BOARD BOOK OF OCTOBER 11, 2018

J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice-Chair

Paul Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Leo Vasquez, III, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT IN FISCAL YEAR 2017

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

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

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

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

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

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

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

Comprehensive Energy Assistance Program:
Provides energy utility bill assistance to households with an income at or below 150% federal poverty guidelines.

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

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

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

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

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

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

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

Community Services Block Grant:
Provides administrative support for essential services for low-income individuals through Community Action Agencies.

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

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

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

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

EQUAL HOUSING OPPORTUNITY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
8:00 AM
October 11, 2018

Texas Capitol Building
Capitol Extension Room E2.028
1100 Congress Avenue
Austin, TX 78701

CALL TO ORDER
ROLL CALL — **J.B. Goodwin, Chair**
CERTIFICATION OF QUORUM

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

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

Resolution recognizing October as Hispanic Heritage Month

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

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

LEGAL — **Jeffrey Pender**, Deputy General Counsel

a) Presentation, discussion, and possible action regarding the adoption of an agreed final order concerning Falcon Pointe Apartments (HTC 98005/CMTS 1857)
b) Presentation, discussion, and possible action regarding the adoption of an agreed final order concerning Coral Hills Apartments (HTC 05623/Bond 05623B/CMTS 4311)

BOND FINANCE — **Monica Galuski**, Director of Bond Finance

c) Presentation, discussion, and possible action regarding an increase in authorization for Taxable Mortgage Purchase Program
d) Presentation, discussion, and possible action on Resolution No. 19-005 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject
e) Presentation, discussion, and possible action on Inducement Resolution No. 19-006 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority for McMullen Square Apartments

HOME AND HOMELESSNESS PROGRAMS — **Abigail Versyp**, Director of HOME and Homelessness Programs

f) Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program Single Family Programs Homebuyer Assistance and Tenant-Based Rental Assistance Notice of Funding Availability

g) Presentation, discussion, and possible action to authorize the issuance of the 2018 HOME Investment Partnerships Program Single Family Contract for Deed and Persons with Disabilities Set-Asides Reservation System Notice of Funding Availability and publication of the NOFA in the *Texas Register*

h) Presentation, discussion, and possible action on Program Year 2018 Emergency Solutions Grants Program Awards

OCI, HTF, AND NSP

i) Presentation, discussion, and possible action on Colonia Self-Help Center Program Award to El Paso County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding

Raul Gonzales
Director of OCI, HTF and NSP

HOUSING RESOURCE CENTER

j) Presentation, discussion, and possible action on the draft 2019 State of Texas Consolidated Plan: One-Year Action Plan

Elizabeth Yevich
Director of Housing Resource Center

k) Presentation, discussion, and possible action on a draft substantial amendment of the 2015-2019 State of Texas Consolidated Plan

MULTIFAMILY FINANCE

l) Presentation, discussion, and possible action on a Determination Notice for Housing Tax Credits with another Issuer

Marni Holloway
Director of MF Finance

18400	Anna Dupree Terrace	Houston
18408	Sansom Bluff	Sansom Park
18435	Eisenhower Apartments	El Paso
18422	Elysium Grand	Austin
18428	Sherman Plaza	El Paso
18429	Light Rail Lofts	Houston
18431	The Vireo	Houston

m) Presentation, discussion and possible action regarding amendments to the Construction Loan Agreements for ADC West Ridge, LP

n) Presentation, discussion and possible action regarding an Award of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability

18099	Waters Park Studios	Austin

MULTIFAMILY ASSET MANAGEMENT

o) Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application

Rosalio Banuelos
Acting Director of MF Asset Management

17188	EaDo Lofts	Houston
17315	Provision at North Valentine	Hurst
17316	Gala at Texas Parkway	Missouri City
17317	Jubilee at Texas Parkway	Missouri City

p) Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609

17334	Medano Heights	El Paso

RULES

q) Presentation, discussion, and possible action on the proposed repeal and proposed new 10 TAC Chapter 10 Subchapter F, concerning Compliance Monitoring, and directing its publication for public comment in the *Texas Register*

Patricia Murphy
Director of Compliance

r) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Subchapter C, Previous Participation; and an order proposing new 10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee, and directing their publication for public comment in the *Texas Register*

Brooke Boston
Director of Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, (September-October)

Michael Lyttle

Director of
External Affairs

b) Report on the closing of the Department's 2018 Series A Single Family Mortgage Revenue Bonds

Monica Galuski
Director of
Bond Finance

ACTION ITEMS

ITEM 3: REPORT ITEMS

a) Report on Recent Voucher Application Activity

Brooke Boston
Director of Programs

b) Quarterly Report on Texas Homeownership Division Activity

Cathy Gutierrez
Director of
Texas Homeownership

c) Report on the process for appointment of a new Executive Director and actions of the Executive Director Committee

J.B. Goodwin
Chair of
ED Committee

ITEM 4: BOND FINANCE

a) Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Related RD Portfolio) Series 2018 Resolution No. 19-007 and Determination Notices of Housing Tax Credits

Teresa Morales
Manager of
Multifamily Bonds

18605	Bastrop Oak Grove	Bastrop
18606	Bay City Village	Baytown
18607	Burk Village	Burkburnett
18608	Elgin Meadowpark	Elgin
18609	Evan Tom Sawyer	Evant
18610	Hondo Brian Place	Hondo
18611	Hondo Gardens	Hondo
18612	Lampasas Gardens	Lampasas
18613	Lantana Apartments	Beeville

b) Presentation, discussion and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Forestwood Apartments) Series 2018 A and Taxable Multifamily Housing Revenue Bonds (Forestwood Apartments) Series 2018B Resolution No. 19-008 and a Determination Notice of Housing Tax Credits

ITEM 5: MULTIFAMILY FINANCE

Presentation, discussion and possible action on staff determinations regarding Undesirable Neighborhood Characteristics for Multifamily Direct Loan Application
18503 Eastern Oaks Apartments Austin

Marni Holloway
Director of
MF Finance

ITEM 6: RULES

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §2.203 Termination and Reduction of Funding for CSBG Eligible Entities; an order adopting new 10 TAC §2.203 Termination and Reduction of Funding for CSBG Eligible Entities; an order adopting the repeal of 10 TAC §2.204, Contents of a Quality Improvement Plan; an order adopting new 10 TAC §2.204, Contents of a Quality Improvement Plan; an order adopting the repeal of 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights; §6.205 Limitations on Use of Funds, §6.206 CSBG Needs Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements; §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors; §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units and §6.415 Health and Safety and Unit Deferral; and an order adopting new 10 TAC Chapter

Brooke Boston
Director of
Programs

6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights; §6.205 Limitations on Use of Funds, §6.206 CSBG Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements; §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors; §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units and §6.415 Health and Safety and Unit Deferral; and directing that they be published for adoption in the *Texas Register*

APPENDIX

2018 Competitive (9%) Housing Tax Credit Program Award and Waiting List

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

EXECUTIVE SESSION

The Board may go into Executive Session (close its meeting to the public): **J.B. Goodwin** Chair

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

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

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

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

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

OPEN SESSION

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

ADJOURN

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

Individuals who require auxiliary aids, services or sign language interpreters for this meeting should contact Terri Roeber, ADA Responsible Employee, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five (5) days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Elena Peinado, 512-475-3814, at least five (5) days before the meeting so that appropriate arrangements can be made.

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

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

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

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

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

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

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

Texas Department of Housing and Community Affairs
RESOLUTION

WHEREAS, September 15, 2018, through October 15, 2018, is Hispanic Heritage Month, and has a nationally designated theme of "Hispanics: One Endless Voice to Enhance our Traditions," to reflect Hispanic Americans' traditions, history, and cultures by using their voices to continue to share with the world the contributions of Hispanic Americans and their rich legacies of cultural tradition;

WHEREAS, September 15th was chosen as the starting point for the celebration because it is the anniversary of independence of five Latin American countries: Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. All declared independence in 1821. In addition, Mexico, Chile, and Belize celebrate their independence days on September 16th, September 18th, and September 21st, respectively;

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") recognizes the significance of Hispanic Heritage Month as an important time to celebrate the contributions and achievements of American citizens whose ancestors came from Spain, Mexico, the Caribbean, Central America, and South America in Texas history, American history, and world history;

WHEREAS, the Department recognizes the deep historical importance of generations of Hispanic Americans to the American story and how Hispanic American history, cultures and traditions shape our character, define our beauty, strengthen our patriotism, and enhance our future; and

WHEREAS, the Department recognizes that the contributions and achievements of the diverse cultures within the Hispanic community enrich and strengthen our nation as one diverse community of Americans;

NOW, THEREFORE, it is hereby

RESOLVED, that the Texas Department of Housing and Community Affairs —

(1) recognizes the significance of Hispanic Heritage Month as an important time to acknowledge, appreciate, and celebrate the history of Hispanic Americans, and encourages the continued celebration of this month to provide an opportunity for all Texans to learn more about Hispanic American history, culture, and tradition, and their significance in the past, present, and future of our Lone Star State, the United States, and the World; and

(2) recognizes that in the pursuit of the goal and responsibility of providing equal housing opportunities for all, the Governing Board of the Texas Department of Housing and Community Affairs does hereby celebrate September 15, 2018, through October 15, 2018, as Hispanic Heritage Month in Texas and encourages all Texas individuals and organizations, public and private, to join and work together in amplifying our voice to continue to observe Hispanic Americans' history, cultures, and traditions and the importance of equal housing treatment and opportunity for all.

Signed this _____________ day of October 2018.

THE STATE OF TEXAS

J. B. Goodwin, Chair

Leslie Bingham Escareño, Vice Chair

Leo Vasquez , Member

Paul A. Braden, Member

Asusena Reséndiz, Member

Sharon Thomason, Member

Timothy K. Irvine, Executive Director

CONSENT AGENDA

1a

BOARD ACTION REQUEST

LEGAL DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Falcon Pointe Apartments (HTC 98005 / CMTS 1857)

RECOMMENDED ACTION

WHEREAS, Falcon Pointe Apartments, owned by Fort Bend NHC, L.P. ("Owner"), had uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, compliance findings that were referred to the Enforcement Committee for a potential administrative penalty included a Household Income Above Limit Upon Initial Occupancy violation for unit 103; and failure to establish compliant written policies and procedures including tenant selection criteria;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally before consideration by the Enforcement Committee;

WHEREAS, on August 28, 2018, Owner's representatives participated in an informal conference with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order stipulating that violations occurred and assessing no administrative penalty; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order, assessing no administrative penalty, but stipulating that violations occurred at Falcon Pointe Apartments (HTC 98005 / CMTS 1857), as presented at this meeting, but authorizing staff to make any necessary non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Fort Bend NHC, L.P. ("Owner") is the owner of Falcon Pointe Apartments ("Property"), a low income apartment complex composed of 112 units, located in Fort Bend County. Records of the Texas Secretary of State list the general partner as Fort Bend National Housing, L.L.C, with the following members: Steven B. Sandler, Arthur B. Sandler, and Robert H. Josephberg. CMTS lists J.C. Boswell as the primary contact for Owner. The property is managed by Monarch Properties, Inc.

The Property is subject to a Land Use Restriction Agreement ("LURA") signed in 1999, in consideration for a housing tax credit allocation in the annual amount of $547,773 to build and operate the Property. Owner was previously referred for an administrative penalty for file monitoring violations and UPCS violations, but those referrals were closed informally when full corrections were received.

The following compliance violations identified during 2017 were referred for an administrative penalty and were resolved in response to an Enforcement Committee informal conference notice:

1. Household income violations for unit 103; and
2. Failure to establish complete written policies and procedures, including tenant selection criteria.

The referred violations were resolved before the scheduled informal conference took place, but it took many attempts and highlighted problems with training and communication for the owner and management company. Owner representatives and property management have made staff changes, replacing their compliance director and hiring two additional staff people. They are attending training in October, with plans to attend annually going forward. The Enforcement Committee considered the relevant statutory factors during an informal conference on August 28, 2018, and voted to offer an Agreed Final Order assessing no administrative penalty for noncompliance, but stipulating that violations had occurred and were not timely corrected.

Consistent with direction from the Department's Enforcement Committee, an Agreed Final Order stipulating that violations occurred is recommended, with no administrative penalty. This will be a reportable item of consideration under previous participation for any new award to the principals of the owner.

ENFORCEMENT ACTION AGAINST FORT BEND NHC, L.P. WITH RESPECT TO FALCON POINTE APARTMENTS (HTC FILE # 98005 / CMTS # 1857)	§ § § § § § §	BEFORE THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AGREED FINAL ORDER

General Remarks and official action taken:

On this 11th day of October, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **FORT BEND NHC, L.P.,** a Virginia limited partnership ("Respondent").

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

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

WAIVER

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

FINDINGS OF FACT ("FOF")

Jurisdiction:

1. During 1998, Respondent was awarded an allocation of Low Income Housing Tax Credits by the Board, in an annual amount of $547,773 to build and operate Falcon Pointe Apartments ("Property") (HTC file No. 98005 / CMTS No. 1857 / LDLD No. 11).

2. Respondent signed a land use restriction agreement ("LURA") regarding the Property. The LURA was effective December 17, 1999, and filed of record at Document Number 1999111843 of the Official Public Records of Real Property of Fort Bend County, Texas

("Records"), as amended by a First Amendment executed on September 13, 2011, and filed in the Records at Document Number 2011096079.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

4. An on-site monitoring review was conducted on December 12, 2017, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a March 15, 2018, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:
   a. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for unit 103, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income) and Section 4 of the LURA, which require screening of tenants to ensure qualification for the program. The violation was corrected July 23, 2018, 130 days past the deadline, after intervention by the Enforcement Committee.
   b. Respondent failed to maintain written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written tenant selection criteria that meet minimum TDHCA requirements. The violation was corrected July 26, 2018, 133 days past the deadline, after intervention by the Enforcement Committee.

5. All violations listed above are considered resolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TAC §2.

2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).

3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

4. Respondent violated 10 TAC §10.611 and Section 4 of the LURA in 2017, by failing to provide documentation that household income was within prescribed limits upon initial occupancy for unit 103.

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

5. Respondent violated 10 TAC §10.610 in 2017, by not maintaining written tenant selection criteria meeting TDHCA requirements.

6. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.

7. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

8. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

9. It is appropriate to assess no administrative penalty in accordance with the policies situated at 10 TAC Chapter 2.

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

IT IS HEREBY ORDERED that Respondent not be assessed an administrative penalty.

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

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

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on ___*October 11*___, *2018.*

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

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

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 11th day of October, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 11th day of October, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

____
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF ________________§

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

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

RESPONDENT:

FORT BEND NHC, L.P., a Virginia limited partnership

FORT BEND NATIONAL HOUSING, L.L.C., a Virginia limited liability company, its general partner

By: ______________________________

Name: ______________________________

Title: ______________________________

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

____

Signature of Notary Public

____

Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires:__________

Exhibit 1

Texas Administrative Code

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

(a) Ownership Transfer Notification. All multifamily Development Owners must provide written notice to the Department at least thirty (30) calendar days prior to any sale, transfer, or exchange of the Development or any portion of or Controlling interest in the Development. Transfers that are the result of an involuntary removal of the general partner by the investment limited partner must be reported to the Department, as soon as possible due to the sensitive timing and nature of this decision. If the Department determines that the transfer, involuntary removal, or replacement was due to a default by the General Partner under the Limited Partnership Agreement, or other detrimental action that put the Development at risk of failure, staff may make a recommendation to the Board for the debarment of the entity and/or its Principals and Affiliates pursuant to the Department's debarment rule. In addition, a record of transfer involving Principals in new proposed awards will be reported and may be taken into consideration by the Executive Award and Review Committee, in accordance with §1.5 of this title (relating to Previous Participation Reviews), prior to recommending any new financing or allocation of credits.
(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.
(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.
(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.
(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1b

BOARD ACTION REQUEST

LEGAL DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding the adoption of an Agreed Final Order concerning Coral Hills Apartments (HTC 05623 / Bond 05623B / CMTS 4311)

RECOMMENDED ACTION

WHEREAS, Coral Hills Apartments, owned by Coral Hills Apartments, Ltd ("Owner"), had uncorrected compliance findings relating to the applicable land use restriction agreement and the associated statutory and rule requirements;

WHEREAS, compliance findings that were referred for an administrative penalty included: Affirmative Marketing Plan finding; Tenant Selection Criteria finding; utility allowance finding; finding for miscalculating gross rents for two units as a result of a utility allowance miscalculation; a household income finding relating to unit 100, which was not properly verified for initial occupancy; and a finding for failure to provide evidence of required social services;

WHEREAS, all findings that had been referred for an administrative penalty were resolved informally before consideration by the Enforcement Committee;

WHEREAS, on August 28, 2018, Owner's representatives participated in an informal teleconference with the Enforcement Committee and agreed, subject to Board approval, to enter into an Agreed Final Order assessing an administrative penalty of $5,000, to be paid within 30 days of signature; and

WHEREAS, staff has based its recommendations for an Agreed Final Order on the Department's rules for administrative penalties and an assessment of each and all of the statutory factors to be considered in assessing such penalties, applied specifically to the facts and circumstances present in this case.

NOW, therefore, it is hereby

RESOLVED, that an Agreed Final Order assessing an administrative penalty of $5,000, for noncompliance at Coral Hills Apartments, substantially in the form presented at this meeting, and authorizing any non-substantive technical corrections, is hereby adopted as the order of this Board.

BACKGROUND

Coral Hills Apartments, Ltd. ("Owner") is the owner of Coral Hills Apartments ("Property"), a low income apartment complex composed of 174 units, located in Harris County. Records of the Texas Secretary of State list W. Daniel Hughes Jr. as the governing person for LEDIC Realty Company LLC, the sole owner of the managing member for the general partner of Coral Hills Apartments, Ltd. CMTS was recently updated to list Debbie Workman as the primary contact for Owner, but previously listed Terri Benskin. The property is self managed by LEDIC via BSR Trust Management, LLC, with the primary contact listed in CMTS as Ann M. Floyd.

The Property is subject to two land use restriction agreements (collectively, "LURAs") signed in consideration for a bond issuance in the amount of $5,320,000, and housing tax credit allocation in the annual amount of $198,892 to acquire, rehabilitate and operate the Property.

Owner was previously referred for an administrative penalty in 2012 for failure to spend $1740 per month for social services as required by the Bond LURA. The finding was corrected in response to a committee notice and no informal conference was held. The property was later referred in 2014, again for failure to spend $1740 per month for social services as required by the Bond LURA; it was spending $1720 and could not verify provision of certain required services. Corrections were again received and no informal conference was held. The property was referred for a third time in 2018 for the violations listed below. Complete corrections were received before the informal conference date, but the scope of violations in the 2018 referral had grown significantly. That, coupled with Owner's failure to timely comply despite signing an Agreed Final Order earlier in 2018 for a related property, Elmridge (HTC 10400 / CMTS 758), indicated that an informal conference was necessary in order to deter future violations by this ownership group.

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

1. Failure to maintain an Affirmative Marketing Plan, with associated marketing materials that met minimum TDHCA requirements;
2. Failure to maintain written tenant selection criteria that meet minimum TDHCA requirements;
3. Failure to properly calculate a utility allowance;
4. Collecting gross rents that exceeded established limits for units 68 and 138 as a result of the above utility allowance miscalculation;
5. Failure to provide evidence that the household in unit 100 qualified for the program at the time of initial occupancy; and
6. Failure to provide evidence that required social services were being provided.

There are no identified violations that remain unresolved.

Owner representatives participated in an informal teleconference with the Enforcement Committee on August 28, 2018, and agreed to sign an Agreed Final Order requiring payment of a $5,000 administrative penalty within 30 days of signature by the Board.

Consistent with direction from the Department's Enforcement Committee, an administrative penalty in the amount of $5,000 is recommended. This will be a reportable item of consideration under previous participation for any new award to the principals of the Owner.

ENFORCEMENT ACTION AGAINST	§	BEFORE THE
CORAL HILLS APARTMENTS, LTD.	§	TEXAS DEPARTMENT OF
WITH RESPECT TO CORAL HILLS	§	HOUSING AND
(HTC # 56230 / BOND # 05623B /	§	COMMUNITY AFFAIRS
CMTS # 4311)	§	

AGREED FINAL ORDER

General Remarks and official action taken:

On this 11th day of October, 2018, the Governing Board ("Board") of the Texas Department of Housing and Community Affairs ("TDHCA" or "Department") considered the matter of whether enforcement action should be taken against **CORAL HILLS APARTMENTS, LTD.,** an Alabama Limited Partnership ("Respondent").

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

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

WAIVER

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

FINDINGS OF FACT ("FOF")

Jurisdiction:

1. During 2005, Respondent issued bonds in the amount of $5,320,000, and received an allocation of Low Income Housing Tax Credits in an annual amount of $198,892, to acquire, rehabilitate, and operate Coral Hills ("Property") (HTC file No. 56230 / Bond 05623B / CMTS No. 4311 / LDLD No. 345).

2. Respondent signed two land use restriction agreements (collectively "LURAs") regarding the Property. The first was a Regulatory and Land Use Restriction Agreement ("Bond LURA"), dated as of December 1, 2005, and filed of record at Document Number Y968439 of the

Official Public Records of Real Property of Harris County, Texas ("Records"). The second was a Declaration of Land Use Restrictive Covenants / Land Use Restriction Agreement for Low Income Housing Credits ("HTC LURA"), dated as of August 1, 2008, and filed of record at Document Number 20090473134 of the Records, as amended by that first amendment signed December 30, 2009, and filed of record at Document Number 20090587670 of the Records.

