications
Clearinghouse &
Communications**
Capacity Bldg.

**Compliance Monitoring
Sara Newsom**
**Portfolio Management
Sandy Mauro**

Agency Wide Budget

Budget Category Comparison

FTEs by Division

Capital Budget

Capital Budget by Project

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
 AGENCY WIDE
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	GENERAL REVENUE	EARNED FEDERAL FUNDS	FEDERAL FUNDS	SINGLE	MULTI	LIHTC	AHDP	IAC ORCA	IAC - BOND REVIEW BOARD	SUBTOTAL DEPARTMENT	MH SUPPORT	TOTAL DEPARTMENT
				FAMILY BOND ADMIN FEES	FAMILY BOND ADMIN FEES							
Salaries	539,619	628,086	4,013,684	2,570,797	274,772	3,083,012	189,237	79,050	0	11,378,257	397,494	11,775,751
Payroll Related Costs	124,112	144,460	923,147	591,283	63,198	709,093	43,524	18,182	0	2,616,999	95,399	2,712,398
Travel In-State	47,300	10,730	259,012	64,773	5,750	105,323	25,500	0	0	518,387	0	518,387
Travel Out-of-State	9,660	4,490	26,580	26,750	3,105	27,206	2,525	0	0	100,315	0	100,315
Professional Fees	2,050	3,800	655,589	460,445	1,656	129,965	512,895	0	0	1,766,400	0	1,766,400
Materials/Supplies	22,523	31,287	121,105	102,269	7,277	107,877	15,552	0	0	407,890	0	407,890
Repairs/Maintenance	13,207	9,960	62,870	104,679	1,841	48,803	8,576	0	0	249,936	0	249,936
Printing and Reproduction	2,653	2,718	56,906	30,818	959	29,439	8,042	0	0	131,535	0	131,535
Rental/Lease	97,845	99,566	467,557	445,648	22,551	499,862	99,406	0	0	1,732,435	0	1,732,435
Membership Dues	1,381	2,285	19,685	41,514	460	10,558	2,183	0	0	78,065	0	78,065
Registration Fees	16,753	22,392	73,179	77,332	3,229	82,621	8,811	0	0	284,317	0	284,317
Employee Tuition	1,550	990	915	4,625	460	1,160	0	0	0	9,700	0	9,700
Advertising	1,550	1,180	6,490	63,810	460	2,110	0	0	0	75,600	0	75,600
Freight/Delivery	1,238	1,340	5,458	6,240	805	6,670	600	0	0	22,350	0	22,350
Temporary Help	25,580	7,126	49,974	46,485	13,175	69,408	7,427	0	0	219,175	0	219,175
Furniture/Equipment	1,840	3,255	30,604	12,040	621	8,430	210	0	0	57,000	0	57,000
Communications/Utilities	14,505	14,469	68,933	76,234	3,068	72,926	14,716	0	0	264,852	0	264,852
Capital Outlay	0	0	50,045	24,248	0	46,432	47,540	0	0	168,265	0	168,265
State Office of Risk Management	2,430	2,430	21,557	20,523	976	12,246	0	0	0	60,162	0	60,162
Total Department	925,794	990,565	6,913,291	4,770,512	404,364	5,053,139	986,744	97,232	0	20,141,640	492,892	20,634,532

Texas Department of Housing and Community Affairs
 Comparison by Expense Object
 Appropriation Years 2004 and 2005

	FY04 Budget (a)	FY05 Budget (b)	Variance (b-a)	Percentage Change
Salaries and Wages	\$ 11,630,841	\$ 11,775,751	\$ 144,909	1.2%
Payroll Related Costs	2,791,409	2,712,398	(79,011)	-2.8%
Travel In-State	544,784	518,387	(26,397)	-4.8%
Travel Out-of-State	100,315	100,315	-	0.0%
Professional Fees	2,281,550	1,766,400	(515,150)	-22.6%
Material and Supplies	467,754	407,890	(59,864)	-12.8%
Repairs/Maintenance	216,911	249,936	33,025	15.2%
Printing and Reproduction	136,015	131,535	(4,480)	-3.3%
Rentals and Leases	1,712,149	1,732,435	20,286	1.2%
Membership Fees	74,340	78,065	3,725	5.0%
Registration Fees	226,984	284,317	57,333	25.3%
Employee Tuition	14,500	9,700	(4,800)	-33.1%
Advertising	72,800	75,600	2,800	3.8%
Freight/Delivery	23,000	22,350	(650)	-2.8%
Temporary Help	186,004	219,175	33,171	17.8%
Furniture and Equipment	31,750	57,000	25,250	79.5%
Communication and Utilities	325,716	264,852	(60,864)	-18.7%
Capital Outlay	180,000	168,265	(11,735)	-6.5%
State Office of Risk Management	60,162	60,162	-	0.0%
Total Department	\$ 21,076,984	\$ 20,634,532	\$ (442,452)	-2.1%
FTE's	231.00	229.00	-2.00	
Method of Finance:				
General Revenue	\$ 944,510	\$ 925,794	(18,716)	-2.0%
Earned Federal Funds	997,650	990,565	(7,085)	-0.7%
Federal Funds	6,812,288	6,913,291	101,002	1.5%
Bond Admin fees	5,326,011	5,174,875	(151,136)	-2.8%
Housing Tax Credit	5,029,820	5,053,139	23,319	0.5%
Affordable Housing Disposition Fees	956,709	986,744	30,035	3.1%
Interagency Contracts	509,996	97,232	(412,764)	-80.9%
Appropriated Receipts - MH	500,000	492,892	(7,107)	-1.4%
Total, Method of Finance	21,076,984	20,634,532	(442,452)	-2.1%

