

**BOARD BOOK  
OF July 23, 2020**



**Leslie Bingham, Vice-Chair**

**Paul Braden, Member**

**Sharon Thomason, Member**

**Leo Vasquez III, Member**

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT

Fiscal Year 2019 (September 1, 2018, through August 31, 2019)

Owner Financing and Down Payment	
<ul style="list-style-type: none"> <li>30-year, fixed interest rate mortgage loans</li> <li>Mortgage credit certificates</li> <li>Down payment, closing cost assistance</li> <li>Homebuyer education</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>Homebuyer Assistance Program (HBA)*</li> <li>Single Family Homeownership</li> </ul>	
Expended Funds:	\$1,693,834,604
Total Households Served:	9,605

Energy Related Assistance	
<ul style="list-style-type: none"> <li>Utility bill payment assistance</li> <li>Energy consumption education</li> <li>Weatherization for energy efficiency</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>Comprehensive Energy Assistance Program (CEAP)</li> <li>Weatherization Assistance Program (WAP)</li> </ul>	
Expended Funds:	\$147,270,662
Total Households Served:	162,668

Multifamily New Construction	
<ul style="list-style-type: none"> <li>Affordable rental units financed and developed</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>9% Housing Tax Credits (HTC)</li> <li>4% Housing Tax Credits (HTC)</li> <li>Multifamily Bonds</li> <li>Multifamily Direct Loan Program*</li> </ul>	
Expended Funds:	\$108,945,178
Total Households Served:	7,062

Homelessness Services	
<ul style="list-style-type: none"> <li>Shelter building rehabilitation, conversion, operations</li> <li>Essential services e.g., health services, transportation, job training, employment services</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>Emergency Solutions Grant Program (ESG)</li> <li>Homeless Housing and Services Program (HHSP)</li> </ul>	
Expended Funds:	\$12,162,959
Total Individuals Served:	71,350

Multifamily Rehab Construction	
<ul style="list-style-type: none"> <li>Affordable rental units financed and rehabilitated</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>9% Housing Tax Credits (HTC)</li> <li>4% Housing Tax Credits (HTC)</li> <li>Multifamily Bonds</li> </ul>	
Expended Funds:	\$56,792,063
Total Households Served:	2,503

Supportive Services	
Provides administrative support for essential services for low income individuals through Community Action Agencies	
Program:	
<ul style="list-style-type: none"> <li>Community Services Block Grant Program (CSBG)</li> </ul>	
Expended Funds:	\$31,103,729
Total Individuals Served:	561,906

Owner Rehabilitation Assistance	
<ul style="list-style-type: none"> <li>Home rehabilitation, reconstruction</li> <li>Manufactured housing unit replacement</li> <li>Accessibility modifications e.g., ramp, grab bar installation</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>Homeowner Rehabilitation Assistance Program (HRA)*</li> <li>Amy Young Barrier Removal Program</li> </ul>	
Expended Funds:	\$11,384,025
Total Households Served:	251

Rental Assistance	
<ul style="list-style-type: none"> <li>Short, long term rent payment help</li> <li>Assistance linked with services</li> <li>Transitional assistance</li> <li>Security, utility deposits</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>Tenant-Based Rental Assistance (TBRA)*</li> <li>Section 8 Housing Choice Vouchers</li> <li>Section 811</li> </ul>	
Expended Funds:	\$11,021,909
Total Households Served:	1,932

Single Family Development	
<ul style="list-style-type: none"> <li>Single family development, reconstruction, rehabilitation</li> <li>Do-it-yourself, "sweat equity" construction, rehabilitation</li> <li>Contract for Deed refinance</li> </ul>	
Programs:	
<ul style="list-style-type: none"> <li>Single Family Development Program (SFD)*</li> <li>Contract for Deed (CFD)</li> </ul>	
Expended Funds:	\$3,769,888
Total Households Served:	85

Total Expended Funds:	\$2,076,285,016
Total Households Served:	817,362
All FY2019 data as reported in TDHCA's 2020 State Low Income Housing Plan and Annual Report (SLIHP).	
Note: Some households may have been served by more than one TDHCA program.	

\* Administered through the federally funded HOME Investment Partnerships Program

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

**A G E N D A  
9:00 AM  
July 23, 2020**

**Meeting Location:** In light of the March 13, 2020, disaster declaration by the Office of the Governor, and the subsequent waivers of portions of Tex. Gov't Code, Ch. 551\*, this meeting of the TDHCA Governing Board will be accessible to the public via the telephone and web link information, below. In order to engage in two-way communication during the meeting, persons must first register (at no cost) to attend the webinar via the link provided. Anyone who calls into the meeting without registering online will not be able to ask questions or provide comments, but the meeting will still be audible. A recording of the meeting will be made available to the public as soon as possible following the meeting.

**Governing Board Webinar registration:**

<https://attendee.gotowebinar.com/register/7177383615933261581>

Dial-in number: +1 (562) 247-8321, access code 811-334-023 (persons who use the dial-in number and access code without registering online will only be able to hear the Board meeting and will not be able to ask questions or provide comments). Note, this meeting will be proceeding as a videoconference under Tex. Gov't Code §551.127, as modified by waiver.

If the GoToWebinar terminates prior to adjournment of the meeting (i.e. if the webinar session "crashes") the meeting will be recessed. A new link to the meeting will be posted immediately on the TDHCA Board meetings web page (<https://www.tdhca.state.tx.us/board/meetings.htm>) along with the time the meeting will resume. The time indicated to resume the meeting will be within six hours of the interruption of the webinar. Please note that in this contingency, the original meeting link will no longer function, and only the new link (posted on the TDHCA Board meetings web page) will work to return to the meeting.

CALL TO ORDER

ROLL CALL

Leslie Bingham, Vice Chair

CERTIFICATION OF QUORUM

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

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

**CONSENT AGENDA**

Items on the Consent Agenda may be removed at the request of any Board member and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion or approval at this meeting. Under no circumstances does the Consent

\* The list of Open Meeting laws subject to temporary suspension effective March 16, 2020, is available at:  
<https://www.texasattorneygeneral.gov/sites/default/files/images/admin/2020/Press/Open%20Meeting%20Laws%20Subject%20to%20Temporary%20Suspension.pdf>

Agenda alter any requirements under Chapter 551 of the Tex. Gov't Code, Texas Open Meetings Act. Action may be taken on any item on this agenda, regardless of how designated.

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

**ASSET MANAGEMENT**

- a) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application

**Rosalio Banuelos**  
Director of Asset Management

16426 87th Street Odessa  
19250 Cypress Creek Apartment Homes at Waxahachie Waxahachie

- b) Presentation, discussion, and possible action regarding a waiver and a Material Amendment to the Housing Tax Credit Application and Land Use Restriction Agreement

16373 Avondale Farms Seniors Haslet

**MULTIFAMILY FINANCE**

- c) Presentation, discussion, and possible action regarding the issuance of Determination Notices for 4% Housing Tax Credit Applications

**Teresa Morales**  
Director of Multifamily Bonds

20467 Greenline North San Antonio  
20456 The Hollows Houston ETJ  
20471 Northwood Houston ETJ

- d) Presentation, discussion, and possible action on the Fifth Amendment to the 2020-1 Multifamily Direct Loan Notice of Funding Availability
- e) Presentation, discussion, and possible action regarding awards of Direct Loan funds from the 2020-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

**Andrew Sinnott**  
Multifamily Loan Programs Administrator

20002 Armadillo Studios Austin  
20329 Fish Pond at Huntsville Huntsville

- f) Presentation, discussion, and possible action confirming obligations for those properties recommended for an award of competitive low income housing tax credits that sought and were awarded one point for committing at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness under 10 TAC §11.9(c)(6) related to Residents with Special Housing Needs

**Marni Holloway**  
Director of Multifamily Finance

20002 Armadillo Studios Austin  
20011 Canal Lofts Houston  
20024 Dallas Stemmons Apartments Dallas  
20025 Palladium Fain Street Fort Worth  
20027 Garland Senior Living Garland  
20034 Ranch Court Apartments Andrews  
20042 Commons at St. Anthony's Amarillo  
20046 Brandywine Apartments Richardson  
20051 Village at McArdle Corpus Christi  
20054 Gulf Shore Villas Rockport

20063	Azalea West	Fort Worth
20066	Vista at Everest	San Antonio
20069	Vista at Interpark	San Antonio
20075	New Hope Housing Savoy	Houston
20077	Lockwood South Apartments	Houston
20082	Connect South Apartments	Houston
20083	Lakeview Preserve	Irving
20089	Hamilton Wolfe Lofts	San Antonio
20093	Brownsville Lofts	Brownsville
20097	Regency Lofts	Houston
20114	3300 Caroline Street	Houston
20115	Avenue at Sycamore Park	Fort Worth
20116	Dian Street Villas	Houston
20134	Hibiscus Village	McAllen
20139	The Loretta	Austin
20141	Richmond Senior Village	Houston
20147	Kestrel on Cooper	Arlington
20155	Gala at Premier	Plano
20167	Laurel Flats	Tyler
20171	Avanti Viking Hills	Waco
20177	Avanti Legacy Valor Heights	McAllen
20179	Avanti West	Edinburg
20181	Avanti Valley View	Hidalgo
20186	The Residence at Ridgehill	Kerrville
20190	Nuestra Senora	El Paso
20192	Arbor Park	Austin
20197	Villas at Western Heights	Dallas
20204	Heritage Senior Residences	Houston
20211	Ennis Trails	Ennis
20212	Vernon Pioneer Crossing	Vernon
20216	Henderson Trails	Henderson
20222	Brenham Trails	Brenham
20223	Campanile on Briar Hollow	Houston
20232	Beaumont Trails	Beaumont
20240	Livingston Pioneer Crossing	Livingston
20262	Abbington Park	Henderson
20264	Juliette Fowler Residences	Dallas
20272	Westwind of Dumas	Dumas
20297	Artcraft Palms	El Paso
20306	The Trails at Abilene	Abilene
20317	Merritt Edge	Midland
20329	Fish Pond at Huntsville	Huntsville

**BOND FINANCE**

- g) Presentation, discussion, and possible action on Resolution No. 20-025 Authorizing the Execution of an Irrevocable Instructions and Agreement relating to the Multifamily Housing Revenue Bonds for Providence at Rush Creek II Apartments Series 2004

**Teresa Morales**  
Director of  
Multifamily Bonds

- h) Presentation, discussion, and possible action on Inducement Resolution No. 20-026 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

20619	The Citadel	Houston
20620	Oso Bay Apartments	Corpus Christi

- i) Presentation, discussion, and possible action on Inducement Resolution No. 20-027 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

20621	Copperwood Apartments	The Woodlands
20622	Tamarac Pines Apartments	The Woodlands
20623	Pleasant Hill Apartments	Austin
20624	Cedar Ridge Apartments	Leander
20625	Shiloh Village Apartments	Dallas

- j) Presentation, discussion, and possible action on Resolution No. 20-028 approving Assignment Agreement relating to Private Activity Bond Authority, and containing other provisions relating to the subject
- k) Presentation, discussion, and possible action on Resolution No. 20-029 authorizing publication of Public Notice for Mortgage Credit Certificate Program
- l) Presentation, discussion, and possible action regarding the optional redemption of Texas Department of Housing and Community Affairs, Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A
- m) Presentation, discussion, and possible action on Resolution No. 20-030 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

**Monica Galuski**  
Director of Bond Finance

**SINGLE FAMILY & HOMELESS PROGRAMS**

- n) Presentation, discussion, and possible action on a Memorandum of Understanding between the Texas Department of Housing and Community Affairs and the Texas Department of Agriculture regarding the management of Community Development Block Grant funds for the Colonia Self-Help Center Program
- o) Presentation, discussion, and possible action on State Fiscal Year 2021 Homeless Housing and Services Program awards
- p) Presentation, discussion, and possible action on Emergency Solutions Grants Coronavirus Aid, Relief, and Economic Security Act first allocation awards from the local subrecipient selection process and Continuum of Care awardee outreach

**Abigail Versyp**  
Director of Single Family &  
Homeless Programs

**FINANCIAL ADMINISTRATION**

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

**Joe Guevara**  
Director of Financial  
Administration

**CONSENT AGENDA REPORT ITEMS**

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

- a) Outreach and Activities Report (June-July)
- b) Report on Activities Related to the Department's Response to COVID-19 Pandemic
- c) Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act

**Michael Lyttle**  
Director of  
External Affairs

**Brooke Boston**  
Director of Programs  
**Joe Guevara**  
Director of Financial  
Administration

- d) Report on the Department's 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures

**Monica Galuski**  
Director of Bond Finance

**ACTION ITEMS**

**ITEM 3: DEPARTMENT OF POLICY & PUBLIC AFFAIRS**

- a) Report and possible action on items to be included in the Department's Legislative Appropriations Request for state fiscal years 2022-23

**Michael Lyttle**  
Director of  
External Affairs

**ITEM 4: ASSET MANAGEMENT**

- a) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application

**Rosalio Banuelos**  
Director of Asset  
Management

17330 Blue Flame Apartments El Paso

**ITEM 5: BOND FINANCE**

- a) Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Pecan Grove) Resolution No. 20-031 and a Determination Notice of Housing Tax Credits
- b) Presentation, discussion, and possible action regarding the Issuance of a Multifamily Note (Vermillion Apartments) Resolution No. 20-032 and a Determination Notice of Housing Tax Credits
- c) Presentation, discussion, and possible action on Resolution No. 20-033 authorizing the Form and Substance of Amendments to the Junior Lien Trust Indenture; authorizing the Issuance, Sale and Delivery of Junior Lien Single Family Mortgage Revenue and Refunding Bonds, Taxable Series 2020, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this resolution, and containing other provisions relating to the subject

**Teresa Morales**  
Director of  
Multifamily Bonds

**Monica Galuski**  
Director of Bond Finance

**ITEM 6: MULTIFAMILY FINANCE**

- a) Presentation, discussion, and possible action regarding awards from the 2020 State Competitive Housing Credit Ceiling and approval of the waiting list for the 2020 Competitive Housing Tax Credit Application Round

**Marni Holloway**  
Director of  
Multifamily Finance

20002	Armadillo Studios	Austin
20004	Bamboo Estates Apartments	Progreso
20006	Western Star Estates	Arlington
20008	Trailside Creek	San Antonio
20010	Paige Estates	Waco
20011	Canal Lofts	Houston
20012	Merritt Gardens	Midland
20015	New Caney Oaks	New Caney
20016	Reserve at Sulphur Springs	Sulphur Springs
20018	The Park Tower	Fort Worth
20024	Dallas Stemmons Apartments	Dallas
20025	Palladium Fain Street	Fort Worth
20027	Garland Senior Living	Garland
20034	Ranch Court Apartments	Andrews
20042	Commons at St. Anthony's	Amarillo
20046	Brandywine Apartments	Richardson
20047	Evening Star Villa	Houston
20049	Cowan Place	Fort Worth
20051	Village at McArdle	Corpus Christi

20054	Gulf Shore Villas	Rockport
20063	Azalea West	Fort Worth
20066	Vista at Everest	San Antonio
20069	Vista at Interpark	San Antonio
20072	Culebra Place Apartments	San Antonio
20075	New Hope Housing Savoy	Houston
20077	Lockwood South Apartments	Houston
20079	Fairview Terrace	Brenham
20082	Connect South Apartments	Houston
20083	Lakeview Preserve	Irving
20089	Hamilton Wolfe Lofts	San Antonio
20092	Fiesta Trails	San Antonio
20093	Brownsville Lofts	Brownsville
20097	Regency Lofts	Houston
20100	Southlawn at Milby	Houston
20111	St. Andrews Townhomes	Arlington
20114	3300 Caroline Street	Houston
20115	Avenue at Sycamore Park	Fort Worth
20116	Dian Street Villas	Houston
20120	Lennox House	Grand Prairie
20121	Eberhart Place	Austin
20125	Parkway Meadows	Houston
20128	OST Lofts	Houston
20132	The Lex on Jessamine	Fort Worth
20134	Hibiscus Village	McAllen
20138	The Ella	Houston
20139	The Loretta	Austin
20141	Richmond Senior Village	Houston
20144	The Enchanted Gardens	Victoria
20145	Gala at Ridgmar	Fort Worth
20147	Kestrel on Cooper	Arlington
20148	High View Place	Killeen
20149	Provision at Fort Worth	Fort Worth
20150	Palmville Homes	San Benito
20153	Provision at Bomber Road	White Settlement
20155	Gala at Premier	Plano
20156	Whispering Trees Apartments	Carrizo Springs
20158	Redwood Apartments	Dumas
20162	Hacienda Santa Barbara	Socorro
20167	Laurel Flats	Tyler
20171	Avanti Viking Hills	Waco
20177	Avanti Legacy Valor Heights	McAllen
20179	Avanti West	Edinburg
20181	Avanti Valley View	Hidalgo
20184	The Heritage at Abilene	Abilene
20186	The Residence at Ridgehill	Kerrville
20187	Cortez Plaza	El Paso
20188	Village at Boyer	San Antonio
20190	Nuestra Senora	El Paso

20192	Arbor Park	Austin
20197	Villas at Western Heights	Dallas
20198	Village at Perrin Beitel	San Antonio
20200	Lofts at Temple Medical District	Temple
20202	Pathways at Chalmers West	Austin
20204	Heritage Senior Residences	Houston
20205	Ella Grand	Houston
20210	Amber Ridge Apartments	Angleton
20211	Ennis Trails	Ennis
20212	Vernon Pioneer Crossing	Vernon
20216	Henderson Trails	Henderson
20217	Somerville Estates	Somerville
20220	Trinity Estates	Trinity
20222	Brenham Trails	Brenham
20223	Campanile on Briar Hollow	Houston
20224	Crossroads Apartments	Fort Worth
20231	Walnut Trails	San Angelo
20232	Beaumont Trails	Beaumont
20233	Quinlan Estates, LP	Quinlan
20235	Madisonville Estates	Madisonville
20240	Livingston Pioneer Crossing	Livingston
20248	Cedar Cove Apartments	Sealy
20250	Town Oaks Apartments	Kenedy
20251	Mathis Apartments	Mathis
20256	Timpson Seniors Apartments	Timpson
20261	Sunset Vista Seniors	El Paso
20262	Abbingtion Park	Henderson
20264	Juliette Fowler Residences	Dallas
20267	Valley View Estates	Fabens
20268	Inkwood Estates	Clint
20272	Westwind of Dumas	Dumas
20273	La Grange Springs	La Grange
20275	The Park on 14 <sup>th</sup>	Plano
20280	Hays Street Lofts	San Antonio
20281	Bayou Bend Apartments	Waller
20288	Providence at Buna	Buna
20292	Carver Ridge Apartments	Hutto
20293	Pendleton Square	Harlingen
20294	Sagebrush Apartments	Brady
20297	Artcraft Palms	El Paso
20306	The Trails at Abilene	Abilene
20309	Casitas Los Ebanos	Bishop
20310	Highpoint at Wynnewood	Dallas
20316	Virginia Flats	Beaumont
20317	Merritt Edge	Midland
20320	Mariposa at Mesquite	Mesquite
20324	BCC Village Townhomes	Brownsville
20329	Fish Pond at Huntsville	Huntsville
20330	Fish Pond at Prospect Hill	San Antonio

20331	Fish Pond at Fitzgerald	Corpus Christi
20332	GardenWalk of Farmersville	Farmersville
20333	GardenWalk of Royse City	Royse City
20342	The Cottages at Cedar Ridge	Elgin
20344	Merritt Sunset	Midland

**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):

**Leslie Bingham**  
Vice Chair

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

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

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

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

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

**OPEN SESSION**

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

**ADJOURN**

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

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least five days before the meeting so that appropriate arrangements can be made.

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

1a

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 23, 2020**

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for 87th Street (HTC #16426)

**RECOMMENDED ACTION**

**WHEREAS**, 87th Street (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2016 for the new construction of 181 units of general population, multifamily housing in the City of Odessa in Ector County;

**WHEREAS**, Odessa Housing Partnership, L.P. (the Development Owner or Owner) is now requesting approval for a change in acreage from 13.39 to 12.04 due to dedications for right-of-way and a public alley, which results in a 11.21% change in residential density from 13.518 units per acre to 15.033 units per acre;

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

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

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested material amendment to the Application for 87th Street is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

**BACKGROUND**

87th Street received an award of 4% Housing Tax Credits in 2016 for the new construction of 181 units of general population, multifamily housing in the City of Odessa in Ector County.

The Development is owned by Odessa Housing Partnership, L.P., with Odessa Housing Opportunities, LLC as its 0.005% General Partner owned solely by Odessa Housing Finance Corporation.

Based on a review of the cost certification, it was determined that a greater than 5% change in acreage and therefore in residential density had occurred from the time of initial Application and underwriting to the time of cost certification, and in a letter received June 19, 2020, the Owner's representative (Jill Miller, Executive Director of Odessa Housing Finance) requested approval for a material amendment to the Application for the Development.

According to the Owner's representative, the developer had site control of 13.39 acres at application. However, after the acreage was purchased, the City of Odessa (the City) required a new recorded plat that reflects the dedication of land for a right-of-way for Hunter Miller Way, and an alley for public use. The Owner's request letter states that the total acreage dedicated to the City for the public right-of-way (Hunter Miller Way) and alley is 1.35 acres. This is confirmed by the final plat, which was recorded after the Application was submitted.

Since the acreage was reduced 10.08% from 13.39 to 12.04 acres, this results in a 11.21% change (increase) in residential density from 13.518 units per acre to 15.033 units per acre, which requires approval by the Board under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F). It should be noted that the Owner's request letter erroneously states that the final acreage is 12.09, but staff confirmed that it is 12.04 acres, according to the plat and cost certification submission.

The site plan submitted with the Application identifies a proposed public right-of-way for what is now Hunter Miller Way; however, the acreage for the proposed right-of-way was not identified in the Application, and was not dedicated until the plat was filed. The public alley was not reflected in the site plan at application.

Staff has determined that the changes in acreage and residential density were not preventable by the Owner and recommends approval of the requested material amendment to the Application.

Odessa Housing Finance Corporation  
3801 N. Dixie Blvd. \* Odessa, TX. 79762  
Office (432) 362-2349 \* Fax (432) 362-4200

Jill Miller  
Executive Director

Ms. Dee Patience  
Texas Department of Housing and Community Affairs  
P.O. Box 13491  
Austin, TX 78711-3941

RE: Amendment Request for 87<sup>th</sup>, TDHCA #16426

Dear Ms. Patience,

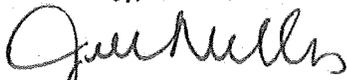
On behalf of Odessa Housing Partnership, LP and Odessa Housing Opportunities, LLC, I am writing to request an amendment to application #16426, 87<sup>th</sup> Apartments, a 181-unit development located in Odessa, Texas. We are requesting a change in the acreage of the site due to dedication of right-of-way for public use of Hunter Miller Way and a public alley as required by the City of Odessa under an Improvements Agreement.

The developer had site control of 13.39 acres when it submitted its 4% LIHTC application and purchased the entire 13.39 acres. Because this was undeveloped land, the City of Odessa required a plat be recorded which required a right-of-way for public use and a public alley. Developer complied with this as shown on the attached final plat. The dedication of the right-of-way of Hunter Miller way and the public alley way totaled 1.35 acres thus reducing the development to 12.09 acres.

We are requesting that the application be amended to reflect the acreage of 12.09, which excludes the 1.35 of the original 13.39 acre tract purchased by the developer.

Thank you for your consideration of this amendment. Please also find a check in the amount of \$2500 to process this amendment. If you have any questions or need any additional information, please do not hesitate to contact me at [jtmiller@odessahousing.com](mailto:jtmiller@odessahousing.com).

Sincerely,



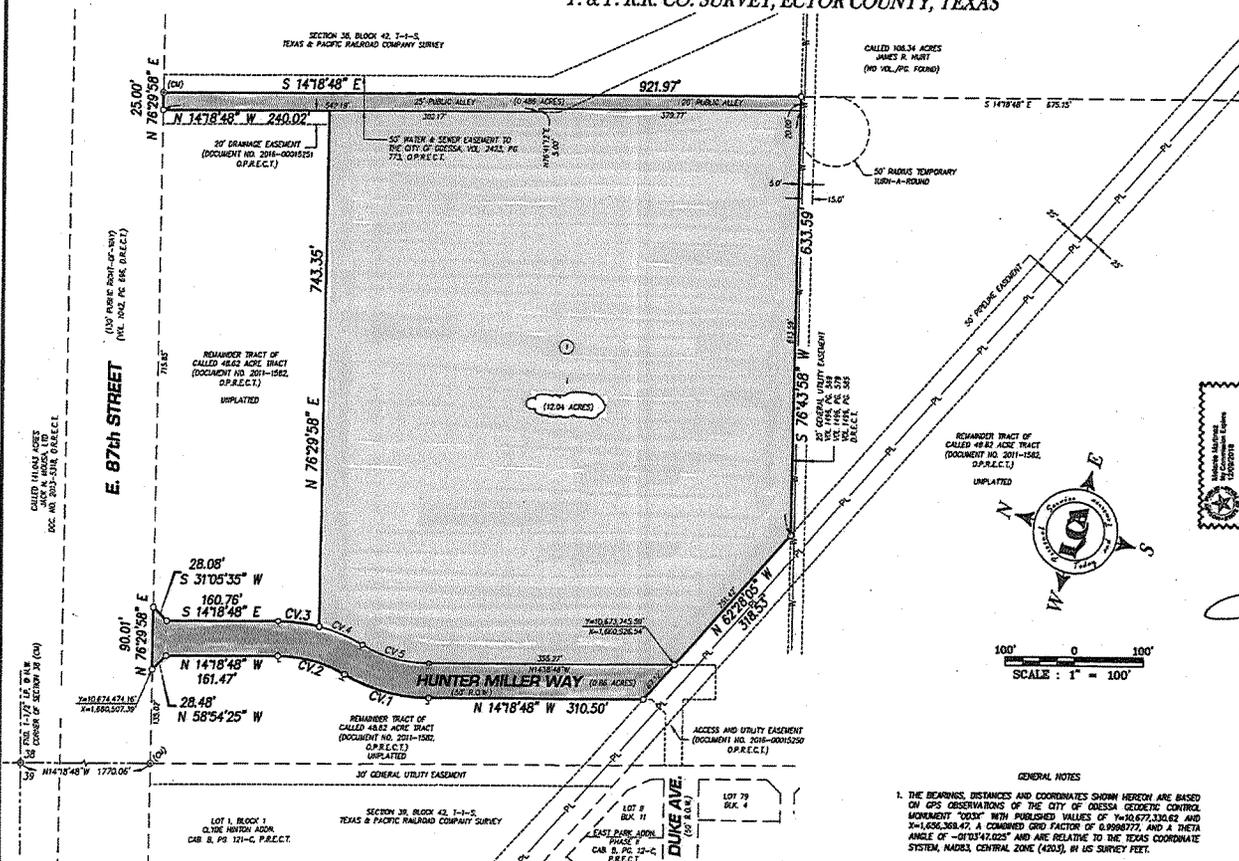
Jill Miller  
Executive Director  
Odessa Housing Finance Corporation

# ESTATES AT 87th, 1ST FILING

BEING A 13.39 ACRE TRACT OF LAND LOCATED IN SECTION 38, BLOCK 42, T-1-S,  
T. & P. R.R. CO. SURVEY, ECTOR COUNTY, TEXAS

15-21P  
LCA

= 1.35ac  
= 12.04ac  
13.39ac



STATE OF TEXAS  
COUNTY OF ECTOR

KNOW ALL MEN BY THESE PRESENTS THAT I, THE UNDERSIGNED OWNER OF THE LAND SHOWN ON THIS PLAT AND DESIGNATED AS ESTATES AT 87th, 1ST FILING, BEING A 13.39 ACRE TRACT OF LAND LOCATED IN SECTION 38, BLOCK 42, T-1-S, TEXAS & PACIFIC RAILROAD COMPANY SURVEY, ECTOR COUNTY, TEXAS, AN ADDITION TO THE CITY OF ODESSA, AND WHOSE NAME IS SUBMITTED HERETO, THEREBY DEDICATE TO THE USE OF THE PUBLIC FOREVER ALL STRIPPED ALLEYS, WASH COURSES, BRANCH EASEMENTS, AND PUBLIC PLACES SHOWN HEREON FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED, AND AN EASEMENT OF EGRESS AND INGRESS FOR WASH COLLECTION PURPOSES IS HEREBY GRANTED.

BY: Jim Miller  
JIM MILLER  
EXECUTIVE DIRECTOR ODESSA HOUSING FINANCE CORPORATION

STATE OF TEXAS  
COUNTY OF ECTOR



BEFORE ME, THE UNDERSIGNED AUTHORITY A NOTARY PUBLIC IN AND FOR THE COUNTY OF ECTOR AND THE STATE OF TEXAS, ON THIS DAY, PERSONALLY APPEARED JIM MILLER, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBMITTED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATION THEREIN EXPRESSED AND IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE ON THIS 11th DAY OF October, 2016.  
John F. Landgraf  
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS THAT I, JOHN F. LANDGRAF, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF TEXAS, DO HEREBY CERTIFY THAT I PREPARED THIS PLAT FROM AN ACTUAL AND ACCURATE SURVEY OF THE LAND AND THAT THE CORNER MONUMENTS SHOWN HEREON WERE PROPERLY PLACED UNDER MY SUPERVISION.

JOHN F. LANDGRAF  
TEXAS REGISTRATION NO. 2410



THIS PLAT IS HEREBY APPROVED THIS 20th DAY OF October, 2016, BY THE PLANNING AND ZONING COMMISSION, CITY OF ODESSA, TEXAS.  
James H. ...  
CHAIRMAN, PLANNING COMMISSION  
Ronald J. Brumfiel  
DIRECTOR OF PLANNING

CERTIFICATE OF DIRECTOR OF PUBLIC WORKS  
I HEREBY CERTIFY THAT ALL REQUIREMENTS OF THE "URBAN DEVELOPMENT ORDINANCE" CONCERNING SUBMISSION AND/OR APPROVAL OF INFORMATION AND DATA TO THE DIRECTOR OF PUBLIC WORKS AND THE CITY ENGINEER REQUIRED FOR FINAL PLAT APPROVAL HAVE BEEN COMPLIED WITH FOR THIS SUBMISSION.

Charm DATE: Oct. 21, 2016  
DIRECTOR OF PUBLIC WORKS

FILED FOR RECORD ON THIS 24th DAY OF October, 2016,  
AT 2:28 PM RECORDED THIS 24th DAY OF October, 2016,  
AT 2:28 PM IN CABINET B PAGE 1824 ECTOR COUNTY PLAT RECORDS.

Linda Haney  
CLERK OF ECTOR COUNTY

**LCA ENVIRONMENTAL • CIVIL ENGINEERING • LAND SURVEYING**  
521 North Texas, Odessa Tx. 79761 P-001363 F-10034300  
Phone # (432) 332-5058 E-Mail: lca@lcaodessa.com

CURVE	RADIUS	DELTA	ARC	CHORD BEARING	CHORD LENGTH
CV1	232.00'	30°51'09"	122.62'	N 01°06'48" E	128.08'
CV2	187.00'	30°51'09"	100.07'	N 10°08'48" E	98.48'
CV3	232.00'	14°27'16"	58.79'	S 07°05'71" E	58.63'
CV4	232.00'	16°23'53"	87.83'	N 08°20'24" E	67.60'
CV5	187.00'	30°51'09"	100.70'	N 01°06'45" E	98.48'

**LEGEND**  
FOUND 1/2" I.R. W/ CAP MARKED "LCA ODESSA TX" UNLESS OTHERWISE NOTED  
SET 1/2" I.R. W/ CAP MARKED "LCA ODESSA TX" UNLESS OTHERWISE NOTED  
VOL. VOLUME  
PAGE PAGE  
CAB. CABINET  
P.A.R.E.C.T. PLAT RECORDS OF ECTOR COUNTY TEXAS  
O.P.R.E.C.T. OFFICIAL PUBLIC RECORDS OF ECTOR COUNTY TEXAS  
R.O.W. RIGHT OF WAY  
G O PC OR PT OF CURVE

- GENERAL NOTES**
- THE BEARINGS, DISTANCES AND COORDINATES SHOWN HEREON ARE BASED ON GPS OBSERVATIONS OF THE CITY OF ODESSA GEODETIC CONTROL MONUMENT "ODS" WITH PUBLISHED VALUES OF Y=10,672,336.62 AND X=1,630,368.47, A COMBINED GRID FACTOR OF 0.999877, AND A METRIC ANGLE OF -01°04'10.2" AND ARE RELATIVE TO THE TEXAS COORDINATE SYSTEM, NAD83, CENTRAL ZONE (4803), IN US SURVEY FEET.
  - THE SUBJECT PROPERTY IS LOCATED IN ZONE II (AREAS DETERMINED TO BE OUTSIDE A SPECIAL FLOOD HAZARD AREA), ACCORDING TO THE FLOOD INSURANCE RATE MAP, MAP NO. 48135C0222C, MAP REVISION: MARCH 15, 2012.
  - ALL LOT CORNERS SHALL BE MONUMENTED WITH A 1/2 INCH IRON ROD SET WITH A CAP STAMPED "LCA ODESSA TX" UNLESS OTHERWISE NOTED.
  - SELLING ANY PORTION OF THE SUBJECT PROPERTY BY NOTES AND BOUNDS IS A VIOLATION OF CITY ORDINANCE AND STATE LAW, AND SUBJECT TO FINES AND WITHHOLDING OF UTILITIES AND BUILDING PERMITS.

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 23, 2020**

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Cypress Creek Apartment Homes at Waxahachie (HTC #19250)

**RECOMMENDED ACTION**

**WHEREAS**, Cypress Creek Apartment Homes at Waxahachie (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2019 for the construction of 168 units of multifamily housing in Waxahachie, Ellis County;

**WHEREAS**, Cypress Creek Waxahachie LP (Applicant) requests approval for various material amendments to the Application including: a 9.08% modification of the residential density due to an increase in the development site acreage from 9.41 to 10.35 acres, resulting in a decrease from approximately 17.9 units to 16.2 units per acre, a significant modifications of the site plan, and a revision to the architectural design resulting in changes in Development costs and the financing structure;

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

**WHEREAS**, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of the tax credits awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested amendments for to the Application for Cypress Creek Apartment Homes at Waxahachie are approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

## BACKGROUND

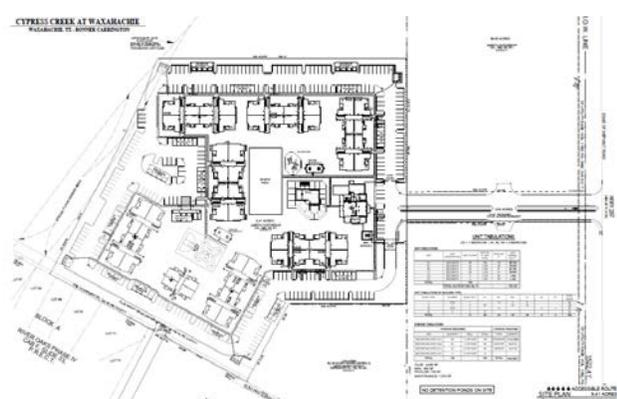
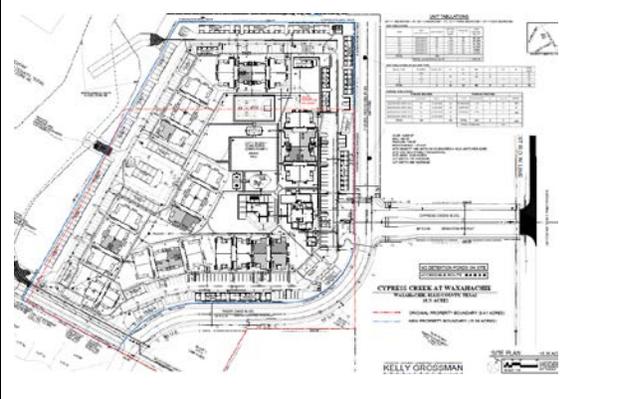
Cypress Creek Apartment Homes at Waxahachie received an award of 9% Housing Tax Credits in 2019 for the new construction of 168 units (98 HTC units and 70 Market units) in Waxahachie, Ellis County. In a letter dated June 22, 2020, Stuart B. Shaw, the representative for the Applicant, requested approval for material amendments to the Application for a modification of the residential density and significant revisions to the original site and architectural design plans.

The modification of the residential density is the result of an increase in the development site acreage. On the original site plan provided at Application, it was noted that there would be a possible extension of a road (River Oaks Blvd.) located southwest of the development site. The Applicant states that the City of Waxahachie (the City) decided to proceed with the proposed extension along the eastern boundary and designed the road to include sweeping curves to avoid acute angles. This resulted in a design that encroached upon the original site plan. As a result, the site had to be moved in a northwesterly direction to avoid being divided by the extended road. Fortunately, the seller has residue land available for purchase that can accommodate the relocation of the site to the northwest. Also, the Environmental Site Assessment was conducted on a 57-acre tract that includes the revised proposed site. The Applicant states the land is priced at \$5.00 per square foot, as previously negotiated in the original Agreement of Sale and Purchase, and results in a \$204,732 increase in the site acquisition cost from \$2,049,498 to \$2,254,230. The adjustments to the location of the development site result in an overall increase of 0.94 acre, from 9.41 to 10.35 acres. This increase results in a 9.08% decrease in the residential density, which is a decrease from approximately 17.9 units to 16.2 units per acre. Board approval is required for a significant modification of the site plan and the architectural design and for a modification of the residential density of at least five percent as directed in Tex. Gov't Code §2306.6712(d)((1), (5) and (6) and 10 TAC §10.405(a)(4)(A), (E), and (F).

The relocation of the project involves moving a portion of the site into a new Planned Development zone, which required the City to amend the zoning areas encompassed by the site in order to permit the Development's three-story buildings on all parts of the larger site. As a result, the City asked the Applicant to make additional design changes to the Development that include: a garage for each unit, which is an increase from 10 to 168 detached garages; a minimum of 90% masonry on each building; an 8-foot high masonry fence between the Project and the adjacent single-family subdivision; a six foot high decorative ornamental fence on all other site boundaries; a five foot concrete connection trail to the adjacent hike and bike trail (Brown Singleton Trail); and a 7:12 roof pitch for each building elevation. The design changes do not affect the number of buildings, number of units, Net Rentable Area, or square footage of the Common Area represented at Application. However, there will be a slight increase in the parking from 300 to 319 spaces, resulting in an increase in the accessible parking from 16 to 18 spaces. Staff has also confirmed that the revised site plan will meet the accessible parking requirements for the project.

The Applicant states the reason and the good cause for implementing the design changes requested by the City is that it should avoid any potential issues of condemnation resulting from the proposed roadway. Also, the Development will be able to provide additional garages, at no cost to the tenants, and the tenants will have better connectivity to the public hike and bike trail. However, the site and architectural design revisions will affect the project financially. There will be a \$1,696,686 increase to the total construction costs, and an overall \$1,901,419 increase to the total development costs. To address the increased costs, the Applicant has provided a revised commitment from the lender to increase the permanent loan amount by \$1,461,000, from \$13,123,000 to \$14,584,000, and to lower the interest rate 0.8%, from 5.3% to 4.5%. With the reduction to the interest rate, the debt service amount remains unchanged from the original underwriting. Additionally, the Applicant will increase the Deferred Developer Fee by \$440,418, from \$1,016,738 to \$1,457,156. Staff's analysis of the changes to the costs and financing structure indicates that with the Development is feasible, and that there is no change to the previously recommended credit allocation.

The table below is a comparison of the information submitted at Application and this material amendment request:

<b>Material Alterations as defined in Texas Gov't Code §2306.6712(d)(1), (5), and(6) and 10 TAC §10.405(a)(4)(A), (E), and (F)</b>	
<b>Application</b>	<b>Amendment</b>
<p>Density: 17.9 units per acre (168 units constructed on 9.41 acres)</p> <p>Parking: 230 - Open Spaces (13 accessible)  60 - Carports (2 accessible)  10 – Garages (1 accessible)  300 – Total Spaces (16 accessible)</p> 	<p>Density: 16.2 units per acre (168 units constructed on 10.35 acres)</p> <p>Parking: 151 - Open Spaces (14 accessible)  0 - Carports  168 – Garages (9 accessible)  319 – Total Spaces (18 accessible)</p> 

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

Cypress Creek Waxahachie LP

June 22, 2020

Mr. Rosalio Banuelos, Director  
Multifamily Asset Management Division  
Texas Department of Housing and Community Affairs (TDHCA)  
221 East 11th Street  
Austin, TX 78701

**Re: Amendment Request  
Cypress Creek Apartment Homes at Waxahachie (#19250).**

Dear Mr. Banuelos,

Please see the following amendment request submitted on behalf of Cypress Creek Waxahachie LP ("Owner"), owner of Cypress Creek Apartment Homes at Waxahachie (the "Project"). The Owner requests approval for an increase in acreage from 9.41 acres to 10.35 acres, as needed to accommodate City of Waxahachie ("City") requirements. The increased acreage decreases residential density by 9.08%, which, while beneficial, is considered a material amendment. We have submitted the fees since the language would require fees for a material amendment, but believe there is an opportunity for this amendment be processed as a non-material amendment because the density is going down. At the time of Application, the Applicant could not reasonably foresee the necessity of this amendment, which is being requested to let the Owner avoid involvement in any future condemnation proceeding resulting from the City's intent to create a new roadway along the Project's eastern boundary.

The original site plan (**Exhibit 1**) was presented to the City, and a resolution of support was passed by the City Council of the City of Waxahachie on January 22, 2019 (**See Exhibit 2**). The 2019 Competitive Application was filed with that site plan, which was based upon a 9.41-acre tract being purchased out of the seller's larger acreage. The Project was awarded 9% tax credits in July 2019.

The City decided, as was noted as a possibility in the Application, that it would proceed with a proposed road along the Project's eastern boundary, which resulted in a road designed to use sweeping curves and avoid acute angles. This design encroached upon the original site plan and required that the Site be moved in a northwesterly direction to avoid having the road divide the site. Fortunately, the seller was able to accommodate the relocation of the site by extending it to the northwest, into the residue of the seller's property. This resulted in the substitution of land to the northwest of the site for land now located southeast of the proposed road. With the adjustment of the site, the acreage increased by 0.94 acre. Site Control was maintained because the majority of the 10.35 acres in the tract identified in the Application.

Scouting the site to the northwest also partially pushed it into a new PD area, and the City had to amend all the zoning areas encompassed by the site to permit the requisite three-story buildings on all parts of the larger site. The City also took the opportunity to request certain design changes to the Project, which the Applicant agreed to provide, pending TDHCA approval. Such design changes include:

C y p r e s s   C r e e k   W a x a h a c h i e   L P

1. Detached garages for all units, instead of only ten detached garages;
2. A minimum of 90% masonry for each building;
3. An 8-foot high masonry fence between the Project and the adjacent single-family subdivision;
4. A 6-foot high decorative ornamental fence on all other site boundaries;
5. A 5-foot concrete connection trail be provided to the adjacent Brown Singleton Trail (hike & bike); and
6. A 7:12 roof pitch be provided for each elevation.

The new site plan is shown in **Exhibit 3**. The reason and the good cause for the changes in this amendment request are that by implementing the City 's requests, the Owner should avoid any future issues of condemnation resulting from the proposed roadway. The Project also benefits in that the Owner will now be able to provide more garages for its residents, at no charge, and better connectivity to the public hike & bike trail, which will encourage community engagement and exercise for the residents. Additionally, by agreeing to the City's input on design features, the Applicant believes that the Project will build up goodwill with the City staff and the community residents.

The financial impact of the garages and extra land has been updated and is attached. Notes are included on the Development Cost Schedule for items that have been modified. At this time, there is no update to the other pricing line items because the project is still in the process of negotiating pricing with the contractor. The updated Development Cost Schedule, garage cost estimate, offsite cost schedule, Sources and Uses, and letters from the construction lender are attached. There was no change to the operating proforma because the amount of debt service has not changed. The application included an interest rate of 5.30%, and, for underwriting purposes, the rate today is 4.50% which made it very easy to increase the loan size while not having to make any other changes. There is still cushion in the interest rate because rates today are closer to 4% which allows for some additional buffer should market conditions change.

We request your approval of the proposed increase in acreage, adjustment of site lines, and changes to design features. If you have any questions, please contact Casey Bump in my office. Our team is standing by should you have any questions or require additional information.

Sincerely,

---

Stuart B. Shaw, Manager of its General Partner

Attachments:

1. Original Site Plan at Application
2. Colby Collins Email - Required Conditions for City Council Approval
3. Updated Site Plan after Waxahachie City Council Approval

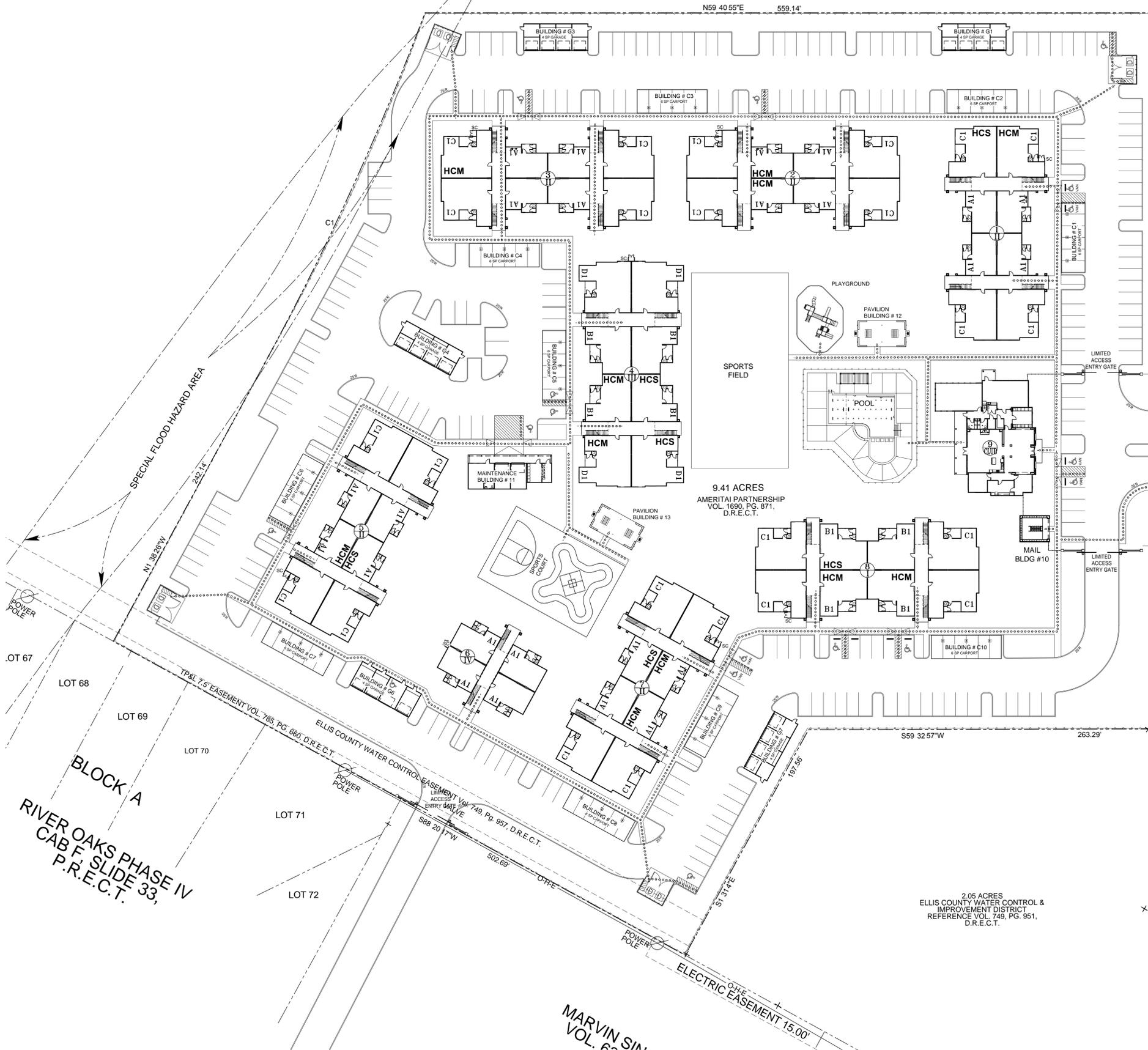
# Exhibit 1

# CYPRESS CREEK AT WAXAHACHIE

WAXAHACHIE, TX - BONNER CARRINGTON

APPROXIMATE 100YR FLOOD ZONE  
SCALED IN FROM FEMA.  
NOT FIELD VERIFIED, NO  
TOPOGRAPHIC INFO TAKEN

59.65 ACRES  
AMERITAI PARTNERSHIP  
VOL. 1690, PG. 871,  
D.R.E.C.T.



9.41 ACRES  
AMERITAI PARTNERSHIP  
VOL. 1690, PG. 871,  
D.R.E.C.T.

0.64 ACRES  
70.00' PROPOSED  
R.O.W. ACCESS EASEMENT

### UNIT TABULATIONS

(A1 = 1 BEDROOM / B1, B2, B3 = 2 BEDROOM)

UNIT	UNIT DESCRIPTION	UNIT COUNT	UNIT SQ. FT. W/O PATIO	PATIO SQ. FT.	UNIT OVERALL SQ. FT.
A1	1BD/1BATH	68	708	58	48,144
B1	2BD/2BATH	24	1,044	89	25,056
B2	2BD/2BATH	40	1,044	81	41,760
C1	3BD/2BATH	28	1,210	81	33,880
C2	3BD/2BATH	4	1,210	93	4,840
D1	4BD/2BATH	4	1,361	93	5,444
<b>TOTAL</b>		<b>168</b>			
<b>TOTAL Unit W/O Patio Sq. Ft.</b>					<b>159,124</b>

BLDG. TYPE	STORIES	BLDG. QTY.	A1	B1	B2	C1	C2	D1	TOTAL UNITS
I	2/3/2	1	0	12	0	8			20
II	3	5	60	12	40				120
III	2/3/2	1	8	12			4	4	20
IV	2	1	8						8
<b>TOTAL</b>		<b>8</b>	<b>68</b>	<b>24</b>	<b>40</b>	<b>28</b>	<b>4</b>	<b>4</b>	<b>168</b>

UNIT	PARKING REQUIRED			PARKING PROVIDED	
	QUANTITY	REQ.	TOTAL	TYPE	QUANTITY
1BEDROOM UNITS (A1)	68	1.5 SP/UNIT	102	STANDARD	230(113HC)
2BEDROOM UNITS (Bs)	64	1.5 SP/UNIT	96	CARPOR	60(2HC)
3BEDROOM UNITS (C1)	32	2.5 SP/UNIT	80	GARAGE	10(1HC)
4BEDROOM UNITS (D1)	4	3.0 SP/UNIT	12		
<b>TOTAL</b>	<b>168</b>		<b>290</b>	<b>TOTAL</b>	<b>300(161HC)</b>

CLUB: 4,920 SF  
MAIL: 460 SF  
PAVILION: 740 SF  
MAINTENANCE: 1,610 SF

NO DETENTION PONDS ON SITE

ARCHITECTURE • LAND PLANNING • LANDSCAPE DESIGN • CONSTRUCTION ADMINISTRATION •  
**KELLY GROSSMAN**  
ARCHITECTS, L.L.C.

ACCESSIBLE ROUTE  
**SITE PLAN** 9.41 ACRES

0 20' 40' 80'  
SCALE: 1:40

IF THIS BAR SCALE DOES NOT MEASURE 2" THE DRAWING IS NOT TO SCALE.

R.O.W. LINE  
15 UTILITY EASE VOL. 1782, PG. 2492, D.R.E.C.T.  
EDGE OF ASPHALT ROAD  
HWY 287  
(490.00' R.O.W.)  
15 UTILITY EASE VOL. 1782, PG. 2492, D.R.E.C.T.  
1522.41'

BLOCK A  
RIVER OAKS PHASE IV  
CAB.F. SLIDE 33,  
P.R.E.C.T.

MARVIN SIMS  
VOL. 600, PG. 871,  
D.R.E.C.T.

# Exhibit 2

**RESOLUTION NO. 1260**

**A RESOLUTION OF THE CITY COUNCIL OF WAXAHACHIE, TEXAS REGARDING SUPPORT FOR CYPRESS CREEK APARTMENT HOMES AT WAXAHACHIE (TDHCA# 19250)**

**WHEREAS**, Cypress Creek Waxahachie LP (the “Applicant”) has proposed a development for an apartment home community to be located at approximately the northwest quadrant of Post Oak Drive and US 287, Waxahachie, Ellis County, Texas; to be named Cypress Creek Apartment Homes at Waxahachie (the “Development”);

**WHEREAS**, the Applicant has advised that it intends to submit an application to the Texas Department of Housing and Community Affairs (“TDHCA”) in the 2019 competitive 9% application round for Housing Tax Credits and TDHCA HOME Funds for the Development;

**NOW, THEREFORE, IT IS HEREBY RESOLVED**, that the City of Waxahachie, acting through its governing body, hereby confirms that it supports the aforementioned proposed Development, and the related application to the TDHCA (#19250);

**FURTHER RESOLVED**, that the City intends to issue a commitment and letter confirming that the City will provide a loan, grant, reduced fees, or contribution of other value for the benefit of the Development so that the Applicant may receive one (1) point for a contribution from the City in an amount of \$500.00 or more; and

**FURTHER RESOLVED**, that the City of Waxahachie hereby supports the proposed Development, and confirms that its governing body has voted specifically to approve the construction of the Development and to authorize an allocation of Housing Tax Credits for the Development pursuant to Texas Government Code §2306.6703(a)(4); and

**FURTHER RESOLVED** that for and on behalf of the City of Waxahachie, Mayor Kevin Strength, are hereby authorized, empowered, and directed to certify this resolution to the TDHCA. This formal action has been taken to put on record the opinion expressed by the City of Waxahachie on January 22, 2019.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WAXAHACHIE, TEXAS, as follows:**

**Section 1.** The facts and opinions in the preamble of this resolution are true and correct.

**Section 2.** The City of Waxahachie, Ellis County, has voted specifically to support the Development and to authorize, if awarded by the Texas Department of Housing and Community Affairs, an allocation of Housing Tax Credits and authorized Applicant to apply on behalf of the City for HOME funds for the Development.