3. Respondent is subject to the regulatory authority of TDHCA.

Compliance Violations[1]*:*

4. An on-site monitoring review was conducted on December 14, 2017, to determine whether Respondent was in compliance with LURA requirements to lease units to low income households and maintain records demonstrating eligibility. The monitoring review found violations of the LURA and TDHCA rules. Notifications of noncompliance were sent and a April 10, 2018, corrective action deadline was set, however, the following violations were not corrected before the corrective action deadline:

    a. Respondent failed to provide a compliant affirmative marketing plan, a violation of 10 TAC §10.617 (Affirmative Marketing), which requires developments to maintain an affirmative marketing plan that meets minimum requirements and to distribute marketing materials to selected marketing organizations that reach groups identified as least likely to apply and to the disabled. At the time of the monitoring review, marketing materials did not include required language. Acceptable corrections were received on July 10, 2018, 91 days past the deadline, after intervention by the Enforcement Committee;

    b. Respondent failed to maintain written tenant selection criteria, a violation of 10 TAC §10.610 (Written Policies and Procedures), which requires all developments to establish written policies and procedures, including tenant selection criteria, that meet minimum TDHCA requirements. Acceptable corrections were received on July 31, 2018, 112 days past the deadline, after intervention by the Enforcement Committee;

    c. Respondent failed to properly calculate the utility allowance for the property, a violation of 10 TAC §10.614 (Utility Allowances), which requires all developments to establish a utility allowance. At the time of the monitoring review, the development was using the Public Housing Authority method of calculating a utility allowance, but was using the wrong schedule for certain buildings. Acceptable corrections were received on July 3, 2018, 84 days past the deadline, after intervention by the Enforcement Committee;

    d. Respondent collected gross rents that exceeded established limits for units 68 and 138 as a result of the utility allowance violation outlined in FOF 4.c. above. TDHCA publishes maximum rent limits at least annually and owners are responsible for ensuring that the maximum rents they charge include the amount of rent paid by the

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

household, plus an allowance for utilities, plus any mandatory fees. The utility allowance for units 68 and 138 was incorrect, causing an overpayment in rent. Exceeding the maximum rent is a violation of 10 TAC §10.622 (Special Rules Regarding Rents and Rent Limit Violations). It is also a violation of 26 C.F.R § 1.42-11, as interpreted by the IRS Guide for Completing Form 8823, Chapter 11, Category 11g, which stipulates that all required costs or fees be included in the rent computation. Acceptable corrections were received on July 31, 2018, 112 days past the deadline, after intervention by the Enforcement Committee;

e. Respondent failed to provide documentation that household incomes were within prescribed limits upon initial occupancy for unit 100, a violation of 10 TAC §10.611 (Determination, Documentation and Certification of Annual Income), Section 4 of the HTC LURA, and Section 4 of the Bond LURA, which require screening of tenants to ensure qualification for the program. Acceptable corrections were received on July 6, 2018, 87 days past the deadline, after intervention by the Enforcement Committee; and

f. Respondent failed to provide evidence that required social services were being provided, a violation of Appendix A of the HTC LURA and 10 TAC §10.619 (Monitoring for Social Services). Acceptable corrections were received on July 3, 2018, 84 days past the deadline, after intervention by the Enforcement Committee.

5. All violations listed above are considered resolved at the time of this Order.

CONCLUSIONS OF LAW

1. The Department has jurisdiction over this matter pursuant to Tex. Gov't Code §§2306.041-.0503, and 10 TAC §2.

2. Respondent is a "housing sponsor" as that term is defined in Tex. Gov't Code §2306.004(14).

3. Pursuant to IRC §42(m)(1)(B)(iii), housing credit agencies are required to monitor for noncompliance with all provisions of the IRC and to notify the Internal Revenue Service of such noncompliance.

4. Respondent violated 10 TAC §10.617 in 2017, by failing to provide a complete affirmative marketing plan, including outreach marketing materials meeting TDHCA requirements.

5. Respondent violated 10 TAC §10.610 in 2017, by not maintaining written tenant selection criteria meeting TDHCA requirements.

6. Respondent violated 10 TAC §10.614 in 2017 by failing to properly calculate a utility allowance.

7. Respondent violated 10 TAC §10.622 and 26 C.F.R § 1.42-11 in 2012 by charging rents that exceeded income limits as a result of excessive mandatory utility charges, and not making timely corrections once the violations were discovered.

8. Respondent violated 10 TAC §10.611, Section 4 of the HTC LURA, and Section 4 of the Bond LURA in 2017, by failing to provide documentation that household income was within prescribed limits upon initial occupancy for unit 100.

9. Respondent violated 10 TAC §10.619 and Appendix A of the HTC LURA in 2017, by failing to provide evidence of required supportive services, including: counseling services, GED preparation, credit counseling, and financial planning.

10. Because Respondent is a housing sponsor with respect to the Property, and has violated TDHCA rules, the Board has personal and subject matter jurisdiction over Respondent pursuant to Tex. Gov't Code §2306.041 and §2306.267.

11. Because Respondent is a housing sponsor, TDHCA may order Respondent to perform or refrain from performing certain acts in order to comply with the law, TDHCA rules, or the terms of a contract or agreement to which Respondent and TDHCA are parties, pursuant to Tex. Gov't Code §2306.267.

12. Because Respondent has violated rules promulgated pursuant to Tex. Gov't Code §2306.053 and has violated agreements with the Agency to which Respondent is a party, the Agency may impose an administrative penalty pursuant to Tex. Gov't Code §2306.041.

13. An administrative penalty of $5,000 is an appropriate penalty in accordance with 10 TAC Chapter 2.

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

IT IS HEREBY ORDERED that Respondent is assessed an administrative penalty in the amount of $5,000.

IT IS FURTHER ORDERED that Respondent shall pay and is hereby directed to pay the $5,000 administrative penalty by cashier's check payable to the "Texas Department of Housing and Community Affairs" on or before November 12, 2018, to the following address

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

IT IS FURTHER ORDERED that Respondent shall follow the requirements of 10 TAC §10.406, a copy of which is included at Exhibit 1, and obtain approval from the Department prior to consummating a sale of the property, if contemplated.

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

[Remainder of page intentionally blank]

Approved by the Governing Board of TDHCA on ___*October 11*___, *2018.*

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

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

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 11th day of October, 2018, personally appeared J.B. Goodwin, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

____
Notary Public, State of Texas

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned notary public, on this 11th day of October, 2018, personally appeared James "Beau" Eccles, proved to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

(Seal)

____
Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF ________________§

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

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

RESPONDENT:

CORAL HILLS APARTMENTS, LTD., an Alabama Limited Partnership

By: CORAL HILLS GP, LLC., a Texas limited liability company, its general partner

By: LRC GP, LLC, a Delaware limited liability company, its sole member

By: LEDIC REALTY COMPANY, LLC, a Delaware limited liability company, its sole member

By: ______________________________

Name: W. Daniel Hughes, Jr. ____________

Title: Chairman ______________________

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

____
Signature of Notary Public

____
Printed Name of Notary Public

NOTARY PUBLIC IN AND FOR THE STATE OF _____

My Commission Expires:__________

Exhibit 1

Texas Administrative Code

TITLE 10	COMMUNITY DEVELOPMENT
PART 1	TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
CHAPTER 10	UNIFORM MULTIFAMILY RULES
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RULE §10.406	Ownership Transfers (§2306.6713)

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(b) Requirement. Department approval must be requested for any new member to join in the ownership of a Development. Exceptions include changes to the investment limited partner, non-controlling limited partner, or other partners affiliated with the investment limited partner, or changes resulting from foreclosure wherein the lender or financial institution involved in the transaction is the resulting owner. Any subsequent transfer of the Development will be required to adhere to the process in this section. Furthermore, a Development Owner may not transfer an allocation of tax credits or ownership of a Development supported with an allocation of tax credits to any Person or entity unless the Development Owner obtains the Executive Director's prior, written approval of the transfer. The Executive Director may not unreasonably withhold approval of the transfer requested in compliance with this section. Notwithstanding the foregoing, a Development Owner shall be required to notify the Department but shall not be required to obtain Executive Director approval when the transferee is an Affiliate of the Development Owner with no new members or the transferee is a Related Party who does not Control the Development and the transfer is being made for estate planning purposes.
(c) Transfers Prior to 8609 Issuance or Construction Completion. Transfers (other than those that do not require Executive Director approval, as set forth in subsection (b) of this section) will not be approved prior to the issuance of IRS Form(s) 8609 (for Housing Tax Credits) or the completion of construction (for all Developments funded through other Department programs) unless the Development Owner can provide evidence that the need for the transfer is due to a hardship (ex. potential bankruptcy, removal by a partner, etc.). The Development Owner must provide the Department with a written explanation describing the hardship and a copy of any applicable agreement between the parties to the transfer, including any Third-Party agreement.
(d) Non-Profit Organizations. If the ownership transfer request is to replace a non-profit organization within the Development ownership entity, the replacement non-profit entity must adhere to the requirements in paragraph (1) or (2) of this subsection.
(1) If the LURA requires ownership or material participation in ownership by a Qualified Non-Profit Organization, and the Development received Tax Credits pursuant to §42(h)(5) of the Code, the transferee must be a Qualified Non-Profit Organization that meets the requirements of §42(h)(5) of the Code and Texas Government Code §2306.6706.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1c

BOARD ACTION REQUEST

BOND FINANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding an increase in authorization for the Taxable Mortgage Purchase Program

RECOMMENDED ACTION

WHEREAS, Chapter 2306 of the Tex. Gov't Code authorizes the Department (a) to purchase notes and other obligations evidencing loans or interests in loans for individuals and families of low and very low income and families of moderate income and (b) to sell, at public or private sale, with or without public bidding, a mortgage or other obligation held by the Department;

WHEREAS, pursuant to Resolution No. 13-003 adopted September 6, 2012, the Board approved a taxable mortgage purchase program designated Program 79 ("TMP-79") to fund all or a portion of the Department's single family loan production;

WHEREAS, pursuant to Resolution No. 15-008 adopted on December 18, 2014, the Board authorized an increase in the amount of mortgage loans to be acquired and sold under TMP-79 to a program maximum of $1 billion;

WHEREAS, pursuant to Resolution No. 17-011 adopted on December 15, 2016, the Board authorized an increase in the amount of mortgage loans to be acquired and sold under TMP-79 to an annual maximum of $1 billion; and

WHEREAS, the Board desires to authorize an increase in the amount of mortgage loans to be acquired and sold under TMP-79 to an annual maximum of $2 billion;

NOW, therefore, it is hereby

RESOLVED, that the Board hereby authorizes an increase in the amount of mortgage loans to be acquired and sold under TMP-79 to an annual maximum amount of $2 billion and authorizes the modification of relevant documents to reflect this change.

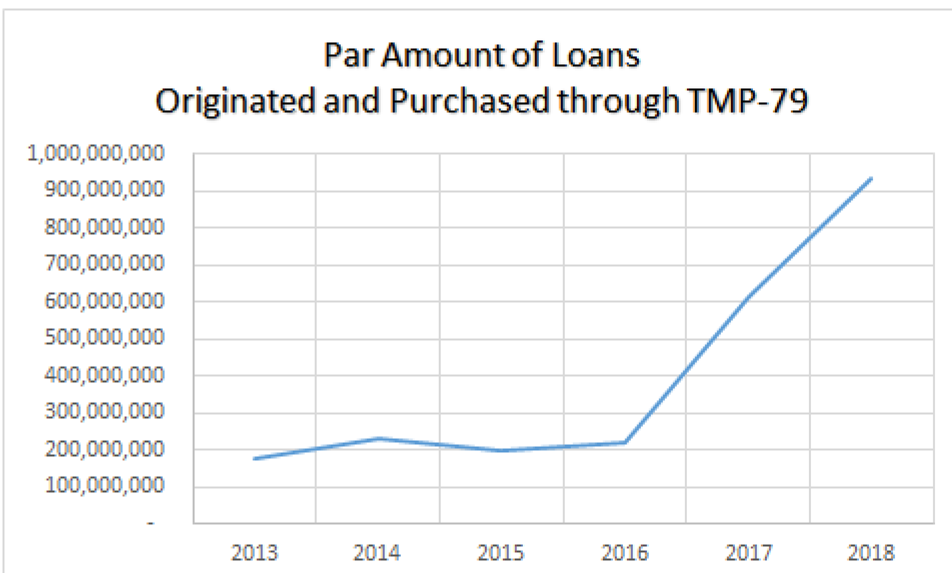
BACKGROUND

In October 2012, the Department implemented TMP-79, a down payment and closing cost assistance program based on a private sector mortgage banking model. Through this program, the Department sells mortgage-backed securities ("MBS"), to be backed by mortgage loans that have not yet been originated, into the forward delivery market. This program is known as a To-Be-Announced or "TBA" program because mortgage rates and loan pricing are established daily for an unspecified par amount of mortgage loans to be closed, securitized, and delivered to the MBS purchaser (the "TBA Provider") in the future. The TBA Provider issues daily price quotes for the future purchase of the MBS, depending on the underlying mortgage rates, and the Department sets the rates for its single family program accordingly. The mortgage loans are originated, pooled into MBS, and delivered to the TBA Provider at the quoted prices. Loans purchased by the Department through TMP-79 are hedged by the TBA Provider, and it is the TBA Provider that bears the associated interest rate and fallout risk. Hilltop Securities (formerly First Southwest Company) has been the Department's TBA Provider since inception.

When TMP-79 was implemented, the maximum amount of mortgage loans approved to be acquired and sold under the program was $600 million. Since that time, the Board has approved several increases to that maximum to accommodate increased loan volume. With the most recent increase approved by the Board in December 2016, the amount of loans that can be acquired and sold under TMP-79 is an annual maximum of $1 billion.

Origination under the program continues to increase, with almost $950 million in loans purchased through TMP-79 in fiscal year 2018. In order to accommodate the continued increase in volume and to ensure that the program continues uninterrupted, staff is requesting an increase to an annual maximum of $2 billion in mortgage loans that can be acquired and sold under the program.

Below is a historical recap of loan volume for TMP-79.



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BOARD ACTION REQUEST

BOND FINANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on Resolution No. 19-005 authorizing request to the Texas Bond Review Board for annual waiver of Single Family Mortgage Revenue Bond set-aside requirements; authorizing the execution of documents and instruments relating thereto; making certain findings and determinations in connection therewith; and containing other provisions relating to the subject

RECOMMENDED ACTION

See attached resolution.

BACKGROUND

Tex. Gov't Code §2306.142(l) requires that, beginning on September 1, 2002, and in each subsequent State fiscal year, the Department allocate, through set-aside or reservation of funds, not less than 40% of the total single-family mortgage revenue bond loan volume for mortgage loans, including subprime mortgage loans, to be originated in underserved economic and geographic submarkets in the state. Pursuant to Tex. Gov't Code §2306.142(m), the Department has requested and the Texas Bond Review Board ("BRB") has granted, a waiver of the requirements of Tex. Gov't Code §2306.142(l) (the "Waiver") for all single family revenue bonds issued by the Department since 2002. While previously requested and received on an issue-by-issue basis, on July 20, 2017, BRB granted a Waiver to the Department for all single family revenue bonds issued in calendar year 2017. That waiver was supported by a report (the "Report") prepared by the Department's Financial Advisor, George K. Baum & Company ("GKB"), which was accepted and approved by the Board at the Board meeting of February 28, 2017. On December 14, 2017, the Board accepted an updated Report and authorized the submission of a Waiver request to BRB for calendar year 2018. BRB granted the Waiver on January 18, 2018.

Exhibit A to the attached resolution is an updated Report prepared by GKB dated October 11, 2018, which concludes that compliance with the requirements of Tex. Gov't Code §2306.142(l) remains unfeasible and could damage the financial condition of the Department. Staff requests that the Board accept this Report and authorize the submission of a request to BRB for a Waiver for all single family revenue bonds issued by the Department in calendar year 2019.

The annual waiver allows single family revenue bonds issued by the Department to qualify as exempt from formal approval by BRB, as these bonds are self-supporting revenue security issues that have no general revenue impact to the state. Exemption from formal approval may result in faster approval, but pursuant to 34 TAC §181.9(d), one or more members of the BRB can, within six business days of receipt of an issue for approval, provide a written request that the proposed issuance adhere to the formal approval process. With the Department's increased loan volume, a waiver for a specific time period could be of significant economic benefit, providing at least the possibility that the Department could issue more frequently, which would reduce interest rate exposure and achieve other economic efficiencies.

RESOLUTION NO. 19-005

RESOLUTION AUTHORIZING REQUEST TO TEXAS BOND REVIEW BOARD FOR ANNUAL WAIVER OF SINGLE-FAMILY MORTGAGE REVENUE BOND SET-ASIDE REQUIREMENTS; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS RELATING THERETO; MAKING CERTAIN FINDINGS AND DETERMINATIONS IN CONNECTION THEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, Section 2306.142 of the Act requires the Department to evaluate the feasibility of a single-family mortgage revenue bond program designed to meet the credit needs of the underserved economic and geographic submarkets of the State, including those submarkets served disproportionately by subprime lenders; and

WHEREAS, Section 2306.142(l) of the Act requires that, beginning on September 1, 2002, and in each subsequent State fiscal year, the Department allocate, through set-aside or reservation of funds, not less than 40 percent of the total single-family mortgage revenue bond loan volume for mortgage loans, including subprime mortgage loans, to be originated in underserved economic and geographic submarkets in the State (the "Section 2306.142(l) Requirements"); and

WHEREAS, Section 2306.142(m) of the Act provides that if the Board determines in any year that bonds intended to be issued to achieve the purposes of Section 2306.142 of the Act are unfeasible or would damage the financial condition of the Department, the Board may formally appeal to and request a waiver from the Texas Bond Review Board (the "Bond Review Board") of the Section 2306.142(l) Requirements; and

WHEREAS, at the February 28, 2017 meeting, the Board was presented with a report of its financial advisor, George K. Baum & Company ("GKB") that addresses the feasibility and potential economic impact to the Department of fulfilling the Section 2306.142(l) Requirements (the "Initial Report"), which Report has been submitted to the Bond Review Board; and

WHEREAS, in reliance upon the Initial Report and by resolution No. 17-019 approved on May 25, 2017, the Board authorized submission of a request to the Bond Review Board for a waiver of the Section 2306.142(l) Requirements for all single-family revenue bonds issued by the Department in calendar year 2017, and such request was granted on July 20, 2017; and

WHEREAS, in reliance on an updated report of GKB dated December 14, 2017 and by resolution No. 18-011 approved on December 14, 2017, the Board authorized submission of a request to the Bond Review Board for a waiver of the Section 2306.142(l) Requirements for all single-family revenue bonds issued by the Department in calendar year 2018, and such request was granted on January 18, 2018; and

WHEREAS, the Board desires to accept and rely on the updated report of GKB dated October 11, 2018 (the "Updated Report"), regarding the Section 2306.142(l) Requirements attached hereto as Exhibit A; and

WHEREAS, in reliance on the Updated Report, the Board now desires to authorize submission to the Bond Review Board of a request for a waiver of the Section 2306.142(l) Requirements for all single-family revenue bonds issued by the Department in calendar year 2019;

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

ARTICLE 1

APPROVAL OF DOCUMENTS AND CERTAIN ACTIONS

Section 1.1 Acceptance of Updated Report. The Board hereby accepts the Updated Report.

Section 1.2 Request for Waiver of Section 2306.142(l) Requirements. The submission of a request for a waiver of the Section 2306.142(l) Requirements for all single-family revenue bonds issued by the Department in calendar year 2019 is hereby authorized and approved.

Section 1.3 Execution and Delivery of Documents. The Authorized Representatives are each hereby authorized to execute and deliver all agreements, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.4 Authorized Representatives. The following persons are hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership Program of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

Section 1.5 Ratifying Other Actions. All other actions taken or to be taken by the Executive Director and the Department's staff in connection in carrying out the purposes of this Resolution are hereby ratified and confirmed.

ARTICLE 2

GENERAL PROVISIONS

Section 2.1 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with § 2306.032 of the Texas Government Code, regarding meetings of the Board.

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

[Execution page follows]

PASSED AND APPROVED this 11th day of October, 2018.

____
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

(SEAL)

Exhibit A

October 11, 2018

Executive Director and Board of Directors
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

At the request of Department staff, George K. Baum & Company prepared this report to address certain provisions of the Texas Government Code, Title 10, Subtitle G, Chapter 2306, specifically the feasibility and potential economic impact to the Department of complying with Section 2306.142(l). As noted below, we are not providing the Department with any legal advice. We are retained by the Department in an expert financial capacity only. For legal analysis of Texas Government Code, Title 10, Subtitle G, Chapter 2306, or any other applicable law or regulation, please contact your legal counsel.

This report updates and reiterates our reports to the Board dated December 14, 2017 and February 28, 2017 (the "Prior Reports") and provides our analysis of feasibility and economic impact, as well as a summary of how the Department serves the credit needs of borrowers in underserved economic and geographic submarkets. We understand that the Department completed the market study required under Section 2306.142(c) in 2002. This report reconfirms the findings of our Prior Reports and concludes that compliance with the requirements of Section 2306.142(l) remains unfeasible and could damage the financial condition of the Department. This is consistent with the conclusion reached by the Bond Review Board ("BRB") in granting waivers to the Department since 2002.

Background

Section 2306.142(l) of the Texas Government Code requires that single family mortgage revenue bonds issued by the Department contain specific set-asides or reservations of funds for mortgage loans, including subprime mortgage loans[1], to be originated in underserved economic and geographic submarkets in the state. Specifically, Section 2306.142(l) states:

> *In the state fiscal year beginning on September 1, 2002, and in each subsequent state fiscal year, the department shall allocate not less than 40 percent of the total single-family mortgage revenue bond loan volume to meet the credit needs of borrowers in underserved economic and geographic submarkets in the state, subject to the identification of a satisfactory market volume demand through the market study.*

As permitted under Section 2306.142(m) and prior to the first annual waiver granted by the BRB on July 20, 2017, the Department requested and received from the BRB a waiver of this provision for every new

[1] *Section 2306.142 contains multiple references to the inclusion of subprime borrowers as part of underserved economic and geographic submarkets. The complete text of Section 2306.142 is attached.*

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origination single family mortgage revenue bond issue closed by the Department since 2002. The BRB began issuing annual waivers based, in part, on the Board's acceptance, approval and submission to the BRB of George K. Baum's report. These waivers were granted on the basis that compliance with Section 2306.142(l) is unfeasible and could damage the financial condition of the Department.