Texas Department of Housing and Community Affairs
 FTEs by Division
 Internal Operating Budget
 Fiscal Year 2005

Executive Administration:	
Executive Office	6.00
Legal Services	6.00
Internal Audit	3.00
Government and Public Information	4.00
Total, Executive Administration	19.00
Agency Administration:	
Human Resources	7.00
Facilities	5.00
Information Services	18.00
Director's Office of Financial Administration	6.00
Accounting Operations	12.00
Financial Services	14.00
Purchasing	4.00
Total, Agency Administration	66.00
Housing Programs Division:	
Office of Colonia Initiatives	8.00
Division Administration-Community Affairs	3.00
Community Services	15.00
Energy Assistance	16.00
Section 8	8.00
Multi Family Finance Production	13.00
Single Family Finance Production	13.00
Total, Housing Programs Division	76.00
Housing Operations Division:	
Real Estate Analysis	10.00
Center for Housing Research and Planning	10.00
Portfolio Management and Compliance	44.00
Bond Finance	4.00
Total, Housing Operations Division	68.00
Subtotal, Housing and Community Affairs	229.00
Manufactured Housing	62.00
Total, Agency Wide	291.00

Note: The Department is limited to 313 FTEs.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 CAPITAL BUDGET
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	FEDERAL FUNDS	LIHTC	AHDP	BOND ADMIN FEES
Salaries					
Payroll Related Costs					
Travel In-State					
Travel Out-of-State					
Professional Fees	315,000	111,315	57,895	127,895	17,895
Materials/Supplies	0				
Repairs/Maintenance	0				
Printing and Reproduction	0				
Rental/Lease	0				
Membership Dues	0				
Registration Fees	0				
Employee Tuition	0				
Advertising	0				
Freight/Delivery	0				
Temporary Help	0				
Furniture/Equipment	0				
Communications/Utilities	0				
Capital Outlay	168,265	50,045	46,432	47,540	24,248
State Office of Risk Management					
Total	483,265	161,360	104,327	175,435	42,143

Notes:

1. Capital Outlay Category includes the Normal Growth/Integrate Systems and Disaster Recovery projects.
2. Professional Fees include the PeopleSoft Accounting System, Enhancement to the Compliance System, Central Database, and Weatherization Assistance Program Software Development projects.
3. Does not tie to the Capital Budget Rider due to \$16,735 budgeted in Manufactured Housing for Normal Growth.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 CAPITAL BUDGET by PROJECT
 FISCAL YEAR 2005

Project Name	Federal	Appropriated	Total	LIHTC	AHDP	BOND	MANUFACT	Total
	Funds	Receipts				ADMIN	HOUSING	
Normal Growth/Integrate Sysyems	50,045	119,955	170,000	31,432	47,540	24,248	16,735	119,955
PeopleSoft Accounting	0	40,000	40,000	40,000				40,000
Disaster Recovery	0	15,000	15,000	15,000				15,000
Enhancements Compliance	0	110,000	110,000		110,000			110,000
Central Database	71,315	53,685	125,000	17,895	17,895	17,895		53,685
Weatherization Assistance Program Software	40,000		40,000					
Easy Audit			0					
Total, Fiscal Year 2005	161,360	338,640	500,000	104,327	175,435	42,143	16,735	338,640

Executive Administration Division

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
EXECUTIVE ADMINISTRATION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	1,326,447	154,073	323,956	50,959	797,459
Travel In-State	56,075	7,230	19,723	0	29,123
Travel Out-of-State	29,100	4,070	9,860	0	15,170
Professional Fees	201,700	300	200,430	0	970
Materials/Supplies	73,334	22,368	21,657	0	29,309
Repairs/Maintenance	13,497	3,739	3,543	0	6,214
Printing and Reproduction	3,960	913	1,073	0	1,974
Rental/Lease	158,166	40,250	45,189	0	72,728
Membership Dues	7,000	2,075	1,825	0	3,100
Registration Fees	63,292	12,457	19,317	0	31,517
Employee Tuition	600	360	0	0	240
Advertising	1,200	340	370	0	490
Freight/Delivery	6,600	990	2,130	0	3,480
Temporary Help	24,712	3,164	9,892	0	11,657
Furniture/Equipment	7,750	1,855	2,390	0	3,505
Communications/Utilities	21,498	5,849	5,823	0	9,825
Capital Outlay	0	0	0	0	0
State Office of Risk Management	0	0	0	0	0
Total	1,994,931	260,033	667,179	50,959	1,016,760

Note:

Executive Administration Includes:

- Executive Office
- Board
- Legal Services
- Internal Audit
- Governmental Affairs

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
EXECUTIVE OFFICE
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	AHDP	LIHTC
Salaries	515,507	52,090	108,572	0	354,845
Travel In-State	20,000	5,000	3,000		12,000
Travel Out-of-State	11,800	2,950	1,770		7,080
Professional Fees	1,200	300	180		720
Materials/Supplies	12,371	3,093	1,856		7,423
Repairs/Maintenance	4,294	1,074	644		2,576
Printing and Reproduction	1,540	385	231		924
Rental/Lease	42,368	10,592	6,355		25,421
Membership Dues	1,500	375	225		900
Registration Fees	22,401	5,600	3,360		13,441
Employee Tuition	0	0	0		0
Advertising	0	0	0		0
Freight/Delivery	3,000	750	450		1,800
Temporary Help	3,330	833	500		1,998
Furniture/Equipment	1,500	375	225		900
Communications/Utilities	6,157	1,539	924		3,694
Capital Outlay	0	0	0		0
State Office of Risk Management	0				
Total	646,968	84,955	128,291	0	433,721