**Section 3.** This Resolution, related to potential financing, is not a statement of approval for site or building permits, zoning, or PUD; as such decision shall be made in due course with a future request.

Section 4. All resolutions and agreements or portions of resolutions and agreements in conflict herewith are hereby released to the extent of the conflict only.

**PASSED AND APPROVED** by the City Council of the City of Waxahachie, Texas on January 22, 2019.



*M. Kevin Shroyer*  
MAYOR

ATTEST:

*Lori Cartwright*  
City Secretary

# Exhibit 3

48139C0190F  
ELLIS COUNTY, TEXAS,  
ND IN ZONE AE.

APPROXIMATE 100YR  
FLOOD ZONE AE

PRIVATE  
GRADING AND  
DRAINAGE EASEMENT  
DOCUMENT #

PRIVATE  
GRADING AND  
DRAINAGE EASEMENT  
DOCUMENT #

8' MASONRY WALL  
ACCESS EASEMENT  
PER THIS PLAT  
VOL. 785, PGI 660,  
D.R.E.C.T.

15' PRIVATE  
DRAINAGE  
ESMT PER  
THIS PLAT

15' PUBLIC  
SEWER  
ESMT PER  
THIS PLAT

8' MASONRY WALL  
ACCESS EASEMENT  
PER THIS PLAT  
VOL. 785, PGI 660,  
D.R.E.C.T.

BLOCK 1,  
LOT 2  
0.662 ACRES

**UNIT TABULATIONS**

(A1 = 1 BEDROOM / B1, B2 = 2 BEDROOM / C1, C2 = THREE BEDROOM / D1 = FOUR BEDROOM)

UNIT	UNIT DESCRIPTION	UNIT COUNT	UNIT SQ. FT. W/O PATIO	PATIO SQ. FT.	UNIT OVERALL SQ. FT.
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<b>TOTAL</b>		<b>168</b>			
<b>TOTAL Unit W/O Patio Sq. Ft.</b>					<b>159,124</b>

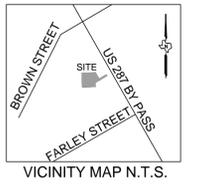
**UNIT TABULATIONS BY BUILDING TYPE**

BLDG. TYPE	STORIES	BLDG. QTY.	A1	B1	B2	C1	C2	D1	TOTAL UNITS
I	2/3/2	1		12	0	8			20
II	3	5	60		40	20			120
III	2/3/2	1		12			4	4	20
IV	2	1	8						8
<b>TOTAL</b>		<b>8</b>	<b>68</b>	<b>24</b>	<b>40</b>	<b>28</b>	<b>4</b>	<b>4</b>	<b>168</b>

**PARKING TABULATIONS**

UNIT	QUANTITY	REQ.	TOTAL	PARKING PROVIDED				TOTAL
				TYPE	STANDARD	HC	VAN HC	
1BEDROOM UNITS (A1)	68	1.5 SP/UNIT	102	STANDARD	137	10	4	151
2BEDROOM UNITS (Bs)	64	1.5 SP/UNIT	96	CARPOR	0	0	0	0
3BEDROOM UNITS (C1)	32	2.5 SP/UNIT	80	GARAGE	159	0	9	168
4BEDROOM UNITS (D1)	4	3.0 SP/UNIT	12					
<b>TOTAL</b>	<b>168</b>		<b>290</b>		<b>296</b>	<b>10</b>	<b>13</b>	<b>319</b>
				<b>TOTAL PARKING</b>				<b>319</b>

CLUB: 4,920 SF  
MAIL: 460 SF  
PAVILION: 740 SF  
MAINTENANCE: 1,610 SF  
SITE DENSITY: 168 UNITS ON 10.35 ACRES = 16.23 UNITS PER ACRE  
SITE USE: MULTIFAMILY RESIDENTIAL  
SITE AREA: 10.35 ACRES  
LOT WIDTH: 745' AVERAGE  
LOT DEPTH: 660' AVERAGE



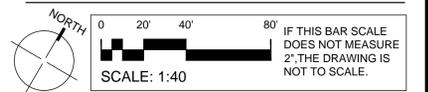
ST.R.O.W. LINE

HATCH FOR TXDOT PAVMT FROZEN

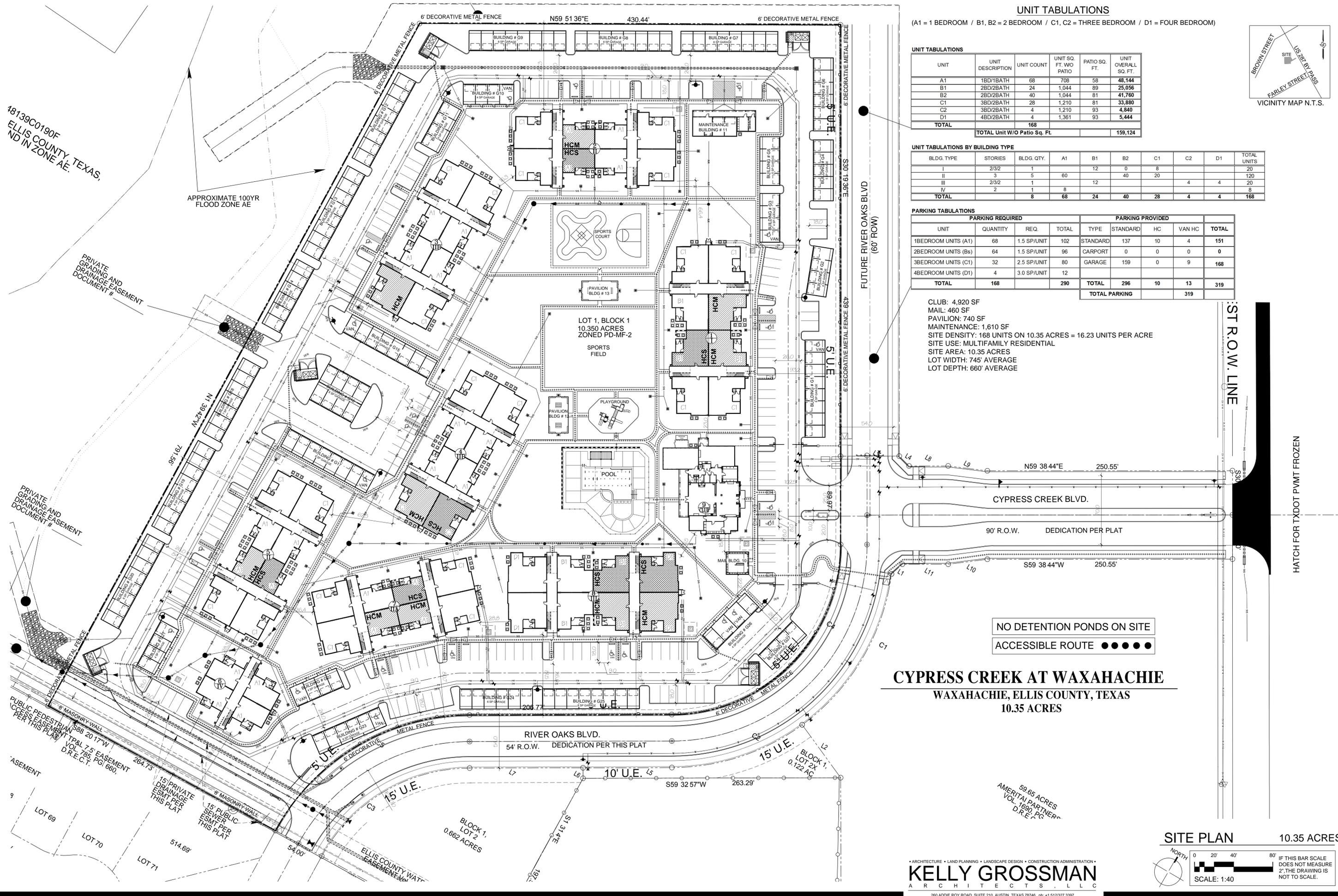
NO DETENTION PONDS ON SITE  
ACCESSIBLE ROUTE ●●●●●

**CYPRESS CREEK AT WAXAHACHIE**  
WAXAHACHIE, ELLIS COUNTY, TEXAS  
10.35 ACRES

**SITE PLAN** 10.35 ACRES



ARCHITECTURE • LAND PLANNING • LANDSCAPE DESIGN • CONSTRUCTION ADMINISTRATION •  
**KELLY GROSSMAN**  
ARCHITECTS, L.L.C.  
260 ADDIE ROY ROAD SUITE 210 AUSTIN, TEXAS 78746 PH: +1.512.927.3397



1b

**BOARD ACTION REQUEST**  
**ASSET MANAGEMENT DIVISION**  
**JULY 23, 2020**

Presentation, discussion, and possible action regarding a waiver and a Material Amendment to the Housing Tax Credit Application and Land Use Restriction Agreement for Avondale Farms Seniors (HTC #16373)

**RECOMMENDED ACTION**

**WHEREAS**, Avondale Farms Seniors (the Development) received a 9% Housing Tax Credit (HTC) award in 2016 to construct 121 multifamily units in Haslet, Tarrant County;

**WHEREAS**, construction of the Development is complete, but due to an event of default, the original General Partner, Avondale Farms Seniors GP, LLC, was removed by the limited partner after placement in service of the Development;

**WHEREAS**, the HTC Application for the Development received one point for agreeing to include a certified Historically Underutilized Business (HUB) in the ownership structure of the General Partner and materially participating in the development and operation of the Development throughout the Compliance Period, and this requirement is included in the Land Use Restriction Agreement (LURA) for the Development;

**WHEREAS**, 8609s have not been issued for the Development, but Avondale Farms Seniors, LP (Development Owner or Owner) requests to remove the HUB participation requirement from the LURA, which is being done voluntarily by the HUB;

**WHEREAS**, Board approval is required because, under 10 TAC §10.405(b)(1)(A), the removal of a HUB participation requirement will only be processed as a non-material LURA amendment after issuance of 8609s;

**WHEREAS**, a waiver is also needed for the requirement specified in 10 TAC §10.406(e) that states a development sponsor, General Partner or Development Owner cannot voluntarily end their Control prior to the issuance of 8609s;

**WHEREAS**, the Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b); and

**WHEREAS**, the requested change does not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of the tax credits awarded;

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested material amendment to the Application and LURA for Avondale Farms Seniors and the waiver of the Control requirement in 10 TAC §10.406(e) are approved as presented to this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

### **BACKGROUND**

Avondale Farms Seniors received a 9% HTC award in 2016 for the new construction of 121 multifamily units, of which 109 are HTC units, in Haslet, Tarrant County. The Application for the Development received one point because the Development was structured to include a Historically Underutilized Business (HUB) in the ownership structure of the General Partner of the Development Owner and also included the participation of the HUB in the development and operation of the property throughout the Compliance Period. This was codified in the Development's LURA, which was recorded on March 7, 2019. Construction of the Development has been completed. The cost certification is currently under review, and therefore, IRS Forms 8609s have not been issued.

On June 5, 2020, Samuel Hagerty with Locke Lord, the Development Owner's representative, submitted a request to remove the HUB participation requirement in the LURA. The request for the removal is to facilitate an ownership transfer involving the removal of the initial General Partner, Avondale Farms Seniors GP, LLC (0.01% interest), due to an event of default under the terms of the First Amendment to First Amended and Restated Limited Partnership Agreement. The new General Partner, HCP GP Avondale, LLC, is an Affiliate of the limited partners, Hunt Capital Partner Tax Credit Fund 24, LP (limited partner, 99.989% interest) and HCP-SLP, LLC (special limited partner, 0.001% interest). The initial General Partner is owned by GD 2.0 Holdings, LLC, managing member (30% interest), and Rusk Real Estate, LLC, member (70% interest) and the certified HUB identified in the Application and the LURA. In an email submitted June 24, 2020, Ms. Benetta Rusk, the sole member of Rusk Real Estate, LLC (the HUB Member), states that she voluntarily requests to be removed from the ownership structure due to issues she has experienced in renewing the entity's HUB certificate. She also states that her participation in the Development was substantive and meaningful, and that it enabled her to acquire skill relating to the ownership and operation.

According to the amendment request letter, the Owner originally anticipated that the HUB Member would be admitted to the new ownership structure as a HUB Co-General Partner, as the HUB Member was not responsible for the default that led to the removal of the initial General Partner. However, because the HUB Member has allowed its status as a HUB to lapse and the Owner has been unable to find a suitable HUB to replace the HUB Member in the revised organizational structure, the Owner requests that participation of a HUB be removed as an ongoing requirement for the Development.

Pursuant to 10 TAC §10.405(b)(1)(A), removal of a HUB participation requirement will only be processed as a non-material LURA amendment after issuance of 8609s. Therefore, Board approval is required for the amendment to remove the HUB provision from the LURA, and because the HUB is leaving the ownership structure voluntarily prior to 8609s, a waiver of the Control requirement specified in 10 TAC §10.406(e) is also needed.

The requested change does not materially alter the Development in a negative manner, and was not reasonably foreseeable or preventable by the Development Owner at the time of Application. The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a public hearing on the matter on June 24, 2020, via conference call, but other than Owner staff, there were no other participants at the public hearing.

The Owner has also requested to amend the Applicable Fractions identified in Addendum F of the LURA. This is considered a non-material LURA amendment under 10 TAC §10.405(b)(1), which does not require Board approval but is mentioned herein in order to be included with an amendment of the LURA.

Staff has confirmed that the loss of the point for the removal of the HUB participation requirement at the time of Application would not have affected its eligibility for the tax credit award. Therefore, staff recommends approval of the material amendment of the LURA and the waiver of 10 TAC §10.406(e) as presented herein. Approval of the ownership transfer to the new General Partner is anticipated to be handled administratively, separate from this request.

**AVONDALE FARMS SENIORS**  
13145 Avondale Farms Drive  
Fort Worth, Tarrant County, Texas 76052

June 5, 2020

**VIA ELECTRONIC DELIVERY**

Ms. Lee Ann Chance

*email: [leeann.chance@tdhca.state.tx.us](mailto:leeann.chance@tdhca.state.tx.us)*

Texas Department of Housing and Community Affairs

221 East 11th Street

Austin, Texas 78701-2410

Re: TDHCA File No. 16373; Avondale Farms Seniors (the "**Property**")

Dear Ms. Chance:

**I. Request for LURA Amendment to Remove HUB Requirement.**

**a. Background.**

Avondale Farms Seniors, LP, a Texas limited partnership (the "**Partnership**"), is the owner of the Property. The Partnership's initial general partner, Avondale Farms Seniors GP, LLC, a Texas limited liability company (the "**Initial General Partner**"), was removed from the Partnership due to an event of default; and HCP GP Avondale, LLC, a Delaware limited liability company (the "**New General Partner**"), was admitted to the Partnership as a replacement general partner. The Initial General Partner was comprised of GD 2.0 Holdings, LLC (the "**Development Member**") and Rusk Real Estate, LLC, a Texas limited liability company (the "**HUB Member**"). At the time of closing, the HUB Member was certified as a Historically Underutilized Business ("**HUB**") with the Texas Comptroller. For the reasons described herein, the Partnership respectfully requests that the Property's ongoing HUB participation requirement be removed.

**b. Request to Remove HUB Requirement.**

The Partnership originally anticipated that the HUB Member would be admitted to the Partnership as a HUB Co-General Partner, as the HUB Member was not responsible for the default that led to the removal of the Initial General Partner. However, the HUB Member has allowed its status as a HUB to lapse, and the HUB Member has decided not to reinstate its status as a HUB. The Partnership has been unable to find a suitable HUB to replace the HUB Member in the Partnership's revised organizational structure. Therefore, the Partnership requests that participation of a HUB be removed as an ongoing requirement for the Property.

The HUB Member has been serving as a HUB member of the Partnership since the Initial General Partner was formed, on or about July 28, 2017. The HUB Member is requesting removal of its own volition and is not being removed as the result of a default under the organizational documents of Partnership, as evidenced by the statement from the sole member of the HUB Member attached hereto as Exhibit A.

In light of the HUB Member's departure, the Partnership has approached several HUBs with experience in affordable housing development and the Department's rules and requirements, but has been unsuccessful in identifying an appropriate fit. The Partnership is making final arrangements for permanent loan closing and 8609 issuance. Due to the HUB Member's withdrawal, the Partnership will be unable to complete these key steps, unless the HUB requirement is removed.

In its Application, the Partnership claimed and was awarded 1 point for HUB participation, as shown in the excerpt from its Application on Exhibit B attached hereto. In support of this amendment request, the Partnership notes that—even without the HUB point—the Property still would have received an allocation, as shown on Exhibit C attached hereto.

Because the Initial General Partner was removed due to an event of default, because the HUB Member's HUB status has lapsed and the Partnership has been unable to find a suitable replacement, and because the Property would receive an allocation even without the point for HUB participation, the Partnership respectfully requests that the LURA be amended to remove the ongoing HUB participation requirement.

**II. Request for LURA Amendment to Amend Applicable Fractions.**

Additionally, the Partnership has determined that a revision to the minimum applicable fraction by building described on Addendum F to the LURA will be required. The details of the proposed revised minimum applicable fractions are being sent under separate cover. The Partnership therefore respectfully requests that the LURA be amended to revise the Addendum F accordingly.

[Remainder of page intentionally left blank.]

June 5, 2020

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

Sincerely,

**AVONDALE FARMS SENIORS, LP,**  
a Texas limited partnership

By: HCP GP Avondale, LLC,  
a Delaware limited liability company,  
its general partner

By: HCP Property Holdings, LLC,  
a Delaware limited liability company,  
its sole member

By: 

Name: Jenette Smith

Title: Managing Director – Investor  
Reporting & Asset Management

Exhibit A

**From:** Benetta Rusk <benetta@ruskland.com>  
**Sent:** Wednesday, June 24, 2020 1:27 PM  
**To:** William Teschke; Simon Fraser; Gwenne Pierce; Hagerty, Samuel  
**Subject:** Avondale Farms Seniors - HUB Withdrawal

**\*\* External email \*\***

HCP team,

I am writing to inform you that my HUB certificate for Rusk Real Estate, LLC has lapsed and I am experiencing delays in getting it renewed. I understand that delays with getting this HUB certificate renewed may impact permanent loan closing and receipt of 8609s on the Avondale Farms Seniors transaction. Due to these circumstances I feel it is in the best interest of the development for HCP to seek other HUB options to replace Rusk Real Estate, LLC in the ownership of Avondale Farms Seniors, LP, or alternatively for HCP to seek TDHCA's approval to remove Rusk Real Estate as the HUB and proceed without HUB participation. Therefore, I am voluntarily requesting removal from the ownership of Avondale Farms Seniors, LP. My participation in the development was substantive and meaningful, and enabled me to acquire skills relating to the ownership and operation of affordable housing.

Thank you,  
Benetta Rusk, CCIM  
Rusk Real Estate, LLC  
214.801.1000  
Benetta@RuskLand.com

## Exhibit B

### Sponsor Characteristics (Competitive HTC Only)

Self Score Total: **124**

Pursuant to §11.9(b)(2) of the Qualified Allocation Plan, an Application may qualify to receive up to one (1) point provided the ownership structure meets one of the following requirements in parts 1 or 2 below;

#### 1. Application is attempting to score as a Qualified Nonprofit and meets the criteria below:

No Application is applying under the Nonprofit Set-Aside, and

No The Qualified Nonprofit has some combination of ownership interest, cash flow from operations, and developer fee which taken together equal at least 80% and no less than 5% for any category.

Ownership Interest:  CANNOT BE LESS THAN 5%

Cash flow from operations:  CANNOT BE LESS THAN 5%

Developer Fee:  CANNOT BE LESS THAN 5%

Total: **0.00%**

The Qualified Nonprofit will materially participate in the Development and the operation of the Development throughout the Compliance Period. 

The Qualified Nonprofit has experience directly related to the housing industry. (mark all that apply)

Property Management  Construction  Development  Financing  Compliance

No Principals of the Qualified Nonprofit are related Parties to any other Principals of the Applicant or Developer.

Evidence of experience in the housing industry and a statement regarding material participation are provided behind this tab.

Eligible Points: **0**

#### 2. Application is attempting to score as a HUB and meets the criteria below:

Yes The ownership structure contains a HUB, and evidence from the Texas Comptroller of Accounts is provided behind this Tab.

Yes The HUB has some combination of ownership interest, cash flow from operations, and developer fee which taken together equal at least 80% and no less than 5% for any category.

Ownership Interest: **70.00%**

Cash flow from operations: **5.00%**

Developer Fee: **5.00%**

Total: **80.00%**

Yes The HUB will materially participate in the Development and the operation of the Development throughout the Compliance Period. 

The HUB has experience directly related to the housing industry. (mark all that apply)

Property Management  Construction  Development  Financing  Compliance

No Principals of the HUB are related Parties to any other Principal of the Applicant or Developer.

Evidence of experience in the housing industry and a statement regarding material participation are provided behind this tab. 

Eligible Points: **1**

Total Points Claimed: **1**

**Exhibit C**

**(attached)**

Texas Department of Housing and Community Affairs

2016 Competitive 9% Housing Tax Credit Program  
Award and Waiting List

Version date: July 28, 2016

Application Number	Development name	Address	City	County	Zip Code	Region	Housing Type	A/R	Acq/Rehab	Rehab	New Construction	Units	Market Rate Units	Total Units	Target Population (Age, Inc., Supportive Housing)	HTC request/ Unit Amount	Section 811 Request	Section 811 Request	Previous Participation Review (PPR) Status: A-Approved, CA-Approved w/ Conditions, P-Pending Approval, N-No Review										Opportunity Index	Poverty Rate %	Schools Average	Linear distance from nearest HTC assisted development					
																			(1) Points	(2) Gov's Support (0-11, 0=0/11)	(3) GDP (0-11, 0=0/11)	(4) Homeless (0-11, 0=0/11)	(5) Community Org (0-11, 0=0/11)	(6) Affordability	(7) Rent Possible Score	(8) Review Status	(9) Underwriting Status	(10) PPR Status					(11) Recommended Awards	(12) Census Tract	(13) Date of renewal of income		
At Risk/USA Set-Aside																																					
16162	HSA Liberty Village	4500 Block of South Veterans Boulevard	Edinburg	Hidalgo	78542	11	Urban	x	x	NC	98	36	124	General		\$1,510,000			Doak Brown	Rudy Ramirez	125	17	4	8	4	158	C	C	A	Recommended	480155023801 1st Q	7	17	81.33			
16144	Spring Creek Apartments	305 Highway 8 North	Linden	Cass	75563	4	Rural	x	x	A/R	24	0	24	General		\$195,572			Marion Sullivan	Winston Sullivan	125	17	4	8	4	158	C	A	Recommended	480679506004 2nd Q	7	23.3	84.33				
16055	Northside Manor Apartments	1741/1745 E. Henderson Rd.	Angleton	Bradoria	77515	6	Rural	x	x	A/R	104	0	104	General		\$782,291	x		Nan Boyles	Kim Youngquist	123	17	4	8	4	156	C	C	A	Recommended	4809662200 2nd Q	7	7	81.00			
16154	Hyde Estates	Near SEC of FM 3470 and Cunningham Rd.	Killeen	Bell	76542	8	Urban	x	NC	75	1	76	General		\$1,306,000			Arthur I. Schult, Jr.	Lisa A. Perata	123	17	4	8	4	156	C	C	A	Recommended	480702403 1st Q	7	11.1	83.00				
16077	McKinney Manor Apartments	506 N. McKinney	Irving	Bradoria	77480	6	Rural	x	x	A/R	48	0	48	General		\$335,723			Nan Boyles	Kim Youngquist	123	17	4	8	4	156	C	C	A	Recommended	48039662800 2nd Q	7	14.3	83.33			
16082	Lake Ridge Apartments	401 North Third St.	Mabank	Kaufman	75147	3	Rural	x	A/R	42	0	42	Elderly		\$325,694			Emily Lindsey	Dennis Hoover	123	17	4	8	4	156	C	C	A	Recommended	48257051300 3rd Q	7	16.7	84.00				
16033	Hughes Springs Seniors Apartment	202 Keasler Street #33	Hughes Springs	Cass	75556	4	Rural	x	A/R	31	1	32	Elderly Preference		\$257,250			Murray Calhoun	Jay Rabalais	123	17	8	8	0	156	C	C	A	Recommended	48067950700 2nd Q	7	28.6	84.67				
16157	Sabanar Park	S. side of Montana Ave. E. of N Harlowing Dr	El Paso	El Paso	79925	13	Urban	x	NC	185	0	185	General		\$1,500,000			Richard Seges	Alyssa Carpenter	123	17	4	8	4	155	C	C	A	Recommended	48141010303 2nd Q	6	13.4	87.00				
16113	The Village at Main	417 East Main Street	Bojard	Smith	75757	4	Rural	x	A/R	24	0	24	General		\$225,383			Melissa Baughman	Jamie Fieser	122	17	8	8	0	155	C	A	Recommended	4812001908 1st Q	7	6	84.67					
16116	The Cottages at Main	417 East Main	Bojard	Smith	75757	4	Rural	x	A/R	24	0	24	Elderly Preference		\$194,178			Melissa Baughman	Jamie Fieser	122	17	8	8	0	155	C	A	Recommended	4812001908 1st Q	7	6	84.67					
16154	Gonzales Apartments	SWQ Montana Ave and Rich Beem Blvd	El Paso	El Paso	79928	13	Urban	x	NC	153	0	153	General		\$1,500,000			Richard Seges	Alyssa Carpenter	122	17	4	8	4	155	C	C	A	Recommended	481410103 1st Q	7	12.3	80.33				
16124	Balcones Haus Apartments	246 Loma Vista	New Braunfels	Comal	78130	9	Urban	x	A/R	38	1	39	Elderly Preference		\$419,151			Tracey Fine	Matt Rule	122	17	4	8	4	155	C	C	A	Recommended	48091310403 2nd Q	0	15.2	86.67				
16175	Crosby Meadows Apartments	304 Krenck	Crosby	Harris	77532	6	Rural	x	A/R	96	1	97	General		\$649,865	x		Devin Baker	James E. Wabham	121	17	8	8	0	154	C	A	Recommended	48201252700 2nd Q	7	20.4	77.00					
16099	SEA ROAD Oaks	11607 Sierra Nevada Ln. / 6219 Valiant Circle	Austin	Travis	78759	7	Urban	x	A/R	75	0	75	General		\$901,883			Robert Onion	Patrick Howard	121	17	4	8	4	154	C	P	Recommended	48253002500 2nd Q	6	9.3	90.00					
16088	Timber Ridge Apartments	427 Marlin Street	Chandler	Henderson	75758	4	Rural	x	A/R	44	0	44	Elderly Preference		\$263,062	x		Melissa Baughman	Jamie Fieser	120	17	8	8	0	153	C	A	Recommended	48213950100 1st Q	7	12.9	81.67					
16040	Parklane Villas	NW of Hosca Street and Riggs Street	Brookham	Washington	77823	8	Rural	x	NC	80	0	80	General		\$779,965			Marvallette Hunter	Thomas Jones	120	17	8	8	0	153	N	N	A	Recommended	48177170100 1st Q	6	14.1	75.00				
16176	New Haven	NE Quadrant of State Hwy 31 & US 175	Athens	Henderson	75751	4	Rural	x	NC	50	22	72	General		\$855,740			James Dada	Tamea Dada	121	17	4	8	2	152	N	N	C	Recommended	48213950400 1st Q	7	10.9	70.67				
16044	Pleasanton Seniors Apartments	1547 Jami Drive	Pleasanton	Atascosa	78064	9	Rural	x	A/R	23	1	24	Elderly Preference		\$210,225	x		Murray Calhoun	Jay Rabalais	119	17	8	8	0	152	C	C	A	Recommended	48013960402 2nd Q	7	13.8	70.67				
16038	Orange Grove Seniors Apartments	520 East Orange Street	Orange Grove	Jim Wells	78732	10	Urban	x	A/R	24	0	24	Elderly Preference		\$216,805			Murray Calhoun	Jay Rabalais	119	17	8	8	0	152	N	N	C	Recommended	48249950100 1st Q	6	15.9	74.00				
16066	Samuel Place Apartments	4315 Carroll Lane	Corpus Christi	Brewes	78411	10	Urban	x	RC	60	0	60	General		\$1,075,000			Roger Canales	Gilbert M. Piette	119	17	8	8	0	152	N	N	A	Recommended	48355002300 3rd Q	0	20.5	71.00				
16142	Robison Terrace	1010 Dan Haskins Way	Texasarkana	75501	4	Urban	x	RC	130	0	130	Elderly Preference		\$1,330,000			Beverly Jones	Will Henderson	119	17	8	8	0	152	N	N	A	Recommended	48037010800 4th Q	0	24.4	70.33					
16131	Pleasanton Ridge Apartments	701 McAnear Street	Claburne	Johnson	76033	3	Urban	x	A/R	48	1	49	Elderly Preference		\$460,732			Tracey Fine	Matt Rule	118	17	8	8	0	151	N	N	C	Recommended	4825131100 3rd Q	0	10.6	70.00				
16009	Wheatley Family Apartments	NW of Hosca Street and Riggs Street	Brookham	Washington	77823	8	Rural	x	NC	80	0	80	General		\$1,523,500			Lois Bernady	Michael C. Duffy	117	17	8	8	0	150	N	N	A	Recommended	48029130900 1st Q	0	51.2	0.00				
16080	Shady Shores Apartments	401 N. Shady Shores Road	Claburne	Denton	75085	3	Urban	x	A/R	40	0	40	General		\$392,439			Miranda Ashline	Dennis Hoover	122	17	4	0	4	147	N	N	C	Recommended	48121012403 2nd Q	6	18	84.67				
16248	Pearland Linking	3916 Wilshire Street	Galveston	Galveston	77550	6	Urban	x	A/R	192	0	192	General		\$1,500,000			Valerie Garity	Andrew Bailey	110	17	4	8	4	143	N	N	C	Recommended	4816774600 4th Q	0	63.9	0.00				
16078	Leatherwood Terrace Apartments	105 Ellen May Road	Yorktown	Lavaca	77995	10	Urban	x	A/R	40	0	40	General		\$352,500			Emily Lindsey	Dennis Hoover	119	17	4	8	4	144	N	N	C	Recommended	4828500500 2nd Q	7	8.1	75.67				
16149	Country Place Apartments	1300 Courland Road	Atlanta	Cass	75551	4	Rural	x	A/R	72	0	72	General		\$489,307			Marion Sullivan	Winston Sullivan	125	0	4	0	0	129	N	N	A	Recommended	48067950400 4th Q	7	23.4	83.33				
Estimated At-Risk Available to Allocate																\$9,949,278															Total HTCs Requested		\$19,563,466				
USA Set-Aside																\$5,351,394															Total HTCs Requested		\$19,563,466				
Region 1/Rural																																					
16034	Conrad Lotts	191 W. 6th Street	Hale	99072	1	Rural			ADR	29	0	29	General		\$462,000			Daniel Sailer III	Jake Mooney	126	17	4	8	4	159	C	C	A	Recommended	48189950500 4th Q	7	24.4	78.67				
16013	Shirleyleaf at Panhandle	Proposed at the 500 block of Pecan St	Panhandle	Carson	79088	1	Rural		NC	54	6	60	Elderly Limitation		\$628,300			I. Michael Sugnet	Ben Dempsey	125	17	4	8	4	158	C	A	Recommended	48065950200 1st Q	7	6	93.33					
16213	Villas on Flint	5W of 12th Street and Flint Avenue	Wolfforth	Lubbock	79382	1	Rural		NC	47	13	60	Elderly Limitation		\$683,525	x		Justin Zimmerman	Ben Mitchell	123	17	4	8	4	156	N	N	A	Recommended	48303010408 1st Q	7	8.7	86.33				
Estimated Amount Available to Allocate																\$712,068															Total HTCs Requested		\$1,773,825				
Region 1/Urban																																					
16370	The Villas	5804 98th St	Lubbock	Lubbock	79424	1	Urban		NC	89	19	108	Elderly Limitation		\$1,232,312			Paul Stell	Drew Gray	124	17	4	8	4	157	C	C	A	Recommended	48303010407 1st Q	7	1.6	88.00				
16003	Estacado Place	10000 block Upland Ave.	Lubbock	Lubbock	79424	1	Urban		NC	108	12	120	Elderly Limitation		\$1,232,300			Lucille Jones	Carrie Adams	124	17	4	8	4	157	C	N	A	Recommended	48303010408 1st Q	7	8.7	87.67				
16159	The Residence at Coulter	5000 Blk of S. Coulter St.	Amarillo	Randall	79119	1	Urban		NC	97	22	119	Elderly Limitation		\$1,232,312	x		Audrey Watson	Alyssa Carpenter	124	17	4	0	4	149	N	N	C	Recommended	48381021609 1st Q	7	1.5	90.67				
Estimated Amount Available to Allocate																\$1,285,436															Total HTCs Requested		\$3,696,924				
Region 2/Rural																																					
16076	Iaguna Hotel Lotts	400 Conrad Hilton Boulevard & 105 E 7th Street	Cisco	Eastland	76437	2	Rural		NC	40	0	40	General		\$545,000			Daniel Sailer III	Jake Mooney	126	17	4	8	4	159	C	C	A	Recommended	4813950300 1st Q	7	15.9	91.67				
16237	Hawks Landing Apartments	1550 Westland Apartments	lowa Park	Wichita	76336	2	Rural		NC	44	5	49	General		\$454,086			Randy Stevenson	Sharon Lawrence	123	17	4	8	4	156	C	N	A	Recommended	48485013800 1st Q	7	4	82.67				
Estimated Amount Available to Allocate																\$560,410															Total HTCs Requested		\$999,086				
Region 2/Urban																																					
16122	The Residence at Autumn Sage	S side of Autumn Sage Dr. W of Rebecca Ln	Abilene	Taylor	79606	2	Urban		NC	28	7	35	Elderly Limitation		\$500,000	x		Audrey Watson	Alyssa Carpenter	124	17	4	8	4	157	C	C	A	Recommended	48411013402 1st Q	7	10.8	91.00				
Estimated Amount Available to Allocate																\$500,000															Total HTCs Requested		\$500,000				
Region 3/Rural																																					
16071	Bluff View Senior Village	NW corner of US 175 Frontage Rd & FM 741	Crandall	Kaufman	75114	3	Rural		NC	33	15	48	Elderly Limitation		\$574,172			Will Market	Brian Kimes	1																	



1c

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JULY 23, 2020**

Presentation, discussion, and possible action regarding the issuance of Determination Notices for 4% Housing Tax Credit Applications

**RECOMMENDED ACTION**

**WHEREAS**, three applications as further detailed below were submitted to the Department for consideration of a Determination Notice of 4% Housing Tax Credits;

**WHEREAS**, the Executive Award and Review Advisory Committee (EARAC) considered the program requirements, underwriting requirements and compliance history associated with each application listed herein; and

**WHEREAS**, EARAC recommends each of the three applications for an award of 4% Housing Tax Credits, in the specific amounts noted herein, and subject to any underwriting conditions as noted in the Real Estate Analysis Report and any compliance conditions as reflected in Exhibit A, as applicable;

**NOW, therefore, it is hereby**

**RESOLVED**, that the issuance of Determination Notices in the respective amounts for each of the applications listed herein, subject to underwriting conditions as found in the Real Estate Analysis report posted to the Department's website, and subject to any EARAC conditions as reflected in Exhibit A, is hereby approved in the form presented at this meeting.

**BACKGROUND**

The 4% Housing Tax Credit (HTC) program is considered a non-competitive program in that there is not a specific ceiling amount of HTCs that can be issued each year. Rather, the ceiling amount of HTCs that can possibly be issued is limited by the amount of Private Activity Bond volume cap available. The Texas Bond Review Board (BRB) administers the Private Activity Bond program for the State of Texas, and for the 2020 calendar year, the state received approximately \$3 billion in Private Activity Bond authority, of which approximately \$800 million is reserved for multifamily housing until August 15<sup>th</sup> of each year. After such date, there may be more Private Activity Bond volume cap that goes towards multifamily housing.

Individual projects receive a Certification of Reservation (Reservation) from the BRB that allows for a statutory 180-day closing timeline. For those projects seeking 4% HTCs (as the majority of them do),

they must complete the Department's review process, the bond issuer's process, and the Attorney General's process in order to close within the prescribed timeframe. The Department accepts applications on a monthly basis throughout the year. The year from which the Reservation is issued is what determines the QAP to which the application must adhere. Included in this Board presentation as Exhibit B is a list of the 4% HTC applications staff has processed thus far for 2020. The list reflects all applications received and includes a column that denotes the applications' status, specifically, those that have already closed, have been approved by the Board, are active and currently under review, and those that are pre-applications that will utilize the Department as the bond issuer and an HTC application will be forthcoming.

The Reservations from the BRB for the developments described herein were issued under the Priority 3 designation unless noted otherwise, which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served (beyond the federal requirement). The AMFI levels proposed to be served for each of the projects are indicated in their respective summaries, below.

#### 20467 Greenline North

Greenline North entails the new construction of 292 units to serve the general population located at 7402 South New Braunfels Avenue in San Antonio, Bexar County. The San Antonio Housing Trust Finance Corporation is serving as the bond issuer. The project will include 1,274 square feet of retail space that is contemplated to be finished out by future retail tenants. The applicant has elected to utilize the income averaging minimum set-aside and the rent levels are intended to be distributed as follows: 34 units will be rent and income restricted at 30% of AMFI, nine units will be rent and income restricted at 40% of AMFI, nine units will be rent and income restricted at 50% of AMFI, 182 units will be rent and income restricted at 60% of AMFI, 40 units will be rent and income restricted at 70% of AMFI, and the remaining 18 units will be rent and income restricted at 80% of AMFI.

Recommended HTC Amount: \$1,930,015

#### 20456 The Hollows

The Hollows proposes the new construction of 192 units to be built at the southeast corner of Wallisville Road and Dell Dale Street in Channelview, a census designated place in Harris County and in the extraterritorial jurisdiction of Houston. The applicant has elected to utilize the income averaging minimum set-aside as 33 units will be rent and income restricted at 30% of AMFI, 46 units will be rent and income restricted at 50% of AMFI, and 113 units will be rent and income restricted at 70% of AMFI. The Harris County Housing Authority Public Facility Corporation is serving as the bond issuer. As a condition of the CDBG-DR loan from Harris County, all 192 units will serve the general population and 15 of the units will have a preference for households that have a need for supportive housing and that are referred by the Houston/Harris County Continuum of Care.

The Department received a letter from State Representative Ana Hernandez, House District 143, expressing the need for the development team to engage the members of the community who have

expressed concerns regarding the increase in students, which will be a burden on area schools, and the increase in residents in the area causing potential drainage issues. The Phase I Environmental Site Assessment states: "During a flood event, the potential exists for the migration of hazardous substances and / or petroleum products to and / or from the subject property." The site is not within the 100 or the 500 year floodplain, and according to the feasibility report no on site detention will be required by Harris County. A letter from the applicant was submitted in response to the comments made by the Representative and is included herein.

*Undesirable Site Feature - Pipeline:* The applicant has disclosed that the development site violates §11.101(a)(2)(I) of the 2020 Qualified Allocation Plan (QAP). Specifically, the development site is adjacent to several underground pipelines and a pipeline easement. According to John Jacobi, a Professional Engineer and Independent Pipeline Consultant, there is a pipeline easement located to the south containing four liquid pipelines, a natural gas pipeline is located to the east, and a Highly Volatile Liquid (HVL) pipeline is located southeast of the subject site. The four pipelines located to the south are part of an ExxonMobil pipeline corridor and contain a crude line, two refined product lines, and an idle HVL line. The QAP allows this Undesirable Site Feature if the Applicant provides a plan for mitigation that conforms to the Pipeline and Informed Planning Alliance (PIPA) guidelines. A PIPA report was completed by Mr. Jacobi that stated the applicant is familiar with PIPA compliance, and will configure the development site to adhere to the relevant PIPA recommended practices.

Recommended HTC Amount: \$1,043,287

#### 20471 Northwood Apartments

Northwood Apartments proposes the new construction of 288 units to be situated at the southeast corner of Eastex Freeway and Hamill Road in the extraterritorial jurisdiction of Houston, Harris County. The general population will be served. The applicant has elected to utilize the income averaging minimum set-aside as the application reflects that 44 units will be rent and income restricted at 30% of AMFI, 64 units will be rent and income restricted at 50% of AMFI, and the remaining 180 units will be rent and income restricted at 70% of AMFI. As a condition of the CDBG-DR loan from Harris County, 15 of the units will have a preference for households that have a need for supportive housing and that are referred by the Houston/Harris County Continuum of Care. The Harris County Housing Authority PFC is serving as the bond issuer.

Recommended HTC Amount: \$2,378,498

**EXHIBIT A**  
**Previous Participation Results**

<b>Application Number</b>	<b>Development Name</b>	<b>Category</b>	<b>PPR Conditions</b>
20467	Greenline North	2	N/A
20456	The Hollows	1	N/A
20471	Northwood Apartments	1	N/A

# 20467 Greenline North - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 16, 2020

PROPERTY IDENTIFICATION	
Application #	20467
Development	Greenline North
City / County	San Antonio / Bexar
Region/Area	9 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (4% Credit)	\$1,930,015	\$1,930,015	\$6,610/Unit	\$0.93	

KEY PRINCIPALS / SPONSOR		
City of San Antonio (Seller)		
San Antonio Housing Trust		
Franklin Development Ryan Wilson		
Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

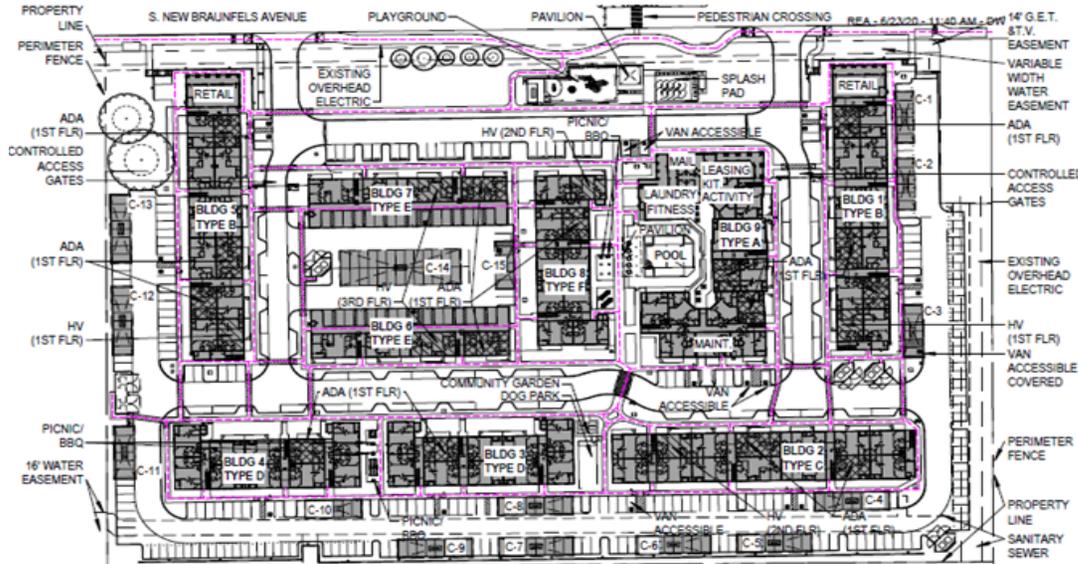


UNIT DISTRIBUTION			INCOME AVERAGING		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	34	12%
1	-	0%	40%	9	3%
2	204	70%	50%	9	3%
3	88	30%	60%	182	62%
4	-	0%	MR	-	
<b>TOTAL</b>	<b>292</b>	<b>100%</b>	<b>TOTAL</b>	<b>234</b>	<b>100%</b>

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.34	Expense Ratio	40.3%
Breakeven Occ.	78.4%	Breakeven Rent	\$776
Average Rent	\$919	B/E Rent Margin	\$143
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	\$4,200/unit	Controllable	\$2,899/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)	3.2%
Highest Unit Capture Rate	26% (2 BR/60%)
Dominant Unit Cap. Rate	26% (2 BR/60%)
Premiums (↑60% Rents)	#DIV/0!
Rent Assisted Units	N/A

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	928 SF	Density	26.6/acre
Acquisition		\$02K/unit	\$495K
Building Cost	\$86.79/SF	\$81K/unit	\$23,512K
Hard Cost		\$103K/unit	\$29,992K
Total Cost		\$172K/unit	\$50,265K
Developer Fee	\$5,994K	(29% Deferred)	Paid Year: 4
Contractor Fee	\$4,199K	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	15/35	3.75%	\$26,355,560	1.34						Bank of America	\$17,947,347
										Franklin Development	\$1,762,564
<b>TOTAL DEBT (Must Pay)</b>			<b>\$26,355,560</b>		<b>CASH FLOW DEBT / GRANTS</b>			<b>\$4,200,000</b>		<b>TOTAL EQUITY SOURCES</b>	<b>\$19,709,911</b>
										<b>TOTAL DEBT SOURCES</b>	<b>\$30,555,560</b>
										<b>TOTAL CAPITALIZATION</b>	<b>\$50,265,471</b>

**CONDITIONS**

- 1 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:
- a: Architect certification that a noise assessment was completed, and that all recommendations were implemented and the Development is compliant with HUD noise guidelines.
  - b: Certification that testing for asbestos and lead-based paint was performed on the existing structure prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented.

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

BOND RESERVATION / ISSUER		AERIAL PHOTOGRAPH(S)	
Issuer	Antonio Housing Trust Finance Corp		
Expiration Date	8/30/2020		
Bond Amount	\$50,000,000		
BRB Priority	Priority 3		
Bond Structure	CitiBank Tax Exempt Loan		
% Financed with Tax-Exempt Bonds	93.6%		
RISK PROFILE			
STRENGTHS/MITIGATING FACTORS			
<ul style="list-style-type: none"> <li>▫ Expense-to-income ratio</li> <li>▫ Gross Capture Rate</li> <li>▫ Experienced Developers</li> </ul>			
WEAKNESSES/RISKS			
<ul style="list-style-type: none"> <li>▫ Feasibility reliant on property tax exemption</li> <li>▫ Lack of one-bedroom units</li> </ul>			
AREA MAP			

# 20456 The Hollows - Application Summary

PROPERTY IDENTIFICATION	
Application #	20456
Development	The Hollows
City / County	Chandler / Harris
Region/Area	6 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	\$1,043,287	\$1,043,287	\$5,434/Unit	\$0.95

KEY PRINCIPALS / SPONSOR		
LDG Multifamily, LLC Jason Trevino Justin Hartz Harris County Housing Authority		
Related Parties	Contractor - Yes	Seller - No

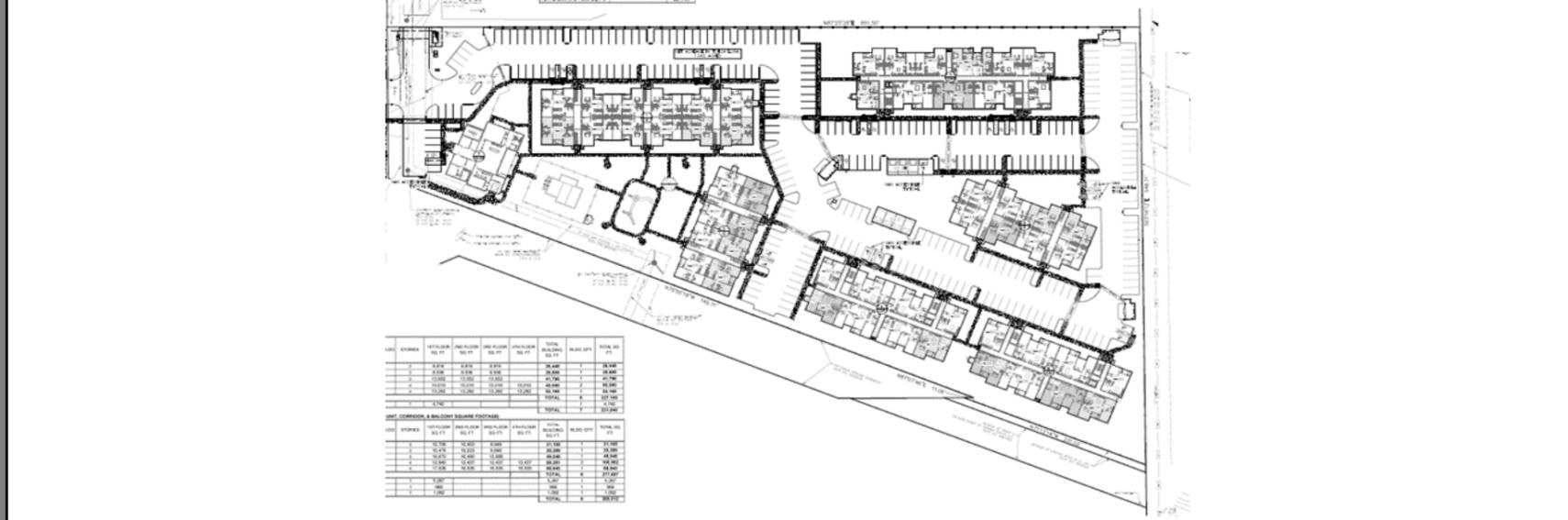
## TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	33	17%
1	36	19%	40%	-	0%
2	84	44%	50%	46	24%
3	72	38%	60%	-	0%
4	-	0%	MR	-	0%
<b>TOTAL</b>	<b>192</b>	<b>100%</b>	<b>TOTAL</b>	<b>79</b>	<b>100%</b>

PRO FORMA FEASIBILITY INDICATORS					
Pro Forma Underwritten			Applicant's Pro Forma		
Debt Coverage	✓ 1.28	Expense Ratio	✓ 47.3%		
Breakeven Occ.	✓ 82.0%	Breakeven Rent	\$804		
Average Rent	\$910	B/E Rent Margin	✓ \$106		
Property Taxes	Exempt	Exemption/PILOT	100%		
Total Expense	\$4,885/unit	Controllable	\$3,235/unit		

## SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	✓ 2.4%		
Highest Unit Capture Rate	✓ 6%	2 BR/50%	20
Dominant Unit Cap. Rate	✓ 6%	2 BR/50%	20
Premiums (↑60% Rents)	N/A	N/A	
Rent Assisted Units	192	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,183 SF	Density	25.4/acre
Acquisition	\$10K/unit		\$1,847K
Building Cost	\$76.09/SF	\$90K/unit	\$17,280K
Hard Cost		\$113K/unit	\$21,784K
Total Cost		\$199K/unit	\$38,174K
Developer Fee	\$4,293K	(32% Deferred)	Paid Year: 5
Contractor Fee	\$2,822K	30% Boost	No

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Citibank (Tranche A)	30/35	3.57%	\$15,784,000	1.32	Harris County CDBG	20/20	0.25%	\$11,120,000	1.28	Hunt Capital	\$9,909,244
										LDG Multifamily, LLC	\$1,360,869
<b>TOTAL DEBT (Must Pay)</b>			<b>\$15,784,000</b>		<b>CASH FLOW DEBT / GRANTS</b>			<b>\$11,120,000</b>		<b>TOTAL EQUITY SOURCES</b>	<b>\$11,270,113</b>
										<b>TOTAL DEBT SOURCES</b>	<b>\$26,904,000</b>
										<b>TOTAL CAPITALIZATION</b>	<b>\$38,174,113</b>

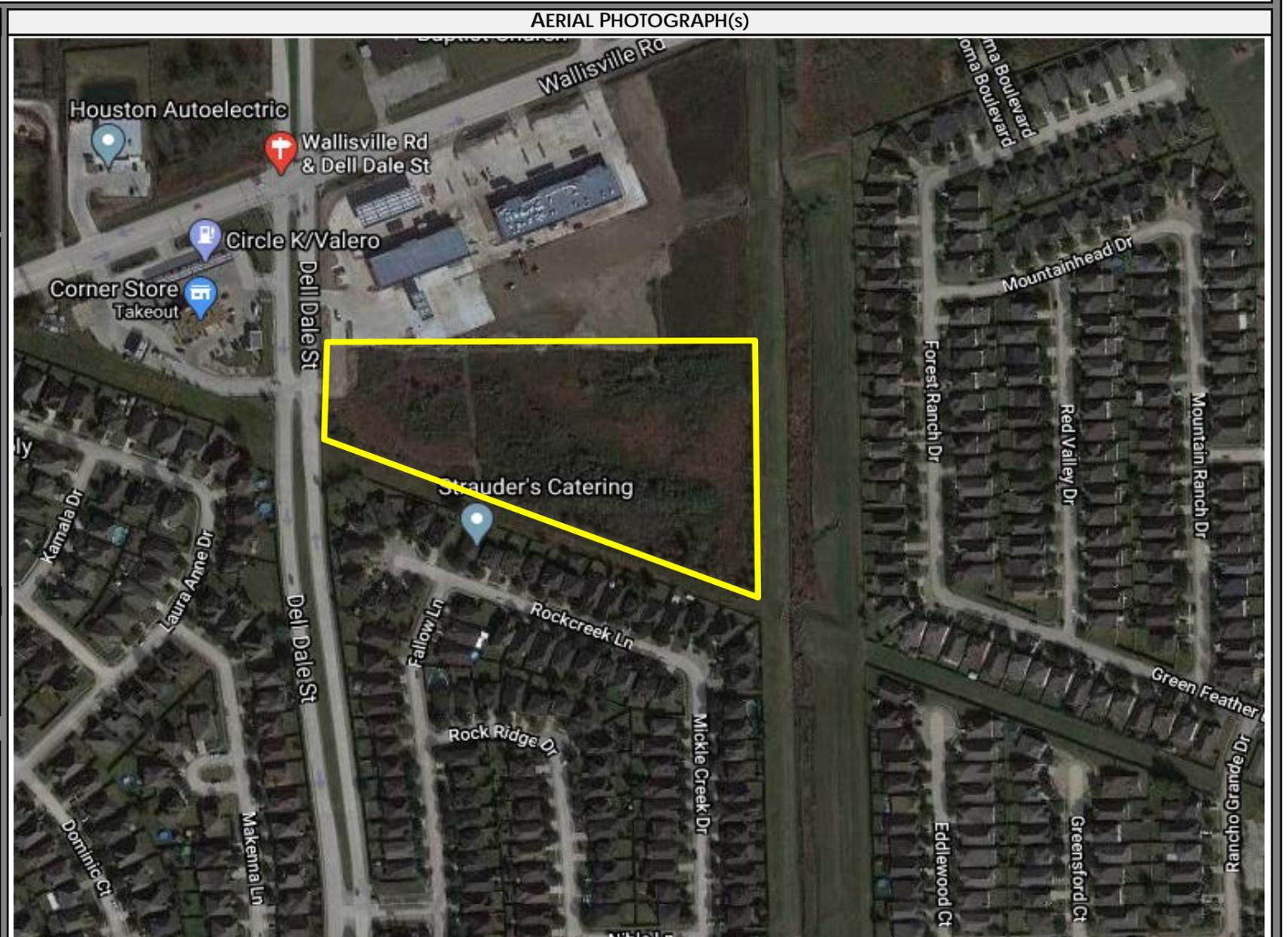
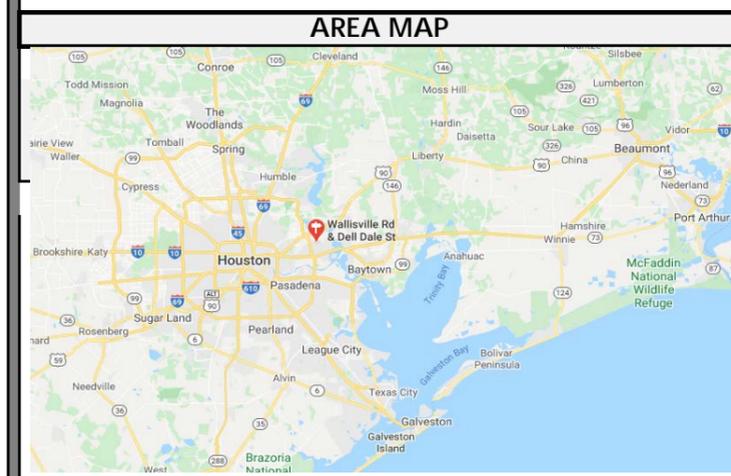
**CONDITIONS**

- 1 Receipt and acceptance before Determination Notice:
  - a: Formal approval of the \$11.12M CDBG award by Harris County.
  - b: Term sheet stating all terms and conditions reflecting the award of the CDBG funds from the Harris County to a conduit entity that will in turn loan the funds to the Applicant.
  - c: Term sheet stating all terms and conditions reflecting a non-forgivable loan of the CDBG funds from the conduit entity to the Applicant.
- 2 Receipt and acceptance by Cost Certification:
  - Final report stating that the development was constructed in accordance with PIPA best practices and that any on-going operational plans with respect to the pipelines are in place.