Feasibility and Economic Impact

Under current market conditions, fulfilling the requirements of Section 2306.142(l) (specifically allocating or reserving any portion of the bond proceeds) is not feasible, not economically viable, would not be "consistent with the reasonable financial operation of the Department", and could damage the financial condition of the Department. Further, it is anticipated and assumed that, due to the financing structures implemented by the Department, the Department will continue to request an annual waiver from BRB of the requirements of Section 2306.142(l).

Compliance with the 40% set aside requirement of Section 2306.142(l), which includes the subprime requirement of Section 2306.142(f), is not feasible and could damage the financial condition of the Department for the following reasons:

1) Excessive cost of negative arbitrage to meet the 40% set aside requirement. Negative arbitrage is the cost that results when the interest rate paid on the bonds exceeds the interest rate earned on bond proceeds. When bond proceeds are required to be set aside, the required amount is deposited and invested until used; concurrently, the bonds accrue and pay interest at a higher rate than that earned on the set-aside amounts. For the last ten years or so, interest rates on 30- year housing bonds have greatly exceeded the short-term investment rates at which bond proceeds can be invested.

   However, a financing structure with no set-aside requirements can, and has been, implemented by the Department resulting in significant savings related to negative arbitrage. When the requirements of Section 2306.142(l) are waived, the Department is able to originate and pool mortgage loans in advance of the bond issuance and can purchase the resulting MBS using bond proceeds at the closing of the bond issue. This eliminates negative arbitrage associated with that portion of loans purchased when the bonds are issued. With the waiver granted by BRB on January 18, 2018, the Department was able originate mortgage loans approximately six weeks in advance of closing its Series 2018A bonds on September 12, 2018.

   While a small amount of negative arbitrage might be absorbed by a financing structure, the amount of negative arbitrage associated with setting aside 40% of the bond proceeds would be cost prohibitive. The Department could be forced to make an outright donation to the structure (as opposed to a contribution that could be recouped). For example, the Department would need to set-aside more than $300 million in loans annually to fulfill a 40% set aside requirement on $750 million total loan volume. The cost of "negative arbitrage" associated with reserving $300 million of loans annually (40% of $750 million) could exceed $4.5 to $7.5 million per year in the current market. The negative arbitrage cost would be significantly higher if the Department issued taxable bonds. Historically, the vast majority of funds set aside for targeted areas (required by the IRS to meet tax law) and similar requirements are not used, remain idle, and incur negative arbitrage for the entire one-year set-aside period.

If the Department chose to fund the negative arbitrage by increasing the rate charged to the homebuyers, the resulting rate would be (i) too high to be attractive, making origination unlikely and exacerbating the cost of the negative arbitrage, and (ii) too high to comply with Internal Revenue Service requirements related to the permissible spread between bond yield and mortgage yield for tax exempt bond issues.

2) Single family indentures require "MBS eligible" loans. The Department has not used "whole loan" collateral to support its indentures since 1988. Since then, the Department pools its mortgage loans into mortgage-backed securities ("MBS") that are backed by Ginnie Mae, Fannie Mae, or Freddie Mac, which effectively guarantee the timely receipt of underlying mortgage loan payments to meet the debt service requirements of the Department's indentures. This financing structure results in a higher rating on the bonds and a lower cost of debt, while the Department pledges fewer assets to the bond indenture than otherwise would be required. In addition, the MBS structure eliminates (i) the cost of overcollateralization, (ii) the need to fund debt service reserves, and (iii) the costs, expenses, and losses typically associated with whole loans.

   Each agency (Ginnie Mae, Fannie Mae, and Freddie Mac) has specific mortgagor eligibility requirements for mortgage loans that are securitized into an MBS. While the definition of subprime has changed over time (particularly since the events of 2008), subprime loans generally are not eligible for securitization. As such, the Department would have to maintain those loans as whole loans. As detailed in the previous paragraph, there are significant economic reasons for the Department to maintain its MBS financing structure as it allows the Department to assist the maximum amount of low and moderate income homebuyers in the most efficient manner without incurring unnecessary credit risk. The cost of foregoing these efficiencies to accommodate the introduction of a significant number of low rated whole loans would be impractical and could damage the financial condition of the Department.

3) Master Servicers have minimum credit requirements. The Department uses a Master Servicer to purchase, pool, and service mortgage loans originated through its single family mortgage programs. The Master Servicer typically has minimum credit requirements for eligible borrowers. The Department's Master Servicer, Idaho Housing and Finance Authority ("IHFA"), has a minimum FICO score requirement of 620. Therefore, the Department cannot originate loans for credits below 620 FICO due to the Master Servicer's credit requirements.

4) The 40% set-aside requirement creates significant interest rate risk in the form of rate buy-down and/or unexpended proceeds call risk. Because the bond rate is set at closing, the Department is subject to interest rate risk on set-aside amounts. If the market interest rate for mortgage loans drops, the Department's mortgage rate may be unattractive. For short periods of time or for relatively small amounts, this is manageable; however, a 40% set-aside could be quite costly. The Department would be faced with a choice: a) contribute its own funds to "buy down" the mortgage rate, or b) invoke a non-origination call on the bonds, potentially damaging the Department's reputation among bond purchasers and possibly increasing its borrowing cost in the future. Once again, compliance with Section 2306.142(l) is not feasible and could damage the financial condition of the Department.

Serving the Needs of Borrowers in Underserved Economic and Geographic Submarkets

The Department regularly serves borrowers in underserved economic and geographic submarkets. Through its "to-be-announced" (or TBA) program, also known as the Taxable Mortgage Program ("TMP-79"), the Department offers daily financing options to homebuyers throughout the State. TMP-79, which began in October 2012, is a continuous funding program that currently serves as the Department's primary mortgage loan origination mechanism for single family programs. Summary highlights of TMP-79 include the following:

- TMP-79 is currently the only statewide down payment assistance program that offers financing to borrowers with FICO scores as low as 620 without charging a penalty at loan closing.

- Since October 2012, the Department has financed and purchased over $2.37 billion in first lien mortgage loans and provided approximately $94 million in associated down payment and closing cost assistance (in the form of a 30 year term, 0% interest, due on sale or refinance, second mortgage loans).

- Approximately 65% of program borrowers earn less than 80% of Area Median Income ("AMI").

- The Department offers free online Homebuyer Education training. Since the launch in March 2016 there have been 22,200 individuals that have completed the online training and 8,600 of those individuals fulfilled the training in 2018. This tool educates first-time homebuyers regarding the complex process of purchasing a home and is one of the requirements for participation in one of the Department's single family loan programs.

- The Department is responsible for the Texas Statewide Homebuyer Education Program, which is offered through third party providers. This program provides training to housing counselors with respect to the content and techniques for providing comprehensive pre- and post-purchase homebuyer education that is used to provide quality homebuyer education throughout the state.

Conclusion

Based on the costs and risks described above, and consistent with the conclusion reached by the Bond Review Board ("BRB") in granting waivers to the Department since 2002, we believe that meeting the requirements of Section 2306.142(l) remains unfeasible.

The Department, however, continues to achieve its objectives by adapting and innovatively structuring its programs to serve an ever-expanding borrower base of Texas homebuyers in underserved markets – economic, credit, geographic, or otherwise. The Department's use of MBS to secure its bonds programs significantly reduces the Department's risk and borrowing cost. Therefore, the Department expects to continue to request an annual waiver of Section 2306.142(l) from BRB each calendar year. The Department will continue to monitor its ability to meet these requirements as it looks for ways to better serve its borrower base, which is composed primarily of low, very low, and moderate income first-time homebuyers. The Department also will maintain the integrity of its bond indentures and operate in a manner that is "consistent with the reasonable financial operation of the Department".

Use of the Report

It is expressly understood and agreed that (a) this report is provided solely for the information of and assistance to the Texas Department of Housing and Community Affairs and the Texas Bond Review Board and is not to be used, circulated, quoted or otherwise referred to without our written consent, and (b) this report is not intended, and is not under any circumstances to be construed, as legal advice or as requiring us to perform services which may constitute the practice of law. We are retained and engaged by the Department in an expert financial capacity only. Our statements and conclusions are based in part on information provided to us by Department staff, and we assume that information to be materially complete, accurate and true. We have not undertaken any responsibility or duty to independently verify that information, and this report is not intended to and does not attest that such information is materially complete, accurate or true.

Sincerely,

Barton Withrow

Barton Withrow
Senior Vice President
George K. Baum & Company

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on Inducement Resolution No. 19-006 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing an Application for Private Activity Bond Authority for McMullen Square Apartments

RECOMMENDED ACTION

WHEREAS, the Board previously adopted the bond inducement resolution for McMullen Square Apartments at the meeting of January 18, 2018;

WHEREAS, the original inducement resolution reflected a maximum amount of $6,300,000;

WHEREAS, as a result of additional due diligence relating to the financial structure of the transaction staff seeks to modify the bond amount to $10,100,000 at the request of the applicant; and

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

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, the Inducement Resolution No. 19-006 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority from the 2018 Private Activity Bond Program for the McMullen Square Apartments is hereby approved in the form presented to this meeting.

BACKGROUND

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

During the 150-day process, the Department will review the complete application for compliance with the Department's Rules, including but not limited to site eligibility and threshold as well as previous participation as it relates to previously funded developments through the Department. Staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development. This inducement resolution would reserve approximately $10.1 million in private activity bond volume cap.

McMullen Square Apartments (18603)

This development is located at 537 N. General McMullen Drive in San Antonio, Bexar County, and includes the acquisition/rehabilitation of 100 units serving the general population. The property was previously awarded an allocation of 9% Housing Tax Credits in 2001. This transaction is proposed to be Priority 3 with 56 of the units rent and income restricted at 60% of the Area Median Family Income ("AMFI") and 44 units of the units rent and income restricted at 50% AMFI. The Department has not received any letters of support or opposition for this development.

RESOLUTION NO. 19-006

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

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

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

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

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

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

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

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

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

WHEREAS, the Governing Board of the Department (the "Board") approved Resolution No. 18-013 on January 18, 2018 (the "Original Resolution") declaring its intent to issue its multifamily revenue bonds for the purpose of providing funds to the Owners to finance the Developments described on the exhibit to the Original Resolution on the terms and conditions set forth therein, and the Board has determined to amend the Original Resolution only with respect to the Owners and Developments described on Exhibit A attached hereto in order to amend the not to exceed principal amount for the respective Developments listed on Exhibit A hereto; NOW, THEREFORE,

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

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

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

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date of the Original Resolution in connection with the acquisition of real property and construction of its

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

(a) the Developments are necessary to provide decent, safe and sanitary housing at rentals that individuals or families of low and very low income and families of moderate income can afford;

(b) the Owners will supply, in their Development, well-planned and well-designed housing for individuals or families of low and very low income and families of moderate income;

(c) the Owners are financially responsible;

(d) the financing of the Developments is a public purpose and will provide a public benefit; and

(e) the Developments will be undertaken within the authority granted by the Act to the Department and the Owners.

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

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

ARTICLE 3

GENERAL PROVISIONS

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

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

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

[Execution page follows]

PASSED AND APPROVED this 11th day of October, 2018.

[SEAL]

By:______________________________
Chair, Governing Board

ATTEST:

____
Secretary to the Governing Board

EXHIBIT “A”

Description of the Owner and the Development

Project Name	Owner	Principals	Amount Not to Exceed
McMullen Square Apartments	TCD McMullen, LP, a Texas limited partnership	General Partner: TCD McMullen GP, LLC, a Texas limited liability company	$10,100,000.00
Costs: Acquisition/rehabilitation of a 100-unit affordable, multifamily housing development known as McMullen Square Apartments, located at 537 N. General McMullen Drive, San Antonio, Texas 78228.			

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BOARD ACTION REQUEST

HOME AND HOMELESSNESS PROGRAMS DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on awards for the 2017 HOME Investment Partnerships Program Single Family Programs Homebuyer Assistance and Tenant-Based Rental Assistance Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, through Board action on January 18, 2018, the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") made available approximately $6,407,742 in the 2017 HOME Single Family Programs Homebuyer Assistance ("HBA") and Tenant-Based Rental Assistance ("TBRA") Notice of Funding Availability ("NOFA");

WHEREAS, the NOFA allows awards to be made on an Open Cycle, subject to available funding in the region and subregion in accordance with the Regional Allocation Formula ("RAF") on a first-come, first-served basis until May 15, 2018;

WHEREAS, three applicants requesting five contract awards totaling $879,437 have previously been awarded funds and $5,528,305 remained available to be awarded at the time of the NOFA close date of July 10, 2018;

WHEREAS, one applicant requesting one contract award totaling $200,000 has been received and was reviewed for compliance with program and previous participation requirements;

WHEREAS, the Executive Award and Review Advisory Committee ("EARAC") approved the compliance history of the application; and

WHEREAS, following Board approval of the application presented herein, funding awarded under the NOFA will total $1,079,437;

NOW, therefore, it is hereby

RESOLVED, that an award of HOME funding from the 2017 Single Family Programs HBA and TBRA NOFA of $200,000 is hereby approved in the form presented at this meeting, and as may be amended by the Board.

BACKGROUND

On October 30, 2017, the Department received the U.S. Department of Housing and Urban Development's ("HUD") State of Texas 2017 allocation for the HOME Program for approximately $23,199,182. TDHCA has programmed the funds for various uses in accordance with the HUD-approved 2017 Consolidated Plan One-Year Action Plan ("OYAP"). The Board approved at the meeting of January 18, 2018, the release of the 2017 HOME Single Family Programs HBA and TBRA NOFA, which includes $6,407,742 of the 2017 HOME allocation for contracts for HBA and TBRA under the general set aside. These set-aside funds are awarded on a first-come, first-served basis to eligible applicants subject to the Regional Allocation Formula.

HBA provides assistance to homebuyers at 80% or less of the Area Median Family Income ("AMFI"), as defined by HUD, for downpayment and closing costs assistance. The amount of HOME HBA funds provided to any household shall not exceed the lesser of $20,000 or the amount of funds required to make the home affordable to the household. Assistance will be provided to the family in the form of a deferred forgivable loan.

TBRA provides eligible households rental subsidies, including security and utility deposits to tenants earning 80% or less of the AMFI, as defined by HUD, for up to 24 months. Tenants must also participate in a self sufficiency program. Although self sufficiency is not a requirement within the federal regulations, it is allowable and the Department has adopted rules to require all TBRA program participants to participate in a self sufficiency plan as a condition of rental assistance. The self sufficiency plan is designed to facilitate the assisted family's transition from temporay rental assistance to permanent housing, since TBRA assistance under a contract may not exceed 24 months. Self sufficieny plans range in design because they are tailored to the populations being served. At a minimum, specific goals relating to paying for housing, either through other assistance programs or earned income, must be included in the plan.

The NOFA is structured according to activity type under the general set-aside. Applications for award were accepted beginning March 13, 2018, and ending July 10, 2018. Funds in an amount not to exceed $150,000 in project funds per application may be awarded under this NOFA for provision of HBA. Funds in an amount not to exceed $350,000 in project funds per application may be awarded under this NOFA for provision of TBRA. Applicants may apply for more than one award under the NOFA, with a maximum of two contracts per program activity type. Applicants requesting more than one award must submit a separate application for each request, and the service areas for each award per program activity must be mutually exclusive.

A total of eight applications were submitted under the NOFA by four applicants. Two applications have been withdrawn, five applications have been awarded, and the remaining application has been reviewed and determined to be eligible for consideration for award. Staff recommends the following administrator to receive an award to administer TBRA activities.

The City of McKinney will receive $200,000 in project funds from the balance of HOME funds available for programming if the recommended award is approved.

Award Recommendation Log

App #	HOME Applicant	Activity	Award	Region / Subregion	Area Served
2018-1008	City of McKinney	TBRA	$200,000	3/Urban	Collin County
		Total	$200,000		

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BOARD ACTION REQUEST

HOME AND HOMELESSNESS PROGRAMS DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action to authorize the issuance of the 2018 HOME Investment Partnerships Program Single Family Contract for Deed and Persons with Disabilities Set-Asides Reservation System Notice of Funding Availability and publication in the *Texas Register*

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department") has approximately $2,749,313 of HOME Investment Partnerships Program ("HOME") Single Family funds to make available from the U. S. Department of Housing and Urban Development's ("HUD") State of Texas 2018 allocation to TDHCA for the HOME Program;

WHEREAS, TDHCA is experiencing continued demand for funding for HOME Program single family activities under the Reservation System; and

WHEREAS, the Department wishes to release a Notice of Funding Availability ("NOFA") for HOME Program single family activities for $1,749,313 for Persons with Disabilities ("PWD") set-aside and $1,000,000 for Contract for Deed ("CFD") set-aside into the Reservation System;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to post on the Department's website and to publish a notification in the *Texas Register*, a 2018 HOME Single Family Programs Reservation System NOFA for funding in the amount of approximately $2,749,313, to be released into the Reservation System, and to make any technical corrections or perform such other acts as may be necessary to effectuate the foregoing.

BACKGROUND

The U.S. Department of Housing and Urban Development's ("HUD") State of Texas 2018 allocation to TDHCA for the HOME Program is approximately $34,986,241 and was dated on September 12, 2018. TDHCA has programmed the funds for various uses in accordance with the HUD-approved 2018 Consolidated Plan One-Year Action Plan ("OYAP"). Staff is proposing to release a HOME Single Family Programs Reservation System NOFA that includes $2,749,313 of the 2018 HOME allocation for PWD and CFD set asides. The PWD funds will be made available to single family HOME Program Reservation System Administrators for Homeowner Rehabilitation Assistance, Homebuyer Assistance, and Tenant-Based Rental Assistance activities. Approval for participation in the Reservation System is not a guarantee of funding availability.

Of the $2,749,313 that will be released under this NOFA, $1,000,000 will be set-aside for CFD Program; and $1,749,313 will be set aside under the PWD set-aside. These set-aside funds are not subject to the Regional Allocation Formula. Staff is soliciting input regarding the NOFA for the remainder of the 2018 allocation which is anticipated to be released in November 2018.

The availability and use of these funds are subject to state and federal regulations including, but not limited to Texas Administrative Code in Title 10 Part 1, Chapter 20, Single Family Umbrella Rule, and Chapter 23, the Single Family HOME Program, as amended ("HOME Program Rule"), and the federal regulation governing the HOME Program at 24 CFR Part 92, as amended ("HOME Final Rule").

The 2018 HOME Single Family Programs Reservation System NOFA was developed in accordance with the Single Family Umbrella and HOME Program Rules, and the HOME Final Rule. Administrators will access the funds available under this NOFA either through existing reservation agreements or by applying for a reservation agreement under this open application cycle.

HOME Investment Partnerships Program ("HOME")
CFDA# 14.239

2018 HOME Investment Partnerships Program Single Family Contract for Deed and Persons with Disabilities Set-Asides Reservation System Notice of Funding Availability

1) **Summary.**
   a) The Texas Department of Housing and Community Affairs (the "Department") announces a NOFA of approximately $2,749,313 in HOME funds for single family housing programs under the Persons with Disabilities ("PWD") and Contract for Deed ("CFD") set-asides under a Reservation System. These funds will be made available to HOME Reservation System Participants with a current Reservation System Participation ("RSP") Agreement.

   b) The availability and use of these funds are subject to the HOME rules including, but not limited to the following Texas Administrative Code ("TAC") rules in effect at the time of contract execution, Title 10, Part 1, Chapter 1, Administration; Chapter 2, Enforcement; Chapter 20, the Single Family Programs Umbrella Rule; Chapter 21, the Minimum Energy Efficiency Requirements for Single Family Construction Activities; Chapter 23, the Single Family HOME Program, effective August 3, 2017, ("State HOME Rules"); and Tex. Gov't Code §2306. Other federal and state regulations include but are not limited to, 24 CFR Part 58 for environmental requirements, 2 CFR Part 200 for Uniform Administrative Requirements, 24 CFR §135.38 for Section 3 requirements, 24 CFR Part 5, Subpart A for fair housing, ("Federal HOME Rules"), and for units of government, the Uniform Grant Management Standards ("UGMS") as outlined in Chapter 783 in the Texas Local Government Code. Applicants must familiarize themselves with all of the applicable state and federal rules that govern the HOME Program.

   c) Capitalized terms in this NOFA have the meanings defined herein or as defined in State HOME Rules and the Federal HOME Rules.

   d) If changes to the RSP are required during the RSP term due to required changes in Federal or State law, the Department may initiate an amendment process to ensure compliance.

2) **Source of Funds.** Funds totaling $2,749,313 are made available for single family activities through the Department's 2018 annual HOME allocation from the U.S. Department of Housing and Urban Development ("HUD"). The Department, in its sole discretion, may also release unallocated HOME funds, deobligated funds, Program Income, and funds reallocated from

undersubscribed set-asides, as allowable and available, under this NOFA. The Department, in its sole discretion, also reserves the right to cancel or modify the amount available in this NOFA.

3) **Eligible Activity Types.** The following activity types are eligible uses of Set-Aside HOME funds awarded under this NOFA:

   a) **Homeowner Rehabilitation Assistance ("HRA")**. HRA provides funds for the rehabilitation, reconstruction, or new construction of a single family residence owned and occupied by eligible low-income Households. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter C, Homeowner Rehabilitation Assistance Program, §§23.30 - 23.32.

   b) **Tenant-Based Rental Assistance ("TBRA")**. TBRA provides rental subsidies to eligible low-income Households. Assistance may include rental, security, and utility deposits. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter F, Tenant-Based Rental Assistance Program, §§23.60 - 23.62.

   c) **Homebuyer Assistance ("HBA")**. HBA provides down payment and closing cost assistance, as well as possible rehabilitation assistance for accessibility modifications for eligible low-income Households. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter D, Homebuyer Assistance Program, §§23.40 - 23.42.

   d) **Contract for Deed ("CFD")**. CFD provides funds for the acquisition or refinance, in combination with rehabilitation or reconstruction, of single family housing occupied by the purchaser as shown on an executory contract for conveyance. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter E, Contract for Deed Program, §§23.50 - 23.52.

