

BOARD BOOK OF MARCH 22, 2018



J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice-Chair

Paul Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Leo Vasquez, III, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2017

The Texas Department of Housing and Community Affairs (“TDHCA”) is the State of Texas’ lead agency responsible for affordable housing and administers a statewide array of programs to help Texans become more independent and self-sufficient. Short descriptions and key impact measures for these programs – including the total number of households/individuals to be served and total funding either administered or pledged for Fiscal Year 2017 (September 1, 2016, through August 31, 2017) – are set out below:

Multifamily New Construction & Rehabilitation:

Provides mechanisms to attract investment capital and to make available significant financing for the construction and rehabilitation of affordable rental housing through the Housing Tax Credit, Multifamily Bond, and Multifamily Direct Loan programs.

Total Households Served: 8,583
Total Funding: \$886,263,818*

Single Family Homebuyer Assistance, New Construction, Rehabilitation, Bootstrap, and Contract for Deed:

Assists with the purchase, construction, repair, or rehabilitation of affordable single family housing by providing grants and loans through the HOME Single Family Development, HOME Homeowner Rehabilitation Assistance, HOME Homebuyer Assistance, Amy Young Barrier Removal, and Texas Bootstrap programs. Stabilizes homeownership in colonias through the HOME Contract for Deed program.

Total Households Served: 326
Total Funding: \$17,323,164

Single Family Homeownership Program:

Provides down payment and closing cost assistance, mortgage loans, and mortgage credit certificates to eligible households through the My First Texas Home and Mortgage Credit Certificates programs.

Total Households Served: 5,870
Total Funding: \$870,405,445

Rental Assistance:

Provides rental, security, and utility deposit assistance through HOME Tenant Based Rental Assistance, and rental assistance payments through HUD Section 8 Housing Choice Vouchers and Section 811 Project Based Rental Assistance.

Total Households Served: 1,678
Total Funding: \$13,668,121

Weatherization Assistance Program:

Provides funding to help low-income households control energy costs through the installation of energy efficient materials and through energy conservation education.

Total Households Served: 3,349
Total Funding: \$24,379,360

Homelessness

Funds local programs and services for individuals and families at risk of homelessness or experiencing homelessness. Primary programs are the Homeless Housing and Services program and the Emergency Solutions Grants program.

Total Individuals Served: 36,555
Total Funding: \$15,009,483

Comprehensive Energy Assistance Program:

Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

Total Households Served: 134,465
Total Funding: \$94,482,215

Community Services Block Grant:

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

Total Individuals Served: 492,727
Total Funding: \$31,237,527

Sources: this data comes from the TDHCA 2018 State Low Income Housing Plan and Annual Report draft. Multifamily New Construction & Rehab data come from the most recent award logs from FY2017 for 4%, 9%, and Direct Loan Applications. Because Multifamily logs are updated on a monthly basis to reflect the changing status of Applications, this impact statement will also be updated on a monthly basis.

Note: Some households may be served by more than one TDHCA program.

*FY2017 data for the Multifamily program is artificially low, largely due to federal tax reform’s timing effects on 4% housing tax credit developments. A significant amount of 4% activity was delayed into the 4 months after FY2017 (Sept., Oct., and Nov., and Dec.).



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

**A G E N D A
8:00 AM
March 22, 2018**

**John H. Reagan Building
JHR 140, 105 W 15th Street
Austin, Texas 78701**

CALL TO ORDER

ROLL CALL

J.B. Goodwin, Chair

CERTIFICATION OF QUORUM

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

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

Resolution recognizing April as *Fair Housing Month*

CONSENT AGENDA

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

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

LEGAL

- a) Presentation, discussion, and possible action regarding the adoption of Agreed Final Orders concerning related properties Redbud Trail Apartments (HTF 92041B / CMTS 2515), Waters at Sunrise (HTC 14417 / HOME 1002231 / CMTS 5046), and Stonebriar Village of Plainview (HTC 99102 / CMTS 2174)

Jeffrey T Pender
Deputy General Counsel

SINGLE FAMILY OPERATIONS & SERVICES

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

Homero Cabello
Director
Single Family Operations
& Services

MULTIFAMILY FINANCE

- c) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer
18407 Sphinx at Sierra Vista Senior Villas Fort Worth
- d) Presentation, discussion, and possible action on Inducement Resolution No. 18-017 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2018 Waiting List

Marni Holloway
Director, MF Finance

ASSET MANAGEMENT

- e) Presentation, discussion and possible action regarding a Material Amendment to Housing Tax Credit Application
94052 Sea Greens Apartment Homes Port Lavaca

Raquel Morales
Director
Asset Management

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

- a) TDHCA Outreach Activities, (February - March)
- b) Report on the Department's Balance Sheet/Statement of Net Position for the period ended January 31, 2018

Michael Lyttle
Chief of External Affairs

David Cervantes
Chief Financial Officer

ACTION ITEMS

ITEM 3: REPORTS

- a) Report on Department's Fair Housing Activities
- b) Resident Survey and 2019 QAP Project Plan Report
- c) Internal Audit of TDHCA Bond Program's Processes and Controls
- d) Report on the meeting of the Audit and Finance Committee

Suzanne Hemphill
Fair Housing Project Mgr

Marni Holloway
Director, MF Finance

Mark Scott
Director, Internal Audit

ITEM 4: INTERNAL AUDIT

Review and possible acceptance of State Auditor's Office audit of the TDHCA financial statements

Mark Scott
Director, Internal Audit

ITEM 5: MULTIFAMILY FINANCE

- a) Presentation, discussion, and possible action regarding the Issuance of a Governmental Lender Note (The Preserve at Hunters Crossing) Resolution No. 18-015 and a Determination Notice of Housing Tax Credits
- b) Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Springs Apartments) Series 2018 Resolution No. 18-016 and a Determination Notice of Housing Tax Credits
- c) Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(3) related to Undesirable Neighborhood Characteristics and 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features for Anna Dupree Terrace in Houston
- d) Presentation, discussion, and possible action on a timely filed appeal of Application termination under the Department's Multifamily Program Rules
18106 Hallsville Estates Hallsville
18109 The Trails at San Angelo San Angelo
- e) Presentation, discussion, and possible action on an Amendment to the 2018-1 Multifamily Direct Loan Notice of Funding Availability
- f) Presentation, discussion, and possible action on a request for waiver of rules for Brook Haven Supportive Housing (17510)

Marni Holloway
Director, MF Finance

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

EXECUTIVE SESSION

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

1. The Board may go into Executive Session Pursuant to Tex. Gov't Code §551.074 for the purposes of discussing personnel matters including to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee;
2. Pursuant to Tex. Gov't Code §551.071(1) to seek the advice of its attorney about pending or contemplated litigation or a settlement offer;
3. Pursuant to Tex. Gov't Code §551.071(2) for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Tex. Gov't Code Chapter 551; including seeking legal advice in connection with a posted agenda item;
4. Pursuant to Tex. Gov't Code §551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; and/or

J.B. Goodwin
Chair

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

OPEN SESSION

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

ADJOURN

To access this agenda and details on each agenda item in the board book, please visit our website at www.tdhca.state.tx.us or contact Michael Lyttle, 512-475-4542, TDHCA, 221 East 11th Street, Austin, Texas 78701, and request the information.

If you would like to follow actions taken by the Governing Board during this meeting, please follow TDHCA account (@tdhca) on Twitter.

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least three (3) days before the meeting so that appropriate arrangements can be made.

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

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

NOTICE AS TO HANDGUN PROHIBITION DURING THE OPEN MEETING OF A GOVERNMENTAL ENTITY IN THIS ROOM ON THIS DATE:

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.

De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.

Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.

De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.

NONE OF THESE RESTRICTIONS EXTEND BEYOND THIS ROOM ON THIS DATE AND DURING THE MEETING OF THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Texas Department of Housing and Community Affairs
RESOLUTION

WHEREAS, April 2018 is Fair Housing Month and marks 50 years since the passage of the federal Fair Housing Act (Title VIII of the Civil Rights Act of 1968), signed by U.S. President Lyndon Baines Johnson on April 11, 1968;

WHEREAS, the Fair Housing Act provides that no person shall be subjected to discrimination because of race, color, national origin, religion, sex, disability, or familial status in the sale, rental, financing, or advertising of housing and charges the Secretary of the U.S. Department of Housing and Urban Development (“HUD”) with administering HUD programs in a manner that meets the requirements of the law and affirmatively furthers the purposes of the Fair Housing Act;

WHEREAS, the Texas Department of Housing and Community Affairs administers HUD and other housing programs that promote the development and supply of safe, decent, affordable housing for qualifying Texans;

WHEREAS, it is the policy of the Texas Department of Housing and Community Affairs to support equal housing opportunity in the administration of all of its programs and services, including encouraging equitable lending practices for its homebuyer programs and ensuring compliance with Fair Housing rules and guidelines for its multifamily developments;

WHEREAS, the Texas Department of Housing and Community Affairs, through its programs, workshops, trainings, and materials seeks continually to educate property managers, consultants, program administrators, architects, contractors, developers, engineers, lenders, real estate professionals, and others about the importance of their commitment and adherence to the requirements of the Fair Housing Act;

WHEREAS, the Texas Department of Housing and Community Affairs encourages the development of educational fair housing programs in local communities throughout the State and is seeking to build new opportunities for fair housing education and training; and

WHEREAS, the Texas Department of Housing and Community Affairs and the State of Texas support equal housing opportunity and housing choice in accordance with the Fair Housing Act not only during Fair Housing Month in April, but throughout the entire year;

NOW, therefore, it is hereby

RESOLVED, that the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate April 2018 as Fair Housing Month in Texas, and encourage all Texas individuals and organizations, public and private, to join and work together in this observance for free and equal housing treatment and opportunity for all.

Signed this twenty-second day of March 2018.



J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice Chair

Asusena Reséndiz, Member

Sharon Thomason, Member

Paul A. Braden, Member

Leo Vasquez, Member

Timothy K. Irvine, Executive Director

CONSENT AGENDA

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BOARD ACTION REQUEST

LEGAL DIVISION

MARCH 22, 2018

Presentation, discussion, and possible action regarding the adoption of Agreed Final Orders concerning related properties Redbud Trail Apartments (HTF 92041B / CMTS 2515), Waters at Sunrise (HTC 14417 / HOME 1002231 / CMTS 5046), and Stonebriar Village of Plainview (HTC 99102 / CMTS 2174)

RECOMMENDED ACTION

WHEREAS, Redbud Trail Apartments (“Redbud”), owned by Atlantic Housing Foundation, Inc. (“Redbud Owner”), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, Waters at Sunrise (“Waters”), owned by Waters at Sunrise, LP (“Waters Owner”), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, Stonebriar Village of Plainview (“Stonebriar”), owned by Stonebriar Village of Plainview, Ltd. (“Stonebriar Owner”), has uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, Redbud Owner, Waters Owner, and Stonebriar Owner, are all related entities, ultimately controlled by Atlantic Housing Foundation, Inc. (collectively known as “Owner”);

WHEREAS, on February 27, 2018, Owner’s representatives participated in an informal conference with the Enforcement Committee and agreed, subject to Board approval, to enter into three Agreed Final Orders, assessing a \$1,500 administrative penalty for Redbud, a \$500 administrative penalty for Waters, and a \$500 administrative penalty for Stonebriar, with each penalty to be fully forgiven if onsite management at Redbud and Waters attend training, and if all violations are resolved as specified in the Agreed Final Orders on or before June 20, 2018, for Redbud and Waters, and July 20, 2018 for Stonebriar;

WHEREAS, unresolved compliance findings for Redbud include seven violations for failure to ensure that households qualified at initial occupancy, and a utility allowance violation; unresolved compliance findings for Waters include an affirmative marketing plan violation; and unresolved compliance findings at Stonebriar include Uniform Physical Condition Standards (“UPCS”) violations identified during a 2017 inspection; and

WHEREAS, staff has based its recommendations for Agreed Final Orders on the Department’s rules for administrative penalties and an assessment of each and all of

the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in each case.

NOW, therefore, it is hereby

RESOLVED, that three Agreed Final Orders, one assessing an administrative penalty of \$1,500 for noncompliance at Redbud Trail Apartments, a second assessing an administrative penalty of \$500 for noncompliance at Waters at Sunrise, and a third assessing an administrative penalty of \$500 for noncompliance at Stonebriar Village of Plainview, subject to forgiveness as outlined above, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Redbud Trail Apartments, Waters at Sunrise, and Stonebriar Village of Plainview are owned by related entities, and are ultimately controlled by Atlantic Housing Foundation, Inc.

Property	Owner	Funding type	LURA Effective	Units	Location
Redbud Trail Apartments ("Redbud")	Atlantic Housing Foundation, Inc.	HTF	1993	150 units. 148 of which are restricted	Collin County
Waters at Sunrise ("Waters")	Waters at Sunrise LP	HOME and HTC	2015	300 units. 237 of which are restricted by HTC LURA and 35 are restricted by HOME LURA.	Williamson County
Stonebriar Village of Plainview ("Stonebriar")	Stonebriar Village of Plainview, Ltd.	HTC	2001	100 units. 90 of which are restricted.	Hale County

Michael Nguyen is the President and a director for Atlantic Housing Foundation, and is the primary owner contact in CMTS for all three properties. Records of the Texas Secretary of State list the following other officers for Atlantic Housing Foundation: Michael Nguyen (Director / President), Richard Whaley (Director), Daniel B French (Director / VP), Alton E. Jones (Director), Elizabeth Snyder (Secretary). The following staff attended the informal conference on February 27, 2018, as representatives for Atlantic Housing Foundation: Russell Richardson (Director of Operations) attended the informal conference on February 27, 2018, along with compliance staff and property managers including Belinda Solis (Compliance Manager), Heather Baker (Regional Manager for Waters), Nathan Champion (Regional Manager for Redbud and Stonebriar), Rebecca Steed (Property Manager for Redbud), and Michelle Addona (Property Manager for Waters). All three properties are managed by Atlantic Housing Management, LLC.

The following compliance violations identified during 2017 were referred for an administrative penalty and have been resolved:

1. Failure to submit Part B of the 2016 Annual Owners Compliance Report for Redbud;
2. Failure to submit the Annual Owner's Financial Certification part of the 2016 Annual Owners Compliance Report for Waters;
3. Failure to maintain fully compliant written policies and procedures, including tenant selection criteria, for Redbud;
4. Failure to implement the Tenant Rights and Resources Guide for Redbud; and
5. Failure to maintain a fully acceptable Affirmative Marketing Plan and evidence of associated marketing efforts for Redbud.

The following compliance violations identified during 2017 were referred for an administrative penalty and are unresolved:

1. Household income violations for units 122, 135, 173, 238, 241, 247, and 257 at Redbud. Owner representatives indicate that all households qualify for occupancy and that they are prepared to submit acceptable corrective documentation as required;
2. Utility allowance violation for failure to implement updated utility allowance for Redbud when updated by the housing authority. Owner representatives indicate that they have implemented the required updates and are prepared to submit corrective documentation as required;
3. Failure to maintain a fully acceptable Affirmative Marketing Plan and evidence of associated marketing efforts for Waters. Owner representatives indicate that they have updated the affirmative marketing plan and are prepared to submit corrective documentation as required; and
4. 2017 UPCS violations at Stonebriar relating to driveway surface deterioration and deteriorating exterior paint on multiple buildings. Owner representatives indicate that all remaining violations are scheduled to be addressed during planned exterior renovations beginning this month.

Redbud and Waters have no prior referral history with the Enforcement Committee. Stonebriar has been referred previously, but the referrals were closed informally when full corrections were received. Representatives for Atlantic Housing Foundation indicated that they are prepared to make all necessary corrections for the unresolved violations listed above. They indicate that they are attending training, working to hire additional compliance staff, and are improving internal processes and accountability to ensure future compliance.

Owner representatives participated in an informal conference with the Enforcement Committee on February 28, 2018, and agreed to sign Agreed Final Orders with the following terms:

Redbud:

1. A \$1,500 administrative penalty, subject to forgiveness as indicated below:
2. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before June 20, 2018;
3. Onsite management must attend First Thursday Income Eligibility Training and fair housing training, then provide copies of completion certificates to TDHCA, on or before June 20, 2018;
4. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of \$1,500 will be forgiven; and
5. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Waters:

1. A \$500 administrative penalty, subject to forgiveness as indicated below:
2. Owner must correct the file monitoring violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before June 20, 2018;
3. Onsite management must attend First Thursday Income Eligibility Training and fair housing training, then provide copies of completion certificates to TDHCA, on or before June 20, 2018;
4. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of \$500 will be forgiven; and
5. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Stonebriar:

1. A \$500 administrative penalty, subject to forgiveness as indicated below:
2. Owner must correct the UPCS violations as indicated in the Agreed Final Order, and submit full documentation of the corrections to TDHCA on or before June 20, 2018;
3. If Owner complies with all requirements and addresses all violations as required, the full administrative penalty in the amount of \$500 will be forgiven; and
4. If Owner violates any provision of the Agreed Final Order, the full administrative penalty will immediately come due and payable.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order assessing a \$1,500 administrative penalty is recommended for Redbud Trails, an Agreed Final Order assessing a \$500 administrative penalty is recommended for Waters at Sunrise, and an Agreed Final Order assessing a \$500 administrative penalty is recommended for Stonebriar Village of Plainview, all of which would be probated and fully forgivable upon successful completion of probation as defined under each Agreed Final Order. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST
ATLANTIC HOUSING
FOUNDATION, INC. WITH RESPECT
TO REDBUD TRAIL APARTMENTS
(HTF FILE # 92041B / CMTS # 2515)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 22nd day of March, 2018, the Governing Board (“Board”) of the Texas Department of Housing and Community Affairs (“TDHCA” or “Department”) considered the matter of whether enforcement action should be taken against **ATLANTIC HOUSING FOUNDATION, INC.**, a South Carolina nonprofit corporation (“Respondent”).

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act (“APA”), Tex. Gov’t Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov’t Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov’t Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 1993, National Center for Housing Management, a nonprofit corporation (“Prior Owner”) was awarded a Housing Trust Fund loan in the amount of \$551,623 to acquire and operate Redbud Trail Apartments (“Property”) (HTF file No. 92041 / CMTS No. 2515 / LDLD No. 697).
2. In connection with that funding, Prior Owner signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective December 30, 1993, and filed of record at Document Number 94-0000099 of the Official Public Records of Real Property of

Collin County, Texas ("Records"), as amended by a First Amendment executed to be effective as of January 15, 2015, and filed in the Records at Document Number 20150610000688700. In accordance with Section 7.11 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.

3. Respondent purchased the Property on December 30, 2003 and, although an Agreement to Comply was not signed, Respondent is bound to the terms of the LURA in accordance with Section 7.11 thereof.
4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. An on-site monitoring review was conducted on November 15, 2016, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and an August 31, 2017, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:
 - a. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for units 122, 135, 173, 238, 241, 247, and 257, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income) and Section 2.2 of the LURA, which require screening of tenants to ensure qualification for the program. These findings remain unresolved.
 - b. Respondent failed to maintain fully acceptable written policies and procedures, including written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements. This finding was corrected on February 20, 2018, 173 days past the deadline.
 - c. Respondent failed to properly calculate the utility allowance for the property, a violation of 10 TAC §10.614 (Utility Allowances), which requires all developments to establish a utility allowance. This finding remains unresolved.
 - d. Respondent failed to provide a compliant affirmative marketing plan, a violation of 10 TAC §10.617 (Affirmative Marketing Requirements), which requires developments to maintain an affirmative marketing plan that meets minimum requirements and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled. This finding was corrected on February 20, 2018, 173 days past the deadline.

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapters 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

- e. Respondent failed to implement the Tenant Rights and Resources Guide, a violation of 10 TAC §10.613 (Lease Requirements), which requires owners to post a laminated copy of the Guide in a common area of the leasing office and provide a copy to each household during the application process and upon any subsequent change to common amenities, unit amenities, or services. This finding was corrected on February 20, 2018, 173 days past the deadline.
6. The following violations remain outstanding at the time of this order:
 - a. Household income violations described in FOF #5.a; and
 - b. Utility allowance violation described in FOF #5.c.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TAC Chapter 2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Respondent violated 10 TAC §10.611 and Section 2.2 of the LURA in 2016, by failing to provide documentation that household incomes were within prescribed limits upon initial occupancy for units: 122, 135, 173, 238, 241, 247, and 257.
4. Respondent violated 10 TAC §10.610 in 2016, by not maintaining written policies and procedures, including written tenant selection criteria meeting TDHCA requirements.
5. Respondent violated 10 TAC §10.614 in 2016 by failing to implement an updated utility allowance.
6. Respondent violated 10 TAC §10.617 in 2016, by failing to provide a complete affirmative marketing plan.
7. Respondent violated leasing requirements in 10 TAC §10.613 in 2016, by failing to implement the Tenant Rights and Resources Guide.
8. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
9. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
10. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

11. An administrative penalty of \$1,500 is an appropriate penalty in accordance with 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$1,500, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that onsite property management staff at Redbud Trail Apartments, with the exception of maintenance personnel, shall attend at least 8 hours of income eligibility training offered by either TDHCA or the Texas Apartment Association, and submit completion certificates to the Department via CMTS on or before June 20, 2018. Registration for these courses is available at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html> or <http://www.taa.org/events/>.

IT IS FURTHER ORDERED that onsite property management staff at Redbud Trail Apartments, with the exception of maintenance personnel, shall complete fair housing training by either: (A) participating in the Fair Housing Overview Webinar on April 10, 2018, at <http://www.tdhca.state.tx.us/fair-housing/announcements.htm>, or (B) watching the 2015 Tenant Selection Criteria Webinar Presentation *and* the 2015 Affirmative Marketing Requirements Webinar Video at <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>. Upon completion of either (A) or (B), submit a signed letter via CMTS on or before June 20, 2018, certifying completion.

IT IS FURTHER ORDERED that Respondent shall fully correct the file monitoring violations as indicated in the exhibits and submit full documentation of the corrections to TDHCA on or before June 20, 2018.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the full administrative penalty in the amount of \$1,500 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System (“CMTS”) by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 4, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on March 22, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 22nd day of March, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 22nd day of March, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Exhibit 1

File Monitoring Violation Resources and Instructions

Resources:

1. Refer to the following link for all references to the rules at 10 TAC §10 that are referenced below:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&cl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&cl=Y)

2. Refer to the following link for copies of forms that are referenced below:

<http://www.tdhca.state.tx.us/pmcomp/forms.htm>

3. Technical support and training presentations are available at the following links:

Income and Rent Limits: <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>

Utility Allowance: <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>

FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFaqs.htm>

4. **All corrections must be submitted via CMTS:** See link for steps to upload documents <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>.

5. **Important notes -**

- i. Do not backdate any documents listed below.
- ii. A transfer of a qualified household from another unit is not sufficient to correct any findings. If there is a tenant income certification or household income above limit violation, a transfer from another unit will simply cause the finding to transfer to that unit.

Instructions:

6. **Utility Allowance** – The Development submitted a utility allowance from the Housing Authority of the City of McKinney, TX effective May 1, 2016. Since the violation has been outstanding for multiple months, there is now a more recent utility allowance that must be implemented. Additionally, the Unit Status Report (USR) lists different utility allowance rates than those submitted with the corrective action.

What to submit: submit via CMTS a copy of the new utility allowance issued by the Housing Authority of the City of McKinney. Also submit the development's updated Unit Status Report to demonstrate that the utility allowance has been implemented. Rent will be tested development-wide once the proper allowance is implemented, and any resulting noncompliance will be cited at that time and provided a separate corrective action period of 90 days.

For more information, see <http://www.tdhca.state.tx.us/pmcomp/utility-allowance.htm>

7. Household income violations for units 122, 135, 173, 238, 241, 247, and 257

What to submit: Follow the instructions below with respect to units 122, 135, 173, 238, 241, 247, and 257, then submit documentation via CMTS.

Circumstance with respect to units listed above	Instruction
If unit is occupied by a qualified household	Follow the instructions that are outlined separately for each unit at Exhibit 2. If the circumstances outlined at Exhibit 2 no longer exist because the affected household has moved out, follow the instructions in the applicable row below.
If unit is occupied by a new qualified household	Submit the full tenant file*.
If unit is occupied by a nonqualified household on a month-to-month lease	<p>A. Follow your normal procedures for terminating residency and provide a copy of documentation to TDHCA.**</p> <p>B. Once the unit becomes available, occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after 6/20/2018 is acceptable for this circumstance provided that Requirement A above is fulfilled.</p>
If unit is occupied by a nonqualified household with a non-expired lease	<p>A. Issue a nonrenewal notice to tenant and provide a copy to TDHCA.**</p> <p>B. As soon as the unit is occupied by a qualified household, you must submit the full tenant file*. Receipt of the full tenant file after 6/20/2018 is acceptable for this circumstance provided that Requirement A above is fulfilled.</p>
If unit has been vacant <i>more than</i> 30 days	<p>A. Unit must be made ready for occupancy and a letter certifying to that effect must be submitted to TDHCA.</p> <p>B. Occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after 6/20/2018 is acceptable for this circumstance provided that Requirement A above is fulfilled.</p>
If unit has been vacant <i>less than</i> 30 days	<p>A. If unit is ready for occupancy, a letter certifying to that effect must be submitted to TDHCA.</p> <p>B. If unit is not ready for occupancy, submit a letter to TDHCA including details regarding work that is required and when the unit will be ready for occupancy (no more than 30 days from the date of vacancy).</p> <p>C. Occupy the unit by a qualified household, and submit the full new tenant file within 30 days of occupancy*. Receipt of the full tenant file after 6/20/2018 is acceptable for this circumstance provided that Requirements A and B above are fulfilled.</p>

*Full tenant file must include: tenant application, verifications of all sources of income and assets, tenant income certification, lease, lease addendum, Tenant Rights and Resources Guide Acknowledgment, and a copy of the tenant selection criteria under which the household was screened. For reference, some technical support regarding tenant files is at Exhibit 3.

** If a notice of nonrenewal or notice of termination is sent to tenant, ensure that it complies with requirements of the rule at 10 TAC 10.610(f)

Exhibit 2

Specific instructions for units 122, 135, 173, 238, 241, 247, and 257

Follow the instructions that are outlined separately for each unit below. If the circumstances outlined below no longer exist because the affected household has moved out, follow the instructions in the applicable row in the table at Exhibit 1, section 7. Technical support regarding tenant files is included at Exhibit 3 as a courtesy.

- **Unit 122:** Based upon the 2/20/2018 submission by the property, it appears that a new household moved to this unit July 7, 2017. The applicant disclosed Social Security and Dallas Seminary Pension as other non-work income; however, the pension was not verified.
What to submit: Obtain verification of pension income from the time of move-in. If the household is eligible, submit a copy of the verification to the Department.
If the household's circumstances have changed since move-in, but the household is eligible, a new certification may be performed using current circumstances and current income and asset information. If a new certification is performed for the existing household, the property must obtain first-hand documentation, such as award letters and bank statements to document income and assets. Submit copies of the household's application, verifications of income and assets, executed Tenant Income Certification form, first and signatory page of the lease contract, applicable lease addendums and the Acknowledgement from the Tenant Rights and Resources Guide.
If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

- **Unit 135:** Based upon the 2/20/2018 submission by the property, it appears the Development is recertifying the household under the current circumstances; however, an Annual Eligibility Certification was submitted instead of the 3-page Tenant Income Certification, and the initial application was submitted rather than getting a new one.
What to submit: If the household is eligible, submit an executed copy of the new Tenant Income Certification, a copy of a current application providing the current and previous employers of both adult household members, verifications of all sources of income and assets disclosed on the application.
If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

- **Unit 173:** Based upon the 2/20/2018 submission by the property, it appears that the second household member's birth year is 1999. As a result, the second household member was 18 at the time of application and should have been screened as an adult. The Tenant Income Certification (TIC) and Supplemental Rental Application incorrectly list the second household member as 17 years old. Additionally, the household certified to not having any assets on the Under \$5,000 Asset Certification; however, pay stubs show that income is being directly deposited into a checking account.
What to submit: Properly screen the household (including the second household member) for all income and assets using current income and asset sources. The development must obtain first hand documentation such as pay stubs and bank statements to document income and assets for each adult household member.
If the household is eligible, submit copies of the household's application, verifications of income and assets, executed Tenant Income Certification form, first and signatory page of the lease contract, applicable lease addendums and the Acknowledgement from the Tenant Rights and Resources Guide.
If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

- **Unit 238:** Based upon the 2/20/2018 submission by the property, it appears the Development is recertifying the household under the current circumstances; however, the file was incomplete and included information that conflicted with the original submission. A new Tenant Income Certification (TIC) executed January 19, 2017, included two dependents that were not included on the TIC at the time of initial certification. There was no documentation submitted to determine if the head of household is/is not receiving child support. The pay stubs for household member number two appear to differ from the employer noted in the file the day of the onsite review. Lastly, a copy of a current application providing the current and previous employers of both adult household members was not submitted with the response.

What to submit: If the household's circumstances have changed since move-in, a new certification may be performed using current circumstances and current income and asset information. If a new certification is performed for the existing household, the property must obtain first hand documentation, such as pay stubs and bank statements to document income and assets.

If the household is eligible, submit copies of the household's application, verifications of income and assets, executed Income Certification form, first and signatory page of the lease contract, applicable lease addendums and the Acknowledgement from the Tenant Rights and Resources Guide.

If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

- **Unit 241:** Based upon the 2/20/2018 submission by the property, it appears that there are no original household members remaining in this unit. If original household members have moved out, any remaining tenants need to be certified as a new income qualified household under current circumstances.

What to submit: Properly screen the current household using current income and asset sources. The development must obtain first hand documentation such as pay stubs and bank statements to document income and assets for each adult household member. Additionally, both household members are servers, and tips are received. Declared tips have been verified on the pay stubs; however, they also need to self certify to the tips they receive (cash) that is not reported to their employers.

If the household is eligible, submit copies of the household's application, verifications of income and assets, executed Income Certification form, first and signatory page of the lease contract, applicable lease addendums and the Acknowledgement from the Tenant Rights and Resources Guide.

If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

- **Unit 247:** The 2/20/2018 submission by the property included illegible pay stubs, and an updated application for the 2017 certification was not provided. Lastly, the second adult disclosed employment with First Convenience Bank; however, documentation to evidence the termination date for this employer was not submitted.

What to submit:

If the household is eligible, submit (1) pay stubs that clearly detail the company name, pay periods, and pay amounts; (2) verification(s) of termination for previous employer(s); (3) a copy of the a current application providing the current and previous employers of both adult household members; and (4) verifications for all income and assets disclosed on the new application.

If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

- **Unit 257:** Based upon the 2/20/2018 submission by the property, it appears the Development is certifying the household under current circumstances; however, an Annual Eligibility Certification (AEC) form was provided instead of a new three-page Tenant Income Certification (TIC). A new TIC must be created and executed to certify the household under current circumstances.

What to submit:

If the household is eligible, complete a new TIC to show the household is certifying under the current circumstances. Do not back date the certification. Submit the TIC to the Department for review.

If the household is not eligible or any of the above circumstances no longer apply to this unit, follow the instructions in the applicable row in the table at Exhibit 1, section 7.

Exhibit 3

Tenant File Guidelines

The following technical support does not represent a complete list of all file requirements and is intended only as a guide. TDHCA staff recommends that all onsite staff responsible for accepting and processing applications sign up for First Thursday Training in order to get a full overview of the process. Sign up at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html>. Forms discussed below are available at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>.

1. **Intake Application:** Each adult household member must complete their own application in order to be properly screened at initial certification. A married couple can complete a joint application. The Department does not have a required form to screen households, but we make a sample form available for that purpose. All households must be screened for household composition, income and assets. Applicants must complete all blanks on the application and answer all questions. Any lines left intentionally blank should be marked with "none" or "n/a." The application must be signed and dated by all adult household members, using the date that the form is actually completed. If you use the Texas Apartment Association (TAA) Rental Application, be aware that it does not include all requirements, but they have a "Supplemental Rental Application for Units Under Government Regulated Affordable Housing Programs" that includes the additional requirements.
2. **Release and Consent:** Have tenant sign TDHCA's Release and Consent form so that verifications may be collected by the property.
3. **Verify Income:** Each source of income and asset must be documented for every adult household member based upon the information disclosed on the application. There are multiple methods:
 - a. **Income Verification for Households with Section 8 Certificates:** This form is signed by the Public Housing Authority, certifying that the household is eligible at initial occupancy. This form can only be completed at initial occupancy and cannot be used to correct a finding of noncompliance relating to income eligibility.
 - b. **First hand verifications:** Paystubs or payroll print-outs that show gross income. If you choose this method, ensure that you consistently collect a specified number of consecutive check stubs as defined in your management plan;
 - c. **Employment Verification Form:** Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the employer. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the employer portion has authority to do so and has access to all applicable information in order to verify the employment income. If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it;
 - d. **Verification of non-employment income:** You must obtain verifications for all other income sources, such as child support, social security, and/or unemployment benefits. Self-certification by the household is not acceptable. Examples: benefit verification letter(s) would be acceptable for social security and/or employment benefits. Acceptable verifications for child support could include documents such as divorce decree(s), court order(s), or a written statement from the court or attorney general regarding the monthly awarded amount;

- e. **Telephone Verifications:** these are acceptable *only* for clarifying discrepancies and cannot be used as primary form of verification. Include your name, the date, the name of the person with whom you spoke, and your signature;
 - f. **Certification of Zero Income:** If an adult household member does not report any sources of income on the application, this form can be used to document thorough screening and to document the source of funds used to pay for rent, utilities, and/or other necessities.
4. **Verify Assets:** Regardless of their balances, applicants must report all assets owned, including assets such as checking or savings accounts. The accounts are typically disclosed on the application form, but you must review all documentation from the tenant to ensure proper documentation of the household's income and assets. For instance, review the credit report (if you pull one), application, pay stubs, and other documents to ensure that all information is consistent. Examples of ways to find assets that are frequently overlooked: Review pay stubs for assets such as checking and retirement accounts that the household may have forgotten to include in the application. These accounts must also be verified. Format of verifications:
- a. **Under \$5000 Asset Certification Form:** If the total cash value of the assets owned by members of the household is less than \$5,000, as reported on the Intake Application, the TDHCA Under \$5,000 Asset Certification form may be used to verify assets. If applicable, follow the instructions to complete one form per household that includes everyone's assets, even minors, and have all adults sign and date using the date that the form is actually completed.
 - b. **First hand verifications** such as bank statements to verify a checking account. Ensure that you use a consistent number of consecutive statements, as identified in your management plan.
 - c. **3rd party verifications** using the TDHCA Asset Verification form. As with the "Employment Verification Form" discussed above, Part 1 must be completed by you and signed by the tenant. Part 2 must be completed by the financial institution. To prevent fraud, you must submit the form directly to the employer and must not allow the tenant to handle it. You should ensure that the person completing the financial institution's portion has authority to do so and has access to all applicable information in order to verify the asset(s). If you receive the verification via mail, retain the envelope. If you receive it via fax, ensure that the fax stamp is on it.
5. **Tenant Income Certification Form:** Upon verification of all income and asset sources disclosed on the application and any additional information found in the documentation submitted by the tenant, the next step is to annualize the sources on the Income Certification Form, add them together, and compare to the applicable income limit for household size which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>. Be sure to include any income derived from assets. The form must include all household members, and be signed by each adult household member.
6. **Lease:** Must conform with your LURA and TDHCA requirements and indicate a rent below the maximum rent limits, which can be found at <http://www.tdhca.state.tx.us/pmcomp/irl/index.htm>. When determining the rent, ensure that the tenant's rent, plus the utility allowance, plus any housing subsidies, plus any

mandatory fees, are below the maximum limits set by TDHCA. 10 TAC §10.613(a) prohibits the eviction or termination of tenancy of low income households for reasons other than good cause throughout the affordability period in accordance with Revenue Ruling 2004-82. In addition, 10 TAC §10.613(f) prohibits HTC developments from locking out or threatening to lock out any development resident, or seizing or threatening to seize personal property of a resident, except by judicial process, for purposes of performing necessary repairs or construction work, or in case of emergency. The prohibitions must be included in the lease or lease addendum. TAA has an affordable lease addendum that has incorporated this required language. If you are not a TAA member, you can draft a lease addendum using the requirements outlined above.

7. **Tenant Selection Criteria:** In accordance with 10 TAC §10.610(b), you must maintain written Tenant Selection Criteria and a copy of those written criteria under which an applicant was screened must be included in the household's file.
8. **Tenant Rights and Resources Guide:** As of 1/8/2015, the Fair Housing Disclosure Notice and Tenant Amenities and Services Notice have been replaced by the Tenant Rights and Resources Guide.

In accordance with 10 TAC §10.613(m), a laminated copy of this guide must be posted in a common area of the leasing office. Development must also provide a copy of the guide to each household during the application process and upon any subsequent changes to the items described at paragraph b) below. The Tenant Rights and Resources Guide includes:

- a) Information about Fair Housing and tenant choice; and
- b) Information regarding common amenities, unit amenities, and services.

A representative of the household must receive a copy of the Tenant Rights and Resources Guide and sign an acknowledgment of receipt of the brochure prior to, but no more than 120 days prior to, the initial lease execution date.

Exhibit 4:

Texas Administrative Code

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10 UNIFORM MULTIFAMILY RULES
SUBCHAPTER E POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406 Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

ENFORCEMENT ACTION AGAINST
WATERS AT SUNRISE, LP WITH
RESPECT TO WATERS AT SUNRISE
(HOME # 1002231 / HTC # 1002231 /
CMTS # 5046)

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§

BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 22nd day of March, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **WATERS AT SUNRISE, LP**, a Texas limited partnership ("Respondent").

This Agreed Order is executed pursuant to the authority of Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov't Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov't Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 2014, Respondent was awarded a HOME loan in the total amount of \$4,000,000 and an allocation of Low Income Housing Tax Credits in the annual amount of \$849,356 by the Board to build and operate Waters at Sunrise ("Property") (HOME No. 1002231 / HTC No. 1002231 / CMTS No. 5046 / LDLD No. 710).
2. In connection with the tax credit allocation, Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective October 10, 2016, and filed of record at Document Number 2016117861 of the Official Public Records of Real Property of Williamson County, Texas ("Records").

3. In connection with the HOME funding, Respondent signed a land use restriction agreement (“LURA”) regarding the Property. The LURA was effective May 6, 2015, and filed of record at Document Number 2015037310 of the Records.
4. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

5. A Fair Housing Team desk review was conducted electronically on August 25, 2017, to determine whether Respondent was in compliance with affirmative marketing requirements. A letter was issued August 25, 2017, setting a November 23, 2017, corrective action deadline, corrective action deadline however, Respondent failed to provide a fully compliant affirmative marketing plan before the deadline, a violation of 10 TAC §10.617 (Affirmative Marketing), which requires developments to maintain an affirmative marketing plan that meets minimum requirements and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled. This finding remains unresolved.
6. The following violations remain outstanding at the time of this order:
 - a. Affirmative marketing violation described in finding of fact #5;

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov’t Code §§2306.041-.0503, and 10 TAC Chapter 2.
2. Respondent is a “housing sponsor” as that term is defined in Tex. Gov’t Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TAC §10.617 in 2017, by failing to provide a complete affirmative marketing plan;
5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov’t Code §2306.041 and §2306.267.
6. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapters 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
8. An administrative penalty of \$500 is an appropriate penalty in accordance with 10 TAC 10 TAC Chapter 2.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$500, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that onsite property management staff at Waters at Sunrise, with the exception of maintenance personnel, shall attend at least 8 hours of income eligibility training offered by either TDHCA or the Texas Apartment Association, and submit completion certificates to the Department via CMTS on or before June 20, 2018. Registration for these courses is available at <http://www.tdhca.state.tx.us/pmcomp/COMPtrain.html> or <http://www.taa.org/events/>.

IT IS FURTHER ORDERED that onsite property management staff at Waters at Sunrise, with the exception of maintenance personnel, shall complete fair housing training by either: (A) participating in the Fair Housing Overview Webinar on April 10, 2018, at <http://www.tdhca.state.tx.us/fair-housing/announcements.htm>), or (B) watching the 2015 Tenant Selection Criteria Webinar Presentation *and* the 2015 Affirmative Marketing Requirements Webinar Video at <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>). Upon completion of either (A) or (B), submit a signed letter via CMTS on or before June 20, 2018, certifying completion.

IT IS FURTHER ORDERED that Respondent shall fully correct the file monitoring violations as indicated in the exhibits and submit full documentation of the corrections to TDHCA on or before June 20, 2018.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the full administrative penalty in the amount of \$500 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that

it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 2, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on March 22, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 22nd day of March, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 22nd day of March, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

Exhibit 1

File Monitoring Violation Resources and Instructions

Resources:

1. Refer to the following link for all references to the rules at 10 TAC §10 that are referenced below:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=5&ti=10&pt=1&ch=10&sch=F&rl=Y)
2. Refer to the following link for copies of forms that are referenced below:
<http://www.tdhca.state.tx.us/pmcomp/forms.htm>
3. Technical support and training presentations are available at the following links:
Affirmative Marketing Webinar: <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>
Affirmative Marketing Technical Assistance: <http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf>
FAQ's: <http://www.tdhca.state.tx.us/pmcomp/compFaqs.htm>
4. **All corrections must be submitted via CMTS:** See link for steps to upload documents <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>
5. **Important note** - Do not backdate any documents listed below.

Instructions:

6. **Affirmative marketing plan** – An affirmative marketing plan was received on 1/26/2018 in response to an administrative penalty informal conference notice, but the plan was not signed or dated, did not include evidence of outreach to all organizations identified in the plan, and advertising materials that were included did not include required language relating to contact information in English and Spanish for prospective tenants for which a reasonable accommodation is needed to complete the application process. A subsequent response was submitted on 2/26/2018, the day before an informal conference with the Enforcement Committee, but was submitted too late for it to be reviewed and considered during the informal conference.

How to correct: Technical support and full instructions are provided in the following pages. Review your 2/26/2018 submission and use the instructions below as a checklist to verify that it is complete. If it is complete, you may request a review. If it is not complete, submit a new affirmative marketing plan, a copy of the affirmative marketing web tool verifying groups identified as least likely to apply (or a copy of your own analysis supporting the groups identified as being least likely to apply), and copies of outreach marketing materials to all organizations listed in your plan.

Technical Support: First read the rule at 10 TAC §10.617, read the technical assistance guide at <http://www.tdhca.state.tx.us/pmcdocs/AMT-Assistance-Guide.pdf>, and watch the webinar at <http://www.tdhca.state.tx.us/pmcomp/presentations.htm>, to gain a general understanding regarding affirmative marketing. Next, review the following list of frequent problems observed, which include, but are not limited to:

- Not using HUD Form 935.2A;
- Not correctly identifying populations “least likely to apply”. In general, those populations that are least likely to apply *might* include: White, American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, Hispanic or Latino, Persons with Disabilities, Families with Children, and Other. Analysis is required to determine which of these groups are least likely to apply;
- Not affirmatively marketing to the disabled. All properties must market to the disabled population;
- Not correctly identifying organizations that are specifically associated with groups identified as “least likely to apply”. For example, marketing to the Housing Authority or placing ads in Craigslist would be considered general marketing, not affirmative marketing, because both serve all persons living in the area;
- Not including evidence of special outreach efforts, such as marketing letters, to those “least likely to apply” populations through specific media, organizations, or community contacts that work with “least likely to apply” populations or work in areas where “least likely to apply” populations live;
- Not including a sentence in English and Spanish in the outreach marketing materials that prospective tenants can access if reasonable accommodations are needed to complete the application process; and
- Not including consideration regarding how Limited English Proficiency may affect populations that are least likely to apply, and not including ways to mitigate language barriers related to advertising and community outreach.

Steps to complete an affirmative marketing plan:

- a. Identify the appropriate housing market in which outreach efforts will be made;
- b. Determine the groups that are least likely to apply and mark them in your plan. The Affirmative Marketing Web Tool referenced at 10 TAC §10.617(d)(5) to determine groups that are least likely to apply is available online at: <http://www.tdhca.state.tx.us/pmcomp/forms.htm>. The groups *currently* identified by the tool are Persons with Disabilities. A copy of the tool is attached and may be relied upon if you include a copy with your plan.

Alternatively, if you do not use the Tool, you may perform your own analysis to determine groups that are least likely to apply, but you must perform and document a reasonable analysis by which those groups were identified, you must always include persons with disabilities, and populations representing less than 1% of the total population of the County or MSA will not be required in your affirmative marketing. This analysis must be included with the plan.

- c. Identify in your plan specific organizations, media, and community contacts in the housing market to send marketing outreach materials. The organizations must specifically reach those groups designated as least likely to apply. The Tool provides a link to a map that will show which Census tracts may be most beneficial for affirmative marketing. The census tracts provided for outreach consideration represent nearby neighborhoods identified in the U.S. Census as having the greatest number of the groups who are least likely to apply at your development based on its location. The identified neighborhoods may represent a first step for planning meaningful outreach and marketing for your development.

Examples:

- i. Least likely to apply population - People with disabilities:
 1. Local Center for Independent Living ("CIL") – serve persons with all disability types. Not all counties are covered http://www.txsilc.org/page_CILs.html
 2. Aging and Disability Resource Center ("ADRC") – intake and referral for persons with physical, intellectual, or developmental disabilities - all counties are covered: <https://www.dads.state.tx.us/contact/search.cfm>
 3. Local Intellectual and Developmental Disability Authority (LIDDA) – serves persons with intellectual, or developmental disabilities - all counties are covered: <https://www.dads.state.tx.us/contact/search.cfm>
 4. Local Mental Health Authority (LMHA) – serves persons with Mental Illness and Substance Use disorders - all counties are covered: <https://www.dshs.texas.gov/mhservices-search/>
 5. Local non-profits in your area serving people with disabilities
 6. Call 211 and ask about resources for people with disabilities in your area, reach out to groups serving people with disabilities in your community
- ii. Least likely to apply population - White:
 1. Examples of acceptable community contacts might include community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"
- iii. Least likely to apply population - Asian:
 1. Local Asian real estate association
 2. Local Asian Chamber of Commerce
 3. Local Asian American Resource Center
 4. Local organizations serving the Asian community
 5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"
- iv. Least likely to apply population - Black/African American:
 1. Local Black/African American Chamber of Commerce
 2. Local Black/African American Professionals Social Network
 3. Weekly Black/African American newspaper / website for a city
 4. Local community center or YMCA in a historically black/African American neighborhood;

5. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"
- v. Least likely to apply population - Hispanic:
 1. Local Hispanic Chamber of Commerce
 2. Local Young Hispanic Professional Association
 3. The Hispanic Alliance
 4. Mexican American Cultural Center
 5. Local Spanish language publications
 6. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"
 - vi. Least likely to apply population – Not Hispanic:
 1. Community centers, places of worship, libraries, grocery stores in census tracts with a high concentration of the racial group. In TDHCA's Web Tool, these areas are listed under "tracts for outreach consideration"
- d. Complete and execute an affirmative marketing plan using any version of HUD Form 935.2A, including the groups and organizations identified above;
 - e. Comply with all requirements of 10 TAC §10.617, which we recommend using as a checklist;
 - f. Ensure that your plan includes a section considering how Limited English Proficiency may affect populations least likely to apply, and including ways you plan to mitigate language barriers related to advertising and community outreach. Such information should be included in the Plan as an additional consideration, or as an attachment to the Plan. Some sample information that may be useful for preparation is available at <http://www.tdhca.state.tx.us/pmcdocs/LAP-Guide.doc>;
 - g. Send marketing outreach materials to the identified organizations, ensuring that said marketing materials comply with all requirements of 10 TAC §10.617. Remember that 10 TAC §10.617(f)(5) requires marketing materials to include the Fair Housing Logo and give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. This contact information sentence must include the terms "reasonable accommodation" and must be in English and Spanish. Here is a sample of an acceptable sentence recently included in marketing materials from another property: "*Individuals who need to request a reasonable accommodation to complete the application process should contact the apartment manager at XXX-XXX-XXXX. Personas con discapacidad que necesitan solicitar un acomodacion razonable para completar el proceso de aplicacion deben comunicarse con el Administrador del apartment al XXX-XXX-XXXX.*"
 - h. Look over the "10.617 (affirmative marketing)" tab of the spreadsheet at the following link, which provides details regarding how TDHCA monitors for this item so that you can check over your work before submission:
<http://www.tdhca.state.tx.us/pmcdocs/OnsiteMonitoringForms.xlsx>

What to submit: Once your Affirmative Marketing plan *and* outreach materials are complete, the owner must review them, sign and date the plan, then submit: the complete Affirmative Marketing Plan, the affirmative marketing tool (or other evidence of how least likely to apply populations were identified), and copies of outreach marketing materials to all organizations identified in the plan.

Affirmative Marketing Tool - Updated 02/22/2017
03/09/2018

Property: Waters at Sunrise
 CMTS # 5046 -
 Census Tract: 48491021507
 County Williamson
 MSA Austin-Round Rock, TX

Results will not display for any populations representing less than 1% of the total population of the County or MSA. These populations will not be required in your affirmative marketing.

Census Tract vs. MSA			
Least Likely to Apply	% Census Tract	% MSA	Tract for Outreach Consideration
Persons with Disabilities	9.37	9.07	48021950300
Map Census Tracts			

The report above shows the groups to whom you must affirmatively market based on a comparison of your census tract to the applicable County or MSA area as identified in the Rule. You must select these groups on the HUD 935.2A form as groups least likely to apply.

The census tracts provided for outreach consideration represent nearby neighborhoods identified in the U.S. Census as having the greatest number of the groups who are least likely to apply at your development based on its location. The identified neighborhoods may represent a first step for planning meaningful outreach and marketing for your development.

Exhibit 2:

Texas Administrative Code

TITLE 10 COMMUNITY DEVELOPMENT
PART 1 TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10 UNIFORM MULTIFAMILY RULES
SUBCHAPTER E POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406 Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

ENFORCEMENT ACTION AGAINST
STONEBRIAR VILLAGE OF
PLAINVIEW, LTD.
WITH RESPECT TO
STONEBRIAR VILLAGE OF
PLAINVIEW
(HTC FILE # 99102 / CMTS # 2174)

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BEFORE THE
TEXAS DEPARTMENT OF
HOUSING AND
COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 22nd day of March, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **STONEBRIAR VILLAGE OF PLAINVIEW, LTD.**, a Texas limited partnership ("Respondent").

This Agreed Order is executed pursuant to the authority of the Administrative Procedure Act ("APA"), Tex. Gov't Code §2001.056, which authorizes the informal disposition of contested cases. In a desire to conclude this matter without further delay and expense, the Board and Respondent agree to resolve this matter by this Agreed Final Order. The Respondent agrees to this Order for the purpose of resolving this proceeding only and without admitting or denying the findings of fact and conclusions of law set out in this Order.

Upon recommendation of the Enforcement Committee, the Board makes the following findings of fact and conclusions of law and enters this Order:

WAIVER

Respondent acknowledges the existence of their right to request a hearing as provided by Tex. Gov't Code § 2306.044, and to seek judicial review, in the District Court of Travis County, Texas, of any order as provided by Tex. Gov't Code § 2306.047. Pursuant to this compromise and settlement, the Respondent waives those rights and acknowledges the jurisdiction of the Board over Respondent.

FINDINGS OF FACT

Jurisdiction:

1. During 1999, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of \$342,681 to build and operate Stonebriar Village of Plainview ("Property") (HTC file No. 99102 / CMTS No. 2174 / LDLD No. 327).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective December 1, 2001, and filed of record at Volume 980, Page 5054 of the Official Public Records of Real Property of Hale County, Texas ("Records"), as amended by a First Amendment executed on November 25, 2002, and filed in the Records at Volume 992, Page 4967. In accordance with Section 2 of the LURA, the LURA is a restrictive covenant/deed restriction encumbering the property and binding on all successors and assigns for the full term of the LURA.
3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations¹:

4. A Uniform Physical Condition Standards ("UPCS") inspection was conducted on August 14, 2017. Inspection reports showed numerous serious property condition violations, a violation of 10 TAC §10.621 (Property Condition Standards). Notifications of noncompliance were sent and a November 20, 2017, corrective action deadline was set. No corrective documentation was received until February 5, 2018, after intervention by the Enforcement Committee. Violations have been partially addressed, and remaining findings listed at *Exhibit 1* are scheduled to be completed in a scheduled rehabilitation.
5. The following violations remain outstanding at the time of this order:
 - a. UPCS violations described in FOF #4;

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TAC §2.
2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).
3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.
4. Respondent violated 10 TAC § 10.621 in 2017, and I.R.C. §42, as amended, by failing to comply with HUD's Uniform Physical Condition Standards when major violations were discovered and not timely corrected.²

¹ Within this Agreed Final Order, all references to violations of TDHCA Compliance Monitoring rules at 10 TAC Chapters 10 and 60 refer to the versions of the code in effect at the time of the compliance monitoring reviews and/or inspections that resulted in recording each violation. All past violations remain violations under the current code and all interim amendments.

² HUD's Uniform Physical Condition Standards are the standards adopted by TDHCA pursuant to 10 TAC § 10.621(a)

5. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.
6. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.
7. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code § 2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.
8. An administrative penalty of \$500 is an appropriate penalty in accordance with 10 TAC Chapter 2, which became effective on November 19, 2014.

Based upon the foregoing findings of fact and conclusions of law, and an assessment of the factors set forth in Tex. Gov't Code §2306.042 to be considered in assessing such penalties as applied specifically to the facts and circumstances present in this case, the Board of the Texas Department of Housing and Community Affairs orders the following:

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of \$500, subject to deferral as further ordered below.

IT IS FURTHER ORDERED that Respondent shall repair all UPCS violations as indicated in the exhibits and submit work orders in the correct format, and including all necessary parts, to document the corrections to TDHCA on or before July 20, 2018.

IT IS FURTHER ORDERED that if Respondent timely and fully complies with the terms and conditions of this Agreed Final Order, correcting all violations as required, the satisfactory performance under this order will be accepted in lieu of the assessed administrative penalty and the full amount of the administrative penalty will be deferred and forgiven.

IT IS FURTHER ORDERED that if Respondent fails to satisfy any conditions or otherwise violates any provision of this order, or the property is sold before the terms and conditions of this Agreed Final Order have been fully satisfied, then the full administrative penalty in the amount of \$500 shall be immediately due and payable to the Department. Such payment shall be made by cashier's check payable to the "Texas Department of Housing and Community Affairs" upon the earlier of (1) within thirty days of the date the Department sends written notice to Respondent that it has violated a provision of this Order, or (2) the property closing date if sold before the terms and conditions of this Agreed Final Order have been fully satisfied.

IT IS FURTHER ORDERED that corrective documentation must be uploaded to the Compliance Monitoring and Tracking System ("CMTS") by following the instructions at this link: <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf>. After the upload is complete, an email must be sent to Ysella Kaseman at ysella.kaseman@tdhca.state.tx.us to inform her that the documentation is ready for review. If it comes due and payable, the penalty payment must be submitted to the following address:

If via overnight mail (FedEx, UPS):	If via USPS:
TDHCA Attn: Ysella Kaseman 221 E 11 th St Austin, Texas 78701	TDHCA Attn: Ysella Kaseman P.O. Box 13941 Austin, Texas 78711

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at *Exhibit 2*, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

IT IS FURTHER ORDERED that the terms of this Agreed Final Order shall be published on the TDHCA website.

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on March 22, 2018.

By: _____
Name: J.B. Goodwin
Title: Chair of the Board of TDHCA

By: _____
Name: James "Beau" Eccles
Title: Secretary of the Board of TDHCA

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 22nd day of March, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 22nd day of March, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

Notary Public, State of Texas

STATE OF TEXAS

§
§
§

COUNTY OF _____

BEFORE ME, _____, a notary public in and for the State of _____, on this day personally appeared Michael N. Nguyen, known to me or proven to me through _____ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is Michael N. Nguyen, I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of President for Respondent. I am the authorized representative of Respondent, owner of the Property, which is subject to a Land Use Restriction Agreement monitored by the TDHCA in the State of Texas, and I am duly authorized by Respondent to execute this document.
3. Respondent knowingly and voluntarily enters into this Agreed Final Order, and agrees with and consents to the issuance and service of the foregoing Agreed Order by the Board of the Texas Department of Housing and Community Affairs."

RESPONDENT:

STONEBRIAR VILLAGE OF PLAINVIEW, LTD.,
a Texas limited partnership

AHF-STONEBRIAR VILLAGE, LLC, a Texas
limited liability company, its general partner

ATLANTIC HOUSING FOUNDATION, INC.,
a South Carolina nonprofit corporation, its managing
member

By: _____
Name: _____
Title: _____

Given under my hand and seal of office this _____ day of _____, 2018.

Signature of Notary Public

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires: _____

Exhibit 1

UPCS Violation List and Corrective Instructions

1. UPCS violations that must be corrected are marked with “To be completed – rehab” to the right. Resolved violations are reflected with a date.

Deficiency Area	Defects Found			Deficiency	Images	Comments	Date Completed	Completed By:
	L1	L2	L3					
Site:								
Parking Lots/Driveways/ Roads		x		Cracks/Settlement/Heaving/Loose Materials/Potholes		surface degradation	To be completed	rehab
61: 161 no adult home - sub 102								
Bathrooms	x			Lavatory Sink - Damaged/Missing		stopper missing ; Corrected 8/30/17	8/30/2017	Site Staff
Building Exterior								
Walls	x			Stained/Peeling/Needs Paint		trim	To be completed	rehab
62: 264								
Bathroom	x			Lavatory Sink - Damaged/Missing		stopper not functioning ; Corrected 8/30/17	8/30/2017	Site Staff
Building Exterior								
Walls	x			Stained/Peeling/Needs Paint		trim	To be completed	rehab
63: Building Exterior								
Walls	x			Stained/Peeling/Needs Paint		trim	To be completed	rehab
64: Building Exterior								
Walls	x			Stained/Peeling/Needs Paint		trim	To be completed	rehab
Common Areas: Halls/Corridors/Stairs								
Stairs/Hand Railings Damaged			x	Broken/Missing Hand Railing		Loose brackets; try 403 Corrected 8/30/17	8/30/2017	Site Staff
65: 501								
Health & Safety			x	Other		recent vacant - ready to rent	N/A	
Building Exterior								
Walls	x			Stained/Peeling/Needs Paint		trim	To be completed	rehab
66: Building Exterior								
Walls	x			Stained/Peeling/Needs Paint		trim	To be completed	rehab
67:								

789						
Bathrooms	x		Lavatory Sink—Damaged/Missing	0	stopper not functioning; Corrected 8/30/17	8/30/2017 Site Staff
Building Exterior						
Roofs	x		Missing/Damaged Components from Downspouts/Gutter	0	splashblock; Corrected 9/1/17	9/1/2017 Site Staff
Walls	x		Stained/Peeling/Needs Paint	0	trim	To be completed -rehab
00:						
863						
Light Switches	x		Missing/Broken Cover Plates	0	Switch plate cracked.Bedroom 1; 8/30/17	8/30/2017 Site Staff
Building Exterior						
Walls	x		Stained/Peeling/Needs Paint	0	trim	To be completed -rehab
00:						
902						
Bathrooms	x		Lavatory Sink—Damaged/Missing	0	stopper not functioning; Corrected 8/30/17	8/30/2017 Site Staff
Kitchen		x	Cabinets—Missing/Damaged	0	drawers; Corrected 8/30/17	8/30/2017 Site Staff
Kitchen	x		Refrigerator—Missing/Damaged/Inoperable	0	Fresh food seal needs replaced; Corrected 8/30/17	8/30/2017 Site Staff
Building Exterior						
Walls	x		Stained/Peeling/Needs Paint	0	trim	To be completed -rehab

2. Prepare corrective documentation following these guidelines: <http://www.tdhca.state.tx.us/pmcomp/inspections/docs/UPCS-WorkOrderGuidelines.pdf>
3. Submit corrective documentation via CMTS following the instructions at <http://www.tdhca.state.tx.us/pmcdocs/CMTSUserGuide-AttachingDocs.pdf> on or before 7/20/2018 to the attention of Ysella Kaseman.

Exhibit 2:

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
SUBCHAPTER E	POST AWARD AND ASSET MANAGEMENT REQUIREMENTS
RULE §10.406	Ownership Transfers (§2306.6713)

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.

(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.

(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.

(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.

(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

(2) If the LURA requires ownership or material participation in ownership by a qualified non-profit organization, but the Development did not receive Tax Credits pursuant to §42(h)(5) of the Code, the Development Owner must show that the transferee is a non-profit organization that complies with the LURA.

(e) Historically Underutilized Business ("HUB") Organizations. If a HUB is the general partner of a Development Owner and it (i) is being removed as the result of a default under the organizational documents of the Development Owner or (ii) determines to sell its ownership interest, in either case, after the issuance of 8609s, the purchaser of that general partnership interest is not required to be a HUB as long as the LURA does not require such continual ownership or a material LURA amendment is approved. Such approval can be obtained concurrent with Board approval described herein. All such transfers must be approved by the Board and require that the Board find that:

(1) the selling HUB is acting of its own volition or is being removed as the result of a default under the organizational documents of the Development Owner;

(2) the participation by the HUB has been substantive and meaningful, or would have been substantial and meaningful had the HUB not defaulted under the organizational documents of the Development Owner, enabling it to realize not only financial benefit but to acquire skills relating to the ownership and operation of affordable housing; and

(3) the proposed purchaser meets the Department's standards for ownership transfers

(f) Documentation Required. A Development Owner must submit documentation requested by the Department to enable the Department to understand fully the facts and circumstances that gave rise to the need for the transfer and the effects of approval or denial. Documentation includes but is not limited to:

(1) a written explanation outlining the reason for the request;

(2) a list of the names of transferees and Related Parties;

(3) detailed information describing the experience and financial capacity of transferees and related parties holding an ownership interest of 10 percent or greater in any Principal or Controlling entity;

(4) evidence and certification that the tenants in the Development have been notified in writing of the proposed transfer at least thirty (30) calendar days prior to the date the transfer is approved by the Department. The ownership transfer approval letter will not be issued until this 30 day period has expired.

(g) Within five (5) business days after the date the Department receives all necessary information under this section, staff shall initiate a qualifications review of a transferee, in accordance with §1.5 of this title, to determine the transferee's past compliance with all aspects of the Department's programs, LURAs and eligibility under this chapter.

(h) Credit Limitation. As it relates to the Housing Tax Credit amount further described in §11.4(a) of this title (relating to Tax Credit Request and Award Limits), the credit amount will not be applied in circumstances described in paragraphs (1) and (2) of this subsection:

(1) in cases of transfers in which the syndicator, investor or limited partner is taking over ownership of the Development and not merely replacing the general partner; or

(2) in cases where the general partner is being replaced if the award of credits was made at least five (5) years prior to the transfer request date.

(i) Penalties. The Development Owner must comply with any additional documentation requirements as stated in Subchapter F of this chapter (relating to Compliance Monitoring). The Development Owner, as on record with the Department, will be liable for any penalties imposed by the Department even if such penalty can be attributable to the new Development Owner unless such ownership transfer is approved by the Department.

(j) Ownership Transfer Processing Fee. The ownership transfer request must be accompanied by corresponding ownership transfer fee as outlined in §10.901 of this chapter (relating to Fee Schedule).

Source Note: The provisions of this §10.406 adopted to be effective December 9, 2014, 39 TexReg 9518

1b

BOARD ACTION REQUEST

SINGLE FAMILY OPERATIONS & SERVICES

MARCH 22, 2018

Presentation, discussion, and possible action on a proposed amendment to a Colonia Self-Help Center (“Colonia SHC”) Program Contract with Cameron County in accordance with 10 TAC Chapter 25, the Colonia Self-Help Center Program Rule.

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties;

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

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

WHEREAS, on December 7, 2017, the Department met with the C-RAC to discuss proposed amendments to the Cameron County Colonia SHC Contract 7217003, and the C-RAC recommended approval of the proposed amendments;

WHEREAS, Cameron County has achieved the requirements of its Colonia SHC Contract 7217003 ahead of schedule; and

WHEREAS, this amendment will make an additional \$500,000 in CDBG funding available to serve colonias in Cameron and Willacy counties with the Colonia SHC Program;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to amend Cameron County's Colonia SHC Program Contract 7217003 by increasing their award by \$500,000 of CDBG funding from Program Year 2015, as further described in Attachments A and B.

BACKGROUND

Colonia Self-Help Centers Program

The Colonia SHC Program was created in 1995 by the 74th Texas Legislature. The purpose of a Colonia SHC is to assist individuals and families of low-income and very low-income to finance, refinance, construct, improve or maintain a safe, suitable home in the designated colonia service area or in another area that the Department has determined is suitable. Pursuant to Tex. Gov't Code Chapter 2306 Subchapter Z, the Department established Colonia SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties. Statute allows for Colonia SHCs to be established in any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under Chapter 17 of the Water Code. In 2001, TDHCA established additional SHCs in Maverick and Val Verde counties.

The Department allocates no more than \$1,000,000 per Colonia SHC contract in accordance with 10 TAC §25.5. If there are insufficient funds available from an award year to fund a county's proposal fully, the county may accept the amount available at that time and wait for the remainder to be funded utilizing the allocation from the subsequent year.

The Colonia Resident Advisory Committee ("C-RAC") and the counties designate five colonias in each county service area to receive concentrated attention from the Colonia SHC in each county. The C-RAC advises the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs, and activities that may be undertaken to serve colonia residents better. Counties submitting Colonia SHC funding proposals must include a needs assessment for each identified colonia, accompanied by a customized scope of work based on the assessment and the eligible activities defined in statute and the Program Rules. On December 7, 2017, C-RAC convened at the Webb County Colonia SHC for presentations on proposals for new contracts and also for amendments to existing contracts (*i.e.*, Cameron County).

Colonia SHC Funding

The Colonia SHCs are funded through a 2.5% set-aside (approximately \$1.5 million per year) of the annual Texas Community Development Block Grant ("TxCDBG") non-entitlement allocation to the state of Texas. The Texas Department of Agriculture ("TDA") receives the allocation from the U.S. Department of Housing and Urban Development, and TDA and TDHCA together manage TxCDBG funds and implement the Colonia SHC Program through a Memorandum of Understanding. The Colonia SHC contracts are four years long per Tex. Gov't Code §2306.587. Administrators that complete all contractual requirements before the end of the contract period may submit proposals for new funding depending on funding availability.

ATTACHMENT A

COLONIA SHC PROGRAM AMENDMENT DESCRIPTION

Subrecipient: Cameron County
Contact: The Honorable Eddie Treviño, Jr., Cameron County Judge
Colonias: Valle Escondido
Cameron Park
Laguna Heights
La Paloma
Sebastian (Willacy County)

Cameron County proposes the following changes to their housing and community development activities based on the amendment increase. There is no change to the length of the four-year contract period. In total the contract will benefit an estimated 15,740 persons, of which 11,512 or 73% are of low- to moderate-income:

Performance Activity	Original Quantity	Amended Quantity	Budget Increase	Amended Budget
Public Service			\$48,000	\$120,000
Homeownership/Instructional Classes	52 classes	70 classes		
Tool Library	300 checkouts	no change		
Reconstruction (Not feasible for rehab)	16 homes	24 homes	\$400,000	\$1,200,000
Administration			\$52,000	\$180,000
TOTAL			\$500,000	\$1,500,000

CAMERON COUNTY
 CONTRACT NO. 7217003
 BUDGET
 ATTACHMENT B

LINE	CATEGORIES	ORIGINAL CONTRACT	PRESENT (+/-) CHANGES	AMENDMENT NO. 1
1	Acquisition, Disposition			
2	Clearance			
3	Center/Facility			
4	Public Facilities (use 4a, 4b, or 4c)			
4a	Water			
4b	Sewer			
4c	Flood and Drainage Facilities			
5	Street/Bridges			
6	Other Public Facilities			
7	Public Service (Limited to 8% of Request)	\$ 72,000	\$ 48,000	\$ 120,000
8	Relocation			
9	Rehabilitation (use 9a or 9b)			
9a	Residential Rehabilitation			
9b	Commercial Rehabilitation			
10	Public Housing Modernization			
11	Removal of Architectural Barriers			
12	Planning Only			
13	Administration, Planning and Management	\$ 128,000	\$ 52,000	\$ 180,000
14	Economic Development (use 14a, 14b or 14c)			
14a	Assistance to Non-Profit			
14b	Assistance to For-profit Entities			
14c	Micro enterprises or Small Business			
15	New Construction (use 15a, 15b, or 15c)			
15a	Last Resort			
15b	Not feasible for Rehabilitation	\$ 800,000	\$ 400,000	\$ 1,200,000
15c	Other 105 (a) 15			
16	Unspecified Activities			
17	Homeownership Assistance			
32	General Administration			
	Totals	\$ 1,000,000	\$ 500,000	\$ 1,500,000

1c

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer (#18407 Sphinx at Sierra Vista Senior Villas, Fort Worth)

RECOMMENDED ACTION

WHEREAS, an application for 4% Housing Tax Credits, for Sphinx at Sierra Vista Senior Villas, sponsored by Sphinx Development Corporation and Fort Worth Housing Finance Corporation (an instrumentality of the city of Fort Worth), was submitted to the Department on December 28, 2017;

WHEREAS, in lieu of a Certification of Reservation, a Carryforward Designation Certificate from the Texas Bond Review Board (“BRB”) was issued on January 4, 2018, and will expire on December 31, 2020;

WHEREAS, the proposed issuer of the bonds is the Tarrant County Housing Finance Corporation;

WHEREAS, the Governing Board previously approved the Sphinx at Sierra Vista Senior Villas application at the Board meeting of July 27, 2017; however, due to financing delays and changes in numbers and costs was unable to close by the original deadline associated with the Certificate of Reservation and limited volume cap resulted in not securing a new bond reservation until January 2018; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated a Category 4 and was found acceptable by the Executive Award and Review Advisory Committee (“EARAC”) and subject to the conditions as noted herein;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of \$1,625,720 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website for Sphinx at Sierra Vista Senior Villas is hereby approved as presented to this meeting;

FURTHER RESOLVED, that provided the Applicant has not closed on the bond financing on or before July 22, 2018, the Board authorizes the Director of Multifamily Finance or the Executive Director to approve or deny an extension of the Determination Notice date, subject to an updated previous participation review, if necessary; and

FURTHER RESOLVED, subject to the following conditions proposed by the Applicant and found acceptable by EARAC:

1. SDC will outsource compliance monitoring and administration of its portfolio to a third party company.
2. SDC will engage a third party consultant, Novogradac & Company, LLP, to review its compliance and monitoring systems for its portfolio and make required improvements recommended by the consultant.
3. SDC's principals, Jideofor O. Oji and Joseph Agumadu, will take the compliance training provided by the Department in addition to the Housing Credit Certified Professional ("HCCP") certification prior to the issuance of the Determination Notice.
4. SDC will ensure that the Director of Property Management and Compliance Director/Officer engaged by Sphinx Residential, LLC will maintain the required HCCP certification.
5. SDC will ensure that all on-site managers and assistant managers (where necessary) engaged by Sphinx Residential, LLC take the HCCP certification. Further, all new on-site managers and assistant managers will receive two days training on compliance issues and compliance requirements prior to starting at their respective properties.
6. SDC will ensure Sphinx Residential, LLC develops and implements a continuing education program in management and compliance training for property management and compliance staff engaged for SDC's portfolio.

BACKGROUND

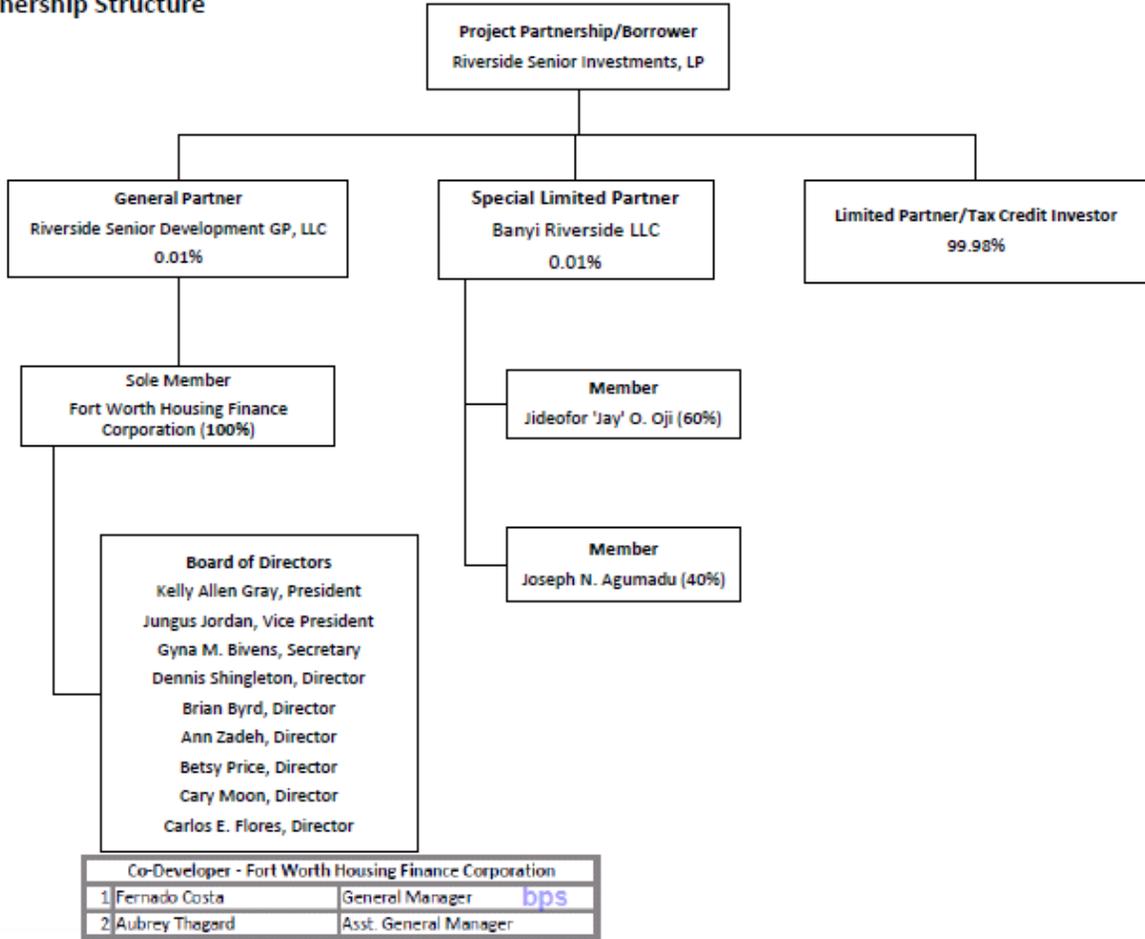
General Information: Sphinx at Sierra Vista Senior Villas, proposed to be located at 2942 South Riverside Drive in Fort Worth, Tarrant County, involves the new construction of 272 units of which 13 will be rent and income restricted at 50% of Area Median Family Income ("AMFI") and the remaining 259 will be rent and income restricted at 60% of AMFI. The development will serve an Elderly Limitation population and the site is currently zoned appropriately. The census tract (1045.05) has a median household income of \$26,688, is in the fourth quartile, and has a poverty rate of 34.9%.

Organizational Structure and Previous Participation: The Borrower is Riverside Senior Investments, LP, and includes the entities and principals as indicated in Exhibit A. The applicant's portfolio is considered a Category 4 and the previous participation was found acceptable by EARAC, subject to the aforementioned conditions. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice.

Public Comment: The Department has not received any letters of support or opposition.

EXHIBIT A

Ownership Structure





Addendum to Underwriting Report

TDHCA Application #: **18407** Program(s): **4% HTC**

Sphinx at Sierra Vista Senior Villas

Address/Location: 2942 South Riverside Drive

City: Fort Worth County: Tarrant Zip: 76119

APPLICATION HISTORY	
Report Date	PURPOSE
03/14/18	2018 4% Allocation
07/20/17	2017 4% Original Underwriting

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
LIHTC (Annual)	\$1,504,374				\$1,625,720				

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
 - Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

ANALYSIS

Sphinx at Sierra Vista was awarded \$1,504,374 in annual 4% tax credits in July 2017 under application number 17419. Due to a change in the bond reservation and concurrent budget changes, Applicant submitted an updated 2018 application and is now seeking 2018 4% tax credits. The project is mostly unchanged except for the items discussed below.

Site Plan

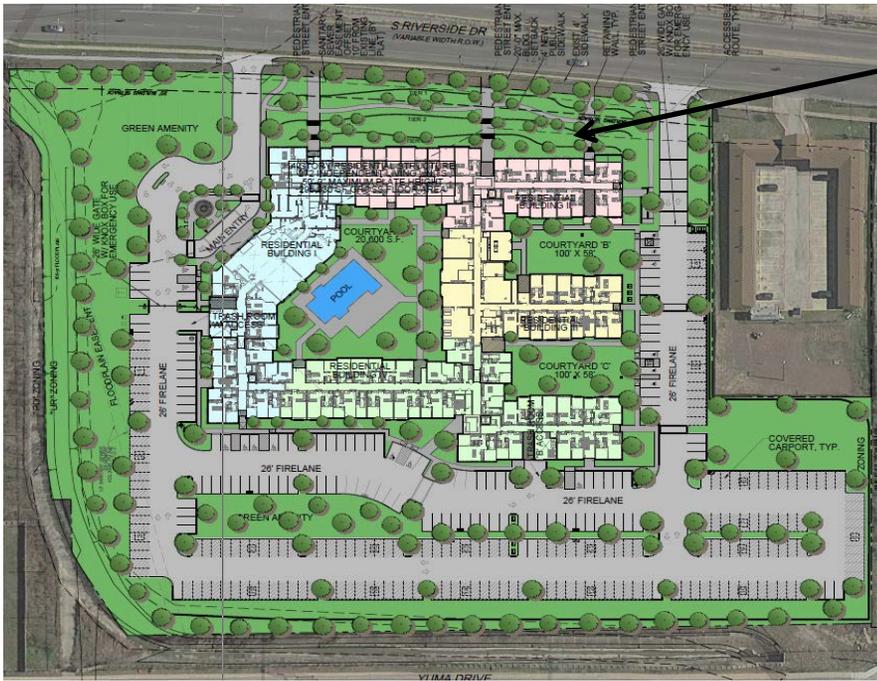
The number of units remains at 272 with all rents at 60% AMI or less; the NRA increased by 507 sf. The site plan has been slightly modified with the buildings being pushed back about 60 feet from Riverside Drive because the civil engineer had concerns that although the flood plain at Riverside Drive is a 500 year flood plain, there could be more than a 500 year flood flow in that area. To avoid the safety concerns, the buildings were moved 60 feet back to allow for a gradual slope to elevated buildings. The green space is now located at the front of the property instead of the back. As a result, total parking increased to 320 spaces and (free) carport spaces decreased to 198 spaces.

Old



Green space moved

New



Relocated green space

Operating Pro Forma

Applicant's operating costs decreased \$20k from the 2017 application due to the assumption of 1% of 5% management fee being deferred until after the primary debt service payment is paid (\$-25k). Other changes include increased R&M expense (\$40k), decreased electric (-\$28k), and decreased property insurance (\$-14k).

Underwriter decreased the insurance assumption \$25k per the current insurance quote. Underwriter's expenses and NOI are within 1% of Applicant's; whether Underwriter assumes the 1% deferred management fee or not, analysis will still be based on Applicant's numbers and the DCR will remain at 1.16.

Low expense ratio of 44% is still due to assumed 100% tax exemption with Forth Worth Housing Finance Corporation as GP..

Development Cost

The building costs increased about \$300k mainly due to mechanical and woods/plastic costs increasing. Soft costs increased \$70k mainly due to engineering fees associated with the site plan changes.

\$330k increase in financing costs mainly due to increased debt amount as credit pricing decreased. Total development costs increased \$1.25M. Applicant overstates contractor fees of 14% maximum as discussed below.

Sources of Funds

The driving change in sources of funds is the credit price decreasing from \$1.02 to \$0.95, thus requiring an additional \$750k in permanent debt. Permanent rate decreased from 5.21% to 5%.

Bank of America was the original equity partner, now it is Hunt Capital Partners. The new 2018 bond reservation amount is for \$27M, although the financing structure only utilizes \$24.5M. To be eligible for the 4% tax credit, the tax-exempt bonds must fund greater than 50% of the cost of the development (depreciable basis plus land). As structured, it is 72%.

The \$1.1M cash flow loan and \$550k fee waivers assumed from the City of Fort Worth have not been approved by the City Council. If these funds are not awarded, the deal would not be feasible.

There is enough excess cash flow as underwritten to pay off the proposed \$1.1M cash flow HOME loan from the City of Fort Worth in year 15 (it has a 15 year term). If it is not paid by cash flow by its 15 year term, it would need to be refinanced. Because it can be paid off, the valid debt condition is not included.

Applicant assumed 15.03% total contractor fees, when only 14% is allowed. The \$244k contractor fee overstatement and the corresponding \$45k developer fee overstatement are removed from basis, as well as the \$11k overstatement of contingency. The recommended credit amount is reduced to \$1,625,720 from Applicant's request of \$1,638,809. This is a reduction of \$124k in proceeds that can be added to deferred developer fee and be paid back in year 12.

Real Estate Analysis recommends an annual credit allocation of \$1,625,720.

Underwriter:	<u>Jeanna Rolsing</u>
Manager of Real Estate Analysis:	<u>Thomas Cavanagh</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>

1d

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action on Inducement Resolution No. 18-017 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2018 Waiting List

RECOMMENDED ACTION

WHEREAS, the Board previously adopted the bond inducement resolution for the nine properties, as further detailed below, at the meeting of June 29, 2017;

WHEREAS, while the original amount reflected in the inducement resolution remains the same, at \$20,000,000 which encompasses all properties, staff seeks to modify the bond amounts associated with each property based on additional discussions with the applicant and clarify that a *de minimis* amount from some properties may be shifted to others during the application and underwriting review process; and

WHEREAS, approval of the inducement will allow staff to submit an application to the Bond Review Board (“BRB”) for the issuance of a Certificate of Reservation associated with the Development;

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, the Inducement Resolution No. 18-017 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2018 Private Activity Bond Program for the applications noted herein is hereby approved in the form presented to this meeting.

BACKGROUND

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

During the 150-day process, the Department will review the complete application for compliance with the Department’s Rules, including but not limited to site eligibility and threshold as well as previous participation as it relates to previously funded developments through the Department. Staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as

well as a determination on the amount of housing tax credits anticipated to be allocated to the development. This inducement resolution would reserve approximately \$20 million in private activity bond volume cap.

The following developments are anticipated to be structured as a portfolio that includes 9 applications: Bastrop Oak Grove (18605), Bay City Village (18606), Burk Village (18607), Elgin Meadowpark (18608), Evant Tom Sawyer (18609), Hondo Brian Place (18610), Hondo Gardens (18611), Lampasas Gardens (18612), and Lantana Apartments (18613).

Bastrop Oak Grove (18605)

This development is proposed to be located at 1910 Wilson Street in Bastrop, Bastrop County, and includes the acquisition and rehabilitation of 48 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of AMFI. Additionally, all of the units receive USDA rental assistance. The Department received a letter of support from County Commissioner Melvin Hamner and no letters of opposition have been received.

Anticipated bond amount is \$2,700,000.

Bay City Village (18606)

This development is proposed to be located at 3301 Royal Street in Baytown, Harris County, and includes the acquisition and rehabilitation of 62 units serving the general population. This transaction is proposed to be Priority 3 with 61 of the units rent and income restricted at 60% of AMFI and one employee occupied unit. Additionally, 51 units receive USDA rental assistance. The Department received a letter from the City of Baytown indicating they do not oppose the acquisition and rehabilitation of this development. No letters of opposition have been received.

Anticipated bond amount is \$2,550,000.

Burk Village (18607)

This development is proposed to be located at 716 Park Street in Burkburnett, Wichita County, and includes the acquisition and rehabilitation of 40 units serving the general population. This transaction is proposed to be Priority 3 with 39 of the units rent and income restricted at 60% of AMFI and one employee occupied unit. Additionally, four units receive USDA rental assistance. The Department has not received any letters of support or opposition for this development.

Anticipated bond amount is \$2,050,000.

Elgin Meadowpark (18608)

This development is proposed to be located at 401 North Highway 95 in Elgin, Bastrop County, and includes the acquisition and rehabilitation of 28 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of AMFI. Additionally, all of the units receive USDA rental assistance. The Department received a letter of support from County Commissioner Melvin Hamner and no letters of opposition have been received.

Anticipated bond amount is \$1,900,000.

Evant Tom Sawyer (18609)

This development is proposed to be located at 411 Tom Sawyer Street in Evant, Coryell County, and includes the acquisition and rehabilitation of 18 units serving the general population. This transaction is

proposed to be Priority 3 with all of the units rent and income restricted at 60% of AMFI. Additionally, all of the units receive USDA rental assistance. The Department has not received any letters of support or opposition for this development.

Anticipated bond amount is \$950,000.

Hondo Brian Place (18610)

This development is proposed to be located at 231 Stage Coach Drive in Hondo, Medina County, and includes the acquisition and rehabilitation of 40 units serving the general population. This transaction is proposed to be Priority 3 with 39 of the units rent and income restricted at 60% of AMFI and one employee occupied unit. Additionally, all of the units are covered by a Section 8 HAP contract. The Department has not received any letters of support or opposition for this development.

Anticipated bond amount is \$2,450,000.

Hondo Gardens (18611)

This development is proposed to be located at 3100 Avenue Q in Hondo, Medina County, and includes the acquisition and rehabilitation of 32 units serving the general population. This transaction is proposed to be Priority 3 with 31 of the units rent and income restricted at 60% of AMFI and one employee occupied unit. Additionally, 28 units receive USDA rental assistance. The Department has not received any letters of support or opposition for this development.

Anticipated bond amount is \$1,650,000.

Lampasas Gardens (18612)

This development is proposed to be located at 1311 Plum Street in Lampasas, Lampasas County, and includes the acquisition and rehabilitation of 24 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of AMFI. Additionally, all of the units receive USDA rental assistance. The Department has not received any letters of support or opposition for this development.

Anticipated bond amount is \$1,450,000.

Lantana Gardens (18613)

This development is proposed to be located at 2200 North Adams Street in Beeville, Bee County, and includes the acquisition and rehabilitation of 92 units serving the general population. This transaction is proposed to be Priority 3 with all of the units rent and income restricted at 60% of AMFI. Additionally, 40 of the units receive USDA rental assistance. The Department has not received any letters of support or opposition for this development.

Anticipated bond amount is \$4,300,000.

RESOLUTION NO. 18-017

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS WITH RESPECT TO RESIDENTIAL RENTAL DEVELOPMENTS; AUTHORIZING THE FILING OF ONE OR MORE APPLICATIONS FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND AUTHORIZING OTHER ACTION RELATED THERETO

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

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

WHEREAS, it is proposed that the Department issue its revenue bonds in one or more series for the purpose of providing financing for the multifamily residential rental developments (the “Developments”) more fully described in Exhibit A attached hereto. The ownership of the Developments as more fully described in Exhibit A will consist of the applicable ownership entity and its principals or a related person (the “Owners”) within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the Owners have made payments with respect to the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable obligations to be issued by the Department subsequent to the date hereof; and

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

WHEREAS, the Department desires to reimburse the Owners for the costs associated with the Developments listed on Exhibit A attached hereto, but solely from and to the extent, if any, of the proceeds of tax-exempt and taxable obligations to be issued in one or more series to be issued subsequent to the date hereof; and

WHEREAS, at the request of the Owners, the Department reasonably expects to incur debt in the form of tax-exempt and taxable obligations for purposes of paying the costs of the Developments described on Exhibit A attached hereto; and

WHEREAS, in connection with the proposed issuance of the Bonds (defined below), the Department, as issuer of the Bonds, is required to submit for the Developments one or more Applications for Allocation of Private Activity Bonds or Applications for Carryforward for Private Activity Bonds (the “Application”) with the Texas Bond Review Board (the “Bond Review Board”) with respect to the tax-exempt Bonds to qualify for the Bond Review Board’s Allocation Program in connection with the Bond Review Board’s authority to administer the allocation of the authority of the State to issue private activity bonds; and

WHEREAS, the Governing Board of the Department (the “Board”) approved Resolution No. 17-021 on June 29, 2017 (the “Original Resolution”) declaring its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments described on the exhibit to the Original Resolution, on the terms and conditions set forth therein, and the Board has determined to amend the Original Resolution only with respect to the Owners and Developments described on Exhibit A attached hereto in order to amend the not to exceed principal amounts for the respective Developments listed on Exhibit A attached hereto; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds (the “Bonds”) in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department’s credit underwriters for financial feasibility; (ii) review by the Department’s staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the “Attorney General”); (v) satisfaction of the Board that the respective Development meets the Department’s public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

Section 1.2. Terms of Bonds. The proposed Bonds shall be issuable only as fully registered bonds in authorized denominations to be determined by the Department; shall bear interest at a rate or rates to be determined by the Department; shall mature at a time to be determined by the Department but in no event later than 40 years after the date of issuance; and shall be subject to prior redemption upon such terms and conditions as may be determined by the Department.

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the

Original Resolution in connection with the acquisition of real property and construction of its Development and listed on Exhibit A attached hereto (“Costs of the Developments”) from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund any reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

Section 1.4. Principal Amount. Based on representations of the Owners, the Department reasonably expects that the maximum principal amount of debt issued to reimburse the Owners for the Costs of the Developments will not exceed the amount set forth in Exhibit A which corresponds to the applicable Development.

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

Section 1.6. The Developments. Substantially all of the proceeds of the Bonds shall be used to finance the Developments, which are to be occupied entirely by Eligible Tenants, as determined by the Department, and which are to be occupied partially by persons and families of low income such that the requirements of Section 142(d) of the Code are met for the period required by the Code.