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	Harris County Housing Authority PFC
Expiration Date	8/18/2020
Bond Amount	\$20,000,000
BRB Priority	Priority 3
Bond Structure	Private Placement
% Financed with Tax-Exempt Bonds	64.2%

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
▫ Experienced Developer	
▫ Overall Feasibility Indicators	
▫ low capture rate	
WEAKNESSES/RISKS	
▫ Feasibility dependent on 3.5% Management Fee	
▫ Feasibility dependent on Property Tax Exemption	



# TEXAS HOUSE OF REPRESENTATIVES

**Capitol Office:**  
P.O. Box 2910  
Austin, TX 78768  
(512) 463-0614  
Fax: (512) 463-0612



**District Office:**  
1233 Mercury Drive  
Houston, TX 77029  
(713) 675-8596  
Fax: (713) 675-8599

## ANA HERNANDEZ

HOUSE DISTRICT 143

June 19, 2020

Ms. Marni Holloway  
Director, Multifamily Finance  
Texas Department of Housing and Community Affairs  
221 East 11th Street  
Austin, TX 78701

Re: The Hollows, 4% Housing Tax Credit Program Application

Dear Ms. Holloway,

As the State Representative for District 143, I write this letter with regard to The Hollows, LDG Channelview, LP project being proposed at the intersection of Wallisville Road and Dell Dale Street in Harris County and their pending application for the 4% Housing Tax Credits with the Texas Department of Housing and Community Affairs (TDHCA). As a supporter of affordable housing, it is encouraging to see an avid interest in affordable housing development in our community.

Affordable housing is in critical need in our community and I would like to make sure that all stakeholders impacted by this proposed project have the ability to express their comments and concerns. The proposed project seeks to address the need for affordable housing in our area amid rapid rising costs and threats of displacement. However, community members have expressed concerns to my office they feel were not addressed in the one community meeting they were invited to. Residents concerns range from lack of schools in the area to appropriately handle the increase in children, to potential drainage issues as the number of residents in the area continue to grow.

Prior to proceeding, I hope that the Hollows project will engage the community to address their concerns in order to bring forward a project that positively transforms our community and benefits families in my district. Thank you for your time and consideration to this matter. If you have any questions, please do not hesitate to contact my office.

Kind regards,

A handwritten signature in black ink that reads "Ana Hernandez".

Ana Hernandez  
State Representative



July 14, 2020

Teresa Morales  
Director of Multifamily Bonds  
Texas Department of Housing & Community Affairs  
221 E. 11<sup>th</sup> St.  
Austin, TX 78701

Re: The Hollows; 4% Housing Tax Credit Program Application

Dear Mrs. Morales,

I am providing you with this letter as a response to the letter you received from Representative Ana Hernandez dated June 19, 2020 regarding our development called The Hollows. She expressed the concerns from community members regarding lack of schools in the area to potential drainage issues were not addressed in our community meeting held at Harvey Brown Elementary School on December 21, 2019. Prior to the meeting, we knew what the concerns of the community were, and we went to great measures to make sure their concerns were heard and addressed. I would like to provide you with a timeline that lead up to the meeting and who was in attendance of the meeting to make sure all concerns were addressed.

Many meetings were had prior to the December 21 community meeting in an effort to reach out to as many community members as possible. Those meetings took place as follows:

- Aug. 5, 2019 – Met with Representative Ana Hernandez. Per her recommendation, I cancelled the scheduled community meeting to make additional outreach and also to schedule it at the local Harvey Brown Elementary School for convenience to the community.
- Aug. 5, 2019 – Per Representative Hernandez recommendation, I called and spoke with Channelview ISD Board Member Steve Dennis and discussed our development.
- Aug. 23, 2019 – Met with Harris County Commissioner Adrian Garcia, his Chief of Staff Mike Lykes and his Policy Advisor Mercedes Sanchez
- Oct. 23, 2019 – Met with Channelview ISD School Board Member Pastor Kent Wilson.
- Nov. 12, 2019 – Met with Rancho Verde Homeownership representatives Valerie Lehr & Linda Morris
- Nov. 21, 2019 – Met with Harris County Constable Sherman Eagleton, Precinct 3.
- Nov. 22, 2019 – Meeting with Channelview ISD. In attendance were Superintendent Greg Ollis, School Board Member Steve Dennis, School Board Member Pastor Kent Wilson, Mike Lykes and Mercedes Sanchez with Commissioner Garcia's office, Jared Briggs from Harris County CSD, Samson Babalola from Harris County Housing Authority and me.

This all led up to our Community meeting on December 21<sup>st</sup>. We knew what their concerns were prior to the meeting so we made sure we had the appropriate representatives there to address them. With me in attendance were the following:

- Harris County Housing Authority
  - o Horace Allison
  - o Samson Babalola
- Harris County Commissioner Garcia's staff
  - o Mercedes Sanchez
  - o Cindy Miller
  - o Martin Negron
- Harris County Community Service Department
  - o Candace Stevens
- Celeste Berger with Pape-Dawson Engineers who is the Civil Engineer for The Hollows. She spoke to any flooding concerns the community had and any other design concerns.
- Darrell Jack with Apartment MarketData. Darrell performed the Market Study and he addressed the needs for additional affordable housing in the market area.
- Missy Sterns – LDG Asset Management to speak on our operations of the development.
- Susan Hansen – Capstone Management to speak on the management of the development.

We had plenty of representatives at the meeting to make sure the community's concerns were address. I feel it was a productive meeting with many topics being discussed and questions answered.

I would also like to point out that the letter provided by Representative Hernandez states that she is a supporter of affordable housing and she states it is encouraging to see an avid interest in affordable housing development in her community. LDG will make sure to continue our engagement with the community and provide as much information needed to eliminate any concerns that exist regarding the development of The Hollows.

Please feel free to contact me with any questions or for additional information.  
Sincerely,

*Dru Childre*

Dru Childre  
6300 La Calma Dr., Ste. 520  
Austin, TX 78752  
Phone: 214-850-2842  
Email: [dchildre@ldgdevelopment.com](mailto:dchildre@ldgdevelopment.com)

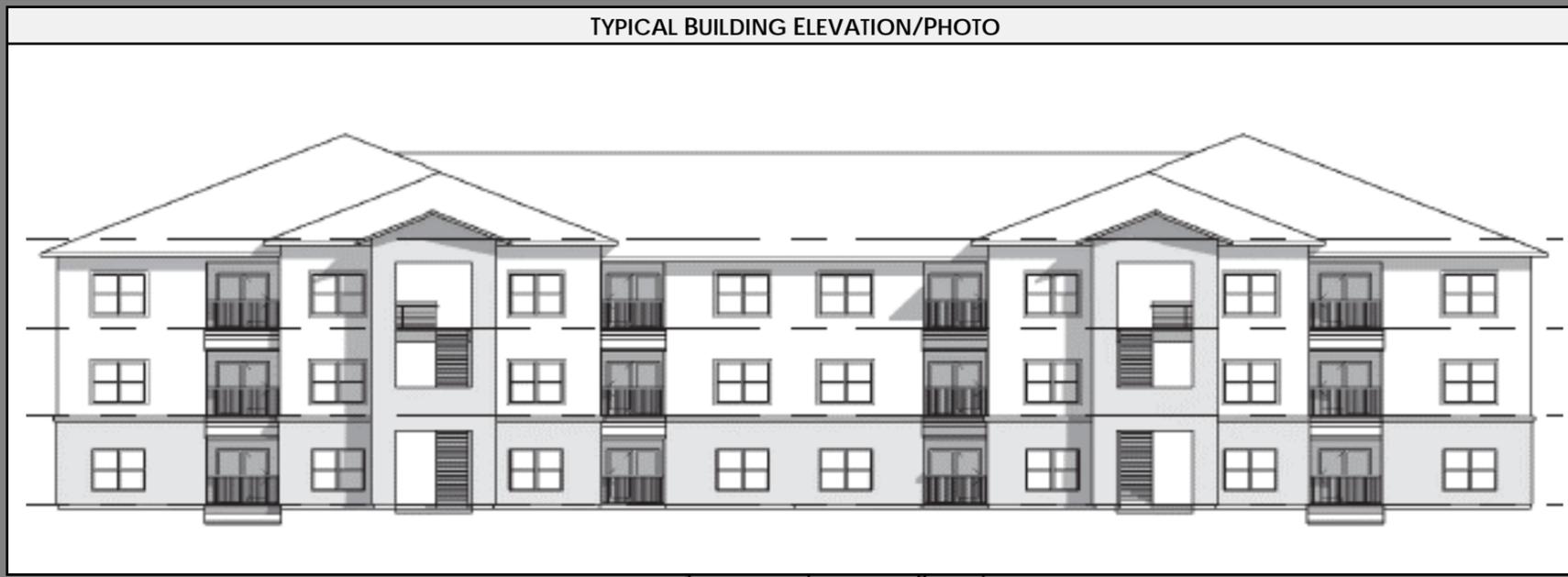
# 20471 Northwood Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION  
July 16, 2020

PROPERTY IDENTIFICATION	
Application #	20471
Development	Northwood Apartments
City / County	Houston / Harris
Region/Area	6 / Urban
Population	General
Set-Aside	General
Activity	New Construction

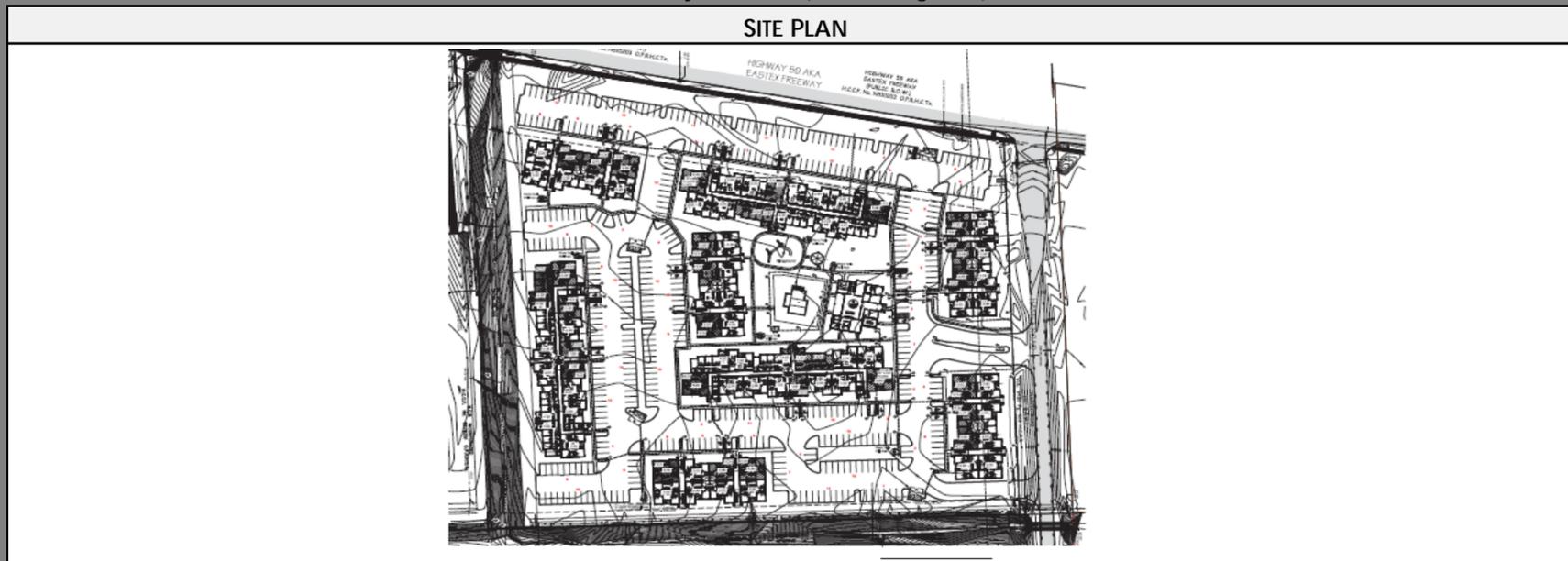
RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	\$2,378,498	\$2,378,498	\$8,259/Unit	\$0.96

KEY PRINCIPALS / SPONSOR		
LDG Multifamily, LLC Jason Trevino Justin Hartz Harris County Housing Authority		
Related Parties	Contractor - Yes	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	44	15%
1	24	8%	40%	-	0%
2	132	46%	50%	64	22%
3	92	32%	60%	-	0%
4	40	14%	MR	-	0%
<b>TOTAL</b>	<b>288</b>	<b>100%</b>	<b>TOTAL</b>	<b>108</b>	<b>100%</b>

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.34	Expense Ratio	41.8%
Breakeven Occ.	78.9%	Breakeven Rent	\$863
Average Rent	\$1,015	B/E Rent Margin	\$152
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	\$4,796/unit	Controllable	\$3,164/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	3.4%		
Highest Unit Capture Rate	7%	2 BR/50%	29
Dominant Unit Cap. Rate	7%	2 BR/50%	29
Premiums (↑60% Rents)	N/A	N/A	
Rent Assisted Units	160	56% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,194 SF	Density	23.0/acre
Acquisition		\$08K/unit	\$2,250K
Building Cost	\$77.46/SF	\$93K/unit	\$26,640K
Hard Cost		\$138K/unit	\$39,638K
Total Cost		\$227K/unit	\$65,288K
Developer Fee	\$7,649K	(22% Deferred)	Paid Year: 4
Contractor Fee	\$5,187K	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
Redstone	18/40	3.75%	\$29,245,000	1.36	Harris County CDBG-DR	20/20	0.25%	\$11,520,000	1.34	Aegon	\$22,829,018
										LDG Multifamily, LLC	\$1,694,401
<b>TOTAL DEBT (Must Pay)</b>			<b>\$29,245,000</b>		<b>CASH FLOW DEBT / GRANTS</b>			<b>\$11,520,000</b>		<b>TOTAL EQUITY SOURCES</b>	<b>\$24,523,419</b>
										<b>TOTAL DEBT SOURCES</b>	<b>\$40,765,000</b>
										<b>TOTAL CAPITALIZATION</b>	<b>\$65,288,419</b>

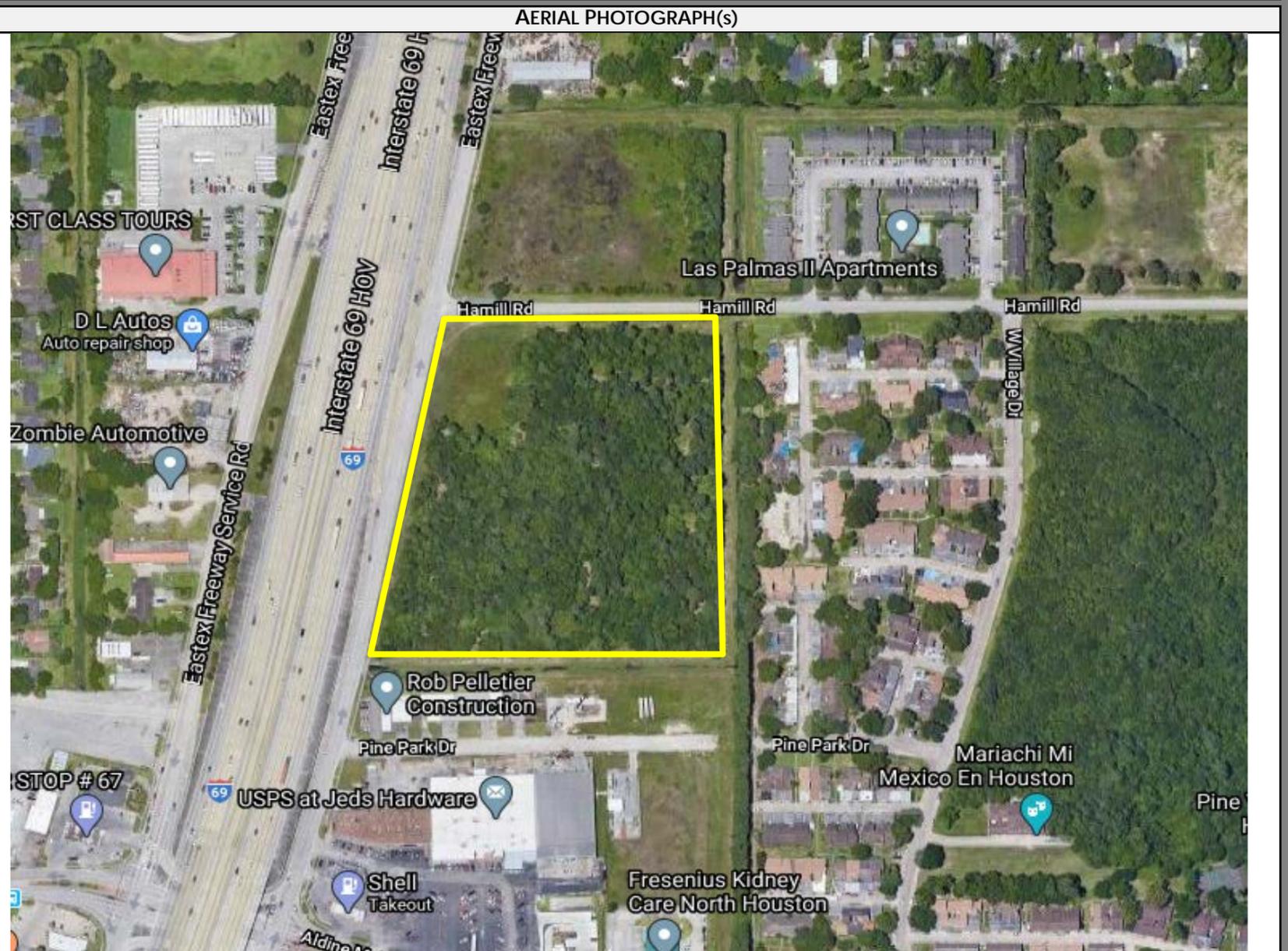
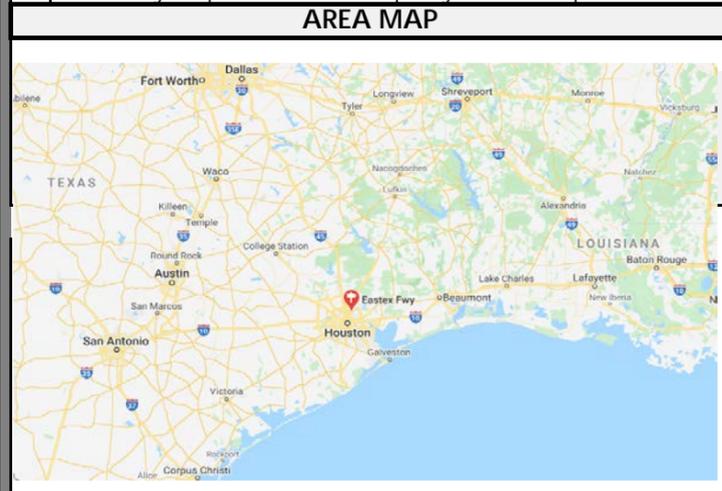
**CONDITIONS**

- 1 Receipt and acceptance before Determination Notice:
  - a: Formal approval of the \$11.52M CDBG award by Harris County.
  - b: Term sheet stating all terms and conditions reflecting the award of the CDBG funds from the Harris County to a conduit entity that will in turn loan the funds to the Applicant.
  - c: Term sheet stating all terms and conditions reflecting a non-forgivable loan of the CDBG funds from the conduit entity to the Applicant.
- 2 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.

BOND RESERVATION / ISSUER	
Issuer	Harris County Housing Authority PFC
Expiration Date	9/15/2020
Bond Amount	\$30,000,000
BRB Priority	Priority 3
Bond Structure	Private Placement
% Financed with Tax-Exempt Bonds	63.5%

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
▫ Experienced Developer	
▫ Overall Feasibility Indicators	
▫ low capture rate	
WEAKNESSES/RISKS	
▫ Feasibility dependent on 3.5% Management Fee	
▫ Feasibility dependent on Property Tax Exemption	



1d

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JULY 23, 2020**

Presentation, discussion, and possible action on the Fifth Amendment to the 2020-1 Multifamily Direct Loan Notice of Funding Availability

**RECOMMENDED ACTION**

**WHEREAS**, the Board previously approved the 2020-1 Multifamily Direct Loan Notice of Funding Availability (2020-1 NOFA), which included \$13,846,168 in HOME funds;

**WHEREAS**, the Board previously approved the First Amendment to the 2020-1 NOFA reprogramming \$5,385,999.20 in National Housing Trust Fund (NHTF) into the Soft Repayment Set-Aside of the 2020-1 NOFA;

**WHEREAS**, the Board previously approved the Second Amendment to the 2020-1 NOFA reprogramming \$4,123,858 in NHTF into the Soft Repayment Set-Aside of the 2020-1 NOFA;

**WHEREAS**, the Board previously approved the Third Amendment to the 2020-1 NOFA reprogramming \$3,000,000 in NHTF into the Soft Repayment Set-Aside of the 2020-1 NOFA;

**WHEREAS**, the Board previously approved the Fourth Amendment to the 2020-1 NOFA, which moved \$4,733,439 in HOME funds from the CHDO Set-Aside to the General set-aside of the 2020-1 NOFA;

**WHEREAS**, a \$2,000,000 request from a previous NOFA has been withdrawn and \$14,956,117.20 in Program Year (PY) 2020 non-administrative NHTF is going to be allocated by HUD within the next several weeks;

**WHEREAS**, 10 TAC §13.4(b) discusses funds received directly from HUD being allocated regionally in the annual NOFA and staff recommends programming the PY 2020 NHTF in the 2020-1 NOFA, which is currently open with an application submission deadline of August 31, 2020;

**WHEREAS**, staff believes that extending the application submission deadline to October 12, 2020, will allow for the Department's execution of the Grant Agreement with HUD for PY 2020 NHTF to occur within the next several weeks and a minimum 30-day Regional Allocation Formula (RAF) period to occur from September 11, 2020, through October 12, 2020;

**WHEREAS**, staff recommends extending the application submission deadline under the 2020-1 NOFA to October 12, 2020; and

**WHEREAS**, staff recommends adding \$2,000,000 in NHTF from a previous NOFA and up to \$14,956,117.20 (or an amount up to the non-administrative HUD funding in the 2020 grant agreement) in PY 2020 NHTF to the Soft Repayment Set-Aside of the 2020-1 NOFA, with \$14,956,117.20 subject to the RAF from September 11, 2020, through October 12, 2020;

**NOW, therefore, it is hereby**

**RESOLVED**, that the application submission deadline under the 2020-1 NOFA is extended to October 12, 2020;

**FURTHER RESOLVED**, that \$2,000,000 in NHTF from a previous NOFA and up to \$14,956,117.20 in PY 2020 NHTF is added to the Soft Repayment Set-Aside of the 2020-1 NOFA (or an amount up to the non-administrative HUD funding in the 2020 grant agreement), with \$14,956,117.20 subject to the RAF from September 11, 2020, through October 12, 2020, contingent on the Grant Agreement for PY 2020 NHTF being executed; 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 12, 2019, the Board approved the 2020-1 NOFA. On December 27, 2019, the 2020-1 NOFA was published in the *Texas Register* announcing the availability of up to \$13,846,168 in HOME funds for the development of affordable multifamily rental housing. On February 27, 2020, the Board approved the First Amendment to the 2020-1 NOFA reprogramming \$5,385,999 in available NHTF into the 2020-1 Soft Repayment S-Aside. The Amended 2020-1 NOFA was published in the *Texas Register* on March 13, 2020. On April 23, 2020, the Board approved the Second Amendment to the 2020-1 NOFA reprogramming \$4,123,858 in NHTF from the 2020-2B Special Purpose NOFA into the Soft Repayment Set-Aside. The Amended 2020-1 NOFA was published in the *Texas Register* on May 8, 2020. On May 21, 2020, the Board approved the Third Amendment to the 2020-1 NOFA reprogramming \$3,000,000 in NHTF from the 2020-2B Special Purpose NOFA into the Soft Repayment Set-Aside. The Amended 2020-1 NOFA was published in the *Texas Register* on June 5, 2020. On June 25, 2020, the Board approved the Fourth Amendment to the 2020-1 NOFA moving \$4,733,439 in HOME under the CHDO Set-Aside to the General Set-Aside. The Amended 2020-1 NOFA will be published in the *Texas Register* on July 24, 2020.

Staff was recently notified of the withdrawal of an application requesting \$2,000,000 in NHTF from the 2018-1 NOFA and has recently submitted the 2020 One Year Action Plan to HUD for approval, which should result in a Grant Agreement for PY 2020 NHTF being executed within the next several weeks. With this additional NHTF becoming available, staff believes that adding these funds to the 2020-1 NOFA will help in meeting current demand under the 2020-1 NOFA and if funds remain PY 2020 NHTF be available statewide in 2021. .

Available immediately will be \$2,000,000 of the \$16,956,117.20 being added to the 2020-1 NOFA, increasing the amount available under the Soft Repayment set-aside to \$14,509,857.20, all of which will continue to be available statewide to applicants on a first-come first-served basis through September 10, 2020. On September 11, 2020, \$14,509,857.20 will no longer be available under the Soft Repayment Set-Aside, and instead \$14,956,117.20 (or the amount of non-administrative funds in the 2020 grant agreement), which will be subject to the RAF through October 12, 2020 (the new application submission deadline for all applications under the 2020-1 NOFA). Only applications that request less than the amount available in the region in which the Development Site is located will be considered eligible, and the Application Acceptance Date will be October 12, 2020. To the extent that more than one Application is received under the Soft Repayment Set-Aside within the same region with those Applications requesting a total amount greater than the amount available in that region from September 11, 2020, through October 12, 2020, Scoring Criteria in 10 TAC §13.6 will be utilized.

Funds under the General Set-Aside will continue to be available statewide on a first-come first-served basis through October 12, 2020.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DIRECT LOAN**  
**2020-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**ANNUAL NOFA**  
**FIFTH AMENDMENT**  
**EFFECTIVE JULY 24, 2020**

**THIS AMENDMENT ADDS \$16,956,117.20 IN NATIONAL HOUSING TRUST FUND (NHTF) TO THE SOFT REPAYMENT SET-ASIDE, \$14,956,117.20 OF WHICH WILL BE SUBJECT TO REGIONAL ALLOCATION FORMULA IN APPENDIX B, AND EXTENDS THE APPLICATION ACCEPTANCE PERIOD TO 5:00 P.M. AUSTIN LOCAL TIME ON OCTOBER 12, 2020. THIS AMENDMENT REPLACES IN ITS ENTIRETY SECTIONS 1, 2, 3C, AND 6A. ALL OTHER SECTIONS OF THE 2020-1 NOFA REMAIN AS ORIGINALLY PUBLISHED, OR AS OTHERWISE PUBLISHED IN THE FIRST, SECOND, THIRD, OR FOURTH AMENDMENTS TO THE 2020-1 NOFA.**

**1) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of up to **\$43,312,142.40** in total HOME<sup>1</sup> and NHTF funding for the development of affordable multifamily rental housing for low-income Texans. Applications under the CHDO and General Set-Asides of the 2020-1 NOFA will be accepted from January 13, 2020 through **October 12, 2020** (if sufficient funds remain). Applications under the Soft Repayment Set-Aside of the 2020-1 NOFA will be accepted February 28, 2020 through **October 12, 2020** (if sufficient funds remain). The availability and use of these funds are subject to the following rules, as applicable:

**a. Texas Administrative Code**

10 TAC Chapter 1 (Administration)

10 TAC Chapter 2 (Enforcement)

10 TAC Chapter 10 (Uniform Multifamily Rules)

10 TAC Chapter 11 (Qualified Allocation Plan)

10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)

10 TAC Chapter 13 (Multifamily Direct Loan Rule)

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=3&ti=10&pt=1](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

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<sup>1</sup> HOME funds under this NOFA may only be awarded to Applications with Development Sites in non-Participating Jurisdictions.

- b. Texas Government Code  
Tex. Gov't. Code Chapter 2306  
<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>
- c. U.S. Department of Housing and Urban Development (HUD) Program Regulations  
24 CFR Part 92 ([HOME Investment Partnerships Program Final Rule](#))  
24 CFR Part 93 ([Housing Trust Fund Interim Rule](#))
- d. Fair Housing  
Federal Fair Housing Act, 42 U.S.C. 3601-19  
<https://www.tdhca.state.tx.us/fair-housing/index.htm>

- e. Other Federal laws and regulations that may apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME and NSP1 PI must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the HUD Handbook 1378.

<https://www.tdhca.state.tx.us/program-services/ura/index.htm>

Labor Standards

HOME and NSP1 PI funds are regulated by Davis-Bacon and Related Labor Acts (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).

<https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm>

Employment Opportunities

HOME and NSP1 PI require compliance with 24 CFR Part 135 (Section 3).

<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

- f. An award to a Development that proposes to refinance with minimal rehabilitation, or to obtain supplemental financing, will not be made in amount that exceeds the amount necessary to replace lost funding or maintain the anticipated levels of feasibility in the original Application, as determined by the Board.

2) **Set-Asides.** All funds under the General and CHDO set-asides will be subject to the HOME Regional Allocation Formula (HOME RAF, located in Attachment A) until February 13, 2020, and then available on a statewide basis within each Set-Aside. \$14,956,117.20 in NHTF will be subject to the NHTF RAF located in Attachment B from September 11, 2020, through October 12, 2020. Applications under any and all Set-Asides may or may not be layered with 9% or 4% Housing Tax Credits (HTC). The funds made available under this NOFA are available under the following Set-Asides:

a. **Community Housing Development Organization (CHDO) Set-Aside.** At least \$0 in HOME funds are reserved for nonprofit organizations that can be certified as Community Housing Development Organizations (CHDOs).

b. **Soft Repayment Set-Aside.** Up to \$29,465,974.40 in NHTF is available in this Set-Aside, \$14,509,857.20 of which is available statewide through September 10, 2020, and \$14,956,117.20 of which will be subject to the NHTF RAF in Appendix B from September 11, 2020, through October 12, 2020, and will include any unrequested funds through September 10, 2020. Applications received from September 11, 2020, through October 12, 2020, that request an amount greater than the amount available within the Development Site’s region during this period are ineligible. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93. Applicants in this Set-Aside must meet the Supportive Housing requirements in 10 TAC §11.1(d)(122) including the underwriting considerations for Supportive Housing Developments in 10 TAC §11.302(g)(4) or the requirements in 10 TAC §13.4(a)(1)(A)(ii).

c. **General Set-Aside.** HOME funds in the amount of \$13,846,168 is available in this Set-Aside.

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request
CHDO	NC, A/R, R	HOME	\$0	\$0
Soft Repayment	A/NC, NC	NHTF	Up to \$29,465,974.40 <sup>2</sup>	\$3,000,000

<sup>2</sup> Because the Department has not yet met its federal commitment deadline for the 2018 or 2019 NHTF funds, the Department will condition that all NHTF awards under this NOFA may be proportionally reduced or terminated if the Department and Applicant are unable to enter into a Contract by a specific date listed in the Board approval, despite any other deadlines existing in the Texas Administrative Code.

General	NC, A/R, R	HOME	\$13,846,168	\$3,000,000
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**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)

A/R – Acquisition/Rehabilitation

R – Rehabilitation

A/NC – Acquisition/New Construction

**3) Priorities within Set-Asides**

**c. Priority 3**

Applications under the Soft Repayment Set-Aside may only apply under of the following sub-priorities under Priority 3.

- i. Applications submitted after April 1, 2020, through October 12, 2020, in the General Set-Aside and after April 1, 2020, through September 10, 2020, in the Soft Repayment Set-Aside, will have an Application Acceptance Date on the business day of receipt, in accordance with 10 TAC §13.5(c).
- ii. Applications submitted under the Soft Repayment Set-Aside September 11, 2020, through October 12, 2020, will be limited to the amount of NHTF available in the Development Site’s region in Appendix B and will have an October 12, 2020, Application Acceptance Date. To the extent that more than one Application is received under the Soft Repayment Set-Aside within the same region with those Applications requesting a total amount greater than the amount available in that region from September 11, 2020, through October 12, 2020, Scoring Criteria in 10 TAC §13.6 will be utilized. If scoring is utilized, an Applicant will be held to all point selections made in the Application.

**6) Application Submission Requirements.**

- a. **Application Acceptance Period.** Applications under this NOFA will be accepted starting at 8:00 a.m. Austin local time on January 13, 2020 through October 12, 2020, at 5:00 p.m. Austin local time (if sufficient funds remain). An Applicant may have only one active Application per Development at a time under this or any other Department NOFA, and may only have that Development apply under one Set-Aside at a time.

**Attachment B**

**NHT Regional Allocation Formula (Soft Repayment Set-Aside only)  
Effective September 11, 2020 through October 12, 2020**

<b>Region</b>	<b>Allocation Amount</b>
1	\$605,795.78
2	\$432,547.33
3	\$3,117,852.97
4	\$560,227.22
5	\$414,255.89
6	\$2,849,253.75
7	\$907,266.22
8	\$604,101.62
9	\$1,115,014.34
10	\$497,702.49
11	\$1,261,272.16
12	\$606,672.12
13	\$1,984,155.32



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
MULTIFAMILY DIRECT LOAN  
2020-1 NOTICE OF FUNDING AVAILABILITY (NOFA)  
ANNUAL NOFA  
FOURTH AMENDMENT  
EFFECTIVE JUNE 26, 2020

THIS AMENDMENT MOVES \$4,733,439 IN HOME FUNDS FROM THE CHDO SET-ASIDE TO THE GENERAL SET-ASIDE. THIS AMENDMENT REPLACES IN ITS ENTIRETY SECTION 2. ALL OTHER SECTIONS OF THE 2020-1 NOFA REMAIN AS ORIGINALLY PUBLISHED, OR AS OTHERWISE PUBLISHED IN THE FIRST, SECOND, OR THIRD AMENDMENTS TO THE 2020-1 NOFA.

- 2) **Set-Asides.** All funds will be subject to the Regional Allocation Formula (RAF, located in Attachment A) until February 13, 2020, and then available on a statewide basis within each Set-Aside. Applications under any and all Set-Asides may or may not be layered with 9% or 4% Housing Tax Credits (HTC). The funds made available under this NOFA are available under the following Set-Asides:
- a. **Community Housing Development Organization (CHDO) Set-Aside.** At least \$0 in HOME funds are reserved for nonprofit organizations that can be certified as Community Housing Development Organizations (CHDOs).
  - b. **Soft Repayment Set-Aside.** \$12,509,857.20 in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93. Applicants in this Set-Aside must meet the Supportive Housing requirements in 10 TAC §11.1(d)(122) including the underwriting considerations for Supportive Housing Developments in 10 TAC §11.302(g)(4) or the requirements in 10 TAC §13.4(a)(1)(A)(ii).
  - c. **General Set-Aside.** HOME funds in the amount of \$13,846,168 is available in this Set-Aside.

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request
CHDO	NC, A/R, R	HOME	\$0	\$0
Soft Repayment	A/NC, NC	NHTF	\$12,509,857.20 <sup>1</sup>	\$3,000,000
General	NC, A/R, R	HOME	\$13,846,168	\$3,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)

A/R – Acquisition/Rehabilitation

R – Rehabilitation

A/NC – Acquisition/New Construction

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<sup>1</sup> Because the Department has not yet met its federal commitment deadline for the 2018 or 2019 NHTF funds, the Department will condition all NHTF awards under this NOFA, that the award of NHTF funds may be proportionally reduced or terminated if the Department and Applicant are unable to enter into a Contract by a specific date listed in the Board approval, despite any other deadlines existing in the Texas Administrative Code.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DIRECT LOAN**  
**2020-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**ANNUAL NOFA**  
**THIRD AMENDMENT**  
**EFFECTIVE MAY 22, 2020**

**THIS AMENDMENT ADDS \$3,000,000 IN NATIONAL HOUSING TRUST FUND (NHTF) TO THE SOFT REPAYMENT SET-ASIDE AND INCREASES THE MAXIMUM PER APPLICATION REQUEST IN THE SOFT REPAYMENT SET-ASIDE TO \$3,000,000. ALL NHTF IS AVAILABLE ON A STATEWIDE BASIS. THIS AMENDMENT REPLACES IN ITS ENTIRETY SECTIONS 1, 2B, AND THE TABLE IN SECTION 2. ALL OTHER SECTIONS OF THE 2020-1 NOFA REMAIN AS ORIGINALLY PUBLISHED, OR AS OTHERWISE PUBLISHED IN THE FIRST AMENDMENT TO THE 2020-1 NOFA.**

**1) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of up to **\$26,356,025.20 in total HOME<sup>1</sup> and NHTF funding** for the development of affordable multifamily rental housing for low-income Texans. Applications under the CHDO and General Set-Asides of the 2020-1 NOFA will be accepted from January 13, 2020 through August 31, 2020 (if sufficient funds remain). Applications under the Soft Repayment Set-Aside of the 2020-1 NOFA will be accepted February 28, 2020 through August 31, 2020 (if sufficient funds remain). The availability and use of these funds are subject to the following rules, as applicable:

**a. Texas Administrative Code**

- 10 TAC Chapter 1 (Administration)
- 10 TAC Chapter 2 (Enforcement)
- 10 TAC Chapter 10 (Uniform Multifamily Rules)
- 10 TAC Chapter 11 (Qualified Allocation Plan)
- 10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)
- 10 TAC Chapter 13 (Multifamily Direct Loan Rule)

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=3&ti=10&pt=1](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

**b. Texas Government Code**

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<sup>1</sup> HOME funds under this NOFA may only be awarded to Applications with Development Sites in non-Participating Jurisdictions.

Tex. Gov't. Code Chapter 2306

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

- c. U.S. Department of Housing and Urban Development (HUD) Program Regulations  
24 CFR Part 92 ([HOME Investment Partnerships Program Final Rule](#))  
24 CFR Part 93 ([Housing Trust Fund Interim Rule](#))

- d. Fair Housing

Federal Fair Housing Act, 42 U.S.C. 3601-19

<https://www.tdhca.state.tx.us/fair-housing/index.htm>

- e. Other Federal laws and regulations that may apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME and NSP1 PI must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the HUD Handbook 1378.

<https://www.tdhca.state.tx.us/program-services/ura/index.htm>

Labor Standards

HOME and NSP1 PI funds are regulated by Davis-Bacon and Related Labor Acts (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).

<https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm>

Employment Opportunities

HOME and NSP1 PI require compliance with 24 CFR Part 135 (Section 3).

<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

- f. An award to a Development that proposes to refinance with minimal rehabilitation, or to obtain supplemental financing, will not be made in amount that exceeds the amount necessary to replace lost funding or maintain the anticipated levels of feasibility in the original Application, as determined by the Board.

- 2) **b. Soft Repayment Set-Aside.** \$12,509,857.20 in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93. Applicants in this Set-Aside must meet the Supportive Housing requirements in 10 TAC §11.1(d)(122) including the underwriting considerations for Supportive Housing Developments in 10 TAC §11.302(g)(4) or the requirements in 10 TAC §13.4(a)(1)(A)(ii).

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request
CHDO	NC, A/R, R	HOME	\$4,733,439	\$3,000,000
Soft Repayment	A/NC, NC	NHTF	\$12,509,857.20 <sup>2</sup>	\$3,000,000
General	NC, A/R, R	HOME	\$9,112,729	\$3,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)

A/R – Acquisition/Rehabilitation

R – Rehabilitation

A/NC – Acquisition/New Construction

<sup>2</sup> Because the Department has not yet met its federal commitment deadline for the 2018 or 2019 NHTF funds, the Department will condition all NHTF awards under this NOFA, that the award of NHTF funds may be proportionally reduced or terminated if the Department and Applicant are unable to enter into a Contract by a specific date listed in the Board approval, despite any other deadlines existing in the Texas Administrative Code.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DIRECT LOAN**  
**2020-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**ANNUAL NOFA**  
**SECOND AMENDMENT**  
**EFFECTIVE APRIL 24, 2020**

**THIS AMENDMENT ADDS \$4,123,858 IN NATIONAL HOUSING TRUST FUND (NHTF) TO THE SOFT REPAYMENT SET-ASIDE. ALL NHTF IS AVAILABLE ON A STATEWIDE BASIS. THIS AMENDMENT REPLACES IN ITS ENTIRETY SECTIONS 1, 2B, AND THE TABLE IN SECTION 2. ALL OTHER SECTIONS OF THE 2020-1 NOFA REMAIN AS ORIGINALLY PUBLISHED, OR AS OTHERWISE PUBLISHED IN THE FIRST AMENDMENT TO THE 2020-1 NOFA.**

**1) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of up to **\$23,356,025.20** in total HOME<sup>1</sup> and NHTF funding for the development of affordable multifamily rental housing for low-income Texans. Applications under the CHDO and General Set-Asides of the 2020-1 NOFA will be accepted from January 13, 2020 through August 31, 2020 (if sufficient funds remain). Applications under the Soft Repayment Set-Aside of the 2020-1 NOFA will be accepted February 28, 2020 through August 31, 2020 (if sufficient funds remain). The availability and use of these funds are subject to the following rules, as applicable:

**a. Texas Administrative Code**

10 TAC Chapter 1 (Administration)

10 TAC Chapter 2 (Enforcement)

10 TAC Chapter 10 (Uniform Multifamily Rules)

10 TAC Chapter 11 (Qualified Allocation Plan)

10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)

10 TAC Chapter 13 (Multifamily Direct Loan Rule)

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=3&ti=10&pt=1](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

**b. Texas Government Code**

Tex. Gov't. Code Chapter 2306

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<sup>1</sup> HOME funds under this NOFA may only be awarded to Applications with Development Sites in non-Participating Jurisdictions.

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

- c. U.S. Department of Housing and Urban Development (HUD) Program Regulations  
24 CFR Part 92 ([HOME Investment Partnerships Program Final Rule](#))  
24 CFR Part 93 ([Housing Trust Fund Interim Rule](#))

- d. Fair Housing  
Federal Fair Housing Act, 42 U.S.C. 3601-19  
<https://www.tdhca.state.tx.us/fair-housing/index.htm>

- e. Other Federal laws and regulations that may apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME and NSP1 PI must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the HUD Handbook 1378.

<https://www.tdhca.state.tx.us/program-services/ura/index.htm>

Labor Standards

HOME and NSP1 PI funds are regulated by Davis-Bacon and Related Labor Acts (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).

<https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm>

Employment Opportunities

HOME and NSP1 PI require compliance with 24 CFR Part 135 (Section 3).

<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

- f. An award to a Development that proposes to refinance with minimal rehabilitation, or to obtain supplemental financing, will not be made in amount that exceeds the amount necessary to replace lost funding or maintain the anticipated levels of feasibility in the original Application, as determined by the Board.

2) **b. Soft Repayment Set-Aside.** \$9,509,857.20 in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93. Applicants in this Set-Aside must meet the Supportive Housing requirements in 10 TAC §11.1(d)(122) including the underwriting considerations for Supportive Housing Developments in 10 TAC §11.302(g)(4) or the requirements in 10 TAC §13.4(a)(1)(A)(ii).

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request
CHDO	NC, A/R, R	HOME	\$4,733,439	\$3,000,000
Soft Repayment	A/NC, NC	NHTF	\$9,509,857.20 <sup>2</sup>	\$2,000,000
General	NC, A/R, R	HOME	\$9,112,729	\$3,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)

A/R – Acquisition/Rehabilitation

R – Rehabilitation

A/NC – Acquisition/New Construction

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<sup>2</sup> Because the Department has not yet met its federal commitment deadline for the 2018 or 2019 NHTF funds, the Department will condition all NHTF awards under this NOFA, that the award of NHTF funds may be proportionally reduced or terminated if the Department and Applicant are unable to enter into a Contract by a specific date listed in the Board approval, despite any other deadlines existing in the Texas Administrative Code.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DIRECT LOAN**  
**2020-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**ANNUAL NOFA**  
**FIRST AMENDMENT**  
**EFFECTIVE FEBRUARY 28, 2020**

**THIS AMENDMENT ADDS \$5,385,999.20 IN NATIONAL HOUSING TRUST FUND (NHTF) TO THE SOFT REPAYMENT SET-ASIDE AND INCREASES THE MAXIMUM REQUEST UNDER THE SOFT REPAYMENT SET-ASIDE FROM \$1,000,000 TO \$2,000,000. NONE OF THIS \$5,385,999.20 IN NHTF WILL BE SUBJECT TO THE REGIONAL ALLOCATION FORMULA, THEREFORE ALL NHTF IS AVAILABLE ON A STATEWIDE BASIS. THIS AMENDMENT REPLACES IN ITS ENTIRETY SECTIONS 1, 2B, AND THE TABLE IN SECTION 2. ALL OTHER SECTIONS OF THE 2020-1 NOFA REMAIN AS ORIGINALLY PUBLISHED.**

**1) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of up to **\$19,232,167.20** in HOME funds<sup>1</sup> and NHTF funding for the development of affordable multifamily rental housing for low-income Texans. Applications under the CHDO and General Set-Asides of the 2020-1 NOFA will be accepted from January 13, 2020 through August 31, 2020 (if sufficient funds remain). **Applications under the Soft Repayment Set-Aside of the 2020-1 NOFA will be accepted February 28, 2020 through August 31, 2020 (if sufficient funds remain).** The availability and use of these funds are subject to the following rules, as applicable:

**a. Texas Administrative Code**

10 TAC Chapter 1 (Administration)

10 TAC Chapter 2 (Enforcement)

10 TAC Chapter 10 (Uniform Multifamily Rules)

10 TAC Chapter 11 (Qualified Allocation Plan)

10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)

10 TAC Chapter 13 (Multifamily Direct Loan Rule)

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=3&ti=10&pt=1](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

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<sup>1</sup> HOME funds under this NOFA may only be awarded to Applications with Development Sites in non-Participating Jurisdictions.

- b. Texas Government Code  
Tex. Gov't. Code Chapter 2306  
<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>
- c. U.S. Department of Housing and Urban Development (HUD) Program Regulations  
24 CFR Part 92 ([HOME Investment Partnerships Program Final Rule](#))  
24 CFR Part 93 ([Housing Trust Fund Interim Rule](#))
- d. Fair Housing  
Federal Fair Housing Act, 42 U.S.C. 3601-19.  
<https://www.tdhca.state.tx.us/fair-housing/index.htm>
- e. Other Federal laws and regulations may that apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME and NSP1 PI must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the HUD Handbook 1378.

<https://www.tdhca.state.tx.us/program-services/ura/index.htm>

Labor Standards

HOME and NSP1 PI funds are regulated by Davis-Bacon and Related Labor Acts (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).

<https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm>

Employment Opportunities

HOME and NSP1 PI require compliance with 24 CFR Part 135 (Section 3).

<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

- f. An award to a Development that proposes to refinance with minimal rehabilitation, or to obtain supplemental financing, will not be made in amount that exceeds the amount necessary to replace lost funding or maintain the anticipated levels of feasibility in the original Application, as determined by the Board.

- 2) b. **Soft Repayment Set-Aside.** \$5,385,999.20 in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93. Applicants in this Set-Aside must meet the Supportive Housing requirements in 10 TAC §11.1(d)(122) including the underwriting considerations for Supportive Housing Developments in 10 TAC §11.302(g)(4) or the requirements in 10 TAC §13.4(a)(1)(A)(ii).

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request
CHDO	NC, A/R, R	HOME	\$4,733,439	\$3,000,000
Soft Repayment	NC	NHTF	\$5,385,999.20 <sup>2</sup>	\$2,000,000
General	NC, A/R, R	HOME	\$9,112,729	\$3,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)                      A/R – Acquisition/Rehabilitation

R – Rehabilitation

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<sup>2</sup> Because the Department has not yet met its federal commitment deadline for the 2018 or 2019 NHTF funds, the Department will condition all NHTF awards under this NOFA, that the award of NHTF funds may be proportionally reduced or terminated if the Department and Applicant are unable to enter into a Contract by a specific date listed in the Board approval, despite any other deadlines existing in the Texas Administrative Code.



**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**  
**MULTIFAMILY DIRECT LOAN**  
**2020-1 NOTICE OF FUNDING AVAILABILITY (NOFA)**  
**ANNUAL NOFA**

**1) Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of **\$13,846,168**<sup>1</sup> in HOME funds<sup>2</sup> and any unrequested NHTF funds remaining out of the 2020-2 NOFA for Multifamily Direct Loan funding for the development of affordable multifamily rental housing for low-income Texans. Applicants under the 2020-1 NOFA will be accepted from January 13, 2020 through August 31, 2020 (if sufficient funds remain). The availability and use of these funds are subject to the following rules, as applicable:

**a. Texas Administrative Code**

10 TAC Chapter 1 (Administration)

10 TAC Chapter 2 (Enforcement)

10 TAC Chapter 10 (Uniform Multifamily Rules)

10 TAC Chapter 11 (Qualified Allocation Plan)

10 TAC Chapter 12 (Multifamily Housing Revenue Bonds)

10 TAC Chapter 13 (Multifamily Direct Loan Rule)

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac\\_view=3&ti=10&pt=1](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1)

**b. Texas Government Code**

Tex. Gov't. Code Chapter 2306

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm>

**c. U.S. Department of Housing and Urban Development (HUD) Program Regulations**

24 CFR Part 92 ([HOME Investment Partnerships Program Final Rule](#))

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<sup>1</sup> Final amount to be determined on January 7, 2020, after the amount of NHTF requested under 2020-2 NOFA is known.

<sup>2</sup> HOME funds under this NOFA may only be awarded to Applications with Development sites in non-Participating Jurisdictions.

24 CFR Part 93 ([Housing Trust Fund Interim Rule](#))

d. Fair Housing

Federal Fair Housing Act, 42 U.S.C. 3601-19.

<https://www.tdhca.state.tx.us/fair-housing/index.htm>

e. Other Federal laws and regulations may that apply depending on funding source:

Environmental Compliance

All federal sources must have some type of environmental review in accordance with 24 CFR Part 93 or 24 CFR Part 58 as applicable.

<https://www.tdhca.state.tx.us/program-services/environmental/index.htm>

Minimizing Resident Displacement

All federal sources must follow the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; HOME must follow Section 104(d) of Housing and Community Development Act of 1974; and all federal sources must follow the HUD Handbook 1378.

<https://www.tdhca.state.tx.us/program-services/ura/index.htm>

Labor Standards

HOME funds are regulated by Davis-Bacon and Related Labor Acts (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).

<https://www.tdhca.state.tx.us/program-services/davis-bacon/index.htm>

Employment Opportunities

HOME, and NSP1 PI require compliance with 24 CFR Part 135 (Section 3).

