

2010 Competitive Housing Tax Credit (HTC) Challenges

The attached table titled, **Status Log of 2010 Competitive Housing Tax Credit Challenges Received and Determinations Made as of June 15, 2010** (“Status Log”), summarizes the status of challenges received on or before June 15, 2010. The challenges were made against Applications in the 2010 Application Round. Behind the Status Log, all imaged challenges are provided in project number order. This PDF document has been bookmarked by application number for quick access.

All challenges are addressed pursuant to §50.17(c) of the 2010 Qualified Allocation Plan and Rules (“QAP”), which states, “the Department will address information or challenges received from unrelated entities to a specific 2010 active Application, utilizing a preponderance of the evidence standard, as stated in paragraphs (1) – (3) of this subsection, provided the information or challenge includes a contact name, telephone number, fax number and e-mail address of the person providing the information or challenge and is received by the Department no later than June 15, 2010:

- (1) Within 14 business days of the receipt of the information or challenge, the Department will post all information and challenges received (including any identifying information) to the Department’s website.
- (2) Within seven business days of the receipt of the information or challenge, the Department will notify the Applicant related to the information or challenge. The Applicant will then have seven business days to respond to all information and challenges provided to the Department.
- (3) Within 14 business days of the receipt of the response from the Applicant, the Department will evaluate all information submitted and other relevant documentation related to the investigation. This information may include information requested by the Department relating to this evaluation. The Department will post its determination summary to its website. Any determinations made by the Department cannot be appealed by any party unrelated to the Applicant.”

Please note that a challenge is not eligible pursuant to this section if it is not made against a specific active 2010 HTC Application. If an Application is no longer active because the Development has been awarded tax credits by the Texas Department of Housing and Community Affairs’ (the “Department”) Board, challenges relating to the awarded/inactive Application are not eligible under this section.

To the extent that the Applicant related to the challenge responds to the eligible challenge(s), point reductions and/or terminations could possibly be made administratively. In these cases, the Applicant will be given an opportunity to appeal pursuant to §50.17(b) of the 2010 QAP, as is the case with all point reductions and terminations. To the extent that the evidence does not confirm a challenge, a memo will be written to the file for that Application relating to the challenge. The table attached reflects a summary of all such challenges received and determinations made as of June 15, 2010.

Date Challenge Received	TDHCA #	Development Name	Challenger	Nature and Basis of Challenge	Status
6/11/2010	10079	Steeple Chase Farms	Michael A. Hartman, Roundstone Development, LLC	<p>Challenge regarding points awarded to the Application under §50.9(i)(5), The Commitment of Development Funding by Local Political Subdivisions. The basis of the challenge as reflected in the challenge documentation is: the Rules for Loans from the Capital Area Housing Finance Corporation (CAHFC) states that loans will be considered only in nine counties, or if a loan is to be made in another Local Political Subdivision it is allowed under an executed inter-local agreement. The site of the proposed development is Sherman, Grayson County, neither of which is served by the CAHFC. An executed inter-local agreement between the CAHFC and either Sherman or Grayson County was not included in the application submission. Therefore, this application cannot legally secure a loan from the CAHFC that qualifies under the QAP and should not received points under §50.9(i)(5).</p>	<p>Analysis: Per §50.9(i)(5) of the QAP, an application may score up to 18 points for providing evidence of funding from a Local Political Subdivision. Evidence to be submitted with the application to score these points includes “a copy of the application to the funding entity and a letter from the funding entity indicating the application was received.” If a funding entity utilized for purposes of these points is proposed to commit funds outside of its service area, evidence in the form of a commitment approved by the Local Political Subdivision for the funding as well as an executed inter-local agreement is required to be submitted at the time the executed Commitment Notice is submitted to the Department. Staff has reviewed the documentation included in the challenge as well as the Applicant’s response and has determined that the Applicant filed the appropriate documentation required by the QAP for purposes of these points.</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(i)(5) of the 2010 QAP and has determined that no action is required.</p>

Date Challenge Received	TDHCA #	Development Name	Challenger	Nature and Basis of Challenge	Status
6/11/2010	10119	Race Street Lofts	Michael A. Hartman, Roundstone Development, LLC	<p>Challenge regarding points awarded to the Application under §50.9(i)(5), The Commitment of Development Funding by Local Political Subdivisions. The basis of the challenge as reflected in the challenge documentation is: the Application was awarded 18 points for funding from the City of Fort Worth HOME. The letter and application to the City of Fort Worth (included within the HTC application) commit to deliver 45 total affordable rental units as part of the development. The Housing Tax Credit application reflects a total of 36 affordable rental units proposed for the development. Challenger contends that the application cannot meet the promises made to the City of Fort Worth for the funding requested and should not receive points under §50.9(i)(5).</p> <p>Challenger further asserts that the City application states “that funds will be disbursed at issuance of Certificate of Occupancy” and the Department should underwrite the project without counting the City funding as a construction source of financing. In doing so, this application will have a shortfall of funding during the construction phase and, as a result, will be economically unfeasible and should not be considered for an award.</p>	<p>Analysis: Per §50.9(i)(5) of the QAP, an application may score up to 18 points for providing evidence of funding from a Local Political Subdivision. Acceptable evidence to be submitted with the application to score these points includes “a copy of the application to the funding entity and a letter from the funding entity indicating the application was received.” The HTC application included a copy of a letter to the City of Fort Worth as well as a copy of the application to the City made in November 2009. A letter from the City acknowledging receipt of the application was also provided. Staff has reviewed the documentation in the challenge as well as the Applicant’s response and has determined that the Applicant filed the appropriate documentation required by the QAP. The Applicant’s response included a letter from the City of Fort Worth acknowledging the reduction in total project size and confirming that this change does not disqualify the application from consideration. Further the City’s letter also states that the RFP contained cautionary languages that reflects in some cases the City might require that funds be escrowed until, or only be funded upon, issuance of certificates of occupancy. However, the timing of funding is negotiable and the City’s position will be dependent upon other sources of construction financing and the developer’s financial stability and track record.</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(i)(5) of the 2010 QAP and has determined that no action is required.</p>

6/11/2010	10149	Sedona Ranch	Michael A. Hartman, Roundstone Development, LLC	<p>Challenge regarding points awarded to the Application under §50.9(i)(5), The Commitment of Development Funding by Local Political Subdivisions. The basis of the challenge as reflected in the challenge documentation is: the Rules for Loans from the East Texas Housing Finance Corporation states that loans will be considered only in Sponsoring Political Subdivisions, or if a loan is to be made in the jurisdiction of another HFC under a cooperative agreement. The site of the proposed development is Fort Worth, Tarrant County, neither of which is served by the East Texas HFC. A cooperative agreement between the East Texas HFC and either the Fort Worth or Tarrant County HFCs was not included in the application submission. Therefore, the application cannot legally secure a loan from the East Texas HFC that qualifies under the QAP and should not receive points under §50.9(i)(5).</p>	<p>Analysis: Per §50.9(i)(5) of the QAP, an application may score up to 18 points for providing evidence of funding from a Local Political Subdivision. Evidence to be submitted with the application to score these points includes “a copy of the application to the funding entity and a letter from the funding entity indicating the application was received.” If a funding entity utilized for purposes of these points is proposed to commit funds outside of its service area, evidence in the form of a commitment approved by the Local Political Subdivision for the funding as well as an executed inter-local agreement is required to be submitted at the time the executed Commitment Notice is submitted to the Department. Staff has reviewed the documentation included in the challenge as well as the Applicant’s response and has determined that the Applicant filed the appropriate documentation required by the QAP for purposes of these points.</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(i)(5) of the 2010 QAP and has determined that no action is required.</p>
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Date Challenge Received	TDHCA #	Development Name	Challenger	Nature and Basis of Challenge	Status
6/11/2010	10153	Britain Way	Michael A. Hartman, Roundstone Development, LLC	<p>Challenge regarding points awarded to the Application under §50.9(i)(5), The Commitment of Development Funding by Local Political Subdivisions. The basis of the challenge as reflected in the challenge documentation is: the Rules for Loans from the Capital Area Housing Finance Corporation (CAHFC) states that loans will be considered only in nine counties, or if a loan is to be made in another Local Political Subdivision it is allowed under an executed inter-local agreement. The site of the proposed development is Irving, Dallas County, neither of which is served by the CAHFC. An executed inter-local agreement between the CAHFC and either Irving or Dallas County was not included in the application submission. Therefore, this application cannot legally secure a loan from the CAHFC that qualifies under the QAP and should not received points under §50.9(i)(5).</p>	<p>Analysis: Per §50.9(i)(5) of the QAP, an application may score up to 18 points for providing evidence of funding from a Local Political Subdivision. Evidence to be submitted with the application to score these points includes “a copy of the application to the funding entity and a letter from the funding entity indicating the application was received.” If a funding entity utilized for purposes of these points is proposed to commit funds outside of its service area, evidence in the form of a commitment approved by the Local Political Subdivision for the funding as well as an executed inter-local agreement is required to be submitted at the time the executed Commitment Notice is submitted to the Department. Staff has reviewed the documentation included in the challenge as well as the Applicant’s response and has determined that the Applicant filed the appropriate documentation required by the QAP for purposes of these points.</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(i)(5) of the 2010 QAP and has determined that no action is required.</p>

Challenge Received Date	TDHCA #	Development Name	Challenger	Nature and Basis of Challenge	Status
6/15/2010	10171	HomeTowne at Garland	J. Anthony Sisk, Churchill Residential, Inc.	Challenge regarding the assessment of penalty points associated with a Housing Tax Credit amendment requested by a principal of the Applicant for the application in question. Challenger states that previous information published to the Department's website reflected the principal was in Material Noncompliance with another tax credit development during the 2010 competitive cycle. As required by the Compliance rules set forth in Chapter 60 issues of Material Noncompliance must be cured within a 90 day period, with a right to extend 90 days. Therefore, challenger indicates that if this cure period has expired it is a requirement that penalties be assessed for pending 2010 tax credit applications for all related entities, which includes the application being challenged. The challenger requests that staff re-score the HomeTowne at Garland application and apply the appropriate penalties.	Pending: Posted to the Department's website. Challenge being processed pursuant to §50.17(c) of the 2010 QAP

6/15/2010	10222	Citrus Gardens	Saleem Jafar, Odyssey Residential Holdings, L.P.	<p>Challenge regarding compliance with the Department's threshold requirements for a related party transaction. The basis of the challenge as reflected in the challenge documentation is: the land acquisition is a related party transaction and the Applicant failed to provide an appraisal meeting the requirements of §50.9(h)(7) of the QAP. The challenger contends that the fair market value of the ground lease should be determined as it is a HUD requirement and the proposed development will be a HUD mixed finance application as noted in the Housing Tax Credit application. Challenger further contends that the fair market value of the lease will far exceed the Owner's land acquisition price plus any allowed costs, and therefore, will require a third party appraisal. Challenger requests the Department to determine the fair market value of the lease and should staff determine that this value far exceeds the original cost paid by the housing authority plus allowed carrying costs, that the Department terminate the application for failure to meet the Department's threshold requirements as stated in §50.9(h)(7) of the 2010 QAP.</p>	<p>Analysis: Per §50.9(h)(7) of the QAP, if the acquisition can be characterized as an identity of interest transaction, then the Applicant is only required to submit an appraisal meeting the Department's requirements if the original acquisition cost is less than the acquisition cost claimed in the application. The Development Cost Schedule submitted within the HTC application for this development reflects no acquisition cost for the land because the housing authority is contributing land it already owns for the proposed development site. Staff has reviewed the documentation included in the challenge as well as the Applicant's response and has determined that the Applicant met the threshold requirements with respect to the identity of interest transaction.</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(h)(7) of the 2010 QAP and has determined that no action is required.</p>
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Challenge Received Date	TDHCA #	Development Name	Challenger	Nature and Basis of Challenge	Status
6/11/2010	10232	Evergreen Residences	Michael A. Hartman, Roundstone Development, LLC	<p>Challenge regarding points awarded to the Application under §50.9(i)(5), The Commitment of Development Funding by Local Political Subdivisions. The basis of the challenge as reflected in the challenge documentation is: the application was awarded 18 points for funding from the City of Dallas. Submitted with the HTC application was a resolution from the City of Dallas approved on February 24, 2010 which reflects that the application will rent 100% of the units to tenants with incomes capped at 30% of AMFI. The rent schedule submitted within the HTC application reflects 90 units set aside for households earning 50% of AMFI and 10 units set aside for households earning 60% of AMFI. Therefore, this application cannot meet the requirements that the City of Dallas has imposed for the requested City funding and should not receive points under §50.9(i)(5).</p>	<p>Analysis: Per §50.9(i)(5) of the QAP an application may score up to 18 points for providing evidence of funding from a Local Political Subdivision. Evidence to be submitted with the application to score these points includes “a letter from the funding entity indicating that the funds for which the Applicant intends to apply for, will become available after March 1, 2010.” Additionally, staff requested of the Applicant through the Administrative Deficiency process clarification of the exact issue that the Challenger has presented. In response to this deficiency, the Applicant provided a revised rent schedule that reflects 100% of the units set aside for households at 30% of AMFI. Staff has reviewed the documentation included in the challenge and has determined that the Applicant has filed the appropriate documentation and clarified the discrepancy identified in this challenge for purposes of scoring these points.</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(i)(5) of the 2010 QAP and has determined that no action is required.</p>

6/14/2010	10284	Atmos Lofts	J. Anthony Sisk, Churchill Residential, Inc.	<p>Challenge regarding points awarded to the Application under §50.9(i)(14), Pre-Application Participation Incentive Points. The basis of the challenge as reflected in the challenge documentation is: the application should not be eligible for the six Pre-Application points because the Applicant did not submit the Pre-Application in accordance with the 2010 QAP, Application Submission Procedures Manual (ASPM), and the Pre-Application Excel file. While §50.8 does not specifically or fully describe the required “form” of the Pre-Application, it does not nullify the fact that §50.3(74) states that the form will be prescribed by the Department. The ASPM describes the required form as an Excel file and a PDF file. Further, this year the Department released the Pre-Application on the TDHCA website as a Microsoft Excel file, with an “Instructions” tab included which clearly directs the Applicants to read the instructions in the ASPM and includes detailed steps on how to convert the Excel file into a PDF file. The challenger contends that there would be no reason for the Department to include these directions if it was not required to submit the Pre-Application electronically. Finally, the challenger states that the Applicant is an experienced participant of the HTC program and should have complied with the Pre-Application electronic submission requirements. All other Applicants followed the published rules in order to earn the six Pre-Application points and the Atmos Lofts application should not qualify for points under §50.9(i)(14) since it did not comply with these requirements.</p>	<p>Analysis: While staff intended to have all Pre-Applications submitted electronically in the same manner that the full application was required to be submitted, §50.8 of the QAP does not include the same submission requirements as reflected in §50.9. The omission in §50.8 of the QAP that a Pre-Application must be submitted on the same basis required by §50.9 was unintentional. However, staff has reviewed the documentation included in the challenge as well as the Applicant’s response and has determined that the Applicant met the technical language of the rule with respect to submission of the Pre-Application and has met the requirements for scoring points under §50.9(i)(14).</p> <p>Resolution: The Department has evaluated the challenge pursuant to the methodology outlined in §50.9(i)(14) of the 2010 QAP and has determined that no action is required.</p>
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6/16/2010	10284	Atmos Lofts	Curtis Lockey	<p>The basis of the challenge is that if the plan for the entire complex, of which the application in question is a part of, is ultimately to develop all four buildings for a mixed-income development then the proposal reflected in the tax credit application is misleading and potentially violates fair housing laws. The challenger asserts that the application for the affordable housing component of the four building complex significantly understates the cost per unit for the proposed Atmos Lofts building. The original plans for redevelopment of this complex that was submitted to the City of Dallas proposed to disperse the affordable units among all four buildings, with a projected per unit cost of \$223K. A second plan was subsequently submitted increasing the number of affordable units but still dispersing these units among all four buildings of the complex and the cost per unit was projected at \$197K. In the current tax credit application the Applicant proposes to build all low income units within one building at \$117K per unit. On this basis alone the challenger asserts that the application violates fair housing laws because of the quality of construction and/or amenities to be offered in the low income units have significantly decreased when compared to the cost per unit when the low income units were original evenly dispersed among all four buildings. Additionally, the challenger contends that if an application was submitted to the Department and proposed a mixed-income development, the proposal would not be able to segregate all low income units to separate buildings from the market rate units.</p>	<p>Pending: Posted to the Department's website. Challenge being processed pursuant to §50.17(c) of the 2010 QAP.</p>
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Roundstone Development, LLC
Contact: Michael A. Hartman
1370 Taurus Court
Merritt Island, FL 32953
321-453-9587 / 321-453-6796 fax
321-223-8650 cell
mah1370@hotmail.com

RECEIVED
JUN 11 2010
EXECUTIVE DIRECTOR

June 9, 2010

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Challenge of TDHCA Application 10079
Steeple Chase Farms

Dear Mr. Gerber:

We hereby provide the following information and challenge the scoring of Application 10079 (hereinafter referred to as "10079").

Scoring under QAP Section 50.9(i)(5)

1. Attached is a letter dated February 25, 2010 from the Capital Area HFC (CAHFC) submitted by 10079 in support of the award of points for the commitment of development funding by local political subdivisions.
2. Also attached are the Rules for Loans for the CAHFC. The Rule states that loans will be considered only in nine counties, a list of which is included, or if a loan is to be made in another Local Political Subdivision under an executed Interlocal Agreement.
3. The site is located in Sherman, Grayson County, neither of which are served by the CAHFC.
4. Application 10079 did not include an executed Interlocal Agreement between the CAHFC and either Sherman or Grayson County.
5. Therefore, 10079 cannot legally secure a loan from the CAHFC that qualifies under the QAP and should not receive points under Section 50.9(i)(5).

We thank you for your consideration of this matter.

Sincerely,



Michael A. Hartman
Enclosures



2010 MULTIFAMILY UNIFORM APPLICATION

Texas Department of Housing and Community Affairs
 Mailing Address: P.O. Box 13941, Austin, TX 78711-3941
 Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Application to TDHCA for financial assistance. The Applicant has read and understands the Application instructions, has read and understands §50.9(c), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

Submitted Application must be signed by a representative with authority to execute documents on the Applicant's behalf.


 Applicant's Authorized Representative's Signature

Chris Dischinger
 Representative's Printed Name, Title

2/26/10
 Date

Volume 1 of 1
PART A. ACTIVITY OVERVIEW

1. Multifamily Rental Development Name and Location

Development Name:	<u>Steeple Chase Farms</u>	Region:	<u>6</u>
Address:	<u>South FM 1417 and Park Ave.</u>		
City:	<u>Sherman</u>	County:	<u>Grayson</u>
		ZIP:	<u>00007-5092</u>
If a Pre-Application was submitted, enter TDHCA assigned Development number:			<u>10079</u>

2. Target Population (Select by Placing a "x"):

- General
- Elderly
- Intergenerational Housing
- Supportive Housing

3. Construction Type (Select Only One by Placing a "x"):

- New Construction
- Acquisition/Rehabilitation (includes Reconstruction)
- Acquisition/Rehabilitation (excludes Reconstruction)
- Adaptive Reuse
- Single Room Occupancy

COMMITMENT OF DEVELOPMENT FUNDING FROM LOCAL POLITICAL SUBDIVISION (50.9)(i)(5)

Applications may qualify to receive up to 18 points for qualifying under this exhibit. An Applicant may submit enough sources to substantiate the point request. For example, if an Applicant is requesting 18 points, five sources may be submitted if each is for an amount equal to 1% of the Total Housing Development Cost.

Complete 1 form for each source. Use additional pages if necessary.

All funding, including in-kind contributions (except Development Based Rental Subsidies), must be reflected in the Volume 1, Tab 4, Part A. Summary of Sources and Uses of Funds form, the Volume 1, Tab 4, Part B. Financing Participants form, and Volume 1, Tab 4, Financing Narrative

1. Name of Local Political Subdivision/Governmental Instrumentality:

CAHFC

2. Funding Source. Refer to ASPM and QAP for specific requirements of each funding source. Check one box.

X

Loan:

Loans must have a minimum term of the later of one year and Placed in Service Date, and the interest rate must be at or below the Applicable Federal Rate (AFR) at the time of loan closing

Source : CAHFC Amount: \$1,000,000
Source: Amount:
Source: Amount:
Total Amount attributed to the Total Housing Development Cost: \$1,000,000

Grant

Source: Amount:
Source: Amount:
Source: Amount:
Total Amount attributed to the Total Housing Development Cost: \$0

TDHCA HOME Funds

A resolution, dated on or before February 27, 2009, is submitted with the Application from the Local Political Subdivision authorizing the Applicant to act on behalf of the Local Political Subdivision in applying for HOME Funds from TDHCA for the particular Application

Total Amount attributed to the Total Housing Development Cost:

In-kind Contribution

In-kind contributions must provide a tangible economic benefit that results in a quantifiable reduction in the Total Housing Development Cost; evidence from the Local Political Subdivision that substantiates the value must be provided; the value of the in-kind contribution may only include the time period between award, or August 1, 2009, and the Development's Placed in Service date, with the exception of land contributions; and the in-kind contribution may only include the value during the period or waiver is received and/or assessed. Tax exemptions or abatements must be in addition to those required under statute. For land contributions, the entire value of the land may be included; an appraisal must be provided to substantiate the value of the land; evidence of the value of the contribution from the Local Political Subdivision must reference the appraisal; and the land must be under the control of the Applicant.

Source: Amount:
Source: Amount:
Source: Amount:
Total Amount attributed to the Total Housing Development Cost (For all contributions except for land, include value of contribution from August 1, 2009 through Placed in Service date): \$0

Type of in-kind contribution:



February 25, 2010

Mr. Chris Dischinger
Steeple Chase Farms Summit, LP
111 Cambridge Station
Louisville, KY 40223

Re: Steeple Chase Farms

We have received your loan request dated February 25, 2010 for \$1,000,000 for a term of one (1) year or the placed in service date, whichever is longer, at an interest rate of AFR or less. We are in the process of evaluating your request, and we will contact you should we have questions concerning your application.

Kind regards,



Jim Shaw
Executive Director

CAPITAL AREA HOUSING FINANCE CORPORATION

RULES FOR LOANS IN CONNECTION WITH OBTAINING TAX CREDITS FOR MULTIFAMILY RESIDENTIAL RENTAL PROJECTS

ARTICLE I. PURPOSE AND SCOPE

Capital Area Housing Finance Corporation (the "*Corporation*") was created as a public non-profit corporation under the provisions of the Texas Housing Finance Corporations Act, Texas Local Government Code, Chapter 394, as amended (the "*Act*"). The Corporation's primary purpose is to assist individuals of low and moderate income to obtain decent, safe, sanitary, and affordable housing. The Corporation is authorized by the Act to make loans to further its purposes thereunder. Applications for loans will be considered in connection with developments located in one or more of the following: Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson (collectively, the "*Program Area*") or in locations outside of the Program Area with the consent of the applicable Local Political Subdivision as evidenced by an executed Interlocal Agreement. The Corporation has adopted these Rules to set forth the general requirements and procedures applicable to qualifying for a loan in connection with obtaining tax credits from the Texas Department of Housing and Community Affairs (the "*TDHCA*") in connection with applicant's residential development. The Corporation makes no representation or warranty that the loan will comply with the rules and regulations of the TDHCA.

A. *Application of Rules.* These Rules apply to specific multifamily rental residential developments for which an applicant or a Local Political Subdivision on behalf of an applicant requests the Corporation to make a loan to obtain tax credits in connection with such development.

B. *Waiver of Rules.* Specific provisions of these Rules may be waived by a majority vote of the Board of Directors of the Corporation.

C. *Amendment of Rules.* These Rules may be amended, revised, repealed or otherwise altered by a majority of the Board of Directors of the Corporation at any time and from time to time and with or without notice.

ARTICLE II. GENERAL REQUIREMENTS

The Corporation will not make a loan of funds to any applicant in connection with any financing for any residential development that has not satisfied, as determined by the Corporation, general requirements set forth in these Rules. The Corporation reserves the right to impose additional specific requirements with respect to any particular residential development. Compliance with these Rules does not and shall not be deemed to constitute a commitment or assurance that financing will be provided by the Corporation. In completing and executing the Application for Loan attached hereto, the applicant hereby represents and warrants or covenants

COATS | ROSE

A Professional Corporation

BARRY J. PALMER

bpalmer@coatsrose.com
Direct Dial
(713) 653-7395
Direct Fax
(713) 890-3944

June 21, 2010

Via E-Mail

Mr. Michael Gerber, Executive Director
Texas Department of Housing
And Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Response to Challenge filed against Steeple Chase Farms (#10079)

Dear Mr. Gerber:

This letter responds to the challenges submitted by Roundstone Development, LLC regarding the score for Steeple Chase Farms (the “**Project**”) under Section 50.9(i)(5). The challenge relates to the applicant’s Local Political Subdivision (“**LPS**”) financing from Capital Area Housing Finance Corporation (“**CAHFC**”).

Scoring under Section 50.9(i)(5):

Allegation:

The scoring challenge asserts that because an inter-local agreement was not included in the application, the Project cannot legally secure a loan from CAHFC, and as such, the points should disallowed.

Response:

Pursuant to Section 50.9(i)(5)(viii) “evidence to be submitted with the Application must include....a copy of the application to the funding entity and a letter from the funding entity indicating the application was received”. The QAP does not require evidence that an approved commitment has been provided from the LPS until the time that the executed Commitment Notice is required to be submitted. Furthermore, there is no requirement in the QAP that the applicant provide evidence of an inter-local agreement in place between the entity providing the commitment and any other LPS. The requirement of the inter-local agreement is a requirement in the rules of the Capital Area Housing Finance Corporation which must be satisfied prior to issuance of a commitment, not at the time of receipt of an application.

3 East Greenway Plaza, Suite 2000 Houston, Texas 77046-0307
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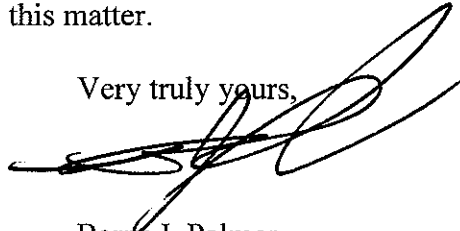
HOUSTON | CLEAR LAKE | AUSTIN | DALLAS | SAN ANTONIO | NEW ORLEANS

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Consequently, there is no requirement in the QAP that the applicant provide evidence of an inter-local agreement in place for the LPS at the time of application. Any such requirement for an inter-local agreement would be a requirement of the LPS not of the TDHCA, and would be a requirement that would need to be satisfied at the time that the financing commitment is issued.

We appreciate your attention to this matter.

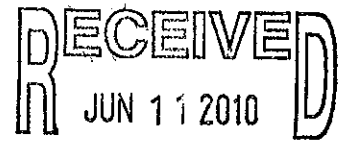
Very truly yours,

A handwritten signature in black ink, appearing to read "Barry J. Palmer", written over the closing text.

Barry J. Palmer

cc: Mr. Scott Brian
Mr. Justin Hartz
Ms. Sarah Anderson
Mr. Bill Walter

Roundstone Development, LLC
Contact: Michael A. Hartman
1370 Taurus Court
Merritt Island, FL 32953
321-453-9587 / 321-453-6796 fax
321-223-8650 cell
mah1370@hotmail.com



EXECUTIVE DIRECTOR

June 9, 2010

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Challenge of TDHCA Application 10119
Race Street Lofts

Dear Mr. Gerber:

We hereby provide the following information and challenge the threshold determination and scoring of Application 10119 (hereinafter referred to as "10119").

Scoring under QAP Section 50.9(i)(5)

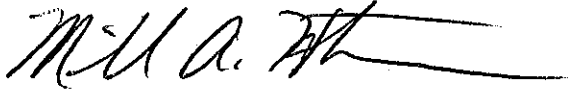
1. Attached are copies of pertinent pages from the application made by 10119 to the City of Fort Worth and submitted by 10119 in support of the award of points for the commitment of development funding by local political subdivisions.
2. The letter and the application to the City of Fort Worth commit 10119 to deliver 45 affordable rental units as part of the development.
3. Also attached from 10119 is Volume 1, Tab 2, Part B, Rent Schedule. This schedule indicates that 10119 will consist of 36 affordable units.
4. Therefore, 10119 cannot meet the promises it made to the City of Fort Worth for the potential award of the funding and should not receive points under Section 50.9(i)(5).

Threshold under Real Estate Analysis Rules

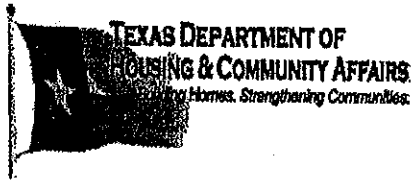
1. The City application states "that funds will be disbursed at issuance of Certificate of Occupancy".
2. Therefore TDHCA should underwrite the project without counting the \$1,500,000 of HOME funds from the city as a Construction Source of Funds.
3. In doing so, 10119 will have a shortfall of funding during the construction phase.
4. Therefore, 10119 is economically unfeasible and should be eliminated.

We thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "M.A. Hartman", with a long horizontal flourish extending to the right.

Michael A. Hartman
Enclosures



2010 MULTIFAMILY UNIFORM APPLICATION

Texas Department of Housing and Community Affairs
Mailing Address: P.O. Box 13941, Austin, TX 78711-3941
Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Application to TDHCA for financial assistance. The Applicant has read and understands the Application instructions, has read and understands §50.9(c), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

Submitted Application must be signed by a representative with authority to execute documents on the Applicant's behalf.

Applicant's Authorized Representative's Signature

Jessie Chan
Authorized Representative

Representative's Printed Name, Title

2/13/10

Date

PART A. ACTIVITY OVERVIEW

1. Multifamily Rental Development Name and Location

Development Name: Race Street Loft Region: Central
Address: 2810 Race Street and 2810 East 22nd Street, Austin, TX
City: Fordville County: Barrington ZIP: 76110
If a Pre-Application was submitted, enter TDHCA assigned Development number: 10110

2. Target Population (Select by Placing a "x"):

- General
- Elderly
- Intergenerational Housing
- Supportive Housing

3. Construction Type (Select Only One by Placing a "x"):

- New Construction
- Acquisition/Rehabilitation (includes Reconstruction)
- Acquisition/Rehabilitation (excludes Reconstruction)
- Adaptive Reuse
- Single Room Occupancy

Volume I - Land Use and Zoning Request
PART A. Summary of Sources and Uses of Funds

Describe all sources of funds and total uses of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Participants and Development Cost Schedule forms). Where funds such as tax credits, loan guarantees, bonds are used, only the proceeds going into the development should be identified so that "sources" match "uses."

*Applicants must attach a written narrative to this form that describes the financing plan for the Development. The narrative shall include: (a) any non-traditional financing arrangements; (b) the use of funds with respect to the Development; (c) the funding sources for the Development including construction, permanent and bridge loans, rents, operating subsidies, and replacement reserves; and (d) the commitment status of the funding sources

Development Name: Race Street Lofts					
Source #	Funding Description	Priority of Lien	Construction or Rehab. Loan Stage Amt.	Permanent Loan Stage Amount	Financing Participants
1	Conventional Loan	1	\$3,700,000	\$1,220,000	Oak Grove Capital
2	Conventional Loan/FHA				
3	Conventional Loan/Letter of Credit				
4	HOMES				
5	Housing Trust Fund				
6	CDBG				
7	Mortgage Revenue Bonds				
8	HTC Syndication Proceeds		\$835,047	\$4,175,235	Red Stone Equity Partners, Inc.
9	Historic Tax Credit Syndication Proceeds				
10	USDA/ TXRD Loan(s)				
11	Other Federal Loan or Grant		\$1,500,000	\$1,500,000	City of Fort Worth
12	Other State Loan or Grant				
13	Local Government Loan or Grant				
14	Private Loan or Grant				
15	Cash Equity				
16	In-Kind Equity/Deferred Developer Fee			\$74,490	Fort Worth Housing Finance Corp
17	Other: Third Party Funding		\$140,000		Lifestyle Neighborhoods Corporation
18	Other (Describe)				
19	Other (Describe)				
20	Other (Describe)				
TOTAL SOURCES OF FUNDS			\$ 6,175,047	\$ 6,969,725	
TOTAL USES OF FUNDS				\$ 6,969,725	

(*) Indicate Exclusive Use Financing Participant only where funds from that source are dedicated only for a specific purpose, i.e. CDBG infrastructure funds used only for off-site construction

NRP

111 Soledad, Suite 1220
San Antonio, TX 78205
Phone: 210.487.7878
Fax: 210.487.7880

November 3, 2009

City of Fort Worth
Purchasing Department- Lower Level
1000 Throckmorton
Fort Worth, Texas 76102
Attn: Pam Kenney

RE: Fort Worth Affordable Housing Development Project (NONCHDO 2012)

Dear Ms. Kenney:


I am pleased to provide one (1) original and five (5) copies of our Request for Proposal in response for **Fort Worth Affordable Housing Development Project- NONCHDO 2012**.