Section 1.7. Payment of Bonds. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the loan of the proceeds of the Bonds to reimburse the Owners for costs of its Development.

Section 1.8. Costs of Developments. The Costs of the Developments may include any cost of acquiring, constructing, reconstructing, improving, installing and expanding the Developments. Without limiting the generality of the foregoing, the Costs of the Developments shall specifically include the cost of the acquisition of all land, rights-of-way, property rights, easements and interests, the cost of all machinery and equipment, financing charges, inventory, raw materials and other supplies, research and development costs, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, the cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Developments, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, reconstruction, improvement and expansion of the Developments, the placing of the Developments in operation and that satisfy the Code and the Act. The Owners shall be responsible for and pay any costs of its Development incurred by it prior to issuance of the Bonds and will pay all costs of its Development which are not or cannot be paid or reimbursed from the proceeds of the Bonds.

Section 1.9. No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or damages of any nature. Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

Section 1.10. Conditions Precedent. The issuance of the Bonds following final approval by the Board shall be further subject to, among other things: (a) the execution by the Owners and the Department of contractual arrangements, on terms agreed to by the parties, providing assurance satisfactory to the Department that all requirements of the Act will be satisfied and that the Development will satisfy the requirements of Section 142(d) of the Code (except for portions to be financed with taxable bonds); (b) the receipt of an opinion from Bracewell LLP or other nationally recognized bond counsel acceptable to the Department (“Bond Counsel”), substantially to the effect that the interest on the tax-exempt Bonds is excludable from gross income for federal income tax purposes under existing law; and (c) receipt of the approval of the Bond Review Board, if required, and the Attorney General.

Section 1.11. Authorization to Proceed. The Board hereby authorizes staff, Bond Counsel and other consultants to proceed with preparation of the Developments’ necessary review and legal documentation for the filing of one or more Applications and the issuance of the Bonds, subject to satisfaction of the conditions specified in this Resolution. The Board further authorizes staff, Bond Counsel and other consultants to re-submit an Application that was withdrawn by an Owner.

Section 1.12. Related Persons. The Department acknowledges that financing of all or any part of the Developments may be undertaken by any company or partnership that is a “related person” to the respective Owner within the meaning of the Code and applicable regulations promulgated pursuant thereto, including any entity controlled by or affiliated with the Owners.

Section 1.13. Declaration of Official Intent. The Original Resolution and this Resolution constitute the Department’s official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department’s seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer of the Department, the Director of Bond Finance of the Department, the Director of Texas Homeownership of the Department, the Director of Multifamily Finance of the Department and the Secretary or any Assistant Secretary to the

Board. Such persons are referred to herein collectively as the “Authorized Representatives.” Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

- (a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;
- (b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;
- (c) the Owners are financially responsible;
- (d) the financing of the Developments is a public purpose and will provide a public benefit;
and
- (e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

Section 2.3. Certain Findings with Respect to the Bonds. The Board hereby finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Developments will promote the public purposes set forth in the Act, including, without limitation, assisting persons and families of low and very low income and families of moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

ARTICLE 3

GENERAL PROVISIONS

Section 3.1. Books and Records. The Board hereby directs this Resolution to be made a part of the Department’s books and records that are available for inspection by the general public.

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

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

[Execution page follows]

PASSED AND APPROVED this 22nd day of March, 2018.

[SEAL]

By: _____
Chair, Governing Board

ATTEST:

Secretary to the Governing Board

Signature Page to Inducement Resolution

EXHIBIT “A”

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
Bastrop Oak Grove I and Bastrop Oak Grove II	THF Bastrop Oak Grove, LLC, a Texas limited liability company	Member: THF Bastrop Oak Grove GP, LLC, a Texas limited liability company	\$2,700,000*
Costs: Acquisition/rehabilitation of a 48-unit affordable, multifamily housing development known as Bastrop Oak Grove I and Bastrop Oak Grove II, located at 1910 Wilson Street, Bastrop, Bastrop County, Texas 78602.			
Project Name	Owner	Principals	Amount Not to Exceed
Bay City Village	THF Bay City Village, LLC, a Texas limited liability company	Member: THF Bay City Village GP, LLC, a Texas limited liability company	\$2,550,000*
Costs: Acquisition/rehabilitation of a 62-unit affordable, multifamily housing development known as Bay City Village, located at 3301 Royal Street, Baytown, Harris County, Texas 77521.			
Project Name	Owner	Principals	Amount Not to Exceed
Burk Village	THF Burk Village, LLC, a Texas limited liability company	Member: THF Burk Village GP, LLC, a Texas limited liability company	\$2,050,000*
Costs: Acquisition/rehabilitation of a 40-unit affordable, multifamily housing development known as Burk Village, located at 716 Park Street, Burkburnett, Wichita County, Texas 76360.			
* The not to exceed amounts for individual projects are estimates. The total not to exceed amount will not be greater than \$20,000,000, but may be reallocated among projects.			
Project Name	Owner	Principals	Amount Not to Exceed
Elgin Meadowpark	THF Elgin Meadowpark, LLC, a Texas limited liability company	Member: THF Elgin Meadowpark GP, LLC, a Texas limited liability company	\$1,900,000*
Costs: Acquisition/rehabilitation of a 28-unit affordable, multifamily housing development known as Elgin Meadowpark, located at 401 N. Highway 95, Elgin, Bastrop County, Texas 78602.			

* The not to exceed amounts for individual projects are estimates. The total not to exceed amount will not be greater than \$20,000,000, but may be reallocated among projects.

Project Name	Owner	Principals	Amount Not to Exceed
Evant Tom Sawyer Place	THF Evant Tom Sawyer Place, LLC, a Texas limited liability company	Member: THF Evant Tom Sawyer Place GP, LLC, a Texas limited liability company	\$950,000*
Costs: Acquisition/rehabilitation of a 18-unit affordable, multifamily housing development known as Evant Tom Sawyer Place, located at 411 Tom Sawyer Street, Evant, Coryell County, Texas 76525.			
Project Name	Owner	Principals	Amount Not to Exceed
Hondo Brian Place	THF Hondo Brian Place, LLC, a Texas limited liability company	Member: THF Hondo Brian Place GP, LLC, a Texas limited liability company	\$2,450,000*
Costs: Acquisition/rehabilitation of a 40-unit affordable, multifamily housing development known as Hondo Brian Place, located at 231 Stage Coach Drive, Hondo, Medina County, Texas 78861.			
Project Name	Owner	Principals	Amount Not to Exceed
Hondo Gardens	THF Hondo Gardens, LLC, a Texas limited liability company	Member: THF Hondo Gardens GP, LLC, a Texas limited liability company	\$1,650,000*
Costs: Acquisition/rehabilitation of a 32-unit affordable, multifamily housing development known as Hondo Gardens, located at 3100 Avenue Q, Hondo, Medina County, Texas 78861.			
Project Name	Owner	Principals	Amount Not to Exceed
Lampasas Gardens	THF Lampasas Gardens, LLC, a Texas limited liability company	Member: THF Lampasas Gardens GP, LLC, a Texas limited liability company	\$1,450,000*
Costs: Acquisition/rehabilitation of a 24-unit affordable, multifamily housing development known as Lampasas Gardens, located at 1311 Plum Street, Lampasas, Lampasas County, Texas 76550.			
Project Name	Owner	Principals	Amount Not to Exceed
Lantana Apartments	THF Lantana Apartments, LLC, a Texas limited liability company	Member: THF Lantana Apartments GP, LLC, a Texas limited liability company	\$4,300,000*
Costs: Acquisition/rehabilitation of a 92-unit affordable, multifamily housing development known as Lantana Apartments, located at 2200 N. Adams Street, Beeville, Bee County, Texas 78102.			

* The not to exceed amounts for individual projects are estimates. The total not to exceed amount will not be greater than \$20,000,000, but may be reallocated among projects.

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BOARD ACTION REQUEST

ASSET MANAGEMENT

MARCH 22, 2018

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit (“HTC”) Application for Sea Greens Apartment Homes (#94052)

RECOMMENDED ACTION

WHEREAS, Sea Greens Apartment Homes (the “Development”) received an award of 9% Housing Tax Credits (“HTC”) in 1994 originally to construct 241 new units in Port Lavaca, Calhoun County;

WHEREAS, the Land Use Restriction Agreement (“LURA”) for the Development currently restricts a total of 44.3435 acres; however, all of the buildings, parking areas, driveways, and all other improvements utilized in connection with the operation of the Development are located on 18.211 acres;

WHEREAS, Sea Greens Partnership, Ltd. (the “Development Owner”) has requested approval to amend the Application to reduce the Development Site acreage from 44.3435 acres to 18.21 acres, releasing a total of 26.135 acres from the current LURA, resulting in a 143.50% increase in residential density;

WHEREAS, a change in residential density of more than 5% is considered a material amendment requiring Board approval under Tex Gov’t Code §2306.6712 and 10 TAC §10.405(a)(4)(F), and the Owner has complied with the amendment requirements in 10 TAC §10.405(a); and

WHEREAS, the change in residential density does not negatively affect the Development or impact the amount of tax credits that were ultimately awarded to this project;

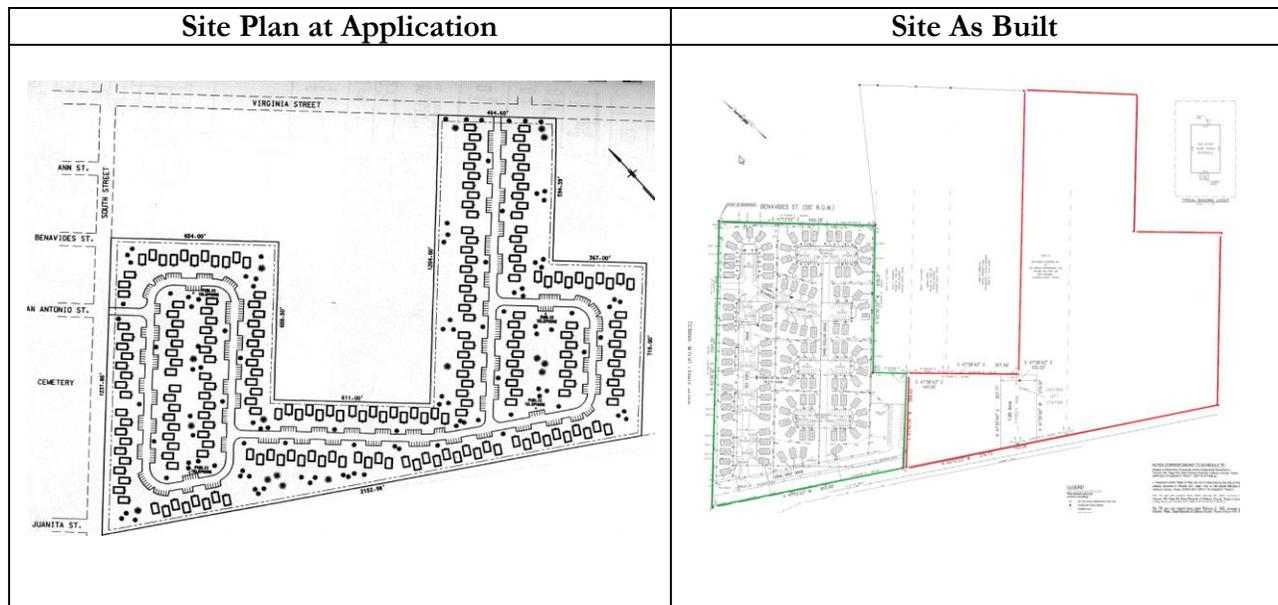
NOW, therefore, it is hereby

RESOLVED, that material application amendment and request to release 26.1325 acres from the LURA for Sea Greens Apartment Homes is approved as presented herein, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

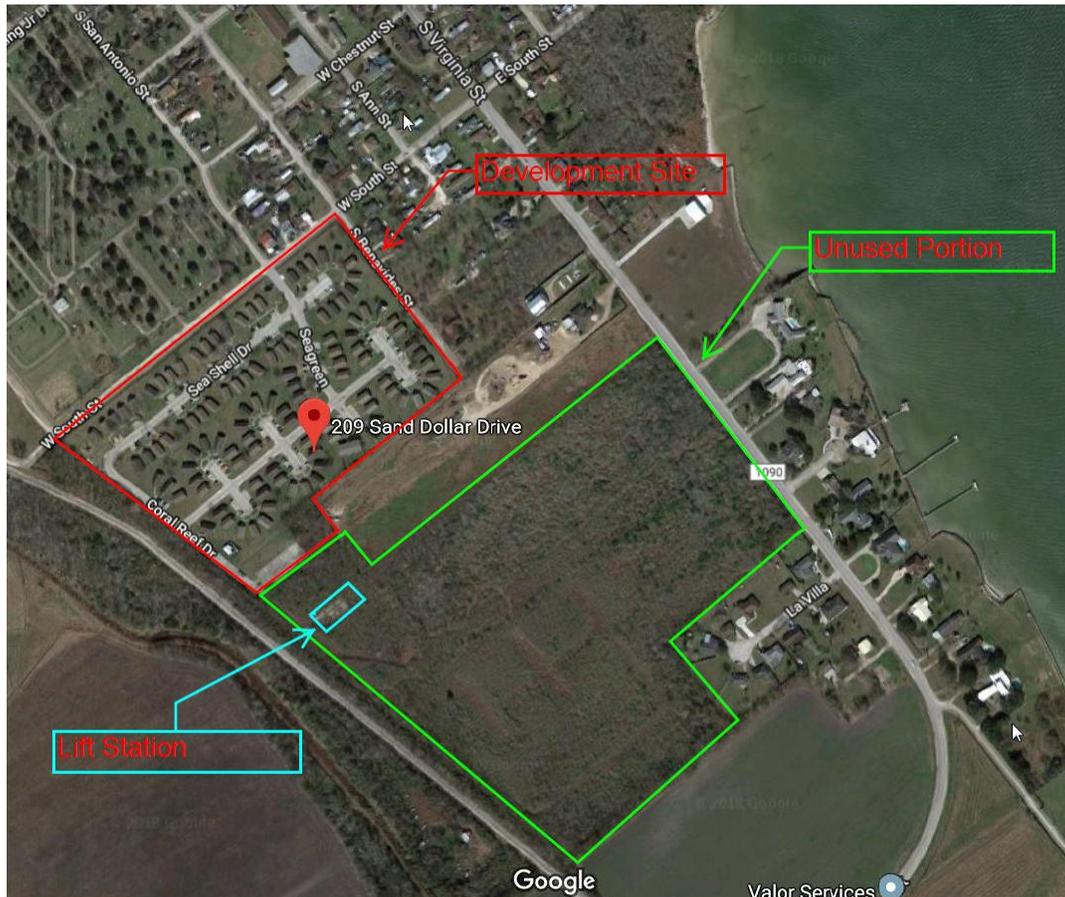
Sea Greens Apartment Homes, submitted in 1994, originally proposed and was approved to construct 241 three-bedroom, single family units on 44.3435 acres in Port Lavaca. The Department approved an annual allocation of \$1,186,121 in housing tax credits for this Development. The original General Partner and Developer was Millennium Housing, Inc. In September 1996 the permanent lender and investor, Chevron USA (“Chevron”) requested to replace the original General Partner and Developer with Sea Greens Housing Cooperative, an affiliate of American Housing Foundation (“AHF”), a 501(c)(3) nonprofit organization. AHF took over construction completion of the Development, but was only able to construct 110 of the originally contemplated 241 homes by the federally required Placed in Service (“PIS”) date of 12/31/1996. Based on the information staff was able to gather for this Development, the final cost certification for the Development was submitted to the Department on January 15, 1997, and accepted with a final annual credit allocation of \$548,207 issued to the Development Owner for the 110 units delivered.

In September 2012, the Department approved another transfer of the Development from AHF to the current owner, Hope Housing Foundation, also a 501(c)(3) nonprofit organization. The current owner is now requesting approval of a material amendment to reduce the Development site acreage from 44.3435 acres to 18.211 acres. According to the owner’s January 20, 2018, letter all buildings, driveways, parking areas, and all other improvements of the Development site are located on 18.211 acres. The remaining 26.1325 acres of land currently encumbered by the LURA are vacant and not utilized by the Development. See below a comparison of the site as proposed at Application and as built:



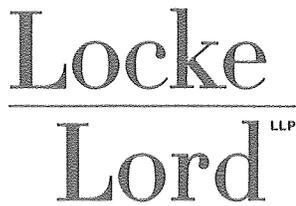
As described previously, the original application for this Development contemplated a total of 241 units on the 44.3435 acre site; however, no adjustment to the acreage and legal description of the site was ever requested as a result of the final Development as built. The Development Owner has indicated that the unused portion of the property is overgrown with vegetation and trees and the City of Port Lavaca (“the City”) is requiring the owner to clear the land which will cost the

Development approximately \$20,000. In addition, there is a lift station located on a one acre tract of the unused portion of the Development, which the Development Owner is required to maintain by the City. Upon approval of the amendment request, the owner intends to donate the (1) one acre tract to the City in exchange for the City maintaining the lift station. The Development Owner indicates that they would save approximately \$25,000 per year by removing the maintenance obligation for the lift station.



Additionally, the letter explains that the Development Owner would like to sell the unused 26.1325 acres of land to an affiliate of the Development Owner to facilitate development of the property to provide low-income housing opportunities for veterans. The Development Owner further states that the fair market proceeds from the sale of the currently unused portion would be applied towards the maintenance of the existing Sea Greens Apartment Homes. The Development Owner indicated that the lift station has the capacity to handle the additional housing, and the City would continue to service it and the new development would bring in additional tax revenues for the City.

Staff recommends approval of the requested material amendment to release 26.1325 acres from the legal description of the Development's LURA as presented herein.



Attorneys & Counselors

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www.lockelord.com

Matthew Borah
Direct Telephone: 512-305-4877
mborah@lockelord.com

January 22, 2018

VIA HAND DELIVERY

Texas Department of Housing and Community Affairs
Asset Management Division
221 E. 11th Street
Austin, Texas 78701
Attn: Kent Bedell

Re: Request for Amendment to LURA for Sea Greens Apartments (File No. 94052)

Dear Kent:

Enclosed please find a LURA Amendment Request for the referenced property as well as a check in the amount of \$2,500 for payment of the fee required by Section 10.405(b) of the Rules.

Should you have any questions or need further clarification, please call me at (512) 305-4877. Thanks so much for your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Borah".

Matthew Borah

Enclosure

Sea Greens Partnership, Ltd.
3900 S. Stonebridge Drive, Suite 304
McKinney, Texas 75070

January 20, 2018

VIA HAND DELIVERY

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

Re: TDHCA File No. 94052 Sea Greens Apartments (the "**Apartment Complex**")

Dear Mr. Bedell:

The undersigned is the General Partner (herein so called) of Sea Greens Partnership, Ltd., a Texas limited partnership (the "**Partnership**"), the current owner of the Apartment Complex. The Apartment Complex is subject to the terms of the Declaration of Land Use Restrictive Covenants for Low-Income Housing Credits dated as of December 14, 1996, recorded in the Real Property Records of Calhoun County, Texas in Volume 194, Page 344 (the "**LURA**"). This letter constitutes a request for a material LURA amendment in order to remove a portion of the land from the encumbrance of the LURA.

Background Information

Currently, the land that is subject to the terms of the LURA consists of approximately 44.3435 acres. All of the buildings, parking areas, driveways, and all other improvements utilized in connection with the operation of the Apartment Complex are located on 18.211 acres (the "**Apartment Property**"). The remaining 26.1325 acres of land subject to the LURA (the "**Unused Property**") are vacant and are not used in any way for the operation of the Apartment Complex. Attached hereto as Exhibit A is a survey showing the boundaries of the Apartment Property highlighted in green and the boundaries of the Unused Property highlighted in red. If an electronic copy of the survey is required, we are happy to provide one.

Release of Portion Unused Property from the LURA

The Unused Property is currently overgrown with trees and vegetation and the City of Port Lavaca is requiring the Partnership to clear the land. The clearing of the Unused Property would cost the Partnership approximately \$20,000.00. Additionally, there is a lift station located on the Unused Property as shown on the attached survey, which is the Partnership's responsibility to maintain. The Partnership has been in discussions with the City whereby the Partnership would convey the lift station to the City in exchange for the City taking over the maintenance obligations. The relief of maintenance obligations for the lift station would result in a cost savings to the Partnership of approximately \$25,000 each year. The Partnership would prefer to apply these cost savings towards the on-going maintenance of the Apartment Complex instead of towards the Unused Property which provides no benefit to the Apartment Complex. Finally, the Partnership would like to sell the Unused Property to an affiliate of the Partnership, who would develop the Unused Property in order to provide low-income housing opportunities for veterans, and the Partnership would then apply the fair market sales proceeds from such sale towards the

maintenance of the Apartment Complex. Therefore, given that the Unused Property does not provide any benefit to the Apartment Complex, the ongoing maintenance costs associated with the Unused Property are a burden on the Apartment Complex, and the sale of the Unused Property would provide additional revenue for the maintenance of the Apartment Complex as well as provide low-income housing for veterans in the area, the Partnership respectfully requests that the legal description currently attached to the LURA be deleted and the legal description of the Apartment Property set forth on Exhibit B attached hereto be inserted in lieu thereof:

LURA Amendment

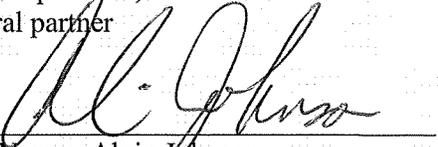
In accordance with Section 10.405(b) of the Rules, the enclosed is a fee in the amount of \$2,500. In addition, the General Partner, acting on behalf of the Partnership, commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, lenders, and appropriate elected officials. Drafts of the public hearing notices are attached for your consideration. Upon approval from TDHCA, the General Partner, acting on behalf of the Partnership, will proceed to set a date and time for the Public Hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the General Partner, acting on behalf of the Partnership, requests staff recommendation, in support of this request, to be considered at the March 22, 2018 TDHCA Board meeting.

Thank you very much for your assistance. Please do not hesitate to contact us if you require any additional information.

Sincerely,

Sea Greens Partnership, Ltd.,
a Texas limited liability company

By: South San Antonio, Inc.,
a Texas corporation,
its general partner

By: 

Name: Alvin Johnson
Title: Director

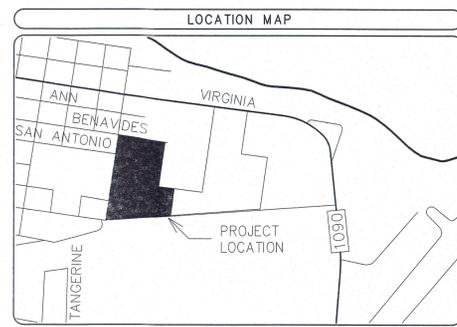
Attachments

cc: Locke Lord LLP

EXHIBIT A

SURVEY

Attached hereto



LEGAL DESCRIPTION

18.211 ACRES
 THE STATE OF TEXAS)
 THE COUNTY OF CALHOUN)

BEING a 18.211 acre tract of land situated in the M. Sanchez League, Abstract 35, Calhoun County, Texas, and being a portion of that certain 22.48 acre tract of land called Tract 4 as conveyed from Millennium Housing, Inc. to Sea Greens Partnership, Ltd. according to Instrument recorded in Volume 136, Page 280 of the Official Records of Calhoun County, Texas, said 18.211 acre tract of land being more fully described by metes and bounds as follows:

BEGINNING at a 5/8" steel rebar found at the intersection of the southeast right-of-way of South Street (variable width right-of-way) and the southwest right-of-way of Benavides Street (55 feet wide right-of-way) and marking the north corner of said Tract 4 and the herein described tract;

THENCE, South 47°13'52" East (record South 47°30'00" East), a distance of 655.78 feet (record 654.00 feet) to a 5/8" steel rebar found on the southeast right-of-way of said Benavides Street and on the northwest line of that certain 4.23 acre tract of land conveyed to Juan V. Cardenas and called Tract II according to instrument recorded in Volume 251, Page 250 of the Official Records of Calhoun County, Texas, and marking the east corner of the herein described tract;

THENCE, South 42°30'33" West (record South 42°30'00" West), a distance of 618.31 feet (record 658.50 feet) to a 5/8" found steel rebar marking the west corner of said Cardenas tract, and marking an interior corner of the herein described tract;

THENCE, South 47°38'43" East (record South 48°04'00" East), a distance of 140.95 feet (record 152.65 feet) to a 5/8" steel rebar set on the southwest line of said Cardenas tract, and marking an exterior corner of the herein described tract;

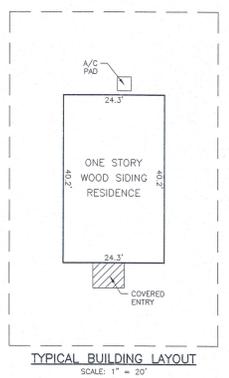
THENCE, South 43°40'54" West, a distance of 398.60 feet to a 5/8" steel rebar set on the northeast line of a railroad right-of-way, and marking the south corner of the herein described tract;

THENCE, North 60°10'23" West (record North 60°15'00" West), a distance of 810.45 feet to a 5/8" steel rebar set on the southeast line of said South Street, and marking the west corner of the herein described tract;

THENCE, North 42°38'37" East (record North 42°30'00" East), a distance of 1197.35 feet (record 1233.50 feet) to the POINT OF BEGINNING, CONTAINING within these metes and bounds a 18.211 acre tract of land, more or less.

All set 5/8 inch diameter steel rebar marked with yellow plastic cap stamped "URBAN SURVEYING, INC."

Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).



- MISCELLANEOUS NOTES:**
- ALL FIELD MEASUREMENTS MATCHED RECORD DIMENSIONS WITH THE PRECISION REQUIREMENTS OF ALTA/CASM SPECIFICATIONS UNLESS OTHERWISE SHOWN.
 - THE SURVEY MAP CORRECTLY REPRESENTS THE FACTS FOUND AT THE TIME OF THE SURVEY.
 - THERE ARE NO DISCREPANCIES BETWEEN THE BOUNDARY LINES OF THE PROPERTY AS SHOWN ON THIS SURVEY MAP AND AS DESCRIBED IN THE LEGAL DESCRIPTION PRESENTED IN THE TITLE COMMITMENT.
 - THE BOUNDARY LINE DIMENSIONS AS SHOWN ON THIS SURVEY MAP FORM A MATHEMATICALLY CLOSED POLYGON WITHIN ±0.1 FOOT.
 - THE BOUNDARY LINES OF THE PROPERTY ARE CONTIGUOUS WITH THE BOUNDARY LINES OF ALL ADJOINING STREETS, HIGHWAYS, RIGHT OF WAY EASEMENTS, PUBLIC OR PRIVATE AS DESCRIBED IN THEIR MOST RECENT RESPECTIVE LEGAL DESCRIPTIONS OF RECORD.
 - EXCEPT AS OTHERWISE NOTED BELOW, IF THE PROPERTY CONSIST OF TWO OR MORE PARCELS, THESE ARE NO CAPS OR GORES BETWEEN SAID PARCELS.
 - THE ABOVE GROUND UTILITIES SHOWN HAVE BEEN LOCATED FROM FIELD SURVEY INFORMATION ONLY. THE SURVEYOR MAKES NO GUARANTEE THAT THE UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED. THE SURVEYOR FURTHER CERTIFIES THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE FROM THE FIELD INFORMATION OBTAINED.
 - FLOOD INSURANCE NOTE: BY GRAPHICS PLOTTING ONLY, THIS PROPERTY IS IN ZONE X OF THE FLOOD INSURANCE RATE MAP COMMUNITY PANEL NO. 4882C-0305E. WITH AN EFFECTIVE DATE OF OCTOBER 18, 2014. EXACT DESIGNATIONS CAN ONLY BE DETERMINED BY AN ELEVATION CERTIFICATE BASED ON THE ABOVE INFORMATION. THIS PROPERTY IS NOT IN A SPECIAL FLOOD HAZARD AREA.
 - BASIS OF BEARING IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM (NAD 83), SOUTH CENTRAL ZONE (4204).
 - THERE ARE 224 PARKING SPACES TOTAL ON THE PROPERTY.
 - THE CITY OF PORT LAVACA DOES NOT HAVE A ZONING ORDINANCE.

NOTES CORRESPONDING TO SCHEDULE "B":
 Subject to Restrictive Covenants and/or Easements Recorded in Volume 194, Page 344, Real Property Records, Calhoun County, Texas. (APPLIES TO SUBJECT TRACT - NOT PLOTTABLE)

c. Easement and/or Right of Way set out in instrument to the City of Port Lavaca, recorded in Volume 305, Page 1108, of the Official Records of Calhoun County, Texas. (DOES NOT APPLY TO SUBJECT TRACT)

10d. Oil, gas and mineral lease dated January 25, 1959, recorded in Volume 148, Page 99, Deed Records of Calhoun County, Texas in favor of Billy Bridewell. (DOES NOT APPLY TO SUBJECT TRACT)

10e. Oil, gas and mineral lease dated February 6, 1956, recorded in Volume , Page , Deed Records of Calhoun County, Texas in favor of W. G. Dorsey, Jr. (APPLIES TO SUBJECT TRACT)

10f. All the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same all of which are expressly excepted herefrom and not insured hereunder, as same are set forth in instrument recorded in Volume 95, Page 12, of the Deed Records of Calhoun County, Texas. (DOES NOT APPLY TO SUBJECT TRACT)

10g. All the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same all of which are expressly excepted herefrom and not insured hereunder, as same are set forth in instrument recorded in Volume 120, Page 431, of the Deed Records of Calhoun County, Texas. (DOES NOT APPLY TO SUBJECT TRACT)

10h. All the oil, gas and other minerals, the royalties, bonuses, rentals and all other rights in connection with same all of which are expressly excepted herefrom and not insured hereunder, as same are set forth in instrument recorded in Volume 120, Page 431, of the Deed Records of Calhoun County, Texas. (APPLIES TO SUBJECT TRACT.)

NOTES:

The Title Description and Schedule B items hereon are from Chicago Title Insurance Company, Commitment #NSX0002728, Dated June 1, 2015.

The land shown in this survey is the same as that described in Chicago Title Insurance Company, Commitment #NSX0002728, Dated June 1, 2015.

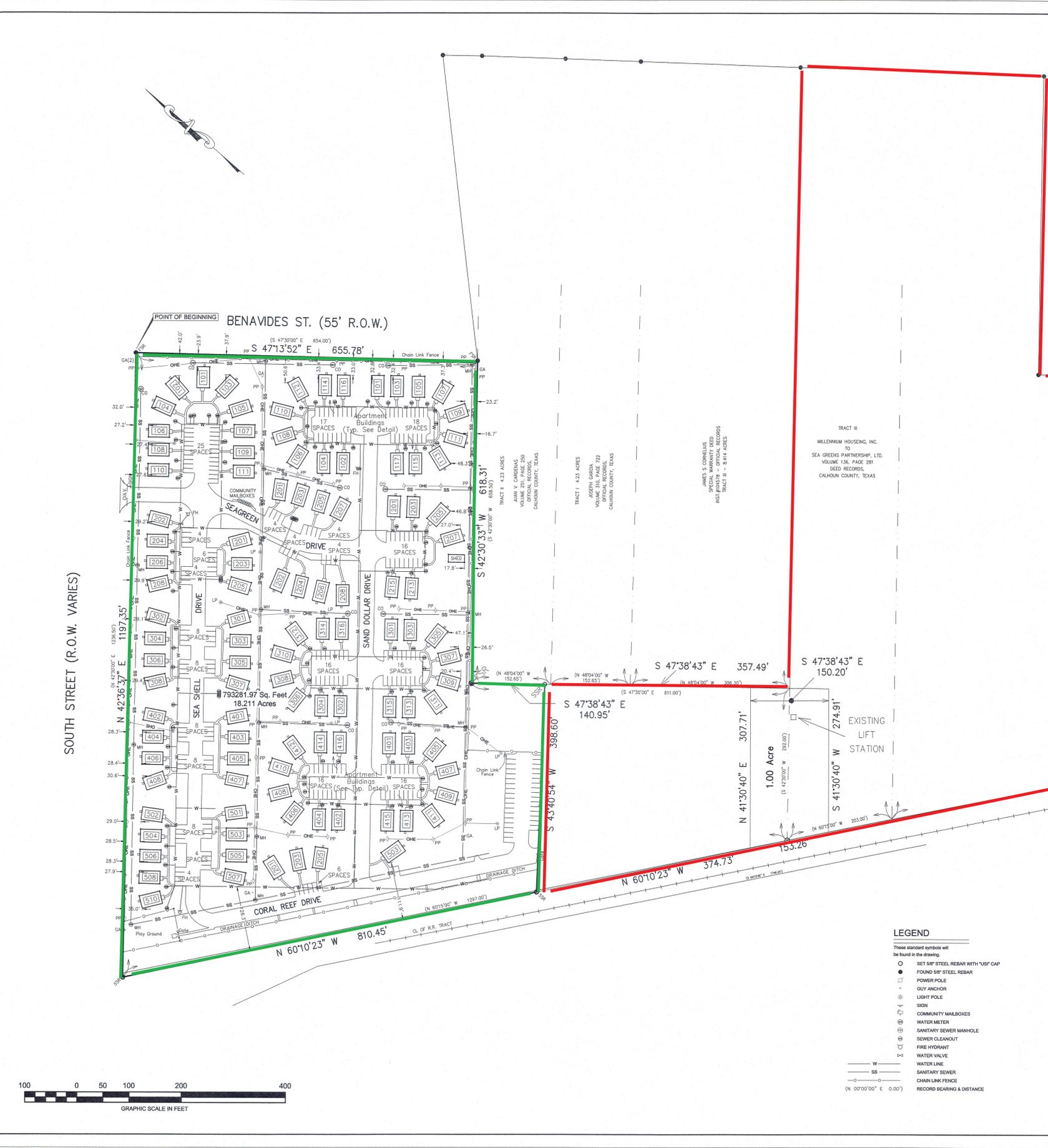
To Department of Housing and Urban Development ("HUD"), Sea Greens Partnership, Ltd., and their respective successors and assigns:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/CASM Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1, 2, 3, 4, 5(a), 6(a), 7(a), 8, 9, 11(a), 13, 15, and 20(a) of Table A thereof. The field work was completed on April 27, 2015.

Date of Plat or Map: 4/17/15

Wm Patrick Hohlt
 Urban Surveying, Inc.
 Registered Professional Land Surveyor
 Texas No. 5523
 E-mail: phohlt@urbansurveying.com

Revisions:
 6/15/15 - Received Title Commitment
 10/26/15 - Updated T.C. review of Mineral Deeds
 11/17/15 - Added Building tie down dimensions



- LEGEND**
- These standard symbols will be found in the drawing:
- SET 5/8" STEEL REBAR WITH "URB" CAP
 - FOUND 5/8" STEEL REBAR
 - ⊕ POWER POLE
 - ⊙ GUY ANCHOR
 - ⊙ LIGHT POLE
 - ⊙ SIGN
 - ⊙ COMMUNITY MAILBOXES
 - ⊙ WATER METER
 - ⊙ SANITARY SEWER MANHOLE
 - ⊙ SEWER CLEANOUT
 - ⊙ FIRE HYDRANT
 - ⊙ WATER VALVE
 - W WATER LINE
 - SS SANITARY SEWER
 - CHAIN LINK FENCE
 - RECORD BEARING & DISTANCE

VICTORIA, TEXAS 77801
 PHONE: (361) 576-9827 FAX: (361) 576-9824 FRM# 10021100
 OJERO, TEXAS 77854
 104 E. FRENCH ST.
 PHONE: (361) 277-8061 FAX: (361) 277-8063 FRM# 10021101
 12075 SILICON DRIVE
 SAN ANTONIO, TEXAS 78249
 PHONE: (210) 287-8654 FAX: (210) 287-8754 FRM# 10185945

Ausi
 URBAN SURVEYING INC.

ALTA / H.U.D. SURVEY OF SEAGREEN APARTMENTS

PROJECT: SEA GREENS PARTNERSHIP, L.T.D.
 CLIENT:

DGN BY: MB/MW
 DATE: 05/19/15
 FILE: S20711.01

JOB: S20711.01

SHEET 1 OF 1

EXHIBIT B

PROPERTY DESCRIPTION

BEING a 18.211 acre tract of land situated in the M. Sanchez League, Abstract 35, Calhoun County, Texas, and being a portion of that certain 22.48 acre tract of land called Tract 4 as conveyed from Millennium Housing, Inc. to Sea Greens Partnership, Ltd. according to instrument recorded in Volume 136, Page 280 of the Official Records of Calhoun County, Texas, said 18.211 acre tract of land being more fully described by metes and bounds as follows:

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Basis of bearing is based on the Texas State Plane Coordinate System (NAD 83), South Central Zone (4204).

2a

TDHCA Outreach Activities, February - March 2018

A compilation of outreach and educational activities designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public.

Activity	Event	Date	Location	Division
Training	Down Payment Assistance & First Time Homebuyer Programs (REALTORS® intro)	02/26/2018	N/A	Texas First Time Homebuyer Programs
Training/Workshop	HOME Rental Compliance Training	03/06/2018	Austin, TX	Compliance
Training/Workshop	Emergency Solutions Grants Learning Opportunity	03/07/2018	N/A	HOME and Homelessness Programs
Public Hearing	2018 One-Year Action Plan	03/08/2018	Austin, TX	Housing Resource Center

Internet Postings of Note

A list of new or noteworthy postings to the Department's website.

Amy Young Barrier Removal Program

- Added TDHCA form, Single Family Affirmative Marketing Plan

Asset Management

- Added a material amendment to be presented to the TDHCA Board related to HTC application for Sea Greens Apartment Homes

Colonia Initiatives:

- Added Texas Minimum Construction Standards initial inspection form

Communications:

- Revised board member bio (Asusena Reséndiz)
- Replaced homepage article with Energy Savings tips
- Added HOME articles to TDHCA Success Stories (*Austin American-Statesman*; *Tri County Leader* articles)

Community Affairs:

- Added revised documents to WAP Best Practices page
- Added Attic Ventilation Calculator to WAP guidance page

Fair Housing

- Added TDHCA form, Single Family Affirmative Marketing Plan
- Added additional free training resources available to consultants, architects and engineers
- Added information related to upcoming webinar series

First Time Homebuyer

- Refreshed Top Lender web page
- Added TSHEP Homebuyer Education Training dates

HOME and Homeless:

- Added Texas' subregion places/counties to HOME application reference materials
- Added HOME Single Family Program Open Cycle Application documents (submission procedural manual, application)

Housing Resource Center:

- Added the 2018 State of Texas Low Income Housing Plan and Annual Report

Multifamily:

- Added 2019 QAP Project Plan
- Added 2018 9% HTC full application log spreadsheet
- Added public hearing schedule for 2018 Competitive HTC applications
- Added Texas map with 13 service regions and counties list
- Updated 2018 9% HTC pre-application log
- Updated 2018 HTC Award Limits and Estimated Regional Allocation
- Added 2018 MFDL Individually Imaged Application table
- Added multiple reports to the 2018 4% HTC Applications page

Public Comment:

- Added 2018 9% Competitive HTC full applications open from January 9 to June 22, 2018
- Added Draft 2018 One Year Action Plan open from February 23 to March 26, 2018
- Added Repeal to Chapter 5 Subchapters open from March 9 to April 9, 2018
- Added Program Year 2018 Draft DOE State Plan open from March 9 to March 28, 2018

Purchasing:

- Updated list of No-Bid contracts as required by state
- Revised and consolidated agency purchasing guidelines and vendor pages

Real Estate Analysis

- Updated regional and statewide operating expenses databases (reflect 2018 data)

Texas Bootstrap Program

- Added Fannie Mae Demographic Addendum
- Added TDHCA form, Single Family Affirmative Marketing Plan

811 PRA Program

- Added updated list of existing and upcoming properties for Service Providers
- Updated Application packets, property options form and HUD Resident Rights and Responsibilities brochure

Frequently Used Acronyms

AMFI	Area Median Family Income	LURA	Land Use Restriction Agreement
AYBR	Amy Young Barrier Removal Program	MF	Multifamily
CEAP	Comprehensive Energy Assistance Program	MFTH	My First Texas Home Program
CFD	Contract for Deed Program	MRB	Mortgage Revenue Bond Program
CFDC	Contract for Deed Conversion Assistance Grants	NHTF	National Housing Trust Fund
CHDO	Community Housing Development Organization	NOFA	Notice of Funding Availability
CMTS	Compliance Monitoring and Tracking System	NSP	Neighborhood Stabilization Program
CSBG	Community Services Block Grant Program	OIG	Office of Inspector General
ESG	Emergency Solutions Grants Program	QAP	Qualified Allocation Plan
FAQ	Frequently Asked Questions	QCP	Quantifiable Community Participation
HBA	Homebuyer Assistance Program	REA	Real Estate Analysis
HHSCC	Housing and Health Services Coordination Council	RFA	Request for Applications
HHSP	Homeless Housing and Services Program	RFO	Request for Offer
HRA	Homeowner Rehabilitation Assistance Program	RFP	Request for Proposals
HRC	Housing Resource Center	RFQ	Request for Qualifications
HTC	Housing Tax Credit	ROFR	Right of First Refusal
HTF	Housing Trust Fund	SLIHP	State of Texas Low Income Housing Plan
HUD	US Department of Housing and Urban Development	TA	Technical Assistance
IFB	Invitation for Bid	TBRA	Tenant Based Rental Assistance Program
		TICH	Texas Interagency Council for the Homeless
		TSHEP	Texas Statewide Homebuyer Education Program
		TXMCC	Texas Mortgage Credit Certificate
		VAWA	Violence Against Women Act
		WAP	Weatherization Assistance Program

2b

BOARD ACTION ITEM
FINANCIAL ADMINISTRATION DIVISION
MARCH 22, 2018

Report on the Department's Balance Sheet/Statement of Net Position for the period ended January 31, 2018

Below is an unaudited condensed Statement of Net Position along with a description of the major categories of this statement.

Texas Department of Housing and Community Affairs			
Government Wide			
Condensed Statement of Net Position			
As of January 31, 2018			
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Current Assets:			
Cash & Cash Equivalents	\$ 32,832,785	\$ 124,089,539	\$ 156,922,324
Legislative Appropriations	16,931,564		16,931,564
Interest Receivable	48,018	8,858,129	8,906,147
Loans and Contracts	-	72,575,740	72,575,740
Other Current Assets	94,198	1,426,601	1,520,799
Non-current Assets:			
Investments		661,595,313	661,595,313
Loans and Contracts	466,236,774	1,024,576,021	1,490,812,795
Capital Assets	145,319	174,316	319,635
Other Non-Current Assets		42,960	42,960
Total Assets	<u>516,288,658</u>	<u>1,893,338,619</u>	<u>2,409,627,277</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>7,347,994</u>	<u>17,871,856</u>	<u>25,219,850</u>
Liabilities			
Current			
Accounts/Payroll Payables	2,581,291	1,182,862	3,764,153
Interest Payable		10,042,030	10,042,030
Unearned Revenue		7,799,509	7,799,509
Other Current Liabilities		72,790,650	72,790,650
Non-current			
Net Pension Liability	26,302,768	27,843,670	54,146,438
Bonds Payable		1,280,391,501	1,280,391,501
Notes and Loans Payable		84,879,290	84,879,290
Derivative Hedging Instrument		9,902,173	9,902,173
Other Non-current Liabilities	1,299,672	130,734,705	132,034,377
Total Liabilities	<u>30,183,731</u>	<u>1,625,566,390</u>	<u>1,655,750,121</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,348,748</u>	<u>3,201,109</u>	<u>6,549,857</u>
Net Position			
Invested in Capital Assets	145,319	174,316	319,635
Restricted	490,481,199	223,095,482	713,576,681
Unrestricted	(522,345)	59,173,178	58,650,833
Total Net Position	<u>\$ 490,104,173</u>	<u>\$ 282,442,976</u>	<u>\$ 772,547,149</u>

Texas Department of Housing and Community Affairs
Major Categories of the Statement of Net Position

Assets	Governmental	Business-Type
Current Assets:	Activities	Activities
<i>Cash & Cash Equivalents</i>	Cash primarily related to Tax Credit Assistance Program (“TCAP”), Neighborhood Stabilization Program (“NSP”) and Home Investment Partnership Program (“HOME”) loan repayments available for use in current and future Notices of Funding Availability (“NOFAs”).	Cash and cash equivalents in the form of overnight repurchase agreements (“Repos”) and money market funds primarily associated with Single Family, Multifamily and operating activities.
Legislative Appropriations	Balance of an agency’s unexpended legislative appropriations authority on the balance sheet and the total spending authority received on the operating statement associated with Homeless Housing and Services Program (“HHSP”), Housing Trust Fund (“HTF”) and Earned Federal Funds.	
Interest Receivable		Interest receivable primarily related to investments and mortgage loans.
<i>Loans and Contracts</i>		Loans and contracts consisting of mortgage loans related to My First Texas Home Program. Loans are funded with advances from Federal Home Loan Bank per an advances and security agreement. Loans are typically settled within 30 days.
Non-current Assets:		
Investments		Investments stated at fair value. Primarily in the form of Mortgage Backed Securities (“MBSs”) and Guaranteed Investment Contracts (“GICs”).
<i>Loans and Contracts</i>	Loans made from federal funds for the purpose of Single Family loans and Multifamily development loans from HOME, TCAP and NSP activities.	Loans and contracts consisting of mortgage loans made from Single Family and Multifamily bond proceeds. In addition, loans and contracts consist of Single Family loans and Multifamily development loans from the Housing Trust Fund and other Housing Initiative Programs. Loans receivable are carried at the unpaid principal balance outstanding, net of the allowance for estimated losses.

Deferred Outflows Of Resources	The effect of changes in actuarial assumptions for pensions are reported as deferred outflows of resources.	<p>The effect of changes in actuarial assumptions for pensions are reported as deferred outflows of resources.</p> <p>In addition, the Department contracted a service provider to measure its derivative effectiveness. Since the derivative instruments were deemed to be effective, the Department will be deferring the changes in fair value for these derivatives and reporting them as deferred outflow of resources.</p>
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Liabilities

Current:

Accounts/Payroll Payables	Represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.	Represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.
Interest Payable		Accrued interest due on bonds
Unearned Revenue		Fees such as compliance fees that are received in advance of work performed and are recognized over a period of time.
Other Current Liabilities		Primarily consist of funds due to Federal Home Loan Bank related to an advances and security agreement.

Non-current:

Net Pension Liability	The Department's proportionate share of the pension liability according to the report issued by the Employees Retirement System of Texas, who is the administrator of the single employer defined benefit plan.	
Bonds Payable		Bonds payable reported at par less unamortized discount or plus unamortized premium.
Notes and Loans Payable		Notes to provide funding to nonprofit and for-profit developers of multifamily properties to construct or rehabilitate rental housing. These notes are limited obligations of the Department and are payable solely from the payments received from the assets and guarantors, which secure the notes.
Derivative Hedging Instrument		Interest rate swaps at fair value taking into account non-performance risk. At year end, the fair value of the Department's four swaps is considered to be negative indicating the Department would be obligated to pay the counterparty the fair value as of the termination date. The Department has the option to terminate prior to the maturity date.
Other Non-current Liabilities		Primarily accounts for funds due to Developers as a result of Multifamily bond proceeds. These proceeds are conduit debt issued on behalf of the Developer for the purpose of Multifamily developments and are held by the trustee.

Deferred Inflows Of Resources	The difference between expected and actual experience and the difference between projected and actual investment return related to pension plan.
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Net Position

Restricted	Resources that have constraints placed on their use through external parties or by law through constitutional provisions associated with HOME, TCAP and NSP.	Amounts restricted through bond covenants.
Unrestricted	Resources not considered restricted per accounting standards but spending authority remains under program related regulations, GAA, Government Code and Board Action.	

Texas Department of Housing and Community Affairs
Financial Highlights

Some of the primary categories affected were a result of the following financial transactions that transpired from September 1, 2017 through January 31, 2018.

**Governmental
 Activities**

**Business-Type
 Activities**

Assets

Current/Non-current:

Assets	Governmental Activities	Business-Type Activities
Cash & Cash Equivalents	<ul style="list-style-type: none"> • Grants Funded - \$77M – <i>(Decrease Cash)</i> <ul style="list-style-type: none"> ▪ Emergency Solutions Grants Program (“ESG”) - \$1.4M ▪ Community Services Block Grant (“CSBG”) - \$17.7M ▪ Low Income Home Energy Assistance Program (“LIHEAP”) - \$51.6M ▪ Department of Energy-Weatherization Assistance Program (“DOE-WAP”) - \$3.6M ▪ Section 8 - \$2.7M 	<ul style="list-style-type: none"> • Fees Received - \$11.4M – <i>(Increase Cash & Cash Equivalents)</i> <ul style="list-style-type: none"> ▪ Single Family Fees - \$2.2M ▪ Multifamily Fees - \$795K ▪ Tax Credit Fees - \$4.6M ▪ Compliance Fees - \$3.6M ▪ Asset Management Fees - \$204K
Loans and Contracts	<ul style="list-style-type: none"> • Mortgages Funded - \$9.1M – <i>(Increase)</i> <ul style="list-style-type: none"> ▪ Home Investment Partnership Program (“HOME”) - \$5.5M ▪ Tax Credit Assistance Program (“TCAP”) - \$3.6M ▪ Neighborhood Stabilization Program (“NSP”) - \$13K • Mortgage Loan Repayments - \$5.2M – <i>(Decrease)</i> <ul style="list-style-type: none"> ▪ HOME - \$3.2M ▪ TCAP - \$1.3M ▪ NSP - \$716K 	<ul style="list-style-type: none"> • Mortgages Funded - \$522.6M – <i>(Increase)</i> <ul style="list-style-type: none"> ▪ My First Texas Home-Taxable Mortgage Program (“TMP”) - \$450.5M ▪ Down Payment Assistance - \$18.7M ▪ Multifamily - \$52.3M ▪ Housing Trust Fund (Bootstrap) - \$1.1M • Mortgage Loan Repayments - \$526M – <i>(Decrease)</i> <ul style="list-style-type: none"> ▪ Down Payment Assistance - \$1.9M ▪ My First Texas Home-TMP - \$460M ▪ Multifamily Indentures - \$62.5M ▪ Housing Trust Fund - \$1.6M

**Governmental
Activities**

**Business-Type
Activities**

**Liabilities
Current/Non-current:**

Bonds Payable		<ul style="list-style-type: none"> • <i>Bonds Issued - \$52.3M</i> (4 new Multifamily bond properties) – <i>(Increase)</i> • <i>Bonds Redeemed - \$97.7M – (Decrease)</i> <ul style="list-style-type: none"> ▪ Single Family Indenture - \$21.8M ▪ Residential Mortgage Revenue Bonds Indenture - \$12.3M ▪ Collateralized Home Mortgage Revenue Bonds - \$400K ▪ Multifamily Indentures - \$63.2M
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ACTION ITEMS

3a

BOARD REPORT ITEM

FAIR HOUSING, DATA MANAGEMENT, & REPORTING

MARCH 22, 2018

Report on Department's Fair Housing Activities

The Fair Housing, Data Management & Reporting ("FHDMR") Team actively works on a variety of fair housing related projects. Attached is an annual report of efforts ("Action Steps") that the Department is currently planning, implementing, or has already incorporated into the rules and processes of the housing and/or community affairs programs that the Department administers.

The report breaks out action steps into two different categories. Ongoing action steps are continuing fair housing steps. Completed or in progress action steps are items that have finished or will finish, and include items such as rule changes and specific outreach efforts.

Understanding this report

The report lists the Department’s Fair Housing Action Steps. Action Steps may be associated with one or more of six impediments identified in the 2013 Analysis of Impediments to Fair Housing Choice for the State of Texas. This report includes all Fair Housing Action Steps for both HUD and non-HUD funded activities.

The report is generated from a database maintained by the Fair Housing, Data Management, and Reporting Division. Some elements of the database and report may change in the future as staff works to improve reporting and document the Department’s efforts to affirmatively further fair housing.

TDHCA Fair Housing Action Steps			
Action Step ID	1	Development of a Revised Multifamily Affirmative Fair Housing Marketing Rule	
Begin Date:	6/6/2014	COMPLETED - 4/1/2015	Multifamily H
Summary	Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through Subchapter F of the Uniform Multifamily Rules. The new rule will guide owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seek to clarify and expand on HUD's definition of a "market area". The Department hosted roundtables for feedback and create a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data.		

The report lists a begin date and status for each entered Action Step. The status will reflect “Completed” for items that are finished. The status of “In Progress” is used for items that are underway and have not yet been completed. The “On Going” status is used for items that are continuing, without a planned end date.

TDHCA Fair Housing Action Steps			
Action Step ID	1	Development of a Revised Multifamily Affirmative Fair Housing Marketing Rule	
Begin Date:	6/6/2014	COMPLETED - 4/1/2015	Multifamily H
Summary	Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through Subchapter F of the Uniform Multifamily Rules. The new rule will guide owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seek to clarify and expand on HUD's definition of a "market area". The Department hosted roundtables for feedback and create a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data.		

Included in the report is a summary of each Action Step and the overhead category describing the activity. Categories include Agency Wide, Single Family, and Multifamily. Community Affairs items, which include the Emergency Solutions Grant Program, are included in the Single Family category. Action Steps are tied to specific TDHCA program areas. The “H” indicates the program area includes HUD funded programs. This report tracks all Fair Housing activity, including activities on non-HUD funded programs.

TDHCA Fair Housing Action Steps

Ongoing Action Steps

Action Step ID 2 Internal Program and Monitoring Area Reviews

Begin Date: 4/22/2014 ONGOING

Agency Wide

H

Summary Department program and monitoring areas are reviewed for developments in Fair Housing. Meetings are held with Division Directors to discuss current efforts and potential goals of program areas. Guiding documents of the program area are reviewed, collected demographic data was discussed, and initial action steps are identified. This type of review is ongoing and all guiding documents, rules, and plans are reviewed from this perspective.

Action Step ID 15 State Agency Fair Housing Workgroup

Begin Date: 5/6/2014 ONGOING

Agency Wide

H

Summary A meeting schedule was established for Texas Department of Agriculture, Texas Department of Housing and Community Affairs ("TDHCA"), Texas Workforce Commission, General Land Office, and Department of State Health Services to assist state agencies in aligning fair housing efforts including efforts associated with the Analysis of Impediments, consider ways to improve fair housing education and outreach across the state, and develop consistency in complaint direction, training, and resource provision. The workgroup is working jointly on the implementation of the new affirmatively furthering fair housing rule ("AFFH") rule and state fair housing planning document. The workgroup has been meeting since May 2014, and continues to meet quarterly or as needed.

Action Step ID 16 Memorandum of Understanding with the Texas Workforce Commission

Begin Date: 5/13/2014 ONGOING

Agency Wide

H

Summary The current memorandum of understanding ("MOU") between TDHCA and Texas Workforce Commission ("TWC") was reviewed and revised to add the opportunity for improved training collaboration and complaint direction. MOU requirements for mandated reporting in the event of uncorrected fair housing violations were strengthened and the expectation for information on reported violations and settlements was clarified. TDHCA and TWC continue to work together closely, sharing information and referrals as outlined in the MOU.

Action Step ID 22 Qualified Census Tract ("QCT") Data and the Housing Tax Credit Portfolio: Research
 Begin Date: 4/25/2014 ONGOING Multifamily
 Summary In addition to gathering data on how many portfolio properties were funded in a Qualified Census Tract ("QCT") in past allocation cycles, additional data was collected on any other noted trends, such as non-profit developers receiving property tax exemptions, at risk set aside developments, and large amounts of multifamily HOME funds. Staff assisted in trying to determine identifiable patterns that may have accounted for higher scoring items associated with funding developments not located in QCTs. This type of research continues annually.

Action Step ID 27 Creation of an Internal Fair Housing Training Initiative
 Begin Date: 6/16/2014 ONGOING Agency Wide H
 Summary An internal fair housing training initiative was created to provide more education and training to internal staff. In 2014 the initiative began with poster display and blogging on the water cooler page and culminated in brown bag sessions for internal staff and mini power point presentations at program area staff meetings. Per the internal audit completed in October 2016 fair housing will offer bi-annual trainings to agency staff (see also step #202).

Action Step ID 35 Project Access Pilot Program with Texas Health and Human Services Commission ("HHSC") and Texas Department of State Health Services ("DSHS")
 Begin Date: 6/1/2001 ONGOING Single Family H
 Summary In working with local stakeholders and examining the needs of tenants with disabilities across the state, the Section 8 Program Area created the Project Access Pilot, in which 10 of 140 vouchers offered through Project Access are made available in partnership with Texas DSHS and HHSC to specifically assist persons exiting state psychiatric hospitals. All 10 pilot vouchers are in use as of February 2018, with 51 applicants on the waiting list.

Action Step ID 37 TDHCA Sets Aside 5% of HOME funds for Use in Programs Serving Persons with Disabilities ("PWD")
 Begin Date: 6/1/2001 ONGOING Multifamily H
 Summary Since 2001, the state has set-aside a portion of the annual HOME allocation for use by persons with disabilities, per Texas Government Code 2306.111(c). TDHCA currently reserves 5% for use in PWD activities to encourage better service provision to households with an individual who has a disability across the state and in Participating Jurisdictions. The state also tracks households that voluntarily report that at least one member of their household includes a person with a disability, and that accounts for 15% to 20% of total households served in the HOME program.

Action Step ID 39 TDHCA and Local Operator Provision of Fair Housing and Educational Materials for Section 8 Recipients
 Begin Date: 7/1/2016 ONGOING Single Family H
 Summary As part of its Administrative Plan and to aid in the effective implementation of its program the Section 8 Division provides HUD Fair Housing guidance to both prospective tenants and property Owners/landlords in the form of Fair Housing information packets and tenant and briefings to new landlords. In addition to fair housing information, the briefing packet currently includes information on hospitals, schools, and other amenities by location/area. The packet is periodically reviewed and updated (see also step #213).

Action Step ID 40 Section 8 Reasonable Accommodations Policies and Requirements
 Begin Date: 6/15/2012 ONGOING Single Family H
 Summary TDHCA's Section 8 program tracks requests and responses relating to reasonable accommodation requests and requires reasonable accommodations statements be included in the intake application and in client briefing packets. Local Operators and TDHCA inspect for equal opportunity posters, complaint information, and reasonable accommodation policy provision during annual onsite Section 8 Management Assessment Program ("SEMAP") inspections. Sample Forms for reasonable accommodation requests are also handed out in briefing packets and discussed during Section 8 briefings. TDHCA staff also provides information on reasonable accommodation requests in renewal packets.

Action Step ID 58 Qualified Allocation Plan ("QAP") Criteria to Serve and Support Texans Most in Need
 Begin Date: 11/15/2001 ONGOING Multifamily
 Summary Criteria included in the QAP to ensure that Texans most in need are supported and served by the Housing Tax Credit ("HTC") program include point elections to incentivize development of additional units to serve 30% area median income ("AMI") (extremely low income) tenants and development of supportive housing developments proposed by a qualified nonprofit. The criteria awards additional points in the event that 20% of units will be made available to tenants at 30% AMI for supportive housing or at least 10% of all units in urban or 7.5% of all units in rural will be made available to tenants at 30% AMI (captured under 11.9(C)(2) in the 2017 QAP and in Texas Gov't Code §2306.6710(b)(1)(E)). This is on-going in the 2018 QAP.

Action Step ID 59 Qualified Allocation Plan Criteria for Tenant Populations with Special Housing Needs
 Begin Date: 9/1/1993 ONGOING Multifamily
 Summary Criteria included for Tenant Populations with Special Housing Needs includes point elections for developments for which at least 5% of units are set aside for persons with special needs (such as individuals with alcohol and drug addictions, Colonia residents, persons with disabilities, persons protected by the Violence Against Women Act ("VAWA"), persons with HIV/AIDS, homeless populations, veterans, wounded warriors, and migrant farm workers). Such units must be affirmatively marketed to persons with special needs and units must be held vacant for occupancy by a person meeting special needs criteria for a 12 month period at the time of lease up (Section 42(m)(1)(C)(v)). State Statute 2306.513, effective September 1, 1993 gave the Department's board the ability to adopt rules to achieve occupancy by individuals with special needs in multifamily housing developments. The special needs criteria first appeared in the 1994 Qualified Allocation Plan ("QAP"), subsequent QAPs have included this special needs housing set-aside.

Action Step ID 68 Texas Interagency Council for the Homeless ("TICH")
 Begin Date: 9/1/1995 ONGOING Agency Wide H
 Summary In 1995, the 74th Texas legislature established the Texas Interagency Council for the Homeless ("TICH") under Tex. Gov't Code, §§2306.901 – 2306.910. Legislation requires TICH to coordinate the state's resources and services to address homelessness. TICH serves as an advisory committee to the Texas Department of Housing and Community Affairs ("TDHCA"). TDHCA provides members from the community affairs and multifamily finance areas to assist in Council work. Representatives from eleven state agencies sit on the council along with members appointed by the Governor, Lieutenant Governor, and Speaker of the House of Representatives. Demographically, those experiencing homelessness are more likely to have a disability; more than 40 percent of America's homeless population are persons with disabilities.

Action Step ID 73 Combination of Mortgage Credit Certificate ("MCC") and Down Payment Assistance Through the Homebuyer Program
 Begin Date: 10/1/2012 ONGOING Single Family
 Summary Program rules for the Texas Homeownership program allow homebuyers to receive both down payment assistance and access to the MCC program to claim tax credits for a portion of their mortgage paid each year, thereby extending greater levels of assistance to low income homebuyers across the state of Texas which are more likely to be members of protected classes. In addition, this action step helps address impediments related to improving consumer knowledge of mortgage loan options.

Action Step ID 74 Homebuyer Contract with eHousing Plus
Begin Date: 6/1/2012 ONGOING Single Family
Summary In 2012, the Texas Homeownership Program contracted with a third party contractor, eHousing Plus, to streamline demographic and data collection. Data is now provided via a web-based system that can be extracted into excel for analysis and use in determining trends and patterns. This new system allows program staff to request data metrics and back up on an as needed basis to create new policies and examine barriers.

Action Step ID 75 Prohibited Discrimination Provisions in Master Mortgage Origination Agreements
Begin Date: 6/1/2004 ONGOING Single Family
Summary For the Texas Homeownership Program the Master Mortgage Origination Agreements promulgated by the Department (Section 4.15) include prohibitions of discrimination and give TDHCA the right to request periodic reports on applicant data at any time to ensure that the master mortgage originator is not engaging in discriminatory practices. This language has been in place in agreements since at least 2004.

Action Step ID 76 Prohibited Discrimination Provisions in Participating Lender Agreements
Begin Date: 1/1/2004 ONGOING Single Family
Summary For the Texas Homeownership Program Participating Lender Agreements promulgated by TDHCA include nondiscrimination provisions based on protected class status. Such nondiscrimination provisions also protect the exercising of rights under the Federal Consumer Credit Protection Act and other antidiscrimination laws or laws based on any other characteristic of a person defined as a prohibited basis for credit discrimination under state, federal, or local laws. Nondiscrimination provisions have been in place since at least 2004.

Action Step ID 77 Homebuyer Program Website Provision of Credit Rating information
Begin Date: 6/1/2005 ONGOING Single Family
Summary TDHCA's Homebuyer programs maintain a separate website interface that includes consumer information such as information on where to request a free credit report and referrals to agencies in a searchable area through the Help for Texans page that provide consumer credit counseling. This action step helps address impediments related to improving consumer knowledge of mortgage loan options.

Action Step ID 78 Homebuyer Programs Provide Marketing Materials in both English and Spanish
Begin Date: 6/1/2011 ONGOING Single Family
Summary The Department's Homebuyer programs (Texas Homeownership Program, HOME Homebuyer Assistance, and Bootstrap) engage with Limited English Proficiency ("LEP") populations as a normal course of marketing. Marketing materials are available in both English and Spanish for these homebuyer programs. Materials in both languages are taken to presentations and for the Texas Homeownership Program are made available to participating lenders through the My First Texas Home website.

Action Step ID 86 Disability Advisory Workgroup ("DAW")
Begin Date: 11/14/2001 ONGOING Agency Wide H
Summary On November 13, 2001 the Department's Board authorized the Disability Advisory Committee to provide information and recommendations to the Board on the housing needs of people with disabilities. In 2006 these efforts turned into the Disability Advisory Workgroup ("DAW") to provide staff with guidance. The DAW is organized by staff from the Housing Resource Center in coordination with Executive guidance. Representatives from TDHCA's HOME, Project Rental Assistance 811 Program, Housing Resource Center, Housing Trust Fund, Multifamily, and Section 8 attend the DAW to discuss relevant issues and gather feedback on policies and rulemaking that may impact persons with disabilities.

Action Step ID 97 Housing Trust Fund ("HTF") Bootstrap Rule Requirement for Owner-Builder Homeownership Education Classes
Begin Date: 1/1/1999 ONGOING Single Family
Summary In 1999, Texas Gov't Code Section 2306.756 was created to require Owner-Builders to complete homeownership classes prior to receiving assistance through the Bootstrap Program. These classes are offered in Spanish and English and include content to assist unbanked residents to understand and build credit.

Action Step ID 98 Housing Trust Fund ("HTF") Amy Young Barrier Removal Program Marketing in Spanish and English
Begin Date: 9/1/2011 ONGOING Single Family
Summary The HTF Amy Young Barrier Removal Program markets the program in both Spanish and English to better reach persons with disabilities in underserved areas of the state and reduce barriers created by Limited English Proficiency ("LEP").

Action Step ID 99 Housing Trust Fund ("HTF"), Operation of the Amy Young Barrier Removal Program
 Begin Date: 1/1/2010 ONGOING Single Family
 Summary Beginning in 2010, TDHCA established the Amy Young Barrier Removal Program to specifically serve persons with disabilities seeking to modify their homes to meet their accessibility needs. Nonprofit and local governments process intake applications, determine eligibility, and oversee construction for eligible households across the state. Assistance is in the form of construction grants of up to \$20,000 for both renters and homeowners under 80% area median family income.

Action Step ID 101 Texas State Community Development Block Grant ("CDBG") Grant Allocation for Use in Colonia Self-Help Centers
 Begin Date: 1/1/1995 ONGOING Single Family H
 Summary The Legislature provided for use of Texas State CDBG grant allocations for the express purpose of providing housing assistance to colonia residents through the Colonia Self-Help Centers in 1995. There are seven Colonia Self-Help Centers along the Texas-Mexico border region in the following counties: El Paso, Maverick, Val Verde, Webb, Starr, Hidalgo, and Cameron/Willacy. The Colonia Self-Help Centers provide a range of assistance to Colonia residents and reduces barriers for Colonia residents seeking to apply for funds under various housing programs and other TDHCA low income and disability programs. Materials provided at the Colonia Self-Help Centers are provided in English and Spanish.

Action Step ID 103 Colonia Rule Provision Allowing Funds for Credit and Debt Counseling
 Begin Date: 11/1/2012 ONGOING Single Family H
 Summary TDHCA's Colonia Self-Help Center rule provision 10 TAC § 25.3(7) (Texas Gov't Code Section 2306.586) allows the use of Community Development Block Grant funds for providing credit and debt counseling related to home purchase and finance. This provision assists unbanked residents in building credit and provides consumers information to better access homeownership and other assistance programs. Colonia Self-Help Centers play an integral role in providing information and education to persons with Limited English Proficiency along the Texas-Mexico border.

Action Step ID 104 Colonia Rule Provision Allowing Funds for Provision of Assistance to Access Loans or Grants
 Begin Date: 11/1/2012 ONGOING Single Family H
 Summary Colonia Self-Help Center rule provision 10 TAC § 25.3(11) allows Community Development Block Grants funds to be used by Colonia Self-Help Centers to provide assistance to households eligible for loan or grant programs. This provision facilitates the Department in reaching colonia residents that are "least likely to apply" populations along the Texas-Mexico border in the seven designated Colonia Self-Help Center areas and decrease barriers due to Limited English Proficiency ("LEP").

Action Step ID 105 Creation of Colonia Resident Advisory Committee

Begin Date: 11/1/2012 ONGOING

Single Family

H

Summary Colonia Self-Help Center Rule 10 TAC §25.6(a) requires the appointment of residents of a Colonia to serve on a Colonia Resident Advisory Committee ("C-RAC") within the targeted Colonias in which a Colonia Self-Help Center is located. The C-RAC advises TDHCA's Board on the Colonia's housing needs, the effectiveness of its proposed programs, and the award of contracts. Nonprofits recommend appointments to the County and the County submits nominations to the TDHCA Board, which appoints the C-RAC. In this way, the State of Texas and TDHCA obtain public participation and ensure that Colonia resident feedback is considered when improving housing opportunities for protected classes and low income populations in the Colonias.

Action Step ID 106 Colonia Self-Help Center Client Access to Activities

Begin Date: 11/1/2012 ONGOING

Single Family

H

Summary The Colonia Self-Help Center Program rule in 10 TAC § 25.7 (j) requires that Colonia Self-Help Center administrators allow access to all activities identified in their contracts on at least one Saturday a month and at least one day during the work week after normal working hours to limit barriers to access for Colonia residents and families.

Action Step ID 107 Provision of Three Border Field Offices

Begin Date: 6/15/1993 ONGOING

Agency Wide

H

Summary TDHCA Program supports the administration of three Border Field Offices funded by General Revenue, Appropriated Receipts, and Community Development Block Grant funds. These offices provide technical assistance to Colonia residents, nonprofits, for-profits, units of local government, and other community organizations along the Texas-Mexico border. The Border Field Offices help with applications, procurement, specification writing, and other items as needed. Like the Colonia Self-Help Centers, the Border Field Offices offer additional support and language services to residents in underserved areas within the Colonias.

Action Step ID 134 Development of "Becoming a Homeowner" Online Homebuyer Education Tool

Begin Date: 9/1/2014 ONGOING

Single Family

Summary The Texas Homeownership Program developed a free online homebuyer education module, "Becoming a Homeowner." The two-hour course is available in both English and Spanish. This provides buyers with a greater understanding of what to expect when purchasing a home, including information on the Mortgage Credit Certificate ("MCC") program, down payment assistance, and lending rates. The convenient, self-paced course offers a pre- and post-purchase tutorial on the ins and outs of buying a home. The online course is available at all times. In 2017, 9,200 homebuyers completed the course.

Action Step ID 140 Creation of Accessible Electronic and Information Resources

Begin Date: 1/1/2010 ONGOING Agency Wide H

Summary TDHCA's Information Systems Division ("ISD") assists the agency in the creation and procurement of electronic and information resources ("EIR") that are accessible for persons with disabilities. TDHCA's Website Administrator serves as EIR Accessibility Coordinator, and in this role leads the agency's efforts to maintain an accessible website and track accessibility status of other EIR.

Action Step ID 144 Loan Servicing Outreach to Educate Borrowers on Homestead Exemptions, Lower Tax & Insurance Payments, and Increase Affordability

Begin Date: 7/1/2015 ONGOING Single Family H

Summary The Loan Servicing division of the Department processes tax and insurance payments for TDHCA borrowers. Staff reach out to borrowers that show no homestead exemption on the tax records, and provide information on applying for the exemption to lower tax payments and increase affordability through lower overall mortgage payments. Loan Servicing staff also provide information on other exemptions of which homeowners may be unaware and discuss the household shopping for lower insurance premiums, such as those for households over 65 years old and for people with disabilities.

Action Step ID 155 Implementation of National Housing Trust Fund, Development of Units to Serve Extremely Low-Income Households

Begin Date: 11/2/2015 ONGOING Multifamily H

Summary The National Housing Trust Fund ("NHTF") is an affordable housing production program that compliments existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families. NHTF funds may be used for the production or preservation of affordable housing through the acquisition or new construction of non-luxury housing with suitable amenities. Funds will be initially allocated through the Regional Allocation Formula and subject to affirmative marketing requirements. All NHTF-assisted units will be required to have a minimum affordability period of 30 years. Texas received an allocation of \$4,789,477 for program year 2016, executing the 2016 Grant Agreement in October 2017. In February 2018 staff executed the Grant Agreement of \$8,858,738 for program year 2017.

Action Step ID 180 Participation in the Money Follows the Person Program to Increase Housing Options for Persons Exiting Institutions

Begin Date: 1/1/2012 ONGOING Single Family H

Summary Since 2012, the Department has partnered with the state's Medicaid Agency, the Texas Health and Human Services Commission ("HHSC") to use Money Follows the Person ("MFP") funds to increase housing options for individuals who choose to exit institutions. TDHCA has used the MFP program to support the administration of Section 8 Housing Choice Vouchers targeted to individuals leaving institutions (Project Access), to develop and implement a Section 811 Project Rental Assistance (PRA) Program, and to support the administration of tenant based rental assistance through the HOME Investment Partnership Program through creating a HOME bridge program for individuals leaving institutions which can subsidize rent for up to five years for individuals awaiting Housing Choice Vouchers or other rental assistance. Staff also assists Medicaid and Service Coordinator providers on how to make referrals to housing programs and work with relocation contractors to improve programs (see also step #38 and #93). The Centers for Medicaid and Medicare Services completed a site visit to Texas to learn more about the state's MFP program. The evaluators stated that "Overall Texas has made tremendous strides at enhancing the lives of individuals participating in the MFP program."

Action Step ID 189 Track Conciliation and Cause Notifications from Texas Workforce Commission, Civil Rights Division

Begin Date: 6/1/2016 ONGOING Multifamily H

Summary Staff tracks conciliation agreements and cause notifications from Texas Workforce Commission, Civil Rights Division regarding fair housing complaints at TDHCA-funded properties. Texas Workforce Commission notifies TDHCA per a memorandum of understanding. Agreements are attached to property records in the Compliance Monitoring and Tracking System ("CMTS") for TDHCA staff to reference. This will assist the agency in monitoring and working with properties to mitigate fair housing barriers and take corrective actions.

Action Step ID 202 Agency Wide Biennial Fair Housing Training

Begin Date: 11/1/2016 ONGOING Agency Wide H

Summary Effective April 2017, all TDHCA staff will complete a fair housing training module biennially. New hires will complete the training within the first 90 days of employment. TDHCA's human resources manual was updated to include this training requirement; this will be monitored by the human resources division. The HUD-approved training is provided online, at no cost through the Texas Workforce Commission, Civil Rights Division. In 2017 agency staff took the fair housing training offered through the Texas Workforce Commission, and had the opportunity to attend two fair housing webinars. Two fair housing webinars will be available to staff in April 2018.

Action Step ID 208 Participation in the State of Texas Reentry Task Force

Begin Date: 6/19/2009 ONGOING

Agency Wide

H

Summary A member of the fair housing team participates in the State of Texas Reentry Task Force and quarterly meetings. Texas's statewide Reentry Task Force promotes increased collaboration and coordination among localized re-entry initiatives and state-level entities, specifically in efforts to help stakeholders minimize barriers that impact individuals' successful reintegration into Texas communities. The Texas Reentry Task Force was established through House Bill 1711 and became effective June 19, 2009 through Texas Gov't Code §501.098. Having a criminal record is not a protected characteristic under the Fair Housing Act, however, criminal history-based restrictions on housing opportunities may violate the Act if, without justification, their burden falls more often on renters or other housing market participants of one race or national origin over another.

Action Step ID 237 Compliance Division Comprehensive Portfolio Review of Policies and Procedures

Begin Date: 10/27/2017 ONGOING

Multifamily

H

Summary Effective October 24, 2017, the Compliance Division began offering properties in the Department's portfolio a new approach to review Written Policy and Procedure requirements under 10 TAC §10.610. These policies and procedures include tenant selection criteria, reasonable accommodations policy, wait list policy, denied applicant policy, non-renewal and/or termination policy, and unit transfer policy. Owners may elect to have these policies reviewed for their entire portfolio at once rather than having them reviewed individually as part of the onsite monitoring review process. The Department hopes that the new procedure will better serve owners and management companies by streamlining the process in which they are reviewed, and ensuring equitable applicability of requirements, while ensuring compliance with Department rules. Once approved, the policies will not be reviewed again until either they are revised, or 10 TAC §10.610 is amended. If neither of the events occurs, the Written Policy and Procedures will be reviewed every three years. Application fees will continue to be reviewed as part of the onsite monitoring process.

Action Step ID 243 Texas Statewide Homebuyer Education Program ("TSHEP")

Begin Date: 9/1/1997 ONGOING

Single Family

Summary In 1997, the 75th Texas Legislature passed HB 2577, which charged the Texas Department of Housing and Community Affairs ("TDHCA") with the development and implementation of a statewide homebuyer education program, designed to provide information and counseling to prospective homebuyers about the home buying process. The Texas Statewide Homebuyer Education Program ("TSHEP") was created to fulfill this mandate. To ensure uniform quality of the homebuyer education provided throughout the state, TDHCA partnered with NeighborWorks America, a nationally recognized organization, to administer TSHEP as a train-the-trainer program and to teach local nonprofit organizations the principles and applications of comprehensive pre- and post purchase homebuyer education, and to certify participants as providers of homebuyer training. To date approximately 731 individuals have been certified as homebuyer education providers by the Texas Statewide Homebuyer Education Program.

Action Step ID 246 Streamlined Communications with Partner Public Housing Authorities for Section 8 Voucher Porting

Begin Date: 6/1/2013 ONGOING Single Family H

Summary Section 8 program staff have streamlined communications with numerous large Public Housing Authorities (“PHA”) to which Department voucher households frequently request a port (transfer). Staff have developed relationships with our largest port recipient PHA’s to understand and discuss policies and rules for porting households, because households that wish to port must re-qualify for the program and may encounter issues with the background check or other criteria, staff now communicates these possible barriers and options to households prior to porting.

Action Step ID 247 Housing Choice Voucher Section 8 Program Staff Develop Relationships & Referral Network

Begin Date: 11/1/2016 ONGOING Single Family H

Summary Section 8 Program Staff have developed relationships with staff at state hospitals and other key referral agencies for the Project Access waitlist list. Examples include A Resource Center for Independent Living (“ARCIL”) in Austin and the Center on Independent Living (“COIL”) in San Antonio. Staff are currently discussing program eligibility, required forms for submittal, and helpful tips on dealing with other Public Housing Authorities and waiting lists to ensure Project Access clients have as much guidance as possible in exiting institutions.

Action Step ID 254 811 Program Marketing Materials, Help Consumers Make Informed Housing Choices

Begin Date: 2/19/2013 ONGOING Single Family H

Summary The Department’s Section 811 Project Rental Assistance (“PRA”) Program webpage is designed to be friendly to prospective tenants and contains information that allows prospective 811 clients to make informed housing choices. The webpage contains each property’s tenant selection criteria, webpage, maps, and information about unit accessibility. The webpage is available at: <https://www.tdhca.state.tx.us/section-811-pra/participating-properties.htm>. In addition, the Department, in coordination with our Medicaid state agency partners, developed marketing materials and a marketing plan to better reach potential program applicants. Marketing materials include a one page document that describes property amenities such as fitness center, accessible units, number of bedrooms, and proximity to public transit and medical facilities.

Action Step ID 256 Fair Housing Marketing Plan for the Section 811 Project Rental Assistance ("PRA") Program

Begin Date: 2/19/2013 ONGOING

Single Family

H

Summary The Section 811 Project Rental Assistance ("PRA") Program, as required by HUD, developed a fair housing marketing plan that identifies the least likely to apply populations. The least likely to apply populations are persons with limited English proficiency and persons whose disability is a developmental or intellectual disability. The plan is designed to reach these individuals so that they have the opportunity to apply for the program. All tenant-facing materials are available in English and Spanish, with other languages are available upon request by local referral agents and applicants.

Completed or In Progress Action Steps

Action Step ID 1 Development of a Revised Multifamily Affirmative Fair Housing Marketing Rule

Begin Date: 6/6/2014 COMPLETED - 4/1/2015 Multifamily H

Summary Development of a revised rule for Multifamily Affirmative Fair Housing Marketing through 10 TAC §10.617, Affirmative Marketing Requirements. The new rule guides owners and managers in identifying "least likely to apply" populations using HUD's definition of minority concentration and seeks to clarify and expand on HUD's definition of a "market area." The Department hosted roundtables for feedback and created a tool to assist in comparing tenant pool data (or in the case of new construction developments, census tract demographic data) to MSA or County demographic census data. The tool is web based and has been effective in helping properties better strategize in affirmative marketing.

Action Step ID 3 Development of a Fair Housing Tracking Database

Begin Date: 4/22/2014 COMPLETED - 7/31/2014 Agency Wide H

Summary The Fair Housing Tracking database was created to track agency goals, efforts, and progress made under the Phase 2 Analysis of Impediments ("AI"). The Fair Housing Tracking database provides the Department with an ability to pull basic metrics and provide reports by AI Goals, Impediments, Action Items, and other meaningful search criteria. Such abilities assist the state in identifying areas of improvement and success under its HUD-related obligation to affirmatively further fair housing choice. The design of the database was completed in 2014; however, the content of the database is maintained on an ongoing basis.

Action Step ID 4 Redevelopment of TDHCA Fair Housing Website Section

Begin Date: 6/11/2014 COMPLETED - 10/9/2014 Agency Wide H

Summary This step involved the redevelopment of the TDHCA Fair Housing website to improve fair housing complaint direction, increase fair housing training and knowledge across the state, and provide toolkits and information resources specific to renters, homebuyers, development owners and administrators, real estate professionals, local governments, and elected officials. Website sections were created (additional sections were implemented into the website plan such as a survey, news corner, and Texas Fair Housing events). Renter and homebuyer information includes fair housing and reasonable accommodations rights information, unbanked resident toolkits for building credit, information on how to find affordable rental housing, and landlord-tenant toolkits and brochures. Development owners, administrators, and real estate professionals will find best policy guidance, rules information, and sample forms and documents. Local governments and elected officials will find information on zoning best practices as suggested in the Phase 2 Analysis of Impediments ("AI"). The site continues to be updated and augmented.

Action Step ID 6 Austin Area Meeting on the Adoption of a City Ordinance: Source of Income as a Protected Class
Begin Date: 6/4/2014 COMPLETED - 6/4/2014 Agency Wide H
Summary Fair Housing Team participation and attendance at a City of Austin meeting discussing a proposed ordinance to include source of income as a protected class. The ordinance would extend City of Austin fair housing protections to Section 8 Housing Choice voucher holders and other subsidy program recipients.

Action Step ID 7 Development of 2013 Qualified Allocation Plan ("QAP") Scoring Incentives for Development in High Opportunity Areas
Begin Date: 6/1/2012 COMPLETED - 1/1/2013 Multifamily
Summary In 2013, TDHCA implemented a series of scoring items to facilitate the development of tax credit properties in high opportunity areas. The scoring items included an opportunity index with the highest scoring options for locating developments in census tracts with low poverty rates (less than 15%), high household incomes, and high elementary school performance ratings (as reported by the Texas Education Agency). A second scoring item known as "Educational Excellence" provides additional points for locating developments in areas that also have high quality middle and high schools. These items were updated in each subsequent QAP and continuing to refine the scoring in the QAP through a fair housing perspective occurs annually. Fair housing staff participate in QAP roundtable discussions. Staff researched potential scoring items, changes in Texas Education Agency educational standards, regional scores, updated poverty and income census data, and mapped data to determine eligible tracks and potential patterns.

Action Step ID 8 Expansion of Ineligible Adverse Site and Area Characteristics
Begin Date: 7/1/2013 COMPLETED - 11/15/2013 Multifamily H
Summary In 2013, existing site ineligibility characteristics were expanded. The rule covers proximity to ineligible neighborhood features include blight, high crime, heavy industrial facilities, and other characteristics in the area which may not be appropriate for residential development. The rule requires disclosure of such features for any multifamily applications for funding rehabilitation of an existing property or new construction. The rule results in improved neighborhood conditions or appropriate mitigation measures for tenants. These criteria are evaluated annually and updated as needed.

Action Step ID 9 Review and Revision of TDHCA's Language Assistance Plan
Begin Date: 4/22/2014 COMPLETED - 8/1/2014 Agency Wide H
Summary The Language Assistance Plan was completed and will be periodically revisited. In February 2015, TDHCA secured two contracts for third party interpretation and translation services, one for the Spanish language, one for other languages. The agency will roll out translated documents and resources as deemed necessary in the language access plan.

Action Step ID 10 Housing and Health Services Coordination ("HHSC") Council and TDHCA Creation of Rental Assistance Video Series

Begin Date: COMPLETED - 9/26/2014 Agency Wide H

Summary The Housing and Health Services Coordination ("HHSC") Council and TDHCA collaborated on a short video series to educate the public on fair housing (including reasonable accommodations), homebuyer assistance, rental assistance, energy assistance, home repair, emergency assistance, and service enriched housing. The short video series is available on TDHCA's website and is used to engage and inform the public. From March 2015 to March 2017 there were nearly 1,000 page views on TDHCA's webpage with the video series.

Action Step ID 11 University of Houston Contract for Multifamily Primer

Begin Date: 10/29/2013 COMPLETED - 10/14/2014 Multifamily

Summary To better address opportunities for meaningful and substantive input regarding the development of affordable housing and to meet the needs of the public, advocacy groups, elected officials, and local governments in understanding Multifamily programs offered by the Department (particularly the Housing Tax Credit program), TDHCA contracted with the University of Houston to develop a lay person's guide to Multifamily housing and local community involvement. The primer is available at: http://www/fair-housing/docs/Housing_Options_Web.pdf.

Action Step ID 12 Development of a Demographic Collection Database

Begin Date: 4/16/2014 COMPLETED - 4/30/2015 Multifamily H

Summary Because of the wide array of service provision systems used by TDHCA staff, the mechanism for capturing the demographic data of all multifamily households served by various program areas was created. The database serves Multifamily programs for purposes of better program planning and policy provision and to evaluate progress towards the goals identified in the Analysis of Impediments. Staff continues to look at demographics during program design across all of its programs. Staff continue to update the database, adding Census tract information into multifamily properties in the Compliance Monitoring and Tracking System ("CMTS").

Action Step ID 14 Section 811 Project Rental Assistance ("PRA") Round 2 Application

Begin Date: 5/6/2014 COMPLETED - 6/1/2014 Single Family H

Summary The Section 811 Project Rental Assistance group applied for Round 2 PRA 811 funds in an effort to acquire additional funds to support initiatives to increase housing options for persons with disabilities in the existing TDHCA multifamily portfolio. The second 811 grant was awarded for an additional \$12 million for the program.

Action Step ID 17 Creation of External Outreach Tools: Fair Housing Listserv
 Begin Date: 5/6/2014 COMPLETED - 7/9/2014 Agency Wide H
 Summary A new Fair Housing listserv group was implemented. The new listserv assists TDHCA in reaching external fair housing advocacy and special interest groups that may not ordinarily be part of the Department's listservs.

Action Step ID 18 Development of a Revised Tenant Selection Rule
 Begin Date: 5/22/2014 COMPLETED - 4/1/2015 Multifamily H
 Summary Tenant Selection Criteria can greatly affect the demographic mix of a property and the fair housing choice of protected classes. The rule in Subchapter F of the Uniform Multifamily Rules was reviewed, feedback was collected from the property community, advocacy groups were consulted, a large scale review of plans collected during onsite monitoring were analyzed, and other State Housing Finance Agencies policies were researched. The revised rule clarifies fair housing and reasonable accommodation provisions.

Action Step ID 19 Creation of an Internal and External Email and Marketing Statement
 Begin Date: 5/28/2014 COMPLETED - 7/14/2014 Agency Wide H
 Summary The Fair Housing Team and staff from the Policy and Public Affairs Division met with Executive and developed a new mission statement and byline that highlight fair housing. The mission statement is used with external marketing publications and communications, and is often used in Department staff email signature lines.

Action Step ID 20 TDHCA Fair Housing Accessibility First Construction and Compliance Training
 Begin Date: 5/29/2014 COMPLETED - 5/29/2014 Agency Wide H
 Summary In coordination with the Texas Affiliation Of Affordable Housing Providers (TAAHP) and other State agencies who receive Federal funds, TDHCA coordinated the Fair Housing Accessibility First Construction and Compliance training offered by Jack Catlin (HUD approved trainer) and industry expert, LCM Architects in May 2017.

Action Step ID 21 TDHCA 2010 Americans with Disabilities Act ("ADA") Standards Training
 Begin Date: 5/30/2014 COMPLETED - 5/30/2014 Agency Wide H
 Summary In January 2014 following Department of Justice guidance, TDHCA adopted 2010 ADA construction standards for Section 504 compliance. TDHCA's Compliance Division hosted a 2010 ADA training and invited property management, owners, engineers, architects, and the general public.

Action Step ID 23 Creation of TDHCA Fair Housing Marketing Guidelines

Begin Date: 6/1/2012 COMPLETED - 1/8/2013

Agency Wide

H

Summary The Division of Policy and Public Affairs created a TDHCA Fair Housing Marketing Guidelines booklet concerning items such as: Inclusion of information on how to request reasonable accommodations on all publicly distributed event notices (including for persons with limited English proficiency), acceptable terminology, fair housing logo use, and appropriate use of photographs and images in advertising.

Action Step ID 24 Creation of a Fair Housing Ad in TAAHP publication

Begin Date: 5/28/2014 COMPLETED - 6/5/2015

Agency Wide

H

Summary The Department ran a fair housing ad in the 2014 and 2015 TAAHP publications. The Fair Housing Team researched statistics and created a fair housing tagline to be used to draw attention to the Department's commitment to fair housing efforts and raise public awareness about the importance of fair housing choice.