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 BOARD
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC
Salaries				
Payroll Related Costs				
Travel In-State	19,000		9,500	9,500
Travel Out-of-State	11,100		5,550	5,550
Professional Fees	500		250	250
Materials/Supplies	4,000		2,000	2,000
Repairs/Maintenance	1,000		500	500
Printing and Reproduction	1,000		500	500
Rental/Lease	2,000		1,000	1,000
Membership Dues	1,000		500	500
Registration Fees	20,000		10,000	10,000
Employee Tuition	0		0	0
Advertising	500		250	250
Freight/Delivery	3,000		1,500	1,500
Temporary Help	15,000		7,500	7,500
Furniture/Equipment	2,200		1,100	1,100
Communications/Utilities	0		0	0
Capital Outlay	0			
State Office of Risk Management				
Total	80,300	0	40,150	40,150

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 LEGAL SERVICES
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	AHDP	LIHTC
Salaries	392,047	38,460	134,610	0	218,977
Travel In-State	4,075	1,630	1,223		1,223
Travel Out-of-State	2,800	1,120	840		840
Professional Fees	200,000		200,000		
Materials/Supplies	40,371	16,148	12,111		12,111
Repairs/Maintenance	3,894	1,558	1,168		1,168
Printing and Reproduction	540	216	162		162
Rental/Lease	42,368	16,947	12,710		12,710
Membership Dues	2,000	800	600		600
Registration Fees	9,196	3,678	2,759		2,759
Employee Tuition	0	0	0		0
Advertising	400	160	120		120
Freight/Delivery	600	240	180		180
Temporary Help	4,830	1,932	1,449		1,449
Furniture/Equipment	2,050	820	615		615
Communications/Utilities	6,157	2,463	1,847		1,847
Capital Outlay	0				
State Office of Risk Management	0	0	0		0
Total	711,328	86,172	370,395	0	254,761

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INTERNAL AUDIT
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	AHDP	MANUFACT. HOUSING APP REC	LIHTC
Salaries	170,924	28,491	0	16,757	125,676
Travel In-State	1,000	600			400
Travel Out-of-State	0	0			0
Professional Fees	0	0			0
Materials/Supplies	5,211	3,127			2,084
Repairs/Maintenance	1,847	1,108			739
Printing and Reproduction	520	312			208
Rental/Lease	21,184	12,710			8,474
Membership Dues	1,500	900			600
Registration Fees	5,298	3,179			2,119
Employee Tuition	600	360			240
Advertising	300	180			120
Freight/Delivery	0	0			0
Temporary Help	665	399			266
Furniture/Equipment	1,100	660			440
Communications/Utilities	3,079	1,847			1,232
Capital Outlay	0	0			0
State Office of Risk Management	0	0			0
Total	213,228	53,873	0	16,757	142,598

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 GOVERNMENTAL AFFAIRS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	247,970	35,032	80,774	34,202	97,962
Travel In-State	12,000		6,000		6,000
Travel Out-of-State	3,400		1,700		1,700
Professional Fees	0		0		0
Materials/Supplies	11,381		5,691		5,691
Repairs/Maintenance	2,462		1,231		1,231
Printing and Reproduction	360		180		180
Rental/Lease	50,246		25,123		25,123
Membership Dues	1,000		500		500
Registration Fees	6,397		3,199		3,199
Employee Tuition	0		0		0
Advertising	0		0		0
Freight/Delivery	0		0		0
Temporary Help	887		444		444
Furniture/Equipment	900		450		450
Communications/Utilities	6,105		3,053		3,053
Capital Outlay	0				0
State Office of Risk Management	0	0	0		0
Total	343,108	35,032	128,343	34,202	145,531

Housing Programs Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING PROGRAMS DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE OCI	GENERAL REVENUE HTF	ORCA IAC	FEDERAL FUNDS	LIHTC	MULTI FAMILY BOND ADMIN FEES	SINGLE FAMILY BOND ADMIN FEES
Salaries	3,609,536	49,281	137,176	79,050	2,503,676	211,460	194,463	434,429
Travel In-State	250,562	36,000	6,250	0	177,912	6,250	5,750	18,400
Travel Out-of-State	37,200	5,000	3,375	0	20,105	3,375	3,105	2,240
Professional Fees	241,700	0	1,800	0	194,024	1,800	1,656	42,420
Materials/Supplies	141,185	0	7,910	0	97,047	7,910	7,277	21,042
Repairs/Maintenance	72,790	0	2,001	0	59,359	2,001	1,841	7,588
Printing and Reproduction	44,334	0	1,042	0	29,762	1,042	959	11,529
Rental/Lease	592,435	0	24,512	0	417,369	24,512	22,551	103,491
Membership Dues	20,795	0	500	0	18,110	500	460	1,225
Registration Fees	82,050	0	3,510	0	61,433	3,510	3,229	10,367
Employee Tuition	3,500	0	500	0	765	500	460	1,275
Advertising	59,500	0	500	0	6,340	500	460	51,700
Freight/Delivery	7,800	0	875	0	5,245	875	805	0
Temporary Help	94,751	0	14,321	0	43,199	14,321	13,175	9,735
Furniture/Equipment	33,600	0	675	0	29,529	675	621	2,100
Communications/Utilities	98,393	0	3,335	0	62,989	3,335	3,068	25,665
Capital Outlay	0	0	0	0	0	0	0	0
State Office of Risk Management	34,948	259	1,144	0	21,557	4,825	976	6,187
Total	5,425,079	90,540	209,426	79,050	3,748,422	287,391	260,857	749,393

Note:

Housing Programs Division Includes:

Office of Colonia Initiatives

Community Affairs

Multi Family Finance Production

Single Family Finance Production

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
OFFICE OF COLONIA INITIATIVES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	HOME	IAC ORCA	GENERAL REVENUE	BOND ADMIN FEES
Salaries	380,578	63,411	79,050	49,281	188,835
Travel In-State	36,000			36,000	
Travel Out-of-State	5,000			5,000	
Professional Fees	6,000	900			5,100
Materials/Supplies	13,161	1,974			11,187
Repairs/Maintenance	4,925	739			4,186
Printing and Reproduction	1,719	258			1,461
Rental/Lease	72,908	10,936			61,972
Membership Dues	500	75			425
Registration Fees	6,295	944			5,351
Employee Tuition	1,500	225			1,275
Advertising	2,000	300			1,700
Freight/Delivery	0	0			0
Temporary Help	7,273	1,091			6,182
Furniture/Equipment	2,000	300			1,700
Communications/Utilities	23,210	3,482			19,729
Capital Outlay	0	0			0
State Office of Risk Management	1,683			259	1,424
Total	564,752	84,635	79,050	90,540	310,526

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY AFFAIRS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE ENTERP	FEDERAL FUNDS
Salaries	1,893,776	0	1,893,776
Travel In-State	143,562	0	143,562
Travel Out-of-State	13,100	0	13,100
Professional Fees	130,200	0	130,200
Materials/Supplies	71,748	0	71,748
Repairs/Maintenance	51,357	0	51,357
Printing and Reproduction	13,277	0	13,277
Rental/Lease	317,681	0	317,681
Membership Dues	16,295	0	16,295
Registration Fees	49,173	0	49,173
Employee Tuition	0	0	0
Advertising	5,500	0	5,500
Freight/Delivery	4,300	0	4,300
Temporary Help	21,312	0	21,312
Furniture/Equipment	27,900	0	27,900
Communications/Utilities	47,001	0	47,001
Capital Outlay	0	0	0
State Office of Risk Management	14,157	0	14,157
Total	2,820,339	0	2,820,339

Note:

Community Affairs Includes:
Administration - Community Affairs
Community Services Program
Energy Assistance Program
Section 8

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 ADMINISTRATION-COMMUNITY AFFAIRS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	CSBG	DOE GRANTEE	LIHEAP
Salaries	169,869	66,324	0	103,544
Travel In-State	5,000	2,500		2,500
Travel Out-of-State	5,000	2,500		2,500
Professional Fees	1,000	500		500
Materials/Supplies	3,686	1,843		1,843
Repairs/Maintenance	2,347	1,174		1,174
Printing and Reproduction	1,270	635		635
Rental/Lease	22,284	11,142		11,142
Membership Dues	1,500	750		750
Registration Fees	4,048	2,024		2,024
Employee Tuition	0	0		0
Advertising	0	0		0
Freight/Delivery	500	250		250
Temporary Help	2,665	1,333		1,333
Furniture/Equipment	800	400		400
Communications/Utilities	3,079	1,540		1,540
Capital Outlay	0	0		0
State Office of Risk Management	0	0		0
Total	223,048	92,914	0	130,134

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
COMMUNITY SERVICES PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	COMM SRVC BLK GRNT	EMERGENCY SHELTER
Salaries	675,136	554,587	120,549
Travel In-State	50,000	32,500	17,500
Travel Out-of-State	2,800	1,820	980
Professional Fees	15,800	15,800	
Materials/Supplies	19,428	19,428	
Repairs/Maintenance	9,235	9,235	
Printing and Reproduction	3,849	3,849	
Rental/Lease	120,922	120,922	
Membership Dues	7,050	7,050	
Registration Fees	11,240	11,240	
Employee Tuition	0	0	
Advertising	0	0	
Freight/Delivery	1,000	1,000	
Temporary Help	6,326	6,326	
Furniture/Equipment	1,900	1,900	
Communications/Utilities	16,893	16,893	
Capital Outlay	0	0	
State Office of Risk Management	5,515	5,515	
Total	947,094	808,065	139,029

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ENERGY ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	DOE T&TA	DOE GRANTEE	LIHEAP
Salaries	708,578	69,206	69,206	570,166
Travel In-State	73,562	14,712	22,069	36,781
Travel Out-of-State	2,800	560	840	1,400
Professional Fees	92,400	27,720	27,720	36,960
Materials/Supplies	31,473	11,016	11,016	9,442
Repairs/Maintenance	34,850			34,850
Printing and Reproduction	3,439			3,439
Rental/Lease	117,983			117,983
Membership Dues	6,245			6,245
Registration Fees	28,090			28,090
Employee Tuition	0			0
Advertising	4,000			4,000
Freight/Delivery	2,500			2,500
Temporary Help	6,548			6,548
Furniture/Equipment	24,000			24,000
Communications/Utilities	18,819			18,819
Capital Outlay	0			0
State Office of Risk Management	6,540	0	0	6,540
Total	1,161,827	123,214	130,850	907,763

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SECTION 8 - RENTAL ASSISTANCE PROGRAM
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	DALLAS	HOUSTON	SAN ANTONIO
Salaries	340,194	85,048	221,126	34,019
Travel In-State	15,000	3,750	9,750	1,500
Travel Out-of-State	2,500	625	1,625	250
Professional Fees	21,000	5,250	13,650	2,100
Materials/Supplies	17,161	4,290	11,155	1,716
Repairs/Maintenance	4,925	1,231	3,201	493
Printing and Reproduction	4,719	1,180	3,067	472
Rental/Lease	56,492	14,123	36,720	5,649
Membership Dues	1,500	375	975	150
Registration Fees	5,795	1,449	3,767	580
Employee Tuition	0	0	0	0
Advertising	1,500	375	975	150
Freight/Delivery	300	75	195	30
Temporary Help	5,773	1,443	3,752	577
Furniture/Equipment	1,200	300	780	120
Communications/Utilities	8,210	2,053	5,337	821
Capital Outlay	0	0	0	0
State Office of Risk Management	2,102	526	1,366	210
Total	488,371	122,093	317,441	48,837