Race Street Apartments is a 45-unit, affordable, multi-family rental property located at Race Street and Mc Lemore Avenue. The development is comprised of one, two, and three bedroom units for individuals and families at 30%, 50%, and 60% of the Area Median Income. The total development cost is \$7,677,601.

Our request is for \$1,500,000 in HOME funds from the City of Fort Worth. For the investment from the City, we propose to identify 30 HOME units of the 45 total units. The rents charged for occupants of HOME units will be 6 units at Low HOME Rents and 24 units at High HOME Rents.

Thank you in advance for considering The NRP Group and we look forward to the possibility of working with you on this exciting project. Should you require additional copies or information, please do not hesitate to contact me at 210.487.7878 or dguerrero@nrpgroup.com.

Sincerely,


Debra Guerrero
Authorized Representative

Funding Request

Total Project Cost: \$ 7,677,601 _____

Total HOME Funds Requested: \$1,500,000 _____

*** Please note that funds will be disbursed at issuance of Certificate of Occupancy.****Development Budget**

Use of Funds	Source of Funds			
	HOME \$ (1)	OTHER \$ FUNDS (2)	SOURCES OF OTHER FUNDS (Names)	TOTAL \$ FUNDS (1+2)
Prerequisite Cost				
1. Market Study		15,000	TBD	15,000
2. Feasibility (ie: preliminary work write-up, cost estimates, design)		175,000	TBD	175,000
3. Other		0	--	0
Total Prerequisite Cost (1+2=3)		190,000	TBD	190,000
Development Cost				
4. Land and/or building acquisition	1,150,000	0	--	1,150,000
5. Site Preparation	100,000	405,000	--	505,000
6. Construction Cost	0	2,728,616	TBD	2,728,616
7. Fence	0	0	--	0
8. Landscape	0	0	--	0
9. Contingency	0	156,681	TBD	156,681
10. Appraisal	0	8,000	TBD	8,000
11. Architect & Engineering Fees	150,000	0	--	150,000
12. Construction Management Fee	0	438,706	TBD	438,706
13. Construction Loan Interest	0	160,388	TBD	160,388
14. Property Survey	0	15,000	TBD	15,000
15. Legal Fees	0	375,700	TBD	375,700
16. Real Estate Fees	0	0	--	0
17. Utility Hookup/Impact Fees	100,000	150,000	TBD	250,000
18. Title & Recording Fees	0	60,000	TBD	60,000
19. Developer Fee	0	996,000	TBD	996,000
20. Other: Reserves, Insurance, Taxes	0	446,166	TBD	446,166
Total Development Cost (Total of items 4 – 20)	1,500,000	5,987,601	--	7,487,601
Total Project Cost	1,500,000	6,177,601	--	7,677,601

Income Targeting (See Exhibit A for Area Median Income (AMI) table)

SINGLE FAMILY PROJECTS					
MULTI-FAMILY PROJECTS					
Housing Activity	Total # of Units (All Funding Sources)	For households w income 30% or less of AMI	For households w income 30% - 60% or less of AMI	For households w income 60% - 80% or less of AMI	Special Needs (Indicate Category)
		# of units	# of units	# of units	E = Elderly M = Mentally Challenged PS = Permanent Supportive PC = Physically Challenged O = Other: <u>Physically disabled/impaired</u>
					# of units
New Construction – MF – Rental	45	3	42	0	3

Unit Summary

THE NRP GROUP LLC
 Race Street Family, Fort Worth, TX
 Scenario: 8% LIHTC

Unit Mix and Rent Schedule

Unit Type	Bedrooms	Basis	Affordability	Description	Units	Sq. Ft. per Unit	Extended Sq. Ft.	Monthly Gross Rent	Utility Allowance	Monthly Net Rent	Extended Rent	Rent Per Sq. Ft.
Unit 1	1	30%	30%		1	800	800	\$ 371		\$ 79	\$ 292	0.37
Unit 2	1	50%	50%		8	800	6,400	618		79	4,312	0.67
Unit 3	1	60%	60%		7	800	5,600	742		79	4,841	0.83
Unit 4	2	30%	30%		1	1,000	1,000	445		94	351	0.35
Unit 5	2	50%	50%		8	1,000	8,000	742		94	6,48	0.81
Unit 6	2	60%	60%		9	1,000	9,000	891		94	7,173	0.80
Unit 7	3	30%	30%		1	1,200	1,200	514		107	407	0.34
Unit 8	3	50%	50%		5	1,200	6,000	857		107	3,750	0.63
Unit 9	3	60%	60%		5	1,200	6,000	1,029		107	4,610	0.77
							44,000			\$ 5,369	\$ 30,720	Monthly GPR
											\$ 388,840	Annual GPR

Summary Data

Studios	1 BR	2 BR	3 BR	4 BR	Affordable Market	30% AMI	35% AMI	40% AMI	45% AMI	50% AMI	55% AMI	60% AMI	Market
16	18	11	45	45	45	3	-	-	-	21	-	21	45
35.6%	40.0%	24.4%	100.0%	100.0%	100.0%	8.7%	-	-	-	46.7%	-	46.7%	100.0%
12,800	18,000	13,200	44,000	44,000	44,000	3,000	-	-	-	20,400	-	20,500	44,000
29.1%	40.9%	30.0%	100.0%	100.0%	100.0%	6.8%	-	-	-	46.4%	-	46.5%	100.0%

RACE STREET LOFTS, LTD.

1000 Throckmorton Street

Fort Worth, Texas 76102

June 22, 2010

Via E-Mail

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Response to Challenge filed against Race Street Lofts (#10119);
Race Street Lofts, Ltd. (the "Applicant").

Dear Mr. Gerber:

This letter responds to challenges submitted by Michael A. Hartman of Roundstone Development, LLC regarding Race Street Lofts (the "Project"). Mr. Hartman questions whether the Project qualifies for points under Section 50.9(i)(5) and whether it complies with Threshold requirements for economic feasibility. Both challenges relate to the Applicant's application for Local Political Subdivision financing from the City of Fort Worth (the "City") pursuant to the City's Request for Proposals: NONCHDO 2012 (the "RFP"), which was posted on October 7, 2009, with a submittal deadline of November 5, 2009.

Scoring under Section 50.9(i)(5):

Allegation:

The scoring challenge is that when Applicant applied to the City for Local Political Subdivision funding, Applicant committed to deliver 45 affordable rental units, whereas the 9% application is for a total of only 36 units in the entire Project. Mr. Hartman states that since the Applicant cannot meet the promises made to the City, the Project should not receive 18 points for Local Political Subdivision funding.

Response:

Mr. Hartman is in error regarding the proposed commitment to the City. On November 3, 2009, application was made to the City for \$1,500,000 in HOME financing for the Project. The cover letter indicated that the total project size would be 45 units. The cover letter also indicated:

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
June 22, 2010
Page 2

... For the investment from the City, we propose to identify 30 HOME units of the 45 total units. The rents charged for occupants of HOME units will be 6 units at Low HOME Rents and 24 units at High HOME Rents. [See Attachment A - Emphasis added].

Subsequent to filing the loan application, the decision was made to reduce the total number of units to 36, and that number is reflected in the Pre-Application that was filed for the Project [See Attachment B]. Since the total units is in excess of the number of HOME units proposed, the Applicant is still able to fulfill its initial proposal to the City. We note, however that the City retains the right in its RFP to waive any and all irregularities and award a contract in the best interest of the City. [See Attachment C]. In that regard, we enclose a letter from the City indicating that the reduction in total size of the Project and a potential reduction in the number of HOME units to be provided do not disqualify the Applicant's application for City financing. [See Attachment D].

We also note that if the City financing for some reason was unavailable to the Applicant, Section 50.9(i)(5)(A)(iii) of the QAP provides that the Applicant "may substitute any source in response to a Deficiency Notice or after the Application has been submitted to the Department." Accordingly, the challenge to the viability of the proposed Local Political Subdivision financing is inappropriate at this time. The Applicant's final qualification for Local Political Subdivision financing points should be assessed at the time that the Commitment Notice is accepted by the Applicant and the evidence of a funding commitment approved by the Local Political Subdivision's Governing Body is provided to the Department.

Threshold Under Real Estate Analysis Rules:

Allegation:

Mr. Hartman does not specify what specific section of the Real Estate Analysis Rules is allegedly being violated. He merely states that because the City application form provides that funds will be disbursed upon issuance of Certificates of Occupancy, the underwriting of the Project should not include the requested \$1,500,000 in City HOME funds as a construction funding source. Mr. Hartman argues that this would result in a shortfall during construction, making the Project economically unfeasible.

Response:

Mr. Hartman is incorrect in his assertion that the City funds would necessarily be disbursed only at issuance of Certificates of Occupancy. The City's RFP contains the following Contract Terms:

Contract Terms

In the event that a funding application is approved, terms of the contract will be negotiated between the City of Fort Worth and the successful

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
June 22, 2010
Page 3

proposer. The contract will indicate the amount of funding approved by City Council, as well as the terms and conditions under which the funds may be expended. **All project funding will be disbursed on a reimbursable basis for eligible expenses only. In some cases, funds will be required to be deposited in an escrow account and will be released upon issuance of a Certificate of Occupancy.** [See Attachment E - Emphasis in original].

We have been advised by City staff that this potential condition to funding has been recommended by HUD, due to some recent instances of the City providing construction financing for projects that were ultimately never completed. Please note again that the language highlighted in Attachment C permits the City to waive such requirement, based upon the specifics of a particular project and the financial stability and performance history of its developer. The City's letter additionally acknowledges that the City can waive the timing of funding for an appropriate applicant. [See Attachment D].

Even if the most restrictive funding terms of the City's RFP were adopted for the requested Project financing, the City's funds would still be considered construction financing. Funding on a reimbursable basis for eligible expenses only, to be paid at issuance of Certificates of Occupancy would simply mean that the City was requiring that its funds be the last dollars in for the Construction Phase financing. We would anticipate that after issuance of the Certificates of Occupancy, the construction financing would still be outstanding for an estimated 10 months, until the Project stabilizes and all criteria are met for conversion into permanent financing.

Summary:

Thank you for the opportunity to respond to the challenges raised. We believe that the Applicant has met the requirements of the QAP necessary to qualify for points under Section 50.9(i)(5). The Department's recent underwriting of the Project also indicates that with the proposed financing, the Project is considered financially feasible. [See Attachment F].

Sincerely,



Debra Guerrero,

Authorized Representative

Attachments

cc: Jesus Chapa

ATTACHMENT A

NRP

111 Soledad, Suite 1220
San Antonio, TX 78205
Phone: 210.487.7878
Fax: 210.487.7880

November 3, 2009

City of Fort Worth
Purchasing Department- Lower Level
1000 Throckmorton
Fort Worth, Texas 76102
Attn: Pam Kenney

RE: Fort Worth Affordable Housing Development Project (NONCHDO 2012)

Dear Ms. Kenney:

I am pleased to provide one (1) original and five (5) copies of our Request for Proposal in response for **Fort Worth Affordable Housing Development Project- NONCHDO 2012**.

Race Street Apartments is a 45-unit, affordable, multi-family rental property located at Race Street and Mc Lemore Avenue. The development is comprised of one, two, and three bedroom units for individuals and families at 30%, 50%, and 60% of the Area Median Income. The total development cost is \$7,677,601.

Our request is for \$1,500,000 in HOME funds from the City of Fort Worth. For the investment from the City, we propose to identify 30 HOME units of the 45 total units. The rents charged for occupants of HOME units will be 6 units at Low HOME Rents and 24 units at High HOME Rents.

Thank you in advance for considering The NRP Group and we look forward to the possibility of working with you on this exciting project. Should you require additional copies or information, please do not hesitate to contact me at 210.487.7878 or dguerrero@nrpgroup.com.

Sincerely,


Debra Guerrero
Authorized Representative

ATTACHMENT B



2010 9% HOUSING TAX CREDIT PRE-APPLICATION

Texas Department of Housing and Community Affairs
 Mailing Address: P.O. Box 13941, Austin, TX 78711-3941
 Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Pre-Application to TDHCA for the HTC Program. The Applicant has read and understands the Pre-Application instructions, has read and understands §50.9(c), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

I certify that all the information provided regarding notifications is correct at the time that this pre-application is submitted and all of the required entities were notified as required by §50.8(d)(3)(B) of the QAP. I understand that the Department is not responsible for notifying me of any errors identified in the information provided. I also certify that all notifications were made in the format outlined in the template, Neighborhood Organization Request Format and Public Notifications Format (Written).

By: Its: 1/7/10 Authorized Representative
 Signature of Applicant/Owner Date

Tab 1, Part A
9% HTC PRE-APPLICATION SUBMISSION FORM

1. DEVELOPMENT INFORMATION

Development Name: Race Street Lofts Region: 3

Development Address: 2817/2905 Race St. and 2812/2820/2822/2902 McLamore St.

Development City: Fort Worth Zip: 76111 County: Tarrant

2. SET-ASIDE INFORMATION: (Select all Set-Asides for which the Pre-Application is being submitted by placing a "x".)

Nonprofit Set-Aside At-Risk Set-Aside

3. ALLOCATION INFORMATION: (Select all Allocations for which the Pre-Application is being submitted by placing a "x".)

Rural Allocation USDA Allocation (if Rural)

Urban Allocation

4. UNITS

Total Low Income Units: 36 Total Market Rate Units: 0

Total Units (Low Income and Market Rate): 36

5. TARGET POPULATION (Select appropriate population by placing a "x".)

General Intergenerational Housing

Elderly Supportive Housing

ATTACHMENT C

After submitting this Proposal, parties may not spend, commit, or contract to spend any money – either private or public funds – for site work, property acquisition, demolition, rehabilitation of multifamily units, conversion, construction/reconstruction prior to the completion of environmental review and receipt of the Release of Funds from U.S. Department of Housing and Urban Development (HUD). Violation of this provision will result in the denial of funds under this Request for Proposal. If project is chosen for funding, a Notice To Proceed will be sent when the Authorization to Use Grant Funds has been received.

Notwithstanding the above, you may begin architectural and engineering services, purchase options and certain pre-development activities only with prior written approval from the City of Fort Worth. Undertaking these activities without prior approval will result in the denial of funds under this Request for Proposal. Please note the amount of funding needed for these activities on page 9 so that these funds may be cleared separately.

Any submittals, including all attachments, including rejected submittals, are public information and is subject to the Texas Open Records Act and Federal Freedom of Information Act.

This Request for Proposals follows a procedure established by the City, however, because this request is exempt from Chapter 252 of the Texas Local Government Code, the City reserves the right to negotiate a contract after receiving all proposals. The City reserves the right to waive any and all irregularities and award a contract in the best interest of the City.

For additional information on this Request for Proposals, please contact Janay Tieken at 817-392-7550 or via email at janay.tieken@fortworthgov.org.

ATTACHMENT D



June 22, 2010

Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, Texas 78701
Attention: Mr. Michael Gerber

RE: Race Street Lofts (TDHCA #10119).

Dear Mr. Gerber:

We understand that challenges have been filed with you questioning whether Race Street Lofts, Ltd., qualifies for Selection Criteria Points based upon its application to the City of Fort Worth for financing pursuant to the City's Request for Proposals: NONCHDO 2012 (the "RFP"). In that regard, please be advised as follows:

1. City staff is aware that the Race Street Lofts application for 9% tax credits reflects a total project size of 36 units, instead of the 45-unit project mentioned in the response to the City's RFP. Because the City negotiates the terms of its financing after initial proposals have been received, the reduction in total project size, and any concomitant reduction in the number of units that might be restricted in exchange for HOME financing is not a disqualifying factor in obtaining City financing. We expect initial proposals to be further refined as the development process proceeds.

2. The RFP contained the caution that in some cases the City might require that funds be escrowed until, or only be funded upon, issuance of certificates of occupancy. This provision was included at HUD's suggestion, in order to provide controls over the funding and avoid the City's funds going into a project that never gets completed. In the RFP the City reserved the right to negotiate a contract after receiving all proposals. The timing of funding is a negotiable matter, and the City's position will be dependent upon the other sources of construction financing and the developer's financial stability and track record. In any event, the funds will be provided for eligible construction costs.

We hope this letter serves to clarify how the City's RFP application process works. Insofar as we are aware, the City's financing under the RFP is designed to qualify as a Commitment of Development Funding by a Local Political Subdivision under §50.9(i)(5) of the 2010 Qualified Allocation Plan.

Sincerely,

T.M. Higgins
Assistant City Manager

CITY MANAGER'S OFFICE

THE CITY OF FORT WORTH * 1000 THROCKMORTON STREET * FORT WORTH, TEXAS 76102
817-392-6111 * FAX 817-392-6134

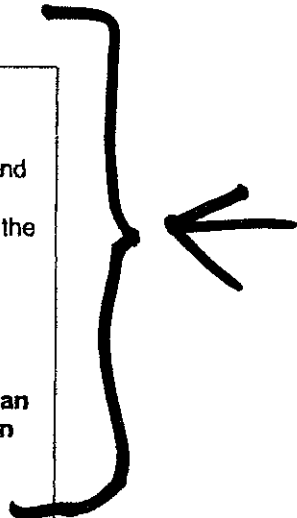
ATTACHMENT E

The City of Fort Worth

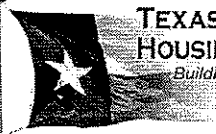
Affordable Housing Request for Proposals

The City of Fort Worth is looking for sustainable affordable housing projects. Projects that integrate into existing neighborhoods and result in the greatest benefit for the community will be rated the highest. For all projects, the highest quality materials and design are required.

<p>Application Process Request for Proposal (RFP) application is required to request financial assistance from HOME program for eligible activities within the City of Fort Worth.</p> <p>Applicants are required to attend <u>one</u> of the following Pre-Proposal Conferences. Failure to attend will result in Proposal rejection:</p> <p>Thursday, October 15, 2009, 10am – noon, in the City Hall Pre-Council Chambers, 1000 Throckmorton (2nd floor), FW, 76102.</p> <p>Friday, October 23, 2009 1-3pm, in the City Hall Pre-Council Chambers, 1000 Throckmorton (2nd floor), FW, 76102.</p> <p>Completed Proposals are due back to the City of Fort Worth, Purchasing Department, 1000 Throckmorton, FW, 76102 (lower level) no later than November 5, 2009, 1:30p.m.</p>	<p>Contract Terms In the event that a funding application is approved, terms of the contract will be negotiated between the City of Fort Worth and the successful proposer. The contract will indicate the amount of funding approved by the City Council, as well as the terms and conditions under which the funds may be expended. All project funding will be disbursed on a reimbursable basis for eligible expenses only. In some cases, funds will be required to be deposited in an escrow account and will be released upon issuance of a Certificate of Occupancy.</p> <p>For projects that involve home ownership, clients must be income qualified through the City of Fort Worth Housing Assistance Program (HAP) and will be required to utilize a minimum of \$1,000 in City of Fort Worth Housing Assistance Program (HAP) funds.</p>
<p>Proposal Elements Applicants will be required to provide 12.5% matching funds on HOME funds request. This may be waived at the City's discretion. See page 17 for a definition of acceptable forms of 'Match'.</p>	<p>Permits/Inspections Each individual/organization is responsible for obtaining the appropriate permits, certificates, licenses and approvals which may be required depending on the type of activity.</p> <p>City may inspect project upon demand.</p>
<p>Review Process All Proposals will be reviewed by the City of Fort Worth Housing and Economic Development Staff and Approved by City of Fort Worth City Council.</p> <ul style="list-style-type: none"> • Environmental Review: November/December 2009 • Contract Negotiations: November/December 2009 • Contracts to City Council for approval: December 2009 • Contracts executed: January 2010 <p>*These timeframes are only guidelines and are subject to change.</p>	<p>Reporting Requirements Each individual/organization is responsible for submitting monthly activity reports which include a summary of activities undertaken and expenditures</p> <p>Each individual/organization is responsible for submitting an annual audit performed by an Independent Public Accountant (IPA). A current audit for all entities will be required before a contract is executed.</p> <p>Each individual/organization must report all amounts of funding that financially supports the entity.</p>



ATTACHMENT F



REPORT DATE: 06/14/10 PROGRAM: 9% HTC FILE NUMBER: 10119

DEVELOPMENT

Race Street Lofts

Location: 2817 Race Street and 2812/2820/2822/2902 McLemore Region: 3
 City: Fort Worth County: Tarrant Zip: 76111 QCT DDA
 Key Attributes: General, Reconstruction, Urban, and Multifamily

ALLOCATION

	REQUEST			RECOMMENDATION		
	Amount	Interest	Amort/Term	Amount	Interest	Amort/Term
TDHCA Program						
Housing Tax Credit (Annual)	\$592,207			\$592,207		

CONDITIONS

- 1 Receipt, review, and acceptance, before the 10% Test, of documentation that a comprehensive noise assessment has been completed to determine the requirements for the proposed development to satisfy HUD guidelines, and that any subsequent recommendations have been incorporated into the development plans.
- 2 Receipt, review, and acceptance, by Cost Certification, of documentation that all noise assessment recommendations were implemented.
- 3 Receipt, review, and acceptance, by Cost Certification, of documentation that a subsurface investigation was conducted to evaluate potential impacts to soils and groundwater associated with the former adjacent plastics company, dry cleaners, former US Post Office and the former adjacent Midas Rex facility, and that any subsequent recommendations were implemented.
- 4 Receipt, review, and acceptance, by Cost Certification, of documentation that a comprehensive survey was completed to identify the presence of asbestos-containing-materials or lead-based paint, and that appropriate abatement procedures, consistent with all relevant regulations, were followed for the demolition and removal of any such materials.
- 5 If any existing drinking water piping will be used in the future, then, receipt, review, and acceptance, by Cost Certification, of documentation that a lead in drinking water survey was conducted, and that any subsequent recommendations were implemented.
- 6 Receipt, review and acceptance, by Commitment, of a firm commitment from the City of Fort Worth Department of Housing and Economic Development for the anticipated \$1,500,000 of HOME Funds with the terms of the funds clearly stated.
- 7 Receipt, review and acceptance, by Cost Certification, of an attorney's opinion affirming that the City of Fort Worth Department of Housing and Economic Development cash flow loan can be repaid at or by maturity and can be considered valid debt.
- 8 Should the terms or amounts of the proposed debt or equity change, the transaction should be reevaluated and an adjustment to the credit amount may be warranted.

SALIENT ISSUES

TDHCA SET-ASIDES for LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	2
50% of AMI	50% of AMI	16
60% of AMI	60% of AMI	18

STRENGTHS/MITIGATING FACTORS

- Historical absorption for units built since 2000 is 25-30 units per month.
- Developments in the PMA built since 2005 have occupancies from 92-100%; higher vacancies are concentrated in older properties.
- The property manager NRP Management, LLC has experience managing 16 tax credit properties in Texas with a total 2,925 units.

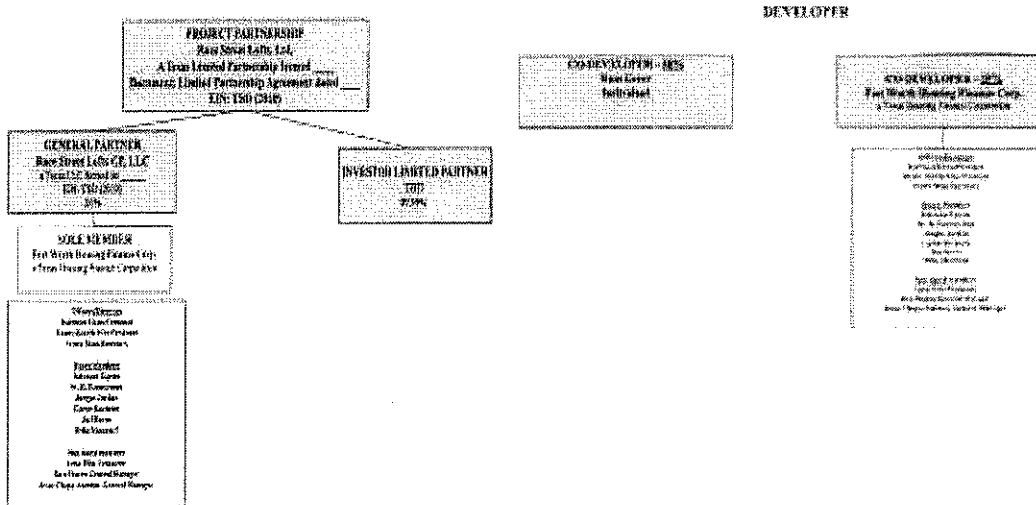
WEAKNESSES/RISKS

- Occupancies for 2BR and 3BR units in the PMA are below 90%.
- Gross capture rate of 8.9% is close to 10% maximum allowed by Department rule.

PREVIOUS UNDERWRITING REPORTS

None

**DEVELOPMENT TEAM
OWNERSHIP STRUCTURE**



CONTACT

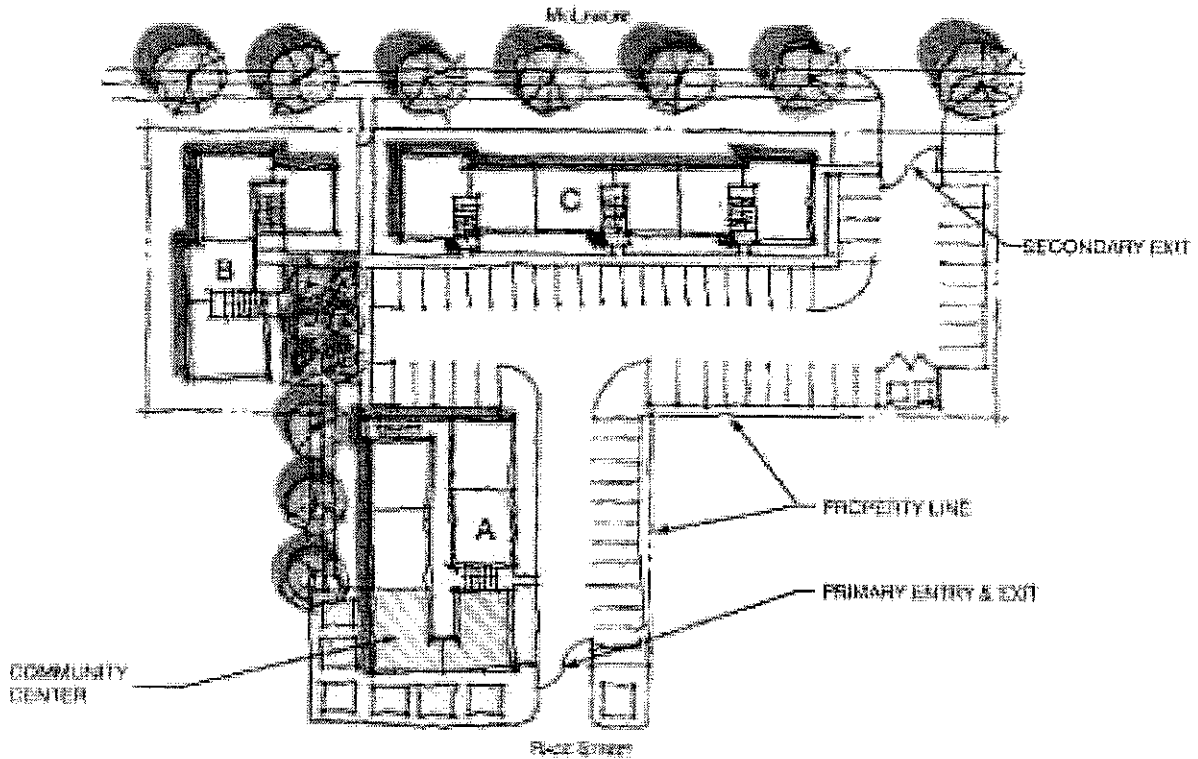
Contact: Jesus "Jay" Chapa Phone: (817) 392-5804 Fax: (817) 392-2431
 Email: jesus.chapa@fortworthgov.org

IDENTITIES of INTEREST

- The Applicant and Developer are related parties. Additionally, the consultant, General Contractor, property manager, and supportive services provider are related entities. These are common relationships for HTC-funded developments.

PROPOSED SITE

SITE PLAN



BUILDING CONFIGURATION

Building Type	A	B	C													Total Buildings
Floors/Stories	3	2	2													
Number	1	1	1													3

BR/BA	SF	Units										Total Units	Total SF	
1 1	818		2	8									10	8,180
2 2	1,001	12	4										16	16,016
3 2	1,202		2	4									6	7,212
3 2	1,206	4											4	4,824
Units per Building		16	8	12									36	36,232

Development Plan:

Race Street Lofts is a reconstruction of a 45-unit dilapidated vacant apartment complex located at 2817 Race Street, one duplex, and two single-family residences located on McLamore Street of which all the sites are contiguous to each other. The development will involve demolishing all the structures. The PCA dated March 30, 2010 confirms the apartment units were not occupied and deemed uninhabitable. The PCA identified the duplex and one single family home as being in poor condition, with the remaining two single family homes identified as being in fair to good condition. The occupied duplex and single-family homes are leased on a month to month basis.

The proposed reconstruction will involve the demolition and reconstruction of 36 units of affordable multi-family apartments. The development will include the new construction of three residential buildings on approximately 1.56 acres.

Relocation Plan:

When the appropriate time nears for each of the tenants in the four single-family homes to move more information will be provided explaining the reimbursement of moving expenses, utility transfers, etc. The Applicant has provided a relocation budget of approximately \$50,000.

SITE ISSUES

Total Size:	<u>1.56</u> acres	Scattered site?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Flood Zone:	<u>X</u>	Within 100-yr floodplain?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Zoning:	<u>MU-1 Residential</u>	Needs to be re-zoned?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No <input type="checkbox"/> N/A

TDHCA SITE INSPECTION

Inspector: Manufactured Housing Staff Date: 5/5/2010

Overall Assessment:

Excellent Acceptable Questionable Poor Unacceptable

Surrounding Uses:

North:	<u>Residential</u>	East:	<u>Small Businesses</u>
South:	<u>Small Businesses / Residential Beyond</u>	West:	<u>Small Businesses</u>

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Terracon Date: 3/9/2010

Recognized Environmental Concerns (RECs) and Other Concerns:

- "Based on the dates of construction (i.e. prior to 1960), Terracon recommends that an asbestos survey be conducted in accordance with local, state, and/or federal laws on the structures prior to renovation or demolition. If the on-site structures are not planned for demolition, Terracon recommends that a lead-based paint survey be conducted."
- "If the existing drinking water piping will be used in the future, Terracon recommends that a lead in drinking water survey be conducted. If new piping will be installed during site development, and if water to the site is or will be supplied by the City of Fort Worth, it does not appear that a lead in drinking water survey will be necessary."
- "Terracon recommends that a subsurface investigation be conducted to evaluate potential impacts to soils and groundwater associated with the former adjacent plastics company, dry cleaners, former US Post Office and the former adjacent Midas Rex facility."
- "Terracon recommends that further evaluation be conducted regarding the noise assessment guidelines."

Any funding recommendation will be subject to the following conditions:

- Receipt, review, and acceptance, before the 10% Test, of documentation that a comprehensive noise assessment has been completed to determine the requirements for the proposed development to satisfy HUD guidelines, and that any subsequent recommendations have been incorporated into the development plans.
- Receipt, review, and acceptance, by Cost Certification, of documentation that all noise assessment recommendations were implemented.
- Receipt, review, and acceptance, by Cost Certification, of documentation that a subsurface investigation was conducted to evaluate potential impacts to soils and groundwater associated with the former adjacent plastics company, dry cleaners, former US Post Office and the former adjacent Midas Rex facility, and that any subsequent recommendations were implemented.

- Receipt, review, and acceptance, by Cost Certification, of documentation that a comprehensive survey was completed to identify the presence of asbestos-containing materials or lead-based paint, and that appropriate abatement procedures, consistent with all relevant regulations, were followed for the demolition and removal of any such materials.
- If any existing drinking water piping will be used in the future, then, receipt, review, and acceptance, by Cost Certification, of documentation that a lead in drinking water survey was conducted, and that any subsequent recommendations were implemented.

MARKET ANALYSIS

Provider: Apartment MarketData Date: 2/24/2010
 Contact: Darrell Jack Phone: (210) 530-0040
 Number of Revisions: none Date of Last Applicant Revision: N / A

Primary Market Area (PMA): 46 sq. miles 4 mile equivalent radius

The Primary Market Area is defined by 31 census tracts in central Fort Worth, along I 35 between I30 and I820.