4) **Allocation of Funds.**

   a) Approximately $2,749,313 in funds is available through the Reservation System for single family activities under the **Persons with Disabilities ("PWD")** and **Contract for Deed ("CFD")** set-asides. In accordance with Tex. Gov't Code §2306.111(d), these set-asides satisfy a legislatively mandated set-aside and therefore are not subject to the Regional Allocation Formula. The funds will be set aside in the manner described until Friday, February 15, 2019, 9:00 a.m. Austin local time after which any remaining funds in any of the set asides described below may be reprogrammed in a manner that is consistent with the 2018 One-Year Action Plan ("OYAP") approved by HUD. :

      i) **PWD Set-Aside.** Approximately $1,749,313 is available for **HRA, TBRA, and HBA** activities under this set-aside. The balances that are available in the Reservation System from any prior year funds for PWD set-aside activities will be incorporated into the PWD Set-Aside for Tenant-Based Rental Assistance under this NOFA and combined with the funds specified in this NOFA to assist eligible PWD Households. Funds may be reserved for individual households for the following activities:

A. **HRA**. Approximately $962,122 in set-aside funding will be available beginning **Monday, October 29, 2018, 10:00 a.m. Austin local time** for HRA activities until **Tuesday, December 18, 2018, 10:00 a.m. Austin local time**, at which time all remaining funding will be made available for any activity under the PWD set-aside until **Friday, February 15, 2019, 10:00 a.m. Austin local time.**

B. **TBRA.** Approximately $699,725 in set-aside funding will be available beginning **Monday, October 29, 2018, 10:30 a.m. Austin local time** for TBRA activities until **Tuesday, December 18, 2018, 10:00 a.m. Austin local time**, at which time all remaining funding will be made available for any activity under the PWD set-aside until **Friday, February 15, 2019, 10:00 a.m. Austin local time**.

C. **HBA.** Approximately $87,466 in set-aside funding will be available beginning **Monday, October 29, 2018, 11:00 a.m. Austin local time** for HBA activities until **Tuesday, December 18, 2018, 10:00 a.m. Austin local time**, at which time all remaining funding will be made available for any activity under the PWD set-aside until **Friday, February 15, 2019, 10:00 a.m. Austin local time**.

ii) **CFD Set-Aside.** A total of approximately $1,000,000 in set-aside funding will be available in the Reservation System CFD set-aside beginning **Monday, October 29, 2018, 11:30 a.m. Austin local time** for CFD Activities until **Friday, February 15, 2019, 10:00 a.m. Austin local time**.

b) Except as limited in this NOFA or by statute, the Department may reprogram funds at any time to the Reservation System, or to administer directly.

c) An alternative timeline and method of releasing funds may be implemented, at the Department's sole discretion. Subsequent changes to the timeline or method of release will be published on the Department's website. However, failure to do so will not invalidate reservations that are otherwise made in accordance with this NOFA.

d) Updated balances for the Reservation System may be accessed online at www.tdhca.state.tx.us/home-division/home-reservation-summary.htm. Reservations of funds may be submitted at any time during the term of a RSP Agreement, as long as funds are available in the Reservation System. Participation in the Reservation System is not a guarantee of funding availability.

5) Application Selection Process.

a) Funding under this NOFA will be made available through the Reservation System to HOME Administrators with active RSP Agreements. Applications to request a RSP Agreement are accepted on an on-going basis. Applicants requesting a RSP Agreement must submit a completed application, required documentation, and associated application materials as detailed in the Application Submission Procedures Manual ("ASPM").

b) All Application materials including manuals, program guidelines, and applicable HOME rules, are available on the Department's website at http://www.tdhca.state.tx.us/home-division/applications.htm. Applications for an RSP Agreement will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on forms provided by the Department, cannot be altered or modified, and must be in final form before submitting them to the Department.

c) Reservations of funds may be submitted at any time during the term of a RSP Agreement, as long as funds are available in the Reservation System. Updated balances for the Reservation System may be accessed online at www.tdhca.state.tx.us/home-division/home-reservation-summary.htm.

d) Administrative deficiencies noted during the review of an RSP Application shall be subject to the administrative deficiency process outlined in 10 TAC §23.24(c).

e) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

f) All Applicants will be subject to a Previous Participation Review by the Department as outlined in 10 TAC Chapter 1, Subchapter C.

g) Audit Requirements. All Applicants are subject to the requirements of 10 TAC §1.403 concerning Single Audits.

h) Pursuant to Tex. Gov't Code §2306.1112, the Executive Award and Review Advisory Committee will make recommendations to the Board regarding funding and allocation decisions.

6) Eligible and Ineligible Applicants.

a) Eligible Applicants include Units of General Local Government, nonprofit organizations, Public Housing Authorities, Local Mental Health Authorities, and Councils of Government.

b) Applicants are required to familiarize themselves with the Department's certification and debarment policies prior to application submission.

7) Eligible and Prohibited Activities.

a) Prohibited activities include those at 24 CFR §92.214 and in the State HOME Rules.

b) Funds will not be eligible for use in a Participating Jurisdiction ("PJ") except for Applications specifically requesting to access funds under the Persons with Disabilities set-aside.

c) Contract for Deed funds must be utilized in colonias pursuant to 10 TAC §23.51(d) and as defined in Tex. Gov't Code, Chapter 2306.

8) Application Submission.

a) The Department will accept applications for the Reservation System on an on-going basis. **Applications for the Reservation System are to be submitted as an upload to the Department's FTP server in the format requirements detailed in the RSP ASPM.**

b) Applicants must submit a completed Application, required documentation, and associated application materials, as described in this NOFA and as detailed in the RSP ASPM. All scanned copies must be scanned in accordance with the guidance provided in the RSP ASPM.

c) All Application materials including manuals, this NOFA, program guidelines, and applicable HOME rules are available on the Department's website at http://www.tdhca.state.tx.us/home-division/applications.htm. Applications will be required to adhere to the HOME Rule and threshold requirements in effect at the time of the Application submission. Applications must be on Application forms published online at the above reference site provided by the Department which cannot be altered or modified, and must be in final form before they are submitted to the Department.

d) Applicants are required to remit a non-refundable Application fee payable to the Texas Department of Housing and Community Affairs in the amount of $30 per Application. Payment must be in the form of a check, cashier's check or money order. **Do not send cash.** Pursuant to Tex. Gov't Code §2306.147(b), the Department will waive Application fees for private nonprofit organizations that offer expanded services such as child care, nutrition programs, job training assistance, health services, or human services. These organizations must request a waiver of the grant application fee in a board resolution authorizing the submittal of the application to the Department, and must include with the application proof of their exempt status and a description of their supportive services in lieu of the Application fee. The Application fee is not an allowable or reimbursable cost under the HOME Program.

e) This NOFA does not include text of the various applicable regulatory provisions that may be important to the HOME Program. For proper completion of the application, the Department strongly encourages potential Applicants to review the State and Federal regulations, and contact the HOME and Homelessness Programs Division for guidance and assistance.

9) Dispute Resolution/Appeal.

a) In accordance with Tex. Gov't Code §2306.082 and 10 TAC §1.17, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("ADR") under the Governmental Dispute Resolution Act, Tex. Gov't Code Chapter 2009, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and Applicants, and other interested persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time an Applicant or other person would like to engage the Department in an ADR procedure, the person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's Rule on ADR at 10 TAC §1.17.

b) An Applicant may appeal decisions made by staff in accordance with 10 TAC §1.7.

For questions regarding this NOFA, please contact Jaclyn Leasure, HOME Production Coordinator for the HOME and Homelessness Programs Division, at (512) 475-2975 or via email at HOME@tdhca.state.tx.us.

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BOARD ACTION REQUEST

HOME AND HOMELESS PROGRAMS DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on Program Year 2018 Emergency Solutions Grants Program Awards

RECOMMENDED ACTION

WHEREAS, the Emergency Solutions Grants ("ESG") Program is funded by the U.S. Department of Housing and Urban Development ("HUD");

WHEREAS, the Department released a Notice of Funding Availability ("NOFA") in January 2017 to identify successful applicants to be awarded funding for Program Years ("PY") 2017 and 2018 if funds are awarded to the State;

WHEREAS, the Department received from HUD $8,801,531 in PY 2018, which is approximately a 0.65% decrease from PY 2017;

WHEREAS, the 2017/2018 ESG NOFA stated that awards to ESG Subrecipients for the second year of funding would be proportional to the increase or decrease received by TDHCA from HUD;

WHEREAS, during a July 2018 monitoring from HUD, the Department received concerns about ESG subgrantees and has made a change to directly contract with each ESG provider that was not procured;

WHEREAS, $7,977,354 is presented to be awarded to ESG Subrecipients at the October 11, 2018, Board meeting, $472,257 is anticipated to be awarded to ESG Subrecipients at the November 8, 2018, Department's Board meeting, and $351,920 will be retained for State administration of the program; and

WHEREAS, federal program rules require the Department to commit all funds within 60 days of receipt of an award letter from HUD, and the Department's ESG award letter was signed by HUD on September 12, 2018;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director, his designees, and each of them be and they hereby are authorized, empowered, and directed, for and on behalf of the Department, to take any and all such actions as they or any of them may deem necessary or advisable to effectuate the awards in PY 2018 ESG contracts.

Background

The ESG Program is funded by HUD and its focus is to assist people to regain stability in permanent housing quickly after experiencing a housing crisis and/or homelessness. On January 9, 2017, the Department released a two year NOFA notifying prospective applicants of the availability of ESG funds for PY 2017 and PY 2018. Successful applicants would receive funding for two years, PY 2017 and PY2018. Funds were allocated for competition to the State's 11 Continuum of Care ("CoC") regions based on criteria indicated in the NOFA. During the Board meeting of November 9, 2017, the Board approved the final 2017 ESG award recommendations based on the total final amount of PY 2017 received by the Department, and after the resolution of appeals.

The NOFA and the Department's 2018 Action Plan indicated that PY 2018 ESG awards would be proportional to the increase or decrease that the Department received from HUD in PY 2018 funding. In addition, the NOFA outlines that any additional funds which might become available either through a supplemental appropriation, return of funds, or recapture of prior year funds would be distributed to increase the award of Subrecipients that received a partial award. The Department was notified that the 2018 allocation of ESG funds is $8,801,531, which is an approximate decrease of 0.65% from the 2017 allocation. This decrease was proportionally applied to the funds awarded in 2017.

During a HUD monitoring in July 2018, HUD identified concerns with the Department's recent ESG subgranting process whereby ESG Subrecipients that were private nonprofits could subgrant a portion of the ESG funds they were awarded to other private nonprofit organizations identified as partners in the application. The concerns identified by HUD included the timeliness of payments to the second tier subgrantees, monitoring of these subgrantees by the ESG Subrecipients, and the substance of the agreement between the ESG Subrecipients and subgrantees. Because of these concerns, the Department's award recommendations to the Board reflect a change to the 2018 ESG awards process to contract directly with both Subrecipients and their 2017 subgrantees, which in essence makes all awardees Subrecipients and equal in their relationship with the Department's 2018 ESG funds. As a result, the number of awards for 2018 ESG funds has increased, though the number of actual ESG providers did not increase. In order to effect this change, ESG Subrecipients who subgranted funds in 2017 were asked to confirm the award and performance targets with the subgrantees, and provide that confirmation to the Department in order for the Department to contract directly with the selected subgrantee. In some cases, the 2017 ESG Subrecipient or subgrantee declined to contract directly with the Department, and while keeping performance targets that would have resulted in the Application originally being funded, the original Subrecipient was allowed to reallocate the funds to other subgrantees listed in the Application or keep the funds for itself.

Four potential ESG Subrecipients did not submit required documentation to complete their previous participation review in time for the October 11, 2018, Board meeting. Their potential 2018 ESG awards may be presented at the November 8, 2018, Board meeting if the required documentation is submitted in a timely fashion.

In the event that funds awarded from prior ESG allocations become available though deobligation, the Department receives additional 2018 ESG funds that it may award without limitation, or the Department receives program income before HUD publishes the amount of the Department's 2019 ESG allocation, the two ESG Applications that received partial awards due to lack of available funding in 2017 will be offered the additional available funding up to the original requested funds, less the .65% prorate reduction. The two Applications, San Antonio Metropolitan Ministries (SAMM) and Salvation Army of Temple, would be awarded any such additional funds in accordance with the NOFA, with SAMM receiving priority over the Salvation Army of Temple. If the funds become available, the Department will do an updated previous participation review on these entities and the Executive Award Review Advisory Committee ("EARAC") will vote on the award, but the Department will not bring the award back to the Board unless there is an EARAC recommendation not to award funds, or EARAC recommends imposing conditions on the award.

A total of $7,977,354 in ESG funds will be awarded with this action. The entities that were subgrantees under a group application last year are identified with a number after the decimal in their application number. The award recommendation log is as follows:

#	Application number	Continuum of Care Region	Organization	Recommended Award amounts
1	185001	TX500	Family Violence Prevention Services, Inc.	$206,151
2	185003	TX500	San Antonio Metropolitan Ministry, Inc.	$217,177
3	185003.1	TX500	San Antonio Food Bank	$107,298
4	185003.2	TX500	Haven for Hope of Bexar County	$107,201
5	185003.3	TX500	Society of St. Vincent de Paul Archdiocesan Council of San Antonio	$107,298
6	18503	TX503	Youth and Family Alliance, dba LifeWorks	$415,763
7	18503.1	TX503	The SAFE Alliance	$149,631
8	1860010	TX600	Shelter Ministries of Dallas, dba Austin Street Center	$199,658
9	1860011	TX600	Bridge Steps	$18,734
10	1860011.1	TX600	The Salvation Army of Dallas	$180,264
11	1860012	TX600	City House, Inc.	$137,136
12	1860012.1	TX600	The Assistance Center of Collin County	$61,860
13	1860013	TX600	City Square	$199,672
14	1860014	TX600	Family Gateway, Inc	$199,658
15	1860015	TX600	The Family Place	$127,796
16	1860015.1	TX600	Legal Aid of Northwest Texas	$11,057
17	1860015.2	TX600	Promise House, Inc.	$75,354
18	186016	TX601	SafeHaven of Tarrant County	$100,899
19	186016.2	TX601	Presbyterian Night Shelter	$109,285
20	186018	TX601	The Salvation Army of Fort Worth, Mabee Center	$123,000
21	186018.1	TX601	Center for Transforming Lives	$98,211
22	186018.2	TX601	Tarrant County Hands of Hope	$30,681
23	186038	TX603	The Salvation Army of El Paso	$113,939
24	186039	TX603	El Paso Human Services, Inc.	$147,065

#	Application number	Continuum of Care Region	Organization	Recommended Award amounts
25	186041	TX604	Salvation Army of Waco	$150,660
26	186111.1	TX611	The Salvation Army of Amarillo*	$101,153
27	186111.2	TX611	Guyon Saunders Resource Center*	$26,011
28	186111.3	TX611	Family Support Services*	$17,340
29	186071	TX607	City of Texarkana, Texas	$60,703
30	186071.1	TX607	Randy Sams' Outreach Shelter, Inc.	$174,393
31	186071.2	TX607	Ark-Tex Council of Governments	$211,767
32	186072	TX607	Loaves and Fishes of the Rio Grande Valley, Inc.	$237,172
33	186072.1	TX607	Family Crisis Center, Inc	$118,853
34	186072.2	TX607	La Posada Providencia	$118,854
35	186073.1	TX607	Christian Community Action	$144,060
36	186073.2	TX607	Denton County Friends of the Family, Inc	$146,045
37	186074	TX607	Advocacy Outreach	$277,588
38	186074.1	TX607	Bastrop County Women's Shelter, dba Family Crisis Center	$75,667
39	186074.2	TX607	Combined Community Action, Inc.	$93,820
40	186075	TX607	Shelter Agencies for Families in East Texas, Inc	$149,025
41	186078	TX607	Friendship of Women, Inc.	$198,788
42	186078.1	TX607	The Bishop Enrique San Pedro Ozanam Center, Inc.	$153,662
43	186078.2	TX607	Brownsville Literacy Center	$43,779
44	186078.3	TX607	Catholic Charities of the Rio Grande Valley, Inc.	$152,751
45	186079	TX607	The Salvation Army of Corpus Christi	$149,025
46	1860710	TX607	The Salvation Army of Temple	$31,960
47	1860710.2	TX607	Families in Crisis, Inc.	$30,164
48	1860711	TX607	Mid-Coast Family Services, Inc	$303,186
49	1860711.1	TX607	Community Action Committee of Victoria, Texas	$143,889
50	187001	TX700	Alliance of Community Assistance Ministries, Inc.	$284,290
51	187002	TX700	The Bridge Over Troubled Water, Inc.	$68,807
52	187002.1	TX700	Bay Area Turning Point, Inc.	$164,337
53	187002.2	TX700	Houston Area Women's Center	$75,307
54	187003	TX700	Houston Area Community Services, Inc., dba Avenue 360	$77,109
55	187003.1	TX700	Covenant House Texas	$122,357

#	Application number	Continuum of Care Region	Organization	Recommended Award amounts
56	187004	TX700	Coalition for the Homeless of Houston/Harris County	$308,452
57	187005	TX700	The Salvation Army of Houston	$119,328
58	187005.1	TX700	Search Homeless Services	$112,779
59	187005.3	TX700	The Beacon Downtown Houston	$89,485
	Total			$7,977,354

*Note that TDHCA received a special allocation of ESG funds in PY 2017 from HUD that had to be spent in the Amarillo CoC. This allocation was not continued in PY 2018, causing a reduction of greater than .65% for these 2018 ESG funds.

BOARD ACTION REQUEST

OCI, HTF, and NSP DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on Colonia Self-Help Center Program Award to El Paso County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant Funding

RECOMMENDED ACTION

WHEREAS, the Department is required to establish Colonia Self-Help Centers ("Colonia SHC") in Cameron/Willacy, El Paso, Hidalgo, Starr, and Webb counties;

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

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

WHEREAS, on August 15, 2018, the Department met with the C-RAC to discuss a funding proposal for El Paso County and the C-RAC recommended to award funds to El Paso County; and

WHEREAS, this award will make available Community Development Block Grant ("CDBG") funding to serve El Paso County colonias with the Colonia SHC Program;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director is hereby authorized to make an award of CDBG funding under the Colonia SHC Program to El Paso County in the amount of $700,000 from Program Year 2017, as further described in Exhibits A and B.

BACKGROUND

Colonia Self-Help Centers Program

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

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

The C-RAC and the counties designate five colonias in each county service area to receive concentrated attention from that Colonia SHC. The C-RAC advises the TDHCA Governing Board regarding the needs of the colonia residents, programs that are appropriate and effective for Colonia SHCs, and activities that may be undertaken to better serve colonia residents. Counties submitting Colonia SHC funding proposals must include a needs assessment for each identified colonia, accompanied by a customized scope of work based on the assessment and the eligible activities defined in statute and the Program Rules. On August 15, 2018, C-RAC convened at the Webb County Colonia SHC for a presentation of the proposal and scope of work by El Paso County.

The El Paso County SHC award was presented to the Executive Award Review and Advisory Committee on October 1, 2018, and recommended for award.

Colonia SHC Funding

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

EXHIBIT A

COLONIA SHC AWARD DESCRIPTION FOR EL PASO COUNTY

Subrecipient: El Paso County
Contact: The Honorable Ruben John Vogt, El Paso County Judge
Colonias: Agua Dulce Unit 1
Agua Dulce Unit 4
Horizon View Estates Unit 17
Westway Unit 1
Westway Unit 3

El Paso County proposes the following housing and community development activities to benefit an estimated 4,574 persons, of which 4,345 or 95% are of low- to moderate-income:

Performance Activity	Quantity	Budget
Public Service		**$70,000**
Tool Library	**400 checkouts**	
Technology Access	**400 visits**	
Solid Waste Removal	**4 events**	
Model Home Plans	**2 plans**	
Title-Related Services	**4 activities**	
Residential Rehabilitation	**4 homes**	**$175,000**
Reconstruction (Not feasible for rehab)	**7 homes**	**$350,000**
Administration		**$105,000**
TOTAL		**$700,000**

EL PASO COUNTY
CONTRACT NO. TBD
EXHIBIT B (PROPOSED)

LINE	CATEGORIES	CSHC CONTRACT FUNDS	LEVERAGED FUNDS	TOTAL
1	Acquisition, Disposition			
2	Clearance			
3	Center/Facility			
4	Public Facilities (use 4a, 4b, or 4c)			
4a	Water			
4b	Sewer			
4c	Flood and Drainage Facilities			
5	Street/Bridges			
6	Other Public Facilities			
7	Public Service (Limited to **10%** of Request)	$ 70,000		$ 70,000
8	Relocation			
9	Rehabilitation (use 9a or 9b)			
9a	Residential Rehabilitation	$ 175,000	$ 36,000	$ 211,000
9b	Commercial Rehabilitation			
10	Public Housing Modernization			
11	Removal of Architectural Barriers			
12	Planning Only			
13	Administration, Planning and Management	$ 105,000		$ 105,000
14	Economic Development (use 14a, 14b or 14c)			
14a	Assistance to Non-Profit			
14b	Assistance to For-profit Entities			
14c	Micro enterprises or Small Business			
15	New Construction (use 15a, 15b, or 15c)			
15a	Last Resort			
15b	Not feasible for Rehabilitation	$ 350,000	$ 242,485	$ 592,485
15c	Other 105 (a) 15			
16	Unspecified Activities			
17	Homeownership Assistance			
32	General Administration			
	Totals	$ 700,000	$ 278,485	$ 978,485

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BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

OCTOBER 11, 2018

Presentation, Discussion, and Possible Action on the draft 2019 State of Texas Consolidated Plan: One-Year Action Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") requires the submission of a One-Year Action Plan in accordance with 24 CFR §91.320;

WHEREAS, the Department has developed the draft 2019 State of Texas Consolidated Plan: One-Year Action Plan (the "Plan"), which reports on the intended use of funds received by the State of Texas from HUD for Program Year ("PY") 2019, beginning on February 1, 2019, and ending on January 31, 2020;

WHEREAS, a public comment period will be open from Monday, October 15, 2018, through Thursday, November 15, 2018, and a public hearing will be held on Thursday, October 25, 2018, to garner input on the Plan; and

WHEREAS, per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD on December 15, 2018, which is at least 45 days before the start of PY 2019;

NOW, therefore, it is hereby

RESOLVED, that the draft 2019 State of Texas Consolidated Plan: One-Year Action Plan, in the form presented to this meeting, is hereby approved for release for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to cause notice of the draft 2019 State of Texas Consolidated Plan: One-Year Action Plan to be published in the *Texas Register* and, in connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable.