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 MULTIFAMILY FINANCE PRODUCTION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	LIHTC FEES	MULTI FAMILY BOND ADMIN FEES	HOME	GENERAL REVENUE HTF
Salaries	663,468	211,460	194,463	120,370	137,176
Travel In-State	25,000	6,250	5,750	6,750	6,250
Travel Out-of-State	13,500	3,375	3,105	3,645	3,375
Professional Fees	7,200	1,800	1,656	1,944	1,800
Materials/Supplies	31,638	7,910	7,277	8,542	7,910
Repairs/Maintenance	8,004	2,001	1,841	2,161	2,001
Printing and Reproduction	4,169	1,042	959	1,126	1,042
Rental/Lease	98,048	24,512	22,551	26,473	24,512
Membership Dues	2,000	500	460	540	500
Registration Fees	14,041	3,510	3,229	3,791	3,510
Employee Tuition	2,000	500	460	540	500
Advertising	2,000	500	460	540	500
Freight/Delivery	3,500	875	805	945	875
Temporary Help	57,283	14,321	13,175	15,466	14,321
Furniture/Equipment	2,700	675	621	729	675
Communications/Utilities	13,341	3,335	3,068	3,602	3,335
Capital Outlay	0	0	0	0	0
State Office of Risk Management	6,945	4,825	976		1,144
Total	954,837	287,391	260,857	197,164	209,426

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 SINGLE FAMILY FINANCE PRODUCTION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	HOME	SINGLE FAMILY BOND ADMIN FEES
Salaries	671,713	426,119	245,594
Travel In-State	46,000	27,600	18,400
Travel Out-of-State	5,600	3,360	2,240
Professional Fees	98,300	60,980	37,320
Materials/Supplies	24,638	14,783	9,855
Repairs/Maintenance	8,504	5,102	3,402
Printing and Reproduction	25,169	15,101	10,068
Rental/Lease	103,798	62,279	41,519
Membership Dues	2,000	1,200	800
Registration Fees	12,541	7,525	5,016
Employee Tuition	0	0	0
Advertising	50,000		50,000
Freight/Delivery	0	0	0
Temporary Help	8,883	5,330	3,553
Furniture/Equipment	1,000	600	400
Communications/Utilities	14,841	8,905	5,936
Capital Outlay	0	0	0
State Office of Risk Management	12,163	7,400	4,763
Total	1,085,150	646,283	438,867

Housing Operations Division

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING OPERATIONS DIVISION
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND ADMIN FEES	MULTI FAMILY BOND ADMIN FEES	FEDERAL FUNDS	GENERAL REVENUE HTF	AHDP	IAC - BOND REVIEW BOARD	LIHTC FEES
Salaries	3,518,478	527,013	80,309	1,427,330	123,077	189,237	0	1,171,513
Travel In-State	187,500	15,000	0	81,100	1,000	25,500	0	64,900
Travel Out-of-State	30,215	12,050	0	6,475	925	2,525	0	8,241
Professional Fees	877,000	76,000	0	350,250	250	385,000	0	65,500
Materials/Supplies	107,288	19,907	0	24,058	2,831	15,552	0	44,940
Repairs/Maintenance	55,362	17,040	0	3,511	1,664	8,576	0	24,571
Printing and Reproduction	71,365	12,560	0	27,144	225	8,042	0	23,394
Rental/Lease	512,178	63,553	0	50,188	17,654	99,406	0	281,378
Membership Dues	44,575	35,250	0	1,575	125	2,183	0	5,443
Registration Fees	65,719	14,009	0	11,746	2,898	8,811	0	28,255
Employee Tuition	2,600	2,000	0	150	150	0	0	300
Advertising	10,600	10,000	0	150	150	0	0	300
Freight/Delivery	4,000	1,500	0	213	63	600	0	1,625
Temporary Help	50,779	5,796	0	6,775	3,830	7,427	0	26,952
Furniture/Equipment	4,800	2,500	0	1,075	175	210	0	840
Communications/Utilities	73,982	9,236	0	5,944	2,566	14,716	0	41,521
Capital Outlay	0	0	0	0	0	0	0	0
State Office of Risk Management	7,421	0	0	0	0	0	0	7,421
Total	5,623,862	823,413	80,309	1,997,683	157,580	767,785	0	1,797,092

Note:

Housing Operations Division Includes:

Real Estate Analysis

Center for Housing Research, Planning and Communication

Portfolio Management and Compliance

Bond Finance

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 REAL ESTATE ANALYSIS
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	LIHTC	HOME	GENERAL REVENUE HTF	MULTI FAMILY BOND ADMIN FEES
Salaries	570,208	280,292	130,353	123,077	36,485
Travel In-State	4,000	2,000	1,000	1,000	
Travel Out-of-State	3,700	1,850	925	925	
Professional Fees	1,000	500	250	250	
Materials/Supplies	11,322	5,661	2,831	2,831	
Repairs/Maintenance	6,656	3,328	1,664	1,664	
Printing and Reproduction	899	450	225	225	
Rental/Lease	70,614	35,307	17,654	17,654	
Membership Dues	500	250	125	125	
Registration Fees	11,593	5,797	2,898	2,898	
Employee Tuition	600	300	150	150	
Advertising	600	300	150	150	
Freight/Delivery	250	125	63	63	
Temporary Help	15,318	7,659	3,830	3,830	
Furniture/Equipment	700	350	175	175	
Communications/Utilities	10,262	5,131	2,566	2,566	
Capital Outlay	0	0	0	0	
State Office of Risk Management	0	0	0	0	
Total	708,222	349,299	164,857	157,580	36,485