ELIGIBLE HOUSEHOLDS BY INCOME								
Tarrant County Income Limits								
HH size	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
	min	max	min	max	min	max	min	max
1	\$12,720	\$13,850	---	---	\$21,189	\$23,100	\$25,440	\$27,720
2	\$12,720	\$15,850	---	---	\$21,189	\$26,400	\$25,440	\$31,680
3	\$15,257	\$17,800	---	---	\$25,440	\$29,700	\$30,549	\$35,640
4	---	---	---	---	\$29,417	\$33,000	\$35,280	\$39,600
5	---	---	---	---	\$29,417	\$35,650	\$35,280	\$42,780
6	---	---	---	---	---	---	---	---

AFFORDABLE HOUSING INVENTORY in PRIMARY MARKET AREA					
File #	Development	Type	Target Population	Comp Units	Total Units
Proposed, Under Construction, and Unstabilized Comparable Developments					
10117	Terrell Homes I	new	family	54	54
10202	Bonnie Brae Estates	new	family	68	68
Other Affordable Developments in PMA since 2006					
060211	Hanratty Place	new	family	n/a	32
Stabilized Affordable Developments in PMA (pre-2006)					
Total Properties (pre-2006)		10	Total Units		1,520

COMPARABLE SUPPLY in SECONDARY MARKET					
08124	Mill Stone Apts	new	family	144	144
07149	Residences at Eastland	new	family	146	146
060415	Village Creek	new	family	252	252

Proposed, Under Construction, and Unstabilized Comparable Supply:

There are two applications, other than the subject, in the 2010 tax credit cycle, for developments in the Primary Market Area targeting family households. Terrell Homes I (#10117) and Bonnie Brae Estates (#10202) both consist entirely of single-family units, but they will compete for some of the same households as the subject, and are therefore included in the comparable supply in calculating the capture rate.

There are also three unstabilized family developments in the surrounding area that must be considered. Mill Stone Apartments, Residences at Eastland, and Village Creek Apartments are all located outside the subject PMA, but the market areas defined for these developments each intersect with the subject PMA. Thirty-five percent of the population of the subject PMA is also targeted by at least one of these developments. These developments are therefore also included in the comparable supply.

OVERALL DEMAND ANALYSIS		
	Market Analyst	Underwriter
Total Households in the Primary Market Area	34,745	34,745
Potential Demand from the Primary Market Area	8,325	7,893
Potential Demand from Other Sources	0	0
GROSS DEMAND	8,325	7,893
Subject Affordable Units	36	36
Unstabilized Comparable Units	55	664
RELEVANT SUPPLY	91	700
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	1.1%	8.9%

Demand Analysis:

The Market Analyst identifies 8,325 income-eligible renter households in the PMA, and calculates a Gross Capture rate of 1.1% for a total Relevant Supply of 91 units (36 units at the subject and a total of 55 between Terrell Homes and Bonnie Brae Estates).

The Underwriter only includes eligible households of five-persons or less, providing Gross Demand for 7,893 units; this results in a Gross Capture rate of 8.9% for a total Relevant Supply of 600 units (including Mill Stone, Residences at Eastland, and Village Creek as well as the subject, Terrell Homes and Bonnie Brae Estates).

The maximum Gross Capture Rate for urban developments targeting family households is 10%; the analysis indicates sufficient demand to support the proposed development as well as the other proposed and unstabilized units in the area.

PMA DEMAND by UNIT TYPE								
Unit Type	Market Analyst				Underwriter			
	Demand	Subject Units	Comp Units	Unit Capture Rate	Demand	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	606	1	0	0%	268	1	0	0%
1 BR/50%	924	5	0	1%	420	5	0	1%
1 BR/60%	1001	6	0	1%	474	4	0	1%
2 BR/30%	284	1	0	0%	234	1	1	1%
2 BR/50%	512	6	0	1%	413	6	9	4%
2 BR/60%	468	7	0	1%	375	9	0	2%
3 BR/50%	403	5	13	4%	241	5	51	23%
3 BR/60%	475	5	13	4%	268	5	12	6%

Primary Market Occupancy Rates:

The market study reports overall occupancy in the PMA at 89.2% based on data for 8,558 units. (p. 51) The data shows one-bedroom units at 90.3%, two-bedroom units at 87.8%, and three-bedroom units at 88.0%. (A sample of 20 four-bedroom units are reportedly 100% occupied.)

Additional data with a larger sample representing a larger submarket indicates that properties built since 2000 are 94.4% occupied, properties built in the 1990's average 95.0%, those built in the 1980's average 90%, and those built in the 1970's average 82.3%. (p. 54)

Department data on the affordable properties closest to the subject tends to confirm the trend of occupancy by the age of the properties. Of seven properties within three miles of the subject, four of them, all built since 2005, report occupancies ranging from 92% to 100%. The older properties, from 2001, 1996, and 1995, report 82%, 94%, and 86%. Most of these properties are near the subject or to the south, closer to downtown; Residences at Diamond Hill, the 2001 property at only 82% occupancy, is three miles north of the subject and the furthest from downtown.

The subject will consist of new, contemporary buildings, replacing some very old, dilapidated, and vacant structures. The stronger performance of the newer properties in the market area suggests the subject will have an advantage over the older stock.

Absorption Projections:

The market study reports net absorption of 886 units over five years, but this is made up of 1,558 newer units (built since 2000), and overall negative absorption for older product. Similarly, the trailing one-year data shows absorption of 358 newer units, with negative data for all older units. (p. 54) This data indicates that newer units have been absorbed at an average rate of 25-30 units per month.

Market Impact:

"The proposed project is not likely to have a dramatically detrimental effect on the balance of supply and demand in this market. Newer affordable family units have been easily absorbed. Today, the two newest stabilized affordable projects are both 100% occupied. This demonstrates that the demand for new affordable rental housing is high." (p. 59)

Comments:

While there appears to be some weakness in the occupancy of two- and three-bedroom units, the vacancies seem to be concentrated among the older developments. The overall market analysis supports a funding recommendation for the subject.

OPERATING PROFORMA ANALYSIS

Income: Number of Revisions: Two Date of Last Applicant Revision: 5/13/2010

The Applicant's projected rents collected per unit were calculated by subtracting the tenant-paid utility allowances as of January 1, 2010, maintained by the Fort Worth Housing Authority from the 2009 Housing Tax Credit rent limits which apply to HTC applications. 2010 rent limits were released after underwriting for 2010 applications began; therefore, the development was evaluated using 2009 limits. If the Underwriter and Applicant used 2010 rent limits, income would increase by 2% and DCR would be 1.34 and 1.24, respectively, and the recommendation would not have been affected. Tenants will be required to pay all electric utility costs and water & sewer.

The Applicant's estimate of secondary income and vacancy and collection loss are within the Department's guidelines. Overall the Applicant's effective gross income is within 5% of the Underwriter's estimate.

Expense: Number of Revisions: None Date of Last Applicant Revision: N/A

The Applicant's total annual operating expense projection at \$4,062 per unit is not within 5% of the Underwriter's estimate of \$3,699, derived from the TDHCA database, IREM, and third-party data sources. The Applicant's budget shows two line item estimates that deviate significantly when compared to the Underwriter's estimates, specifically: utilities (56% higher) and water, sewer & trash (71% higher). However, although the Applicant's estimates for these line items differ from the Underwriter's estimates, they are in line with the TDHCA database, and as such are considered to be reasonable.

Conclusion:

The Applicant's estimate of total expenses and net operating income are not within 5% of the Underwriter's estimates; therefore, the Underwriter's year one pro forma is used to determine the development's debt capacity and debt coverage ratio (DCR). Based on the proposed permanent financing structure the calculated DCR of 1.29 falls within the Department's guidelines.

Feasibility:

The underwriting 30-year proforma utilizes a 2% annual growth factor for income and a 3% annual growth factor for expenses in accordance with current TDHCA guidelines. The Underwriter's base year effective gross income, expense and net operating income were utilized resulting in a debt coverage ratio that remains above 1.15 and continued positive cash flow. Therefore, the development can be characterized as feasible.

ACQUISITION INFORMATION

ASSESSED VALUE

Land Only:	1.56 acres	\$84,756	Tax Year:	2009
Existing Buildings:		\$803,144	Valuation by:	Tarrant CAD
Total Assessed Value:		\$887,900	Tax Rate:	2.826567

EVIDENCE of PROPERTY CONTROL

Type:	<u>Agreement to Purchase and Sell Commercial Land</u>		Acreage:	<u>1.56</u>
Contract Expiration:	<u>12/31/2010</u>	Valid Through Board Date?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Acquisition Cost:	<u>\$1,110,000</u>	Other:		
Seller:	<u>Race Street Properties, LP</u>	Related to Development Team?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

CONSTRUCTION COST ESTIMATE EVALUATION

COST SCHEDULE Number of Revisions: One Date of Last Applicant Revision: 4/26/2010

Acquisition Value:

The site cost of \$1,110,000 which is \$711,538 per acre or \$30,833 per unit is assumed to be reasonable since the acquisition is an arm's-length transaction.

Sitework Cost:

The Applicant's claimed sitework costs over the Departments maximum guideline of \$9,000 per unit and provided sufficient third party certification through a detailed certified cost estimate by a licensed engineer to justify these costs. In addition, these costs have been reviewed by the Applicant's CPA, Novogradac & Company, to preliminarily opine that \$324,000 of the total \$458,232 will be considered eligible. Of note, without the demolition cost the sitework costs would be within the Department's maximum guideline of \$9,000.

Direct Construction Cost:

The Applicant's direct construction cost estimate is \$25.6K or 1% higher than the Underwriter's Marshall & Swift Residential Cost Handbook-derived estimate.

Contingency & Fees:

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

30% Increase to Eligible Basis

The development qualifies for a 30% increase in eligible basis because it is located in an eligible QCT with less than 40% HTC units per households in the tract.

Conclusion:

The Applicant's total development cost is within 5% of the Underwriter's estimate; therefore, the Applicant's development cost schedule will be used to determine the development's need for permanent funds and to calculate eligible basis. An eligible basis of \$5,061,600 and the 9% applicable percentage rate supports annual tax credits of \$592,207. This figure will be compared to the Applicant's request and the tax credits calculated based on the gap in need for permanent funds to determine the recommended allocation.

PROPOSED FINANCING STRUCTURE

SOURCES & USES Number of Revisions: None Date of Last Applicant Revision: N/A

Source: Oak Grove Capital Type: Interim Financing

Principal: \$3,750,000 Interest Rate: 6.5% Fixed Term: 24 months

Source: City of Fort Worth Type: Interim Financing

Principal: \$1,500,000 Interest Rate: 1.0% Fixed Term: TBD months

Comments:

At the time of underwriting there was only an application pending for the funds; therefore, by Commitment a firm commitment from The City of Fort Worth for the anticipated \$1,500,000 with the terms of the funds clearly stated will be required.

Source: Lifestyle Neighborhoods Corporation Type: Interim Financing

Principal: \$140,000 Interest Rate: 7.0% Fixed Term: 15 months

Comments:

The interest will be the greater of seven percent or prime plus two percent.

Source: Oak Grove Capital Type: Permanent Financing

Principal: \$1,220,000 Interest Rate: 9.0% Fixed Amort: 360 months
Term: 18 years

Source: City of Fort Worth Type: Permanent Financing

Principal: \$1,500,000 Interest Rate: 1.0% Fixed Amort: 420 months
Term: 35 years

Comments:

Applicant has requested a 1% soft simple interest rate, accruing, but not compounded based on available cash flow. Also at the time of underwriting there was only an application pending for the funds; therefore, by Commitment a firm commitment from The City of Fort Worth for the anticipated \$1,500,000 with the terms of the funds clearly stated will be required.

The recommended financing structure does not show sufficient cash flow to repay the loan. Accordingly, receipt, review and acceptance, by Cost Certification, of an attorney's opinion affirming that the cash flow loan can be repaid at or by maturity and can be considered valid debt is a condition of this report.

Source: Red Stone Equity Partners Type: Syndication

Proceeds: \$4,026,202 Syndication Rate: 68% Anticipated HTC: \$ 592,207

Amount: \$16,537 Type: Deferred Developer Fees

CONCLUSIONS

Recommended Financing Structure:

The Applicant's total development cost estimate less the permanent loan of \$1,220,000 and the HOME funds from the City of Fort Worth for \$1,500,000 indicates the need for \$4,042,739 in gap funds. Based on the submitted syndication terms, a tax credit allocation of \$594,639 annually would be required to fill this gap in financing. The three possible tax credit allocations are:

Allocation determined by eligible basis:	\$592,207
Allocation determined by gap in financing:	\$594,639
Allocation requested by the Applicant:	\$592,207

The allocation amount determined by the Applicant's requested amount / eligible basis is recommended. A tax credit allocation of \$592,207 per year for 10 years results in total equity proceeds of \$4,026,202 at a syndication rate of \$0.68 per tax credit dollar.

The Underwriter's recommended financing structure indicates the need for \$16,537 in additional permanent funds. Deferred developer and contractor fees in this amount appear to be repayable from development cashflow within one year of stabilized operation.

Underwriter:	_____	Date:	_____
	<i>Carl Hoover</i>		June 14, 2010
Manager of Real Estate Analysis:	_____	Date:	_____
	<i>Audrey Martin</i>		June 14, 2010
Director of Real Estate Analysis:	_____	Date:	_____
	<i>Brent Stewart</i>		June 14, 2010

UNIT MIX/RENT SCHEDULE

Race Street Lofts, Fort Worth, 9% HTC #10119

LOCATION DATA		UNIT DISTRIBUTION			Other Unit Designation				OTHER ASSUMPTIONS		
CITY:	Fort Worth	# Beds	# Units	% Total	PROGRAMS:				RECONSTRUCTION		
					Eff	1	2	3			4
COUNTY:	Tarrant				LH	\$577	\$618	\$658	\$957	3	2.00%
SUB-MARKET:					HH	\$648	\$689	\$1,082	\$1,186	12	3.00%
PROGRAM REGION:	3										130%
RURAL RENT USED:	No										100.00%
IREM REGION:	Fort Worth				MISC	#N/A	#N/A	#N/A	#N/A		N/A
TOTAL:		36	36	100.0%							9.00%

UNIT MIX / MONTHLY RENT SCHEDULE

UNIT DESCRIPTION			PROGRAM RENT LIMITS			APPLICANT RENTS				TDHCA RENTS			OTHER UNIT DESIGNATION		MARKET RENTS		
Type	Other Designation	# Units	# Beds	# Baths	NRA	Gross Rent	Tenant Paid Utilities (Verified)	Max Net Program Rent	Delta to Max Program	Rent per NRA	Net Rent per Unit	Total Monthly Rent	Rent per Unit	Rent per NRA	Delta to Max Program	HOME	TDHCA Savings to Market
TC 30%	LH	1	1	1	818	\$371	\$80	\$291	\$0	\$0.36	\$291	\$291	\$291	\$0.36	\$0	\$618	\$654
TC 50%	HH	5	1	1	818	\$618	\$80	\$538	\$0	\$0.65	\$538	\$2,690	\$538	\$0.65	\$0	\$669	\$907
TC 60%		4	1	1	818	\$742	\$90	\$652	\$0	\$0.81	\$652	\$2,648	\$652	\$0.81	\$0		\$183
TC 30%	LH	1	2	2	1,001	\$445	\$97	\$348	\$0	\$0.35	\$348	\$348	\$348	\$0.35	\$0	\$742	\$602
TC 50%	HH	6	2	2	1,001	\$742	\$97	\$645	\$0	\$0.64	\$645	\$3,870	\$645	\$0.64	\$0	\$838	\$305
TC 60%		9	2	2	1,001	\$891	\$97	\$794	\$0	\$0.79	\$794	\$7,146	\$794	\$0.79	\$0		\$156
TC 50%		3	3	3	1,202	\$658	\$113	\$745	(\$1)	\$0.62	\$744	\$2,232	\$745	\$0.62	\$0		\$425
TC 60%		3	3	3	1,202	\$1,029	\$113	\$916	\$0	\$0.76	\$916	\$2,748	\$916	\$0.76	\$0		\$254
TC 50%	LH	1	3	2	1,206	\$658	\$113	\$745	(\$1)	\$0.62	\$744	\$745	\$745	\$0.62	\$0	\$858	\$430
TC 50%	HH	1	3	2	1,206	\$658	\$113	\$745	(\$1)	\$0.62	\$744	\$745	\$745	\$0.62	\$0	\$1,082	\$430
TC 60%		2	3	2	1,206	\$1,029	\$113	\$916	\$0	\$0.76	\$916	\$1,832	\$916	\$0.76	\$0		\$259
TOTAL:		36			36,232							\$25,293	\$703	\$0.70	\$0	\$327	\$280
AVG. ANNUAL:					1,006							\$303,516	\$703	\$0.70	\$0	\$883	\$280

PROFORMA ANALYSIS & DEVELOPMENT COSTS

Race Street Lofts, Fort Worth, 9% HTC #10119

INCOME

Total Net Rentable Sq Ft:

POTENTIAL GROSS RENT

Secondary Income	Per Unit Per Month:	\$10.00
Other Support Income:		
Other Support Income:		

TDHCA	APPLICANT
\$303,576	\$303,516
4,320	4,320
\$307,896	\$307,836
(23,092)	(23,088)
0	
\$284,804	\$284,748

\$10.00	Per Unit Per Month
\$0.00	Per Unit Per Month
\$0.00	Per Unit Per Month
-7.50%	of Potential Gross Income

POTENTIAL GROSS INCOME

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

EFFECTIVE GROSS INCOME

EXPENSES

	% OF EGI	PER UNIT	PER SQ FT
General & Administrative	3.99%	\$316	0.31
Management	5.00%	\$396	0.39
Payroll & Payroll Tax	10.07%	\$796	0.79
Repairs & Maintenance	10.12%	\$801	0.80
Utilities	3.15%	\$250	0.25
Water, Sewer, & Trash	4.24%	\$335	0.33
Property Insurance	3.99%	\$316	0.31
Property Tax	2.826567 0.00%	\$0	0.00
Reserve for Replacements	3.16%	\$250	0.25
TDHCA Compliance Fees	0.51%	\$40	0.04
Other: Supp. Serv.	2.53%	\$200	0.20
TOTAL EXPENSES	46.76%	\$3,699	\$3.68

TDHCA	APPLICANT
\$11,376	\$11,880
14,240	14,091
28,670	30,420
28,820	28,440
8,982	14,040
12,072	20,700
11,368	9,036
0	0
9,000	9,000
1,440	1,440
7,200	7,200
\$133,168	\$146,247

PER SQ FT	PER UNIT	% OF EGI
\$0.33	\$330	4.17%
0.39	391	4.95%
0.84	845	10.68%
0.78	790	9.99%
0.39	390	4.93%
0.57	575	7.27%
0.25	251	3.17%
0.00	0	0.00%
0.25	250	3.16%
0.04	40	0.51%
0.20	200	2.53%
\$4.04	\$4,062	51.36%

NET OPERATING INC

	53.24%	\$4,212	\$4.19
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\$151,636	\$138,501
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\$3.82	\$3,847	48.64%
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DEBT SERVICE

Oak Grove Capital	
City of Fort Worth - HOME	
Additional Financing	
Additional Financing	
Additional Financing	
TOTAL DEBT SERVICE	

\$117,797	\$117,797
\$0	
\$0	
0	
0	
117,797	117,797

NET CASH FLOW

AGGREGATE DEBT COVERAGE RATIO

RECOMMENDED DEBT COVERAGE RATIO

1.29	1.18
1.29	

CONSTRUCTION COST

Description	Factor	% of TOTAL	PER UNIT	PER SQ FT
Acquisition Cost (site or bldg)		16.69%	\$30,833	\$30.64
Off-Sites		0.00%	\$0	\$0.00
Sitework		4.87%	\$9,000	\$8.94
Direct Construction		30.23%	\$55,849	\$55.49
Contingency	5.05%	1.77%	\$3,278	\$3.26
Contractor's Fees	16.00%	5.90%	\$10,900	\$10.83
Indirect Construction		15.83%	\$29,244	\$29.06
Ineligible Costs		6.09%	\$11,253	\$11.18
Developer's Fees	20.00%	12.60%	\$23,268	\$23.12
Interim Financing		4.37%	\$8,069	\$8.02
Reserves		1.65%	\$3,043	\$3.02
TOTAL COST		100.00%	\$184,737.97	\$183.56
Construction Cost Recap		42.78%	\$79,028	\$78.52

TDHCA	APPLICANT
\$1,110,000	\$1,110,000
0	0
324,000	324,000
2,010,568	2,036,210
118,010	118,010
392,412	396,514
1,052,798	1,052,798
405,117	405,117
837,651	843,600
290,468	290,468
109,542	186,022
\$6,650,567	\$6,762,739

PER SQ FT	PER UNIT	% of TOTAL
\$30.64	\$30,833	16.41%
0.00	0	0.00%
8.94	9,000	4.79%
56.20	56,561	30.11%
3.26	3,278	1.75%
10.94	11,014	5.86%
29.06	29,244	15.57%
11.18	11,253	5.99%
23.28	23,433	12.47%
8.02	8,069	4.30%
5.13	5,167	2.75%
\$186.65	\$187,854	100.00%
\$79.34	\$79,854	42.51%

SOURCES OF FUNDS

Oak Grove Capital	18.34%	\$33,889	\$33.67
City of Fort Worth - HOME	22.55%	\$41,667	\$41.40
HTC Syndication Proceeds	60.54%	\$111,839	\$111.12
Deferred Developer Fees	0.25%	\$459	\$0.46
Additional (Excess) Funds Req'd	-1.69%	(\$3,116)	(\$3.10)
TOTAL SOURCES			

\$1,220,000	\$1,220,000
1,500,000	1,500,000
4,026,202	4,026,202
16,537	16,537
(112,172)	0
\$6,650,567	\$6,762,739

RECOMMENDED

\$1,220,000	Developer Fee Available
1,500,000	\$843,600
4,026,202	% of Dev. Fee Deferred
16,537	2%
0	15-Yr Cumulative Cash Flow
\$6,762,739	\$700,087

MULTIFAMILY COMPARATIVE ANALYSIS (continued)

Race Street Lofts, Fort Worth, 9% HTC #10119

DIRECT CONSTRUCTION COST ESTIMATE

Marshall & Swift Residential Cost Handbook
Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$54.58	\$1,977,575
Adjustments				
Exterior Wall Finish	0.00%		\$0.00	\$0
Elderly	0.00%		0.00	0
9-Ft. Ceilings	3.00%		1.64	59,327
Roofing			0.00	0
Subfloor			0.63	22,754
Floor Cover			2.41	87,319
Breezeways	\$24.13	5,310	3.54	128,120
Balconies	\$22.22	2,704	1.66	60,080
Plumbing Fixtures	\$845	78	1.82	65,910
Rough-ins	\$420	72	0.83	30,240
Built-In Appliances	\$1,850	36	1.84	66,600
Exterior Stairs	\$1,900	9	0.47	17,100
Enclosed Corridors	\$44.65		0.00	0
Carports	\$9.70	0	0.00	0
Heating/Cooling			1.85	67,029
Garages	\$30.00	0	0.00	0
Comm &/or Aux Bldgs	\$78.98	1,890	4.12	149,272
Other: fire sprinkler	\$2.25	36,232	2.25	81,522
SUBTOTAL			77.63	2,812,848
Current Cost Multiplier	0.99		(0.78)	(28,128)
Local Multiplier	0.89		(8.54)	(309,413)
TOTAL DIRECT CONSTRUCTION COSTS			\$68.32	\$2,475,307
Plans, specs, survey, bld perm	3.90%		(\$2.66)	(\$96,537)
Interim Construction Interest	3.38%		(2.31)	(83,542)
Contractor's OH & Profit	11.50%		(7.86)	(284,660)
NET DIRECT CONSTRUCTION COSTS			\$55.49	\$2,010,568

PROPOSED PAYMENT COMPUTATION

Oak Grove Capital	\$1,220,000	Amort	360
Int Rate	9.00%	DCR	1.29
City of Fort Worth - f	\$1,500,000	Amort	0
Int Rate	1.00%	Subtotal DCR	1.29
Additional Financing	\$0	Amort	
Int Rate		Aggregate DCR	1.29
Additional Financing	\$0	Amort	
Int Rate		Subtotal DCR	1.29
Additional Financing	\$0	Amort	
Int Rate		Aggregate DCR	1.29

RECOMMENDED FINANCING STRUCTURE:

Oak Grove Capital	\$117,797		
City of Fort Worth - HOME	0		
Additional Financing	0		
Additional Financing	0		
Additional Financing	0		
TOTAL DEBT SERVICE	\$117,797		
Oak Grove Capital	\$1,220,000	Amort	360
Int Rate	9.00%	DCR	1.29
City of Fort Worth - f	\$1,500,000	Amort	0
Int Rate	1.00%	Subtotal DCR	1.29
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Subtotal DCR	1.29
Additional Financing	\$0	Amort	0
Int Rate	0.00%	Aggregate DCR	1.29

OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE

INCOME at 2.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 30
POTENTIAL GROSS RENT	\$303,576	\$309,648	\$315,840	\$322,157	\$328,600	\$362,801	\$400,562	\$442,253	\$539,104
Secondary Income	4,320	4,406	4,495	4,584	4,676	5,163	5,700	6,293	7,672
Other Support Income:	0	0	0	0	0	0	0	0	0
Other Support Income:	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	307,896	314,054	320,335	326,742	333,277	367,964	406,262	448,546	546,775
Vacancy & Collection Loss	(23,092)	(23,554)	(24,025)	(24,506)	(24,996)	(27,597)	(30,470)	(33,641)	(41,008)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$284,804	\$290,500	\$296,310	\$302,236	\$308,281	\$340,367	\$375,793	\$414,905	\$505,767
EXPENSES at 3.00%									
General & Administrative	\$11,376	\$11,717	\$12,068	\$12,430	\$12,803	\$14,843	\$17,207	\$19,947	\$26,807
Management	14,240	14,525	14,815	15,112	15,414	17,018	18,790	20,745	25,288
Payroll & Payroll Tax	28,670	29,530	30,416	31,328	32,268	37,407	43,365	50,272	67,562
Repairs & Maintenance	28,820	29,685	30,576	31,493	32,438	37,604	43,593	50,537	67,917
Utilities	8,982	9,251	9,529	9,815	10,109	11,719	13,586	15,750	21,167
Water, Sewer & Trash	12,072	12,434	12,807	13,191	13,587	15,751	18,260	21,168	28,448
Insurance	11,368	11,709	12,061	12,422	12,795	14,833	17,196	19,934	26,790
Property Tax	0	0	0	0	0	0	0	0	0
Reserve for Replacements	9,000	9,270	9,548	9,835	10,130	11,743	13,613	15,782	21,209
TDHCA Compliance Fee	1,440	1,483	1,528	1,574	1,621	1,879	2,178	2,525	3,393
Other	7,200	7,416	7,638	7,868	8,104	9,394	10,891	12,625	16,967
TOTAL EXPENSES	\$133,168	\$137,021	\$140,986	\$145,068	\$149,268	\$172,192	\$198,679	\$229,286	\$305,550
NET OPERATING INCOME	\$151,636	\$153,479	\$155,324	\$157,168	\$159,012	\$168,175	\$177,114	\$185,619	\$200,217
DEBT SERVICE									
First Lien Financing	\$117,797	\$117,797	\$117,797	\$117,797	\$117,797	\$117,797	\$117,797	\$117,797	\$117,797
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
NET CASH FLOW	\$33,839	\$35,682	\$37,527	\$39,372	\$41,216	\$50,378	\$59,317	\$67,822	\$82,421
DEBT COVERAGE RATIO	1.29	1.30	1.32	1.33	1.35	1.43	1.50	1.58	1.70

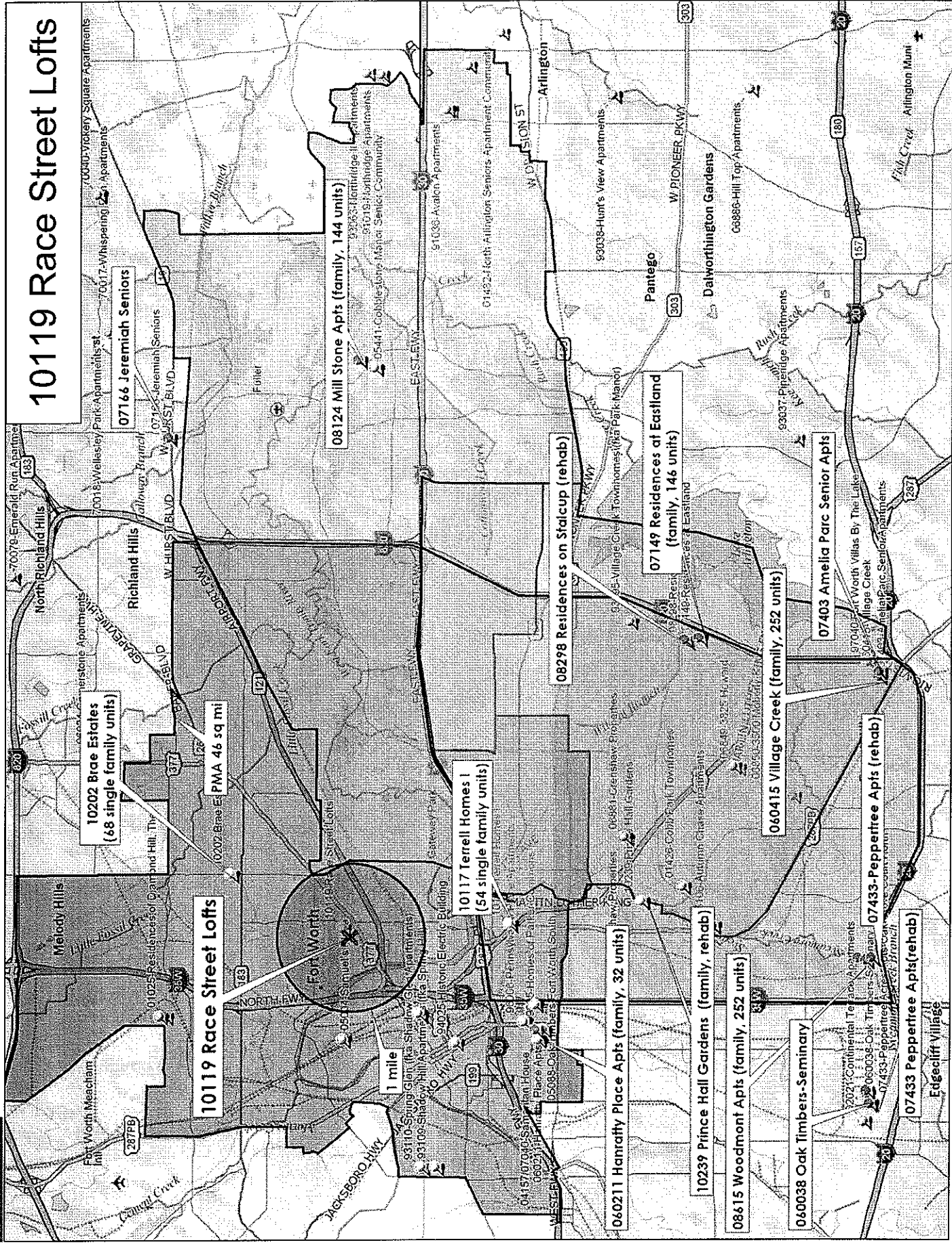
HTC ALLOCATION ANALYSIS -Race Street Lofts, Fort. Worth, 9% HTC #10119

CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
Acquisition Cost				
Purchase of land	\$1,110,000	\$1,110,000		
Purchase of buildings				
Off-Site Improvements				
Sitework	\$324,000	\$324,000	\$324,000	\$324,000
Construction Hard Costs	\$2,036,210	\$2,010,568	\$2,036,210	\$2,010,568
Contractor Fees	\$396,514	\$392,412	\$396,514	\$392,412
Contingencies	\$118,010	\$118,010	\$118,010	\$118,010
Eligible Indirect Fees	\$1,052,798	\$1,052,798	\$1,052,798	\$1,052,798
Eligible Financing Fees	\$290,468	\$290,468	\$290,468	\$290,468
All Ineligible Costs	\$405,117	\$405,117		
Developer Fees				
Developer Fees	\$843,600	\$837,651	\$843,600	\$837,651
Development Reserves	\$186,022	\$109,542		
TOTAL DEVELOPMENT COSTS	\$6,762,739	\$6,650,567	\$5,061,600	\$5,025,907

Deduct from Basis:			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
TOTAL ELIGIBLE BASIS		\$5,061,600	\$5,025,907
High Cost Area Adjustment		130%	130%
TOTAL ADJUSTED BASIS		\$6,580,080	\$6,533,680
Applicable Fraction		100%	100%
TOTAL QUALIFIED BASIS		\$6,580,080	\$6,533,680
Applicable Percentage		9.00%	9.00%
TOTAL AMOUNT OF TAX CREDITS		\$592,207	\$588,031

Syndication Proceeds	0.6799	\$4,026,203	\$3,997,812
Total Tax Credits (Eligible Basis Method)		\$592,207	\$588,031
Syndication Proceeds		\$4,026,203	\$3,997,812
Requested Tax Credits		\$592,207	
Syndication Proceeds		\$4,026,202	
Gap of Syndication Proceeds Needed		\$4,042,739	
Total Tax Credits (Gap Method)		\$594,639	
Recommended Tax Credits		592,207	
Syndication Proceeds		\$4,026,202	

10119 Race Street Lofts



06-11-2010

Roundstone Development, LLC

Contact: Michael A. Hartman
1370 Taurus Court
Merritt Island, FL 32953
321-453-9587 / 321-453-6796 fax
321-223-8650 cell
mah1370@hotmail.com

RECEIVED
JUN 11 2010

EXECUTIVE DIRECTOR

June 9, 2010

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Challenge of TDHCA Application 10153
Britain Way

Dear Mr. Gerber:

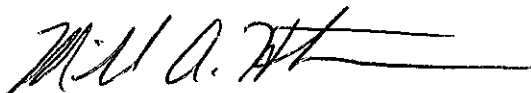
We hereby provide the following information and challenge the scoring of Application 10153 (hereinafter referred to as "10153").