<https://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm>

**If HOME or NHTF funds are awarded and Federal regulations or subsequent guidance imposes additional requirements, such Federal regulations or guidance shall govern.**

f. An award to a Development that proposes to refinance with minimal rehabilitation, or to obtain supplemental financing, will not be made in amount that exceeds the amount necessary to replace lost funding or maintain the anticipated levels of feasibility in the original Application, as determined by the Board.

**2) Set-Asides.** All funds will be subject to the Regional Allocation Formula (RAF, located in Attachment A) until February 13, 2020, and then available on a statewide basis within each Set-Aside. Applications under any and all Set-Asides may or may not be layered with 9% or 4% Housing Tax Credits (HTC). The funds made available under this NOFA are available under the following Set-Asides:

- a. **Community Housing Development Organization (CHDO) Set-Aside.** At least \$4,733,439 in HOME funds are reserved for nonprofit organizations that can be certified as Community Housing Development Organizations (CHDOs).
- b. **Soft Repayment Set-Aside.** \$ \_\_\_\_\_<sup>3</sup> in NHTF is available in this Set-Aside. Applicants within this Set-Aside must restrict rent and income for all Direct Loan-assisted units to 30% as defined in 24 CFR Part 93..
- c. **General Set-Aside.** HOME funds in the amount of \$9,112,729 is available in this Set-Aside; currently anticipated to be \$9,112,729.

Set-Aside	Eligible Activities	Fund Source and Amount Available		Maximum Request <sup>4</sup>
CHDO	NC, A/R, R	HOME	\$4,733,439	\$3,000,000
Soft Repayment	NC	NHTF	\$ _____	\$1,000,000
General	NC, A/R, R	HOME	\$9,112,729	\$3,000,000

**Key:**

NC – New Construction (For the Soft Repayment Set-Aside, New Construction includes Reconstruction, as defined in 24 CFR Part 93)                      A/R– Acquisition/Rehabilitation  
R – Rehabilitation

**3) Priorities within Set-Asides.** Priority 1 Applications will be subject to various Application Acceptance Dates depending on the criteria described below. The Application Acceptance Dates are those that exist in 10 TAC §13.4(c) for Priority 2 or Priority 3 Applications. The Department will utilize the Scoring Criteria in 10 TAC §13.6.

**a. Priority 1.**

- i. **Applications submitted in the General and CHDO Set-Asides by February 13, 2020, that request less than RAF amount for the subregion in which the Development Site is located.** Applications submitted under the CHDO Set-Aside that request less than or equal to the amount listed for the subregion in which the Development Site

<sup>3</sup> Amount to be determined on January 7, 2020, after the amount of NHTF requested under 2020-2 NOFA is known.  
<sup>4</sup> This total includes any other Multifamily Direct Loan Funds previously awarded to the Applicant by the Department for the Development, including any outstanding loan balances that will remain after the Direct Loan closing.

is located January 13, 2020, through February 13, 2020, will have an Application Acceptance Date of February 13, 2020. Applications submitted in the General Set-Aside, that request less than or equal to the amount listed for the subregion in which the Development Site is located January 13, 2020 through February 13, 2020, will have an Application Acceptance Date of February 14, 2020.

- ii. **4% HTC-layered Applications with TDHCA as the Bond Issuer that request greater than RAF amount for the subregion in which the Development Site is located, where TDHCA is the Bond Issuer and were not recommended for an award under 3) a i. of this NOFA, or where TDHCA is the Bond Issuer and the Application is submitted under the Soft-Repayment Set-Aside.** Applications submitted under all Set-Asides that meet all of the following requirements will have an Application Acceptance Date of March 30, 2020:
  1. The Application is layered with 2020 4% HTC in which TDHCA is the Bond Issuer;
  2. The Application was not recommended for an award under Section 3(a)(i) of this NOFA; and
  3. The Application is submitted January 13, 2020, through March 30, 2020.
- iii. **Applications that did not apply for or were not recommended for awards under Section 3(a)(i) and (ii), and submitted Applications January 13, 2020 through March 31, 2020, will have an Application Acceptance Date of March 31, 2020.**

- b. **Priority 2.** Applications applying contemporaneously for current year 9% HTC will have an Application Acceptance Date of April 1, 2020.
- c. **Priority 3.** Applications submitted after April 1, 2020, will have Application Acceptance Date on the business day of receipt, in accordance with 10 TAC §13.5(c).

**4) Interest Rates.**

- a. **Construction-to-Permanent Loans.** All Direct Loan requests structured as construction-to-permanent loans will be required to use the minimum required interest rate listed in the table below depending on the Set-Aside, Activity, whether or not HTC are also being requested, and whether or not the Direct Loan will be in first lien position during the permanent period. If the Debt Coverage Ratio is less than the minimum 1.15 with the minimum required interest rate as applicable, staff will make adjustments to the financing structure in accordance with 10 TAC §11.302(d)(4)(D)(i), with the exception of 10 TAC §11.302(d)(4)(D)(i)(II)(-a-).

Set-Aside and Priority	Activity	HTC layered	Direct Loan 1 <sup>st</sup> Lien during Permanent Period	Minimum Required Interest Rate

<b>CHDO or General – 4% HTC with TDHCA as Bond Issuer</b>	NC, A/R, R	Y	Y or N	0%
<b>CHDO or General – all other Applications</b>	NC, A/R, R	Y	Y	2.0%
			N	2.50%
		N	Y	2.75%
			N	3.0%
<b>Soft Repayment</b>	NC only	Y or N	Y or N	0%

- b. **Construction-Only Loans.** All Direct Loan requests structured as construction only loans, regardless of the Set-Aside and Activity, may request an interest rate as low as 0% with the principal amount of the Direct Loan due upon the end of the construction loan term as established in 10 TAC §13.8(e)(1).

**5) Maximum Per Unit Subsidy Limits and Maximum Rehabilitation Per-Unit Subsidy Limits.**

- a. The maximum per unit subsidy limits that an Applicant can use to determine the amount of Direct Loan funds they may request are listed in the 2020 Maximum Per Unit Subsidy Limits table provided in this Section 5:

<b>2020 Maximum Per Unit Subsidy Limits</b>		
<b>Bedrooms</b>	<b>Non-elevator property</b>	<b>Elevator-served property</b>
0 bedroom	\$142,411	\$149,868
1 bedroom	\$164,203	\$171,802
2 bedroom	\$198,034	\$208,913
3 bedroom	\$253,490	\$270,266
4 bedroom or more	\$282,398	\$296,666

Smaller per unit subsidies are allowable and incentivized as point scoring items in 10 TAC §13.6.

- b. The Maximum Rehabilitation Per Unit Subsidy Limit is \$38,717 for Applications proposing rehabilitation.

**6) Application Submission Requirements.**

- a. **Application Acceptance Period.** Applications under this NOFA will be accepted starting at 8:00 a.m. Austin local time on January 13, 2020 through August 31, 2020, at 5:00 p.m. Austin local time (if sufficient funds remain). An Applicant may have only one active Application per Development at a time under this or any other Department NOFA, and may only have that Development apply under one Set-Aside at a time.

- b. **Application Submission Materials.** All Application materials including manuals, NOFAs, program guidelines, and rules will be available on the Department’s website at [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us). Applications will be required to adhere to the requirements in effect at the time of the Application submission including any requirements of federal rules that may apply and subsequent guidance provided by HUD.
- c. An Application must be on forms provided by the Department, and cannot be altered or modified, and must be in final form before submitting it to the Department. An Applicant must submit the Application materials as detailed in the Multifamily Programs Procedures Manual (MPPM) in effect at the time the Application is submitted. All scanned copies must be scanned in accordance with the guidance provided in the MPPM in effect at the time the Application is submitted.
  - i. If an Applicant has an active Application (i.e. the Board has not made a Direct Loan Award), but wishes to apply for additional funds, it must withdraw that Application and submit a new Application.
  - ii. Applicants for Developments that have received an award of Multifamily Direct Loan Funds or Housing Tax Credits prior to the date of the Application under this NOFA, should consult 10 TAC §13.5(h) regarding Eligibility Criteria, and provide the additional information required by 10 TAC §13.5(h)(2)(B), including clear evidence of the circumstances beyond their control that materially impair their ability to provide affordable housing. Evidence will include information from verifiable third-party sources that allows the Board to make an informed decision regarding eligibility.
- d. **Minimum Requests.** The request for funds under the CHDO, Soft Repayment, and General Set-Asides may not be less than \$300,000 regardless of the Set-Aside under which an application is being submitted. However, if the underwriting report indicates that the Development will be feasible with an award of less than \$300,000, staff may recommend a lower award.
- e. **Match Submission Requirements.** All Applicants must provide Match in the amount of **at least 7.5%** of the Direct Loan funds requested. Except for Match in the form of the net present value of a below market interest rate loan or a property tax exemption under Sections 11.111, 11.18, 11.181, 11.182, 11.1825, or 11.1827 of Texas Property Tax Code, Match must be documented with a letter from the anticipated provider of Match indicating the provider’s willingness and ability to make a financial commitment should the Development receive an award of Direct Loan funds.
- f. The 2020 CHDO Certification Packet must be submitted with the 2020 Uniform Multifamily Application for Applicants applying under the CHDO Set-Aside.
- g. All 4% HTC-layered applications must provide evidence of a Reservation with submission of the MFDL Application submission.
- h. Each CHDO that is awarded HOME funds may also be eligible to receive a CHDO operating grant of up to \$50,000 for CHDO Operating Expenses, which are defined in 24 CFR §92.208

as including salaries, wages, and other employee compensation and benefits; employee education, training, and travel; rent; utilities; communication costs; taxes; insurance; and equipment, materials, and supplies. An award of HOME funds under the CHDO Set-Aside does not guarantee that a CHDO will receive a grant for CHDO Operating Expenses.

- i. An Applicant under the CHDO, Soft Repayment, and General Set-Asides who are not also simultaneously applying for 2020 9% or 4% Housing Tax Credits are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of \$1,000.00 per Application. Payment must be in the form of a check, cashier's check or money order. Do not send cash. Tex. Gov't Code §2306.147(b) requires the Department to waive Application fees for private nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must include proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not a reimbursable cost under the Multifamily Direct Loan Program.
- j. An Application must be uploaded to the Department's secure web transfer server in accordance with 10 TAC §11.201(1)(C).

**7) Post Award Requirements.** Applicants are strongly encouraged to review the applicable Post Award requirements in 10 TAC Chapter 10, Subchapter E, Post Award and Asset Management Requirements and 10 TAC Chapter 13, as well as the Compliance Monitoring requirements in 10 TAC Chapter 10, Subchapter F and G.

- a. Awarded Applicants may, at the Department's discretion, be charged fees for underwriting, asset management, and ongoing monitoring.
- b. An Applicant will be required to record a Land Use Restriction Agreement (LURA) limiting residents' income and rent for the greater amount of Units required by the Direct Loan Unit Calculation Tool, or as represented in the Application for the term of the LURA.
- c. An Applicant must have a current Data Universal Numbering System (DUNS) number and be registered in the federal System for Award Management prior (SAM) prior to execution of a Direct Loan contract. Applicants may apply for a DUNS number at [dnb.com](http://dnb.com)). Once you have the DUNS number, you can [register with the SAM](#).
- d. An awarded Applicant may be required to meet additional documentation requirements in order to draw funds, in accordance with its Previous Participation results.

**8) Miscellaneous.**

- a. This NOFA does not include text of the various applicable regulatory provisions pertinent to the HOME and NHTF fund sources. For proper completion of the application, the Department strongly encourages potential Applicants to review the State and Federal regulations.
- b. All Applicants must comply with public notification requirements in 10 TAC §11.203.
- c. Waivers of any substantive or procedural provision of this NOFA, if available, will be treated in accordance with 10 TAC §13.1(c). 10 TAC §13.1(c) may not be waived.

- d.** For questions regarding this NOFA, please contact Andrew Sinnott, Multifamily Loan Program Administrator, at [andrew.sinnott@tdhca.state.tx.us](mailto:andrew.sinnott@tdhca.state.tx.us).

**Attachment A**

**Regional Allocation Formula under the General Set-Aside – URBAN**

<b>Region</b>	<b>Subregion Allocation Amount</b>
1	\$132,110.34
2	\$61,876.35
3	\$2,623,497.49
4	\$530,280.89
5	\$261,068.05
6	\$572,849.63
7	\$1,356,613.25
8	\$512,503.83
9	\$426,958.63
10	\$361,847.13
11	\$426,921.60
12	\$305,724.16
13	\$479,353.00

**Regional Allocation Formula under the General Set-Aside – RURAL**

<b>Region</b>	<b>Subregion Allocation Amount</b>
1	\$475,829.98
2	\$328,085.81
3	\$411,083.33
4	\$1,097,845.12
5	\$731,836.00
6	\$344,737.06
7	\$169,655.09
8	\$472,200.51
9	\$352,582.40
10	\$456,518.42
11	\$658,254.77
12	\$284,917.83
13	\$37,834.33

1e

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

1f

**BOARD ACTION REQUEST**  
**MULTIFAMILY FINANCE DIVISION**  
**JULY 23, 2020**

Presentation, discussion, and possible action confirming obligations for those properties recommended for an award of competitive low income housing tax credits that sought and were awarded one point for committing at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness under 10 TAC §11.9(c)(6) related to Residents with Special Housing Needs

**RECOMMENDED ACTION**

**WHEREAS**, pursuant to Internal Revenue Code §42(m)(1)(C)(v) related to application selection criteria, the selection criteria set forth in a qualified allocation plan must include tenant populations with special housing needs;

**WHEREAS**, the Qualified Allocation Plan provides the opportunity for applications to score points for serving residents with special housing needs under 10 TAC §11.9(c)(6)(A) and (B); and

**WHEREAS**, in order to score one point under 10 TAC §11.9(c)(6)(B), a Development must commit at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness;

**NOW, therefore, it is hereby**

**RESOLVED**, that each of the applications listed on the attached Exhibit A has sought and been awarded one point under 10 TAC §11.9(c)(6)(B) for committing to provide at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness;

**FURTHER RESOLVED**, that it is a condition of an award of competitive low income housing tax credits for these applications and any application subsequently awarded from the Board approved waiting list for which this scoring item applies that such commitment will be included in a Land Use Restriction Agreement with the Department; and

**FURTHER RESOLVED**, that nothing herein obligates a property to uphold such commitment if it sought and was awarded one point for such commitment but

does not receive a competitive low income housing tax credit award in the current application round, including an award by way of the Board approved waiting list.

### **BACKGROUND**

Pursuant to 10 TAC §11.9(c)(6)(B), in order to score an additional point:

If the Development has committed units under 10 TAC 11.9(c)(6)(A), the Development must commit at least an additional 2% of the total Units to Persons referred from the Continuum of Care or local homeless service providers to be made available for those experiencing homelessness. Rejection of an applicant's tenancy for those referred may not be for reasons of credit history or prior rental payment history. Throughout the Compliance Period, unless otherwise permitted by the Department, the Development Owner agrees to specifically market the 2% of Units through the Continuum of Care and other homelessness providers local to the Development Site. In addition, the Department will require an initial minimum twelve-month period in Urban subregions, and an initial six-month period in Rural subregions, during which Units must either be occupied by Persons referred from the Continuum of Care or local homeless service providers, or held vacant, unless the Units receive HOME funds from any source. After the initial twelve-month or six-month period, the Development Owner will no longer be required to hold Units vacant but will be required to continue to provide quarterly notifications to the Continuum of Care and other homeless service providers local to the Development Site on the availability of Units at the Development Site. Applications in the At-risk or USDA set-asides are not eligible for this scoring item. Developments are not eligible under this paragraph unless points have also been selected under 10 TAC 11.9(c)(6)(A). (1 point)

The applications that elected this scoring item and that are recommended for an award of competitive housing tax credits are listed on the attached Exhibit A. Any of these applications, and any application subsequently awarded from the waiting list for which this scoring item applies, will have as a condition of award an inclusion of these requirements in a Land Use Restriction Agreement with the Department.



**Texas Department of Housing / Community Affairs  
2020 Competitive (9%) Housing Tax Credit ("HTC") Program  
Continuum of Care Commitments**

Exhibit A

Version Date: July 16, 2020

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	Census Tract(s)
20002	Armadillo Studios	1508 S Lamar Blvd	Austin	78704	Travis	7	Urban	NC	110	0	110	Supp Hsg	48453001303
20011	Canal Lofts	5601 Canal St.	Houston	77011	Harris	6	Urban	NC	100	50	150	General	48201310500
20024	Dallas Stemmons Apartments	11070 N. Stemmons Fwy.	Dallas	75229	Dallas	3	Urban	NC	85	2	87	General	48113009900
20025	Palladium Fain Street	4001 Fain St.	Fort Worth	76111	Tarrant	3	Urban	NC	81	9	90	General	48439101201
20027	Garland Senior Living	2222 Monarch Dr / 301 Tina Dr	Garland	75040	Dallas	3	Urban	NC	92	30	122	Elderly	48113019026
20034	Ranch Court Apartments	1325 NW County Rd.	Andrews	79714	Andrews	12	Rural	NC	48	0	48	General	48003950100
20042	Commons at St. Anthony's	SWC Amarillo Blvd. / N. Polk St.	Amarillo	79107	Potter	1	Urban	NC/AR	124	0	124	Elderly	48375014800
20046	Brandywine Apartments	500 Rockingham Dr.	Richardson	75080	Dallas	3	urban	AcR	50	0	50	Elderly	48113019211
20051	Village at McArdle	5314 McArdle Rd.	Corpus Christi	78411	Nueces	10	Urban	NC	70	12	82	General	48355002400
20054	Gulf Shore Villas	1400 FM 3036	Rockport	78382	Aransas	10	Rural	NC	48	8	56	General	48007950300
20063	Azalea West	NWC Azalea / Carroll	Fort Worth	76107	Tarrant	3	Urban	NC	68	12	80	General	48439102000
20066	Vista at Everest	SE of Everest Ave/E Sandalwood Ln	San Antonio	78209	Bexar	9	Urban	NC	64	0	64	General	48029120701
20069	Vista at Interpark	SWC Interpark Blvd / San Pedro Ave	San Antonio	78216	Bexar	9	Urban	NC	64	0	64	General	48029192300
20075	New Hope Housing Savoy	~ 6301 Savoy Dr.	Houston	77036	Harris	6	Urban	NC	120	0	120	Supp Hsg	48201432801
20077	Lockwood South Apartments	W. of Lockwood, S. of Buffalo Bayou	Houston	77003	Harris	6	Urban	NC	72	8	80	General	48201310400
20082	Connect South Apartments	6440 Hillcroft Ave.	Houston	77074	Harris	6	Urban	NC	70	7	77	General	48201421300
20083	Lakeview Preserve	2800 S. MacArthur Blvd.	Irving	75060	Dallas	3	Urban	NC	84	0	84	General	48113015100
20089	Hamilton Wolfe Lofts	NWC Hamilton Wolfe Rd/Princeton I	San Antonio	78240	Bexar	9	Urban	NC	74	0	74	General	48029181403
20093	Brownsville Lofts	1860 Central Blvd.	Brownsville	78520	Cameron	11	Urban	NC	64	6	70	General	48061013004
20097	Regency Lofts	3232 Dixie Dr.	Houston	77021	Harris	6	Urban	NC	102	18	120	General	48201313200
20114	3300 Caroline Street	3300 Caroline St.	Houston	77004	Harris	6	Urban	NC	149	0	149	Supp Hsg	48201312500
20115	Avenue at Sycamore Park	2601 Ave. J	Fort Worth	76105	Tarrant	3	Urban	NC	91	17	108	General	48439103500
20116	Dian Street Villas	1433 Dian St.	Houston	77008	Harris	6	Urban	NC	96	12	108	General	48201511200
20134	Hibiscus Village	2400 Hibiscus Ave.	McAllen	78501	Hidalgo	11	Urban	NC	84	12	96	General	48215020721
20139	The Loretta	13653 Rutledge Spur	Austin	78717	Williamson	7	Urban	NC	137	0	137	General	48491020311
20141	Richmond Senior Village	5615 Richmond Ave.	Houston	77057	Harris	6	Urban	NC	100	25	125	Elderly	48201432702
20147	Kestrel on Cooper	2017-2025 S. Cooper St.	Arlington	76010	Tarrant	3	Urban	NC	76	14	90	General	48439122801
20155	Gala at Premier	NWQ Enterprise Dr / Premier Dr	Plano	75075	Collin	3	Urban	NC	77	20	97	Elderly	48085031622
20167	Laurel Flats	1208 E. Houston	Tyler	75702	Smith	4	Urban	NC	88	1	89	General	48423000900
20171	Avanti Viking Hills	6501 & 6515 Sanger Ave	Waco	76710	McLennan	8	Urban	NC	69	13	82	General	48309002501
20177	Avanti Legacy Valor Heights	SEC 2nd St. & Business 83	McAllen	78501	Hidalgo	11	Urban	NC	85	8	93	Elderly	48215021201
20179	Avanti West	NWC of W Alberta Rd./S. McColl Rd.	Edinburg	78539	Hidalgo	11	Urban	NC	70	2	72	General	48215023902

Application Number	Development Name	Development Address	City	ZIP Code	County	Region	Urban/Rural	Construction Type	Low-Income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = SH)	Census Tract(s)
20181	Avanti Valley View	NWC S Jackson Rd & E Granjeno	Hidalgo	78557	Hidalgo	11	Rural	NC	68	12	80	General	48215021305
20186	The Residence at Ridgehill	160-170 Lehmann Dr	Kerrville	78020	Kerr	9	Rural	NC	43	17	60	Elderly	48265960402
20190	Nuestra Senora	415 Montana Ave.	El Paso	79902	El Paso	13	Urban	NC	80	0	80	General	48141001600
20192	Arbor Park	6306 McNeil Dr.	Austin	78729	Travis	7	Urban	NC	120	27	147	Elderly	48453001785
20197	Villas at Western Heights	1501 / 1515 Fort Worth Ave.	Dallas	75208	Dallas	3	Urban	NC	104	26	130	Elderly	48113004300
20204	Heritage Senior Residences	NEC Center St. / Moy St.	Houston	77007	Harris	6	Urban	NC	94	41	135	Elderly	48201510600
20211	Ennis Trails	SEQ Dolfie Ln. / Sonoma Trails	Ennis	75119	Ellis	3	Rural	NC	48	24	72	General	48139061700
20212	Vernon Pioneer Crossing	~ 1916 Stadium Dr.	Vernon	76384	Wilbarger	2	Rural	NC	58	6	64	Elderly	48487950600
20216	Henderson Trails	E side of US 79 at Pamela St.	Henderson	75654	Rusk	4	Rural	NC	60	0	60	Elderly	48401950900
20222	Brenham Trails	SWQ S Market St. / Ryan St.	Brenham	77833	Washington	8	Rural	NC	41	8	49	Elderly	48477170300
20223	Campanile on Briar Hollow	SEC Post Oak Blvd./Briar Hollow Ln.	Houston	77027	Harris	6	Urban	NC	72	13	85	Elderly	48201411300
20232	Beaumont Trails	SWQ Spindletop Sq / N 11th St.	Beaumont	77703	Jefferson	5	Urban	NC	57	3	60	Elderly	48245000400
20240	Livingston Pioneer Crossing	~ 1549 N Dogwood Ave.	Livingston	77351	Polk	5	Rural	NC	76	4	80	Elderly	48373210302
20262	Abbingtion Park	SEC S. Standish St. / W. Ragley St.	Henderson	75654	Rusk	4	Rural	NC	58	6	64	Elderly	48401950800
20264	Juliette Fowler Residences	NEC S Fulton St. / E. Side St.	Dallas	75214	Dallas	3	Urban	NC	144	0	144	Elderly	48113001301
20272	Westwind of Dumas	~ 331 W. 16th St.	Dumas	79029	Moore	1	Rural	NC	56	8	64	General	48341950200
20297	Artcraft Palms	SEC of Artcraft Rd. / Rio Grande	El Paso	79932	El Paso	13	Urban	NC	100	24	124	General	48141010219
20306	The Trails at Abilene	801 Block ES 27th St.	Abilene	79602	Taylor	2	Urban	NC	40	8	48	General	48441012000
20317	Merritt Edge	205 Corporate Dr.	Midland	79705	Midland	12	Urban	NC	74	50	124	Elderly	48329000100
20329	Fish Pond at Huntsville	~ 148 FM 247	Huntsville	77340	Walker	6	Rural	NC	48	0	48	Elderly	48471790102

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Resolution No. 20-025 Authorizing the Execution of an Irrevocable Instructions and Agreement relating to the Multifamily Housing Revenue Bonds for Providence at Rush Creek II Apartments Series 2004

**RECOMMENDED ACTION**

**WHEREAS**, the Department issued Series 2004 Multifamily Housing Revenue Bonds in the aggregate principal amount of \$10,000,000 to the Providence at Rush Creek II Apartments development in Arlington to construct 144 units of affordable multifamily rental housing;

**WHEREAS**, the Borrower is requesting the Department's approval to enter into an Irrevocable Instructions and Agreement (Escrow Agreement) among the Department as Bond Issuer, the Owner and Wells Fargo Bank, National Association as Trustee;

**WHEREAS**, the Escrow Agreement would provide for the defeasance, payment and discharge of all the outstanding Series 2004 Multifamily Housing Revenue Bonds; and

**WHEREAS**, the Escrow Agreement will provide for the purchase of escrowed securities and funds to be used to pay required debt service on the defeased bonds, until the scheduled maturity on March 1, 2021;

**NOW, therefore, it is hereby**

**RESOLVED**, that Resolution No. 20-025 relating to the Escrow Agreement for Providence at Rush Creek II Apartments is hereby approved as presented to this meeting; and

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

**BACKGROUND**

The bonds for Providence at Rush Creek II were originally issued through the Department in January 2004 in the amount of \$10,000,000. The original financing structure included unrated bonds that were privately placed with MuniMae with no credit enhancement. As part of the

current proposal, the borrower has requested the Department enter into an Escrow Agreement that would provide for the bonds to be defeased in accordance with the terms of the Trust Indenture, dated January 2004. The tax-exempt bonds would be defeased until the first call date of March 1, 2021, and funds will be provided that will pay the required debt service on the defeased bonds. The proceeds to fund the escrow will come from a refinance of the property, utilizing an FHA 223(f) loan, the closing of which is contemplated to occur in August 2020.

## RESOLUTION NO. 20-025

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF AN IRREVOCABLE INSTRUCTIONS AND AGREEMENT IN CONNECTION WITH MULTIFAMILY HOUSING REVENUE BONDS (PROVIDENCE AT RUSH CREEK II APARTMENTS) SERIES 2004; 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 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, the Department has previously issued its Multifamily Housing Revenue Bonds (Providence at Rush Creek II Apartments) Series 2004 in the original principal amount of \$10,000,000 (the “Bonds”) pursuant to the terms and provisions of that certain Trust Indenture, dated as of January 1, 2004 (the “Indenture”), between the Department and Wells Fargo Bank, National Association (the “Trustee”); and

WHEREAS, the proceeds of the Bonds were loaned to Chicory Court XV, LP, a limited partnership organized and existing under the laws of the State of Texas (the “Borrower”) for the purpose of financing a portion of the costs of a multifamily housing development known as Artisan at Rush Creek Apartments f/k/a Providence at Rush Creek II Apartments, pursuant to that certain Loan and Financing Agreement dated as of January 1, 2004 (the “Loan Agreement”) between the Department and the Borrower; and

WHEREAS, pursuant to the Loan Agreement and the Indenture, the Borrower has requested and the Department has determined to take certain actions to provide for defeasance of the Bonds and discharge of the Indenture; and

WHEREAS, to effectuate the defeasance of the Bonds, the Department has determined to enter into an Irrevocable Instructions and Agreement relating to the Bonds (the “Escrow Agreement”) among the Department, the Borrower and the Trustee; and

WHEREAS, pursuant to the Escrow Agreement, the Borrower will deposit in trust with the Trustee funds sufficient to provide for the payment of the principal, redemption price, if any, and interest due or to become due on the Bonds at the times and in the manner specified in the Indenture; and

WHEREAS, the Board has examined the proposed form of the Escrow Agreement (which is attached to and comprises a part of this Resolution); has found the form and substance of such document to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the execution and delivery of the Escrow Agreement and the taking of such other actions as may be necessary or convenient in connection therewith;

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

## ARTICLE 1

### APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval, Execution and Delivery of Escrow Agreement. The Escrow Agreement, in substantially the form presented at this meeting, is hereby approved and adopted by the Department, and the Authorized Representatives of the Department named in this Resolution are each hereby authorized and empowered to execute and deliver the Escrow Agreement on behalf of the Department, with such changes as may be approved by the Authorized Representative executing the same, such approval to be evidenced by such Authorized Representative’s execution thereof.

Section 1.2 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department’s seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the

purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.4 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A - Escrow Agreement

Section 1.5 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department, and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the execution of the Escrow Agreement and the redemption and defeasance of the Bonds are hereby ratified and confirmed.

## ARTICLE 2

### GENERAL PROVISIONS

Section 2.1 Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 2.2 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.3 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

Section 2.4 Effective Date. This resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 23rd day of July, 2020.

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**IRREVOCABLE INSTRUCTIONS AND AGREEMENT**

**Relating To**

**\$10,000,000**

**Texas Department of Housing and Community Affairs Multifamily Housing Revenue  
Bonds (Providence at Rush Creek II Apartments) Series 2004**

**Dated [\_\_\_\_\_], 2020**

## IRREVOCABLE INSTRUCTIONS AND AGREEMENT

THIS IRREVOCABLE INSTRUCTIONS AND AGREEMENT, dated [\_\_\_\_], 2020 (this "Agreement"), by and among TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the "Issuer"), a public and official agency of the State of Texas, WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity but solely as trustee (the "Trustee"), and CHICORY COURT XV, LP, a Texas limited partnership (the "Borrower").

### WITNESSETH:

WHEREAS, pursuant to the Indenture (as defined below), the "Issuer" issued its \$10,000,000 Multifamily Housing Revenue Bonds (Providence at Rush Creek II Apartments) Series 2004 (the "Bonds"); and

WHEREAS, the Trustee is the trustee under a Trust Indenture, dated as of July 1, 2004 (the "Indenture"), between it and the Issuer, relating to the Bonds; and

WHEREAS, the Borrower has provided to the Trustee, the Issuer, and MuniMae Portfolio Services, LLC, as the Servicing Agent for the Bonds, a certificate executed as of the date hereof pursuant to the requirements of Section 12.1(b) of the Indenture and Section 3.2(e) of the Financing Agreement (as defined in the Indenture); and

WHEREAS, the parties hereto desire to take all action required by the Indenture in order to defease all of the Bonds, which Bonds are currently Outstanding (as defined in the Indenture) in the principal amount of \$[\_\_\_\_] (the "Defeased Bonds"), discharge the lien of the Indenture and release all of the Trustee's right, title and interest in and to the rights and property assigned and pledged to the Trustee under the terms of the Indenture, and this Agreement is being entered into pursuant to Article XII of the Indenture and constitutes irrevocable instructions and directions delivered to the Trustee pursuant to Section 12.1 of the Indenture.

NOW, THEREFORE, in consideration of the promises and in order to provide for the coordination of the aforesaid arrangements, the parties hereby agree as follows:

**Section 1.** There is hereby created and established with the Trustee a special and irrevocable trust fund designated the "Redemption Trust Fund" (the "Redemption Fund") to be held in the custody of the Trustee as a trust fund separate and apart from all other funds of the Borrower or the Trustee.

### Section 2.

(a) The Borrower has irrevocably caused to be delivered to the Trustee the sum of \$[\_\_\_\_], which is inclusive of funds that were in the possession of the Trustee under the Indenture prior to the date hereof in the amount of \$[\_\_\_\_] and funds remitted to the Trustee on behalf of the Borrower by [\_\_\_\_] Title Insurance Company, [INSERT ADDRESS], Attention: [\_\_\_\_], Phone: [\_\_\_\_], Email: [\_\_\_\_]) concurrently herewith in

the amount of \$[ ] (collectively, the “Borrower Deposit”). The Trustee is irrevocably instructed to deposit the Borrower Deposit in the Redemption Fund. The Trustee shall use the cash on deposit in the Redemption Fund and the proceeds from the investment of the Government Obligations (as defined herein), if any (collectively, the “Defeasance Funds”) solely to pay the principal of and redemption premium and accrued interest on the Defeased Bonds that will become due and payable and to pay the following fees that will become due between the date of this Agreement and the hereinafter defined Redemption Date, as and when due and payable: (i) \$[3,500], representing monthly fees of the Servicing Agent in the amount of \$500 to be paid monthly in advance; and (ii) \$2,500, to be applied upon the Redemption Date (as defined herein) to pay for the costs of the final computation of the rebate amount with respect to the Defeased Bonds (collectively, the “Ongoing Fees”). The Defeasance Funds shall not be withdrawn or used for any purpose other than, and shall be held in trust for, such purposes. The Trustee’s obligations under this Agreement are contingent upon the payment by the Borrower of the Trustee’s fees and expenses, which fees and expenses are set forth on a fee schedule previously delivered by the Trustee to the Borrower.

(b) In the event that the Defeasance Funds are not sufficient to pay the principal of and interest on and Redemption Price (as defined herein) of the Defeased Bonds as and when due pursuant to this Agreement or are not sufficient to pay all Ongoing Fees, the Borrower shall immediately cause the amount of such deficiency to be wired to the Trustee. If it shall be determined that there exists a Rebate Amount (as defined in the Indenture), the Borrower shall provide to the Trustee funds sufficient to pay the same.

**Section 3.** The Trustee is hereby directed to apply Defeasance Funds (i) on the first day of each calendar month commencing [ ] 1, 2020 through March 1, 2021, to pay principal and interest due on such date with respect to the Defeased Bonds in accordance with the Indenture, (ii) as and when due, to pay the Ongoing Fees, and (iii) on March 1, 2021 (the “Redemption Date”), to the redemption of the outstanding principal balance of the Defeased Bonds pursuant to Section 3.3(a) of the Indenture at a redemption price equal to 100% of the principal amount of each Defeased Bond to be redeemed plus accrued interest to the Redemption Date (the “Redemption Price”). Exhibit A hereto contains a schedule setting forth such payments.

**Section 4.** The Trustee is hereby given irrevocable instructions to mail, as soon as practicable, in the manner prescribed by Article III of the Indenture, a notice to the Holders of the Defeased Bonds, of the deposit of funds with it pursuant to this Agreement and that the Defeased Bonds are deemed to be paid in accordance with Article XII of the Indenture and stating the Redemption Date upon which moneys are to be available for the payment of the Redemption Price of the Defeased Bonds.

The Trustee is hereby given irrevocable instructions to mail, as provided in Article III of the Indenture, notice of the redemption of the Defeased Bonds when required.

**Section 5.** The Trustee has been advised that, upon receipt of the Borrower Deposit pursuant to Section 2(a) above, it will be in possession of moneys and securities that are sufficient to fully defease the Defeased Bonds and to discharge the Trustee’s liens of the Indenture in accordance with the requirements of the Indenture and to pay all fees and expenses as provided in Section 2(a) above. In connection with such defeasance and discharge, the Trustee will receive

from Causey Demgen & Moore P.C. (the “Verification Agent”), a report (the “Verification Report”) concluding that the Borrower Deposit is sufficient without any further investment to pay (x) interest and principal of the Defeased Bonds as they become due, (y) the Ongoing Fees, and (z) the Redemption Price of the Defeased Bonds on the Redemption Date. Accordingly, the Trustee agrees, pursuant to the provisions of the Indenture, to execute and deliver on the date of execution and delivery hereof (the “Defeasance Date”) as directed by the Borrower all required documents to evidence the full defeasance of the Defeased Bonds and the discharge of the lien of the Indenture. The Trustee shall, and is hereby instructed to, execute and deliver such other documents, and take such further actions, reasonably required by the Indenture in order to carry out the purposes of this paragraph or to release the Trust Estate to the Borrower, provided, however, that the Trustee shall not be obligated to expend any of its own funds in connection with the execution of such documents or the undertaking of such actions.

**Section 6.** Subject to the conditions and limitations set forth herein and in the Indenture, the Trustee shall, at the request of the Issuer upon the written direction and at the sole expense of the Borrower, apply the amounts deposited in the Redemption Fund to the purchase of noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America (the “Government Obligations”). Such purchase of Government Obligations may be effected only if (a) the Government Obligations to be purchased will mature in such principal amounts and at such times and bear interest in such amounts and at such times as shall be sufficient, together with uninvested cash that will continue to be held in the Redemption Fund, without any further reinvestment to provide moneys to pay when due to the extent not previously paid (x) interest and principal on the Defeased Bonds as they become due, (y) the Ongoing Fees, and (z) the Redemption Price of the Defeased Bonds on the Redemption Date, as independently verified by a certified public accountant, and (b) the Trustee and the Issuer shall receive the unqualified opinion of Bracewell LLP as bond counsel, or any law firm of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is appointed by the Issuer (“Bond Counsel”) to the effect that such purchase of Government Obligations will not impair the exclusion of interest on the Defeased Bonds from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof). In connection with the purchase of Government Obligations, the Trustee shall receive from the Verification Agent a report concluding that (1) the Government Obligations to be purchased mature in such amounts and at such times and bear interest payable in such amounts and at such times (without regard to any earnings upon reinvestment of the principal of or investment earnings on such Government Obligations) as are necessary and sufficient, together with the uninvested cash, if any, to pay when due to the extent not previously paid (x) interest and principal of the Defeased Bonds as they become due, (y) the Ongoing Fees and (z) the Redemption Price of the Defeased Bonds on the Redemption Date, and (2) the yield on the Government Obligations does not exceed the yield on the Defeased Bonds. Immediately following the purchase and settlement of such Government Obligations, any amount of cash thereafter remaining uninvested in the Redemption Fund, and not necessary for the payment of (i) the debt service requirements of the Defeased Bonds, (ii) the Ongoing Fees and (iii) all fees and expenses in connection with the purchase of the Governmental Obligations (including but not limited to fees of the Verification Agent and any fees or expenses of Bond Counsel,

Trustee, or other related costs), all as shall have been reflected in the Verification Report, will be promptly wired by the Trustee to the Borrower pursuant to the written direction of the Borrower.

All Government Obligations deposited or to be deposited in the Redemption Fund are and shall be noncallable direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America. For purposes of this Agreement, investment funds that invest in direct obligations of the United States of America do not constitute such direct obligations.

**Section 7.** The Trustee shall not be liable or responsible because of the failure of any other party to this Agreement to perform any act required of it hereunder or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository, other than itself, in which such moneys shall have been deposited. The liability of the Trustee hereunder to make payments due and payable with respect to the Defeased Bonds as provided herein is limited to the availability of the Defeasance Funds and shall not extend to any funds or other assets of the Trustee. Without limiting the applicability of the foregoing, the Trustee shall not be liable for any of the following (a) any loss resulting from any investment made pursuant to this Agreement; (b) the accuracy of the calculations as to sufficiency of the Defeasance Funds to pay the principal, premium, if any and interest on the Defeased Bonds or the Ongoing Fees; or (c) any action of inaction of any party hereto in connection with this Agreement.

**Section 8.** The Issuer shall not be liable for the following (a) any loss resulting from any investment made pursuant to this Agreement; (b) the accuracy of the calculations as to the sufficiency of the Defeasance Funds to pay the principal, premium, if any, and interest on the Defeased Bonds or the Ongoing Fees; (c) any action or inaction of the Trustee or the Borrower in connection with this Agreement; or (d) any costs, fees, and expenses of the Trustee hereunder.

**Section 9.** Certain duties, rights, and obligations provided for in the Indenture (including but not limited to replacement of lost, mutilated, stolen, or destroyed bonds, the payment of interest and principal on the due dates thereof, the transfer and exchange and registration of bonds from time to time, the administration of any moneys remaining on deposit in any funds under the Indenture, the indemnification rights of the Trustee, and all immunities and protections of the Trustee) must, by their nature, be performed after the defeasance of the Defeased Bonds or must continue to benefit the Trustee until payment in full of the Defeased Bonds and, accordingly, the Trustee, Issuer and Borrower agree to be bound by and to comply with those provisions of the Indenture.

**Section 10.** The indemnification covenants and other obligations of Borrower and Key Principal that expressly survive the repayment of the loan (the "Loan") as provided for in that certain Loan and Financing Agreement dated as of January 1, 2004 by and between Issuer and Borrower (the "Financing Agreement") inure to the benefit of the Trustee, the Issuer, the Servicing Agent and the Holders and survive the following events: the repayment of the Loan, the repayment, redemption or defeasance of the Defeased Bonds, and the termination of the Financing Agreement or the Indenture or any other agreement entered into in connection therewith.

**Section 11.** In entering into this Agreement, the Trustee shall be entitled to the privileges, immunities and indemnities afforded to it under the Indenture and the documents

related thereto. The Trustee undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Trustee. The Trustee shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement, the Trustee may consult with legal counsel of its own choice, and the Trustee shall not be liable for any action taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel. The Trustee shall not be responsible for the validity of this Agreement or for the sufficiency of the Defeasance Funds. The Trustee may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Trustee in connection with this Agreement and believed by the Trustee to be signed by the proper party, and it need not investigate any fact or matter stated therein. The Trustee shall not be obligated to expend any of its own funds in connection with the execution of such documents or the undertaking of any actions required of it under this Agreement.

**Section 12.** Upon payment in full of the interest on and Redemption Price of the Defeased Bonds as provided for in Section 3 hereof, and all the Ongoing Fees and any Rebate Amount (or a determination that there is no Rebate Requirement), all obligations of the Trustee under this Agreement and the Indenture shall cease and terminate.

Any amounts held by the Trustee on March 1, 2021 and not required to pay or provide for the payment of the Redemption Price of the Defeased Bonds and the Ongoing Fees shall be paid over to the Borrower upon written request.

**Section 13.** This Agreement is made pursuant to and in furtherance of the Indenture for the benefit of the Holders from time to time of the Defeased Bonds. This Agreement shall not be repealed, revoked, altered or amended without the written consent of all such Holders; provided, however, that the Borrower, the Issuer and the Trustee may, without the consent of, or notice to, such Holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such Holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Trustee for the benefit of such Holders any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such Holders or the Trustee;
- (c) to subject to this Agreement additional funds, securities or properties.

The Trustee shall be entitled to rely exclusively upon an unqualified opinion of Bond Counsel with respect to compliance with this Section, including (i) the extent, if any, to which any change, modification or addition affects the rights of the Holders of the Defeased Bonds, and (ii) the extent, if any, to which any instrument executed hereunder complies with the conditions and provisions of this Section.

**Section 14.** The parties acknowledge that the obligations of the Borrower (or its assignee) under the Regulatory Agreement will remain in effect notwithstanding the defeasance of the Defeased Bonds.

**Section 15.** The Trustee acknowledges and agrees that the Note and Security Instrument (as such capitalized terms are defined in the Indenture) may be terminated and released upon the deposit of funds with the Trustee pursuant to Section 2(a) hereof, together with the other documentation described in Section 5 hereof. The Trustee will cooperate with the Borrower at the expense of the Borrower in the actions required to effect such termination and release.

**Section 16.** Each of the Borrower and the Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Each of the Borrower and the Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with such entity and exists to make a profit.

To the extent this Agreement is a contract for goods or services, each of the Borrower and the Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,  
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes each of the Borrower and the Trustee and such entity’s respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. Each of the Borrower and the Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with such entity and exists to make a profit.

**Section 17.** Capitalized terms used but not defined herein have the meanings assigned in the Indenture.

**Section 18.** This Agreement may be executed in any number of counterparts, each of which shall constitute but one and the same instrument.

**Section 19.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the State of Texas without reference to the conflict of laws or principles thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Irrevocable Instructions and Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date hereof.

[Signature Pages Follow]

[Issuer's signature page to the Irrevocable Instructions and Agreement]

**TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS, as Issuer**

By: \_\_\_\_\_  
Name: Teresa Morales  
Title: Director of Multifamily Bonds

[Trustee's signature page to the Irrevocable Instructions and Agreement]

**WELLS FARGO BANK, NATIONAL  
ASSOCIATION,**  
not in its individual capacity but solely as trustee

By: \_\_\_\_\_  
Authorized Signatory

[Borrower's signature page to the Irrevocable Instructions and Agreement]

**CHICORY COURT XV, LP,**  
a Texas limited partnership

By: Chicory GP Rush Creek, Inc., a Texas corporation,  
its general partner

By: \_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**

**Schedule of Debt Service Payments**

[to be inserted]

1h

**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Inducement Resolution No. 20-026 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

**RECOMMENDED ACTION**

**WHEREAS**, seven bond pre-applications, of which two are part of this agenda item, as further detailed below, were submitted to the Department for consideration of an inducement resolution;

**WHEREAS**, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; 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, Inducement Resolution No. 20-026 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for the pre-applications listed herein, is hereby approved in the form presented to this meeting.

**BACKGROUND**

**General Information:** The BRB administers the 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 180 days to close on the private activity bonds.

During the 180-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 developments previously funded through the Department. During the review of the full application, 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 \$29M in private activity bond volume cap. Staff notes that the Department's set-aside of \$159,839,794 for the 2020 program year has been met, in addition to \$69M from 2019 Carryforward, bringing the total in reserved applications to \$228.8M for 2020. The pre-applications listed below will be placed on the Department's waiting list to receive a Reservation, bringing the total of pre-applications on the waiting list to \$367M.

### **20619 – Elgin Place/The Citadel**

The New Construction of 74 units is proposed for this multifamily development to be located at 3331 Elgin Street in Houston, Harris County. The applicant has disclosed Neighborhood Risk Factors (NRF) involving the poverty rate and violent crime rate associated with the census tract containing the proposed development. For both the violent crime and poverty NRF, applicant has indicated that they will provide mitigation as part of the full application. Staff notes that clearance of any NRF is not a requirement at the time of pre-application and while Board action today is to approve the inducement resolution, it is simply to allow the applicant the ability to move forward with a full application and a determination regarding eligibility, despite the NRF, will be made at the time of full application. This transaction is proposed to be Priority 2 and will serve the elderly population. Applicant has indicated that they intend to elect the Income Averaging Set-Aside with 11 units being rent and income restricted at 30% of Area Median Family Income (AMFI), 8 units rent and income restricted at 50% of AMFI, 36 units being rent and income restricted at 60% of AMFI, and 12 units being rent and income restricted at 80% of AMFI. The remaining seven units will be market rate. The Department has not received any letters of support or opposition for this development.

Bond Inducement Amount: \$15,000,000

### **20620 – Oso Bay Apartments**

An acquisition and rehabilitation of 104 units is proposed for this multifamily development to be located at 7502 McArdle Road in Corpus Christi, Nueces County. The applicant disclosed Neighborhood Risk Factors (NRF) involving the underperformance of Haas Middle School. The site is within the attendance zone of Haas Middle School, and thus would typically require an NRF report, pursuant to 10 TAC §11.101(a)(3) of the Qualified Allocation Plan. However, in response to the COVID-19 pandemic, at the Board meeting of April 23, 2020, the Board granted a waiver regarding the requirement for mitigation relating to school performance for the remainder of the 2020 program year. This waiver is applicable to those 4% HTC applications submitted under the 2020 QAP that receive a Reservation from the Bond Review Board in the 2020 calendar year. This transaction is proposed to be Priority 2 and will serve the general population. The development was originally constructed in 1971, and is made up of one, two, three, and four bedroom units. All 104 units will be rent and income restricted at 60% of AMFI, and 100 of said units are currently covered by a Section 8 HAP contract. The Department has not received any letters of opposition or support for this development.

Bond Inducement Amount: \$14,000,000

## RESOLUTION NO. 20-026

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS OR NOTES 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 or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; 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 or notes; and

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

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of 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, as applicable, 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 some or all of 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, as applicable, 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, as applicable, obligations for purposes of paying the costs of the Developments described on Exhibit A attached hereto; and

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

WHEREAS, the Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds or notes for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

#### ARTICLE 1

#### OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (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 or notes 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 or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, 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 and equipping of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund certain 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 aggregate 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, rehabilitating, or reconstructing, as applicable, improving, equipping, 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 or notes); (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. This Resolution constitutes the Department's official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

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

Section 1.15. Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds, 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

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 Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

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

PASSED AND APPROVED this 23<sup>rd</sup> day of July, 2020.

**EXHIBIT "A"**

**Descriptions of the Owners and the Developments**

Project Name	Owner	Principals	Amount Not to Exceed
The Citadel Apartments	CHCDC Affordable Elderly, LLC, a Texas limited liability company	General Partner/Member: CH Affordable Manager, LLC, a Texas limited liability company	\$15,000,000
Costs: Acquisition/construction of a 74-unit affordable, multifamily housing development to be known as The Citadel Apartments, located on 3331 Elgin Street, Houston, Harris County, Texas 77004			

Project Name	Owner	Principals	Amount Not to Exceed
Oso Bay Apartments	Oso Bay Housing Partners, LP, a Texas limited partnership	General Partner/Member: A TBD (to be determined) Non-profit GP, LLC, a Texas limited liability company	\$14,000,000
Costs: Acquisition/rehabilitation of a 104-unit affordable, multifamily housing development to be known as Oso Bay Apartments, located on 7502 McArdle Road, Corpus Christi, Nueces County, Texas 78412			

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Inducement Resolution No. 20-027 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

**RECOMMENDED ACTION**

**WHEREAS**, seven bond pre-applications, of which five are being considered with this agenda item, as further detailed below, were submitted to the Department for consideration of an inducement resolution;

**WHEREAS**, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; 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, Inducement Resolution No. 20-027 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for the pre-applications listed herein, is hereby approved in the form presented to this meeting.

**BACKGROUND**

**General Information:** The BRB administers the 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 180 days to close on the private activity bonds.

During the 180-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 developments previously funded through the Department. During the review of the full application, 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 \$183M in private activity bond volume cap. Staff notes that the Department's set-aside of \$159,839,794 for the 2020 program year has been met, in addition to \$69M from 2019 Carryforward, bringing the total in reserved applications to \$228.8M for 2020. The pre-applications listed below will be placed on the Department's waiting list to receive a Reservation, bringing the total of pre-applications on the waiting list to \$367M.

### **20621 – Copperwood Apartments**

An acquisition and rehabilitation of 300 units is proposed for this multifamily development to be located at 4407 South Panther Creek Drive in The Woodlands, Montgomery County. This transaction is proposed to be Priority 3 and will serve the elderly population. The development was originally constructed in 1980, and consists of one and two bedroom units. All 300 of the units will be rent and income restricted at 60% of AMFI. All of the units are currently covered by two Section 8 HAP contracts, which are expected to be renewed in conjunction with the closing of the transaction. The Department has received no letters of opposition or support for this proposed development.

Bond Inducement Amount: \$60,000,000

### **20622 – Tamarac Pines**

An acquisition and rehabilitation of 300 units is proposed for this multifamily development to be located at 10510 Six Pines Drive in The Woodlands, Montgomery County. This transaction is proposed to be Priority 3 and will serve the elderly population. The development was originally constructed in 1980, and consists of one and two bedroom units. All 300 of the units will be rent and income restricted at 60% of AMFI. All of the units are currently covered by two Section 8 HAP contracts, which are expected to be renewed in conjunction with the closing of the transaction. The Department has received no letters of opposition or support for this proposed development.

Bond Inducement Amount: \$60,000,000

### **20623 – Pleasant Hill Apartments**

An acquisition and rehabilitation of 100 units is proposed for this multifamily development to be located at 2501 Anken Drive in Austin, Travis County. This transaction is proposed to be Priority 3 and will serve the general population. The development was originally constructed in 1983, and consists of one, two, and three bedroom units. The proposed development site is located in a municipality that has more than twice the state average of units per capita supported by Tax Credits or Private Activity Bonds and, as a result, the applicant has indicated that they will provide, at the time of full application submission, a resolution from the local governing body that authorizes the proposed development to move forward. All 100 of the units will be rent and income restricted at 60% of AMFI. All of the units are currently covered by a Section 8 HAP contract, which is expected to be renewed in conjunction with the closing of the transaction. The Department has received no letters of opposition or support for this proposed development.

Bond Inducement Amount: \$20,000,000

**20624 – Cedar Ridge**

An acquisition and rehabilitation of 152 units is proposed for this multifamily development to be located at 2702 South Bagdad Road in Leander, Williamson County. This transaction is proposed to be Priority 3 and will serve the general population. This development was originally built in 2000 using TDHCA HOME funds, the current Land Use and Regulatory Agreement requires that 42 of the units give preference to Special Needs Individuals or Special Needs Families. All 152 of the units will be rent and income restricted at 60% of AMFI. The Department has received no letters of opposition or support for this proposed development.

Bond Inducement Amount: \$18,000,000

**20625 – Shiloh Village**

An acquisition and rehabilitation of 168 units is proposed for this multifamily development to be located at 8702 Shiloh Road in Dallas, Dallas County. This transaction is proposed to be Priority 3 and will serve the general population. The development was originally constructed in 1982, and consists of two, three, and four bedroom units. All 168 units will be rent and income restricted at 60% of AMFI. All of the units are currently covered by a Section 8 HAP contract, which is expected to be renewed in conjunction with the closing of the transaction. The Department has received no letters of opposition or support for this proposed development.

Bond Inducement Amount: \$25,000,000

## RESOLUTION NO. 20-027

RESOLUTION DECLARING INTENT TO ISSUE MULTIFAMILY REVENUE BONDS OR NOTES 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 or notes for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds or notes; 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 or notes; and

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

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of 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, as applicable, 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 some or all of 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, as applicable, 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, as applicable, obligations for purposes of paying the costs of the Developments described on Exhibit A attached hereto; and

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

WHEREAS, the Governing Board of the Department (the "Board") has determined to declare its intent to issue its multifamily revenue bonds or notes for the purpose of providing funds to the Owners to finance the Developments on the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

#### ARTICLE 1

#### OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (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 or notes 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 or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, 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 and equipping of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund certain 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 aggregate 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, rehabilitating, or reconstructing, as applicable, improving, equipping, 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 or notes); (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. This Resolution constitutes the Department’s official intent for expenditures on Costs of the Developments which will be reimbursed out of the issuance of the Bonds within the meaning of Sections 1.142-4(b) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that the Bonds issued to reimburse Costs of the Developments may qualify for the exemption provisions of Section 142 of the Code, and that the interest on the Bonds (except for any taxable Bonds) will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

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

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

### 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 Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

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

PASSED AND APPROVED this 23<sup>rd</sup> day of July, 2020.