Action Step ID 25 Development of a New Single Family Affirmative Fair Housing Marketing Rule

Begin Date: 6/10/2014 COMPLETED - 12/6/2015

Single Family

H

Summary A new Single Family Affirmative Marketing Rule was drafted for inclusion in the Single Family Umbrella Rule under 10 TAC 20.9, General Administration and Program Requirements. The new Rule clarifies expectations and monitors compliance with HUD's affirmative marketing requirements. State Housing Trust Fund programs are also subject to the provision to create consistency within the Department. This rule was expanded in 2017.

Action Step ID 28 TDHCA Speakership: TxAPA Conference - Zoning Laws and Best Practices for Fair Housing

Begin Date: 7/1/2014 COMPLETED - 10/16/2014

Agency Wide

H

Summary TDHCA appeared as a speaker along with representatives from Coats Rose and the City of Buda at the Texas American Planning Association ("TxAPA") Conference in Frisco, TX on October 16, 2014. The panel discussion included topics such as recent legal actions related to zoning, a city representative's perspective on the Housing Tax Credit program and how to engage with the public, and a general discussion of zoning best practices.

Action Step ID 29 Research and Identification of Translation Services for Limited English Proficiency Clients
 Begin Date: 6/20/2014 COMPLETED - 2/12/2015 Agency Wide H
 Summary The Fair Housing Team led the efforts to address the need for agency third party translation services. Identification of funding was discussed as well as developing a memorandum of understanding with another state agency currently contracting (Department of State Health Services "DSHS", Texas Health and Human Services Commission "HHSC") for services. DSHS and HHSC were contacted for more information and in preparation of a TDHCA proposal for services. An internal agency survey was conducted through program Division Directors to acquire feedback on prospective use of written and oral translation services. Results of the survey were used to assist the agency in estimating efficacy and cost. Translation services were subsequently procured on a standing as-needed basis, and are used across the agency.

Action Step ID 30 Revisions to Compliance Monitoring and Tracking System ("CMTS") Demographic Data Collection Fields
 Begin Date: 6/27/2014 COMPLETED - 5/15/2017 Multifamily H
 Summary The Fair Housing Team and Compliance Division guided CMTS system changes to gather demographic information for each household member rather than on a cumulative household basis. These corrections in the CMTS system assist the Department in being able to better evaluate and streamline demographic reporting, deliver data to the US Department of Housing & Urban Development ("HUD") for inclusion in the Housing Finance Agency report, and analyze the demographic composition of its portfolio. The revised screen includes information on household members' race, ethnicity, age, and disability status. The CMTS changes to allow for data entry of demographic information at the household member level were completed on January 2, 2017, and the CMTS feature (CMTS Unit Upload) that processes uploads of this information from property management software products was completed on January 27, 2017. All vendors updated their software products to work with CMTS Unit Upload by early April 2017. Updated household information was supplied by properties in April 2017.

Action Step ID 31 Creation of a Fair Housing Article for the Texas Municipal League
 Begin Date: 7/1/2014 COMPLETED - 9/15/2014 Multifamily H
 Summary In order to support local elected official and government needs for information related to affordable housing development, the Department's Executive Director drafted an article for consideration in the publication of the Texas Municipal League's newsletter. This article provided local governments with important information about affordable housing developments. The article was published on September 14, 2014.

Action Step ID	32	Revisions to Compliance Monitoring and Tracking System ("CMTS"): Fixing and Populating Census Tract Entry		
Begin Date:	7/8/2014	COMPLETED - 8/1/2015	Multifamily	H
Summary	The Fair Housing Team led the initiative to improve and populate the census tract entry field for each property in the Department's portfolio to prepare for creating a website mapping tool that will show service delivery areas and demographic populations served. This kind of tool is heavily dependent on address entry being accurate and the ability to easily pull census data. Geographic information system ("GIS") latitude/longitude verification tools will also be researched for integration. This tool is currently in use in the Compliance Monitoring and Tracking System ("CMTS").			

Action Step ID	33	Expansion of Undesirable Site and Area Features Rules in the 2015 Multifamily Rules		
Begin Date:	7/15/2014	COMPLETED - 1/1/2015	Multifamily	H
Summary	Elements related to Environmental Justice were researched for inclusion in the 2015 Undesirable Site and Area Features Rules to be incorporated in the Uniform Multifamily Rules in Subchapter B. The rule revisions consider the incorporation of additional undesirable site features such as large refineries and highly volatile pipelines and suggest a basic criteria to be used in determining whether additional staff review of a site is necessary (criteria suggested/considered include poverty rates, crime index ratings, and proximity to facilities that raise environmental justice concerns). The rule change was adopted.			

Action Step ID	34	Increase of Project Access Voucher Allocations		
Begin Date:	1/1/2012	COMPLETED - 1/1/2014	Single Family	H
Summary	Project Access vouchers were increased from 100 in 2012 to 140 in 2014 to maximize the amount of assistance provided to low income households with an individual with a disability. Project Access serves individuals exiting nursing facilities, intensive care facilities, and board and care facilities statewide. The waiting list fluctuates in size and continues to assist persons transitioning out of facilities into community based settings. As of February 2018 there were 145 applicants on the waiting list.			

Action Step ID	36	Section 8 Technical Assistance for Relocation Contracts and the HOME TBRA Bridge		
Begin Date:	9/1/2014	COMPLETED - 12/22/2010	Single Family	H
Summary	<p>Staff created a program policy to encourage the use of HOME Tenant Based Rental Assistance ("TBRA") as a bridge to the Project Access program to better assist persons with disabilities and facilitate access to vouchers, including allowing TBRA HOME Administrators to amend their program designs to prioritize individuals residing in institutions and on the Project Access waitlist where a Project Access voucher was not yet available. This change occurred through an amendment to 10 TAC § 5.801. Technical Assistance for Relocation Contractors was also provided so TBRA Administrators could assist in identifying opportunities for transitioning eligible HOME TBRA participants to the Project Access program (which unlike TBRA does not have a time limit on assistance). This program continues and its use fluctuates as the Project Access waiting list fluctuates.</p>			

Action Step ID	42	Section 8 Streamlining of Criminal Screening Standards		
Begin Date:		COMPLETED - 1/1/2012	Single Family	H
Summary	<p>Prior to 2012, each Local Operator (TDHCA's "subrecipient") were allowed to separately screen Section 8 participants. However, in an effort to ensure that screened and accepted Section 8 households were not subject to additional or higher standards at the Local Operator level, and that all are treated equitably, this was subsequently discontinued and only TDHCA conducts the screening for the applicant household.</p>			

Action Step ID	43	Update of TDHCA's Section 8 Administrative Plan		
Begin Date:	5/1/2014	COMPLETED - 5/26/2016	Single Family	H
Summary	<p>The Department's Administrative Plan for the Section 8 Housing Choice Voucher Program ("HCVP") was reviewed and revised to better align with overall Department goals to affirmatively further fair housing. The administrative plan serves as the standard operating procedures for administration of the state's HCVP in accordance with HUD requirements. For example, the plan includes procedures for assisting households with disabilities, improving access for persons with Limited English Proficiency, affirmatively furthering fair housing and handling of discrimination complaints; for instance, if a household believes illegal discrimination has prevented the family from leasing a suitable unit. The plan was formally adopted by TDHCA's board on May 26, 2016.</p>			

Action Step ID 44 Revision of the Single Family Umbrella Rule to Allow Housing Trust Fund Amy Young Barrier Removal Funds to be used for Manufactured Housing Modifications

Begin Date: 4/1/2014 COMPLETED - 11/1/2014 Single Family

Summary The revision of the Single Family Umbrella Rule for the 2014 Rules Cycle included revised language concerning the use of Federal funds in manufactured housing modifications. The Rule was specifically modified to allow the use of State funded Housing Trust Fund in the Amy Young Barrier Removal Program to be used to modify existing manufactured homes where accessibility features are required to meet the needs of individuals with disabilities. Feedback on this Rule was generated through TDHCA's work with the Housing and Health Services Coordination ("HHSC") Council and the Disability Advocacy Workgroup ("DAW").

Action Step ID 46 Revision of the Fair Housing Training Component for the Emergency Solutions Grants ("ESG") Implementation Workshop

Begin Date: 8/5/2014 COMPLETED - 9/16/2014 Single Family H

Summary The ESG group, with the help of the Fair Housing Team and Legal, drafted a comprehensive Fair Housing training component to be presented during the ESG Implementation Workshop each year. Training components included detailed discussions of all Civil Rights laws related to ESG, Americans with Disabilities Act ("ADA") requirements for shelters, reasonable accommodation requirements, equal access guidance, Limited English Proficiency guidance, and information on affirmative outreach provisions. This is updated and provided annually.

Action Step ID 47 Creation of a Brochure Regarding Tenant's Programmatic Rights

Begin Date: 8/8/2014 COMPLETED - 1/1/2015 Multifamily H

Summary A tenant rights and resources brochure was created by the Fair Housing and Compliance team with the intent of: 1) Increasing education about fair housing rights and reasonable accommodations, 2) Increasing education about the rights of Section 8 renters in TDHCA funded multifamily rental properties, 3) Creating a more meaningful fair housing disclosure notice, and 4) Ensuring properties are adequately advertising their available amenities and services. Brochures are posted in multifamily properties and given to tenants at move in. The Uniform Multifamily Rules, require that a Fair Housing Disclosure Notice form be presented to the household at the time of application for occupancy. The form provides the household with notification of their rights to choose among available housing options. The brochure is available in English and Spanish, in July 2016 the brochure was translated upon request into Chinese and Filipino (see also step #223).

Action Step ID 48 Expansion of Universal Design Elements to Single Family Homeowner Rehabilitation Assistance ("HRA") Minimum Construction Standards

Begin Date: 9/4/2014 COMPLETED - 11/1/2014 Single Family H

Summary The Department implemented the Texas Minimum Construction Standards ("TMCS") to be effective in January of 2015 to remedy health and safety defects, particularly life threatening deficiencies in all single family programs. TMCS also supports universal design concepts such as accessible doorway considerations when the home is rehabilitated with federal funds. TMCS outlines the minimal level of work required and methods and materials for rehabilitation projects. These programs increase the stock of housing that is available for persons with disabilities.

Action Step ID 49 Revamp of the Research Database Used When Answering the Auto-Call Distribution ("ACD") Phone Line

Begin Date: 8/21/2014 COMPLETED - 4/1/2015 Agency Wide H

Summary The research database, which provides the content for the Help for Texans center of the TDHCA webpage, was revamped at the Housing Resource Center's request to include fair housing related calls which can now be included in reporting and tracking of calls through the ACD line. HRC also follows up on fair housing related ACD calls with an informational letter directing callers to the Texas Workforce Commission for fair housing complaints and to the Fair Housing Team and new website section for fair housing-related information.

Action Step ID 50 Creation of a Marketing Giveaway (Letter Openers) with References to Fair Housing Commitment

Begin Date: 8/21/2014 COMPLETED - 9/1/2014 Single Family

Summary The Texas Homeownership Program and Mortgage Credit Certification ("MCC") programs requested a marketing giveaway in the form of letter openers with references to the new Fair Housing commitment tagline, "Expanding Fair Housing Choice and Opportunities for all Texans" to increase the visibility of Fair Housing in the State. The letter openers were given out during the Texas Municipal League conference.

Action Step ID 51 Rule Provisions and Statute Require All Multifamily Properties to be Subject to Section 504 as Specified Under 24 CFR Part 8, Subpart C

Begin Date: 8/1/2012 COMPLETED - 1/4/2013 Multifamily H

Summary The State of Texas regulations and TDHCA Rules require all Multifamily TDHCA monitored rental properties to follow Section 504 requirements. Rule provisions are included in statute, the Uniform Multifamily Rules, Chapter 10, Subchapter B, Section 10.101(a)(8), and are reiterated in additional program area rules, notices of funding availability, and in the Compliance Monitoring Rules in Subchapter F.

Action Step ID 52 Creation of an Agency Wide Reasonable Accommodation Rule in 10 TAC Section 1.204
Begin Date: 12/1/2013 COMPLETED - 2/16/2014 Agency Wide H
Summary The Reasonable Accommodation Rule was created in 10 TAC Section 1.204 to better align 504 mandates with monitoring goals and provide guidance to single family, multifamily, and community affairs stakeholders regarding laws and implementation of reasonable accommodation practices.

Action Step ID 53 Expansion of Affirmative Marketing requirements to National Housing Trust Fund ("NHTF"), Mortgage Revenue Bond ("MRB"), and Housing Tax Credit ("HTC") properties
Begin Date: 9/4/2014 COMPLETED - 12/18/2014 Multifamily
Summary Affirmative Marketing requirements were extended to the HTC and the NHTF programs through the Uniform Multifamily Rules in Subchapter F to ensure state goals of affirmatively furthering fair housing across its affordable housing portfolio. As a result of including these additional programs, all multifamily TDHCA monitored properties are required to affirmatively market.

Action Step ID 54 Qualified Allocation Plan and Statute Housing De-Concentration Factors
Begin Date: 3/12/2009 COMPLETED - 1/4/2013 Multifamily
Summary In an effort to ensure that affordable, low income properties monitored by TDHCA are not clustered in concentrated areas that will create a lack of fair housing choice, TDHCA provided four deconcentration factors for threshold selection. These are listed in Section 11.3 of the QAP and include the Two Mile Same Year Rule (Texas Gov't Code §2306.6711(f)), the Twice the State Average Per Capita Rule (Texas Gov't Code, §2306.6703(a)(4)), the One Mile Three Year Rule (Texas Gov't Code §2306.6703(a)(3)), and Limitations on Developments in Certain Census Tracts Rule.

Action Step ID 55 2014 Qualified Allocation Plan Limitation on Qualified Non-Rural Elderly Developments
Begin Date: 3/12/2015 COMPLETED - 9/1/2015 Multifamily
Summary The 2014 QAP provided a limitation on qualified non-rural elderly developments in the counties of Collin, Denton, Ellis, Johnson, Hays, and Guadalupe as well as non-rural developments in Regions 5, 6, and 8. This limitation was created to balance TDHCA's portfolio, which showed a percentage of qualified elderly households exceeding percentages of the total qualified elderly eligible populations for the area. As result, developers were incentivized to pursue general family developments in these areas and increase housing stock for non-elderly families.

Action Step ID	56	Expansion of Accessibility Requirements and 20% Minimum New Construction Standard for Multifamily Properties		
Begin Date:	12/29/2017	COMPLETED - 12/29/2017	Multifamily	
Summary	The Uniform Multifamily Rules Subchapter B, Section 10.101(8)(B), expand accessibility requirements to multifamily developments not normally subject to Fair Housing requirements and require a minimum of 20% of each unit type to provide accessible entry levels, including a minimum of one bedroom and bathroom or powder room at entry level, and provision of all common use facilities in compliance with Fair Housing guidelines. This rule ensures that even small size new construction developments will be subject to Department and Fair Housing accessibility rules.			
Action Step ID	57	2014 Qualified Allocation Plan Tie Breaker Factor Based on High Opportunity Area Provisions		
Begin Date:	7/1/2013	COMPLETED - 1/1/2014	Multifamily	
Summary	The 2014 Qualified Allocation Plan ("QAP") included applications scoring higher on the Opportunity Index as its first tie breaker factor in the event that Competitive Housing Tax Credit ("HTC") applications should tie with another application with the same score at the time of HTC award. This further served to incentivize development in High Opportunity areas as specified in the 2014 QAP under Chapter 11.			
Action Step ID	60	Qualified Allocation Plan Provisions to Ensure Incentives for Local Community Support or Opposition are Consistent with Fair Housing Objectives		
Begin Date:	9/12/2012	COMPLETED - 1/1/2013	Multifamily	
Summary	Provisions were added in Section 11.9(d), relating to community engagement, to advise community organizations and local governments to consider Fair Housing laws, Fair Housing Activity Statement—Texas ("FHAAT") forms, current Analysis of Impediment documents in local jurisdictions, one year action plans, and five year consolidated plans when generating opposition or support documents.			
Action Step ID	61	Uniform Multifamily Rule Provision to Treat All Rehabilitation as Substantial Alteration		
Begin Date:	11/7/2013	COMPLETED - 1/16/2014	Multifamily	H
Summary	The rule provision in 10 TAC 1.209 requires that all applications proposing rehabilitation (including reconstruction) be treated as substantial alteration. The inclusion of this provision requires any developer to make 2% of units accessible to persons with vision and hearing impairments and 5% of units accessible to persons with mobility impairments as part of the development's improvements.			

Action Step ID	62	Uniform Multifamily Rule Provision Related to Owner Certification of Fair Housing Education		
Begin Date:	1/17/2013	COMPLETED - 1/17/2013	Multifamily	H
Summary	The Uniform Multifamily rule provision in Subchapter C, Section 10.204(1)(D) requires the Development Owner to certify to the reading and understanding of the Department's fair housing educational materials posted on the website as of the beginning of the application acceptance period. The inclusion of this provision is intended to assist in reminding Owners of their duties and obligations under Fair Housing law and in aligning with TDHCA's certification to affirmatively further fair housing.			
Action Step ID	63	Uniform Multifamily Rule Provisions Requiring Fair Housing Training Certification for Owners, Management Agents, Engineers, and Architects		
Begin Date:	1/17/2013	COMPLETED - 1/17/2013	Multifamily	H
Summary	The Uniform Multifamily rule provisions in 10.402(e) and (g) of Subchapter E require 4% Housing Tax Credit ("HTC") and Mortgage Revenue Bonds ("MRB") and 9% Competitive HTC awarded developments to demonstrate five hours of Fair Housing Training for Owners and Management Agents and either the lead Engineers or Architects at the time of Post Bond Closing and/or the HTC 10% Test as applicable to the program. Demonstration of training must be provided in the form of a training certification provided within the last 2 years. HOME multifamily Developments are required to share training methods at the time of application when they submit a development's Affirmative Marketing Plan.			
Action Step ID	64	Uniform Multifamily Rules and Statute Provision for Tenant Selection Criteria		
Begin Date:	6/1/2013	COMPLETED - 11/22/2013	Multifamily	H
Summary	The Uniform Multifamily rules provision requires the creation and use of Written Policies and Procedures in 10 TAC § 10.610 that prohibit refusal to rent to Section 8 tenants or tenants of other federal subsidy programs, create a minimum income standard for voucher holders to decrease impediments to low income access, and prohibit owners from denying prospective tenants on the basis of provision protected under the Violence Against Women Reauthorization Act of 2013. The rule was first adopted on November 22, 2013.			

Action Step ID 66 Uniform Multifamily Rule Provision Related to Notice of Amenities and Services
Begin Date: 9/14/2014 COMPLETED - 12/11/2014 Multifamily H
Summary The Uniform Multifamily rule provision included in 10 TAC § 10.613, Leasing Provisions, requires that the development owner provide each household at the time of execution of an initial lease a notice describing fair housing and tenant choice and common amenities, unit amenities, or required services. The provision assists the Department in expanding choice to low income and households with an individual with a disability who might desire particular amenities or services. The rule was amended on January 2, 2015.

Action Step ID 67 Bond, 4% Housing Tax Credit Rules Tie Breaker Factor Based on Housing De-Concentration Factors
Begin Date: 12/12/2013 COMPLETED - 12/12/2013 Multifamily H
Summary The Multifamily Housing Revenue Bond Rules in Section 12.4 (c) Scoring and Ranking, include tie breaker factors for 4% Housing Tax Credit ("HTC") and Mortgage Revenue Bond ("MRB") deals in the following order: 1) Applications that meet any of the criteria under serving and supporting Texans most in need (related to offering more units at a lower AMI ("area median income") range to create more affordable housing options for low income families, offering tenant services or supportive housing or housing to tenants with special housing needs, or qualifying under the opportunity index, or 2) Applications that are the greatest linear distance from the nearest HTC assisted development (in the interest of ensuring maximum fair housing choice).

Action Step ID 69 Qualified Allocation Plan ("QAP") At Risk Set Aside provisions
Begin Date: 11/15/2002 COMPLETED - 1/1/2014 Multifamily
Summary The QAP includes At Risk Set Aside criteria that allowed relocation of existing units qualifying as at risk if the affordable restrictions and subsidies were approved for transfer to a new site prior to the tax credit commitment deadline, the same number of restricted units was proposed, and the new development site would qualify for points under the Opportunity Index. This new provision assisted TDHCA in guiding new policies concerning demolition and replacement of at risk units in areas better suited to fair housing choice and opportunity than their original locations while also seeking to preserve affordable housing units. Subsequent QAPs have continued this criteria.

Action Step ID 70 Provision of Awards Based on the Texas State Regional Allocation Formula ("RAF")
 Begin Date: 7/1/2000 COMPLETED - 7/1/2000 Agency Wide H
 Summary The Regional Allocation Formula was developed in compliance with Texas Gov't Code §2306.1115 (effective September 1, 2017) to award available funds within rural and urban sub-regions and to ensure equitable and consistent provision of credits, HOME, multifamily direct loan, and Housing Trust Fund ("HTF") funds based on statistical data that measures affordable housing needs and resources in 13 State Service Regions. The RAF is revised annually to reflect changes in data, public comment, and assess available resources. The RAF has been in place since 2000.

Action Step ID 71 Qualified Allocation Plan ("QAP") Quantifiable Community Participation Provisions
 Begin Date: 1/4/2004 COMPLETED - 1/1/2013 Multifamily
 Summary The QAP includes Quantifiable Community Participation provisions in Section 11.9(4)(D) that include highest point incentives for explicit support or neutrality from a Neighborhood Organization that during at least one of three prior Application Rounds provided a written statement that qualified as Quantifiable Community Participation opposing any Competitive Housing Tax Credit Application and whose boundaries remain unchanged. These provisions assist TDHCA in incentivizing development in communities which have been historically opposed to affordable housing but have changed their views.

Action Step ID 72 Qualified Allocation Plan ("QAP") Community Revitalization Provisions
 Begin Date: 11/15/1999 COMPLETED - 1/1/2013 Multifamily
 Summary The QAP includes Community Revitalization Plan provisions in Section 11.9(d)(7) that serve as an incentive for communities outside of the Opportunity Index to invest in community revitalization to address adverse environmental conditions, presence of blight, inadequate transportation and infrastructure, lack of accessibility and/or inadequate public facilities, presence of significant crime, lack of poor condition and/or performance of public education, lack of local business providing employment opportunities, or lack of planning efforts to promote diversity. As a result of this investment, communities with concerted revitalization efforts that include affordable housing development can still enter competitive applications for consideration.

Action Step ID	79	Neighborhood Stabilization Program 3 ("NSP") Application Point Incentives Encouraging High Opportunity Area Investments		
Begin Date:	3/14/2011	COMPLETED - 4/15/2011	Single Family	H
Summary	In the release of NSP3 funds, application point incentives were created to encourage: 1) Housing for households at or below 50% AMI (5 pts), 2) Development in low poverty areas (census tracts with no greater than 10% poverty thresholds according to the census) (1 pt), 3) Development in mixed-use residential/community areas located within a 1/4 mile radius of existing or proposed bus stops (1 pt), 4) Development in attendance zones of exemplary or recognized elementary schools (1 pt), and 5) Development of units designed to serve special needs or hard to serve populations (2 pts were possible if 51% of units were reserved for this purpose).			
Action Step ID	80	Neighborhood Stabilization Program ("NSP") Training Included Elements of Fair Housing, Affirmative Marketing, and Limited English Proficiency ("LEP")		
Begin Date:	7/30/2009	COMPLETED - 8/6/2009	Single Family	H
Summary	TDHCA working with the Texas Apartment Association ("TAA") administered NSP training during NSP1. A full day training was offered on Affirmative Marketing and training was delivered by TAA in four locations of the state to ensure that subrecipients were aware of Fair Housing, Affirmative Marketing, and LEP requirements.			
Action Step ID	81	Single Family Options for Households with Limited or No Credit and Limited Funds for Initial Investment		
Begin Date:	4/27/2017	COMPLETED - 8/24/2017	Single Family	H
Summary	Single family rules adoption allowed for alternative means of demonstrating credit in the event that a single family household had limited or no credit available at application. Alternative means of demonstration included references from rental housing, utility companies, and landline phones. This flexibility is intended to remove barriers to program access for low income persons and persons with disabilities (10 TAC § 20.13(c)(2)(E)).			
Action Step ID	82	Neighborhood Stabilization Program ("NSP") Pairing of Homebuyer Assistance with Zero Interest Loans for 50% Area Median Income ("AMI") Families		
Begin Date:	3/3/2009	COMPLETED - 4/27/2009	Single Family	H
Summary	The NSP program allowed subrecipients to apply to acquire foreclosed, abandoned, or vacant properties with permanent loans with deferred, forgivable terms. The NSP1 notice of funding availability ("NOFA") required that subrecipients use at least 35% of their non-admin funds to serve households at or below 50% AMI and NSP3 awarded points to incentivize applications seeking to serve households at or below 50% AMI. Households at or below 50% AMI were eligible for 0% interest mortgages plus deferred forgivable homebuyer assistance.			

Action Step ID	83	Emergency Solutions Grants ("ESG") Request for HUD Waiver to Exceed Fair Market Rents ("FMR")		
Begin Date:	10/13/2014	COMPLETED - 10/13/2014	Single Family	H
Summary	<p>TDHCA requested a waiver from HUD on October 13, 2014, under 24 CFR Section 576.106(d) of the ESG Interim Rule for permission to exceed the HUD FMR for ESG rapid re-housing and homelessness prevention programs and expand tenant fair housing choice to high opportunity neighborhoods in higher cost rental markets that have recently experienced rent increases due to rapid economic and population growth. As part of this waiver, the Department requested approval to: 1) Assist participants with rents at 110% of the HUD published FMR in all Texas areas except Dallas-Fort Worth-Arlington and Laredo MSAs, 2) Assist participants in Dallas-Fort Worth-Arlington and Laredo metropolitan statistical areas ("MSAs") with rents up to HUD's Small Market FMRs, and 3) Assist participants with disabilities who require reasonable accommodations to rent units up to 120% of the HUD published FMR. HUD guidance indicated that this request was too broad. Staff revised and resubmitted, see action step #141.</p>			

Action Step ID	84	Emergency Solutions Grants ("ESG") Adoption of Outcome Analysis and Continuum of Care ("CoC") Award Models		
Begin Date:	6/26/2014	COMPLETED - 9/30/2016	Single Family	H
Summary	<p>ESG, as part of a Federal program design moved funding awards to Continuum of Care recipients rather than individual providers. This was accomplished in Tarrant County in which ESG funding was awarded to the Tarrant County Homeless Coalition, the lead agency for the Continuum of Care. Tarrant County Homeless Coalition then awarded local providers and managed the contracts with the sub-subrecipients. The result will be awards moving through local jurisdictions rather than individual providers and should achieve a better mechanism for data capture, needs assessment, and determining efficiency and accountability. This model was conducted in 2014 and 2015, but discontinued in 2016 due to unsustainability for administrative funds.</p>			

Action Step ID	85	Emergency Solutions Grant ("ESG") Spanish Language Contract Requirements		
Begin Date:	9/1/2014	COMPLETED - 5/3/2016	Single Family	H
Summary	<p>The contract between the Department and its ESG subrecipients requires that subrecipients provide program applications, forms, and educational materials in both English and Spanish and other languages as appropriate for the service area. ESG staff provided additional guidance for Limited English Proficiency ("LEP") provisions through a webinar and sample Language Access Plan ("LAP"). The forms used by program participants have been translated into Spanish and are posted online. Those forms include the Income Screening Tool, Income Certification, Request for Unit Approval, and Rental Assistance Agreement. A Language Access Plan is required of all subrecipients starting with fiscal year 2016 awards. Spanish is a mandatory language for all LAPs. This was a requirement for 2016 ESG Subrecipients during the ESG application process.</p>			

Action Step ID 87 Single Family HOME Homeowner Rehabilitation Assistance ("HRA") Allowance of Additional Funds for Accessible Features
 Begin Date: 5/7/2015 COMPLETED - 7/30/2015 Single Family H
 Summary The Homeowner Rehabilitation Assistance ("HRA") section of the single family HOME Rules allows for up to \$5,000 in direct costs in excess of the program maximum to be requested for homeowners requesting accessible features. This rule appeared in 10 Texas Administrative Code § 23.31(e)(3).

Action Step ID 88 Single Family HOME Homebuyer Assistance Program ("HBA") Additional Assistance for Homebuyers Needing Accessible Features
 Begin Date: 12/12/2013 COMPLETED - 12/12/2013 Single Family H
 Summary The single family HOME Homebuyer Assistance Program ("HBA") and Contract for Deed ("CFD") program rules allow expanded use for acquisition and rehab for homebuyers needing accessibility modifications (modifications may be made inside or outside the property, such as an accessible walkway). Persons with disabilities are eligible for up to \$20,000 in hard costs and \$5,000 in soft costs to meet these needs under 10 TAC § 23.31 and 10 TAC § 23.51 respectively.

Action Step ID 90 Single Family HOME Tenant Based Rental Assistance ("TBRA") Extended Terms for Tenants Applying for Vouchers or Other Subsidized Housing Programs
 Begin Date: 12/12/2013 COMPLETED - 12/12/2013 Single Family H
 Summary Under the single family HOME TBRA rules 10 TAC § 23.61, total lifetime assistance is limited to 36 months except in cases where the tenant has applied for a Section 8 Housing Choice Voucher, HUD Section 811 Supportive Housing for Persons with Disabilities, HUD Section 811 Project Rental Assistance Demonstration, or HUD Section 202 Supportive Housing for the Elderly Program, and is placed on a waiting list during their TBRA participation tenure, in which case lifetime assistance can go up to 60 months. This extension for TBRA assistance allows subrecipients to guide participants towards permanent housing options that will best meet their household's needs and helps to avoid unnecessary gaps in housing assistance for low income families and persons with disabilities.

Action Step ID 91 Single Family HOME Application Changes
 Begin Date: 7/1/2014 COMPLETED - 9/2/2016 Single Family H
 Summary The 2016 HOME single family notice of funding availability ("NOFA") and application incentivized submission of a Language Access Plan with the application to reinforce Limited English proficiency ("LEP") requirements as finalized under the revised single family umbrella rule.

Action Step ID 92 Single Family Accessibility Requirements and Incorporation in Program Area Rules
 Begin Date: 6/1/2011 COMPLETED - 8/14/2015 Single Family H
 Summary To ensure compliance with single family accessibility requirements, changes in program rules were implemented to receive verification of accessibility requirements based on architect certification on building plans and written verification of accessibility of the unit at final inspection. Stronger compliance and enforcement will assist the state in ensuring new single family units are constructed in compliance with the single family accessibility standards mandated by TDHCA and statute.

Action Step ID 94 Creation of an Affordable Housing Presentation for Housing Tax Credit ("HTC") Public Hearings
 Begin Date: 4/1/2014 COMPLETED - 12/31/2014 Multifamily
 Summary Multifamily created a short video to show at the beginning of HTC public forums during the tax credit cycle that could be used to address common questions and concerns about affordable housing. The presentation premiered during the 2014 cycle and is available on the multifamily division website and can be used and viewed by local government officials, communities, and developers in addressing common questions and concerns.

Action Step ID 95 Housing Trust Fund ("HTF") Bootstrap Rule Provision Considerations of Credit Eligibility Factors Impacting Low Income Households
 Begin Date: 7/30/2015 COMPLETED - 10/15/2015 Single Family
 Summary The TDHCA HTF Bootstrap Rule provisions in Section 24.9 expand credit eligibility to include households engaged in remediation such as payment plans that are intended to assist the household in re-establishing credit. The provisions allow for alternative underwriting criteria.

Action Step ID 96 Housing Trust Fund ("HTF") Bootstrap Rule Provision Allows for Alternative Means of Providing Self Help Labor
 Begin Date: 9/1/2001 IN PROGRESS Single Family
 Summary In 2001, the Texas Gov't Code Section 2306.753(4)(D) and TDHCA's HTF Bootstrap Rule provisions in Section 24.10 were amended to provide persons with disabilities an alternative means of providing self help labor to qualify under owner-builder requirements. This flexible provision extends this self-help lending program to persons with disabilities.

Action Step ID 100 Housing Trust Fund ("HTF") Establishment of Funds for Contract for Deed ("CFD")
 Begin Date: 6/19/2015 COMPLETED - 9/1/2015 Single Family
 Summary House Bill 311 from the 84th Texas Legislature greatly simplifies the title conversion process through which a borrower converts their Contract for Deed (or "executory contract") into a deed to declare ownership. The borrower simply files the CFD in the Real Properties Records in the county where the property is located. However, many borrowers are unaware of the passage of House Bill 311 and it is estimated that more than 6,000 unrecorded CFDs still remain in the colonias, leaving borrowers vulnerable. In addition to HOME CFD activities, the Housing Trust Fund Contract for Deed Program supports nonprofits and units of local government to identify households with unrecorded CFDs and address clouded titles in the colonias.

Action Step ID 102 Colonia Rule Provision Allowing for Grant and Loan Use for Suitable Housing Outside of a Colonia
 Begin Date: 6/17/1995 COMPLETED - 9/1/1995 Single Family H
 Summary Colonia Self-Help Center rule provisions in Section 25.3(9) and Texas Gov't Code Section 2306.586 allow for the use of Colonia grant and loan funds for suitable housing both outside and within colonias as a way to improve housing stock in existing colonias and reduce overcrowding situations. This flexibility is intended to protect fair housing choice and allow households to relocate to areas that may offer more opportunity and infrastructure.

Action Step ID 108 Revision of the Fair Housing Training Component for the Amy Young Barrier Removal Program Administrator's Training
 Begin Date: 10/10/2014 COMPLETED - 10/22/2014 Single Family
 Summary The Amy Young Barrier Removal Program Administrator's Training slides covering Fair Housing and Section 504 requirements were reviewed and updated by program staff with the help of the Fair Housing Team. The Fair Housing Team Lead attended the workshop presentation on Fair Housing and was available for questions by program administrators.

Action Step ID 109 Presentation of Fair Housing Team and Website Release at the Housing and Health Services Coordination Council ("HHSCC") Meeting
 Begin Date: 10/8/2014 COMPLETED - 10/8/2014 Agency Wide H
 Summary On October 8, 2014, the Fair Housing Team Lead attended the Housing and Health Services Coordination Council ("HHSCC") Meeting with Executive to share information related to the creation of the new Team and its efforts and to provide information on the release of its new fair housing website section and promote HHSCC members and agencies joining the TDHCA Fair Housing listserv. The website section launch was also announced via email to HHSCC members and County government email lists.

Action Step ID 110 TDHCA Attendance at the Congress for the New Urbanism Central Texas Chapter Luncheon "Great Places and Healthy People"
 Begin Date: 10/22/2014 COMPLETED - 10/29/2014 Agency Wide H
 Summary TDHCA attended the Congress for New Urbanism luncheon on "Great Places and Healthy People" that hosted keynote speaker Dr. Richard Jackson, Pediatrician and Public Health Leader. The lecture examined the connection between poor community design and burgeoning health issues, such as obesity, diabetes, heart, asthma, cancer and depression. These issues are highlighted in the 4-part Public Broadcasting Service series "Designing Healthy Communities."

Action Step ID 112 TDHCA Attendance at the Opportunity Forum presented by the University of Texas School of Law: Fair Chance Hiring - Reducing Criminal Record Barriers to Employment
 Begin Date: 10/22/2014 COMPLETED - 11/14/2014 Agency Wide H
 Summary TDHCA attended the Opportunity Forum on Fair Chance Hiring and Criminal Record Barriers to Employment in an effort to gain more insight on what others are identifying and doing in response to criminal record barriers which is a common housing challenge. The presentation was directed by Maurice Emsellem, Program Director at the National Employment Law Project, and David Kirk, sociology professor at The University of Texas at Austin, and included discussions on the significant role criminal records play in creating barriers to employment. The opening presentations were followed by a panel discussion with local experts to consider the implications for Texas and strategies being used at state and local levels.

Action Step ID 113 Attendance on HUD's State of Fair Housing in America Call
 Begin Date: 11/17/2014 COMPLETED - 11/17/2014 Agency Wide H
 Summary Reviewed HUD's Annual Fair Housing Report and attended HUD's State of Fair Housing in America conference call addressing its current activities, landmark cases, and upcoming goals.

Action Step ID 114 Tenant Selection Criteria Training
 Begin Date: 1/5/2015 COMPLETED - 2/17/2015 Multifamily H
 Summary A webinar training on the revised Tenant Selection Criteria rule in Subchapter F, Section 10.610 was created by the Fair Housing Team and presented in coordination with the Multifamily Compliance Division. The training focuses on highlights of the new rule, best practices for achieving compliance, how monitoring will be affected, and answer questions related to implementation.

Action Step ID 115 Affirmative Marketing Training
Begin Date: 1/5/2015 COMPLETED - 2/23/2015 Multifamily H
Summary A webinar training on the revised Affirmative Marketing Requirements rule in Subchapter F, Section 10.617 was created by the Fair Housing Team and presented in coordination with the Multifamily Compliance Division. The training focuses on highlights of the new rule, best practices for achieving compliance, how monitoring will be affected, and answer questions related to implementation.

Action Step ID 117 Fair Housing Webinar Series to Celebrate Fair Housing Month 2015: Webinar One - Fair Housing Training
Begin Date: 4/7/2015 COMPLETED - 4/7/2015 Agency Wide H
Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission, Greater San Antonio Fair Housing Council, and Texas Rio Grande Legal Aid. Invitations were sent out via TDHCA's entire listserv, including the fair housing email group.

Action Step ID 118 Fair Housing Webinar Series to Celebrate Fair Housing Month 2015: Webinar Two - The Investigative Role of Texas Workforce Commission Civil Rights Division
Begin Date: 4/14/2015 COMPLETED - 4/14/2015 Agency Wide H
Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission, Greater San Antonio Fair Housing Council, and Texas RioGrande Legal Aid. Invitations were sent out via TDHCA's entire listserv, including the fair housing email group.

Action Step ID 119 Fair Housing Webinar Series to Celebrate Fair Housing Month 2015: Webinar Three - Reasonable Accommodations
Begin Date: 4/20/2015 COMPLETED - 4/20/2015 Agency Wide H
Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission, Greater San Antonio Fair Housing Council, and Texas RioGrande Legal Aid. Invitations were sent out via TDHCA's entire listserv, including the fair housing email group.

Action Step ID 120 Fair Housing Webinar Series to Celebrate Fair Housing Month 2016: Webinar One - Fair Housing Overview
Begin Date: 2/3/2016 COMPLETED - 4/12/2016 Agency Wide H
Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission. The presentation provided the basics of fair housing in Texas, an overview of HUD's new Affirmatively Furthering Fair Housing ("AFFH") rule, and a review of case scenarios. Trainings were geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners. Invitations were sent out via TDHCA's fair housing email group. Videos of the webinars were posted on TDHCA's website along with the PowerPoint slides and a transcript.

Action Step ID 121 Fair Housing Webinar Series to Celebrate Fair Housing Month 2016: Webinar Two - Reasonable Accommodations
Begin Date: 2/3/2016 COMPLETED - 4/19/2016 Agency Wide H
Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission. The presentation covered the reasonable accommodation process including details on how properties should respond when a reasonable accommodation request is made by a tenant. Trainings were geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners. Invitations were sent out via TDHCA's fair housing email group. Videos of the webinars were posted on TDHCA's website along with the PowerPoint slides and a transcript.

Action Step ID 122 Fair Housing Webinar Series to Celebrate Fair Housing Month 2016: Webinar Three – Fair Housing Best Practices for Multifamily Developments
Begin Date: 2/3/2016 COMPLETED - 4/26/2016 Agency Wide H
Summary Implementation of a three part webinar series in coordination with the Texas Workforce Commission. The presentation covered fair housing considerations for tenant selection criteria, wait list management, and affirmative marketing as well as information on Texas House Bill 1510 and the potential impact on landlord liability considerations when renting to persons with a criminal background. Trainings were geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners. Invitations were sent out via TDHCA's fair housing email group. Videos of the webinars were posted on TDHCA's website along with the PowerPoint slides and a transcript.

Action Step ID 123 Internal Fair Housing Training for TDHCA Staff (2016)
 Begin Date: 2/4/2016 COMPLETED - 4/25/2016 Agency Wide H
 Summary Conducted fair housing training for TDHCA staff. Training provided an overview of fair housing, disparate impact, HUD's new Affirmatively Further Fair Housing rule, outreach to outreach to persons with Limited English Proficiency including access to Language Line Services, and HUD's proposed rules on the 2013 Violence Against Women Act. Two sessions were offered to accommodate interested staff.

Action Step ID 124 Develop Checklist and Example Language Access Plan ("LAP") for Emergency Solutions Grant Program ("ESG") Subrecipients
 Begin Date: 1/1/2016 COMPLETED - 3/1/2016 Single Family H
 Summary The language access plan checklist for ESG subrecipients outlines sections needed to further comply with HUD guidance on Limited English Proficient ("LEP") populations. The checklist helps subrecipients comply with the guidance on how to provide necessary language access, including prioritizing types of assistance and interactions with LEP persons. Language access plans assist with fair housing barriers based on national origin.

Action Step ID 129 Analyze TDHCA Programs Assisting Persons with Disabilities ("PWD"), Data Reported and Need in Texas
 Begin Date: 2/22/2016 COMPLETED - 6/2/2016 Multifamily H
 Summary Analyzed funding provided to persons with disabilities through TDHCA's rental assistance, homebuyer assistance, and homeowner repair programs. Staff analysis of Census data found 15% of individuals below poverty level in Texas have a disability. Persons with disabilities, as reported to TDHCA, comprised 14.3% of all households served through TDHCA down-payment assistance, rental assistance, and home rehabilitation programs between 2010-2014 calendar year and 16.6% of funding (disability status is not disclosed for households assisted through the single family bond homeownership programs). This data aids staff in determining appropriate outreach strategies and changes in program design to meet the needs of persons with disabilities. TDHCA does not require applicants to disclose certain household characteristics, such as disability status, unless those characteristics are related to eligibility requirements. TDHCA knows through voluntary reporting that households with a disability are served by programs other than those specifically designed for people with disabilities. Fair housing staff presented the data analysis at the Department's May 11, 2016 Disability Advisory Workgroup ("DAW") meeting.

Action Step ID 130 TDHCA attendance at Texas Department of Agriculture Roundtable, Fair Housing within the Texas Community Development Block Grant ("CDBG") Program

Begin Date: 2/25/2016 COMPLETED - 2/25/2016 Agency Wide H

Summary TDHCA attended the Texas Department of Agriculture roundtable, discussing fair housing in rural communities utilizing Texas Community Development Block Grant program funds. Participants discussed issues specific to rural and small communities such as addressing disparities in poverty and access to opportunity.

Action Step ID 131 TDHCA Attendance at Austin Fair Housing Conference

Begin Date: 2/19/2016 COMPLETED - 4/20/2016 Agency Wide H

Summary TDHCA staff from the HOME, Multi-Family, and Fair Housing divisions attended the 2016 Fair Housing Conference on April 20, 2016, hosted by the City of Austin and Texas Workforce Commission. TDHCA's Executive Director, Tim Irvine, presented on a panel discussion on the new Affirmatively Furthering Fair Housing ("AFFH") rule from the US Department of Housing & Urban Development ("HUD"). The conference covered disparate impact, analysis of impediments to fair housing choice, fair housing testing, and case law.

Action Step ID 132 Housing and Health Services Coordination ("HHSC") Council Conducted Housing and Services Partnership Academy

Begin Date: 8/1/2014 COMPLETED - 2/10/2016 Agency Wide H

Summary HHSC Council staff coordinated the Housing and Services Partnership Academy to promote Service Enriched Housing ("SEH") in Texas. SEH is defined as integrated, affordable, and accessible housing that provides residents with the opportunity to receive on-site or off-site health-related and other services and supports that foster independence in living and decision-making for individuals with disabilities and persons who are elderly. The academy consisted of teams throughout the state including persons with disabilities, public housing authorities, local governments, developers, centers for independent living, and faith based organizations. The topics included a tenant/consumer panel; an overview of new construction and rehabilitation development processes; identifying and securing existing units for SEH; round table sessions on housing and services programs; peer presentations; and team planning sessions.

Action Step ID 133 Analyze and Modify Section 8 Fair Market Rents

Begin Date: 11/3/2015 COMPLETED - 12/17/2015

Single Family

H

Summary Staff examined small area fair market rents ("FMRs") and hypothetical small area fair market rents to determine if FMRs in the Department's Section 8 service area needed to increase to expand tenant housing choice. The establishment of the standard is important because it essentially determines whether a household will be able to find a unit they can afford with the voucher the Department issues. In areas where market rents are high and there is high demand for rental units it can be challenging for a voucher holder to find a unit. Increased FMRs aid in areas where voucher holders have difficulty in finding acceptable units or affording units in more desirable areas. Higher FMRs provide additional choices and opportunities to tenants in highly competitive rental markets. On November 12, 2015, the Board authorized 2016 Payment Standards. Payment standards were revised at the December 17, 2015 board meeting to include the areas previously administered by AACOG ("Alamo Area Council of Governments"). The payment standards became effective on January 1, 2016 (see also step #38).

Action Step ID 135 Points Awarded in Notice of Funding Availability ("NOFA") for Fair Housing Training for HOME Single Family Subrecipients

Begin Date: 9/4/2015 COMPLETED - 10/19/2015

Single Family

H

Summary In the 2015 HOME competitive funding round (NOFA of approximately \$10,006,619 in HOME single family funding), points were given to Administrators that provided evidence that Fair Housing responsibilities are included in the job description of at least one employee of the Applicant, or if at least one employee of the Applicant is documented as having attended Fair Housing training no earlier than September 4, 2014. One additional point was given if both items were met, meaning that the applicant's staff took fair housing training and will also be the point person for all fair housing related matters. The overwhelming majority of applications, 58 of 60, requested points under the Fair Housing Training criteria in the NOFA. By making this a scoring item, TDHCA effectively ensured a broader awareness of fair housing requirements and how best to assist disabled households with their housing needs.

Action Step ID 136 Development of Robust Internal Site and Neighborhood Review Process

Begin Date: 11/2/2015 COMPLETED - 3/1/2016

Multifamily

H

Summary Department staff built a database to assist in analyzing site and neighborhood standard for HOME multifamily new construction properties. The Department is responsible for making the determination that proposed sites for new construction meet the federal requirements in 24 CFR 983.57(e)(2) and (3). TDHCA staff developed an internal checklist and a new process requiring a two-person peer review. Applications in areas of minority concentration will receive additional review from the Fair Housing Team as staff complete the checklist and analyze comparable opportunities.

Action Step ID 139 Translate HOME Single Family Application Materials into Spanish

Begin Date: 1/1/2016 COMPLETED - 8/5/2016

Single Family

H

Summary Staff translated HOME single family client application materials into the Spanish language, posted them to the website, and sent out a notification to administrators via the listserv on August 5, 2016. This includes applications for Homebuyer Assistance, Single Family Development, Tenant Based Rental Assistance, Contract for Deed, and Homeowner Rehabilitation Assistance, and other vital documents. Application materials can be made available in other languages, as needed and requested.

Action Step ID 141 Emergency Solutions Grant ("ESG") Requested a HUD Waiver to Increase Fair Market Rents and Expand Tenant Choice

Begin Date: 2/17/2016 COMPLETED - 11/21/2016

Single Family

H

Summary TDHCA requested two waivers to HUD for the flexibility to exceed the fair market rent ("FMR"): one in January 2015 and one in September 2015. The purpose of the waivers was to ensure ESG program participants can rapidly find habitable units in a wider arrange of neighborhoods, especially in markets where the costs of rents are rising and where vacancy of rental units is low. Exceeding the FMR will allow the Department to affirmatively promote fair housing choice by expanding participants' ability to move or remain in higher opportunity neighborhoods that may have a more expensive rental market. TDHCA requested an FMR waiver in areas in which the PHA had an approved payment standard that was higher than the FMR and 120% FMR for persons with disabilities. HUD indicated that more specificity was needed in the waiver – see action step 192, during which this request was completed.

Action Step ID 143 HOME Notice of Funding Availability ("NOFA"), Points Awarded for Supportive Services

Begin Date: 9/4/2015 COMPLETED - 8/3/2017

Single Family

H

Summary In 2015 HOME program points were provided to Tenant Based Rental Assistance ("TBRA") applicants with supportive services in the categories of child care, nutrition, job training, health, and human services activities. TBRA administrators that provide more holistic approach to assisting families help to remove barriers to mobility and provides more housing choice through their knowledge of housing stock in the community. Competitive application scoring criteria was embedded into the HOME Rules effective August 3, 2017 (10 TAC § 23.25).

Action Step ID 145 Increase Homeownership Opportunities
 Begin Date: 12/1/2015 COMPLETED - 10/1/2016 Single Family
 Summary In the fall of 2015 TDHCA's master servicer for Texas Homeownership programs put new overlays in place, increasing credit score requirements, increasing debt to income ratio, and eliminating manual underwriting. TDHCA staff worked to counter the impact of this and increase lending options for households at risk for predatory and high cost loans. The Department continues to offer this lending product and worked to finance this option to expand housing choice and opportunity for those most in need of assistance with homeownership.

Action Step ID 148 Conduct Fair Housing Training for Multifamily Notice of Funding Availability
 Begin Date: 12/11/2015 COMPLETED - 2/2/2016 Multifamily H
 Summary Staff conducted a fair housing training for the multifamily notice of funding availability ("NOFA"). The training included a fair housing update on the new affirmatively furthering fair housing rule as well as an overview of affirmative marketing and wait list management.

Action Step ID 149 TDHCA Attendance at the Opportunity Forum presented by University of Texas LBJ School of Public Affairs
 Begin Date: 2/19/2016 COMPLETED - 2/19/2016 Agency Wide H
 Summary TDHCA attended the Opportunity Forum on racial and ethnic divides in education in an effort to gain more insight into educational access. Presentations discussed racial, ethnic, and economic disparities in education in the Austin metropolitan area. Panelists included an Austin Independent School District school board member, researchers within the College of Education, and the Executive Director from Austin Voices for Education and Youth.

Action Step ID 150 Undesirable Neighborhood Characteristics in the 2016 Multifamily Rules
 Begin Date: 7/1/2015 COMPLETED - 12/1/2016 Multifamily H
 Summary Undesirable neighborhood characteristics include census tracts with a poverty rate above 40% or a poverty rate above 55% in TDHCA Regions 11 and 13, violent crime rates above 18 per 1,000 persons as reported on neighborhoodscout.com, multiple vacant structures, development site within attendance zones of elementary, middle, and a high school that does not have a Met Standard rating by the Texas Education Agency. The rule requires disclosure of such features for any multifamily applications for funding rehabilitation of an existing property or new construction and that appropriate mitigation be submitted. The rule results in improved neighborhood conditions for tenants.

Action Step ID 151 Fair Housing Training, Emergency Solutions Grants 2015 Implementation Workshop
 Begin Date: 9/1/2015 COMPLETED - 9/22/2015 Single Family H
 Summary Staff made a fair housing presentation during the 2015 Emergency Solutions Grants ("ESG") Implementation Workshop. Materials covered a variety of topics including civil rights laws, reasonable accommodations, affirmative outreach, limited English proficiency, and equal access and non-discrimination policies for protected classes (see also step #187).

Action Step ID 152 Conduct Coordinated Access and Fair Housing Training Webinar for Emergency Solutions Grants ("ESG") Program
 Begin Date: 11/13/2015 COMPLETED - 1/6/2016 Single Family H
 Summary ESG, Fair Housing, and Legal staff collaborated to present materials on the intersection of coordinated access and fair housing during the monthly ESG learning opportunity webinar. Training components included information on screening for diversion and homelessness prevention and applying criteria evening across protected classes as well as referrals to eligible resources, promoting choice.

Action Step ID 153 Implementation of House Bill 3311, Cap on Credits to Elderly Developments
 Begin Date: 6/1/2015 COMPLETED - 11/1/2015 Multifamily H
 Summary Staff implemented House Bill 3311, in regions containing a county that has a population in excess of one million; the Board cannot allocate more than the maximum percentage of credits available for elderly developments, unless there are no other qualified applications in the subregion. Staff utilized data which breaks households down by income, size, tenure and broad age groups, also known as HISTA data. The Department published maximum percentages for each affected area on its website.

Action Step ID 156 Multifamily Direct Loan Program, Set-Aside for Supportive Housing or Units for Very Low-Income Households
 Begin Date: 3/22/2016 IN PROGRESS Multifamily H
 Summary The Multifamily Direct Loan Program provides funding to nonprofit and for-profit entities for the new construction or rehabilitation of affordable multifamily rental developments (10 TAC §13). The 2017-1 Notice of Funding Availability ("NOFA") includes a \$8,310,529 set-aside for soft repayable and/or deferred forgivable loans. Developments may qualify by meeting the Department's Supportive Housing definition or by creating units for households at 30% area median income ("AMI") that would not be available otherwise. Funds under this set-aside are intended to increase the number of 30% rent-restricted units and occupy them with households with an annual income of 30% AMI or less who are not currently receiving any type of rental assistance. The 2017-1 Multifamily Direct Loan notice of funding availability closed on October 31, 2017. \$2,981,671 in Tax Credit Assistance Program Repayment Funds ("TCAP RF") and all \$4,310,529 in Program Year 2016 National Housing Trust Fund ("NHTF") funds were awarded to seven applications proposing new construction. The 2018-1 NOFA currently includes \$3,300,000 in TCAP RF and will include \$7,972,864 in Program Year 2017 NHTF for developments that meet the Department's Supportive Housing definition or create units for households a 30% AMI that would not be available otherwise.

Action Step ID 157 Staff Attended National Americans with Disabilities Act ("ADA") Symposium
 Begin Date: 3/29/2016 COMPLETED - 6/22/2016 Agency Wide H
 Summary Physical Inspections staff attended the National Americans with Disabilities Act ("ADA") Symposium annually. The conference is the most comprehensive training event available on the ADA and disability related laws. The Symposium is designed to provide the latest information on ADA regulations and guidelines, implementation strategies, and best practices.

Action Step ID 158 Attendance at the Opportunity Forum, Uniting our Divided City: Closing the Racial Wealth Gap
 Begin Date: 4/4/2016 COMPLETED - 4/22/2016 Single Family
 Summary TDHCA attended the University of Texas ("UT") School of Law Opportunity Forum on Closing the Racial Wealth Gap, featuring speakers from the Federal Reserve Bank of Dallas, Texas Appleseed, and the UT School of Law. The event focused on Austin's persistent racial wealth divides. Speakers addressed disparities in homeownership rates, lending terms, and the ability to generate wealth.

Action Step ID 159 Fair Housing Information Added to Handouts of TDHCA Programs and Resources
Begin Date: 2/18/2016 COMPLETED - 4/1/2016 Agency Wide H
Summary TDHCA's Policy & Public Affairs division revised agency handouts to include references to fair housing resources along with TDHCA program resources. These are available on-demand for staff attending local events. The handouts, which include contact information for a variety of local resources, can be generated in English and Spanish versions from the "Resources" database.

Action Step ID 160 Presentation of Fair Housing Report and Update at the Housing and Health Services Coordination Council Meeting
Begin Date: 4/13/2016 COMPLETED - 4/13/2016 Agency Wide H
Summary On April 13, 2016, the Fair Housing Project manager attended the Housing and Health Services Coordination Council ("HHSC") meeting and shared the fair housing annual report. Staff also provided updates on the US Department of Housing and Urban Development's ("HUD") new Affirmatively Furthering Fair Housing rule and the Assessment of Fair Housing. Staff invited the council to participate in the Fair Housing Month webinar series, including a session on reasonable accommodations and accessibility.

Action Step ID 163 Review Complaint Submission Process for TDHCA Programs
Begin Date: 4/1/2016 COMPLETED - 6/1/2016 Agency Wide H
Summary Fair Housing staff reviewed the requirements to submit a complaint to TDHCA. Staff revised the language to explicitly include a reasonable accommodation process for persons with a disability to submit a complaint over the phone. These revisions were incorporated into staff's Standard Operating Procedures.

Action Step ID 164 Translation of Vital Documents on TDHCA's Website to Ensure Meaningful Access for Beneficiaries with Limited English Proficiency
Begin Date: 5/2/2016 COMPLETED - 8/31/2016 Agency Wide H
Summary Staff identified and prioritized TDHCA's web content and online information subject to the Language Access Plan. Appropriate webpages were translated including the following pages: complaints, Help for Texans, public information requests, and programs that directly serve beneficiaries including Section 8. Content was translated into Spanish per the Language Access Plan, and other languages as deemed necessary (see also step #194).

Action Step ID 165 Revise the State's Citizen/Community Participation Plan to Comply with the Affirmatively Furthering Fair Housing ("AFFH") Rule
 Begin Date: 2/1/2016 COMPLETED - 11/9/2017 Agency Wide H
 Summary Staff developed a timeline and detailed process to comply with the new requirements for the Citizen Participation Plan in HUD's AFFH Rule. The rule requires consultation and community participation in the analysis of fair housing data, an assessment of fair housing issues and contributing factors, and an identification of fair housing priorities and goals. Under the AFFH rule the participation plan must be amended prior to the initiation of the Assessment of Fair Housing ("AFH") process and attempt to reach a broad audience, with specific engagement with protected classes and organizations representing those classes. The State's Citizen Participation Plan was approved at the November 9, 2017, board meeting.

Action Step ID 166 Revise Homelessness Program Rules to Strengthen Affirmative Marketing and Tenant Selection Criteria Requirements
 Begin Date: 4/8/2016 COMPLETED - 11/10/2016 Single Family H
 Summary Staff drafted rule changes to the Emergency Solutions Grants ("ESG") and Homeless Housing and Services Program ("HHSP") to align with fair housing goals. Revisions include affirmative marketing requirements to market to those least likely to apply for services and tenant selection criteria to ensure reasonable accommodation and Violence Against Women Act ("VAWA") notifications occur with any adverse action. The final version of the rules was approved by the Board at the November 10, 2016 TDHCA board meeting under 10 TAC § 7.13, Inclusive Marketing.

Action Step ID 168 Attend Texas Interagency Council for the Homeless ("TICH") Meeting, Provide Fair Housing Update
 Begin Date: 5/18/2016 COMPLETED - 7/12/2016 Agency Wide H
 Summary Fair housing staff attended the July TICH meeting and presented an update on fair housing in Texas. Staff also discussed possible fair housing related changes to the Emergency Solutions Grants and Homeless Housing and Services Program. The proposed rule changes relate to affirmative marketing requirements and tenant selection criteria.

Action Step ID 169 Fair Housing Ad in Texas Affiliation of Affordable Housing Providers ("TAAHP") Publication
 Begin Date: 4/1/2016 COMPLETED - 6/3/2016 Agency Wide H
 Summary TDHCA's Division of Policy and Public Affairs ("DPPA") created an ad to run in the 2016 Texas Affiliation of Affordable Housing Providers ("TAAHP") annual conference program. The fair housing tagline brings attention to the Department's commitment to fair housing efforts and the importance of fair housing choice.

Action Step ID 170 Revise TDHCA's Description in the Texas State Directory to include Fair Housing
 Begin Date: 5/27/2016 COMPLETED - 6/15/2016 Agency Wide H
 Summary TDHCA's description in the Texas State Directory was revised to include the agency's fair housing work, to expand fair housing choice and opportunities for Texans. The directory is an almanac of Texas government including information on cities, counties, and state government.

Action Step ID 174 Analysis of Homebuyer Data Trends
 Begin Date: 2/12/2016 COMPLETED - 7/4/2016 Single Family
 Summary Fair Housing staff analyzed the Texas Homeownership lending activity for the past five years, looking at statewide distribution. Program expansion over time was mapped in ArcGIS ("Geographic Information System") by lending activity (loans, mortgage credit certificates, and combos). The lender network was compared to the statewide population distribution. Staff recommended specific outreach efforts based on the data and possible underserved areas.

Action Step ID 175 Reasonable Accommodation Rule Change
 Begin Date: 5/13/2016 COMPLETED - 12/15/2016 Agency Wide H
 Summary Staff proposed a rule change to 10 TAC Chapter 1, Subchapter B, Section 504 of the Rehabilitation Act of 1973 and the Fair Housing Act. The revisions were proposed to clarify requirements related to accessibility standards and reasonable accommodations to ensure persons with disabilities have full and equal access to programs. The rule changes require responses to a reasonable accommodation request within a reasonable amount of time, not to exceed 14 calendar days. The response must either grant the request, deny the request, offer alternatives to the request, or request additional information to clarify the Reasonable Accommodation request. The proposed rule change was presented at the July 28, 2016, TDHCA board meeting. Staff withdrew the proposed amendments at the August 25, 2016, TDHCA board meeting to incorporate new guidance from the Department of Justice. The proposed amendments were taken back to the board at the October 13, 2016, TDHCA board meeting. The Board approved the final rule at the December 15, 2016 board meeting.

Action Step ID 177 Participate on a Texas Affiliation of Affordable Housing Providers ("TAAHP") Panel Discussion on Affirmatively Furthering Fair Housing
 Begin Date: 5/3/2016 COMPLETED - 7/26/2016 Multifamily H
 Summary Fair Housing staff spoke on a panel at the 2016 Texas Housing Conference for the Texas Affiliation of Affordable Housing Providers ("TAAHP"). The panel is entitled "Fair Housing Choices" and appeared under the Legislative Track. TAAHP is a non-profit 501(c)(6) trade association serving affordable housing industry providers. TAAHP's principal goal is to increase the supply and quality of affordable housing for Texans with limited incomes and special needs.

Action Step ID	178	Attend Webinar on Advocacy Strategies for Protecting the Fair Housing Rights of People with Criminal Records		
Begin Date:	5/20/2016	COMPLETED - 6/7/2016	Agency Wide	H
Summary	Fair Housing staff attended the Shriver Center and the National Housing Law Project webinar addressing the intersection of fair housing issues and persons with criminal records. Adverse housing decisions based on a person's criminal record screening may violate the Fair Housing Act, which prohibits discrimination on the basis of race. The presentation provided a summary of HUD policies on the use of criminal records, an overview of HUD guidance, and common issues related to tenant screening, eviction policies, due process rights, blanket bans, reasonable look back periods, discretion and denials.			
Action Step ID	179	Revise the Department's Language Access Plan ("LAP")		
Begin Date:	5/5/2016	COMPLETED - 9/2/2016	Agency Wide	H
Summary	TDHCA's Language Access Plan ("LAP") was revised to reflect updated language service protocols. The agency procured third-party translation and interpreting services through two vendors available on an as-needed basis. Language addressing current points of contact between the Department and client populations was updated to include Spanish-speaking contacts within the Department. The revised LAP is posted on TDHCA's website.			
Action Step ID	182	Section 811 PRA ("Project Rental Assistance") Program, Marketing to Project-Based Section 8 Properties in High Opportunity Areas		
Begin Date:	2/5/2016	COMPLETED - 6/15/2016	Single Family	H
Summary	Fair housing staff mapped Project-Based Section 8 Properties along with the 2016 Qualified Allocation Plan, Opportunity Index points. The analysis was provided to Section 811 PRA Program staff to help identify properties for possible participation in the Section 811 PRA Program (see also step #93).			

Action Step ID 183 Data Update for the Multifamily Affirmative Fair Housing Marketing Tool
 Begin Date: 4/1/2016 IN PROGRESS Multifamily H
 Summary Fair Housing, Data Management, and Reporting ("FHDMR") staff is currently researching a possible data update to the Multifamily Affirmative Fair Housing Marketing Tool. The update would address the change in demographic data reported by properties to align with available Census data. In January 2017 the Contract Monitoring and Tracking System ("CMTS") data entry screens were updated to include demographic data in up to five race categories. This change was implemented as a result of the Housing and Economic Recovery Act ("HERA") of 2008 which required the Department to annually report certain information to HUD, including the race of each household member. The tool currently uses 2010 Census data; an update has been discussed with Compliance, Legal, and Information Systems to use American Community Survey ("ACS") data to reflect a more recent time period. Information Systems staff will draft change request and estimate the work hours required. Compliance staff anticipates proposing a rule change in 2018 (see also step #1).

Action Step ID 184 TDHCA Attendance at Webinar on HUD Guidance on the Limitations of Using Criminal History
 Begin Date: 7/15/2016 COMPLETED - 7/28/2016 Agency Wide H
 Summary The US Department of Housing and Urban Development's ("HUD") Office of General Counsel issued guidance on April 4, 2016, for all property owners and managers on the use of criminal history in tenant screening and other adverse housing decisions. National experts from different perspectives provided a balanced, comprehensive explanation of the guidance and its implications. TDHCA Fair Housing and Compliance staff attended the webinar on July 28, 2016.

Action Step ID 185 Submit Comments on HUD's Assessment of Fair Housing Tools for States, Local Governments, and Public Housing Authorities
 Begin Date: 4/1/2016 COMPLETED - 5/23/2016 Single Family
 Summary TDHCA provided comment on the US Department of Housing and Urban Development's ("HUD") Affirmatively Furthering Fair Housing ("AFFH"), Assessment of Fair Housing ("AFH") tool for states and insular areas, local governments, and public housing authorities. The comments addressed unique challenges Texas faces to comply with the rule, and limitations with the draft tools that would not effectively help Texas to affirmatively further fair housing. TDHCA encouraged HUD to adopt clear definitions of areas of opportunity and areas of concerted revitalization initiative, with specific percentages of HUD resources to address those two categories (see also step #199).

Action Step ID	186	Attend Training on Creating Affirmative Fair Housing Plans		
Begin Date:	8/2/2016	COMPLETED - 8/9/2016	Agency Wide	H
Summary	Fair housing, compliance, and single-family program area staff attended webinar training on affirmative fair housing plans. The training included information to determine the target marketing population including those 'least likely to apply' and document compliance with the Affirmative Fair Housing Plan.			
Action Step ID	187	Fair Housing Training, Emergency Solutions Grants 2016 Implementation Workshop		
Begin Date:	6/15/2016	COMPLETED - 8/9/2016	Single Family	H
Summary	Staff conducted a 60 minute webinar on fair housing during the 2016 Emergency Solutions Grant ("ESG") Implementation Workshop held in August 2016. Materials covered fair housing topics including civil rights laws, reasonable accommodations, affirmative outreach, limited English proficiency, language access plans, use of criminal records, and equal access and non-discrimination policies for protected classes, fair housing complaints, and fair housing documentation (see also step #151).			
Action Step ID	188	Staff Attended Webinar Training "Breaking Down Barriers to Opportunity: Transportation and the Affirmatively Furthering Fair Housing Rule"		
Begin Date:	8/15/2016	COMPLETED - 8/17/2016	Agency Wide	H
Summary	Staff attended a webinar on the Affirmatively Furthering Fair Housing ("AFFH") Rule. The training included information on integrated assessment and planning approaches to examine patterns of disinvestment and barriers to opportunity. Presentations included methods to foster the alignment of investments in transportation, housing, job centers and economic development that fosters access to opportunity.			
Action Step ID	190	Solicited Feedback from the Disability Advisory Workgroup ("DAW") on the Reasonable Accommodation Rule		
Begin Date:	8/2/2016	COMPLETED - 9/2/2016	Agency Wide	H
Summary	TDHCA staff met with the Disability Advisory Workgroup ("DAW") on September 2, 2016 and solicited feedback on the proposed amendments to 10 TAC §1.204 Reasonable Accommodation. The DAW provides ongoing guidance on how the Department's programs can most effectively serve persons with disabilities. Feedback was considered and incorporated into the proposed amendments to the rule taken to the October 13, 2016, board meeting.			

Action Step ID 192 Emergency Solutions Grants ("ESG") Request for HUD Waiver to Exceed Fair Market Rents ("FMR") in Specific Markets

Begin Date: 7/1/2016 COMPLETED - 11/21/2016 Single Family H

Summary On July 29, 2016, the Department requested a waiver from HUD of 24 CFR § 576.106(d) of FMR rent to allow 2016 TDHCA's subrecipients to adopt a payment standard for ESG ("Emergency Solutions Grant") rapid re-housing and homelessness prevention for housing units with rents exceeding HUD's FMR in areas where the Public Housing Authority ("PHA") has adopted a payment standard that is greater than HUD's FMR. The waiver request is for ESG subrecipients operating in Houston, Harris County, and Austin County. In addition the Department requested a waiver for subrecipients in the Dallas Metropolitan Fair Market Rent Area ("MFMRA") and Laredo to use the small area FMRs for Collin, Dallas, Denton, Ellis, Hunt, Kaufman, Rockwall, and Webb counties. HUD approved the waiver requests for all counties listed in this paragraph, except for Laredo. Laredo was excepted because the small area FMR was expiring. The waiver is in effect from November 21, 2016, to November 21, 2017.

Action Step ID 193 Analysis of Limited English Proficiency Populations within the Section 8 Program Service Areas

Begin Date: 8/1/2016 COMPLETED - 3/2/2017 Single Family H

Summary Staff conducted an analysis of the language access needs for persons with limited English proficiency for both Section 8's statewide program and the 34 county service area. Staff will use the analysis to ensure application materials and marketing are done to attract the least likely to apply and ensure equal access. Language access plans assist with fair housing barriers based on national origin.

Action Step ID 194 Creation of a Language Assistance Webpage

Begin Date: 6/1/2016 COMPLETED - 9/29/2016 Agency Wide H

Summary The Language Assistance Webpage was created. The webpage details how persons who are not able to speak, read, write or understand the English language may request translation assistance with documents, events or other information from the Texas Department of Housing and Community Affairs. The webpage includes translations for the top 25 languages spoken by income-eligible households with limited English Proficiency in Texas. For assistance households may call the agency's language service and utilize an interpreter to speak with TDHCA staff. A link to languages is available on critical pages for beneficiaries such as Help for Texans, Public Comment Center, Public Complaint Process, Fair Housing pages, Disaster Relief Resources, Income and Rent Limits, Section 8, Texas Homeownership, and Section 811.

Action Step ID 195 Presentation at the Texas Municipal League 2016 Conference

Begin Date: 8/1/2016 COMPLETED - 10/5/2016

Agency Wide

H

Summary TDHCA's Executive Director presented at the 2016 Texas Municipal League Conference on a panel entitled Affordable Housing as Economic Development. The presentation included information on job creation, positive fiscal impacts for government, improved worker retention, and affordable housing as an investment in children, safe neighborhoods, working families, and opportunity for Texans. The Texas Municipal League serves 1,152 cities across Texas.

Action Step ID 196 Expanded Homeownership Opportunities through New Master Servicer

Begin Date: 10/1/2016 COMPLETED - 10/1/2016

Single Family

Summary Effective October 1, 2016, the Department is utilizing Idaho Housing and Finance Association ("Idaho HFA") as master servicer for the Texas First Time Homebuyer Program, the My First Texas Home Program, and other first-time homebuyer programs that may be implemented by the Department. The Department's previous master servicer contract expired on September 30, 2016. The Department offers expanded homeownership opportunities and increased lending options for households at risk for predatory and high cost loans. The Department now has reduced credit score requirements, decreased debt to income ratio, and the availability of manual underwriting. The Department currently provides financing, including down payment and closing cost assistance, to low and moderate-income first-time homebuyers through the My First Texas Home Program ("TMP-79") and through the issuance of single family mortgage revenue bonds.

Action Step ID 197 Analyze and Modify Section 8 Fair Market Rents – 2017

Begin Date: 9/1/2016 COMPLETED - 12/17/2016

Single Family

H

Summary Staff examined county fair market rents ("FMRs"), small area fair market rents ("FMRs") and hypothetical small area fair market rents by zip code to determine if FMRs in the Department's Section 8 service area needed to be adjusted to expand tenant housing choice. The Department's Public Housing Authority ("PHA") may establish payment standards between 90 and 110 percent of the FMR. The establishment of the standard is important because it essentially determines whether a household will be able to find a unit they can afford with the voucher the Department issues. In areas where market rents are high and there is high demand for rental units it can be challenging for a voucher holder to find a unit. Increased FMRs aid in areas where voucher holders have difficulty in finding acceptable units or affording units in more desirable areas. Higher FMRs provide additional choices and opportunities to tenants in highly competitive rental markets. Payment standards were approved at TDHCA's November 10, 2016 Board meeting. On November 16, 2016 HUD released a Notice of Final Rulemaking regarding the use of Small Area FMRs in certain metropolitan areas for the Housing Choice Voucher Program. TDHCA staff revised the FMRs under the new guidance and received Board approval on December 17, 2016 for the 2017 Payment Standards.

Action Step ID 198 Attend Webinar, Ensuring Fair Housing for People with Criminal Records
 Begin Date: 10/26/2016 COMPLETED - 10/26/2016 Agency Wide H
 Summary Fair housing staff attended a webinar with the Shriver Center and officials from the U.S. Department of Housing and Urban Development (“HUD”) addressing HUD’s recent guidance ensuring fair housing for people with criminal records. Criminal records can be a barrier to accessing housing for millions of Americans. HUD’s guidance states that admission denials, evictions, and other adverse housing decisions based on a person’s criminal record may constitute racial discrimination under the Fair Housing Act. The webinar included a sample policy from the New Orleans Housing Authority.

Action Step ID 199 Submit Second Round of Comments on HUD’s Assessment of Fair Housing Tools for States, Local Governments, and Public Housing Authorities
 Begin Date: 9/1/2016 COMPLETED - 10/28/2016 Agency Wide H
 Summary TDHCA submitted comments during the second public comment period for the US Department of Housing and Urban Development’s (“HUD”) proposed Assessment of Fair Housing (“AFH”) tool for states and insular areas, local governments, and public housing authorities. TDHCA commented that applying HUD’s proposed tool to the housing tax credit program and state-administered programs are outside HUD’s statutory authority given to it by Congress. Comments also expressed concerns that the tool promotes race based decision-making by recipients of HUD funds in violation of the Equal Protection Clause of the U.S. Constitution. TDHCA received feedback from the Fair Housing Workgroup in submitting comments (see also step #185).

Action Step ID 200 Revised 2017 Section 8 Payment Standards for the Housing Choice Voucher Program (“HCVP”) for Certain Counties
 Begin Date: 11/16/2016 COMPLETED - 1/1/2017 Single Family H
 Summary November 16, 2016 the U.S. Department of Housing and Urban Development (“HUD”) released a final rule in the Federal Register providing that for certain specific areas Small Area Fair Market Rents (“SAFMRs”) must be utilized. SAFMRs were created by HUD, in response to increasing demand for more localized measures of rents, and are published at the ZIP code level for all metropolitan areas. SAFMRs, by being more localized seek to provide clients with access to a broader range of neighborhoods, thus allowing them to move into areas with more employment, transportation and educational opportunities. This rule affects seven counties in the Department’s HCVP jurisdiction, Bandera, Comal, Denton, Ellis, Guadalupe, Johnson, and Wilson counties. These new payment standards were approved by the Board at the December 15, 2016 TDHCA board meeting. The standards became effective on January 1, 2017.

Action Step ID 201 Fair Housing Considerations for Rule Writers Presentation

Begin Date: 10/7/2016 COMPLETED - 12/7/2016

Agency Wide

H

Summary Legal and fair housing staff created a brown bag lunch and learn presentation, fair housing considerations for rule writers on December 7, 2016. The presentation covered fair housing laws and guidance, disparate impact, and various rule writing examples. Information was presented on considerations when writing rules – applicable rules, protected classes under the rules, and possible disparate impacts for those protected classes. All rule writing staff for the Department were invited.

Action Step ID 203 Loan Agreement with WoodForest National Bank, Expanding Financing Options Available to Lower Income Homebuyers

Begin Date: 9/1/2016 COMPLETED - 7/31/2017

Single Family

Summary On September 28, 2016, TDHCA entered a \$10 million loan agreement with WoodForest National Bank. The loan agreement allows the agency to leverage existing funds and expand financing options available to lower income homebuyers in Texas, including reducing the agency's first mortgage loan rate by approximately .375 percent, a tremendous savings to homebuyers. The loan agreement will fund down payment and closing cost assistance in conjunction with approximately \$250 million in first lien mortgage loans and \$10 million in 30-year, zero interest, second lien mortgage loans that are due on the earlier of sale, refinance, or maturity of the first lien mortgage loan. In the fall of 2016 the Department experienced more than twice the amount of average daily reservations for homebuyer assistance funds compared to the prior 12 months of activity. Funds were fully utilized in July 2017.

Action Step ID 205 Waiver Request, Fair Market Rents

Begin Date: 2/21/2017 IN PROGRESS

Single Family

H

Summary The Department is researching the need for an expansion of HUD's waiver of Fair Market Rents ("FMRs") in certain counties for 2017 Emergency Solutions Grant ("ESG") Subrecipients. A waiver was previously granted by HUD for certain counties for 2016 ESG Subrecipients. The necessity to request a new waiver in certain areas of the state for certain ESG activities may be supported if it is determined that services cannot be provided under the regulatory limitations.

Action Step ID 206 Fair Housing Webinar Series 2017: Webinar One – Fair Housing Overview

Begin Date: 12/15/2016 COMPLETED - 4/4/2017

Agency Wide

H

Summary Implementation of a two part webinar series in coordination with the Texas Workforce Commission Civil Rights Division. The presentation covered the basics of fair housing in Texas and a review of case scenarios, including an overview of fair housing testing. Over 500 attendees participated in the webinar. Trainings are geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners.

Action Step ID	207	Fair Housing Webinar Series 2017: Webinar Two - Reasonable Accommodations and Accessibility		
Begin Date:	12/15/2016	COMPLETED - 4/11/2017	Agency Wide	H
Summary	Implementation of a two part webinar series in coordination with the Texas Workforce Commission Civil Rights Division. The presentation covered reasonable accommodations and accessibility including information on service and assistance animals. Over 400 attendees participated in the webinar. Trainings are geared towards city, county, and local governments, housing providers, housing consumers and other fair housing partners.			
Action Step ID	210	Fair Housing Training Presentation to Relocation Contractors		
Begin Date:	6/15/2017	COMPLETED - 7/11/2017	Single Family	H
Summary	The Fair Housing Project Manager conducted a 30-minute training call with relocation contractors. Relocation contractors help individuals in nursing facilities transition to community settings. They assist the state in rebalancing its Medicaid program so more funds are spent on community-based long term services and supports, and fewer funds are paid to institutional settings, like nursing facilities. The relocation contractors utilize various TDHCA programs including Project Access and Section 811. Presentation materials focused on reasonable accommodations for persons with disabilities and information on HUD's guidance related to criminal background checks.			
Action Step ID	211	TDHCA Attendance at the Public Policy Seminar, "The Myth of De Facto Segregation and How We Can Correct It"		
Begin Date:	5/1/2017	COMPLETED - 5/1/2017	Agency Wide	H
Summary	Staff attended a presentation by author Richard Rothstein regarding his research on residential segregation in Austin and across the United States. Mr. Rothstein spoke on explicit government policies that created and maintained de jure residential segregation including policies from the New Deal agencies like the Public Works Administration, the Federal Housing administration, local housing authorities, and the Internal Revenue Service. The research aims to create a broader awareness of the government policies that created segregation as a first step to undertake specific action steps to remedy those wrongs.			
Action Step ID	212	Participate in Texas Interagency Council for the Homeless ("TICH") Meeting, Provide Fair Housing Update		
Begin Date:	3/1/2017	COMPLETED - 4/11/2017	Single Family	H
Summary	Fair housing staff attended the April TICH meeting and presented an update on fair housing in Texas. Staff provided information on the 2017 fair housing webinar series and invited TICH members to attend. In addition, staff provided an update on HUD's Affirmatively Furthering Fair Housing rule and the State's plans to comply with the new rule and complete an Assessment of Fair Housing.			

Action Step ID 213 Creation of Opportunity Maps for the Public Housing Authority Jurisdiction, Provided to Voucher Holders

Begin Date: 3/10/2017 COMPLETED - 9/25/2017

Single Family

H

Summary Staff created a series of maps of housing opportunities within the Department's Public Housing Authority ("PHA") jurisdiction. The maps show TDHCA properties, veteran clinics, and local schools, by median rent, median income, and poverty rate. The maps are available by county for each of the 34 counties in the PHA service area. In September 2017, the Department began to provide the maps and related information when briefing voucher holders (see also step #213).

Action Step ID 214 Fair Housing Presentation to Assertive Community Treatment Team with Austin/Travis County Integral Care

Begin Date: 6/28/2017 COMPLETED - 7/18/2017

Single Family

H

Summary The Fair Housing Project Manager conducted a 60-minute in-person training with Assertive Community Treatment "ACT" Team with Austin/Travis County Integral Care. Assertive Community Treatment is an Evidence-Based Practice Model designed to provide treatment, rehabilitation and support services to individuals who are diagnosed with a severe mental illness and whose needs have not been well met by more traditional mental health services. The ACT team provides services directly to an individual that are tailored to meet his or her specific needs. ACT teams are multi-disciplinary and include members from the fields of psychiatry, nursing, psychology, social work, substance abuse and vocational rehabilitation. Based on their respective areas of expertise, the team members collaborate to deliver integrated services of the recipients' choice, assist in making progress towards goals, and adjust services over time to meet recipients' changing needs and goals. The team utilizes various TDHCA programs including Project Access and Section 811. Presentation materials focused on reasonable accommodations for persons with disabilities and information on HUD's guidance related to criminal background checks.

Action Step ID 215 Conduct Focus Groups and Survey Housing Tax Credit Residents

Begin Date: 2/24/2017 COMPLETED - 3/22/2018

Multifamily

Summary The Department contracted with the Ray Marshall Center of the University of Texas at Austin to conduct a series of focus groups and a resident survey among residents living in properties funded by Housing Tax Credits. The goal was to gather feedback on the most important housing and community characteristics to residents so that the Department can best meet low- to moderate-income residents' needs. The three focus groups gave residents an opportunity to share their experiences. The moderators of these focus groups sought to attract diverse crowds that reflect the variety of residents that the Department serves—rural, elderly, families. The survey was available in both online and paper formats, with paper surveys being heavily weighted towards elderly and rural Developments. Like the focus groups, the survey sought residents' varied perspectives on the type of unit, Development, and neighborhood features that best meet their needs.

With this knowledge tabulated in datasets, staff is now able to ask specific research questions about the needs of residents based on geographic, socio-economic, and demographic criteria. Such a tool might allow for the Department to create rules tailored to the specific needs of the populations served. Findings from this data set may also play a part in the Multifamily Finance Division's monthly roundtables for discussing the 2019 Qualified Allocation Plan and Uniform Multifamily Rules with stakeholders. Staff anticipate releasing a report on the resident survey in March 2018.

Action Step ID 216 Actions to Comply with the Violence Against Women Act

Begin Date: 12/23/2016 COMPLETED - 9/7/2017

Multifamily

H

Summary In March 2017, HUD released their implementing regulations regarding the Violence Against Women Act ("VAWA"). VAWA was reauthorized in 2013 and provided basic protections for applicants and residents at many affordable housing properties, including all HOME and Housing Tax Credit Developments who have experienced domestic violence, dating violence, or sexual assault. The regulations require a Notice of Occupancy Rights and the Certification be provided when a household applies for assistance, if a household is denied occupancy and/or if an existing household is notified that they are being evicted or their lease will not be renewed. In addition, there is a model emergency transfer plan. HUD's regulations require owners of developments with HOME, National Housing Trust Fund, Neighborhood Stabilization Program, and any state (Multifamily Direct Loan) funds used as HOME match, that receive a contract on or after December 16, 2016, to permit a tenant to break a lease without penalty if the Department determines that the tenant meets the criteria for an emergency transfer under 24 CFR §5.2005. Staff proposed amendments to 10 TAC to comply with the regulations and took those to the Department's board on April 27, 2017. The rule was finalized by the board at the September 7, 2017, board meeting.

Action Step ID 217 Creation of a Fair Housing Digital Infographic
Begin Date: 1/5/2017 COMPLETED - 4/6/2017 Agency Wide H
Summary The Department's Division of Policy and Public Affairs created a fair housing digital info graphic. The infographic provides information on how to request a reasonable accommodation, as well as the seven protected classes. The info graphic was published on the website RentCafe (<https://www.rentcafe.com/blog/renting/april-is-national-fair-housing-month-learn-what-it-means-to-you/>). The graphic was made available, for free, on the Department's website for use by consumers, advocacy organizations, and housing professionals.

Action Step ID 218 Conduct Fair Housing Training for New Board Members
Begin Date: 5/1/2017 COMPLETED - 5/24/2017 Agency Wide H
Summary Fair Housing Project Manager met with the Department's new board members and conducted a fair housing training on key fair housing laws and the way they intersect with the Department's programs.

Action Step ID 219 Creation of a Best Practices Guide to Affirmative Marketing for Multifamily Developments
Begin Date: 4/21/2017 COMPLETED - 6/28/2017 Multifamily H
Summary Fair housing staff created a best practices guide to affirmative marketing for the Department's multifamily developments to comply with rules in 10 TAC ("Texas Administrative Code"). The document provides specific guidance on affirmatively marketing to least likely to apply populations as defined by race, ethnicity, and disability status.

Action Step ID 220 Conference Presentation Proposal, Texas Municipal League ("TML")
Begin Date: 1/15/2017 COMPLETED - 7/3/2017 Agency Wide H
Summary Fair Housing staff submitted a conference proposal to the Texas Municipal League entitled, Fair Housing Considerations for Cities. The presentation was to include an overview of multifamily housing financing, fair housing and the role of local jurisdictions in promoting choice and opportunity. Staff planned to cover recent case studies on fair housing determinations relative to local decision-making. The proposal was not accepted.

Action Step ID 221 Conference Presentation Proposal, County Judges and Commissioners Association of Texas ("CJCAT")
 Begin Date: 4/1/2017 COMPLETED - 7/3/2017 Agency Wide H
 Summary Fair Housing staff submitted a conference proposal to the County Judges and Commissioners Association of Texas, Fair Housing Considerations for Counties. The proposal included an overview of financing options and local decision-making considerations that affect those financing options (letters of support, local financing, NIMBYism) under the Fair Housing Act. The proposal was not accepted.

Action Step ID 222 Conference Presentation Proposal, Texas Association of Local Housing Finance Agencies ("TALHFA")
 Begin Date: 4/14/2017 COMPLETED - 10/27/2017 Agency Wide H
 Summary Fair Housing staff submitted a conference proposal to present at the annual TALHFA meeting in October 2017. The proposal, Fair Housing Considerations for Housing Finance Agencies, would provide an overview of fair housing principles and permitting in a non-discriminatory manner as it relates to the Fair Housing Act. The presentation would review accessibility requirements such as unit design, 2010 ADA standards, and the distribution of accessible units. The presentation proposal was ultimately not accepted.

Action Step ID 223 Revised Tenant's Rights and Resources Guide
 Begin Date: 6/2/2017 COMPLETED - 12/14/2017 Multifamily H
 Summary The Department's Tenant's Rights and Resources Guide was revised to more clearly inform tenants of Department monitored properties of their rights and to provide important guidance and resources. The guide is required per 10 TAC 10.613 (m). The guide was reorganized and rewritten at a lower reading level. The revised version is available in an easy to read, fillable format for properties. It provides a general outline of what property owners must do and what they may not do and includes consolidated complaint information, which offers instructions regarding who to contact for Fair Housing, property and general complaints (see also step #47). The guide has been translated into Spanish and is available in other languages upon request.

Action Step ID	224	Analyze and Modify Payment Standards for the Housing Choice Voucher Program ("HCVP") – 2018		
Begin Date:	10/20/2017	COMPLETED - 12/14/2017	Single Family	H
Summary	<p>Staff examined county fair market rents ("FMRs") and small area fair market rents ("SAFMRs") by zip code to determine if payment standards for the Department's Housing Choice Voucher Program service area needed to be adjusted to expand tenant housing choice. The Department's Public Housing Authority ("PHA") may establish payment standards between 90 and 110 percent of the FMR except in certain counties in the Dallas Metropolitan Statistical Areas, where HUD requires the use of SAFMRs as the payment standard. The establishment of the standards is important because it essentially determines whether a household will be able to find a unit they can afford with the voucher the Department issues. In areas where market rents are high and there is high demand for rental units it can be challenging for a voucher holder to find a unit. Increased FMR aid in areas where voucher holders have difficulty in finding acceptable units or affording units in more desirable areas. Higher FMRs provides additional choices and opportunities to tenants in highly competitive rental markets. Payment standards were approved at TDHCA's December 14, 2017, board meeting (see also step #38, #133, and #197).</p>			
Action Step ID	225	Meeting with the Office of Minority Health Statistics and Engagement		
Begin Date:	9/8/2017	COMPLETED - 11/28/2017	Agency Wide	H
Summary	<p>Department staff met with staff from the Office of Minority Health Statistics and Engagement within Health and Human Services ("HHS") to learn about their work and discuss possible collaborations. TDHCA discussed requesting a poverty simulation to train staff. Department staff requested a copy of the equity analysis "how-to" guide from the Office of Minority Health Statistics and Engagement. The guidance document offers a method to measure disproportionality and disparities and will be available in 2018. The poverty simulation for staff is planned for spring 2018.</p>			
Action Step ID	226	TDHCA Attendance at the Opportunity Forum presented by the University of Texas School of Law: After the Storm, Building Resilient and Equitable Communities		
Begin Date:	10/1/2017	COMPLETED - 10/6/2017	Agency Wide	H
Summary	<p>The forum explored rebuilding efforts in the wake of Hurricane Harvey and the challenges specific to historically underserved populations, including low-income persons of color. Panelists discussed strategies to protect all residents from future flooding and exposure to hazards, lessons learned from prior disasters, and how to rebuild resilient and equitable communities. Staff attended in an effort to understand the rebuilding challenges faced by protected populations.</p>			

Action Step ID 227 Revised Request for Qualifications for Fair Housing Training Providers

Begin Date: 7/1/2017 COMPLETED - 3/1/2018

Single Family

Summary In September 2017, staff revised the request for qualifications for fair housing training providers. Under the revised RFQ trainings for development owners and management companies must cover specific fair housing content including protected classes, reasonable accommodations and modifications, design and construction standards, and recently released HUD guidance. Five hours of fair housing training is required under 10 TAC § 10.402(e)(1)(a) and 10 TAC § 10.402(e)(1)(b). The criteria are effective January 1, 2018 (see also step #45).