Scoring under QAP Section 50.9(i)(5)

1. Attached is a letter dated March 1, 2010 from the Capital Area HFC (CAHFC) submitted by 10153 in support of the award of points for the commitment of development funding by local political subdivisions.
2. Also attached are the Rules for Loans for the CAHFC. The Rule states that loans will be considered only in nine counties, a list of which is included, or if a loan is to be made in another Local Political Subdivision under an executed Interlocal Agreement.
3. The site is located in Irving, Dallas County, neither of which are served by the CAHFC.
4. Application 10153 did not include an executed Interlocal Agreement between the CAHFC and either Irving or Dallas County.
5. Therefore, 10153 cannot legally secure a loan from the CAHFC that qualifies under the QAP and should not receive points under Section 50.9(i)(5).

We thank you for your consideration of this matter.

Sincerely,



Michael A. Hartman
Enclosures



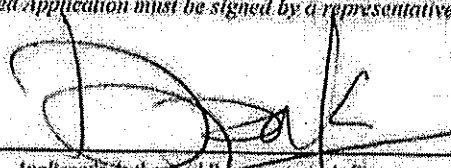
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
Building Homes. Strengthening Communities.

2010 MULTIFAMILY UNIFORM APPLICATION

Texas Department of Housing and Community Affairs
 Mailing Address: P.O. Box 13941, Austin, TX 78711-3941
 Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Application to TDHCA for financial assistance. The Applicant has read and understands the Application Instructions, has read and understands §50.9(e), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

Submitted Application must be signed by a representative with authority to execute documents on the Applicant's behalf.


 Applicant's Authorized Representative's Signature

DESPAR P. CULAKHE,
 Representative's Printed Name, Title
 PRINCIPAL OF MANAGING MEMBER
 Date: 2.28.10

Volume I, Tab. I
PART A. ACTIVITY OVERVIEW

1. Multifamily Rental Development Name and Location

Development Name:	<u>Britain Way</u>	Region:	<u>3</u>
Address:	<u>1954 Shoaf</u>		
City:	<u>Irving</u>	County:	<u>Dallas</u>
ZIP:	<u>75061</u>		
If a Pre-Application was submitted, enter TDHCA assigned Development number:	<u>10153</u>		

2. Target Population (Select by Placing a "x"):

- General
- Elderly
- Intergenerational Housing
- Supportive Housing

3. Construction Type (Select Only One by Placing a "x"):

- New Construction
- Acquisition/Rehabilitation (includes Reconstruction)
- Acquisition/Rehabilitation (excludes Reconstruction)
- Adaptive Reuse
- Single Room Occupancy



March 1, 2010

Mr. Deepak Sulakhe
OM Housing LLC
P. O. Box # 515485
Dallas, TX 75251

Re: Britain Way Apartments

Dear Mr. Sulakhe,

We have received your loan request dated March 1, 2010 for \$950,000.00 for a term of one (1) year or the placed in service date, whichever is longer, at an interest rate of AFR or less. We are in the process of evaluating your request and we will contact you should we have questions concerning your application.

Kind regards,



Jim Shaw
Executive Director

CAPITAL AREA HOUSING FINANCE CORPORATION

RULES FOR LOANS IN CONNECTION WITH OBTAINING TAX CREDITS FOR MULTIFAMILY RESIDENTIAL RENTAL PROJECTS

ARTICLE I. PURPOSE AND SCOPE

Capital Area Housing Finance Corporation (the "*Corporation*") was created as a public non-profit corporation under the provisions of the Texas Housing Finance Corporations Act, Texas Local Government Code, Chapter 394, as amended (the "*Act*"). The Corporation's primary purpose is to assist individuals of low and moderate income to obtain decent, safe, sanitary, and affordable housing. The Corporation is authorized by the Act to make loans to further its purposes thereunder. Applications for loans will be considered in connection with developments located in one or more of the following: Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson (collectively, the "*Program Area*") or in locations outside of the Program Area with the consent of the applicable Local Political Subdivision as evidenced by an executed Interlocal Agreement. The Corporation has adopted these Rules to set forth the general requirements and procedures applicable to qualifying for a loan in connection with obtaining tax credits from the Texas Department of Housing and Community Affairs (the "*TDHCA*") in connection with applicant's residential development. The Corporation makes no representation or warranty that the loan will comply with the rules and regulations of the TDHCA.

A. *Application of Rules.* These Rules apply to specific multifamily rental residential developments for which an applicant or a Local Political Subdivision on behalf of an applicant requests the Corporation to make a loan to obtain tax credits in connection with such development.

B. *Waiver of Rules.* Specific provisions of these Rules may be waived by a majority vote of the Board of Directors of the Corporation.

C. *Amendment of Rules.* These Rules may be amended, revised, repealed or otherwise altered by a majority of the Board of Directors of the Corporation at any time and from time to time and with or without notice.

ARTICLE II. GENERAL REQUIREMENTS

The Corporation will not make a loan of funds to any applicant in connection with any financing for any residential development that has not satisfied, as determined by the Corporation, general requirements set forth in these Rules. The Corporation reserves the right to impose additional specific requirements with respect to any particular residential development. Compliance with these Rules does not and shall not be deemed to constitute a commitment or assurance that financing will be provided by the Corporation. In completing and executing the Application for Loan attached hereto, the applicant hereby represents and warrants or covenants

June 24, 2010

Ms. Robbye Meyer
Director, Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711

RE: Response to Challenge of 10153, Britain Way Apartments

Dear Ms. Meyer:

This letter is in response to the challenge presented by Mr. Michael A. Hartman regarding the scoring on application 10153 Britain Way. Mr. Hartman argues that points under section 50.9(i)(5) should not be awarded to Britain Way because the application cannot secure a loan from the funding source, Capital Area Housing Finance Corporation (CAHFC). Mr. Hartman specifically states that an executed interlocal agreement was not provided with the application.

Per section 50.9(i)(5)(viii) of the QAP, an applicant may provide either (a) a copy of the commitment of funds, (b) a copy of the application to the funding entity and a letter from the funding entity indicating that the application was received, or (c) a letter from the funding entity indicating that funds for which the Applicant intends to apply for will become available after March 1, 2010. A copy of the application to the Capital Area Housing Finance Corporation (CAHFC) and a letter from CAHFC indicating that the application was received was provided with the HTC Full Application. An interlocal agreement is not required with the CAHFC application at the time of submission. Furthermore, CAHFC will determine the format of the agreement between CAHFC and the local government entity during their review process.

Per section 50.9(i)(5)(IX) of the QAP, the final commitment of funding is not required until Commitment Notice. The exact language of the QAP reads as follows:

If not already provided, at the time the executed Commitment Notice is required to be submitted, the Applicant or Development Owner must provide evidence of a commitment approved by the Governing Body of the Local Political Subdivision for the Development Funding to the Department.

A final commitment of funding is not required until Commitment Notice. Per the QAP, the application for Britain Way met the point requirements under section 50.9(i)(5) of the QAP with the submission of the application to the funding entity and the letter that the application was received. Points should be awarded for this scoring item.

Thank you for your attention to this matter. Please contact me with any questions.

Regards,


Deepak P. Sulakhe

Roundstone Development, LLC
Contact: Michael A. Hartman
1370 Taurus Court
Merritt Island, FL 32953
321-453-9587 / 321-453-6796 fax
321-223-8650 cell
mah1370@hotmail.com

RECEIVED
JUN 11 2010
EXECUTIVE DIRECTOR

June 9, 2010

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Challenge of TDHCA Application 10149
Sedona Ranch

Dear Mr. Gerber:

We hereby provide the following information and challenge the scoring of Application 10149 (hereinafter referred to as "10149").

Scoring under QAP Section 50.9(i)(5)

1. Attached is a letter dated February 26, 2010 from the East Texas HFC submitted by 10149 in support of the award of points for the commitment of development funding by local political subdivisions.
2. Also attached are the Rules for Loans from the East Texas HFC. The pertinent Rule states that loans will be considered only in Sponsoring Political Subdivisions, a list of which is attached, or if a loan is to be made in the jurisdiction of another HFC under a cooperative agreement.
3. Also attached is a list of jurisdictions served by East Texas HFC. Tarrant County, the location of 10149, is not served by the East Texas HFC.
4. The site is located in Fort Worth, Tarrant County, each of which has its own HFC per the enclosed lists.
5. Application 10149 did not include a cooperative agreement between the East Texas HFC and either the Fort Worth or Tarrant County HFCs.
6. Therefore, 10149 cannot legally secure a loan from the East Texas HFC that qualifies under the QAP and should not receive points under Section 50.9(i)(5).

We thank you for your consideration of this matter.

Sincerely,



Michael A. Hartman
Enclosures



2010 MULTIFAMILY UNIFORM APPLICATION


Texas Department of Housing and Community Affairs

Mailing Address: P.O. Box 13941, Austin, TX 78711-3941

Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Application to TDHCA for financial assistance. The Applicant has read and understands the Application instructions, has read and understands §50.9(c), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

Submitted Application must be signed by a representative with authority to execute documents on the Applicant's behalf.


Applicant's Authorized Representative's Signature

Manish Verma
Representative's Printed Name, Title

3/1/10
Date

PART A, ACTIVITY OVERVIEW

1. Multifamily Rental Development Name and Location

Development Name:	<u>Sedona Ranch</u>	Region:	<u>3</u>
Address:	<u>6101 Old Denton Road</u>		
City:	<u>Fort Worth</u>	County:	<u>Tarrant</u>
		ZIP:	<u>76131</u>
If a Pre-Application was submitted, enter TDHCA assigned Development number:			<u>10149</u>

2. Target Population (Select by Placing a "x"):

- General
- Elderly
- Intergenerational Housing
- Supportive Housing

3. Construction Type (Select Only One by Placing a "x"):

- New Construction
- Acquisition/Rehabilitation (includes Reconstruction)
- Acquisition/Rehabilitation (excludes Reconstruction)
- Adaptive Reuse
- Single Room Occupancy

EAST TEXAS HOUSING FINANCE CORPORATION
211 W. Austin
Marshall, Texas 75670

February 26, 2010

Fossil Ridge II, LP
4733 College Park, Suite 200
San Antonio, Texas 77249
Attn: Manish Verma

Re: Fossil Ridge II, LP


Dear Mr. Verma:

This letter acknowledges receipt of your request for funding from the East Texas Housing Finance Corporation in the amount of \$1,400,000.00 (the "Loan"). The Loan is expected to mature either twelve (12) months following the issuance of the Loan or on the placed in service date of the project, whichever occurs later. The Loan will bear interest at the Applicable Federal Rate in effect as of the issuance of the Loan. The East Texas Housing Finance Corporation acknowledges that no portion of the funding for the proposed Loan has been provided by the developer, consultant, applicant or any other member of the applicant's development team.

Please feel free to contact me should you have my questions.

Very truly yours,

EAST TEXAS HOUSING FINANCE CORPORATION

By 
Name: Danny Buck Davidson
Title: President

East Texas Housing Finance Corporation

Rules for Loans in Connection with Obtaining Tax Credits for Multifamily Residential Rental Projects

I. PURPOSE AND SCOPE

East Texas Housing Finance Corporation (the "Corporation") was created as a public non-profit corporation under the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 of the Local Government Code (the "Act"). The Corporation's primary purpose is to assist individuals of low and moderate income to obtain decent, safe, sanitary, and affordable housing located within the boundaries of one of the Sponsoring Political Subdivisions (as defined below). The Corporation is authorized by the Act to make loans to further its purposes thereunder. Applications for loans will be considered only in connection with developments located in one or more of the counties under its jurisdiction (collectively, the "Sponsoring Political Subdivisions") or in the case an applicant requests a loan within the jurisdiction of another Housing Finance Corporation created under the Act to be made within another jurisdiction under a cooperative agreement. The Corporation has adopted these Rules to set forth the general requirements and procedures applicable to qualifying for a loan in connection with obtaining tax credits from the Texas Department of Housing and Community Affairs in connection with applicant's residential development.

A. Application of Rules. These Rules apply to specific multifamily rental residential developments for which an applicant requests the Corporation to make a loan to obtain tax credits in connection with such development.

B. Waiver of Rules. Specific provisions of these Rules may be waived by a majority vote of the Board of Directors of the Corporation.

C. Amendment of Rules. These Rules may be amended, revised, repealed or otherwise altered by a majority of the Board of Directors of the Corporation at any time and from time to time and with or without notice.

II. GENERAL REQUIREMENTS

The Corporation will not make a loan of funds to any applicant in connection with any financing for any residential development that has not satisfied, as determined by the Corporation, general requirements set forth in this Article II. The Corporation reserves the right to impose additional specific requirements with respect to any particular residential development. Compliance with these Rules does not and shall not be deemed to constitute a commitment or assurance that financing will be provided by the Corporation. In completing and executing the Application for Loan attached below, the applicant hereby represents and warrants or covenants with respect to the residential development for which tax credits are being obtained as follows:

The residential development will be located entirely within the boundaries of one or more of the Sponsoring Political Subdivisions or in the jurisdiction of another Housing Finance Corporation created under the Act under a cooperative agreement.

III. FILING AND PROCEDURAL REQUIREMENTS

A. Preliminary Applications. Any person desiring that the Corporation make a loan to facilitate obtaining tax credits in connection with the financing or refinancing for a residential development shall

LOCAL HOUSING FINANCE CORPORATION (HFC) CONTACT LIST

Known as of April 2006

East Texas HFC	Richard Anderson 211 West Austin Marshall, TX 75670 Phone: (903) 938-8373	Keith Barber P.O. Box 131 Gilmer, TX 75644 Phone: (903) 790-5674 rkeithbar@hotmail.com	Cos of Anderson, Angelina, Camp, Cherokee Gregg, Harrison, Henderson, Marion Nacogdoches, Panola, Rains, Rusk Smith, Upshur, Van Zandt and Wood
El Paso HFC	Susie Byrd 2 Civic Center Plaza, District #2 El Paso, TX 79901 Phone: (915) 541-4416 Fax: (915) 541-4348 district#2@elpasotexas.gov		City of El Paso
El Paso County HFC	Carlos Aguilar 500 E San Antonio, 3rd Fl El Paso, TX 79901 Phone: (325) 526-4177		El Paso County
Farmers Branch HFC	Charlie Cox PO Box 819010 Farmers Branch, TX 75381-9010 Phone: (972) 919-2521 Fax: (972) 919-2688		City of Farmers Branch
Fort Bend County HFC	Pamela Poole 303 Texas Parkway Missouri City, TX 77459 Phone: (281) 403-8001 Fax: (281) 403-8009 poolepam@cos.fort-bend.tx.us		Fort Bend County
Fort Worth HFC	Jerome Walker 1000 Throckmorton Fort Worth, TX 76102 Phone: (817) 392-7537 Fax: (817) 392-7328		City of Fort Worth
Galveston County HFC	Ron Williams 310 Tahiti Tiki Island, TX 77550 Phone: (409) 938-1163 Fax: (281) 534-7572	Cliff Burks	Galveston Co without Dickinson, Galveston La Marque League City Santa Fe & Texas City
Galveston HFC	Sam Tramonte 2127 Broadway Galveston, TX 77550 Phone: (409) 763-2454 Fax: (409) 763-4309		City of Galveston
Garland HFC	Sandra Wilson 6010 Troon Circle Garland, TX 75044 Phone: (972) 205-2343 Fax: (972) 205-2196	Ed Jackson	City of Garland
Golden Crescent HFC	Danny Long Phone: (361) 578-1587		Cos. of DeWitt, Goliad, Gonzales, Jackson Lavaca, Victoria and the City of Port Lavaca
Grand Prairie HFC	Cyndi Pitman PO Box 532758 Grand Prairie, TX 75053-2758 Phone: (972) 772-5894 Fax: (972) 772-8142	Eddie Freeman 15601 Dallas Parkway Suite 400 Addison, TX 75001 Phone: (972) 361-5216 Fax: (972) 361-5910 eddie.freeman@staubach.com	City of Grand Prairie

LOCAL HOUSING FINANCE CORPORATION (HFC) CONTACT LIST

Known as of April 2006

Southeast Texas HFC	Ron Williams 11111 South Sam Houston Parkway East Houston, TX 77089 Phone: (281) 484-4663 Fax: (281) 484-1971 williams@seathfc.com	Bob Allen 2323 Hearme Pasadena, TX 77502 Phone: (713) 475-7862 Fax: (713) 475-7859 rballen@ci.pasadena.tx.us	Cos of Austin, Brazoria, Chambers, Liberty Matagorda, Waller, Walker, Wharton & Cities of Baytown, Deer Park, Dickinson, La Marque, La Porte, League City, Pasadena Santa Fe, Shoreacres, Texas City & Tomball
Tarrant County HFC	J.D. Johnson 100 East Weatherford Fort Worth, TX 76102 Phone: (817) 884-1234		Tarrant County
TDHCA	Byron Johnson - Single Family Robb Meyer - Multifamily PO Box 13941 Austin, TX 78711-3941 Phone: (512) 475-3856 Phone: (512) 475-2213 byron.johnson@tdhca.state.tx.us robb.meyer@tdhca.state.tx.us		State of Texas
Texoma HFC	Frank Budra 1117 Gallagher Drive Sherman, TX 75090 Phone: (903) 786-2626 Fax: (903) 786-6393 mbudra@mail.bokf.com		Counties of Cooke, Fannin & Grayson
Tom Green County HFC	Mike Brown 112 West Beauregard San Angelo, TX 76903 Phone: (325) 653-3318		Tom Green County
Travis County HFC	Sam Biscoe 314 West 11th St, 5th Floor Austin, TX 78701 Phone: (512) 854-9555 Fax: (512) 854-9535 sam.biscoe@co.travis.tx.us		Travis County
Trinity HFC	1000 Throckmorton Fort Worth, TX 76102		City of Fort Worth
Victoria HFC	Ted Reed 105 West Juan Linn Victoria, TX 77902		City of Victoria
Victory Street PFC	Ernie Etuk 2640 Fountainview, Ste 230 Houston, TX 77057 Phone: (713) 260-0502		Houston
Webb County HFC	David Cortez PO Box 29 Laredo, TX 78042		Webb County
West Central Texas HFC	Tommy Mann 1025 East North 10th Street Abilene, TX 79601 Phone: (325) 672-8544 tmann@wctco.org		Counties of Brown, Callahan, Coleman, Eastland Fisher, Haskell, Jones, Kent, Knox, Mitchell Nolan, Runnels, Scurry, Shackelford, Stephens Stonewall, Taylor & Throckmorton
Winter Garden HFC	Wayne Hyde 400 Pecan Street Del Rio, TX 78841		Became part of Middle Rio Grand HFC



Locke Lord Bissell & Liddell^{LLP}

Attorneys & Counselors

100 Congress Avenue, Suite 300
Austin, Texas 78701
Telephone: 512-305-4700
Fax: 512-305-4800
www.lockelord.com

Cynthia L. Bast
Direct Telephone: 512-305-4707
Direct Fax: 512-391-4707
cbast@lockelord.com

June 24, 2010

Ms. Raquel Morales
Texas Department of Housing and Community Affairs
221 West 11th Street
Austin, Texas 78701

Re: Sedona Ranch (Fort Worth)
TDHCA No. 10158

Dear Raquel:

We represent Fossil Ridge II, LP (the "**Applicant**"), which is the applicant for tax credits for Sedona Ranch in Fort Worth (the "**Development**"), bearing application number 10158. The Applicant is responding to a letter dated June 9, 2010 from a competitor, Roundstone Development, LLC with respect to scoring of its application (the "**Challenge**").

The Challenge alleges that the Development does not qualify for points for funding from a Local Political Subdivision under Section 50.9(i)(5) of the Qualified Allocation Plan (the "**QAP**") based on the following:

The Applicant's source of Local Political Subdivision funding is the East Texas Housing Finance Corporation ("**ETHFC**"). The service jurisdiction of ETHFC does not include Fort Worth, the proposed location for the Development. However, ETHFC's policies do allow ETHFC to make loans outside its service jurisdiction if ETHFC enters into a cooperative agreement with the applicable local jurisdiction. The Challenge alleges that, because such a cooperative agreement was not included in the application, the Applicant is not eligible to receive the points under the QAP.

Contrary to the allegation in the Challenge, the Applicant has met all QAP requirements to receive points under Section 50.9(i)(5) of the QAP. When TDHCA staff was reviewing the application, it noticed that the Development was not located in the jurisdiction served by ETHFC. Staff submitted an administrative deficiency, asking the Applicant for evidence that a cooperative agreement would be entered into. Although the QAP does not specifically require an applicant to produce evidence of a cooperative agreement, the Applicant consulted with ETHFC as to its intentions and responded to TDHCA with evidence that the ETHFC expected to execute a cooperative agreement

Ms. Raquel Morales
June 24, 2010
Page 2

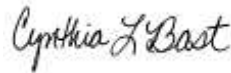
with the local jurisdiction. Staff indicated that the submission resolved the deficiency. (See correspondence attached as Exhibit A.)

If the Development receives a tax credit award, the final commitment for Local Political Subdivision funding will be submitted to TDHCA concurrently with the return of the Applicant's Commitment Notice. ETHFC will be responsible for assuring that a cooperative agreement will be in place as necessary to allow ETHFC to make this funding available.

We trust that this response provides adequate information to show that the allegation in the Challenge is without merit. However, if you need additional information, please feel free to contact me or the Applicant.

Thank you very much.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia L. Bast".

Cynthia L. Bast

cc: Manish Verma

EXHIBIT A

Janice Degollado

From: Chris Applequist [chris@versadevco.com]
Sent: Friday, May 21, 2010 10:56 AM
To: 'Manish C. Verma'
Cc: 'Janice Degollado'
Subject: FW: Interlocal Agreement - Sedona Ranch - 10158

Categories: File

FYI

Chris Applequist
Versa Development, LLC
4733 College Park
San Antonio, TX 78249
(210)530-0090 (O)
(210)530-5080 (F)
(817)501-9577 (C)
Chris@versadevco.com

From: Nicole Fisher [mailto:nicole.fisher@tdhca.state.tx.us]
Sent: Friday, May 21, 2010 9:53 AM
To: Chris Applequist; nicole.fisher@tdhca.state.tx.us
Subject: RE: Interlocal Agreement - Sedona Ranch - 10158

Chris,

The letter is sufficient for that item.

Nicole Fisher
Multifamily Housing Specialist
Texas Department of Housing and Community Affairs
(512) 475-2201 Phone
(512) 475-1895 Fax
nicole.fisher@tdhca.state.tx.us

From: Chris Applequist [mailto:chris@versadevco.com]
Sent: Thursday, May 20, 2010 10:19 PM
To: nicole.fisher@tdhca.state.tx.us
Subject: FW: Interlocal Agreement - Sedona Ranch - 10158

Hello Nicole,

Could you confirm that we can clear the deficiency with the attached interlocal agreement?

Thanks,

Chris Applequist
Versa Development, LLC
4733 College Park
San Antonio, TX 78249
(210)530-0090 (O)
(210)530-5080 (F)
(817)501-9577 (C)

Chris@versadevco.com

From: Chris Applequist [mailto:chris@versadevco.com]
Sent: Wednesday, May 19, 2010 3:02 PM
To: 'nicole.fisher@tdhca.state.tx.us'
Subject: FW: Interlocal Agreement - Sedona Ranch - 10158

Nicole,

Please see attached interlocal agreement. This is what we have sent to the city of Fort Worth and plan to have executed shortly. Please let me know if this works for you.

Thanks,

Chris Applequist
Versa Development, LLC
4733 College Park
San Antonio, TX 78249
(210)530-0090 (O)
(210)530-5060 (F)
(817)501-9577 (C)
Chris@versadevco.com

From: [Tony Sisk](#)
To: [Raquel Morales](#);
Subject: FW: challenge
Date: Tuesday, June 15, 2010 4:55:18 PM
Attachments: [Challenge to 10171 Hometown at Garland.doc](#)
[SKMBT_C55010061516480.pdf](#)

I forgot to ask for a receipt, like you gave me yesterday. Thanks

J. Anthony Sisk
Principal
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038
972.550.7800 x 224
972.550.7900 Fax
972-679-8395 Cell
tsisk@cri.bz

From: Tony Sisk
Sent: Tuesday, June 15, 2010 4:50 PM
To: 'Robbye Meyer'
Cc: 'Raquel Morales'; 'patricia.murphy@tdhca.state.tx.us'; Benetta Rusk
Subject: challenge

Please note that we are requesting that if these facts are incorrect about the cure period, this challenge be rescinded and not become a matter of public record. We felt like a challenge was the only way to address the issue.

Tony

J. Anthony Sisk
Principal
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038
972.550.7800 x 224
972.550.7900 Fax
972-679-8395 Cell
tsisk@cri.bz

From: [Tony Sisk](#)
To: [Robbye Meyer;](#)
cc: [Raquel Morales; patricia.murphy@tdhca.state.tx.us;](#)
[Benetta Rusk;](#)
Subject: challenge
Date: Tuesday, June 15, 2010 4:51:46 PM
Attachments: [Challenge to 10171 Hometown at Garland.doc](#)
[SKMBT_C55010061516480.pdf](#)

Please note that we are requesting that if these facts are incorrect about the cure period, this challenge be rescinded and not become a matter of public record. We felt like a challenge was the only way to address the issue.

Tony

J. Anthony Sisk
Principal
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038
972.550.7800 x 224
972.550.7900 Fax
972-679-8395 Cell
tsisk@cri.bz

From: [Robbye Meyer](#)
To: [Raquel Morales](#);
Subject: FW: Challenge - Citrus Gardens #010-222
Date: Wednesday, June 16, 2010 7:25:33 AM
Attachments: [Citrus Garden Brownstone Challenge 06-15-10.pdf](#)

challenge

Robbye G. Meyer

*Director of Multifamily Finance
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701
(512) 475-2213 (V)
(512) 475-0764 (F)*

From: Melissa Adami [mailto:madami@orhlp.com]
Sent: Tuesday, June 15, 2010 4:40 PM
To: Robbye Meyer; Tom Gouris
Cc: Saleem Jafar; Robert Onion; Bill Fisher
Subject: Challenge - Citrus Gardens #010-222

Robbye and Tom:
Please see the attached challenge to the Citrus Gardens application (#010-222).

Please confirm that you receive this email.

Thanks,
Melissa Adami

Melissa R. Adami
Odyssey Residential Holdings, LP | phone 972.701.5558

From: Leslieholleman@aol.com
To: tom.gouris@tdhca.state.tx.us; robbye.meyer@tdhca.state.tx.us;
[US](#);
cc: raquel.morales@tdhca.state.tx.us;
Subject: Challenge - #10222 Citrus Gardens in Brownsville
Date: Wednesday, June 16, 2010 12:32:05 PM

Tom and Robbye,
Bill Fisher has made us aware that he filed a challenge yesterday to #10222 Citrus Gardens in Brownsville (he sent us a copy of what he submitted to TDHCA). I am the Consultant to this application, and I have a few questions I would like to ask, but I am not sure who I am allowed to speak to at TDHCA regarding this matter. Obviously, we disagree with the premise of his challenge as we claim no acquisition cost or Selection Criteria points for the land /ground lease, but I would like to speak to someone regarding the matter if possible. My number is 970-731-9943 or please let me know who I may speak to and I'll place a call.

Thanks for your help,

Leslie

Leslie Holleman & Associates, Inc.

Thru October 31, 2010

P. O. Box 5846

Pagosa Springs, CO 81147

(970) 731-9943 ph

Permanent Address

6459 Safe Haven Lane

Brownwood, TX 76801

(325) 784-9797 ph

(325) 998-0705 cell

leslieholleman@aol.com

From: Leslieholleman@aol.com
To: raquel.morales@tdhca.state.tx.us;
Subject: Re: Challenge - #10222 Citrus Gardens in Brownsville
Date: Wednesday, June 16, 2010 1:55:41 PM

OK, tomorrow is fine....thanks.

I'm on Mountain time, so don't call me at 8am/Central, I won't have enough coffee in me to be coherent.....haha!!!

970-731-9943

Leslie

Leslie Holleman & Associates, Inc.

Thru October 31, 2010

P. O. Box 5846

Pagosa Springs, CO 81147

(970) 731-9943 ph

Permanent Address

6459 Safe Haven Lane

Brownwood, TX 76801

(325) 784-9797 ph

(325) 998-0705 cell

leslieholleman@aol.com

In a message dated 6/16/2010 12:53:26 P.M. Mountain Daylight Time, raquel.morales@tdhca.state.tx.us writes:

Leslie,

I can call you tomorrow when I'm in the office. I'm working from home today so you can email me your questions or I'll get in touch with you tomorrow.

From: Leslieholleman@aol.com [mailto:Leslieholleman@aol.com]

Sent: Wed 6/16/2010 12:31 PM

To: tom.gouris@tdhca.state.tx.us; robbye.meyer@tdhca.state.tx.us

Cc: raquel.morales@tdhca.state.tx.us

Subject: Challenge - #10222 Citrus Gardens in Brownsville

Tom and Robbye,

Bill Fisher has made us aware that he filed a challenge yesterday to #10222 Citrus Gardens in Brownsville (he sent us a copy of what he submitted to TDHCA). I am the Consultant to this application, and I have a few questions I would like to ask, but I am not sure who I am

allowed to speak to at TDHCA regarding this matter. Obviously, we disagree with the premise of his challenge as we claim no acquisition cost or Selection Criteria points for the land /ground lease, but I would like to speak to someone regarding the matter if possible. My number is 970-731-9943 or please let me know who I may speak to and I'll place a call.

Thanks for your help,

Leslie

Leslie Holleman & Associates, Inc.

Thru October 31, 2010

P. O. Box 5846

Pagosa Springs, CO 81147

(970) 731-9943 ph

Permanent Address

6459 Safe Haven Lane

Brownwood, TX 76801

(325) 784-9797 ph

(325) 998-0705 cell

leslieholleman@aol.com

COATS | ROSE

A Professional Corporation

WILLIAM D. WALTER, JR.

wwalter@coatsrose.com
Direct Dial
(512) 684-3842
Fax
(713) 890-3954

June 22, 2010

Via E-Mail

Mr. Michael Gerber, Executive Director
Texas Department of Housing
And Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Response to Challenge filed against Citrus Gardens (#10222)

Dear Mr. Gerber:

This letter responds to the challenge submitted by Mr. Saleem Jafar on behalf of Odyssey Residential Holdings, L.P. as to Citrus Gardens (the “**Project**”). Mr. Jafar contends that the applicant failed to include an appraisal pursuant to section 50.9(h)(7) of the 2010 Qualified Allocation Plan (“**QAP**”), however, Mr. Jafar’s challenge fails under the plain language of section 50.9(h)(7).

Allegation:

The challenge asserts the applicant wrongfully omitted an appraisal under QAP section 50.9(h)(7)(A)(iv)(II).

Response:

By way of background, the Housing Authority of the City of Brownsville, the sponsor of the application, is contributing land that it currently owns for the Project site. Because the housing authority will have a continuing ownership in the Project, this is an identity of interest transaction. However, because the housing authority already owns the land, no acquisition cost is being charged to the applicant. Additionally, no acquisition cost is being claimed in the application. Please see the relevant portion of the application’s development cost schedule attached as **Exhibit A**.