BACKGROUND

The Texas Department of Housing and Community Affairs ("TDHCA"), Texas Department of Agriculture ("TDA"), and Texas Department of State Health Services ("DSHS") prepared the draft 2019 State of Texas Consolidated Plan: One-Year Action Plan ("Plan") in accordance with 24 CFR §91.320. TDHCA coordinates the preparation of the State of Texas Consolidated Plan documents. The Plan covers the State's administration of the Community Development Block Grant Program ("CDBG") by TDA, the Housing Opportunities for Persons with AIDS Program ("HOPWA") by DSHS, the Emergency Solutions Grant ("ESG") Program, the

HOME Investment Partnerships ("HOME") Program, and the National Housing Trust Fund ("NHTF") Program by TDHCA.[1]

The Plan reflects the intended uses of funds received by the State of Texas from HUD for Program Year 2019. The Program Year begins on February 1, 2019, and ends on January 31, 2020. The Plan also illustrates the State's strategies in addressing the priority needs and specific goals and objectives identified in the 2015-2019 State of Texas Consolidated Plan.

Upon approval by the Board, the Plan will be available for public comment on the TDHCA Public Comment Center at http://www.tdhca.state.tx.us/public-comment.htm. The public comment period will be open from Monday, October 15, 2018, through Thursday, November 15, 2018, and a public hearing will be held on Thursday, October 25, 2018, at 2:00 p.m. Austin local time in the Stephen F. Austin Building, Room 173, 1700 North Congress Avenue, Austin, TX 78701. Other public comment periods on specific Texas Administrative Code rules referenced in the Plan may be announced.

Following the public comment period, staff will present a final Plan to the Board, prior to submission to HUD. Per 24 CFR §91.15(a)(1), the Plan is required to be submitted to HUD on December 15, 2018, which is at least 45 days before the start PY 2019. However, in recent years, HUD has issued revised procedures, instructing the Department not to submit the Plan until after Congress has completed the appropriations process for HUD's annual appropriation and HUD has calculated the PY 2019 allocation amounts, which in recent years has occurred after December 15.

Since the Department has received neither the PY 2019 allocation amounts nor any HUD guidance on the timing of submission for the PY 2019 Plan, staff intends to present the Plan to the Board for approval either at the Board meeting of December 6, 2018, or at the soonest meeting that is practicable after the final 2019 allocation amounts are released, but no later than 60 days after the allocation amounts are released and no later than the Board meeting of July 25, 2019. Further, the Plan is anticipated to be due to HUD 60 days after announcement of the 2019 funding allocations, but no later than August 16, 2019.

[1] The Texas General Land Office ("GLO") is the responsible entity for developing the State Community Development Block Grant Disaster Recovery Program ("CDBG-DR") Action Plan and submitting any required amendments to the Consolidated Plan in accordance with HUD guidelines. CDBG-DR planning documents are available at http://www.glo.texas.gov/recovery/reporting/action-plans/index.html.

DRAFT 2019 State of Texas Consolidated Plan
One-Year Action Plan

Draft as submitted to the TDHCA Board on October 11, 2018

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Contents

Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

This One Year Action Plan ("OYAP") identifies the contemplated possible use of funds received by the State of Texas from the U.S. Department of Housing and Urban Development ("HUD") for Program Year ("PY") 2019. This PY 2019 OYAP applies to those actions of the Texas Department of Housing and Community Affairs ("TDHCA"), the Texas Department of Agriculture ("TDA"), and the Texas Department of State Health Services ("DSHS"), relating to the activities of those three state agencies involving the administration of ongoing HUD Community Planning and Development ("CPD") programs. Those agencies, being all of the agencies that administer HUD CPD programs for the state of Texas (other than Community Development Block Grant Disaster Recovery funds designated specifically by HUD for disaster recovery efforts), are collectively referred to herein as the "State." This OYAP is for the HOME Investment Partnerships ("HOME") Program, the Emergency Solutions Grant ("ESG") Program, the Community Development Block Grant ("CDBG") Program, the Housing Opportunities for Persons with AIDS ("HOPWA") Program, and the National Housing Trust Fund ("NHTF"). The 2019 PY for HUD program activity begins on February 1, 2019, and ends on January 31, 2020. The performance report on PY 2017 funds was submitted to HUD in April 2018 and approved by HUD in August 2018.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The 2019 OYAP:

1. Reports on the intended use of funds received by the State from HUD for PY 2019;
2. Explains the State's method for distributing CDBG, ESG, HOME, HOPWA, and NHTF program funds; and,
3. Provides opportunity for public input on the development of this OYAP.

The State's progress in achieving the goals put forth in the OYAP will be measured according to HUD guidelines (24 CFR §91.520) and outlined in the Consolidated Annual Performance and Evaluation Report ("CAPER"), submitted to HUD by May 1 each year.

In accordance with the guidelines from HUD, the State utilizes the CPD Outcome Performance Measurement System through the use of HUD's Integrated Disbursement and Information System ("IDIS") to develop the OYAP and CAPER each year. Program activities are categorized into the objectives and outcomes listed throughout the OYAP. The estimated performance figures are based on planned performance during the PY (February 1st through January 31st) of contracts committed and projected households to be served based on estimated availability of funds. In contrast, the performance measures reported to the Texas Legislative Budget Board for the State Fiscal Year ("SFY") which is September 1st through August 31st, are based on anticipated units and households at time of award.

The objectives, outcomes, and activity budgets in this OYAP will be proportionally adjusted from the estimated levels included herein once the PY 2019 allocation notice is received from HUD.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

The information below is for HOME, ESG, NHTF, CDBG, and HOPWA for PY 2017 (February 1, 2017 to January 31, 2018). Because NHTF was a new program for PY2016, past performance data is limited to award activities.

HOME Evaluation of Past Performance
TDHCA's HOME program expended $32,490,905 in program funds through six different HOME Program activities in PY 2017, representing completed assistance to 584 households that achieved 94% of expected program year goals.

ESG Evaluation of Past Performance
During PY 2017, TDHCA's ESG Program expended $15,751,230, including 2017 ESG funding, reallocated and unexpended balances of ESG funds from 2011-2016,as well as matching funds. With the expended funding, ESG served 922 households with rapid re-housing, 14,492 persons with overnight shelter assistance, and 2,048 persons with homelessness prevention.

NHTF Evaluation of Past Performance
TDHCA's NHTF program has committed nearly all of PY 2016 funds and anticipates committing all of its PY 2017 funds by mid-2018, with all funds being used for the new construction of multifamily rental housing. Nearly half of PY 2016 funds have been expended.

CDBG Evaluation of Past Performance
During PY 2017, the Texas CDBG Program committed a total of $70,220,988 through 241 awarded contracts. For contracts that were awarded in PY 2017, 372,087 persons were anticipated to receive service. The Colonia Self Help centers, overseen by TDHCA's Office of Colonia Initiatives, awarded two contracts in 2017, totaling $1,488,785 and benefitting 3,565 persons.

HOPWA Evaluation of Past Performance
In PY 2017, the DSHS HOPWA program served 468 households with TBRA (100% of the OYAP goal set at 477 households), 479 households with STRMU assistance (111% of the OYAP goal set at 433 households), and 52 households with Permanent Housing Placement ("PHP") assistance (208% of the OYAP goal set at 25 households) for a total of 943 unduplicated households. Of the 943 households served, 940 households also received HOPWA-funded Supportive Services (104% of the OYAP goal set at 900.) All HOPWA clients receive housing supportive services at some level, but some costs were leveraged with other funding sources. Client outcome goals for housing stability, reducing homelessness risk, and improving access to care were also achieved.

4. Summary of Citizen Participation Process and consultation process
Summary from citizen participation section of plan.

The State is committed to reaching out to and engaging with the public in order to develop programmatic activities that are responsive to the various affordable housing needs of Texans. The State also solicits and receives input from governmental bodies, nonprofits, and community and faith-based groups. More information on the citizen participation, consultation, and public comment are included in the Consultation and Participation sections of the Plan.

The 2015-2019 Consolidated Plan (as adopted) substantial amendments, the OYAP, and the Consolidated Plan Annual Performance and Evaluation Report ("CAPER") are available to the public online at http://www.tdhca.state.tx.us and materials are accessible to persons with disabilities, upon request.

The State recognizes that public participation and consultation are ongoing processes. During the development of the 2015-2019 Consolidated Plan, comprehensive outreach was conducted to gather input. This outreach continues through the development of each Annual Action Plan within the 5-year consolidated planning process. Following the release of HUD's Final Rule to Affirmatively Further Fair Housing ("AFFH"), the State updated the Citizen Participation Plan and Language Access Plan; those updated plans are now being used as the State develops an updated Analysis of Impediments to Fair Housing Choice ("AI").

5. Summary of public comments
This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

Public comments received after the release of the Draft 2019 OYAP will be summarized here.

6. Summary of comments or views not accepted and the reasons for not accepting them
A summary of public comments received during the public comment period will be provided here.

7. Summary
The consolidated planning process occurs once every five years, so creating a comprehensive 2015-2019 Consolidated Plan was vital for CDBG, HOME, ESG, HOPWA, and NHTF. Because of the Consolidated Plan's authority to govern these programs, research from multiple sources, including other government plans, peer-reviewed journals, news sources, and fact sheets were used. Valuable public input was gathered through roundtable meetings, council/workgroup meetings, public hearings, online surveys, and an online forum. An expansive public input process was included in the development of the Consolidated Plan. The 2015-2019 Consolidated Plan is now carried out through Annual Action Plans, which provide a concise summary of the actions, activities, and the specific federal and non-federal resources that the State plans to use each year to address the priority needs and specific goals identified by the Consolidated Plan.

PR-05 Lead & Responsible Agencies - 91.300(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan
The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Department/Agency
CDBG Administrator	Texas Department of Agriculture
HOPWA Administrator	Texas Department of State Health Services
HOME Administrator	Texas Department of Housing and Community Affairs
ESG Administrator	Texas Department of Housing and Community Affairs
NHTF Administrator	Texas Department of Housing and Community Affairs

Table 1 – Responsible Agencies

Narrative

TDHCA administers the ESG Program, NHTF, and the HOME Program; TDA administers the CDBG Program; and DSHS administers the HOPWA Program. All of these programs, known collectively as CPD Programs, are covered in the 2019 OYAP. TDHCA coordinates development of the OYAP among itself, TDA, and DSHS.

Key Organizational Events
In 1991, the 72nd Texas Legislature created TDHCA. TDHCA's enabling legislation combined programs from the Texas Housing Agency, the Texas Department of Community Affairs, and the Community Development Block Grant Program from the Texas Department of Commerce. Effective September 1, 2002, in accordance with Senate Bill 322, the Manufactured Housing Division became an independent entity administratively attached to TDHCA.

At that time the CDBG Program was transferred from TDHCA to the newly-created Office of Rural Community Affairs, later called the Texas Department of Rural Affairs, and was then subsequently moved to TDA. As of October 1, 2011, the program is administered by TDA. Through an interagency agreement with TDA, TDHCA administers 2.5% of the CDBG funds which are designated for the Colonia Self Help Centers ("SHCs") along the Texas-Mexico border.

DSHS, which administers HOPWA, is an agency of Texas Health and Human Services ("HHS"). In 2015, HHS began a reorganization to produce a more efficient, effective, and responsive system. In September of 2016, the first phase of that effort became operational, and a second phase occurred September 1, 2017. The goals of the transformation were to create a system that is easier to navigate for people who need information, benefits, or services; aligns with the HHS mission, business, and statutory responsibilities; breaks down operational silos to create greater program integration; creates clear lines of accountability within the organization; and develops clearly defined and objective performance metrics for all areas of the organization. Foremost as it relates to HOPWA, DSHS contract oversight and support functions have transferred to HHS.

For more information about the HHSC transformation, visit https://hhs.texas.gov/about-hhs/hhs-transformation.

On March 12, 2016, TDHCA was designated by Governor Abbott as the state agency responsible for the administration of funds provided through the NHTF.

TDHCA, TDA, and DSHS administer their assigned CPD programs and services through a network of organizations across Texas and do not typically fund assistance to individuals directly. Depending on the program, organizations include units of local government, councils of governments, nonprofit organizations, for-profit organizations, Administrative Agencies ("AA"), Public Housing Authorities ("PHAs"), and Community Housing Development Organizations ("CHDOs").

Consolidated Plan Public Contact Information

ESG, HOME, and NHTF Contact Information:
Texas Department of Housing and Community Affairs
PO Box 13941, Austin, TX 78711-3941. (800) 525-0657
http://www.tdhca.state.tx.us/

CDBG Contact Information:
Texas Department of Agriculture, Office of Rural Affairs
PO Box 12847, Austin, TX 78711-2847. (800) 835-5832
http://texasagriculture.gov/Home/ContactUs.aspx

HOPWA Contact Information:
DSHS HIV/STD Prevention and Care Branch, HIV Care Services Group, HOPWA Program
PO Box 149347, Mail Code 1873, Austin, TX 78714-9347. (512) 533-3000.
https://www.dshs.texas.gov/hivstd/hopwa

AP-10 Consultation - 91.110, 91.300(b); 91.315(l)

1. Introduction

In an effort to gather information from as many diverse audiences as possible, TDHCA uses different forms of technology to communicate efficiently, including online surveys, forums, social media, and email distribution. Online surveys foster an increased response rate of participants as well as facilitating data analysis. Also, online forums are used in the development of program rules and distribution methods. Online forums are advertised at workgroups and committees as well as on social media. The availability of all these methods is communicated primarily via the TDHCA website, opt-in email distribution lists, social media, and through announcements at meetings and conferences.

An online presence allows TDHCA to reach out to encourage participation and consultation. The Policy and Public Affairs Division of TDHCA has implemented a social media presence, specifically through Twitter, Facebook, YouTube, and Flickr. Numerous tweets and posts are sent out during the public input process on the development of the Plan. Furthermore, TDHCA sends out notices via voluntary email lists, where subscribed individuals and entities can receive email updates on TDHCA information, announcements, and trainings. Use of technology allows fast communication to a large audience.

In the consolidated planning process, the State encourages the participation of public and private organizations, including broadband internet service providers, organizations engaged in narrowing the digital divide, agencies whose primary responsibilities include the management of flood prone areas, public land or water resources, and emergency management agencies in the process of developing the consolidated plan.

Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l)).

The Texas Legislature has created the Housing and Health Services Coordinating Council which meets not less than quarterly and carries out a variety of coordinating, educational, analytical, and training efforts. This council is chaired by TDHCA's executive director and has representation from a wide array of agencies that provide health related services, as well as developers and advocates in different relevant sectors. It is supported administratively by TDHCA staff.

The State works to enhance coordination between public and assisted housing providers, and private and governmental health, mental health, and service agencies. For example, TDHCA staff routinely attends inter- and intra-agency meetings to educate and coordinate housing and services, as described in the following sections of the 2015-2019 Consolidated Plan: Strategic Plan Section 35, Anticipated Resources, and Action Plan Section 65, Homeless and Other Special Needs. The State is also a subrecipient of Money Follows the Persons funds via the Texas Health and Human Services, of Section 811 funds, and of Mainstream Vouchers – in all three programs intensive coordination and collaboration is occurring relating to the interplay between health services and housing.

DSHS contracts with seven AAs across the State to provide administrative support in implementing the State's HOPWA formula program. AAs work with HIV Planning Councils in major metropolitan areas and with other organizations and stakeholders outside the major metropolitan areas to develop comprehensive HIV Services plans and needs assessments, which are developed through consultation with clients and other stakeholders through interviews, surveys, focus groups, and/or public hearings. AAs must communicate with stakeholders through disseminating written copies of services plans, posting the plans on the internet, town hall meetings, and advisory groups. Project Sponsors work closely with the local public housing authority offices to identify and establish relationships with other organizations that may have available resources. This ongoing collaboration provides access to organizations and programs, such as the housing choice vouchers; Continuum of Care ("CoC"); community health clinics; churches and private foundations; and Ryan White and HIV Planning Councils.

TDHCA continues to use its fair housing email list to share fair housing-related news, event information, and announcements with interested persons and organizations.

TDA consults with local governments both in person and through web-based meetings. As a part of the traditional CDBG planning process, public hearings were held in each of the 24 Council of Government planning regions during PY 2016. Each Regional Review Committee, composed of local elected officials, discussed local funding priorities for the Community Development Fund and adopted scoring criteria, which were applied to the Community Development Fund in PY 2017 to implement those priorities. Additionally, the Texas Rural Health and Economic Development Advisory Council ("TRHED") met on May 1, 2017, and October 31, 2017, to discuss rural policy issues, as well as receive updates and proposed program changes for the state CDBG program.

Provide a concise summary of the state's activities to enhance coordination with local jurisdictions serving Colonias and organizations working within Colonias communities.

The Colonia SHC Program funds specific Texas-border county governments with four-year contracts. Awards and funding associated with this program are reviewed and recommended by a Colonia Resident Advisory Group ("C-RAC"). On a very frequent basis—weekly or more often—TDHCA provides guidance and oversight to the county governments with which TDHCA has executed Colonia SHC contracts. TDHCA also provides guidance and technical assistance to the housing subgrantees with which respective counties have contracted to achieve specific deliverables per their individualized SHC subcontracts. Periodically, TDHCA convenes a meeting with the C-RAC, which is a group of colonia residents who live in the specific colonias served by the centers. This grass-roots-style committee recommends approval of and amendments to contracts, evaluates county recommendations and provides TDHCA and the counties with guidance on programming and activities in the colonias. Lastly, approximately every two years, TDHCA updates its Colonia SHC Program rules, and initiates this process by first soliciting comment from the public at large for suggestions for changes.

As a part of the processes discussed above, TDA met with elected officials from counties serving colonia areas. The local leaders discussed funding priorities for the Community Development Fund, including projects that could serve colonia areas.

TDHCA and TDA are committed to working with other state and federal regulatory and funding agencies. Agency coordination continues through the Texas Water Infrastructure Coordinating Committee ("TWICC"), which includes many of the same agencies and addresses concerns throughout the state, including those in colonias.

Further, to promote greater supply of rental housing for colonia residents and to enhance the availability of municipal services to colonias, TDHCA has scoring criteria in its Qualified Allocation Plan ("QAP") for properties proposed in colonias.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

TDHCA works to coordinate with Continuum of Care ("CoC") lead agencies on many levels. Several CoC lead agencies attend the Texas Interagency Council for the Homeless ("TICH") which has two representatives from TDHCA, as well as many other state agencies. In addition, the TICH supports a contract with the Texas Homeless Network ("THN") to build on pilot projects for collaboration between CoCs and Local Workforce Development Boards that is currently underway and due for completion by August 31, 2019.

In order to better coordinate with CoCs to address the needs of homeless persons and persons at-risk of homelessness, TDHCA works closely with the CoCs during the awarding ESG funds. ESG funds are released by Notice of Funding Availability ("NOFA") for an amount of available funding within each CoC region. For the competition for 2019/2020 ESG funds, applicants within each CoC region will either submit an application for ESG funding directly to TDHCA or to one of the CoC Lead Agencies approved by TDHCA to run a local competition for ESG funds. If applications are submitted to the CoC Lead Agency, the CoC recommends applications for award to TDHCA for their region. Both applicants to TDHCA and to the local CoCs are required to consult with the CoC as a threshold application requirement, and the CoC must confirm that the application will meet the priorities of the CoC if funded.

Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

To prepare for future funding competitions, TDHCA will codify the selection criteria utilized to prioritize applications for award in administrative rules, which undergo a public comment period. Stakeholder feedback from the CoCs is specifically solicited during the drafting of rules, both at roundtables and though an online forum.

The proposed rules may include a threshold requirement that the applicant for ESG funds submit confirmation from the CoC that the proposed activities within the application align with CoC priorities. Additionally, a proposed scoring item may prioritize applications which are recommended for funding by the CoC. The proposed rules also may include a mechanism for the CoC lead agencies to request to manage the competition for funding allocated to their CoC. In prior years, four of the eleven CoC regions in Texas chose to manage their own competition and make recommendations to TDHCA for funding within their CoC.

TDHCA's ESG Subrecipients are required to use the established HMIS or HMIS-comparable databases in their CoC regions. This requirement enables ESG Subrecipients to supply exports for HUD's Sage HMIS Repository Reporting system needed for the CAPER. In addition, the use of HMIS or an HMIS-comparable database holds ESG Subrecipients to standards of reporting set by the HMIS leads in their CoC regions.

2. Agencies, groups, organizations and others who participated in the process and consultations

Table 2 – Agencies, groups, organizations who participated

1	**Agency/Group/Organization**	TICH
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-Homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Health Agency Child Welfare Agency Other government - Federal Other government - State Other government - County Other government - Local
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Input on the 2019 OYAP may be sought at the January 2019 quarterly meeting of the Texas Interagency Council for the Homeless ("TICH") and details of this consultation may be included in the final 2019 OYAP. TDHCA regularly informs the TICH of ESG methods of distribution, goals, and activities. The function of the TICH is to coordinate the state's resources and services to address homelessness. TICH serves as an advisory committee to TDHCA. Representatives from eleven state agencies sit on the council along with members appointed by the governor, lieutenant governor, and speaker of the house of representatives.
2	**Agency/Group/Organization**	Rural Health and Economic Development Advisory Council
	Agency/Group/Organization Type	Housing Services - Housing Services-Health Other government - State Other government - County Other government - Local Regional organization Planning organization Business and Civic Leaders
	What section of the Plan was addressed by Consultation?	Economic Development Anti-poverty Strategy CDBG Method of Distribution
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Details on the Rural Health and Economic Development Advisory Council fall meeting will be included in the final 2019 OYAP. Consisting of nine members, this council is tasked with identifying rural policy priorities and reviewing the effectiveness of existing rural programs. The council's Rural Policy plan focused on strategic initiatives for economic and community development, improvements to existing rural health care systems and recommendations for the use and allocation of Community Development Block Grant funding, which is used to make improvements in rural communities across Texas.