**EXHIBIT "A"**

Descriptions of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
Cedar Ridge Apartments	Cedar Ridge Preservation, LP, a Texas limited Partnership, or other affiliate of The Related Companies, L.P.	General Partner/Member: Related Affordable, LLC, a Texas limited liability company	\$18,000,000
Costs: Acquisition/rehabilitation of a 152-unit affordable, multifamily housing development to be known as Cedar Ridge Apartments, located on 2702 South Bagdad Road, Leander, Williamson County, Texas 78641			

Project Name	Owner	Principals	Amount Not to Exceed
Copperwood Apartments	Copperwood Community Investment, LP, a Texas limited Partnership, or other affiliate of The Related Companies, L.P.	General Partner/Member: Related Affordable, LLC, a Texas limited liability company	\$60,000,000
Costs: Acquisition/rehabilitation of a 300-unit affordable, multifamily housing development to be known as Copperwood Apartments, located on 4407 South Panther Creek Drive, The Woodlands, Montgomery County, Texas 77381			

Project Name	Owner	Principals	Amount Not to Exceed
Pleasant Hill Apartments	Pleasant Hill Community Investment, LP, a Texas limited Partnership, or other affiliate of The	General Partner/Member: Related Affordable, LLC, a Texas limited liability company	\$20,000,000

	Related Companies, L.P.		
Costs: Acquisition/rehabilitation of a 100-unit affordable, multifamily housing development to be known as Pleasant Hill Apartments, located on 2501 Anken Drive, Austin, Travis County, Texas 78741			
Project Name	Owner	Principals	Amount Not to Exceed
Shiloh Village Apartments	Shiloh Village Preservation, LP, a Texas limited Partnership, or other affiliate of The Related Companies, L.P.	General Partner/Member: Related Affordable, LLC, a Texas limited liability company	\$25,000,000
Costs: Acquisition/rehabilitation of a 168-unit affordable, multifamily housing development to be known as Shiloh Village Apartments, located on 8702 Shiloh Road, Dallas, Dallas County, Texas 75228			

Project Name	Owner	Principals	Amount Not to Exceed
Tamarac Pines Apartments	Tamarac Pines Community Investment, LP, a Texas limited Partnership, or other affiliate of The Related Companies, L.P.	General Partner/Member: Related Affordable, LLC, a Texas limited liability company	\$60,000,000
Costs: Acquisition/rehabilitation of a 300-unit affordable, multifamily housing development to be known as Tamarac Pines Apartments, located on 10510 Six Pines Drive, The Woodlands, Montgomery County, Texas 77380			

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Resolution No. 20-028 approving Assignment Agreement relating to Private Activity Bond Authority, and containing other provisions relating to the subject

**RECOMMENDED ACTION**

Adopt attached resolution.

**BACKGROUND**

Chapter 394 of the Local Government Code provides for the establishment of local housing finance corporations (HFCs) for, among other things, the issuance of single family mortgage revenue bonds (SFMRBs) or mortgage credit certificates (MCCs). Federal tax law limits issuance of SFMRBs or MCCs through the allocation of volume cap. Chapter 1372 of the Texas Government Code (the Allocation Act) sets out the rules for allocation of volume cap in Texas. Until August 6 of each year, of the total volume cap available in Texas, approximately 33% is set-aside for the Department, and 10% for the Texas State Affordable Housing Corporation (TSAHC), leaving approximately 57% of the single family volume cap available for use by HFCs for the purposes of issuing SFMRBs or MCCs. On August 7 of each year, these set-asides collapse into a single family pool, available to the Department, TSAHC, and HFCs on a first-come, first-served, basis. On August 15, any single family volume cap that has not been reserved by a housing issuer becomes available for reservation by any issuer of private activity bonds for any authorized purpose.

HFCs were once very active in financing single family homeownership for low, very low, and moderate income homebuyers. However, in recent years, it has been difficult for HFCs to successfully issue SFMRBs or to implement MCC programs due to the combination of the up-front investment, negative arbitrage, interest rate risk, and other factors. As such, for several years now, the single family volume cap set-aside for HFCs has been largely unreserved.

Pursuant to Section 394.032(e) of the Local Government Code, an HFC can assign its volume cap to the Department “. . . to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the housing finance corporation, including its authority to issue bonds for those purposes.”

The Department and Harris County Housing Finance Corporation (HCHFC) are proposing to enter into the attached Assignment Agreement by which the HCHFC will assign \$51 million of volume cap to the Department (to be requested by HCHFC prior to the August 7 collapse), to

originate, on the HFCs behalf, mortgage loans financed pursuant to one or more of the Department's SFMRB issues.

Approval of the Assignment Agreement benefits the HCHFC and the Department. The HCHFC will benefit economically through an ongoing fee received against loans originated, on their behalf, within HCHFC's jurisdiction. More importantly, the HCHFC can actively and meaningfully participate in financing affordable housing for single family activity. Both the HCHFC and Harris County have indicated a desire to jointly market the program, including the coordination of outreach efforts to increase participation by low and moderate income homebuyers in HCHFC's jurisdiction. Opportunities to leverage affordable housing resources such as down payment assistance funds available at the County level are also being explored. The Assignment Agreement benefits the Department by leveraging existing volume cap, which will assist the Department in maintaining current bond and MCC issuance levels in an environment where volume cap is becoming increasingly scarce. Ultimately, the benefit flows through to low, very low, and moderate income homebuyers in Texas that are able to access affordable financing options.

## RESOLUTION NO. 20-028

RESOLUTION APPROVING ASSIGNMENT AGREEMENT RELATING TO PRIVATE ACTIVITY BOND AUTHORITY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the "Department"), was created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (together with other laws of the State applicable to the Department, collectively, the "Act"); and

WHEREAS, pursuant to Section 394.032(e), Texas Local Government Code and a resolution of the Board of Directors of the Harris County Housing Finance Corporation ("HCHFC"), HCHFC has determined to delegate to the Department the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of HCHFC, including its authority to issue bonds for those purposes; and

WHEREAS, in connection with such delegation, Section 1372.044, Texas Government Code, authorizes HCHFC to assign to the Department a reservation of a portion of the "State ceiling" as defined in Chapter 1372, Texas Government Code (the "Allocation Act"); and

WHEREAS, pursuant to the Act and the Allocation Act, the Governing Board of the Department (the "Board") desires to approve an Assignment Agreement with HCHFC in substantially the form attached as Exhibit A (the "Assignment Agreement"); and

WHEREAS, the Board has examined the proposed form of the Assignment Agreement (which is attached to and comprises a part of this Resolution); has found the form and substance of such document to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the execution and delivery of the Assignment Agreement and the taking of such other actions as may be necessary or convenient in connection therewith;

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

### ARTICLE 1

#### APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Approval, Execution and Delivery of Assignment Agreement. The Assignment Agreement, in substantially the form presented at this meeting, is hereby approved and adopted by the Department, and the Authorized Representatives of the Department named in this Resolution are each hereby authorized and empowered to execute and deliver

the Assignment Agreement on behalf of the Department, with such changes as may be approved by the Authorized Representative executing the same, such approval to be evidenced by such Authorized Representative's execution thereof.

Section 1.2 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.3 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.4 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A - Assignment Agreement

Section 1.5 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department, and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the execution of the Assignment Agreement are hereby ratified and confirmed.

## ARTICLE 2

### GENERAL PROVISIONS

Section 2.1 Books and Records. The Board hereby directs this Resolution to be made a part of the Department's books and records that are available for inspection by the general public.

Section 2.2 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.3 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

Section 2.4 Effective Date. This resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 23rd day of July, 2020.

## ASSIGNMENT AGREEMENT

This **ASSIGNMENT AGREEMENT** (this “**Agreement**”) is made as of the \_\_\_ day of \_\_\_\_\_, 2020 by and between **HARRIS COUNTY HOUSING FINANCE CORPORATION** (“**HCHFC**”), a Texas non-profit corporation and **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (“**TDHCA**”), a public and official agency of the State of Texas.

### **RECITALS:**

A. HCHFC has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the “**Act**”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford.

B. The Act authorizes HCHFC to issue bonds for the purpose of obtaining funds to finance home mortgage loans (or participation interests therein) for persons of low and moderate income for homes within the geographic limits of Harris County, Texas (the “**Unit**”), but currently not within the Cities of Baytown, Deer Park, Houston, La Porte, League City, Missouri City, Pasadena and Pearland (unless any of such cities assigns its authority to issue mortgage revenue bonds to the Corporation) (the “**Eligible Loan Area**”) to afford the costs of acquiring and owning decent, safe and sanitary housing.

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

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

E. The private activity bond “State ceiling” (as defined in Section 146(d) of the Code) applicable to the State of Texas (the “**State**”) is subject to allocation, in the manner authorized by Section 146(e) of the Code, pursuant to Chapter 1372, Texas Government Code, as amended (the “**Allocation Act**”).

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

G. The Allocation Act and the rules promulgated thereunder by the Bond Review Board (the “**Allocation Rules**”) require that an Application for Reservation be accompanied by a copy of the certified resolution of the issuer authorizing the filing of the Application for Reservation.

H. By resolution adopted on June 10, 2020, HCHFC authorized the filing of an Application for Reservation in the maximum amount of \$51,000,000 with respect to qualified mortgage bonds (the “**Reservation**”).

I. HCHFC has determined to assign the Reservation to the Texas Department of Housing and Community Affairs pursuant to Section 394.032(e) of the Act, which provides that “a housing finance corporation may delegate to the Texas Department of Housing and Community Affairs the authority to act on its behalf in the financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the housing finance corporation, including its authority to issue bonds for those purposes.”

J. HCHFC was created by the Commissioners Court of Harris County, Texas (the “County”) pursuant to the Act.

K. As the governmental unit that created HCHFC, the County approved the assignment of the Reservation to Texas Department of Housing and Community Affairs (“TDHCA”) in accordance with Chapter 1372.044 of the Texas Government Code.

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and conditions contained herein, the parties hereto hereby agree as follows:

1. **Assignment.** HCHFC hereby assigns, conveys and transfers to TDHCA, to the full extent assignable under applicable law, including without limitation, the right to file a carryforward designation request, all of HCHFC’s right, title and interest in, to and under the Reservation (the “Assignment”). The Assignment is irrevocable and applies only to the Reservation for the 2020 program year.

2. **Consent.** HCHFC agrees to obtain and deliver to TDHCA, such consents to the Assignment of the Reservation as may be required.

3. **Expenses.** TDHCA shall be responsible for payment of all fees and expenses incurred from and after the date of this Agreement with respect to the Reservation including closing fees payable to the Bond Review Board.

4. **Agreement.** In exchange for the Assignment TDHCA agrees to originate \$51,000,000 of mortgage loans in the geographic service area of HCHFC (“HCHFC Loans”) that are eligible for pooling into mortgage certificates and purchase by the trustee for one or more series of tax-exempt bonds issued by TDHCA.

HCHFC Loans will be originated on a first in first out basis until a total of \$51,000,000 in HCHFC Loans are originated, pooled and purchased by the trustee.

5. **Fees.** TDHCA will pay an ongoing fee of 4.75 basis points (“HCHFC Fee”) of the outstanding balance of HCHFC Loans that have been pooled into mortgage-backed securities. The HCHFC Fee will be paid for a period of ten years for each HCHFC Loan originated under this Agreement and purchased by the trustee that is not more than 30-days delinquent at the time the HCHFC Fee is calculated. The outstanding balance of HCHFC Loans will be reduced monthly to reflect principal repayments and prepayments (including foreclosures of HCHFC Loans). HCHFC Fees cease to accrue with respect to any HCHFC Loan once that HCHFC Loan has been repaid or prepaid.

HCHFC Fees will be paid annually, in accordance with payment instructions to be provided by HCHFC.

6. **Reporting.** TDHCA will provide monthly origination reports reflecting the number, dollar amount, and status of the HCHFC Loans in the pipeline. Once HCHFC Loans have been pooled into

mortgage-backed securities, TDHCA will provide monthly loan level detail with respect to the outstanding loan balances; no personally identifiable information will be included.

7. **Governing Law.** This Agreement shall be governed by and enforced in accordance with the laws of the State of Texas.

8. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

9. **Entire Agreement; Amendment and Waiver.** This Agreement contains the complete and entire understanding of the parties with respect to the matters covered herein. This Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Agreement shall be considered as a general waiver.

10. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which is an original and all of which together constitute one and the same Agreement. Electronically transmitted counterparts shall be deemed originals.

IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Agreement to be effective as of the date first set forth above.

**HARRIS COUNTY HOUSING FINANCE CORPORATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Resolution No. 20-029 authorizing publication of Public Notice for Mortgage Credit Certificate Program

**RECOMMENDED ACTION**

Adopt attached Resolution.

**BACKGROUND**

The Texas Department of Housing and Community Affairs (the Department) released its current Mortgage Credit Certificate (MCC) program, Program 94, on February 11, 2020. Program 90 used \$400 million of volume cap allocation, which converted to \$100 million of MCC authority. In accordance with Internal Revenue Service requirements, the Department must reserve 20% of the volume cap allocation (the Targeted Area Reservation) for one year from the date MCCs were first made available under the program for loans made in Targeted Areas. Targeted Areas are census tracts in which 70% or more of the families have incomes that are 80% of the statewide median income or below, or are areas of chronic economic distress. The Department's Targeted Area Reservation is \$80 million of volume cap, or \$20 million of MCC Authority, and expires December 16, 2020 (one year after the wait-list for this program began accepting reservations), after which the Targeted Area Reservation is released and can be used for any qualifying MCCs under the program.

Based on current origination levels, staff expects that amounts available for non-Targeted Area loans will be fully committed by October 2020. To ensure a continuous flow of available MCC authority, staff is requesting approval to publish the public notice required by the Internal Revenue Service (the Public Notice) for an MCC program expected to be released in November 2020. The Public Notice is required to be published at least 90 days prior to the issuance of the related MCCs.

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

**RESOLUTION NO. 20-029**

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

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

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

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

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

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

## ARTICLE 1

### APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

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

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

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

## ARTICLE 2

### GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Governing Board.

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

PASSED AND APPROVED this 23<sup>rd</sup> day of July, 2020.

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action regarding the optional redemption of Texas Department of Housing and Community Affairs, Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A

**RECOMMENDED ACTION**

**WHEREAS**, the Department has previously issued several series of junior lien bonds, of which \$3,855,000 Texas Department of Housing and Community Affairs, Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A (the 2004A Bonds) remain outstanding;

**WHEREAS**, the Series 2004A Bonds were issued for the primary purpose of providing down payment assistance to low and moderate income homebuyers;

**WHEREAS**, the 2004A Bonds are subject to optional redemption, in whole or in part, on any Business Day, at a price of 100% of the principal amount of bonds called for redemption, plus accrued interest to the date of redemption; and

**WHEREAS**, the optional redemption of the 2004A Bonds would eliminate an unhedged variable rate position, and would facilitate modifications to the junior lien indenture;

**NOW, therefore, it is hereby**

**RESOLVED**, that the Board hereby approves the optional redemption of the 2004A Bonds and authorizes the execution of relevant documents to accomplish the redemption.

**BACKGROUND**

The Department issues senior lien single family mortgage revenue bonds through two indentures, the Single Family Mortgage Revenue Bond (SFMRB) Indenture, and the Residential Mortgage Revenue Bond (RMRB) Indenture. Pursuant to and in accordance with authority described in the SFMRB Indenture, the Department has issued several series of junior lien single family mortgage revenue bonds, of which \$3,855,000 of Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A (the 2004A Bonds), remain outstanding. The 2004A Bonds are unhedged (no swap) variable rate bonds with liquidity provided by the Texas Comptroller of Public Accounts.

The 2004A Bonds are subject to optional redemption, in whole or in part, on any Business Day, at a redemption price of 100% of the principal amount of bonds called for redemption, plus accrued interest to the redemption date.

Staff is requesting approval to optionally redeem the 2004A Bonds, using amounts on deposit in the Surplus Revenues Account of the SFMRB Indenture. The optional redemption will facilitate necessary modifications to the junior lien indenture, including modernization, but more importantly, to provide flexibility intended to reduce the Department's financing costs related to its single family program, including costs related to funding down payment assistance.

Staff will coordinate with the Trustee for the 2004A Bonds, and with the Department's Bond Counsel and Financial Advisor, to determine the timing of the redemption to ensure compliance with the terms of the 2004A Bonds. The redemption is expected to occur no later than October 1, 2020.

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Resolution No. 20-030 authorizing the filing of one or more applications for reservation to the Texas Bond Review Board with respect to Qualified Mortgage Bonds and containing other provisions relating to the subject

**RECOMMENDED ACTION**

Adopt attached resolution.

**BACKGROUND**

An allocation of private activity bond authority, also known as volume cap, is required for the issuance of tax-exempt, single family mortgage revenue bonds (SFMRBs) and for the issuance of mortgage credit certificates (MCCs). In 2020, the State of Texas received just over \$3 billion in volume cap for all private activity purposes. Pursuant to Chapter 1372, Texas Government Code (the Allocation Act), 32.25% of the State’s volume cap is available exclusively for single family activity through August 14, 2020. The Allocation Act creates the following set-asides for single family volume cap, which remain in effect through August 6, 2020:

Texas Department of Housing and Community Affairs	\$327,356,465
Texas State Affordable Housing Corporation	98,187,302
Local Housing Finance Corporations (HFCs)	<u>556,329,254</u>
Total Single Family Volume Cap Set-Asides	\$981,873,021

On August 7, these set-asides collapse and the remaining aggregate balance is available for reservation by any of the above-described entities for single family activity on a first-come, first-served basis through August 14, 2020. Single family volume cap that remains available on August 15, 2020, is collapsed and made available for reservation by any issuer for all private activity purposes.

It is currently cost prohibitive for most HFCs to issue SFMRBs or MCCs; as a result, most, if not all, of the HFC set-aside is expected to remain unclaimed at the single family collapse on August 7, 2020. However, the demand for affordable financing options for low and moderate income homebuyers in Texas has seen a significant increase in recent months. The Department is experiencing unprecedented levels of demand for its single family loan program.

During the past three calendar years, the Department has used an average of approximately \$1.1 billion each year in single family volume cap. In order to continue to meet the needs of low and moderate income homebuyers throughout the state, staff is requesting authorization to submit applications for reservation of volume cap, to include (i) one or more applications for

reservation totaling \$327,356,465, to reserve the Department's single family set-aside prior to August 7, and (ii) one or more applications for reservation for up to \$556,329,254 of volume cap available to single family issuers, on a first-come, first-served basis, between August 7 and August 14, 2020, with the Department's requested amount being reduced by that amount requested by HFCs for single family activity prior to the collapse on August 15, 2020. All amounts requested would be for single family volume cap, with no volume cap to be requested from the general collapse on August 15, 2020.

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

## RESOLUTION NO. 20-030

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

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

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

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

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

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

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

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

WHEREAS, the Board has determined to authorize the filing of one or more Applications for Reservation in the maximum aggregate amount of \$883,685,719 with respect to qualified mortgage bonds;

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

## ARTICLE 1

### APPROVAL OF CERTAIN ACTIONS

Section 1.1 Applications for Reservation. The Board hereby authorizes Bracewell LLP, as Bond Counsel to the Department, to file on its behalf with the Bond Review Board one or more Applications for Reservation in the maximum aggregate amount of \$883,685,719 with respect to qualified mortgage bonds, together with any other documents and opinions required by the Bond Review Board as a condition to the granting of one or more Reservations.

Section 1.2 Authorization of Certain Actions. The Authorized Representatives of the Department named in this Resolution are hereby authorized to take such actions on behalf of the Department as may be necessary to carry out the purposes of this Resolution, including the submission of any carryforward designation requests for such Reservations.

Section 1.3 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 or Acting Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any

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

## ARTICLE 2

### GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, and the March 16, 2020, action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Board.

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

PASSED AND APPROVED this 23<sup>rd</sup> day of July, 2020.

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

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**TO BE POSTED  
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BOARD ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

JULY 23, 2020

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

RECOMMENDED ACTION

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

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

WHEREAS, on February 27, 2020, the Governing Board adopted a resolution designating signature authority to reflect the structure of the Department; and

WHEREAS, organizational and working title changes have occurred such that the Governing Board has now determined that its resolution adopted February 27, 2020, designating signature authority, should be superseded by a new resolution designating signature authority in order to conform to the Department's current organizational structure, working titles, and operations;

NOW, THEREFORE, it is hereby

RESOLVED that the Governing Board makes changes to its resolution adopted February 27, 2020, as shown below.

SECTION 1 – Supersession of the Prior Signature Authority. The Governing Board hereby supersedes its prior resolution, adopted February 27, 2020, designating signature authority by adopting this new resolution.

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

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

- (a) Executive Director, Deputy Executive Director of Programs, Deputy Executive Director of Program Controls and Oversight, Director of Administration, Board Secretary, and Assistant Board Secretary: All real estate or real estate related transactions;
- (b) Director of Financial Administration: All real estate or real estate-related transactions administered by the Financial Administration Division;
- (c) Director of Multifamily Finance: All real estate or real estate-related transactions administered by the Multifamily Finance Division;
- (d) Director of Multifamily Asset Management: All real estate or real estate-related transactions administered by the Multifamily Asset Management Division;
- (e) Director of Bond Finance and Chief Investment Officer: All real estate or real estate-related transactions administered by the Bond Finance and Texas Homeownership Divisions;

- (f) Director of Multifamily Bonds: All real estate or real estate-related transactions administered by the Multifamily Bonds, Bond Finance and Texas Homeownership Divisions, and 4% Housing Tax Credit transactions;
- (g) Director of Texas Homeownership Program: All real estate or real estate-related transactions administered by the Texas Home Ownership Division;
- (h) Director of Single Family and Homeless Programs: All real estate or real estate-related transactions administered by the Single Family and Homeless Programs, which includes HOME, Housing Trust Fund (HTF); Office of Colonia Initiatives (OCI); and Neighborhood Specialization Program (NSP);
- (i) Director of Section 811 Program: All transactions administered by the Section 811 Program;
- (j) Signatory authority on deposits and disbursements on agency bank accounts is limited to those persons designated on the applicable signature cards, as specified by the Executive Director; provided however, that no person may be so designated other than the Executive Director, Director of Administration, or a Director.

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

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

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

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

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

#### BACKGROUND

This Resolution updates and designates signature authority to reflect the current organizational structure of the Department and the current working titles for the positions designated.

Incumbency Certificate

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

Bobby Wilkinson \_\_\_\_\_

Executed and seal of the Department affixed this \_\_\_\_ day of \_\_\_\_\_, 2020 at Austin, Texas.

\_\_\_\_\_  
James "Beau" Eccles

(SEAL)

Certificate

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

Board Secretary	_____
	James "Beau" Eccles
Assistant Board Secretary	_____
	Michael Lyttle
Director of Administration	_____
	David Cervantes
Director of Financial Administration	_____
	Jose Guevara
Director of Bond Finance/Chief Investment Officer	_____
	Monica Galuski
Director of Multifamily Bonds	_____
	Teresa W. Morales
Director of Multifamily Finance	_____
	Margaret L. Holloway
Director of Texas Homeownership Program	_____
	Cathy Gutierrez
Deputy Executive Director of Programs	_____
	Brooke Boston
Director of Multifamily Asset Management	_____
	Rosalio Banuelos
Director of Single Family and Homeless Programs	_____
	Abigail Versyp
Director of Section 811 Program	_____
	Spencer Duran
Deputy Executive Director of Program Controls and Oversight	_____
	Homero V. Cabello, Jr.

Executed this \_\_\_\_ day of \_\_\_\_\_, 2020 at Austin, Texas.

\_\_\_\_\_  
Bobby Wilkinson, Executive Director  
Texas Department of Housing and Community Affairs

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## TDHCA Outreach Activities, June - July

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
Virtual Public Hearing	Public Hearing on Draft 2021 Regional Allocation Formula Methodology	June 16	N/A	Housing Resource Center
Virtual Training	Income Determination Online Training	June 24	N/A	Compliance
Virtual Public Hearing	Public hearing on Vermillion Apartments	June 24	N/A	Multifamily Finance
Virtual Training	Housing Tax Credit Online Training	June 25	N/A	Compliance
Webinar	TDHCA and Texas Apartment Association – What Changed in TDHCA’s Rules Recently?	July 8	N/A	Compliance
Telephone Public Hearing	Public hearing on Pecan Grove Apartments	July 9	N/A	Multifamily Finance

### Internet Postings of Note

*The list of new or noteworthy postings to the Department’s website.*

#### Amy Young Barrier Removal

- Added new Income Certification form
- Added 2020 HOME Income Limits – Texas and FY 2020 state Income Limits for Texas

#### Asset Management

- Posted updated Prospective Buyers list
- Posted Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application (#17288, Forest Trails; #17330, Blue Flame Apartments; #16426, 87<sup>th</sup> Street; #19259, Cypress Creek Apartment Homes at Waxahachie)
- Posted Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement (#04302, Sierra Royale)
- Posted Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application and Land Use Restriction Agreement (#16373, Avondale Farms Seniors)

#### Bond Finance

- Added Single Family 2020 AB Official Statement

### **Bootstrap Loan Program**

- Added 2020 Income Limits to the Texas Bootstrap Loan Program (effective July 1)
- Added Program System Access Request Form and system user guide
- Added information updates, funding set-asides for certain census tracts
- Posted list of Non-Profit Owner-Builder Housing Providers

### **Communications:**

- Posted updated homepage slideshow

### **Community Affairs**

- Posted updated Blower Door and Duct Blaster Data Sheet (as of May 2020)

### **Compliance**

- Posted updated 2018 and 2019 Final Construction Inspection Request
- Posted updated Compliance Guidance Related to COVID-19 (as of July)
- Posted updated Utility Allowance Questionnaire
- Posted updated 2020 Project Income and Rent Tool (as of July 1)
- Posted updated 2019 Mid and Final Construction Inspection Request forms
- Added HOME/TCAP-RF Sample Self-Certification of Annual Income form
- Added Revenue Procedure 2020-53 (Owners wanting to provide housing for medical personnel and other essential workers)

### **Fair Housing**

- Replaced links for training materials and modules
- Added links to Subchapter G of the Multifamily Rules and Section 20.9 of the Single Family Programs Umbrella Rule

### **Finance**

- Added updated FY21 Operating Budget

### **HOME and Homeless:**

- Added ESG CARES Act Input and Update handout
- Added ESG Reporting Resources, Annual Allocation Reporting materials and ESG CARES Reporting (Supplemental Monthly Report, Monthly Reporting Guide)
- Added Spanish-language COVID-19 Impact Certification Form and Certification of Eligibility
- Posted updated ESG CARES Act fund amounts
- Posted updated COVID-19 Rental Coupon Contract
- Added COVID-19 Project Draw Checklist
- Added ESG CARES Implementation for Existing ESG Subrecipients video and handout materials
- Posted updated Declaration of Income Statement Form and Guidance
- Posted updated Housing Contract System Access Request Form for Homeless Programs
- Posted 2020 50% of the Area Median Family Income spreadsheet

### **Homeownership**

- Posted new branding/logos for Homeownership update
- Updated MCC rate information

### **Housing Resource Center**

- Posted updated list of Council Members, Advisory Members, and Staff Support as of July 2020

## Internal Audit

- Posted 2020 Internal Audit Report of the Section 811 Program (released June 25) and 2020 Internal Audit Report of the Purchasing function at TDHCA (released June 25)

## Migrant Labor Housing

- Added MLHF Inspection Report March 7, 2019

## Multifamily:

- Posted updated 2020 9% HTC Full Application Log (as of June 24)
- Posted updated 2020 4% HTC Bond Status Log (as of June 9)
- Added 2020 9% HTC List of Approved Applications pursuant to Tex. Government Code Section 2306.6724(e)

## Program Services

- Added Understanding Section 3 training curriculum
- Added updated information and resources to COVID-19 TDHCA Responses web page

## 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
EHF	Ending Homelessness Fund	QCP	Quantifiable Community Participation
FAQ	Frequently Asked Questions	REA	Real Estate Analysis
HBA	Homebuyer Assistance Program	RFA	Request for Applications
HHSCC	Housing and Health Services Coordination Council	RFO	Request for Offer
HHSP	Homeless Housing and Services Program	RFP	Request for Proposals
HRA	Homeowner Rehabilitation Assistance Program	RFQ	Request for Qualifications
HRC	Housing Resource Center	ROFR	Right of First Refusal
HTC	Housing Tax Credit	SLIHP	State of Texas Low Income Housing Plan
HTF	Housing Trust Fund	TA	Technical Assistance
HUD	U.S. Department of Housing and Urban Development	TBRA	Tenant Based Rental Assistance Program
IFB	Invitation for Bid	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

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Update on TDHCA Programs in Response to COVID-19 and CARES Act  
As of July 15, 2020

This report provides an update on the programs TDHCA has targeted to assist with Texas' response to COVID-19 through reprogramming of existing funds and through the administration of CARES Act funds.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	3-6 months of rental assistance made available through existing or new HOME subrecipients.  Geography: Available where subrecipients apply. Income Eligibility: Households at or below 80% AMFI based on current circumstances.	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020.	20 contracted administrators representing 119 counties. 1 administrator in the review and approval process.	No added TDHCA staffing.  No added admin funds.	12	Up to \$11,290,076  \$38,514* .34%  \$0 0%	113 (households) activities submitted  * Amount Reserved
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	<ul style="list-style-type: none"> <li>Board approval March 2020.</li> <li>Recipients contracts effective: 3/26/20</li> <li>Expenditure Deadline: 8/31/20</li> </ul>	Uses the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19.  Geography: Available statewide (excluding CWCCP and CSI <sup>1</sup> ) Income Eligibility: 200% poverty (normally is 125%)	None	Contracts have been executed by subs. All funds obligated.	No added TDHCA staffing.  No added admin funds.	1,292 persons	\$1,477,993  1,477.993 100%  \$773,678 52%	38 CAA subs

<sup>1</sup> CWCCP and CSI were omitted from this specific type of award because they have outstanding balances owed to the Department. The counties these two entities cover include: Anderson, Cameron, Collin, Denton, Ellis, Henderson, Hunt, Kaufman, Navarro, Rockwall, Van Zandt, and Willacy. It should be noted those counties will receive CSBG services under the CSBG CARES funds.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Recaptured 2018/2019 HHSP	<ul style="list-style-type: none"> <li>Board approval March 2020.</li> <li>Spend by 8/31/20</li> </ul>	<p>To allow subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness.</p> <p>Geography: Available 9 largest metro areas. Income Eligibility: Generally 30% AMFI if applicable</p>	Approval from Comptroller granted.	8 of the 9 contracts have been executed by subs.	<p>No added TDHCA staffing.</p> <p>No added admin funds.</p>	0	<p>\$239,884</p> <p>\$173,886 72%</p> <p>\$0 0%</p>	9 subs
CSBG CARES	<ul style="list-style-type: none"> <li>Board approved April 2020. (\$47,456,000)</li> <li>By 8/31/20 need to decide on the 7% reserve</li> <li>Expend by 8/31/22</li> <li>45 day closeout</li> </ul>	<p>90% to CAAs using regular formula for households affected by COVID-19; 2% (\$949,120) to Texas Homeless Network<sup>2</sup>; 7% to be held in reserve for future emergency use or incentive awards; and 1% for state admin.</p> <p>Geography: Available statewide Income Eligibility: 200% of poverty (normally is 125%)</p>	The <a href="#">flexibilities allowed by USHHS</a> have been accepted.	Working on CSBG Plan Amendment. 39 of 40 contracts have been executed.	<p>1 Art. IX FTE for CSBG reporting (Posted)</p> <p>1% admin (\$474,560)</p>	253 persons	<p>\$48,102,282</p> <p>\$41,794,320 87%</p> <p>\$597,658 1.2%</p>	40 CAA subs
LIHEAP CARES	<ul style="list-style-type: none"> <li>Board approved April 2020</li> <li>By 8/31/20 need to decide on the 9% reserve</li> <li>Expend by 8/30/21</li> <li>45 day closeout</li> </ul>	<p>90% to CEAP subs using regular formula for households affected by COVID-19; 9% to be held in reserve for future emergency use or for subs; and 1% for state admin.</p> <p>Geography: Available statewide Income Eligibility: 150% of poverty</p>	<p>The <a href="#">flexibilities allowed by USHHS</a> have been accepted. Told HHS no WAP w/ CARES.</p> <p>Sent waiver request 5/13/20 to HHS about performance measures for billing history.</p> <p>No 10% Carry Forward applies.</p>	34 of 37 contracts have been executed.	<p>1 Art. IX FTE for CEAP TA/capacity (Filled)</p> <p>1% admin (\$892,670)</p>	212 persons	<p>\$94,023,896</p> <p>\$72,528,520 77%</p> <p>\$396,200 0.42%</p>	37 CAA subs. No subs declined funds.

<sup>2</sup> The award to THN is to: 1) address homelessness and at-risk of homelessness in the Balance of State Continuum of Care and to provide capacity building assistance to subrecipients of Emergency Solutions Grant CARES Act and 2020 and 2021 Emergency Solutions Grant funds as a result of COVID-19.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CDBG CARES – Phase I	Board approved April 2020  All phases of CDBG to be expended by 9/30/22  90 day closeout	TBD by TDHCA  Geography: TBD Income Eligibility: TBD	Waiting on Federal Register guidance release from HUD. Submitted HUD question asking to confirm that arrears on RA acceptable (field office agreed, CARES email FAQ no response yet). Will need waivers depending on what activity is decided.	Once decided, will do a 5 day posted comment period for a Con Plan amendment	TBD	0	\$40,000,886  \$0 0%  \$0 0%	
CDBG CARES – Phase II	All phases of CDBG to be expended by 9/30/22	TBD by TDHCA  Geography: TBD Income Eligibility: TBD	Waiting on Federal Register guidance release from HUD. May need waivers depending on what activity is decided.	Once decided, will do a 5 day posted comment period for a Con Plan amendment	TBD	0	\$63,392,290  \$0 0%  \$0 0%	Office of Governor designated TDHCA for all remaining CDBG CARES on June 15, 2020.
ESG CARES – Phase I	<ul style="list-style-type: none"> <li>Board approved April 2020</li> <li>Expend by 9/30/22</li> <li>90 day closeout</li> </ul>	<p>Four streams:</p> <ul style="list-style-type: none"> <li>Existing subs were offered 100% to 200% of current contract amount (\$12.5M new estimate)</li> <li>ESG Coordinators decide via local process for their CoC. (\$17,189,189 est.)</li> <li>For the 3 areas with no ESG Coordinator, we will ID from past CoC awards in the area (\$912,559 est.)</li> <li>Legal/HMIS (\$1.8M)</li> </ul>	<ul style="list-style-type: none"> <li>HUD mega-waivers accepted.</li> <li>Additional waiver request to HUD was submitted on May 7. One-Year Plan/ Con Plan amendment to HUD on May 8.</li> <li>Signed HUD grant agreement sent to HUD 5/15/20.</li> </ul>	<ul style="list-style-type: none"> <li>46 out of 49 contracts out for existing ESG subrecipients</li> <li>2 legal service providers awarded.</li> <li>8 ESG CARES Coordinators will submit award recs by 7/16/2020.</li> </ul>	3 Art. IX FTE (for all phases of ESG as well) 1 hired; 2 in process  5% admin (\$1,662,734)	246	\$33,254,679  \$12,453,057 37%  \$20,322 0.001%	<p>This is the first \$1B of national ESG.</p> <p>Contracts for legal services still under discussion.</p> <p>HMIS funds totaling \$365,826 will go to the 8 ESG Coordinators.</p>

		Geography: Locations of all funded grantees Income Eligibility: 50% AMI for homeless prevention	<ul style="list-style-type: none"> <li>Funds live in HUD system 5/22/20.</li> </ul>	<ul style="list-style-type: none"> <li>Identified 3 providers in 3 areas without ESG CARES coordinators.</li> </ul>				
ESG CARES – Phase II	Federal award amounts announced 6/9/2020.	TBD	TBD	Once decided, will take to Board and do a 5 day posted comment period for a Con Plan amendment	TBD	0	\$64,537,937 \$0 0% \$0 0%	This is the state's share of the second (final) allocation of \$2.96 billion.
Housing Choice Voucher Program Admin	HUD has clarified that expenditure must occur by 12/31/20. (PIH 2020-08)	<ul style="list-style-type: none"> <li>Software upgrades with Housing Pro to allow more efficient remote interface.</li> <li>Landlord incentive payments.</li> </ul>	Received HUD interpretation that using funds for software upgrades are acceptable.	ISP negotiation complete with Housing Pro. Purchase Order for upgrades in process. Materials for landlord incentives completed.	No added TDHCA staffing.	0	\$117,268 \$38,012* 32.4% \$0 0%	\$380M nationally *\$11,620 obligated for the system purchase. \$26,392 offered to 18 households for landlord incentives. None housed yet.
Housing Choice Voucher Program MVP	12 months of assistance, start date begins whenever we designate with HUD.	15 additional MVP vouchers consistent with our award of MVP, which for us is for the Project Access List.	None needed.	Received award from HUD. Issued the 15 vouchers on 5/22/20.	No added TDHCA staffing. No added admin funds.	0*	\$105,034 \$0 0% \$0 0%	*Not counted as "served" until housed. 15 households searching for units
Housing Choice Voucher Program – Other/HAP	TBD	TBD	TBD	Awaiting HUD announcement or release of funds	TBD	0	TBD	\$870M nationally remaining

Note that Section 811 was initially reflected on this report. However, the funds in CARES have been clarified by HUD to be for traditional 811 Project Rental Assistance Contracts, not 811 PRA programs.

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BOARD REPORT ITEM  
FINANCIAL ADMINISTRATION DIVISION  
JULY 23, 2020

Report on the Department's 3rd Quarter Investment Report in accordance with the Public Funds Investment Act

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the Public Funds Investment Act (PFIA), and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is \$1,203,373,719 of which \$1,167,686,194 is not subject to the PFIA. This report addresses the remaining \$35,687,525 (see page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by U.S. Government Securities. A repurchase agreement is the daily purchase of a security with an agreement to repurchase that security at a specific price and date, which in this case was June 1, 2020, with an effective interest rate of 0.03%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned \$16,344 in interest during the quarter.

Below is a description of each fund group and its corresponding accounts.

- The General Fund accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate (MCC) Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate (BMIR) Program.
- The State Housing Trust Fund accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.
- The Compliance accounts maintain funds from compliance monitoring fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements (LURAs) that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The Housing Initiative accounts maintain funds from fees collected from Developers in connection with the Department's Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.
- The Ending Homelessness Trust Fund account maintains funds from donations collected from individuals through the Texas Department of Motor Vehicles in connection with the Department's Ending Homelessness Program. The authority for the collection of these donations is outlined in House Bill 4102, 85<sup>th</sup> Texas Legislature Session, Regular Session. These donations are collected and disbursed for the purpose of providing grants to counties and municipalities to combat homelessness.

This report is in the format required by the Public Funds Investment Act. It shows in detail the types of investments, their maturities, their carrying (face amount) values, and fair values at the beginning and end of the quarter. The detail for investment activity is on Pages 1 and 2.

During the 3rd Quarter, as it relates to the investments covered by the PFIA, the carrying value decreased by \$2,810,835 (see page 1) for an ending balance of \$35,687,525. The change is described below by fund groups.

General Fund: The General Fund decreased by \$735,041. This consists primarily of \$304,070 received in multifamily bond fees offset by disbursements including \$1,038,314 to fund the operating budget.

The State Housing Trust Fund: The Housing Trust Fund decreased by \$578,991. This consists primarily of \$970,336 received in loan repayments offset by disbursements including \$1,494,832 for loans, grants, and escrow payments.

Compliance: Compliance funds decreased by \$929,787. This consists primarily of \$964,865 received in compliance fees offset by disbursements of \$1,893,023 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds decreased by \$591,611. This consists primarily of \$732,082 received in fees related to tax credit activities, offset by disbursements of \$1,311,821 transferred to fund the operating budget.

Ending Homelessness Fund: Ending Homelessness funds increased by \$24,595. This consists primarily of donations and interest earnings on current investment balances.

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

**PUBLIC FUNDS INVESTMENT ACT  
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)  
QUARTER ENDING May 31, 2020**

**Texas Department of Housing and Community Affairs**  
**Non-Indenture Related Investment Summary**  
**For Period Ending May 31, 2020**

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 02/29/20	Beginning Market Value 02/29/20	Accretions/Purchases	Amortizations/Sales	Maturities	Transfers	Ending Carrying Value 05/31/20	Ending Market Value 05/31/20	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	765,756.28	765,756.28	1,215.89				766,972.17	766,972.17	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	31,134.11	31,134.11		(13.86)			31,120.25	31,120.25	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	408,696.02	408,696.02		(11,444.63)			397,251.39	397,251.39	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	1,331,771.13	1,331,771.13		(556,490.76)			775,280.37	775,280.37	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	277,993.81	277,993.81		(168,880.41)			109,113.40	109,113.40	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	651,826.50	651,826.50	16.34				651,842.84	651,842.84	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	253,391.47	253,391.47	101.43				253,492.90	253,492.90	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	801,501.02	801,501.02	454.96				801,955.98	801,955.98	-	0.00
Repo Agmt	General Fund	0.03	05/29/20	06/01/20	0.02	0.02					0.02	0.02	-	0.00
<b>General Fund Total</b>					<b>4,522,070.36</b>	<b>4,522,070.36</b>	<b>1,788.62</b>	<b>(736,829.66)</b>	<b>0.00</b>	<b>0.00</b>	<b>3,787,029.32</b>	<b>3,787,029.32</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	Housing Trust Fund	0.03	05/29/20	06/01/20	74,072.68	74,072.68	39,343.58				113,416.26	113,416.26	-	0.00
Repo Agmt	Housing Trust Fund	0.03	05/29/20	06/01/20	3,567.24	3,567.24	191.03				3,758.27	3,758.27	-	0.00
Repo Agmt	Housing Trust Fund	0.03	05/29/20	06/01/20	457,964.62	457,964.62	53,981.38				511,946.00	511,946.00	-	0.00
Repo Agmt	General Revenue Appn	0.03	05/29/20	06/01/20	53,019.67	53,019.67	1,361.02				54,380.69	54,380.69	-	0.00
Repo Agmt	General Revenue Appn	0.03	05/29/20	06/01/20	556,016.38	556,016.38		(419,870.45)			136,145.93	136,145.93	-	0.00
Repo Agmt	General Revenue Appn	0.03	05/29/20	06/01/20	1,086,686.50	1,086,686.50		(436,454.07)			650,232.43	650,232.43	-	0.00
Repo Agmt	General Revenue Appn	0.03	05/29/20	06/01/20	67,332.04	67,332.04	1,944.21				69,276.25	69,276.25	-	0.00
Repo Agmt	General Revenue Appn	0.03	05/29/20	06/01/20	228,497.90	228,497.90					228,497.90	228,497.90	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.03	05/29/20	06/01/20	371,619.15	371,619.15		(43,835.55)			327,783.60	327,783.60	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.03	05/29/20	06/01/20	1,174,756.36	1,174,756.36		(603,723.96)			571,032.40	571,032.40	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.03	05/29/20	06/01/20	1,202,686.54	1,202,686.54		(91,841.71)			1,110,844.83	1,110,844.83	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.03	05/29/20	06/01/20	1,096,006.00	1,096,006.00	464,413.29				1,560,419.29	1,560,419.29	-	0.00
Repo Agmt	Bootstrap -GR	0.03	05/29/20	06/01/20	1,350,931.42	1,350,931.42		(445,500.00)			905,431.42	905,431.42	-	0.00
Repo Agmt	Bootstrap -GR	0.03	05/29/20	06/01/20	1,957,698.87	1,957,698.87	901,000.00				2,858,698.87	2,858,698.87	-	0.00
<b>Housing Trust Fund Total</b>					<b>9,680,855.37</b>	<b>9,680,855.37</b>	<b>1,462,234.51</b>	<b>(2,041,225.74)</b>	<b>0.00</b>	<b>0.00</b>	<b>9,101,864.14</b>	<b>9,101,864.14</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	Multi Family	0.03	05/29/20	06/01/20	838,207.07	838,207.07		(78,020.52)			760,186.55	760,186.55	-	0.00
Repo Agmt	Multi Family	0.03	05/29/20	06/01/20	813,559.39	813,559.39	73,849.33				887,408.72	887,408.72	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.03	05/29/20	06/01/20	7,778,154.68	7,778,154.68		(925,616.22)			6,852,538.46	6,852,538.46	-	0.00
<b>Compliance Total</b>					<b>9,429,921.14</b>	<b>9,429,921.14</b>	<b>73,849.33</b>	<b>(1,003,636.74)</b>	<b>0.00</b>	<b>0.00</b>	<b>8,500,133.73</b>	<b>8,500,133.73</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	Asset Management	0.03	05/29/20	06/01/20	1,425,559.59	1,425,559.59	15.39				1,425,574.98	1,425,574.98	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.03	05/29/20	06/01/20	1,527,751.57	1,527,751.57	155,385.02				1,683,136.59	1,683,136.59	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.03	05/29/20	06/01/20	11,152,171.17	11,152,171.17		(727,695.91)			10,424,475.26	10,424,475.26	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.03	05/29/20	06/01/20	434,086.04	434,086.04		(19,314.88)			414,771.16	414,771.16	-	0.00
<b>Housing Initiatives Total</b>					<b>14,539,568.37</b>	<b>14,539,568.37</b>	<b>155,400.41</b>	<b>(747,010.79)</b>	<b>0.00</b>	<b>0.00</b>	<b>13,947,957.99</b>	<b>13,947,957.99</b>	<b>0.00</b>	<b>0.00</b>
Repo Agmt	Homelessness - HB4102	0.03	05/29/20	06/01/20	325,944.47	325,944.47	24,595.36				350,539.83	350,539.83	-	0.00
<b>Homelessness - HB4102 Total</b>					<b>325,944.47</b>	<b>325,944.47</b>	<b>24,595.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>350,539.83</b>	<b>350,539.83</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Non-Indenture Related Investment Summary</b>					<b>38,498,359.71</b>	<b>38,498,359.71</b>	<b>1,717,868.23</b>	<b>(4,528,702.93)</b>	<b>0.00</b>	<b>0.00</b>	<b>35,687,525.01</b>	<b>35,687,525.01</b>	<b>0.00</b>	<b>0.00</b>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
HOUSING FINANCE DIVISION  
PUBLIC FUNDS INVESTMENT ACT  
Internal Management Report (Sec. 2256.023)  
Quarter Ending May 31, 2020

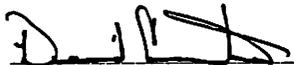
	Investment Type	FAIR VALUE (MARKET) @ 02/29/20	CARRYING VALUE @ 02/29/20	ACCRETION / PURCHASES	AMORTIZATION / SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/20	FAIR VALUE (MARKET) @ 05/31/20	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT REC'BL @ 05/31/20	RECOGNIZED GAIN
<b>NON-INDENTURE RELATED:</b>												
General Fund	Repurchase Agreements	4,522,070.36	4,522,070.36	1,788.62	(736,829.66)	-	-	3,787,029.32	3,787,029.32	-	9.46	-
Housing Trust Fund	Repurchase Agreements	9,680,855.37	9,680,855.37	1,462,234.51	(2,041,225.74)	-	-	9,101,864.14	9,101,864.14	-	23.02	-
Compliance	Repurchase Agreements	9,429,921.14	9,429,921.14	73,849.33	(1,003,636.74)	-	-	8,500,133.73	8,500,133.73	-	21.25	-
Housing Initiatives	Repurchase Agreements	14,539,568.37	14,539,568.37	155,400.41	(747,010.79)	-	-	13,947,957.99	13,947,957.99	-	35.07	-
Ending Homelessness Trust Fund	Repurchase Agreements	325,944.47	325,944.47	24,595.36	-	-	-	350,539.83	350,539.83	-	0.88	-
<b>NON-INDENTURE RELATED TOTAL</b>		<b>38,498,359.71</b>	<b>38,498,359.71</b>	<b>1,717,868.23</b>	<b>(4,528,702.93)</b>	<b>0.00</b>	<b>0.00</b>	<b>35,687,525.01</b>	<b>35,687,525.01</b>	<b>0.00</b>	<b>89.68</b>	<b>0.00</b>

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:

David Cervantes completed 5.0 hrs. of training on the Texas Public Funds Investment Act on August 9, 2019

Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 8, 2019

	Date: 7/16/20
David Cervantes Director of Administration	
	Date: 7/16/20
Monica Galuski Director of Bond Finance/Chief Investment Officer	

2d

**BOARD REPORT ITEM**  
**BOND FINANCE DIVISION**  
**JULY 23, 2020**

Report on the Department's 3<sup>rd</sup> Quarter Investment Report relating to funds held under Bond Trust Indentures

**BACKGROUND**

- The Department's Investment Policy excludes funds invested under a bond trust indenture for the benefit of bond holders because the trustee for each trust indenture controls the authorized investments in accordance with the requirements of that indenture. Management of assets within an indenture is the responsibility of the Trustee. This internal management report is for informational purposes only and, while not required under the Public Funds Investment Act, it is consistent with the prescribed format and detail as required by the Public Funds Investment Act. It details the types of investments, maturity dates, carrying (face amount) values, and fair market values at the beginning and end of the quarter.
- Overall, the portfolio carrying value decreased by approximately \$35.6 million (see page 3), resulting in an end of quarter balance of \$1,167,686,194.

The portfolio consists of those investments described in the attached Bond Trust Indentures Supplemental Management Report.

	<u>Beginning Quarter</u>	<u>Ending Quarter</u>
Mortgage Backed Securities (MBS)	85%	86%
Guaranteed Investment Contracts/Investment Agreements	2%	2%
Repurchase Agreements	4%	4%
Treasury Backed Mutual Funds	3%	5%
Treasury Notes / Bonds	6%	3%

The increase in MBS is due to the origination of loans related to single family bonds. The increase of Treasury Backed Mutual Funds is due to the issuance of multifamily bonds, and the decrease in Treasury Notes / Bonds is due to the retirement of multifamily bonds.

**Portfolio activity for the quarter:**

- The MBS purchases this quarter were approximately \$746,799, due to the issuance of single family bonds and the investment of proceeds in MBS.
- The maturities in MBS were approximately \$16 million, which represent loan repayments or payoffs.

The table below shows the trend in MBS activity.

	3rd Qtr FY 19	4th Qtr FY 19	1st Qtr FY 20	2nd Qtr FY 20	3rd Qtr FY 20	Total
Purchases	\$ 72,347,936	\$ 109,650,734	\$ 99,520,103	\$ 75,233,628	\$ 746,799	\$ 357,499,200
Sales						\$ -
Maturities	\$ 13,691,518	\$ 16,187,797	\$ 16,188,430	\$ 14,887,354	\$ 16,039,041	\$ 76,994,140
Transfers						\$ -

- The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds MBS investments until maturity.
- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) increased \$23.6 million (see pages 3 and 4), with fair market value being greater than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of May 31, 2020, was 3.15%, down from 3.45% at the end of February 2020. There are various factors that affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.
- Given the current financial environment, this change in market value is to be expected. However, the change is cyclical and is reflective of a general movement toward higher yields in the bond market as a whole.
- The ability of the Department’s investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.
- The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 103.66% to 109.38%, which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS  
 BOND FINANCE DIVISION  
 BOND TRUST INDENTURES  
 Supplemental Management Report  
 Quarter Ending May 31, 2020

	FAIR VALUE (MARKET) @ 02/29/20	CARRYING VALUE @ 02/29/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/20	FAIR VALUE (MARKET) @ 05/31/20	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 05/31/20	RECOGNIZED GAIN
<b>INDENTURE RELATED:</b>											
Single Family	669,543,769	630,811,965	5,974,226	(10,923,766)	(10,949,392)	2,104,412	617,017,445	666,935,478	11,186,229	2,416,366	-
RMRB	290,032,684	270,302,945	4,985,428	(3,150,723)	(4,543,390)	(2,104,412)	265,489,848	289,517,302	4,297,715	925,047	-
Taxable Mortgage Program	3,613,864	3,613,864	56,046	-	-	-	3,669,910	3,669,910	-	799,297	-
Multi Family	320,307,064	298,624,862	47,498,911	(64,068,523)	(546,259)	-	281,508,991	311,390,991	8,199,797	530,773	-
	<b>1,283,497,382</b>	<b>1,203,353,636</b>	<b>58,514,610</b>	<b>(78,143,012)</b>	<b>(16,039,041)</b>	<b>-</b>	<b>1,167,686,194</b>	<b>1,271,513,681</b>	<b>23,683,741</b>	<b>4,671,482</b>	<b>-</b>

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

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 _____ David Cervantes Director of Administration	7/14/20
 _____ Monica Galuski Director of Bond Finance/Chief Investment Officer	7/10/2020

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS  
 BOND FINANCE DIVISION  
 BOND TRUST INDENTURES  
 Supplemental Management Report  
 Quarter Ending May 31, 2020

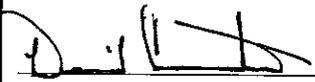
INVESTMENT TYPE	FAIR VALUE (MARKET) @ 02/29/20	CARRYING VALUE @ 02/29/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 05/31/20	FAIR VALUE (MARKET) @ 05/31/20	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
<b>INDENTURE RELATED:</b>										
Mortgage-Backed Securities	1,105,329,567	1,025,255,691	746,799	-	(16,039,041)	-	1,009,963,449	1,113,790,936	23,753,610	-
Guaranteed Inv Contracts	23,412,310	23,412,310	2,054,892	(3,630,907)	-	-	21,836,295	21,836,295	-	-
Investment Agreements	46,607	46,607	1,183,356	-	-	-	1,229,962	1,229,962	-	-
Treasury-Backed Mutual Funds	33,244,237	33,244,237	40,014,751	(12,272,354)	-	-	60,986,634	60,986,634	-	-
Repurchase Agreements	45,365,216	45,365,216	7,532,177	(10,945,106)	-	-	41,952,286	41,952,286	-	-
Treasury Notes / Bonds	76,099,445	76,029,576	6,982,637	(51,294,646)	-	-	31,717,567	31,717,567	(69,869)	-
	<b>1,283,497,382</b>	<b>1,203,353,636</b>	<b>58,514,610</b>	<b>(78,143,012)</b>	<b>(16,039,041)</b>	<b>-</b>	<b>1,167,686,194</b>	<b>1,271,513,681</b>	<b>23,683,741</b>	<b>-</b>

(b) (8) The Department is in compliance with regards to investing its funds in a manner which will provide by priority the following objectives: (1) safety of principal, (2) sufficient liquidity to meet Department cash flow needs, (3) a market rate of return for the risk assumed, and (4) conformation to all applicable state statutes governing the investment of public funds including Section 2306 of the Department's enabling legislation and specifically, Section 2256 of the Texas Government Code, the Public Funds Investment Act.