Action Step ID 228 Housing Assistance Letters Translated into Spanish

Begin Date: 6/1/2015 COMPLETED - 9/8/2017

Agency Wide

H

Summary The Department's Housing Resource Center division had housing assistance template response letters translated into the Spanish language. These letters provide information on a variety of assistance areas such as long term and short term rental needs, home repair, homebuyer assistance, utility assistance, weatherization, disaster, complaints, foreclosure and fair housing. The templates are used by agency staff answering phone calls, emails, fax and USPS mail.

Action Step ID 229 Fair Housing Training, Emergency Solutions Grants 2017 Implementation Workshop

Begin Date: 7/1/2017 COMPLETED - 10/18/2017

Single Family

H

Summary Staff conducted a 60 minute webinar for Emergency Solutions Grant ("ESG") administrators during the 2017 Implementation Workshop. The presentation focused on fair housing and civil rights within the ESG program. Materials covered protected classes, use of criminal records, reasonable accommodations, limited English proficiency, affirmative outreach, the Violence Against Women Act of 2013, fair housing complaints, and fair housing documentation (see also step #46, 151, 181, 187).

Action Step ID 230 Emergency Solutions Grants ("ESG") Learning Opportunity on Language Access Plans

Begin Date: 8/1/2017 COMPLETED - 1/3/2018

Single Family

H

Summary The January 2018 ESG learning opportunity covered language access plans and limited English proficiency. The webinar provided a step-by-step process on how to create a language access plan, where to find data on language needs, and examples of when to provide language access. Language access plans assist with fair housing barriers based on national origin (see also step #124).

Action Step ID 231 Development of §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations

Begin Date: 12/15/2015 COMPLETED - 8/24/2017 Single Family H

Summary The single family affirmative marketing rule was revised and expanded in 10 TAC §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations. The rule applies to state and federal funds and requires administrators to have an Affirmative Marketing Plan which identifies the least likely to apply populations and outreach methods to reach those populations. Under 20.9 administrators are required to accept applications from households for a minimum of a 30 calendar period and select households to be assisted using a neutral, random selection process. After Administrators have allowed for a 30 calendar day period to accept applications and used a neutral random selection process to assist Households, they may accept applications on a first-come, first-served basis. Administrators must also have a Language Assistance Plan that ensures persons with Limited English Proficiency have meaningful and equal access to participate in services, activities, programs and other benefits. The rule was approved at the July 27, 2017, board meeting and applies to new contracts awarded after the rule effective date of August 24, 2017 (see also step #25).

Action Step ID 232 Creation of a Single Family Programs Affirmative Marketing Tool

Begin Date: 7/1/2016 COMPLETED - 9/13/2017 Single Family H

Summary Staff built a tool to comply with 10 TAC §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations. The tool identifies the least likely to apply populations by program activity type (homebuyer, rehabilitation, or rental assistance) and region. It works by comparing Census Demographic Data from the American Community Survey (2011-2015) to all single-family households served during calendar years 2006-2015. For a group to be underrepresented, the percentage of the households belonging in the group served in the Housing Contract System is at least 20% less than the percentage of the same group representation in the region. Administrators may use the Department's tool to identify the least likely to apply populations, or another method. If another method is used administrators must provide a detailed explanation of the methodology used. Staff anticipates updating the data annually (see also step #231).

Action Step ID 233 Webinar, Single Family Programs: Fair Housing & Affirmative Marketing Under 10 TAC § 20.9

Begin Date: 7/1/2017 COMPLETED - 11/2/2017 Single Family H

Summary The Department hosted a webinar training for single family program administrators of the HOME Investment Partnerships Program, State Housing Trust Fund, Neighborhood Stabilization Program, Amy Young Barrier Removal Program, Colonia Self Help Centers, and Texas Bootstrap Loan Program on the new Fair Housing, Affirmative Marketing and Reasonable Accommodations rule (10 TAC 20.9). The presentation addressed highlights of the new rule, demonstrated the single family affirmative marketing tool, and provided examples to help guide best practices (see also step #231 and #232).

Action Step ID 234 Training to Amy Young Barrier Removal Program Administrators on 10 TAC § 20.9
 Begin Date: 7/1/2017 IN PROGRESS Single Family
 Summary The Fair Housing Project Manager presented at the Amy Young Barrier Removal Program administrators training workshop on 10 TAC §20.9 Fair Housing, Affirmative Marketing and Reasonable Accommodations. The presentation addressed highlights of the new rule, demonstrated the single family affirmative marketing tool, and provided examples to help guide best practices (see also step #231, #232, and #233).

Action Step ID 235 Request to Adopt Small Area Fair Market Rents in the Housing Choice Voucher Program (“HCVP”)
 Begin Date: 11/1/2017 COMPLETED - 1/1/2018 Single Family H
 Summary The Department requested permission from the regional HUD office to use an alternative standard, to adopt Small Area Fair Market Rents (“SAFMRs”) for counties in the jurisdiction that fall within the Fort Worth or San Antonio Metro Fair Market Areas. SAFMRs provide clients with access to a broader range of neighborhoods, thus allowing them the choice to move into areas with more employment, transportation and educational opportunities. Additionally, use of the SAFMRs may allow the Department to prevent undue subsidy in lower-rent neighborhoods. The request was sent for Johnson, Bandera, Comal, Guadalupe, and Wilson counties. The waiver request was sent on November 29, 2017. On December 23, 2017, the United States District Court for the District of Columbia ordered HUD to implement the mandatory components of the Small Area FMR rule on January 1, 2018, HUD agreed to begin implementing in April 2018.

Action Step ID 236 Department Participation in the Joint Solutions Housing Work Group
 Begin Date: 8/17/2017 IN PROGRESS Agency Wide H
 Summary The Department participates in the Joint Solutions Housing Work Group (“JSHWG”) consisting of local, state, and federal organizations (including the Federal Emergency Management Agency and the U.S. Department of Housing and Urban Development) that help perform the critical role of assessing housing needs and long term recovery needs in the wake of a disaster. The JSHWG utilizes all appropriate housing resources available from state and federal agencies, the local government, non-profit community and private sector; communicates and coordinates feasible housing solutions, as families transition to more permanent housing; and maintains a holistic community approach in addressing disaster survivors unmet housing needs. While persons affected by a disaster are not necessarily specific members of a protected class the needs of persons impacted by the disaster may differ based on membership in a protected class, such as persons with disabilities.

Action Step ID 238 Request to Create Fund to Mitigate Damages Caused by Tenants in the Section 811 Program
 Begin Date: 3/1/2018 IN PROGRESS Single Family H
 Summary The Department through Money Follows the Person Demonstration funds provided by Texas Health and Human Services ("HHS") requested to cover the cost of developing a fund to mitigate damages caused certain populations of by tenants as a result of their occupancy. If funded, \$75,000 will be used on an as-needed basis if a tenant participating in the Section 811 PRA Program incurs eligible expenses. Damage claims are limited to no more than \$3,000 per household, and will only be used to cover itemized, unreimbursed costs for damages resulting directly from the tenant's occupancy. This request has been accepted by Texas HHS; however, it is still pending final approval by the U.S. Department of Health and Human Services.

Action Step ID 239 Revised Multifamily Accessibility Requirements Requiring Visitability
 Begin Date: 7/1/2017 COMPLETED - 1/3/2018 Multifamily H
 Summary The Uniform Multifamily Rules Subchapter B, Section 10.101(8)(B) were revised. Under the revised standards regardless of building type, all units accessed by the ground floor or by elevator "affected units" must comply with the visitability requirements. Visitability requirements include to provide accessible entry levels, including a minimum of one bathroom or powder room at entry level, and provision of all common use facilities in compliance with Fair Housing guidelines.

Action Step ID 240 HOME Allowance for Additional Funds for Accessible Features
 Begin Date: 8/1/2017 COMPLETED - 8/3/2017 Single Family H
 Summary The HOME Program under Homeowner Rehabilitation ("HRA"), Contract for Deed, and Single Family Development activities permits up to \$10,000 in direct costs in excess of the program maximum to be requested for homeowners requesting accessible features and for large families. This rule appears in HOME rules, 10 TAC ("Texas Administrative Code") § 23.31 (d)(1), § 23.31(e)(3), § 23.71(f)(1), §23.71(g)(3), §23.51(f)(2), § 23.51(g)(3).

Action Step ID 241 TDHCA Single Family Affirmative Marketing Plan Form
 Begin Date: 3/2/2018 COMPLETED - 3/2/2018 Single Family H
 Summary The Department created an easy-to-use form for administrators to use when building and submitting their single family affirmative marketing plans to the Department. The form is an available option for Administrators. Per 10 Texas Administrative Code § 20.9(b)(1) Administrators must use HUD Form 935.2B, the form on the Department's website, or create an equivalent Affirmative Fair Housing Marketing Plan. The form includes links to the applicable section of the Title 10 of the Texas Administrative Code.

Action Step ID 242 Fair Housing Webinar Series to Celebrate Fair Housing Month 2018: Webinar One - Fair Housing Overview
 Begin Date: 11/1/2017 IN PROGRESS Agency Wide H
 Summary The Department, in conjunction with the Texas Workforce Commission's Civil Rights Division, will be hosting a webinar during April 2018's 50th Anniversary of the Fair Housing Act on 4/10/18. Topics covered include protected classes, discriminatory practices, exemptions, and fair housing testing. Participants will have a chance to apply their knowledge in a review of case scenarios. As of the beginning of March, this webinar had over 400 registrants.

Action Step ID 244 Created Glossary of Mortgage Terms
 Begin Date: 6/1/2005 COMPLETED - 10/1/2016 Single Family
 Summary The Department's homebuyer webpage includes a glossary of mortgage terms for use by consumers and prospective homebuyers. The glossary helps consumers understand terms such as points, private mortgage insurance, amortization, and earnest money. This action step helps address impediments related to improving consumer knowledge of mortgage loan options. Staff periodically update the glossary of mortgage terms as needed, the last update was completed in 2016.

Action Step ID 248 Fair Housing Training Planned for Housing Choice Voucher Section 8 Program Staff
 Begin Date: 2/28/2018 IN PROGRESS Single Family H
 Summary Fair housing staff will conduct a fair housing training for Housing Choice Voucher Section 8 program staff in spring 2018. The training will include an overview of fair housing protected classes, issues and discriminatory practices, as well as reasonable accommodations and modifications. Staff will review common issues encountered by program staff and HUD guidance related to the use of criminal records.

Action Step ID 249 Emergency Solutions Grants ("ESG") Colonia Point Criterion
 Begin Date: 1/9/2017 COMPLETED - 11/13/2017 Single Family H
 Summary The 2017/2018 ESG Notice of Funding Availability included a scoring criterion which awarded points under a competitive application to entities that specifically included one or more colonias within the service area of the applicant. Applicants are required to market their services to the entire service area. Inclusion of colonias in the marketing area informs colonia residents of the services available to them under the ESG Program.

Action Step ID 250 Fair Housing Webinar Series to Celebrate Fair Housing Month 2018: Webinar Two - Reasonable Accommodations and Accessibility
 Begin Date: 4/1/2018 COMPLETED - 4/17/2018 Agency Wide H
 Summary The Department, in conjunction with the Texas Workforce Commission's Civil Rights Division, will be hosting webinars during April 2018's 50th Anniversary of the Fair Housing Act on 4/17/18. Topics covered include reasonable accommodations, service and assistance animals. As of the beginning of March, this webinar had over 300 registrants.

Action Step ID 251 The 811 Program Design Promotes Choice and Integration for Persons with Disabilities
 Begin Date: 2/19/2013 IN PROGRESS Single Family H
 Summary The Section 811 Project Rental Assistance ("PRA") Program exclusively serves people with disabilities who are also part of the Section 811 target population, and have extremely low-incomes. The target population includes people transitioning out of institutions, persons with severe mental illness and young adults aging out of foster care. The Section 811 PRA program creates the opportunity for persons with disabilities to live as independently as possible through the coordination of voluntary services and providing a choice of subsidized, integrated rental housing options. The program requires that Section 811 units be dispersed within developments.

Action Step ID 252 The 811 Program Design Maximizing Tenant Choice
 Begin Date: 2/19/2013 IN PROGRESS Single Family H
 Summary Texas' Section 811 Project Rental Assistance ("PRA") Program is designed to maximize tenant choice by garnering commitments from properties through the Department's Multifamily Program Applications. The Department has secured funding from HUD for approximately 750 units, but is creating a potential unit universe that far exceeds 750 within the eight metropolitan areas. This universe of eligible units allows members of the target population to select which units and properties themselves by indicating which properties they are interested in when applying for the program. TDHCA's Medicaid state agency partners and local referral agents are responsible for generating referrals to the program. These disability service professionals have received fair housing training and materials and have been instructed on how to comply with program requirements related to fair housing.

Action Step ID 253 The 811 Program Operates in Eight Metropolitan Statistical Areas across Texas

Begin Date: 2/19/2013 COMPLETED - 12/31/2016 Single Family H

Summary The Section 811 Project Rental Assistance ("PRA") Program ensures geographic equity across the state by operating in eight different metropolitan statistical areas ("MSA") in counties as diverse as urban Dallas County to rural Hudspeth County. The Section 811 PRA Program's list of eligible MSAs were first proposed through a series of focus groups and meetings with persons with disabilities and advocates conducted under the Real Choice Systems Change planning grant. The eligible counties within the MSAs have demonstrated demand by the target population and have the potential for housing. The program service areas were initially rolled out in the 2015 multifamily cycle. In 2016 the Corpus Christi MSA was added, the geographic areas have remain unchanged since that time.

Action Step ID 255 Bond, 4% Housing Tax Credit Rules Tie Breaker Factor Based on Housing De-Concentration Factors

Begin Date: COMPLETED - 1/4/2018 Multifamily

Summary The Multifamily Housing Revenue Bond Rules in Section 12.4 (d) Scoring and Ranking, include tie breaker factors for 4% Housing Tax Credit ("HTC") and Mortgage Revenue Bond ("MRB") deals in the following order based on areas that are underserved: 1) Developments located in a Colonia. 2) Developments in an economically distressed area. 3) Developments in a census tract with no developments awarded less than 30 years ago. 4) Developments in census tracts with no developments awarded less than 15 years ago. 5) Developments in census tracts whereby it and all of the continuous tracts have not had a development awarded less than 15 years ago (see also action step #67).

Action Step ID 257 Undesirable Site Features for the 2018 Uniform Multifamily Rules

Begin Date: 6/1/2017 COMPLETED - 1/3/2018 Multifamily H

Summary Development sites within the applicable distance of any of the undesirable features are considered ineligible unless the Department's Board determines that information regarding mitigation is sufficient per 10 Texas Administrative Code § 10.101(a)(2). Undesirable site features include proximity to junkyard, solid waste facility, sanitary landfill, illegal dumping sites, sexually-oriented business, high voltage transmission line, active railroad tracks, heavy industry, nuclear plant, accident zones or clear zones of any airport, pipelines carrying highly volatile liquids, oil refinery, and environmental factor that may adversely affect the health and safety of the residents

Action Step ID 258 Undesirable Neighborhood Characteristics for the 2018 Uniform Multifamily Rules

Begin Date: 6/1/2017 COMPLETED - 1/3/2018

Multifamily

Summary Applicants must disclose the presence of undesirable neighborhood characteristics, per 10 Texas Administrative Code § 10.101(a)(3). Undesirable neighborhood characteristics include high poverty rates (above 40 percent for individuals or 55 percent for Developments in regions 11 and 13), violent crime rate greater than 18 per 1,000 persons, proximity to vacant or blighted structures, and schools that do not have a Met Standard rating. In order to be considered as an eligible site despite the presence of such undesirable neighborhood characteristic, an applicant must demonstrate actions being taken that would lead a reader to conclude that there is a high probability and reasonable expectation the undesirable characteristic will be sufficiently mitigated or significantly improved within a reasonable time, typically prior to placement in service, and that the undesirable characteristic demonstrates a positive trend and continued improvement.

3b

BOARD ACTION REPORT
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Resident Survey and 2019 QAP Project Plan Report

The Texas Department of Housing and Community Affairs (“TDHCA”) and The University of Texas at Austin Ray Marshall Center (“RMC”) entered into an Interagency Contract to conduct and implement jointly TDHCA’s first ever survey of residents who live in TDHCA-financed properties. Staff closely worked with research staff at the RMC to develop focus group scripts, a sampling plan for the survey, and the survey itself. Both staffs developed methods for randomly identifying focus group sites and survey respondents that represented the diversity of residents TDHCA serves and their interests. Both staffs also reviewed and tested the survey questionnaire in both its online (English and Spanish) and printed formats.

Three focus groups were conducted in late July and early August. The survey went live in late July, providing targeted residents with about five weeks to complete the survey. All tasks were completed by the end of August. However, RMC allowed the survey to remain open until the end of September 2017, given the many surveys that staff at RMC continued to receive by mail and electronically. This extension led to an increase of several hundred respondents, which RMC graciously added to the completed work products. No costs were incurred outside the biennium.

Once the survey was closed, staff at TDHCA focused on finalizing the resident survey database. Once the database was completed, staff at TDHCA moved on to analyzing survey results in December 2017 and January 2018.

The following Resident Survey Report is a summary of the conclusions that staff was able to draw from the survey results.

In the current biennium, TDHCA does not have funds appropriated for such research.

The most current 2019 QAP Project Plan is included after the Resident Survey Report.

DISCLAIMER

The attached summary of the results of a Resident Survey are, in staff's assessment, useful in part but also potentially misleading in part. Ideally there would be another survey, conducted over a longer period and under conditions that would enable the collection of more representative data.

The survey results reflect the fact that elderly residents responded in far greater numbers than households with children. This fact means that certain high level results are in all probability skewed. For example:

- There would be a greater prevalence of Elderly households heavily reliant on Social Security income rather than earnings from employment, and as a result the income data would reflect much lower annual income than would typically be found in households with one or two adults working.
- Elderly households would be far less likely to place the greatest value on schools, recreational facilities, and continuing and after-school educational opportunities, even though those would be extremely important to households with school-age children.

Accordingly, staff views this report as providing specific and useful insights, most notably the uniformly high value placed on locations near amenities and locations not affected by high rates of crime. When and if the staff finds that it has time and access to the resources to perform a study that can engage a larger sample, including greater representation of households with working adults and school-age children, such a survey could yield more empirical information on issues and subgroups that the Board and the Department deem important

The limited size and the disproportionate self-selection of elderly respondents mean that this survey should not be relied upon as reflecting the nature and makeup of the residents of TDHCA affordable housing as a whole. Where possible, staff has sought to isolate subgroups within the pool of all survey respondents, in order to uncover differences in opinion among households, based on their demographic characteristics.



2017 Resident Survey

Board Report

March 22, 2018

Executive Summary

The Department contracted with the Ray Marshall Center of the University of Texas at Austin (“RMC”) to conduct a series of focus groups and a resident survey among Housing Tax Credit (“HTC”) residents. The goal was to gather feedback on what is most important to residents so that Department policies and rules support the goal of meeting low- to moderate-income residents’ needs. 653 residents responded to the survey, resulting in a 6.24% response rate. The survey consisted of about 35 questions, depending on how one responded. Researchers estimate that 63% of survey respondents were Elderly. A few central questions were required, with the remainder being optional. Three focus groups were held along with the survey; 27 residents in total attended the focus groups.

Focus Groups:

The three focus groups gave residents an opportunity to share their experiences on living in TDHCA properties. The moderators of these focus groups sought to attract diverse groups that reflect the variety of residents that the Department serves—rural, Elderly, families, and persons with disabilities.

Survey

The survey was available in both online and paper formats. The survey sought residents’ varied perspectives on what Unit, Development, and neighborhood features best meet their needs. With this knowledge tabulated in datasets, staff is now able to ask specific research questions about the needs of residents while simultaneously differentiating among their backgrounds.

Survey Results

653 people responded to the resident survey. 316 respondents took the survey through a personal invitation, so the Department is able to analyze their responses according to their background information. 337 respondents took the survey through an email link sent to every Development’s property manager. These latter participants’ background information is limited to demographic details provided within the survey and general characteristics assumed about the Development in which they live (e.g., if the Development is majority Elderly, we assume that the respondent is also Elderly).

Residents could take the survey either through an online portal or through a paper survey. Individuals were either sent a paper survey or a postcard inviting them to go online to take the survey. About 8,000 individuals were contacted by postcard, with 3,000 reminders sent at a later date; over 2,000 individuals were sent individual surveys. Both media had small, but not insignificant, bounce-back rates. Of the 316 respondents who took the survey because of a personal invitation, the majority of them were through the paper surveys. The mass email sent to Developments’ property managers had an open rate of about 30% (including multiple reminders), and accounted for the remaining 337 respondents.

The survey consisted of about 35 questions, some of which required multiple responses. Only a few of the questions were absolutely required; the remaining questions could be skipped, in both the

online and the paper survey, if respondents chose to do so. Therefore, while the survey did have 653 participants, some individual questions had fewer participants if people chose to skip that question.

Future Action and Possible Surveys

Half of the value of this survey has been the lessons learned by staff in designing it, managing its implementation, and analyzing the results. With the compressed timeline of less than four months from start to finish and a limited amount of funds that had to be expended by August 31, 2017, staff had to act quickly to implement the Resident Survey. With more time and fewer constraints, staff believes that they can better prepare for future surveys, if the Governing Board of TDHCA finds this initiative to be of value and would like to seek residents' input on more targeted issues.

Lessons learned include the following:

1) Outreach and Communication

The amount of returned postcards and surveys sent by USPS to residents suggests that individual contact information in Compliance Monitoring and Tracking System may contain some errors. Staff would therefore want to consider alternative options for contacting residents. One option is adding a field to CMTS that collects residents' personal email addresses or phone numbers. With reliable contact information like an email address or phone number, staff can create targeted, but anonymous surveys that could be completed in house.

2) Survey Delivery

For respondents who took the survey because of a personal invitation, the overwhelming majority responded through the actual paper survey, which included a pre-stamped return envelope. Hardly any residents contacted by postcard actually logged online, entered the personal code, and took the digital survey. Therefore, survey initiation via personal postcard appears to be an ineffectual means of communication, and should probably not be used again in future surveys

3) Outreach, Communication, and Partnerships

Midway through the survey, staff changed its targeting strategy in order to improve response rates. Instead of targeting individuals through the mail, staff began to contact all property managers at all TDHCA properties, asking them to forward electronic links to the online survey to their residents. In the future, advanced messaging with property managers and Development owners may be able to increase resident response rates.

4) Survey Questions

Question completion rates dropped as respondents move through the questionnaire, which suggests that the survey was too long. While 653 individuals responded to required questions, a few questions that were not required had fewer than 200 respondents. Poor responses rates on certain questions can potentially jeopardize staff's ability to draw conclusions.

Focus Group Results

Three focus groups were held in the months of July and August. The fourth and final focus group was cancelled because of the effects of Hurricane Harvey.

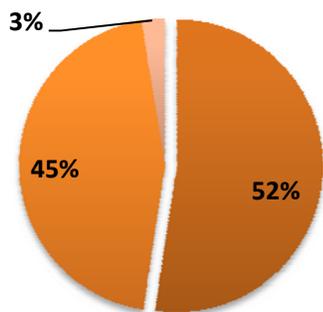
Focus Group	Date	Location	Attendees	Demographics
1	07-27-2017	Kyle, Texas	5 residents	4 women/1 man, 3 White/2 Hispanic, 2 with mobility disability
2	08-04-2017	South Houston, Texas	11 residents	9 women/2 men, 7 White/4 Hispanic, 2 with mobility disability
3	08-11-2017	Bowie, Texas	11 residents	8 women/3 men, 10 White/1 Hispanic, 2 with mobility disability

A common theme for the South Houston and Kyle focus groups was that, even though the Developments are located near many community amenities “as the crow flies,” accessing those amenities remains difficult. Such access is difficult because of a lack of public transit or safe, pedestrian routes that connect residents to the surrounding neighborhoods. Having a car seems to be requisite for accessing community features, which is infeasible for some residents, either because of cost or because of their age or disability. On the whole, however, focus group participants for both of these Developments expressed satisfaction with the location of their communities. Regarding Development concerns, both focus groups made a point to discuss their concerns about safety and security at the community, and the Kyle focus group commented on impediments to making use of the communal spaces for resident-organized events, such as having to put down a \$300 safety deposit.

The Bowie, Texas focus group was the only focus group located in a rural community. Residents here also noted how their community was near several community resources, such as a grocery store and a pharmacy. However, most of the focus group participants stated that they prefer to drive to a neighboring town where one can find large general goods stores, such as a Target or Wal-Mart, since they can get more for their money at these stores. Because Bowie has no public transit, some participants shared that they must rely on relatives or neighbors to drive them to places. Residents here also expressed concern about security and safety, wishing that the community was gated and closed to non-residents.

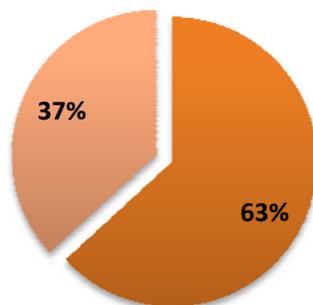
All focus groups expressed appreciation for being able to live affordably in nice communities

Survey Results – Are the Survey Results Representative of the Entire Population?



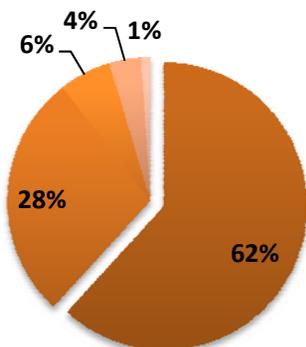
Ethnicity of Respondents

- Hispanic or Latino - 52%
- Not Hispanic or Latino - 45%
- Tenant did not respond - 3%



Elderly Respondents

- Elderly - 63%
- Not Elderly - 37%



Race of Respondents

- White - 62%
- Black/African American - 28%
- Other - 6%
- Tenant did not respond - 4%
- American Indian/Alaskan Native - 1%

- The Hispanic/Latino ethnicity of respondents was roughly even. According to the Departmental database, roughly 59% of all LIHTC Unit heads of household identify as Not Hispanic/Latino, while 33% identify as Hispanic/Latino.
- The survey appears to have oversampled Elderly households. The majority of respondents—63%—were Elderly, while 37% were not Elderly. In TDHCA’s portfolio of all housing units, about 28% of all heads of household qualify as Elderly, while 72% do not.
- The majority of respondents were White, and 28% were Black/African American. In TDHCA’s portfolio, roughly 52% of all heads of households in tax credit properties report their race as White, and roughly 34% report Black/African American.

Survey Results – Are the Survey Results Representative of the Entire Population?

The research partners at RMC grouped all TDHCA properties (2,024 total) into four “clusters,” or types. By creating these clusters, we ensured that surveys were sent to a range of household types. TDHCA staff identified four general criteria that could be used to group all the developments in the Department’s portfolio into four clusters: AMFI band, presence of Elderly household members, presence of children and families, and rural/urban designation.

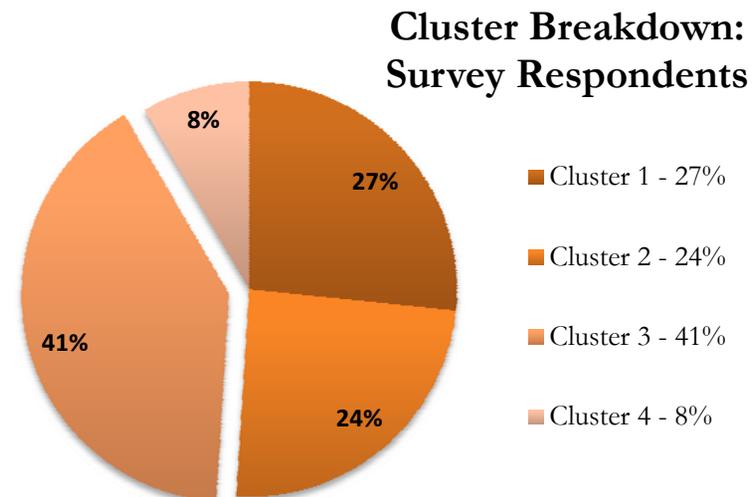
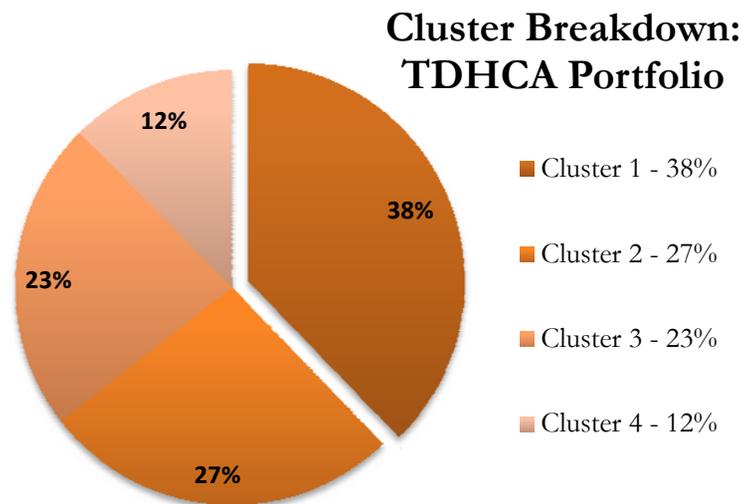
The resulting analysis divided all TDHCA properties into one of four cluster types:

Cluster 1: Properties with mostly **Family Households at 60% AMFI** (non-rural)

Cluster 2: Properties with mostly **Households between 40-50% AMFI; Elderly and Families** (non-rural)

Cluster 3: Properties with **Elderly Households** (non-rural)

Cluster 4: Properties that are **Rural Developments**



1. In TDHCA’s portfolio of all active Developments, the largest cluster is #1, Family Households at 60% AMFI.
2. The survey under-sampled Cluster 1 (Families) and over-sampled Cluster 3 (Elderly).

Survey Results – How to Group Respondents

Several of the survey questions speak directly to requirements in the Department’s Rules. For example, survey respondents were asked to identify the most important features of a neighborhood or to rank the tenant services from most important to least important. Because the Department serves so many **types of households**, with differing needs, and because the survey over-sampled Elderly households, staff believes that, for some questions, **it is preferable to analyze responses using specific filters**, as opposed to putting all respondents into one bucket.

Those possible filters for analyzing questions include the four clusters mentioned above and other options described below. The results that follow in this report do not make use of each filter for every question. If the Board would like to analyze results to a particular question based on a certain filter, staff can do so upon their request.

ELDERLY vs. GENERAL

Staff is able to separate survey responses between those developments that serve the “General” population (i.e., everyone, no matter their age) and those that serve the “Elderly” population (i.e., generally developments that mostly serve heads of households who are older than age 55, but that still may have some families or younger heads of households present). Given the Elderly tilt of the survey results, this division is not the most useful frame for analyzing survey results, but it is helpful for some questions, such as asking if a respondent works full-time.

CLUSTER

The responses to some questions are analyzed according to the cluster groups identified above. These clusters allow staff to make assumptions on how rural, Elderly, family, and very low income residents generally feel about housing issues.

CHILDREN

Staff estimates that 44% of all TDHCA Units in Texas house at least one child under the age of 18. In the survey, roughly 85 survey-takers (out of 653 total) specified that they have children in their household, or 13% of all survey takers. Because this question was not required, it is possible that the percentage is higher, but staff is unable to make that determination definitively.

Nevertheless, staff has isolated this group’s responses in order to identify families’ perspectives on the Department’s policies.

POVERTY RATE of CENSUS TRACT

The Qualified Allocation Plan (“QAP”) includes scoring for Opportunity Index community features. The two threshold criteria for Opportunity Index are poverty rates and income quartiles for census tracts. If a census tract is below 20% poverty rate, and if it is located in a first or second income quartile tract, or a third income quartile tract that borders a first or second quartile tract, then that tract is eligible for Opportunity Index points.

Staff has analyzed responses to some questions according to whether or not the census tract in which the respondent lives meets the Opportunity Index threshold requirements—i.e., relatively low poverty and high income.

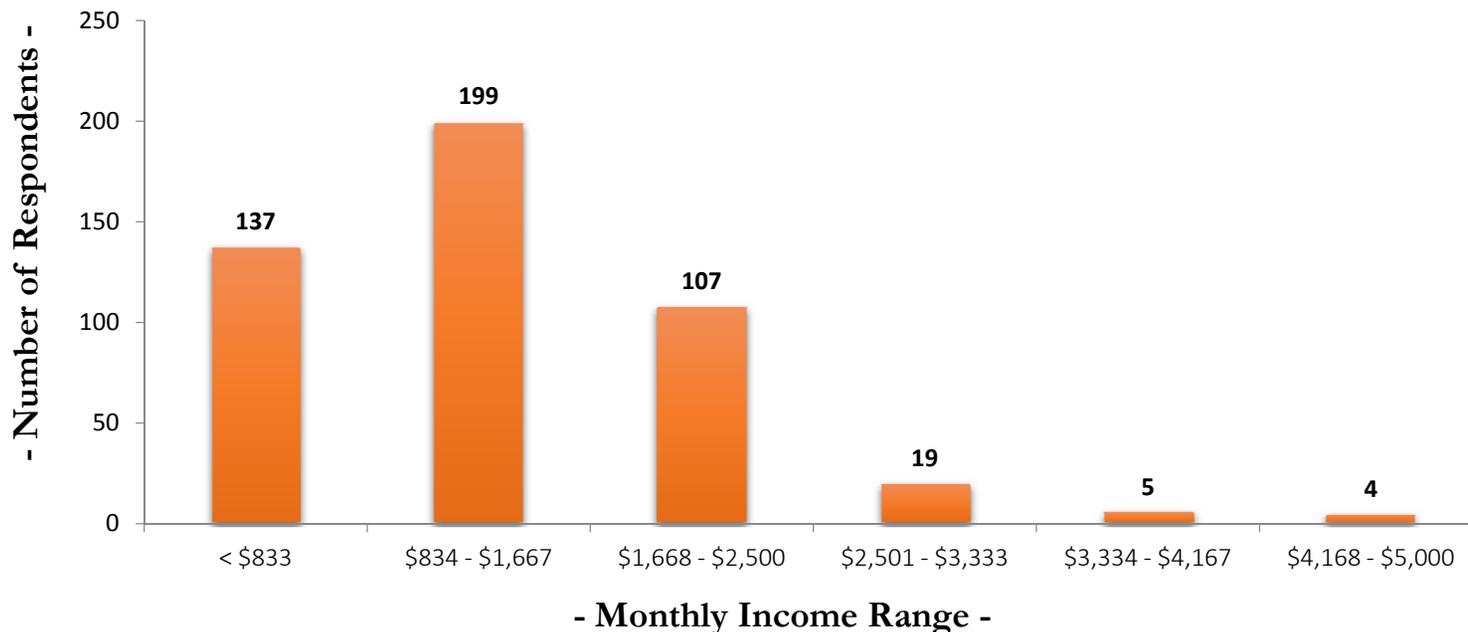
LIHTC CONCENTRATION of CENSUS TRACT

An administrative provision in the Department’s Rules seeks to limit the concentration of Low Income Housing Tax Credit Developments in the state’s census tracts. This provision is commonly referred to as the “20% rule.” To encourage the dispersion of affordable housing and more renter choice, 10 TAC §11.3(e) restricts New Construction and Adaptive Reuse LIHTC development in census tracts where the fraction of housing tax credit Units already exceeds 20% of all housing Units in that census tract (unless waived by the local governing body).

Staff has analyzed the responses to some questions according to whether or not the respondent lives in a census tract where housing tax credit Units are above that 20% threshold.

Self-Reported Household Monthly Earnings

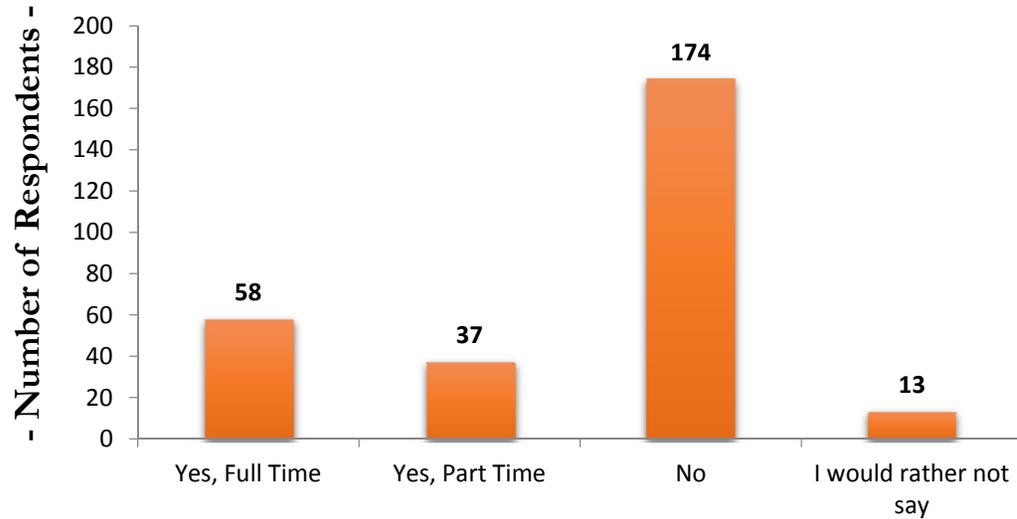
(outliers removed)



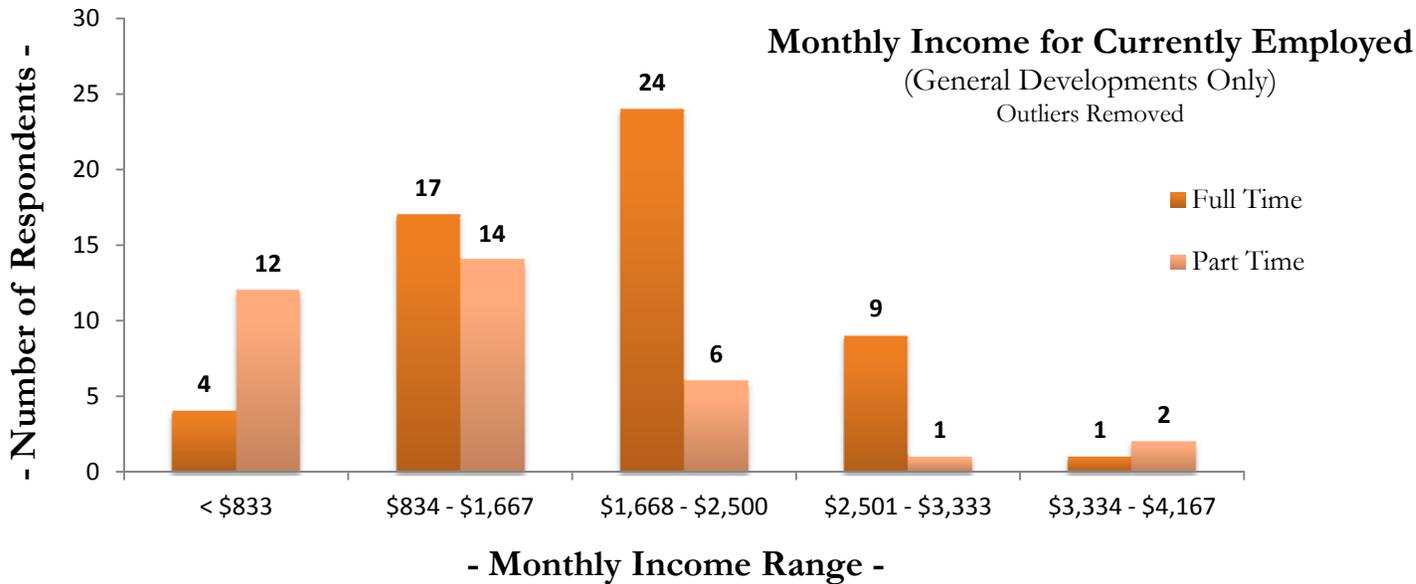
- With the majority of respondents being elderly, self-reported monthly earnings is in line with fixed-income bands associated with Social Security.
- The two highest bands more than likely reflect households with one or two members actively engaged in the workforce.
- According to the Department’s internal database, the median annual income of all households in TDHCA-assisted properties is roughly \$22,000.

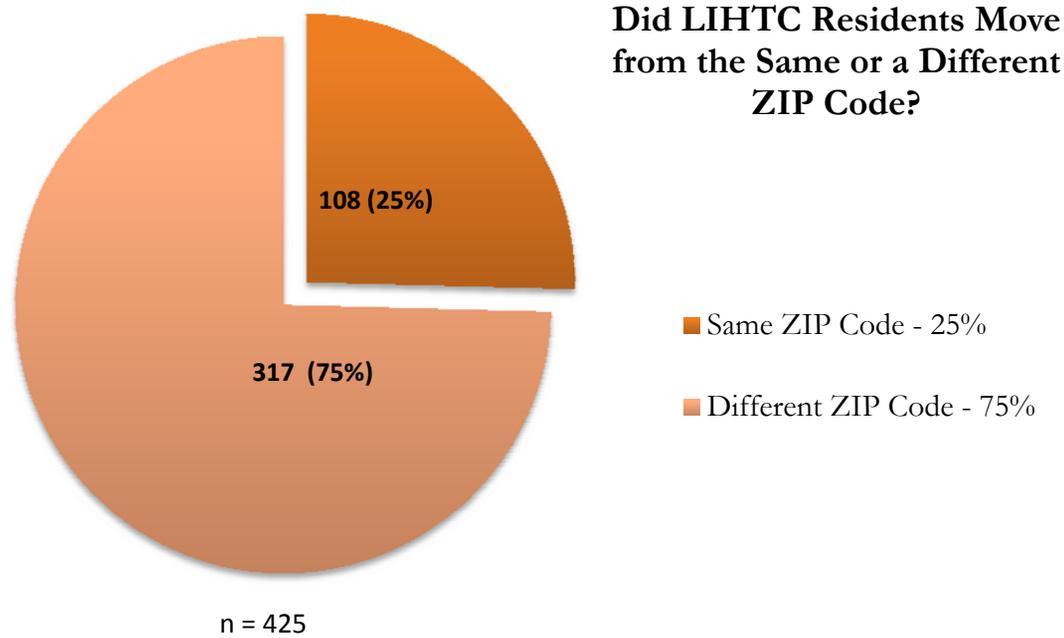
Survey Results – Background Information on Respondents

Are You Currently Employed? (General Developments Only)



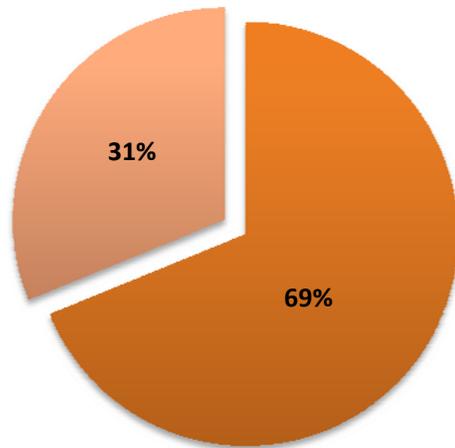
- The “No’s” here are more than likely Elderly households who live in General Developments and receive fixed-income assistance, such as Social Security.
- The monthly income for those respondents currently employed is shown below; the most predominant income band aligns with estimated median household income for all TDHCA units (~\$22,000).





- Most respondents at Developments indicate that they have moved from different ZIP codes. However, note that this question asked respondents to recall and input their previous ZIP code, so the margin of error is admittedly high for this particular question.
- Based on these preliminary results, one may assume that potential LIHTC residents are actively considering affordable rental opportunities in other parts of their towns, given this cross-zip code movement.

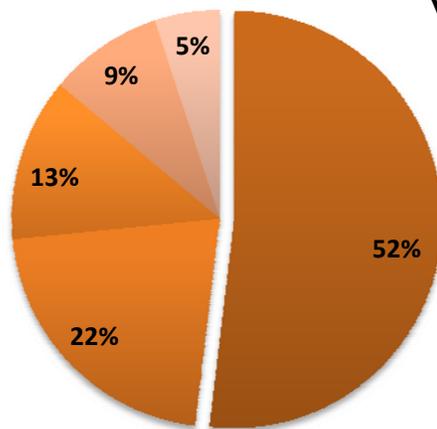
Survey Results – Future Goals for Residents



n = 77

Is Owning a Home a Medium- to Long-term Goal? (Households with Children)

- Yes - 69%
- No - 31%



n = 79

What are your plans for the next 2 years? (Households with Children)

- I plan to stay where I live - 52%
- I plan to purchase my own home - 22%
- I plan to move regardless of my income status - 13%
- Other - 9%
- My income will increase, and I will therefore move - 5%

- While under-represented in survey results, responses from households with children can be isolated in order to draw conclusions—e.g., regarding future household goals.
- The majority of households with children state that owning a home is a medium- to long-term goal.
- A not insignificant percentage of households with children—22%—further clarify that they hope to purchase a home within the next 2 years.

Survey Results – Quotes from Households with Children – Goal of Owning a Home

“I believe in owning property and plan to do so as soon as I am able to afford a home worth purchasing for my children.”

“I need a house for my kids to be able to play outside.”

“I want stability for my children. With a home they will have that. And will be able to play in their back yard.”

“I would like to give my kids a yard to play in, and have more space outside.”

“My family needs a home not an apartment. Have an autistic child who needs to spend time outdoors enclosed with a fence. Have a large family who need their own rooms.”

“We do not have money saved; therefore, it is a long-term goal. It remains a goal nonetheless (rather than being content to stay in the apartments forever) because it would be nice to have a yard for our son to play in.”

“It is my dream to one day to become a successful business woman, purchase, and own my own home as well as raise a family.”

Survey Results – Importance – Neighborhood Characteristics

Percentage of Respondents Stating Importance, by Group
(Top 5 Selections are Highlighted)

	Cluster 1	Cluster 2	Cluster 3	Cluster 4		Children Present
Being near a grocery store, pharmacy, etc.	94%	95%	96%	94%		90%
Being near recreational places like a park, jogging path, or gym	69%	71%	58%	64%		81%
School quality	51%	53%	10%	42%		88%
Being near health care providers, like a doctor or clinic	87%	88%	92%	98%		89%
Being near your job or other employment opportunities	62%	56%	19%	42%		74%
Attractiveness of neighborhood (no trash or abandoned buildings)	96%	88%	94%	100%		96%
Being near public transportation	60%	73%	57%	45%		60%
Safety of neighborhood	99%	97%	97%	96%		98%
Being near friends and family	81%	81%	86%	77%		74%
Being near to your child care facility	35%	38%	6%	21%		62%
Being near organizations, such as your church	65%	70%	77%	62%		64%
Continuing education opportunities to get new job skills, like community college or training center	47%	52%	14%	26%		57%

Cluster 1: Family Households at 60% AMFI (non-rural); **Cluster 2:** Households between 30-60% AMFI; Elderly and Families (non-rural); **Cluster 3:** Elderly Households (non-rural); **Cluster 4:** Households in Rural Developments

- Survey respondents indicated which **neighborhood features** were **important** to them.
- All four Clusters agree on **top 5 most important features**—**grocery store/consumer amenities, healthcare providers, the attractiveness** of the neighborhood (no blight), the **safety** of the neighborhood, and **being near family and friends**.
- Another group of respondents—**Households with Children**—largely agreed with the four Clusters, but also had **school quality** in their top 5 **most important** neighborhood features.
- When asked to identify the **top three** of those neighborhood features selected as important, respondents—grouped together—picked **1) safety of neighborhood; 2) being near a grocery store, pharmacy, etc.; and 3) being near health care providers**.

Survey Results – Importance – Development Characteristics

Percentage of Respondents Stating Importance (Top 5 Highlighted)

	Cluster 1	Cluster 2	Cluster 3	Cluster 4		Children Present
Size of my home	91%	83%	88%	84%		91%
Utility bills	92%	90%	92%	96%		95%
My home is accessible for people with disabilities	58%	70%	70%	67%		54%
Noise level	92%	86%	92%	90%		91%
Attractiveness of the apartment homes	90%	87%	92%	94%		89%
Storage	82%	71%	82%	69%		71%
Community of neighbors	83%	81%	84%	80%		84%
Amenities (club house, pool, workout room, etc.)	65%	66%	68%	57%		72%
Physical condition of the apartment and property	94%	90%	95%	98%		94%
Covered parking	58%	45%	61%	53%		59%
Landscaping	77%	77%	85%	78%		69%
Lighting	94%	90%	92%	88%		89%
Fencing and gates	77%	70%	85%	53%		73%

Cluster 1: Family Households at 60% AMFI (non-rural); **Cluster 2:** Households between 30-60% AMFI; Elderly and Families (non-rural); **Cluster 3:** Elderly Households (non-rural); **Cluster 4:** Households in Rural Developments

- Survey respondents indicated which **development and unit features** were **important** to them.
- Top 5 responses features were largely the same for all four Clusters, and include: **size of the unit, utility bills, noise levels, the attractiveness** of the apartment community, the **physical condition** of the property, and the **lighting** throughout the development.
- When asked to identify the **top three** of those development and unit features selected as important, respondents—grouped together—picked **1) size of my home; 2) utility bills; and 3) physical condition of the apartment and property.**

Survey Results – Rank – Resident Services

Tenant Service Ranked as Most Important (Top 2 Highlighted)

Type of Respondent	Transportation Services	Community and Social Interaction Services	Education and Job Training for Adults	Education Services for Children	Health & Wellness Services
Cluster 1	28%	16%	9%	13%	34%
Cluster 2	32%	16%	7%	13%	32%
Cluster 3	38%	21%	2%	1%	38%
Cluster 4	36%	13%	4%	11%	36%
Children Present	26%	13%	9%	26%	27%

Cluster 1: Family Households at 60% AMFI (non-rural); **Cluster 2:** Households between 30-60% AMFI; Elderly and Families (non-rural); **Cluster 3:** Elderly Households (non-rural); **Cluster 4:** Households in Rural Developments

- Survey respondents **ranked** categories of **residential services**, with 1 being the most important and 5 being the least important. The distribution of services identified as being **most important (#1)** are shown in the table above.
- For all four Clusters, **Transportation Services** and **Health & Wellness Services** are identified as most important. This seems logical given the Elderly tilt of the survey results.
- Another group of respondents—**Households with Children**—agreed with the four Clusters that Health & Wellness Services should be in the top two, but also identified **Education Services for Children** as the **most important**.

Survey Results – Best Neighborhood vs. Cheaper Rent – Census Tract Poverty and Income

Do Residents Prefer to Move or Stay, Based on Census Tract Poverty Rate and Income Quartile?

Census Tract Type	Where would you locate your dream home (Question 12)?	Which do you prefer: 1) Cheaper rent in your current neighborhood; 2) Best neighborhood but higher rent (Question 22)?	% responding this way	
HOI* Eligible	Same Neighborhood	Cheaper Rent	55%	
HOI* Eligible	Same Neighborhood	Best Neighborhood	8%	
HOI* Eligible	Different Neighborhood	Cheaper Rent	17%	37%
HOI* Eligible	Different Neighborhood	Best Neighborhood	20%	
High Poverty, Low Income	Same Neighborhood	Cheaper Rent	46%	
High Poverty, Low Income	Same Neighborhood	Best Neighborhood	6%	
High Poverty, Low Income	Different Neighborhood	Cheaper Rent	24%	48%
High Poverty, Low Income	Different Neighborhood	Best Neighborhood	24%	

*HOI, or High Opportunity Index threshold requirements

- Respondents were asked, “If you could have your dream home, would you keep your home in your current neighborhood or would you move your home to another part of town?” This is Question 12.
- Respondents were then asked a series of questions that asked them to reflect on the qualities of good and bad neighborhoods.
- Respondents were then asked the first question again, but in a different way: “Imagine you can move to the best neighborhood in your town or city. Which would you prefer? 1) Stay where I am but pay cheaper rent; or 2) Pay a little more in rent to live in the best neighborhood.” This is Question 22.
- Compared to residents in census tracts that qualify for High Opportunity Index, **a higher percentage of residents in census tracts that DO NOT qualify for High Opportunity Index preferred to move to a different neighborhood** when first asked where they would locate their dream home.

Survey Results – Best Neighborhood vs. Cheaper Rent – Census Tract LIHTC Concentration

Do Residents Prefer to Move or Stay, Based on LIHTC Concentration in Census Tracts?

LIHTC Concentration by Census Tract	Where would you locate your dream home (Question 12)?	Which do you prefer: 1) Cheaper rent in your current neighborhood; 2) Best neighborhood but higher rent (Question 22)?	% responding this way	
Under 20% HTC Concentration	Same Neighborhood	Cheaper Rent	52%	
Under 20% HTC Concentration	Same Neighborhood	Best Neighborhood	8%	
Under 20% HTC Concentration	Different Neighborhood	Cheaper Rent	21%	41%
Under 20% HTC Concentration	Different Neighborhood	Best Neighborhood	20%	
Over 20% HTC Concentration	Same Neighborhood	Cheaper Rent	46%	
Over 20% HTC Concentration	Same Neighborhood	Best Neighborhood	5%	
Over 20% HTC Concentration	Different Neighborhood	Cheaper Rent	20%	49%
Over 20% HTC Concentration	Different Neighborhood	Best Neighborhood	29%	

- Respondents were asked, “If you could have your dream home, would you keep your home in your current neighborhood or would you move your home to another part of town?” This is Question 12.
- Respondents were then asked a series of questions that asked them to reflect on the qualities of good and bad neighborhoods.
- Respondents were then asked the first question again, but in a different way: “Imagine you can move to the best neighborhood in your town or city. Which would you prefer? 1) Stay where I am but pay cheaper rent; or 2) Pay a little more in rent to live in the best neighborhood.” This is Question 22.
- Compared to residents in census tracts that are not too concentrated with LIHTC housing, **a higher percentage of residents in census tracts with relatively high concentrations of LIHTC housing preferred to move to a different neighborhood** when first asked where they would locate their dream home.

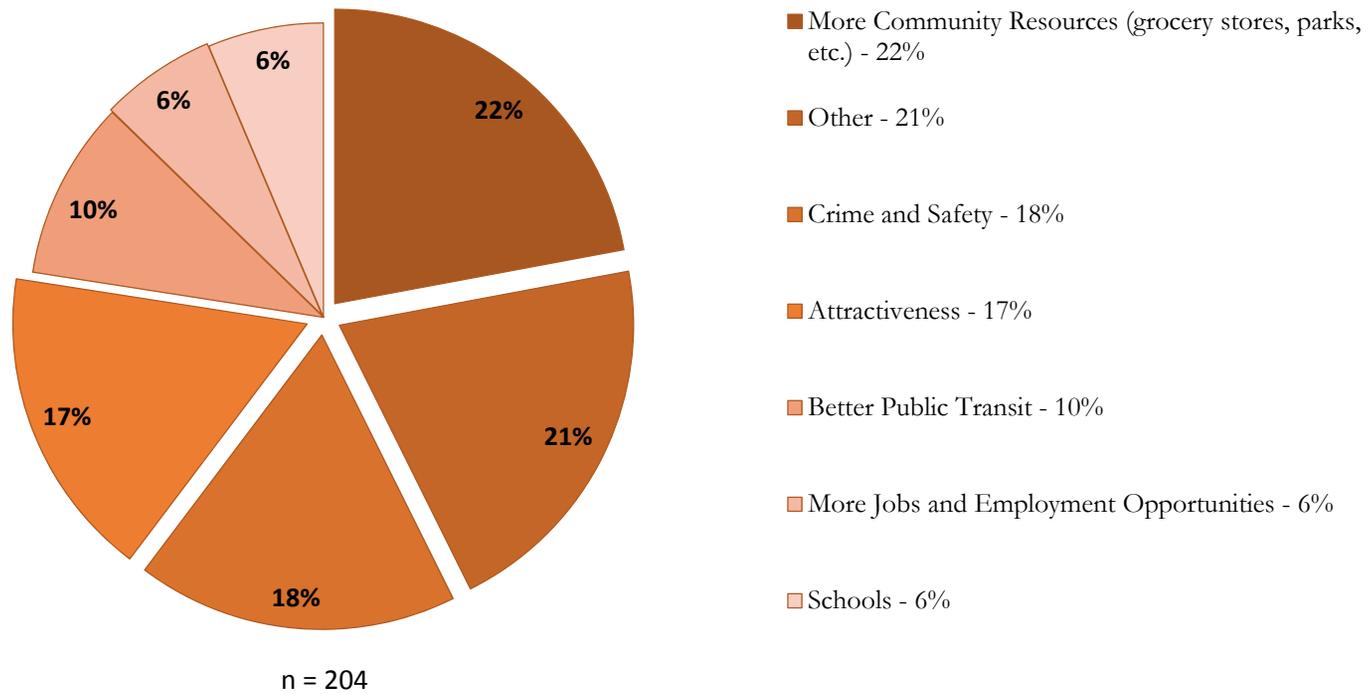
Survey Results – Best Neighborhood vs. Cheaper Rent – All Respondents

Do Residents Prefer to Move or Stay, All Respondents

Type of Respondent	Where would you locate your dream home (Question 12)?	Which do you prefer: 1) Cheaper rent in your current neighborhood; 2) Best neighborhood but higher rent (Question 22)?	% responding this way
All Respondents	Same Neighborhood	Cheaper Rent	50%
All Respondents	Same Neighborhood	Best Neighborhood	7%
All Respondents	Different Neighborhood	Cheaper Rent	21%
All Respondents	Different Neighborhood	Best Neighborhood	22%

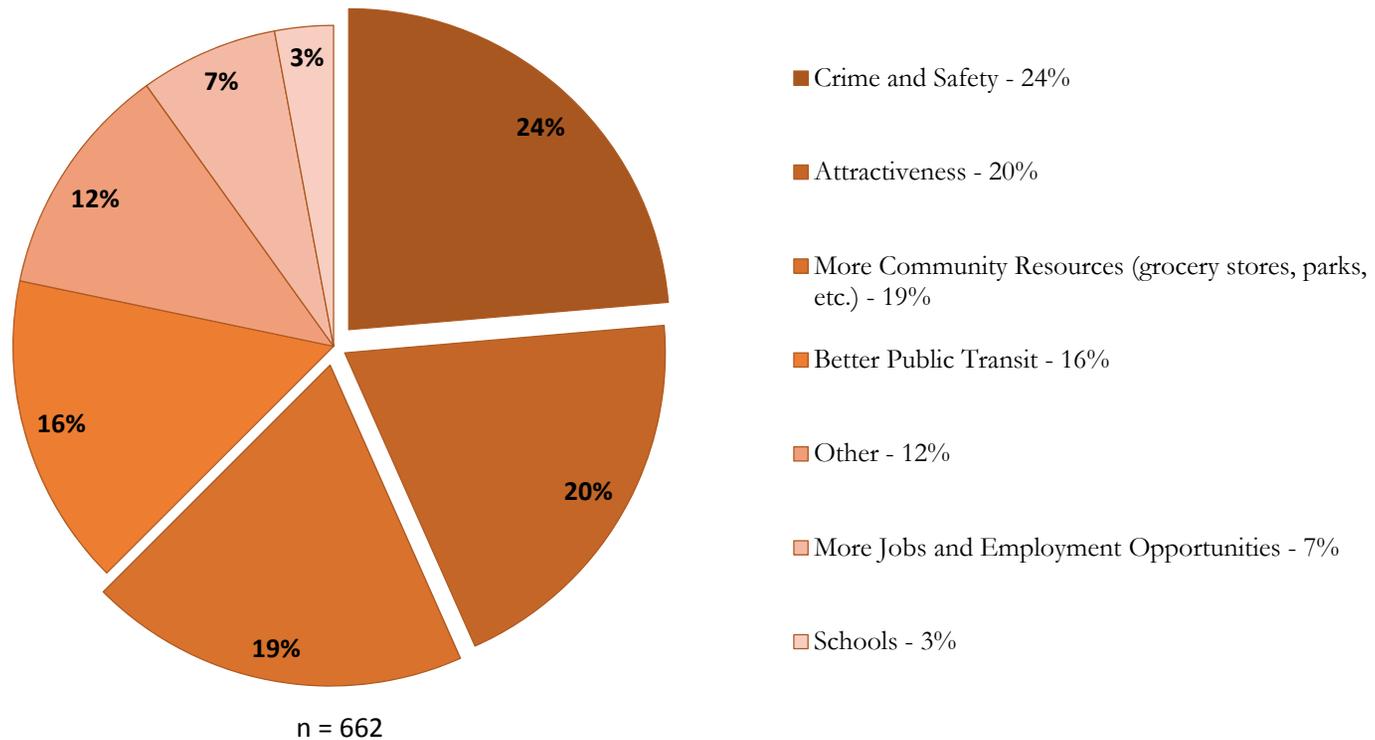
- Respondents were asked, “If you could have your dream home, would you keep your home in your current neighborhood or would you move your home to another part of town?” This is Question 12.
- Respondents were then asked a series of questions that asked them to reflect on the qualities of good and bad neighborhoods.
- Respondents were then asked the first question again, but in a different way: “Imagine you can move to the best neighborhood in your town or city. Which would you prefer? 1) Stay where I am but pay cheaper rent; or 2) Pay a little more in rent to live in the best neighborhood.” This is Question 22.
- Without any regard to who is responding or the neighborhood characteristics of where they live, **57% of all respondents preferred to locate their dream home in their same neighborhood, and 43% preferred a different neighborhood.**
- For those who initially preferred a different neighborhood, **nearly half of them changed their minds when presented with the option of cheaper rent** by staying in their current neighborhood. **The other half maintained their preference to move to the “best neighborhood,”** even if it meant a little more rent each month.

What Factors Make You Want to Move to a Better Neighborhood? (All Respondents)



- When respondents stated that they would **prefer to locate their home to another part of town** because of the benefits they see there, the survey asked them to **identify the features of that neighborhood that attract them.**
- **More community resources, low crime and more safety, and neighborhood attractiveness** are the characteristics of neighborhoods that resonate with respondents who wish to move.

What Factors of Your Neighborhood Need Improvement? (All Respondents)



- When respondents stated that they would **prefer to locate their home to another part of town because of features they do not like about the current neighborhood**, the survey asked them to identify those features. Similarly, for those respondents who stated that they wish to keep their home in their current neighborhood, the survey asked them to identify their current neighborhood’s characteristics that could improve.
- Similar to the benefits some respondents see in “better” neighborhoods, residents who reflect on their current neighborhoods are drawn to issues of **crime and safety, neighborhood attractiveness, and the presence (or lack thereof) of community resources.**

Selected Quotes from Survey Takers

“This housing community made it possible for me to sell an old home and move to a better environment that was more financially advantages.”

“The manager here is great. My closest neighbor is great. I'm grateful I got to keep my pup. This is a great community and I'm grateful I got to move here.”

“I am happy here, thankful for having a place I can afford.”

“We do not have money saved; therefore, [owning a home] is a long-term goal. It remains a goal nonetheless (rather than being content to stay in the apartments forever) because it would be nice to have a yard for our son to play in; a driveway for him to shoot hoops in ...”

“More affordable and dignified housing, such as this one! Had to wait a long time through Section 8. But, happy that I'm finally here.”

“I recently renewed my lease for another year. While doing so, I was told that my income level was within \$200 of being "too low" for qualification to live in the unit. While I have tried several times to get assistance, I am being told it's not available at this time. I'm concerned that should the qualifying income levels be changed before I have to renew my lease again (should I choose to do so), I may not be eligible to continue to reside in this unit. It concerns me that I will be forced to try and find somewhere else to reside and I know it will more than likely be more expensive. In my opinion, there would be no minimum qualifying amount for a low-income apartment.”

“I have seen apartment complexes built much like a high rise building with the ground-level being shops restaurants movie theaters and such and then of course elevators to go from the second floor however have it goes. I believe that something like that for people with disabilities would be excellent housing especially for those of us who cannot drive.”

“My work is only 15 mins away however, due to lack of before/afterschool programs in the area, some of my children attend school in another district and town.”

“Apartment I live in is not compliant with ADA. This is a major factor when building 55+ apartments. They attract much older people who use wheelchairs and walkers.”

“I am thankful TDHCA is involved in such a worthwhile enterprise. / Qualification and re-certification process could be more transparent so residents could do a better job of financial planning. Perhaps an ombudsman hot line would be helpful to everyone with these issues.”

“There are different cultures living here. It would help if there were classes or get together in order to learn customs, foods, etc. I think this would help towards living together in harmony.”



2019 Qualified Allocation Plan ("QAP") and Uniform Multifamily Rules (the "Rules")

Project Plan

March 22, 2018

IMPORTANT DISCLAIMER: THIS PROCESS IS INTENDED TO ENABLE STAKEHOLDERS AND STAFF TO PROPOSE AND DEVELOP IDEAS AND CONCERNS TO BE CONSIDERED IN THE DEVELOPMENT OF THE QAP AND UNIFORM MULTIFAMILY RULES FOR 2019. THE OFFICIAL PUBLICATION OF A BOARD APPROVED DRAFT FOR PUBLIC COMMENT WILL STILL OCCUR IN ACCORDANCE WITH THE STATUTORILY ESTABLISHED CALENDAR IN FALL 2018.

INTRODUCTION

The purpose of this project is to solicit and discuss ideas to be considered for inclusion in the 2019 QAP and the Rules. The ultimate deliverables for this project are a QAP and Rules that clearly articulate TDHCA housing policy as established by the Governing Board through threshold and scoring criteria and that also address all applicable state and federal requirements. TDHCA staff welcomes an open discussion with stakeholders in affordable housing across the state of Texas.

It is planned that the process will include regular monthly meetings on the day before Board meetings, outreach efforts so that stakeholders who are not able to attend meetings will have an opportunity for input, and focused meetings with stakeholders that have specific needs and insights. Staff may involve local and regional experts in affordable housing to present findings at meetings, and staff may conduct and contribute their own research on select issues.

Throughout this plan and in supporting documents, the terms “Rules” and “QAP” may be used interchangeably. Because the QAP (10 TAC Chapter 11) and the Rules (10 TAC Chapter 10) are currently so integrated, staff’s and stakeholders’ input will often reference these two Chapters in unison. However, it is likely that the QAP and aspects of the Rules will be reconfigured as a part of this process.

PROJECT GOALS AND PURPOSE

The Multifamily Finance Division (“Division”) staff will lead the project, including scheduling meetings, accessing necessary resources, facilitating conversations, and compiling results. The Division will provide periodic reporting to the Board so they are regularly updated on the progress of the monthly meetings and have an opportunity for input throughout the process. Staff from other TDHCA divisions may be asked to participate as needed.

Stakeholders, including the development community, advocates for various interest groups served by affordable housing, residents of TDHCA properties, and various subject matter experts, will be invited to participate in meetings, surveys, or other forms of public comment and discussion so that a clear assessment of varying needs and priorities may be compiled. That assessment, along with applicable statutory and regulatory requirements, will be used to draft amendments and changes to develop the proposed 2019 QAP. Because many stakeholders cannot travel to Austin for these monthly QAP meetings, the Division staff will make a strong effort to solicit feedback through more flexible means. Possible media include online polls and focus groups. TDHCA staff also may hold stakeholder meetings in other locations.

It is anticipated that the process will continue through July 2018, and that a staff draft (one that has not yet had Board input) 2019 QAP will be available in late summer/early fall 2018. Specific sections of the QAP may be drafted and made available for informal comment throughout the process, in order to provide for the most effective possible feedback on those items.

PROJECT SCOPE

The scope of the project will include the planning and development of specific topics to be considered for amendment in the 2019 QAP and Rules, and potentially years later. While it is anticipated that the process will be completed prior to publication of the staff draft and presentation of the QAP to the Board in September 2018, this is an ever-evolving process and there may be items that will be continued into subsequent years. The chief focus of the project is the 2019 QAP, but other parts of the Rules may be included in the project as needed.

The project will, in certain matters, rely heavily on data gathered from external sources. Sources may include (but will not be limited to) Census and American Community Survey data, reputable research centers, and best practices from other organizations or states. Internal data may include TDHCA's Compliance Monitoring and Tracking System ("CMTS") and general knowledge gathered from previous application rounds. Results from the Department's recently completed resident survey may also be included.

During this process, Division staff will be evaluating related topics to the QAP. This research and staff's experiences with and/or knowledge of evaluation, scoring criteria, and tenant needs will be incorporated into the project.

Broad questions that may guide our discussion throughout 2018 include the following:

1. How should the QAP treat applicable Fair Housing Requirements?
2. How can the scoring structure best address widely varying needs across the State (as well as within rural and urban subregions)?
3. How to optimize the providing of services and benefits to tenants? And how to maximize the value of TDHCA's annual LIHTC allocation while also providing meaningful tenant services?
4. Which scoring items can move from an "all-or-nothing" structure to a weighted structure that offers multiple scoring options, so as to encourage greater competition among Applicants? Once identified, how might this be accomplished?
5. Which policy changes are conducive to implementing a two-year QAP?
6. Some proposed changes to the 2018 QAP offered in public comment once it was posted as a proposed rulemaking were too significant to implement as a result of public comment. Their common themes included ideas relating to:
 - a. Costs and HTC Efficiency
 - b. Tie-Breaker Factors
 - c. Opportunity Index menu items and distances to amenities
 - d. Population limitations for certain scoring items

It is staff's desire to place at the front end of this project those ideas that will require the most time to develop adequately so that they can, if possible and, after assessment, appropriate, be considered for inclusion in the 2019 QAP and/or Rules.

Based on previous conversations, staff's research, and policy directions from the Governing Board, staff proposes the following topics as the initial points of departure as the Division and stakeholders begin composing the 2019 QAP and Rules:

1. Recognizing, but also containing, rising costs and encouraging HTC allocation efficiency
2. The inclusion of employment data in competitive scoring items
3. Weighting scoring items to encourage more competition among Applicants and more fine-tuned public policy that responds to quantifiable, real estate metrics.
 - a. Weighting opportunity index menu items
 - b. Weighting underserved area scoring criteria
 - c. Etc.
4. Better categorizing resident services, and accurately reflecting the value of items with weighted scores
5. Better categorizing common and unit amenities, and accurately reflecting the value of items with weighted scores
6. Monitoring the Readiness-to-Proceed item
7. Any other topics identified during the course of this project.

SCHEDULE BASELINE

The initial schedule proposes to meet in Austin the day before the TDHCA Governing Board meeting. Specific topics to be discussed at each meeting will be mapped out prior to the January 25 meeting, based on input from stakeholders and staff priorities. Additional meetings may be scheduled in order to accommodate specific topics, or in locations other than Austin.

2017 QAP Planning Process - Tentative Schedule		
Title	Date	Description
1 st 2019 QAP Meeting	12/14/17	Location: John H. Reagan Building 140: 1:30 to 4:30 pm Subject: Planning the 2019 QAP monthly meetings; identifying topics of interest
TDHCA Board Meeting	12/14/17	TDHCA Governing Board meeting
2 nd 2019 QAP Meeting **CANCELLED due to inclement weather – topics posted in TDHCA Online Forum**	01/17/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: Opportunity Index & Employment Area Proximity
TDHCA Board Meeting	01/18/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
3 rd 2019 QAP Meeting **CANCELLED**	02/21/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: REA – Costs and Efficiency; Direct Loan
TDHCA Board Meeting	02/22/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.

4 th 2019 QAP Meeting	03/21/18	Location: John H. Reagan Building 140 Time: 2:00 to 5:00 pm Subject: REA and Costs; Direct Loan
TDHCA Board Meeting	03/22/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
TDHCA QAP & Rules Board Subcommittee ***DELAYED***	3/22/2018	Location: John H. Reagan Building 140 Time: 1:30 to 4:00 pm Subject: Resident Survey Report; 2019 QAP & Rules Plan
5 th 2019 QAP Meeting	04/25/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: Common and Unit Amenities; Building Standards; Resident Services; Integrated Housing Rule
TDHCA Board Meeting	04/26/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
6 th 2019 QAP Meeting	05/23/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: Tie-Breakers; Bond Rule; other topics TBD
TDHCA Board Meeting	05/24/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
7th 2019 QAP Meeting **CANCELLED**	06/27/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: TBD
TDHCA Board Meeting	06/28/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
8th 2019 QAP Meeting **CANCELLED**	07/25/18	Location: Stephen F. Austin Building, Room 170 Time: 2:00 to 5:00 pm Subject: TBD *Subject to Cancellation
TDHCA Board Meeting	07/26/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
Staff Draft of QAP	08/2018	In August, staff will post a draft of the QAP for input from stakeholders. That input will be considered as staff prepares the QAP for presentation to the Board in September.
TDHCA QAP & Rules Board Subcommittee	09/05/18	Location: Stephen F. Austin Building, Room 170 (subject to change) Time: 2:00 to 5:00 pm (subject to change) Subject: Presentation and discussion of staff draft of the 2019 QAP
TDHCA Board Meeting	09/06/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.
Public Comment Period on Chapters 10 and 11	TBD	Following the September TDHCA Board Meeting, the public comment period on Chapters 10 and 11 will commence at a to be determined date and time and will conclude at a to be determined date and time.
TDHCA Board Meeting	10/11/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.

TDHCA Board Meeting	11/08/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion. (Time to send to Governor)
TDHCA Board Meeting	12/06/18	Presentation to the TDHCA Governing Board regarding progress on planning and discussion.

As much as practically possible, amendments contemplated for proposal to the Board will be presented to stakeholders after they have been thoroughly reviewed by TDHCA staff, including Legal Services, for compliance with statutory and regulatory requirements and compliance with TDHCA Board housing policy. It is expressly pointed out that Board policy may evolve and change in this process. As the meetings progress it is likely that the Board will be asked to dig into different policy objectives and weigh in on the objectives it directs staff to pursue. Possible amendments that impact scoring will be added to a draft scoring matrix, so that impacts can be fully understood in context as they are developed and considered.

In the case of proposed changes that will significantly impact the development process, TDHCA staff may suggest a phased approach to implementation so that stakeholders are able to effectively plan for implementation.

This Project Plan will change over the course of 2018, as needs or priorities are identified and addressed. Schedules regarding individual topics may expand or contract as necessary to accommodate stakeholder input and staff priorities.

COMMUNICATIONS MANAGEMENT PLAN

The Communications Management Plan sets the communications framework for this project. It will serve as a guide for communications throughout the life of the project and will be updated as communication requirements change. This plan identifies and defines the roles of stakeholders, staff and the Board as they pertain to communications. It also includes a communications matrix which maps the communication requirements of this project.

Communication Type	Description	Format	Participants/ Distribution	Deliverable
Periodic Status Report	Summary of project status	Website	Multifamily Finance	Status Report
Monthly Project Meeting	Meeting to discuss scheduled topic	In Person	All	Meeting Summary
Special Project Meeting	Meeting to discuss specific topics	In Person	All	Meeting Summary
Status Report to Governing Board	Report on Project progress, request Board input	In Person	TDHCA staff and Board	Board report, Action Request as needed
Website	Posting of Meetings and Materials	Website	Multifamily Finance	Resource for Project participants

Online Forum	Method for gathering stakeholder input	Website	All	Input regarding specific topics to be integrated into rule making process
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While informal communication is a part of every project and is necessary for successful project completion, any issues, concerns, or updates that arise from informal discussion between TDHCA staff and stakeholders will be communicated to the larger group so that the appropriate action may be taken.

COST MANAGEMENT PLAN AND OUTREACH

TDHCA has minimal resources available to rent meeting space, provide hard copy materials, or travel to areas outside Austin. Wherever possible, meeting spaces that are available without charge will be utilized. Meeting participants will be requested to provide their own copies of materials.

As described in the Communications section, the project will provide opportunities for stakeholders that are not able to attend meetings to provide input. Division staff plan to conduct meetings in geographic areas outside of Austin as travel schedules and budgets allow.

SCHEDULE MANAGEMENT PLAN

Meeting schedules and topics will be regularly posted to the TDHCA website, via the listerv, and through social media. Once the initial schedule has been established, necessary resources will be developed, reviewed and approved prior to posting. Schedules will be updated as the project evolves, and updates will be posted to the TDHCA website.

STAFFING PLAN

Key TDHCA staff members working on the 2019 QAP and Rules Planning Process include:

Asset Management

Director of Asset Management

Compliance

Chief of Compliance

Director of Multifamily Compliance

Executive Team

Executive Director

Chief of External Affairs

Fair Housing & Data Management

Fair Housing Project Manager

Program Data Specialist

Legal

General Counsel

Legal Counsel assigned to Multifamily Programs

Federal Compliance Counsel

Multifamily Finance Division

Multifamily Finance Director

Multifamily Finance Manager

Housing Tax Credit Administrator

Multifamily Direct Loan Program Administrator

Multifamily Policy Research Specialist

Real Estate Analysis

Director of Real Estate Analysis and key REA staff

3c

BOARD REPORT ITEM
INTERNAL AUDIT DIVISION
March 22, 2018

Report on the Internal Audit “Review of Bond Finance Program’s Processes and Controls”

3d

BOARD REPORT ITEM
INTERNAL AUDIT DIVISION
March 22, 2018

Report on the Meeting of the Audit Committee

REPORT ITEM

Verbal report

4

AUDIT AND FINANCE COMMITTEE ACTION REQUEST

INTERNAL AUDIT DIVISION

March 22, 2018

Presentation, discussion, and possible action regarding the Texas State Auditor's Office audit report #18-012 "A Report of the Audit of the Texas Department of Housing and Community Affairs' Fiscal year 2017 Financial Statements".

RECOMMENDED ACTION

WHEREAS, the Department is required to undergo an annual audit of its books and accounts, an annual audit of the Housing Trust Fund, and to obtain audited financial statements for the Housing Finance Division and the Supplemental Bond Schedules,

NOW, therefore, it is hereby

RESOLVED, the annual financial audit, audit of the Housing Trust Fund and the audit of the Housing Finance Division and the Supplemental Bond Schedules are hereby accepted.

BACKGROUND

Audit requirements:

- 1) The Department's governing statute, Tex. Gov't Code §2306.074, requires an annual audit of the Department's books and accounts.
- 2) Tex. Gov't Code §2306.204 requires an annual audit of the Housing Trust Fund to determine the amount of unencumbered fund balances that is greater than the amount required for the reserve fund.
- 3) The Department's bond indentures required audited financial statements of the Housing Finance Division and the Supplemental Bond Schedules.

Results of the audits conducted by the State Auditor's Office:

SAO Report on the "The Audit of the Department of Housing and Community Affairs Fiscal Year 2017 Financial Statements" Report # 18-012 available at:

<https://www.sao.texas.gov/SAOReports/ReportNumber?id=18-012>

- a) FY 2017 Basic Financial Statements (SAO Report # 18-307)
- b) FY 2017 Revenue Bond Program Audit (SAO Report # 18-308)
- c) FY 2017 Computation of Unencumbered Fund Balances (SAO Report # 18-309)

- d) FY 2017 Report on Compliance with the Public Funds Investment Act (SAO Report # 18-310)
- e) FY 2017 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (SAO Report # 18-311)

The basic financial statements will be available in their entirety at: <http://www.tdhca.state.tx.us/pdf/17-BasicFinancials.pdf>

5a

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action regarding the Issuance of a Governmental Lender Note (The Preserve at Hunters Crossing) Resolution No. 18-015 and a Determination Notice of Housing Tax Credits.

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution for The Preserve at Hunters Crossing at the Board meeting of November 9, 2017;

WHEREAS, the 4% Housing Tax Credit application, sponsored by On Track Ministries, Inc. and the MacDonald Companies, was submitted on November 14, 2017;

WHEREAS, a Certification of Reservation was issued in the amount of \$13,000,000 on March 9, 2018, with a bond delivery deadline of August 6, 2018;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated a Category 3 and found acceptable by the Executive Award and Review Advisory Committee (“EARAC”); and

WHEREAS, EARAC recommends the issuance of a Governmental Lender Note (The Preserve at Hunters Crossing) and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of an unrated tax-exempt governmental note of \$13,000,000 (The Preserve at Hunters Crossing) Series 2018, Resolution No. 18-015 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of \$845,800 in 4% Housing Tax Credits for The Preserve at Hunters Crossing, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website, is hereby approved in the form presented to this meeting; and

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

BACKGROUND

General Information: The governmental note will be issued in accordance with Tex. Gov’t Code, Ch. 1371, and under Tex. Gov’t Code, Ch. 2306, the Department’s Enabling Statute (the “Statute”), which provides the authority for the Department to provide such financing for its public purposes, as defined therein. The

Statute provides that the Department's revenue bonds do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

The Preserve at Hunters Crossing is proposed to be located at the 200 block of Hunters Crossing Boulevard in Bastrop, Bastrop County, and involves the construction of 140 units serving the general population, all of which will be rent and income restricted at 60% of the Area Median Family Income. The census tract (9503.00) has a median household income of \$63,814, is in the second quartile, and has a poverty rate of 9.9%. Bastrop, which is part of the Austin-Round Rock MSA, is located off State Highway 71, approximately 25 miles southeast of Austin and has a population of 8,519, compared to 7,218 in 2010. The city of Bastrop is considered rural as reflected in the Department's Site Demographics Report. Staff notes that the eastern most edge of the city limits of Austin (that has a population of approximately 950,000 people) is approximately 15 miles from one of the western most boundaries of the Bastrop city limits.

The Uniform Multifamily Rules contain a provision relating to limitations of the size of a development which reads in part "*New Construction or Adaptive Reuse Developments in Rural Areas are limited to a maximum of 80 Units. Other Developments do not have a limitation as to the maximum number of Units.*" This requirement stems, in part, from the definition of a Rural Development as found in Tex. Gov't Code §2306.004(28-b), which reads "*a development or proposed development that is located in a rural area, other than rural new construction developments with more than 80 units.*" Staff believes that the definition represents a characterization of a development that would have greater implication under the Competitive 9% HTC program considering the Rural Set-Aside and other provisions that relate to the scoring of a rural application. Under the Non-competitive 4% HTC program, set-aside and scoring provisions do not exist. However, the requirement in the rule that limits the size of multifamily developments in rural areas, regardless of funding source, is representative of Department policy in preventing the over-burdening of units in a rural area. At the meeting of November 9, 2017, the Board granted a waiver of the aforementioned rule specific to the Preserve at Hunters Crossing Development.

Organizational Structure and Previous Participation: The Borrower is The Preserve at Hunters Crossing, L.P. and includes the entities and principals as illustrated in Exhibit A. The applicant is considered an Extra Large Category 3 portfolio and the previous participation was deemed acceptable by EARAC after further review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends the issuance of tax-exempt bonds and a Determination Notice.

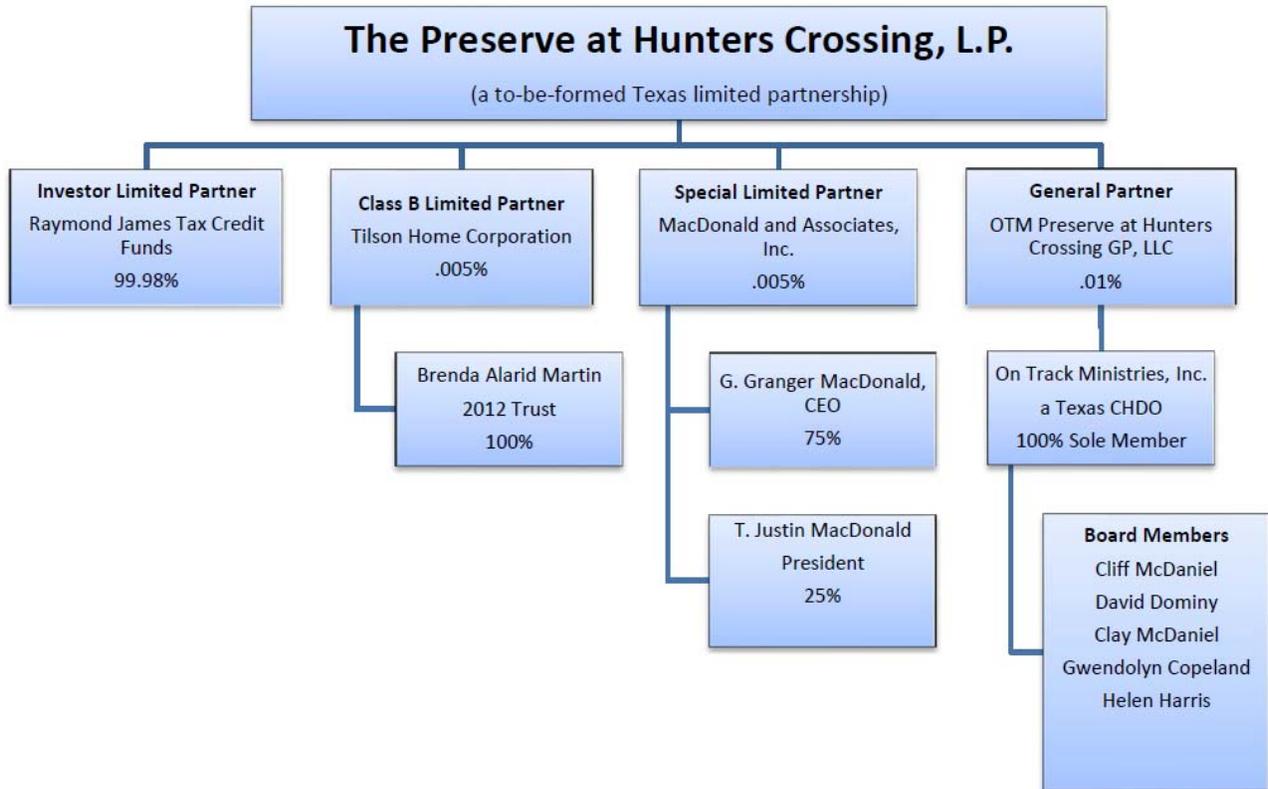
Public Hearing/Public Comment: A public hearing for the proposed development was conducted by staff on January 30, 2018. There were 42 people were in attendance, three indicated support, 30 were opposed, and nine were considered neutral as their opinion was not indicated on the sign-in sheet. Eight attendees completed Witness Affirmation Forms and seven of them spoke on the record regarding the proposed development. A copy of the hearing transcript is included herein. The Department has received a letter of support from Gary Schiff, Mayor Pro Tempore for the City of Bastrop, and a letter of support from a member of the community. The Department received 51 letters of opposition from members of the community.

Summary of Financial Structure

The Department will issue an unrated tax-exempt fixed rate governmental note (similar to fixed rate bonds in other structures) in the amount of \$13,000,000 that will be purchased by Citibank, N.A. under their Tax-Exempt Back-to-Back Loan Program. This financing structure has previously been utilized by the Department, most recently for the Gateway at Hutchins transaction that was approved by the Board in

2016. Citibank, N.A. will acquire the loan and the Department's related governmental note at closing which will be used to fund an interim construction loan that will be converted to a permanent mortgage loan once the conditions to conversion have been met and the development has placed into service. Payments on the construction loan are expected to be interest-only for 36-months at a fixed rate equal to LIBOR ("London Interbank Offered Rate") plus a spread of 2.05%. Currently, the 18-year LIBOR is trading at approximately 2.96%, for an all-in rate of 5.01%. Prior to closing, the permanent phase interest rate will be locked, resulting in a fixed rate anticipated to be similar to the construction phase rate which was used by Real Estate Analysis for purposes of underwriting. The governmental note will have a 30-year term, 35-year amortization and final maturity date of May 1, 2051. Along with being the permanent lender, Citibank, N.A. will be the servicer of the loan and bondholder.

EXHIBIT A



RESOLUTION NO. 18-015

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS GOVERNMENTAL LENDER NOTE (THE PRESERVE AT HUNTERS CROSSING) SERIES 2018; 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, very low and extremely low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

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

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Governmental Lender Note (The Preserve at Hunters Crossing) (the "Governmental Lender Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, Citibank, N.A., as funding lender (the "Funding Lender"), and BOKF, N.A., as fiscal agent (the "Fiscal Agent"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

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

WHEREAS, the Board, by resolution adopted on November 9, 2017, declared its intent to issue its revenue bonds to provide financing for the Development; and

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

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Borrower Loan Agreement (the "Borrower Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Governmental Lender Note (the "Borrower Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the

Development and related costs, and (ii) the Borrower will execute and deliver to the Department a multifamily note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Governmental Lender Note, and providing for payment of interest on such principal amount equal to the interest on the Governmental Lender Note and to pay other costs described in the Borrower Loan Agreement; and

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

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

WHEREAS, simultaneously with the making of the Borrower Loan, Citibank, N.A. will make a taxable construction loan to Borrower secured on a party basis with the Borrower Note; and

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

WHEREAS, the Board has determined that the Department, the Fiscal Agent, and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Bastrop County, Texas; and

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

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

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

ARTICLE 1

ISSUANCE OF GOVERNMENTAL LENDER NOTE; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Lender Note. That the issuance of the Governmental Lender Note is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Funding Loan Agreement, and that, upon execution and delivery of the Funding Loan Agreement, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and

affix the Department's seal to the Governmental Lender Note and to deliver the Governmental Lender Note to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to deliver the Governmental Lender Note to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Governmental Lender Note shall bear interest at a fixed rate as described in the Borrower Note subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate (including any default rate) on the Governmental Lender Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Governmental Lender Note shall be \$13,000,000; (iii) the final maturity of the Governmental Lender Note shall occur on May 1, 2051; and (iv) the price at which the Governmental Lender Note is sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Funding Loan Agreement. That the form and substance of the Funding Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent.

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

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. The form and substance of the Tax Exemption Agreement relating to the Governmental Lender Note are hereby approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Fiscal Agent.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Fiscal Agent and to cause the Regulatory Agreement to be filed of record in the real property records of Bastrop County, Texas.

Section 1.7 Sale of the Governmental Lender Note. That the sale of the Governmental Lender Note to the Purchaser is hereby authorized and approved.