3	**Agency/Group/Organization**	HIV Administrative Agencies
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS engages in ongoing consultation with HOPWA stakeholders by collecting qualitative data from HIV Administrative Agencies ("AAs") and using it for planning and evaluation. AAs work with HIV Planning Councils in major metropolitan areas and with other organizations and stakeholders outside the major metropolitan areas to develop comprehensive HIV Services plans and needs assessments, which are developed through consultation with clients and other stakeholders through interviews, surveys, focus groups, and/or public hearings. AAs must communicate with stakeholders through disseminating written copies of services plans, posting the plans on the internet, town hall meetings, and advisory groups. AA contact information and planning area maps are located at https://www.dshs.texas.gov/hivstd/services/aa.shtm.
4	**Agency/Group/Organization**	HOPWA Project Sponsors
	Agency/Group/Organization Type	Services-Persons with HIV/AIDS
	What section of the Plan was addressed by Consultation?	HOPWA Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	DSHS engages in ongoing consultation with HOPWA stakeholders by collecting qualitative data from HOPWA Project Sponsors and using it for planning and evaluation. Project Sponsors provide narrative performance output and outcome data; offer program strategies for improved performance and strategies that contributed to successes; describe efforts to coordinate resources and efforts; assess housing barriers and make recommendations; request technical assistance, and supply other discussion items (i.e., feedback, ideas, other recommendations).

Identify any Agency Types not consulted and provide rationale for not consulting

As indicated in the Introduction, during the ongoing consultation and public participation process, Texas seeks input from the widest possible range of agency types.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	Texas Homeless Network	Texas Homeless Network ("THN") is a non-profit membership-based organization helping Texas communities prevent and end homelessness. THN provides training and technical assistance around the state of Texas helping service providers and communities better serve the homeless population with the end goal of preventing and ending homelessness.
Pathways Home	TICH	Pathways Home presents findings which indicate that greater coordination of employment and health service resources with local housing programs would expand the State's capacity to prevent and end episodes of homelessness. In response to the study findings, Pathways Home proposes a framework to help more of the State's most vulnerable citizens to enter and remain in safe housing. A report is generated annually by the TICH that serves as a supplement to Pathways Home.

Table 3 – Other local / regional / federal planning efforts

Narrative

Since the consolidated planning process is an ongoing effort, the State continues to consult with agencies, groups, and organizations through the program year cycles for CDBG, ESG, HOME, NHTF, and HOPWA, and the development of HUD required fair housing documents, including the AI.

The State of Texas is following the Citizen Participation Plan requirements under 24 CFR §91.110, §91.115, and §5.158 related to outreach and consultation for an Assessment of Fair Housing ("AFH"). States are not currently required to submit an AFH, but must continue to comply with requirements that existed prior to the AFFH rule, which required conducting an AI.

In the development of the updated AI, the State consulted with housing agencies administering public housing, Public Housing Authorities ("PHAs"), state-based and regionally-based organizations that represent protected class members, and organizations that enforce fair housing laws, including agencies that participate in HUD's Fair Housing Initiatives Program ("FHIP") and HUD's Fair Housing Assistance Program ("FHAP"). From May through August 2018, the State conducted over 40 separate consultations in order to garner input for the initial draft AI. Thirty of those meetings were conducted around the state and were advertised to the public and to stakeholders alike, and four of the thirty public consultation meetings were public hearings that were published in the *Texas Register,* and were posted on TDHCA's external website. E-mail blasts were used to contact local officials, advocacy groups, stakeholder groups, and the public at large, inviting them to provide input on fair housing issues in their community for consideration in developing the draft AI. Overall there were 495 individuals that attended consultations and meetings, and an additional 15 parties submitted written input.

Further, the State made available on TDHCA's website links to HUD-provided data and supplemental information which the State intends to incorporate into the AI.

Language needs

The State conducted an analysis of eligible program participants with Limited English Proficiency ("LEP"). The analysis was performed for households at 200% poverty, roughly equivalent to 80% area median income statewide in Texas. The overwhelming need, at 74% of LEP persons, was for Spanish language translation. The state will translate vital documents into Spanish. The state will analyze market areas for program beneficiaries to determine if documents should be translated into additional languages. The state will apply four-factor analysis to consider the resources available and costs considering the frequency with which LEP persons come into contact with the program and the nature and importance of the program, activity, or service. The State will make reasonable efforts to provide language assistance to ensure meaningful access to participation by non-English speaking persons.

AP-12 Participation - 91.115, 91.300(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation; Summarize citizen participation process and how it impacted goal-setting

Encouragement of Public Participation
To reach minorities and non-English speaking residents, the Plan outreach follows the State's Language Access Plan. Also, the notices are available in Spanish and English, per Tex. Gov't Code Chapter 2105. Translators will be made available at public meetings, if requested.

The State encourages the involvement of individuals of low incomes and persons with disabilities in the allocation of funds and planning process through regular meetings, including community-based institutions, consumer workgroups, and councils (many of these meetings are listed in the Strategic Plan Section 35 of the 2015-2019 Consolidated Plan). All public hearing locations are accessible to all who choose to attend. Comments can be submitted either at a public hearing or in writing via mail, fax, or email. Reasonable notice by publication on TDHCA's website at http://www.tdhca.state.tx.us will be given, and comments will be received for no less than 30 days after notice is given.

The State notifies residents in areas where CDBG funds are proposed for use by distributing information on public hearings through the CDBG email list from TDA. Information related to the Plan and opportunities for feedback are provided through webinars and web discussions that allowed participation by residents of rural areas without requiring travel to a central location. Regional public hearings held as part of the Regional Review Committee process also encouraged participation by CDBG stakeholders.

Public hearings
Public hearing schedules are published in the *Texas Register* and on TDHCA's website at http://www.tdhca.state.tx.us and are advertised by opt-in email distribution and during various workgroups and committee meetings. During the public comment period, printed copies of draft plans are available from TDHCA, and electronic copies may be available for download from TDHCA's website. Constituents are encouraged to provide input regarding all programs in writing or at the public hearings. See the Citizen Participation Outreach table below for details of annual outreach.

Criteria for Amendment to the Consolidated Plan
Substantial amendments will be considered if a new activity is developed for any of the funding sources, or if there is a change in method of distribution. If a substantial amendment is needed, reasonable notice by publication on TDHCA's website at http://www.tdhca.state.tx.us will be given, and comments will be received for no less than 30 days after notice is given. A public hearing will be optional.

Performance Report
The annual CAPER will analyze the results of the previous program year OYAP. Due to the short 90-day turnaround time of the end of the State's Program Year (1/31) and the due date of the CAPER, the public will be given reasonable notice by publication on TDHCA's website at http://www.tdhca.state.tx.us. Comment will be accepted for a minimum of 15 days. A public hearing will be optional.

One Year Action Plan
The draft One Year Action Plan ("OYAP") is released for public comment prior to HUD's release of actual annual allocation amounts, and the draft OYAP reflects estimated allocation amounts. Once HUD releases actual annual allocation amounts and prior to submission to HUD, proposed activities' budgets will be increased or decreased from the estimated funding levels to match actual allocation amounts, and proposed program goals will be adjusted proportionally or as otherwise described in the final OYAP.

Complaints related to the Consolidated planning process follow the TDHCA complaint process, as defined by 10 TAC §1.2.

For details on the development of or amendments to the AI, see the AP10 Narrative section above.

2. Summary citizen participation process and efforts made to broaden citizen participation in Colonias

The Colonia SHC Program funds El Paso, Cameron/Willacy, Hidalgo, Starr, Webb, Maverick, and Val Verde counties with four-year contracts. Awards and funding associated with this program are reviewed and recommended by a Colonia Resident Advisory Group ("C-RAC"), which is a group of colonia residents who live in the specific service area served by the centers.

TDHCA provides guidance, technical assistance and oversight to the units of local government with which TDHCA has executed Colonia SHC contracts. Technical assistance includes program administration, guidelines, and best practices needed to fulfill contractual requirements in serving colonia residents with CDBG funding. Periodically, TDHCA convenes a meeting with C-RAC. This grass-roots-style committee considers contract proposals, recommends approval of and amendments to contracts, evaluates county recommendations, and provides TDHCA and the counties guidance on programming and activities in the colonias. Lastly, approximately every two years, TDHCA updates its Colonia SHC Program rules, and initiates this process by first soliciting comment from the public at large for critiques of the current rules and suggestions for changes.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Public Meeting – TDHCA Board Meeting	Non-targeted/ broad community	TDHCA's board agenda and information is filed with the Texas Office of the Secretary of State ("SOS") in advance of each meeting, in accordance with the Texas Open Meetings Act. The Draft 2019 OYAP was presented at the TDHCA Board meeting of October 11, 2018, and the Board approved its release for public comment.	Public comments are accepted at each meeting of the TDHCA Board in accordance with §2306.032(f) and §2306.066(d) of the Tex. Gov't Code. A summary of comments received at the meeting will be provided here.	n/a	Board materials are posted at http://www.tdhca.state.tx.us/board/meetings.htm.
2	Public Comment Period	Non-targeted/ broad community	The Draft 2018 OYAP will be released for a 32-day public comment period from October 15, 2018 to November 15, 2018.	A summary of public comments received during the public comment period will be provided here.	n/a	http://www.tdhca.state.tx.us/public-comment.htm
3	Public Hearing	Non-targeted/ broad community	A public hearing will be held on Thursday, October 25, 2018, in Austin, TX.	A summary of public comments received during the public hearing will be provided here.	n/a	http://www.tdhca.state.tx.us/public-comment.htm

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/ attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
4	Internet Outreach	Non-targeted/ broad community	TDHCA has a centralized webpage for public comment on all plans, reports, and program rules.	n/a	n/a	http://www.tdhca.state.tx.us/public-comment.htm

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.320(c)(1,2)

Introduction

CPD funding is governed by this Consolidated Plan, but the State also works to collaborate, coordinate, and layer non-CPD funding sources in order to reach more Texans and more efficiently use available funds. Programs listed in the anticipated resources narrative sections below could be used to leverage CPD funds.

- These include:
- 4% Housing Tax Credit ("HTC")/Private Activity Bond ("PAB") Program;
- 9% HTC Program;
- Multifamily Direct Loan Program;
- Homeless and Housing Services Program ("HHSP");
- State Ending Homelessness Fund ("EH Fund");
- State Housing Trust Fund Program;
- Texas Mortgage Credit Certificate ("TX MCC") Program;
- First time homebuyer loan programs, including the My First Texas Home Program;
- Neighborhood Stabilization Program - Program Income ("NSP PI");
- Section 8 Housing Choice Voucher ("HCV") Program;
- Section 811 Project Rental Assistance ("Section 811 PRA") Program; and
- Tax Credit Assistance Program Repayment Funds ("TCAP RF").

The expected future funding amounts of the above programs, to the extent known, are in the planning documents governing those programs. These documents can be found online at http://www.tdhca.state.tx.us/. The anticipated resources below are focused on CPD Programs.

TDHCA participates in numerous committees, workgroups, and councils which help inform TDHCA of other potential resources to address affordable housing needs. Relationships with other federal and state agencies and local governments are extremely valuable, helping Texas agencies to coordinate housing and services to serve all Texans efficiently and effectively. TDHCA's committee involvement promotes identification and pursuit of federal funding opportunities. TDHCA actively seeks engagement and input from community advocates, funding recipients, potential applicants for funding, and others to obtain input regarding the development of effective policies, programs and rules. Changes to funding plans are made periodically based on feedback received through these avenues.

TDHCA is the lead agency for the following workgroups:

C-RAC: C-RAC is a committee of colonia residents appointed by the TDHCA Governing Board. It advises TDHCA regarding the needs of colonia residents and the types of programs and activities which should be undertaken by the Colonia SHCs. The Colonia SHCs funds are provided to seven pre-determined counties.

Disability Advisory Workgroup ("DAW"): The DAW augments TDHCA's formal public comment process, affording staff the opportunity to interact more informally and in greater detail with various stakeholders and to get feedback on designing more successful programs, with a specific focus on gaining insight on issues impacting persons with disabilities.

Housing and Health Services Coordination Council ("HHSCC"): HHSCC is established by Tex. Gov't Code §2306.1091. Its duties include promoting coordination of efforts to offer Service-Enriched Housing and focusing on other cross-agency efforts.

Texas Interagency Council for the Homeless ("TICH"): The TICH was statutorily created in 1989 to coordinate the State's homeless resources and services. The TICH consists of representatives from nine state agencies. TDHCA, as the primary source for state homelessness funding, provides administrative and planning support to the TICH.

The descriptions of the collaborations for DSHS and TDA are in the Discussion question of this section below.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	55,259,329	2,551,887	3,182,296	60,993,512	55,259,329	TDA's CDBG Program funds community and economic development, including program income collected by the state, and program income retained by local subgrantees, excluding the colonia set-aside. Communities may also coordinate CDBG funding with U.S. Department of Agriculture's ("USDA") Rural Development funds or Texas Water Development Board's ("TWDB") State Revolving Fund. Program Income of $2,551,887 will be allocated to TDA's State Revolving Loan Fund, which supports economic development.
CDBG Colonias Set-aside	public - federal	Acquisition Admin and Planning Homebuyer assistance Homeowner rehab Public Improvements Public Services	8,189,250	0	0	8,189,250	8,189,250	The Colonia Set-Aside is used both by TDA and TDHCA for goals described in the Strategic Plan Section 45. The Colonia Economically Distressed Areas Program ("CEDAP") Legislative Set - Aside leverages funding from the TWDB's Economically Distressed Areas Program. TDHCA's Office of Colonia Initiatives ("OCI") administers a portion of the CDBG Colonia Set-Aside through its Colonia SHCs.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	34,986,241	10,510,744	0	45,496,985	44,496,985	TDHCAs HOME program goals are described in the Strategic Plan Section 45 for multifamily and single family activities. Matching funds may be provided by HOME state recipients, subrecipients, and coordinated by developers of HOME projects based on the population of the community in which the project is located and the needs of the project. HOME multifamily development funds may be leveraged with 4% and 9% HTCs. Starting in 2015, TDHCAs TCAP RF and NSP PI may be used to supplement or support multifamily and single family HOME, and for TCAP RF to generate match. Match is also generated by provision of private below market interest rate loans to HOME multifamily projects.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
HOPWA	public - federal	Permanent housing in facilities Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA Resource Identification Housing Information Services	3,914,680	0	1,342,788	5,257,468	5,257,468	DSHS' HOPWA state formula funds the following activities: TBRA; STRMU; Facility-Based Housing Subsidy Assistance; PHP; Supportive Services, Resource Identification, and Housing Information Services. Project Sponsors leverage available funds from Ryan White and State Services grants to assist clients with housing needs, medical and non-medical case management, emergency utility assistance, mental health, transportation, and nutritional services to address the needs of eligible clients. The prior year resources include the 2017 fund balance of $373,148 and the 2018 fund balance of $969,640for a total of $1,342,788 in prior year resources.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan $	Narrative Description
			Annual Allocation: $	Program Income: $	Prior Year Resources: $	Total: $		
ESG	public - federal	Conversion and rehab for transitional housing Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	8,801,531	0	0	8,801,531	8,801,531	TDHCA's ESG funds are awarded via contract to Subrecipient agencies that provide emergency shelter, homelessness prevention, rapid rehousing, and Homeless Management Information Systems ("HMIS") activities. HHSP is Texas state general revenue funding for the largest cities to provide flexibility to undertake activities that complement ESG activities. Note that not all ESG direct recipients in Texas are HHSP grantees. Use of funds also includes Administration. The EF Fund, projected to accrue approximately $140,000 per year, provides funds to counties and municipalities to combat homelessness.
Housing Trust Fund	public - federal	Multifamily rental new construction	12,279,085	0	0	12,279,085	12,279,085	TDHCA's NHTF Program goals are described in the Strategic Plan Section 45 for multifamily and single family activities. NHTF Multifamily Development Funds can be layered with 4% HTCs and 9% HTCs, and TDHCA Multifamily Direct Loan funds, including HOME, HOME-CHDO, and TCAP RF. In addition, Section 811 PRA, a project-based supportive housing program for persons with disabilities, and TDHCA's Section 8 HCV may be used within NHTF developments.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

HOME

HOME multifamily development is often used to leverage with the HTC Program, which authorizes 9% low-income housing tax credits of $2.70 per capita for each state, and 4% HTC in amounts linked to the usage of the state's cap for issuance of tax exempt PABs to finance affordable housing development. In Texas, this equates to approximately $76,700,000 in 9% tax credits available to be awarded annually. These credits may be claimed each year for ten years and represents potential tax credit value on the magnitude of $767,000,000. The credits are syndicated to limited partner investors to yield cash for use in eligible development activities. Currently typical syndication rates range between 88% and 92%. TDHCA's Qualified Allocation Plan ("QAP") identifies the criteria used for selection of eligible developments to provide housing for low-income tenants. HOME provides increased leverage, allowing property owners to utilize fewer tax credits and less private debt and local funding, thus providing more efficient use of resources. Other leveraging sources may include United States Department of Agriculture ("USDA") operating subsidies and loans, and conventional and FHA-insured loans. Match requirements for the HOME Multifamily Direct Loan Program will in part be met through Rules that establish awardees' minimum amount of match as 5% of the award amount. In addition to match provided as part of the developer's obligation, TCAP RF may be utilized as HOME match, and THDCA calculates to below market interest rates on eligible loans provided to the HOME development which is included in the match funds reported in the CAPER. TDHCA requires Subrecipients and state recipients to provide match of up to 15% of the project hard costs for some single family activities.

ESG

To meet the ESG match requirement, TDHCA includes the provision of evidence of proposed match as part of the ESG application process. TDHCA awards additional points to applicants that commit to provide match in excess of the requirements. Subrecipients that also administer HHSP funds or funds from the EH Fund may utilize those funds as match for ESG if they are otherwise eligible to be counted as match.

HOPWA

Texas HOPWA does not have program income but leverages funds whenever possible. Project Sponsors leverage available funds from Ryan White and State Services grants, private funding sources, foundations, and local assistance to help clients. AAs do not receive administrative funds from DSHS, so those costs are leveraged from other funding sources. Texas is not required to match the HOPWA formula award.

Due to IDIS character limits, CDBG and NHTF Leveraging is described in the question below.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

CDBG Leverages

More than 80% of TX CDBG grants include local match fund commitments. Matching funds are required for certain grants, while other grants award points to encourage local match; a sliding scale allows smaller communities to contribute less match funding than larger communities. Match funds may be provided by the applicant, or by a water or sewer utility benefiting from the project. Economic development ("ED") projects benefiting private business require 1-for-1 match commitment, with the business most often providing this substantial match.

NHTF Program Leverages

NHTF multifamily development may be used to leverage with the HTC Program, which was created by the Tax Reform Act of 1986 and authorizes 9% low-income housing tax credits in the amount of $2.70 per capita for each state, and 4% low-income housing tax credits in amounts linked to the usage of the state's cap for issuance of tax exempt bond to finance affordable housing development. In Texas, this equates to approximately $76,700,000 in 9% tax credits available to be awarded by TDHCA annually.

These credits may be claimed each year for ten years and this represents potential tax credit value on the magnitude of $767,000,000. The tax credits are syndicated to limited partner investors to yield cash for use in eligible development activities. Currently typical syndication rates range between 88% and 92%. TDHCA must develop a Qualified Allocation Plan ("QAP") for the selection of eligible developments to provide housing for the low-income tenants. NHTF provides increased leverage, allowing the property owners to utilize fewer tax credits and less private debt and local funding, therefore providing more efficient use of resources.

State Owned Land

The Texas General Land Office manages state owned lands and mineral rights totaling approximately 13 million acres. Much of this is leased for the benefit of the Permanent School Fund, an endowment fund established in 1876 for the benefit of Texas public school education. There is currently no plan to use state owned land for affordable housing or community development goals; however, local jurisdictions occasionally donate land or property in support of activities designed to address the needs identified in the plan as part of their contribution to locally administered programs.

Discussion

HOPWA: Continuing with the discussion of collaboration begun in the Introduction of this section, DSHS is the lead for several HIV-related councils and workgroups which provide opportunities for collaboration and resource sharing across agencies, providers, and other pertinent stakeholders to assist PLWH in Texas. Some of the initiatives are the Inter-Agency Council on HIV & Hepatitis, the Texas Black Women's Initiative, the Test Texas Coalition, and the Texas HIV Syndicate. The Texas HIV Syndicate is an integrated HIV prevention and care planning body made up of roughly 100 organizational leaders representing the full continuum of HIV engagement. The Texas HIV Syndicate uses the Texas HIV Plan as a framework to develop strategies that enhance and expand on prevention and care activities across the State. Texas HIV Syndicate members develop policy recommendations, best practice models, coordination strategies, and promote innovation in HIV prevention and treatment. DSHS also holds a biennial HIV/Sexually Transmitted Disease ("STD") conference, attended by all DSHS contractors and subrecipients in addition to community leaders, health and HIV professionals, and many other essential stakeholders. Many of the DSHS contractors are also HOPWA providers. The next conference will be held in 2020. The goal of the Texas HIV/STD Conference is to enhance the responsiveness of people and systems supporting the spectrum of HIV/STD prevention and treatment services in Texas, including: Awareness; Targeted Prevention; Diagnosis; Linkage to Care; Maintenance in Care; and Suppression of Disease.