Section 50.9(h)(7)(A)(iv)(II) states:

1717 W. 6th Street, Suite 420 Austin, Texas 78703

Phone: 512-469-7987 Fax: 512-469-9408

Web: www.coatsrose.com

“(iv) If the acquisition can be characterized as an identity of interest transaction, as described in §1.32 of this title, subclauses (I) – (III) of this clause, the Applicant must provide (not required at Pre-Application):

(I) Documentation of the original acquisition cost in the form of a settlement statement or, if a settlement statement is not available, the seller’s most recent audited financial statement specifically indicating the asset value for the Development Site; and

(II) **If the original acquisition cost evidenced by subclause (I) of this clause is less than the acquisition cost claimed in the Application;**

(-a-) An appraisal meeting the requirements of paragraph (14)(D) of this subsection; and

...” (emphasis added).

Mr. Jafar’s insistence on the delivery of an appraisal under subsection (II)(-a-) conveniently overlooks the predicate requirement in subsection (II) – namely, that the applicant claim an acquisition cost in the application that is higher than the original acquisition cost. **Quite simply, where the acquisition cost claimed in the application is zero, there is no requirement under the QAP for the appraisal, because an acquisition cost of zero cannot possibly be higher than the original acquisition cost.** The rationale for requiring an appraisal is to prevent unscrupulous applicants from artificially inflating the acquisition price in an identity of interest transaction, which is not a concern where the site is being contributed to the applicant.

As a final item, we note that Mr. Jafar mistakenly identifies the Project as a mixed-finance. This inclusion is puzzling, as even were the project a mixed-finance development: (i) we are not aware of any HUD requirement or regulation that would act to modify the plain language of the QAP; and (ii) the QAP does not impose different appraisal rules for a mixed-finance development. As such, and based on the plain language of the QAP, we respectfully request that the Department dismiss the challenge. We greatly appreciate your attention to this matter.

Yours truly,



William D. Walter, Jr.

Cc: Mr. Tom Gouris
Mr. Antonio Juarez
Mr. Doak Brown
Ms. Leslie Holleman
Mr. Nono Flores
Mr. Barry Palmer

EXHIBIT A

Volume 1, Tab 3. ACTIVITY OVERVIEW

Part A. Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All applications must complete the total development cost column and the Tax Payer Identification column. Only HTC applications must complete the eligible basis columns and the Requested Credit calculation below:

DEVELOPMENT NAME:

Citrus Gardens

TOTAL DEVELOPMENT SUMMARY			Expected Payee Taxpayer Identification Number (TIN) ¹ (and % of cost if item involves multiple payees)
Total Cost	Eligible Basis (If Applicable)		
	Acquisition	New/Rehab.	

ACQUISITION

Site acquisition cost	0		
Existing building acquisition cost	0		
Closing costs & acq. legal fees	0		
Other ^c (specify)	0		
Subtotal Acquisition Cost	\$0	\$0	\$0

OFF-SITES³

Off-site concrete	0		
Storm drains & devices	0		
Water & fire hydrants	0		
Off-site utilities	0		
Sewer lateral(s)	0		
Off-site paving	0		
Off-site electrical	0		
Other ^c (specify)	0		
Subtotal Off-Sites Cost	\$0	\$0	\$0

SITE WORK⁴

Demolition	750,000			20-3745669
Rough grading	160,450		160,450	20-3745669
Fine grading	120,446		120,446	20-3745669
On-site concrete	262,015		262,015	20-3745669
On-site electrical	92,150		92,150	20-3745669
On-site paving	235,835		235,835	20-3745669
On-site utilities	215,321		215,321	20-3745669
Decorative masonry	5,413		5,413	20-3745669
Bumper stops, striping & signs	10,125		10,125	20-3745669
Landscaping	154,784		154,784	20-3745669
Pool and decking	0		0	20-3745669
Athletic court(s), playground(s)	0		0	20-3745669
Fencing	75,313		75,313	20-3745669
Other ^c			0	20-3745669
Subtotal Site Work Cost	\$2,081,852	\$0	\$1,331,852	

DIRECT CONSTRUCTION COSTS*:

Concrete	674,686		674,686	20-3745669
Masonry	363,293		363,293	20-3745669
Metals	246,520		246,520	20-3745669
Woods and Plastics	2,140,832		2,140,832	20-3745669
Thermal and Moisture Protection	272,469		272,469	20-3745669
Roof Covering	421,679		421,679	20-3745669
Doors and Windows	285,444		285,444	20-3745669
Finishes	882,282		882,282	20-3745669
Specialties	162,184		162,184	20-3745669
Equipment	201,108		201,108	20-3745669

Roundstone Development, LLC
Contact: Michael A. Hartman
1370 Taurus Court
Merritt Island, FL 32953
321-453-9587 / 321-453-6796 fax
321-223-8650 cell
mah1370@hotmail.com

RECEIVED
JUN 11 2010
EXECUTIVE DIRECTOR

June 9, 2010

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: Challenge of TDHCA Application 10232
Evergreen Residences – 3800 Willow

Dear Mr. Gerber:

We hereby provide the following information and challenge the threshold determination and scoring of Application 10232 (hereinafter referred to as "10232").

Scoring under QAP Section 50.9(i)(5)

1. Attached is Resolution 10-0586 approved by the Dallas City Council on February 24, 2010 and submitted by 10232 in support of the award of points for the commitment of development funding by local political subdivisions.
2. On page 2 of the resolution, in the sixth WHEREAS paragraph, the resolution states that 10232 will rent 100% of the units to tenants with incomes capped at 30% of the area median family income (AMFI) at rents affordable to households at 30% or below the AMFI.
3. Also attached from 10232 is Volume 1, Tab 2, Part B, Rent Schedule. This schedule indicates that 90% of the units will be rented to households earning 50% of the AMFI and 10% of the units will be rented to households earning 60% of the AMFI.
4. Therefore, 10232 cannot meet the requirements that the City of Dallas has imposed for the potential award of the funding and should not receive points under Section 50.9(i)(5).

Threshold under Real Estate Analysis Rules

1. In order to receive funding from the City of Dallas, 10232 must charge 30% rents on all units.
2. Therefore TDHCA should underwrite 10232 using 30% rents (\$354 PUPM) for all 100 units.
3. In doing so, 10232 will have negative net operating income.
4. Therefore, 10232 is economically unfeasible and should be eliminated.

We thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "M.A. Hartman", followed by a long horizontal flourish.

Michael A. Hartman

Enclosures

The undersigned hereby makes Application to TDHCA for financial assistance. The Applicant has read and understands the Application instructions, has read and understands §50.9(a), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

Submitted Application must be signed by a representative with authority to execute documents on the Applicant's behalf.

Graham Greene

Applicant's Authorized Representative's Signature

Graham Greene, Authorized I

Representative's Printed Name, Title

02/25/10

Date

Volume 1, Tab 1

PART A. ACTIVITY OVERVIEW

1. Multifamily Rental Development Name and Location

Development Name:	<u>EVERgreen Residences - 3800 Willow</u>	Region:	<u>3</u>
Address:	<u>3800 Willow</u>		
City:	<u>Dallas</u>	County:	<u>TX</u>
		ZIP:	<u>75226-1757</u>
If a Pre-Application was submitted, enter TDHCA assigned Development number:			<u>10232</u>

2. Target Population (Select by Placing a "x"):

- General
- Elderly
- Intergenerational Housing
- Supportive Housing

3. Construction Type (Select Only One by Placing a "x"):

- New Construction
- Acquisition/Rehabilitation (includes Reconstruction)
- Acquisition/Rehabilitation (excludes Reconstruction)
- Adaptive Reuse
- Single Room Occupancy



STATE OF TEXAS

COUNTY OF DALLAS

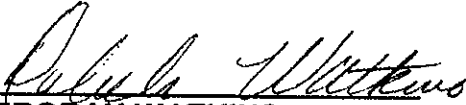
CITY OF DALLAS

I, **DEBORAH WATKINS**, City Secretary of the City of Dallas, Texas do hereby certify that the attached is a true and correct copy of:

RESOLUTION NO. 10-0586

which was approved by the City Council on **February 24, 2010**.

WITNESS MY HAND AND THE SEAL OF THE CITY OF DALLAS, TEXAS, this the **25th** day of **February, 2010**.


DEBORAH WATKINS
CITY SECRETARY
CITY OF DALLAS, TEXAS

Prepared by: G.S. Ruelas

100586
February 24, 2010

WHEREAS, on January 11, 2006, the City Council decided for the 12 month period beginning January 11, 2006 not to approve any new tax credit transactions unless a pre-application waiver was granted by the City Council by Resolution No. 06-0136, and

WHEREAS, the Applicant, Graham Greene, Oglesby Greene Architecture, Developer, submitted an application to the City of Dallas on behalf of Evergreen Residential, LTD for support of their application to TDHCA for the 2010 Low Income Housing Tax Credit Program; and

WHEREAS, on February 10, 2010, the City Council approved a modification to the policy for the acceptance of applications seeking City of Dallas support for low income housing tax credit financing, when the State of Texas does not require direct City of Dallas approval by Resolution No. 10-0498; and

WHEREAS, on February 16, 2010, the Evergreen Residences-Willow Low Income Housing Tax Credit multifamily project was briefed to the Housing Committee; and

WHEREAS, the applicant also submitted a request for funding of \$4M from the City of Dallas which will be reviewed and separately considered by the City Council after March 1, 2010, contingent upon available funding and the success of the applicant to secure other project approvals; and

WHEREAS, as a condition for being considered for the award of the 9% tax credit, the Applicant has committed to renting 100 units or 100% of the units to tenants with household incomes capped at 30% or below the area median family income (AMFI) with rents affordable to tenants whose household incomes are 30% or below the AMFI; and

WHEREAS, as with the City's approval of the TDHCA LIHTC application for Evergreen Residences-Willow, the owner of the project will provide social services with the project approved by the Housing/Community Services Department; and

WHEREAS, the City of Dallas desires to provide approval of the TDHCA LIHTC application for Evergreen Residences-Willow housing project at 3800 Willow Street;
NOW, THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City of Dallas supports the Texas Department of Housing and Community Affairs (TDHCA) 9% low-income housing tax credit allocation for Evergreen Residences-Willow located at 3800 Willow Street for the acquisition and new construction of the proposed 100-unit multifamily residential development for low income housing, provided, however, that the City's approval of the tax credit financing for this project shall be contingent upon, among other things, future City Council approval of zoning.

Raquel Morales

From: Tony Sisk [tsisk@cri.bz]
Sent: Monday, June 14, 2010 6:17 PM
To: Robbye Meyer
Cc: Raquel Morales
Subject: challenge to Atmos Lofts #10284
Attachments: SKMBT_C55010061418110.pdf; Exh A action notice to terminate.pdf; Exh B preapp def.pdf; Exh C aspm def.pdf; Exh D ASPM application subm proc.pdf; Exh E preapp instructions from excel.pdf; Exh F first page of preapp with certification.pdf; Exh G 09 plaza org charts.pdf; Exh I 09 plaza full app 1st page.pdf; Exh H 09 plaza preapp 1st page.pdf; Exh J 2009 aspm proof.pdf

Robbye/Raquel- Please accept this challenge, and send us acknowledgement of receipt.

Thank you-

Tony

J. Anthony Sisk
Principal
Churchill Residential, Inc.
5605 N. MacArthur Blvd. #580
Irving, TX 75038
972.550.7800 x 224
972.550.7900 Fax
972-679-8395 Cell
tsisk@cri.bz

June 14, 2010

Robbye Meyer
Director, Multifamily Finance Production Division
Texas Department of Housing and Community Affairs
PO Box 13941
Austin, TX 78711

RE: Challenge to the six pre-application points received by application 10284 Atmos Lofts.

Dear Ms. Meyer:

Please accept this letter as a formal challenge to the six Pre-Application points that were awarded to application 10284, Atmos Lofts. We do not believe that this application is eligible for Pre-Application points because the Applicant did not submit the Pre-Application in accordance with the 2010 Qualified Allocation Plan (QAP), Application Submission Procedures Manual (ASPM), and Pre-Application Excel file.

Background

In the first Pre-Application log posted to the TDHCA website on January 22, 2010, 10284 Atmos Lofts was not listed. However, in the final Pre-Application log that was posted to the TDHCA website on January 22, 2010, 10284 Atmos Lofts appeared in the log. Discussions with TDHCA staff confirmed that 10284 Atmos Loft had not been on the initial list because they had submitted their Pre-Application solely in hard copy, and that staff had determined it to not be eligible for submission. This decision was subsequently changed and the Pre-Application was accepted because it was decided that language in the QAP does not specifically require electronic submission for the Pre-Application (see Exhibit A). We respectfully disagree with the assertion and ask that the Pre-Application points awarded to 10284 be reconsidered.

Language in the QAP

Section 50.8, "*Pre-Applications for Competitive Housing Tax Credits: Submission; Communication with Departments Staff; Evaluation Process; Threshold Criteria and Review; Results,*" outlines the HTC Pre-Application process.

Section 50.9, "*Application: Submission; Communication with Department Employees; Adherence to Obligations; Evaluation Process for Competitive Applications Under the State Housing Credit Ceiling; Evaluation Process for Tax-Exempt Bond Development Applications; Evaluation Process for Rural Rescue Applications Under the 2008 Credit Ceiling; Experience Pre-Certification Procedures; Threshold Criteria; Selection Criteria; Tiebreaker Factors; Staff Recommendations; American Recovery and Reinvestment Act,*" outlines the HTC Full Application process.

While Section 50.9 specifically states that the Application must be submitted as an electronically copy and in accordance with the ASPM, Section 50.8 does not include this same language for the Pre-Application. It is our understanding that TDHCA did not terminate the Pre-Application based on this fact. However, we believe that there is evidence to support the requirement of an electronic submission of the Pre-Application, and thus the Pre-Application points for 10284 Atmos Lofts should not be awarded.

Under the definitions section of the QAP, Section 50.3(74) defines "Pre-Application" as "*A preliminary application, in a form prescribed by the Department, filed with the Department by an Applicant prior to submission of a Competitive Housing Tax Credit Application, for an allocation from the State Housing*

Credit Ceiling, including any required exhibits or other supporting material, as more fully described in this chapter." (See Exhibit B.)

Note that the definition reads, "in a form prescribed by the Department." Section 50.8 does not specifically or fully describe the required "form" of the Pre-Application; however, that does not nullify the fact that 50.3(74) states that the form will be prescribed by the Department. The ASPM describes that form as being an Excel file that is submitted electronically as both an Excel file and a converted PDF file. An Applicant is not free to submit the Pre-Application in any form that he or she chooses.

Under the definitions section of the QAP, Section 50.3(11) defines "Application Submission Procedures Manual" as *"The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for the filing of Pre-Applications and Applications for Housing Tax Credits."* (See Exhibit C.)

While Section 50.8 does not specifically mention "Application Submission Procedures Manual" or "ASPM," the definition of ASPM clearly indicates that it sets forth the procedures, forms, and guidelines for submitting the Pre-Application. Because the definition of "Pre-Application" notes that the document is in a "form prescribed by the Department" and the definition of "Application Submission Procedures Manual" notes that it "sets forth procedures, forms, and guidelines for the filing of Pre-Applications," it is clear that the ASPM should be consulted when preparing the Pre-Application.

Language in the ASPM

Section IV of the ASPM outlines the format for submitting the Pre-Application. Exhibit D provides a copy of the Pre-Application submission procedures from the ASPM with pertinent text highlighted. The text that begins the section is below.

The Pre-Application for Competitive HTC has been converted into one Excel file and consists of two separate parts: unbound items and electronic submission. The complete Pre-Application for each proposed development must be submitted as described in this section. Incomplete Pre-Applications or improperly formatted Pre-Applications will not be accepted.

The ASPM states that there is an electronic submission that consists of an Excel file and a separate PDF file, which is the required format. Nowhere does the ASPM state that a hard copy submission is acceptable or allowed. In fact, the ASPM emphasizes that improperly formatted Pre-Applications will not be accepted.

Instructions in the Pre-Application Excel File

The Pre-Application was released on the TDHCA website as a Microsoft Excel file. The "Instructions" tab of the Excel Pre-Application clearly directs applicants to "Please read directions that follow. This is not an instruction manual. Please refer to the 2010 ASPM and QAP for detailed instructions for completing your application." (See Exhibit E.) This "Instructions" tab also includes detailed steps on how to convert the Pre-Application Excel file into a PDF and how to name the PDF file. Unless the Pre-Application was to be submitted electronically by PDF, there would be no reason for TDHCA to include these directions.

Signed Pre-Application Certification

The first page of the Pre-Application document has a signature block. An excerpt of the certification for this signature block reads as follows:

The undersigned hereby makes Pre-Application to TDHCA for the HTC Program. The Applicant has read and understands the Pre-Application instructions, has read and understands Section 50.9(c)

Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief.

Exhibit F is a copy of the first page of the Pre-Application for 10284 Atmos Lofts signed by Lawrence E Hamilton III, a principal of the Applicant. By signing the signature block, Mr. Hamilton certified that he read and understood the Pre-Application instructions.

If Mr. Hamilton did indeed read and understand the Pre-Application instructions, then he should have referred to the 2010 ASPM for detailed instructions on how to complete the application. And if Mr. Hamilton referred to the 2010 ASPM, he would have known that the Pre-Application was an Excel file that consisted of unbound items and electronic submission. Nowhere does the ASPM instruct the applicant to submit the Pre-Application as a hard copy.

If Mr. Hamilton signed this certification without properly referring to the 2010 ASPM, which was a clear directive stated in the "Instructions" tab of the Pre-Application Excel file, then we also question whether this Pre-Application should be terminated based on a negligent material misrepresentation by Mr. Hamilton's signing of the certification.

Past Experience of the Applicant

The principals of Atmos Lofts are not new to the HTC program. In fact, they submitted an application during the 2009 HTC application submission period, which also required electronic submission. The principals of 10284 Atmos Lofts, Lawrence Hamilton, Lawrence Hamilton III, and John Greenan, were also principals on the application for The Plaza, 09157 (see Exhibit G). Both a Pre-Application and a Full Application were submitted for 09157 The Plaza (Exhibit H has the signed first page of the Pre-Application and Exhibit I has the signed first page of the Full Application). Notably, the 2009 HTC application round also required that the Pre-Application be submitted electronically (See Exhibit J for the page of the ASPM that outlines the submission requirements, with pertinent text highlighted).

As an experienced Applicant that complied with the Pre-Application electronic submission requirements of the 2009 HTC round, we question why the Applicant had a blatant disregard for the Pre-Application submission requirements of the 2010 HTC round—especially when the Applicant certified that he read and understood the Pre-Application instructions.

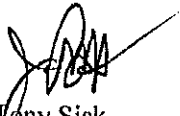
Granting Pre-Application Points is Unfair to Competitors

Region 3-Urban is exceptionally competitive this year, with 27 applications submitted representing over \$35 million in requests for only \$9 million in tax credits. It is likely that tax credits will be awarded on the basis of tie-breakers. In such a situation, bending the rules for one applicant has immense negative impact on the other applicants. Everyone else followed the published rules in order to earn the six Pre-App Points. The Atmos Lofts application did not comply with the published rules for submitting a qualifying Pre-Application, and therefore should not receive the points.

Conclusion

Because the Pre-Application for 10284 Atmos Lofts was not submitted in accordance with the Pre-Application instructions outlined in the Pre-Application Excel file, the 2010 ASPM, or 2010 QAP, the Pre-Application should be terminated. We ask that TDHCA reconsider the award of six Pre-Application points to the 10284 Atmos Lofts Full Application.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tony Sisk', with a long horizontal stroke extending to the right.

Tony Sisk
Office (972)550-7800
Fax (972)550-7900
tsisk@cri.bz

EXECUTIVE DIRECTOR'S

ACTION ITEM

Date: January 21, 2010 **Deadline for Signature:** January 21, 2010
Staff to Contact: Raquel Morales **Staff Phone #:** 6-1676
Back Up Staff Contact: Robbye Meyer **B/U Staff Phone #:** 6-2213

Legal Routing #
(Please highlight if applicable)
RUSH


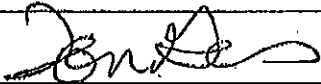
ITEM: Termination of Pre-Application for Atmos Lofts in Dallas, Texas

BACKGROUND: Pre-Application is being terminated because the pre-application was not submitted in the required electronic format.

ACTION REQUESTED: Review termination letter

ATTACHMENTS: (List all attachments. Be sure sufficient background documentation is provided)
 Atmos Lofts Termination Letter

DIVISION MANAGER AND/OR DIRECTOR APPROVAL MUST BE OBTAINED FIRST.

APPROVED BY:	Check if required	SIGNATURE:	DATE IN:	DATE OUT:	COMMENTS:
INITIATING DIVISION MANAGER (If applicable)	<input type="checkbox"/>				
INITIATING DIVISION DIRECTOR	<input checked="" type="checkbox"/>			1-26-10	
DIRECTOR -- DPPA (If applicable)	<input type="checkbox"/>				
DED HOUSING PROGRAMS	<input checked="" type="checkbox"/>			1-26-10	We should let this in since they got a hard copy in on time and the DPPA does not require electronic submission
CHIEF OF AGENCY ADMINISTRATION (If applicable)	<input type="checkbox"/>				
NOTARY	<input type="checkbox"/>				
OTHER:	<input type="checkbox"/>				

Must Follow This Final Order! ALL lines must be completed.

APPROVED BY:	Check if required	SIGNATURE	DATE IN:	DATE OUT:	COMMENTS:
GENERAL COUNSEL	<input checked="" type="checkbox"/>				
CHIEF OF STAFF	<input checked="" type="checkbox"/>				
EXECUTIVE DIRECTOR	<input checked="" type="checkbox"/>				
FURTHER COMMENTS:					

(70) **New Construction**--Any construction of a Development or a portion of a Development that does not meet the definition of Rehabilitation (which includes Reconstruction).

(71) **Person**--Without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever and shall include any group of Persons acting in concert toward a common goal, including the individual members of the group.

(72) **Persons with Disabilities**--A person who:

(A) Has a physical, mental or emotional impairment that:

(i) Is expected to be of a long, continued and indefinite duration;

(ii) Substantially impedes his or her ability to live independently; and

(iii) Is of such a nature that the disability could be improved by more suitable housing

conditions;

(B) Has a developmental disability, as defined in the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. §15002); or

(C) Has a disability, as defined in 24 CFR §5.403.

(73) **Persons with Special Needs**--Persons with alcohol and/or drug addictions, Colonia residents, Persons with Disabilities, victims of domestic violence, persons with HIV/AIDS, homeless populations and migrant farm workers.

(74) **Pre-Application**--A preliminary application, in a form prescribed by the Department, filed with the Department by an Applicant prior to submission of a Competitive Housing Tax Credit Application, for an allocation from the State Housing Credit Ceiling, including any required exhibits or other supporting material, as more fully described in this chapter. (§2306.6704)

(75) **Pre-Application Acceptance Period**--That period of time during which Competitive Housing Tax Credit Pre-Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department, December 8, 2009 through January 8, 2010.

(76) **Principal**--The term Principal is defined as Persons that will exercise Control over a partnership, corporation, limited liability company, trust, or any other private entity. In the case of:

(A) Partnerships, Principals include all General Partners, Special Limited Partners and Principals with ownership interest;

(B) Corporations, Principals include any officer authorized by the board of directors to act on behalf of the corporation, including the president, vice president, secretary, treasurer and all other executive officers, and each stock holder having a 10% or more interest in the corporation; and

(C) Limited liability companies, Principals include all managing members, members having a 10% or more interest in the limited liability company or any officer authorized to act on behalf of the limited liability company.

(77) **Property**--The real estate and all improvements thereon which are the subject of the Application (including all items of personal property affixed or related thereto), whether currently existing or proposed to be built thereon in connection with the Application.

(78) **Qualified Allocation Plan (QAP)**--This Plan as adopted.

(79) **Qualified Basis**--With respect to a building within a Development, the building's Eligible Basis multiplied by the Applicable Fraction, within the meaning of §42(c)(1) of the Code.

(80) **Qualified Census Tract**--Any census tract which is so designated by the Secretary of HUD in accordance with §42(d)(5)(C)(ii) of the Code.

(81) **Qualified Elderly Development**--A Development which meets the requirements of the federal Fair Housing Act, and:

(A) Is intended for, and solely occupied by, individuals sixty-two (62) years of age or older; or

(B) Is intended and operated for occupancy by at least one individual fifty-five (55) years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one individual who is fifty-five (55) years of age or older; and where the Development Owner publishes and adheres to policies and procedures which demonstrate an intent by the owner and manager to provide housing for individuals fifty-five (55) years of age or older. (42 U.S.C. §3607(b))

(82) **Qualified Market Analyst**--A real estate appraiser certified or licensed by the Texas Appraiser Licensing and Certification Board, a real estate consultant, or other professional currently active in the subject property's market area who demonstrates competency, expertise, and the ability to render a high quality written report. The individual's performance, experience, and educational background will provide the general

(2) **Administrative Deficiencies**--As referenced in §§50.5, 50.6, 50.8 and 50.9, is defined as information requested by the Department that is required to clarify or correct inconsistencies in an Application. An Administrative Deficiency is a deficiency or inconsistency, in the Department's reasonable judgement, that may be cured by supplemental information or explanation which will not necessitate a substantial reassessment or re-evaluation of the Application.

(3) **Affiliate**--An individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with any other Person, and specifically shall include parents or subsidiaries. Affiliates also include all General Partners, Special Limited Partners and Principals with an ownership interest unless the entity is an experienced Developer as described in §50.9(h)(9)(D) of this chapter (relating to Threshold Criteria).

(4) **Agreement and Election Statement**--A document in which the Development Owner elects, irrevocably, to fix the Applicable Percentage with respect to a building or buildings, as that in effect for the month in which the Department and the Development Owner enter into a binding agreement as to the housing credit dollar amount to be allocated to such building or buildings.

(5) **Applicable Fraction**--The fraction used to determine the Qualified Basis of the qualified low-income building, which is the smaller of the Unit fraction or the floor space fraction, all determined as provided in §42(c)(1) of the Code.

(6) **Applicable Percentage**--The percentage used to determine the amount of the Housing Tax Credit for any Development (New Construction, Reconstruction, and/or Rehabilitation), as defined more fully in §42(b) of the Code.

(A) For purposes of the Application, the Applicable Percentage will be projected at:

(i) the greater of 9% or the current applicable percentage for 70% present value credits for new buildings, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department; or

(ii) 15 basis points over the current applicable percentage for 30% present value credits associated with acquisition and with qualified Tax-Exempt Bond Developments, pursuant to §42(b) of the Code for the month in which the Application is submitted to the Department.

(B) For purposes of making a credit recommendation at any other time, the Applicable Percentage will be based in order of priority on:

(i) The percentage indicated in the Agreement and Election Statement, if executed; or

(ii) The actual applicable percentage as determined by §42(b) of the Code, if all or part of the Development has been placed in service and for any buildings not placed in service the percentage will be the actual percentage as determined by §42(b) of the Code for the most current month; or

(iii) The percentage as calculated in subparagraph (A) of this paragraph if the Agreement and Election Statement has not been executed and no buildings have been placed in service.

(7) **Applicant**--Any Person or Affiliate of a Person who files a Pre-Application or an Application with the Department requesting a Housing Credit Allocation. (§2306.6702)

(8) **Application**--An application, in the form prescribed by the Department, filed with the Department by an Applicant, including any exhibits or other supporting material. (§2306.6702)

(9) **Application Acceptance Period**--That period of time during which Applications for a Housing Credit Allocation from the State Housing Credit Ceiling may be submitted to the Department, December 8, 2009 through March 1, 2010, as more fully described in §§50.8 - 50.12 of this chapter. For Tax-Exempt Bond Developments this period is the date the Volumes 1 and 2 are submitted or the date the reservation is issued by the Texas Bond Review Board, whichever is earlier.

(10) **Application Round**--The period beginning on the date the Department begins accepting Applications and continuing until all available Housing Tax Credits are allocated, but not extending past the last day of the calendar year. (§2306.6702) For purposes of this section, this definition applies to Housing Tax Credits allocated with the State Housing Credit Ceiling.

(11) **Application Submission Procedures Manual**--The manual produced and amended from time to time by the Department which sets forth procedures, forms, and guidelines for the filing of Pre-Applications and Applications for Housing Tax Credits.

(12) **Area**--

(A) The geographic area contained within the boundaries of:

(i) An incorporated place; or

(ii) Census Designated Place (CDP) as established by the U.S. Census Bureau for the most recent Decennial Census.

III. COMPETITIVE HOUSING TAX CREDITS: PRE-APPLICATION AND APPLICATION SUBMISSION

A Pre-Application for a Housing Credit Allocation from the State Housing Credit Ceiling may be filed at any time during the Pre-Application Acceptance Period. An Application for a Housing Credit Allocation from the State Housing Credit Ceiling may be filed at any time during the Application Acceptance Period. For the 2010 Competitive Housing Tax Credit Application Round the dates are:

Electronic Filing Agreement Submission	December 23, 2009
FTP Account Setup Deadline for Pre-Application:	December 30, 2009
Application Cycles Open:	December 8, 2009
Pre-Application Acceptance Period Closes:	January 8, 2010
Electronic Filing Agreement Submission	February 17, 2010 (Applicants that did not file Pre-App)
FTP Account Setup Deadline for Full Application:	February 22, 2010 (Applicants that did not file Pre-App)
Application Acceptance Period Closes:	March 1, 2010

Applications received after 5:00 P.M. CST on the last day of the Acceptance Period(s) **will not be accepted**. The deadline is **strictly** adhered to; therefore, the Department strongly encourages you to consider traffic and travel delays as well as potential delays with the FTP file server when planning your submission.

IV. COMPETITIVE HOUSING TAX CREDITS: FORMAT FOR SUBMITTING PRE-APPLICATION

The Pre-Application for Competitive HTC has been converted into one Excel file and consists of **two separate parts**: unbound items and electronic submission. The complete Pre-Application for each proposed development must be submitted as described in this section. **Incomplete Pre-Applications or improperly formatted Pre-Applications will not be accepted.**

Please note that Applicants are not required to submit a Pre-Application. However, pursuant to §§50.7(b)(2) and (b)(3) of the 2010 QAP, Applicants who apply for Competitive HTCs under the At-Risk Set-Aside or TDRO-USDA Set-Aside must either submit a Pre-Application or file a *2010 Intent to Request Housing Tax Credits* form by 5:00 p.m. CST on January 8, 2010 to be considered for the 2010 Application Round. This form will be made available on the Department's website along with all 2010 Application Materials.

Exhibits shown in *italics* are forms, templates or reference material included on the Department's website and in the Pre-Application. The forms, templates or reference material required to complete the Pre-Application are:

1. "2010 Competitive Housing Tax Credit Pre-Application" – Will be referred to as "***Pre-Application Exhibits***" in the ASPM. Link found at <http://www.tdhca.state.us/multifamily/htc/applications.htm>. Please note that all 2010 Templates will be included within the 2010 Pre-Application file.
2. "2010 Reference Manual Items" – Will be referred to as "***Reference Manual***" in the ASPM. All items are provided in the link found at <http://www.tdhca.state.us/multifamily/applications.htm>.
3. "2010 Final QAP Signed by Governor (PDF)" – Will be referred to as "***2010 QAP***" in the ASPM. Link found at <http://www.tdhca.state.tx.us/multifamily/htc/index.htm>
4. "2010 *Electronic Application Filing Agreement*" – Will be referred to as "***the Filing Agreement***" in the ASPM. Link found at <http://www.tdhca.state.tx.us/multifamily/applications.htm>

SUBMISSION FORMAT:

Identifying Labels – Any documentation submitted to the Department with the Pre-Application must be clearly labeled with the following:

1. Development Name
2. Owner Name
3. Contact Name(s)
4. Contact Address(es)
5. Contact Phone and Fax Number(s)
6. Contact Email Address(es)

A. **Electronic submission:**

The Pre-Application consists of two separate files, one in EXCEL format and one in PDF format. These will be submitted to the Department via the FTP file server, in person or by mail, on or before 5:00 P.M. (CST) January 8, 2010 in the following required formats:

- ❖ The file in EXCEL and PDF format
- ❖ There is an “Instructions” tab within the workbook that will provide general instructions on how to fill out the electronic Application and how to convert the Excel file to PDF format. Please read these instructions carefully and in conjunction with this ASPM.
- ❖ For the PDF formatted file:
 - The volume’s tabs must be correctly bookmarked
 - Files should average less than 100 Kilobytes per page
 - Files must be readable with free PDF file viewers including Adobe Reader and be compatible with Adobe Reader 5.0 and above
 - Files should be saved so that “Fast Web View” (or page at a time downloading) is enabled
 - Text within the PDF file should be searchable using the “Find” command in the PDF viewer
 - The PDF file should be named in the following format -- <file_name>.pdf (i.e. Greens_Crossing.pdf)

Please note that the PDF format is an open technology and not proprietary to Adobe, therefore other PDF format applications are available to the public. Questions about electronic submission should be directed to Jason Burr at jason.burr@tdhca.state.tx.us.