Section 1.8 Acceptance of the Borrower Note and the Security Instrument. That the form and substance of the Borrower Note and the Security Instrument are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Note to the order of the Fiscal Agent without recourse.

Section 1.9 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.10 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.11 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.12 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

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

Section 1.13 Authorized Representatives. That the following persons are hereby named as Authorized Representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

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

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

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

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

Section 2.5 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and

subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

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

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

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

(b) Findings with Respect to the Borrower.

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

(ii) that the Borrower is financially responsible, and

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

(c) Public Purpose and Benefits.

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

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

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

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

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

ARTICLE 4

GENERAL PROVISIONS

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

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

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

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

[Execution page follows]

PASSED AND APPROVED this _____ day of _____, 2018.

[SEAL]

J. B. Goodwin, Chair

ATTEST:

James B. Eccles, Secretary

EXHIBIT A

Description of Development

Borrower: The Preserve at Hunters Crossing, L.P., a Texas limited partnership

Development: The Development is a 140-unit affordable multifamily community to be known as The Preserve at Hunters Crossing, and to be located at 210 Hunters Crossing Blvd., Bastrop, Bastrop County, Texas 78602. It will consist of 14 residential buildings with approximately 144,656 net rentable square feet. The unit mix will consist of:

36	one-bedroom/one-bath units
56	two-bedroom/two-bath units
48	three-bedroom/two-bath units
<hr/>	
140	Total Units

Unit sizes will range from approximately 738 square feet to approximately 1,248 square feet.

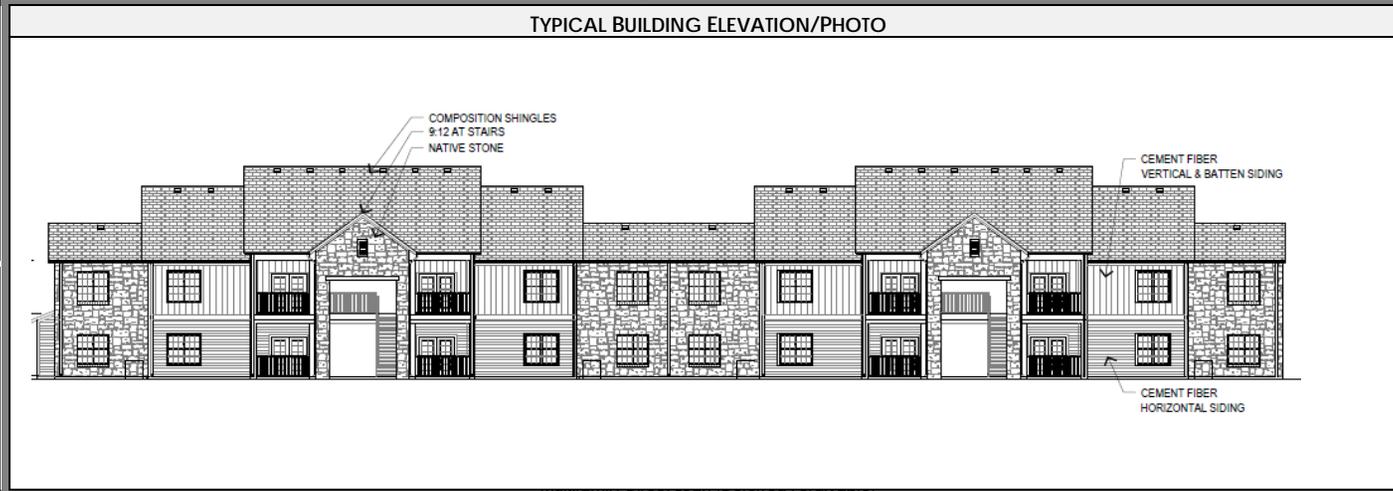
18615 The Preserve at Hunters Crossing - Application Summary

REAL ESTATE ANALYSIS DIVISION

March 15, 2018

PROPERTY IDENTIFICATION		RECOMMENDATION					
Application #	18615	TDHCA Program		Request	Recommended		
Development	The Preserve at Hunters Crossing	LIHTC (4% Credit)		\$845,800	\$845,800	\$6,041/Unit	\$0.90
City / County	Bastrop / Bastrop						
Region/Area	7 / Rural						
Population	General						
Set-Aside	General						
Activity	New Construction	Private Activity Bonds	\$13,000,000	5.00%	35	30	1st

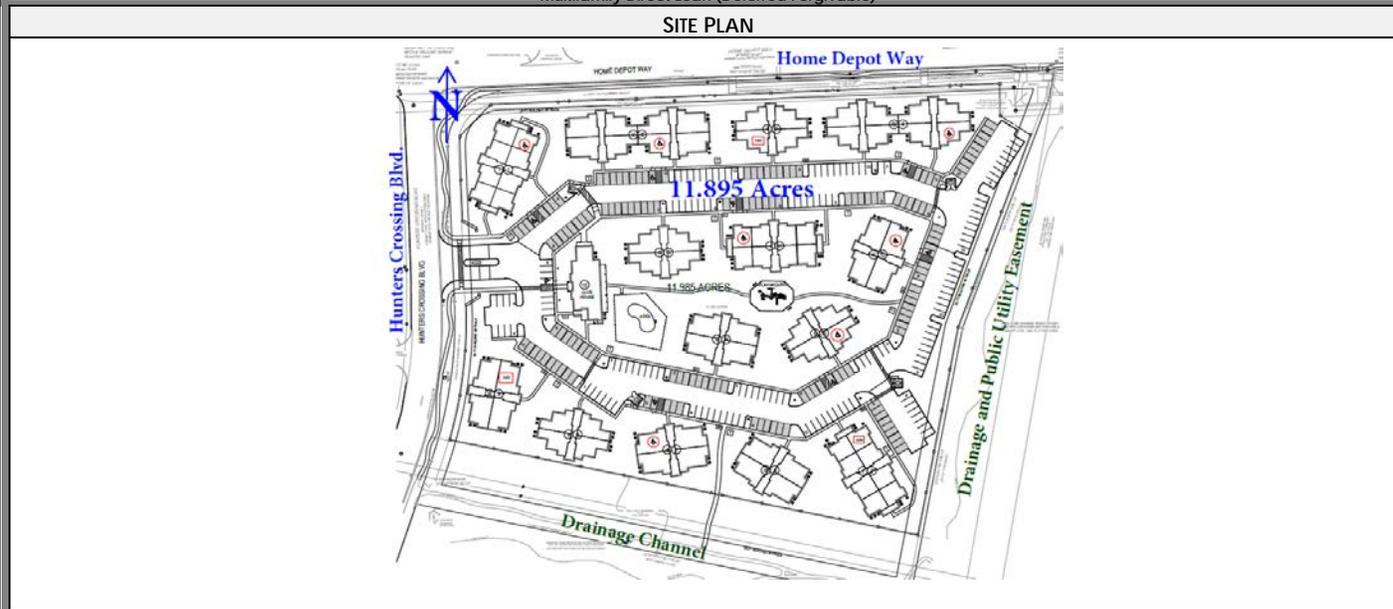
KEY PRINCIPAL / SPONSOR		
Granger MacDonald / MacDonald and Associates, Inc.		
Related-Parties	Contractor - Yes	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	36	26%	40%	-	0%
2	56	40%	50%	-	0%
3	48	34%	60%	140	100%
4	-	0%	MR	-	0%
TOTAL	140	100%	TOTAL	140	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.15	Expense Ratio	40.1%
Breakeven Occ.	85.2%	Breakeven Rent	\$871
Average Rent	\$947	B/E Rent Margin	\$76
Property Taxes	\$496/unit	Exemption/PILOT	50%
Total Expense	\$4,278/unit	Controllable	\$2,664/unit



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	8.2%
Highest Unit Capture Rate	21% 2 BR/60% 56
Dominant Unit Cap. Rate	21% 2 BR/60% 56
Premiums (↑60% Rents)	No
Rent Assisted Units	N/A

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,033 SF	Density	11.7/acre
Acquisition		\$10K/unit	\$1,436K
Building Cost	\$73.59/SF	\$76K/unit	\$10,645K
Hard Cost		\$99K/unit	\$13,819K
Total Cost		\$164K/unit	\$22,922K
Developer Fee	\$2,627K	(66% Deferred)	Paid Year: 10
Contractor Fee	\$1,933K	30% Boost	Yes

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
CITIBANK, N.A.	30/35	5.00%	\$12,640,000	1.15	Tilson Home Corporation	30/0	0.00%	\$950,000	1.15	Raymond James	\$7,610,678
										The Preserve at Hunters Crossing Developers, L.L.C.	\$1,721,318
TOTAL DEBT (Must Pay)			\$12,640,000		CASH FLOW DEBT / GRANTS			\$950,000		TOTAL EQUITY SOURCES	\$9,331,996
										TOTAL DEBT SOURCES	\$13,590,000
										TOTAL CAPITALIZATION	\$22,921,996

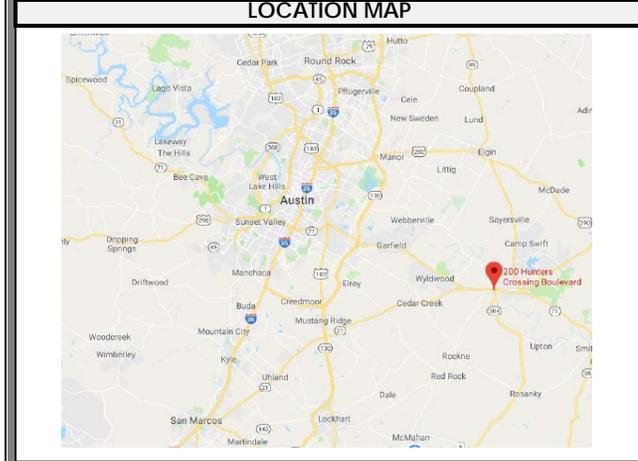
CONDITIONS

- Receipt and acceptance by Cost Certification:
 - Documentation that any management fee in excess of 4.00% of EGI will be subordinate to debt service.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	4/13/2018
Bond Amount	\$13,000,000
BRB Priority	Priority 3
Close Date	TBD
Bond Structure	Private Placement

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
o	96% average occupancy for HTC properties in PMA
o	Attractive design should enhance leasing
o	Residential in-fill location with proximity to schools and work/play options
o	Developer experience
o	Sufficient demand based on 2018 rules
WEAKNESSES/RISKS	
o	20% unit capture rates
o	Extended PMA required to identify sufficient demand using 2017 rules
o	Feasibility depends on 50% property tax exemption



Support

From: [Gary Schiff](#)
To: [Teresa Morales](#)
Subject: Development Number 17625
Date: Wednesday, December 13, 2017 3:48:36 PM

Ms. Morales,

I am currently the Mayor Pro Tem for the City of Bastrop.

I received a notification from TDHCA about the applicant for tax credit financed apartments in Bastrop. At a recent Council meeting we unanimously passed a resolution supporting the project referenced herein. We really need affordable housing in Bastrop. Our City Manager researched to find that the City of Bastrop imports twice as many workers as it exports (people living in the City of Bastrop and working outside the City.)

I strongly recommend that you approve this application.

Thank you,

Gary Schiff
Mayor Pro Tem
City of Bastrop

From: [Mary Branan](#)
To: [Teresa Morales](#)
Subject: Preserve at hunters crossing
Date: Friday, February 09, 2018 7:45:37 AM

Bastrop needs much more affordable housing. There is no proof that this category of apartments causes more crime and traffic congestion and sewage problems than higher priced housing in the same location would. The objections of the nearby homeowners is bigoted and selfish, besides having no substance. Bastrop needs it, Macdonald company wants to do it, city hall has liked it. I say go ahead with the project, please. Mary Branan, resident, Riverside Grove.

from my iPad

Opposition

From: [Aidee Lopez-Robles](#)
To: [Teresa Morales](#)
Subject: The Preserve at Hunters Crossing
Date: Tuesday, February 06, 2018 9:11:22 AM

Good morning.

I am writing this brief email in opposition to the Preserve at Hunters Crossing. I live in the Hunters Crossing subdivision, and I oppose the Preserve at Hunters Crossing for several reasons. We have had major flooding issues in our community and it has not been fixed. Also, putting these homes right by the subdivision will devalue our homes. Is there not a better place for these homes in Bastrop? Also, the roads for the expected traffic would have to be fixed before these homes are occupied.

I truly think the well being of our community has not been taken into account. Please consider my input when working on the Preserve.

Thank you,
Aidee Lopez-Robles

From: [Amanda Berry](#)
To: [Teresa Morales](#)
Subject: Preserve at Hunters Crossing
Date: Monday, February 05, 2018 2:43:04 PM

To Whom it May Concern,

My name is Amanda Berry and I am a homeowner in the subdivision Hunter's Crossing in Bastrop, TX. I am writing to inform you of my opposition to the affordable housing apartments Preserve at Hunters Crossing.

I am extremely concerned that if these apartments were to be approved and built the crime rate in our neighborhood would sky rocket. I am a mother of two young girls and we are at home alone frequently due to my husbands job. If the crime rate goes up I don't know how I would sleep at night for fear of my young girls and myself.

I am also concerned that the value of our home would depreciate significantly. We just bought our home a year ago and love the quiet neighborhood. It is so close to everything we need. We saw it as a safe and great place to raise our girls. I fear that if these apartments were approved and if the crime rate goes up we would have to move and would have a hard time trying to find a buyer due to the depreciated value.

PLEASE I beg you to really take a look at these concerns and the concerns of others in our neighborhood before you make your decision for the Preserve at Hunters Crossing. If you are a parent, please think about how you would feel if you were put in this situation and the safety of your children being compromised.

For your consideration,
Amanda Berry



Virus-free. www.avast.com

From: [Armanda Herrera](#)
To: [Teresa Morales](#)
Subject: Fwd: teresa.morales@tdhca.state.tx.us
Date: Saturday, January 06, 2018 6:57:00 PM

Sent from my iPhone

Begin forwarded message:

From: "Nextdoor Hunters Crossing Bastrop" <reply@rs.email.nextdoor.com>
Date: January 6, 2018 at 4:47:03 PM CST
To: armanda.herrera49@gmail.com
Subject: teresa.morales@tdhca.state.tx.us
Reply-To: reply+GYYDONJXGI2F64DSN5SHKY3UNFXW4X2QJ5JVIXZXGQYDEMRRHEYA====@hunterscrossingbastrop.nextdoor.com

 Michelle Dodson, Hunters Crossing Bastrop **LEAD**

This is the email I sent....if in opposition to the new apartments-you can copy, change a few things, paste and send. It took me 3 minutes. Last chance folks-8th is deadline

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2007 and I have served on the HOA BOD for the past 4-5 years. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against...[Read more](#)

Jan 6 in General to Hunters Crossing Bastrop

[View or reply](#) [Thank](#) [Private message](#)

You can also reply to this email or use Nextdoor for [iPhone](#) or [Android](#)

This message is intended for armanda.herrera49@gmail.com.

[Unsubscribe or adjust your email settings](#)

Nextdoor, 875 Stevenson Street, Suite 700, San Francisco, CA 94103

From: [Anne Herrington](#)
To: [Teresa Morales](#)
Subject: Re: application # 17625
Date: Saturday, January 06, 2018 6:11:29 PM

Ms. Morales:

Please do not approve the low income apartments in Bastrop called the Preserve. My husband, Bob Wetherholt, and I have been residents of Hunters Crossing since 2013. Two other low income projects have been proposed, and we were successful in stopping them both. Now we are threatened again with the Preserve.

The majority of Hunters Crossing residents I've spoken with are against the new apartments. Low income apartments built in our backyard could potentially lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. In addition our neighborhood already has flooding issues and, since to my knowledge the developer has not adequately addressed these issues, the building of additional apartments in our backyards will only add to the existing problem.

The City approved the project without the input of the majority of home owners and cleaned out the sewers, maintaining that we will never flood again. The ponds were supposed to hold a 100 year flood and they do not! If we get 5 or 6 inches of rain in a short time, we flood! It has happened several times and homes as well as local businesses nearby were affected negatively by the rising water. As point of fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Again, please note that we oppose the building of above said apartments.

Thank you,

Anne Herrington
110 Big Horn Pass
Bastrop, TX 78602

Sent from my iPad

From: [Audrey Ly](#)
To: [Teresa Morales](#)
Subject: Low income housing project Hunter's Crossing Bastrop Texas
Date: Sunday, January 07, 2018 8:48:13 AM

Ms Morales, Please do not approve the subsidies for low income apartments in Bastrop, Texas called the Preserve. I am a resident of Hunters Crossing as of 2015. I, as well as many of my neighbors, are concerned about adding low income housing in the apartments behind Home Depot. Low income housing will reduce the value of our homes and the area. This has been proven in so many different areas. It is unfortunate that it is like that, but it is also a fact. I would not have purchased a home that was next to a low income housing project and can't blame other people for feeling the same way. That is one of the main concerns. We also have to consider the flooding that already occurs, that has not been addressed by the city or the developer. We do not have adequate water pressure in this area to add additional housing. Streets are not safe with the current traffic conditions. We do not have emergency services that can keep up with this many additional residents. Developers are just concerned about making money and are NOT concerned about all of the people that it will affect. When I say that, I mean myself as a home owner here and also the new residents in the apartments.

Please stop the subsidies that will allow this to happen.

Sincerely,
Audrey Lynch

From: [Becky](#)
To: [Teresa Morales](#)
Subject: Affordable housing apartments
Date: Tuesday, February 06, 2018 10:25:14 AM

I oppose the Preserve at Hunters Crossing because it will lower value of my home, add to existing crime rate in our neighborhood, add to existing issues with flooding.

From: [Brandon Johnson](#)
To: [Teresa Morales](#)
Subject: Low income housing
Date: Sunday, January 07, 2018 8:39:24 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2007 and I have served on the Pid board for several years. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will pay the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Brandon Johnson

Teresa Morales

From: Diane Turner [sportskrew@gmail.com]
Sent: Saturday, January 06, 2018 5:18 PM
To: Teresa Morales
Subject: application 17625

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

We are residents of Hunters Crossing as of 2013. I love our neighborhood. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. We are with the majority of Hunter's Crossing In opposition to the low income apartments built in our backyard.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. Ha, what a joke. When it rains 5 inches in a short time we definitely flood. Please note that We oppose the building of the low income apartments.

Thank you
Bruce & Diane Turner

From: [Carolyn Smith](#)
To: [Teresa Morales](#); [Mayor Connie Schroeder](#)
Subject: Flooding in Hunters Crossing (near the Preserve Bastrop Tx.)Pictures owners is trying to plant trees but water is coming underground from apartments being constructed in our community. We have ponds and flooding which are made worse by each new constr...
Date: Saturday, January 20, 2018 12:56:15 PM









Carolyn Smith
116 Outfitter
Bastrop TX
Sent from my iPad

Teresa Morales

To: Carolyn Smith
Subject: RE: Flooding in Hunters Crossing

From: Carolyn Smith [<mailto:grannytx1@gmail.com>]
Sent: Thursday, December 28, 2017 11:21 AM
To: Teresa Morales
Subject: Fwd: Flooding in Hunters Crossing

I forgot to mention this water is across the street from low income land for The Preserve your number 17625
Carolyn smith

Sent from my iPad

Begin forwarded message:

From: Carolyn Smith <grannytx1@gmail.com>
Date: December 28, 2017 at 10:02:02 AM CST
To: Teresa Morales
<teresa.morales@tdhca.state.tx.us>
Subject: Flooding in Hunters Crossing



The low income apartments here in Bastrop are being built where land and homes flood. I have dozens of pictures. You might ask why the market rate apartments being built now in the same location are having tons of dirt hauled in to try to raise the land up so those apartments do not flood. Residents have sued Forestar, city state Etc over flooding issues.

These apartments are all at risk and will cause more flooding as the land is covered up.

We do NOT live in flood plain but ponds are in flood plain.

The TDHCA needs to do an independent flood study before committing any federal funds Etc for this project.

Carolyn Smith

116 Outfitter

N

Bastrop TX

Sent from my iPad

To: [Curtis Smith](#)
From: [Curtis Smith](#)
Date: [Thursday, December 20, 2018 12:21:27 AM](#)

I thought to caption this water in across the street from low income land for The Preserve your number 17025
Curtis Smith

Sent from my iPad

Right forwarded message:

From: Curtis Smith, [curtis.smith@cityofwaco.com](#)
Date: December 20, 2018 at 12:21:27 AM CST
To: Curtis Smith, [curtis.smith@cityofwaco.com](#)
Subject: [Flooded in Business Crossing](#)



The low income apartments here in Waxwing are being built where land and houses flood. I have dozens of pictures. You might ask why the market rate apartments being built here in the same location are having tons of dirt hauled in to try to raise the land up so these apartments do not flood. Residents here need Finance, city, state the over flooding issues.

These apartments are all at risk and will cause more flooding as the land is covered up.
We do NOT live in flood plain but people are in flood plain.
Curtis Smith
11/10/2018
N
Waxwing TX
Sent from my iPad

From: [Carolyn Smith](#)
To: [Teresa Morales](#)
Subject: The Preserve at Hunters Crossing Bastrop TX file application 17625 Please stop this project!!!
Date: Tuesday, January 02, 2018 12:29:48 PM

Dear Ms. Morales;

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing from its beginning (2004) and we have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve.

Forestar is determined to destroy this neighborhood in several ways.

The stigma of low income in a small town is much more of a problem especially when these apartments are built in a small community of 500 homes. Everyone who is a realtor or buyer will way the consequences of purchasing a home that has low income apartments in our backyards. It is a fact that this developer plans to sell these units in 10 years. He told the city council that is what he will do. If you check his company they do this selling all over the state and that information is in their application. They take the profits and run, In 10 years the apartments will need major renovations. I see a potential for our community to be destroyed. We are a planned community with very nice homes and an HOA that maintains our community.

1. Another developer is building 130 or so apartments next to this proposed site just to the East. They are digging large detention basins in hopes of not flooding the homes. If the flooding was fixed as the City Manages says then why are they digging huge areas for detention?? They claim the ponds are working.
2. Since 2004 we have had **flooding** issues from the ponds that were built Hunters Crossing. **Tributaries 5 and 6 of the Colorado River are located in the neighborhood.** The ponds can not hold the water that the city has allowed the water from outside the neighborhood to come into our community. . Our neighborhood receives water from Burlson Crossing, Home Depot, Lowes, and the shopping center across 71 and highway 71 to our north. Freeway water runs into our neighborhood. We also receive water from the land west of Bear Hunter Drive. That land is not developed yet but homes are planned. We are the area that all of the land to our north and west deposits it runoff during storms. The city will tell you this is fixed and I will tell you it is not.
3. Several in this community have filed a lawsuit against the State of Texas, Bastrop County, Bastrop city, Forestar the developer, because **homes have flooded in and out of the subdivision.** Homes in the county just to our south receive the water and their land and homes have been flooded as the water does not have a channel to get it to the Colorado River. Our attorney says the problem is that the drainage system was not meant to receive water from areas outside of the neighborhood. It was done piece meal with out a master plan by the city.
4. Lost Pines Toyota near the land where these apartments are going has flooded and Carlos Liriano the owner is very concerned that he will flood even more with development that covers up the land.
5. **Council meeting to approve apartments;** The city of Bastrop held a meeting and approved this project without the community knowing anything about it. We read it in the newspaper about it after the fact and the city manager said it was all approved back then which was not

true. . The only notice we found after the fact was an 10x10 sign stuck in front of a strip mall across the street from the proposed apartment land. Those signs are in that boulevard a lot advertising for the strip mall businesses so no one thought anything of it. **NOT ONE VOICE WAS HEARD PRO OR CON AT THE MEETING BECAUSE NO ONE KNEW ABOUT IT.**

6. The City cleaned out the sewers and believe we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes were destroyed. Homes are also having foundation problems because the developer hauls in tons of dirt to try to raise up the elevation of the homes in hopes of stopping them from floods. This causes foundation shifts.
7. My home has been surrounded by water and it is terrifying.
8. I would wonder if both new apartment developments can exist in a small town.

I oppose this apartments for several reasons but mostly for destroying our property values. As a Real Estate Broker I know that the low income has to be disclosed to a buyer and that will destroy the values. This is a small town and everyone will know they are low income. As the apartments age it will be very apparent.

The flooding is going to continue and get worse as this water has no place to go due to it not being channeled to the river. The county and city will tell you it is fixed because they are being sued by the residents. (last word was they are anxious to settle and not go before a jury) .

There is a place for these units and it is in a area that needs revitalization and close to a grocery store. There are areas in Bastrop that need revitalization and I would hope that tax money could be used to help those areas.

One last problem, our community pool is directly across the street from this building and we pay an HOA fee to maintain it. The apartments will not be in the HOA so will not pay for pool. This pool is currently a magnet for drug deals and illicit behavior. That will increase and the city of Bastrop does not have the money to hire enough police to protect us. That information was from them.

All property in Hunters Crossing pays a PID fee to maintain a city park also next to our swimming pool. It is a fact that crime rises around these buildings.

Please do not approve these apartments. It will harm those very folks who work, pay their own way and they do not deserve this stigma and problems that come with it. Our homes are valued at about \$240,000 give or take and we do not deserve to be destroyed by a government program that is suppose to help people. Put it in area where it will not destroy others.

I will send pictures of the years of flooding under separate email.

Carolyn Smith

116 Outfitter Dr

Bastrop Tx 78602 phone 512-417-0508 cell

Sent from [Mail](#) for Windows 10

From: [Carolyn Smith](#)
To: shannon.roth@tdhca; [Teresa Morales](#); [Lyle Nelson](#)
Subject: The Preserve Hearing Bastrop Tx
Date: Friday, February 02, 2018 4:40:57 AM

Dear Shannon and Teresa;

I attended the hearing for the Preserve and two glaring facts were evident; The city manager did not tell the truth as flooding is not fixed and the city is involved in the process. She said it was a county problem.

I have an email from Bastrop Council Member Lyle Nelson where he says he has concerns about this project because Mr MacDonald told him they **intend to sell these apartments in 10 years.** When I brought that up at the hearing MacDonald adamantly denied the fact they intend to sell in 10 years. The reactions from his attorney told me something was wrong. So which is it ? I do not believe Mr Nelson is lying to me. Council member **Mr Lyle Nelsons phone number is 512-850-8123**

I have to wonder why anyone would be allowed to sell the project after receiving millions of dollars in tax money. If you read their application they have listed the many projects they own and they have noted on some of them that they have sold them due to financial considerations.

So Why would Mr MacDonald lie in a hearing if he intends to sell The Preserve in 10 years?

Flooding:

2. Linda Humble City Manager says that the flooding issues are Bastrop County's problem when she knows full well that the ponds need to be dredged and all of the drainage ditches need to be deepened as they have filled up with debris? I called our Bastrop County Commissioner Mel Hamner and asked him what is happening and why he was no longer working with the city as Ms Humble told us in the hearing. He said he is working with the city. Another lie?? Why?? Mr Hamner said they are going to widen the bridge at Shiloh with city assistance. He also said that they have a plan to channel the pond water back into the flood plain. Forestar our developer in about 2008 blocked the end of the ponds and forced the water away from the flood plain and on to properties on 304 which then caused them to flood twice. I am told this land will be channeled in the flood plain. This same wall also caused homes inside Hunters Crossing to flood.

I asked Mr Hamner if he was confident that the neighborhood would not flood when he finished his work. . He answered by saying that the current apartments under construction will pour a very large volume of flood water into the ponds. I asked him if the ponds can handle runoff from 60 acres of apartments that are in the planning stages and he did not answer. He then told me that all of the land to our west where they plan to build homes will drain across Hunters Crossing and there is no way of telling how much water that will be. He did **not** seem confident that we will not flood. You see Hunters Crossing sits in a big bowl that the developer filled in with 100's of tons of dirt to try to get buildings and homes up. Mr Macdonald will be required to haul in a lot of dirt on the land before building. I would advise you to require that the Preserve have flood insurance even though it is not on a flood map. Nothing in Hunters Crossing is built in a flood plain but that has not stopped two floods from happening and high water at other times.

Mr Carlos Liriano owner of the Toyota dealership who was at the hearing . His business flooded, along with Covert Chevrolet, Homes in Hunters Crossing and the homes along 304 just south of Hunters Crossing. Some of those homes on 304 are 40 years old and have never flooded until the development in Hunters Crossing.

I understand that The Preserve is going to be built either with or without your funding. **I urge you not to waste taxpayer money on a project that may have flooded buildings in the future.** All of the water from the Colorado river to our north, flows south through Hunters Crossing and eventually to a creek on Shiloh Rd.

I am part of a lawsuit due to flooding and our attorney tells us that the engineers he hired to study the flooding stated that the city never had a master flood plan for the whole area from the river north of Hunters Crossing. It was put together without a plan to get the water to the creek and eventually to the river to our south. Development of Burleson Crossing shopping and highway 71 dumped all of that runoff into our neighborhood. The City/state did not require enough detention for those projects. All of the vacant land to our west will develop and the elevation of that land is higher than Hunters Crossing so we will receive a lot of water from that land.

I urge the **TDHCA not** to waste taxpayer money on The Preserve. Ironically there are many locations in the city of Bastrop that would benefit from this project and enhance and revitalize the area that do not flood.

Commissioner Mel Hamner can be reached at 512-581-7100

Lyle Nelson Bastrop City Council member 512-850-8123 lyle53marc@gmail.com

Carolyn Smith

116 Outfitter Dr

Bastrop Tx 512-308-0087

Sent from [Mail](#) for Windows 10

From: [Cecilia M.](#)
To: [Teresa Morales](#)
Subject: Please stop the Apartments
Date: Saturday, January 06, 2018 7:46:50 PM

Mrs. Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

We have been a resident of Hunter's Crossing since 2016. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents are against this.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that a Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Hurricane Harvey brought water into my home this past year alone. With more apartments on the land it would only make it worse. Please note that we oppose the building of above said apartments.

Thank you

Noe & Cecilia Perez
111 Pheasant Trail
Bastrop, TX 78602

From: [Charlene](#)
To: [Teresa Morales](#)
Subject: Please don't built the low income apartments!
Date: Sunday, January 07, 2018 1:24:40 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2008. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will way the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Charlene Gao

发自我的 iPhone

From: [C. Slonecker](#)
To: [Teresa Morales](#)
Subject: hunters preserve apts.
Date: Tuesday, February 06, 2018 5:08:15 PM

i oppose section 8 vouchers at the hunters preserve apts because of the lowering my property values, as well as the potential for higher crime an a area that already has enough issues.

thanks,
chet slonecker
hunters crossing homeowner

From: [Christie Johnson](#)
To: [Teresa Morales](#)
Subject: Low income apartments
Date: Sunday, January 07, 2018 8:27:00 PM

Dear Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing since 2005. I have served on the HOA BOD in the past. We have had 2 other low income projects come up and we have stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I have spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments as part of the neighborhood. Our neighborhood already has flooding issues with possible upcoming lawsuits regarding the flooding. The building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you,
Christie Johnson

From: [Christina Keeney](#)
To: [Teresa Morales](#)
Subject: Fw: Apartments: Hunters Crossing
Date: Monday, January 08, 2018 3:37:25 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2013.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are supposed to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Christina Keeney

[Sent from Yahoo Mail on Android](#)

From: theresadki@att.net
To: [Teresa Morales](#)
Subject: Affordable apartments by Hunter's Crossing
Date: Tuesday, January 30, 2018 7:58:42 PM

My husband and I are against the building of both planned apartments being built near the Hunter's Crossing subdivision in Bastrop, TX.

David Ivey
Eva Ivey
Homeowners
215 Wild Cat dr
Bastrop, TX 78602

Sent via the Samsung Galaxy S8 Active, an AT&T 4G LTE smartphone

From: [Dan](#)
To: [Teresa Morales](#)
Subject: disapprove of low income apartments in Bastrop called the Preserve
Date: Saturday, January 06, 2018 7:31:59 PM

This is just copy, but either way my family opposes the low income apartments coming to Hunters Crossing. I am a resident of Hunters Crossing as of 2011 We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

From: [David Patterson](#)
To: [Teresa Morales](#)
Subject: Fw: Preserve At Hunters Crossing
Date: Tuesday, February 06, 2018 2:12:15 AM

On Tuesday, February 6, 2018 12:09 AM, David Patterson <07777mdp@att.net> wrote:

Dear Ms. Teresa Morales,

My name is David G. Patterson. I am a homeowner at Hunters Crossing. I am opposed to your Affordable Housing Apartments/ Section 8 know as The Preserve At Hunters Crossing. I am also disappointed when the presentation was presented at this meeting, and it stated no section 8. When asked it was said it could not be deny due to federal law, and could not discriminate. Section would be allowed if background check was good, and meets the criteria. Which showed me , and everybody not to trust because of the untruthfulness. This is not about gaining more growth, like The Bastrop City Manager had mentioned it is all about money. When it should be about protecting our community. This will lower our property values, it will bring in bad elements with section 8. We will have traffic issues, gangs, shootings, graffiti, auto theft, auto Break-ins , burglary of residence, home invasions, assaults such as robberies, rapes, and murder. I do not want to put burglar bars on my windows, and to be afraid to live or walk in my community. We left Austin due to Affordable Housing, and left the crimes that I have listed behind. Also we have flooding issues on that lot you want to build on. Like the Bastrop City Manager had mentioned about the city

helping out with 10% for drainage. When is also not expectable.

I am sure if you found another place, away from our community, we wouldn't be having this discussion. Here is my protest against, and I am sure there will be more to follow.

Sincerely,
David G. Patterson

From: [Emily Richards](#)
To: [Teresa Morales](#)
Subject: Low Income Apartments Behind Hunters Crossing
Date: Sunday, January 07, 2018 11:55:29 AM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2015. The majority of Hunters Crossing residents I spoke with are against the new apartments. This also includes myself & family.

Low income apartments built in our backyard could possibly lower the value of our homes. Our neighborhood already has had flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Roger & Emily Richards

From: [Eric](#)
To: [Teresa Morales](#)
Subject: Oppose application 17625 in Bastrop, TX
Date: Sunday, January 07, 2018 2:36:29 PM

Hi, I am writing to voice opposition to the proposed application for taxpayer-funded housing directly in front of my neighborhood. I have lived near several similar developments in the past and have witnessed the surrounding area decay, acquaintances even closer nearby having their home value decrease, petty and violent crime in the area go up. These aren't issues I want to raise my children around.

Most of the neighbors I've spoken with were completely unaware of this proposed development and were not in favor of it. The city was extremely quiet about sneaking the issue into a meeting, none of our usual watchdogs even knew it was being brought up. The city manager obviously knew it wouldn't be met with enthusiasm, so she made her pitch to an almost empty room and celebrated the lack of dissent without a care in the world for the people who actually live here.

Others have written with pictures and details of the flooding we experience currently, more lawsuits will undoubtedly arise as more homeowners are flooded due to the increased strain on our already insufficient drainage system.

I urge you to oppose this application, I'll be relocating my family outside of Bastrop if this development springs up in my backyard. I don't want to move again, but I also don't want to expose my children to the crime-magnet that such housing perpetually proves to be.

[Sent from Yahoo Mail for iPhone](#)

From: [Frances Dembowski](#)
To: [Teresa Morales](#)
Subject: Hunters Crossing 17625 Opposed
Date: Saturday, December 30, 2017 3:44:49 PM

My name is Frances Dembowski, I am a homeowner in Hunters Crossing Bastrop. I am opposed to the low income apartments.

Sent from my iPhone

From: [Glenn Harrison](#)
To: [Teresa Morales](#)
Subject: Preserve at Hunters Crossing - opposed
Date: Monday, February 05, 2018 3:14:57 PM

I oppose the Preserve at Hunters Crossing because of lowered home values, increased crime in our neighborhood, flooding issues, and increased traffic.

Thanks,
Glenn Harrison
102 Javelina Trl
Bastrop, TX 78602

From: [Heather Coleman](#)
To: [Shannon Roth](#)
Subject: THE PRESERVE AT HUNTERS CROSSING
Date: Tuesday, January 30, 2018 11:52:36 AM

Hello Shannon,

I am a home owner in Hunters Crossing. In the midst of tonight's hearing -- I would like to say that my husband and I are NOT in favor of this development. We were already not heard when we said we were not in favor of the 3rd story of the current apartments going in and we feel that not only will these new multifamily apartments continue to cut our investments in our home values but continue to cause a downgrade in our neighborhood.

If there is anything we can do to help stop this development from happening, please let us know. We have two very young children so I do not think we will be able to attend tonight's hearing but we wanted to be heard.

Thanks so much,

--

Heather Coleman

--

Sugar Leaf Films
HAND-CRAFTING *your studio's* WEDDING FILMS
[Website](#) ::: [Facebook](#)

From: [Theurer, Heather](#)
To: [Teresa Morales](#)
Subject: opposition
Date: Monday, February 05, 2018 2:22:09 PM

I oppose the Preserve at Hunters Crossing because I am already having issues with the same people who plan to move into this complex living right next to me on either side of me. I have people who are living 8 to a house they don't have respect for our HOA rules because they rent. They don't have stake in the wellbeing of the subdivision, The new complex will be the same way. The new occupants will be using our park our lake to fish but won't be held to the same standards as we are. My house has flooded once before and I cannot afford to replace my flooring again if this complex takes up the space where the excess water should be going to save my home. When you hear section 8 housing or low income housing no matter which way you sugar coat it is what it is. The price of my house drops automatically no matter how you slice it. If I had the chance to buy my house over again after the "apartments " are built I would not move here and a whole lot of other people feel that way too. I Moved here because I wanted to be proud of my hard work and dedication to be living the American dream of owning my first home and have my children be proud to live in hunters crossing because it is somewhat of an upscale subdivision because of the name it had for itself. The people who live here have pride in the personal upkeep we provide for this community of home owners, I fell that this decision is taking that away from me. I've worked hard and pay A LOT in taxes and mortgage to say I live here. I am not happy with this decision and ask it be denied or overturned.

From: [Holly Williamson](#)
To: [Teresa Morales](#)
Subject: The Preserve at Hunters Crossing
Date: Tuesday, February 06, 2018 12:50:00 PM

I oppose the Preserve at Hunters Crossing for several reasons.

1) putting section 8 housing near our neighborhood will decrease our property values. I just purchased here and if this apartment complex had been here prior to my purchasing I would never have bought a home in hunters crossing.

2) Our area already suffers from many water issues including flooding, lack of water pressure, and poor water quality

3) We are already battling a higher than normal crime rate in Bastrop. I'm not saying that all section 8 residents are criminals just that several are and the crime rate will increase

4) Our Elementary bus situation is already horrendous. I called the bus garage today and spoke to the safety manager who told me that bus 304 which services the Hunters Crossing Neighborhood to Mina is one of the worse busses. Because it already has several different races and economic backgrounds this bus serves. Adding Section 8 housing to this bus route will just add to the problem that already exists because of the street behind Hunters Crossing.

Please consider our concerns and stop the building of a Section 8 Apartment building next to our neighborhood.

Sincerely
Holly Williamson
220 Pack Horse Dr

Texas Great Pyrenees Rescue

Rescue Phone: [877 746-9508](tel:877-746-9508) Rescue Fax: [877 789-8477](tel:877-789-8477)
<http://www.txpyrs.org/>

Do you shop on Amazon? Bookmark this link <https://smile.amazon.com/ch/76-0694131> and support us every time you shop!

From: [John Wagnon](#)
To: [Teresa Morales](#)
Subject: Low income housing in hunters crossing
Date: Friday, December 29, 2017 6:48:07 PM

I am emailing in protest of the low income housing apartments that are set to go up next year. I live on Grutsch Dr in the Hunter's Crossing neighborhood. Me and my neighbors feel that land could be better utilized for those in need of affordable housing. How about an indoor rec center? Retail stores? There is many concerns for increased crime, flooding, and decreased or stagnant property values while our taxes go up. I insist you reject this project for better use. Please protect my community and my investment in the neighborhood and city of Bastrop!

From: [Karen Cobb](#)
To: [Teresa Morales](#)
Cc: [Shannon Roth](#)
Subject: The Preserve at Hunters Crossing
Date: Tuesday, February 06, 2018 10:45:39 AM

As a home owner of 11 years in Hunters Crossing, I oppose The Preserve at Hunters Crossing because it will add to our existing crime rate in our neighborhood, decrease in property value, add to our existing flooding problems, as well as creating more traffic safety issues on highway 304.

Thank you,
Karen Cobb

Sent from my iPad

From: [Karen Cobb](#)
To: [Teresa Morales](#)
Cc: [Shannon Roth](#)
Subject: The Preserve at Hunters Crossing
Date: Tuesday, February 06, 2018 10:45:39 AM

As a home owner of 11 years in Hunters Crossing, I oppose The Preserve at Hunters Crossing because it will add to our existing crime rate in our neighborhood, decrease in property value, add to our existing flooding problems, as well as creating more traffic safety issues on highway 304.

Thank you,
Karen Cobb

Sent from my iPad

From: [kelley price](#)
To: [Teresa Morales](#)
Subject: The Preserve
Date: Monday, December 18, 2017 6:33:32 AM

I bought my home 12 years ago in Hunters Crossing never imagining that low income apartments would be built where they told us more homes would go or at worst businesses. My family doesn't support this apartment complex and we are opposed to low income apartments even more. This development threatens our investment as it is and I beg of you not to confound the problem. Do not put low income apartments in this complex.

Kelley

From: [Ken Murray](#)
To: [Teresa Morales](#)
Subject: Section 8 at Hunter's Crossing, Bastrop
Date: Tuesday, February 06, 2018 12:52:25 PM

I oppose the Preserve at Hunters Crossing because I believe that the crime rate will increase, property values will be lower, the entire area will be more prone to flooding and the city will be open to law suits due to safety concerns. If the fire department is not capable of reaching 3rd floor occupants in case of a fire, they should not allow construction of 3 story buildings.

My name is Kenton Murray and I live at 201 Remington Rd, Bastrop TX 78602

Please help the current residents.

From: [Lacey W.](#)
To: [Teresa Morales](#)
Subject: Preserve at Hunters Crossing
Date: Monday, February 05, 2018 9:05:20 PM

I oppose the Preserve at Hunters Crossing because I am worried for my home value. Please help us defeat this!

Get organized with Yahoo Mail

From: [LandL](#)
To: [Teresa Morales](#)
Subject: Bastrop Apartments (The Preserve)
Date: Monday, January 08, 2018 2:22:55 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called The Preserve.

I am a resident of Hunters Crossing and I am against the apartments in general BUT especially if they are low income. The majority of Hunters Crossing residents I spoke with are against the new apartments as well, for multiple reasons.

Our neighborhood already has flooding issues (my house is one) and the building of additional apartments in our backyards will only add to the existing problem. This has already devalued our homes. Low income apartments built in our backyard will only devalue it more.

Please take this into consideration and note that I oppose the building of above said apartments.

Thank you in advance for your consideration,

Laura Merritt

From: landlmerritt@yahoo.com
To: [Shannon Roth](#)
Subject: The Preserve
Date: Tuesday, January 30, 2018 2:13:11 PM

Mrs. Roth,

I am writing to voice that I am against the development of apartments in Bastrop called The Preserve. I realize they are already being built and that my opinions and any facts to go against them at this point are irrelevant, however, please consider against making them "low income" housing.

I am a resident of Hunters Crossing and again, against the apartments in general BUT especially if they are low income. The majority of Hunters Crossing residents I spoke with are against the new apartments as well, for multiple reasons.

Our neighborhood already has flooding issues (my house is one) and the building of additional apartments in our backyards will only add to the existing problem. This has already devalued our homes. Low income apartments built in our backyard will only devalue it more as statistics show areas in and around low income housing have higher crime rates. I am a single mother of 4 and I, like others, work hard to have value in my home and to raise my family in a safe neighborhood.

Please take my concerns into consideration and note that I oppose the building of above said apartments.

Thank you in advance for your consideration,

Laura Merritt

From: Linda@TheDinoPark
To: [Teresa Morales](#)
Subject: Opposed to low income housing
Date: Saturday, January 06, 2018 7:38:34 PM

Ms Morales,

I want you to know that I strongly oppose (don't want) the low income housing in Bastrop Hunters Crossing neighborhood.

Thank you,
Linda
TheDinoPark.com
512-321-6262

From: [Lisa Escamilla](#)
To: [Teresa Morales](#)
Subject: I am a Hunter's Crossing home owner
Date: Saturday, December 30, 2017 8:19:21 AM

Teresa,

As a home owner in Bastrop's Hunter's Crossing neighborhood, I have legitimate concerns regarding the building of multi-family apartments immediately adjacent to us.

Crime rates will rise, we will definitely see more vandalism, theft, speeding through in and around our neighborhood.

Our property values will decrease as a result of more crime in the area. Robbery and aggravated assault are two factors that directly decrease property values. Also, will there be registered sex offenders allowed to rent? When property values decrease the happy neighborhood of Hunter's Crossing will suffer.

Of all these points, flooding should be the primary concern! Half of our neighborhood results in flooded yards and homes when there is a heavy rain. This is due to the current inadequate drainage for runoff water. More homes will flood once these apartments are built, there has to be an independent study done. How will it be rectified? Who will answer our pleads to get the water drainage fixed?

I personally would not be against apartments but single family housing would help with less water coming into our homes, less crime and no depreciation of property values.

Thank you for your cooperation and concern in this matter,

Lisa Escamilla
lisaescamilla@rocketmail.com
(512)804-8205
308 Pack Horse Dr.
Bastrop, TX 78602

From: [LORI GREEN](#)
To: [Teresa Morales](#)
Subject: Hunters Crossing Resident- Against the Preserve
Date: Monday, January 08, 2018 9:32:45 AM

Ms. Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

My family relocated to Hunter's Crossing in Bastrop from Garland, Texas in March of 2017. We are a family of five and our backyard faces the empty lot that the apartments would be built in. Before we purchased our home, we researched the empty lots and checked the zoning to make sure they were not zoned for apartments as we did not want that in our backyard. At that time, they were zoned for single family homes. From our experience in Garland, the apartments built near the neighborhoods lowered the home values and increased the amount of traffic, noise and also pedestrians.

Because many low income families do not have more than one car, more people are walking the neighborhood. Also, we have seen a trend of long-term "visitors" that aren't tenants but stay for extended times. These people do not pay rent so they don't have to abide by the rules and the background checks, sex offender lists, etc.

We homeschool our children and are home the majority of the day. This alarms me as our backyard would be visible and accessible to the traffic of apartments and all of the extra pedestrians.

Sincerely,

Lori Green

Sent from my iPhone

From: [puppee4 Smith](#)
To: [Teresa Morales](#)
Subject: Low Income Apartments, Hunters Crossing
Date: Friday, December 29, 2017 7:46:05 AM

Ms. Morales,

This is Brandi and Mark Smith. We live in Hunters Crossing in Bastrop, Texas. Although we understand it is important to have affordable housing in a community, we have great concerns about it being located right behind our neighborhood. We are not in agreement with this being located near our neighborhood due to safety concerns, drainage issues that the neighborhood is currently battling, as well as concerns as to what it can do to our home values.

Please include this email as part of Public Reference number 17625.

Thank you for your consideration.
Mark and Brandi Smith

From: [Matthew Bryce Phillips](#)
To: [Teresa Morales](#)
Subject: Regarding Application 17625
Date: Monday, January 08, 2018 7:17:34 PM

Ms. Morales,

I am writing to voice my concerns regarding the above application for the Preserve. Recent history has shown that our drainage solutions are already not sufficient to handle severe inclement weather, which within the last two years has left several homes in Hunter's Crossing flooded. My own home sits on a higher point than those, but the water in the drainage ditches behind my house still rose level with the hill my house sits on during the more severe of the last two storms. As trends have shown lately, we can probably expect inclement weather to get worse rather than better during the worst parts of the year. Without serious improvement to the overall system, putting in more housing in this area is extremely likely to make the whole problem worse, causing more homes in my community to flood, possibly even including mine. Considering this is not a flood plain rated area, and flood insurance is neither mandatory nor particularly affordable here, that would have a serious negative impact on the financial situation for my family and many of my neighbors, potentially even driving some of us out of our homes, and severely impacting the value of real estate in our area.

Please consider carefully the overall effects of this housing development. In addition to the effects on the local water table and drainage situation, please realize that this housing, especially the assisted living housing, is only a temporary mitigating solution to a much more insidious and widespread problem. In the short term, it will certainly insure that local and city employees will have housing they can afford. This will quickly fade, however, as inflation in other areas outstrip the assistance granted, and, without serious increases in wages and adjustments to the amount given as assistance, will quickly fall behind, leaving people unable to maintain these apartments as a long-term solution. This also does nothing to assist families or more permanent residents, as the cost of housing is not likely to drop to a level they can afford to purchase without a severe decline in the quality of that housing overall. In short, we are attempting to enact a government solution after the fact to a problem of local businesses and the local government offices failing to offer suitable compensation to people working in town without forcing them to commute from elsewhere.

There are also serious concerns regarding the overall quality of this housing. It seems to be a trend that these kinds of projects rapidly develop issues with maintenance and care after completion. The management of such places doesn't often spend enough money paying for quality employees and supplies to ensure that they stay in decent condition, which means that people who want or need more for their families end up moving elsewhere. The people who end up having to stay are generally either unable to move for one reason or another, or have reached a level of disinterest in the quality of their living environments that they become complacent in the face of conditions that others wouldn't tolerate. While these people deserve housing, they deserve other forms of more effective assistance more, and this kind of half-way measure only harms them by making them victims of poor management, and the people around them who are affected by the secondary effects of such low quality housing on the community at large.

Finally, local infrastructure simply isn't capable of handling this great an increase in population at this time. The intersections with Hwy 304 are very dangerous for local residents already since they lack appropriate traffic control setups for any appreciable volume of use. Additionally, the local intersection with 71 has its own problems during busy parts of the day, including through-traffic, which means that any commuters to Austin will only exacerbate existing issues there. Our schools also lack the capacity for the increased number of children that these people will undoubtedly bring. We have only just passed the measure allowing the bond recently, and construction has not even begun on additional local schools. It is important that we not put more children in a situation where many are already not receiving appropriate educational resources.

Please consider these points as you determine how to proceed in this matter. This decision will impact a great many people, and may well have lasting consequences for Bastrop in the years to come.

Thank you,

Matthew Bryce Phillips

From: [Dodson,Michelle](#)
To: [Teresa Morales](#)
Cc: ["michelledodsonhoa@gmail.com"](mailto:michelledodsonhoa@gmail.com)
Subject: FW: The Preserve at Hunters Crossing Bastrop TX file application 17625 Please stop this project!!!
Date: Wednesday, January 03, 2018 11:25:41 AM

Dear Ms. Morales;

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2007 and I have served on the HOA BOD for the past 4 years. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of the Hunters Crossing residents are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The city of Bastrop held a meeting and approved this project without the community knowing anything about it. **NOT ONE VOICE WAS HEARD PRO OR CON AT THE MEETING BECAUSE NO ONE KNEW ABOUT IT.**

The City cleaned out the sewers and believe we will never flood again. (The ponds are supposed to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Michelle Dodson

512-629-6100

From: [Rachel Phillips](#)
To: [Teresa Morales](#)
Subject: Regarding Application 17625
Date: Monday, January 08, 2018 7:08:07 PM

Ms. Morales,

I am writing to voice my concerns regarding The Preserve at Hunter's Crossing, application #17625. There is a dearth of available property in Bastrop that would suit the purposes of this planned low income property far more than the property that has been selected. The area surrounding the property selected has had consistent and well-documented issues with drainage that will get worse with the current apartment construction going on now. Adding another project would likely be catastrophic for some residents of Hunter's Crossing. Also, we lack space in our local elementary for more children. Many of our classes are above capacity and the school is chronically understaffed per the numbers. While the recently passed school bond will help it will be quite some time before that relief is felt as it will take time to construct more space. There is also a huge concern regarding traffic as this will put two large apartment complexes as well as Bastrop's largest neighborhood all in one very tight area. We don't even have a traffic light on 304 despite many complaints and several nasty collisions and there are no plans to put one in anytime in the near future.

While I wholeheartedly agree that we need low income apartments in Bastrop I disagree that these apartments would actually fulfill that mission. The current best practices guidelines for budgeting is that one should make 3x rent for any given month. At \$785 for a 1 bedroom apartment an individual would need to make about \$13.58 an hour to live comfortably by themselves. This means that an individual would likely need to have a roommate of some form to make enough to qualify and that may put them over the assistance cap. The range is too narrow between "I can afford this" and "I make too much to live here" and leaves out those that are most likely to be employed in Bastrop - service industry employees like those that work at Best Buy, Ross, Double Dave's, etc. They don't make \$13.58/hr, heck, most of them probably don't get \$10.00/hr for 40 hours because then they would have to get benefits. I urge you to consider them and find a better solution. If Bastrop is going to offer these kinds of economic and tax incentives to a company to create "low income" or "workforce" housing let's make certain that it's actually going to house our workforce.

Kind Regards,

Rachel Phillips

From: [Rafael Udave](#)
To: [Teresa Morales](#)
Subject: Low income apartments
Date: Monday, January 08, 2018 2:27:04 PM

Hello my name is Rafael Udave and I live in hunters crossing for 2 years and the reason I'm sending you this email is because of the construction of low income apartments in my community i don't think is right and fair.

First when I bought my house didn't buy a Los income property and second I'm very concern about my kids safety which with low income apartments gonna bring a lot of drugs,gangs and delinquency.

We all hope Bastrop city understand our concerns and stop this proyect right away
Thanks

[Sent from Yahoo Mail on Android](#)

From: [Richard Dodson](#)
To: [Teresa Morales](#)
Subject: Opposes to The Preserve
Date: Saturday, January 06, 2018 10:55:05 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2007. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are supposed to hold a 100 year flood and they have not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Richard Dodson

From: [Robert Marshall Hunt](#)
To: [Teresa Morales](#)
Subject: Fw: Propose Affordable Apartments In Hunter Crossing Community
Date: Saturday, December 23, 2017 11:10:28 AM

From: Robert Marshall Hunt <thehuntspain@hotmail.com>
Sent: Tuesday, December 19, 2017 10:59 AM
To: teresa.morales@tdhca.state.us
Subject: Propose Affordable Apartments In Hunter Crossing Community

Dear Ms. Morales, I have been a home owner in Hunters Crossing for 11 years and I was informed to let you know that I am totally against the proposed project to build a 140 apartment complex at Hunters Crossing and Home Depot Roads which would put our Hunters Crossing in jeopardy because they will be low income. Everyone knows, "just watch the daily news reports" what happens in these projects, not to mention what will happen to the value of our property which has grown in value over the years. I think the phrase is "Com-on man"!!! I hope my vote of "NO" to this will fall on a very open mind. I don't think you would like a project of this kind built in your back yard!!! Thank you a very concerned home owner.

Robert M. Hunt
108 Maverick Drive
Bastrop, Tx. 78602
Hunters Crossing

From: [Robert Marshall Hunt](#)
To: teresa.morales@tdhca.state.us
Subject: Preserve at Hunter Crossing
Date: Wednesday, February 07, 2018 6:56:07 PM

Ms. Morales, I attended the meeting held on 1/30/2018 @ 6pm at the Bastrop library. I have lived here for over 11 years and my home is fully paid for and is personal investment for me. I believe the property owners that were there were not given the "real" truth regarding this project. First I believe the City and the Developer have an agreement which the HC home owners were not made aware of. Also, after hearing what they had had to say I can believe that these property values won't go down, and the flood and crime won't become a problem. I am not against low income housing but, a further assessment should be made as to where this project should be build. Bastrop has plenty of open land where this property could be better served. Thank you.

Robert Hunt
108 Maverick Dr
Bastrop, Tx. 78602

From: [sallie smith](#)
To: [Teresa Morales](#)
Subject: Hunters Crossing Apartments
Date: Wednesday, January 03, 2018 6:41:06 PM

Hello Teresa

I oppose the building of the apartments in Hunter Crossing.

The additional water usage of will put a strain on the already extremely low water pressure in the neighborhood. The traffic increase will cause more accidents on 304, which Bastrop can't handle. The Volunteer Fire Department is unable to cover the current homes, apartments and business.

Example: A vehicle caught on fire in front of my home, we called 911 to report the fire and needed the fire department to come and put the fire out. The fire department never came. The owner of the vehicle had to put the fire himself. Needless to say the vehicle was a complete loss.

These apartments will decrease the value of the homes and increase taxes, which are already too high for the services we receive.

Thank you for your time.
Sally Smith

Sent from my iPhone

From: [Charlene](#)
To: [Teresa Morales](#)
Subject: Oppose to the low income apartments HC
Date: Sunday, January 07, 2018 1:29:02 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2008. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will pay the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Shuen Zhao

发自我的 iPhone

From: [Stephanie White](#)
To: [Teresa Morales](#)
Subject: The Preserve
Date: Saturday, January 06, 2018 5:25:58 PM

Ms. Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2015. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will weigh the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are supposed to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Stephanie White
Sent from my iPhone

From: [Sunshine Straiges](#)
To: [Shannon Roth](#)
Subject: Section 8
Date: Tuesday, February 06, 2018 10:02:54 AM

Writing this to protest the proposed section 8 housing in Bastrop. We've had enough setbacks, ie fires, flooding, etc without dealing with more crime and lower property values, which will definitely happen if this housing is built, making Bastrop another shithole

Sent from my iPhone

From: [Theresa Kelly](#)
To: [Teresa Morales](#)
Subject: Hunter's Crossing, Bastrop, Tx.
Date: Saturday, January 06, 2018 10:27:34 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of 2006. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments.

Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will pay the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you,
Theresa Kelly

From: [Bastrop Signs Sales](#)
To: [Teresa Morales](#)
Subject: FLOODING ME ON 304
Date: Saturday, January 06, 2018 6:01:37 PM

Ms Morales, Please do not approve the low income apartments in Bastrop called the Preserve. I am a resident of Hwy 304. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments. I am more concerned of the water run off since my house sits south of the development and has already flooded 2015 and 2016 This just means more water for me... Low income apartments built in our backyard could possibly lower the value of our homes. A realtor or buyer will way the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge. The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments. Thank you

Tim Murphy

Thanks

- Bastrop Signs

From: [Todd](#)
To: [Teresa Morales](#)
Subject: Hunters Crossing LOW income apartments.
Date: Saturday, January 06, 2018 9:29:24 PM

Ms Morales,

Please do not approve the low income apartments in Bastrop called the Preserve.

I am a resident of Hunters Crossing as of Sept 2007 and multi business owner here in Bastrop. We have had 2 other low income projects come up and we stopped them both. Now we are threatened again with the Preserve. The majority of Hunters Crossing residents I have spoken with are against the new apartments.

Low income apartments built in our backyard will lower the value of our homes. A realtor or buyer will way the consequences of purchasing a home that has low income apartments next door. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problems as the developer and city has not adequately addressed this issue.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. It has happened several times and homes as well as local businesses nearby were effected negatively by the rising water and in fact there are a dozen or so lawsuits already filed with the City of Bastrop as a result of the flooding. Please note that I oppose the building of above said apartments.

Thank you

Todd DeJulius

From: [Toni Dunne](#)
To: [Teresa Morales](#)
Subject: Hunters Crossing
Date: Monday, February 05, 2018 3:15:39 PM

Dear Ms. Morales,

I emphatically oppose building the affordable housing apartments next to the Hunters Crossing neighborhood. This housing project, in which section 8 vouchers will be allowed, will impact my neighborhood in many ways. Bastrop needs more neighborhoods, not apartments. What people have to drive past impacts whether they will even consider living in that neighborhood. One true life example is the neighborhood built at the end of Childers. Although the houses in that neighborhood are nice -- the apartment complex deterred some of my family members looking to relocate to that neighborhood in Bastrop. The same will be true of Hunters Crossing if this affordable housing apartments are allowed. It will lower the value of my home and impact the ability to resell when the time comes. This build will negatively impact the hundreds of us who bought our homes with safety and community in mind.

Please do not allow this to be a section 8 affordable apartment complex.

--

Toni D. Dunne, ENP
tdunne@gmail.com

What we do in life echoes in eternity! Do good deeds and pay it forward!

From: [Wayne Wessels](#)
To: [Teresa Morales](#)
Subject: The Preserve at Hunters Crossing
Date: Friday, February 02, 2018 11:33:01 AM

I bought my new home at 205 Pack Horse Drive in October 2012 thinking it would be the best place to live and retire at which i did in June 2014. I am 65, disabled, live alone, and could not make the hearing on the above referenced subject.

The Hunters Crossing subdivision is what I call a retirement/starter home community. The people that live here are mostly middle income old people or younger people starting out with children. These people take pride in home ownership and take care of each other as neighbors. The homes average only around \$200,000 each. The reason they and I bought was here was because our jobs and income qualified us to do so. We didn't want to live in an unpleasant area with unpleasant surroundings and never expected our property values to go down and taxes go up.

This area has over 500 homes with a large (going rate) apartment complex currently being built. The traffic, congestion, noise, air quality, water drainage, and crime have already increased dramatically. Think about what adding a low income housing project would do if added to this less than 1 square mile area.

Bastrop has so much undeveloped land area that could be used for housing for people who don't qualify or have not accumulated enough cash to buy a home without reducing the value of those who have worked so hard to do so. A low income housing project will never be an asset to any regular housing neighborhood. Everyone knows their property value will decline every day.

The only people who really benefit are the builders and I am sure none of them plan to live in that complex or even where we live!

Teresa, thank you for your time and consideration.

Wayne Wessels

From: [wburkett](#)
To: [Teresa Morales](#)
Subject: Bastrop Apartments
Date: Saturday, January 06, 2018 6:33:39 PM

I am a resident of Hunters Crossing as of 2015. We we are threatened again with the Preserve. The majority of Hunters Crossing residents I spoke with are against the new apartments. Our neighborhood already has flooding issues and the building of additional apartments in our backyards will only add to the existing problem as the developer has not adequately addressed this issue to my knowledge.

The City approved the project without the input of the majority of home owners and cleaned out the sewers believing we will never flood again. (The ponds are suppose to hold a 100 year flood and they do not!) The city will tell anyone who will listen that Flood will never happen again. If we get 5 or 6 inches in a short time we will flood. The building of the Preserve will add 100s of yards of concrete to the open field next to our Subdivision. This will cause more flooding issues in the future.

Thank You,
Will Burkett

Sent from my Sprint Samsung Galaxy S8+.

From: greenacres1750@yahoo.com
To: [Teresa Morales](#)
Subject: Application 17625. Hunters Crossing Bastrop, Texas
Date: Thursday, December 28, 2017 8:00:26 PM

Teresa,

I want express my concerns with the application for the 140 unit Low Income apartment complex. I will briefly list several concerns.

1. This area has experienced severe flooding repeatedly. The addition of development of the land with such density will only increase the intensity and frequency of flooding.
2. There is no public mass transportation in the area. There are few existing sidewalks along the busy streets.
3. Regarding #2, there is no easily (walking) accessibility to grocery stores for those residents.
4. I question the ethics of a developer, who chose a site where due to landscape, did not have to notify any current property owners of an application.
5. Historically, this type of housing deteriorates as it ages. Since the developer is trying to sneak this complex in, can he be trusted to do even basic maintenance? Or is this a grab the money and forget it situation?
6. We currently have a low crime rate, but this would be unsustainable if this application came to be.
7. This area is a PID, and this is still payoff status.
8. Traffic congestion and accidents have increased in the area.
9. We have seen an increase in our property values, but this complex would negatively affect of property values. In the long run, this would harm both current and future residents of the houses.

For the reasons stated, I encourage the decline of this application. Too many ! negatives are seen. The only real positive I see is the lining of a developer's pockets with dollars.

Sincerely,
Zetta Smith Hackleman

Sent from my Verizon LG Smartphone

Hearing Transcript

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING

THE PRESERVE AT HUNTERS CROSSING

City of Bastrop Public Library
Lina S. Pressley Meeting Room
1100 Church Street
Bastrop, Texas

Tuesday,
January 30, 2018
6:05 p.m.

BEFORE:

SHANNON ROTH, Hearing Officer

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

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Lynda Humble	15
David Patterson	17
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David Patterson	30
Kurt Green	34
Rafael Dave	35
Ben Coleman	36

P R O C E E D I N G S

1
2 MS. ROTH: We're going to go ahead and get
3 started. Can everyone hear me pretty well?

4 My name is Shannon Roth, and I'm with the Texas
5 Department of Housing, and we're going to be facilitating
6 the hearing tonight.

7 The format for the hearing will be first I'm
8 going to present the program that the developer has
9 applied for, then I'm going to read a speech for the
10 record, and then we'll have a member of the development
11 team come up and make a presentation regarding the
12 specifics of the development, and then we'll open the
13 floor for comments and whatnot.

14 There are handouts back on the table outside
15 the doorway, and there's a sign-in sheet, if you would
16 please sign in, check yes or no or neutral, that way we
17 know how many people have signed in in opposition or in
18 support, how many people are here so we can accurately
19 represent that to our Board later on.

20 There are handouts regarding development
21 specifics, which include income levels and deadlines and
22 how to submit your public input. We have a handout
23 regarding an email listserv subscription which allows you
24 the opportunity to sign up to receive emails on
25 applications that we receive for funding, and a handout

1 regarding Fair Housing basics, and there are also some
2 business cards back there with contact information.

3 If you would like to speak, the witness
4 affirmations are out there by the sign-in sheet. If you
5 would hand it out and hand it to one of the TDHCA staff
6 members.

7 The hearing and all the comments made this
8 evening will be transcribed by the court reporter. It is
9 important that you make your comments at the microphone so
10 she can record the comments, and any comments or questions
11 made from the audience may not be picked up by her
12 recorder.

13 To allow everyone the opportunity to speak, we
14 will answer any questions or concerns that were raised at
15 the end after all the public comment has been made, and we
16 ask that the developer keep a list of any development-
17 specific questions and I will keep a list of any that come
18 up that relate to the Department and our role.

19 According to the IRS Code, the Department is
20 required to hold a public hearing and take public comment.

21 The developer has applied for two programs: the Private
22 Activity Bond Program, as well as the Housing Tax Credit
23 Program. Both programs were created by the Federal
24 Government to encourage private industry to build quality
25 housing that is affordable to individuals and families

1 with lower than average incomes.

2 The Private Activity Bond Program refers to the
3 issuance of tax-exempt bonds. The tax exemption is not an
4 exemption of property tax but rather an exemption to the
5 purchaser of the bonds.

6 The bond purchaser does not pay taxes on the
7 investment and the income that they make on that
8 investment. The bond purchaser accepts a lower rate of
9 return, therefore, the lender that is involved will charge
10 a lower interest rate for the mortgage that will be placed
11 on the property to the developer. Therefore, the
12 developer can build a market-rate property at a lower cost
13 to the development.

14 The Housing Tax Credit is another program that
15 goes along with the bond program. The Housing Tax Credit
16 was created as a result of the Tax Reform Act of 1986.
17 The Housing Tax Credit is a credit or reduction in tax
18 liability each year for ten years for investors in
19 affordable rental housing.

20 By providing a credit against the tax
21 liability, the Housing Tax Credit is an incentive for
22 individuals and corporations to invest in the construction
23 or rehabilitation of housing for low income families.

24 The Housing Tax Credit provides additional
25 financing to the development and lowers building costs

1 which allow the developer to provide lower rents for the
2 affordable tenants.

3 In conclusion, with both of these programs the
4 tax benefit goes to the investors that help finance the
5 development. These two programs result in the developer
6 being able to bring something of high quality to your
7 area, and all of these properties are privately owned and
8 privately managed.

9 There is ongoing oversight responsibilities
10 between the affordable housing development and the
11 Department. This includes regular monitoring to ensure
12 the development is complying with the rules of the Housing
13 Tax Credit and the Private Activity Bond programs. The
14 term that the development will be monitored for is greater
15 of 30 years or as long as the bonds are outstanding.

16 Oversight responsibility includes units are
17 occupied by eligible households, the physical appearance
18 of the property, the rents are capped at appropriate
19 levels, and repair reserve accounts are established and
20 funded.

21 Tenant background checks are established by the
22 developer and would apply to all tenants equally. The
23 developer can establish procedures, up to and including
24 eviction for various reasons consistent with state
25 eviction laws that would be applicable to any other

1 apartment complex. TDHCA does not set these requirements.

2 The Department's Compliance Division monitors
3 the development. Desk reviews are done quarterly or
4 annually by the Department and are a modified version of
5 an onsite visit. The Department verifies that set-asides
6 are met and that the units are income and rent restricted.

7 Tenant services. An after lease-up survey is
8 usually done to determine the tenant profile and the types
9 of services that would be of interest to tenants. These
10 services can include tutoring or honor roll programs,
11 computer access or educational classes, after school
12 activities, summer camps, health care screenings,
13 immunizations, ESL classes or GED certifications,
14 financial planning or down payment assistance.

15 It's important to note that all or most
16 individuals began in multifamily housing. It is the first
17 step to homeownership, therefore, some developers choose
18 to do a down payment assistance class to help educate the
19 tenants on the steps to take toward homeownership.

20 I'm going to go ahead and read the IRS speech
21 and then we'll let Mr. MacDonald do his presentation.

22 Good evening. My name is Shannon Roth. I'd
23 like to proceed with the public hearing. Let the record
24 show that it is 6:10 p.m., Tuesday, January 30, 2018. We
25 are at the City of Bastrop Public Library, located at 1100

1 Church Street, Bastrop, Texas 78602.

2 I'm here to conduct a public hearing on behalf
3 of the Texas Department of Housing and Community Affairs
4 with respect to an issuance of tax-exempt multifamily
5 bonds for the residential rental community. The hearing
6 is required by the Internal Revenue Code. The sole
7 purpose of this hearing is to provide a reasonable
8 opportunity for interested individuals to express their
9 views regarding the development and the proposed bond
10 issuance.

11 No decisions regarding the development will be
12 made at this hearing. The Department's Board is scheduled
13 to meet to consider this transaction on February 22, 2018.

14 In addition to providing your comments at this hearing,
15 the public is also invited to provide comment directly to
16 the Board at any of their meetings. Department staff will
17 also accept written comments from the public up to 5:00
18 p.m. on February 13, 2018.

19 The Bonds will be issued as tax-exempt
20 multifamily revenue bonds in the aggregate principal
21 amount not to exceed \$13 million in taxable bonds, if
22 necessary, in an amount to be determined and issued in one
23 or more series, by the Texas Department of Housing and
24 Community Affairs, the Issuer. The proceeds of the bonds
25 will be loaned to The Preserve at Hunters Crossing, LP,

1 (or a related person or affiliate entity thereof), to
2 finance a portion of the costs of acquiring, constructing
3 and equipping a multifamily rental housing community
4 described as follows: a 140-unit multifamily residential
5 rental development to be constructed on approximately 11.9
6 acres of land located at approximately 210 Hunters
7 Crossing Blvd., Bastrop, Bastrop County, Texas. The
8 proposed multifamily rental housing will be initially
9 owned and operated by the borrower (or a related person or
10 affiliate thereof).

11 So now we'll have one of the Mr. MacDonalds
12 come up and give their brief presentation.

13 MR. MacDONALD: Thank you, Shannon.

14 Now that you've heard a brief overview of the
15 overall programs under which we're applying, I'm going to
16 give you a quick rundown of the actual project itself.

17 So as you can see, the name of this project
18 will be called The Preserve at Hunters Crossing. As
19 Shannon mentioned, it's a 140-unit affordable apartment
20 community. It's for working families, all age and
21 ethnicity, everything, we're completely wide open. We
22 have a mix of one-, two- and three-bedroom floor plans.
23 And again, we're located in Hunters Crossing, right behind
24 the Home Depot.

25 As she mentioned, this will be funded using a

1 mix of private equity, tax-exempt bonds, and federal
2 housing tax credits, and it will be developed, constructed
3 and managed by The MacDonald Companies, which is operated
4 by myself, Justin MacDonald, and Granger MacDonald as
5 well. The property will actually be owned by a joint
6 venture of On Track Industries and an affiliate of The
7 MacDonald Companies.

8 As Shannon mentioned, affordability is
9 maintained through the use of federal housing tax credits.

10 These HTC's incentivize private development in affordable
11 housing rather than having direct public involvement.
12 This is not a Section 8 project or a public housing
13 project.

14 I want to be very clear about that. We serve
15 school teachers, public safety personnel such as first
16 responders, health care workers, service workers, and many
17 others throughout the community. And the residents must
18 pay their own rent. This is, again, not a direct rental
19 subsidy, but rental rates are restricted and kept low
20 through the Housing Tax Credit and Private Activity Bond
21 programs.

22 On the screen now you've got the affordability
23 restrictions that our property would be initially bound to
24 comply with. As you can see, the income limits for one
25 person would be a maximum income of \$34,200 per year, two

1 persons would be \$39,120 per year, three persons \$43,980
2 per year, and a household of four persons would be up to
3 \$48,840 per year for annual income. The limits of the
4 maximum amount we can charge per unit on a one-bedroom are
5 \$916, two-bedroom is \$1,099, and three-bedroom is \$1,270
6 per month.

7 I'll leave this up here just for a second in
8 case anybody wants to write those down or take notes. You
9 should also have a copy of this in the handouts that were
10 at the back of the room.

11 So again, here's our location. You can see the
12 Home Depot just on the north side of the site and then the
13 Hunters Crossing Subdivision around and to the south of
14 the site. It's a little bit small, but again, you've got
15 copies in your handout. This is our site plan laid out on
16 the site.

17 Again, this is the same orientation as this
18 photo, so just imagine this site plan superimposed on top
19 of this picture here. We'll have 14 total buildings plus
20 a clubhouse, and again, 140 units throughout the property.

21 These are just some examples of the elevations,
22 what the sides and the fronts of the buildings will look
23 like. We try to make it so that they're not just these
24 giant buildings but rather seem and feel like the
25 residences that they are. This is the elevation of our

1 clubhouse and leasing center that will be right at the
2 front entrance of the property.

3 Again, I apologize for them not being too big
4 but hopefully you can look on with handouts and see our
5 floor plans. This is our one-bedroom or A-1 floor plan,
6 which is approximately about 700 square feet. We also
7 have an accessible version of the floor plan for those
8 with disabilities.

9 And you've got our B-1, our two-bedroom, two-
10 bath floor plan, and again, we also have an accessible
11 version of that floor plan which is just over 1,000 square
12 feet. Our three-bedroom, two-bath floor plan is our C-1
13 floor plan, again, also with an accessible version for
14 those with disabilities, and it's right around 1,200
15 square feet.

16 This is just a picture of our clubhouse floor
17 plan, and I like to point this out because of the
18 amenities that we provide our residents, so we've got in
19 the center of the floor plan here -- sorry, I can't step
20 too far away from the mic, so I'm going to have to
21 point -- but in the center in that hatched area is our
22 hospitality area. That's a place where residents can
23 come, sit, read, what-have-you.

24 To the left of that is our lounge. We usually
25 have a TV and generally some kind of games that residents

1 can access during the day. We've got our fitness center
2 on the right which is available for residents' use, a
3 laundry facility past that, and then also, of course,
4 offices for our leasing agents and managers. And I also
5 left off, off of the lounge we also have our resident
6 business center which has computers and printers in there
7 for residents to use either for business or children to
8 use for homework or educational purposes.

9 So again, I just sort of went through some of
10 our community amenities: fitness and exercise center,
11 swimming pool, children's play area, playground, resident
12 business and computer center, onsite coin laundry, onsite
13 management and maintenance.

14 We're not remote folks who just roll in once a
15 month to pick up the rent. We have people onsite every
16 day with regular office hours, and maintenance as well.
17 And as Shannon mentioned, we will provide resident
18 workshops, some examples of those include household
19 budgeting, household management, credit repair, and other
20 educational programs for residents.

21 Within our units themselves we pride ourselves
22 on having water-conserving and energy-efficient fixtures.
23 We provide plank flooring in all the living areas and main
24 areas and carpet in the bedrooms that provides a very
25 upscale feel while being very durable.

1 We do provide a full kitchen with microwave,
2 full-size range and dishwasher, no kitchenettes or
3 efficiencies or little apartment stoves; they're just like
4 you've got in your house. We have laundry connections
5 available in each unit, in addition to the coin laundry on
6 site, if residents want to have their own machines, and
7 large closet and storage spaces throughout the units.

8 So a little bit about us. As I mentioned, my
9 name is Justin MacDonald. I'm the president of The
10 MacDonald Companies, and I have with me here Granger
11 MacDonald, our CEO. We're based in Kerrville, Texas, so
12 just about 100 miles from here.

13 We're a third-generation family business, and
14 we've been in this business for the long haul and we stay
15 in this business for the long haul. We are owners and
16 operators, we are not speculators, we don't build and
17 flip, or pump and dump, or whatever you want to call it.
18 We own and operate our properties for the long term, and
19 we design them and build them with that in mind.

20 We currently own and operate more than 3,500
21 units throughout the state of Texas, most of which are in
22 the Central and Hill Country areas. And I've got our
23 website on here just if you want to go and find some more
24 information about us later on, that's [www.macdonald-](http://www.macdonald-companies.com)
25 [companies.com](http://www.macdonald-companies.com).

1 These are just some photos of other typical
2 communities that we've developed. These are all, for the
3 most part, affordable. We do both affordable and
4 conventional properties. This is a property we have in
5 San Angelo for senior citizens. This was built in 2009,
6 this photo was taken about three years ago, so you can see
7 the quality of our maintenance and construction.

8 Again, these are properties, the one on the
9 left is in Boerne, Texas and the one on the right is in
10 Fredericksburg, Texas, just opened. This is Fort Worth,
11 and then in Kerrville, Texas, one of our properties for
12 seniors that's affordable.

13 And lastly, here's our contact info on the
14 screen and also in your packet. Feel free to contact us
15 if you have any questions or concerns about the
16 development, as well as the Department staff with the
17 cards that they've left at the back.

18 So with that, that concludes my portion of the
19 presentation, so I'm going to sit down and turn it back
20 over to Shannon now. Thank you.

21 MS. ROTH: Okay. Now I'd like to open the
22 floor for public comment. We have three people who've
23 signed to speak. I'll call your name, if you'll come up
24 to the podium, state your name for the record, you'll have
25 two minutes to make your comments. Again, if you haven't

1 signed in, please do that, the tables are out in the
2 hallway.

3 And we're going to start with Lynda Humble.

4 MS. HUMBLE: Good evening. My name is Lynda
5 Humble. I'm city manager of the City of Bastrop, and I'm
6 her to support The Preserve at Hunters Crossing.

7 On November 28, the city council approved a
8 resolution of no opposition unanimously on a vote of five-
9 zero. We did our homework, the mayor, Council Member Lyle
10 Nelson and myself met with them and made sure that this
11 was a quality development, and we appreciate the The
12 MacDonald Companies' commitment to safe, affordable
13 housing which we believe should be an entitlement, not a
14 privilege.

15 I always hear who are "those people." I've
16 spent 28 years looking for those people, but those people
17 in this case work for the City of Bastrop. The people
18 that can afford to live there, 58 percent of the Bastrop
19 employees make less than \$38,840 for the four person unit.

20 That's librarians, their planning, their park staff,
21 their police department.

22 Fifty-one percent of Bastrop employees live
23 outside of Bastrop because they cannot afford or there
24 isn't housing available in their price range. I have
25 employees, one that drives 84 miles one way, works all

1 day, works events, drives home so he can do it in the
2 morning. 68 miles, 56 miles, all of that is a two-hour
3 commute.

4 The City of Bastrop desperately needs workforce
5 housing. 5,389 jobs people live outside and drive to
6 Bastrop to work; 2,808 live here and work outside of
7 Austin. In order for us to recruit economic development,
8 we need more workforce housing.

9 Site-specific, staff has reviewed the drainage
10 of this -- I know that's a concern. The drainage study
11 that we used, which has not only been reviewed by the
12 engineer but FEMA and a second engineer, says this site
13 can build up to 58 percent impervious cover. This
14 particular development is 47 percent impervious cover,
15 that adds 10 percent more to the drainage than expected,
16 and they're expanding the capacity of the pond.

17 Interestingly enough, Hunters Crossing received
18 Texas Community Development funds in 2008. Section 3-B
19 was built and was required to build 51 percent of their
20 homes for low income; 34 of the 60 houses build in Section
21 3-B met the criteria of low income at the time.

22 I appreciate everybody says, "Not in my
23 backyard" but just so we're clear, Bastrop does have
24 public housing, and it is in my backyard. I live two
25 blocks from public housing. Many of our downtown

1 residents live within four houses to a block of public
2 housing. They make good neighbors and they are maintained
3 well.

4 Interestingly enough, Austin's median household
5 income is \$81,600, Bastrop's median household income is 70
6 percent of that, \$57,482, so just about everybody in
7 Bastrop at that median income, which is half make less,
8 half make more, could afford to be in this neighborhood.
9 So it's not public housing, it's affordable. We need
10 workforce housing for economic development, we believe
11 this is great housing, we support it. Thank you.

12 MS. ROTH: David Patterson.

13 MR. PATTERSON: My name is David Patterson and
14 I moved into the community in January 2017 in Hunters
15 Crossing. I moved out of a development area which was by
16 the airport. It was very nice in 2008, affordable housing
17 came in, bad elements came in, crime came in, and that's
18 why we moved to Bastrop.

19 I understand everybody wants to have affordable
20 housing and am for it. I'm against this affordable
21 housing because they say school teachers, I can understand
22 that; police officers, I can understand that; fire
23 department, I can understand that, professional people.

24 But when you have something where people can
25 come outside that falls under the income, they fall into

1 the cracks, brings in gangbangers, drug dealers, drive-by
2 shootings, home invasions, things like that, I've seen it
3 happen. That's why I moved to Bastrop. I do not want to
4 allow this to happen.

5 We will have traffic congestion, and to all of
6 you who go to work, you will not be able to get in or out.

7 You will have flooding, which 10 percent is not good
8 enough. Harvey, we saw what happened in Harvey, we're
9 going to be the same. Ten percent is not good enough, we
10 need 100 percent to make sure that we don't sink.

11 I'm tired of the political stuff that goes on
12 and people don't tell the truth. We don't believe
13 politicians anymore at all. We need to clean house, get
14 someone in the community that will fix and make it right
15 for the people. Thank you.

16 (Applause.)

17 MS. ROTH: Thank you.

18 Next we have Debbie Bressette. Did I say that
19 right?

20 MS. BRESSETTE: So my name is Debbie Bressette,
21 and I've been involved with an organization called Bastrop
22 County Cares, and it's a group of people from our
23 community who have come together to look at large
24 community issues that not one single organization can
25 solve on its own.

1 And our first study was around housing,
2 workforce housing, and we spent six months really studying
3 the issue and having people come from all over to talk
4 about the need for workforce housing, and especially in
5 Bastrop County.

6 I know you've just moved here but we've had
7 eight federal disasters in seven years. People who have
8 lived here for years have lost their homes and haven't
9 been able to replace. We've got teachers -- our schools
10 are growing, we've got teachers that I personally know
11 that are living in travel trailers because there's no
12 place else for them to live and they want to be in Bastrop
13 and they love the children here in Bastrop.

14 It is so important for us as a community. I
15 know there's bad elements, but by and large the majority
16 of this community are wonderful elements, and if we want
17 to keep our community wonderful and growing, we've got to
18 invest in really nice housing for the people who help us
19 every day, our nurses, our teachers, our emergency
20 workers, people who fix our cars even.

21 And as long as we continue to say we don't want
22 workforce housing, you know what's going to happen? The
23 trailer parks you see in Del Valle are going to happen.
24 We're going to have our property rates decrease because
25 we're not willing to say as a community we love the

1 people, we love our teachers, we love our nurses, we love
2 the people who clean our teeth and take care of our cars,
3 and it is time as a community we come together because we
4 can make our community safer, we can make our community a
5 sparkling place where everybody wants to be.

6 So thank you. Please let them be your
7 neighbor.

8 MS. ROTH: Carlos Liriano.

9 MR. LIRIANO: Good evening. I'm Carlos Liriano
10 and I own Lost Pines Toyota, which is in Hunters Crossing
11 Subdivision, and we opened that store about six years ago.

12 First of all, I would like to thank The
13 MacDonald Companies, because we need affordable housing in
14 this community. I've looked at your developments, and you
15 have quality developments. We need affordable housing in
16 this community.

17 I also would like to thank the city for taking
18 the step to evaluate the need for affordable housing. For
19 the last five or six years I've gone throughout this
20 community and told the story of affordable housing and the
21 need, and I have folks that are living in a trailer park
22 up the road making 50-, \$60,000 a year working for me, but
23 they can't find a home to live in.

24 This issue is not about affordable housing;
25 this issue is about this development or any development on

1 this site. Since developing Lost Pines Toyota, I've come
2 to learn about something called the PID, public
3 improvement district. I have been under assault by the
4 PID for the last six or seven years, maybe eight, nine
5 years. This community that lives behind my store, Hunters
6 Crossing, has been under assault since I've gotten here
7 with unknown issues with the PID. Every time you turn
8 around there's something new that develops.

9 We talk about deepening the pond. Well, I was
10 at a meeting four or five months ago where they were going
11 to charge the PID \$82,000 to deepen the pond. Well, guess
12 what, I'm the biggest payer of tax dollars to that PID, I
13 have paid as much as \$115,000 in one year above my
14 property taxes to that PID. Today no one can come to me
15 and tell me that all the details of the PIDs are known;
16 there's so many unknowns it's just bizarre. Okay?

17 The issue of flooding. I know you're going to
18 develop a great facility and inside of your property lines
19 I have no doubt that you are going to sit there and
20 develop a property that will retain its flood and what-
21 have-you, but it's not about your property, it's really
22 about the properties around your property, my property and
23 these neighbors.

24 I don't believe that today the city or the
25 county have a strategic plan on how to deal with the

1 flooding. Well, guess what, we're just developing. What
2 happens when something develops to the north side of the
3 interstate and the water flows under the interstate, right
4 past my store and the pond is full and the water can't go
5 down the road because the development for flooding is not
6 thought out.

7 I grew up in the projects, I grew up in public
8 housing. Today I live down the street over here, and my
9 neighbor behind me is publicly owned properties. I have
10 no problems with this development. I encourage you to
11 please don't give up on Bastrop, do not give up on
12 developing your property in Bastrop, but today there's so
13 many unknowns about what the effect is going to be with
14 this development or other developments.

15 As a matter of fact, one of the reasons I'm
16 here today is because today I received a phone call that
17 told me that a third developer is coming to Bastrop to the
18 40 acres to the west of me, and guess what they're going
19 to develop? More apartments. Okay.

20 So when I bought this property, I bought 15
21 acres of land, and I thought I was developing a piece of
22 property in the heart of the commercial district in
23 Bastrop. Is that the best location for these apartments?
24 Has the city's economic development corporation spent the
25 time to make sure that this piece of property becomes the

1 crown jewel when someone drives into our community? When
2 someone drives into our community is this the best that we
3 can do? I believe our city, our county and our
4 representatives really need to spend the time to make sure
5 that development is done correctly, and for that I'm here
6 this evening.

7 This community, this Hunters Crossing residents
8 are under attack, and I assure you that they've been under
9 attack for a long, long time, and it's time for them to
10 get their answers. And I don't want you to think that I'm
11 just speaking for them, I'm proud of their issue. Okay?
12 I support them and I know that they are just trying to
13 survive. Once that property starts to fall in a negative
14 way and more renters move into their housing areas,
15 there's no turning back.

16 So I'm not opposed to housing and I'm not
17 opposed to development, but we have to do it in a very,
18 very thought-out way.

19 Thank you very much.

20 MS. ROTH: Thank you.

21 (Applause.)

22 MS. ROTH: Kurt Green.

23 MR. GREEN: Greetings. My name is Kurt Green.

24 I just moved here from Dallas probably a year ago. I
25 lived in an area that had a lot of apartment complexes,

1 and when I came to Austin, I chose Bastrop because it kind
2 of felt like a southern charm and I was sick of the city
3 and I was so glad to get to Bastrop, and I really like
4 Bastrop a lot. I picked the neighborhood and I'm actually
5 on the fence line, and so my kids get to look out probably
6 here pretty soon and seen apartment complex out there and
7 that's just life, but my kids play in that backyard and
8 this is hitting home close to me.

9 I work for a church, so I'm all about people
10 that have low income, that's what we do, we help them.
11 Some of my best friends that have low income live in
12 places like this. I just don't think there would be
13 resistance today if you were putting this project that
14 we're trying to build in a place that wasn't right by an
15 HOA.

16 I think most of us that have signed that paper
17 back there that are in the neighborhood are frustrated
18 because you're putting something so close to a
19 neighborhood of houses, and to me I just have to think
20 that if you were to stick this project these guys want to
21 build somewhere else, you probably wouldn't have
22 resistance tonight, because I think we all understand that
23 we need to have help for people with low income, I mean,
24 that's one of our missions as a church, but I just think
25 the location is what's creating all the conflict.

1 And so my thing is I think as a community we
2 can rally together and we can say let's build this project
3 but let's build it to where we won't have 100 people mad
4 at us. If we're supposed to be a city of unity and
5 community, then why are we not listening to people here
6 saying it's a bad spot. I mean, we're all for it being
7 built, I think that's fine, I just think you've got to
8 find a place and do it that doesn't make all these
9 neighbors upset. It just doesn't quite make sense to me.

10 So I guess have a new position, I'm kind of
11 neutral in the sense that I'm not really against the
12 building of it, I just think it's a bad spot to do it. I
13 think it's going to hurt property values. I got a letter
14 for my trash can being in my front yard the other day from
15 the HOA. You know why? Because the HOA protects your
16 property values.

17 What's the point of me paying the HOA to
18 protect my property values if the next person that tries
19 to buy my home looks out the window and says that
20 apartment hurts your property values, so if we're thinking
21 about property values, it's going to hurt us.

22 And this is all about money for everybody, this
23 is about money for these guys, it's about money for people
24 that need the home, it's about my property value and your
25 property value, it's about money, that's how this works.