DSHS' Epidemiology and Surveillance Branch is responsible for reporting HIV/AIDS, STD, and tuberculosis ("TB") surveillance and epidemiologic data for the State of Texas, which includes data submission to the Centers for Disease Control and Prevention ("CDC"). This data is subsequently used by HUD to determine HOPWA formula allocations. This data is also leveraged to provide support to planning, development, implementation, and evaluation of HIV/AIDS, STD, and TB prevention and services programs, including HOPWA.

Finally, TDA participates in the following workgroups:

Texas Water Infrastructure Coordination Committee ("TWICC"): TWICC is a voluntary organization of federal and state funding agencies and technical assistance providers that address water and wastewater needs throughout the State. TDA participates in TWICC to coordinate efforts to leverage funds.

Drought Preparedness Council: The Council was authorized and established by the 76th Texas Legislature in 1999, and is responsible for assessment and public reporting of drought monitoring and water supply conditions, along with other duties.

Main Street Interagency Council. The Main Street Interagency Council evaluates and ranks Main Street applications and makes recommendations to the Commission for new Main Street designations.

Texas Joint Housing Solutions Workgroup. The Texas Joint Housing Solutions Workgroup is a collection of state and federal agencies and organizations who work to identify resources that can address temporary unmet housing needs and solutions that allow disaster survivors to transition to permanent housing. TDHCA and TDA both participate in this workgroup.

These workgroups, committees, and councils help to strengthen communication between state agencies as well as provide opportunities to layer or combine funding sources.

With the block grants and the layering resources listed above, there are also CDBG Disaster Recovery ("DR") funds for Hurricanes Rita, Dolly, and Ike, and Wildfires. Hurricane Rita Disaster Recovery for housing and non-housing recovery is in 29 counties. Ike Disaster Recovery for housing and non-housing recovery is in 62 counties. Wildfire Recovery non-housing recovery is in 65 counties. More details can be found at http://www.glo.texas.gov/GLO/disaster-recovery/actionplans

Annual Goals and Objectives

AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2015	2019	Homeless	State of Texas	Emergency shelter and transitional housing Homelessness Prevention Rapid Re-housing	ESG: $9,028,982	Tenant-based rental assistance / Rapid Rehousing: 908 Households Assisted Homeless Person Overnight Shelter: 11,012 Persons Assisted Homelessness Prevention: 3,047 Persons Assisted
2	Construction of single family housing	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	HOME: $1,000,000	Homeowner Housing Added: 8 Household Housing Unit
3	Rehabilitation of single family housing	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rehabilitation of housing	HOME: $596,343	Homeowner Housing Rehabilitated: 115 Household Housing Unit
4	Homebuyer assistance with possible rehabilitation	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Acquisition of existing units Rehabilitation of housing	HOME: $1,036,503	Direct Financial Assistance to Homebuyers: 24 Households Assisted
5	Tenant-Based Rental Assistance with HOME funding	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance	HOME: $6,516,836	Tenant-based rental assistance / Rapid Rehousing: 296 Households Assisted
6	HOME Households in new/rehabbed multifamily units	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units Rehabilitation of housing	HOME: $18,768,149	Rental units constructed: 131 Household Housing Unit Rental units rehabilitated: 56 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
7	HOPWA Tenant-Based Rental Assistance	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $2,649,764	Tenant-based rental assistance / Rapid Rehousing: 540 Households Assisted
8	HOPWA Short-Term Rent, Mortgage, & Utilities Asst	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $567,807	Homelessness Prevention: 497 Persons Assisted
9	HOPWA Permanent Housing Placement Assistance	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $47,317	Public service activities other than Low/Moderate Income Housing Benefit: 76 Households Assisted
10	HOPWA-Funded Supportive Services	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $804,393	Public service activities other than Low/Moderate Income Housing Benefit: 1,120 Households Assisted
11	CDBG Other Construction	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities Public services	CDBG: $42,472,725	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 227843 Persons Assisted
12	CDBG Economic Development	2015	2019	Non-Housing Community Development Economic Development	State of Texas	Economic development Public Improvements and Infrastructure Public facilities Public services	CDBG: $10,875,324	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 14122 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
13	CDBG Planning / Capacity Building	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities Public services	CDBG: $499,525	Other: 37412 Other
14	CDBG Disaster Relief / Urgent Need	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities	CDBG: $1,411,755	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 132248 Persons Assisted
15	CDBG Colonia Set-Aside	2015	2019	Affordable Housing Non-Housing Community Development	State of Texas	Acquisition of existing units Production of new units Public Improvements and Infrastructure Public facilities Public services Rehabilitation of housing	CDBG Colonias Set-aside: $6,551,400	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 3348 Persons Assisted
16	CDBG Colonia Self-Help Centers	2015	2019	Self-Help Centers	State of Texas	Public services	CDBG: $1,637,850	Other: 14491 Other

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
17	CDBG Administration	2015	2015	Administration/Technical Assistance	State of Texas	Economic development Public Improvements and Infrastructure Public facilities Public services Rehabilitation of housing	CDBG: $2,065,420	Other: 0 Other
18	HOME Administration	2015	2019	HOME Administration	State of Texas	Acquisition of existing units Production of new units Rehabilitation of housing Rental Assistance	HOME: $4,489,155	Other: 0 Other
19	NHTF households in new multifamily units	2016	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	Housing Trust Fund: $11,051,176	Rental units constructed: 65 Household Housing Unit
20	NHTF Administration	2016	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	Housing Trust Fund: $1,227,909	Other: 0 Other
21	HOPWA Facility-Based Housing Subsidy Assistance	2018	2019	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Emergency shelter and transitional housing Rental Assistance	HOPWA: $520,489	HIV/AIDS Housing Operations / Homelessness Prevention: 80 households assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
22	HOPWA Resource Identification	2018	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Homelessness Prevention Emergency shelter and transitional housing	HOPWA: $47,317	Other: Establish a Landlord Outreach Specialist for a post-incarceration, short-term, facility-based housing assistance pilot project in the Houston HIV Service Delivery Area (HSDA).
23	HOPWA Housing Information Services	2019	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $94,634	Public service activities other than Low/ Moderate Income Housing Benefit: 80 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	**Goal Name**	Homeless Goals
	Goal Description	Funds will be utilized to provide Administration, HMIS services, emergency shelter, rapid re-housing, homeless prevention and street outreach to eligible persons who are experiencing homelessness or at-risk of homelessness. Actual funding amounts will be determined based on applications for funding received, which are prioritized in part by the recommendation provided by the applicable CoC. The estimates for the funding amount per activity type and number of persons served are extrapolated from data collected over the prior three years. Regardless of the CoC recommendations, TDHCA limits the amount of funding available for street outreach and emergency shelter to not more than 60% of the total ESG funding available. Likewise, funds for administration and HMIS are limited within the TDHCA allocation to ensure that the regulatory caps for these expenditures are not exceeded.
2	**Goal Name**	Construction of single family housing
	Goal Description	Funds are programmed for the implementation of a Homebuyer Assistance New Construction pilot project, which would allow an estimated 8 homebuyers to work with Subrecipients to select lots for purchase, and provide financing for construction of a new unit of housing on the selected lot. Funds programmed for this pilot which are not utilized may be reprogrammed to other HOME eligible activities that evidence greater demand for HOME funds. TDHCA does not plan to have a 2019 HOME Program goal for single family development activities performed by a Community Housing Development Organization ("CHDO") for the construction of new single family housing, but may amend program income, or use deobligated funding or other available HOME funding for such an activity. PY 2019 CHDO set aside funding is initially targeted for multifamily development activities as reflected under the Households in new/rehabilitated multifamily units strategic plan goal, but may be revised to program some funding for Single Family Development activities if TDHCA identifies future interest in the program. Single family development activities will remain an eligible activity that may be funded in the event future CHDO funding becomes available.
3	**Goal Name**	Rehabilitation of single family housing
	Goal Description	The 2019 goal for HOME Program rehabilitation and reconstruction activities is to provide assistance to a minimum of 115 households through a statewide network of units of general local governments, and non-profit organizations. These entities qualify applicants to receive assistance for the repairs and reconstruction necessary to make their homes decent, safe, sanitary, and accessible.
4	**Goal Name**	Homebuyer assistance with possible rehabilitation
	Goal Description	The 2019 goals for HOME Program acquisition activities is to provide assistance to a minimum of 24 households with downpayment and closing costs assistance, as well as downpayment with possible rehabilitation assistance for households with a member with a disability, or for construction financing for substantial rehabilitation of a unit prior to occupancy.

5	**Goal Name**	Tenant-Based Rental Assistance with HOME funding
	Goal Description	The 2019 goal for HOME Program TBRA activity is to provide on-going rental assistance or stand-alone rental security deposit assistance to an estimated 298 households through a statewide network of units of general local governments, public housing agencies, Local Mental Health Authorities ("LMHAs"), and other non-profit organizations. These entities qualify applicants to receive assistance and may extend assistance if the household continues to meet eligibility requirements.
6	**Goal Name**	HOME Households in new/rehabbed multifamily units
	Goal Description	The 2019 goal for HOME Multifamily Program is creating/rehabilitating over 187 multifamily rental units. TDHCA's HOME Multifamily Development Programs awards HOME funds as low-interest loans to CHDOs, for-profit, and nonprofit developers. These loans leverage other public and private financing including housing tax credits, United States Department of Agriculture ("USDA") operating subsidies and loans, and conventional and Federal Housing Administration-insured loans. The end result is safe, decent, and affordable multifamily rental housing.
7	**Goal Name**	HOPWA Tenant-Based Rental Assistance
	Goal Description	HOPWA TBRA provides tenant-based rental assistance to eligible households until they are able to secure other affordable and stable housing. The annual goal includes 540 households assisted. The estimated funding and number of individuals served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
8	**Goal Name**	HOPWA Short-Term Rent, Mortgage, & Utilities Asst
	Goal Description	STRMU provides short-term rent, mortgage, and utility assistance to eligible households for a maximum of 21 weeks of assistance in a 52-week period. The annual goal is to assist 497 persons. The estimated funding and number of individuals served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
9	**Goal Name**	HOPWA Permanent Housing Placement Assistance
	Goal Description	PHP provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing. The annual goal is to assist 76 persons. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
10	**Goal Name**	HOPWA-Funded Supportive Services
	Goal Description	Supportive Services include case management, basic telephone service and assistance to purchase smoke detectors to eligible households. The annual goal is to assist 1,120 persons. The estimated funding and number of households served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

11	**Goal Name**	CDBG Other Construction
	Goal Description	The Texas CDBG encourages the use of funds not only to improve existing locations but to provide facilities in other areas to accommodate residential opportunities that will benefit low and moderate income persons. Applicants are encouraged to provide for infrastructure and housing activities that will improve opportunities for low and moderate income persons. When considering projects and designing projects, applicants must continue to consider affirmatively furthering fair housing, which includes providing basic infrastructure, such as water, sewer, and roads that benefit residential housing and other housing activities. Funding allocated includes annual allocation in addition to previously deobligated funds. The annual goal includes 227,843 persons assisted. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
12	**Goal Name**	CDBG Economic Development
	Goal Description	This economic development funding is used for projects that will create or retain permanent employment opportunities, primarily for low to moderate income persons and for downtown revitalization activities for rural communities. Funding allocated includes annual allocation in addition to previously deobligated funds and program income. The annual goal is to assist 14,122 persons. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
13	**Goal Name**	CDBG Planning / Capacity Building
	Goal Description	This fund is available to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs). Funding allocated includes annual allocation in addition to previously deobligated funds. The annual goal is 37,412 persons benefiting from community planning projects (this may show as "other" in the chart above"). The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
14	**Goal Name**	CDBG Disaster Relief / Urgent Need
	Goal Description	Disaster Relief ("DR") assistance is available through this fund as needed for eligible activities in relief of disaster situations where either the governor has proclaimed a state disaster declaration, drought disaster declaration, or the president has issued a federal disaster declaration. CDBG may prioritize throughout the program year the use of DR assistance funds based on the type of assistance or activity under consideration and may allocate funding throughout the program year based on assistance categories. Funding allocated includes annual allocation in addition to previously deobligated funds. The annual goal is to assist 132,248 persons. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

15	**Goal Name**	CDBG Colonia Set-Aside
	Goal Description	This fund is available to eligible county applicants for projects in severely distressed unincorporated areas which meet the definition of a "colonia" under this fund. Funding allocated includes annual allocation. The annual goal is to assist 3,348 benefiting from public facility or infrastructure activities (other than low/moderate income housing benefit) and 14,491 "other", which equates to the number of colonia residents receiving direct assistance. The estimated funding and number of persons served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
16	**Goal Name**	CDBG Colonia Self-Help Centers
	Goal Description	Colonia residents receiving direct assistance through Colonia Self-Help centers.
17	**Goal Name**	CDBG Administration
	Goal Description	CDBG Administrative costs including Technical Assistance
18	**Goal Name**	HOME Administration
	Goal Description	HOME Administrative expenses based on HOME allocation and program income received in PY 2018 that is being programmed in the 2019 Action Plan.
19	**Goal Name**	NHTF households in new multifamily units
	Goal Description	The 2018 goal for Housing Trust Fund is creating 65 multifamily rental units based on the performance period of February 1, 2018, through January 31, 2019.
20	**Goal Name**	NHTF Administration
	Goal Description	NHTF Administrative funds for PY 2018.
21	**Goal Name**	HOPWA Facility-Based Housing Subsidy Assistance
	Goal Description	HOPWA Facility-Based Housing Subsidy Assistance activities will include Short-term supportive housing ("STSH") and Transitional supportive housing ("TSH"). STSH provides temporary housing assistance to eligible individuals to prevent homelessness and allow an opportunity to develop an individualized housing and service plan to guide the client's linkage to permanent housing. TSH provides up to 24 cumulative months of facility-based rental assistance to households that are homeless or at risk of homelessness, including assistance for shared housing arrangements. The annual goal includes 80 households assisted. The estimated funding and number of individuals served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

22	**Goal Name**	HOPWA Resource Identification
	Goal Description	Resource Identification is used for establishing, coordinating and developing housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives). The estimated funding may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.
23	**Goal Name**	HOPWA Housing Information Services
	Goal Description	Housing information services including, but not limited to, counseling, information, and referral services to assist an eligible person to locate, acquire, finance, and maintain housing. This may also include fair housing guidance for eligible persons who may encounter discrimination on the basis of race, color, religion, sex, age, national origin, familial status, or handicap. Housing counseling, as defined in 24 CFR §5.100, that is funded with or provided in connection with HOPWA funds must be carried out in accordance with §5.111. When grantees provide housing services to eligible persons (including persons undergoing relocation) that are incidental to a larger set of holistic case management services, these services do not meet the definition of Housing counseling, as defined in §5.100, and therefore are not required to be carried out in accordance with the certification requirements of §5.111. The annual goal is to assist 80 persons. The estimated funding and number of households served may fluctuate depending on HUD's final allocation amounts and based on the target percentages identified in Action Plan Section 25.

Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)

Based on the goal descriptions for HOME in the table above, it is estimated that the State will provide affordable housing to 630 extremely low-income, low-income, and moderate-income families.

AP-25 Allocation Priorities – 91.320(d)

Introduction:

The CPD Programs serve special needs populations and meet the 13 Priority Needs found in Strategic Plan 25 of the 2015-2019 Consolidated Plan. These Needs in Strategic Plan 25 are correlated with Goals in Action Plan 20 to show which activities will serve which priority needs. The goals from Action Plan 20 are listed below with allocation percentages. Percentages in the chart below are estimated and may change depending on funding received from HUD, legislative priorities, and funding requests from administrators or subrecipients. Due to software restrictions, allocations are rounded to the nearest whole number and do not reflect precise percentages.

Also, for the other programs listed in the anticipated resources (Action Plan 15) that could be used to leverage funds (including 4% HTC, 9% HTC, Multifamily Direct Loan Program, HHSP, State Housing Trust Fund, TX MCC, and My First Texas Home Program, NSP PI, Section 8 HCV programs, Section 811 PRA, and TCAP RF), goals are tailored to each program in the planning documents governing those programs. These documents can be found at http://www.tdhca.state.tx.us. In addition to meeting the priority needs, the CPD Programs works to serve special needs populations as described in this section. HOME and ESG's special needs populations are discussed in the introduction, and HOPWA and CDBG's are included in the discussion below.

HOME Serves Special Needs

TDHCA has determined that Administrators may request to establish a preference to serve the following special needs populations: persons with disabilities, persons with substance use disorders, persons living with HIV/AIDS ("PLWH"), persons with Violence Against Woman Act ("VAWA") protections, colonia residents, farmworkers, homeless populations, veterans, wounded warriors (as defined by the Caring for Wounded Warriors Act of 2008), public housing residents, persons transitioning out of incarceration, and persons transitioning out of foster care and nursing facilities.

For Administrators with programs that are designed to limit assistance to certain populations, TDHCA will only approve program designs that limit assistance to households that include a member within the following populations if necessary to provide as effective housing, aid, benefit, or services as those provided to others in accordance with 24 CFR §8.4(b)(1)(iv): PLWH, mental illness, substance use disorders, or households that would qualify under the TDHCA's Project Access program as defined in 10 TAC §5.801. Otherwise, Administrators may only give preference to populations described in the special needs section.

For HOME or NHTF rental housing, TDHCA will allow development of housing that meets requirements under the Housing for Older Persons Act. TDHCA may also consider permitting rental housing owners to give a preference or limitation as indicated in this section and may allow a preference or limitation that is not described in this section to encourage leveraging of federal or state funding, provided that another federal or state funding source for the rental housing requires a limitation or preference. TDHCA may put further guidelines on development of specific types of rental housing by rule or NOFA.

Funding Allocation Priorities

	Homeless Goals (%)	Construction of single family housing (%)	Rehabilitation of single family housing (%)	Homebuyer assistance with possible rehabilitation (%)	Tenant-Based Rental Assistance with HOME funding (%)	HOME Households in new/rehabbed multifamily units (%)	HOPWA Tenant-Based Rental Assistance (%)	HOPWA Short-Term Rent, Mortgage, & Utilities Asst (%)	HOPWA Permanent Housing Placement Assistance (%)	HOPWA-Funded Supportive Services (%)	HOPWA Facility-Based Housing Subsidy Assistance (%)	HOPWA Resource Identification (%)	HOPWA Housing Information Services (%)	CDBG Other Construction (%)	CDBG Economic Development (%)	CDBG Planning / Capacity Building (%)	CDBG Disaster Relief / Urgent Need (%)	CDBG Colonia Set-Aside (%)	CDBG Colonia Self-Help Centers (%)	CDBG Administration (%)	HOME Administration (%)	NHTF households in new multifamily units (%)	NHTF Administration (%)	Colonias Set-Aside (%)	Total (%)
CDBG	0	0	0	0	0	0	0	0	0	0	0	0	0	67	12	1	0	10	2	3	0	0	0	0	**100**
CDBG Colonias Set-aside	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	**100**
HOME	0	2	33	3	16	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**100**
HOPWA	0	0	0	0	0	0	56	12	1	17	11	1	2	0	0	0	0	0	0	0	0	0	0	0	**100**
ESG	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**100**
Housing Trust Fund	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	90	10	0	**100**

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

HOME

TDHCA prioritizes HOME funding for multifamily, single-family, and Set-Aside activities. Multifamily activities were historically allocated a higher percent of funds to address the priority needs of Rental Assistance and Production of New Units, promote tax credit leveraging, and because they account for a large portion of HOME's program income. TDHCA now has access to TCAP RF, which are loan repayments from original TCAP funded developments, as a source of multifamily financing, as well as the ability to allocate program income to this activity based on the amount actually received in the prior program year, so these priorities will continue to have funds directed toward them while likely reducing the portion of HOME annual allocation funds directed towards multifamily activities.

Beginning in PY 2017, funding for single family activities increased overall as TDHCA began to program all non-CHDO set-aside multifamily HOME activities to be funded with program income, thereby increasing the amount of the annual funding programmed for single family activities. The funding increase received in FY 2018 allowed for TDHCA to program $4,000,000 of the allocation into multifamily activities, without a subsequent reduction in funds programmed for single family activities. Funding for single family activities from the 2019 annual allocation is anticipated to be awarded based on TDHCA's Regional Allocation Formula, through the Reservation System, contract awards, or a combination of the two allowing local administrators to prioritize single family activities on a household-by-household basis for:

- Homebuyer Assistance, which addresses Acquisition of Existing Units and Rehabilitation of Existing Units priority needs;
- A pilot project allowing Homebuyer Assistance to be utilized to assist a homebuyer with purchase a land or a substandard housing unit, which will be either rehabilitated or newly constructed with HOME funds;
- Homeowner Rehabilitation Assistance, which addresses Rehabilitation of Existing Units priority need; and
- TBRA, which addresses Rental Assistance priority need.

These priorities are a result of the consolidated planning process and significant public input.

ESG

ESG does not have specific allocations for priority needs. ESG funds can be used for all eligible purposes within limitations set by ESG regulations and guided by local Continuum of Care ("CoC") direction, including:

- Street outreach;
- Emergency shelter;
- Rapid re-housing;
- HMIS activities; and
- Homelessness prevention.

HOPWA

HOPWA provides the following activities in line with priority needs:

- TBRA, which addresses Rental Assistance priority needs;
- STRMU, which addresses Homelessness Prevention priority needs;
- Facility-Based Housing Subsidy Assistance, which addresses emergency shelter and transitional housing rental assistance needs;

• Supportive Services Program, which addresses Supportive Services for PLWH priority needs; and
• PHP, which addresses Homelessness Prevention priority needs.

CDBG

The CDBG Program offers the following activities relating to the corresponding priority needs. The majority of CDBG funds are used to meet basic human needs. These projects, in addition to being among the most critical needs in the state, are prioritized locally by regional review committees and local communities. Colonia funding allocation is reflected in "Colonias Set-Aside" column.