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 CENTER for HOUSING RESEARCH, PLANNING and COMMUNICATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND		
		ADMIN FEES	HOME	LIHTC
Salaries	511,613	281,554	149,581	80,478
Travel In-State	17,000	8,500	5,100	3,400
Travel Out-of-State	2,500	1,250	750	500
Professional Fees	72,000	72,000		
Materials/Supplies	14,952	7,476	4,486	2,990
Repairs/Maintenance	6,156	3,078	1,847	1,231
Printing and Reproduction	20,899	10,450	6,270	4,180
Rental/Lease	70,614	35,307	21,184	14,123
Membership Dues	500	250	150	100
Registration Fees	9,493	4,747	2,848	1,899
Employee Tuition	0	0	0	0
Advertising	0	0	0	0
Freight/Delivery	500	250	150	100
Temporary Help	9,818	4,909	2,945	1,964
Furniture/Equipment	0	0	0	0
Communications/Utilities	10,262	5,131	3,079	2,052
Capital Outlay	0	0	0	0
State Office of Risk Management	0	0	0	0
Total	746,307	434,901	198,390	113,016

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 PORTFOLIO MANAGEMENT and COMPLIANCE
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE				MULTI FAMILY BOND		TAX CREDIT
		HTF	HOME	CSBG	LIHEAP	ADMIN FEES	AHDP	
Salaries	2,191,199		931,159	43,824	172,412	43,824	189,237	810,744
Travel In-State	160,000		75,000				25,500	59,500
Travel Out-of-State	13,215		4,800				2,525	5,891
Professional Fees	800,000		350,000				385,000	65,000
Materials/Supplies	68,583		16,742				15,552	36,289
Repairs/Maintenance	28,588						8,576	20,012
Printing and Reproduction	47,457		20,650				8,042	18,765
Rental/Lease	342,704		11,350				99,406	231,948
Membership Dues	8,575		1,300				2,183	5,093
Registration Fees	35,371		6,000				8,811	20,560
Employee Tuition	0						0	0
Advertising	0						0	0
Freight/Delivery	2,000						600	1,400
Temporary Help	24,756						7,427	17,329
Furniture/Equipment	1,600		900				210	490
Communications/Utilities	49,353		300				14,716	34,337
Capital Outlay	0						0	0
State Office of Risk Management	7,421							7,421
Total	3,780,822	0	1,418,201	43,824	172,412	43,824	767,785	1,334,777

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 BOND FINANCE
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	SINGLE FAMILY BOND ADMIN FEES
Salaries	245,459	245,459
Travel In-State	6,500	6,500
Travel Out-of-State	10,800	10,800
Professional Fees	4,000	4,000
Materials/Supplies	12,431	12,431
Repairs/Maintenance	13,962	13,962
Printing and Reproduction	2,110	2,110
Rental/Lease	28,246	28,246
Membership Dues	35,000	35,000
Registration Fees	9,262	9,262
Employee Tuition	2,000	2,000
Advertising	10,000	10,000
Freight/Delivery	1,250	1,250
Temporary Help	887	887
Furniture/Equipment	2,500	2,500
Communications/Utilities	4,105	4,105
Capital Outlay	0	0
State Office of Risk Management	0	0
Total	<u>388,512</u>	<u>388,512</u>

Agency Administration Division

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
 AGENCY ADMINISTRATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	EARNED FEDERAL FUNDS	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC	HOME
Salaries	3,321,290	230,085	474,013	1,285,399	346,535	902,580	82,678
Travel In-State	24,250	4,050	3,500	11,650	0	5,050	0
Travel Out-of-State	3,800	360	420	2,600	0	420	0
Professional Fees	131,000	0	3,500	123,700	0	3,800	0
Materials/Supplies	86,083	11,783	8,919	39,662	0	25,719	0
Repairs/Maintenance	108,287	9,542	6,221	76,508	0	16,017	0
Printing and Reproduction	11,876	1,386	1,805	5,656	0	3,029	0
Rental/Lease	469,656	55,679	59,317	233,415	0	121,245	0
Membership Dues	5,695	756	210	3,214	0	1,515	0
Registration Fees	73,256	10,345	9,934	33,639	0	19,339	0
Employee Tuition	3,000	900	630	1,350	0	120	0
Advertising	4,300	900	840	1,740	0	820	0
Freight/Delivery	3,950	300	350	2,610	0	690	0
Temporary Help	48,933	7,430	3,963	21,062	0	16,479	0
Furniture/Equipment	10,850	990	1,400	5,050	0	3,410	0
Communications/Utilities	70,979	8,605	8,620	35,510	0	18,245	0
Capital Outlay	0	0	0	0	0	0	0
State Office of Risk Management	17,793	1,027	2,430	14,336	0	0	0
Total	4,394,998	344,136	586,072	1,897,100	346,535	1,138,477	82,678

Note:

Agency Administration Includes:
 Human Resources
 Facilities and Space Management
 Information Systems
 Financial Administration
 Capital Budget

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HUMAN RESOURCES
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	AHDP	LIHTC	MANUFACT. HOUSING APP REC
Salaries	327,662	0	0	279,533	48,129
Travel In-State	500			500	
Travel Out-of-State	0			0	
Professional Fees	0			0	
Materials/Supplies	10,267			10,267	
Repairs/Maintenance	4,310			4,310	
Printing and Reproduction	629			629	
Rental/Lease	49,430			49,430	
Membership Dues	795			795	
Registration Fees	6,445			6,445	
Employee Tuition	0			0	
Advertising	0			0	
Freight/Delivery	150			150	
Temporary Help	3,052			3,052	
Furniture/Equipment	600			600	
Communications/Utilities	7,183			7,183	
Capital Outlay	0			0	
State Office of Risk Management	0				
Total	411,023	0	0	362,894	48,129