1 And so we're affecting tons of neighbors off this one
2 project.

3 I say on the record I'm against it because of
4 the location, and I say let's find another location, let's
5 have these guys invest somewhere else that won't have a
6 big group of people upset and let's all have a great city
7 together. I think we can win together if people
8 compromise but why does it have to be their way/our way?
9 Why can't we find a spot that makes everybody happy? So
10 that's just what I think.

11 Thank you.

12 (Applause.)

13 MS. ROTH: Does anyone else have a form and
14 does anybody else wish to speak on the record?

15 (No response.)

16 MS. ROTH: Okay. It doesn't look like it.

17 Thank you for attending the hearing. The
18 comments have been recorded. We're going to adjourn the
19 meeting but we're going to keep the record running through
20 Q&A. It's 6:40, and do you want to do Q&A?

21 MS. MORALES: Just to give you a little bit of
22 an idea. The transcript from tonight's hearing, along
23 with any written comments that you folks have been
24 emailing in, all of that information is going to be
25 compiled and presented to our Board. A Board book gets

1 posted one week prior and that's all the information that
2 the Board has with which to render their decision with
3 respect to this particular project.

4 We're still going through the evaluating
5 process on the state end with making sure that the
6 development complies with the rules that we have in
7 effect, and then at that point we'll present the
8 information to the Board which is scheduled for February.

9 If there are some specific responses that the
10 MacDonalds would like to respond to any questions or the
11 process with respect to permitting and where all that is.

12 MR. MacDONALD: Well, thank you. First of all,
13 thank you all for being here this evening. It really does
14 mean a lot to us that you care enough about your
15 neighborhood to show up.

16 I do just want to address some of the comments
17 and the questions that were laid out. I probably will not
18 change your minds but I do want to at least note them for
19 the record.

20 First of all, it was mentioned that crime and
21 bad elements could move in if this project goes forward.
22 I do want to hit on the fact that our company has a very
23 strict policy, we perform criminal background checks on
24 all adult occupants before they're allowed to move into
25 the property and we have a zero tolerance policy

1 throughout the entire length of the tenancy of people
2 living there that if any crimes are committed on the
3 property that they are no longer allowed to live there.

4 We have our general counsel, Steve Schulte,
5 here with us this evening, and he can tell you that he
6 files an immediate eviction and they're out within 72
7 hours or less after that happens. So I hope that that
8 does address your concern.

9 Again, we are owners and operators of this
10 property, we care about our property values too, and if we
11 have a seedy element come in, if we a crime-ridden
12 property, it's frankly not worth as much, we can't charge
13 as much rent, and that affects us financially, so we
14 wouldn't want to do that.

15 I want to address somebody mentioned traffic
16 and also the location of this next to the neighborhood.
17 This property has been zoned for multifamily apartments
18 since before any of your houses were actually built.

19 Hunters Crossing was a master-planned
20 development and it was in the initial master plan for the
21 Home Depot and the commercial properties and then a layer
22 of multifamily, and then the single-family residences
23 behind.

24 So there will be apartments on this site
25 someday; if they're not affordable, there will still be

1 apartments on this site someday. So I'm sorry if your
2 realtors didn't disclose that to you or you didn't see
3 that when you bought your house, but there will be
4 apartments here.

5 Everything that we're trying to do is allowed
6 by right under our zoning and our plat with the city and
7 we're going through that review process at this time. I
8 think we're most of the way through that, we've gotten
9 some comments back and we're submitting responses, but the
10 city is out of this.

11 I've heard several concerns about the PID. We
12 also pay into the PID, just like everybody else in Hunters
13 Crossing. We paid, I think it was a six-figure amount of
14 our assessment into the PID this last year when we
15 acquired the property in May, so we feel your pain as
16 well, we want to be sure that those funds are being
17 properly spent, but we did not cause that problem.

18 Again, I think that issue may be with the city
19 and the county but it's not with our development and it's
20 not related to our affordable housing; likewise with the
21 drainage.

22 Mr. Liriano also mentioned concerns about other
23 developments coming in. Again, we only have control over
24 ourselves and the activities we have going on on our
25 property. We intend to build 140-unit affordable

1 apartment complex there.

2 If there are other properties that are zoned
3 multifamily, it is very possible that they'll have
4 apartments on them within the near future. There's a
5 drastic need within Bastrop for more affordable housing
6 right now. Be that single family, multifamily,
7 affordable, conventional, there will be more housing
8 coming to Bastrop. The need is just there, the demand is
9 there; when the demand is there, the supply will follow.
10 Again, if you have concerns about what's happening on
11 other properties, I would suggest that you potentially
12 consider talking to the city and the county about that.

13 I believe that addresses all the comments that
14 I wanted to address, Teresa.

15 I'll turn it back over to you guys, Shannon.

16 MS. ROTH: Any other forms? Anybody else who
17 would like to make comment?

18 MR. PATTERSON: I'd like to redirect some
19 questions, if I may.

20 MS. ROTH: Sure. Could you state your name
21 once again for the record?

22 MR. PATTERSON: My name is David Patterson.

23 When it comes to background checks, as you know
24 in your schools we've had sexual assaults. When it comes
25 to people getting attacked and different things, you know,

1 and bad police officers being part of some psychological
2 stuff that they have on the news all the time, if you do
3 background checks, they still fit through the cracks as
4 far as that goes with your background checks. It's not
5 100 percent guaranteed that we're going to be safe,
6 because things happen all the time.

7 When it comes to apartments coming for
8 affordable housing, none of us is against it, we're for
9 it, but we don't want it in our community because of the
10 traffic, because bad elements can come in, fall under the
11 umbrella, because it's open to anybody who falls under the
12 amount as you list for the one bedrooms, two bedrooms,
13 three bedrooms.

14 It doesn't have to be a police officer, it
15 doesn't have to be a school teacher. I came also from Del
16 Valle, my house got flooded too, I lost everything, and I
17 moved, rebuilt back, came to here to Bastrop because I
18 love the country, I love the people.

19 But I'm not going to let politics fall into
20 this. We all need to get together and file a petition, if
21 necessary, to stop this. I've seen this happen, home
22 invasions, break-ins, everything, from affordable housing.

23 They say affordable housing, no Section 8.

24 If they can guarantee us that they're going to
25 put apartments with professional people, by all means we

1 can try to work something out, maybe, but they can't
2 guarantee that someone won't fall under the umbrella by
3 bringing in under the amount of income. So people like
4 that can come in, and I've seen it, home invasions,
5 burglary of residence, car thefts.

6 We have minimal right now. If you get this
7 affordable housing in here, we're going to have a lot
8 more. We don't need that. We need to be able to go
9 outside our doors with our kids and our children so we can
10 feel safe, walk down the street, get on your bikes ride in
11 the community, support our businesses.

12 You want to have something on that land? Put
13 more businesses.

14 SPEAKER FROM AUDIENCE: It's not zoned for
15 business.

16 MR. PATTERSON: Well, it's commercial. Right?

17 SPEAKER FROM AUDIENCE: [inaudible].

18 MR. PATTERSON: Why not? I think it can be
19 adjusted. The city is the one that regulates it or the
20 county regulates it, they can change the codes.

21 SPEAKER FROM AUDIENCE: [inaudible].

22 MR. PATTERSON: Well, townhomes would be fine
23 if it was able to bring up nice townhomes.

24 SPEAKER FROM AUDIENCE: I've been here since
25 2004, I've got the original plans, this is not there.

1 MR. PATTERSON: And then we have the deal too
2 when we talked about flooding, we're still going to have
3 flooding, so nothing is going to change with that. Just
4 recently when we had the flood I found out from the city,
5 the pumping of tanker trucks where they pumped out the
6 water, they cleaned out our drainage to make sure we
7 didn't get flooded and they did it constantly around the
8 clock. Some of the areas in the subdivision did bad and
9 they got flooded and there's a lawsuit going on. We all
10 know that in the newer section. We don't need any more
11 water pushed to us too so we lose our homes. I'm not
12 going to sit there and stand have a subdivision come in
13 here, like your affordable housing, and my house gets
14 flooded again. Because you can say, oh, they're going to
15 put drainage in and it's only going to give us a 10
16 percent guarantee.

17 The best thing to do is find another property,
18 not affordable housing, there's plenty down the road, you
19 can put it five miles down the other end and make it
20 affordable for all, but we don't want it in our community.

21 Thank you.

22 MS. ROTH: Thank you for your comments.

23 Is there anyone else who has a form that would
24 like to speak on the record?

25 MS. HOLLOWAY: Ma'am, your comments were not

1 captured on the record. If you would like to speak --
2 your comments were not captured on the record.

3 SPEAKER FROM AUDIENCE: That's fine.

4 MS. ROTH: This is pretty much that
5 opportunity. Because we have the entire thing being
6 transcribed, we only have certain microphones, so if
7 you're yelling out, it's not something that we're
8 necessarily going to pick up.

9 SPEAKER FROM AUDIENCE: Can I clarify to his
10 commentaries?

11 MS. ROTH: Sure. They're also going to be here
12 after so if there's some one-on-one conversations.

13 SPEAKER FROM AUDIENCE: [inaudible].

14 MR. GREEN: Yes, you're right, we did know --
15 Kurt Green is my name -- we did know there was going to be
16 apartments there, you're right, we checked on that. It
17 says single family or, so I guess it could be either,
18 right, on the zoning? I talked to the city engineer
19 today, he said it could be either one, maybe I'm confused.
20 But either way I did know that, you're right.

21 I did not know it would be affordable housing.
22 Once again, it's okay, we need the affordable housing. I
23 think the difference is and our concern is where it's
24 located. So you're saying it would be apartments no
25 matter what. Okay. But the issue and all of our concern

1 is that there is a difference in affordable housing,
2 whatever you want to call it, and regular apartments, or
3 else we would not all be here signing the paper
4 frustrated, we would not even be here tonight.

5 So just to be clear, that is the big issue. If
6 we're going to build affordable housing, I think it would
7 make everyone happy in our community to put it somewhere
8 that it would not conflict with an HOA, with home values
9 and all the drama that goes in it. I think that's what
10 we're trying to say is save the trouble, put it somewhere
11 else, everyone is happy on that. I haven't heard anybody
12 say anything to that as far as relocating. Obviously I
13 know your agenda is to build right there, but I think
14 that's kind of thing I'm leaning towards.

15 Thank you.

16 (Applause.)

17 MS. ROTH: Rafael, did you want to speak?

18 MR. UDAVE: Hello. My name is Rafael Udave.

19 The reason that I'm here is because the first
20 time when I bought this house, talking about your
21 comments, if we think in the future buying this property
22 somebody else is going to be built somewhere south next to
23 us, it is true, but I never thought buying my house and
24 having a low income building next to me and thinking the
25 next thing I'm going to do is put a fence and all of it

1 around my windows.

2 I come from California, from LA, I lived this
3 type of situation with the low income properties and
4 apartments and everything, and everybody around these
5 properties what they do they build fences, safety fences
6 all over the properties. And I don't think Hunters
7 Crossing is a property where everybody wants to do that on
8 their own properties.

9 I've got five kids and the reason that I bought
10 in this place in Bastrop is because I'm thinking of the
11 safety for my kids. Other than that, I will stay and LA
12 and let my kids grow up in the way there in LA.

13 Thank you.

14 MS. ROTH: Thank you.

15 (Applause.)

16 MS. ROTH: Ben Coleman.

17 MR. COLEMAN: So I'm Ben Coleman. I live next
18 to the other apartments being built right now. I said I
19 wasn't going to speak but I changed my mind.

20 I'm from a real estate background, I understand
21 that the property was zoned for multifamily when I moved
22 in and I realized there was going to be apartments. After
23 moving in to Hunters Crossing and being here for a little
24 while, I've realized that Hunters Crossing has an
25 infrastructure problem -- or not Hunters Crossing, the

1 City of Bastrop has an infrastructure problem, mainly with
2 traffic. From Hunters Crossing there is one road to get
3 to the city, so if this apartment complex is going to be
4 for city employees, there's only one way to get to the
5 city for them.

6 I feel that the infrastructure, the road
7 infrastructure needs to be improved first. We are going
8 to have another couple hundred units that are going to be
9 there now, traffic is already bad. I know it's in the
10 master plan for Bastrop to continue to develop out the
11 roads, but right now I feel that adding more units to that
12 area is going to create a bigger traffic nightmare getting
13 into the city, and until that is addressed, we're going to
14 be really stuck.

15 And that's pretty much what I have to say.

16 Thanks.

17 (Applause.)

18 MS. ROTH: Anyone else have a form?

19 (No response.)

20 MS. ROTH: We'll go ahead and formally adjourn
21 the hearing at 6:55. The record is going to keep running
22 so all your questions and answers go on the record as
23 well.

24 (Whereupon, at 6:55 p.m., the hearing was
25 concluded.)

1 MS. ROTH: Did you want to speak?

2 SPEAKER FROM AUDIENCE: I just have a question.

3 MS. ROTH: If you want to go up to the
4 microphone, that way it's recorded and it's on the record.

5 SPEAKER FROM AUDIENCE: I thought you
6 adjourned.

7 MS. ROTH: We did but we're keeping it running
8 so we have an official record.

9 SPEAKER: My name is Bruce Pierce [PHONETIC],
10 we're back over on Outfitter.

11 A couple of issues. One is the flooding. My
12 house hasn't gotten flooded but I know the ones at the far
13 end, the 30 far end get flooded. I'm at the upper end
14 where water starts and it comes three-fourths of the way
15 up towards my driveway. Once again, I'm with the
16 gentleman here about the 10 percent. Those ain't good
17 odds.

18 The other question I would have toward Mr.
19 MacDonald is, with your multitude of complexes around the
20 State of Texas, are you absolutely positive, also as he
21 suggested, that our property values will not go into
22 decline? Because I agree, I'm thinking Rundberg Lane off
23 of 35 in Austin, and we all know that's the pits, and
24 that's the way that that are started. And the property
25 values there, who knows, in Austin maybe they are fairly

1 high. But can you guarantee from your wherever it was, in
2 Fort Worth, Kerrville, Boerne, that you have your
3 establishments, that our property values will not decline?

4 Because I sincerely believe that it will.

5 That's all I have to say.

6 (Applause.)

7 MS. ROTH: Any other comments?

8 SPEAKER FROM AUDIENCE: I just have a quick
9 question for Mr. MacDonald. Is there going to be a
10 prerequisite that tenants have to work in Bastrop or can
11 they work in Austin and live in Bastrop?

12 MS. ROTH: I think the question was do the
13 tenants have to live in Bastrop or can they live in Austin
14 and commute. Right?

15 MR. MacDONALD: The answer to your question is
16 no, we cannot discriminate on where somebody works.
17 Again, we do screen based on criminal history and credit
18 check and rental history, but as far as where they work,
19 that's not something that we really are able to do.

20 SPEAKER FROM AUDIENCE: Can you answer the
21 other man's questions about the home values?

22 MR. MacDONALD: I'll be glad to answer the
23 question about home values. I can't guarantee anything,
24 sir. There are no guarantees in real estate property
25 values. We are in the rental real estate business and

1 there's no guarantees. I can tell you that there are
2 several studies out there, including one specifically from
3 the National Association of Home Builders that I recall
4 that was done a few years ago, that actually said that
5 property values in many cases go up as a result of
6 development of affordable housing in a neighborhood. Let
7 me finish, I didn't cut you off. So with that in mind,
8 again, there are no guarantees.

9 We have not seen any blight in any of our
10 neighborhoods where we have built. Our oldest property
11 was built in 1997 in San Angelo, Texas, we still own that
12 property today, and actually one of my very best friends
13 used to live down the street from that property, he sold
14 his house for a profit. So I can't guarantee anything but
15 past history is that no, we do not see any adverse effect.

16 SPEAKER FROM AUDIENCE: I have three questions.

17 First of all, for residents if they want to write or
18 email a letter of opposition, then it will still be going
19 to Teresa Morales. Correct?

20 MS. MORALES: That's correct.

21 SPEAKER FROM AUDIENCE: Okay. And is there a
22 deadline for these emails or letters to get in prior to
23 consideration, and what is that deadline?

24 MS. MORALES: It's February 13.

25 SPEAKER FROM AUDIENCE: I heard that before but

1 I wanted to be certain.

2 And the second question I have is the TDHCA
3 Board meeting, which is scheduled for February 22, is that
4 open to public attendance, and where is it going to be
5 held and at what time?

6 MS. MORALES: We post the Board agenda one week
7 prior, that is the time the meeting will start as well as
8 the location. Those are held in Austin, generally at one
9 of the state buildings that's close to the Capitol
10 downtown. All of those meetings are open to the public.
11 This will be an actual agenda item, and so the same format
12 would follow: if you would like to speak and address the
13 Board directly you fill out a witness affirmation form and
14 you can directly speak with the Board.

15 SPEAKER FROM AUDIENCE: And then my third
16 question is is The Preserve going to be a gated community
17 apartment complex?

18 MR. MacDONALD: No, it is not. It will be
19 fenced but not gated.

20 SPEAKER FROM AUDIENCE: And then I have one
21 final question regarding The Preserves. I understand that
22 it's not a Section 8 initiative, however, I'm not very
23 familiar with terminology regarding Section 8, but does
24 that mean that you would deny somebody who has a Section 8
25 voucher to reside on your property even though it's not a

1 Section 8 initiative?

2 MR. MacDONALD: We are forbidden under program
3 rules from denying somebody with a Section 8 or a Housing
4 Choice voucher. You are forbidden to do that if you want
5 to rent your personal home.

6 SPEAKER FROM AUDIENCE: These other properties
7 that you have, are they located next to other communities
8 like ours?

9 MR. MacDONALD: Yes, quite a few are. Actually
10 one that I used to be able to see out of the back window
11 of the bedroom of my house. I can tell you a couple are
12 in HOA communities. A lot of our properties are in rural
13 areas where they don't have a lot of HOAs, so certainly a
14 fair portion are not, but we do have properties in HOAs
15 and they're master planned communities.

16 SPEAKER FROM AUDIENCE: And question number
17 two, these 140 apartments is going to take this whole
18 area. Right?

19 MR. MacDONALD: Yes, about 11 acres.

20 SPEAKER FROM AUDIENCE: How are we going to
21 fence that off to keep people out of our area?

22 MR. MacDONALD: We will be constructing a six-
23 foot privacy fence around our property boundaries. And
24 then also keep in mind --

25 SPEAKER FROM AUDIENCE: We've had the --

1 MR. MacDONALD: Let me finish, sir. If you're
2 going to ask questions, I would ask for your courtesy to
3 let me finish. We also have the drainage ditches which
4 surround our property on two sides which would keep people
5 away from the homes, as well as the LCRA power line
6 easement which keeps us from building within several
7 hundred feet of any of the homes in Hunters Crossing.

8 SPEAKER FROM AUDIENCE: What kind of fence?

9 MR. MacDONALD: It's a six-foot wood privacy
10 fence.

11 SPEAKER FROM AUDIENCE: Six foot. We have a
12 seven-foot surrounding the [inaudible].

13 MR. MacDONALD: That's not standard.

14 SPEAKER FROM AUDIENCE: [inaudible].

15 MR. MacDONALD: This was prior to the oilfield
16 boom. The oilfield has come and gone since then.

17 SPEAKER FROM AUDIENCE: The majority of these
18 properties build up a lot of equity, a lot of value
19 because of the oilfield.

20 MR. MacDONALD: No, sir. It was before the
21 oilfield happened.

22 SPEAKER FROM AUDIENCE: [inaudible].

23 MR. MacDONALD: Once again, sir, this was in
24 2010 before the discovery of oil and before prices shot
25 through the roof.

1 SPEAKER FROM AUDIENCE: In this case a
2 technical, not a political, but when you approached the
3 city, as you alluded to in your opening remarks -- the
4 city is quite benevolent in overriding their ordinances,
5 as they did with the Buc-ee's apartments, and the ones
6 that are going behind Covert -- are you going three floors
7 or two?

8 MR. MacDONALD: No, sir. We're going two
9 stories, per the zoning on the property.

10 SPEAKER FROM AUDIENCE: Okay. Next question
11 why -- and somebody spoke about the traffic -- why in the
12 world would you have your one and only on Hunters Crossing
13 Boulevard instead of Home Depot Way?

14 MR. MacDONALD: Because there's a small
15 drainage ditch that we would have to cross between our
16 property and Home Depot Way. If you look, there's a
17 series of culverts and a concrete line channel that we
18 can't block.

19 SPEAKER FROM AUDIENCE: So you're going to put
20 one there.

21 MR. MacDONALD: No, sir. It's already there.

22 SPEAKER FROM AUDIENCE: Where is the ditch
23 that's on Home Depot Way?

24 MR. MacDONALD: Again, it runs along our
25 property line and along Home Depot Way. If we were to

1 cross that, it would entail significant expense, or else
2 we would have to block it, which would make the drainage
3 even worse in the area.

4 SPEAKER FROM AUDIENCE: There's culverts there.

5 MR. MacDONALD: Not at this time.

6 SPEAKER FROM AUDIENCE: You can build a
7 culvert, can you not?

8 MR. MacDONALD: Again, yes, we can, but we're
9 trying to keep these properties affordable.

10 SPEAKER FROM AUDIENCE: He's saying they cost
11 too much money.

12 SPEAKER FROM AUDIENCE: Will you have a
13 security guard on your property?

14 MR. MacDONALD: We will not have a paid
15 security guard on our property, although it is our
16 practice to offer discounts, in some cases full rent
17 breaks, to police officers or sheriff's deputies to live
18 on the property and informally walk after hours at night.

19 SPEAKER FROM AUDIENCE: Our swimming is right
20 adjacent to your property.

21 MR. MacDONALD: Yes, ma'am.

22 SPEAKER FROM AUDIENCE: This is a magnet for
23 crime, whatever [inaudible], so we as homeowners are
24 responsible to pay for that and now we're going to have an
25 additional element. Bastrop County has one of the highest

1 crime rates in Texas -- you might check that -- but we are
2 dealing with that. [inaudible].

3 MR. MacDONALD: If our residents are over using
4 a property that they're not supposed to, call our office.

5 SPEAKER FROM AUDIENCE: [inaudible].

6 MR. MacDONALD: Again, we do often employ a
7 courtesy officer on the site. It's not a formal security
8 guard arrangement because that's regulated under a bunch
9 of different state law, but we do often have courtesy
10 officers who do walk the property, odd hours, keep their
11 eye out for things that don't look right and report that.

12 SPEAKER FROM AUDIENCE: [inaudible].

13 MR. MacDONALD: It is what it is. I don't know
14 that there's much that I could say that would make you
15 feel better tonight.

16 SPEAKER FROM AUDIENCE: [inaudible].

17 MR. MacDONALD: So you say you're here to stop
18 affordable housing, not apartments. The answer to your
19 question is we are not building -- I think that's the
20 property next door on the other side of the drainage ditch
21 from us, but to answer your question, that property is not
22 affordable, it is being built, I believe, with an FHA
23 insured mortgage, but I'm not 100 percent sure on that.
24 But no, we are not under construction yet.

25 Our company, to answer your question, does

1 build a large number of conventional and non-affordable
2 apartments as well as affordable. We feel that affordable
3 housing is part of our mission to help folks that need
4 assistance as well, so in addition to our luxury
5 apartments, we also do affordable.

6 MS. MORALES: They're not allowed to move dirt
7 or do anything on the site until we've actually approved
8 it.

9 MR. MacDONALD: Correct.

10 SPEAKER FROM AUDIENCE: Would you build -- if
11 this were refused, the affordable type was refused, would
12 you still build conventional?

13 MR. MacDONALD: Yes. We believe that the
14 market still exists in Bastrop for workforce housing. It
15 would be unfortunate if we had to go that route because it
16 would be more expensive without the financing that we're
17 getting under this affordable housing program which means
18 we'd have to charge more rent, but even with that higher
19 rent we do feel that there is significant need in Bastrop
20 for more housing. So we will be building apartments on
21 this site sometime in the near future, regardless of
22 whether or not it is affordable.

23 SPEAKER FROM AUDIENCE: And would it be the
24 same plans that you're using currently?

25 MR. MacDONALD: It's pretty similar. So the

1 plans to our affordable housing we try and make pretty
2 darn similar to our conventional market rate housing. We
3 don't feel that just because somebody has a lower paying
4 job or is struggling to make ends meet doesn't mean they
5 can't also have a nice place to live.

6 SPEAKER FROM AUDIENCE: Would it be the same
7 density and size?

8 MR. MacDONALD: It could actually be a little
9 more dense. I'm not sure off the top of my head what our
10 zoning allows, but again, without having the low interest
11 rates and the equity provided by these programs, we would
12 have to find every way we could to maximize revenues.

13 SPEAKER FROM AUDIENCE: Can you tell us a
14 little bit about your partner, was it On Track Ministries?

15 MR. MacDONALD: Sure. On Track Ministries is a
16 nonprofit, Christian-based organization. They've been
17 around I think around 15-20 years. They're just a group,
18 they go around and they construct housing such as this,
19 it's all affordable. A community housing development
20 organization is what they're classified as, and that is
21 their mission is to provide affordable housing to folks in
22 need.

23 SPEAKER FROM AUDIENCE: You spoke earlier about
24 your stance on crime and the penalty is the tenant would
25 be given 72-hour eviction for crime done on the property.

1 Does that extend or could it be made to extend in that
2 tenant agreement to adjacent properties?

3 MR. MacDONALD: I would have to defer to my
4 legal counsel on that question, I don't know the answer to
5 that. I know that we can write it in our lease that if
6 our residents violate our community policies severely,
7 which would be a misdemeanor or a felony on property, that
8 we can evict them. I don't know for sure that we can
9 write that in for a neighboring property.

10 SPEAKER FROM AUDIENCE: I think that that would
11 go a long as well.

12 MR. SCHULTE: But it does extend to all their
13 guests and anybody they invite on the property, so if they
14 invite their friends over and they're out smoking
15 pot [inaudible].

16 SPEAKER FROM AUDIENCE: Well, I was talking
17 about the property in the neighborhood and property in
18 adjacent areas, if there was a similar issue off of your
19 property, at Home Depot or at Lost Pines Toyota or
20 vandalism of some sort and a tenant was actually
21 [inaudible].

22 MR. SCHULTE: Not only does our criminal
23 background check check if they're a felon or committed
24 misdemeanor, if they do that while they're our tenants,
25 that's still covered by our criminal policy.

1 MR. MacDONALD: If they are convicted of a
2 serious crime, then they would no longer be eligible to
3 life onsite. That is correct.

4 SPEAKER FROM AUDIENCE: Irregardless of the
5 location of the offense.

6 MR. MacDONALD: Right. A felony is a felony.

7 SPEAKER FROM AUDIENCE: There's the initial
8 background check but there is a followup on that.

9 MR. MacDONALD: Yes. At their annual renewal,
10 all that is updated.

11 SPEAKER FROM AUDIENCE: Because we live in the
12 community and you guys develop affordable housing, Section
13 8 you cannot discriminate against so Section 8 could move
14 in. The other thing is if our community gets tagged, home
15 break-ins, are you going to guarantee you're going to take
16 care of our problem and pay our deductibles and make sure
17 that our home is put back the way it was before? Do you
18 think you're financially responsible for that?

19 MR. MacDONALD: I don't believe that's really a
20 concern.

21 SPEAKER FROM AUDIENCE: You mentioned that
22 you're going to build on that property no matter whether
23 it's affordable or not.

24 MR. MacDONALD: Yes. Our company has bought
25 and paid for that property. Again, we're paying taxes,

1 paying PID assessments. We will be building something
2 there to recoup our investment.

3 SPEAKER FROM AUDIENCE: So my question is the
4 ministry involved, if it's not affordable housing, is the
5 ministry still involved in that?

6 MR. MacDONALD: No, they would not be involved
7 in that. That would strictly be our company as a for
8 profit venture.

9 SPEAKER FROM AUDIENCE: I have a quick
10 question. Of the properties that MacDonald has built,
11 what percentage do you still own today?

12 MR. MacDONALD: I don't know the number right
13 off the top of my head but I'd say it's greater than 80
14 percent, probably closer to 90 percent.

15 SPEAKER FROM AUDIENCE: This is your business
16 is keeping these properties, not just developing them.

17 MR. MacDONALD: That is correct, that is
18 absolutely correct.

19 SPEAKER FROM AUDIENCE: [inaudible].

20 MR. GRANGER MacDONALD: That's incorrect,
21 ma'am.

22 MR. MacDONALD: I can explain that potentially
23 why it might not show up. Generally oftentimes the
24 properties will be restructured after 10 to 15 years to
25 bring in additional capital to renovate and rehab, bring

1 them up to current standards.

2 SPEAKER FROM AUDIENCE: [inaudible].

3 MR. GRANGER MacDONALD: The name of the
4 apartment projects you wouldn't be looking -- for example,
5 this will be in the name of Preserve at Hunters Crossing
6 Limited Partnership, it won't be in our name directly. We
7 will be the general partner of the partnership.

8 SPEAKER FROM AUDIENCE: [inaudible].

9 MR. GRANGER MacDONALD: There's not those
10 people, ma'am. That's us, we have a stand-alone limited
11 partnership for every property we own.

12 MR. MacDONALD: I would venture to say that we
13 still maintain operational control and day-to-day
14 management over 80 to 90 percent of the properties that
15 we've ever built.

16 SPEAKER FROM AUDIENCE: What's the percentage
17 of your affordable housing as opposed to regular
18 apartments?

19 MR. MacDONALD: It's about 50-50.

20 SPEAKER FROM AUDIENCE: And how many evictions
21 have you had to your affordable housing?

22 MR. MacDONALD: That's a good question.

23 MR. SCHULTE: It's the same as conventional

24 MR. GRANGER MacDONALD: We have the same, if
25 not more evictions in a conventional property than we do

1 in affordable.

2 SPEAKER FROM AUDIENCE: You said that with
3 every application you do the background checks and the
4 income checks and so forth. I do know that like Section 8
5 you can't deny them but do you put them through the same?

6 MR. MacDONALD: Yes. We cannot deny somebody
7 based on the source of their income, be it Section 8 or
8 private pay or even charity pay, for that matter, but we
9 do still require that they live up to the same tenant
10 criteria as everybody else, so they still have to pass the
11 criminal background check, they still have to have a good
12 rental history, they've got to have a credit check that
13 shows that they don't pay late on all their bills all the
14 time, they don't have a bunch of car repos or something.
15 So yes, we do still absolutely enforce our standards
16 regardless of where the monthly rent check comes from.

17 SPEAKER FROM AUDIENCE: And do they have a
18 stationary income like they would have to receive outside
19 of Section 8. Because I'll be honest, I've only been here
20 six months and I've busted my ass to get to a good point
21 and I've lived in Section 8, so I appreciate [inaudible],
22 and I would really, really like to get to the point where
23 I could afford a house in an HOA [inaudible].

24 MR. MacDONALD: That's actually against the
25 law.

1 SPEAKER FROM AUDIENCE: [inaudible]. But I do
2 know that I've always had to have a certain income,
3 period, like whether it came from wherever. Do they have
4 to have jobs?

5 MR. MacDONALD: Yes. We have to be able to
6 verify everybody's income before they can move in.

7 MS. MORALES: Keep in mind that that's from the
8 state of additional oversight because we go out onsite and
9 go through tenant files that they're leasing to eligible
10 households and that they're doing the income
11 verifications.

12 MR. MacDONALD: If I lease to somebody without
13 verifying their income on one of these affordable
14 properties, then these folks are going to find it within
15 about a year or so and they're going to bust me pretty
16 hard, so I have of incentive not to do that.

17 MS. MORALES: We report that to the IRS.

18 MR. MacDONALD: Yes. And we could actually
19 lose our IRS funding on the property and have to write a
20 seven to eight figure check back to our investor if we
21 fail to comply, so we have very much a financial incentive
22 to ensure that that's in place.

23 SPEAKER FROM AUDIENCE: How tough are you guys
24 on drug problems?

25 MR. MacDONALD: We have a zero tolerance policy

1 for drugs on our property. If we see drugs in your
2 apartment when we're in there for any reason, maintenance,
3 our quarterly air conditioning filter replacements, any
4 reason whatsoever, if we see drugs in the parking lot, if
5 we see your kids with drugs in the parking lot, you will
6 be out.

7 SPEAKER FROM AUDIENCE: Any kind?

8 MR. MacDONALD: Any kind.

9 SPEAKER FROM AUDIENCE: Is the property going
10 to be gated?

11 MR. MacDONALD: No. Again, we will have a
12 perimeter fence around the entire perimeter of the
13 property but we do not do gates on our properties.

14 SPEAKER FROM AUDIENCE: What about vehicle
15 registration? Say the people living there have their
16 vehicle registered after a certain time?

17 MR. MacDONALD: We do require that residents
18 register their vehicles with us and we do periodically
19 patrol the parking lot for that and follow up on those.

20 SPEAKER FROM AUDIENCE: So who patrols if
21 there's no security on site?

22 MR. MacDONALD: Again, it's up to our manager
23 and our maintenance to keep an eye on that and they check
24 it periodically.

25 SPEAKER FROM AUDIENCE: Periodically, what is

1 that?

2 MR. MacDONALD: It's several times a month.

3 SPEAKER FROM AUDIENCE: Do your manager and
4 maintenance live onsite?

5 MR. MacDONALD: Not all the time, but we do
6 strongly encourage them to and we do generally give them a
7 pretty strong break on their rent if they do. It's
8 something that I personally feel is very important to have
9 at least one of our staff people living onsite. I
10 actually used to live onsite myself for a while.

11 SPEAKER FROM AUDIENCE: Are you going to allow
12 people to work on automobiles?

13 MR. MacDONALD: No, no. We do not allow any
14 inoperable vehicles in the parking lot. If there's an
15 inoperable vehicle, it will be towed off after the proper
16 notice is given.

17 SPEAKER FROM AUDIENCE: What about if it's not
18 inspected, passed inspection?

19 MR. MacDONALD: I don't know, do we have a
20 policy on that? No, we don't handle that, but again, if
21 we have reason to suspect that it's inoperable.

22 SPEAKER FROM AUDIENCE: Because technically if
23 it's not inspected it's not an operable vehicle, it should
24 not be legally driven on the road. Correct?

25 MR. MacDONALD: That's probably correct.

1 Again, I'm not going to get into the legal weeds on that
2 because I don't know the answer. But again, if we see an
3 inoperable vehicle, if we see a vehicle spewing oil all
4 over the parking lot, if they've been on blocks for half a
5 day or whatever, we're going to take care of that.

6 SPEAKER FROM AUDIENCE: Will the city, will you
7 put out no parking signs on those streets?

8 MS. HUMBLE: Well, public streets are made for
9 parking, and so if it is a public street there has to be
10 certain criteria because when we put out no parking on
11 public streets that means you don't get to park in front
12 of your house either, there are no exceptions to that.

13 SPEAKER FROM AUDIENCE: [inaudible].

14 MS. HUMBLE: If it becomes an issue, we will
15 certainly evaluate it.

16 If I can, I want to address a couple of things.

17 First of all, the city did not just throw their support
18 to this project because it's affordable housing. We
19 vetted The MacDonald Companies. One thing I want to point
20 out is that they do background checks when you move in,
21 criminal history checks and they do it at rent renewal.
22 How many of you know that that happens to your neighbors?

23 SPEAKER FROM AUDIENCE: [inaudible].

24 MS. HUMBLE: I appreciate that, but there's a
25 difference between I need your money, like that woman was

1 saying, and it doesn't matter and having to follow the
2 rules. So that was very impressive to the city.

3 The secondary thing about this was that Mr.
4 MacDonald may want to share this story with you but they
5 used to use third party management companies and they
6 didn't manage to their standards, so now they management
7 it in-house and they report to Justin MacDonald. That's
8 power because it's important for us as a community to not
9 have the very thing you're worried about. The very thing
10 you're worried about creates a code enforcement nightmare
11 for us, and we don't want that either, because every time
12 that becomes an issue, who are you going to call? You're
13 going to call us and we're going to have to go and do
14 that.

15 There are no guarantees but when you need
16 affordable housing you make sure you get one of the best
17 you can, and these gentlemen come highly recommended in
18 the affordable housing market.

19 Now, I can't speak to the property values, but
20 I will tell you that Bastrop has a housing authority, we
21 have public housing which is just about as free as you can
22 get. The houses that back up to that on Church Street
23 sell between \$240- and \$475,000 and they back up to public
24 housing. There's also Section 8 housing in town.
25 Affordable housing is higher than that, and the rents are

1 this property are pretty substantial. I mean, you're not
2 going to be moving in their apartments paying \$400 a
3 month, they're \$900 to \$1,200 a month.

4 So I appreciate the concern, I really do. The
5 challenge for us really boils down to we've got to
6 diversify our economy. Bastrop's general fund is 41
7 percent sales tax. That's a scary proposition for the
8 community and the city, in my opinion, because the sales
9 tax is based on consumer confidence. When you feel good
10 about your money you spend your money, when you don't you
11 quit buying and we quit getting sales tax, and that sales
12 tax helps fund the police that come out to respond to the
13 calls, they help us build the parks and the things that we
14 do. So the way for us to be successful as a community is
15 to diversify our budgeting strength and get property tax.
16 The way you do that is to recruit economic development,
17 and economic development requires skilled workers.

18 And I started my presentation the night we did
19 this at council is housing is where the jobs sleep at
20 night, and so really it's about affordable housing where
21 that nice lady right there that has children can go to bed
22 at night knowing she's safe. I don't think that's really
23 too much to ask. And I don't think that that is something
24 that we as a city want to encourage anywhere. And so we
25 have public housing, we have Section 8 housing, and as I

1 said, I live two blocks from public housing, they make
2 good neighbors.

3 SPEAKER FROM AUDIENCE: [inaudible].

4 MS. HUMBLE: True, but it doesn't change the
5 fact that the criteria is going to be enforced and it is
6 multifamily and it was multifamily when you went in.

7 And I think the comment that I made about
8 drainage was misunderstood so I want to slow down because
9 you had a two-minute time limit and so I talk real fast
10 and clearly misunderstood.

11 There have been multiple drainage studies done
12 in Hunters Crossing, but the last one that was done has
13 been vetted by FEMA and it has been reviewed by a second
14 engineer, so it's the best information we have. We can
15 debate all day whether or not it's good, but serious
16 people have looked at it and said that's the case.

17 When that property was evaluated for drainage,
18 the piece of property that The MacDonald Companies is
19 looking at, they anticipated that 58 percent of that
20 property would have impervious surfaces, that's concrete,
21 that would generate a drainage issue. They're building at
22 48 percent, so they're not building at what the drainage
23 was put in for, so they're 10 percent less than the
24 requirement. In addition to that, they were planning to
25 expand the drainage pond but we don't have final

1 calculations about the drainage pipes for the drainage
2 next to their property.

3 SPEAKER FROM AUDIENCE: [inaudible].

4 MS. HUMBLE: Yes. So let's talk about Shiloh
5 Road bridge. Part of the challenge historically I believe
6 has been the water trying to leave Hunters Crossing and
7 get downstream, so leaving Hunters Crossing, going
8 underneath Shiloh Road and underneath 304. So the county,
9 Shiloh Road is in the county and is a county
10 responsibility, because we know how important this is to
11 Hunters Crossing, we've partnered with the county to help
12 alleviate this issue for Hunters Crossing. And so the
13 calculations show that it requires three drainage
14 culverts, there will be four, we're adding additional
15 capacity to do everything we can to alleviate that
16 concern.

17 Commissioner Hamner is in charge of that
18 project because it's a county project and all the
19 materials and all of the elements necessary to build that
20 project are currently being bid by the county. Once the
21 commissioners court awards that, then it's expected that
22 come March 1 construction will begin on improving the
23 Shiloh Road bridge.

24 SPEAKER FROM AUDIENCE: The bridge itself?

25 MS. HUMBLE: The bridge itself. That's right.

1 SPEAKER FROM AUDIENCE: [inaudible].

2 MS. HUMBLE: I think that Commissioner Hamner
3 has a plan and that's in the county.

4 SPEAKER FROM AUDIENCE: [inaudible].

5 MS. HUMBLE: Well, the only thing we can do is
6 encourage Commissioner Hamner to work on that and it's
7 been my expectation he's really good about delivering on
8 that that he says he's going to do.

9 So on March 1 that bridge will be under
10 construction with the expectation it should be completed
11 within about nine days, and so all of the downstream
12 concerns that have been a problem because of that Shiloh
13 Road only having one culvert and now will have four
14 hopefully will be addressed. So know that that is in the
15 works.

16 Your traffic concerns, we have worked with
17 TxDOT about getting a traffic study done at that
18 intersection. Once you leave Home Depot Way and go across
19 the highway, Agnes is the connection point that will
20 ultimately go all the way to Childress over by the
21 Walmart.

22 The economic development corporation is going
23 to build the intersection at Agnes that lines up with Home
24 Depot Way and the section -- and I don't know how many
25 feet it is right off the top of my head -- that's going to

1 be built in the very near future because it's a condition
2 of the Seton Hospital project that's going in.

3 We are finalizing the alignment of Agnes as we
4 speak. We have met with two of the property owners so
5 that we can finalize the connection of Agnes back
6 through -- well, it runs back past Hasler, it will
7 intersect to Hasler and then to Childress.

8 So we're working on that connection, but it's
9 one of the things that city council has made a priority in
10 our work plan is to improve connectivity on the north and
11 south side of State Highway 71. You know, I live downtown
12 and I joke that it takes us five minutes to get to Home
13 Depot on Sunday afternoon and an hour and a half to get
14 home.

15 We are working very diligently to get a
16 solution and get that worked out so that the first part of
17 Agnes will be built and we're working with the other
18 developers along that to get that lined out and get the
19 design so we can work hard to get it built.

20 It's not going to offer you a solution today
21 but know that the plan is in place and we've been having
22 conversations with TxDOT to get a signal at that
23 intersection.

24 SPEAKER FROM AUDIENCE: A couple of things.
25 One, on Agnes it's going to Hasler and over to Seton and

1 on over to 304?

2 MS. HUMBLE: Yes, sir.

3 SPEAKER FROM AUDIENCE: What I'm seeing is that
4 that's also going to be a ton of rooftops back there,
5 meaning more traffic. Is that not correct?

6 MS. HUMBLE: Eventually it will be built
7 because that's what cities do, they develop.

8 SPEAKER FROM AUDIENCE: But I understand that
9 the EDC has already said it's going to be nothing but
10 residential rooftops back from behind the Walmart all the
11 way over to the Seton place, and then, of course, Seton
12 will have the 30 acres on 304.

13 MS. HUMBLE: I have heard EDC say that.

14 SPEAKER FROM AUDIENCE: That was in the paper.
15 The other thing --

16 MS. HUMBLE: Let me finish. You raised the
17 question, so let's talk about it. At the corner behind
18 Taco Cabana, back up around the Taco Cabana is going to be
19 Seton Hospital.

20 There is some property directly behind Taco
21 Cabana that's commercial, and then there are five or six
22 sites in front of where the Seton property is that's going
23 to be developed commercial.

24 As you go down, I think that until you get
25 almost to the Pine Park area, right now that is

1 residential but I'm not aware of any plans right now to
2 develop anything out there because there's no
3 infrastructure, there's no water, there's no wastewater to
4 develop so we've got to grow into that. In the long term
5 look, yes, but today, unless they put it in, I'm not aware
6 of it.

7 SPEAKER FROM AUDIENCE: Well, some of us
8 remember when they straightened Riverside Road and a few
9 years later put in Hunters Crossing.

10 My next question, though, is four years ago you
11 were not the city manager; we had a different city
12 council, different city manager. That city council was on
13 our side, because some company tried to cram it down our
14 throat at that time. And the city council changed, what
15 has changed? What has changed from four years ago from
16 having the city council of Bastrop with us and now you
17 have gone this direction?

18 MS. MORALES: The purpose of this hearing is
19 for this particular development, and so if there are
20 concerns, questions that you have with respect to the city
21 action, I think that's best handled through a separate
22 conversation.

23 Are there any other questions that are specific
24 to this property and this development?

25 SPEAKER FROM AUDIENCE: I do have one; it's

1 regarding the structure. I don't know how it works in
2 Texas, but as a developer are you required to put any
3 money against doing traffic studies or anything like that,
4 or you just build on your property?

5 MR. MacDONALD: It varies from city to city. I
6 do not actually recall if we had to do a traffic impact
7 analysis on this site because it was already platted and
8 zoned. Usually in a master-planned community traffic is
9 taken into account when the streets are designed, so I
10 don't think we had to do anything here, but I will tell
11 you in other locations, yes, periodically we get asked to
12 do traffic impact analyses, and we work with cities to try
13 and minimize traffic impact.

14 I will also say that regardless of whether or
15 not we did it on this project, it benefits us to be sure
16 that the traffic flows well too, and so we have taken that
17 into consideration with our engineers.

18 But I will tell you that I don't think our
19 properties add as much traffic as single-family homes with
20 the same number of units because generally we have fewer
21 than two cars per household, there's children who can't
22 drive, a lot of carpooling goes on, that sort of thing.
23 So I will say that even if we developed single-family
24 housing on this property that you wouldn't see much
25 difference in traffic.

1 SPEAKER FROM AUDIENCE: It's not so much yours
2 alone, it's the compounding of other things being built.

3 MR. MacDONALD: Absolutely. And as I said, it
4 hurts us too if the traffic is bad getting in and out of
5 our property. If it takes you 30 minutes to go across
6 town to get to work, then people are going to find
7 someplace else to live, they're not going to want to live
8 there. So again, it's in our benefit to be sure that the
9 traffic flows as well, so we will be working with the city
10 on that.

11 MS. MORALES: On behalf of the State, we would
12 like to thank you for coming out. It's our practice to
13 hold these public hearings in the community. We could
14 just as easily hold them in Austin, but we think that it's
15 important to solicit public comments from those who would
16 be those directly affected, and so we certainly appreciate
17 you taking time tonight to come out and express those
18 opinions.

19 And again, if you have additional comments that
20 you want to send in that you want the Board to be aware
21 of, my business card is outside in the hallway, feel free
22 to send them directly to me.

23 Thank you.

24 (Whereupon, at 7:36 p.m., the public hearing
25 was concluded.)

C E R T I F I C A T E

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IN RE: The Preserve at Hunters Crossing

LOCATION: Bastrop, Texas

DATE: January 30, 2018

I do hereby certify that the foregoing pages, numbers 1 through 69, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

Nancy H. King 2/5/2018
(Transcriber) (Date)

On the Record Reporting &
Transcription, Inc.
7703 N. Lamar Blvd., Ste 515
Austin, Texas 78752

5b

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Springs Apartments) Series 2018 Resolution No. 18-016 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board previously adopted bond resolution No. 18-009 on October 12, 2017;

WHEREAS, the applicant, LDG Development, encountered delays in obtaining the HUD Commitment and could not close by the deadline associated with the previous Certificate of Reservation and such reservation was subsequently withdrawn;

WHEREAS, a new Certificate of Reservation (“Reservation”) was issued on January 17, 2018, in the amount of \$20,000,000, with a bond delivery deadline of June 16, 2018;

WHEREAS, the HUD Commitment was issued on March 8, 2018;

WHEREAS, pursuant to 10 TAC §10.201(3) of the Uniform Multifamily Rules, applications that had public opposition but remain materially unchanged from the original Board approval must be presented before the Board for consideration of the re-issuance of the Determination Notice; and

WHEREAS, the Executive Award and Review Advisory Committee (“EARAC”) recommends the issuance of Multifamily Housing Revenue Bonds (Springs Apartments) Series 2018 and the issuance of Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of up to \$20,000,000 in tax-exempt Multifamily Housing Revenue Bonds (Springs Apartments) Series 2018, Resolution No. 18-016 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of \$1,314,707 in 4% Housing Tax Credits for Springs Apartments, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website, is hereby approved in the form presented to this meeting; and

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

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't. Code Chapter 1371, as amended, and under Tex. Gov't. Code Chapter 2306, as amended, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Springs Apartments is to be located at approximately 4702 Ambassador Way in Balch Springs, Dallas County, and proposes the new construction of 221 units. The Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served. All of the units will be rent and income restricted at 60% AMFI. The development will serve the general population and the property conforms to current zoning. The census tract (0172.02) has a median household income of \$36,674, is in the fourth quartile, and has a poverty rate of 24.4%.

Prior Board Action: This application was previously approved by the Board at the meeting of October 12, 2017. Subsequent to the Board's approval, there were delays associated with obtaining the HUD Commitment as a result of their internal review process. The Reservation was withdrawn and staff effectively put the application on hold pending receipt of the Commitment. The HUD Commitment was issued on March 8, 2018, and a new Reservation has been issued and the working group is progressing towards an April 18, 2018, closing. Staff has evaluated the HUD loan amount relative to what was originally underwritten and can confirm that the credit recommendation remains the same. Based on the maximum loan amount identified in the HUD Commitment and corresponding budget, staff re-evaluated for financial feasibility and conditioned the award on a lower maximum HUD loan the transaction can support based on achieving the Department's standard 1.15 debt coverage ratio. Moreover, the underwriting report is conditioned upon working capital and initial operating deficit line items in the HUD budget being provided through a letter of credit.

Applications that receive Board approval but do not close under the original Reservation and have a new Reservation issued are allowed, under the rules, to certify that nothing in the application has changed. Once staff receives this Certification of No Changes then it administratively re-issues the Determination Notice. However, pursuant to the rules, if there is public opposition to the application the Certification cannot be utilized and the Board must re-consider the re-issuance of the Determination Notice. For Springs Apartments, there was public opposition at the TEFRA public hearing and there was testimony in opposition before the Board at the meeting of October 12, 2017.

Organizational Structure and Previous Participation: The Borrower is LDG Springs Apartments, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Large Category 2 and the previous participation was deemed acceptable by EARAC without further review or discussion.

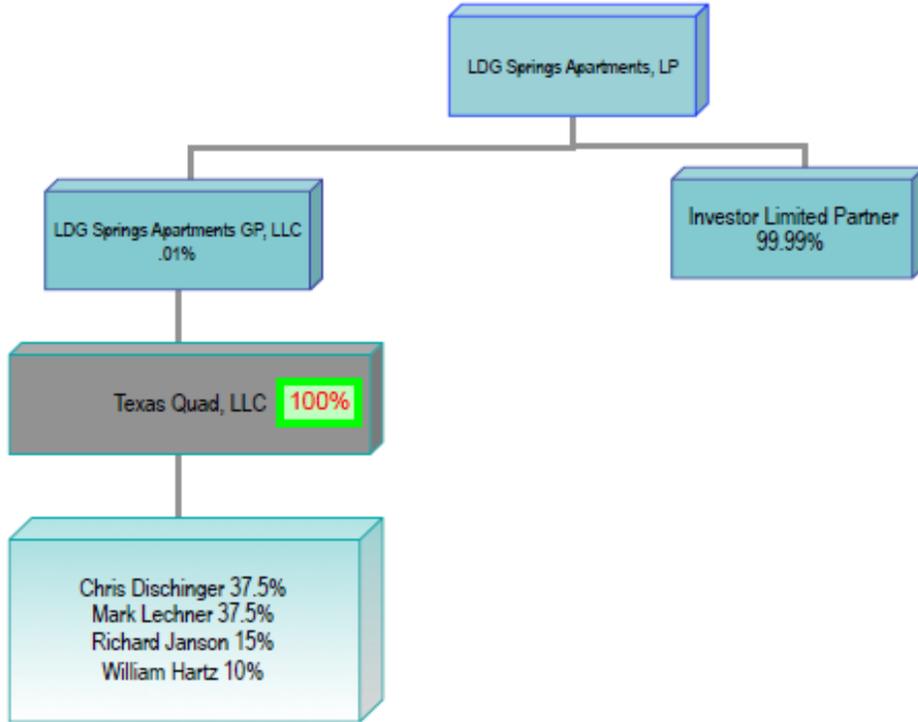
Public Hearing/Public Comment: A public hearing for the proposed development was conducted by staff on September 28, 2017. There were twelve people in attendance, the majority of which signed in as opposed to the development. A copy of the hearing transcript is included herein along with the public comment received.

Summary of Financial Structure

This transaction involves an FHA 221(d)(4) loan originated by Mason Joseph Company, Inc. and subsequently assigned to Red Mortgage Capital as lender, and underwritten by Stifel, Nicolaus & Company, Inc. which mirrors the financing structure used by several bond transactions previously approved by the Board. Under the proposed structure, the Department will issue short-term, tax-exempt fixed rate bonds in an amount not to exceed \$20,000,000 that will be collateralized with the proceeds of the taxable FHA mortgage loan. The bond proceeds will be utilized for project costs and as bond proceeds are drawn down, the proceeds from the FHA loan are simultaneously drawn and placed in an escrow account for the benefit of the bondholders. Given the cash collateralization, the transaction minimizes risk to the Department. The mortgage loan will be secured by eligible investments including obligations of the United States or money market mutual funds rated "AA+" at all times which offers protection to the bondholder.

The bond mortgage will be subordinate in lien position to the FHA mortgage but as previously indicated, the bond proceeds will also be cash collateralized as long as the bonds are outstanding. The bonds will remain outstanding through the expected construction period of 24 months, and will then be redeemed. The bonds will have a maximum interest rate of 3% and an outside maturity date of April 1, 2023 with provisions for the bonds to be initially tendered prior to this date. Upon redemption of the bonds, the FHA mortgage loan will remain and carry a 4.15% interest rate with a 40-year term and amortization.

Exhibit A



RESOLUTION NO. 18-016

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (SPRINGS APARTMENTS), SERIES 2018; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Springs Apartments), Series 2018 (the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") between the Department and BOKF, NA, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

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

WHEREAS, the Board, by resolution adopted on June 29, 2017, declared its intent to issue its revenue bonds to provide financing for the Development; and

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

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of the acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to

the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the “Bond Mortgage”) from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a first lien mortgage loan from Red Mortgage Capital, LLC (the “HUD Lender”), and the Board has determined that the HUD Lender, the Trustee, the Department and the Borrower will execute and deliver a Loan Disbursement Procedures Agreement (the “Disbursement Agreement”) pursuant to which the HUD Lender will deposit a portion of the proceeds of such first lien mortgage loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; 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 Development, which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, the Board has determined that the Department, the Trustee, and the Borrower will execute a Tax Exemption Agreement (the “Tax Exemption Agreement”) to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Development and to establish the expectations of the Department, the Trustee, and the Borrower as to future events regarding the Bonds, the Development, and the use and investment of Proceeds of the Bonds; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the “Official Statement”) and to authorize the authorized representatives of the Department to deem the Official Statement “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Purchase Contract (the “Bond Purchase Agreement”) with Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), and the Borrower, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, the Disbursement Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution and (b) the Bond Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all 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 are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the 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, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chair of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the initial interest rate set forth in the Bond Purchase Agreement and thereafter shall bear interest at the rates determined from time to time by the Remarketing Agent (as such term is defined in the Indenture) in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 3%; (ii) the aggregate principal amount of the Bonds shall not exceed \$20,000,000; (iii) the final maturity of the Bonds shall occur not later than April 1, 2023; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of 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 (as defined in Section 1.14 below) each are hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

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

Section 1.5 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Tax Exemption Agreement, and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Bond Purchase Agreement and to

deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Approval, Execution and Delivery of the Disbursement Agreement. That the form and substance of the Disbursement Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Disbursement Agreement, and to deliver the Disbursement Agreement to the HUD Lender, the Trustee and the Borrower.

Section 1.9 Acceptance of the Note and the Bond Mortgage. That the form and substance of the Note and the Bond Mortgage are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Note to the order of the Trustee without recourse.

Section 1.10 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the 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 Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement “final” for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution 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 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department’s seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

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

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

Exhibit B	-	Indenture
Exhibit C	-	Loan Agreement
Exhibit D	-	Regulatory Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Bond Purchase Agreement
Exhibit G	-	Note
Exhibit H	-	Bond Mortgage
Exhibit I	-	Official Statement
Exhibit J	-	Disbursement Agreement

Section 1.14 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 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Chief Financial Officer of the Department, the Director of Bond Finance of the Department, the Director of Multifamily Finance of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

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. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, 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 or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 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 S&P Global Ratings, and its successors and assigns, is approved, ratified and confirmed hereby.

Section 2.5 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 Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Stifel, Nicolaus & Company, Incorporated, or any other party identified in the Bond Purchase Agreement.

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 Bond Purchase Agreement and the

requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 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 Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) Need for Housing Development.

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

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

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

(b) Findings with Respect to the Borrower.

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

(ii) that the Borrower is financially responsible, and

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

(c) Public Purpose and Benefits.

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

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

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

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

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

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special 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 or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

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

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

[Execution page follows]

PASSED AND APPROVED this 22nd day of March, 2018.

[SEAL]

Chair, Governing Board

ATTEST:

Secretary to the Governing Board

EXHIBIT A

Description of Development

Borrower: LDG Springs Apartments, LP, a Texas limited partnership

Development: The Development is a 221-unit affordable multifamily community to be known as Springs Apartments and to be located at 4702 Ambassador Way, Balch Springs Texas 75180. It consists of one (1) residential apartment building with approximately 205,244 net rentable square feet. The unit mix will consist of:

28	one-bedroom/one-bath units
110	two-bedroom/two-bath units
83	three-bedroom/two-bath units
221	Total Units

Unit sizes will range from approximately 743 square feet to approximately 1,335 square feet.



Addendum to Underwriting Report

TDHCA Application #: **18614** Program(s): **TDHCA Bonds/4% HTC**

Springs Apartments

Address/Location: 4702 Ambassador Way

City: Balch Springs County: Dallas Zip: 75180

APPLICATION HISTORY	
Report Date	PURPOSE
03/15/18	Closing Memo
10/05/17	Original Underwriting Report

ALLOCATION

TDHCA Program	Previous Allocation				RECOMMENDATION				
	Amount	Rate	Amort	Term	Amount	Rate	Amort	Term	Lien
Private Activity Bonds	\$20,000,000	2.50%			\$20,000,000	3.00%		2	1
LIHTC (Annual)	\$1,314,707				\$1,314,707				

CONDITIONS STATUS

- 1 Receipt and acceptance before Determination Notice:
 - Certification that if the site is in the 100-year floodplain when it places in service, the finished ground Status: Cleared
- 2 Receipt and acceptance by Bond Closing:
 - a: Debt service on permanent debt not to exceed \$1,113,642.
Status: Update: At the locked in 4.15% interest with 0.25% MIP, the permanent debt amount cannot exceed \$20,710,400.
 - b: Confirmation of HUD approval that the requirements for Working Capital and Initial Operating Deficit Escrows can be satisfied with Letters of Credit rather than cash reserves.
Status: Pending at Bond Closing
- 3 Receipt and acceptance by Cost Certification:
 - a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: Certification that testing for asbestos (and/or) lead-based paint was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company.
 - c: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

d: Architect or engineer certification (including a Letter of Map Amendment "LOMA" or Letter of Map Revision "LOMR-F") indicating that the development is not within the 100 year floodplain; or that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain.

For any buildings remaining in the floodplain, documentation that flood insurance is in place both for the buildings and for the residents' personal property at the property owner's expense; and certification from the owner that flood insurance for the buildings and for the residents' personal property will remain in force until such time that the buildings are officially designated as no longer in a floodplain.

Status: Pending at Cost Cert

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

ANALYSIS

A Determination Notice was issued November 7, 2017 for \$1,314,707 in housing tax credits (TDHCA # 17602).

The Applicant's proposed permanent debt amount was \$21,863,400. The original underwriting report included a condition limiting annual debt service on the permanent debt to \$1,113,642 to maintain the minimum 1.15 debt coverage ratio. At the proposed 3.80% interest rate, the debt amount would be limited to \$21,763,400.

On March 12, 2018, the Applicant submitted the HUD commitment and executed interest rate lock agreement indicating the original debt amount at 4.15% interest. At the increased rate, the debt amount must be limited to \$20,710,400 to maintain the minimum debt coverage.

With the reduced debt amount, the project would be infeasible since deferral of the entire developer fee was insufficient to cover the gap in funds.

The Applicant indicated the HUD requirements for working capital escrow (\$875K) and initial operating deficit escrow (\$656K) could be satisfied with letters of credit rather than cash reserves.

With reduced total funding required, the development remains feasible with 47% of the developer fee deferred and repayable within 9 years.

Executed agreements permitting the use of Letters of Credit for Working Capital and Initial Operating Deficit Escrows must be provided at Closing.

The current analysis continues to support the original tax credit allocation.

Underwriter:	<u>Jeanna Rolsing</u>
Manager of Real Estate Analysis:	<u>Thomas Cavanagh</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #18614

DEBT / GRANT SOURCES																		
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE										AS UNDERWRITTEN DEBT/GRANT STRUCTURE								
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Prior Underwriting		Principal	Term	Amort	Rate	Pmt	Cumulative		
		UW	App						Applicant	TDHCA						DCR	LTC	
Mason Joseph FHA 221 (d)(4)	0.25%	1.16	1.16	1,104,684	3.80%	40	40	\$21,863,400	\$21,863,400	\$21,763,400	\$20,710,400	40	40	4.15%	\$1,113,762	1.15	59.0%	
CASH FLOW DEBT / GRANTS				\$1,104,684	TOTAL DEBT / GRANT SOURCES			\$21,863,400		\$20,710,400	TOTAL DEBT SERVICE			\$1,113,762	1.15	59.0%		
NET CASH FLOW		\$172,854	\$176,185	APPLICANT NET OPERATING INCOME										\$1,280,869	\$167,107	NET CASH FLOW		

EQUITY SOURCES														
APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE							
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Prior Underwriting		Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
						Applicant	TDHCA							Applicant
Boston Financial	LIHTC Equity	35.6%	\$1,314,707	0.95	\$12,489,715	\$12,489,715	\$12,489,715	\$12,489,715	\$0.95	\$1,314,707	35.6%	\$5,949	Previous Allocation	
LDG Multifamily, LLC	Deferred Developer Fees	8.8%	(76% Deferred)		\$3,102,450	\$3,102,450	\$3,202,350	\$1,926,899		(47% Deferred)	5.5%		Total Developer Fee: \$4,084,321	
Additional (Excess) Funds Req'd		0.0%						\$0			0.0%			
TOTAL EQUITY SOURCES		44.4%			\$15,592,165	\$15,592,165	\$15,692,065	\$14,416,614			41.0%			
TOTAL CAPITALIZATION					\$37,455,565	\$37,455,565	\$37,455,465	\$35,127,014	15-Yr Cash Flow after Deferred Fee:					\$2,306,244

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS						COST VARIANCE	
Acquisition	New Const. Rehab	Total Costs	Applicant	TDHCA	Total Costs	New Const. Rehab	Acquisition	%	\$	Eligible Basis		%	\$
										Applicant	TDHCA		
Land Acquisition		\$5,656 / Unit	\$1,250,000	\$1,250,000	\$1,250,000	1,230,000	\$5,566 / Unit					1.6%	\$20,000
Building Acquisition	\$0	\$ / Unit	\$0	\$0	\$0	\$ / Unit	\$0	0.0%	\$0			0.0%	\$0
Off-Sites		\$ / Unit	\$0	\$0	\$0	56,697	\$257 / Unit					-100.0%	(\$56,697)
Site Work	\$2,374,067	\$10,742 / Unit	\$2,374,067	\$2,374,067	\$2,374,067	2,260,673	\$10,229 / Unit	5.0%	\$113,394			5.0%	\$113,394
Site Amenities	\$929,523	\$4,206 / Unit	\$929,523	\$929,523	\$929,523	\$929,523	\$4,206 / Unit		\$0			0.0%	\$0
Building Cost	\$17,696,999	\$76.85 /sf	\$81,527/Unit	\$18,017,510	\$18,017,510	\$17,842,947	\$80,737/Unit	1.0%	\$174,563			1.0%	\$174,563
Contingency	\$639,631	3.05%	3.00%	\$639,631	\$639,631	\$1,599,167	835,894	23.5%	(\$196,263)			-23.5%	(\$196,263)
Contractor Fees	\$2,984,942	13.79%	13.59%	\$2,984,942	\$2,984,942	\$2,984,942	3,124,230	-4.5%	(\$139,288)			-4.5%	(\$139,288)
Soft Costs	\$1,603,981	\$8.307 / Unit	\$1,835,843	\$1,835,843	\$2,093,138	2,541,830	\$11,501 / Unit	-27.8%	(\$705,987)			-27.8%	(\$705,987)
Financing	\$999,744	\$13,150 / Unit	\$2,906,177	\$3,780,713	\$2,563,882	2,061,692	\$9,329 / Unit	41.0%	\$844,485			41.0%	\$844,485
Developer Fee	\$4,084,321	15.00%	14.83%	\$4,084,321	\$4,084,321	\$4,084,321	\$4,084,321	0.0%	\$0			0.0%	\$0
Reserves	\$566 / Unit	\$125,000	\$1,558,915	\$1,135,317	506,471	\$2,292 / Unit		-75.3%	(\$381,471)			-75.3%	(\$381,471)
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)		\$0	\$31,313,208	\$159,036 / Unit	\$35,147,014	\$37,455,465	\$36,857,304	\$35,474,278	\$160,517 / Unit	\$32,137,005	\$0	-0.9%	(\$327,264)
Acquisition Cost	\$0		(\$20,000)										
Contingency	\$0		\$0										
Contractor's Fee	\$0		\$0										
Interim Interest	\$0		\$0										
Developer Fee	\$0		\$0										
Reserves	\$0		\$0										
ADJUSTED BASIS / COST		\$0	\$31,313,208	\$158,946/unit	\$35,127,014	\$37,455,465	\$36,857,304	\$35,474,278	\$160,517/unit	\$32,137,005	\$0	-1.0%	(\$347,264)
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$35,127,014							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #18614

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$31,313,208	\$0	\$32,137,005
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$31,313,208	\$0	\$32,137,005
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$40,707,170	\$0	\$41,778,107
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$0	\$40,707,170	\$0	\$41,778,107
Applicable Percentage	3.37%	3.37%	3.37%	3.37%
ANNUAL CREDIT ON BASIS	\$0	\$1,371,832	\$0	\$1,407,922
CREDITS ON QUALIFIED BASIS	\$1,371,832		\$1,407,922	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9500	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,371,832	\$13,032,399	----	----	----
Needed to Fill Gap	\$1,517,538	\$14,416,614	----	----	----
Previous Allocation	\$1,314,707	\$12,489,715	\$1,314,707	\$0	\$0

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$20,000,000	Percent Financed by Tax-Exempt Bonds		Applicant	TDHCA
Aggregate Basis Limit for 50% Test	\$40,000,000			68.9%	67.1%
		Applicant	TDHCA		
Land Cost	\$1,250,000	\$1,250,000	\$1,230,000		
Depreciable Bldg Cost	\$27,781,260	\$27,781,260	\$28,591,538		
Aggregate Basis for 50% Test	\$29,031,260	\$29,821,538			
		amount aggregate basis can increase before 50% test fails		\$10,968,740 37.8%	\$10,178,462 34.1%

BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	234,459 SF	\$62.99	14,768,580
Adjustments				
Exterior Wall Finish	3.12%		1.97	\$460,780
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			1.13	264,353
Subfloor			0.20	46,892
Floor Cover			6.67	1,564,967
Breezeways	\$0.00	61,068	0.00	0
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$990	579	2.44	573,210
Rough-ins	\$485	442	0.91	214,370
Built-In Appliances	\$1,725	221	1.63	381,225
Exterior Stairs	\$2,280	15	0.15	34,200
Heating/Cooling			2.14	501,742
Enclosed Corridors	\$45.64	61,068	11.89	2,787,146
Carports	\$11.94	2,364	0.12	28,226
Garages	\$28.50	6,129	0.75	174,677
Comm &/or Aux Bldgs	\$85.20	4,273	1.55	364,079
Elevators	\$101,850	3	1.30	305,550
Other:			0.00	0
Fire Sprinklers	\$2.47	360,868	3.80	891,344
SUBTOTAL			99.64	23,361,339
Current Cost Multiplier	1.01		1.00	233,613
Local Multiplier	0.87		(12.95)	(3,036,974)
TOTAL BUILDING COSTS			87.68	\$20,557,979
Plans, specs, survey, bldg permits	3.30%		(2.89)	(\$678,413)
Contractor's OH & Profit	11.50%		(10.08)	(2,364,168)
NET BUILDING COSTS		\$79,255/unit	\$74.71/sf	\$17,515,398

Long-Term Pro Forma

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #18614

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$2,341,057	\$2,387,878	\$2,435,635	\$2,484,348	\$2,534,035	\$2,797,779	\$3,088,974	\$3,410,477	\$3,765,443	\$4,157,353	\$4,590,054	\$5,067,790
TOTAL EXPENSES	3.00%	\$1,060,188	\$1,091,170	\$1,123,065	\$1,155,900	\$1,189,702	\$1,374,269	\$1,587,721	\$1,834,604	\$2,120,185	\$2,450,563	\$2,839,227	\$3,291,443
NET OPERATING INCOME ("NOI")		\$1,280,869	\$1,296,708	\$1,312,571	\$1,328,448	\$1,344,333	\$1,423,510	\$1,501,253	\$1,575,873	\$1,645,257	\$1,706,790	\$1,750,826	\$1,776,347
EXPENSE/INCOME RATIO		45.3%	45.7%	46.1%	46.5%	46.9%	49.1%	51.4%	53.8%	56.3%	58.9%	61.9%	64.9%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		\$1,113,762	\$1,113,246	\$1,112,708	\$1,112,147	\$1,111,563	\$1,108,249	\$1,104,173	\$1,099,158	\$1,092,989	\$1,085,401	\$1,076,066	\$1,064,582
DEBT COVERAGE RATIO		1.15	1.16	1.18	1.19	1.21	1.28	1.36	1.43	1.51	1.57	1.63	1.67
ANNUAL CASH FLOW													
		\$167,107	\$183,462	\$199,863	\$216,301	\$232,770	\$315,261	\$397,081	\$476,715	\$552,268	\$621,390	\$674,761	\$711,766
Deferred Developer Fee Balance		\$1,759,792	\$1,576,330	\$1,376,467	\$1,160,165	\$927,396	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$483,934	\$2,306,244	\$4,531,774	\$7,144,074	\$10,115,886	\$13,390,933	\$16,882,607



DEVELOPMENT IDENTIFICATION

TDHCA Application #: 17602 Program(s): TDHCA Bonds/4% HTC

Springs Apartments

Address/Location: 4702 Ambassador Way

City: Balch Springs County: Dallas Zip: 75180

Population: General Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Elevator Served Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
TDHCA Bonds*	\$20,000,000	2.50%		2	\$20,000,000	2.50%		2	1
LIHTC (4% Credit)	\$1,314,707				\$1,314,707				

* Maximum bond amount not to exceed \$20,000,000. Underwritten based on FHA loan amount at 3.8% with a 40 year term and amortization.

CONDITIONS

- 1 Receipt and acceptance before Determination Notice:
 - Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that all drives, parking and amenities will be no more than 6 inches below the floodplain; and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property until such time that the site is officially designated to be no longer in the floodplain.
- 2 Receipt and acceptance by Bond Closing:
 - Debt service on permanent debt not to exceed \$1,113,642.
- 3 Receipt and acceptance by Cost Certification:
 - a: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.
 - b: Certification that testing for asbestos (and/or) lead-based paint was performed on the existing structure(s) prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company.
 - c: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.
 - d: Architect or engineer certification (including a Letter of Map Amendment "LOMA" or Letter of Map Revision "LOMR-F") indicating that the development is not within the 100 year floodplain; or that the finished ground floor elevation for each building is at least one foot above the floodplain and that all drives, parking and amenities are not more than 6 inches below the floodplain.

For any buildings remaining in the floodplain, documentation that flood insurance is in place both for the buildings and for the residents' personal property at the property owner's expense; and certification from the owner that flood insurance for the buildings and for the residents' personal property will remain in force until such time that the buildings are officially designated as no longer in a floodplain.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	221

DEVELOPMENT SUMMARY

This new construction development will be 221 family units in one contiguous interior corridor residential building on approximately 9.71 acres southeast of Dallas, just outside I-635. The one, two and three bedroom units will all be restricted at 60% AMI. Additionally, the site will contain 24 carports and 10 detached garages.

Property is located on I-635, I-20, and Hwy 175 offering linkages to Mesquite and all areas of Dallas, including the new inland port in south Dallas (15 min drive), a hub for manufacturing, warehouse, and shipping jobs.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Developer experience
▫	Good location to highways/Dallas
▫	Low expense ratio

WEAKNESSES/RISKS	
▫	Low DCR
▫	
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name: William Justin Hartz
 Phone: (512) 351-9335
 Relationship: Developer/Contractor

Name: Jason L. Trevino
 Phone: (512) 578-8488
 Relationship: Developer Staff

Balch Springs MultiFamily



Comments:

The flat 9.71 acre site will contain a detention pond, pool, playground and two access drives to Ambassador Way. The southwest portion of the site lies within Zone AE, 100 year flood plain, as defined by FEMA. The northwest 1.93 acres of the larger 11.64 acre site will house future unrelated retail. There are billboards along Ambassador Way, one on the retail site and one on the multifamily site. There is currently a vacant single family home on the site that will be demolished.

Parking	No Fee		Tenant-Paid		Total	
	Count	Cost/unit	Count	Cost/unit	Count	Cost/unit
Open Surface	404	1.8/unit	0	--	404	1.8/unit
Carport	0	--	10	0.0/unit	10	0.0/unit
Garage	0	--	24	0.1/unit	24	0.1/unit
Total Parking	404	1.8/unit	34	0.2/unit	438	2.0/unit

Comments:

277 parking spaces are required; 438 are provided, of which 10 are rentable carports and 24 rentable garages. All parking spaces, garages, and carports must be in compliance with ADA & Fair Housing requirements.

BUILDING ELEVATION



Comments:

Four-story, single building with flat roof, conditioned corridors, and three elevators. 39% masonry. Plumbing is efficient running center lines.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc Date: 3/16/2017

Recognized Environmental Conditions (RECs) and Other Concerns:

- The on-site buildings were constructed in the early-1980s. A visual asbestos inspection was conducted by Phase Engineering, Inc. at the subject property. Potential asbestos containing building materials (ACBMs) in the form of wall material, ceiling material and miscellaneous building materials in good non-friable condition were observed at the subject property. In the event of renovation and / or demolition, sampling may be required of suspect asbestos containing materials prior to these activities.
- In accordance with Section III.IV.D of the HUD letter, post-construction radon testing is required for all new construction projects located within Radon Zone 3. The radon testing must be performed in accordance to the ANSI/ AARST protocol for conducting radon and radon decay product measurements in multi-family buildings. Property is located in Zone 3.
- Noise survey was conducted at the proposed retail building site; resulting DNL is 74.8 dB. All the calculated noise values fall within the range of 65-75 dB, and considered "Normally Unacceptable" based on the HUD guidelines. The results of the assessment found the greatest contributor of noise to the subject property is Lyndon B. Johnson Freeway, located just to the northwest. Noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations of the new development.

Comments:

Since the on-site buildings were constructed prior to 1986, testing for lead in the drinking water is recommended if any of the existing plumbing systems are planned for use in future development of the subject property. All structures will be demolished.

MARKET ANALYSIS

Provider: Apartment MarketData, LLC Date: 2/7/2017
 Contact: Darrell Jack Phone: 210-530-0040

Primary Market Area (PMA): 42 sq. miles 4 mile equivalent radius

The PMA consists of 14 census tracts located southeast of Dallas. The PMA is bisected vertically by I-635; the PMA runs along Hwy 175 and I-20 west to the county line.

ELIGIBLE HOUSEHOLDS BY INCOME								
Dallas County Income Limits								
HH size	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
	min	max	min	max	min	max	min	max
1	---	---	---	---	---	---	\$27,669	\$30,120
2	---	---	---	---	---	---	\$27,669	\$34,440
3	---	---	---	---	---	---	\$33,223	\$38,760
4	---	---	---	---	---	---	\$38,366	\$43,020
5	---	---	---	---	---	---	\$38,366	\$46,500
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					
Other Affordable Developments in PMA since 2012						
	None				n/a	
Stabilized Affordable Developments in PMA (pre-2012)				Total Units	897	
				Total Developments	8	

Proposed, Under Construction, and Unstabilized Comparable Supply:

No unstabilized supply in the PMA. Five miles southwest of the PMA is Gateway at Hutchins (#16602). This property is currently running a 600 person waiting list during construction. Per management, people are coming from a greater distance to be close to the inland port, which is located in south Dallas and provides a large amount of factory/warehouse/shipping jobs. Subject property is about 15 miles from the inland port and will likely attract tenants that are looking for affordable housing close to this job center.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
Total Households in the Primary Market Area	30,683		30,683	
Potential Demand from the Primary Market Area	2,465		2,461	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	2,465		2,461	
Subject Affordable Units	220		221	
Unstabilized Comparable Units	0		0	
RELEVANT SUPPLY	220		221	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	8.9%		9.0%	

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

The capture rate calculation determines the percentage of the available demand that is needed to absorb the proposed units. All capture rates are below the maximum thresholds suggesting there is enough demand in the stated PMA for the subject units. Market Analyst shows 220 subject units, whereas Underwriter and current unit mix is 221 units.

While the Gross Capture Rate is below the 10% threshold, it is 9%. The demand for Gateway at Hutchins (discussed above) suggests that people may move from outside the PMA to affordable housing with easy access to the new inland port in south Dallas. Subject has direct access via Hwy 175/I-45 (20 min drive), although Gateway at Hutchins has direct access via I-45 (15 min drive).

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE								
Unit Type	Market Analyst				Underwriter			
	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
1 BR/60%	140	28	0	20%	140	28	0	20%
2 BR/60%	274	108	0	39%	274	110	0	40%
3 BR/60%	251	84	0	33%	249	83	0	33%

Market Analyst Comments:

The overall occupancy reported in the market is 98.6%. (p. 10)

There are currently 382 income qualified households located within one mile of the subject. This equates to 15.9% of the income qualified households in the PMA. (p. 32)

Underwriter Comments:

Average occupancy of HTC properties in PMA is 94%.

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	\$1,280,869	Avg. Rent:	\$934	Expense Ratio:	45.3%
Debt Service:	\$1,113,642	B/E Rent:	\$866	Controllable Expenses:	\$2,820
Net Cash Flow:	\$167,227	UW Occupancy:	92.5%	Property Taxes/Unit:	\$955
Aggregate DCR:	1.15	B/E Occupancy:	85.9%	Program Rent Year:	2017

Low expense ratio of 45%; partially due to 3.5% management agreement and the high AMI rents. Controllable expenses are average at \$2,820/unit.

Analysis assumes full HTC rents. Breakeven rent is \$68 below the average rent. Breakeven vacancy is 31 units, development is underwritten at 16 units vacant. Underwriter changed Applicant's vacancy assumption of 7% to the usual 7.5%, thus decreasing the DCR to 1.14.

DCR is 1.14, below the minimum 1.15 threshold. As TDHCA is the bond issuer, Applicant will have to limit debt service to \$1,113,642 in order to meet the DCR requirement, and increase deferred fee. 15 year cumulative cash flow after deferred fee is \$1M.

While the DCR is 1.14, Applicant did not include the extra income they will earn from garages, carports, and the large amounts of tenant storage. These assumed incomes would increase the DCR to 1.19.

Revisions to Rent Schedule:	1
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Revisions to Annual Operating Expenses:	2
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DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$128,733/ac	\$5,656/unit	\$1,250,000	Contractor Fee	\$2,984,942
Off-site + Site Work		\$14,948/unit	\$3,303,590	Soft Cost + Financing	\$5,616,556
Building Cost	\$76.85/sf	\$81,527/unit	\$18,017,510	Developer Fee	\$4,084,321
Contingency	3.00%	\$2,894/unit	\$639,631	Reserves	\$1,558,915
Total Development Cost	\$169,482/unit	\$37,455,465	Rehabilitation Cost	N/A	

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH
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Off-site:

None

Site Work:

Site work is low at \$10,700/unit; this includes detention and general water/sewer, etc. Site amenities are high at \$4,200/unit; this includes \$420k for landscaping/irrigation, \$240k pool and decking, \$214k fencing, and \$55k for dumpster enclosures.

Building Cost:

Underwriter uses the building cost of \$17,842,947 (\$76.10/sf) that is on the HUD application; Underwriter's cost model valuation is \$17,515,398 or \$74.71/sf. Building costs for HUD deals go through a third party cost review prior to HUD application. Applicant's building cost at \$76.81/sf. Applicant's costs are used as it is within 5%.

Above average costs include four-story structure, flat roof, air conditioned corridors, and three elevators. Below average cost is 8 foot ceiling heights in apartments.

Contingency:

Applicant's cost includes 3% contingency. Underwriter reclassified \$826k of the HUD working capital reserve from soft costs to contingency to allow the maximum 7% contingency and moved the remaining \$48k to reserves. \$85k soft cost contingency was moved here and included in the max 7% contingency.

Soft Costs:

Underwriter moved \$342k of FFE from Applicant's financing costs to soft costs. \$85k soft cost contingency was moved to contingency.

Financing Cost:

As stated above, Underwriter moved the documented \$875k working capital reserve and the FFE and organization costs from financing costs.

Reserves:

Underwriter limited reserves to 6 month operating expenses and debt service as required by equity and the excess \$48k of working capital reserve. Applicant included \$65k rent up and \$60k replacement reserves.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$37,455,465	\$31,313,208	\$1,371,832

Revisions to Development Cost Schedule:	1
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UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	Amount	Reservation Date	Priority
TDHCA	\$20,000,000	7/27/2017	Priority 3
Closing Deadline	Expected Closing	Bond Structure	
12/24/2017	TBD	FHA 221(d)(4)	

Comments:

The project will be financed with the cash collateralized tax-exempt bonds (\$20M) during construction, backed by a taxable FHA HUD 221(d)(4) mortgage through Mason Joseph. As construction draws on bonds are made, a simultaneous draw will be made on the FHA loan that replenishes cash in the trust estate. Once the FHA loan is fully funded and the development is placed in service, the TDHCA bonds will be paid in full and the FHA loan will remain in place as the long-term permanent financing. The difference between the FHA loan and bond amounts represent a taxable/conventional piece of the financing.

To be eligible for the 4% tax credit, the tax-exempt bonds must fund greater than 50% of the cost of the development (depreciable basis plus land). As structured, it is 68.9%.

INTERIM SOURCES				
Mason Joseph FHA 221 (d)(4)	Conventional/FHA	\$1,863,400	3.80%	6%
Boston Financial	HTC	\$6,243,500	\$0.95	20%
LDG Multifamily, LLC	Deferred Fee	\$3,102,450	0.00%	10%
		\$31,209,350	Total Sources	

PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Mason Joseph FHA 221 (d)(4)	\$21,863,400	3.80%	40	40	\$21,763,400	3.80%	40	40	58%
Total	\$21,863,400				\$21,763,400				

Comments:

If the FHA 221(d)(4) interest rate increases, there is \$3.1M of deferred developer fee that could be used to decrease the loan amount to keep the project feasible at a higher interest rate.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Boston Financial	\$12,489,715	\$0.95		\$12,489,715	\$0.95	33%	
LDG Multifamily, LLC	\$3,102,450		76%	\$3,202,350		9%	78%
Total	\$15,592,165			\$15,692,065			
				\$37,455,465	Total Sources		

Credit Price Sensitivity based on current capital structure	
\$1.194	Maximum Credit Price before the Development is oversourced and allocation is limited
\$0.883	Minimum Credit Price below which the Development would be characterized as infeasible

Revisions to Sources Schedule:	1
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CONCLUSIONS

Recommended Financing Structure:

The underwriting limits the debt service to \$1,113,642 in order to meet the minimum 1.15 debt coverage ratio. Deferred fee will be adjusted to ensure feasibility.