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	Date <u>7/14/20</u>
David Cervantes Director of Administration	
	Date <u>7/10/2020</u>
Monica Galuski Director of Bond Finance/Chief Investment Officer	

**Texas Department of Housing and Community Affairs**  
**Bond Finance Division**  
**Executive Summary**  
As of May 31, 2020

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
<b>PARITY COMPARISON:</b>				
PARITY ASSETS				
Cash	\$ 176,031	\$ 38,928	\$ 665,222	\$ 880,181
Investments <sup>(1)</sup>	\$ 44,119,137	\$ 15,949,318	\$ 270,772,743	\$ 330,841,198
Mortgage Backed Securities <sup>(1)</sup>	\$ 572,438,379	\$ 249,540,530		\$ 821,978,909
Loans Receivable <sup>(2)</sup>	\$ 19,292	\$ -	\$ 695,477,968	\$ 695,497,260
Accrued Interest Receivable	\$ 2,416,366	\$ 925,046	\$ 3,452,941	\$ 6,794,353
<b>TOTAL PARITY ASSETS</b>	<b>\$ 619,169,205</b>	<b>\$ 266,453,822</b>	<b>\$ 970,368,874</b>	<b>\$ 1,855,991,901</b>
PARITY LIABILITIES				
Notes Payable	\$ 12,000,000	\$ 10,000,000	\$ 114,223,896	\$ 136,223,896
Bonds Payable <sup>(1)</sup>	\$ 563,986,238	\$ 242,790,000	\$ 769,389,579	\$ 1,576,165,817
Accrued Interest Payable	\$ 4,512,149	\$ 4,258,137	\$ 3,504,763	\$ 12,275,049
Other Non-Current Liabilities <sup>(3)</sup>				\$ -
<b>TOTAL PARITY LIABILITIES</b>	<b>\$ 580,498,387</b>	<b>\$ 257,048,137</b>	<b>\$ 887,118,238</b>	<b>\$ 1,724,664,762</b>
PARITY DIFFERENCE	\$ 38,670,818	\$ 9,405,685	\$ 83,250,636	\$ 131,327,139
<b>PARITY</b>	<b>106.66%</b>	<b>103.66%</b>	<b>109.38%</b>	<b>107.61%</b>

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for r  
Also, the CHMRB Bonds were redeemed in full in January 2019.

(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.

(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.

3a

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

4a

# **PULLED FROM THE AGENDA**

5a

**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Pecan Grove) Resolution No. 20-031 and a Determination Notice of Housing Tax Credits

**RECOMMENDED ACTION**

**WHEREAS**, the Board adopted an inducement resolution for Pecan Grove at the Board meeting of June 27, 2019;

**WHEREAS**, a 4% Housing Tax Credit application for Pecan Grove, sponsored by AAHFC Pecan Grove, GP, LLC, with Alamo Area Housing Finance Corporation as the sole member of the general partner, was submitted to the Department on April 3, 2020;

**WHEREAS**, a Reservation was issued in the amount of \$26,000,000 on April 3, 2020, with a bond delivery deadline of September 30, 2020;

**WHEREAS**, the development site involves a neighborhood risk factor relating to the poverty rate of the census tract containing the development;

**WHEREAS**, pursuant to 10 TAC §11.101(a)(3)(D)(i) of the QAP, a resolution from the governing body must be submitted as mitigation for the poverty rate;

**WHEREAS**, such resolution was not submitted however staff believes the poverty rate is mitigated based on other information;

**WHEREAS**, staff recommends a waiver be granted of the language in 10 TAC §11.101(a)(3)(D)(i) that requires a resolution relating to the poverty rate neighborhood risk factor, based on the facts and circumstances associated with this particular development;

**WHEREAS**, staff recommends such waiver in accordance with 10 TAC §11.207 and believes that the granting of the waiver furthers the policies of §§2306.001, 2306.002, and 2306.359 by providing decent, quality affordable housing to low-income households within the City of Seguin as further discussed herein; and

**WHEREAS**, EARAC recommends the issuance of Multifamily Housing Revenue Notes for Pecan Grove and the issuance of a Determination Notice;

**NOW, therefore, it is hereby**

**RESOLVED**, a waiver of 10 TAC §11.101(a)(3)(D)(i) is hereby granted;

**RESOLVED**, that the issuance of unrated Multifamily Housing Revenue Bonds (Pecan Grove) for \$26,000,000, pursuant to Resolution No. 20-031 is hereby approved in the form presented to this meeting;

**FURTHER RESOLVED**, the issuance of a Determination Notice of \$1,353,160 in 4% Housing Tax Credits for Pecan Grove, 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 §2306.353 *et seq.*, which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

*Development Information:* Pecan Grove is to be located at 1231 West Court Street in Seguin, Guadalupe County, and proposes the new construction of 198 units that will serve the general population. 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 198 units will be rent and income restricted at 60% of AMFI.

*Site Analysis:* Pursuant to §11.101(a)(3)(B)(i) of the 2020 QAP, a development site located within a census tract that has a poverty rate above 40% constitutes a Neighborhood Risk Factor that requires disclosure and mitigation to be submitted. Specifically, the rule states that mitigation that the applicant considers appropriate can be submitted, but §11.101(a)(3)(D)(i) of the 2020 QAP also states that mitigation must be in the form of a resolution from the governing body that acknowledges the poverty rate and authorizes the development to move forward regardless. Staff acknowledges the potential confusion in the rule, but believes that in accepting the other

information provided by the applicant a waiver is required relating to the resolution as the sole form of mitigation.

The proposed development is to be located in census tract 48187210300 (2103.00). That census tract includes the 184-acre campus of Texas Lutheran University (TLU). TLU has a student population of approximately 1,500 students and online data suggests that approximately 65% of those students reside on campus. With a population of 5,504, this would indicate that students compose over 17% of the census tract's population. Given the number of students that reside either on campus or off-campus, but within the same tract, it is possible that the poverty rate is slightly overstated as some students are still part of another household.

The applicant has been pursuing the development site for the past several years. The majority of the site is zoned multifamily; however, in December 2018 the City of Seguin adopted an ordinance that rezoned a portion of the development site from commercial to multifamily. Moreover, in February 2019 the city council adopted the Resolution of No Objection for the proposed development. At the time of the adoption of the No Objection Resolution, a resolution relating to the poverty rate was not necessary for two reasons. One, the poverty rate of the census tract was below the 40% threshold – at 38.5% and, two, the 2019 QAP did not require the submission of a resolution for the poverty rate, but rather identified other forms of mitigation that could be submitted. While the applicant was ready to move forward in 2019 with the housing tax credit application, the city's process for review of the site and building permits would occur independent of one another, and created delays in the overall approval process.

On April 3, 2020, in the midst of COVID-19 and Shelter In Place orders, the full application was submitted to the Department. Given the 2020 Certificate of Reservation and the requirement that the application adhere to the 2020 QAP, the poverty rate for the census tract has increased to slightly over the threshold, to 43.3%. According to the applicant, they have reached out to the City of Seguin and have tried to obtain the resolution required but the applicant indicated that the city is using city council meetings for essential business at this time due to COVID-19.

Based on staff's assessment of the demographics of the census tract and the aforementioned points regarding the city's awareness and involvement in the development, and the current limited city council operations, staff believes that a determination on eligibility is warranted based on 10 TAC §11.101(a)(3)(E) in that all of the units will be rent and income restricted and the poverty rate and composition of the census tract is not of a nature or severity that should render the development site ineligible. Moreover, on June 25, 2020, staff notes that the City of Seguin issued the site development permit. Staff believes that by granting the waiver it better serves the policies and purposes articulated in Tex. Gov't Code, §§2306.001, 2306.002, 2306.359, by providing decent, quality affordable housing to low-income households within the City of Seguin. Seguin has a total of three housing tax credit properties, totaling 308 units, with 56 of them serving elderly households which was awarded in 2001. According to the Department's property inventory, the last multifamily development to serve the general population was in 2004 and prior to that was a general population development in 1996. Pecan Grove proposes the new construction of 198 units to serve family households, and the need is substantiated by the market

study reviewed as part of the application and discussed in the Real Estate Analysis Report included herein.

*Organizational Structure and Previous Participation:* The Borrower is LDG Pecan Grove, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 and the previous participation was deemed acceptable by EARAC.

*Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment:* In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in compliance with IRS published guidance, for the proposed development on July 9, 2020. Given that it was via telephone and would ordinarily be difficult to discern exactly how many individuals participated in the hearing, there is an option on the call line to obtain a participant count. For this hearing there were no attendees, other than staff conducting the hearing. A copy of the hearing transcript is included herein. The Department has received no letters of support or opposition for this development.

### **Summary of Financial Structure**

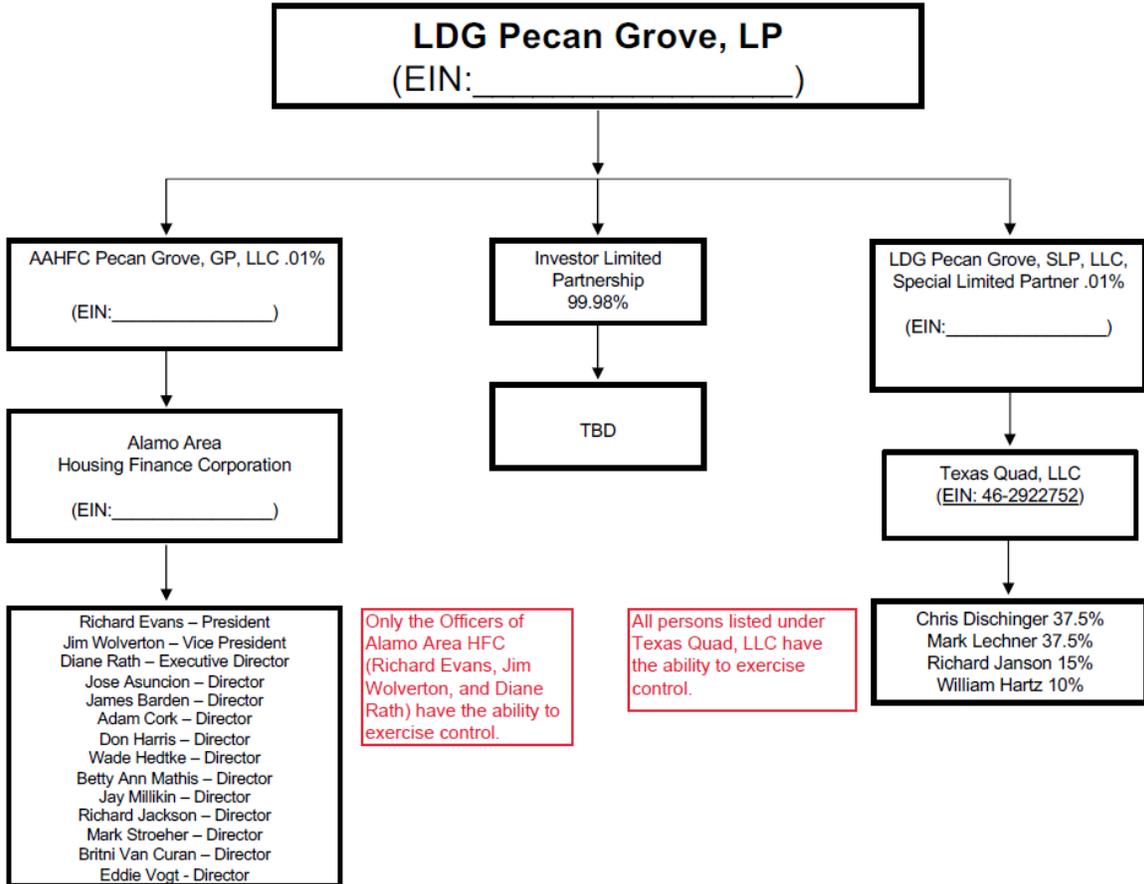
Under the proposed structure, the Department will issue unrated tax-exempt multifamily bonds in the amount of \$26,000,000 that will be initially purchased by R4 Capital Funding. R4 Capital Funding will acquire the loan and the Department's related multifamily bonds at closing which will be used to fund the construction phase of the loan.

Upon stabilization, Cedar Rapids Bank and Trust (CRBT) will purchase the Bonds, and will serve as the permanent lender for the remainder of the bond term. During the permanent phase, the Bonds will be variable rate, but will be "synthetically" fixed through a forward starting swap that will be entered into between the Borrower and the Swap Counterparty, CRBT prior to closing. The borrower will pay a fixed interest rate to the swap counterparty (CRBT) and the swap counterparty will pay a variable interest rate in return to the bondholder (CRBT). While the Department is not a party to the swap agreement, the swap payments will flow through the indenture to the trustee. The effective interest rate on the Bonds will be equal to 79% of LIBOR plus 2.00%. For purposes of the Department's underwriting an interest rate of 3.75% was used. The loan will have a term of 16 years and a 40-year amortization. The final maturity date of the bonds is August 1, 2060.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 20-031 can be found online at TDHCA's Board Meeting Information Center website at <http://www.tdhca.state.tx.us/board/meetings.htm>.

Exhibit A

**APPLICANT OWNERSHIP CHART**



## RESOLUTION NO. 20-031

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (PECAN GROVE), SERIES 2020; 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 (Pecan Grove), Series 2020 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (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 Pecan Grove, 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 27, 2019, 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 Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department and assigned to the Trustee; and

WHEREAS, the Department's rights (except for certain unassigned rights) under the Indenture, the Note and the Bond Mortgage will be assigned to the Trustee pursuant to an Assignment of Leasehold Deed of Trust and Loan Documents (the "Assignment") from the Department to the Trustee; and

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

WHEREAS, the Board has determined that the Department, the Trustee, and the Borrower will execute a Tax Exemption Certificate and 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 further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with the Borrower and Cedar Rapids Bank and Trust Company or another purchaser selected by R4 Capital Funding LLC (the "Purchaser"), setting forth certain terms and conditions upon which the Purchaser will purchase

all of the Bonds from the Department and the Department will sell the Bonds to the Purchaser; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, 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 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 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, 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. The Bonds shall bear interest at the Bond Coupon Rate, as defined in the Indenture and subject to adjustment as described in the Indenture; provided that (i) in no event shall the interest rate (including any default rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be \$26,000,000; (iii) the final maturity of the Bonds shall be August 1, 2060; and (iv) the price at which the Bonds are sold to the Purchaser shall be 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 1.12 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 Fee Owner, the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Guadalupe 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 Purchaser 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 and the Purchaser.

Section 1.8 Acceptance of the Note and the Mortgage. That the form and substance of the Note and the 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 1.9 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 Trustee.

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 ("Bond Counsel"), may be necessary or convenient to carry out or assist in

carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.12 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit 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 - Mortgage
- Exhibit I - Assignment

Section 1.13 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

## ARTICLE 2

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the 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 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 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 2.5 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 Bond Purchase Agreement and the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.6 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the 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 Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

PASSED AND APPROVED this 23rd day of July, 2020.

**EXHIBIT A**

**Description of Development**

Borrower: LDG Pecan Grove, LP, a Texas limited partnership

Development: The Development is a 198-unit affordable multifamily community known as Pecan Grove Apartments and to be located at 1231 West Court Street, Seguin, Guadalupe County, Texas 78155. It consists of eight (8) residential apartment buildings with approximately 236,694 net rentable square feet. The unit mix will consist of:

18	one-bedroom/one-bath units
60	two-bedroom/two-bath units
114	three-bedroom/two-bath units
6	four-bedroom/two-and-one-half-bath units
<hr/>	
198	Total Units

Unit sizes will range from approximately 815 square feet to approximately 1,624 square feet.

# 20609 Pecan Grove - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 14, 2020

PROPERTY IDENTIFICATION	
Application #	20609
Development	Pecan Grove
City / County	Seguin / Guadalupe
Region/Area	9 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION						
TDHCA Program	Request	Recommended				
LIHTC (4% Credit)	\$1,353,160	\$1,353,160	\$6,834/Unit	\$0.92		
Private Activity Bonds	\$26,000,000	3.75%	40	16	1	

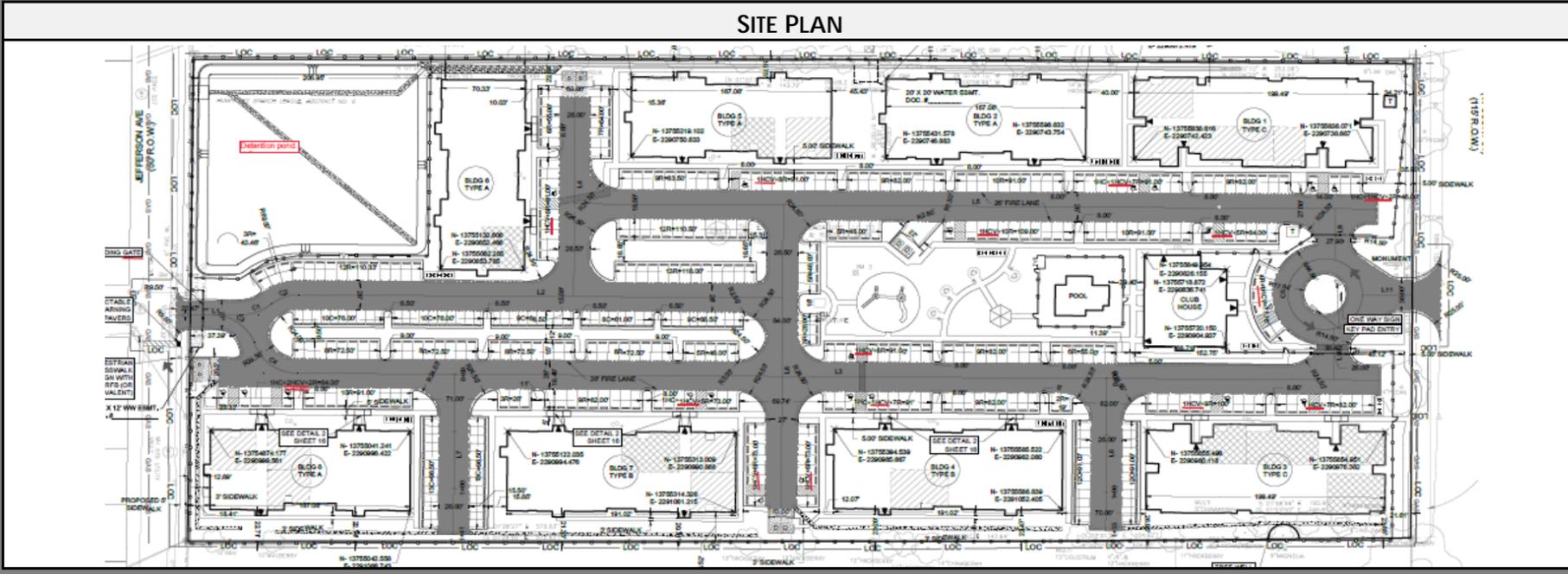
KEY PRINCIPALS / SPONSOR		
LDG Multifamily, LLC Jason Trevino Justin Hartz Alamo Area Housing Finance Corporation		
Related Parties	Contractor - Yes	Seller - No



TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	18	9%	40%	-	0%
2	60	30%	50%	-	0%
3	114	58%	60%	198	100%
4	6	3%	MR	-	0%
<b>TOTAL</b>	<b>198</b>	<b>100%</b>	<b>TOTAL</b>	<b>198</b>	<b>100%</b>

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.18	Expense Ratio	40.3%
Breakeven Occ.	84.0%	Breakeven Rent	\$875
Average Rent	\$967	B/E Rent Margin	\$91
Property Taxes	\$253/unit	Exemption/PILOT	0%
Total Expense	\$4,414/unit	Controllable	\$3,125/unit



SITE PLAN

MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	5.9%		
Highest Unit Capture Rate	43%	3 BR/60%	114
Dominant Unit Cap. Rate	43%	3 BR/60%	114
Premiums (↑60% Rents)	N/A	N/A	
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		Applicant's Costs	
Avg. Unit Size	1,195 SF	Density	20.0/acre
Acquisition	\$04K/unit		\$702K
Building Cost	\$73.20/SF	\$88K/unit	\$17,325K
Hard Cost		\$110K/unit	\$21,770K
Total Cost		\$184K/unit	\$36,352K
Developer Fee	\$4,283K	(40% Deferred)	Paid Year: 7
Contractor Fee	\$2,820K	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	
R4 Capital	16/40	3.75%	\$22,190,000	1.18						R4 Capital	\$12,446,582	
										LDG Multifamily, LLC	\$1,715,392	
<b>TOTAL DEBT (Must Pay)</b>			<b>\$22,190,000</b>		<b>CASH FLOW DEBT / GRANTS</b>				<b>\$0</b>		<b>TOTAL EQUITY SOURCES</b>	<b>\$14,161,974</b>
											<b>TOTAL DEBT SOURCES</b>	<b>\$22,190,000</b>
											<b>TOTAL CAPITALIZATION</b>	<b>\$36,351,974</b>

**CONDITIONS**

- 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.

**BOND RESERVATION / ISSUER**

Issuer	TDHCA
Expiration Date	9/30/2020
Bond Amount	\$26,000,000
BRB Priority	Priority 3
Bond Structure	Private Placement
% Financed with Tax-Exempt Bonds	88.6%

**RISK PROFILE**

STRENGTHS/MITIGATING FACTORS

- Experienced Developer
- Overall Feasibility Indicators

WEAKNESSES/RISKS

- 42% capture rate on 60% three bedroom units
- Feasibility dependent on 2.5% Management Fee
- Feasibility dependent on Property Tax Exemption

**AREA MAP**



**AERIAL PHOTOGRAPH(S)**





**DEVELOPMENT IDENTIFICATION**

TDHCA Application #: 20609 Program(s): TDHCA Bonds/4% HTC

Pecan Grove

Address/Location: 1231 West Court Street

City: Seguin County: Guadalupe Zip: 78155

Population: General Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Garden (Up to 4-story) Region: 9

Analysis Purpose: New Application - Initial Underwriting

**ALLOCATION**

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
Private Activity Bonds	\$26,000,000	3.75%	40	16	\$26,000,000	3.75%	40	16	1
LIHTC (4% Credit)	\$1,353,160				\$1,353,160				

**CONDITIONS**

- 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.

**SET-ASIDES**

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	198

**DEVELOPMENT SUMMARY**

Pecan Grove, located at 1231 West Court Street in Seguin, Texas, Guadalupe County, sits on approximately 9.89 acres. This new construction development will consist of 198 family units in 8 total residential buildings. The residential units, will be affordable, utilizing income averaging and marketed to families earning 60% of the Area Median Income and below. The development will have a variety of amenities ranging from a clubhouse and a pool to a theatre room and an office room.

## RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
◦	Experienced Developer
◦	Overall Feasibility Indicators
◦	

WEAKNESSES/RISKS	
◦	42% capture rate on 60% three bedroom units
◦	Feasibility dependent on 2.5% Management Fee
	Feasibility dependent on Property Tax Exemption

## DEVELOPMENT TEAM

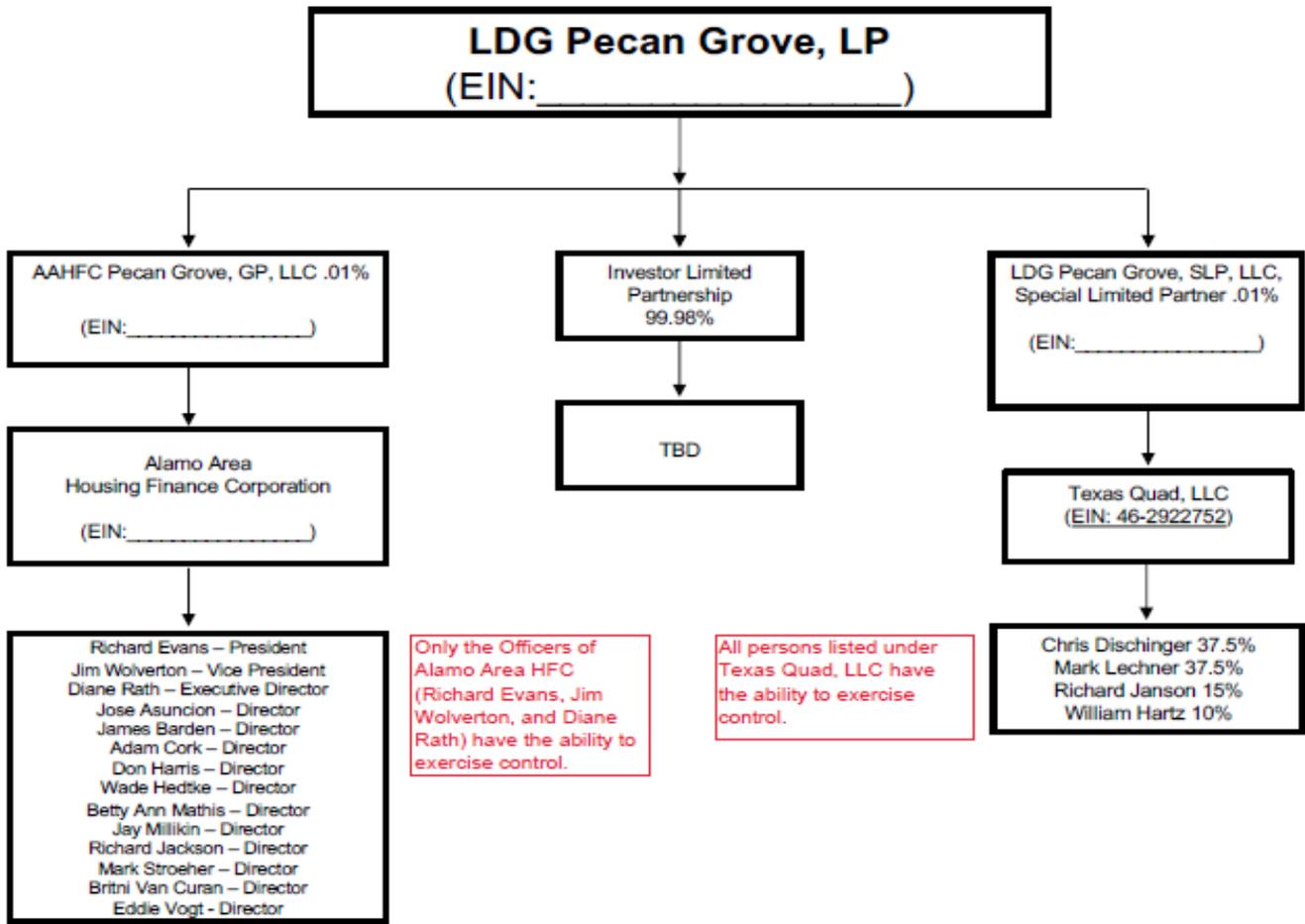
### PRIMARY CONTACTS

Name: Jason L. Trevino  
 Phone: (512) 578-8488  
 Relationship: Developer

Name: William Justin Hartz  
 Phone: (502) 931-5795  
 Relationship: Developer

## OWNERSHIP STRUCTURE

### APPLICANT OWNERSHIP CHART



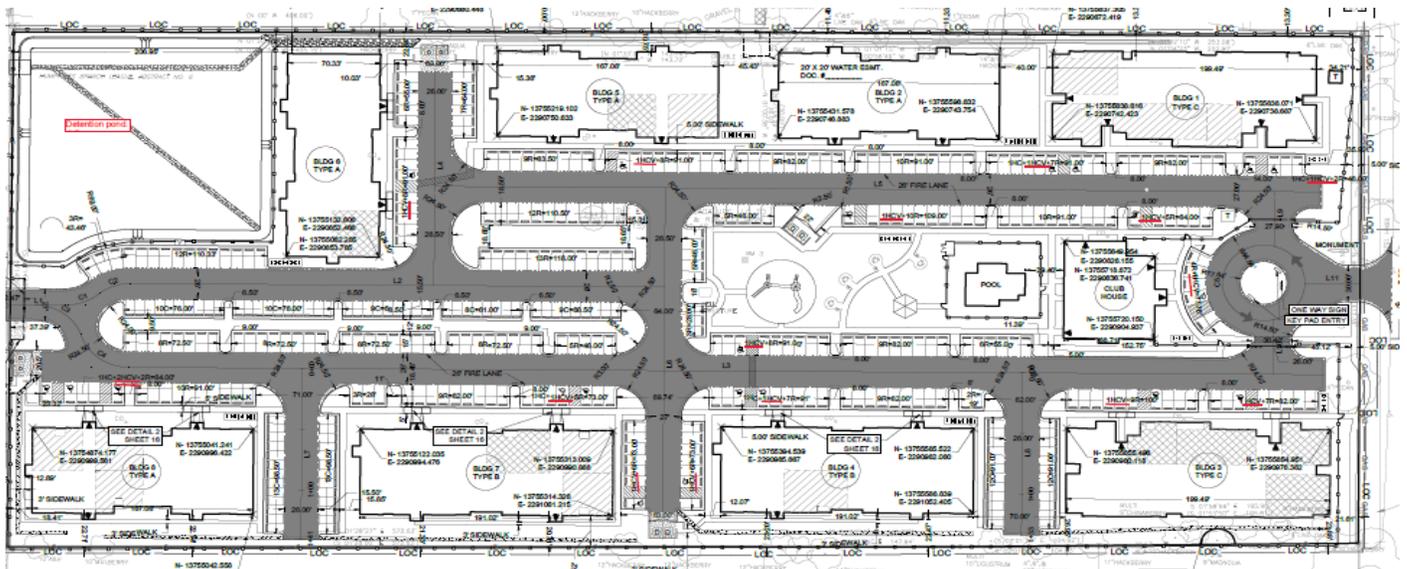
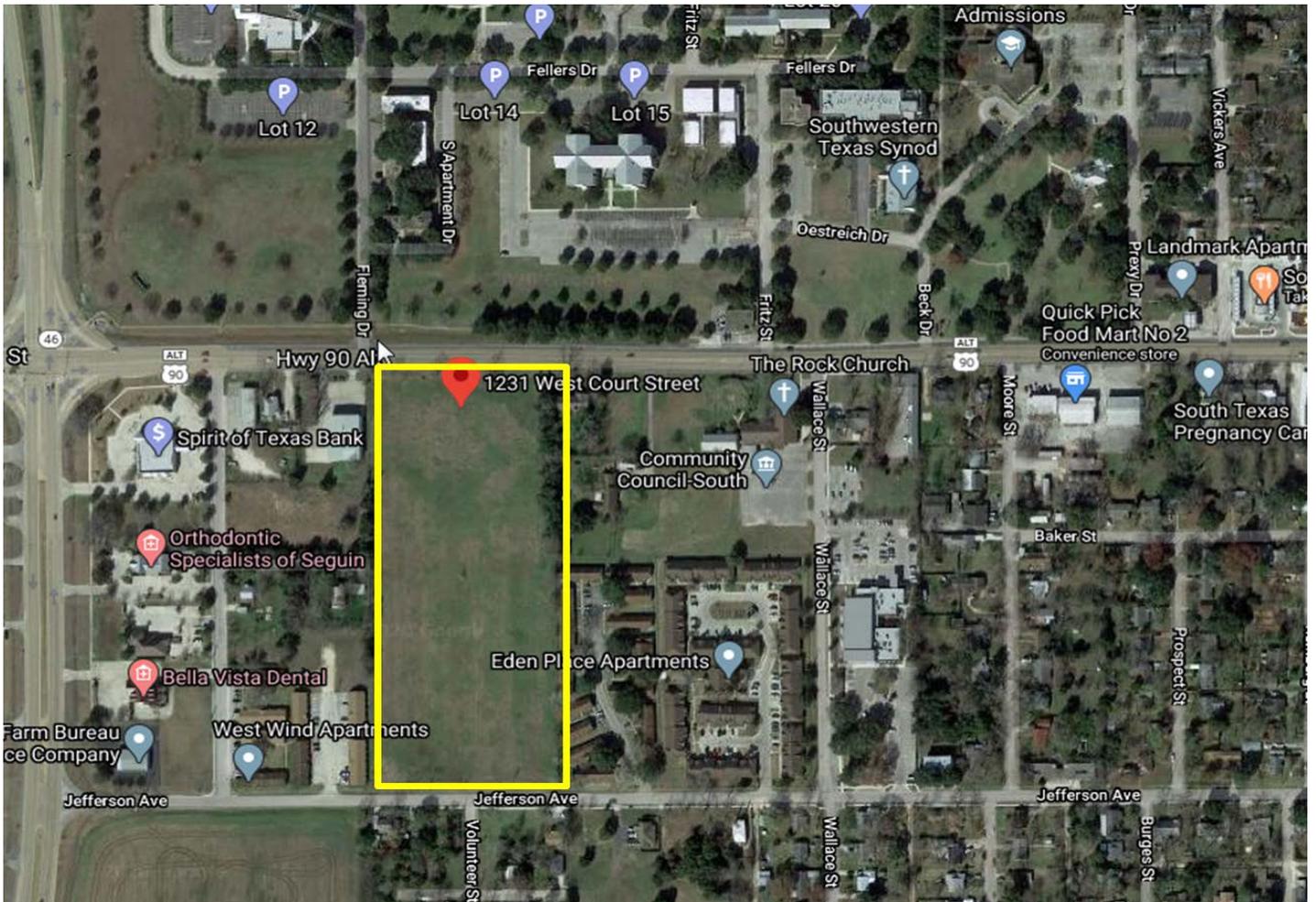
Only the Officers of Alamo Area HFC (Richard Evans, Jim Wolverton, and Diane Rath) have the ability to exercise control.

All persons listed under Texas Quad, LLC have the ability to exercise control.

- LDG Multifamily is the Developer on this Application. They have a related party Construction Company. The Developer is partnering with Alamo Area Housing Finance Corporation (AAHFC) and expects to receive a property tax exemption since AAHFC is a non-profit entity.

# DEVELOPMENT SUMMARY

## SITE PLAN



Comments:

Primary ingress/egress point for the site is W Court St.

## BUILDING PLAN (Typical)



**Comments:**

Efficient plumbing runs throughout, double vanities in the 1500 s.f. 3-bedroom units (21% of total units) and half baths in the six 4-bedroom units.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	0	--	0	--	0	--
Carport	409	2.1/unit	0	--	409	2.1/unit
Garage	0	--	0	--	0	--
<b>Total Parking</b>	<b>409</b>	<b>2.1/unit</b>	<b>0</b>	<b>--</b>	<b>409</b>	<b>2.1/unit</b>

**Comments:**

405 required parking spaces accounts for 10% alternative parking compliance request reduction. 409 uncovered spaces will be provided.

## BUILDING ELEVATION



**Comments:**

Eight 3-story multifamily buildings, typical garden style construction, with some differentiating exterior features and 5/12 roof pitch.



**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Phase Engineering, Inc. Date: 5/16/2019

Recognized Environmental Conditions (RECs) and Other Concerns:

- One 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 Court Street (Hwy 90), located just to the north. Additional analysis revealed that mitigation will not be required for noise sensitive land uses that are a minimum of 200 feet from the centerline of Court Street (153 feet from north boundary) as areas beyond this threshold have an "Acceptable" noise level at-or-below 65 dB. Noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations closest to the roadway.

**MARKET ANALYSIS**

Provider: Apartment MarketData, LLC Date: 1/31/2020  
 Contact: Darrell G Jack Phone: 210-530-0040

Primary Market Area (PMA): 563 sq. miles 13 mile equivalent radius

The PMA consists of 17 census tracts around Seguin. While most of the PMA is in Guadalupe County, the western most census tracts are in Bexar County. The entire PMA is contained within the San Antonio MSA, therefore, there are no cross-county changes in rent or income limits affecting demand for the development.

ELIGIBLE HOUSEHOLDS BY INCOME								
Guadalupe County Income Limits								
HH Size		1	2	3	4	5	6	7+
60%	Min	\$24,300	\$24,300	\$29,160	\$29,160	\$33,690	\$33,690	\$37,620
AMGI	Max	\$30,240	\$34,560	\$38,880	\$43,200	\$46,680	\$50,160	\$57,060

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 2015						
	None					
Stabilized Affordable Developments in PMA (Market Analyst)					Total Units	312
					Total Developments	3

Proposed, Under Construction, and Unstabilized Competitive Supply:

1604 Lofts (#20412) is an awarded bond development located just across the street from the PMA boundary, although the actual site is 21 miles southwest of the Subject. The 1604 Lofts' PMA does not overlap with Subject PMA; if we included the 224 comparable units without any additional demand, the GCR would be 12.6%. This project would be eligible for the 15% large MSA Gross Capture Rate. 1604 Loft's comparable units are not included in capture rate calculations.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
	HTC	Assisted	HTC	Assisted
Total Households in the Primary Market Area	35,357		35,357	
Potential Demand from the Primary Market Area	3,040		3,075	
10% External Demand	304		308	
Potential Demand from Other Sources	0		0	
<b>GROSS DEMAND</b>	<b>3,344</b>		<b>3,383</b>	
Subject Affordable Units	198		198	
Unstabilized Competitive Units	0		0	
<b>RELEVANT SUPPLY</b>	<b>198</b>		<b>198</b>	
<b>Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE</b>	<b>5.9%</b>		<b>5.9%</b>	

Population:	<b>General</b>	Market Area:	<b>Urban</b>	Maximum Gross Capture Rate:	<b>10%</b>
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UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND

\*N/A due to only 60% units.

Demand Analysis:

The capture rate calculation determines the percentage of the qualified demand that is needed to absorb the proposed units. All capture rates are well under the maximum thresholds.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
Unit Type	Market Analyst					Underwriter				
	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
1 BR/60%	165	17	18	0	10%	235	24	18	0	7%
2 BR/60%	221	22	60	0	25%	236	24	60	0	23%
3 BR/60%	261	26	114	0	40%	243	24	114	0	43%
4 BR/60%	137	14	6	0	4%	138	14	6	0	4%

Market Analyst Comments:

The overall occupancy reported in the market is 97.1%. (p. 11)

The level of tax credit rent being charged is between 29% and 32% lower than the adjusted rents charged at market rate comparable within the PMA. (p. 17)

Currently there is one project in planning for 276 units. This project is located in Clear Springs, 8 miles northwest of the site near New Braunfels. (p. 58)

Revisions to Market Study:	0
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## OPERATING PRO FORMA

### SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)

NOI:	\$1,294,254	Avg. Rent:	\$967	Expense Ratio:	40.3%
Debt Service:	\$1,094,036	B/E Rent:	\$875	Controllable Expenses:	\$3,125
Net Cash Flow:	\$200,217	UW Occupancy:	92.5%	Property Taxes/Unit:	\$253
Aggregate DCR:	1.18	B/E Occupancy:	84.0%	Program Rent Year:	2020

Applicants rents based on 2019 HTC program rent limits. Underwriter's analysis based on current 2020 maximum HTC program rents. The current program rent limits produce an additional \$35K in income.

Average underwritten rents are \$91 above breakeven.

Underwritten occupancy assumes 14 vacant units (7.5%) while break-even is at 31 units (16% vacant).

Management fee 2.5% of effective gross income (EGI) per unrelated property manager.

Voluntary Payment in Lieu of Taxes (PILOT) of \$50K will be made annually. DCR decreases to a 0.96 times and deal becomes infeasible if the tax exemption is not received.

Applicant has budgeted \$7.9K for Supportive Services on this project. Pursuant to TDHCA underwriting rules, this amount will be included in the DCR calculation at cost certification, regardless if actually incurred.

Controllable expenses are generally in-line with other similar product types, and are consistent with the other comps in the county. Conservatively underwritten (above \$3K/unit). Overall feasibility indicators showing acceptable operating risk.

Related-Party Property Management Company:                     No                    

Revisions to Rent Schedule:                     0                    

Revisions to Annual Operating Expenses:                     0                    

## DEVELOPMENT COST EVALUATION

### SUMMARY- AS UNDERWRITTEN (Applicant's Costs)

Acquisition	\$71,006/ac	\$3,547/unit	\$702,250	Contractor Fee	\$2,820,482
Off-site + Site Work		\$16,395/unit	\$3,246,300	Soft Cost + Financing	\$6,035,416
Building Cost	\$73.20/sf	\$87,500/unit	\$17,325,000	Developer Fee	\$4,282,920
Contingency	5.83%	\$6,052/unit	\$1,198,339	Reserves	\$741,267
<b>Total Development Cost</b>	\$183,596/unit	<b>\$36,351,974</b>	<b>Rehabilitation Cost</b>	<b>N/A</b>	
<b>Qualified for 30% Basis Boost?</b>	Located in OCT with < 20% HTC units/HH				

Site Work:

Certified estimate of \$2.8M (\$14.2K/unit) covers typical grading, concrete, paving, utilities, and detention and \$2.1K/unit for site amenities. Site is mostly flat, covered with short grass and cleared.

Building Cost:

Garden style 3-story development with standard roofs and typical elevations. The application indicates 8-ft ceilings, but the building elevations shows more than 10 ft between floors, so the underwriter assumed 9-ft ceilings.

TDHCA's typical cost methodology using Marshal & Swift's ("M&S") average quality construction values results in a total building cost estimate of \$17.1M (\$86.6K/unit - \$72.41/sf), which is \$186K (1.1%) less than the Applicant's budget.

Reserves:

Applicant's total capital reserves represent approximately 5 months of operating expenses and debt service.

Comments:

Applicant's total development costs are less than 1% (\$207K) higher than Underwriter's estimate. The recommended capital structure is being determined by Applicant's cost schedule.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$36,351,974	\$32,835,718	\$1,417,190

Related-Party Contractor: Yes

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule: 0

**UNDERWRITTEN CAPITALIZATION**

BOND RESERVATION			
Issuer	Amount	Reservation Date	Priority
TDHCA	\$26,000,000	4/3/2020	Priority 3
Closing Deadline	Bond Structure		
9/30/2020	Private Placement		

<b>Percent of Cost Financed by Tax-Exempt Bonds</b>	<b>88.6%</b>
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Comments:

TDHCA will issue tax-exempt multifamily bonds in the amount of \$26M that will be purchased by R4 Capital Funding ("R4CF").

INTERIM SOURCES				
Funding Source	Description	Amount	Rate	LTC
R4 Capital	Conventional Loan	\$26,000,000	3.75%	81%
R4 Capital	HTC	\$6,223,291	\$0.92	19%
		<b>\$32,223,291</b>	<b>Total Sources</b>	

**PERMANENT SOURCES**

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
R4 Capital	\$22,190,000	3.75%	40	16	\$22,190,000	3.75%	40	16	61%
<b>Total</b>	<b>\$22,190,000</b>				<b>\$22,190,000</b>				

Comments:

Upon stabilization, the \$22.19M Series A bonds will remain in a monthly variable rate mode, but “synthetically” fixed to the Borrower’s Optional Redemption Date through a forward starting swap (the “Swap”) that will be entered into between the Borrower and (an affiliate of) the Bond Purchaser prior to Closing. Under the terms of the Swap, the effective interest rate to the Borrower will be the 10-Year US Treasury Index plus a spread of 2.25%, subject to a Bond Interest Rate Floor of 3.75%.

As of June 25th, 2020, the 10-Year US Treasury Index is at 0.67% and the effective interest rate to the Borrower would be 3.75%. The loan is also subject to the TDHCA Bond Issuer Fee of 0.10%.

The deal could support a maximum debt service payment of \$1,125,097, and a maximum interest rate of 3.93%.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
R4 Capital	\$12,446,582	\$0.92		\$12,446,582	\$0.92	34%	
LDG Multifamily, LLC	\$1,715,392		40%	\$1,715,392		5%	40%
<b>Total</b>	<b>\$14,161,974</b>			<b>\$14,161,974</b>			
				<b>\$36,351,974</b>		<b>Total Sources</b>	

Credit Price Sensitivity based on current capital structure	
<b>\$1.047</b>	Maximum Credit Price before the Development is oversourced and allocation is limited
<b>\$0.730</b>	Minimum Credit Price below which the Development would be characterized as infeasible

Revisions to Sources Schedule:	0
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## CONCLUSIONS

### Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	\$36,351,974
Permanent Sources (debt + non-HTC equity)	\$22,190,000
<b>Gap in Permanent Financing</b>	<b>\$14,161,974</b>

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$13,035,536	\$1,417,190
Needed to Balance Sources & Uses	\$14,161,974	\$1,539,653
Requested by Applicant	\$12,446,582	\$1,353,160

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
<b>Tax Credit Allocation</b>	<b>\$12,446,582</b>	<b>\$1,353,160</b>

	Amount	Interest Rate	Amort	Term	Lien
<b>TDHCA-Issued Bonds</b>	<b>\$26,000,000</b>	3.75%	40	16	1

<b>Deferred Developer Fee</b>	<b>\$1,715,392</b>	( 40% deferred)
<b>Repayable in</b>	<b>7 years</b>	

Comments:

Credit allocation is limited to \$1,353,160 as requested by Applicant.