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 FACILITIES AND SPACE MANAGEMENT
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	LIHTC	MANUFACT. HOUSING APP REC
Salaries	207,359	0	80,602	92,221	34,536
Travel In-State	1,500		750	750	
Travel Out-of-State	0		0	0	
Professional Fees	0		0	0	
Materials/Supplies	5,976		2,988	2,988	
Repairs/Maintenance	3,679		1,840	1,840	
Printing and Reproduction	2,000		1,000	1,000	
Rental/Lease	35,908		17,954	17,954	
Membership Dues	340		170	170	
Registration Fees	3,247		1,624	1,624	
Employee Tuition	0		0	0	
Advertising	0		0	0	
Freight/Delivery	100		50	50	
Temporary Help	14,108		7,054	7,054	
Furniture/Equipment	4,300		2,150	2,150	
Communications/Utilities	5,131		2,566	2,566	
Capital Outlay	0		0	0	
State Office of Risk Management	1,000		1,000		
Total	284,648	0	119,746	130,366	34,536

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
INFORMATION SYSTEMS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	MANUFACT. HOUSING APP REC	LIHTC
Salaries	1,022,534	105,656	351,931	100,552	464,394
Travel In-State	10,000	3,000	3,500		3,500
Travel Out-of-State	1,200	360	420		420
Professional Fees	0	0	0		0
Materials/Supplies	31,113	9,334	10,890		10,890
Repairs/Maintenance	26,081	7,824	9,128		9,128
Printing and Reproduction	3,119	936	1,092		1,092
Rental/Lease	129,106	38,732	45,187		45,187
Membership Dues	1,000	300	350		350
Registration Fees	29,288	8,786	10,251		10,251
Employee Tuition	0	0	0		0
Advertising	2,000	600	700		700
Freight/Delivery	1,000	300	350		350
Temporary Help	16,991	5,097	5,947		5,947
Furniture/Equipment	1,600	480	560		560
Communications/Utilities	20,472	6,142	7,165		7,165
Capital Outlay	0		0		0
State Office of Risk Management	2,903	567	2,336		
Total	1,298,407	188,114	449,807	100,552	559,933

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 FINANCIAL ADMINISTRATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	HOME	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	1,763,735	474,013	852,866	66,432	82,678	163,318	124,429
Travel In-State	12,250	3,500	7,400	300	0	0	1,050
Travel Out-of-State	2,600	420	2,180	0	0	0	0
Professional Fees	131,000	3,500	123,700	3,800	0	0	0
Materials/Supplies	38,727	8,919	25,785	1,574	0	0	2,449
Repairs/Maintenance	74,217	6,221	65,540	739	0	0	1,717
Printing and Reproduction	6,128	1,805	3,565	308	0	0	450
Rental/Lease	255,212	59,317	170,274	8,674	0	0	16,948
Membership Dues	3,560	210	2,694	200	0	0	456
Registration Fees	34,276	9,934	21,764	1,019	0	0	1,558
Employee Tuition	3,000	630	1,350	120	0	0	900
Advertising	2,300	840	1,040	120	0	0	300
Freight/Delivery	2,700	350	2,210	140	0	0	0
Temporary Help	14,782	3,963	8,061	426	0	0	2,332
Furniture/Equipment	4,350	1,400	2,340	100	0	0	510
Communications/Utilities	38,193	8,620	25,779	1,331	0	0	2,463
Capital Outlay	0	0	0	0	0	0	0
State Office of Risk Management	13,890	2,430	11,000	0	0	0	460
Total	2,400,920	586,072	1,327,547	85,283	82,678	163,318	156,021

Note:

Financial Administration Includes:

Director's Office

Accounting Operations

Financial Services

Purchasing

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 DIRECTOR'S OFFICE of FINANCIAL ADMINISTRATION
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC	GENERAL REVENUE
Salaries	341,722	33,216	124,847	66,432	0	39,590	77,636
Travel In-State	1,500		1,200	300			
Travel Out-of-State	0		0	0			
Professional Fees	19,000		15,200	3,800			
Materials/Supplies	7,871		6,297	1,574			
Repairs/Maintenance	3,694		2,955	739			
Printing and Reproduction	1,540		1,232	308			
Rental/Lease	43,368		34,694	8,674			
Membership Dues	1,000		800	200			
Registration Fees	5,096		4,077	1,019			
Employee Tuition	600		480	120			
Advertising	600		480	120			
Freight/Delivery	700		560	140			
Temporary Help	2,130		1,704	426			
Furniture/Equipment	500		400	100			
Communications/Utilities	6,657		5,326	1,331			
Capital Outlay	0		0	0			
State Office of Risk Management	11,222		11,000				222
Total	447,200	33,216	211,252	85,283	0	39,590	77,858

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
ACCOUNTING OPERATIONS
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	EARNED FEDERAL FUNDS	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC
Salaries	555,587	440,797	28,413	0	0	86,377
Travel In-State	5,000	3,500	1,500			
Travel Out-of-State	600	420	180			
Professional Fees	5,000	3,500	1,500			
Materials/Supplies	12,742	8,919	3,823			
Repairs/Maintenance	8,887	6,221	2,666			
Printing and Reproduction	2,579	1,805	774			
Rental/Lease	84,738	59,317	25,421			
Membership Dues	300	210	90			
Registration Fees	14,192	9,934	4,258			
Employee Tuition	900	630	270			
Advertising	1,200	840	360			
Freight/Delivery	500	350	150			
Temporary Help	5,661	3,963	1,698			
Furniture/Equipment	2,000	1,400	600			
Communications/Utilities	12,314	8,620	3,694			
Capital Outlay	0	0	0			
State Office of Risk Management	2,430	2,430				
Total	714,630	552,856	75,397	0	0	86,377