Gap Analysis:	
Total Development Cost	\$37,455,465
Permanent Sources	\$21,763,400
Gap in Permanent Financing	\$15,692,065

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$13,032,399	\$1,371,832
Needed to Balance Sources & Uses	\$15,692,065	\$1,651,797
Requested by Applicant	\$12,489,715	\$1,314,707

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	\$12,489,715	\$1,314,707

	Amount	Interest Rate	Amort	Term	Lien
TDHCA-Issued Bonds	\$20,000,000	2.50%		2	1

Deferred Developer Fee	\$3,202,350	(78% deferred)
Repayable in	13 years	

Underwriter:	<i>Jeanna Rolsing</i>
Manager of Real Estate Analysis:	<i>Thomas Cavanagh</i>
Director of Real Estate Analysis:	<i>Brent Stewart</i>

UNIT MIX/RENT SCHEDULE

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #17602

LOCATION DATA	
CITY:	Balch Springs
COUNTY:	Dallas
Area Median Income	\$71,700
PROGRAM REGION:	3

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	-	0.0%
1	28	12.7%	0	40%	-	0.0%
2	110	49.8%	0	50%	-	0.0%
3	83	37.6%	0	60%	221	100.0%
4	-	0.0%	0	MR	-	0.0%
TOTAL	221	100.0%	-	TOTAL	221	100.0%

Applicable Programs
4% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	3.37%
APP % Construction	3.37%
Average Unit Size	1,061 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 60%	\$807	28	1	1	743	\$807	\$54	\$753	(\$3)	\$1.01	\$750	\$21,000	\$21,084	\$753	\$1.01	\$0	\$1,047	\$1.41	\$1,047
TC 60%	\$969	110	2	2	935	\$969	\$69	\$900	\$0	\$0.96	\$900	\$99,000	\$99,000	\$900	\$0.96	\$0	\$1,335	\$1.43	\$1,335
TC 60%	\$1,119	83	3	2	1,335	\$1,119	\$81	\$1,038	\$4	\$0.78	\$1,042	\$86,486	\$86,154	\$1,038	\$0.78	\$0	\$1,481	\$1.11	\$1,481
TOTALS/AVERAGES:		221			234,459				\$1	\$0.88	\$934	\$206,486	\$206,238	\$933	\$0.88	\$0	\$1,353	\$1.28	\$1,353

ANNUAL POTENTIAL GROSS RENT:	\$2,477,832	\$2,474,856
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STABILIZED PRO FORMA

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #17602

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	3 Local Comps	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
POTENTIAL GROSS RENT				\$0.88	\$934	\$2,477,832	\$2,474,856	\$933	\$0.88		0.1%	\$2,976
Late, Pet, Application fees					\$20.00	\$53,040						
Total Secondary Income							\$53,040	\$20.00			0.0%	\$0
POTENTIAL GROSS INCOME						\$2,530,872	\$2,527,896				0.1%	\$2,976
Vacancy & Collection Loss					7.5% PGI	(189,815)	(189,592)	7.5% PGI			0.1%	(223)
EFFECTIVE GROSS INCOME						\$2,341,057	\$2,338,304				0.1%	\$2,753

General & Administrative	\$99,443	\$450/Unit	72,171	\$327	3.48%	\$0.35	\$369	\$81,500	\$87,958	\$398	\$0.38	3.76%	-7.3%	(6,458)
Management	\$92,729	4.4% EGI	92,696	\$419	3.52%	\$0.35	\$373	\$82,380	\$81,841	\$370	\$0.35	3.50%	0.7%	539
Payroll & Payroll Tax	\$263,192	\$1,191/Unit	220,862	\$999	9.88%	\$0.99	\$1,046	\$231,200	\$231,200	\$1,046	\$0.99	9.89%	0.0%	-
Repairs & Maintenance	\$144,156	\$652/Unit	129,925	\$588	5.63%	\$0.56	\$596	\$131,760	\$132,600	\$600	\$0.57	5.67%	-0.6%	(840)
Electric/Gas	\$62,104	\$281/Unit	27,929	\$126	2.00%	\$0.20	\$212	\$46,918	\$47,475	\$215	\$0.20	2.03%	-1.2%	(557)
Water, Sewer, & Trash	\$144,935	\$656/Unit	176,753	\$800	5.63%	\$0.56	\$596	\$131,800	\$144,935	\$656	\$0.62	6.20%	-9.1%	(13,135)
Property Insurance	\$61,432	\$0.26 /sf	55,499	\$251	2.60%	\$0.26	\$275	\$60,755	\$61,432	\$278	\$0.26	2.63%	-1.1%	(677)
Property Tax (@ 100%) 2.7398	\$170,270	\$770/Unit	190,450	\$862	9.01%	\$0.90	\$955	\$211,000	\$190,450	\$862	\$0.81	8.14%	10.8%	20,550
Reserve for Replacements	\$84,972	\$384/Unit	-	\$0	2.36%	\$0.24	\$250	\$55,250	\$55,250	\$250	\$0.24	2.36%	0.0%	-
Supportive Services			-	\$0	0.00%	\$0.00	\$0	\$0	\$0	\$0	\$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	\$0	0.38%	\$0.04	\$40	\$8,840	\$8,840	\$40	\$0.04	0.38%	0.0%	-
TDHCA Bond Compliance Fee			-	\$0	0.24%	\$0.02	\$25	\$5,525	\$5,525	\$25	\$0.02	0.24%	0.0%	-
Security			-	\$0	0.57%	\$0.06	\$60	\$13,260	\$13,260	\$60	\$0.06	0.57%	0.0%	-
TOTAL EXPENSES					45.29%	\$4.52	\$4,797	\$1,060,188	\$1,060,766	\$4,800	\$4.52	45.36%	-0.1%	\$ (578)
NET OPERATING INCOME ("NOI")					54.71%	\$5.46	\$5,796	\$1,280,869	\$1,277,538	\$5,781	\$5.45	54.64%	0.3%	\$ 3,331

CONTROLLABLE EXPENSES							\$2,820/Unit				\$2,915/Unit			
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CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #17602

DEBT / GRANT SOURCES															
APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE										AS UNDERWRITTEN DEBT/GRANT STRUCTURE					
DEBT (Must Pay)	Fee	Cumulative DCR		Pmt	Rate	Amort	Term	Principal	Principal	Term	Amort	Rate	Pmt	Cumulative	
		UW	App											DCR	LTC
Mason Joseph FHA 221 (d)(4)	0.25%	1.16	1.16	1,104,684	3.80%	40	40	\$21,863,400	\$21,763,400	40	40	3.80%	\$1,113,642	1.15	58.1%
				\$1,104,684	TOTAL DEBT / GRANT SOURCES			\$21,863,400	\$21,763,400	TOTAL DEBT SERVICE			\$1,113,642	1.15	58.1%
NET CASH FLOW		\$172,854	\$176,185	APPLICANT		NET OPERATING INCOME		\$1,280,869	\$167,227	NET CASH FLOW					

EQUITY SOURCES											
APPLICANT'S PROPOSED EQUITY STRUCTURE						AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
LDG Multifamily, LLC	Deferred Developer Fees	8.3%	(76% Deferred)		\$3,102,450	\$3,202,350	(78% Deferred)		8.5%		Total Developer Fee: \$4,084,321
TOTAL EQUITY SOURCES		41.6%			\$15,592,165	\$15,692,065			41.9%		
TOTAL CAPITALIZATION						\$37,455,565	\$37,455,465	15-Yr Cash Flow after Deferred Fee:			\$1,040,837

DEVELOPMENT COST / ITEMIZED BASIS													
APPLICANT COST / BASIS ITEMS						TDHCA COST / BASIS ITEMS						COST VARIANCE	
	Eligible Basis		Total Costs		Total Costs	Eligible Basis				%	\$		
	Acquisition	New Const. Rehab				New Const. Rehab	Acquisition						
Land Acquisition			\$5,656 / Unit	\$1,250,000	\$1,250,000	\$5,656 / Unit				0.0%	\$0		
Off-Sites			\$ / Unit	\$0	\$0	\$ / Unit				0.0%	\$0		
Site Work		\$2,374,067	\$10,742 / Unit	\$2,374,067	\$2,374,067	\$10,742 / Unit	\$2,374,067			0.0%	\$0		
Site Amenities		\$929,523	\$4,206 / Unit	\$929,523	\$929,523	\$4,206 / Unit	\$929,523			0.0%	\$0		
Building Cost		\$17,696,999	\$76.85 /sf	\$81,527/Unit	\$18,017,510	\$17,842,947	\$80,737/Unit	\$76.10 /sf	\$17,690,819	1.0%	\$174,563		
Contingency		\$639,631	3.05%	3.00%	\$639,631	\$1,599,167	7.56%	7.00%	\$1,469,609	-60.0%	(\$959,536)		
Contractor Fees		\$2,984,942	13.79%	13.59%	\$2,984,942	\$2,984,942	13.12%	13.29%	\$2,984,942	0.0%	\$0		
Soft Costs	0	\$1,603,981		\$8,307 / Unit	\$1,835,843	\$2,093,138	\$9,471 / Unit		\$1,603,981	\$0	-12.3%	(\$257,295)	
Financing	0	\$999,744		\$17,107 / Unit	\$3,780,713	\$2,563,882	\$11,601 / Unit		\$999,744	\$0	47.5%	\$1,216,831	
Developer Fee	\$0	\$4,084,321	15.00%	14.83%	\$4,084,321	\$4,084,321	14.41%	14.56%	\$4,084,321	\$0	0.0%	\$0	
Reserves				\$7,054 / Unit	\$1,558,915	\$1,135,317	\$5,137 / Unit				37.3%	\$423,598	
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	\$0	\$31,313,208		\$169,482 / Unit	\$37,455,465	\$36,857,304	\$166,775 / Unit		\$32,137,005	\$0	1.6%	\$598,161	
Acquisition Cost	\$0				\$0								
Contingency		\$0			\$0								
Contractor's Fee		\$0			\$0								
Interim Interest		\$0			\$0								
Developer Fee	\$0	\$0			\$0								
Reserves					\$0								
ADJUSTED BASIS / COST	\$0	\$31,313,208		\$169,482/unit	\$37,455,465	\$36,857,304	\$166,775/unit		\$32,137,005	\$0	1.6%	\$598,161	
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						\$37,455,465							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS
Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #17602

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	\$0	\$31,313,208	\$0	\$32,137,005
Deduction of Federal Grants	\$0	\$0	\$0	\$0
TOTAL ELIGIBLE BASIS	\$0	\$31,313,208	\$0	\$32,137,005
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	\$0	\$40,707,170	\$0	\$41,778,107
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	\$0	\$40,707,170	\$0	\$41,778,107
Applicable Percentage	3.37%	3.37%	3.37%	3.37%
ANNUAL CREDIT ON BASIS	\$0	\$1,371,832	\$0	\$1,407,922
CREDITS ON QUALIFIED BASIS		\$1,371,832		\$1,407,922

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9500	Variance to Request	
			Credit Allocation	Credits	Proceeds
Eligible Basis	\$1,371,832	\$13,032,399	----	----	----
Needed to Fill Gap	\$1,651,797	\$15,692,065	----	----	----
Applicant Request	\$1,314,707	\$12,489,715	\$1,314,707	\$0	\$0

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$20,000,000		Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
Aggregate Basis Limit for 50% Test	\$40,000,000				
	Applicant	TDHCA			
Land Cost	\$1,250,000	\$1,250,000	amount aggregate basis can increase before 50% test fails	\$10,968,740	\$9,926,472
Depreciable Bldg Cost	\$27,781,260	\$28,823,528			
Aggregate Basis for 50% Test	\$29,031,260	\$30,073,528		37.8%	33.0%

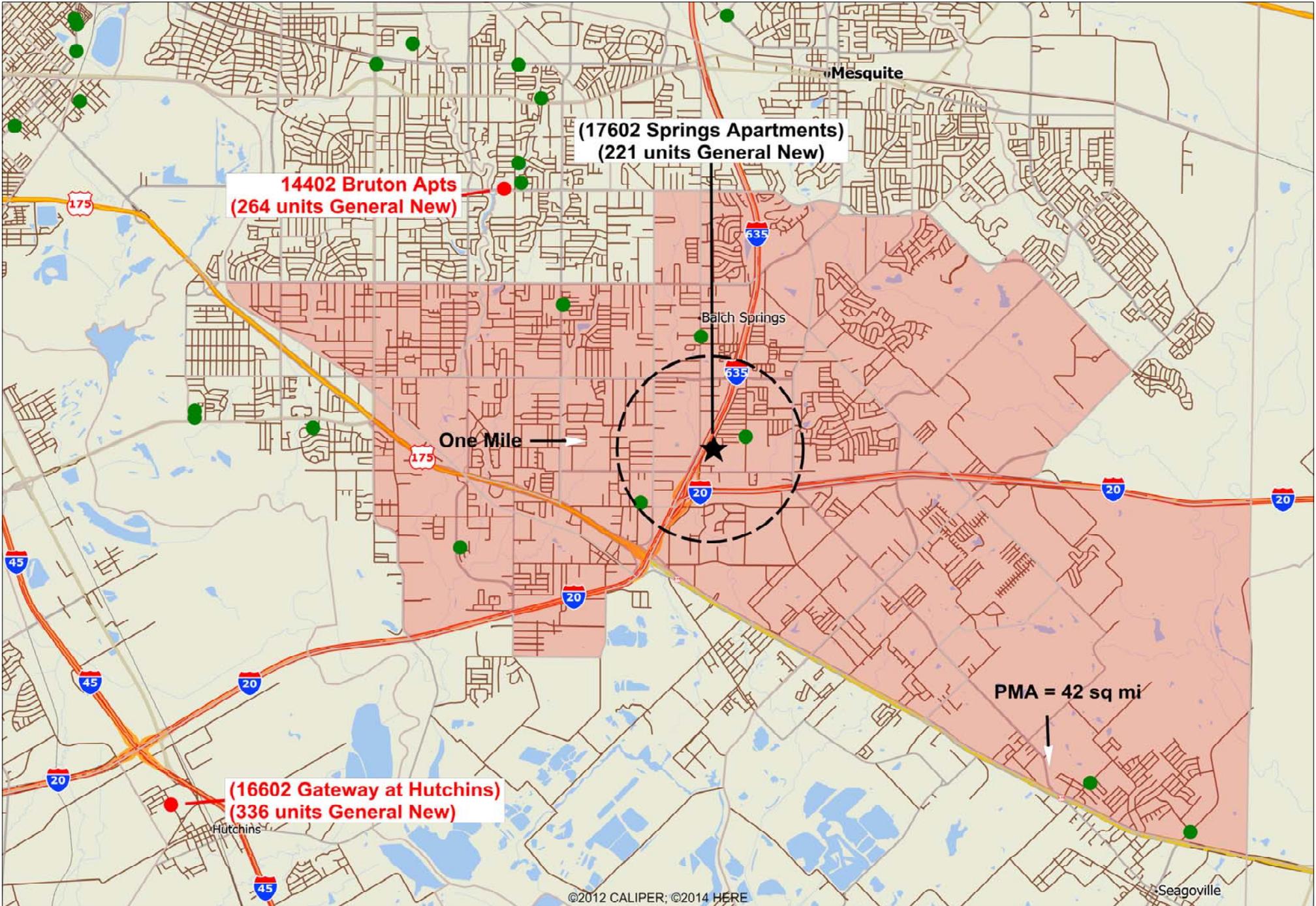
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	234,459 SF	\$62.99	14,768,580
Adjustments				
Exterior Wall Finish	3.12%		1.97	\$460,780
Elderly	0.00%		0.00	0
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			1.13	264,353
Subfloor			0.20	46,892
Floor Cover			6.67	1,564,967
Breezeways	\$0.00	61,068	0.00	0
Balconies	\$0.00	0	0.00	0
Plumbing Fixtures	\$990	579	2.44	573,210
Rough-ins	\$485	442	0.91	214,370
Built-In Appliances	\$1,725	221	1.63	381,225
Exterior Stairs	\$2,280	15	0.15	34,200
Heating/Cooling			2.14	501,742
Enclosed Corridors	\$45.64	61,068	11.89	2,787,146
Carports	\$11.94	2,364	0.12	28,226
Garages	\$28.50	6,129	0.75	174,677
Comm &/or Aux Bldgs	\$85.20	4,273	1.55	364,079
Elevators	\$101,850	3	1.30	305,550
Other:			0.00	0
Fire Sprinklers	\$2.47	360,868	3.80	891,344
SUBTOTAL			99.64	23,361,339
Current Cost Multiplier	1.01		1.00	233,613
Local Multiplier	0.87		(12.95)	(3,036,974)
TOTAL BUILDING COSTS			87.68	\$20,557,979
Plans, specs, survey, bldg permits	3.30%		(2.89)	(\$678,413)
Contractor's OH & Profit	11.50%		(10.08)	(2,364,168)
NET BUILDING COSTS		\$79,255/unit	\$74.71/sf	\$17,515,398

Long-Term Pro Forma

Springs Apartments, Balch Springs, TDHCA Bonds/4% HTC #17602

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	\$2,341,057	\$2,387,878	\$2,435,635	\$2,484,348	\$2,534,035	\$2,797,779	\$3,088,974	\$3,410,477	\$3,765,443	\$4,157,353	\$4,590,054	\$5,067,790
TOTAL EXPENSES	3.00%	\$1,060,188	\$1,091,170	\$1,123,065	\$1,155,900	\$1,189,702	\$1,374,269	\$1,587,721	\$1,834,604	\$2,120,185	\$2,450,563	\$2,839,227	\$3,291,443
NET OPERATING INCOME ("NOI")		\$1,280,869	\$1,296,708	\$1,312,571	\$1,328,448	\$1,344,333	\$1,423,510	\$1,501,253	\$1,575,873	\$1,645,257	\$1,706,790	\$1,750,826	\$1,776,347
EXPENSE/INCOME RATIO		45.3%	45.7%	46.1%	46.5%	46.9%	49.1%	51.4%	53.8%	56.3%	58.9%	61.9%	64.9%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		\$1,113,642	\$1,113,051	\$1,112,437	\$1,111,800	\$1,111,138	\$1,107,424	\$1,102,933	\$1,097,505	\$1,090,943	\$1,083,010	\$1,073,420	\$1,061,827
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.19	1.21	1.29	1.36	1.44	1.51	1.58	1.63	1.67
ANNUAL CASH FLOW		\$167,227	\$183,657	\$200,133	\$216,649	\$233,195	\$316,086	\$398,320	\$478,368	\$554,314	\$623,780	\$677,406	\$714,520
Deferred Developer Fee Balance		\$3,035,123	\$2,851,466	\$2,651,333	\$2,434,684	\$2,201,489	\$786,840	\$0	\$0	\$0	\$0	\$0	\$0
CUMULATIVE NET CASH FLOW		\$0	\$0	\$0	\$0	\$0	\$0	\$1,040,837	\$3,273,807	\$5,895,565	\$8,878,667	\$12,166,476	\$15,671,775

17602 Springs Apartments PMA Map



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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

PUBLIC HEARING
ON
ISSUANCE OF TAX-EXEMPT MULTIFAMILY REVENUE BONDS
RELATING TO
SPRINGS APARTMENTS

Auditorium
Balch Springs Library Learning Center
12450 Elam Road
Balch Springs, Texas

Thursday,
September 28, 2017
6:10 p.m.

BEFORE: ELIZABETH HENDERSON, Hearing Officer

ON THE RECORD REPORTING
(512) 450-0342

I N D E X

<u>SPEAKER</u>	<u>PAGE</u>
Elizabeth Henderson	3
Jason L. Trevino	10
James T. Dodson	14
Stephanie Vinson	21
Keytha Harris	22
Steven Gorwood	24

P R O C E E D I N G S

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MS. HENDERSON: My name is Elizabeth Henderson. I'm a program specialist with the Texas Department of Housing and Community Affairs. My role at the department is to review applications; that's primarily what I and my team do.

And the role of the department in this process is to allow all interested persons in the surrounding community the opportunity to provide comments on the development we will be discussing this evening.

I'm going to be doing a lot of reading, a nice little stack. The format of this evening's hearing will be as follows. First I will present the programs the developer has applied for.

Second, the developer or member of the development team will give a presentation on the specifics of the development, and lastly I will read a speech required by the Internal Revenue Service, and at the conclusion of the speech, the floor will be open for public comment.

There are handouts for you here, and I think most of you have already picked a few of them up. We have the multifamily affordable rental housing handout. We have a couple of handouts regarding the development specifics, which includes income levels; and also a

1 handout containing deadlines for input and how to submit
2 input.

3 We have a handout regarding email listserv
4 subscription, which allows you the opportunity to sign up
5 to receive emails on applications we receive for funding.

6 We have a handout regarding fair housing
7 basics, and we have business cards with Teresa Morales's
8 contact information on them. She is the 4 percent
9 administrator for the Housing Tax Credit Program.

10 If you'd like to speak, there are witness
11 affirmation forms available on the back table right
12 outside the door. Please fill out the form and hand it to
13 me prior to speaking.

14 There are sign-in sheets, also, on the back
15 table, so please be sure to sign in if you have not.
16 That's the only of knowing exactly how many people are in
17 attendance here.

18 Also, there are columns for you to check on the
19 far right-hand side of the sign-in sheet, to indicate
20 whether you support or oppose this development. If
21 neither box is checked, the we will consider your opinion
22 as being neutral, so please make sure a box is checked.

23 The entire hearing and all of the comments made
24 here this evening will be transcribed by a court reporter.

25 It is important that you make your comments at the

1 microphone, which is right up here, so that she can record
2 your comments. Any comments or questions made from the
3 audience may not be picked up on the record.

4 To allow everyone the opportunity to speak, we
5 will answer any questions or concerns that were raised at
6 the end, after all public comment has been made.

7 I ask that the developer keep a list of any
8 questions that come up as it relates to the development,
9 and I will keep a list of questions that come up as it
10 relates to the department and our role.

11 According to the IRS code, the department is
12 required to hold a public hearing and take public comment.

13 The mission of the department is to help Texas achieve an
14 improved quality of life through the development of better
15 communities.

16 The two programs the developer has applied for
17 include the Private Activity Bond Program and the Housing
18 Tax Credit Program. Both programs were created by the
19 federal government to encourage private industry to build
20 quality housing that is affordable to individuals and
21 families with lower-than-average income.

22 The Private Activity Bond Program refers to the
23 issuance of tax-exempt bonds. The tax exemption is not an
24 exemption of property tax but rather an exemption to the
25 purchaser of the bonds.

1 The bond purchaser does not have to pay taxes
2 on their investment and the income they make on that
3 investment. The bond purchaser accepts a lower rate of
4 return; therefore, the lender that is involved will charge
5 a lower rate of interest for the mortgage that will be
6 placed on the property to the developer. Therefore, the
7 developer can build a market-rate property at a lower cost
8 to the development.

9 The Housing Tax Credit is another program that
10 goes along with the bond program. The housing tax credit
11 was created as a result of the Tax Reform Act of 1986.
12 The housing tax credit is a credit or reduction in tax
13 liability each year for 10 years for investors in
14 affordable rental housing.

15 By providing a credit against the tax
16 liability, the housing tax credit is an incentive for
17 individuals and corporations to invest in the construction
18 or rehabilitation of housing for low-income families.

19 The housing tax credit provides additional
20 financing to the development and lowers building costs,
21 which allows the developer to provide lower rents to
22 affordable tenants.

23 In conclusion, with both of these programs, the
24 tax benefit goes to the investors that help finance the
25 development. These two programs result in the developer

1 being able to bring something of high quality to your
2 area. And all of these properties are privately owned and
3 privately managed.

4 There are ongoing oversight responsibilities
5 between the affordable-housing developments and the
6 department. This includes regular monitoring to ensure
7 the development is complying with the rules of the Housing
8 Tax Credit and Private Activity Bond Program.

9 The term that the developments will be
10 monitored for is the greater of 30 years or as long as the
11 bonds are outstanding.

12 Oversight responsibilities include units are
13 occupied by eligible households, physical appearance,
14 rents are kept at appropriate levels, repair reserve
15 accounts are established and funded. Tenant background
16 checks -- credit, criminal, et cetera -- are established
17 by the developer and would apply to all tenants equally.

18 The developer can establish procedures up to
19 and including eviction for various reasons consistent with
20 state eviction laws that would be applicable to any other
21 apartment complex. TDHCA does not set these requirements.

22 The department's Compliance Division monitors
23 the development. Desk reviews are done either quarterly
24 or annually by the department and are a modified version
25 of an onsite visit.

1 The department verifies that the set-asides
2 were met -- i.e., low income and eligible tenants or
3 special needs -- and that units are income- and rent-
4 restricted.

5 After lease-up, a survey is usually done to
6 determine the tenant profile and the types of services
7 that would be of interest to the tenants. These services
8 can include tutoring, honor roll programs, computer
9 access, educational classes, after-school activities,
10 summer camps, healthcare screening, immunizations for
11 school children, ESL and GED certification, financial
12 planning, credit counseling, down-payment assistance.

13 It is important to note that all or most
14 individuals begin in multifamily housing; it is the first
15 step to home ownership. Therefore, some developers could
16 choose to provide down-payment assistance classes to help
17 educate the tenants on steps they can take toward home
18 ownership.

19 And that's our introduction, and this is the
20 IRS statement. And does anyone else have a witness
21 affirmation form that they want to hand in before I read
22 that?

23 (Pause.)

24 MS. HENDERSON: TEFRA hearing, Springs
25 Apartments, September 28, 2017. I've already said my

1 name.

2 I would like to proceed with the public
3 hearing. Let the record show that it is 6:07 p.m.,
4 Thursday, September 28, 2017, and we are in the City of
5 Balch Springs Public Library Learning Center located at
6 12450 Elam Road, Balch Springs, Texas 75180.

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

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

16 No decisions regarding the development will be
17 made at this hearing. The Department's board is scheduled
18 to meet to consider the transaction on October 12, 2017.
19 In addition to providing your comments at this hearing,
20 the public is also invited to provide comment directly to
21 the board at any of their meetings.

22 The bonds will be issued as tax-exempt
23 multifamily revenue bonds in the aggregate principal
24 amount not to exceed \$20 million and taxable bonds, if
25 necessary, in an amount to be determined and issued in one

1 or more series by the Texas Department of Housing and
2 Community Affairs, the Issuer.

3 The proceeds of the bonds will be loaned to LDG
4 Springs Apartments, LP, or a related person or affiliate
5 entity thereof, to finance a portion of the cost of
6 acquiring, constructing, and equipping a multifamily
7 rental housing development described as follows: a 221-
8 unit multifamily residential rental development to be
9 constructed on approximately 9.71 acres of land located at
10 approximately 4702 Ambassador Way, Dallas County, Texas
11 75180. The proposed multifamily rental housing community
12 will be initially owned and operated by the borrower or a
13 related person or affiliate thereof.

14 I would now like to open the floor for public
15 comment after you make your presentation. So I will be
16 collecting more forms. If anyone has one, just hold it
17 up, and I'll be watching the audience to pick it up.

18 Okay.

19 MR. TREVINO: My name is Jason Trevino with LDG
20 Development, and Elizabeth just went through my whole
21 summary.

22 Like she said, it's a 221-unit, four-story,
23 interior-corridor building located at 4702 Ambassador Way.

24 The monthly rents are on your sheet as follows: one-
25 bedroom, 826; two-bedroom, 991; and three-bedroom, 1,145.

1 Income restrictions, this is the most a family for that
2 household can make. I won't read all those out, but y'all
3 can see them there.

4 The closing time line, we expect to close
5 October 31, and construction completion on April 1, 2019.

6 Total cost of the development is \$37 million.

7 The next pages are just examples of our
8 properties. And like I said, that's all I have. I mean,
9 I can answer questions.

10 MS. HENDERSON: Does anybody have a question
11 for him?

12 MS. NORWOOD: This rent amount, is this the --

13 THE REPORTER: I'm sorry. You'll have to get
14 close to a --

15 MS. HENDERSON: Ma'am. Will you come up to the
16 microphone.

17 MR. TREVINO: Do you mind coming up here?

18 MS. HENDERSON: That she can -- it will go into
19 the recording.

20 MS. NORWOOD: Oh, I'm sorry. I just meant this
21 as a little question.

22 THE REPORTER: And what's your name?

23 MS. NORWOOD: Billie Norwood, B-I-L-L-I-E.

24 The rents you have here, is that the rent that
25 any -- that someone who did not have low income would pay,

1 or is that the discounted rent?

2 MR. TREVINO: That's the rent that anybody who
3 qualifies would -- either one-, two-, or three-bedroom --
4 is going to pay.

5 MS. NORWOOD: No matter what their income would
6 be? I'm trying to find out if that's the discounted
7 amount or if that's the rate that anyone who had a good
8 high income --

9 MR. TREVINO: Well, with tax-credit properties,
10 if you look at the next board here --

11 MS. NORWOOD: I see that -- I saw that.

12 MR. TREVINO: Not everybody will qualify.

13 MS. NORWOOD: Okay.

14 MR. TREVINO: So you can have an income up to
15 that amount if you're a one-person household.

16 MS. NORWOOD: So this is the discounted.

17 MR. TREVINO: Correct.

18 MS. NORWOOD: That was my question.

19 MR. TREVINO: Okay. No problem.

20 MS. NORWOOD: Thank you.

21 MS. HENDERSON: Thank you.

22 VOICE: The acoustics are terrible in this
23 room. Everyone's going to have to speak up.

24 THE REPORTER: These don't amplify.

25 MS. HENDERSON: I don't guess there's much we

1 can do. We don't have microphones.

2 MR. TREVINO: I can come forward whenever
3 somebody asks a question.

4 MS. HENDERSON: But it's important that people
5 here you in here, but also that what you're saying goes
6 into the record, because the Board is the one whose ears
7 you really want. So make sure when you get ready to make
8 your comments, as I call you up, that you do come up here
9 so that the information you want to provide will go to the
10 people who are actually going to use it.

11 Did anybody else have a question? I can repeat
12 the question up here if that will help, because my mouth
13 is a little bigger.

14 MS. NORWOOD: Could you go back over after 10
15 years. I didn't quite understand that as far as the taxes
16 that they're not going to be paying. Is that correct? Am
17 I hearing that correctly?

18 MS. HENDERSON: The 10 years is the number of
19 years that they get the benefit of having the tax credit.
20 So what a tax credit actually is a credit against the
21 income tax burden of the person or the entity who owns
22 them.

23 MS. NORWOOD: Correct.

24 MS. HENDERSON: So what the -- so those will be
25 available for use for 10 years for the people who invest

1 and get them.

2 MS. NORWOOD: Okay.

3 MS. HENDERSON: Y'all have good questions. Any
4 other questions?

5 (No response.)

6 MS. HENDERSON: Okay. So now we're going to go
7 to the public comment, and again, if you would, please
8 come up to the podium here. There's a mic here that is
9 dedicated for your comments to be made.

10 Our first person who will be speaking today is
11 James T. Dodson. So if you would, come on up.

12 MR. DODSON: Can you all hear me?

13 VOICE: Yes.

14 MR. DODSON: Good. I'd like to say, from the
15 very beginning, these hearings are very important, and I
16 think it is the responsibility of the city to work with
17 the state agency to notify people that these hearings are
18 going to take place.

19 I mean, this project deserves more people than
20 this. And the only reason I found out about it, because
21 someone saw it on the internet, and he told me about the
22 meeting. And then I tried to spread the word.

23 But it should be more efficient and more
24 official than that.

25 Anyhow, I'm a realtor. I've worked in Balch

1 Springs for 20 years, and over this time I've seen
2 apartments being built as the need arose. There are very
3 few -- I don't know of any spec apartment projects.

4 But up to this point I think that approach has
5 pretty well taken care of the need of apartments in the
6 city.

7 This -- when I first heard about this project
8 in early January, I wrote to the council members, and I
9 told them I didn't think it was a very good idea, and I
10 certainly haven't changed my mind.

11 But right now in Balch Springs, there's
12 probably 2200 apartment units. This project is proposing
13 220 units. That is one-tenth of all the apartment units
14 in the city. That's just this whatever its name is going
15 to be. Spring -- what's the name of the project?

16 MS. HENDERSON: Springs Apartments.

17 MR. DODSON: Spring what?

18 MS. HENDERSON: Springs.

19 MR. DODSON: Springs Apartments. Okay. And I
20 understood this same developer is talking about one up on
21 Beltline with 176.

22 Well, if you add 176 and 220, that is a lot of
23 apartments, and that comes about to 18 percent of all the
24 apartments in the city. Now, how is anybody going to fill
25 those apartments? That should be a prime concern of the

1 city.

2 Right now the occupancy, I understand, is
3 around, oh, 90 percent, give or take a little. And I
4 think that's great. The City should be happy about that,
5 and the developers should be happy about it.

6 But what if you bring 620 units in here? Just
7 the 620, let alone the 176 -- what's that going to do to
8 the occupancy of the other apartments? Where are those
9 500 units -- where are the occupants for the 500 and -- or
10 220 units going to come from?

11 A lot of them are going to come from the
12 nextdoor apartments, Ambassador Apartments. Some will
13 probably come from Spring Oaks. And maybe there'll be a
14 few new people coming in.

15 But Balch Springs doesn't have the reputation
16 of having lots of people. The city really hasn't grown
17 very much at all in the last 10 or 20 years, not anything
18 compared to some of the other suburbs in the Dallas area.

19 So I don't think the developer can expect a
20 great influx of people wanting to live in these units, so
21 a lot of those people are going to be moving from existing
22 units. So that's -- from a city standpoint, that's not
23 going to help at all.

24 We don't want these existing apartment
25 complexes to go bankrupt just because their tenants are

1 moving someplace else.

2 In addition to just the sheer number of
3 apartments, 520, it's the composition of the apartment --
4 I mean, the one-, two-, three-, four-bedroom units -- that
5 really blew my mind.

6 I didn't bring enough of these for everyone,
7 but I did a little chart, and it says that there's 28 one-
8 bedroom units, 108 two-bedroom units, and the three-
9 bedroom units, there's 84. I understand that this
10 developer expects to be housing a lot of younger kids that
11 are going to be going to DISD.

12 But if you turn those -- the number of bedrooms
13 into people, you could get 992 living in that building:
14 992. That's legal people. I mean, that's two persons per
15 bed and one bed in each room. That's a lot of people.
16 It's going to be bedlam.

17 So just the sheer number of apartments and the
18 number of people I think are a big, big problem. I'm sure
19 the City has talked about this; P&Z must have talked about
20 it. But it must not have made a very big impression on
21 them.

22 But to me I think it's a very important
23 consideration to realize how this apartment complex is
24 going to be. It's not just the people -- 992 people.
25 Let's say half of them have cars. The whole problem of

1 parking has already been brought up. They're proposing
2 400-and-some parking spaces.

3 And just think of all those cars moving hither
4 and yon 24 hours a day. It's going to be a real problem.

5 The location of the complex is another big
6 consideration. The complex is at the southern end of
7 Ambassador Way. Ambassador Way is the major north-south
8 street in that -- it's called Fairway East subdivision,
9 and it's almost 50 years old.

10 All the streets are 25 foot from curb to curb.

11 And almost -- I think all of them have front-entry
12 garages, and if you come down at nights and on weekends,
13 you'll see that there are lots and lots of vehicles parked
14 on both sides of the street on Ambassador Way and all the
15 other side streets, from Bishop all the way north up to
16 King and Queen.

17 So I think you not only have the people that
18 are already living in the Ambassador Apartments, but
19 you're going to have lots and lots of people coming down
20 this street right out here, Ambassador Way.

21 And in addition to just the living facilities,
22 they're proposing I think a good-sized convenience store.

23 And there are going to be people coming in from other
24 directions to that convenience store, and that'll just add
25 to the problem of traffic.

1 But I think the City really has to seriously
2 consider the possibility of eliminating parking on
3 Ambassador Way or, at the very least, parking on one side
4 of the street, because, remember, it's only 25 feet wide.

5 MS. HENDERSON: Mr. Dodson, could you wrap up,
6 please.

7 MR. DODSON: The other consideration as far as
8 the location of the apartment goes is where it's situated
9 in reference to Hickory Creek, which is just over to the
10 west of the development.

11 Every spring Ambassador floods, particularly at
12 the southern end. And you don't have a copy of the site
13 plan, but it shows where the 100-year floodplain is.

14 I did this little map and drew it in in blue
15 and it shows exactly where the floodplain is. The
16 floodplain comes up Ambassador to the entrance -- actually
17 it's past the entrance to these apartments.

18 Now, we don't know how many times there are
19 going to be big floods, but we know every spring there is
20 flooding on Ambassador Way. And this development is not
21 going to help the situation.

22 Even if they put in a big retention pond that
23 will catch this water in a big rainstorm, the whole --
24 there -- the whole development is almost 12 acres. That's
25 raw land, and when it's raining, that water has been

1 soaking in and they still had big floods at the end of
2 Ambassador Way.

3 If this development is in, you're going to have
4 rooftops, lots of concrete from sidewalks and the parking
5 lots. All that water is going to go right down Hickory --
6 not Hickory Creek -- Ambassador Way, and even the 100-year
7 floodplain might not be adequate to reflect how high that
8 water is going to be coming north, up towards Elam Road.

9 MS. HENDERSON: Thank you, Mr. Dodson. I'll
10 let somebody else speak now.

11 Is most of that in your writeup that you gave?

12 MR. DODSON: Beg pardon?

13 MS. HENDERSON: Is most of that in your writeup
14 that you provided?

15 MR. DODSON: Uh-huh.

16 MS. HENDERSON: Okay. So the Board will get
17 that. Thank you.

18 MR. DODSON: I got one other thing.

19 MS. HENDERSON: Mr. Dodson, we're going to let
20 Ms. Vinson speak now, please.

21 MR. DODSON: Just one minute.

22 The site plan shows 9.7 acres. That is an
23 incorrect figure, because the 9.7 includes the -- almost
24 2-1/2 acres that's going to be in a floodplain. So
25 actually you're going to have 992 people living on

1 essentially seven acres in a four-story building, which I
2 don't think is good.

3 Thank you.

4 MS. HENDERSON: Thank you.

5 Next we'll have Ms. Stephanie Vinson.

6 MS. VINSON: Good evening. My name is
7 Stephanie Vinson.

8 The reason that I am opposed to the
9 development, for one, it changes the demographic, and it
10 also is going to create what is already overcrowded in the
11 school system, which is also going to increase the crime
12 rate, which I think or I feel that our police department
13 will not be able to handle.

14 I'm going to keep it simple and sweet. And I
15 asked about the taxes, because they're benefitting on the
16 taxes, which means that if you're a homeowner -- I'm a
17 homeowner; my property taxes are going to go up. So
18 that's a big concern for me.

19 And that's all I have at this time.

20 MS. HENDERSON: Thank you.

21 MS. VINSON: Sure.

22 MS. HENDERSON: And I want to clarify, too.
23 The tax credit isn't against property tax. So whether
24 they're having to pay property tax or not will depend
25 on -- are you all using a nonprofit in this?

1 MR. TREVINO: No. We're paying taxes.

2 MS. HENDERSON: So unless they qualify for a
3 specific exemption completely outside of the tax credit,
4 the tax credit goes to income tax, not property tax. So
5 those are two separate -- so they will be responsible for
6 property taxes on that site, unless they get an exemption
7 somehow that we don't know about yet.

8 But at this point in time they're expected to
9 pay property tax on that site.

10 And our last person, unless someone else speaks
11 up, is Ms. Keytha Harris.

12 MS. HARRIS: Hi. My name is Keytha Harris. I
13 am the property manager at Spring Oaks Apartments. Again,
14 I'll be brief as well.

15 I, like Mr. Dodson and Ms. Vinson, oppose this
16 development, and I'll just give a couple of reasons why.
17 My property currently, right now, is suffering as it
18 relates to occupancy.

19 It's the end of the month. We're nearing 90-
20 percent occupation by the beginning of the month, which
21 Monday, the 2nd, I have five move-ins -- move-outs; I'm
22 sorry -- scheduled, which is going to take me well below
23 90 percent.

24 And even with that 90 percent, that 80
25 percent -- we're talking about mid-to-high-80-percent --

1 my property right now is satiated with what I like to call
2 nonquality residents.

3 And what I mean by that is quite a few of my
4 residents are trouble residents, for the reason I say that
5 is because of I'm dealing with issues ranging from
6 nonpayment of rent, drug activity, public disturbances.

7 And I'm in a position at 80 percent, at mid-to-
8 high 80 percent, where I'm having to decide on a month-to-
9 month basis who to evict, which lesser of the evils do I
10 need to evict?

11 Do I keep the guy with the drug activity and
12 keep the nonpayer or do I -- you know what I mean? And so
13 for me, as a property manager who -- I want to service my
14 customer, but I want to make sure that if we're bringing
15 in more units, we have, you know, quality folks that we
16 can house, you know, within those units.

17 The other thing is the turnover. I think I
18 mentioned this month solely -- I mean, next month I have
19 five units that are going to be moving out, but on a
20 regular basis, on average, my property's turnover annually
21 is about 65 percent.

22 So we are regularly moving people out and
23 trying to find qualified residents to house these units
24 that we have. And so these are just a few of the reasons
25 that I, as the property manager of Spring Oaks Apartments,

1 not to be confused with Spring Apartments, am opposed to
2 this development.

3 MS. HENDERSON: Thank you.

4 And our last person is Mr. Steven Gorwood.

5 MR. GORWOOD: Good afternoon. I'm not really
6 opposed or in support of this either way, but I'm kind of
7 a numbers guy, and I do have two comments I really want to
8 get onto the record.

9 One is this particular unit, with the number of
10 bedrooms it has, I do not believe it has enough parking
11 spaces to serve the units. I would expect you're going to
12 get an overflow parking situation that will go onto the
13 street, blocking the street, and into the neighboring
14 Ambassador Apartments.

15 I think that that is going to be a problem
16 coming up for the City. I just don't think it has enough
17 parking units.

18 The other is they're talking about putting two
19 units, and I realize this is just for this one unit. But
20 as alluded to by previous speakers, total occupancy is a
21 problem.

22 As occupancy rate goes down in the various
23 complexes, other complexes -- not necessarily this one,
24 but other complexes -- are going to be required to keep
25 their occupancy up.

1 They will stop screening candidates. We've
2 this happen before. When apartment occupancy drops
3 because of an influx of units or for other reasons, crime
4 rate goes up dramatically, because other units within the
5 city stop screening their tenants.

6 And you can just track occupancy rate of
7 complexes and the crime rate with an inverse relationship.

8 So if you're going to build this one, that's fine, but
9 please don't do both units, because that's going to drop
10 our occupancy rate down below a critical level.

11 Thank you.

12 MS. HENDERSON: Thank you.

13 Did anyone else have comments they wanted to
14 make?

15 (No response.)

16 MS. HENDERSON: Any at all?

17 (No response.)

18 MS. HENDERSON: Okay. All right. And as I'm
19 about to close the meeting out, let me thank you all for
20 being here.

21 The last bond hearing I did, nobody came, so
22 this is actually a record for a bond hearing. Nine
23 percent, which is the other tax credit that we do, usually
24 will get a little more attention, but I've not seen this
25 many people at a bond hearing, and I'm really glad you all

1 made the trip worthwhile coming down here.

2 Thank you for attending this hearing. Your
3 comments have been recorded. The meeting is now
4 adjourned, and the time is now 6:36, by my watch. And
5 everyone is dismissed.

6 (Whereupon, at 6:36 p.m., the public hearing
7 was concluded.)

C E R T I F I C A T E

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IN RE: Springs Apartments

LOCATION: Balch Springs, Texas

DATE: September 28, 2017

I do hereby certify that the foregoing pages, numbers 1 through 27, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Barbara Wall before the Texas Department of Housing and Community Affairs.

/s/ Laurel H. Stoddard 10/4/2017
(Transcriber) (Date)

On the Record Reporting
3636 Executive Ctr Dr., G-22
Austin, Texas 78731



WITNESS AFFIRMATION FORM

Texas Department of Housing and Community Affairs
P.O. Box 13941, Austin, TX 78711-3941 Phone: (512) 475-3800

UPON COMPLETION OF THIS FORM, PLEASE RETURN TO DEPARTMENT STAFF.

PLEASE PRINT LEGIBLY.

I want to appear and offer testimony, in so appearing, I hereby make the following statements:

Date of Statement: Sept. 28, 2017 Location of Hearing: Baldch Springs

My name is: James T. Dodson

My occupation, profession or business is: Realtor

My mailing address is: 3516 Pruitt Ave Phone: 214-275-6360
Dallas, TX 75229

In appearing before this body, I represent: myself or the following persons, firms, corporations, classes or groups:

Their business address is: _____

I wish to make the following written statements: (Attach additional sheet(s) if extra space is needed.)

There is no shortage of apartments in
Baldch Springs. The proposed 200 apartments
are not needed.

If this statement is in regard to a specific TDHCA development or application, also provide the following information:

TDHCA Development #: _____ Development Name: _____

Development City: Baldch Springs I support this development. I oppose this development.

I hereby certify that the above statements by me are true and accurate, and that I have listed all persons, firms, corporations, classes, or groups that I represent in reference to the matters on which I am appearing. I further certify that the testimony I give before this body will be true and accurate.

James T. Dodson
Signature of Witness

Sept. 28, 2017
Date

Note: At the discretion of the Department, the length of time available for each public comment may be limited.

MEMO

January 7, 2017

TO: Councilmember

FROM: Jim Dodson

I have studied the Concept Site Plan for the proposed Ambassador Way apartments. If I didn't know otherwise, I would think the city development and zoning staff were working for the apartment developer with the proposed PD.

The proposed facility should be called a "warehouse" rather than an apartment complex. The developer, with the assistance of the city staff, is proposing to cram as many human bodies as legally possible into a minimum amount of living space in an institutional-looking, four story buildings with a minimal 435 parking spaces on a seven-acre tract of land where the buildings are located. I did not include the 2.7 acres in the southwest corner of the property that is in the flood plain and has no apartments. The Concept Site Plan's labeling of the apartment area as 9.729 acres is confusing and incorrect. Is Balch Springs so short of developable land that this type of compact and congested development is necessary? To help you visualize seven acres, think of the old Lew Park on Lake June Road which was 10 acres. This proposed seven acre tract would be just $\frac{3}{4}$ of the size of that!

There would be 220 units in this complex which is bad enough, but the devil is in the details! It is the number of two and three bedroom units that is the killer! They are proposing 28 one bedroom, but 108 two bedroom, and 84 three bedroom units. If you calculate the total number of people that could be living there legally, it comes to 992 people with 2 people per bedroom! That is a small city! In addition, the developer proposes 435 parking spaces which probably is a very inadequate number. The complex would be a beehive of activity with many vehicles coming and going 24 hours a day. The police would get to know the complex well!

I can understand the necessity for the large number of tenants required to make this project financially feasible for the developer but should that feasibility be at the expense of current and future Balch Springs residents and the city generally? I hope you agree that it should not be.

The control of runoff water is already a problem on the site. With so many paved parking spaces and roof tops, where is all that water going to go? (See Concept Plan with roofs and paved areas identified in color). The water will flow to the south and southwest into an area which is in a 100 year flood plain. Why isn't there some requirement for a water retention area there? The water from the proposed complex will only increase the problem of flooding at the west end of Gaiter Dr. at Ambassador Way.

The Concept plan shows only one combined entrance/exit for the complex. If there is a fire or other reason why the one exit cannot be used, how are residents going to get out? There is a proposed 8 to 10 foot masonry wall around most of the property. This would make it even more difficult to get out in an emergency. Other large apartment complexes in the city were required to have a second entrance/exit which can be used in case of an emergency.

This proposed complex has no relevance to satisfying reasonably the current need for additional apartments in the city. A modest complex of 120 to 160 apartments with 1 and 2 bedrooms would fulfill that need. This complex is overkill, and is designed to generate the most income at the lowest possible cost to the developer, period! Little consideration is given to its effect on the quality of life in the city.

Sometimes it's better for the city to say Thanks, but No Thanks to proposed projects that are not in the best interest of the city!

This is the second time in the past two years that developers have proposed excessively large complexes with many 2,3 and 4 bedroom apartments. The city must take action to prohibit the development of these tenement-like facilities.

I urge the City Council to put a moratorium on the development and construction of all large apartment complexes of 160 or more units until the city can enact a zoning ordinance which limits the number and size of apartment units per acre. Mesquite has such an ordinance and it has helped control the population density of new apartment complexes.

While the City staff is considering possible future requirements based on size and number of apartment units per acre, the council must address the immediate question of an acceptable PD for the proposed complex on Ambassador Way. I urge the City Council to require a reduction in the number of stories, the number of 2 and 3 bedroom apartments and the total number of apartments. A Council-Approved PD should provide for a three story complex with 28 one bedroom units, 66 2 bedroom units and 50 3 bedroom units or some combination of unit size with a total of 144 units. A complex with this configuration of apartments would accommodate 620 people which is still a large number but a significant and reasonable reduction to the configuration proposed by the developer.

You are a city resident, unlike the developer, the city manager, and most of the city staff involved with the planning and zoning issues. In addition to your personal concerns about multi-family housing and the effect of this proposed project on the quality of life in the city, I am sure you will consider its effect on the whole community and the city's reputation.



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PLEASE PRINT LEGIBLY.

I want to appear and offer testimony, in so appearing, I hereby make the following statements:

Date of Statement: 28 Sept. 17' Location of Hearing: Balch Springs Tx. Library

My name is: Stephanie Viraon

My occupation, profession or business is: City Employee

My mailing address is: P.O. Box 800392 Phone: (214) 450-1704

Balch Springs
Tx. 75180

In appearing before this body, I represent: myself or the following persons, firms, corporations, classes or groups:

Their business address is: _____

I wish to make the following written statements: (Attach additional sheet(s) if extra space is needed.)

I am oppose to the development of Spring Oaks as it would
change the demographics; over crowd an already school
population and increase crime.

If this statement is in regard to a specific TDHCA development or application, also provide the following information:

TDHCA Development #: _____ Development Name: _____

Development City: _____ I support this development. I oppose this development.

I hereby certify that the above statements by me are true and accurate, and that I have listed all persons, firms, corporations, classes or groups that I represent in reference to the matters on which I am appearing. I further certify that the testimony I give before this body will be true and accurate.

[Signature]
Signature of Witness

28 Sept 17'
Date

Note: At the discretion of the Department, the length of time available for each public comment may be limited.

Oppose



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PLEASE PRINT LEGIBLY.

I want to appear and offer testimony, in so appearing, I hereby make the following statements:

Date of Statement: 9.28.17 Location of Hearing: Balch Springs Library

My name is: Keytha Harris

My occupation, profession or business is: Property Manager

My mailing address is: 4317 Shepherd Lane Phone: 972.557.7708
Balch Springs, TX 75180

In appearing before this body, I represent: myself or the following persons, firms, corporations, classes or groups:

~~My~~ business address is: Spring Oak Apartments

I wish to make the following written statements: (Attach additional sheet(s) if extra space is needed.)

- ▲ Current occupancy is 91%
- ▲ average annual turn over above 65%
- ▲ I currently have 13 vacants
- ▲ I'm working thru a list of current residents that have issues varying from drug, non-payment of rent, and disturbance, and I'm having to chose the lesser of

If this statement is in regard to a specific TDHCA development or application, also provide the following information:

TDHCA Development #: _____ Development Name: _____

Development City: _____ I support this development. I oppose this development.

even to expect because my occupancy is stable

I hereby certify that the above statements by me are true and accurate, and that I have listed all persons, firms, corporations, classes, or groups that I represent in reference to the matters on which I am appearing. I further certify that the testimony I give before this body will be true and accurate.

[Signature]
Signature of Witness

9.28.17
Date

Note: At the discretion of the Department, the length of time available for each public comment may be limited.

Springs Apts

4
Neutral



WITNESS AFFIRMATION FORM

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UPON COMPLETION OF THIS FORM, PLEASE RETURN TO DEPARTMENT STAFF.
PLEASE PRINT LEGIBLY.

I want to appear and offer testimony, in so appearing, I hereby make the following statements:

Date of Statement: 9/28/17 Location of Hearing: Balch Springs

My name is: Steven Corwood

My occupation, profession or business is: _____

My mailing address is: 12518 Quail Phone: 214-402-7004

Balch Springs, TX

In appearing before this body, I represent: myself or the following persons, firms, corporations, classes or groups:

Their business address is: _____

I wish to make the following written statements: (Attach additional sheet(s) if extra space is needed.)

Development Does not have enough parking

If this statement is in regard to a specific TDHCA development or application, also provide the following information:

TDHCA Development #: _____ Development Name: Springs Apartments

Development City: _____ I support this development. I oppose this development.

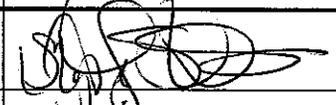
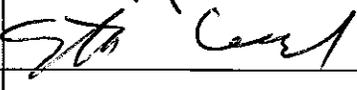
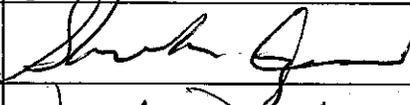
I hereby certify that the above statements by me are true and accurate, and that I have listed all persons, firms, corporations, classes, or groups that I represent in reference to the matters on which I am appearing. I further certify that the testimony I give before this body will be true and accurate.

Steven Corwood
Signature of Witness

9-28-17
Date

Note: At the discretion of the Department, the length of time available for each public comment may be limited.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
 PUBLIC HEARING FOR
 Springs Apartments
 DATE: September 28, 2017

	PRINTED NAME	SIGNATURE	STREET ADDRESS	SUPPORT DEVELOPMENT	OPPOSE DEVELOPMENT
1	Stephany Vinson		4220 SILVERTHORPE DR.		✓
2	Keytha Harris		Peachtree Senior Living		✓
3	Michele Lewis	M. Lewis	Spring Oaks Apartments		✓
4	Mariya Zamora	Mariya Zamora	Peachtree Senior Living		✓
5	H.R. Shelby		Peachtree Senior Living		✓
6	Ron Ingram		Shepherd Lane Housing		✓
7	Steve Gorwood		12578 Quail		
8	Billie Howard	Billie Gorwood	" "		
9	James Dodson	James T. Dodson	3516 Pruitt Ave., Dallas		✓
10	Sheni KWA Jones		11810 Elvick Dr 75180		✓
11	Kimberlyn Brandon	Kimberlyn Brandon	4012 Cochise Dr		
12	Tartisha Hill	Tartisha Hill	4614 Creekview Lane Bald Springs	✓	
13					
14					

5c

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action regarding site eligibility under 10 TAC §10.101(a)(3) related to Undesirable Neighborhood Characteristics and 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features for Anna Dupree Terrace in Houston.

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics, the proposed development is located within a census tract where the poverty rate is above 40% for individuals, the Part 1 violent crime is greater than 18 per 1,000 persons annually as reported on neighborhoodscout.com, and is located within the attendance zone of an elementary, middle, and high school that did not achieve the Met Standard rating by the Texas Education Agency (“TEA”) for 2017;

WHEREAS, pursuant to 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules related to Undesirable Site Features, the proposed development is located within 100 feet of an overhead high voltage transmission line;

WHEREAS, staff has conducted a further review of the Development site and surrounding neighborhood and mitigation provided of actual instances of the Part 1 violent crimes, which does not reflect a positive trend and continued improvement required under §10.101(a)(3)(B) and evidence that crime and poverty rates are decreasing pursuant to §10.101(D)(ii) and (ii), along with the record of not achieving Met Standard rating from the TEA for more than three consecutive years and recommends the proposed site be found ineligible; and

WHEREAS, the Board has the authority under 10 TAC §10.101(a)(2) to grant an exemption relating to the high voltage transmission lines because the development receives ongoing or existing federal assistance from HUD and staff recommends that such exemption be granted;

NOW, therefore, it is hereby,

RESOLVED, that the information provided by the applicant has not established the positive and downward trend required under the rule to sufficiently mitigate the instances of the poverty rate, Part 1 violent crime, and the historical trend of an Improvement Required rating from the TEA accountability system rating for the schools relating to Anna Dupree Terrace, and, therefore, the site is hereby found ineligible.

BACKGROUND

The Department received a request from Anna Dupree Terrace, LP seeking a preliminary determination on site eligibility for a proposed development, Anna Dupree Terrace, in Houston. The proposed development was originally constructed in 1981 and the applicant proposes the acquisition and rehabilitation of 151 units. All of the units are proposed to be rent and income restricted at 60% of Area Median Family Income and the project-based Section 8 contract under which Anna Dupree Terrace currently operates is intended to be preserved for all of the units. The presence of three undesirable neighborhood characteristics under §10.101(a)(3) and one undesirable site feature under §10.101(a)(2) require additional site analysis and a site visit by staff, which occurred on March 12, 2018.

Poverty: Anna Dupree Terrace is located within census tract 3314.00, which has a poverty rate of 78.9% for individuals, according to the American Community Survey 5-Year Estimates. Based upon the Department’s HTC Site Demographics Characteristics Report, the poverty rate for the subject census tract has been increasing for the last five years, as illustrated below.

2014	2015	2016	2017	2018
48.8%	48.3%	60.4%	67%	78.9%

The proposed development lies within the Sunnyside neighborhood in south central Houston and is described by the Applicant as encompassing four zip codes. The Applicant indicates that the census tract is relatively small and includes four other affordable housing properties and that because of these factors the poverty rate is not representative of the census tract as a whole. While the applicant provided information to suggest there has been new development in the area, such development is limited to school expansion, convenience stores, a car wash, some infrastructure improvements, and two new affordable properties, Pointe at Crestmont (new construction) and Villa Americana (rehabilitation). Staff notes that while the aforementioned multifamily properties were recently approved by the Board, they were not recommended by staff due to similar undesirable characteristics discussed herein. Their proximity to Anna Dupree Terrace is approximately 2.7 miles (driving distance) and would be included in the same Primary Market Area (“PMA”) as Anna Dupree. The applicant reported that when including Crestmont and Villa Americana, approximately 44.5% of the units in the PMA will be affordable units. All things considered, staff does not believe the neighborhood has seen the improvement required to be found eligible under the rule.

Crime: The threshold for the rate of Part I violent crime includes anything greater than 18 per 1,000 persons annually. According to NeighborhoodScout, the subject census tract has a Part I violent crime rate of 34.11 per 1,000 persons annually. Based on police beat data provided by the applicant, the rate of violent crime has been increasing, as illustrated below.

2015	2016	2017
19 (per 1,000 persons) 531 instances of violent crime	26 (per 1,000 persons) 706 instances of violent crime	30 (per 1,000 persons) 824 instances of violent crime

The Applicant asserts that although violent crime has increased, the subject development has experienced only two cases of assault, but no instances of rape, murder, or burglary from October 2016 through October 2017. Moreover, the applicant states that actual instances of crime occurring at the development are virtually nonexistent. Staff does not recognize that this alone is sufficient mitigation and that, to a large degree, is something under the control of property management. These undesirable characteristics are illustrative of the neighborhood in which Department funding will be invested and the question is whether information has been provided that leads to a reasonable conclusion that the neighborhood is improving. Information has not been submitted to substantiate that is the case, and while the applicant has proposed gated entry, perimeter fencing, a camera system, security services, and on-site management as mitigation for the crime rate, staff believes these are akin to common amenities offered on many multifamily properties, and does not address violent crime in the neighborhood.

Schools: Anna Dupree Terrace is proposed to have an elderly preference population and while the property has historically operated as an elderly development, according to the applicant, there have been a couple of school-age children that have resided on the property. The development's proposed financing requires that qualified households with children be allowed to reside on the property. Pursuant to 10 TAC §10.101(a)(3)(B)(iv), only developments subject to an Elderly Limitation are exempt from needing to disclose this characteristic. The proposed development is located within the attendance zones of an elementary school/middle school (Woodson School) and high school (Worthing High School); neither of which achieved the Met Standard rating based on the 2017 TEA Accountability Ratings. In fact, both of these schools failed to achieve Met Standard for consecutive years and failed to achieve the target score under the Performance Indices by a considerable amount. A letter provided by Dr. Grenita Lathan, Chief Academic Officer for Houston ISD, reflects that Woodson School has been Improvement Required for five consecutive years and Worthing High School has been Improvement Required for six consecutive years. While Dr. Lathan described the strategies in place to improve the academic performance of the schools and expressed her intention that these schools will return to the Met Standard rating on or before the beginning of the 2018 school year, pursuant to §10.101(a)(3)(B)(iv), any school in the attendance zone that has not achieved Met Standard for three consecutive years and has failed by at least one point in the most recent year, unless there is a clear trend indicating imminent compliance, shall be unable to mitigate due to the potential for school closure as an administrative remedy pursuant to Chapter 39 of the Texas Education Code. As a result, staff is not able to recommend eligibility.

High Voltage Transmission Line: The Applicant disclosed an Undesirable Site Feature, specifically that the proposed development is located within 100 feet of an overhead high voltage transmission line. A high voltage power structure is stated as being located approximately 88 feet on the southeastern boundary of the property. The applicant has represented that the power lines that are connected to the structural elements do not cross the boundaries of the subject site and will not be disturbed as a result of the rehabilitation. An exemption was requested because the development includes ongoing and existing federal assistance from HUD. The applicant plans to sign a new HAP contract for the current Section 8 Project Based Vouchers if awarded a 4% Low-Income Housing Tax Credit award and therefore, staff recommends the exemption relative to this site feature be granted pursuant to 10 TAC §10.101(a)(2) of the Uniform Multifamily Rules.

Conclusion: For developments that involve three or more undesirable neighborhood characteristics, in order to be found eligible, pursuant to the rule, in addition to demonstrating satisfactory mitigation for each characteristic disclosed, the *“Development Site must be located within an area in which*

there is a concerted plan of revitalization already in place or that private sector economic forces, such as those referred to as gentrification are already underway and indicate a strong likelihood of a reasonably rapid transformation of the area to a more economically vibrant area.”

The applicant noted that Sunnyside, the Houston Super Neighborhood containing Anna Dupree Terrace, was identified as a Community Revitalization Area in the Disaster Recover – Round 2 Planning Study that was identified as being impacted by Hurricane Ike. Moreover, Anna Dupree is located in the Tax Increment Reinvestment Zone (TIRZ) 26. Some of the previously noted projects (i.e. convenience stores, car wash, a few restaurants and some infrastructure improvements) the applicant noted were the result of some of the investments under the aforementioned plans. Despite being located within these areas staff is unable to ascertain whether such investments have had a positive effect on the neighborhood given the poverty and crime rates as noted herein.

While the applicant suggested that the poverty rates in the adjacent census tracts be averaged to demonstrate a lower poverty rate, staff does not recognize this as a permitted methodology under the rule. The rule is clear that there be a positive trend and continued improvement and evidence that rates are decreasing. An excerpt of the rule reads as follows:

§10.101(a)(3)(B) “In order to be considered as an eligible Site despite the presence of such undesirable neighborhood characteristic, an Applicant must demonstrate actions being taken that would lead a reader to conclude that there is a high probability and reasonable expectation the undesirable characteristic will be sufficiently mitigated or significantly improved within a reasonable time, typically prior to placement in service, and that the undesirable characteristic demonstrates a positive trend and continued improvement. Conclusions for such reasonable expectation may need to be affirmed by an industry professional, as appropriate, and may be dependent upon the severity of the undesirable neighborhood characteristic disclosed.”

§10.101(D)(ii) “Evidence that crime rates are decreasing, based on violent crime data from the city’s police department...that would yield a crime rate below the threshold indicated in this section.”

Pursuant to 10 TAC §10.101(a)(3)(E) a site may be found eligible by the Board, despite the existence of undesirable neighborhood characteristics if it finds that use of Department funds for the development is consistent with achieving the following goals:

- (i) Preservation of existing occupied affordable housing units to ensure they are safe and suitable or the new construction of high quality affordable housing units that are subject to federal rent or income restrictions; and
- (ii) Factual determination that the undesirable characteristic(s) that has been disclosed are not of such a nature or severity that should render the Development Site ineligible based on the assessment and mitigation provided under subparagraphs (C) and (D) of this paragraph.; or
- (iii) The Applicant has requested a waiver of the presence of undesirable neighborhood characteristics on the basis that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved

Conciliation Agreement, or a final and non-appealable court order and such documentation is submitted with the disclosure.

The rule also states that “*Preservation of affordable units alone does not present a compelling reason to support a conclusion of eligibility.*” While Anna Dupree is currently occupied and will continue to receive ongoing federal assistance in the form of a project-based Section 8 contract covering 100% of the units, staff believes there is still reason for concern regarding the poverty rate, crime rate and school performance. **Without the passage of time to adequately evaluate the effects of local efforts and having recently approved two more affordable developments, staff does not believe the information presented supports a conclusion of site eligibility for Anna Dupree Terrace.**

Public Comment: The Department received letters of support from State Senator Borris Miles, State Representative Shawn Thierry, and Houston City Councilman Dwight Boykins. Information the applicant requested be included in this presentation is also included herein.



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Memorandum

To: Teresa Morales, Texas Department of Housing and Community Affairs

From: Cynthia L. Bast

Re: Anna Dupree Terrace in Houston, Texas

Date: March 12, 2018

We represent the applicant for low-income housing tax credits for the rehabilitation of the Anna Dupree Terrace in Houston, Texas. The Development was built in 1981 and has a HAP Contract for HUD Section 8 Project Based Vouchers. The Development contains 151 units for vulnerable seniors and the disabled.

The Applicant has presented an Undesirable Site and Neighborhood Characteristic Report, seeking a pre-determination that the site is eligible for an award of 4% tax credits. The Report contains hundreds of pages of explanation, data, and support for the determination of eligibility. Understanding the Report is too voluminous for the Board Book, we respectfully request that the attached items be included in the Board Book for consideration at the March 22, 2018 meeting.

As to undesirable site features in accordance with § 10.101(2) of the Rules,

Rehabilitation (excluding Reconstruction) Developments with ongoing and existing federal assistance from HUD, USDA, or Veterans Affairs ("VA") may be granted an exemption by the Board.

With ongoing HUD support in the form of a HAP Contract, the Development is eligible for an exemption for any undesirable site features.

As to undesirable neighborhood characteristics, § 10.101(3)(E) provides that in order to find the site eligible, the Board must find that the use of Department funds is consistent with:

Preservation of existing occupied affordable housing units to ensure they are safe and suitable or the new construction of high quality affordable housing units that are subject to federal rent or income restrictions

Providing an improved environment for the elderly and disabled and preserving the affordability of the housing they depend upon is the motivation of this application. For all the reasons that have been presented to the Department and will be presented to the Board, a pre-determination that allows the rehabilitation to proceed is squarely in line with TDHCA's mission.

Item 1 - Brief Summary of Report

Item 2- Full Copy of Undesirable Site & Neighborhood Characteristic Report, without Exhibits

Item 3 -Maps Defining Neighborhood Boundaries

Item 4 - Supporting Letters from Each of
State Senator Borris Miles
State Representative Shawn Thierry
Houston City Council Member Dwight Boykins
HISD Chief Academic Officer Dr. Grenita Lathan

Brief Summary of Report

Schools:

- Of the 157 residents, there are only 2 school aged children
- Both Woodson & Worthing have new principals with experience moving underperforming schools to “Met Standard” in a short period of time. Woodson has entirely new administrative staff in the 2017-2018 school year.
- Both schools are implementing improved professional development and teacher training through the Professional Learning Community (PLC) model (see details in attachment)
- Worthing has implemented the Discipline in Secondary Classrooms program, which is a strategy developed by Safe and Civil Schools, who is known internationally for their programs. The strategy is a school-wide behavioral plan that stresses proactive and positive corrective responses towards misbehavior.
- Worthing has created an Academic Enrichment Summer Program to help students who want to get ahead and offer a credit recovery program for students who are falling behind
- Worthing is currently undergoing a \$30 million renovation that is expected to be completed at the end of 2018.

Crime:

- There have not been any cases of rape, murder, or burglary at the site in the past year. There have only been two cases of assault between October 2016 and October 2017.
- The site is equipped with several security features, including a gated entry, full perimeter fencing, and a camera system with over 20 cameras.
- There is on-site management between 9am and 5pm and security services between 6pm and 2am. A member of the Houston PD also lives in a management unit on-site and assists management and security staff with patrolling the property and responding quickly to 911 calls.

Poverty:

- One of TDHCA’s mitigating factors is that the development site’s census tract is contiguous to a tract with a poverty rate below 20%. Anna Dupree is adjacent to two census tracts with poverty rates below 20%, both of which have steadily declined in the past five years
- The average poverty rate among the 6 adjacent census tracts was 25.48% in 2015. The poverty rate in all 6 of these tracts has decreased since 2013.
- Given the data in ALL the surrounding census tracts, it is clear that the high poverty rate in the Anna Dupree census tract (78.9%) is an anomaly. The census tract containing Anna Dupree Terrace consists almost entirely of affordable housing and vacant land, which causes this figure to be heavily inflated compared to the surrounding neighborhood.

Investments in Anna Dupree Neighborhood:

- Anna Dupree is located in Tax Increment Reinvestment Zone (TIRZ) 26, which estimated investment of nearly \$12.5 million in right-of-way improvements, utility upgrades, and addition of open space, community facilities, and cultural amenities
- Sunnyside is also in the Disaster Recovery – Round 2 Community Revitalization Area. Monies have been awarded primarily to single-family homeowners. One of the primary goals of the plan is that “the addition of these new and renovated structures may incentivize other property owners in the neighborhood to better maintain their properties and ultimately increase their property values (87).”
- There is a long list of recent neighborhood investments.
- This new investment will not only improve the neighborhood, but offer opportunities to reduce the poverty rates in the neighborhood (i.e. through new job opportunities, attracting higher income families to the neighborhood, etc.)

ANNA DUPREE TERRACE

HOUSTON, TX



TDHCA UNDESIRABLE SITE & NEIGHBORHOOD CHARACTERISTIC REPORT (REV. 1)

PREPARED BY

ANNA DUPREE TERRACE, LP
10012 CULLEN BOULEVARD
HOUSTON, TX 77051

FEBRUARY 12, 2018

Undesirable Neighborhood Characteristics

- (i) **The Development Site is located within a census tract that has a poverty rate above 40 percent for individuals (or 55 percent for Developments in regions 11 and 13).**

Anna Dupree is located in census tract 3314.00, which according to the 2011-2015 American Community Survey 5-Year Estimates has a poverty rate of 78.9% for individuals. Therefore, the project has failed this test. Please see **Attachment A**, which is a printout from American Fact Finder validating the poverty rate.

- (ii) **The Development site is located in a census tract or within 1,000 feet of any census tract in an Urban Area and the rate of Part I violent crime is greater than 18 per 1,000 persons (annually) as reported on neighborhoodscout.com.**

According to NeighborhoodScout.com, the Anna Dupree neighborhood has a violent crime rate of 34.11 per 1,000 persons annually. Anna Dupree is located within 1,000 feet of three other census tracts, including tract 3318.00, 3317.00, and 3315.00. The violent crime rates per 1,000 persons for those three tracts are below:

3318.00 – 21.01
3317.00 – 22.89
3315.00 – 12.59

Therefore, Anna Dupree has failed this test. Please see **Attachment B**, which is the Neighborhood Scout crime report for Anna Dupree Terrace.

- (iii) **The Development site is located within 1,000 feet (measured from nearest boundary of the Site to the nearest boundary of blighted structure) of multiple vacant structures that have fallen into such significant disrepair, overgrowth, and/or vandalism that they would commonly be regarded as blighted or abandoned.**

There are no vacant structures within 1,000 feet of the Anna Dupree Terrace site. Please see **Attachment C**, which is a printout from the City of Houston's Nuisance/Blight Tracker website validating that there are no blighted or vacant structures within 1,000 feet of Anna Dupree Terrace.

- (iv) **The Development site is located within the attendance zones of an elementary school, a middle school, or a high school that does not have a Met Standard rating by the Texas Education Agency.**

Anna Dupree Terrace is zoned for Carter Woodson Elementary/Middle School and Evan Worthing High School. Please see **Attachment D**, which are school zone maps from the Houston Independent School District. Both Woodson and Worthing received an "Improvement Required" in 2016 & 2017. Please see **Attachment E** showing the

Texas Education Agency scores for these schools. Because these schools did not meet the Standard Rating, Anna Dupree has failed this test.

Undesirable Neighborhood Characteristic Report

- (i) **A determination regarding neighborhood boundaries, which will be based on the review of a combination of natural and manmade physical features (rivers, highways, etc.), apparent changes in land use, the Primary Market Area as defined in the Market Analysis, census tract or municipal boundaries, and information obtained from any Site visits**

In determining the neighborhood boundaries, we have examined a number of features, including the natural and manmade physical features, census tract boundaries, and apparent changes in land use. We also examined the Primary Market Area defined by Affordable Housing Analysts in the Appraisal & Rent Comparability Study dated November 8, 2015. We have commissioned an updated market study for submission with the full TDHCA application in January 2018, however, because we are submitting the Neighborhood Characteristic Report in advance of this deadline, we have utilized the report from the end of 2015.

The site is located in the southeast corner of zip code 77051. Zip codes 77051, 77033, 77047, and 77048 all intersect at Cullen Blvd. and Airport Blvd, which is approximately 1,000 feet from the site. Because Anna Dupree Terrace is located on the outskirts of the zip code, using zip code 77051 as a neighborhood boundary would not capture many of the more immediate neighborhood features. The Appraisal & Rent Comparability Study completed by Affordable Housing Analysts on November 8, 2015 identifies the Primary Market Area as zip codes 77033, 77047, 77048, and 77051. This neighborhood is generally bounded by Highway 610 to the North, the Clear Creek Bayou to the South, Alameda Road/FM 521 Road to the West, and Mykawa Road to the East. While this is a relatively large area with some natural and manmade physical barriers, such as the Sims Bayou, Sam Houston Tollway and Highway 288, we think that it is an accurate neighborhood boundary. The appraiser found that these four zip codes exhibit similar physical, economic, governmental, and social characteristics. We chose to use these neighborhood boundaries for the purposes of this report, but also examined other methods of defining the neighborhood described in further detail below.

Anna Dupree Terrace is located in census tract 3314.00, which is a relatively small census tract bounded by Reed Road to the North, Airport Blvd. to the South, Cullen Blvd. to the East, and Scott Street to the West. This tract sits adjacent to six other larger census tracts (3312.00, 3313.00, 3315.00, 3317.00, 3318.00, and 3319.00). Three of these tracts are within 1,000 feet of the project (3315.00, 3317.00, and 3318.00).

In defining the neighborhood, it is also important to note that each of the four zip codes in the Primary Market Area corresponds to a distinct Houston Super

Neighborhood. Anna Dupree Terrace is located in the Sunnyside neighborhood. We looked at all four of these neighborhoods in our analysis, but especially focused on Sunnyside. Please see **Attachment F**, which are maps defining the neighborhood boundaries.

(ii) **An assessment of general land use in the neighborhood, including comment on the prevalence of residential uses**

According to the Appraisal/Rent Comparability Study completed in 2015, land uses in the surrounding neighborhood “consist of a variety of commercial and residential land uses, including, but not limited to, single-family residential subdivisions, multifamily, retail, medical, and service. Residential development is located in various mid to upper-income subdivisions throughout the neighborhood, with commercial development located along the aforementioned thoroughfares.” The study found that the majority of housing in the neighborhoods was built between 1950 and 2000, but mentioned that a substantial amount of new construction has taken place in the neighborhood between 2010 and 2015. New apartment complex, townhome, and high-end single-family residential redevelopment has occurred recently. Supporting commercial, retail, medical, and service development has followed.

In examining the City of Houston’s land use map, it appears that the majority of land use in the Primary Market Area is single family residential with scattered commercial space, public and institutional uses, vacant land, multi-family residential, and industrial space. In particular, the area south of Orem Drive and north of the Sam Houston Freeway has more industrial uses mixed with single family residential, and the area west of Highway 288 has more vacant land. Census tract 3314.00, which contains Anna Dupree Terrace, has a few multi-family residential lots, a few single family residential lots, some commercial space, some public and institutional uses, agricultural uses, and one industrial lot. The surrounding blocks are mostly single family residential with some other small commercial or multi-family lots. Please see **Attachment G** land use maps showing the uses in the larger PMA and in the immediate neighborhood of Anna Dupree Terrace.

(iii) **An assessment concerning any of the features reflected in paragraph (2) of this subsection if they are present in the neighborhood, regardless of whether they are within the specified distances referenced in paragraph (2) of this subsection**

There is a high voltage power line support structure located approximately 88 feet east of the property’s boundary. The lines do not cross over the boundaries of the Anna Dupree site and the structure is located over 100 feet from the residential building. Please see **Attachment H** showing the distance between the power line and site and the power line and residential building.

Because Anna Dupree Terrace is a rehabilitation development with ongoing and existing federal existence from HUD, we are requesting an exemption from this

undesirable site feature. Please see a formal exemption request at the end of this report.

An assessment of the number of existing affordable rental units (generally includes rental properties subject to TDHCA, HUD, or USDA restrictions) in the Primary Market Area, including comment on concentration based on the size of the Primary Market Area

According to the Appraisal/Rent Comparability Study, there have been 13 HTC properties totaling 2,084 units developed in the subject neighborhood in the past 17 years. Based on Novogradac & Company, LLP's LIHTC Mapping Tool, there are 16 HTC developments in the neighborhood totaling 2,386 HTC units and 2,475 units overall. Please see **Attachment I** detailing the affordable housing properties in the Primary Market Area, the distance from Anna Dupree Terrace, and the number of units and HTC units, as well as a map from Novogradac's Mapping Tool showing the location of these units.

In the past year, TDHCA also approved two tax-exempt bond/4% LIHTC projects in the Primary Market Area: Villa Americana (258 units of affordable family housing) and The Pointe at Crestmont (192 units of affordable family housing). Once these are constructed there will be approximately 2,836 affordable units in the neighborhood. Approximately 44.5% of the units in the primary market area will be affordable units once these projects come on line.

(iv) **An assessment of the percentage of households residing in the census tract that have household incomes equal to or greater than the median household income for the MSA or county where the Development Site is located**

The median household income in census tract 3314.00, which contains Anna Dupree Terrace, is \$8,843. This is significantly lower than the MSA median household income of \$59,649. There are a couple of explanations for the extremely low median household income in this census tract.

3314.00 is a relatively small census with mixed land use. Nearly half of the tract is used for agricultural production, about a quarter used for multi-family residential, and the remaining quarter is a mixture of single-family homes, commercial space, industrial, and public/institutional space. Among the multi-family residential development, there are five affordable housing projects and one project which was previously a LIHTC project and left the program recently. Most of the households residing in census tract 3314.00 live in affordable housing and have extremely low incomes. In contrast, the surrounding six census tracts have median household incomes ranging from \$23,530 to \$50,155 with an average of \$33,003.

(v) **An assessment of the number of market rate multifamily units in the neighborhood and their current rents and level of occupancy**

According to the Appraisal/Rent Comparability Study, the Primary Market Area (zip codes 77051, 77033, 77047, and 77048) contains 15 market rate apartment complexes with a total of 3,535 units. The overall occupancy rate for apartments in the neighborhood was 86.71%. The average rents were as follows:

Class A Properties: \$1,019
 Class B Properties: \$769
 Class C Properties: 694
 Class D Properties: \$569
 Average among all properties: \$769

- (vi) **An assessment of school performance for each of the schools in the attendance zone containing the Development that did not achieve a 2017 Met Standard rating, for the previous two academic years (regardless of whether the school Met Standard in those years), that includes the TEA Accountability Rating Report, a discussion of performance indicators and what progress has been made over the prior year, and progress relating to the goals and objectives identified in the campus improvement plan or turnaround plan pursuant to §39.107 of the Texas Education Code in effect. This is not just the submission of the campus improvement plan, but an update to the plan or if such update is not available, information from a school official that speaks to progress made under the plan as further indicated under subparagraph (D)(iv) of this paragraph.**

Anna Dupree Terrace is located in the Houston Independent School District. The development is an elderly preference property and very rarely serves school aged children. However, should school-aged children live on site with a qualifying elderly or non-elderly disabled household, they would be zoned for Carter Woodson Elementary and Middle School and Evan Worthing High School.

Carter Woodson Elementary and Middle School – Carter Woodson K-8 School did not meet the Texas Education Agency Standard in 2016 or 2017. The following is a breakdown of performance in the TEA’s four primary performance index reports:

2016 & 2017 Texas Education Agency Accountability Summary - Woodson

	Student Achievement	Student Progress	Closing Performance Gaps	Postsecondary Readiness
2016	37	33	16	8
2017	33	31	14	7
Target Score	60	32	28	12

As you can see, in 2016 Woodson met the standard for Student Progress but needed improvement on the remaining factors. By 2017, Student Progress had decreased by two points, and Woodson received an “Improvement Required” rating on all four factors.

Woodson has implemented several changes for the 2017-2018 school year to help the school achieve the TEA standard:

1. New Administrative Staff

In the 2017-2018 school year, Woodson K-8 received a new principal, 3 assistant principals, and 3 Teacher Specialists. All members of this team have 5 or more years of demonstrated turnaround experience and instructional leadership. Please see information on the new principal, who has had success with bringing “Improvement Required” schools to “Standard” rating, below.

Stephen Gittens, Principal – Mr. Gittens has served the Houston Independent School District for 18 years in various capacities, including as a teacher at Wesley and Cornelius elementary schools, assistant principal at Brookline and Whidby elementaris, and for the past five years, principal of Hobby Elementary. Under Gittens leadership, Hobby moved from Improvement Required to Met Standard after his first year.

2. Improved Professional Development & Teacher Training

Extended days are required every Wednesday to build capacity in teachers through targeted professional development. Weekly meetings are held through the professional learning community (PLC) model. Department chairs and administrators for each content area attend Lead4ward workshops before presenting information to PLC teams. PLC topics are focused on data-based turnaround efforts that support student learning.

Members of the Instructional Leadership Team attended the AVID Summer Institute in July 2017. AVID strategies to strengthen the literacy deficit faced by Woodson students are taught in the PLC teams, and in the 2017-2018 year, all Woodson teachers will implement the AVID techniques.

In addition to these weekly meetings, Woodson implemented a two-week intensive training prior to the beginning of the 2017-2018 school year in August 2017.

3. SMART Goals and Assessment Strategies to Measure Success

Woodson K-8 established 9 primary SMART goals for the 2017-2018 school year. These goals lay out measurable objectives, strategies for achieving the desired goal, a breakdown of responsible parties, resources to assist with meeting goals, a timeline for the goal achievement, and milestone/formative evaluation criteria. Details about the goals can be found in **Attachment J**, the 2017-2018 School Improvement Plan for Woodson, however a summary is provided here.

- Increase Student Achievement in Language Arts
- Students in grades 3-8 passing rate on the Mathematics STAAR will increase from 38% to 60%
- Increase STAAR performance in Reading, Math, Writing, Social Studies, and Science

- As measured by STAAR, 70% of all Woodson students will meet Level II standard
- As indicated by 2017-2018 Summative attendance report, Woodson’s student attendance will increase from 94% to 96%
- Decrease the number of disciplinary referrals resulting in suspensions by 50% for the 2017-2018 school year
- Maximize instructional time by improving overall campus safety and teacher/student perceptions of how we work to resolve conflicts with our students
- By May 2018, increase the percentage of parental involvement from 5% to 40%
- By June 2018, all Woodson scholars will improve their reading by 1.5 grade levels through an intensive implementation intervention plan

Evan Worthing High School – Evan Worthing High School did not meet the Texas Education Agency Standard in 2016 or 2017. The following is a breakdown of performance in the TEA’s four primary performance index reports:

2016 & 2017 Texas Education Agency Accountability Summary - Worthing

	Student Achievement	Student Progress	Closing Performance Gaps	Postsecondary Readiness
2016	45	16	26	50
2017	42	13	24	51
Target Score	60	17	30	60

Worthing High School did not meet the standard for any of the four factors in 2016 or 2017.

Worthing has implemented several changes in the 2017-2018 School Improvement Plan to achieve the TEA Standard in 2018.

1. Improved Professional Development & Teaching Training

Worthing will implement a PLC system with the goals of improving teacher capacity, implementing the use of data to strengthen first time instruction, creating a plan for differentiation of the diverse students they serve, reduction of teacher turnover, and creation of a support system for novice teachers. The administration will select a broad-range of campus staff to serve on the Instruction Leadership Team (ILT). The ILT will follow a clearly defined timeline for campus assessments, data collection, and a data disaggregation process. The ILT will use an established model to create procedures, protocols, and initiatives for the PLCs. They will meet bi-weekly to determine professional development needs, student instruction needs, resources, and support needs for departments.

The structure will be a five-day PLC cycle for each department, with dedicated time during the school day for professional learning such as:

- Data analysis
- Lesson planning
- Analysis of student work
- Sample teaching
- Teacher training

Each core PLC will be supported by an administrator who will be responsible for feedback and coaching on a weekly basis. PLC administrators will attend trainings to better provide support to teachers in their content and pedagogy.

2. Implementation of Discipline in Secondary Classrooms (DSC)

Discipline in Secondary Classrooms is a strategy that was developed by Safe and Civil Schools, who is known internationally for their programs. The strategy is a school-wide behavioral plan that stresses proactive and positive corrective responses toward misbehavior. Worthing will create a Student Success Team to monitor, create, and make adjustments to campus protocols and systems.

3. SMART Goals and Assessment Strategies to Measure Success

Worthing High School established 9 primary SMART goals for the 2017-2018 school year. These goals lay out measurable objectives, strategies for achieving the desired goal, a breakdown of responsible parties, resources to assist with meeting goals, a timeline for the goal achievement, and milestone/formative evaluation criteria. Details about the goals can be found in **Attachment K**, the 2017-2018 School Improvement Plan for Worthing, however a summary is provided here.

- During the 2017-2018 school year, the STAAR English I and STAAR English II scores will increase from 22% and 24% to 60%. In the area of Writing for STAAR English II, students will have at least a rating of “2” on both the Single and Paired Writing selections.
- During the 2017-2018 school year, STAAR Algebra I scores will increase to 70%
- Postsecondary Readiness will be increased to 20% based on the 2016-2017 school year
- Increase Federal System Safeguards to 20% based on the 2016-2017 school year
- Attendance rate will increase to 90%
- The number of out of school suspensions will decrease by 15% or less from the 2016-2017 school year
- Build positive employee and student relationships
- Increase parental involvement to 25% of the total student enrollment
- Provide quality instruction that is rigorous and relevant to meet the needs of individual students

In addition to these goals laid out in the 2017-2018 School Improvement Plan, HISD and the school's new principal, Khalilah Campbell-Rhone, have several other strategies that they are utilizing to improve the school and meet TEA standards:

1. New Facilities and Learning Space Investments

Worthing High School is currently undergoing a transformation as part of the HISD's voter-approved 2012 Bond Program. The investment of \$30 million consists of a new two-story classroom wing, which opened in August 2016, demolition of the existing 59-year old building, addition of additional classroom and public spaces, and renovation of the fine arts building. According to the article "Worthing HS undergoing physical and academic transformation" on the HISD New Blog, post-renovation, the "200,986-square foot campus will boast four flexible learning centers, three career and technology education classrooms, and new spaces for administrative offices, student guidance, and athletics, as well as a dining area that opens to a large outdoor courtyard."¹

The goals of the transformation are to provide better quality learning facilities for students, create more flexible learning spaces that support different learning styles, improve teaching/learning technology, boost attendance and attract additional students, create spaces where parents can engage in their children's learning, and re-brand the school. Improvements are anticipated to be complete by the end of 2018.

2. Creation of Academic Enrichment Summer Program

According to the article mentioned above, Principal Campbell-Rhone and her team have implemented a "new academic enrichment summer program for students who want to get ahead and a credit recovery program for those who are falling behind. As part of both programs, students are exposed to various college prep exams – such as the College Preparatory Exam and SAT – to help them get ready for college."

A letter from the HISD School District has been provided in the Mitigation Section below.

(vii) Any additional information necessary to complete an assessment of the Development Site, as requested by staff.

Not applicable.

Mitigation of Undesirable Neighborhood Characteristics

(i) Poverty rate change options:

a. Evidence that poverty rate within census tract has decreased over last 5 years

¹ "Worthing HS undergoing physical and academic transformation." HISD News Blog. July 26, 2017. <http://blogs.houstonisd.org/news/2017/07/26/worthing-hs-undergoing-physical-and-academic-transformation/>.

- b. **Evidence that census tract is contiguous to tract with poverty rate below 20%**
- c. **Availability of permanent employment for tenants**
- d. **Evidence of gentrification in the area (which may include contiguous census tracts)**
- e. **Clear and compelling reason that the Development should be located at the Site**

Anna Dupree Terrace is located in census tract 3314.00, which has a poverty rate of 78.9%. This is significantly higher than the rest of the primary market area and Sunnyside neighborhood as a whole, and can be attributed to the high concentration of affordable housing near Anna Dupree Terrace. There are four other affordable housing properties within one mile of the site, and together with Anna Dupree, the residents of these five developments make up the majority of tract 3314.00's total population. The average poverty rate among the 6 adjacent census tracts (3312.00, 3313.00, 3315.00, 3317.00, 3318.00, and 3319.00), was 25.48% in 2015. While not below the 20% threshold listed in the Uniform Multifamily Rules, this demonstrates that the high poverty rate in tract 3314.00 is not characteristic of the neighborhood as a whole. Additionally, the poverty rate in all 6 of these tracts has decreased since 2013. Please see **Attachment L** summarizing American Community Survey data that clearly shows declining poverty rates among these six tracts since 2010.

Additionally, the property is adjacent to two census tracts with a poverty rate below 20%. Census tract 3315.00, which is located directly west of tract 3314.00, had a poverty rate of 13.8% in 2015, which has steadily declined from 23.3% in 2010. Census tract 3319.00 is located northeast of tract 3314.00 and meets 3314.00 at Cullen Blvd. and Reed Road. In 2015, the poverty rate in this tract was 17%, which dropped from 23.2% in 2013.

The poverty rates in tract 3314.00 are uncharacteristically high due to the concentration of five affordable housing projects in a small census tract, and the surrounding neighborhood has significantly lower and steadily declining poverty rates. Anna Dupree Terrace is an existing Project Based Section 8 affordable housing development that is 36 years old and in need of rehabilitation to maintain the units and building systems and provide residents with decent, safe, and sanitary housing. The neighborhood itself is targeted as a revitalization area under multiple community plans and is undergoing significant revitalization (please see (iii) below for more information on this). Rehabilitation of Anna Dupree Terrace will serve as a stimulus for other economic development in the area. For all these reasons, we believe that the high poverty rate in this tract is not representative of the neighborhood itself and that rehabilitation of this property should be allowed at the site.

Please see Question (iii) below regarding gentrification and revitalization in the neighborhood that we anticipate will reduce poverty rates in the area, as well.

(ii) **Crime rate changes:**

- a. **Evidence that crime rates are decreasing (based on violent crime data from police departments—based on population within police beat or patrol area that would yield a crime rate below the threshold indicated in this section)**
- b. **Map plotting all instance of violent crimes within a ½ mile radius may also be provided that it reflects that the crimes identified are not at a level that would warrant an ongoing concern (all incidents reported in 2015 & 2016)**
- c. **Written assessment from local police, including description of efforts by such enforcement agency addressing issues of crime and results of their efforts (may be required by staff)**
- d. **For rehab, to extent that high level of criminal activity concentrated at Site, documentation to propose how this can be remedied at site level. Include a security plan, partnerships with external agencies, or other efforts to deter criminal activity.**

Anna Dupree Terrace is located within a neighborhood with high rates of violent crime. According to Neighborhood Scout, the crime rate is 34.11 per 1,000 residents. Anna Dupree Terrace is located within the City of Houston police beat 14D20. This beat encompasses the following census tracts:

3138.00, 3311.00, 3312.00, 3313.00, 3314.00, 3318.00 (approximately 85% covered in 14D20), 3319.00 (approximately 2/3 covered), 3320.00 (approximately 1/3 covered), and 3321.00 (approximately ¼ covered)

We performed an analysis of the violent crime rates in the police beat for 2015, 2016, and 8 months of 2017. We annualized the crimes for 2017 and compared them to the actual populations of each census tract (pro-rated as necessary) for 2015 and projected populations for 2016 and 2017 based on population changes in each census tract since 2013. In examining this, we found that the annualized crime rate for beat 14D20 was slightly lower than that projected by Neighborhood Scout (30.78 per 1,000 as opposed to 34.11). Unfortunately, we found that crime rates have risen in this beat over the past two years. Please see **Attachment M** detailing our analysis of the crime data by population. Please see **Attachment N** showing a map of crimes within a ½ mile radius.

While crime in the Anna Dupree Terrace neighborhood has not decreased, there have not been any instances of rape, murder, or burglary at the site in the past year. There have only been two cases of assault between October 2016 and October 2017. The site is equipped with several security features aimed at keeping the property crime-free, including a gated entry, full perimeter fencing, and a camera system with over 20 cameras. Additionally, there is on-site management between the hours of 9am and 5pm and security services between 6pm and 2am. A member of the Houston Police Department also lives in a management unit on site. He assists the management and security staff with patrolling the property and is able to respond quickly to 911 calls. Together, the property managers, security staff, and resident police officer work together effectively to provide nearly 24/7 security, deter crime, and respond quickly when crimes do occur. They have successfully utilized the camera system in the past to find criminals

and recover lost property. Please see **Attachment O**, which details crimes that have occurred on site between October 2016 and October 2017.

(iii) **Mitigation of blight:**

- a. **Evidence of mitigation efforts to address blight or abandonment may include new construction/evidence of public and private investment**
- b. **Evidence of partnerships with local agencies to engage in community-wide clean-up efforts or other efforts to address the overall condition of the neighborhood.**

The Anna Dupree Terrace neighborhood has experienced significant public/private investment in recent years and is located in two revitalization plan areas. Reduction of blight, improvement of infrastructure, decline in crime rates, and promotion of public and private infrastructure are goals of these revitalization plans. Please see below information on these plans, as well as a list of investments in the neighborhood.

Tax Increment Reinvestment Zone

Anna Dupree Terrace is located in Tax Increment Reinvestment Zone (TIRZ) 26. According to the City of Houston's Economic Development Department,

“TIRZs are special zones created by the City Council to attract new investment in an area. TIRZs help finance costs of redevelopment and encourage development in area that would otherwise not attract sufficient market development in a timely manner. Taxes attributable to new improvements (tax increments) are set-aside in a fund to finance public improvements within the boundaries of the zone.”

TIRZ 26 was created by the City Council in 2015. The specific goals for this zone are laid out in the “Reinvestment Zone Number 26 Preliminary Project Plan and Reinvestment Zone Financing Plan” from November 2, 2015 and are as follows:

- Improve and enhance corridors, mobility, and connectivity through the zone
- Enhance public infrastructure, facilities, and services throughout the Zone;
- Promote economic opportunity and private investment and reinvestment in the zone
- Develop and enhance green spaces, gathering places, trails, recreational or public facilities, and cultural amenities, and
- Promote and support community heritage, culture, character, and affordability for current residents.

The TIRZ plan estimates investment of \$12,462,000 in Zone 26, which will consist of improvements to roadways, sidewalks, trails, and other right-of-way improvements (\$5,200,000), advances in water, wastewater, storm drainage, and other utilities (\$4,835,000), addition of open space, community facilities, and cultural amenities (\$1,804,000), and administrative costs (\$623,000) (6). The City of Houston estimates an increase in taxable property values of \$155,308,630 by 2045 as a result of these investments (5).

Please see **Attachment P** showing a map of the City of Houston TIRZs. Please see **Attachment Q**, which is the “Reinvestment Zone Number 26 Preliminary Project Plan and Reinvestment Zone Financing Plan.”