Underwriter:	<u>Diamond Unique Thompson</u>
Manager of Real Estate Analysis:	<u>Thomas Cavanagh</u>
Director of Real Estate Analysis:	<u>Brent Stewart</u>



## STABILIZED PRO FORMA

*Pecan Grove, Seguin, TDHCA Bonds/4% HTC #20609*

### STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES		APPLICANT				TDHCA				VARIANCE	
	Database	County Comps	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
<b>POTENTIAL GROSS RENT</b>				\$0.81	\$967	\$2,296,512	\$2,332,368	\$982	\$0.82		-1.5%	(\$35,856)
Late, Pet, Application Fees					\$20.00	\$47,520						
Total Secondary Income					\$20.00		\$47,520	\$20.00			0.0%	\$0
<b>POTENTIAL GROSS INCOME</b>						\$2,344,032	\$2,379,888				-1.5%	(\$35,856)
Vacancy & Collection Loss					7.5% PGI	(175,802)	(178,492)	7.5% PGI			-1.5%	2,689
Rental Concessions						-	-				0.0%	-
<b>EFFECTIVE GROSS INCOME</b>						\$2,168,230	\$2,201,396				-1.5%	(\$33,167)

General & Administrative	\$293,754	\$1,484/Unit	\$88,688	\$448	3.42%	\$0.31	\$375	\$74,250	\$88,688	\$448	\$0.37	4.03%	-16.3%	(14,438)
Management	\$208,449	4.4% EGI	\$114,225	\$577	2.50%	\$0.23	\$274	\$54,206	\$55,035	\$278	\$0.23	2.50%	-1.5%	(829)
Payroll & Payroll Tax	\$257,732	\$1,302/Unit	\$292,081	\$1,475	11.87%	\$1.09	\$1,300	\$257,400	\$257,732	\$1,302	\$1.09	11.71%	-0.1%	(332)
Repairs & Maintenance	\$138,518	\$700/Unit	\$194,058	\$980	5.94%	\$0.54	\$650	\$128,700	\$118,800	\$600	\$0.50	5.40%	8.3%	9,900
Electric/Gas	\$87,881	\$444/Unit	\$31,664	\$160	2.88%	\$0.26	\$315	\$62,400	\$42,246	\$213	\$0.18	1.92%	47.7%	20,154
Water, Sewer, & Trash	\$129,865	\$656/Unit	\$164,435	\$830	4.43%	\$0.41	\$485	\$96,000	\$129,865	\$656	\$0.55	5.90%	-26.1%	(33,865)
Property Insurance	\$62,342	\$0.26 /sf	\$64,881	\$328	2.74%	\$0.25	\$300	\$59,400	\$59,400	\$300	\$0.25	2.70%	0.0%	-
Property Tax (@ 100%) 2.8021	\$125,892	\$636/Unit	\$95,444	\$482	2.31%	\$0.21	\$253	\$50,000	\$50,000	\$253	\$0.21	2.27%	0.0%	-
Reserve for Replacements				\$0	2.28%	\$0.21	\$250	\$49,500	\$49,500	\$250	\$0.21	2.25%	0.0%	-
Supportive Services				\$0	0.37%	\$0.03	\$40	\$7,920	\$7,920	\$40	\$0.03	0.36%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)				\$0	0.37%	\$0.03	\$40	\$7,920	\$7,920	\$40	\$0.03	0.36%	0.0%	-
TDHCA Bond Compliance Fee				\$0	0.23%	\$0.02	\$25	\$4,950	\$4,950	\$25	\$0.02	0.22%	0.0%	-
Bond Trustee Fees				\$0	0.21%	\$0.02	\$23	\$4,500	\$4,500	\$23	\$0.02	0.20%	0.0%	-
Security				\$0	0.78%	\$0.07	\$85	\$16,830	\$16,830	\$85	\$0.07	0.76%	0.0%	-
<b>TOTAL EXPENSES</b>					<b>40.31%</b>	<b>\$3.69</b>	<b>\$4,414</b>	<b>\$ 873,976</b>	<b>\$893,386</b>	<b>\$4,512</b>	<b>\$3.77</b>	<b>40.58%</b>	<b>-2.2%</b>	<b>\$ (19,410)</b>
<b>NET OPERATING INCOME ("NOI")</b>					<b>59.69%</b>	<b>\$5.47</b>	<b>\$6,537</b>	<b>\$1,294,254</b>	<b>\$1,308,010</b>	<b>\$6,606</b>	<b>\$5.53</b>	<b>59.42%</b>	<b>-1.1%</b>	<b>\$ (13,757)</b>

CONTROLLABLE EXPENSES							\$3,125/Unit							\$3,219/Unit
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Pecan Grove, Seguin, TDHCA Bonds/4% HTC #20609*

**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	
R4 Capital	0.10%	1.22	1.21	1,071,825	3.75%	40	16	\$22,190,000	\$22,190,000	16	40	3.75%	\$1,094,036	1.18	61.0%	
				<b>\$1,071,825</b>	<b>TOTAL DEBT / GRANT SOURCES</b>			<b>\$22,190,000</b>	<b>\$22,190,000</b>	<b>TOTAL DEBT SERVICE</b>			<b>\$1,094,036</b>	<b>1.18</b>	<b>61.0%</b>	
<b>NET CASH FLOW</b>		\$236,185	\$222,429	<b>APPLICANT NET OPERATING INCOME</b>						\$1,294,254	\$200,217	<b>NET CASH FLOW</b>				

**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	
												R4 Capital
LDG Multifamily, LLC	Deferred Developer Fees	4.7%	(40% Deferred)		\$1,715,392	\$1,715,392	(40% Deferred)		4.7%	<b>Total Developer Fee: \$4,282,920</b>		
Additional (Excess) Funds Req'd		0.0%			\$0				0.0%			
<b>TOTAL EQUITY SOURCES</b>		<b>39.0%</b>			<b>\$14,161,974</b>	<b>\$14,161,974</b>			<b>39.0%</b>			
<b>TOTAL CAPITALIZATION</b>					<b>\$36,351,974</b>	<b>\$36,351,974</b>					15-Yr Cash Flow after Deferred Fee:	<b>\$3,216,293</b>

**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			\$3,547 / Unit	\$702,250	\$702,250	\$3,547 / Unit					0.0%	\$0				
Building Acquisition	\$0		\$ / Unit	\$0	\$0	\$ / Unit			\$0		0.0%	\$0				
Off-Sites			\$ / Unit	\$0	\$0	\$ / Unit					0.0%	\$0				
Site Work		\$2,821,300	\$14,249 / Unit	\$2,821,300	\$2,821,300	\$14,249 / Unit		\$2,821,300			0.0%	\$0				
Site Amenities		\$425,000	\$2,146 / Unit	\$425,000	\$425,000	\$2,146 / Unit		\$425,000			0.0%	\$0				
Building Cost		\$17,325,000	\$73.20 /sf	\$87,500/Unit	\$17,325,000	\$17,138,847	\$86,560/Unit	\$72.41 /sf	\$17,138,847		1.1%	\$186,153				
Contingency		\$1,148,339	5.58%	5.83%	\$1,198,339	\$1,198,339	5.88%	5.63%	\$1,148,339		0.0%	\$0				
Contractor Fees		\$2,820,482	12.99%	12.96%	\$2,820,482	\$2,820,482	13.07%	13.10%	\$2,820,482		0.0%	\$0				
Soft Costs	0	\$2,310,982	\$11,944 / Unit	\$2,364,982	\$2,364,982	\$11,944 / Unit		\$2,310,982	\$0		0.0%	\$0				
Financing	0	\$1,701,695	\$18,538 / Unit	\$3,670,434	\$3,670,434	\$18,538 / Unit		\$1,701,695	\$0		0.0%	\$0				
Developer Fee	\$0	\$4,282,920	15.00%	14.97%	\$4,282,920	\$4,262,497	15.00%	15.00%	\$4,254,997	\$0	0.5%	\$20,423				
Reserves			5 Months	\$741,267	\$741,267	4 Months					0.0%	\$0				
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>		<b>\$0</b>	<b>\$32,835,718</b>	\$183,596 / Unit	#####	<b>\$36,145,398</b>	\$182,553 / Unit	<b>\$32,621,642</b>	<b>\$0</b>	<b>0.6%</b>	<b>\$206,576</b>					
Acquisition Cost	\$0			\$0												
Contingency		\$0		\$0												
Contractor's Fee		\$0		\$0												
Financing Cost		\$0		\$0												
Developer Fee	\$0	(\$0)		\$0												
Reserves				\$0												
<b>ADJUSTED BASIS / COST</b>		<b>\$0</b>	<b>\$32,835,718</b>	\$183,596/unit	<b>\$36,351,974</b>	<b>\$36,145,398</b>	\$182,553/unit	<b>\$32,621,642</b>	<b>\$0</b>	<b>0.6%</b>	<b>\$206,576</b>					
<b>TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):</b>					<b>\$36,351,974</b>											

**CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS**  
*Pecan Grove, Seguin, TDHCA Bonds/4% HTC #20609*

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
<b>ADJUSTED BASIS</b>	\$0	\$32,835,718	\$0	\$32,621,642
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$0	\$32,835,718	\$0	\$32,621,642
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$0	\$42,686,433	\$0	\$42,408,135
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>	\$0	\$42,686,433	\$0	\$42,408,135
Applicable Percentage	3.32%	3.32%	3.32%	3.32%
<b>ANNUAL CREDIT ON BASIS</b>	\$0	\$1,417,190	\$0	\$1,407,950
<b>CREDITS ON QUALIFIED BASIS</b>	\$1,417,190		\$1,407,950	

Method	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.9198	Variance to Request	
			Credit Allocation	Credits	Proceeds
<b>Eligible Basis</b>	\$1,417,190	\$13,035,536	----	----	----
<b>Needed to Fill Gap</b>	\$1,539,653	\$14,161,974	----	----	----
<b>Applicant Request</b>	\$1,353,160	\$12,446,582	<b>\$1,353,160</b>	<b>\$0</b>	<b>\$0</b>

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$26,000,000		Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
	Applicant	TDHCA		88.6%	89.1%
Land Cost	\$702,250	\$702,250			
Depreciable Bldg Cost	\$28,656,798	\$28,470,645			
<b>Aggregate Basis for 50% Test</b>	<b>\$29,359,048</b>	<b>\$29,172,895</b>			
			amount aggregate basis can increase before 50% test fails	\$22,640,952 77.1%	\$22,827,105 78.2%

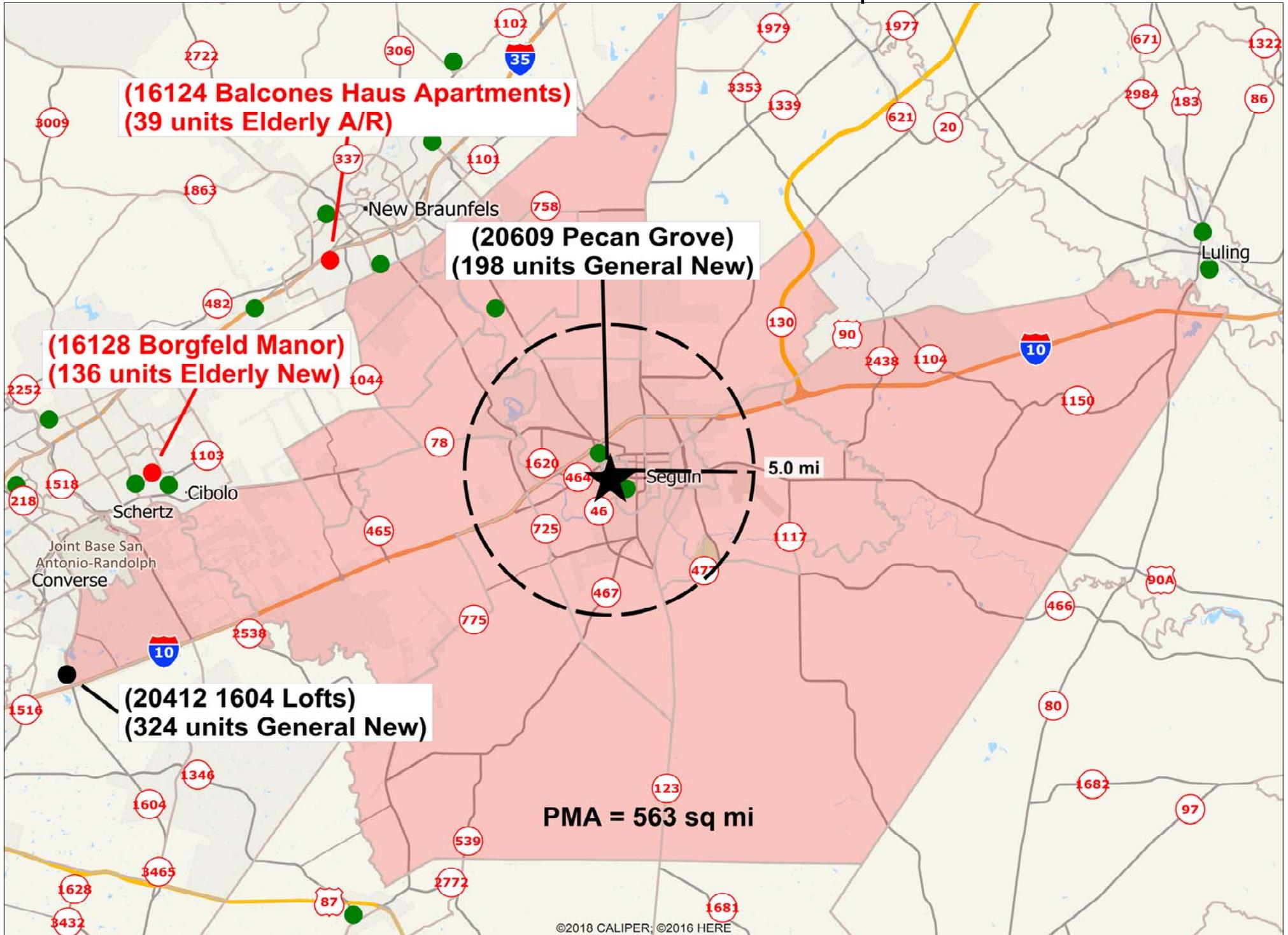
BUILDING COST ESTIMATE				
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)	236,694 SF	\$67.68	16,018,614
Adjustments				
Exterior Wall Finish	2.88%		1.95	\$461,336
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.36%		2.27	538,225
Roof Adjustment(s)			0.00	0
Subfloor			(0.16)	(37,871)
Floor Cover			7.68	1,818,638
Breezeways	\$29.97	33,674	4.26	1,009,330
Balconies	\$29.95	10,290	1.30	308,135
Plumbing Fixtures	\$1,070	594	2.69	635,580
Rough-ins	\$525	396	0.88	207,900
Built-In Appliances	\$1,780	198	1.49	352,440
Exterior Stairs	\$2,280	56	0.54	127,680
Heating/Cooling			2.33	551,497
Storage Space	\$29.97	0	0.00	0
Carports	\$12.25	0	0.00	0
Garages		0	0.00	0
Common/Support Area	\$87.98	4,749	1.77	417,801
Elevators		0	0.00	0
<b>Other:</b>			0.00	0
Fire Sprinklers	\$2.59	275,117	3.01	712,554
<b>SUBTOTAL</b>			<b>97.69</b>	<b>23,121,860</b>
Current Cost Multiplier	1.00		0.00	0
Local Multiplier	0.87		(12.70)	(3,005,842)
Reserved				0
<b>TOTAL BUILDING COSTS</b>			<b>84.99</b>	<b>\$20,116,018</b>
Plans, specs, survey, bldg permits	3.30%		(2.80)	(\$663,829)
Contractor's OH & Profit	11.50%		(9.77)	(2,313,342)
<b>NET BUILDING COSTS</b>		\$86,560/unit	\$72.41/sf	\$17,138,847

## Long-Term Pro Forma

*Pecan Grove, Seguin, TDHCA Bonds/4% HTC #20609*

	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%	\$2,168,230	\$2,211,594	\$2,255,826	\$2,300,943	\$2,346,961	\$2,591,235	\$2,860,933	\$3,158,701	\$3,487,461	\$3,850,439	\$4,251,196	\$4,693,664
TOTAL EXPENSES	3.00%	\$873,976	\$899,653	\$926,090	\$953,309	\$981,333	\$1,134,395	\$1,311,499	\$1,516,440	\$1,753,611	\$2,028,103	\$2,345,814	\$2,713,576
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$1,294,254</b>	<b>\$1,311,941</b>	<b>\$1,329,736</b>	<b>\$1,347,634</b>	<b>\$1,365,629</b>	<b>\$1,456,840</b>	<b>\$1,549,434</b>	<b>\$1,642,262</b>	<b>\$1,733,851</b>	<b>\$1,822,336</b>	<b>\$1,905,381</b>	<b>\$1,980,088</b>
EXPENSE/INCOME RATIO		40.3%	40.7%	41.1%	41.4%	41.8%	43.8%	45.8%	48.0%	50.3%	52.7%	55.2%	57.8%
<b>MUST -PAY DEBT SERVICE</b>													
TOTAL DEBT SERVICE		\$1,094,036	\$1,093,792	\$1,093,539	\$1,093,276	\$1,093,003	\$1,091,475	\$1,089,631	\$1,087,408	\$1,084,728	\$1,081,495	\$1,077,597	\$1,072,897
DEBT COVERAGE RATIO		1.18	1.20	1.22	1.23	1.25	1.33	1.42	1.51	1.60	1.69	1.77	1.85
<b>ANNUAL CASH FLOW</b>		<b>\$200,217</b>	<b>\$218,149</b>	<b>\$236,197</b>	<b>\$254,358</b>	<b>\$272,625</b>	<b>\$365,365</b>	<b>\$459,802</b>	<b>\$554,853</b>	<b>\$649,123</b>	<b>\$740,841</b>	<b>\$827,784</b>	<b>\$907,191</b>
Deferred Developer Fee Balance		\$1,515,175	\$1,297,026	\$1,060,829	\$806,471	\$533,846	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,106,639</b>	<b>\$3,216,293</b>	<b>\$5,800,466</b>	<b>\$8,858,178</b>	<b>\$12,380,375</b>	<b>\$16,347,828</b>	<b>\$20,728,614</b>

# 20609 Pecan Grove PMA Map



©2018 CALIPER, ©2016 HERE

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

**TEXAS DEPT OF HOUSING & COMMUNITY AFFAIRS**

**Moderator: Teresa Morales**  
**July 9, 2020**  
**1:57 pm CT**

Operator: This conference is being recorded.

(Teresa Morales): Good afternoon. This is (Teresa Morales) with the Texas Department of Housing and Community Affairs. And this phone call, if you will, is for a public hearing for the proposed Pecan Grove Apartments. We'll get started in just a seconds just to give any other folks an opportunity to call in.

Good afternoon. My name is (Teresa Morales) and I'm with the Texas Department of Housing and Community Affairs. And we will go ahead and get started with respect to the public hearing for the proposed Pecan Grove apartments.

I would like to proceed with the public hearing. Let the record show that it is 2:03 pm. Thursday, July 9, 2020, and we are conducting a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an issue of tax-exempt, multi-family revenue bonds for a residential rental community.

This hearing is required by the Internal Revenue Code. The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to

express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The department's board is scheduled to meet to consider the transaction on July 23, 2020.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings. The bonds will be issued as tax-exempt, multi-family revenue bonds in the aggregate principal amount not to exceed \$26 million dollars in taxable bonds if necessary in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer.

The proceeds of the bonds will be loaned to LDG Pecan Grove, LP, or a related person or affiliate entity thereof to finance the portion of the cost of acquiring, constructing, and equipping a multi-family rental housing community described as follows: a 198 unit multi-family residential rental development to be located on approximately 9.89 acres of land located at 1231 West Court Street, Seguin, Guadalupe County, Texas 78155.

The proposed multi-family rental housing community will be initially owned and operated by the borrower or a related person or affiliate entity thereof.

I would now like to open the floor up for public comment. If you'd like to express public comment or have any statements that they wish to make with respect to the proposed Pecan Grove Apartments, I will unmute the lines, and you can do so now.

Operator: All participants are now in interactive talk mode.

(Teresa Morales): I would now like to open the floor up for public comment. If there is any

statement that anyone would like to make now would be an opportunity to do so.

Okay, let the record show that there are no individuals who have expressed an interest in making statements with respect to the proposed Pecan Grove Apartments, and therefore the meeting is now adjourned. The time is now 2:07 pm.

Operator: We're sorry your conference is ending now. Please...

END

5b

**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action regarding the Issuance of a Multifamily Note (Vermillion Apartments) Resolution No. 20-032 and a Determination Notice of Housing Tax Credits

**RECOMMENDED ACTION**

**WHEREAS**, the Board adopted an inducement resolution for Vermillion Apartments at the Board meeting of February 27, 2020;

**WHEREAS**, a 4% Housing Tax Credit (HTC) application for Vermillion Apartments, sponsored by Houston Leased Housing Associates Owner VIII, LLC, which includes Houston Leased Housing Associates GP VIII, LLC, as the general partner was submitted to the Department on April 4, 2020;

**WHEREAS**, a Certification of Reservation was issued in the amount of \$29,000,000 on March 17, 2020, with a bond delivery deadline of September 13, 2020; and

**WHEREAS**, EARAC recommends the issuance of a Multifamily Note for Vermillion Apartments and the issuance of a Determination Notice;

**NOW, therefore, it is hereby**

**RESOLVED**, that the issuance of an unrated Multifamily Note (Vermillion Apartments) for \$28,000,000, Resolution No. 20-032 is hereby approved in the form presented to this meeting;

**FURTHER RESOLVED**, the issuance of a Determination Notice of \$1,375,437 in 4% Housing Tax Credits for Vermillion 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 §2306.352 *et seq.* which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

*Development Information:* The Vermillion Apartments is located at 3360 Alice Street in Houston, Harris County, and proposes the acquisition and rehabilitation of 260 units that will serve the general population. The property was previously awarded 4% HTC in 2003 (#03438) with Houston Housing Finance Corporation as the bond issuer. The Bond Regulatory Agreement with Houston HFC restricts all of the units to 50% of Area Median Family Income (AMFI); however, those restrictions are set to expire on January 31, 2021. The current application reflects all of the units to be rent and income restricted at 60% of AMFI, which is consistent with the current HTC LURA. 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 AMFI that must be served. The property is currently subject to a HUD Regulatory Agreement requiring the property to be used as a rental development; this agreement is scheduled to expire on September 27, 2022.

### Neighborhood Risk Factor (NRF):

The applicant disclosed an NRF relating to the Part I violent crime rate being greater than 18 per 1,000 persons (annually) as reported by NeighborhoodScout.com. According to the NeighborhoodScout report dated March 25, 2020, the violent crime rate for the census tract containing the development site was 30.58 per 1,000 persons. The applicant provided mitigation in the form of a report based on the City of Houston's published crime data, which calculated and analyzed total violent crimes within the census tract from 2018 through the first four months of 2020. According to this report (submitted June 15, 2020) the violent crime rate was 21.00 per 1,000 persons in 2018, 20.16 per 1,000 persons in 2019, and as of mid-2020, is 14.49 per 1,000 persons which is below the required threshold. This data demonstrates a downward trend in the violent crime rate over the past two and a half years. This report is corroborated by a letter from Officer Michael Lombardo of the Houston Police Department, stating that this decrease in violent crime within the census tract of the proposed development site is expected to continue. Based on the mitigation provided by the applicant, staff determined that the development site is eligible pursuant to 10 TAC §11.101(a)(3)(D)(ii) of the 2020 QAP.

*Organizational Structure and Previous Participation:* The Borrower is Houston Leased Housing Associates Owner VIII, LLC and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 and the previous participation was deemed acceptable by EARAC without further review and discussion.

*Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment:* In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted telephonic hearing, in compliance with IRS published guidance, for the proposed development which was held on June 24, 2020. Given that it was via telephone and would ordinarily be difficult to discern exactly how many

individuals participated in the hearing, there is an option on the call line to obtain a participant count. For this hearing there were four attendees, which most likely represented staff conducting the hearing and representatives from the applicant. A copy of the hearing transcript is included herein. The Department received a letter of support for this development from Houston City Council Member, Dr. Carolyn Evans-Shabazz, who represents the district containing the development.

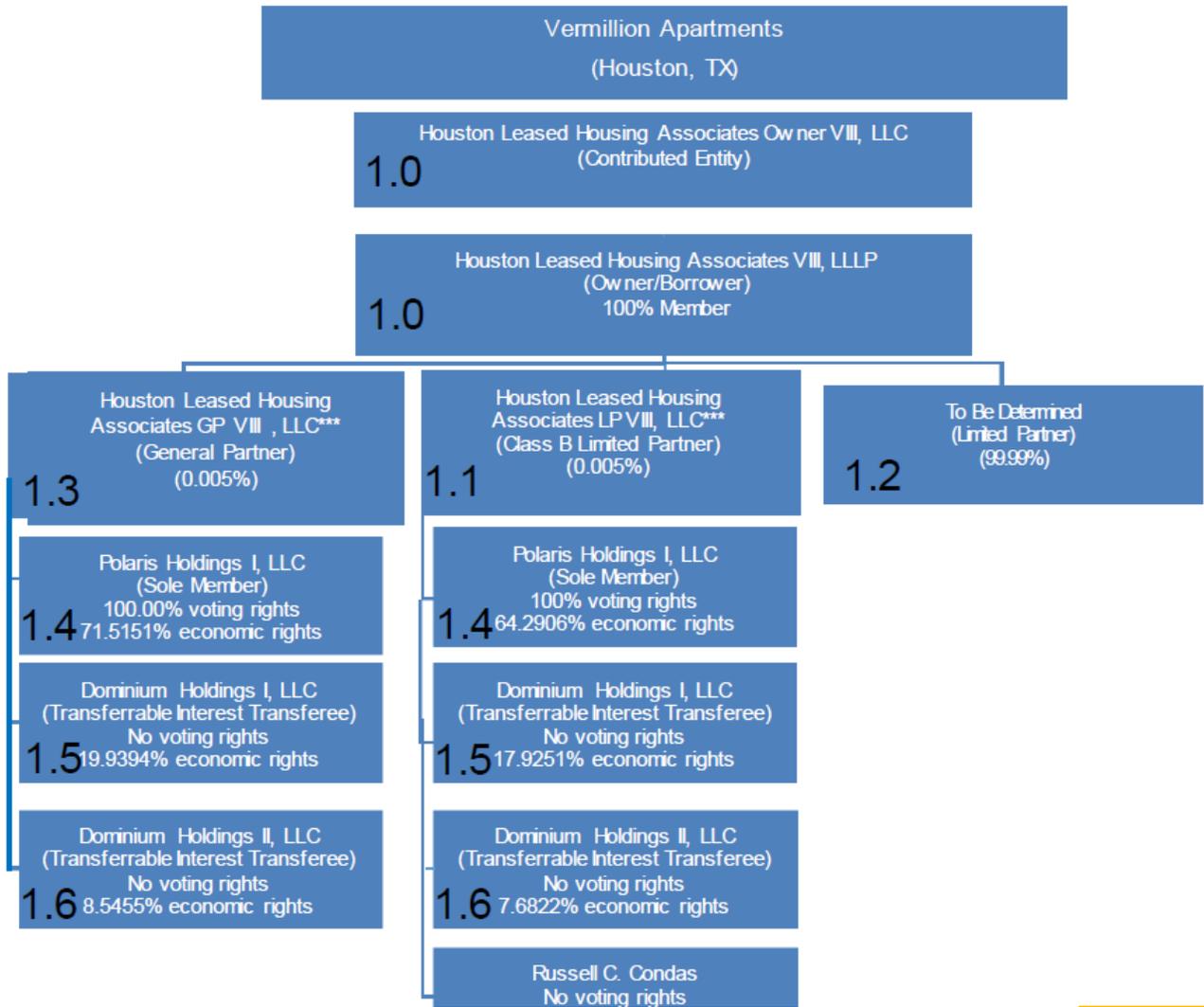
### **Summary of Financial Structure**

Under the proposed structure, the Department will issue an unrated tax-exempt fixed rate multifamily note in the amount of \$28,000,000 that will be initially purchased by Merchants Bank of Indiana, who will be serving as construction lender. Merchants Bank of Indiana will acquire the loan and the Department's related multifamily note at closing, which will be used to fund an interim construction loan that will carry an approximate interest rate of 4.25%, as more appropriately described in the bond resolution attached hereto. Merchants Bank will also be providing an equity bridge loan of approximately \$7,374,329 at an approximate interest rate of 4.25%, that will be used to cover some construction costs that can't be paid for with bond proceeds (i.e. "bad costs") and to bridge the delivery of some of the equity proceeds.

Once the conditions to conversion to the permanent loan have been met, Merchants Capital will purchase the construction loan under Freddie Mac's Delegated Underwriting for Targeted Affordable Housing program. Shortly thereafter, Freddie Mac will acquire the loan and the Department's related multifamily note from Merchants Capital, where it is expected to be securitized with other loans. Merchants Capital will remain as the servicer of the loan for Freddie Mac, who will be the permanent lender and bondholder. The multifamily note will have an interest rate of approximately 3.31% (as more appropriately described in the bond resolution attached hereto), with a 15-year term, 35-year amortization and maximum maturity date of September 1, 2038.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 20-032 can be found online at TDHCA's Board Meeting Information Center website at <http://www.tdhca.state.tx.us/board/meetings.htm>.

**Exhibit A**



## RESOLUTION NO. 20-032

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY NOTE (VERMILLION APARTMENTS), SERIES 2020; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of its Multifamily Note designated Texas Department of Housing and Community Affairs Multifamily Note (Vermillion Apartments), Series 2020 (the "Governmental Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement") among the Department, U.S. Bank, National Association, as fiscal agent (the "Fiscal Agent"), and Merchants Bank of Indiana, an Indiana state bank, as initial funding lender (the "Initial Funding Lender"), 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 Note to fund a mortgage loan to Houston Leased Housing Associates Owner VIII, LLC, a Minnesota limited liability company (the "Borrower") in order to finance the cost of acquisition,

rehabilitation 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 February 27, 2020, declared its intent to issue its revenue bonds to provide financing for the Development; and

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

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

WHEREAS, it is anticipated that the Project Note will be secured by a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "Mortgage") and an Assignment of Rents and Leases and Rents (the "Assignment of Leases" and together with the Mortgage, 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 unassigned rights) under the Project Loan Agreement, the Project Note and the Security Instrument will be assigned to the Fiscal Agent pursuant to an Assignment of Security Instrument (the "Assignment") from the Department to the Fiscal Agent; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Code, the Board has determined that the Department, the Fiscal Agent and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Governmental 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 Note as 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 Harris County, Texas; and

WHEREAS, the Board has further determined that the Initial Funding Lender will purchase the Governmental Note from the Department; and

WHEREAS, upon completion of certain conditions it is expected that the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and its seller/servicer will facilitate the financing of the Development in the permanent phase by acquiring the Governmental Note and in connection with the conversion to the permanent phase the Borrower will execute and deliver the Amended and Restated Project Note (the “Amended Project Note”); and

WHEREAS, the Board has examined proposed forms of (a) the Funding Loan Agreement, the Project 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, the Project Note, and the Amended Project 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 Governmental Note, the execution and delivery of the Issuer Documents, the acceptance of the Security Instrument and the Project 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 NOTE; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Governmental Note. That the issuance of the Governmental 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 Note and to deliver the Governmental 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 Note to or upon the order of the Initial Funding Lender.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Governmental Note shall bear interest during the Construction Phase at the Construction Phase Interest Rate (each term as defined in the Funding Loan Agreement), to be determined periodically and subject to adjustment as provided in the Funding Loan Agreement, and during the Permanent Phase at a Permanent Phase Interest Rate (each term as defined in the Funding Loan Agreement) of a fixed rate per annum, which rate shall be determined at least six (6)

business days prior to the delivery of the Governmental Note, and shall be equal to the sum of (i) 2.82% and (ii) the 10-year US Treasury Security on the date of determination, 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 Note exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Governmental Note shall be \$28,000,000; (iii) the final maturity of the Governmental Note shall occur on September 1, 2038; and (d) the price at which the Governmental Note is sold to the Initial Funding Lender 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 are each hereby authorized to execute the Funding Loan Agreement, and to deliver the Funding Loan Agreement to the Fiscal Agent and the Initial Funding Lender.

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

Section 1.5 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 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 Harris County, Texas.

Section 1.7 [Reserved].

Section 1.8 Sale of the Governmental Note. That the sale of the Governmental Note to the Initial Funding Lender is hereby authorized and approved.

Section 1.9 Acceptance of the Project Note, the Amended Project Note, and the Security Instrument. That the form and substance of the Project Note, the Amended Project 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 Project Note to the order of the Fiscal Agent without recourse.

Section 1.10 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives

each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Fiscal Agent.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives 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 ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

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

- Exhibit B - Funding Loan Agreement
- Exhibit C - Project Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Project Note
- Exhibit F - Mortgage
- Exhibit G - Assignment of Leases
- Exhibit H - Amended Project Note
- Exhibit I - Assignment
- Exhibit J - Tax Exemption 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 Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

## ARTICLE 2

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Governmental 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 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 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 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 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, 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 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 Project Loan Agreement, the Regulatory Agreement and the Tax Exemption 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 Project Loan Agreement, the Regulatory Agreement and the Tax Exemption 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 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 Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Project Loan established pursuant to the Project 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 Note and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Governmental 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 Note in the secondary open market for municipal securities.

#### ARTICLE 4

##### GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Governmental 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 Note, and under no circumstances shall the Governmental Note be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Governmental Note shall not be and does not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. The Governmental 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 Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

PASSED AND APPROVED this 23rd day of July, 2020.

**EXHIBIT A**

**Description of Development**

**Borrower:** Houston Leased Housing Associates Owner VIII, LLC, a Minnesota limited liability company

**Development:** The Development is a 260-unit affordable multifamily community to be known as Vermillion Apartments and to be located at 3360 Alice Street, Houston, Harris County, Texas 77021. It consists of eleven (11) residential apartment buildings with approximately 261,040 net rentable square feet. The unit mix will consist of:

112	two-bedroom/two-bath units
148	three-bedroom/two bath units
<hr/>	
260	Total Units

Unit sizes will range from approximately 894 square feet to approximately 1,096 square feet.

# 20602 Vermillion Apartments - Application Summary

REAL ESTATE ANALYSIS DIVISION

July 15, 2020

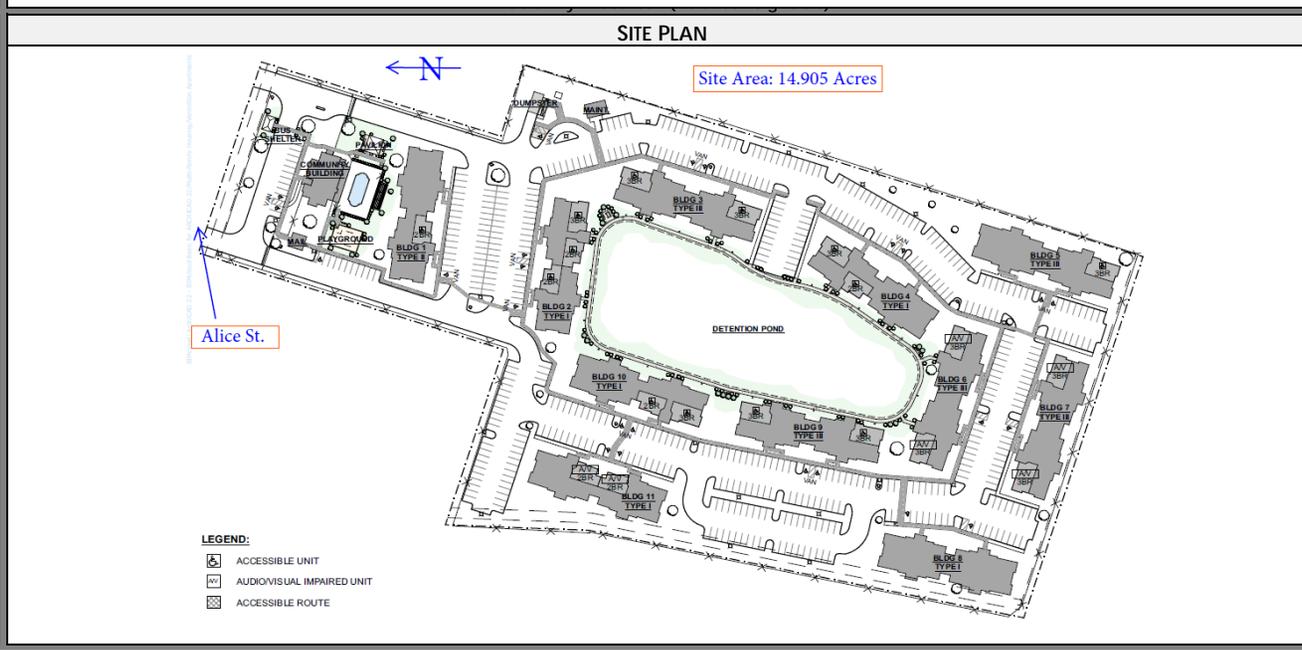
PROPERTY IDENTIFICATION			RECOMMENDATION					
Application #	20602		TDHCA Program		Request		Recommended	
Development	Vermillion Apartments		LIHTC (4% Credit)		\$1,375,437	\$1,375,437	\$5,290/Unit	\$0.89
City / County	Houston / Harris							
Region/Area	6 / Urban							
Population	General							
Set-Aside	General							
Activity	Acquisition/Rehab	(Built in 2004)	Private Activity Bonds	\$28,000,000	3.31%	35	15	1st

KEY PRINCIPALS / SPONSOR		
• Russ Condas / Dominion Holdings I, LLC		
Related Parties	Contractor - TBD	Seller - No



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	-	0%	40%	-	0%
2	112	43%	50%	-	0%
3	148	57%	60%	260	100%
4	-	0%	MR	-	0%
<b>TOTAL</b>	<b>260</b>	<b>100%</b>	<b>TOTAL</b>	<b>260</b>	<b>100%</b>

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.17	Expense Ratio	49.1%
Breakeven Occ.	85.6%	Breakeven Rent	\$999
Average Rent	\$1,081	B/E Rent Margin	\$83
Property Taxes	\$962/unit	Exemption/PILOT	0%
Total Expense	\$5,999/unit	Controllable	\$3,600/unit



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	N/A		
Highest Unit Capture Rate	N/A	N/A	N/A
Dominant Unit Cap. Rate	N/A	3 BR/60%	148
Premiums (↑60% Rents)	N/A		
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten		TDHCA's Costs - Based on PCA	
Avg. Unit Size	1,004 SF	Density	17.4/acre
Acquisition		\$85K/unit	\$22,150K
Building Cost	\$24.89/SF	\$25K/unit	\$6,496K
Hard Cost		\$31K/unit	\$8,148K
Total Cost		\$162K/unit	\$42,069K
Developer Fee	\$4,951K	(37% Deferred)	Paid Year: 7
Contractor Fee	\$1,141K	30% Boost	Yes

REHABILITATION COSTS / UNIT					
Site Work	\$2K	7%	Finishes/Fixture	\$2K	6%
Building Shell	\$18K	58%	Amenities	\$1K	4%
HVAC	\$3K	8%	Total Exterior	\$22K	76%
Appliances	\$2K	8%	Total Interior	\$7K	24%

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Merchants Capital - Freddie Mac	15/35	3.31%	\$28,000,000	1.17						RBC Capital Markets	\$12,238,937
										Houston Leased Housing Development	\$1,829,689
<b>TOTAL DEBT (Must Pay)</b>			<b>\$28,000,000</b>		<b>CASH FLOW DEBT / GRANTS</b>			<b>\$0</b>		<b>TOTAL EQUITY SOURCES</b>	<b>\$14,068,626</b>
										<b>TOTAL DEBT SOURCES</b>	<b>\$28,000,000</b>
										<b>TOTAL CAPITALIZATION</b>	<b>\$42,068,626</b>

**CONDITIONS**

1 Receipt and acceptance before Determination Notice:

- a: Revised Scope and Cost Review, or addendum, containing an analysis of compliance with the Department's accessibility requirements pursuant to Chapter 1, Subchapter B and §11.101(b)(8) of this title (relating to Site and Development Requirements and Restrictions) and identify the specific items in the scope of work and costs needed to ensure that the Development will meet these requirements upon Rehabilitation.
- b: Revised Scope and Cost Review, or addendum, itemizing the scope of work and cost for proposed renovations to the clubhouse.

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	Texas Department of Housing
Expiration Date	9/13/2020
Bond Amount	\$29,000,000
BRB Priority	Priority 3
Bond Structure	Freddie Mac Tax Exempt Loan (TEL)
% Financed with Tax-Exempt Bonds	81.7%

**RISK PROFILE**

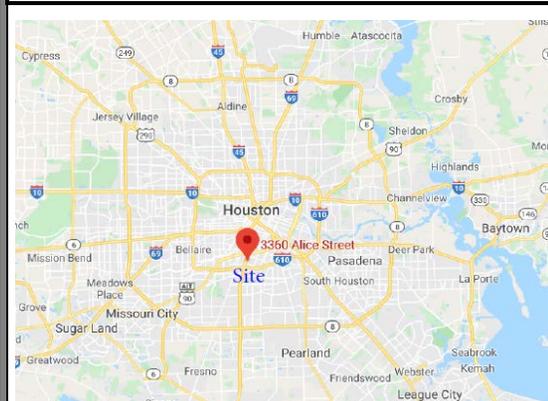
**STRENGTHS/MITIGATING FACTORS**

- Existing property therefore no lease-up risk.
- Overall Feasibility Indicators
- Developer/Owner's rehabilitation and operating

**WEAKNESSES/RISKS**

- Potential cost overruns if unknown rehabilitation issues

**AREA MAP**



**AERIAL PHOTOGRAPH(S)**





**DEVELOPMENT IDENTIFICATION**

TDHCA Application #: **20602** Program(s): **TDHCA Bonds/4% HTC**

**Vermillion Apartments**

Address/Location: 3360 Alice St.

City: Houston County: Harris Zip: 77021

Population: General Program Set-Aside: General Area: Urban

Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 6

Analysis Purpose: New Application - Initial Underwriting

**ALLOCATION**

TDHCA Program	REQUEST				RECOMMENDATION				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
Private Activity Bonds	\$28,000,000	3.31%	35	15	\$28,000,000	3.31%	35	15	1st
LIHTC (4% Credit)	\$1,375,437				\$1,375,437				

**CONDITIONS**

- 1 Receipt and acceptance before Determination Notice:
- a: Revised Scope and Cost Review, or addendum, containing an analysis of compliance with the Department's accessibility requirements pursuant to Chapter 1, Subchapter B and §11.101(b)(8) of this title (relating to Site and Development Requirements and Restrictions) and identify the specific items in the scope of work and costs needed to ensure that the Development will meet these requirements upon Rehabilitation.
  - b: Revised Scope and Cost Review, or addendum, itemizing the scope of work and cost for proposed renovations to the clubhouse.
- 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	260

**PROJECT SUMMARY**

Rehabilitation of a 260-unit existing LIHTC property built in 2004 (Parkside Point Apartments). Property is located in southeast Houston near the Texas Medical Center. Originally financed with tax-exempt bonds by a local issuer and 4% tax credits. The bond regulatory agreement is in effect until 2021, and the tax credit use restrictions remain in place.

Unit mix contains only 2 and 3 bedroom units averaging over 1,000 square feet. There are 148, 3-bedroom units (57% of total) which is atypical but the long-term historical occupancy has remained high.

Fairly extensive rehabilitation scope for a property of this age (\$31K/unit hard costs). Accessible units (13) will be added. There will be no permanent resident relocation involved with the rehabilitation.

Due to the method of acquisition and under the Department's rules, the developer qualifies for a \$3.2M fee on the acquisition building cost in addition to developer fee on other eligible costs. Total developer fee is \$4.9M (\$19K per unit or 12% of total development cost).

Buildings and units are similar to new construction developments, with a few exceptions, but total development costs including soft, financing costs and developer fee are 17% lower providing for an overall efficient use of the bond and tax credit funds.

Bond structure is a Freddie Mac loan purchase structure similar to other bond transactions underwritten by the Department. The tax-exempt loan is not a direct liability for the Department and Freddie Mac assumes all default risks.

**RISK PROFILE**

STRENGTHS/MITIGATING FACTORS	
▫	Existing property therefore no lease-up risk.
▫	Overall Feasibility Indicators
▫	Developer/Owner's rehabilitation and operating experience
▫	Significant contingency

WEAKNESSES/RISKS	
▫	Potential cost overruns if unknown rehabilitation issues are present
▫	
▫	
▫	

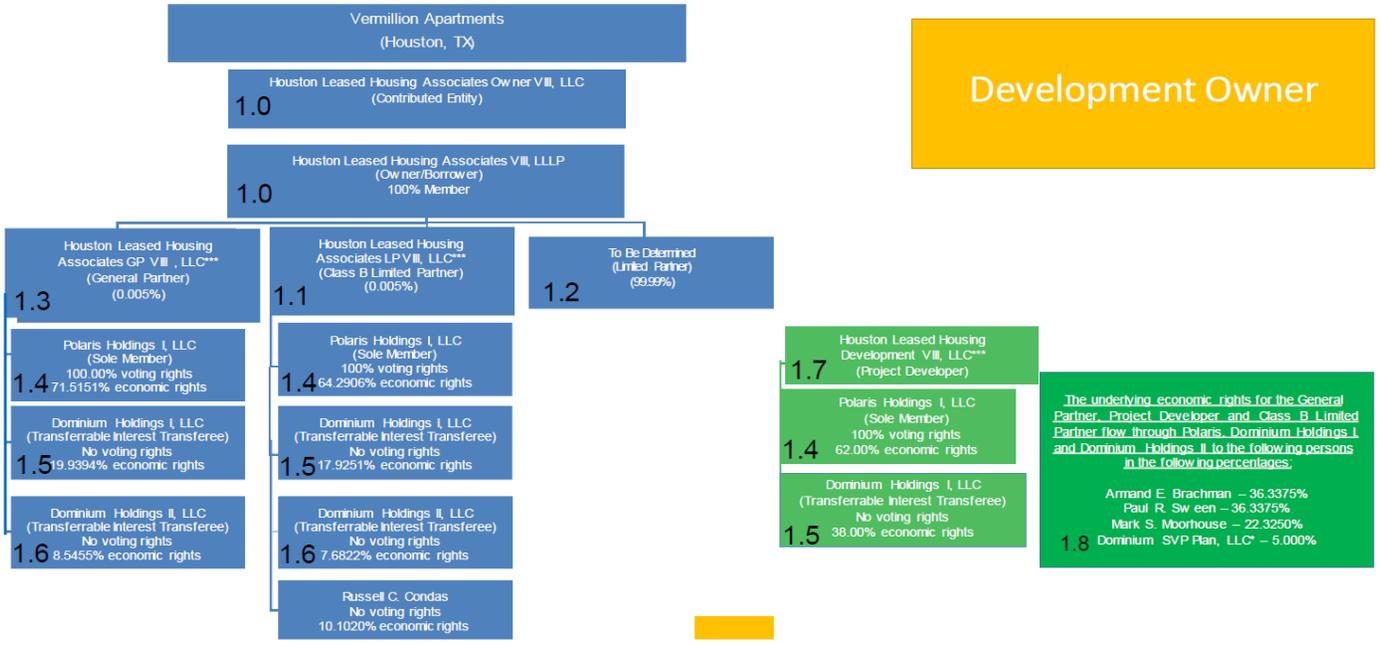
**DEVELOPMENT TEAM**

**PRIMARY CONTACTS**

Name: Russell Condas  
 Phone: (303) 586-2346  
 Relationship: Sponsor/Developer

Name: Michael Healy  
 Phone: (763) 354-5623  
 Relationship: Sponsor/Developer

OWNERSHIP STRUCTURE



- Sponsor, Developer and Property Manager are related entities.
- Dominion was founded in 1972 and is now one of the nation's largest developers, owners and managers of affordable housing with over \$3 billion in acquired assets and over 1,000 employees. They own and/or manage approximately 30,000 apartment units located over 22 states, including participation in over 37 HTC projects in Texas. For more information visit [www.dominiumapartments.com](http://www.dominiumapartments.com).

# DEVELOPMENT SUMMARY

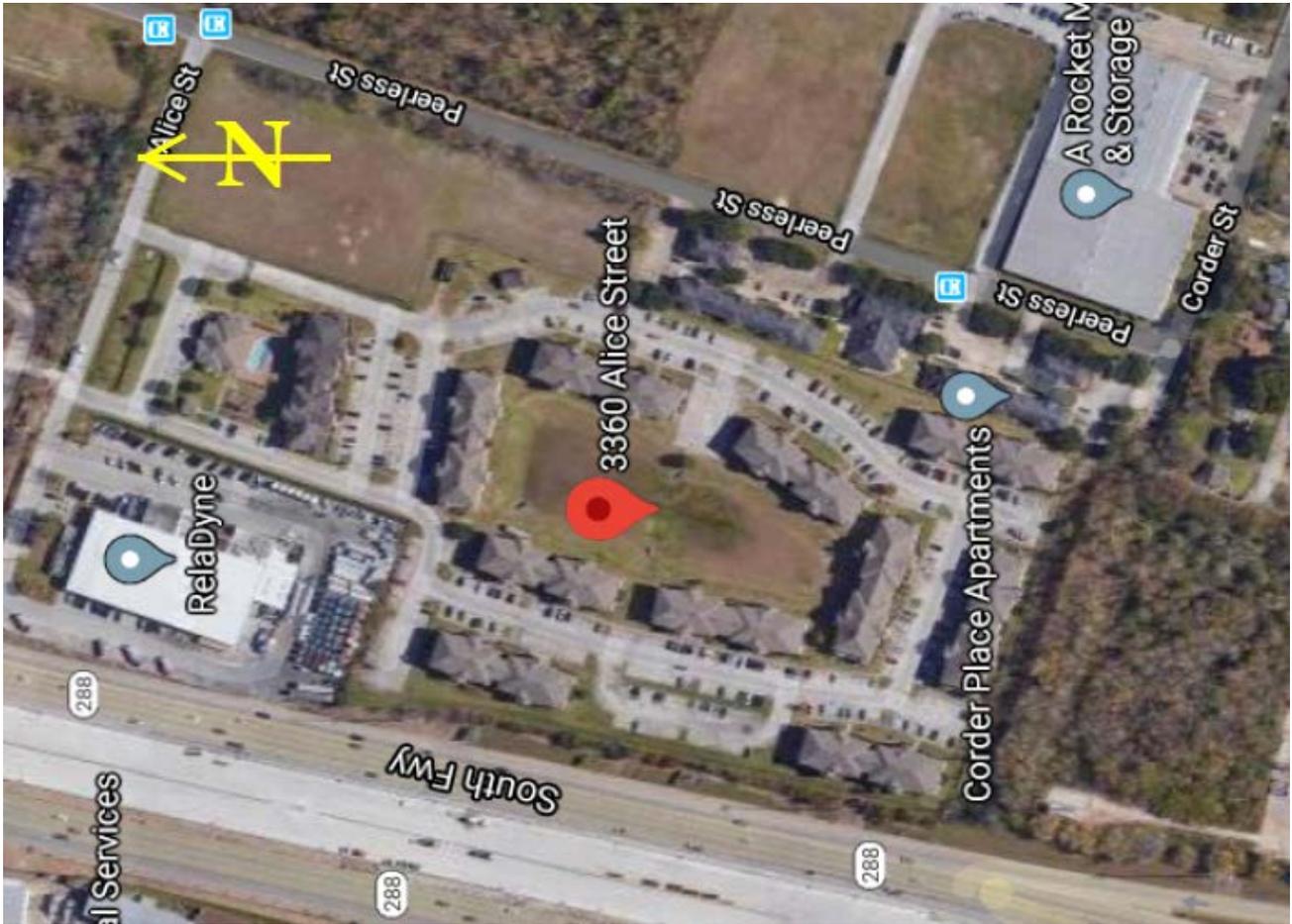
## AERIAL



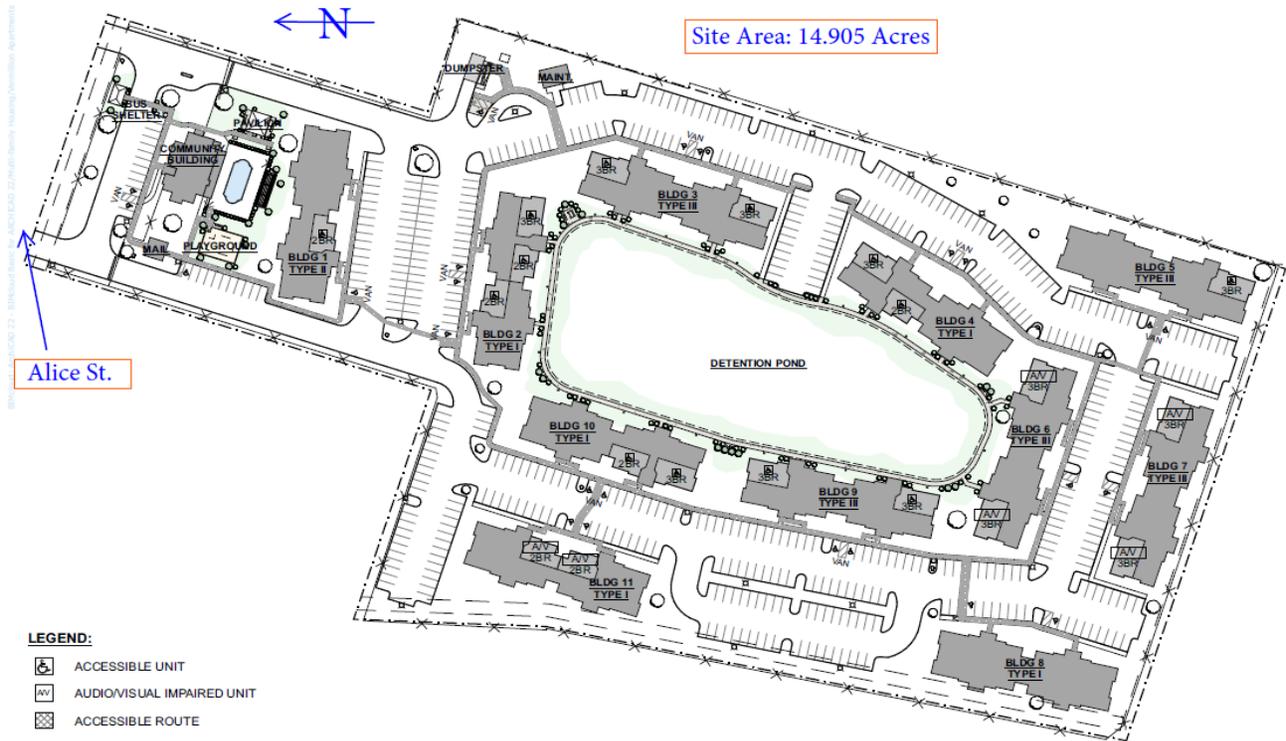
### Comments:

Development has good visibility from and access to Highway 288. It is located just south of Park Yellowstone Apartments (210 townhome units) which was rehabbed in 2019 and financed with tax credits and bonds issued by the Department. Park Yellowstone maintains 94% occupancy at maximum 60% rents.

SITE PLAN AERIAL



SITE PLAN SCHEMATIC

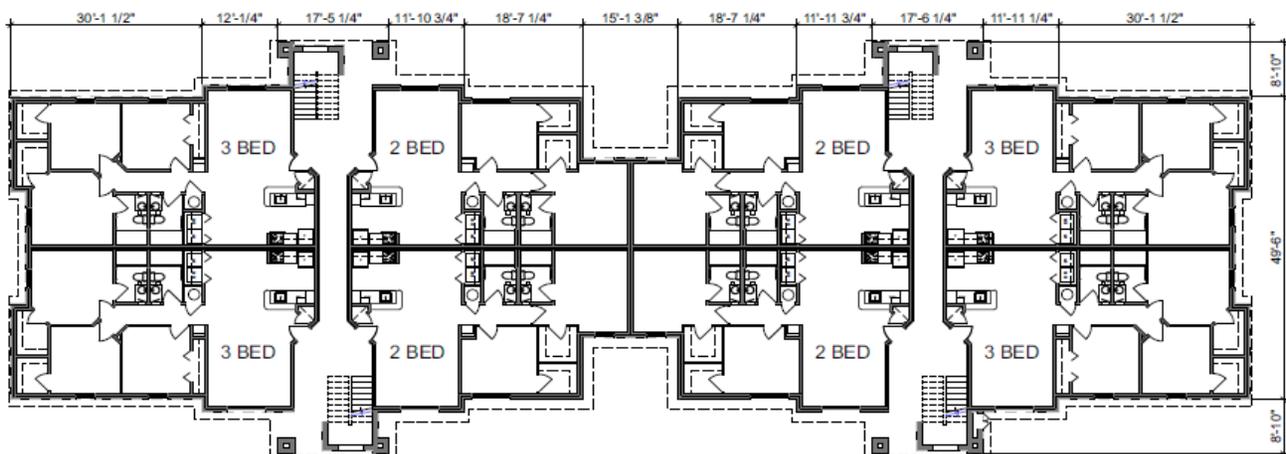


Comments:

Ingress/egress on Alice street with easy access to both north and southbound travel on Highway 288. Efficient parking layout for each building with gated access. An earthen detention pond is located in the middle of the property that serves as open green space. Site is not in a designated flood area. Plans call for installation of a new playground, walking paths and a covered pavilion.

With 531 open surface spaces (2/unit), site is over-parked by 42 spaces above code.

BUILDING PLAN (Typical)



Comments:

Typical 3-story garden, double corridor, walk-up buildings (some buildings are 3/2 split). Efficient use of unit square footage with large walk-in closets and washer-dryer connections. Unit design competes well in the market. Ceiling height is 8 feet typical of this era construction.



SITE CONTROL INFO

**Site Acreage:** Development Site: 14.91 acres Density: 17.4 units/acre  
**Site Control:** 14.91 **Site Plan:** 14.9 **Appraisal:** 14.91 **ESA:** 14.91

Control Type: Special Warranty Deed Closed on: 1/23/2020  
 Development Site: 14.91 acres Cost: \$22,150,000 \$85,192 per unit  
 Seller: NA  
 Buyer: NA  
 Related-Party Seller/Identity of Interest: No

Comments:

Affiliates of the Applicant received approval from TDHCA for an ownership transfer (sale) in December 2019. They submitted a bond pre-application in January 2020 and the Department approved an Inducement Resolution in February 2020. A reservation was issued by the Texas Bond Review Board in March 2020.

Typically, title transfer of a property to an Applicant would occur simultaneously with the closing of the bonds and tax-credit syndication. For various reasons in this case (requirements of the Seller and programmatic timing issues related to the existing tax credits), the Applicant acquired the property prior to their ability to close the bond and 4% LIHTC execution. The seller was not related to the Applicant under §11.302.

Houston Leased Housing Associates VIII, Limited Partnership (The Applicant, and now as the Owner) closed on the acquisition of the property in January 2020. The original intent was to close on the bonds and tax credit syndication within the owner partnership. As such, title to the property would not change. The Texas Attorney General's office however requires that with the issuance of tax-exempt bonds and the use of bond proceeds for acquisition that there must be a conveyance of the property at the time of issuance of the bonds. Without title change at issuance, the bond issuance would be considered a refunding transaction and would not have received their approval.

As a result, at closing of the bonds and tax credits, the Owner will contribute the property to a wholly owned limited liability company (LLC), which will be Houston Leased Housing Associates Owner VIII, LLC. Under federal tax codes, the LLC will be "disregarded" for income tax purposes and will be treated as being the same person as the Owner (the LLC will not have its own tax return filing).

While recorded title of the property will change, the Underwriter has determined that the acquisition is not a related party transaction under Department rules as title is effectively changing within the owner partnership itself. This determination is specific to this transaction only based on a certain fact pattern and should not be assumed to apply to any other application.

As a result of the above, the acquisition cost used in the analysis is the price paid to the prior unrelated owner.

**APPRAISED VALUE**

Appraiser: BBG, Inc. Date: 3/31/2020

Land as Vacant: 14.91 acres	<u>\$900,000</u>	Per Unit:	<u>\$3,462</u>
Existing Buildings: (as-is)	<u>\$21,400,000</u>	Per Unit:	<u>\$82,308</u>
<b>Total Development: (as-is)</b>	<b><u>\$22,300,000</u></b>	Per Unit:	<b><u>\$85,769</u></b>

Comments:

Appraised value was derived using the income capitalization approach. Appraiser determined a 5.00% market capitalization rate based on analysis of improved sales, the market and the subject, as well as the consideration of any additional risk or benefit from the affordable restrictions. None of the comparable sales were restricted properties.

Land value likely understated based on land prices for both acquisition and new construction developments recently underwritten (\$7.5K to \$8.5K per unit). If land was adjusted upward with total value remaining constant, the allocation to the buildings would decrease which would lower eligible basis and the tax credit award. There would be no impact to the bonds.

Park Yellowstone (across the street from the subject) appraised much lower than the subject and had an acquisition cost of \$51K per unit (land at \$16K per unit). The subject's acquisition is \$85K per unit (land at \$3.5K per unit per the appraisal). Park Yellowstone was appraised by a different appraiser under different market conditions and property operations.

**SITE INFORMATION**

Flood Zone: <u>Zone X</u>	Scattered Site? <u>No</u>
Zoning: <u>Legal Conforming</u>	Within 100-yr floodplain? <u>No</u>
Re-Zoning Required? <u>No</u>	Utilities at Site? <u>Yes</u>
Year Constructed: <u>2004</u>	Title Issues? <u>No</u>

Current Uses of Subject Site:

260-Unit Multifamily development

Surrounding Uses:

Highway 288 access road, Reladyne (lubricant and Fuel Distributor), vacant land, multifamily property.