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 FINANCIAL SERVICES
 ANNUAL OPERATING BUDGET
 SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	BOND ADMIN FEES	HOME
Salaries	673,969	591,291	82,678
Travel In-State	4,000	4,000	
Travel Out-of-State	2,000	2,000	
Professional Fees	107,000	107,000	
Materials/Supplies	14,033	14,033	
Repairs/Maintenance	58,774	58,774	
Printing and Reproduction	1,259	1,259	
Rental/Lease	98,860	98,860	
Membership Dues	1,500	1,500	
Registration Fees	12,391	12,391	
Employee Tuition	0	0	
Advertising	0	0	
Freight/Delivery	1,500	1,500	
Temporary Help	3,104	3,104	
Furniture/Equipment	1,000	1,000	
Communications/Utilities	15,117	15,117	
Capital Outlay	0	0	
State Office of Risk Management	0	0	
Total	994,507	911,829	82,678

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
PURCHASING
ANNUAL OPERATING BUDGET
SEPTEMBER 01, 2004 thru AUGUST 31, 2005

BUDGET CATEGORIES	BUDGETED	GENERAL REVENUE	BOND ADMIN FEES	LIHTC	AHDP	MANUFACT. HOUSING APP REC
Salaries	192,458	46,793	108,315	0	0	37,350
Travel In-State	1,750	1,050	700			
Travel Out-of-State	0	0	0			
Professional Fees	0	0	0			
Materials/Supplies	4,081	2,449	1,632			
Repairs/Maintenance	2,862	1,717	1,145			
Printing and Reproduction	750	450	300			
Rental/Lease	28,246	16,948	11,298			
Membership Dues	760	456	304			
Registration Fees	2,597	1,558	1,039			
Employee Tuition	1,500	900	600			
Advertising	500	300	200			
Freight/Delivery	0	0	0			
Temporary Help	3,887	2,332	1,555			
Furniture/Equipment	850	510	340			
Communications/Utilities	4,105	2,463	1,642			
Capital Outlay	0	0				
State Office of Risk Management	238	238				
Total	244,584	78,163	129,070	0	0	37,350

**FINANCIAL SERVICES DIVISION
BOARD ACTION REQUEST**

June 28, 2004

Action Item

FY 2005 Draft Housing Finance Operating Budget.

Required Action

The Board consider for discussion the attached FY 2005 Draft Housing Finance Operating Budget for fiscal year beginning September 1, 2004 through August 31, 2005. A final draft will be presented for approval at the July 8, 2004 Board Meeting.

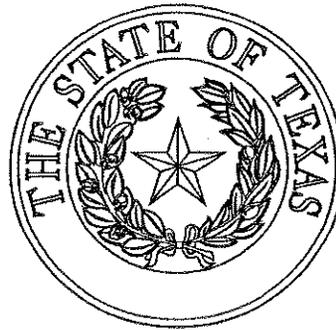
Background

The Housing Finance Operating Budget for FY 2005 is within the appropriations approved by the 78th Legislature. This budget is a subset of the whole operating budget and shows the Housing Finance revenues that support the budget.

Recommendation

Review the Draft budget and provide staff with any requested changes.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY
AFFAIRS**



**DRAFT
ANNUAL HOUSING FINANCE OPERATING BUDGET
FISCAL YEAR 2005**

Prepared by the Financial Administration Division

Texas Department of Housing and Community Affairs
Housing Finance Budget
Appropriated Receipts
Fiscal Year 2005

Budget Category	Executive Administration	Agency Administration	Housing Programs Division	Housing Operations Division	Capital Budget	Payroll Related Costs	Total Appropriated Receipts
Salaries	1,121,415	2,187,979	840,352	1,968,072			6,117,818
Payroll Related Costs						1,407,098	1,407,098
Travel In-State	48,845	16,700	30,400	105,400			201,345
Travel Out-of-State	25,030	3,020	8,720	22,815			59,585
Professional Fees	201,400	127,500	45,876	526,500	203,685		1,104,961
Materials/Supplies	50,966	65,381	36,228	80,399			232,975
Repairs/Maintenance	9,758	92,525	11,430	50,187			163,899
Printing and Reproduction	3,047	8,685	13,530	43,996			69,258
Rental/Lease	117,916	354,660	150,554	444,337			1,067,467
Membership Dues	4,925	4,729	2,185	42,875			54,714
Registration Fees	50,835	52,977	17,107	51,075			171,993
Employee Tuition	240	1,470	2,235	2,300			6,245
Advertising	860	2,560	52,660	10,300			66,380
Freight/Delivery	5,610	3,300	1,680	3,725			14,315
Temporary Help	21,549	37,541	37,231	40,175			136,495
Furniture/Equipment	5,895	8,460	3,396	3,550			21,301
Communications/Utilities	15,649	53,755	32,069	65,472			166,944
Capital Outlay	0	0	0	0	118,220		118,220
State Office of Risk Management	0	14,336	11,988	7,421	0		33,745
Total, Appropriated Receipts	1,683,939	3,035,577	1,297,641	3,468,599	321,905	1,407,098	11,214,757

Method of Finance:

Bond Administration Fees	5,174,875
Low Income Housing Tax Credit Fees	5,053,139
Affordable Housing Disposition Program Fees	986,744
Total, Method of Finance	11,214,757

EXECUTIVE SESSION

If permitted by law, the Board may discuss any item listed on this agenda in Executive Session

OPEN SESSION

Action in Open Session on Items Discussed in Executive Session

REPORT ITEMS

Executive Directors Report

ADJOURN