Disaster Recovery Round 2 – Community Revitalization Area

Sunnyside, the Houston Super Neighborhood containing Anna Dupree Terrace, was also identified as a Community Revitalization Area in the “Disaster Recovery – Round 2 Planning Study” completed in May 2013. Sunnyside, along with 8 other Houston neighborhoods, was severely impacted by Hurricane Ike. The City of Houston’s disaster relief monies have been targeted in these 9 neighborhoods, where they are combined with City incentives and additional funding streams to create areas of opportunity in which comprehensive revitalization and recovery can occur (11).

The Disaster Recovery Round 2 plan was developed by the City of Houston’s Housing and Community Development Department (HCDD) in concert with stakeholder groups, including HUD, GLO, Houston Mayor’s Office, Houston Housing Authority (HHA), Texas Organizing Project (TOP), Texas Appleseed, and the Texas Low Income Housing Information Service (TLIHIS). The plan states that HCDD’s goal is to utilize the Disaster Recovery Programs to develop a comprehensive revitalization strategy and redevelopment plan for each CRA. According to the plan, “the outcome of this investment is to encourage near-term gentrification and produce neighborhoods that are stable, mixed-income, economically robust and racially diverse... The plan also includes construction, reconstruction, and/or rehabilitation of existing homes in order to prevent the involuntary displacement of existing low-income residents (167).”

Round 2 disaster relief monies have been awarded to eligible single-family homeowners for the repair of their homes or for relocation assistance. Additionally, HCDD released an RFP soliciting proposals from developers to build multi-family rental units for low-income households by the end of 2015. A primary strategy of the plan was to award monies to single family homeowners in clusters around the multi-family development locations in order to further revitalize the neighborhoods. According to the plan, “the addition of these new and renovated structures may incentivize other property owners in the neighborhood to better maintain their properties and ultimately increase their property values (87).”

Recent Neighborhood Investments

Recent and proposed investment in the Sunnyside Neighborhood include:

- Kipp Sunnyside High School: charter school for low-income students, opened in 2010
- Sunnyside Health Center & Multi-Service Center Replacement
- Residential water service improvements at Scott Street and Dawson Lane: completed
- South Acre Ranch: 130-unit low-income single-family housing development completed in 2012.
- Worthing High School: undergoing a \$30.2 million expansion that will be completed in 2018.
- Hope Farms: grant funded 7.58-acre community farm selling produce at or below cost to low-income residents, offering job training programs to veterans on the farm, and

providing nutrition education courses for children. Project received a \$200,000 grant from Wells Fargo and additional monies from other community members.

- Sidewalk Rehab Scott & Reed Road: planned
- Sidewalk Rehab Reed Road at Phlox: planned
- Sidewalk Rehab Clover Street: planned
- Major/Collector Concrete Street Multiple Panel Replacement on Scott and Brinkley
- Street Asphalt Overlays: entire subdivision from Reed Road (South) to Angleton Street (North) and from Cullen Blvd (West) to Jutland (East)
- Neighborhood Street Reconstruction Project 468: Planned design and construction with concrete paving with storm drainage, curbs, sidewalks, driveways, street lighting, underground utilities, and sanitary sewer replacement with budget of \$9,596,686.
- New Car Wash: at 3034 Reed Road, opened October 2017
- New Gas Station: at 9202 Rosehaven Drive, opened November 2016
- New Convenience Store/Gas Station: at 3555 Airport Blvd, opened November 2017
- New Office Building: at 2920 Airport Blvd., opened July 2017
- New Church: at 9621 Chesterfield Drive, opened April 2017
- Pro-Vision Charter School: at 4590 Wilmington Street, opened August 2016
- New Restaurant: at 9451 Cullen Blvd., opened December 2016
- Remodel of Office Building: at 9426 Cullen Blvd., opened March 2017
- Retail Remodel including addition of T-Mobile Store and restaurant: at 9406 Cullen Blvd., finished April 2017
- Retail Remodel: at 9441 Cullen Blvd., finished March 2016
- New KFC Fast Food Restaurant: at 4717 Wilmington Street, opened in February 2017
- New Auto Repair Shop: at 4830 Sunbeam Street, opened August 2016
- Warehouse Remodel: at 4734 Reed Road, opened September 2017
- Energized for STEM Academy, Inc. HS: at 9220 Jutland Road, Certificate of Occupancy issued September 2016
- Reed Food Store: at 5202 Reed Road, opened January 2016
- Watkins Market: at 10510 Cullen Blvd., opened June 2016

Also worth mentioning are two large projects in design just outside of Sunnyside. The Cloverland Area Paving and Drainage project entails the design & construction of concrete paving with storm drainage, curbs, sidewalks, driveways, street lighting, sanitary sewer replacement, and necessary underground utilities. The project has a total budget of \$17,836,342. The neighborhood street reconstruction project #468 is a planned sanitary sewer replacement with a total budget of \$9,596,686.

This is just a short list of recent or planned investments in the area. Please see **Attachment R**, which is a printout from the City of Houston GIS mapping system showing all Certificates of Occupancy issued in the past 2 years.

(iv) **Mitigation for Schools:**

Anna Dupree Terrace is an elderly and non-elderly disabled development. Of the 157 residents, there are only two school-aged children. It is not typical for the development to have more than a few school-aged children at any given time.

Please see **Attachment S**, which is a letter from Grenita Lathan, Chief Academic Officer at the Houston Independent School District, dated January 30, 2018. The letter details steps that the HISD has taken at Woodson and Worthing to ensure that they meet standards in 2018, and provides a report of progress made towards these steps.

The Board must find that the use of Department funds at the Development Site must be consistent with achieving the following goals:

- (i) **Preservation of existing occupied affordable housing units to ensure they are safe and suitable or the new construction of high quality affordable housing units that are subject to federal rent or income restrictions; or**
- (ii) **Factual determination that the undesirable characteristic(s) that has been disclosed are not of such a nature or severity that should render the Development Site ineligible based on the assessment and mitigation provided under subparagraphs (C) and (D) of this paragraph; or**
- (iii) **The Applicant has request a waiver of the presence of undesirable neighborhood characteristics on the basis that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved Conciliation Agreement, or a final and non-appealable court order and such documentation is submitted with the disclosure.**

Anna Dupree Terrace entails the acquisition and moderate rehabilitation of a 151-unit (including one employee unit) affordable senior rental development with project-based rental assistance. The development was constructed in 1981 and is located in the Sunnyside neighborhood of Houston, on the southwest corner of Cullen Boulevard and Wenda Street. The developer is proposing to invest approximately \$45,000 in hard costs to improve and modernize the site and units. The rehabilitation scope of work is based upon a proposed statement of work provided by Engle Martin & Associates and JPS & Associates, Inc. It falls into four broad categories:

- 1) Site Work
 - New perimeter fence
 - New car gate with north entrance and south exit
 - New loading areas
 - Repair water meter box
 - Rebuild parking lot
 - Repair Drainage

- Replace/Repair all sidewalks and ADA correction to all handicap ramps
- Remove and replace all gazebos (add lights for security)
- Add seating to exterior areas of community
- Upgrade landscaping
- Upgrade pole lighting on all grounds and building lighting

2) Building

- Replace all single pane windows with energy efficient double pane windows
- Remove/Replace existing roof
- Repair and repoint brick
- Foundational repairs to all apartment buildings front and back and to the community building
- Repair all downspouts and gutters in buildings
- Repair balconies
- Replace all siding with hardy
- Replace railings
- Replace all outside doors—trash doors and emergency doors
- Replace all mailboxes
- Enlarge trash chutes
- Replace lighting fixtures in common areas
- Replace common area interior doors
- Put tile in all hallways
- Repaint all common areas

3) Units

- Replace showers in 26 HC apartments
- Replace all tubs
- Replace toilets
- Replace all cabinets (i.e. countertops, sinks, faucets, supply lines, and valve)
- Replace all closet doors and hardware
- Put lights in closets
- Replace storage closet doors on patios
- Replace all switches and plugs
- Replace all flooring
- Adding ceiling fans in bedrooms
- Add lighting in living room
- Replace exhaust fans in bathrooms
- Repair/Repaint sheetrock

4) Plumbing Mechanical and Electrical Work:

- Replace both elevators
- Replace telephone/cable/internet system
- Upgrade boilers and water system to energy efficient systems
- Repair A/C in all common area units
- Upgrade electrical

The rehabilitation of Anna Dupree Terrace is critical to preserve the existing affordable housing units and the valuable HUD Section 8 associated with them for an additional 50 years.

While Anna Dupree Terrace has some of the undesirable site and neighborhood characteristics, including high poverty and crime rates and location near a high voltage power structure, we believe that these characteristics are not of such a nature or severity that should render the Development Site ineligible for an award of 4% Low Income Housing Tax Credits. The high poverty rate in census tract 3314.00, which contains Anna Dupree Terrace, is an anomaly relative to the rest of the neighborhood, which has an average poverty rate of 25.48%. Additionally, Anna Dupree Terrace is adjacent to two census tracts with a poverty rate below 20%, and the neighborhood in general has shown a decline in poverty rates over the past five years.

While crime rates are high in the neighborhood, analysis of the Houston Police Department's crime data shows that it is lower than projected by Neighborhood Scout. Additionally, there have been very few violent crimes at the Anna Dupree Terrace property. The site itself has several safety and security features to deter crime, and the property manager, security staff, and resident police officer are very active in preventing crime and responding quickly when crimes do occur.

The Anna Dupree Terrace neighborhood has also received significant public and private investment in the past few years and is located in two revitalization plan zones, including TIRZ Zone 26 and a Disaster Recovery Round 2 – Community Revitalization Area (CRA). The rehabilitation of Anna Dupree Terrace will serve as a stimulus for new development in the area and contribute to the clean-up and modernization of the neighborhood.

The City of Houston's "Reinvestment Zone Number 26 Preliminary Project Plan and Reinvestment Zone Financing Plan" states that this area is:

...in need of greater public and private investment. To enhance the economic well-being and quality of life of the community, the Area must be empowered with any and all public financing and business development tools (e.g. TIRZ, active Improvement District, etc.) to finance projects related to business and economic development, flood and storm water control, mobility and transportation, public safety and marketing. These tools will help make the area more appealing to commercial real estate investors, developers and brokers bringing much needed new development and jobs to the community (2).

TDHCA's endorsement of this project and waiver of the undesirable site and neighborhood characteristics would be in line with the City of Houston's plan to use "any and all public financing and business development tools... to finance projects related to business and economic development..." The project will improve the quality of lives of the residents at Anna Dupree Terrace and in the surrounding neighborhood as a whole.

Anna Dupree Terrace

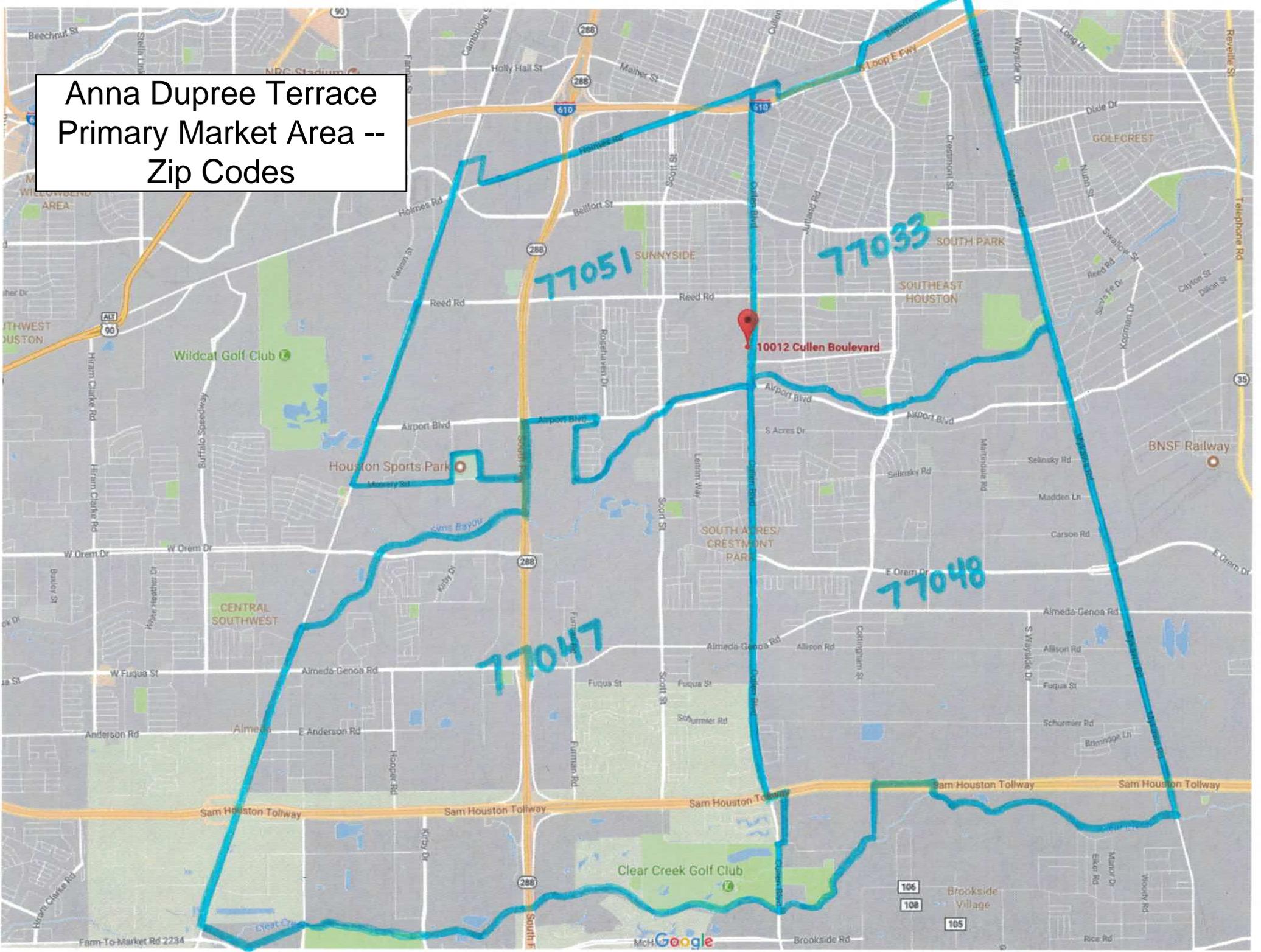
Undesirable Site Feature Exemption Request

Anna Dupree Terrace would like to formally request an undesirable site feature exemption for the high voltage power structure located east of the property across Cullen Boulevard. The structure is located approximately 88 feet from the edge of the property's southeastern boundary and 168 feet from the building. There are a few other high voltage structures near the site, but none within 100 feet. The power lines connected to the structural elements do not cross the boundaries of the Anna Dupree site and will not be disturbed as a result of the rehabilitation.

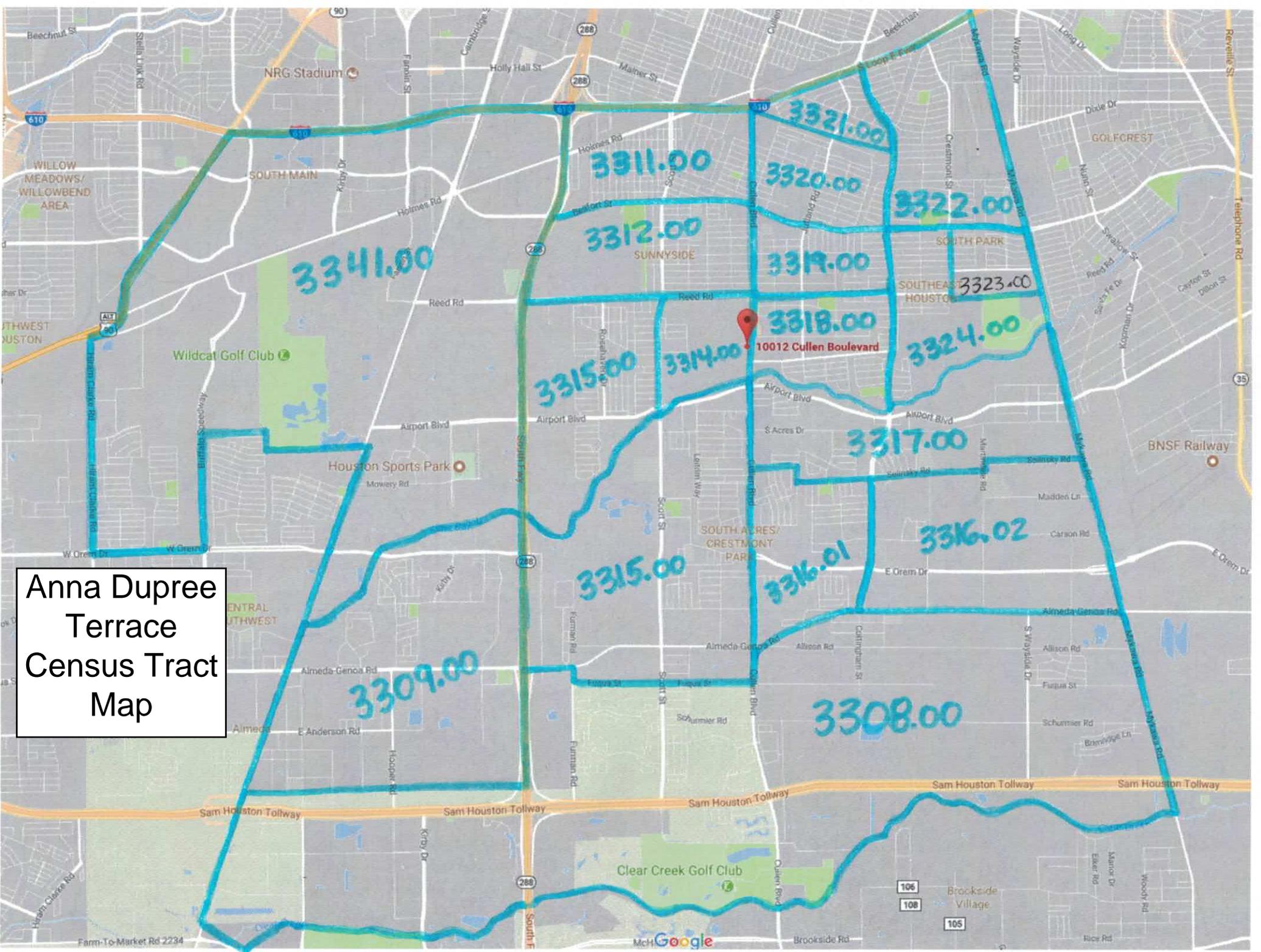
Pursuant to Section (2) of the Uniform Multifamily Rules, "Rehabilitation (excluding Reconstruction) Developments with ongoing and existing federal assistance from HUD, USDA, or Veterans Affairs ("VA") may be granted an exemption by the Board. Such an exemption must be requested at the time of or prior to the filing of the Application."

Anna Dupree Terrace is a Section 8 Project Based Voucher development that was built in 1981. The development has 151 unit (150 of which receive Section 8) and is situated on a 2.84-acre site. The development currently receives federal assistance from HUD, and will sign a new HAP contract if awarded a 4% Low-Income Housing Tax Credit award. Because the development receives ongoing and federal assistance and will not disturb the high voltage power structure, we are requesting that the Board grant the undesirable site feature exemption.

Anna Dupree Terrace
Primary Market Area --
Zip Codes



Anna Dupree
Terrace
Census Tract
Map





BORRIS L. MILES

STATE SENATOR • DISTRICT 13

COMMITTEES: AGRICULTURAL, WATER, & RURAL AFFAIRS • HEALTH & HUMAN SERVICES • NATURAL RESOURCES & ECONOMIC DEVELOPMENT • NOMINATIONS

Teresa Morales
Program Administrator – 4% Tax Credits & Bonds
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Support for Anna Dupree Terrace

Dear Ms. Morales:

I represent District 13, which includes the Anna Dupree Terrace apartment community. I fully support the proposed acquisition and rehabilitation of the development and urge you to support this community by finding Anna Dupree Terrace eligible and approving an award of funding.

There is a major community effort underway to revitalize the Sunnyside neighborhood, where Anna Dupree Terrace is located. The area has been targeted by the City of Houston for revitalization under both Tax Increment Reinvestment Zones (TIRZ) Zone 26 and Disaster Recovery Round 2. It has also received significant public and private investment in the past two years and is steadily improving. While crime rates in the immediate area are high, the Anna Dupree Terrace site has been consistently safe and is equipped with numerous security features and experienced staff to deter crime. Similarly, while poverty rates in the census tract surrounding Anna Dupree Terrace are above TDHCA's threshold, it is clear that this is an anomaly given the low poverty rates in adjacent tracts. Additionally, all 6 adjacent census tracts have had steadily declining poverty rates.

I ask that TDHCA use its discretion to waive the crime rate threshold given the low occurrence of crime on the site, and to waive the poverty rate threshold given the low poverty rates in the adjacent census tracts. I also ask that you find the site eligible related to the high voltage transmission line that has existed near the site for years.

Affordable housing, particularly units serving the elderly and extremely low-income households, is needed more than ever in Houston, including the preservation of developments like Anna Dupree Terrace. Please use your discretion to support affordable housing in Houston and find Anna Dupree Terrace eligible for an award of funding. Thank you for your service to the State of Texas.

Sincerely,

Senator Borris Miles
Texas State Senate District 13

CAPITOL OFFICE:

P.O. Box 12068
Austin, Texas 78711
(512) 463-0113 • FAX: (512) 463-0006
Dial 711 for Relay Calls

HOUSTON OFFICE:

5302 Almeda Road, Suite A
Houston, Texas 77004
(713) 665-8322 • FAX: (713) 665-0009

FORT BEND OFFICE:

2440 Texas Parkway, Suite 110
Missouri City, Texas 77489
(281) 261-2360 • FAX: (281) 261-4726



STATE REPRESENTATIVE
SHAWN THIERRY

DISTRICT 146

December 5, 2017

Teresa Morales
Program Administrator – 4% Tax Credits & Bonds
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Support for Anna Dupree Terrace

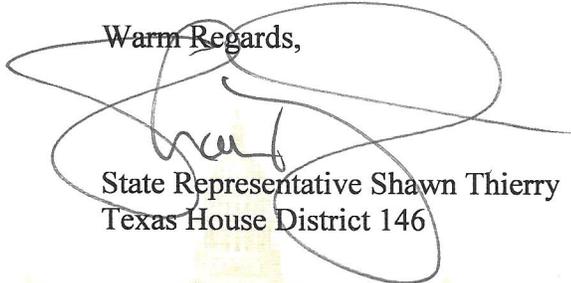
Dear Ms. Morales:

I am the State Representative for House District 146 in Houston, Texas where Anna Dupree Terrace Senior Living Center is housed. I am in strong support of the proposal for the preservation and rehabilitation of this development. Accordingly, I request that the Texas Department of Housing and Community Affairs declares the site eligible and approves an award of housing tax credit funding.

The Sunnyside community has greatly benefited from significant financial investment in recent years. Crime and poverty rates in the Anna Dupree Terrace neighborhood are above TDHCA's thresholds; however, poverty rates in adjacent census tracts have steadily declined in the past five years (including two tracts where they are under 20%) and crime at the property is virtually nonexistent. The proposal to rehabilitate Anna Dupree Terrace is an opportunity to continue the revitalization of the neighborhood, stimulate other economic development in the area, and improve the quality of life of existing residents.

Following the devastation caused by Hurricane Harvey, quality affordable housing is badly needed in the City of Houston. I am asking for your support on the rehabilitation of Anna Dupree Terrace and find the development site eligible for an award of funding. Thank you for all you do to provide safe, decent, affordable housing to the residents of the State of Texas.

Warm Regards,



State Representative Shawn Thierry
Texas House District 146



Dwight A. Boykins

Houston City Council Member, District D

October 23, 2017

Eliza Johnson Center for the Aging, Inc.
Charles Foster, Chairman
10012 Cullen Blvd.
Houston, TX 77051

RE: Anna Dupree Terrace Apartments

Dear Mr. Foster,

I am writing to you on behalf of the Anna Dupree Terrace Apartments located at 10012 Cullen Blvd., Houston, TX 77051. This letter is to affirm my support of their application for the 2017/2018 4% Housing Tax Credits being requested through the Texas Department of Housing and Community Affairs.

Please feel to contact my office if you have any additional questions or concerns at DistrictD@HoustonTX.gov or 832-393-3001.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Boykins".

Dwight Boykins
Houston City Council
District D

cc: Dr. Renu Khator, Chancellor, University of Houston System
Tilman Fertitta, Chairman, Board of Regents



HOUSTON INDEPENDENT SCHOOL DISTRICT

Hattie Mae White Educational Support Center
4400 West 18th Street • Houston, Texas 77092-8501

Grenita F. Lathan, Ph.D.
Chief Academic Officer
Tel: 713-556-6024 • Fax: 713-556-6015

www.HoustonISD.org
www.twitter.com/HoustonISD

January 30, 2018

Mr. Raynold Richardson
Vice-President
J. Allen Management Co., Inc.
Delivered via email ray@jallenmgmt.com

Dear Mr. Richardson:

Woodson K-8 located at 10720 Southview and Worthing High School located at 9215 Scott St. currently reside in the attendance zone where you desire to build affordable housing. Woodson K-8 has been rated Improvement Required under the Texas Education Agency (TEA) accountability system for five consecutive years beginning in 2013 through 2017, while Worthing High School has been rated Improvement Required under the same TEA system for six consecutive years beginning in 2012 through 2017.

In an effort to improve the academic performance of Woodson K-8 and Worthing High School, the Houston Independent School District (HISD) took drastic measures. In August of 2017 HISD made a bold move in the type of support and resources provided to schools that have been underserved and underperforming for years with the implementation of the ACHIEVE 180 initiative. ACHIEVE 180 is a research-based action plan to support, strengthen, and empower underserved and underperforming HISD feeder pattern communities to increase student achievement. Best practices from successful school turnaround initiatives, including effective teachers, strong principal leadership, and an environment of high expectations for both students and staff, were incorporated into the plan's Guiding Pillars. The six Guiding Pillars for ACHIEVE 180 are Leadership Excellence, Teacher Excellence, Instructional Excellence, School Design, Social and Emotional Learning Supports, and Parent and Community Empowerment that provide the strategic framework for the transformational work that will be implemented at both Woodson and Worthing.

Leadership Excellence includes both campus-level and executive leadership. Through mentoring, coaching, and differentiated support, we grow talented and effective instructional leaders who can improve, support, and leverage student proficiency in core academic areas. This is evidenced by leader effectiveness, effective hiring, retention of staff, data-driven progress monitoring and coaching and development of administrators and teachers. The goal is to ensure that schools have the leaders that they need, and that leaders are supported, developed and challenged to grow. Both Woodson and Worthing have new experienced principals for the 2017 – 2018 school year.

The single most important variable in student achievement is the quality of the teacher in the classroom. Prioritization of the Human Capital actions in the ACHIEVE 180 plan will address the identification and attraction of high-quality educators through the execution of best hiring practices, as well as leverage of staffing incentives and differentiated support through

professional development centered on research-based practices. The goal is to increase teacher effectiveness and retention to ensure equity for all students at Woodson and Worthing.

Improving the quality of instruction through the engagement, acceleration and optimization of learning experiences will allow students to achieve at their highest potential. We recognize that the Texas Essential Knowledge and Skills (TEKS) are necessary but not sufficient to ensure that our students are ready for the rigor and challenges of the 21st century. The HISD Academics department provides real-time support to Woodson and Worthing in the areas of curriculum, instruction, and personalized support. The goal is to ensure that every student is equipped for success after graduation by demonstrating that they have met the outcomes set forth in the HISD Global Graduate Profile.

Effective school design enables students to become critical thinkers, problem solvers, and meaning makers in an environment that encourage active, cooperative, and community-based approaches to teaching and learning. The space and environment where students spend a good deal of their time learning has an effect on how well they learn. The new school design is responsive to individual needs and voices. The goal is to match the structure and design of our schools to the needs, dreams and realities of every student.

The work social and emotional pillar is to remove non-academic barriers to learning that interfere with students' ability to actively engage in classroom instruction and other school activities. A systemic approach to how schools provide learning supports ensures that school improvement efforts succeed and are sustainable. Effectively utilizing intervention assistance teams, resources, and data analysis regarding behavioral, physical and mental health at the student and campus level will connect student learning supports to academic growth and achievement. Each campus has been provided a full-time Wrap-around Resource Specialist to facilitate the process. The goal is to ensure that students have the skills, supports and resources that they need to be successful.

The focus on family and community empowerment is to improve student achievement by increasing parental and community engagement. Our goal is to ensure that all schools are family-friendly learning environments that will increase parent advocacy by encouraging two-way communication from home to school.

The current supports that are in place are aligned with the School Improvement Plan, which was developed under the new principal and leadership team with supervision of the area superintendent and school support officer. To monitor the progress the campuses follow the HISD formative assessment calendar, which is aligned to the campus improvement plan. With all of the efforts in place our intentions is for Worthing and Woodson to return to Met Standards status on or before the beginning of the 2018 school year.

Stable housing opportunities provide a critical foundation for a successful academic start for young children. We eagerly look forward to working closely with J. Allen Management Co. Inc. and welcome the children that will reside in our attendance zone.

Sincerely,



Grenita Lathan
Chief Academic Officer

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

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action on an Amendment to the 2018-1 Multifamily Direct Loan Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, the Board previously approved the 2018-1 Multifamily Direct Loan Notice of Funding Availability (“2018-1 NOFA”), which included \$12,746,231 million in Tax Credit Assistance Program loan repayments (“TCAP RF”), \$11,116,514 in HOME funds, and \$5 million in NSP Round 1 Program Income (“NSP1 PI”);

WHEREAS, the Department has executed the Grant Agreement for Program Year 2017 National Housing Trust Fund (“NHTF”), which total \$7,972,864 in non-administrative NHTF;

WHEREAS, the Department has received an additional \$1,169,554 in HOME Program Income since the 2018-1 NOFA was approved through the end of the Federal Program Year (January 31, 2018) that has been designated for multifamily activities;

WHEREAS, the 2018-1 NOFA established a priority for Applications proposing rehabilitation or reconstruction of properties damaged by Hurricane Harvey and related severe weather and flooding in counties declared by the Federal Emergency Management Agency to be eligible for individual assistance;

WHEREAS, this priority for Harvey-impacted Applications expired on February 28, 2018, and staff recommends having a new priority from April 3, 2018, to June 29, 2018, to allow for potential applicants to have a preference when applying for these funds;

WHEREAS, staff also recommends, starting April 3, 2018, increasing the maximum per-application requests to \$3,000,000 for Harvey-impacted Applications proposing rehabilitation and \$4,000,000 for Harvey-impacted Applications proposing reconstruction;

WHEREAS, staff recommends that the 2017 allocation of NHTF be available within the Supportive Housing/Soft Repayment Set-Aside in the 2018-1 NOFA, with \$1 million remaining the maximum that can be requested on a per-application basis;

WHEREAS, the \$7,972,864 in non-administrative NHTF will be subject to the Regional Allocation Formula as outlined in Attachment B to the 2018-1 NOFA through April 27, 2018;

WHEREAS, staff recommends that the HOME PI be available within the General Set-Aside in the 2018-1 NOFA, with \$3 million remaining the maximum request for

Applications proposing new construction and \$2 million remaining the maximum request for rehabilitation; and

WHEREAS, adding approximately \$8 million in NHTF and \$1.1 million in HOME to the 2018-1 NOFA may help the Department in more quickly meeting the commitment deadline that these sources of funds are bound by;

NOW, therefore, it is hereby

RESOLVED, that \$7,972,864 in NHTF and \$1,169,554 in HOME be added to the 2018-1 NOFA along with the conforming amendments reflected in the proposed amendment; and

FURTHER RESOLVED, the Executive Director and staff as designated by the Executive Director are authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments, and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

On December 29, 2017, the 2018-1 NOFA was published in the *Texas Register* announcing the availability of up to \$28,862,745, composed of \$11,116,514 in HOME funds, \$12,746,231 in TCAP RF, and \$5 million in NSP1 PI – for the development of affordable multifamily rental housing. The \$12,746,231 in TCAP RF was derived from principal (\$9,446,231) and interest (\$3,300,000) payments received on TCAP loans through November 2017.

Four Applications to date have requested \$9,550,000 in Direct Loan funds, before accounting for 2018 9% HTC-layered Direct Loan Applications, which will be considered received April 2, 2018.

With this addition of \$7,972,864 in NHTF and \$1,169,554 in HOME funds, staff anticipates being able to make several more awards of Direct Loan funds under the Supportive Housing/Soft Repayment Set-Aside and General Set-Aside. The maximum per application requests for NHTF within the SH/SR Set-Aside will remain at \$1 million, while the maximum per application requests for HOME within the General Set-Aside will remain at \$2 million for rehabilitation and \$3 million for new construction. Starting April 3, 2018, Harvey-impacted Applications proposing rehabilitation will be able to request up to \$3 million and Applications proposing reconstruction will be able to request up to \$4 million. NHTF will be subject to the attached Regional Allocation Formula (Attachment B in the First Amendment to the 2018-1 NOFA), which identifies maximum amounts available on a regional basis, through May 7, 2018, and then available statewide through September 28, 2018.

Staff will continue to monitor the demand for Direct Loan funds and may recommend further amendments to the NOFA if necessary.



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY DIRECT LOAN
2018-1 NOTICE OF FUNDING AVAILABILITY (NOFA)
FIRST AMENDMENT

THIS AMENDMENT ADDS TEXAS' 2017 ALLOCATION OF NATIONAL HOUSING TRUST FUND ("NHTF") TO THE SUPPORTIVE HOUSING/ SOFT REPAYMENT SET-ASIDE AND \$1,169,554 OF HOME FUNDS TO THE GENERAL SET-ASIDE. IT ALSO ESTABLISHES A NEW PRIORITY FOR APPLICATIONS FROM COUNTIES WITH INDIVIDUAL ASSISTANCE DESIGNATIONS AS A RESULT OF HURRICANE HARVEY, AND INCREASES THE MAXIMUM REQUEST FOR THOSE APPLICATIONS. THIS AMENDMENT REPLACES IN ITS ENTIRETY SECTIONS 1, 2, 3, AND 6. ALL OTHER SECTIONS OF THE 2018-1 NOFA REMAIN AS ORIGINALLY PUBLISHED.

1) **Summary.** The Texas Department of Housing and Community Affairs (the "Department") announces the availability of up to **\$38,005,163** in Multifamily Direct Loan funding for the development of affordable multifamily rental housing for low-income Texans. The availability and use of these funds are subject to 10 TAC Chapters 1 ("Administration"), 2 ("Enforcement"), 10 ("Uniform Multifamily Rules"), 13 ("Multifamily Direct Loan Rule"), and Chapters 11 ("Qualified Allocation Plan") and 12 ("Multifamily Housing Revenue Bonds") as applicable, as well as Chapter 2306 of the Texas Government Code. Applications proposing development of affordable multifamily rental housing will be subject to the Department of Housing and Urban Development ("HUD") HOME regulations governing the HOME program found at 24 CFR Part 92 ("HOME Final Rule") and/or National Housing Trust Fund ("NHTF") regulations governing the NHTF program found at 24 CFR Part 93. Other Federal regulations that apply to HOME and NHTF funds include, but are not limited to fair housing (42 U.S.C. 3601-3619), environmental requirements (42 U.S.C. 4321; and 24 CFR part 50 or part 58 depending on the type of activity), Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and HUD Handbook 1378, Section 104(d) of Housing and Community Development Act of 1974. HOME funds are further regulated by Davis-Bacon and Related Labor Acts for labor standards (40 U.S.C. §3141-3144 and 3146-3148, 24 CFR §92.354, and HUD Handbook Federal Labor Standards Compliance in Housing and Community Development Programs). HOME-funded developments must comply with HUD Section 3 requirements (24 CFR Part 135). Section 3 requires HOME and NHTF funded housing and community development activities to give, to the greatest extent feasible (and consistent with existing Federal, State and local laws and regulations) job training, employment, contracting and other economic opportunities to Section 3 residents and business concerns.

Except as otherwise noted in this NOFA, Applicants proposing development of affordable multifamily rental housing should assume that HOME, NSP and/or NHTF funds will be

awarded and should likewise be prepared to comply with the applicable regulations. Applicants are encouraged to familiarize themselves with all of the applicable state and federal rules that govern the program. If HOME, NSP and/or NHTF funds are used and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.

All Applicants proposing refinance *without* rehabilitation, or supplemental funds for Applications that have received funding or allocation in a previous year, generally will only receive Tax Credit Assistance Program Repayment Funds (“TCAP RF”), but, except as otherwise noted in this NOFA, may receive HOME, NSP and/or NHTF funds if it is an eligible activity. Awards to refinance or of supplemental financing will not exceed an amount necessary to replace lost funding or maintain original anticipated levels of feasibility as determined by staff.

- 2) **Sources of Multifamily Direct Loan Funds.** Multifamily Direct Loan funds are made available through program income generated from prior year HOME allocations, de-obligated funds from prior HOME allocations, the 2016 and 2017 Grant Year HOME allocations, the 2017 Grant Year NHTF allocation, loan repayments from the Tax Credit Assistance Program (“TCAP Repayment funds” or “TCAP RF”), and program income generated by NSP1 loan repayments. The Department may amend this NOFA or the Department may release a new NOFA upon receiving its 2018 HOME or 2018 NHTF allocation from HUD, or additional TCAP or NSP loan repayments

- 3) **Set-Asides.** HOME, TCAP RF, and NSP1 PI will be subject to the Regional Allocation Formula (“RAF,” located in Attachment A) until 5:00 pm February 9, 2018, and then available on a statewide basis within each set-aside. NHTF funds will be subject to the RAF located in Attachment B until May 7, 2018. Applications under any and all set-asides may or may not be layered with 9% or 4% Housing Tax Credits (“HTC”). Within each setaside, Applications not layered with 9% HTC in counties designated for Individual Assistance as a result of Hurricane Harvey will be prioritized after the RAF collapses until February 28, 2018, and then again from April 3, 2018, through June 29, 2018. The funds made available under this NOFA are available under three set-asides:

Set-Aside	Amount Available		Maximum Request**
CHDO (HOME only)	\$2,967,122		\$2,967,122
Supportive Housing/ Soft Repayment	TCAP RF	\$3,300,000	\$1,000,000
	NHTF	\$7,972,864	
General	\$23,765,177		
	New Construction		\$3,000,000
	Rehabilitation		\$2,000,000
	Harvey Rehabilitation*		\$3,000,000
	Harvey Reconstruction*		\$4,000,000

* For Applications received on or after April 3, 2018, through June 29, 2018.

** The maximum request is inclusive of any prior awarded TDHCA Direct Loan funds that have not yet closed or that are outstanding loans.

- a. **CHDO Set-Aside.** At least \$2,967,122 in HOME funds are set aside for eligible Community Housing Development Organizations (“CHDO”).
- b. **Supportive Housing/ Soft Repayment Set-Aside.** Up to \$11,272,864 (\$3,300,000 in TCAP RF and \$7,972,864 in NHTF) is available in this set-aside. NHTF funds will be used first for all eligible activities.
- c. **General Set-Aside.** All remaining TCAP RF, HOME, and NSP1 PI funds available, currently anticipated to be \$23,765,177.
- d. **Harvey Priority** - After the Regional Allocation Formula collapses until February 28, 2018, and then again from April 3, 2018, until June 29, 2018, Applications received in all set asides for rehabilitation or reconstruction of properties damaged by Hurricane Harvey and related severe weather and flooding in a county declared by the Federal Emergency Management Agency to be eligible for individual assistance, will take priority over applications from other parts of the State. Such Applications will be considered to be received first and will receive first consideration for award of MFDL funds.

6) Maximum Funding Requests

- a. **CHDO Set-Aside:** The maximum funding request for all applications received under this set-aside, regardless of whether the application is proposing new construction or rehabilitation, shall be \$2,967,122. In the event that the CHDO Set-Aside amount is subscribed by two or more eligible applications, the Department will award excess requested funds from the General Set-Aside with HOME funds until all eligible CHDO applications that fully deplete the CHDO Set-Aside are funded.
- b. **Supportive Housing/ Soft Repayment Set-Aside:** This Set-Aside has two fund sources, TCAP RF and NHTF, which carry different requirements. The maximum funding request for applications received under this set-aside, regardless of fund source, is \$1,000,000.
 - i. TCAP RF funds may be awarded to Applications proposing new construction, rehabilitation, or adaptive reuse that fit the definition of Supportive Housing at 10 TAC §10.3(29) or agree to restrict TCAP RF units to 30% of AMI for a 30-year affordability period.
 - ii. NHTF funds may be awarded to Applications proposing new construction that agree to restrict the NHTF units to 30% of AMI for a 30-year affordability period.
- c. **General:** The maximum funding request for applications proposing new construction under this set-aside is \$3,000,000. The maximum funding request for applications proposing rehabilitation under this set-aside is \$2,000,000. Starting April 3, 2018, the maximum funding request for properties damaged by Hurricane Harvey and related severe weather and flooding in a county declared by the Federal Emergency Management Agency to be eligible for individual assistance will be \$3,000,000 for rehabilitation and \$4,000,000 for reconstruction.

Attachment B

**Supportive Housing/Soft Repayment Set-Aside (NHTF)
Available Until 5pm Austin Local Time on May 7, 2018**

Region	Regional Allocation
Region 1	\$ 266,540
Region 2	\$ 154,630
Region 3	\$ 2,120,990
Region 4	\$ 308,960
Region 5	\$ 242,667
Region 6	\$ 1,968,088
Region 7	\$ 630,336
Region 8	\$ 370,529
Region 9	\$ 689,966
Region 10	\$ 223,691
Region 11	\$ 603,481
Region 12	\$ 137,601
Region 13	\$ 255,385
Total	\$ 7,972,864

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BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
MARCH 22, 2018

Presentation, discussion, and possible action on a request for waiver of rules for Brook Haven Supportive Housing (17510)

RECOMMENDED ACTION

WHEREAS, Brooks Haven, Ltd. (the “Applicant”) has submitted an application for Direct Loan funds under the 2017-1 Multifamily Direct Loan Notice of Funding Availability (“2017-1 NOFA”) for the new construction of 30 single family units known as Brook Haven Supportive Housing in the City of Rockdale;

WHEREAS, the Direct Loan is the only source of Department funding for the Development;

WHEREAS, 10 TAC §13.8(c)(5) of the Multifamily Direct Loan Rule requires an Applicant to provide equity in an amount of not less than 20 percent of the Total Housing Development Costs if the Direct Loan is the only source of Department funding for the Development;

WHEREAS, the Applicant has requested a waiver of 10 TAC §13.8(c)(5) in order to move forward with owner equity below the 20 percent threshold, in an amount of 0% of Total Housing Development Costs;

WHEREAS, documentation has been submitted that asserts the equity requirement is being met through a property tax exemption and the fact that no reimbursement for acquisition is being requested;

WHEREAS, an “as completed” appraisal has been provided which reflects a loan to value ratio of less than 80% as it relates to the Direct Loan;

WHEREAS, staff has recommended and the Board has previously approved waiving the owner equity requirement for Applicants that provided some amount of owner equity and where the “as completed” appraisal reflected a loan to value ratio of less than 80%;

WHEREAS, staff believes that the Applicant may could proceed with this waiver request to the owner equity requirement in 10 TAC §13.8(c)(5) as a result of the “as completed” appraisal which shows a loan to value ratio of less than 80% but is concerned that no owner equity is being provided at the outset;

WHEREAS, the owner equity requirement in 10 TAC §13.8(c)(5) was adopted to satisfy the requirement of 24 CFR §92.250(b)(2), which requires the Department to assess the financial capacity of the applicant;

WHEREAS, the Applicant is seeking this waiver provided in 10 TAC §10.207(a)(2), which requires the Development Owner to establish how the waiver request is necessary to address circumstances beyond the Development Owner’s control and how, if the waiver is not granted, the Department will not fulfill some specific requirement of law; and

WHEREAS, the Applicant asserts that good cause for granting the waiver request would be to provide affordable housing in an economically disadvantaged area of the state, potentially helping the Department meet its annual Community Housing Development Organization (“CHDO”) commitment deadline in 24 CFR §92.300, affirmatively furthering fair housing, and fulfilling Section 504 of the Rehabilitation Act of 1973;

NOW, therefore, it is hereby

RESOLVED, that the Board hereby approves/denies the waiver request under 10 TAC §10.207(a)(2) for Brook Haven Supportive Housing.

BACKGROUND

Brook Haven Supportive Housing is a proposed new construction development composed of single family homes serving a Supportive Housing population in the City of Rockdale. The Applicant is requesting \$1,500,000 in Direct Loan funds from the Supportive Housing/ Soft Repayment (“SH/SR”) set-aside, and has proposed restricting 13 of the 30 units in the Development to 30% AMI households as a result. Total Housing Development Costs equal \$4,086,735, with the Applicant providing no owner equity. The Applicant has asserted that they will meet the 20% equity threshold from a property tax exemption that is anticipated to save over \$400,000 over a 25-year period. Additionally, the land (±6.38 acres) – which is appraised at \$57,000 – is being donated for this development and the total developer fee budgeted is approximately 15%, whereas the maximum developer fee allowable for a transaction of this size (49 units or less) is 20%. While no owner equity is being provided, the “as completed” appraisal does reflect a loan to value ratio of less than 80%: as completed and stabilized with restricted rental rates reflects a value of \$2,200,000, which makes TDHCA’s loan to value ratio 68.2%. Should this Application ultimately move forward and be recommended for approval, it would likely receive TCAP Repayment Funds since that is the only source that remains available under the 2017-1 NOFA. Therefore, one of the Applicant’s justifications for meeting the good cause requirement of 10 TAC §10.207(a)(2) – that awarding this Application would help the Department meet its CHDO commitment deadline – is not valid.

10 TAC §13.8(c)(5) was a new requirement for applicants under the 2017-1 NOFA and is intended to mitigate the risk that is sometimes present when Direct Loan funds are the only source of Department funding by not allowing overleveraged deals to apply for Direct Loan funds. In this particular instance, the Application is leveraged a fair amount since the \$2,150,000 hard repayable loan from Rockhall Funding represents over 50% of total development costs, but the \$1,500,000 in

Direct Loan funds may be structured as deferred forgivable, deferred payable or surplus cash flow since they are being requested from the SH/SR set-aside. Because there are no housing tax credits being requested and, thus, there are no eligible basis or valid debt issues to consider, a deferred forgivable loan structure could conceivably be utilized.

The owner equity requirement in 10 TAC §13.8(c)(5) is also intended to satisfy the requirement of 24 CFR §92.250(b)(2), which requires the Department to assess the financial capacity of the applicant. When asked for documentation to substantiate the applicant's financial capacity, American Academy of Crisis Counseling ("AAOCC"), which is the sole owner of the General Partner and co-developer provided Form 990s for the years 2013, 2014, and 2015, which reflected net assets of \$458,327, \$200,260, and \$86,863 respectively. AAOCC stated that they provide counseling services and training which generates fees. Finally, the applicant stated that because the proposed development is in an economically disadvantaged county, which Texas Department of Transportation recognize when accounting for local match for road improvements, similar treatment should be applied to this transaction when it comes to owner equity.

A justification for approving the waiver request could potentially be helping the Department meet its Match requirement under the HOME program by investing TCAP RF in this transaction. Although the Department currently has a match waiver from HUD for activity in Harvey affected areas, the Department has had increasing difficulty in meeting its match requirement in recent years. Match may be carried forward to use in subsequent reporting periods.

REQUERST FOR WAIVER

Title 10 Part 1 Chapter 13(5) states:

If the Direct Loan is the only source of Department funding for the Development, the Development Owner must provide equity in the amount not less than 20% percent of the Total Housing Development Cost and must provide an appraisal pursuant to 10 TAC §10.304 which results in a total repayable loan to value of not greater than 80%.

As the Executive Director of American Academy of Crisis Counseling, I am requesting a waiver of the 20% percent equity as required by Title 10 Part 1 13(5) due to the following mitigating factor.

MITIGATING FACTOR NUMBER 1

The goal of the TDHCA is for every Texan to have safe and decent affordable housing. For this goal to be accomplished the TDHCA needs partners that are willing to provide assistance to community based organization in the small rural areas that need new affordable housing within a rural town that cannot contain more than 30 units within the primary market area.

This market is very challenging and often over looked by the Large For-Profit Developers and the National Non-Profit Organization. The number one factor that make this market area challenging and requires a waiver of the 20% percent equity, is the Texas Tax Code Chapter 11. The Texas Tax Code provides exemptions of 50% percent of property taxes in many instances, but only 100% percent exemptions in one case. The only instance in a multifamily development, where the Texas Tax Code allows 100% percent property tax exemption is where the development is owned by an entity organized as a CHDO, or a Limited Partnership where the CHDO controls 10% percent of the Limited Partnership.

Annual Application Required

Tax Code Section	Exemption
11.111	Public Property Used to Provide Transitional Housing for Indigent Persons
11.1801	Charity Care and Community Benefits Requirements for Charitable Hospital
11.181	Charitable Organizations Improving Property for Low-Income Housing
11.1825	Organizations Constructing for Rehabilitating Low-Income Housing: Property Not Previously Exempt (Note: See provisions of 11.1826)
11.184	Organizations Engaged Primarily in Performing Charitable Functions (Note: Reapplication required every fifth tax year instead of annually.)

Organizations constructing or rehabilitating low-income housing property not previously exempt	11.1825	Real property owned by an organization under Tax Code Section 11.1825 is exempt if certain requirements are met. Generally, the statute applies to organizations constructing or rehabilitating and using to provide housing to individuals or families meeting certain income eligibility requirements and exemption is prohibited for housing projects constructed by an organization if construction was completed before Jan. 1, 2004. The statute provides for an exemption of 100 percent of appraised value of single-family dwellings subject to sale and, for multi-family or single-family dwellings subject to rental, an exemption of 50 percent of appraised value unless otherwise provided by a the governing body of a taxing unit any part of which is located in a county with a population of at least 1.8 million. An organization may not receive an exemption from a taxing unit located in a county with a population of at least 1.8 million unless the exemption is approved by the taxing unit's governing body. Under such circumstances, the statute sets forth a process by which an organization must submit a written request for exemption approval to a taxing unit's governing body and the governing body must take specified action on the request and, if the taxing unit approves the exemption, the chief appraiser must still make a determination that the property qualifies for an exemption. The statute includes restrictions on eligibility and requirements pertaining to, under specified conditions, status, history, policies, and board composition of the organization, income eligibility, housing project square footage reservation for certain individuals or families, rent, property owned for purposes of rehabilitation, transfer of property and change of ownership, appraisal requirements, and public notice of capitalization rates. Tax Code Section 11.1826 includes requirements for preparation and delivery of annual audits.
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Community housing development organizations (CHDOs) improving property for low-income and moderate-income housing (property previously exempt)	11.182	Improved or unimproved real property owned by an organization under Tax Code Section 11.182 is exempt if certain requirements are met. The statute applies to CHDOs (as provided under 42 U.S.C. §12704) meeting requirements of charitable organizations under Tax Code Section 11.18(e) and (f) and engaging exclusively in building or repairing property for sale or rent without profit to low-income or moderate-income individuals or families and related activities. An organization may qualify for an exemption only if it received an exemption under Tax Code Section 11.182 for the subject property for any part of the 2003 tax year. The statute includes restrictions on eligibility and requirements pertaining to, under specified conditions, the number of years property may be exempted, exemption in subsequent years for multifamily rental property of 36 or more dwelling units, certain property constructed after Dec. 31, 2001, property used for administrative purposes, property acquired or sold during the preceding year, and change in ownership. The statute includes requirements for preparation and delivery of annual audits.
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MITIGATING FACTOR NUMBER 2

ECONOMICALLY DISADVANTAGED CENSUS TRACT/AND COUNTY

The Texas Tax Code provides 100% percent exemption for CHDO's with previously exempt property and property not previous exempt. To receive this exemption certain requirements must be met. Once the requirements are the composition of the board according to the following:

(B) has met the requirements of a charitable organization provided by Sections 11.18(e) and (f); and

(C) has had as one of its purposes providing low-income housing;

(2) a majority of the members of the board of directors of the organization have their principal place of residence in this state;

(3) at least two of the positions on the board of directors of the organization must be reserved for and held by:

(A) an individual of low income as defined by Section 2306.004, Government Code, whose principal place of residence is located in this state;

(B) an individual whose residence is located in an economically disadvantaged census tract as defined by Section 783.009(b), Government Code, in this state; or

EXHIBIT A

Economically Disadvantaged Counties FY 2017

Eligible Counties	Adjustment %
Angelina County	57
Bee County	69
Bell County	55
Bosque County	39
Bowie County	62
Brooks County	65
Brown County	67
Caldwell County	84
Cameron County	80

Eligible Counties	Adjustment %
Leon County	29
Liberty County	67
Limestone County	60
Llano County	18
McLennan County	62
Marion County	55
Matagorda County	39
Maverick County	84
Milam County	61

So in order to get the 100 percent exemption for the development to be feasible the entity must be organized according to the following:

(2) "Community housing development organization" has the meaning assigned by 42 U.S.C. Section 12704.

In addition it must also meet the following:

(1) for at least the preceding three years, the organization:

(A) has been exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as amended, by being listed as an exempt entity under Section 501(c)(3) of that code;

In addition it must also meet the following:

(c) Notwithstanding Subsection (b), an owner of real property that is not an organization described by that subsection is entitled to an exemption from taxation of property under this section if the property otherwise qualifies for the exemption and the owner is:

(1) a limited partnership of which an organization that meets the requirements of Subsection (b) controls 100 percent of the general partner

In addition it must also meet the following:

(f) For property to be exempt under this section, the organization must own the property for the purpose of constructing or rehabilitating a housing project on the property and:

(1) renting the housing, regardless of whether the housing project consists of multifamily or single-family dwellings, to individuals or families whose median income is not more than 60 percent of the greater of:

(A) the area median family income for the household's place of residence, as adjusted for family size and as established by the United States Department of Housing and Urban Development; or

In addition it must also meet the following;

(g) Property may not receive an exemption under this section unless at least 50 percent of the total square footage of the dwelling units in the housing project is reserved for individuals or families described by Subsection (f).

And finally it must be less than 36 units if built after 2001;

Community housing development organizations (CHDOs) improving property for low-income and moderate-income housing (property previously exempt)	11.182	Improved or unimproved real property owned by an organization under Tax Code Section 11.182 is exempt if certain requirements are met. The statute applies to CHDOs (as provided under 42 U.S.C. §12704) meeting requirements of charitable organizations under Tax Code Section 11.18(e) and (f) and engaging exclusively in building or repairing property for sale or rent without profit to low-income or moderate-income individuals or families and related activities. An organization may qualify for an exemption only if it received an exemption under Tax Code Section 11.182 for the subject property for any part of the 2003 tax year. The statute includes restrictions on eligibility and requirements pertaining to, under specified conditions, the number of years property may be exempted, exemption in subsequent years for multifamily rental property of 36 or more dwelling units, certain property constructed after Dec. 31, 2001, property used for administrative purposes, property acquired or sold during the preceding year, and change in ownership. The statute includes requirements for preparation and delivery of annual audits.
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MITIGATING FACTOR NUMBER 3

UTILITY ALLOWANCE FOR MILAM COUNTY AS PREPARED BY TDHCA

Utility	Who Pays	Energy Source	0BR	1BR	2BR	3BR	4BR	Source of Utility Allowance & Effective Date
Heating	Tenant	Electric				\$ 33		HUD 9/921/17
Cooking	Tenant	Electric				\$ 6.8		HUD 9/921/17
Other Electric	Tenant					\$ 35		HUD 9/921/17
Air Conditioning	Tenant	Electric				\$ 17		HUD 9/921/17
Water Heater	Tenant	Electric				\$ 16		HUD 9/921/17
Water	Tenant					\$ 100		HUD 9/921/17
Sewer	Tenant					\$ 109		HUD 9/921/17
Trash	Tenant					\$ 14		HUD 9/921/17
Flat Fee								
Other								
Total Paid by Tenant			\$ -	\$ -	\$ -	\$ 332	\$ -	

To sum up the mitigating factors.

1. It has to be a CHDO
2. That must have it 501(c)3 Exemption Status for at least 3 years.
3. The Nonprofit must have property with previous Property Exemption.
4. The CHDO in addition to low income representation, must be have representation from a low income individual with the State of Texas from an Economic Disadvantage Census Tract.
5. The Direct Loan Rules for Supportive Housing requires 20% percent of the units restricted to 30 percent AMI
6. To met the criteria for 100 percent exemption the Texas Tax Code Requires 50% percent of the rental area be restricted to 60% percent and below of the AMI.
7. The Development cannot be more than 36 units

	30%	43%	43%	13
LH/50%				0
HH/60%	7%	7%		2
HH/80%	50%	50%		15
Direct Loan LI Total				30
EO				0
MR				0
MR Total				0
Direct Loan Total				30

8. The Development cannot be in a area where the population exceeds 1.8 million.
9. The meet the criteria of Section 783.009 (b) the County or Census Tract must be determined by the Texas State Comptroller as follows; (1) Below average per capita property tax value.
10. The Texas Tax Code establishes the appraisal method to determine the property value.

(q) If property qualifies for an exemption under this section, the chief appraiser shall use the income method of appraisal as described by Section 23.012 to determine the appraised value of the property. The chief appraiser shall use that method regardless of whether the chief appraiser considers that method to be the most appropriate method of appraising the property. In appraising the property, the chief appraiser shall:

(1) consider the restrictions provided by this section on the income of the individuals or families to whom the dwelling units of the housing project may be rented and the amount of rent that may be charged for purposes of computing the actual rental income from the property or projecting future rental income; and

The Texas Administrative Code Title 10 Part 1 Chapter 10 Sub Chapter C (2) states waiver request must establish how it is necessary to address circumstances beyond and how, if the waiver is not granted, the Department will not fulfill some specific requirement of law.

This request is for the waiver of the 20% percent equity. The above mention factors are beyond the applicants control especially when the Census Tract and the County are identified was economically Disadvantage.

Another factor beyond the applicants control is the rising cost of the utilities and the procedures required by the Department to determine the utility allowance. In this present instance 15 units \$1,840 per month in rental income or \$22,080 per year.

It is impossible to even believe using the income method of property valuation to expect 20% percent equity on the subject property when the utility allowance on the 15 restricted units is \$4,980 per month or \$59,760 per year.

Rural Project with less than 36 units is not feasible for the large For-Profit Developers even with a 50% percent tax exemption. The Large National Non-Profits does not qualify due to the board structure as required by the Tax Property Tax Code.

The only feasible development in the in the rural areas require 100% percent tax exemption. This can only be accomplished with grass root community based organizations that have previous exemption property.

It's inconceivable, that a non-profit in an economic disadvantaged area, that is required by the Texas Property Tax Code to have at least 2 individuals on its governing board, living in economic disadvantage census tract, in addition to the afore mentioned requirements, with the increase in the utility allowance, that needs 100% percent property tax exemption, to be feasible. In addition, 20% percent of the units must be restricted for persons with disabilities, and 40% percent must be

restricted to persons at or below 30% percent AMI, just to get the Direct Loan of \$1,500,000, and make the development feasible; it needs 100% percent property tax exemption by a qualified nonprofit organized as a CHDO, with previous exempt property; and to compound the matter for the 100% percent exemption, 50% percent of the rental area must be restricted to 60% percent AMI.

Rent Designations (select from Drop down menu)

HTC Units	MF Direct Loan Units (HOME)	State HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
	30%/30%				6	3	2.5	1451	8,706	422	332	90	540
	30%/30%				7	3	2.0	1430	10,010	422	332	90	630
	HH/80%				8	3	2.5	1451	11,608	1,148	332	816	6,528
	HH/80%				7	3	2.0	1430	10,010	1,148	332	816	5,712
	HH/60%				2	3	2.0	1430	2,860	667	332	335	670
									0			0	-
									0			0	-

It is very unlikely to for an appraisal to provide evidence of no less than 20 percent equity based upon the following;

Proforma with 100 percent Property Tax Exemption

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$168,960	\$172,339	\$175,786	\$179,302	\$182,888	\$201,923	\$222,939
Secondary Income	\$ 20,160	\$ 20,563	\$ 20,974	\$ 21,394	\$ 21,822	\$ 24,093	\$ 26,601
POTENTIAL GROSS ANNUAL INCOME	\$189,120	\$192,902	\$196,760	\$200,696	\$204,710	\$226,016	\$249,540
Provision for Vacancy & Collection Loss	(\$14,184)	(\$14,468)	(\$14,757)	(\$15,052)	(\$15,353)	(\$16,951)	(\$18,715)
Rental Concessions	\$0						
EFFECTIVE GROSS ANNUAL INCOME	\$174,936	\$178,435	\$182,003	\$185,643	\$189,356	\$209,065	\$230,824
EXPENSES							
General & Administrative Expenses	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,781
Management Fee	\$ 6,906	\$ 7,044	\$ 7,185	\$ 7,329	\$ 7,475	\$ 8,253	\$ 9,112
Payroll, Payroll Tax & Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repairs & Maintenance	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	\$ 14,632	\$ 16,962	\$ 19,664
Electric & Gas Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water, Sewer & Trash Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Property Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserve for Replacements	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 11,743	\$ 13,613
Other Expenses	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 26,095	\$ 30,252
TOTAL ANNUAL EXPENSES	\$51,406	\$52,879	\$54,395	\$55,955	\$57,560	\$66,316	\$76,423
NET OPERATING INCOME	\$123,530	\$125,556	\$127,608	\$129,688	\$131,796	\$142,749	\$154,402
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	\$15,702	\$17,728	\$19,780	\$21,860	\$23,968	\$34,921	\$46,574
CUMULATIVE NET CASH FLOW	\$15,702	\$33,430	\$53,210	\$75,070	\$99,038	\$246,261	\$449,998
Debt Coverage Ratio	1.15	1.16	1.18	1.20	1.22	1.32	1.43

The illustration below is the Proforma without Property Tax Exemption

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$168,960	\$172,339	\$175,786	\$179,302	\$182,888	\$201,923	\$222,939
Secondary Income	\$ 20,160	\$ 20,563	\$ 20,974	\$ 21,394	\$ 21,822	\$ 24,093	\$ 26,601
POTENTIAL GROSS ANNUAL INCOME	\$189,120	\$192,902	\$196,760	\$200,696	\$204,710	\$226,016	\$249,540
Provision for Vacancy & Collection Loss	(\$14,184)	(\$14,468)	(\$14,757)	(\$15,052)	(\$15,353)	(\$16,951)	(\$18,715)
Rental Concessions	\$0						
EFFECTIVE GROSS ANNUAL INCOME	\$174,936	\$178,435	\$182,003	\$185,643	\$189,356	\$209,065	\$230,824
EXPENSES							
General & Administrative Expenses	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,781
Management Fee	\$ 6,906	\$ 7,044	\$ 7,185	\$ 7,329	\$ 7,475	\$ 8,253	\$ 9,112
Payroll, Payroll Tax & Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repairs & Maintenance	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	\$ 14,632	\$ 16,962	\$ 19,664
Electric & Gas Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water, Sewer & Trash Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Property Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ 40,000	\$ 41,200	\$ 42,436	\$ 43,709	\$ 45,020	\$ 52,191	\$ 60,504
Reserve for Replacements	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 11,743	\$ 13,613
Other Expenses	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 26,095	\$ 30,252
TOTAL ANNUAL EXPENSES	\$91,406	\$94,079	\$96,831	\$99,664	\$102,581	\$118,507	\$136,926
NET OPERATING INCOME	\$83,530	\$84,356	\$85,172	\$85,979	\$86,776	\$90,558	\$93,898
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	(\$24,298)	(\$23,472)	(\$22,656)	(\$21,849)	(\$21,052)	(\$17,270)	(\$13,930)
CUMULATIVE NET CASH FLOW	(\$24,298)	(\$47,770)	(\$70,426)	(\$92,275)	(\$113,327)	(\$209,133)	(\$287,132)
Debt Coverage Ratio	0.77	0.78	0.79	0.80	0.80	0.84	0.87

The following is the Proforma with 50 per cent Exemption of Property Tax

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	\$168,960	\$172,339	\$175,786	\$179,302	\$182,888	\$201,923	\$222,939
Secondary Income	\$ 20,160	\$ 20,563	\$ 20,974	\$ 21,394	\$ 21,822	\$ 24,093	\$ 26,601
POTENTIAL GROSS ANNUAL INCOME	\$189,120	\$192,902	\$196,760	\$200,696	\$204,710	\$226,016	\$249,540
Provision for Vacancy & Collection Loss	(\$14,184)	(\$14,468)	(\$14,757)	(\$15,052)	(\$15,353)	(\$16,951)	(\$18,715)
Rental Concessions	\$0						
EFFECTIVE GROSS ANNUAL INCOME	\$174,936	\$178,435	\$182,003	\$185,643	\$189,356	\$209,065	\$230,824
EXPENSES							
General & Administrative Expenses	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814	\$3,262	\$3,781
Management Fee	\$ 6,906	\$ 7,044	\$ 7,185	\$ 7,329	\$ 7,475	\$ 8,253	\$ 9,112
Payroll, Payroll Tax & Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repairs & Maintenance	\$ 13,000	\$ 13,390	\$ 13,792	\$ 14,205	\$ 14,632	\$ 16,962	\$ 19,664
Electric & Gas Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water, Sewer & Trash Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Property Insurance Premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 26,095	\$ 30,252
Reserve for Replacements	\$ 9,000	\$ 9,270	\$ 9,548	\$ 9,835	\$ 10,130	\$ 11,743	\$ 13,613
Other Expenses	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	\$ 26,095	\$ 30,252
TOTAL ANNUAL EXPENSES	\$71,406	\$73,479	\$75,613	\$77,810	\$80,071	\$92,411	\$106,674
NET OPERATING INCOME	\$103,530	\$104,956	\$106,390	\$107,834	\$109,286	\$116,654	\$124,150
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828	\$107,828
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	(\$4,298)	(\$2,872)	(\$1,438)	\$6	\$1,458	\$8,826	\$16,322
CUMULATIVE NET CASH FLOW	(\$4,298)	(\$7,170)	(\$8,608)	(\$8,602)	(\$7,144)	\$18,564	\$81,433
Debt Coverage Ratio	0.96	0.97	0.99	1.00	1.01	1.08	1.15

Based upon the facts and the match rules a CHDO meeting the requirement for 100 percent tax exemption and being very conservative in the appraised value if the third party appraisal established the value “as completed” at \$800,000. Then the applicant equity contribution is the following;

12/18/2017 Growth Calculator Results

TreasuryDirect.

[Home](#) > [Individual](#)

Growth Calculator Results

This calculator is for estimation purposes only.

Initial Investment Amount:	\$800,000.00
Expected Interest Rate:	1.00%
Periodic Investment:	\$0.00
How Often:	Semi-Annually
Years Invested:	25
Your Federal Tax Rate:	0%

GROWTH CALCULATOR RESULTS

By purchasing U.S. Savings Bonds, in 25 year(s), your investment could be worth (after federal taxes):
\$1,026,580.65

Based upon the department application and rules below;

Property Tax Abatements

Match stemming from property tax abatements should be calculated according to the net present value of the taxes foregone by the taxing entity. The discount rate used will be the yield on the Treasury notes with a maturity closest to the number of years the tax abatement is in effect.

Example:

Annual Tax Abatement	\$5,000
Term	10 years
Discount Rate (10 year Treasury Yield)	2.65%
Net Present value	\$43,423.07

*****Texas Development Co.'s eligible match from its property tax abatement is \$43,423.07.*****

Donated Services

Donated services such as those provided by a General Contractor, subcontractor or architect (among other service providers) can be considered eligible Match. However, a principal of the contractor, subcontractor, or architect providing the contribution cannot be related to the Development Owner or member of the Development Owner.

In order to document this Match in the Application, the Applicant must submit, at a minimum, a signed letter from the company committing to provide the Match identifying the value of the donated services that are being committed. Once an award is made, this Match must be documented in a formal service agreement or contractor/subcontractor agreement.

Add to this the tax exemption for the City of Rockdale \$5,000 a years is \$43,423.00 and this is every years for 25 years according to the Proforma being conservative we will round it to \$400,000, then this is the contribution from tax exemptions;

12/18/2017 Growth Calculator Results

TreasuryDirect.

[Home](#) > [Individual](#)

Growth Calculator Results

This calculator is for estimation purposes only.

Initial Investment Amount:	\$400,000.00
Expected Interest Rate:	1.00%
Periodic Investment:	\$0.00
How Often:	Semi-Annually
Years Invested:	25
Your Federal Tax Rate:	0%

GROWTH CALCULATOR RESULTS

By purchasing U.S. Savings Bonds, in 25 year(s), your investment could be worth (after federal taxes):
\$513,290.33

Education Savings:

Based upon the above illustration and applying the calculation to the Match Funds Calculation Sheet the applicant CHDO status, previously exempt property equity is the following;

Type of Match Pledged	Pledged Amount	Source of Funds
Non-Federal Grants		
Waived, foregone or deferred fees and charges (ex: debris removal and container fees, tap fees, building permits, other mandatory fees charged by the local municipality) **CANNOT INCLUDE DEVELOPER FEES**		
Below Market Interest Rate Loan		
Property Tax Abatement	\$ 513,490	City of Rockdale 10 yrs @ 40k
Donated Non-Professional Labor		
Non-Federally Funded Infrastructure		
Rental Value of Donated Use of Site Preparation or Construction Equipment		
Donated Construction Materials		
Donated Site Preparation		
Donated Demolition Services		
Donated Real Property	\$ 1,026,580	AAOCC Appraisal
Total Value of Match Pledged	\$ 1,540,070	
Total Amount of MF Direct Loan funds Requested	\$ 1,500,000	HOME or TCAP RF
Percentage of MF Direct Loan Funds to be Matched (Total Value of Match /MF Direct Loan Funds Requested)	102.67%	

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the Eligible Basis columns and the Requested Credit calculation below:

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total	Eligible Basis (If Applicable)		
	Cost	Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	0			
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1	0			
Subtotal Acquisition Cost	\$0	\$0	\$0	
OFF-SITES²				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	\$0	\$0	\$0	
SITF WORK³				

Page 1

JUSTIFICATION TO GRANT THE WAIVER

Title 10 Part 1 Chapter 10 Subchapter C (2) also states if the waiver is not granted, the department will not fulfill some specific requirement of law.

If the department does not grant the waiver it will not fulfill the following;

2306.001 (1) assist local government in:

(B) Overcoming financial, social, and environmental issue for the low income residents of Rockdale Texas.

(2) Provide for the housing needs of individuals and families of low, very low, and extremely low income to the residents of Rockdale Texas.

If the Department fails to grant this waiver it will not fulfill the following to the residents of Rockdale Texas;

2306.002 (1) every resident of this state should have a decent, safe, and affordable living environment.

2306,002 (3)(b) The highest priority of the department is to provide assistance to individuals and families of low to very low income who are not assisted by private enterprise or other governmental

programs so they may obtain affordable housing or other services and programs offered by the department.

If the department fails to grant this waiver the department would not be fulfilling the requirements of Section 504 of the Rehabilitation Act. The development proposes to restrict 20 percent of the units to persons with disabilities.

If the department fails to grant this waiver the department would not be fulfilling the requirement of the American with Disabilities Act. The development proposes to restrict 20 percent of the units to persons with disabilities.

If the department fails to grant this waiver the department would not be fulfilling the requirement to affirmatively further fair housing. The proposed development has much legislative restriction beyond the applicant's control.

1. The proposed development must satisfy the criteria for CHDO certification that requires at least 1/3 of the board comprise low income residents.
2. The Qualified Entity must have at least one year of community service in the area
3. The proposed development must satisfy the Texas Property Tax Code that requires at least two board members reside in an Economic Disadvantage Census Tract.
4. The proposed development must be in an Economic disadvantage census tract.
5. The proposed development must satisfy the Texas Property Tax Code that requires the CHDO have previous exempt property.
6. The proposed development must satisfy the Texas Property Tax Code that requires that 50 percent of the rentable area be restricted to individual at or below 60 AMI.
7. The proposed development must satisfy the NHTF requirements that all NHTF units be restricted to units 50 per cent and below the AMI.
8. The proposed development must satisfy the Multi Family Rules that requires at least 20 percent of the units be restricted to individuals at 30 percent AMI
9. The proposed development must satisfy the Multi Family Rules that require that at least 20 percent of the units are restricted to person of special needs.
10. The proposed development must satisfy the requirement to provide supportive service free of charge to the special needs population according to the Multi Family Rules.
11. The proposed development must satisfy the Texas Property Code that requires the Non Profit be organized and exempt for at least 3 years.
12. The proposed development must satisfy the requirement of utilizing the TDHCA utility allowance calculation of \$332.00 per unit, which decreases the rents on 15 restricted units, which directly affects the as completed value using the income method.

If the department fails to grant the waiver it fails to fulfill the requirements to affirmatively further fair housing for CHDO's in Economic Disadvantage Counties proposing housing with less than 30 units in area with less than 1.8 million individuals

Based upon the above mitigating factor I request the department to waive the Title 10, Part 1, Chapter 13(5) in regard to the 20 percent Equity and the 80% LTV Loan to Value.

Respectfully

Rick Sams

Andrew Sinnott

From: willman [rrsims90@aol.com]
Sent: Wednesday, March 14, 2018 11:26 AM
To: Andrew Sinnott
Subject: Re: Financial capacity
Attachments: 74-3008437_990EZ_201512.pdf; 74-3008437_990_201412.pdf; 74-3008437_990_201312.pdf; To TDHCA Brooks.pdf

Andrew thanks for the call

To satisfy the financial capacity I have attached the last 3 years 990 filed with the IRS for American Academy of Crisis Counseling. The non profit has the capacity to raise up to \$500,000. I as the employee have an employment agreement that pays me \$1,00 per years to serve as the Executive Director for the non profit. The organization generates it fees by providing counseling service and training to individual from various backgrounds. The organization receives it supports from numerous faith based orgainzations, and ITGW a Non Profit School of Biblical Study.

Rick Sims

-----Original Message-----

From: Andrew Sinnott <andrew.sinnott@tdhca.state.tx.us>
To: Rick Sims <rrsims90@aol.com>
Sent: Wed, Mar 14, 2018 8:51 am
Subject: Financial capacity

Hi Rick,

Following up on our phone conversation earlier regarding the waiver request for application 17510 (Brook Haven Supportive Housing), here is the requirement from 24 CFR §92.250(b)(2):

(b) *Underwriting and subsidy layering.* Before committing funds to a project, the participating jurisdiction must evaluate the project in accordance with guidelines that it has adopted for determining a reasonable level of profit or return on owner's or developer's investment in a project and must not invest any more HOME funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for a reasonable period (at minimum, the period of affordability in §92.252 or §92.254) and that will not provide a profit or return on the owner's or developer's investment that exceeds the participating jurisdiction's established standards for the size, type, and complexity of the project. The participating jurisdiction's guidelines must require the participating jurisdiction to undertake:

(2) An assessment, at minimum, of the current market demand in the neighborhood in which the project will be located, the experience of the developer, the financial capacity of the developer, and firm written financial commitments for the project.

And here's a link to CPD Notice 15-11 which discusses the financial capacity requirement in a lot more detail on pages 9-10:

<https://www.hudexchange.info/resources/documents/Notice-CPD-15-11-Requirements-for-the-Development-and-Implementation-of-HOME-Underwriting-and-Subsidy-Layering-Guidelines.pdf>

Please send me documentation evidencing financial capacity as soon as possible.

Thanks,

Andrew Sinnott

Multifamily Loan Programs Administrator
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701

Office: 512.475.0538
Fax: 512.475.0764

About TDHCA

The Texas Department of Housing and Community Affairs is committed to expanding fair housing choice and opportunities for Texans through the administration and funding of affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. For more information about fair housing, funding opportunities, or services in your area, please visit www.tdhca.state.tx.us or the [Learn about Fair Housing in Texas](#) page.

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b), there are important limitations and caveats (Also see 10 TAC §10.2(b)).

Andrew Sinnott

From: willman [rrsims90@aol.com]
Sent: Wednesday, March 14, 2018 12:27 PM
To: Andrew Sinnott
Subject: Re: Financial capacity

Andrew here is the biggest items I think should be presented to the board. The issue is the 20 percent equity. This item should be reduced because the project is in a economically disadvantaged county. these county are listed by the state comptroller some counties get up to 75 percent reduction in match requirements for road improvements with the Texas DOT. Miliam County reduction according to the State Comptroller is 56 percent. It would be only fair to reduce the match equity requirement by 56 percent for this project. Based upon the above the owners development fees meets the standard with me just being an employee.

Rick

-----Original Message-----

From: Andrew Sinnott <andrew.sinnott@tdhca.state.tx.us>
To: Rick Sims <rrsims90@aol.com>
Sent: Wed, Mar 14, 2018 8:51 am
Subject: Financial capacity

Hi Rick,

Following up on our phone conversation earlier regarding the waiver request for application 17510 (Brook Haven Supportive Housing), here is the requirement from 24 CFR §92.250(b)(2):

(b) *Underwriting and subsidy layering.* Before committing funds to a project, the participating jurisdiction must evaluate the project in accordance with guidelines that it has adopted for determining a reasonable level of profit or return on owner's or developer's investment in a project and must not invest any more HOME funds, alone or in combination with other governmental assistance, than is necessary to provide quality affordable housing that is financially viable for a reasonable period (at minimum, the period of affordability in §92.252 or §92.254) and that will not provide a profit or return on the owner's or developer's investment that exceeds the participating jurisdiction's established standards for the size, type, and complexity of the project. The participating jurisdiction's guidelines must require the participating jurisdiction to undertake:

(2) An assessment, at minimum, of the current market demand in the neighborhood in which the project will be located, the experience of the developer, the financial capacity of the developer, and firm written financial commitments for the project.

And here's a link to CPD Notice 15-11 which discusses the financial capacity requirement in a lot more detail on pages 9-10:

<https://www.hudexchange.info/resources/documents/Notice-CPD-15-11-Requirements-for-the-Development-and-Implementation-of-HOME-Underwriting-and-Subsidy-Layering-Guidelines.pdf>

Please send me documentation evidencing financial capacity as soon as possible.

Thanks,

Andrew Sinnott

Multifamily Loan Programs Administrator
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
Office: 512.475.0538
Fax: 512.475.0764

About TDHCA

The Texas Department of Housing and Community Affairs is committed to expanding fair housing choice and opportunities for Texans through the administration and funding of affordable housing and homeownership opportunities, weatherization, and community-based services with the help of for-profits, nonprofits, and local governments. For more information about fair housing, funding opportunities, or services in your area, please visit www.tdhca.state.tx.us or the [Learn about Fair Housing in Texas](#) page.

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b), there are important limitations and caveats (Also see 10 TAC §10.2(b)).

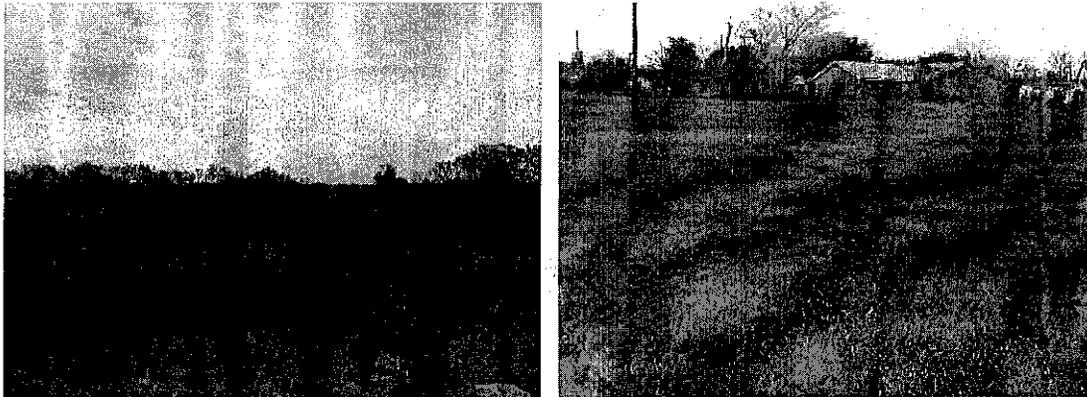
Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	\$0	3.25%	2	\$ -	3.25%	30	40		
TDHCA	Multifamily Direct Loan (Soft Repayment)	\$1,500,000	0.00%	3	\$ 1,500,000	0.00%	0	40		2
TDHCA	Mortgage Revenue Bond	\$0	0.00%		\$ -	0.00%	0	0		
Rockhill Funding	USDA/TXRD Loan(s)	\$2,150,000	4.25%	1	\$ 2,150,000	4.00%	40	40		1
Third Party Equity										
	HTC \$ -									
Grant										
Deferred Developer Fee										
NLIEDC and AAOCC		\$ 311,735			\$ 311,735					
Other										
Tax Abatement City of Rockdale	Direct Loan Match	\$ 125,000			\$ 125,000					
AAOCC Land Value Improvement										
	Total Sources of Funds	\$ 4,086,735			\$ 4,086,735					
	Total Uses of Funds				\$ 4,086,735					



**AN APPRAISAL REPORT
OF THE PROPOSED BROOKS HAVEN SUPPORTIVE HOUSING
A 30-UNIT RESIDENTIAL COMPLEX
TO BE LOCATED AT VARIOUS LOCATIONS
ROCKDALE, TEXAS 76567**



**APPRAISAL REPORT OF
REAL PROPERTY**

**CONDUCTED FOR:
AMERICAN ACADEMY OF CRISIS COUNSELING
MR. RICK SIMS, EXECUTIVE DIRECTOR
103 MULBERRY STREET
ROCKDALE, TX 76567**

**PREPARED BY:
LINDA M. POWERS, MAI
THE POWERS GROUP
6517 ISLA DEL REY DRIVE
EL PASO, TX 79912**

“AS IS” DATE: DECEMBER 15, 2017

**RESTRICTED RENT UNITS
“PROSPECTIVE DATE OF COMPLETION & STABILIZATION”
MAY 1, 2019**

**MARKET RATE UNITS
“PROSPECTIVE DATE OF COMPLETION & STABILIZATION”
DECEMBER 31, 2020**

DATE OF REPORT: FEBRUARY 7, 2018

**THE POWERS GROUP
6517 Isla Del Rey
El Paso, Texas 79912
915-479-2093 powersgroup2004@yahoo.com**



February 7, 2018

American Academy of Crisis Counseling
Mr. Rick Sims, Executive Director
103 Mulberry Street
Rockdale, TX 76567

Re: An appraisal of the proposed Brooks Haven Supportive Housing, a 30-unit residential complex to be located in various locations in Rockdale, TX 76567

Dear Mr. Sims:

Per your request for an appraisal report of the fee simple rights of ownership of the proposed Brooks Haven Supportive Housing, a 30-unit residential complex to be located at various locations in Rockdale, Texas, more particularly described by the legal description contained herein, I submit the attached appraisal report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and the attached limiting conditions. The appraisal has been prepared for my client, Mr. Rick Sims, Executive Director of American Academy of Crisis Counseling, for loan acquisition purposes. The intended users of the report are Mr. Rick Sims, Executive Director of American Academy of Crisis Counseling, Mr. Tim Irvine, Executive Director, Texas Department of Housing and Community Affairs and Ms. Vanessa Hardy with Vanguard Consultants, Inc.

This appraisal is subject to the following assumptions and limiting conditions when applicable. The use of these assumptions and limiting conditions may have affected the assignment results.

I am of the opinion that the "as is" market value of the fee simple rights of ownership of the 234,403 square foot, or 5.383 acres, tract of land, as of December 15, 2017, was:

**FORTY-FOUR THOUSAND DOLLARS
(\$44,000).***

"AS IS" OPINION OF MARKET VALUE

**Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*

I am of the opinion that the "as is" market value of the fee simple rights of ownership of the 43,750 square foot, or 1.004 acres, tract of land, as of December 15, 2017, was:

**THIRTEEN THOUSAND DOLLARS
(\$13,000).***

"AS IS" OPINION OF MARKET VALUE

**Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*

THE POWERS GROUP
6517 Isla Del Rey
El Paso, Texas 79912
915-479-2093 powersgroup2004@yahoo.com

American Academy of Crisis Counseling
Mr. Rick Sims, Executive Director
February 7, 2018
Page 2

I am of the opinion that the "Prospective As If Completed and Stabilized with Restricted Rental Rates" market value of the fee simple rights of the proposed 30-unit single-family residential complex to be known as Brooks Haven Supportive Housing, to be located in various locations in Rockdale, TX, as of May 1, 2019 (the projected date of completion), is:

**TWO MILLION TWO HUNDRED THOUSAND DOLLARS
(\$2,200,000).***

**PROSPECTIVE AS IF COMPLETED AND STABILIZED WITH RESTRICTED
RENTAL RATES OPINION OF MARKET VALUE**

Includes Approximately \$31,200 in FF&E

**Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*

I am of the opinion that the "Prospective As If Completed and Stabilized with Market Rental Rates" market value of the fee simple rights of the proposed 30-unit single-family residential complex to be known as Brooks Haven Supportive Housing, to be located in various locations Rockdale, TX, as of December 31, 2020 (the projected date of completion), is:

**FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$4,400,000).***

**PROSPECTIVE AS IF COMPLETED AND STABILIZED WITH MARKET
RENTAL RATES OPINION OF MARKET VALUE**

Includes Approximately \$31,200 in FF&E

**Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*

Market Value as used in this report is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer.

American Academy of Crisis Counseling
Mr. Rick Sims, Executive Director
February 7, 2018
Page 3

My appraisal is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and information that was provided. Under the terms of this engagement, I have no obligation to revise this report or the estimated financial results to reflect events or conditions, which occur subsequent to the date of this appraisal.

I, the undersigned, do hereby certify that to the best of my knowledge and belief, the facts and data used herein are true and correct, that I have personally inspected the subject, and that I have no present or future interest therein.

Respectfully submitted,

A handwritten signature in cursive script that reads "Linda Powers".

Linda M. Powers, MAI
State Certified General Appraiser
TX-1331962-G
NM - 02141-G

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EXECUTIVE SUMMARY

"As Is" Date of Value: December 15, 2017

"Prospective" Date of Value: May 1, 2019 – Restricted Rent
(extraordinary assumption) December 31, 2020 – Market Rent

Date of Report: February 7, 2018

Intended Use: Provide an estimate of market value for the subject property for loan acquisition purposes.

Intended Users: Mr. Rick Sims, Executive Director of the American Academy of Crisis Counseling, Mr. Tim Irvine, Executive Director, Texas Department of Housing and Community Affairs, and Ms. Vanessa Hardy with Vanguard Consulting, Inc.

Property Address: Municipal addresses have not been assigned. Tract 1 is located to the east of Baxter Street and to the north of Banks Street, Rockdale, Texas. Tract 2 is a rectangular parcel of land located at the northeast corner of Pecan Street and 4th Street, Rockdale, Texas.

Legal Description: **Tract 1:** Lots 1-4, Block A, HiVue Addition; Lots 1-18, Block B, and Lots 5-12, Block C, Hi Vue Addition, Rockdale, Milam County, Texas. **Tract 2:** A tract or parcel out of the Wm Allen Survey, being Lots 1 and 2, Block C, Original Townsite to the City of Rockdale, Rockdale, Milam County, Texas.

Property Description: The subject site is made up of various tracts. **Tract 1** is an irregular shaped parcel comprised of two parcels of land located to the east of Baxter Street and to the north of Banks Street in the southeast portion of Rockdale, Texas. Its site area is approximately 234,403 square feet, or 5.38 District. **Tract 2** is located at the northeast corner of Pecan Street and 4th Street. It has a total of 43,750 square feet of land, or 1.004 acres. Total land area is 278,153 square foot, or 6.39 acres. It is zoned R-1, Single Family Dwelling. The site is located within FEMA Flood Zone C, outside the 100-year flood plain based on FEMA Map 480479B.

**Proposed Brooks Haven Supportive Housing
A Proposed 30 Unit Residential Complex
Various Locations, Rockdale, TX 76567
February 7, 2018**

The proposed subject improvements will be developed as the Brooks Haven Supportive Housing complex, a proposed 30-unit single family dwelling complex with restricted rents. According to the plans and building information provided by the owner, there will be 14 three-bedroom/2.5 baths with 1,451 square feet of living area and 16 three-bedroom/2 bath baths with 1,430 square feet of living area. The buildings will have a brick, painted siding and stone exteriors with pitched, asphalt-shingled roofs and are constructed on a concrete foundation. **Tract 1** will have 26 homes and **Tract 2** will have 4.

Description	Units	Size/SF
3 Bdrm/2 Bath 30%/30%	7	1,430
3 Bdrm/2.5 Bath 30%/30%	6	1,451
3 Bdrm/2 Bath HH/80%	7	1,430
3 Bdrm/2.5 Bath HH/80%	8	1,451
3 Bdrm/2 Bath HH/60%	2	1,430
Total/Average	30	1,440

Rights Appraised: Fee Simple

Appraisal Premise: "As Is" and "Prospective as Complete and Stabilized"
Market Values based on both restricted rent and market rate rent.

Exposure Period: 36 to 48 Months

"AS IS" MARKET VALUE OPINION – 5.275 ACRES EAST OF BAXTER STREET - DECEMBER 15, 2017, Land Value Only	\$ 44,000*
"AS IS" MARKET VALUE OPINION – 1.004 ACRES NEC OF PECAN AND E. FOURTH STREET - DECEMBER 15, 2017, Land Value Only	\$ 13,000*
"PROSPECTIVE AS IF COMPLETED AND STABILIZED WITH RESTRICTED RENTAL RATES", as of May 1, 2019, the projected date of completion (Includes Approximately \$31,200 in FF&E)	\$2,200,000*
"PROSPECTIVE AS IF COMPLETED AND STABILIZED WITH MARKET RENTAL RATES", as of December 31, 2020, the projected date of completion (Includes Approximately \$31,200 in FF&E)	\$4,400,000*

**Subject to the Assumptions and Limiting Conditions as noted beginning on Page 3 of this report.*