IMPORTANT INFORMATION REGARDING ELECTRONIC SUBMISSIONS

- ❖ Each Application must be setup and assigned a separate user name and a password. Information regarding the Department’s File Transfer Protocol (FTP) Procedures to submit subsequent application documentation will be provided on the Department’s website.
- ❖ All Application documentation required subsequent to the Pre-Application will be submitted using the FTP service.
- ❖ Each Applicant is required to complete and submit the *Electronic Application Filing Agreement* prior to receiving a user name and password for the FTP service. The agreement can be found at <http://www.tdhca.state.tx.us/multifamily/applications.htm>.
- ❖ Applicants not submitting a Pre-Application MUST submit the *Electronic Application Filing Agreement* to the Department prior to issuance of a user name and password for access to the Department’s File Transfer Protocol for submission of the full Application and subsequent documentation.

*****INSTRUCTIONS FOR COMPLETING THE PRE-APPLICATION*****

Please note that you should fill in all applicable boxes, and there are several places requiring original signatures. Please read directions that follow. This is not an instruction manual. Please refer to the 2010 ASPM and QAP for detailed instructions for completing your application. Additionally, TDHCA staff is available to answer any other questions.

1. There are six electronic tabs in the Pre-Application Excel workbook that represent separate spreadsheets for applicant use. Note that some tabs in the workbook act as a placeholder for purposes of reminding the Applicants of the unbound documents that must be provided within the application:
 - Instructions
 - 9% HTC Pre-Application Submission Form
 - 9% HTC Pre-Application Self-Scoring Form
 - Relevant Development Information Form
 - Public Notifications Information Form
 - Certification of Notifications at Pre-Application Form
2. Fill in only the areas shaded in Yellow. Gray or white shaded cells automatically calculate information provided by the applicant and are locked, but Applicants will be able to view any formulas within in these cells. All questions are intended to elicit a response, so please do not leave out any requested information.
3. All sheets in this workbook have been protected in order to maintain the integrity of the electronic application. However, you may adjust the size of the cells, text font, etc.
4. This electronic application has been designed so that some information, such as the project name and city, need only be entered once. In order to take advantage of this feature, the user must enter information in the order in which it is requested. There are exceptions to this. If you see a "#VALUE!" or "DIV/0!" in a cell upon data entry, do not worry. These cells will auto-calculate or auto-fill upon data entry in another tab.
5. Be sure to hit "Save" as you fill out your application!
6. Once the application is completed and you are ready to convert to PDF, follow the directions below:
 - ✓ With the Excel document open, go to the Adobe PDF drop-down box from the task bar
 - ✓ Select "Convert to Adobe PDF" from the drop-down list
 - ✓ The Adobe PDFMaker box will appear. On the left hand side of the box a list of the sheets within the Excel file will be listed and you will be prompted to select the sheets you would like to convert to PDF. Once the sheets are selected, click on the "Add Sheets" button to move those sheets over to the right-hand side of the Adobe PDFMaker box, this will list the sheets to be converted to PDF.

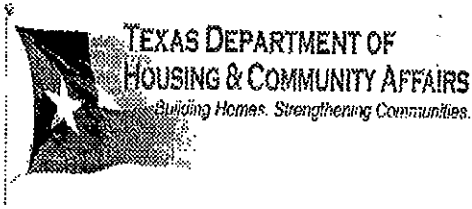
- ✓ Once all sheets that have been selected to be converted appear on the right-hand side under "Sheets in PDF" click on the "Convert to PDF" button.
- ✓ You will be prompted to create a name and save the PDF file. The PDF file should be named in the following format -- <file_name>.pdf (i.e. Greens_Crossing.pdf)
- ✓ A pop-up box will appear that asks "Do you want to proceed without creating tags?" Click Yes.
- ✓ Once the file has been converted to PDF you will need to make sure and go through the document and set the Bookmarks in the correct locations. Bookmarks will have already been created as part of the conversion process, but the locations may not be set correctly due to some of the forms being more than one page in length. To correctly set the Bookmark locations you must have the PDF file open in Adobe Acrobat. Click on the Bookmark icon located on the left-hand side of the Adobe Acrobat screen, or go to the task bar and select these options in the following order: **View → Navigation Panels → Bookmarks**.
- ✓ Note that a Bookmark has been created for each tab within the Excel file. To re-set the location for the Bookmarks, go to the first page of each exhibit. You will then right-click on the corresponding Bookmark for the form you are currently viewing. Select "Set Destination" and a pop-up box will appear asking you the following: "Are you sure you want to set the destination of the selected bookmark to the current location?" Select Yes.
- ✓ If after conversion of the Excel file to PDF format you have extra blank pages of any exhibit, you can delete those pages in order to limit the size of the file. To delete any extra, unnecessary pages identify the page number(s) you want deleted. On the Adobe Acrobat Task Bar click on Document and select Delete Pages from the drop down list. A box will appear prompting you to select which page(s) you would like to delete. Enter the page numbers to be deleted and hit OK.
- ✓ Be sure to read the ASPM for other PDF formatting requirements.

*****INSTRUCTIONS FOR COMPLETING THE PRE-APPLICATION*****

Please note that you should fill in all applicable boxes, and there are several places requiring original signatures. Please read directions that follow. This is not an instruction manual. Please refer to the 2010 ASPM and QAP for detailed instructions for completing your application. Additionally, TDHCA staff is available to answer any other questions.

1. There are **six** electronic tabs in the Pre-Application Excel workbook that represent separate spreadsheets for applicant use. Note that some tabs in the workbook act as a placeholder for purposes of reminding the Applicants of the unbound documents that must be provided within the application:
 - Instructions
 - 9% HTC Pre-Application Submission Form
 - 9% HTC Pre-Application Self-Scoring Form
 - Relevant Development Information Form
 - Public Notifications Information Form
 - Certification of Notifications at Pre-Application Form
2. Fill in **only** the areas shaded in Yellow. Gray or white shaded cells automatically calculate information provided by the applicant and are locked, but Applicants will be able to view any formulas within in these cells. All questions are intended to elicit a response, so please do not leave out any requested information.
3. All sheets in this workbook have been protected in order to maintain the integrity of the electronic application. However, you may adjust the size of the cells, text font, etc.
4. This electronic application has been designed so that some information, such as the project name and city, need only be entered once. In order to take advantage of this feature, the user must enter information in the order in which it is requested. There are exceptions to this. If you see a "#VALUE!" or "DIV/0!" in a cell upon data entry, do not worry. These cells will auto-calculate or auto-fill upon data entry in another tab.
5. Be sure to hit "Save" as you fill out your application!
6. **Once the application is completed and you are ready to convert to PDF, follow the directions below:**
 - ✓ With the Excel document open, go to the Adobe PDF drop-down box from the task bar
 - ✓ Select "Convert to Adobe PDF" from the drop-down list
 - ✓ The Adobe PDFMaker box will appear. On the left hand side of the box a list of the sheets within the Excel file will be listed and you will be prompted to select the sheets you would like to convert to PDF. Once the sheets are selected, click on the "Add Sheets" button to move those sheets over to the right-hand side of the Adobe PDFMaker box, this will list the sheets to be converted to PDF.

- ✓ Once all sheets that have been selected to be converted appear on the right-hand side under "Sheets in PDF" click on the "Convert to PDF" button.
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- ✓ Be sure to read the ASPM for other PDF formatting requirements.



2010 9% HOUSING TAX CREDIT PRE-APPLICATION

Texas Department of Housing and Community Affairs
 Mailing Address: P.O. Box 13941, Austin, TX 78711-3941
 Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Pre-Application to TDHCA for the HTC Program. The Applicant has read and understands the Pre-Application instructions, has read and understands §50.9(c), Adherence to Obligations, of the 2010 Qualified Allocation Plan and Rules and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

I certify that all the information provided regarding notifications is correct at the time that this pre-application is submitted and all of the required entities were notified as required by §50.8(d)(3)(B) of the QAP. I understand that the Department is not responsible for notifying me of any errors identified in the information provided. I also certify that all notifications were made in the format outlined in the template, Neighborhood Organization Request Format and Public Notifications Format (Written).

By: [Signature]
 Signature of Applicant/Owner

1/8/10
 Date

Its: Authorized Signature

Tab 1, Part A
9% HTC PRE-APPLICATION SUBMISSION FORM

1. DEVELOPMENT INFORMATION

Development Name: Atmos Lofts Region: 3

Development Address: 1900 Jackson Street

Development City: Dallas Zip: 75201 County: Dallas

2. SET-ASIDE INFORMATION: (Select all Set-Asides for which the Pre-Application is being submitted by placing a "x".)

Nonprofit Set-Aside At-Risk Set-Aside

3. ALLOCATION INFORMATION: (Select all Allocations for which the Pre-Application is being submitted by placing a "x".)

Rural Allocation USDA Allocation (if Rural)

Urban Allocation

4. UNITS

Total Low Income Units: 107 Total Market Rate Units: 0

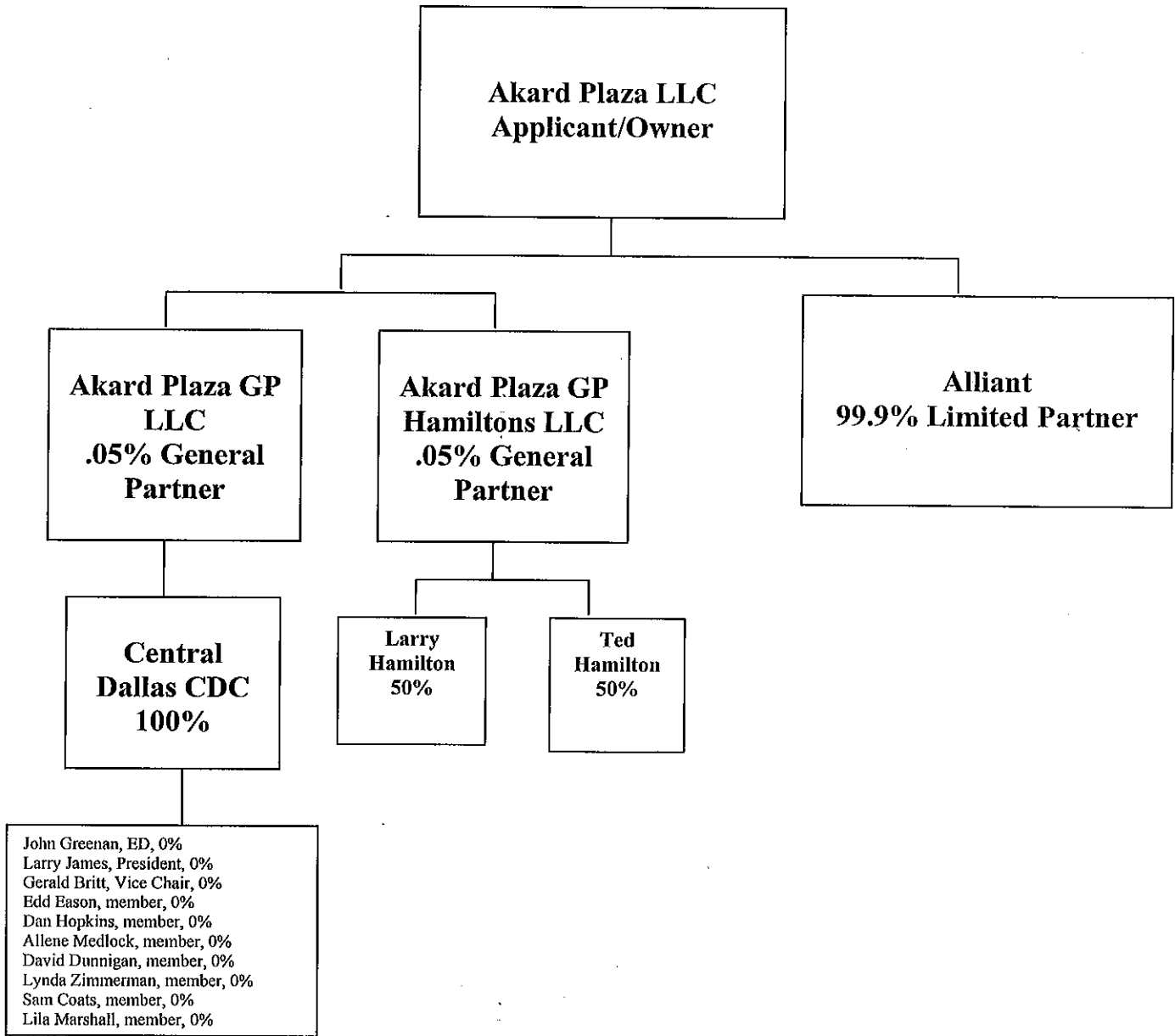
Total Units (Low Income and Market Rate): 107

5. TARGET POPULATION (Select appropriate population by placing a "x".)

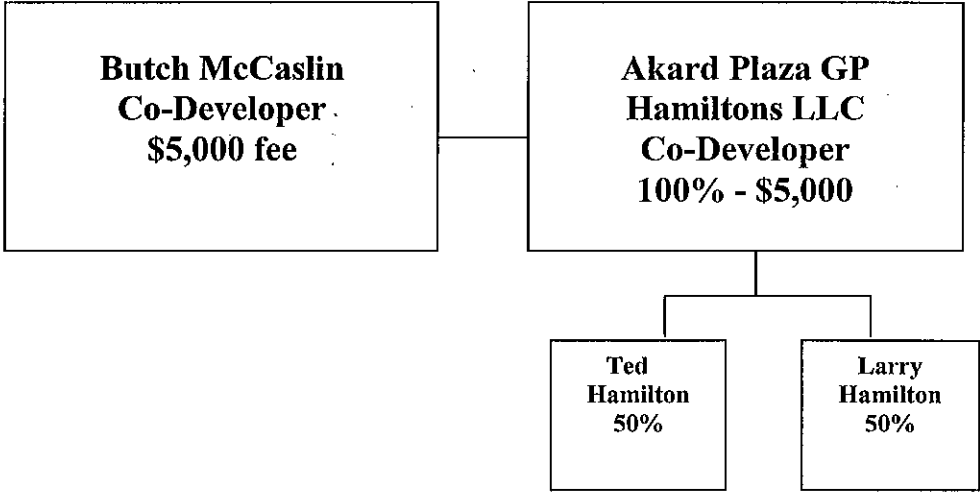
General Intergenerational Housing

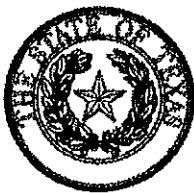
Elderly Supportive Housing

VOLUME 1 TAB 5: ORGANIZATIONAL CHART FOR THE APPLICANT/OWNER



VOLUME 1 TAB 5: ORGANIZATIONAL CHART FOR THE DEVELOPER





2009 MULTIFAMILY UNIFORM APPLICATION
 Texas Department of Housing and Community Affairs (TDHCA)
 Mailing Address: P.O. Box 13941, Austin, TX 78711-3941
 Physical Address: 221 East 11th Street, Austin, TX 78701

The undersigned hereby makes Application to TDHCA for financial assistance. The Applicant has read and understands the Application instructions, has read and understands §49.9(c), Adherence to Obligations, of the 2009 Qualified Allocation Plan and Rules, and certifies that all information herein is true and correct to the best of their knowledge and belief. By signing this document, Applicant is affirming that all statements and representations made in this document are true and correct under penalty of Chapter 37 of the Texas Penal Code titled Perjury and Other Falsification and subject to criminal penalties as defined by the State of Texas. TEX. PENAL CODE ANN. §§37.01 et seq. (VERNON 2003 & SUPP. 2007).

Submitted Application must be signed by a representative with authority to execute documents on the Applicant's behalf.

Lawrence Hamilton
 Applicant's Authorized Representative's Signature Lawrence Hamilton 2-26-09
 Representative's Printed Name, Title Date

Volume 1, Tab 1
PART A. ACTIVITY OVERVIEW

1. Multifamily Rental Development Name and Location

Development Name: <u>THE PLAZA</u>	Region: <u>1</u>
Address: <u>FOUR STARVEST</u>	ZIP Code: <u>75245</u>
City: <u>Dallas</u>	County: <u>Dallas</u>
If a Pre-Application was submitted, enter TDHCA assigned Development number: <u>09157</u>	

2. Target Population (Check Only One):

- Family
- Elderly
- Intergenerational Housing

PART B. APPLICANT INFORMATION

Provide the contact data for the Applicant's staff person who is responsible for Application and contract administration. This primary contact will not be the consultant or the end service provider.

1. Applicant Contact Information

Applicant Legal Name: <u>Atard Plaza LLC</u>	
Applicant Contact Name: <u>John Greenan</u>	
Mailing Address: <u>2114 Main St Ste 102</u>	City: <u>Dallas</u> State: <u>TX</u> ZIP: <u>75226</u>
Phone: <u>(214) 573-2570</u>	Fax: <u>(214) 573-2573</u> Email: <u>jgreenan@centraldallasdc.org</u>

If Applicant's "Physical Address" is different from the "Mailing Address," provide the physical address below:

Applicant Physical Address: <u>same</u>	
City: <u>Dallas</u>	State: <u>TX</u> ZIP: <u>75226</u>
2 nd Contact Name (required): <u>Sarah Andre</u>	
Phone: <u>(214) 694-2362</u>	Fax: <u>(214) 253-2266</u> Email: <u>sarah@s2development.com</u>

SHACKELFORD MELTON & MCKINLEY

ATTORNEYS & COUNSELORS

June 24, 2010

John C. Shackelford
Also Admitted in Florida and Georgia
Direct 214.780.1414
jshack@shacklaw.net

VIA E-MAIL

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

Re: Response to Challenge; TDHCA #10284; Our File No.: 50881.1

Dear Mr. Gerber:

This letter is in response to the letter to Robbye Meyer, dated June 14, 2010, from Tony Sisk, in which Mr. Sisk challenges the eligibility of Atmos LIHTC, LP (the "Applicant") to receive six points for submitting a Pre-Application in accordance with the 2010 Qualified Action Plan ("QAP").

First, I compliment Mr. Sisk for submitting a well written and well reasoned challenge to Applicant receiving six Pre-Application points. I do, however, take exception with the conclusion reached by Mr. Sisk for the reasons below stated.

The Department correctly concluded Applicant is entitled to the six Pre-Application points due to the ambiguity in the QAP regarding the form of submission of the Pre-Application pursuant to Section 50.8 of the QAP and the form of submission of the full Application pursuant to Section 50.9 of the QAP. As Mr. Sisk correctly points out, Section 50.8 of the QAP does not specifically prescribe the required form of submission of the Pre-Application, and Section 50.9 of the QAP clearly does by requiring a full Application to be submitted "as required by the Application Submission Procedures Manual" (the "ASPM"). The issue centers around the omission in Section 50.8 of the QAP of the language "must be submitted as required by the Application Submission Procedure Manual."

Next, Mr. Sisk cobbles together certain language in the definitions section of the QAP and language in the ASPM to make the argument that the requirements of the APSM are incorporated into the requirements for submission of a Pre-Application. The conclusion reached by Mr. Sisk is fatally flawed due to his interpretation of what constitutes an acceptable form of submission of the Pre-Application. Mr. Sisk incorrectly states that Section IV of the ASPM requires "an electronic submission", when in fact it categorically does not state that to be the case.

3333 Lee Parkway
Tenth Floor
Dallas, Texas 75219
Phone 214.780.1400
Fax 214.780.1401
www.shacklaw.net

Mr. Michael Gerber

June 24, 2010

Page 2

Similar to the difference between the language of Section 50.8 of the QAP and Section 50.9 of the QAP, the language of Section VI of the ASPM, which mandates the form of submission for the full Application, is materially different than what Section IV of the ASPM provides for the form of submission of the Pre-Application.

In Section VI of the ASPM, under the heading Electronic Submission, the language at issue is as follows: "A bookmark, electronic copy of the complete Application and Third Party Reports must be submitted as one PDF file on a recordable compact disc (CD-R) **AND** must also be submitted in the original Excel format." This key sentence in Section VI of the ASPM clearly states that the full Application may only be submitted to the Department on a CD-R.

If Department required a Pre-Application to be submitted only on a CD-R, then the language referenced in Section VI of the ASPM would also be included in Section IV of the ASPM. It does not. Applicant contends it completely complied with the provisions of Section IV of the ASPM by delivering in person, which is expressly permitted in Section IV of the ASPM, a hard copy of the Pre-Application in separate files, one in Excel format and one in PDF format. Applicant downloaded the Pre-Application, completed all the information in both the Excel format and PDF format and timely submitted same to the Department before 5:00 p.m., January 8, 2010. Mr. Sisk mistakenly reads the word "electronic" into the form of submission in Section IV of the ASPM when it is only used in Section VI of the ASPM.

The QAP is a legally binding set of rules and regulations governing the low income housing tax credit program under the auspices of the Texas Department of Housing and Community Affairs ("TDHCA"), and it must be interpreted by the same judicial standard applied to interpreting any other laws and statutes.

In support of this proposition, please see *In re M.N.*, 262 S.W.3d 799, 802 (Tex. 2008). As provided in *In re M.N.*, the court states that "we presume that the legislature included each word in the statute for a purpose, and that the legislature purposely omitted words not included." See also *City of Rockwall vs. Hughes*, 246 S.W.3d 621, 628 (Tex. 2008), in which the court states, "It is a rule of statutory construction that every word of a statute must be presumed to have been used for a purpose ... [and] we believe every word excluded from a statute must also be presumed to have been excluded for a purpose."

Based upon case law rule of statutory construction, I therefore submit the following two arguments. In applying the above judicial standard, it must be concluded that the drafters of the QAP intentionally or purposefully omitted in Section 50.8 of the QAP the requirement that a Pre-Application must be submitted on the same basis required by Section 50.9 of the QAP. Accordingly, references to compliance with the ASPM in Section 50.9 of the QAP are inapplicable to the submission of the Pre-Application pursuant to Section 50.8 of the QAP.

The second argument is that Applicant did in fact comply with the terms and provisions of Section IV of the ASPM by submitting a hard copy of the Pre-Application in two files, one in Excel format and one in PDF format. Again, Section IV of the ASPM must be interpreted by the judicial standard above set forth and the conclusion is that the drafter of the ASPM intentionally

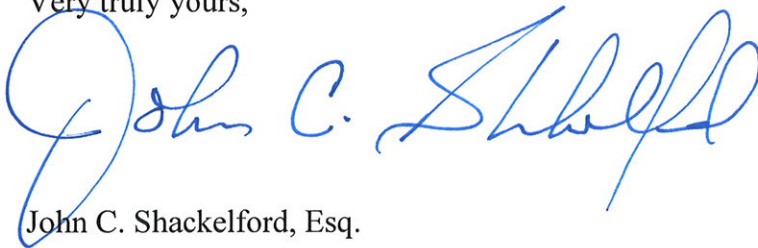
Mr. Michael Gerber
June 24, 2010
Page 3

or purposefully omitted the requirement found in Section VI of the ASPM that the sole form of submission must be electronic. Accordingly, the language in Section VI of the ASPM for submission of a full Application is inapplicable to the submission of the Pre-Application.

Due to the material differences in the language of Sections 50.8 and 50.9 of the QAP and differences in the language of Sections IV and VI of the ASPM, the Department correctly concluded that Applicant is entitled to the six Pre-Application points and the staff's decision in this matter should not be reversed.

I respectfully request the challenge presented by Mr. Sisk be dismissed and the six Pre-Application points awarded to Applicant be maintained.

Very truly yours,



John C. Shackelford, Esq.

JCS/sd

cc: Robbye Meyer *(via e-mail)*
Tom Gouris *(via e-mail)*
Raquel Morales *(via e-mail)*
Tim Irvine, Esq. *(via e-mail)*
Jeff Pender, Esq. *(via e-mail)*
Larry Hamilton *(via e-mail)*
Ted Hamilton *(via e-mail)*
John Greenan, Esq. *(via e-mail)*
Jeff Spicer *(via e-mail)*

16 June, 2010

Mr. Michael Gerber, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: "Atmos Lofts" Project
1900 Jackson Street
Dallas, Texas 75201
Region 3; File Number 10284

Dear Mr. Gerber:

Please accept this letter as an expression of my concerns regarding the subject Tax Credit project application. It is my understanding that Ted Hamilton has applied to the State for \$1,336,488 in Low Income Housing Tax Credits for the 107 unit "Atmos Lofts" multifamily project, which is located at 1900 Jackson Street in Downtown Dallas. While I am very supportive of any and all efforts by the City of Dallas and your department to create Low and Moderate Income housing opportunities in the Dallas Central Business/Residential District, I have some significant reservations about this particular project.

The "Atmos Complex" (also known as The Lonestar Gas Complex) is composed of four separate, interconnected buildings on five separate land parcels, occupying the entire city block bounded by Harwood, Wood, St. Paul, and Jackson streets. Each building has its own address, and all four buildings have different Dallas Central Appraisal District property identification numbers. The four buildings in the complex, containing 390,425 square feet of building area per DCAD, are known individually as: 1900 Jackson Street, 301 South Harwood Street, 1915 Wood Street, and 1815 Wood Street. The entire complex was built by Lonestar Gas Company, the forerunner company to Atmos Gas. The oldest building in the complex, 1915 Wood Street, was built in 1924. In 1930, Lonestar constructed an addition to the first building, 301 South Harwood Street. Another addition, 1815 Wood Street, was completed by Lonestar in 1966. The fourth and final addition to the complex was made in 1979 when 1900 Jackson Street was constructed.

On October 20, 2008, the Hamilton plan for redevelopment of the entire Atmos complex of buildings was presented to the Dallas City Council Economic Development Committee (see attached Exhibit A). The redevelopment plan was for 225 multifamily residential rental units, with 23 (10%) of the units set aside for residents earning 80% of AMFI. Presumably, the 23 "affordable units" would have been dispersed throughout the four building complex, among the 202 "market units". The budget for this project, as presented, was \$50,241,603, or **\$223,296.01 per residential unit**.

On May 18, 2009, another Hamilton plan for the redevelopment of the entire Atmos complex was presented to the Dallas City Council Housing Committee (see attached Exhibit B). This redevelopment plan for the complex included 233 multifamily residential rental units, with 46 (20%) of the units set aside for residents earning 80% of AMFI. Presumably, the 46 "affordable units" would have been dispersed throughout the four building complex, among the 187 "market units". The budget for this project, as presented, was \$45,986,206, or **\$197,365.69 per residential unit**.

Then, on April 19, 2010, the Hamilton "tax credit" plan was presented to the Dallas City Council Housing Committee (See attached Exhibit C). This plan includes redevelopment of only one of the four buildings, 1900 Jackson Street, into 107 multifamily residential rental units, with all of the units (100%) set aside for residents earning 60% of AMFI and less. **It appears the 107 Low income units will be segregated in this one building, separated from the remaining three buildings in the complex, instead of being dispersed throughout the four building complex**

as in the previous redevelopment plans. The budget for the 107-unit, single building project, as presented, is \$12,623,595, or **\$117,977.52 per residential unit.** As a practical matter, it is my belief that the 1900 Jackson Street building cannot be redeveloped as a stand-alone building, especially for the budgeted amount of \$12,623,595 (based on the earlier May, 2009 budget, I believe an amount of at least \$21,118,129, at \$197,365.69 per residential unit, will be required as a minimum). If the developer represented to TDHCA, in its tax credit application (which I have not seen, but I do plan on making an open records request for their application.), that the 107 low income unit project at 1900 Jackson Street could be redeveloped for \$12,623,595 (**\$117,977.52 per residential unit**) independent of the three remaining buildings in the complex, I fear that you may have been misled.

Aside from the financial dependency, the 1900 Jackson Street building is also dependent on the other three buildings in the complex for other related amenities such as parking, exercise facility, leasing center, swimming pool, etc. I also believe that the developer has every intention of developing the entire complex of four buildings as a “mixed income” project, with a total development budget of around \$46 million, as had been presented in May, 2009. Therefore, the budget for the redevelopment of the three remaining buildings will be approximately \$33.363 Million for about 126 “market” residential units (assuming a total of 233 residential units for the four building complex), or about **\$265,000 per residential unit.** As you can readily see, there is a substantial difference in cost per unit between the 1900 Jackson Street project as presented to TDHCA, and the redevelopment of the three remaining buildings in the complex.

If, as is suspected, the true plan to redevelop the entire complex becomes a reality, the complete concentration of low income housing units in one building of the four-building complex will represent the very segregation, discrimination, and lack of integration that Federal Fair Housing and Civil Rights Laws were designed to prevent. According to the 2000 Census, 64.7% of Dallas’ population are minorities (25.9% Black; 35.6% Hispanic/Latino; 2.7% Asians; .5% American Indian and Alaskan Native), and I suspect that these minority populations will increase when the 2010 Census results become available. These minorities are heavily and disproportionately represented in the income levels to be served by this project. So, it is easy to conclude that the 107 unit single building at 1900 Jackson Street will be largely occupied by members of the impacted/protected classes, while the other three buildings will not.

I am aware of the lawsuit, filed against the Texas Department of Housing and Community Affairs by The Inclusive Communities Project, Inc., and I have also read the Motion to Dismiss which was filed with the court by the Texas Attorney General, where he accurately (I believe) asserted the reason tax credit projects were only completed in the predominantly minority areas of the city was because that was the only area/location in which the City of Dallas had approved and submitted tax credit project applications to the TDHCA. Clearly, I understand that both TDHCA and the City of Dallas are now motivated to encourage low income housing tax credit projects in the Northern areas of the City, reversing the previous trend. However, in the case of the Atmos Lofts project, as presented to TDHCA, it is my belief that the City has approved and supported a project with an extremely discriminatory element that will further segregation and racism in an area that doesn't need gasoline thrown on an already existing fire. We want and need low and moderate income units in downtown Dallas, when its done correctly, not in this manner, where multiple federal laws would be violated.

Respectfully submitted,

s/s Curtis Lockey

Cc: Brooke Boston
Tom Gouris
Robbye Meyer
Misael Arroyo

Memorandum



DATE May 15, 2009

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dr. Elba Garcia, Vonciel Jones Hill, Angela Hunt, Linda Koop, Pauline Medrano

SUBJECT Community Development Block Grant Section 108 Guarantee Loan Application for The Atmos Lofts

On Monday, May 18, 2009, you will be briefed on Community Development Block Grant Section 108 Guarantee Loan Application for The Atmos Lofts. A copy of the briefing is attached.

Please let me know if you have any questions.



A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing Director
Jeanne Chipperfield, Director, Budget and Management Services
Helena Stevens-Thompson, Assistant to the City Manager

Community Development Block Grant Section 108 Guarantee Loan Application for The Atmos Lofts

A Briefing To The Housing Committee

May 18, 2009

Housing Department



Purpose

Consideration of Community Development Block Grant Section 108 Guarantee Loan application for \$9,000,000 for the conversion of vacant commercial buildings into 233 rental units and approximately 10,000 square feet of retail for the four buildings comprising the current Atmos Complex located at 1900 Jackson Street, 301 S. Harwood Street, 1915 Wood Street and 1815 Wood Street

Section 108 Loan Application Process

- □ Develop proposed HUD application for \$9M and waiver request for affordability of 20% of units
- Held Neighborhood Public Hearing May 4, 2009
 - Hearing held at Central Library downtown in the area in which funds will be used
 - Participants provided Section 108 Loan Guarantee purpose and eligible uses
 - Obtained favorable views of citizens
 - Community development objectives
 - Housing and economic development needs
- Prepare Final HUD Application
 - Consideration of public comments and views
 - Finalized description of activities

Section 108 Loan Application Process (cont.)