**HIGHLIGHTS of ENVIRONMENTAL REPORTS**

Provider: Braun InterTec Corporation Date: 12/12/2019

Recognized Environmental Conditions (RECs) and Other Concerns:

- None regarding the subject site.

Comments:

While there is substantial detail in the report on file, the report author states..."This assessment identified no recognized environmental conditions, controlled recognized environmental conditions, or historical recognized environmental conditions in connection with the Site. However, it is noted that the property to the northwest is occupied by a petroleum products storage and distribution facility. This facility had previously reported releases that appear to have been investigated and/or remediated to the satisfaction of the TCEQ; although, it appears some contamination remains.

Further investigation of the subject site that was completed by others in 2017 concluded that there were no impacts from this adjoining facility that exceeded the Tier 1 Residential PCLs. While this investigation suggests that at least through 2017 no significant impacts to the subject have occurred, there does remain some potential for future impact considering the continued presence and use of this adjoining facility. Remediation of a release from this adjoining facility would be the responsibility of that adjoining entity. The report author did not recommend any further action.

Given the historical review of any impact to the subject site from the adjacent property (including a Phase II investigation with additional ground testing), the Underwriter does not believe the adjoining property would likely significantly impact the subject or its financial feasibility. The property has not been impacted since its construction in 2004.

**MARKET ANALYSIS**

Provider: Novogradac Consulting, LLP Date: 12/4/2019  
 Contact: Ryan Browder Phone: 469-329-5216

ELIGIBLE HOUSEHOLDS BY INCOME								
Harris County Income Limits								
HH Size		1	2	3	4	5	6	7+
60% AMGI	Min	\$31,950	\$31,950	\$31,950	\$31,950	\$36,900	\$36,900	---
	Max	\$33,120	\$37,860	\$42,600	\$47,280	\$51,120	\$54,900	---

Market Analyst calculates a Gross Capture Rate of 8%, which is below the 10% maximum. Competitive units are not included in the capture rate calculations as tenants are expected to return and Subject units will not compete for qualified demand in the PMA. Underwriter reviewed the market study for compliance. Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants. Subject is currently 93% occupied and will extend leasing preference to current tenants.

Revisions to Market Study:	0
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## OPERATING PRO FORMA

### SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)

NOI:	\$1,618,407	Avg. Rent:	\$1,081	Expense Ratio:	49.1%
Debt Service:	\$1,379,923	B/E Rent:	\$999	Controllable Expenses:	\$3,600
Net Cash Flow:	\$238,485	UW Occupancy:	92.5%	Property Taxes/Unit:	\$962
Aggregate DCR:	1.17	B/E Occupancy:	85.6%	Program Rent Year:	2020

Historic operations show effective gross income approximately \$790K below the underwritten pro forma. Economic vacancies were 11% and 15% before tenant charges (primarily late fees). Rents for 2018 and 2019 were limited to 50% area median income. With the release of the bond regulatory agreement in January 2021, the pro forma rents are based on higher 60% rent limits. In addition, area median income has increased since 2019.

With vacancy at 7.5% and normalized expenses, pro forma NOI is \$656K and \$1M higher than years 2018 and 2019, respectively.

Additionally, the existing bond restrictions require rent restrictions at 50% area median income (while qualifying occupancy was up to 60%). In January of 2021, the 50% rent restrictions will no longer apply allowing for a higher gross potential income as reflected in the pro forma.

Pro forma rents underwritten at maximum LIHTC rents which are 30% to 35% below the market analyst's determined market rents. All units are restricted at 60% rents. The rents are equivalent to the 60% rents on the adjacent Park Yellowstone Bond/LIHTC development recently underwritten (19602). Economic vacancy projected at 7.5%.

Historical expenses for payroll and maintenance are associated with prior ownership and significantly higher than other data sources and the Applicant's staffing plan. Payroll included over \$100K in temporary help and overtime which is unexplained. Historical water/sewer expenses are 38% higher than area comparables. The rehabilitation scope includes water saving fixtures, irrigation repairs and a tenant water metering system which should reduce water expense. Applicant's estimate for water is greater than other data points but equivalent to Park Yellowstone and therefore used by the Underwriter for pro forma.

Applicant's pro forma expenses are consistent with those on other Texas properties monitored by the Department.

Applicant's underwritten NOI is within 1.5% of the Underwriter's estimate. Controllable expenses are equal.

Feasibility indicators are positive with healthy breakeven rents, occupancy and a 50% expense ratio. Debt coverage at 1.20 times based on the underwritten debt servicing requirements.

Long-term pro forma shows positive cash flow and improving debt coverage over the debt's 15-year term.

Related-Party Property Management Company:                     Yes                    

Revisions to Rent Schedule:                     0                    

Revisions to Annual Operating Expenses:                     0                    

## DEVELOPMENT COST EVALUATION

### SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)

Acquisition	\$60,382/ac	\$85,192/unit	\$22,150,000	Contractor Fee	\$1,140,741
Off-site + Site Work		\$3,505/unit	\$911,223	Soft Cost + Financing	\$4,048,240
Building Cost	\$24.89/sf	\$24,985/unit	\$6,496,189	Developer Fee	\$4,951,279
Contingency	10.00%	\$2,849/unit	\$740,741	Reserves	\$1,630,213
<b>Total Development Cost</b>	\$161,802/unit		<b>\$42,068,626</b>	<b>Rehabilitation Cost</b>	<b>\$28,490/unit</b>
<b>Qualified for 30% Basis Boost?</b>	Located in QCT with < 20% HTC units/HH				

**Acquisition:**

\$85K per unit with \$3.5K for land as determined by the appraisal. Land value lower than recent comparable properties. This allocation of the acquisition cost results in a higher eligible base (only the cost of the buildings are eligible costs), developer fee and tax credit allocation. The allocation does not effect the economics regarding the bond proceeds in the capital structure.

**Off-site:**

No off-site work required.

**Site Work:**

Totals \$911K and includes \$315K of resident amenities (pavilion, pergola, bus stop and replacement playground). The balance used for substantial flatwork (side walk repair and accessibility), landscaping and signage.

**Building Cost:**

Refresh of unit features and finishes including cabinetry and counter tops, flooring, appliances, plumbing fixtures and paint. Buildings will receive new roofs, windows and entry doors. Mechanical replacement will include water heaters and air-conditioning units. Accessibility improvements include 13 additional units modified for hearing and visually impaired residents and other accessibility improvements (fair housing and others) for all ground floor units. Stair risers, bollards and handrails will be replaced.

Scope and Cost Review calls for \$160K of renovation to the clubhouse which is not detailed. An addendum to the SCR detailing the scope and cost will be required prior to issuance of the Determination Notice.

Cost allocation to unit interiors are 24% of hard cost budget (items most impactful to the residents). That does not include some costs in the building shell category (such as window replacement) that will also directly effect resident (utility savings).

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	\$552,223	\$2,124/unit	7%	Finishes/Fixtures	\$518,860	\$1,996/unit	6%
Building Shell	\$4,698,704	\$18,072/unit	58%	HVAC	\$650,000	\$2,500/unit	8%
Amenities	\$359,000	\$1,381/unit	4%	Appliances	\$628,625	\$2,418/unit	8%
<b>Total Exterior</b>	<b>\$5,609,927</b>	<b>\$21,577/unit</b>	<b>76%</b>	<b>Total Interior</b>	<b>\$1,797,485</b>	<b>\$6,913/unit</b>	<b>24%</b>

**SCOPE & COST REVIEW**

Provider: Phase Engineering Date: 3/25/2020

**Contingency:**

10% contingency with significant repayable developer fee that could be deferred for unanticipated cost overruns.

**Developer Fee:**

\$4.9M including a 15% fee on the building acquisition basis.

**Reserves:**

7 months of operating expenses and debt service.

**Comments:**

\$130K for temporary tenant relocation costs. Most work will be done with residents in place.

**Credit Allocation Supported by Costs:**

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
\$42,068,626	\$38,005,588	\$1,396,468

Related-Party Contractor: No

Related-Party Cost Estimator: No

Revisions to Development Cost Schedule:	1
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## UNDERWRITTEN CAPITALIZATION

### BOND RESERVATION

Issuer	Amount	Reservation Date	Priority
Texas Department of Housing	\$29,000,000	3/17/2020	Priority 3
Closing Deadline		Bond Structure	
9/13/2020		Freddie Mac Tax Exempt Loan (TEL)	

<b>Percent of Cost Financed by Tax-Exempt Bonds</b>	<b>81.7%</b>
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Comments:

While the bond reservation was issues for \$29M, the recommendation and feasibility determination is based on a \$28M issuance. The underwritten pro forma shows that debt coverage on \$29M would be 1.16 times.

### INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
Merchants Bank	Freddie Mac TEL	\$28,000,000	4.25%	77%
Merchants Bank	Conventional Loan	\$7,374,329	4.25%	20%
RBC Capital Markets	HTC	\$1,209,662	\$0.89	3%
		<b>\$36,583,991</b>	<b>Total Sources</b>	

Comments:

In addition to originating the tax-exempt loan as construction lender, Merchants Bank will provide an interim bridge loan of \$7.3M which will be repaid at or prior to stabilization by equity proceeds.

### PERMANENT SOURCES

Debt Source	PROPOSED				UNDERWRITTEN				
	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
Merchants Capital - Freddie Mac TEL	\$28,000,000	3.31%	35	15	\$28,000,000	3.31%	35	15	67%
<b>Total</b>	<b>\$28,000,000</b>				<b>\$28,000,000</b>				

Comments:

Merchants Capital will transfer the loan to Freddie Mac at stabilization.

Equity & Deferred Fees	PROPOSED			UNDERWRITTEN			
	Amount	Rate	% Def	Amount	Rate	% TC	% Def
RBC Capital Markets	\$12,238,937	\$0.89		\$12,238,937	\$0.89	29%	
Developer Fee Deferral	\$1,835,662		37%	\$1,829,689		4%	37%
<b>Total</b>	<b>\$14,074,599</b>			<b>\$14,068,626</b>			
				<b>\$42,068,626</b>	<b>Total Sources</b>		

#### Credit Price Sensitivity based on current capital structure

<b>\$1.023</b>	Maximum Credit Price before the Development is over sourced and allocation is limited
<b>\$0.663</b>	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:**

Gap Analysis:	
Total Development Cost	\$42,068,626
Permanent Sources (debt + non-HTC equity)	\$28,000,000
<b>Gap in Permanent Financing</b>	<b>\$14,068,626</b>

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	\$12,426,072	\$1,396,468
Needed to Balance Sources & Uses	\$14,068,626	\$1,581,061
Requested by Applicant	\$12,238,937	\$1,375,437

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
<b>Tax Credit Allocation</b>	<b>\$12,238,937</b>	<b>\$1,375,437</b>

	Amount	Interest Rate	Amort	Term	Lien
<b>TDHCA-Issued Bonds</b>	<b>\$28,000,000</b>	3.31%	35	15	1st

<b>Deferred Developer Fee</b>	<b>\$1,829,689</b>	( 37% deferred)
<b>Repayable in</b>	<b>7 years</b>	

Underwriter:	<i>Brent Stewart</i>
Manager of Real Estate Analysis:	<i>Thomas Cavanagh</i>
Director of Real Estate Analysis:	<i>Brent Stewart</i>

**UNIT MIX/RENT SCHEDULE**

*Vermillion Apartments, Houston, TDHCA Bonds/4% HTC #20602*

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	\$78,800
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	-	0.0%	0	0
2	112	43.1%	0	0
3	148	56.9%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
<b>TOTAL</b>	<b>260</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>

60%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	-	0.0%
40%	-	0.0%
50%	-	0.0%
60%	260	100.0%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
<b>TOTAL</b>	<b>260</b>	<b>100.0%</b>

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	3.32%
APP % Construction	3.32%
Average Unit Size	1,004 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		Mkt Analyst
TC 60%	\$1,065	40	2	2	894	\$1,065	\$72	\$993	\$0	\$1.11	\$993	\$39,720	\$39,720	\$993	\$1.11	\$0	\$1,375	\$1.54	\$1,375
TC 60%	\$1,065	72	2	2	920	\$1,065	\$72	\$993	\$0	\$1.08	\$993	\$71,496	\$71,496	\$993	\$1.08	\$0	\$1,390	\$1.51	\$1,390
TC 60%	\$1,230	88	3	2	1,060	\$1,230	\$82	\$1,148	\$0	\$1.08	\$1,148	\$101,024	\$101,024	\$1,148	\$1.08	\$0	\$1,850	\$1.75	\$1,850
TC 60%	\$1,230	60	3	2	1,096	\$1,230	\$82	\$1,148	\$0	\$1.05	\$1,148	\$68,880	\$68,880	\$1,148	\$1.05	\$0	\$1,875	\$1.71	\$1,875
<b>TOTALS/AVERAGES:</b>		<b>260</b>			<b>261,040</b>				<b>\$0</b>	<b>\$1.08</b>	<b>\$1,081</b>	<b>\$281,120</b>	<b>\$281,120</b>	<b>\$1,081</b>	<b>\$1.08</b>	<b>\$0</b>	<b>\$1,655</b>	<b>\$1.65</b>	<b>\$1,655</b>

<b>ANNUAL POTENTIAL GROSS RENT:</b>	<b>\$3,373,440</b>	<b>\$3,373,440</b>
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**STABILIZED PRO FORMA**

**Vermillion Apartments, Houston, TDHCA Bonds/4% HTC #20602**

**STABILIZED FIRST YEAR PRO FORMA**

	COMPARABLES		APPLICANT				TDHCA				VARIANCE		
	Database	Expense Comps	Actual FYE 2019	% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	\$
<b>POTENTIAL GROSS RENT</b>					\$1.08	\$1,081	\$3,373,440	\$3,373,440	\$1,081	\$1.08		0.0%	\$0
Late fees, security deposits, pet fees, lease						\$20.00	\$62,400						
0						\$0.00	\$0						
0						\$0.00	\$0						
Total Secondary Income						\$20.00	\$62,400	\$62,400	\$20.00			0.0%	\$0
<b>POTENTIAL GROSS INCOME</b>							\$3,435,840	\$3,435,840				0.0%	\$0
Vacancy & Collection Loss						7.5% PGI	(257,688)	(257,688)	7.5% PGI			0.0%	-
Rental Concessions							-	-				0.0%	-
<b>EFFECTIVE GROSS INCOME</b>							\$3,178,152	\$3,178,152				0.0%	\$0

General & Administrative	\$118,799	\$457/Unit	\$90,334	\$347/Unit	\$91,100	\$350/Unit	2.86%	\$0.35	\$350	\$91,000	\$91,100	\$350	\$0.35	2.87%	-0.1%	(100)
Management	\$118,236	\$455/Unit	\$115,139	\$443/Unit	\$132,917	\$511/Unit	3.00%	\$0.37	\$367	\$95,345	\$158,908	\$611	\$0.61	5.00%	-40.0%	(63,563)
Payroll & Payroll Tax	\$352,031	\$1,354/Unit	\$322,865	\$1,242/Unit	\$411,376	\$1,582/Unit	10.23%	\$1.25	\$1,250	\$325,000	\$325,000	\$1,250	\$1.25	10.23%	0.0%	-
Repairs & Maintenance	\$191,894	\$738/Unit	\$158,487	\$610/Unit	\$315,266	\$1,213/Unit	6.14%	\$0.75	\$750	\$195,000	\$169,000	\$650	\$0.65	5.32%	15.4%	26,000
Electric/Gas	\$62,035	\$239/Unit	\$29,813	\$115/Unit	\$50,068	\$193/Unit	1.61%	\$0.20	\$197	\$51,188	\$50,068	\$193	\$0.19	1.58%	2.2%	1,120
Water, Sewer, & Trash	\$163,205	\$628/Unit	\$236,920	\$911/Unit	\$325,915	\$1,254/Unit	8.62%	\$1.05	\$1,053	\$273,813	\$273,813	\$1,053	\$1.05	8.62%	0.0%	-
Property Insurance	\$103,707	\$399/Unit	\$92,079	\$354/Unit	\$112,826	\$434/Unit	4.91%	\$0.60	\$600	\$156,000	\$156,000	\$600	\$0.60	4.91%	0.0%	-
Property Tax (@ 100%) 2.5366	\$220,256	\$847/Unit	\$258,036	\$992/Unit	\$247,482	\$952/Unit	7.87%	\$0.96	\$962	\$250,000	\$247,482	\$952	\$0.95	7.79%	1.0%	2,518
Reserve for Replacements							2.45%	\$0.30	\$300	\$78,000	\$78,000	\$300	\$0.30	2.45%	0.0%	-
TDHCA Compliance fees (\$40/HTC unit)							0.33%	\$0.04	\$40	\$10,400	\$10,400	\$40	\$0.04	0.33%	0.0%	-
TDHCA Bond Compliance Fee							0.20%	\$0.02	\$25	\$6,500	\$6,500	\$25	\$0.02	0.20%	0.0%	-
Bond Trustee Fees							0.05%	\$0.01	\$6	\$1,500	\$1,500	\$6	\$0.01	0.05%	0.0%	-
Security							0.82%	\$0.10	\$100	\$26,000	\$26,000	\$100	\$0.10	0.82%	0.0%	-
<b>TOTAL EXPENSES</b>							<b>49.08%</b>	<b>\$5.98</b>	<b>\$5,999</b>	<b>\$ 1,559,745</b>	<b>\$1,593,770</b>	<b>\$6,130</b>	<b>\$6.11</b>	<b>50.15%</b>	<b>-2.1%</b>	<b>\$ (34,026)</b>
<b>NET OPERATING INCOME ("NOI")</b>							<b>50.92%</b>	<b>\$6.20</b>	<b>\$6,225</b>	<b>\$1,618,407</b>	<b>\$1,584,382</b>	<b>\$6,094</b>	<b>\$6.07</b>	<b>49.85%</b>	<b>2.1%</b>	<b>\$ 34,026</b>

CONTROLLABLE EXPENSES									\$3,600/Unit								\$3,496/Unit
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**CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS**

*Vermillion Apartments, Houston, TDHCA Bonds/4% HTC #20602*

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
Merchants Capital - Freddie Mac TEL	0.10%	1.15	1.17	1,379,923	3.31%	35	15	\$28,000,000	\$28,000,000	15	35	3.31%	\$1,379,923	1.17	66.6%
				<b>1,379,923</b>	<b>TOTAL DEBT / GRANT SOURCES</b>			<b>\$28,000,000</b>	<b>\$28,000,000</b>	<b>TOTAL DEBT SERVICE</b>			<b>\$1,379,923</b>	<b>1.17</b>	<b>66.6%</b>
<b>NET CASH FLOW</b>		\$204,459	\$238,484						<b>APPLICANT</b>	<b>NET OPERATING INCOME</b>		\$1,618,407	\$238,485	<b>NET CASH FLOW</b>	

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
Houston Leased Housing Development VIII, L	Deferred Developer Fees	4.4%	(37% Deferred)		\$1,835,662	\$1,829,689	(37% Deferred)		4.3%	<b>Total Developer Fee: \$4,951,279</b>	
Additional (Excess) Funds Req'd		0.0%			\$0	\$0			0.0%		
<b>TOTAL EQUITY SOURCES</b>		<b>33.5%</b>			<b>\$14,074,599</b>	<b>\$14,068,626</b>			<b>33.4%</b>		

<b>TOTAL CAPITALIZATION</b>	<b>\$42,074,599</b>	<b>\$42,068,626</b>			<b>15-Yr Cash Flow after Deferred Fee:</b>	<b>\$3,600,134</b>
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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									%	\$	
Land Acquisition		\$3,462 / Unit	\$900,000	\$900,000	\$3,462 / Unit	\$900,000	\$900,000			0.0%	\$0	
Building Acquisition	\$21,250,000	\$81,731 / Unit	\$21,250,000	\$21,250,000	\$81,731 / Unit	\$21,250,000	\$21,250,000	\$21,250,000		0.0%	\$0	
Off-Sites	\$0	\$ / Unit	\$0	\$0	\$ / Unit	\$0	\$0	\$0		0.0%	\$0	
Site Work	\$402,223	\$1,547 / Unit	\$402,223	\$402,223	\$1,547 / Unit	\$402,223	\$402,223	\$402,223		0.0%	\$0	
Site Amenities	\$509,000	\$1,958 / Unit	\$509,000	\$509,000	\$1,958 / Unit	\$509,000	\$509,000	\$509,000		0.0%	\$0	
Building Cost	\$6,496,189	\$24.89 /sf	\$24,985/Unit	\$6,496,189	\$24,985/Unit	\$24,89 /sf	\$6,496,189	\$6,496,189		0.0%	\$0	
Contingency	\$740,741	10.00%	10.00%	\$740,741	\$740,741	10.00%	10.00%	\$740,741		0.0%	\$0	
Contractor Fees	\$1,140,741	14.00%	14.00%	\$1,140,741	\$1,140,741	14.00%	14.00%	\$1,140,741		0.0%	\$0	
Soft Costs	\$0	\$903,540	\$4,792 / Unit	\$1,246,040	\$1,246,040	\$4,792 / Unit	\$903,540	\$0		0.0%	\$0	
Financing	\$39,813	\$1,566,090	\$10,778 / Unit	\$2,802,200	\$2,802,200	\$10,778 / Unit	\$1,566,090	\$39,813		0.0%	\$0	
Developer Fee	\$3,193,472	\$1,763,779	15.00%	15.02%	\$4,957,251	\$4,951,279	15.00%	15.00%	\$1,763,779	\$3,193,472	0.1%	\$5,972
Reserves			7 Months	\$1,630,213	\$1,630,213	7 Months				0.0%	\$0	
<b>TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)</b>		<b>\$24,483,285</b>	<b>\$13,522,303</b>	\$161,825 / Unit	<b>\$42,074,598</b>	<b>\$42,068,626</b>	\$161,802 / Unit	<b>\$13,522,303</b>	<b>\$24,483,285</b>	<b>0.0%</b>	<b>\$5,972</b>	
Acquisition Cost	\$0			\$0				\$0				
Contingency		\$0		\$0				\$0				
Contractor's Fee		\$0		\$0				\$0				
Financing Cost		\$0		\$0				\$0				
Developer Fee	\$3,852	(\$0)		(\$5,972)				\$0				
Reserves				\$0				\$0				
<b>ADJUSTED BASIS / COST</b>		<b>\$24,487,137</b>	<b>\$13,522,303</b>	\$161,802/unit	<b>\$42,068,626</b>	<b>\$42,068,626</b>	\$161,802/unit	<b>\$13,522,303</b>	<b>\$24,483,285</b>	<b>0.0%</b>	<b>\$0</b>	
<b>TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA</b>					<b>\$42,068,626</b>							

**CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS**

*Vermillion Apartments, Houston, TDHCA Bonds/4% HTC #20602*

CREDIT CALCULATION ON QUALIFIED BASIS				
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
<b>ADJUSTED BASIS</b>	\$24,487,137	\$13,522,303	\$24,483,285	\$13,522,303
Deduction of Federal Grants	\$0	\$0	\$0	\$0
<b>TOTAL ELIGIBLE BASIS</b>	\$24,487,137	\$13,522,303	\$24,483,285	\$13,522,303
High Cost Area Adjustment		130%		130%
<b>TOTAL ADJUSTED BASIS</b>	\$24,487,137	\$17,578,994	\$24,483,285	\$17,578,994
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
<b>TOTAL QUALIFIED BASIS</b>	\$24,487,137	\$17,578,994	\$24,483,285	\$17,578,994
Applicable Percentage	3.32%	3.32%	3.32%	3.32%
<b>ANNUAL CREDIT ON BASIS</b>	\$812,973	\$583,623	\$812,845	\$583,623
<b>CREDITS ON QUALIFIED BASIS</b>	\$1,396,596		\$1,396,468	

Method	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
	Annual Credits	Proceeds	Credit Price \$0.8898	Variance to Request	
			Credit Allocation	Credits	Proceeds
<b>Eligible Basis</b>	\$1,396,468	\$12,426,072	----	----	----
<b>Needed to Fill Gap</b>	\$1,581,061	\$14,068,626	----	----	----
<b>Applicant Request</b>	\$1,375,437	\$12,238,937	<b>\$1,375,437</b>	<b>\$0</b>	<b>\$0</b>

50% Test for Bond Financing for 4% Tax Credits					
Tax-Exempt Bond Amount	\$28,000,000		Percent Financed by Tax-Exempt Bonds	Applicant	TDHCA
	Applicant	TDHCA		81.7%	81.7%
Land Cost	\$900,000	\$900,000			
Depreciable Bldg Cost	\$33,390,837	\$33,390,837			
<b>Aggregate Basis for 50% Test</b>	<b>\$34,290,837</b>	<b>\$34,290,837</b>			
			amount aggregate basis can increase before 50% test fails	\$21,709,163 63.3%	\$21,709,163 63.3%

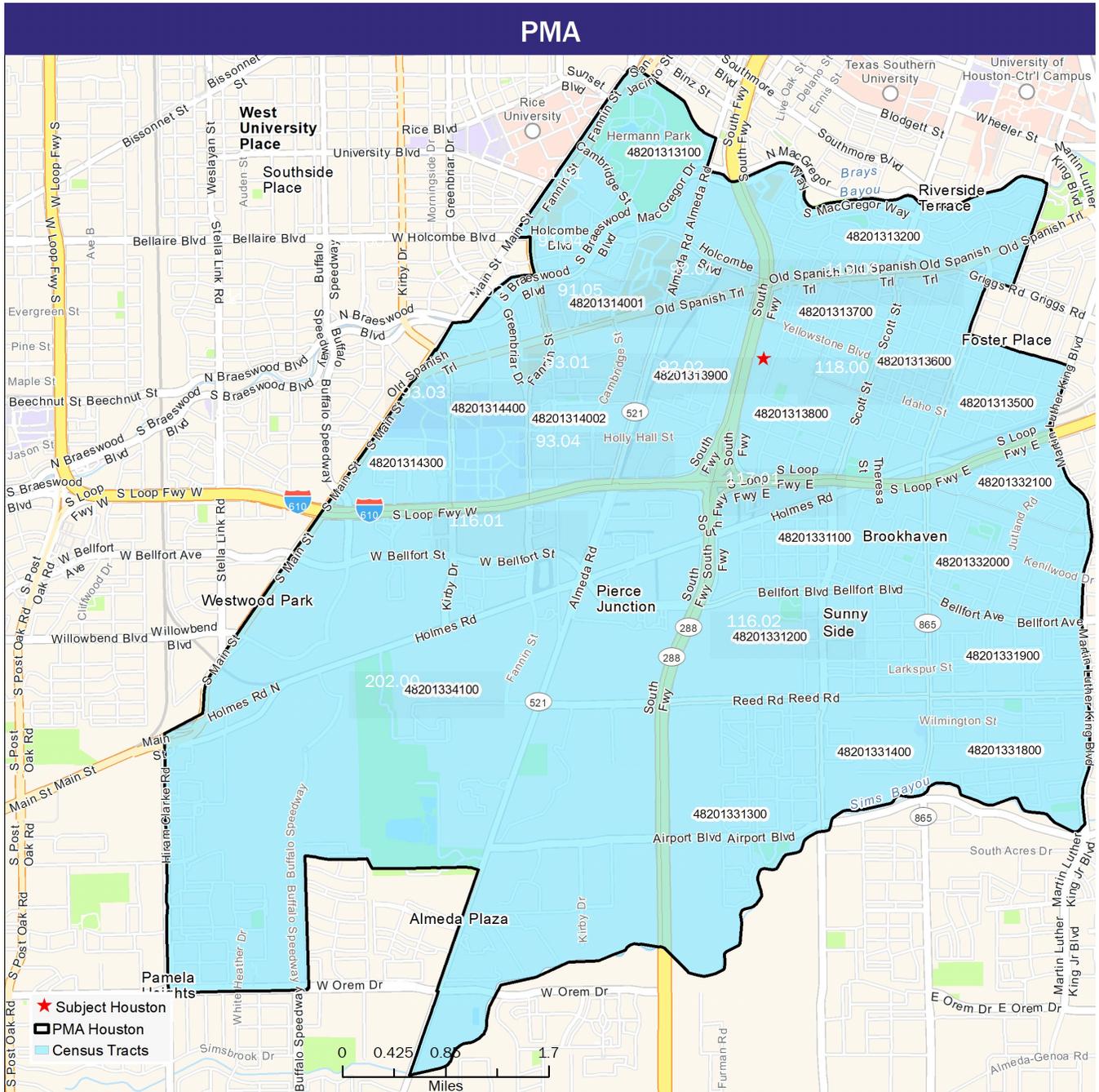
## Long-Term Pro Forma

### Vermillion Apartments, Houston, TDHCA Bonds/4% HTC #20602

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	\$3,178,152	\$3,241,715	\$3,306,549	\$3,372,680	\$3,440,134	\$3,798,186	\$4,193,504	\$4,629,967	\$5,111,858	\$5,643,904	\$6,231,326
TOTAL EXPENSES	3.00%	\$1,559,745	\$1,605,583	\$1,652,778	\$1,701,370	\$1,751,399	\$2,024,655	\$2,340,842	\$2,706,733	\$3,130,179	\$3,620,272	\$4,187,542
<b>NET OPERATING INCOME ("NOI")</b>		<b>\$1,618,407</b>	<b>\$1,636,132</b>	<b>\$1,653,771</b>	<b>\$1,671,310</b>	<b>\$1,688,735</b>	<b>\$1,773,530</b>	<b>\$1,852,663</b>	<b>\$1,923,234</b>	<b>\$1,981,679</b>	<b>\$2,023,633</b>	<b>\$2,043,785</b>
EXPENSE/INCOME RATIO		49.1%	49.5%	50.0%	50.4%	50.9%	53.3%	55.8%	58.5%	61.2%	64.1%	67.2%
<b>MUST -PAY DEBT SERVICE</b>												
TOTAL DEBT SERVICE		\$1,379,923	\$1,379,491	\$1,379,045	\$1,378,584	\$1,378,107	\$1,375,473	\$1,372,365	\$1,368,698	\$1,364,373	\$1,359,270	\$1,353,251
DEBT COVERAGE RATIO		1.17	1.19	1.20	1.21	1.23	1.29	1.35	1.41	1.45	1.49	1.51
<b>ANNUAL CASH FLOW</b>		<b>\$238,485</b>	<b>\$256,640</b>	<b>\$274,726</b>	<b>\$292,727</b>	<b>\$310,628</b>	<b>\$398,058</b>	<b>\$480,298</b>	<b>\$554,536</b>	<b>\$617,306</b>	<b>\$664,362</b>	<b>\$690,534</b>
Deferred Developer Fee Balance		\$1,591,204	\$1,334,564	\$1,059,838	\$767,111	\$456,484	\$0	\$0	\$0	\$0	\$0	\$0
<b>CUMULATIVE NET CASH FLOW</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,360,531</b>	<b>\$3,600,134</b>	<b>\$6,228,177</b>	<b>\$9,194,539</b>	<b>\$12,429,482</b>	<b>\$15,839,329</b>

**PMA Map – Census Tracts**

The PMA encompasses approximately 28 square miles.



**TEXAS DEPARTMENT OF HOUSING &**

**Moderator: Teresa Morales**

**June 24, 2020**

**6:00 pm CT**

Teresa Morales: Good evening - this is Teresa Morales, and I'm with the Texas Department of Housing and Community Affairs. And the purpose of this call, if you will, is to conduct a public hearing with respect to the proposed (Vermilion) Apartments. We are going to get started, but first I wanted to maybe wait another minute or so just to allow folks to call in before we actually start.

All right so as I indicated earlier, my name is Teresa Morales, and I am with the Texas Department of Housing and Community Affairs, and we are going to be holding a telephonic public hearing tonight with respect to the (Vermilion) Apartments. Just an idea -- as far as format goes -- there is a brief speech that I have to read for purposes of IRS code and it will be at the conclusion of that speech where if there are any individuals who wish to speak or make public comment or ask questions that would be the time to do so. And before we get to that, I will (consider) with that what you would like to do. So I will go ahead and start the speech.

Good evening, my name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 6:03 pm on Wednesday, June

24, 2020, and we are conducting a public hearing on behalf of the Texas Department of Housing and Community Affairs with respect to an (issue), a (unintelligible) Multi-Family Revenue Bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The department's board is scheduled to meet to consider the transaction on July 23, 2020.

In addition to providing your comments at this hearing, the public is also invited to provide comments directly to the board at any of their meetings. The bonds will be issued as Tax-Exempt Multi-Family Revenue Bonds in the aggregate principal amount, not to exceed \$29 million and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing and Community Affairs, the issuer.

The proceeds of the bonds will be loaned to Houston Leased Housing Associates Owner, VIII, LLC or a related person or affiliated entity thereof to finance a portion of the cost of acquiring, rehabbing and equipping a multi-family rental housing community described as follows: a 260 unit multi-family residential rental development to be located on approximately 14.91 acres of land located at 3360 Alice Street, Houston Harris County Texas 77021. The proposed multi-family rental housing community will be initially owned and operated by the borrower for a related person or affiliate thereof.

I would now like to open the floor for public comment and will be unmuting the lines if there is anyone who would like to make public comment.

Operator: All participants are now in interactive talk mode.

Teresa Morales: So now that the lines have been opened, is there anyone who would like to make public comment with respect to this proposed development? Again the lines are open and unmuted. If there is anyone who would like to make a public comment or ask questions with respect to the development, this would be an opportunity to do so.

All right, let the record show that there are no individuals who have expressed an interest in providing public comment, and therefore the meeting is now adjourned. The time is 6:06 pm - thank you.



## Dr. Carolyn Evans-Shabazz

Houston City Council Member, District D

April 6, 2020

### RE: Vermillion Apartments – Letter of Support



To Whom It May Concern:

I am pleased to write to offer my support for the proposed acquisition and rehabilitation of Vermillion Apartments, an existing 17-year old affordable housing community located in my district at 3360 Alice St, Houston, TX 77021.

My Chief of Staff, Amaka Unaka, had the opportunity to speak with the developer for the project. Additionally, the developer provided details on the project and proposed rehabilitation. They informed me and my staff of their plans to invest over \$9 million into addressing deferred maintenance needs as well as significant upgrades to the 260 units in the community. They will be providing substantial upgrades to the community amenities as well as increased security, to ensure all residents have a safe place to call home and contribute to a downward trend in crime for the surrounding neighborhood. I was also pleased to learn that Dominion self-manages all of its properties and owns them long term. With this amount of investment towards the rehabilitation of this property and the strong commitment to property management, I'm confident that this community will provide a positive housing experience for current and future residents.

I urge you to support this project to ensure an important piece of the affordable housing stock in my District can be renovated, improved, and maintained as affordable for another 30 years.

Projects like Vermillion Apartments are critical to my district, critical to my constituents, and even more so, important for the current and future families who live there.

Thank you for the opportunity to provide input on this project. I look forward to the successful redevelopment of Vermillion Apartments!

Respectfully,

Council Member Carolyn Evans-Shabazz  
Houston City Council Member, District D

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**BOARD ACTION REQUEST**

**BOND FINANCE DIVISION**

**JULY 23, 2020**

Presentation, discussion, and possible action on Resolution No. 20-033 authorizing the form and substance of amendments to the Junior Lien Trust Indenture, authorizing the issuance, sale and delivery of Texas Department of Housing and Community Affairs Junior Lien Single Family Mortgage Revenue and Refunding Bonds, Taxable Series 2020, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary or convenient to carry out the purposes of this Resolution, and containing other provisions relating to the subject

**RECOMMENDED ACTION**

Adopt attached resolution.

**BACKGROUND**

The Department issues senior lien single family mortgage revenue bonds (SFMRBs) through two indentures, the Single Family Mortgage Revenue Bond Indenture (the SFMRB Indenture), and the Residential Mortgage Revenue Bond Indenture. The SFMRB Indenture provides for the issuance of junior lien bonds (the Junior Lien Bonds), the proceeds of which may be used for, among other things, mortgage loans, including second lien mortgage loans for down payment assistance (DPA Loans), as long as the related income, revenue, and receipts are pledged to the SFMRB Indenture. In effect, the assets within the indenture and the income, revenues, and receipts of those assets, including assets funded by Junior Lien Bonds, are pledged first to the repayment of outstanding SFMRBs. After meeting certain conditions of the SFMRB Indenture, revenues become Surplus Revenues as defined in the SFMRB Indenture, and can be used to pay the debt service on the Junior Lien Bonds.

The Department has previously issued four series of Junior Lien Bonds, of which only the Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A (the 2004A Bonds) remain outstanding. Staff has requested Board approval to optionally redeem the 2004A Bonds (see Item 1I). Once the 2004A Bonds are no outstanding under the Junior Lien Indenture (after defeasance to their optional redemption date), amendments to the Junior Lien Indenture become effective. The proposed amendments are detailed in the Fifth Supplemental Junior Lien Trust Indenture, made available in conjunction with this item. In addition to modernizing and creating efficiencies in the Indenture, the amendment provides for the issuance of Junior Lien Bonds for any lawful purpose, which will allow the Department to refund its outstanding 2018 Issuer Notes. The 2018 Issuer Notes, the proceeds of which provided funds for down payment assistance, is outstanding in the amount of \$12 million, bears interest at a rate of 3.50%, and matures August 8, 2025.

Staff has worked closely with the Department's Municipal Advisor, Stifel, to analyze financing options related to the Department's single family program. The proposed issuance will take advantage of historically low interest rates, providing the lowest cost of funds currently available to the Department for funding DPA Loans.

### **The Bonds**

The 2020 Bonds will be fixed rate, taxable term bonds, with a final maturity not later than September 1, 2050. Total proceeds (par amount plus premium) will not exceed \$30 million. Proceeds of the 2020 Bonds will be used to (i) refund the 2018 Issuer Notes, (ii) pay the costs of issuance of the 2020 Bonds, and (iii) fund DPA Loans financed in conjunction with the Department's single family program.

### **Department Contribution**

The Department contribution for costs of issuance related to the 2020 Bonds will not exceed \$700,000. As with prior transactions, this amount is a maximum; the actual contribution for costs of issuance is expected to be less than that approved by the Board.

### **Underwriting Team**

Jefferies will serve as the underwriter for this transaction.

### **Exhibits**

The Exhibits for Resolution 20-033 can be found online at the Department's Board Meeting Information Center website: <http://www.tdhca.state.tx.us/board/meetings.htm>.

Resolution No. 20-033

RESOLUTION AUTHORIZING THE FORM AND SUBSTANCE OF AMENDMENTS TO THE JUNIOR LIEN TRUST INDENTURE; AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS JUNIOR LIEN SINGLE FAMILY MORTGAGE REVENUE AND REFUNDING BONDS, TAXABLE SERIES 2020; APPROVING THE FORM AND SUBSTANCE OF RELATED DOCUMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

WHEREAS, the Act authorizes the Department: (a) to acquire, and to enter into advance commitments to acquire, mortgage loans (including participations therein) secured by mortgages on residential housing in the State of Texas (the "State"); (b) to issue its bonds, for the purpose of obtaining funds to make and acquire such mortgage loans or participations therein, 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 mortgage loans or participations therein, and to mortgage, pledge or grant security interests in such mortgages, mortgage loans or other property of the Department, to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Act further authorizes the Department to issue its revenue bonds for the purpose of refunding any Department bonds or other general or special obligations; and

WHEREAS, the Department has, pursuant to and in accordance with the provisions of the Act, issued, sold and delivered or authorized the issuance, sale and delivery of prior series of its Single Family Mortgage Revenue Bonds (the "Senior Lien Bonds") pursuant to the Amended and Restated Single Family Mortgage Revenue Bond Trust Indenture dated as of June 1, 2017 (as amended and supplemented, the "Single Family Indenture") to implement various phases of the Department's Single Family Mortgage Purchase Program (the "Program"); and

WHEREAS, the Single Family Indenture provides that the Department may issue junior lien bonds ("Junior Lien Bonds") for the purpose of making, acquiring or refinancing mortgage loans which may or may not be pledged as Mortgage Loans (as defined in the Single Family

Indenture) under the Single Family Indenture, provided that the income, revenues and receipts received by the Department on such mortgage loans are pledged as Revenues (as defined in the Single Family Indenture), on a basis which is superior to the pledge of such income, revenues and receipts to payment of such Junior Lien Bonds other than to the payment of Department expenses in carrying out and administering its powers, duties and functions in connection with such mortgage loans and further provides that Surplus Revenues (as defined in the Single Family Indenture) may be used, after satisfaction of certain conditions set forth in the Single Family Indenture, to pay debt service on such junior lien bonds or establish reserves or other funds or accounts as provided in the indenture with respect to such junior lien bonds; and

WHEREAS, the Department has, pursuant to and in accordance with the provisions of the Act, issued, sold and delivered or authorized the issuance, sale and delivery of prior series of Junior Lien Bonds pursuant to the Junior Lien Trust Indenture dated as of May 1, 1994 (as amended and supplemented, the "Junior Lien Indenture"), between the Department and The Bank of New York Mellon Trust Company, N.A. (as successor in trust to Bank One, Texas, NA), as trustee (the "Trustee"); and

WHEREAS, the Department's Taxable Junior Lien Single Family Variable Rate Mortgage Revenue Bonds, Series 2004A (the "Series 2004A Bonds"), are the only Junior Lien Bonds currently outstanding; and

WHEREAS, the Board desires to authorize the execution and delivery of the Fifth Supplemental Junior Lien Trust Indenture (the "Fifth Supplement") in substantially the form attached hereto containing certain amendments to the Junior Lien Indenture, such Fifth Supplement to take effect at such time as the Series 2004A Bonds are no longer outstanding and upon satisfaction of the other conditions set forth in the Junior Lien Indenture and the Fifth Supplement; and

WHEREAS, the Department has, pursuant to and in accordance with the provisions of the Act, issued, sold and delivered its Series 2018 Issuer Notes (the "Issuer Notes") pursuant to the Loan Agreement dated as of August 8, 2018, between the Department and Woodforest National Bank, Tolleson Private Bank and Hancock Whitney Bank for the purpose of providing funds to make and acquire second lien mortgage loans to qualifying borrowers in the Program in order to provide down payment assistance to such borrowers; and

WHEREAS, the Board has determined to authorize the issuance of a series of Junior Lien Bonds to be known as the Department's "Junior Lien Single Family Mortgage Revenue and Refunding Bonds, Taxable Series 2020 (the "Series 2020 Bonds") pursuant to the Junior Lien Indenture for the purpose of providing funds to (i) refund the Issuer Notes in order to restructure the Department's obligations relating thereto, (ii) finance down payment and closing cost assistance made to eligible first-time home buyers for the purchase or development of homes located in the State, and (iii) pay costs of issuance of the Series 2020 Bonds; and

WHEREAS, the Board desires to authorize the execution and delivery of the Sixth Supplemental Junior Lien Trust Indenture (Series Supplement 2020) (the “Sixth Supplement”) in substantially the form attached hereto relating to the Series 2020 Bonds; and

WHEREAS, the Board has further determined that the Department should enter into a Bond Purchase Agreement relating to the sale of the Series 2020 Bonds (the “Bond Purchase Agreement”) with Jefferies LLC (the “Underwriter”) and any other entity named in the Bond Purchase Agreement, setting forth certain terms and conditions relating to the sale of the Series 2020 Bonds; and

WHEREAS, the Board has been presented with a draft of a preliminary official statement to be used in the public offering of the Series 2020 Bonds (the “Preliminary Official Statement”) and the Board desires to approve such Preliminary Official Statement in substantially the form attached hereto; and

WHEREAS, the Board has determined to authorize the execution and delivery of a 2020 Supplement to Depository Agreement relating to the Series 2020 Bonds (the “Depository Agreement”) in substantially the form attached hereto by and among the Department, the Trustee and the Texas Treasury Safekeeping Trust Company to provide for the holding, administering and investing of certain moneys and securities relating to the Series 2020 Bonds; and

WHEREAS, the Board desires to authorize the execution and delivery of the Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) in substantially the form attached hereto between the Department and the Trustee; and

WHEREAS, the Board has determined to authorize the investment of the proceeds of the Series 2020 Bonds and any other amounts held under the Junior Lien Indenture with respect to the Series 2020 Bonds in one or more guaranteed investment contracts (the “GICs”) or such other investments as the authorized representatives named herein may approve; and

WHEREAS, the Board desires to approve the use of an amount not to exceed \$700,000 of Department funds to pay a portion of the costs of issuance of the Series 2020 Bonds; and

WHEREAS, Chapter 1371, Texas Government Code, as amended (“Chapter 1371”) and Chapter 1207, Texas Government Code, as amended (“Chapter 1207”), authorize the Department to take certain actions described in this Resolution related to the issuance of the Series 2020 Bonds; and

WHEREAS, the Board desires to approve the forms of the Fifth Supplement, the Sixth Supplement, the Bond Purchase Agreement, the Preliminary Official Statement, the Depository Agreement and the Continuing Disclosure Agreement, in order to find the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to further its programs in accordance with such documents by authorizing the issuance of the Series 2020 Bonds, the execution and delivery of

such documents and the taking of such other actions as may be necessary or convenient to carry out the purposes of this Resolution; NOW, THEREFORE,

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

## ARTICLE I

### APPROVAL OF DOCUMENTS; ISSUANCE OF SERIES 2020 BONDS

Section 1.1 -- Approval, Execution and Delivery of the Fifth Supplement. That the form and substance of the Fifth Supplement are hereby approved, and that the Authorized Representatives of the Department named in this Resolution each are hereby authorized to execute the Fifth Supplement, and to deliver the Fifth Supplement to the Trustee.

Section 1.2 -- Issuance, Execution and Delivery of the Series 2020 Bonds. That the issuance of the Series 2020 Bonds is hereby authorized, all under and in accordance with the Junior Lien Indenture, and that, upon execution and delivery of the Sixth Supplement, the Authorized Representatives are each hereby authorized to execute, attest and affix the Department's seal to the Series 2020 Bonds and to deliver the Series 2020 Bonds to the Attorney General of the State for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication, and thereafter to deliver the Series 2020 Bonds to or upon the order of the Underwriter and any other entity named in the Bond Purchase Agreement; provided that anything in this Resolution to the contrary notwithstanding, Series 2020 Bonds may not be issued to refund the Issuer Notes prior to the effective date of the Fifth Supplement.

Section 1.3 -- Authority to Determine Interest Rates, Principal Amounts, Maturities and Prices. That the Authorized Representatives of the Department are hereby authorized and empowered, in accordance with Chapter 1371, to fix and determine the interest rates, principal amounts and maturities of the Series 2020 Bonds, and the prices at which the Department will sell the Series 2020 Bonds to the Underwriter, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative of the Bond Purchase Agreement; provided, however, that: (a) the interest rate on each series of the Series 2020 Bonds shall not exceed 5.00% per annum (provided that the interest rate on the Series 2020 Bonds attributable to the refunding of the Issuer Notes shall be less than the interest rate of the Issuer Notes); (b) the aggregate principal amount of the Series 2020 Bonds shall not exceed \$30,000,000; (c) the final maturity of the Series 2020 Bonds shall occur not later than September 1, 2050; (d) the price at which the Bonds are sold to the Underwriter shall not exceed 102% of the aggregate principal amount thereof; and (e) the Series 2020 Bonds shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for a long-term debt instrument,. In no event shall the interest rate on the Series 2020 Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law.

Section 1.4 -- Approval, Execution and Delivery of the Sixth Supplement. That the form and substance of the Sixth Supplement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Sixth Supplement, and to deliver the Sixth Supplement and the Seventh Supplement to the Trustee.

Section 1.5 -- Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Series 2020 Bonds to the Underwriter and any entity named in the Bond Purchase Agreement is hereby approved and that the Authorized Representatives are each hereby authorized to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriter and any other entity named in the Bond Purchase Agreement.

Section 1.6 -- Preliminary Official Statement and Official Statement. That the Preliminary Official Statement, in substantially the form presented to the Board, is hereby approved; that prior to the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Board, are hereby authorized and directed to finalize the Preliminary Official Statement for distribution by the Underwriter to prospective purchasers of the Series 2020 Bonds, with such changes therein as an Authorized Representative may approve in order to permit such Authorized Representative, for and on behalf of the Board, to deem the Preliminary Official Statement final as of its date, except for such omissions as are permitted by Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), such approval to be conclusively evidenced by the distribution of such Preliminary Official Statement; and that within seven business days after the execution of the Bond Purchase Agreement, the Authorized Representatives, acting for and on behalf of the Board, shall cause the final Official Statement, in substantially the form of the Preliminary Official Statement attached hereto, with such changes as an Authorized Representative may approve, such approval to be conclusively evidenced by such Authorized Representative's execution thereof, to be provided to the Underwriter in compliance with Rule 15c2-12.

Section 1.7 -- Approval of Depository Agreement. That the form and substance of the Depository Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute the Depository Agreement, and to deliver the Depository Agreement to the Trustee and the Texas Treasury Safekeeping Trust Company.

Section 1.8 -- Approval of Continuing Disclosure Agreement. That the form and substance of the Continuing Disclosure Agreement are hereby authorized and approved and that the Authorized Representatives are hereby authorized to execute the Continuing Disclosure Agreement, and to deliver the Continuing Disclosure Agreement to the Trustee.

Section 1.9 -- Approval of GIC Broker; Approval of Investment in GICs. That the Executive Director, the Acting Director or the Director of Bond Finance and Chief Investment Officer of the Department is hereby authorized to select a GIC broker, if any, and that the investment of funds held under the Junior Lien Indenture in connection with the Series 2020 Bonds in GICs is hereby approved and that the Executive Director, the Acting Director or the Director of Bond Finance and Chief Investment Officer of the Department is hereby authorized to complete arrangements

for such investment in GICs or such other investments as the Authorized Representatives may approve.

Section 1.10 -- Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to execute, attest, affix the Department's seal to and deliver such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Junior Lien Indenture, the Fifth Supplement, the Sixth Supplement, the Bond Purchase Agreement, the Depository Agreement and the Continuing Disclosure Agreement.

Section 1.11 -- Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative, 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 of the Department named in this Resolution.

Section 1.12 -- Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit A	-	Fifth Supplement
Exhibit B	-	Sixth Supplement
Exhibit C	-	Bond Purchase Agreement
Exhibit D	-	Preliminary Official Statement
Exhibit E	-	Depository Agreement
Exhibit F	-	Continuing Disclosure Agreement

Section 1.13 -- Authorized Representatives. The following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director or Acting Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership of the Department and the Secretary or Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.14 -- Department Contribution. That the Board authorizes the contribution of Department funds in an amount not to exceed \$700,000 to be used for any purpose authorized

under the Act, including to provide funds for the refunding of the Issuer Note and to pay all or a portion of the costs of issuance of the Series 2020 Bonds is hereby authorized.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 -- Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes the Department's Bond Counsel to submit to the Attorney General of Texas, for his approval, a transcript of the legal proceedings relating to the issuance, sale and delivery of the Series 2020 Bonds.

Section 2.2 -- Engagement of Other Professionals. That the Executive Director or the Director of Bond Finance of the Department is authorized to engage professionals to perform such functions as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of the purchasers of the Series 2020 Bonds and Bond Counsel to the Department, provided such engagement is done in accordance with applicable State law.

Section 2.3 -- Certification of the Minutes and Records. That the Secretary and any Assistant Secretary of the Board are hereby authorized to certify and authenticate minutes and other records on behalf of the Department for the amendment of the Junior Lien Indenture pursuant to the Fifth Supplement, the issuance of the Series 2020 Bonds and all other Department activities.

Section 2.4 -- Approval of Requests for Rating of the Series 2020 Bonds. That the Executive Director, the Director of Bond Finance and the Department's consultants are authorized to seek ratings from each Rating Agency (as defined in the Junior Lien Indenture).

Section 2.5 -- Ratifying Other Actions. That all other actions taken or to be taken by the Authorized Representatives in connection with the amendment of the Junior Lien Indenture pursuant to the Fifth Supplement and the issuance of the Series 2020 Bonds are hereby ratified and confirmed.

Section 2.6 -- Authority to Invest Funds. That pursuant to Section 1371.102 of the Texas Government Code and the Act, the Executive Director, the Acting Director or the Director of Bond Finance and Chief Investment Officer is hereby authorized to undertake all appropriate actions required under the Junior Lien Indenture and the Depository Agreement and to provide for investment and reinvestment of all funds held under the Junior Lien Indenture in accordance with the Junior Lien Indenture.

## ARTICLE III

### GENERAL PROVISIONS

Section 3.1 -- Limited Obligations. That the Series 2020 Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate pledged under the Junior Lien Indenture to secure payment of the Series 2020 Bonds on a basis subordinate to the payment of the Senior Lien Bonds issued and payment of the Department's costs and expenses for the Program and under no circumstances shall the Series 2020 Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 3.2 -- Non-Governmental Obligations. That the Series 2020 Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State.

Section 3.3 -- Purposes of Resolution. That the Board has expressly determined and hereby confirms that the issuance of the Series 2020 Bonds and the furtherance of the purposes contemplated by this Resolution accomplish a valid public purpose of the Department by providing for the housing needs of individuals and families of low, very low and extremely low income and families of moderate income in the State.

Section 3.4 -- Purpose of Series 2020 Bonds. That the Board hereby determines that the purpose for which the Department may issue the Series 2020 Bonds constitutes "public works" as contemplated by Chapter 1371.

Section 3.5 -- Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Board.

Section 3.6 -- Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this 23rd day of July, 2020

## **EXHIBITS**

ALL DOCUMENTS REFERRED TO IN THE FOREGOING RESOLUTION ARE ATTACHED TO THE ORIGINAL COPY OF SAID RESOLUTION, WHICH IS ON FILE IN THE OFFICIAL RECORDS OF THE DEPARTMENT, AND EXECUTED COUNTERPARTS OF SUCH EXHIBITS ARE INCLUDED IN THE OFFICIAL TRANSCRIPT OF PROCEEDINGS RELATING TO THE SERIES 2020 BONDS.

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