☐☐ Hold City Council Public Hearing

- ☐ Contents of final HUD application
- ☐ Summary of public comments

☐☐ Obtain City Council Approval

- ☐ Final application for project
- ☐ Schedule of repayment to HUD of the Section 108 guaranteed loan

Underwriting Guidelines

- ☐☐ Section 108 funding used as subordinate gap financing as a mezzanine refunding piece
- ☐☐ Total loan balance of the project, including first liens, cannot exceed 85% of the lower of total cost or appraised value of the completed stabilized project
- ☐☐ Debt service coverage ratio of 1.15 for all debt
- ☐☐ Additional credit enhancement to provide collateral support to insure that payments can be repaid if refinancing does not repay both first and second liens
- ☐☐ Additional credit support required if the first lien mortgage financing does not include an interest reserve during the construction period, redevelopment and lease up

Atmos Lofts

- 1900 Jackson Street, 301 S. Harwood Street, 1915 Wood Street and 1815 Wood Street, Council District 14
- Four vacant commercial buildings converted into 233 rental units and approximately 10,000 square feet of bottom floor retail
 - 37 efficiencies - average size 647 square feet
 - 136 one bedrooms - average size 804 square feet
 - 45 two bedrooms – average size 1,274 square feet
 - 15 units average size 1,637 square feet
 - 46 affordable units, 187 market rate units
- Applicant – Hamilton Atmos LP
 - Partners: Hamilton Atmos GP LLC, Lawrence E. Hamilton, and Lawrence E. Hamilton III

Developer

- □ Hamilton LP is an affiliate of Hamilton Properties Corporation that has sponsored several developments in downtown Dallas including:
 - The Davis Building, 1309 Main Street, 183 loft apartments, 20,000 square feet of retail, and 12 story parking garage containing 608 parking stalls and 30,000 square feet of retail space
 - The Dallas Power & Light, 1508 Commerce, 158 loft apartments, 25,000 square feet of retail, and structured parking for 160 vehicles
 - Mosaic, 300 N. Akard Street, 440 loft apartment units, 20,000 square feet of retail, and an 8 story parking structure for 650 vehicles
 - Santa Fe IV , 1033 Young Street, currently under construction to convert 8 story commercial building into a 193 room Aloft Hotel, scheduled completion in August 2009

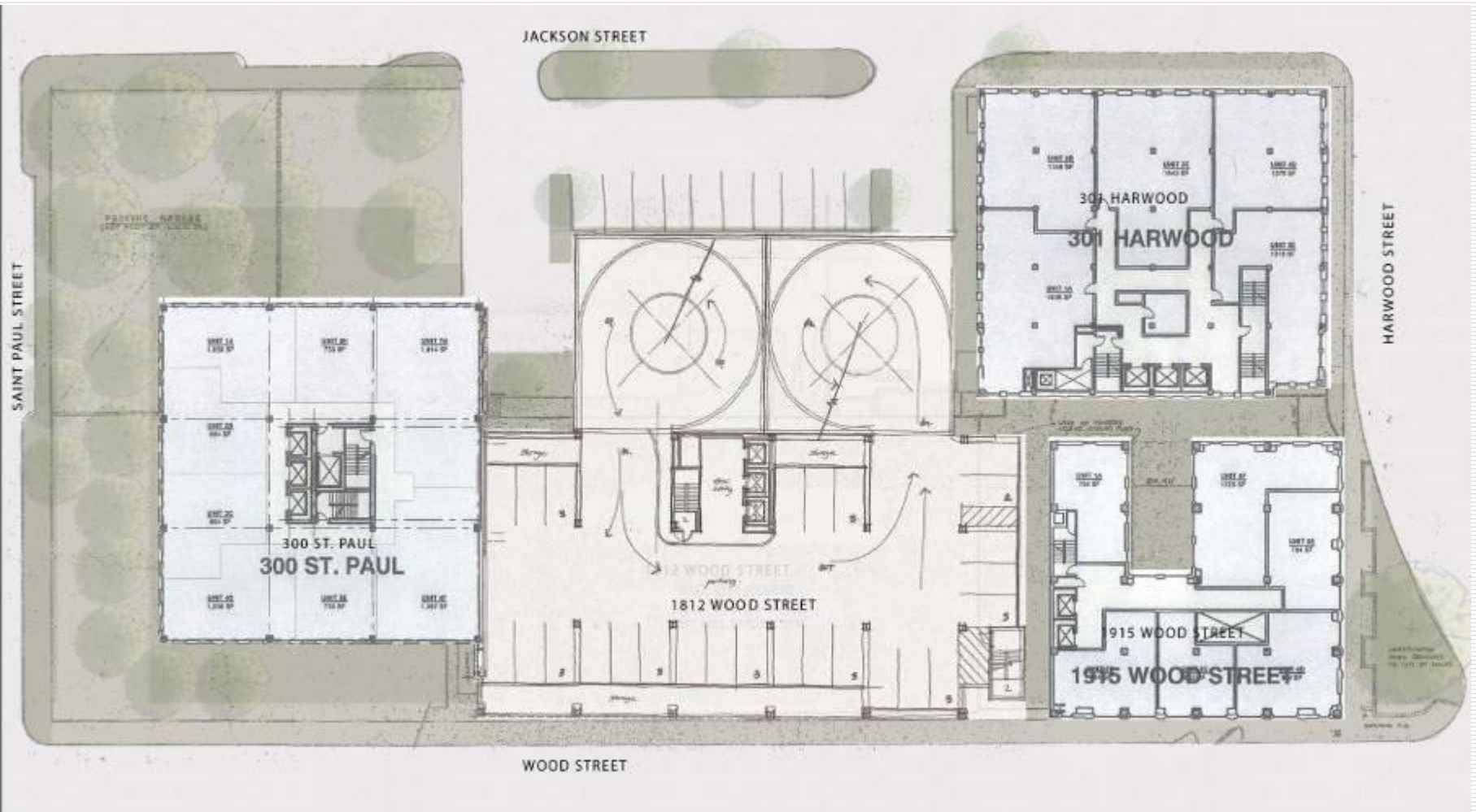
Property Manager

- □ Trigon Management, 1412 Main Street, Suite 1400, Dallas
 - Formed in 2005
 - 2525 total units managed in the metroplex and Universal City, TX
 - Properties managed in Dallas
 - The Davis Building & Metropolitan Garage, 1309 Main and 1310 Elm, 183 residential, retail and office
 - Dallas Power & Light Building, 1222 Browder St., 58 units residential and retail
 - Mosaic, 300 N. Akard, 440 residential units and retail
 - Ilume, 4123 Cedar Springs Rd., 316 residential units and retail
 - Casa de Loma, 100 N. Randolph, 102 residential units
 - August Park, 2808 N. Saint Augustine, 158 residential units

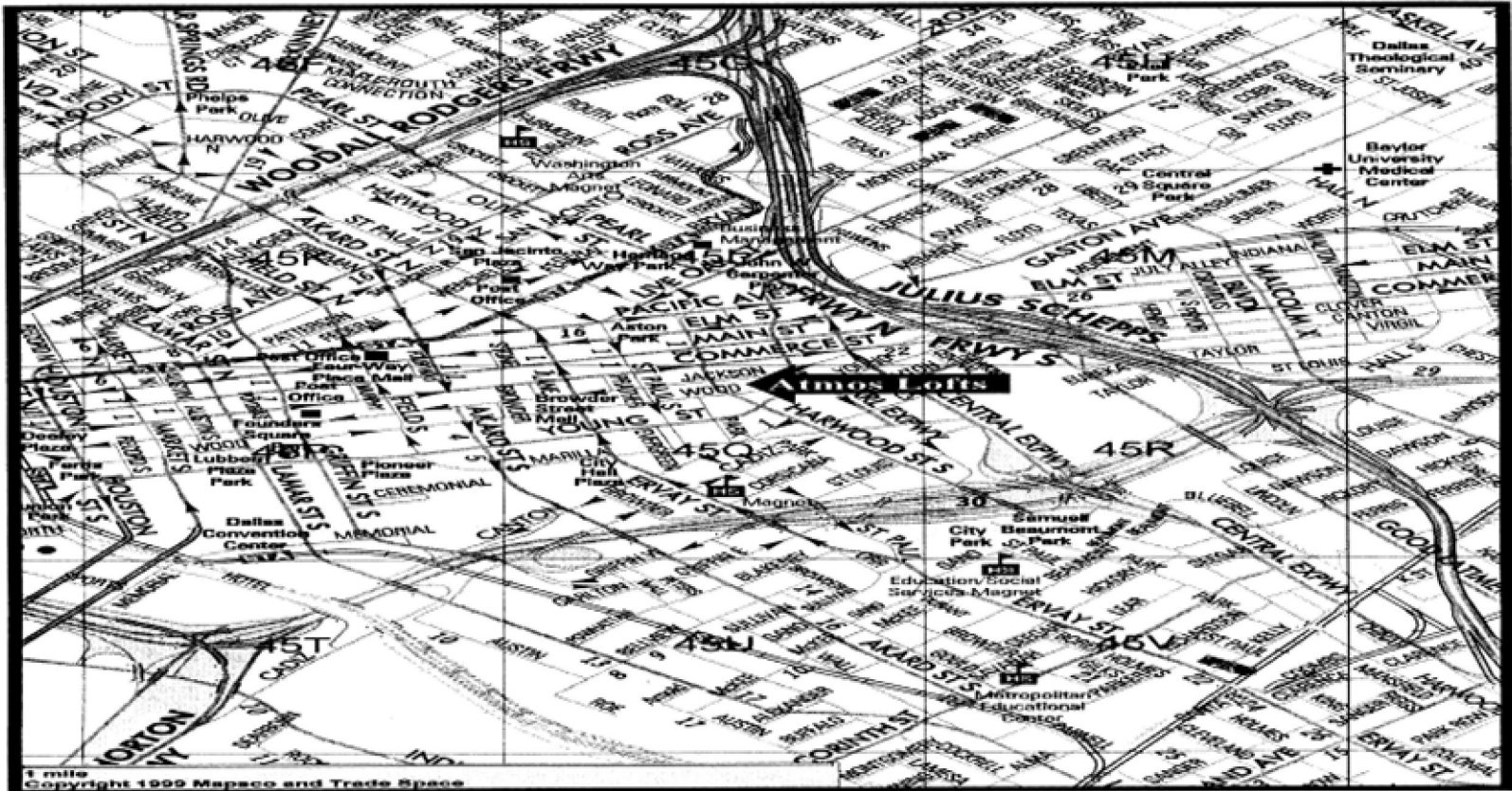
Current Atmos Complex



Site Plan



Project Location



MAPSCO 45Q

Sources and Uses

SOURCES

Construction Loan	\$21,251,724
TIF Bridge Loan of 50%	5,748,276
Section 108 Loan	9,000,000
Tax Credit Equity	4,347,254
Developer Equity	<u>5,638,952</u>
TOTAL SOURCES	\$45,986,206

USES

Land and Building	\$ -0-
Construction Costs	26,440,705
Demolition and Abatement	2,142,900
Furniture, Fixtures & Equipment	891,035
Tenant Improvement Costs	750,000
Hard Cost Contingency	1,965,722
Architect/Engineering	1,539,200
Insurance	58,250
Property taxes during Constr.	380,000
Construction Interest	1,215,000
Interest Reserve for Lease-up	1,209,955
Interest Reserve for 108 loan	1,102,698
Legal and Accounting	175,000
Title, Closing and Carry	332,500
Loan Origination Fees	507,500
Construction Management Fee	234,000
Developer Fee and Overhead	6,500,000
Soft Cost Contingency	<u>541,741</u>
TOTAL USES	\$45,986,206

Credit Enhancement

- Three and half years of interest reserve for 108 loan represents two years more interest rate than needed to pay debt and allows for slippage in lease up of the project
- Project @ stabilization cash flows sufficient debt coverage to pay 1st and 2nd lien debt
- 50% of TIF reimbursements totaling \$21+M beginning in 2014 will be pledged directly to repay the \$9M 108 loan
- No partnership distributions will be made until the first TIF reimbursement is paid. The 1st lien loan and the City's 108 loan will each have claim to 50% of the accumulated NOI (estimated @ \$1.6M or \$800K each) providing another two years of interest carry on the 108 loan
- All NOI that exceeds 1.15 debt coverage on the first and 108 loan will be used to reduce the 108 loan and not paid as a partnership distribution

Pro Forma Analysis

See Addendum A

- Construction commences in 2009 and completed in 2010
- Project reaches rent stabilization in 2011
- Loan to Value ratio of 99% for both 1st lien debt and 108 second lien loan will not meet underwriting standard based upon a capitalization rate of 7% of the net operating income
- Underwriting standard not met for project debt coverage on 1st debt plus 108 loan second debt of 1.15% during lease up until permanent loan when coverage drops to 1.05% debt coverage in 1st year of permanent debt
- City only receiving 50% of TIF reimbursement in order to facilitate the underlying bank loan that otherwise would not be approved
- The 50% TIF reimbursement of \$11.5M results in the City being paid back over 10 years on \$9M loan
- The TIF reimbursement represents the only payback of the 108 loan
- Three and half years of 108 interest reserve @ \$1,202,698 (current LIBOR plus 300 basis points) will be set up at closing of construction loan
- Based upon pro forma, we have two and a half years of extra interest to allow for construction delays and or slow lease up before project stabilizes
- No partnership distributions will be made until the first TIF reimbursement is paid. The 1st lien loan and the City's 108 loan will each have claim to 50% of the accumulated NOI (estimated @ \$1.6M or \$800K each) providing another two years of interest carry on the 108 loan
- All NOI that exceeds 1.15 debt coverage on the first and 108 loan will be used to reduce the 108 loan and not paid as a partnership distribution

RECOMMENDATION

- City loan \$9M in 108 funds borrowed from HUD to Hamilton Atmos GP,LLC, to redevelop the project known as the Atmos Block with principle to be repaid with 50% of the TIF reimbursements beginning in 2014 and interest paid through a combination of interest reserve built into the construction loan, pledge of partnership distributions until TIF reimbursements start, and the Net Operating Income of the property

Next Steps

- ☐☐ May 20, 2009 City Council call for public hearing
- ☐☐ June 24, 2009 City Council Public Hearing and final approval for filing of Section 108 loan application and waiver request to HUD
- ☐☐ Complete draft of Section 108 loan application and waiver request and submit to HUD

Atmos Lofts

Dallas, Texas

Construction Loan Analysis

	Per Unit ¹	PSF ²	Amount
Cost Information			
Land, Building and Acquisition Costs	\$0	\$0.00	\$0
Hard Costs	\$138,156	\$149.34	\$32,190,362
Soft Costs	\$38,609	\$41.73	\$8,995,844
Deferred Development Fee	\$20,601	\$22.27	<u>\$4,800,000</u>
Total Costs	\$197,366	\$213.34	\$45,986,206
Total Cost w/out Deferred Development Fee	\$176,765	\$191.07	\$41,186,206
Total Tax Increment Finance (TIF) Funds to the project			\$11,496,552
Loan Information			
Loan Request Net of 50% of TIF	\$91,209	\$98.59	\$21,251,724
Loan Request including TIF bridge			\$27,000,000
Section 108 Loan	\$38,627	\$41.75	\$9,000,000
First Mortgage			
30-Day Libor as of 4-13-09			0.50063%
Spread			2.50%
Interest Rate Cushion			2.50%
Interest Rate			5.50%
Term			5 Years
Amortization			Interest Only
Annual Debt Service	\$6,374	\$6.89	\$1,485,170
Section 108 Loan⁴			
30-Day Libor as of 4-13-09			0.50063%
Spread			0.50%
Interest Rate Cushion			2.50%
Interest Rate			3.50%
Term			15 Years
Ineterst Only (Principal paid back with 50% of TIF proceeds)			I/O
Annual Debt Service			\$315,057
Ratios			
Debt Service Coverage "As Stabilized" First Mortgage			1.79x
Debt Service Coverage "As Stabilized" Fully Amortizing First			1.45x
DSC Fully Amortizing First less TIF \$'s			1.84x
DSC "As Stabilized" I/O and 108 pmt			1.48x
Loan To Cost (w/out Deferred Development Fee or TIF \$'s)			66%
Loan to Stabilized Value (without TIF dollars)			71%
Loan to Stabilized Value (with 50% of TIF dollars)			56%
108 loan to stabilized Value (without TIF dollars)			95%
108 loan to stabilized Value (less TIF dollars)			64%
Equity Source Summary			
Historic Tax Credit Equity	\$18,658	\$20.17	\$4,347,254
Land, Building and Acquisition Costs	\$0	\$0.00	\$0
Additional Equity Required			\$838,952
Deferred Development Fee Equity	\$20,601	\$22.27	<u>\$4,800,000</u>
Total Equity Contributions	\$42,859	\$46.33	\$9,986,206
Value Information			
	NOI ⁵	Cap Rate	Value
Net Operating Income Year 5	\$2,661,693	7.00%	\$38,024,191
Estimated Value	\$163,194	\$176.40	\$38,024,191

Footnotes

- 1 Based on 233 apartment units.
- 2 PSF calculations are based on the net rentable area of 215,556 Square Feet and excludes the garage square footage.
- 3 TIF dollars do not start flowing to the project until 2013, but the TIF funds accrue interest at 5.85%, with total TIF grant capped (including interest) at \$23,000,000.
- 4 Section 108 funds from the City of Dallas will remain in 2nd position after a refinance/sale. 50% of TIF funds are pledged to the 108 loan.
- 5 Based on Year-3 Net Operating Income.

Atmos Lofts

Detailed Budget

AHS	GL	Code	Cat	GL Name	Qty	Unit	\$/Unit	Budget
Acqui	10	905	Land	Land, Building, and Acquisition Cost	1	LS		\$ -
				10905 Land Total				\$ -
				10900 Land, Building, Acquisition Cost Total				\$ -
Hard	11	100	Private	General Contract - Andres				\$ 26,440,705
				11100 General Contractor - Andres Total				\$ 26,440,705
Hard	11	250	Demo	Demolition and Abatement Contract	1	LS	\$ 2,142,900	\$ 2,142,900
				11200 Abatement Total				\$ 2,142,900
				FFE - Apartments Subtotal				\$ -
Hard	12	205	FFE	Trash Compactors	3	LS	\$ 15,000	\$ 45,000
Hard	12	210	FFE	Security/Access Control /Sound/Direct TV	233	apt	\$ 575	\$ 150,000
Hard	12	220	FFE	Sound	233	apt	\$ 75	\$ 17,475
Hard	12	225	FFE	Art	1	LS	\$ 25,000	\$ 25,000
Hard	12	230	FFE	Signage - Interior (code signage by Andres)	233	LS	\$ 65	\$ 15,145
Hard	12	235	FFE	Owner Inspections and Permits	1	LS	\$ 13,915	\$ 13,915
Hard	12	245	FFE	FFE - Other (Kul items)	1	LS	\$ 65,000	\$ 65,000
				FFE - Interiors / General Subtotal				\$ 331,535
Hard	12	305	FFE	Landscaping	1	LS	\$ 200,000	\$ 50,000
Hard	12	310	FFE	Pool Deck and cabana	1	LS	\$ 100,000	\$ 50,000
Hard	12	315	FFE	Dive-in theater	1	LS	\$ 50,000	\$ 20,000
Hard	12	320	FFE	Signage - Exterior	1	LS	\$ 25,000	\$ 40,000
Hard	12	335	FFE	Street Scape	1	LS	\$ 30,000	\$ 30,000
				FFE - Exteriors Subtotal				\$ 190,000
Hard	12	805	FFE	Grand Opening	1	LS	\$ 15,000	\$ 15,000
Hard	12	807	FFE	Fitness Equipment	1	LS	\$ 55,000	\$ 55,000
Hard	12	810	FFE	Janitorial supplies and eq.	1	LS	\$ 4,500	\$ 4,500
Hard	12	815	FFE	Keytrack	1	LS	\$ 15,000	\$ 15,000
Hard	12	820	FFE	Lobby Furniture	1	LS	\$ 15,000	\$ 15,000
Hard	12	822	FFE	Model Unit Furniture				\$ 20,000
Hard	12	825	FFE	Marketing, Start-up	1	LS	\$ 100,000	\$ 100,000
Hard	12	830	FFE	Office Supplies	1	LS	\$ 15,000	\$ 15,000
Hard	12	835	FFE	Office equip, computers etc	1	LS	\$ 15,000	\$ 15,000
Hard	12	840	FFE	Office Furniture	1	LS	\$ 15,000	\$ 15,000
Hard	12	845	FFE	Power @ Lease-up	1	LS	\$ 100,000	\$ 100,000
				FFE - Leasing Start-up Subtotal				\$ 369,500
				12000 Furniture, Fixtures, and Equipment Total				\$ 891,035
Hard	13	005	TI	Space 1	5,000	sf	\$ 75	\$ 375,000
Hard	13	010	TI	Space 2	5,000	sf	\$ 75	\$ 375,000
				13000 Tenant Improvements Total				\$ 750,000
Hard	14	005	Continge	Hard Cost Contingency	7.00%	%	\$ 28,081,740	\$ 1,965,722
				14000 Hard Cost Contingency Total				\$ 1,965,722
				Hard Cost Total				\$ 32,190,362
Soft C	15	005	Interest	Interest - Construction	1	LS	\$ 1,215,000	\$ 1,215,000
Soft C	15	010	Interest	Interest Reserve- Lease-up	1	LS	\$ 1,209,955	\$ 1,209,955
Soft C	15	015	Interest	Interest Reserve - Section 108			\$ 1,102,698	\$ 1,102,698
				15000 Interest Total				\$ 2,424,955
				15100 Architects and Engineers Total				\$ 1,539,200
Soft C	15	205	Insurance	Insurance- Bldrs. Risk	233	LS	\$ 250	\$ 58,250
Soft C	15		Insurance	Insurance - Excess Liability, Umbrella				\$ -
				15200 Insurance Total				\$ 58,250
Soft C	15	305	Legal/Acx	Legal Costs	1	LS	\$ 150,000	\$ 150,000
Soft C	15	310	Legal/Acx	Accounting Costs	1	LS	\$ 25,000	\$ 25,000
				15300 Legal/Accounting Total				\$ 175,000
Soft C	15	405	Property	Property Taxes during Construction	1	LS	\$ 380,000	\$ 380,000
				15400 Property Tax Total				\$ 380,000
Soft C	15	505	Title/Clos	Survey	1	LS	\$ 5,000	\$ 5,000
Soft C	15	510	Title/Clos	Appraisal	1	LS	\$ 12,500	\$ 12,500
Soft C	15	515	Title/Clos	Misc, Ins, utilities, etc	1	LS	\$ 200,000	\$ 200,000
Soft C	15	520	Title/Clos	Title Premium	1	LS	\$ 115,000	\$ 115,000
				15500 Title/Closing/Carrying Total				\$ 332,500
Soft C	15	605	Loan / Or	Construction Lender	1.00%	%	\$ 27,000,000	\$ 270,000
Soft C	15	610	Loan / Or	Holiday Fenoglio Fowler	0.75%	%	\$ 27,000,000	\$ 202,500
Soft C	15	630	Loan / Or	Tax Credit Capital	1	LS	\$ 35,000	\$ 35,000
				15600 Loan / Origination Fees Total				\$ 507,500
Soft C	15	705	CM Fee	Construction Management Fee	1	LS	\$ 234,000	\$ 234,000
				15700 Construction Management Fee Total				\$ 234,000
Soft C	15	805	Develope	Earned Developer Fee	1	LS	\$ 1,700,000	\$ 1,700,000
Soft C	15	815	Develope	Deferred Developer Fee	1	LS	\$ -	\$ 4,800,000
				15800 Developer Fees Total				\$ 6,500,000
Soft C	16	005	Soft Cost	Soft Cost Contingency	10%	calc	\$ 5,417,405	\$ 541,741
				16000 Soft Cost Contingency Total				\$ 541,741
				Soft Cost Total				\$ 13,795,844
				Grand Total				\$ 45,986,206

Atmos Lofts
Dallas, Texas
Proforma

Description	# of Units	Square Feet	Avg. Monthly Rent		2011	2012	2013	2014	2015
			Per Unit	Per SF					
Rental Income	233	215,556	\$1,315	\$1.42	\$3,677,399	\$3,787,721	\$3,901,353	\$4,018,393	\$4,138,945
Other Income	233	215,556	\$35	\$0.04	\$97,860	\$100,796	\$103,820	\$106,934	\$110,142
Retail Rental Income		10,000		\$1.50	\$180,000	\$185,400	\$190,962	\$196,691	\$202,592
Retail Reimbursement Income		10,000		\$0.33	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Parking Income	301		\$75		\$270,900	\$279,027	\$287,398	\$296,020	\$304,900
Gross Potential Income		225,556	\$1,526	\$1.58	\$4,266,159	\$4,394,144	\$4,525,968	\$4,661,747	\$4,801,600
<i>Vacancy/Concession Loss Apts.</i>	7.0%				(\$264,268)	(\$272,196)	(\$280,362)	(\$288,773)	(\$297,436)
<i>Vacancy/Concession Loss Retail</i>	15.0%				(\$33,000)	(\$33,990)	(\$35,010)	(\$36,060)	(\$37,142)
<i>Vacancy/Concession Loss - Pkg</i>	7.0%				(\$18,963)	(\$19,532)	(\$20,118)	(\$20,721)	(\$21,343)
<i>Total Vacancy/Collection Loss</i>					(\$316,231)	(\$325,718)	(\$335,490)	(\$345,554)	(\$355,921)
Effective Gross Income (EGI)			\$1,413	\$1.46	\$3,949,928	\$4,068,426	\$4,190,479	\$4,316,193	\$4,445,679
<i>Less Multifamily Operating Expenses (Includes parking spac</i>			<i>Per Unit</i>	<i>Per Sq.Ft.</i>					
Management Fee	3.0%		\$562	\$0.61	\$130,872	\$134,798	\$138,842	\$143,007	\$147,297
Payroll			\$1,180	\$1.28	\$275,000	\$283,250	\$291,748	\$300,500	\$309,515
Administrative			\$223	\$0.24	\$52,000	\$53,560	\$55,167	\$56,822	\$58,526
Advertising / Marketing			\$343	\$0.37	\$80,000	\$82,400	\$84,872	\$87,418	\$90,041
Utilities			\$773	\$0.84	\$180,000	\$185,400	\$190,962	\$196,691	\$202,592
Repairs/Maintenance			\$687	\$0.74	\$160,000	\$164,800	\$169,744	\$174,836	\$180,081
Real Estate Taxes			\$2,495	\$2.70	\$581,273	\$598,711	\$616,672	\$598,711	\$616,672
Property Insurance			\$279	\$0.30	\$65,000	\$66,950	\$68,959	\$71,027	\$73,158
Replacement Reserves			\$175	\$0.19	\$40,775	\$40,775	\$40,775	\$40,775	\$40,775
<i>Total Multifamily Expenses</i>			\$6,716	\$7.26	\$1,564,919	\$1,610,644	\$1,657,740	\$1,669,787	\$1,718,657
<i>Less Retail Operating Expenses</i>				<i>Per Retail SI</i>					
Real Estate Taxes				\$1.74	\$17,438	\$17,961	\$18,500	\$19,055	\$19,627
Management Fee	3.0%			\$0.76	\$7,590	\$7,818	\$8,052	\$8,294	\$8,543
CAM				\$3.00	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Property Insurance				\$0.30	\$3,015	\$3,105	\$3,198	\$3,294	\$3,393
<i>Total Retail Operating Expenses</i>				\$5.80	\$58,043	\$59,784	\$61,578	\$63,425	\$65,328
Net Operating Income (NOI)					\$2,326,966	\$2,397,998	\$2,471,161	\$2,582,981	\$2,661,693
First Mortgage Payment	6.25%	360	27,000,000		\$1,485,170	\$1,485,170	\$1,994,924	\$1,994,924	\$1,994,924
Section 108 Loan Payment					315,057	315,057	315,057	315,057	315,057
Cash Flow					\$526,739	\$597,771	\$161,181	\$273,000	\$351,713

Note: The first mortgage is assumed to be interest only for 3 years and then amortizes over 30 years. The 108 principal payments are assumed to come from the TIF dollars which are projected to start flowing in to the project in 2014.

Atmos Lofts

Dallas, Texas

Sources and Uses

Sources

Construction Loan	\$	21,251,724	46%
TIF Bridge Loan of 50%	\$	5,748,276	13%
Section 108 Loan	\$	9,000,000	20%
Tax Credit Equity	\$	4,347,254	9%
Developer Equity	\$	5,638,952	12%
Total Sources		\$45,986,206	100%

Uses

Land and Building	\$	-	
Construction Costs-Andres	\$	26,440,705	57%
Demolition and Abatement	\$	2,142,900	5%
Furniture, Fixtures, Equipment	\$	891,035	2%
Tenant Improvement Costs	\$	750,000	2%
Hard Cost Contingency	\$	1,965,722	4%
Architectural and Engineering	\$	1,539,200	3%
Insurance	\$	58,250	0%
Property Taxes during Constr.	\$	380,000	1%
Construction Interest	\$	1,215,000	3%
Interest Reserve for lease-up	\$	1,209,955	3%
Interest Reserve for 108 loan	\$	1,102,698	2%
Legal and Accounting	\$	175,000	0%
Title, Closing and Carry	\$	332,500	1%
Loan Origination Fees	\$	507,500	1%
Construction Management Fee	\$	234,000	1%
Developer Fee	\$	6,500,000	14%
Soft Cost Contingency	\$	541,741	1%
Total Uses	\$	45,986,206	100%

Memorandum



CITY OF DALLAS

DATE October 17, 2008

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane, Mitchell Rasansky, Linda Koop, and Steve Salazar

SUBJECT Atmos/ Forest City Conveyance

Attached is the briefing material on the Atmos/ Forest City Conveyance to be presented to the Economic Development Committee on Monday, October 20, 2008.

Please contact me if you need additional information.



A.C. Gonzalez
Assistant City Manager

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Judge C. Victor Lander
Ryan S. Evans, First Assistant City Manager
Forest Turner, Interim Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Ramon F. Miguez, P.E., Assistant City Manager
David K. Cook, Chief Financial Officer
Theresa O'Donnell, Director of Development Services
Helena Thompson-Stevens, Assistant to the City Manager

Atmos/ Forest City Conveyance

Economic Development Committee
October 20, 2008



Office of Economic Development
WWW.DALLAS-ECODEV.ORG



Overview

- Existing agreement requires Forest City to:
 - Maintain and operate the four building Atmos Complex.
 - Redevelop buildings or cause them to be redeveloped by another developer without incentives.
 - Pay \$250,000 annual fee to City from October 2007 thru October 2009 if building permits are not obtained.
 - Revert buildings to the City at anytime prior to October 2009 upon payment of any unpaid portion of the aggregate \$750,000 fee.

Overview

- Forest City proposes to convey the Atmos Buildings to Hamilton Properties for future redevelopment.
 - Retains same obligations to City, but requests deferral of remaining fee payments to October 2009 and October 2010.
 - Hamilton Atmos LP proposes a \$50.2M* redevelopment with approximately 225 residential units, 282 parking spaces and 10,000 square feet of retail.
 - Will require \$12.6M of TIF subsidies plus accrued interest at TIF Bond rate.

Overview

Requires:

- Amendment to the Downtown Connection TIF Plan to allow for direct lease or sale of City-owned/City-controlled property without auction or bidding.
- Amendment of the Forest City Development Agreement
- Approval of a development agreement with Hamilton Atmos LP.

Purpose

1. Explain the previous Forest City deal.
2. Provide details of the Hamilton Properties redevelopment proposal.
3. Describe TIF assistance requested.
4. Compare the existing situation with the redevelopment proposal.
5. Provide recommendations and propose next steps.

Background – Forest City Agreement

- In 2005, the Atmos Complex was donated to the City of Dallas at no cost and transferred to Forest City as part of the Mercantile redevelopment deal.
- On August 2005, City Council approved a Development Agreement with Forest City to redevelop the Mercantile Block, the Continental Building and the Atmos Complex.
- The agreement called for the Atmos Complex to be redeveloped by Forest City (or that Forest City would cause it to be redeveloped by another developer) into 202 residential units, 5,000 sf of retail space and 220 parking spaces.
- No TIF incentives allowable to Forest City for redevelopment of the Atmos Complex.

Background – Forest City Agreement

- Atmos Complex is comprised of four buildings adjacent to the Dallas Grand Hotel and one block from Main Street Garden Park.
- The buildings contain over 249,114 square feet of obsolete office space.



Background – Forest City Agreement

- Forest City is responsible for all operational, maintenance, repair and utility costs related to owning/operating the Atmos Complex at no cost to the City.
 - Current operational and maintenance costs are approximately \$25,000 - \$30,000 per month plus taxes and insurance.
- The agreement stipulates penalties to be paid by Forest City if building permits are not obtained. For each of the three penalty date benchmarks, Forest City would be required to pay a fee of \$250,000.
- Penalty benchmark dates, as defined by the development agreement, occur on October 26th of the years 2007, 2008 and 2009.

Background – Forest City Agreement

- The Atmos Complex reverts back to the City, in the condition originally conveyed, if building permits are not obtained by October 26, 2009.
- Reversion of the Atmos Complex back to the City could occur prior to October 26, 2009 upon payment by Forest City of any remaining unpaid portion of the \$750,000 penalty.
- Forest City made the first \$250,000 penalty payment to the City in October 2007.
- Forest City has contacted third-party developer Hamilton Properties, Inc. concerning their interest in redeveloping the Atmos Complex.

Project Details – Hamilton Atmos LP

- The proposed project includes the renovation of the Atmos buildings with approximately 225 residential units, 10,000 square feet of retail space, and 282 parking spaces.
- Hamilton Atmos LP estimates a total project cost of \$50.2* million, including \$36.6 million in hard construction costs. (See Appendices A & B, Project Proformas.)



Project Deadlines - Hamilton Atmos LP

Hamilton Atmos LP will be required to:

- Obtain a building permit by October 20, 2010.
- Receive final certificate of occupancy by February 28, 2013.
- Pay a \$250,000 option fee if building permits are not obtained by October 20, 2009.
- Pay an additional \$250,000 option fee if building permits are not obtained by October 20, 2010
- Return the Atmos Complex back to Forest City for reversion to the City if building permits are not obtained by October 20, 2010

The Office of Economic Development Director may authorize adjustments to the project deadlines should reasonable adjustments be needed and supported by additional consideration (the project will be in the shared queue for TIF payment).



TIF Assistance - Hamilton Atmos LP



The developer is seeking authorization for TIF subsidy for the redevelopment of the Atmos Complex in an amount not to exceed \$12,560,461 plus interest, at TIF Bond rate. (See Appendices C & D for evaluation worksheet and comparison with other projects.)

TIF Assistance - Hamilton Atmos LP

- This project qualifies for \$12,560,401 in incentives under the Downtown Connection TIF District Project Evaluation Criteria.
- Funding is requested as follows: \$4,000,000 in TIF Funding for TIF-eligible expenditures and \$8,560,401 in an economic development grant for non TIF-eligible expenditures.
- Two of the buildings (301 S. Harwood Avenue and 1915 Wood Street) are historic and may qualify for Historic Tax Credits.

Comparative Benefits

Summary of Comparative Benefits			
	Existing Forest City Deal		Hamilton Proposal
Developer	Forest City Enterprises d/b/a FC Atmos		Hamilton Properties, Inc. d/b/a Hamilton Atmos LP
Residential Units	202		225
Parking Spaces	220		282
Retail Space	5,000 sq. ft.		10,000 sq. ft.
Building Permit	Will not redevelop		October 20, 2010
Expected Completion	Will not redevelop		February 28, 2013
Penalty Payment	FC Atmos Cross Defaulted w/ FC Merc and FC Continental		Same FC Obligation Plus Hamilton Atmos LP
1 st Payment Due	10/26/07	\$250,000	N/A
2 nd Payment Due	10/26/08	\$250,000	10/26/09 \$250,000
3 rd Payment Due	10/26/09	\$250,000	10/26/10 \$250,000

Comparative Benefits

Summary of Comparative Benefits		
	Existing Forest City Deal	Hamilton Proposal
Property Reversion to the City	If not redeveloped, at 10/26/09 or anytime prior upon full remittance of unpaid balance of penalty fees.	If not redeveloped, at 10/26/10 or anytime prior upon full remittance of unpaid balance of penalty fees.
Affordable Housing	No Requirement	23 Affordable Units (10% of total)
TIF Incentive	NONE	A maximum of \$12,560,401. Shared queue for reimbursement. Interest accrual at TIF Bond Rate. Maximum incentives not to exceed \$23 million
Maintenance and Indemnity Obligations	Cross defaulted w/ FC Merc and FC Continental. FC Atmos maintains all obligations until building permits are obtained or the property reverts back to the City, whichever occurs sooner.	FC Atmos (plus Hamilton Atmos) shall maintain all obligations until building permits are obtained or property reverts to City, whichever occurs sooner.



Why Do The Deal?

- Need to maintain Downtown momentum.
- No new residential construction starts since Mercantile Complex project.
- Forest City maintains all prior obligations post conveyance to Hamilton Properties.
- Operational and maintenance costs are \$25-\$30K/month plus taxes and insurance which exceeds what the City could earn on \$250K penalty fee.

Recommendations and Next Steps

Staff requests Committee approval and recommendation for approval to the City Council for the following items at the October 22, 2008 Council meeting:

- Amend the Downtown Connection TIF Plan to allow for direct lease or sale of City-owned/ City-controlled property without auction or bidding requirements under certain conditions.
- Approval of the amendment to the Forest City Development Agreement extending payment of the remaining two option fee payments by 12 months each.
- Approval to authorize a Development Agreement with Hamilton Atmos LP for the redevelopment of the Atmos complex as described in this briefing.

Appendix A – Proforma Information - Project Requirements/Other Information

	<u>Atmos Complex</u>
Total Project Cost	\$50,241,603*
Hard Costs	\$36,657,603
Soft Costs	\$13,584,000*
Acquisition	\$0
2008 DCAD Value	\$3,100,760
Personal Property	\$0
# units	225
# of affordable units (10% required for TIF)	23
Retail sf	10,000
Total Square Feet	249,114
<p>* Includes deferred developer's fee of \$4,750,000 which is paid from cash flow after construction. For purposes of calculating TIF amount, this amount was removed from total project cost.</p>	

Appendix B – Proforma Information - Atmos Complex Project NOI

Residential Retail and Parking Income		
Residential	(\$1.40/s.f - market & \$1.05/s/f - affordable units)	\$3,780,346
Other Income		\$100,255
Retail (including reimbursement income)	(\$1.50/sf - retail & \$0.33/sf - reimb. Income)	\$232,974
Parking	(282 stalls @ \$65/ month)	\$233,356
Less: Vacany and Concensions	(10% of residential, parking & 15% of retail)	<u>(\$349,472)</u>
Effective Gross Total Residential Retail and Parking Income		\$3,997,459
Residential, Retail and Parking Expenses		
Management Fee (3.5%)		(\$174,734)
Payroll		(\$259,655)
Administrative		(\$49,098)
Advertising/ Marketing		(\$75,536)
Utilities		(\$217,485)
Repairs and Maintenance		(\$151,072)
Real Estate Taxes		(\$721,663)
Common Area Maintenance		(\$31,827)
Property Insurance		(\$64,493)
Replacement Reserves		<u>(\$35,438)</u>
Total Operating Expenses		(\$1,781,001)
Total Project NOI (Stablized Year 3)		\$2,216,458

CAP RATE	6.0%	6.5%	7.0%
	\$36,940,967	\$34,099,354	\$31,663,686

Return on Investment (no City \$)*	4.9%
Return on Investment (w/ \$12,560,401 TIF Funds)*	6.7%

* Total Project Cost equals \$45,491,603 (\$50,241,603 less deferred developer's fee of \$4,750,000)



Appendix C – Hamilton Atmos TIF Value Point Worksheet

VALUES	15pts	10pts	8pts	4pts	0pts
Reaching Critical Mass - Residential	200 + Units	199 - 150 Units	149 - 100 Units	99 - 1 Unit(s)	0 Units
Reaching Critical Mass - Retail	10,000 + sq. feet	9,999 - 5,000 sq. feet	4,999 - 2,500 sq. feet	< 2,500 sq. feet	0 sq. feet
Proximity to Main Street Core or Catalyst Project / Park	Within Main Street Core or Directly Adjacent to Catalyst Project / Park	Adjacent to Main Street Core	Within one block of catalyst project / park	Inside Downtown Freeway Loop	Outside Downtown Freeway Loop
Public vs. Private Investment (Benefit Analysis)	Benefit = 2x > Cost	Benefit = 1.9x - 1.5x > Cost	Benefit = 1.4x - 1.1 > Cost	Benefit = 1x > Cost	Benefit = 0.9x > Cost
Historic Restoration	Yes				No
New Construction		Yes			No
Reuse of Existing Structure		Yes			No
Buildings with 3 stories or less (existing/historic buildings)		Yes			No
Years to Recover Public Investment		< 5 Years	6 - 8 Years	9 -10 Years	11 + Years
Affordable Housing > 10 %				Yes	No
Permanent Jobs Created > 20				Yes	No
Commitment to Minority / Women Bus.(all funding sources) > 25 %				Yes	No
Offering Public Parking > 50 Spaces				Yes	No
Land Use - Hotel and/or Office				Yes	No
Impact Project - Bonus Points = 15 Points	Yes				No
	75	10	0	0	0

High Ranking = 15 point maximum
 Medium Ranking = 10 point maximum
 Low Ranking = 4 point maximum
 Special Impact Project = Bonus 15 points

85 Tier Levels
 Tier 1 = 100 - 81 Points
 Tier 2 = 80 - 66 Points
 Tier 3 = 65 - 51 Points
 Tier 4 = 50 - 0 Points

Funding Levels
 25 % cap
 20 % cap
 15 % cap
 0 % cap



Appendix D – Project Comparison

DOWNTOWN PROJECT COMPARISON

<u>Project (City Center and Downtown Connection with over 75 units)</u>	<u>TIF Assistance</u>	<u>Tax Abatement (estimate)</u>	<u>Section 108 and other Intown Housing Funds</u>	<u>Private Investment</u>	<u># of Units</u>	<u># of Affordable Units/Amount of Buy-Out</u>	<u>Cost (Includes TIF/Unit)</u>	<u>Public Subsidy/Unit</u>	<u>Public to Private Investment</u>
Santa Fe II (SoCo Lofts)	n/a	\$1,354,735	\$4,050,000	\$18,465,825	205	49 \$	90,077	\$26,265	29.27%
Majestic Lofts	n/a	\$768,181	\$4,051,760	\$10,300,000	129	51 \$	79,845	\$37,364	46.80%
Kirby Building	\$1,375,000	\$892,992	\$5,100,000	\$21,500,000	156	57 \$	137,821	\$8,814	34.27%
Davis Building	\$1,350,000	\$1,189,000	\$7,216,000	\$34,000,000	183	40 \$	185,792	\$7,377	28.69%
Wilson Building	\$3,800,000	n/a	n/a	\$18,000,000	133	0 \$	135,338	\$28,571	21.11%
Dallas Power and Light	\$6,503,000	\$997,000	n/a	\$24,000,000	154	0 \$	155,844	\$42,227	31.25%
Interurban Building	\$5,000,000	\$967,000	n/a	\$15,000,000	134	0 \$	111,940	\$37,313	39.78%
Republic Center	\$4,605,000	\$1,440,000	n/a	\$34,000,000	227	0 \$	149,780	\$20,286	17.78%
1200 Main (Metropolitan)	\$4,750,000	n/a	n/a	\$48,000,000	273	0 \$	175,824	\$17,399	9.90%
Mosaic	\$9,000,000	\$6,777,298	n/a	\$80,000,000	440	0 \$	181,818	\$20,455	19.72%
Stoneleigh Hotel	\$2,500,000			\$31,000,000	17*	0 \$	1,823,529	\$147,059	8.06%
Mercantile Complex	\$58,000,000	\$4,000,000	n/a	\$130,000,000	375	0 \$	346,667	\$154,667	47.69%
500 S. Ervay/717 Leonard	\$15,000,000	\$2,874,600	n/a	\$129,000,000	602	\$1,040,000	214,286	\$24,917	13.86%
Tower Petroleum/1900 Pacific	\$12,000,000	\$2,887,877	n/a	\$102,000,000	255**	\$455,000**	400,000	\$47,059	14.60%
Santa Fe IV	\$4,296,264			\$21,600,000	170*	0 \$	84,706	\$16,848	19.89%
***1600 Pacific Avenue	\$15,907,777	n/a	n/a	\$64,000,000	307	61 \$	208,469	\$51,817	24.86%
Atmos Complex	\$12,560,401	n/a	n/a	\$45,000,000	225	23 \$	200,000	\$55,824	27.91%
Total	\$156,647,442	\$24,148,683	\$20,417,760	\$825,865,825	3985	281			

* Includes hotel rooms or hotel rooms and condominiums
 **Transfer fee for 130 condominium units
 ***Includes TIF subsidy for affordable housing development



Memorandum



CITY OF DALLAS

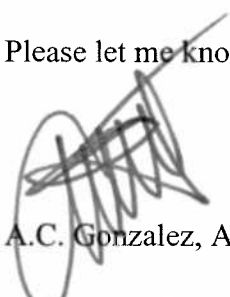
DATE April 16, 2010

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Update on 2010 Low Income Housing Tax Credit Projects for Dallas

On Monday, April 19, 2010, you will be briefed on Update on 2010 Low Income Housing Tax Credit Projects for Dallas. A copy of the briefing is attached.

Please let me know if you have any questions.



A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Administrative Judge, Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jerry Killingsworth, Housing/Community Services Director
Helena Stevens-Thompson, Assistant to the City Manager

Update on 2010 Low Income Housing Tax Credit Projects for Dallas

A Briefing To The
Housing Committee

Housing/Community Services Department
April 19, 2010



Key Focus Area: Economic Vibrancy

Purpose

- ❑ Provide information regarding fourteen Low Income Housing Tax Credit (LIHTC) Projects for Dallas that applied for 9% tax credits from the Texas Department of Housing & Community Affairs (TDHCA)

- ❑ Provide further recommendations for:
 - ❑ the remaining projects
 - ❑ funding for certain applicants

Background Information

- December 2009, Texas Department of Housing & Community Affairs (TDHCA) released the Qualified Allocation Plan and Rules to allow for developers to apply for 2010 Low Income Housing Tax Credits (LIHTCs)
- January 8, 2010, Preapplications from developers were due to TDHCA
- January 22, 2010, applications from developers were due to the City of Dallas
- February 1, 2010, City Council Housing Committee was briefed on the LIHTC Program and notified of the applications which had been submitted to the City of Dallas
- February 16, 2010, City Council Housing Committee was briefed and the Committee recommended support of certain LIHTC projects
- February 24, 2010, City Council approved recommendations for support of LIHTC projects
- March 1, 2010, final applications from developers were due to TDHCA

TDHCA LIHTC Allocations & Scoring

- In 2010, TDHCA will provide approximately \$10M per year for 10 years for the North Texas Region including Dallas, Denton, Collin, Tarrant, and Grayson Counties
- 89.5% of that allocation (\$9.6M) will be provided to urban projects and 10.5% (\$1.1M) will be provided to rural projects
- TDHCA further categorizes projects statewide into a general pool and an “At Risk” pool
 - The “At Risk” projects are those where the units are currently low income and they are at risk of losing all financial benefits available to the development to keep them affordable
 - The “At Risk” pool will be funded for 15% of the total state allocation or approximately \$7.6M
- The LIHTC point based scoring system has a maximum of 240 points

LIHTC Applications Received by City of Dallas

Project Name	Address	Council District	# of Units	Unit Types	Ranking by Score
Atmos Lofts	300 S.Harwood/1900 Jackson	14	107	Families	3 of 27
Greenhaus at East Side	4611 East Side Ave.	2	24	SRO-PSH	4 of 27
Champion Homes at Copperridge	5542 Maple Ave.	2	107	Families	6 of 27
Kleberg Commons	12700 Kleberg Rd.	8	200	Senior	9 of 27
Hillside West Seniors	32 Pinnacle Park	3	130	Senior	12 of 27
Jackson Square	1701 Jackson St.	14	100	Families	14 of 27
Sphinx at Lawnview	4120 Lawnview	7	130	Senior	19 of 27
Evergreen Residences	3800 Willow	2	100	SRO-PSH	21 of 27
Prince of Wales	4515 Live Oak	2	63	SRO-PSH	6 of 18 (At Risk Category)
Wynnewood Village	1500 S.Zang	3	140	Senior	7 of 18 (At Risk Category)
Akard Plaza	1011 S. Akard	2	203	SRO-PSH	Withdrawn
Terrace at Founders Square	1400 Englewood (at Tilden)	3	172	Senior	Withdrawn
Hatcher Square	4600 Scyene	7	126	Families	Withdrawn
Evergreen Residences	2012 Jackson St.	14	100	SRO-PSH	Withdrawn

Texas Department of Housing & Community Affairs (TDHCA) -One Mile Rule

- Within counties with populations of one million or greater, for applicants whose projects are one mile or less from each other, TDHCA will only fund one project per funding cycle
- Applications with one mile concerns:
 - Atmos Lofts and Jackson Square
 - Greenhaus at East Side, Evergreen Residences (Willow), and Prince of Wales

LIHTC Applications Recommendations

Project Name	Support or Deny	GAP Funding Requested	Funding Recommended	Comments
Atmos Lofts	Support	\$1.5M Sec.108	\$1.5M Sec.108	Sec.108 in process; TIF Reimbursement approved by City Council
Greenhaus at East Side	Support	\$400K CDBG	\$400K CDBG	Funds already approved & invested
Champion Homes at Copperridge	Support	\$1M	\$1M Sec.108	Seek Sec.108 approval from City Council by June 2010
Kleberg Commons	Support	\$1.5M	\$1.5M Sec.108	Seek Sec.108 approval from City Council by June 2010
Hillside West Seniors	Support	\$1.6M TIF	\$1.6M TIF	Seek TIF Board & City Council approval by June 2010
Jackson Square	Support	\$6.7M	\$4.6M Sec.108	Seek Sec.108 approval from City Council by June 2010
Sphinx at Lawnview	Support	\$1.6M	\$1.6M Sec. 108	Seek Sec.108 approval from City Council by June 2010
Evergreen Residences Willow	Deny	\$4M	No Funding Recommended	Lack of Community Support
Prince of Wales	Support	\$2.2M	No Funding Recommended	This project has 13 more years left on tax credit compliance
Wynnewood Village	Support	\$1.5M	\$1.5M Sec.108	Seek Sec.108 approval from City Council by June 2010

Next Steps

- ❑ Considerations for zoning, TIF, or other funding presented to City Council individually
- ❑ TDHCA Board will decide on tax credit awards by July 31, 2010

Attachment A

Detail of each LIHTC project
(not withdrawn) from
February 16, 2010
Housing Committee briefing

Atmos Lofts 1900 Jackson St.

- **Description:**
 - Adaptive/Reuse of office buildings to create 107 multifamily units for families
 - 37 efficiencies, 56 one-bedrooms, 14 two-bedrooms
 - 6 units for households at or below 30% area median family income
 - 49 units for households at or below 50% area median family income
 - 52 units for households at or below 60% area median family income

- **Applicant** –FC Atmos,Inc.
 - Partners Include:
 - Lawrence E Hamilton and Lawrence E Hamilton III

- **Developer** – Hamilton Development & Central Dallas Ministries

- **Property Manager** – Pinnacle, an American management Services Central Co.

Atmos Lofts

Sources and Uses

Sources

Section 108 Loan	\$1,546,390 *
Tax Credit Equity	11,077,205
Total Sources	\$12,623,595

Uses

Hard Costs	\$8,486,166
Indirect Costs	864,076
Developer Fee	2,100,494
Construction Bridge Loan	760,576
Other Financing Costs	85,892
Reserves	326,391
Total Uses	\$12,623,595

* Requested City of Dallas Support; \$9 M has already been approved

Greenhaus at East Side

4611 East Side Ave.

- **Description:**
 - New construction of 24 Permanent Supportive Housing units
 - 12 two bedrooms and 12 three bedrooms for households below 30% area median family income
 - Energy efficient-LEED Platinum

- **Applicant** – Shared Housing Center, Inc. –nonprofit agency

- **Developer** – OM Housing, LLC

- **Property Manager** – To be determined

- **Service Provider** – Shared Housing Center, Inc.

Greenhaus at East Side

Sources and Uses

Sources

Conventional Loan	\$630,000
Tax Credit Equity	2,443,134
Developer's Note	339,700
City Loan	400,000 *
Total Sources	\$3,812,834

Uses

Land Acquisition	\$350,000
Sitework	208,800
Hard Construction Costs	1,992,300
Soft Costs	456,332
Financing Costs	191,925
Developer Fee	535,476
Operating Reserve	52,001
Syndication Costs	5,000
Real Estate & Mortgage Costs	21,000
Total Uses	\$3,812,834

* City of Dallas support provided 11/9/09

Champion Homes of Copperidge

5542 Maple Ave.

- **Description:**
 - New construction of 107 multifamily units for families
 - 53 One Bedroom Units and 54 Two Bedroom Units
 - 6 units for households at or below 30% area median family income
 - 38 units for households at or below 50% area median family income
 - 63 units for households at or below 60% area median family income
 - Near Maple/Inwood DART Station

- **Applicant** – Chickory Court IX, LP, Odyssey Residential Holdings, LP
 - Partners include:
 - Saleem Jafar, Bill Fisher

- **Developer** – Saleem Jafar & Bill Fisher

- **Property Manager** – Odyssey Residential Management, LLC

Champion Homes at Copperidge

Sources & Uses

SOURCES

Permanent Debt	\$3,150,000
City's Loan	1,000,000 *
Tax Credit Equity	9,739,545
Deferred Developer Fee	150,474
Total Sources	\$14,040,019

USES

Land Acquisition	\$2,120,000
Sitework	963,000
Hard Construction Costs	5,904,520
Contractor's Fees	961,453
Contingency	343,376
Professional Fees	680,000
Interim Financing Costs	1,089,250
Permanent Financing Fees	316,420
Development Fee	1,262,000
Reserves & Other Costs	400,000
Total Uses	\$14,040,019

* Requested City of Dallas Support

Kleberg Commons Housing

12700 Kleberg

■ **Description:**

- New construction of 200 multifamily units for seniors
- 100 one-bedrooms and 100 two-bedrooms
- 30 units for households at or below 30% area median family income
- 70 units for households at or below 50% area median family income
- 100 units for households at or below 60% area median family income

■ **Applicant** – Kleberg Leased Housing, L.P.

■ Partners include:

- Dale Lancaster and Jeffrey spicer

■ **Developer** – Arrington Developers, LLC

■ **Property Manager** – Guardian Asset Management, Inc.

Kleberg Commons

Sources and Uses

SOURCES

Taxable Loan	\$3,700,000
City Loan	1,500,000 *
Tax Credit Equity	13,727,417
Deferred developer fee	559,285
Total Sources	\$19,486,702

USES

Land Acquisition	\$1,800,000
Hard Construction Costs	13,197,096
Architect/Engineering	303,500
Permits and Fees	95,600
Financing	356,720
Construction Period Interest	444,000
Tax Credit Costs	103,432
Soft Costs	58,681
Legal	40,000
FFE	152,300
Prestabilization Costs	210,000
Reserves	569,707
Developer Fee	2,155,666
Total Uses	\$19,486,702

* Requested City of Dallas Support

Hillside West Seniors

32 Pinnacle Park

- **Description:**
 - New construction of 130 senior units
 - 40 one-bedrooms and 90 two-bedrooms
 - 7 units for households at or below 30% area median family income
 - 65 units for households at or below 50% area median family income
 - 58 units for households at or below 60% area median family income

- **Applicant** – Hillside West Seniors, LP
 - Partners include:
 - Brandon Bolin and Alan McDonald

- **Developer** – Hillside West Seniors, LP

- **Property Manager** – To be determined

Hillside West Seniors

Sources and Uses

SOURCES

Conventional Loan	\$4,850,000
Equity	8,858,993
Developer's Note	1,587,413
Construction Loan Bridge	<u>1,656,613</u> *
Total Sources	\$16,953,019

USES

Land Acquisition	\$2,000,000
Taxes and Insurance	355,000
Financing	1,143,006
Architectural/Engineering	599,935
Legal	167,500
Site Work	1,169,996
Hard Construction Costs	8,054,082
Soft Costs	1,336,087
Contingency	540,000
Developer Fee	<u>1,587,413</u>
Total Uses	\$16,953,019

* Requested City of Dallas Support from TIF Funds

Jackson Square 1701 Jackson Street

- **Description:**
 - 100 units for families
 - 28 one-bedrooms, 55 two-bedrooms and 11 three-bedrooms
 - 5 units for households at or below 30% area median family income
 - 45 units for households at or below 50% area median family income
 - 50 units for households at or below 60% area median family income

- **Applicant** –Forest City Residential Group, Inc., Jim Truitt, Vice-Pres.
 - Partnership not yet formed

- **Developer** – Forest City Residential Group, Inc.

- **Property Manager** – Forest City Residential Management, Inc.

Jackson Square

Sources and Uses

SOURCES

Conventional Loan	\$3,106,500
City Loan Section 108	6,750,000 *
Tax Credit Equity	12,348,159
Forest City Equity	(17,122)
Total Sources	\$22,187,537

USES

Land Acquisition	\$2,592,694
Hard Construction Costs	12,055,594
Architect/Engineering	600,000
Office	132,500
F/F/E	200,000
Legal	100,000
Marketing	195,000
Tax and Insurance	142,995
Developer Fee	1,627,505
Construction Manager	482,224
Financing	526,584
Reserves	789,857
Section 108 Interest Reserve/start-up	865,000
Contingency	1,205,559
Operating Deficit	672,025
Total Uses	\$22,187,537

* Requested City of Dallas Support

Sphinx at Lawnview

4120 Lawnview Ave.

- **Description:**

- New construction of 130 Units for seniors
- 7 units for households at or below 30% area median family income
- 45 units for households at or below 50% area median family income
- 78 units for households at or below 60% area median family income

- **Applicant** – SDC Lawnview Villas, LP

- Partners include:
 - Jay Oji

- **Developer** – Sphinx Development Corporation

- **Property Manager** – Alpha Barnes

Sphinx at Lawnview

Sources and Uses

SOURCES

Conventional Loan	\$3,289,000
City of Dallas Loan	1,600,000 *
Tax Credit Equity	10,498,950
Deferred Developer Fee	630,426
Total Sources	\$16,018,376

USES

Land Acquisition/Demolition	\$767,150
Hard Construction Costs	10,370,965
Architect and Engineering	510,500
Permits and Fees	180,100
Financing	516,500
Construction Period Interest	475,000
Tax Credit Costs	84,850
Soft Costs	128,914
Legal Fees	127,500
FFE/Pre-Stabilization	614,075
Reserves	438,639
Developer Fees	1,804,183
Total Uses	\$16,018,376

* Requested City of Dallas Support

Evergreen Residences

3800 Willow

- **Description:**
 - New construction of 100 Permanent Supportive Housing Units
 - 100 efficiency units for households below 30% area median family income
 - Energy efficient-LEED Platinum

- **Applicant** –Evergreen Residential, Ltd, FPC Housing, LLC, GREENarc Corp
 - Partners include:
 - Rev. Dr. Bruce Buchanan, Janice Estes, Lee Hutchins, Graham Greene

- **Developer** – Graham Greene and Rev. Dr. Bruce Buchanan

- **Property Manager** – FPC Housing, LLC

- **Service Provider** – First Presbyterian Church/Stewpot

Evergreen Residences 3800 Willow

Sources and Uses

SOURCES

Conventional Loan	\$910,116
City Loan	4,000,000 *
Tax Credit Equity	9,750,000
Equity Contribution	853,234
Total Sources	\$15,513,350

USES

Land Acquisition	\$1,500,000
Hard Construction Costs	8,480,000
Soft Costs	2,679,000
Financing Costs	70,000
Developer Fee	1,804,350
Syndication Costs	300,000
Debt Service Fund	350,000
Real Estate and Mortgage Costs	330,000
Total Uses	\$15,513,350

* Requested City of Dallas Support

Prince of Wales 4515 Live Oak

- **Description:**
 - Rehabilitation of 63 Permanent Supportive Housing units
 - 61 efficiencies and 2 one-bedrooms for households below 30% area median family income

- **Applicant** – Prince of Wales, Partnership, Ltd., Prince of Wales, LLC, Undermain Corp, Greenfield Operations, LLC
 - Partners include:
 - Eric Anderson, Graham Greene

- **Developer** – Prince of Wales Partnership, Ltd. And Undermain Corp.

- **Property Manager** – Prince of Wales, LLC with the First Presbyterian Church/Stewpot

Prince of Wales

Sources and Uses

SOURCES

First Lien City Loan	\$2,205,000 *
Tax Credit Equity	4,568,996
Equity Contribution	207,527
Total Sources	\$6,981,523

USES

Construction Costs	\$3,392,000
Soft Costs	928,620
Financing Costs	200,000
Developer Fee	910,603
Syndication Costs	200,000
Debt Service Reserve Fund	300,300
Real Estate and Mortgage Costs	1,050,000
Total Uses	\$6,981,523

* Requested City of Dallas Support

Wynnewood Village

1500 S. Zang Blvd.

- **Description:**
 - New construction of 140 units for Seniors
 - 73 one bedrooms and 67 two bedrooms
 - 7 units for households at or below 30% area median family income
 - 56 units for households at or below 50% area median family income
 - 77 units for households at or below 60% area median family income

- **Applicant** – Wynnewood Senior Housing, L.P.
 - Partners Include:
 - Central Dallas CDC, Banc of America Community Development Corporation

- **Developer** – Bank of America, CDC

- **Property Manager** – To be determined

Wynnewood Village

Sources and Uses

SOURCES

Conventional Loan	1,755,838
Section 108 Loan	1,459,247 *
Tax Credit Equity	14,714,548
Deferred Developer Fee	1,465,225
Total Sources	\$19,394,858

USES

Land Acquisition/Demolition	\$2,337,500
Hard Construction Costs	10,630,145
Rehabilitation Soft Costs	2,909,085
Developer Fees	2,520,001
Other Soft Costs	284,325
Reserves & Others	713,802
Total Uses	\$19,394,858

* Requested City of Dallas Support

Attachment B

Texas Department of Housing & Community Affairs Application Log with Current Scoring



June 24, 2010

Mr. Michael Gerber
Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410

Re: Letter dated June 16, 2010 from Curtis Lockey in opposition to Atmos Lofts Project,
TDHCA No. 10284

Dear Mr. Gerber:

In an email dated June 17, 2010 Raquel Morales requested that we respond to the captioned letter of opposition. By way of background, Mr. Lockey had earlier proposed a development project at 1600 Pacific Avenue in downtown Dallas which would have had a large affordable housing component and his application for a TIF grant was turned down by the City for various reasons. Thereafter Mr. Lockey has been critical of ours and other City grants alleging favoritism, etc.

His assertion that our project will "further segregation and racism" is without basis. It will do just the opposite providing decent housing for persons of any race at lower income levels - a glaring unmet need. It will help to further integrate downtown housing by providing opportunities for minority persons and persons of all races who are in need of affordable housing. If his assertion were correct, then any LIHTC project that had more minority residents than nearby existing housing could be judged to be furthering racism and segregation when in fact they tend to do the opposite.

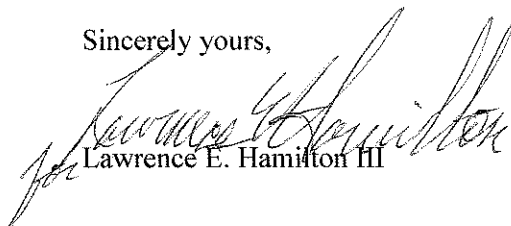
We considered the possibility of spreading the LIHTC units throughout all the buildings in the Atmos complex but decided against it for the following reasons:

1. Our financial advisors indicated that it was difficult to arrange financing in any LIHTC project with more than 20% market units and we would have had about 50% market units if we had spread them all around. As it is we have a separate LIHTC component that will be readily financeable.
2. The two other residential buildings had substantial environmental abatement and demolition costs that the Enserch (LIHTC) Building did not have so from a cost feasibility standpoint it made sense for the LIHTC units to be in that Building.
3. By avoiding the necessity of asbestos removal and abatement we will save as much as six months in delivering the LIHTC units meeting the housing need sooner and making the in-service deadline for delivering the tax credit units more achievable.

4. The LIHTC units require bathroom exhaust fans which were not in the design for the market rate units. It would have been costly and unfeasible to mix up units throughout the project with some having exhaust fans and stacks and others without.
5. The Enserch Building has a consistent floor plate from floor to floor whereas the other buildings vary from floor to floor with step backs as the floors rise. Thus the other buildings are more costly to develop with plumbing and electrical transitions from floor to floor that are not required in the Enserch Building.
6. While the LIHTC units are all within the Enserch Building, there remain ten affordable (but non-LIHTC) units at 80% of the AMI that are in fact in the other buildings so there still is some mixing of affordable units within the market rate component.
7. The other two buildings will earn historic tax credits which would have had the effect of reducing the basis on the LIHTC project if it were included in those buildings resulting in lower overall tax credits.
8. The project amenities, common areas, parking, retail and the like will be open to all of the residents regardless of which building they occupy contrary to the suggestion that the residents will be segregated from each other.
9. The City of Dallas has been made aware of the changes in the project as it has evolved and has supported the LIHTC component being in the Enserch Building. Overall the project will have roughly 50% of the units being in the affordable price range which is much needed downtown.

Thus Mr. Lockey's objection is misplaced. The project he had proposed at 1600 Pacific would have addressed a real unmet need in bringing affordable housing to downtown Dallas. The unmet need remains and the Atmos project promises to finally make some headway in an area where there are no current LIHTC projects. Far from furthering racism and segregation, the Atmos project will bring more housing opportunities to lower income persons regardless of their race or ethnicity.

Sincerely yours,



Lawrence E. Hamilton III