• The majority of funds are awarded to address basic human needs including improvements to water and sewer systems and roads for low and moderate income ("LMI") communities.
• Economic development activities are funded to create and retain jobs primarily for LMI persons, and to revitalize downtown areas in rural communities.
• Public facilities such as community centers and public safety facilities are less common activities, but are valuable to LMI communities.
• Colonias SHC activities provide public services and housing funds for residents living in the designated colonias of El Paso, Hidalgo, Cameron/Willacy, Webb, Starr, Maverick and Val Verde counties.

NHTF

The NHTF Program activities for PY 2019 will be limited to construction of multifamily housing to address the priority needs of Rental Assistance and Production of New Units, and to promote leveraging of other fund sources. As this is a new fund source and a new program, the administrative burden of implementation is mitigated by using the funds within the well-established multifamily finance structure.

How will the proposed distribution of funds will address the priority needs and specific objectives described in the Consolidated Plan?

The special needs populations for HOME are described in the Introduction. ESG, HOPWA and CDBG discuss special needs populations below.

ESG Serves Special Needs

ESG does not have funding allocation priorities for special needs populations. However, the 2019 ESG NOFA may include selection criteria related to proposals serving persons with higher barriers to housing including persons with serious mental illness, persons recently released from institutions, persons with substance use disorders, veterans, survivors of domestic violence, youth aging out of foster care, and persons transitioning out of incarceration.

TDHCA requires ESG subrecipients to comply with HUD Final Rule Implementing Violence Against Women Reauthorization Act of 2013 (“VAWA”). Forms and information are required to be distributed to applicants and program participants for short- and medium-term rental assistance in accordance with 24 CFR §5.2005(e). Also pursuant to 24 CFR §5.2005(e), ESG Subrecipients are required to develop and follow an Emergency Transfer Plan.

HOPWA Serves Special Needs

Texas HOPWA serves PLWH and their household members, all of whom are at or below 80% of the AMI, and most of whom fall into the extremely-low-income category. As previously noted, allocations generally mirror the Ryan White Program allocation formula, which takes into account population of PLWH, HIV incidence, number of PLWH accessing Ryan White services, percent of PLWH eligible for Medicaid and other considerations. The allocations are then adjusted based on unmet need, prior performance and expenditures, geographic-specific data provided by Project Sponsors, and any other relevant factors. After allocations to each HIV Service Delivery Area (HSDA) are determined, it is then up to the Project Sponsor to allocate between activities of TBRA, STRMU, Facility-Based Housing Subsidy Assistance, PHP, Supportive Services, Housing Information Services, Resource Identification, and administrative expenses (not to exceed 7% of their allocation) and submit those to their Administrative Agents ("AAs") and DSHS for approval. Project Sponsors base allocations on many factors, including but not limited to, number of clients projected to continue into the next year, area unmet need, rental costs, prior number of clients served, average expenditures per client, and changes in HIV population living in poverty, etc. Funds are also reallocated during the year within HSDAs under each AA as needed.

CDBG Serves Special Needs

CDBG provides more than 85% of available funds for projects that primarily benefit low-to moderate-income persons through basic infrastructure, housing, job creation and other activities as identified at the local level. Among those projects, CDBG sets aside 12.5% of funds to specifically benefit colonia residents through planning activities, infrastructure and housing construction, self-help center services, construction activities, and public services. Funding for community development projects in colonias and other LMI communities is a critical element in the well-being of these communities.

In 1996, in an effort to place more emphasis on addressing the needs of colonias, the OCI at TDHCA was created and charged with the responsibility of coordinating all TDHCA's legislative initiatives involving border and colonia issues and managing a portion of TDHCA's existing programs targeted at colonias. The fundamental goal of the OCI is to improve the living conditions and lives of border and colonia residents and to educate the public regarding the services that the Department has to offer. As part of its plan to improve the living conditions in colonias, the OCI operates Border Field Offices in Pharr, Laredo, and El Paso to provide technical assistance to border counties, Colonia SHCs, and Bootstrap Program participants.

AP-30 Methods of Distribution – 91.320(d)&(k)

Introduction:

Given that Texas is the second largest state in the nation by total area, the method of distribution of its funds has to take into account a very large area. To serve this large area it is necessary for the State to use subrecipients to administer the programs funded under CPD. The selection processes for these entities are generally described below.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	**State Program Name:**	Colonia Economically Distressed Areas Program (CEDAP)
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	Colonia Economically Distressed Areas Program ("CEDAP") Legislative Set-Aside fund provides funding to eligible cities and counties to assist colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB Economically Distressed Area Program or similar water or sewer system improvement project.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CEDAP funds: • The proposed use of the CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through Economically Distressed Area Program or similar program; • The ability of the applicant to utilize the grant funds in a timely manner; • The availability of funds to the applicant for project financing from other sources; • The applicant's past performance on previously awarded CDBG contracts; • Cost per beneficiary; and • Proximity of project site to entitlement cities or metropolitan statistical areas ("MSAs").
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	The allocation is distributed on an as-needed basis.

	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $75,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
2	**State Program Name:**	Colonia Planning and Construction Funds
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The Colonia Planning Fund ("CPF") funds planning activities that either targets a specific colonia(s) (Colonia Area Planning) or that provides a countywide comprehensive plan (Colonia Comprehensive Planning). In order to qualify for the Colonia Area Planning activities, the county applicant must have completed a Colonia Comprehensive Plan that prioritizes problems and colonias for future action. The targeted colonia must be included in the Colonia Comprehensive Plan. The goal of the Colonia Fund Construction ("CFC") fund is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons residing within a community or area that meets the definition of a colonia. An eligible county applicant may submit an application for the following eligible construction activities: Assessments for Public Improvements - The payment of assessments (including any charge made as a condition of obtaining access) levied against properties owned and occupied by persons of low and moderate income to recover the capital cost for a public improvement. Other Improvements - Other activities eligible under 42 USC Section 5305 designed to meet the needs of colonia residents.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Colonia Fund: Construction. The selection criteria for the Colonia Fund: Construction will focus upon the following factors: community distress; percentage of people living in poverty; per capita income; percentage of housing units without complete plumbing; unemployment rate; benefit to LMI persons; project priorities; project design; matching funds; and past performance. Colonia Fund: Planning (Area). The selection criteria for the Colonia Fund: Planning will focus upon the following factors: community distress; percentage of people living in poverty; per capita income; percentage of housing units without complete plumbing; unemployment rate; project design; the severity of need within the colonia area(s) and how clearly the proposed planning effort will remove barriers to the provision of public facilities to the colonia area(s) and result in the development of an implementable strategy to resolve the identified needs; the planning activities proposed in the application; whether each proposed planning activity will be conducted on a colonia-wide basis; the extent to which any previous planning efforts for colonia area(s) have been accomplished; the CDBG cost per LMI beneficiary; the availability of funds to the applicant for project financing from other sources; the applicant's past performance on previously awarded CDBG contracts; benefit to LMI persons; and matching funds. Colonia Fund: Planning (Comprehensive). The selection criteria for the Colonia Fund: Planning will focus upon the following factors: community distress; percentage of people living in poverty; per capita income; percentage of housing units without complete plumbing; unemployment rate; project design; the severity of need for the comprehensive colonia planning effort and how effectively the proposed comprehensive planning effort will result in a useful assessment of colonia populations, locations, infrastructure conditions, housing conditions, and the development of short-term and long term strategies to resolve the identified needs; the extent to which any previous planning efforts for colonia area(s) have been accomplished; whether the applicant has provided any local matching funds for the planning or preliminary engineering activities; the applicant's past performance on previously awarded CDBG contracts; and award history (an applicant that has previously received a CDBG comprehensive planning award would receive lower priority for funding).
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	The State CDBG allocation 6.75% (approximately) is allocated to the Colonia Fund. Of the yearly CDBG allocation to the Colonia Construction and Planning Fund, 97.5% (approximately) of those funds are to award grants through the CFC and 2.5% (approximately) are to award grants through the CFP. Subsequent to awarding funds, any portion of the CFC allocation that is unable to be awarded (i.e., fund an application in the minimum amount of $75,000, etc.) may be used to fund additional eligible CFP applications, and conversely, any portion of the CFP allocation that is unable to be awarded may be used to fund additional eligible CFC applications.
	Describe threshold factors and grant size limits.	CFP Maximum $100,000/Minimum $0 CFC Maximum $100,000/Minimum $75,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
3	**State Program Name:**	Colonia SHC Legislative Set-Aside (administered by TDHCA)
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	Administered by TDHCA and funded through CDBG, the Colonia SHC Program serves colonias along the Texas-Mexico border. Colonia SHCs provide concentrated on-site technical assistance to low- and very low-income individuals and families in a variety of ways including housing, community development activities, infrastructure improvements, outreach and education. Key services include: housing rehabilitation; new construction; surveying and platting; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; infrastructure construction and access; contract-for-deed conversions; and capital access for mortgages.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Approximately 40,180 residents live in the targeted colonias served by the Colonia SHC Program. The Colonia SHCs process applications from income eligible households on a first-come, first-served basis. Eligible households must reside in a targeted colonia, which has been preselected by each county and approved by C-RAC. Households must earn less than 80% of AMI.

	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Colonia SHCs are statutorily required to establish SHCs in Cameron/Willacy, El Paso, Hidalgo, Starr and Webb counties. Statute allows for additional Colonia SHCs to be established if any other county if TDHCA deems it necessary and appropriate and if the county is designated an economically distressed area under statute. In 2001, TDHCA established additional Colonia SHCs in Maverick and Val Verde counties. Each Colonia SHC must serve five targeted colonias within the county it serves. The Colonia SHCs and TDHCA's Border Field Offices both conduct outreach activities throughout the contract period to inform colonia residents of program benefits and eligibility criteria and to provide application assistance.
	Describe how resources will be allocated among funding categories.	Of the State CDBG allocation, 2.5% (approximately) is allocated to this fund. Resources are allocated after analysis and input from each community. Counties that are statutorily designated to participate in the Colonia SHC Program conduct a needs assessment before proposing which target colonias should receive concentrated attention and the scope of program activities and funding. Each Colonia SHC designs a proposal unique to the needs of a specific community. After the C-RAC, composed of residents from previously participating colonias, reviews and approves the proposals from the counties, the proposals are then reviewed and approved by the TDHCA Governing Board for implementation. Funds deobligated from prior Colonia SHC Program grant years and any program income recovered from Colonia SHC funds shall be used by TDHCA for the Colonia SHC Program.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $500,000 For the Colonia SHC, program rules limit the assistance to up to $1,000,000 per Colonia SHC per contract period. If there are insufficient funds available to fully fund an application, the Administrator may accept the amount available and wait for remaining funds to be committed the next program year. Each program activity, such as new construction, rehabilitation, and tool library operation, for example, are limited to specific dollar amounts. TDHCA, at its discretion and in coordination with the county, may amend a contract to increase the budget amount based on Colonia SHC performance and other factors.
	What are the outcome measures expected as a result of the method of distribution?	For the Colonia SHC Program, outcomes include: colonia residents assisted, housing units assisted or created, instances of technical assistance provided, and instances of information delivered. In general, these are Activities Benefiting LMI Persons.
4	**State Program Name:**	Colonias to Cities Initiative Program
	Funding Sources:	CDBG CDBG Colonias Set-aside
	Describe the state program addressed by the Method of Distribution.	The Colonia to Cities Initiative ("CCIP") provides funding for basic infrastructure considered necessary for a colonia area to be annexed by an adjoining city. Priority is given to colonias that have received prior CDBG funding. Both the county and city must submit a multi-jurisdictional pre-application for the project that includes a resolution from each jurisdiction. The city's resolution must include a firm commitment to annex the colonia upon completion of the project. Failure to annex the colonia may result in a requirement to repay the CDBG funding to TDA.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TDA will evaluate the following factors prior to awarding CCIP funds: • the proposed use of the TxCDBG funds including the eligibility of the proposed activities; • the ability of the community to utilize the grant funds in a timely manner; • the availability of funds to the community for project financing from other sources; • the community's past performance on previously awarded TxCDBG contracts, if applicable; • cost per beneficiary; and • commitment by the city to annex the colonia area within one year of project completion. If applications exceed the available funding, the Department may use the scoring factors established for the Colonia Fund-Construction component.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Eligible applicants will be notified if funds become available.
	Describe how resources will be allocated among funding categories.	If there are an insufficient number of projects ready for CEDAP funding, the CEDAP funds may be transferred to the Colonias to Cities Initiative.
	Describe threshold factors and grant size limits.	Minimum $100,000/Maximum $1,000,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting Low and Moderate Income ("LMI") Persons
5	**State Program Name:**	Community Development Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Community Development ("CD") Fund is available on a biennial basis through a competition in each of the State's 24 planning regions. The goal of the CD Fund is to develop viable communities by providing decent housing, viable public infrastructure, and a suitable living environment, principally for persons of low to moderate income. Applicants are encouraged to provide for infrastructure and housing activities that will improve opportunities for LMI persons. When considering and designing projects, applicants must continue to consider project activities that will affirmatively further fair housing, which includes project activities that provide basic infrastructure (such as water, sewer, and roads) that will benefit residential housing and other housing activities.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	CD applicants are scored using a shared system with 90% of the scoring criteria established by Regional Review Committees ("RRC") and 10% established by the state's scoring criteria. There is a Regional Review Committee in each of the 24 State planning regions. Each RRC will be comprised of 12 members appointed at the pleasure of the Texas Commissioner of Agriculture. A quorum of seven members is required for all public hearings. Each RRC is responsible for determining local project priorities and objective scoring criteria for its region for the CD Fund in accordance with the requirements in this Action Plan. Additionally, the RRC shall establish the numerical value of the points assigned to each scoring factor and determine the total combined points for all RRC scoring criteria. The Regional Review Committees are responsible for convening public hearings to discuss and select the objective scoring criteria that will be used to score and rank applications at the regional level. The public must be given an opportunity to comment on the priorities and the scoring criteria considered. The final selection of the scoring criteria is the responsibility of each RRC and must be consistent with the requirements in this Action Plan. The RRC may not adopt scoring factors that directly negate or offset the State's scoring factors. Each RRC shall develop a RRC Guidebook, in the format provided by TDA, to notify eligible applicants of the objective scoring criteria and other RRC procedures for the region. The Guidebook must be submitted to TDA and approved at least ninety days prior to the application deadline. The state scoring will be based on the following: 1. Past Performance- 16 points. 2. All project activities within the application would provide basic infrastructure or housing activities - 4 points. (Basic infrastructure - the basic physical shared facilities serving a community's population consisting of water, sewage, roads and flood drainage. Housing activities - as defined in 24 Code of Federal Regulations ("CFR") Part 570.)
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	66.9% (approximately) of the State CDBG allocation is allocated to this fund. In addition, deobligated funds may be allocated to the CD Fund according to the procedures described in the Additional Detail on Method of Distribution section following this table.
	Describe threshold factors and grant size limits.	Minimum $75,000/Maximum $800,000, regions may establish additional grant amount limits.

	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
6	**State Program Name:**	Fire, Ambulance, & Services Truck (FAST) Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Fire, Ambulance, & Services Truck (FAST) Fund provides funds for eligible vehicles to provide emergency response and special services to rural communities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applications will be scored and ranked based on: • Poverty Rate (Census data) • Past performance on TxCDBG grants (see CD Fund State scoring factors)
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	All deobligated funds from fund year 2015 and earlier will be made available for the FAST Fund on the first day of the program year. This amount may be increased as additional funds are deobligated during the program year.
	Describe threshold factors and grant size limits.	Minimum $100,000/Maximum $500,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
7	**State Program Name:**	Disaster Relief Funds
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	Disaster Relief ("DR") Fund assistance is available as needed for eligible activities in relief of disaster situations where either a state or federal disaster declaration has been issued. Declaration other than Drought: Priority for the use of these funds is for repair and restoration activities that meet basic human needs (such as water and sewer facilities, housing, and roads), and may not include funding to construct public facilities that did not exist prior to the occurrence of the disaster. Declaration for Drought: Funding in response to a Governor's drought disaster declaration covering the area that would benefit from project activities must include new facilities to improve water supply, subject to the conditions set forth in Title 4, Part 1, Chapter 30, Subchapter A of the Texas Administrative Code.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	To qualify for the DR Fund: a. The situation addressed by the applicant must be both unanticipated and beyond the control of the local government. b. The problem being addressed must be of recent origin. For DR Fund assistance, this means that the application for assistance must be submitted no later than 12 months from the date of the state or federal disaster declaration. c. Funds will not be provided under Federal Emergency Management Agency's ("FEMA's") Hazard Mitigation Grant Program for buyout projects unless TDA receives satisfactory evidence that the property to be purchased was not constructed or purchased by the current owner after the property site location was officially mapped and included in a designated flood plain area. d. Each applicant must demonstrate that adequate local funds are not available, i.e., the entity has less than six months of unencumbered general operations funds available in its balance as evidenced by the last available audit required by state statute, or funds from other state or federal sources are not available to completely address the problem. e. TDA may consider whether funds under an existing CDBG contract are available to be reallocated to address the situation. f. The distribution of these funds will be coordinated with other state agencies.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	Up to $3,000,000 may be transferred from CD deobligated funds, as needed
	Describe threshold factors and grant size limits.	Maximum $350,000/Minimum $50,000
	What are the outcome measures expected as a result of the method of distribution?	Meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community.
8	**State Program Name:**	General HOME Funds for Single-Family Activities
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	TDHCA awards single-family activity funds as grants and loans through a network of local administrators for Homeowner Rehabilitation ("HRA"), Homebuyer Assistance ("HBA"), and Tenant Based Rental Assistance ("TBRA"). Assistance length and term depends on the type of activity. Non set-side funds are initially being made available on a regional basis in accordance with state statute. Remaining funds are made available statewide on a first-come, first-served Reservation System, a contract-based system or some combination of these two methods. The method will be described in NOFAs and is informed by needs analysis, oversubscription for the activities, and public input.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Applicants must comply with requirements stated in NOFAs, the Single-Family Programs Umbrella Rule, and State HOME Program Rules in effect at the time they receive their award. Review of Applications All programs will be operated through direct administration by TDHCA, reallocation of deobligated funding and program income, or through the release NOFA with an emphasis on geographic dispersion of funds, particularly in rural areas of the state, using a Regional Allocation Formula ("RAF") which uses objective measures to determine rural housing needs such as poverty and substandard housing. For NOFAs, applicants must submit a complete application to be considered for funding or eligibility to access the Reservation System, along with a nominal application fee determined by TDHCA. Applications received by TDHCA will be reviewed for applicable threshold, eligibility and/or scoring criteria in accordance with the Department's rules and application review procedures published in the NOFA and/or application materials. Information related to NOFAs, application requirements and fees, and application review procedures and materials is available at http://www.tdhca.state.tx.us/home-division/index.htm. Selection Process Qualifying applications for funding are recommended for funding to TDHCA's Board based on the Department's rules and any additional requirements established in the NOFA. Applications for participation in the Reservation System are submitted to the TDHCA Board for approval, but are subject to all other review requirements. Should TDHCA reprogram unutilized HOME funds for development activities, applications submitted for development activities will also receive a review for financial feasibility, underwriting, and compliance under the HOME Final Rule as well as the Department's existing previous participation review process. The state may select subrecipients or state recipients as described in program rules and NOFAs, or may conduct a portion of HOME activities directly in accordance with §92.201. When administrators have not successfully expended the HOME funds within their contract period, TDHCA de-obligates the funds and pools the dollars for redistribution according to TDHCA's Reallocation of Financial Assistance rule at 10 TAC §1.19, and consistent with the reservation system and any open NOFAs. TDHCA may also reallocate these funds through a competitive NOFA process resulting in an award of funds.

	Describe how resources will be allocated among funding categories.	TDHCA announces the annual allocation of HOME Single-Family funds through a NOFA and specifies that the funds will initially be made available using a Regional Allocation Formula ("RAF") which divides funds among 26 sub-regions as required by state statute. The allocation method is developed based on a formula which considers need and funding availability. After a period of several months, regional allocations collapse. Following the release of the annual allocation through the RAF, TDHCA periodically adds HOME program income and deobligated funds to the funds available via the Reservation System and either allocates a specific amount of funds per activity based on funding priorities or may allow HOME administrator's requests for funding through the system to determine how the funds are finally allocated among fund categories. TDHCA may specify the maximum amount of funds that will be released for each activity type and may allocate funds via a first come, first served Reservation System or alternate method based on public comment.
	Describe threshold factors and grant size limits.	Applicants must comply with requirements stated in the HOME NOFA and State HOME Program Rules in effect the year they receive their award. These sources provide threshold limits and grant size limits per activity type.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to LMI households.
9	**State Program Name:**	HOME Multifamily Development
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	The HOME Multifamily Direct Loan Program awards loans to for-profit and nonprofit multifamily developers to construct and rehabilitate affordable rental housing. These loans typically carry a 0% to 5% interest rate and have terms ranging from 15 years to 40 years. The vast majority of the loans are made in conjunction with awards of 4% or 9% HTCs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA's Texas Administrative Code Chapters 10, 11, and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, appropriate zoning for the site, and a market and environmental study. Additionally, the development must be near certain community assets. After a period of Regional Allocation, HOME Multifamily Direct Loan Program funds are typically awarded on a first-come, first-served basis, as long as the criteria above are met. After a certain date, for HOME Multifamily Development applications layered with 9% HTCs, the highest scoring applications in the 9% cycle that also request HOME funds are prioritized according to 9% criteria.
	Describe how resources will be allocated among funding categories.	Typically, of the HOME Multifamily Funds, 85% is available for general activities and 15% for Community Housing Development Organizations ("CHDOs"). However, the HOME Multifamily Direct Loan Program may make funds available annually or through a special purpose NOFA under the General, Supportive Housing/Soft Repayment, and CHDO Set-Asides, or may choose to have a preference or limitation for Persons with Disabilities.

	Describe threshold factors and grant size limits.	TDHCA's Uniform Multifamily Rules and Qualified Allocation Plan set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, experience of the developer, appropriate zoning for the site, and a market and environmental study. Additionally, the development must be near certain community assets such as a full service grocery, financial institution, pharmacy, or medical office and have certain unit amenities and common amenities. Awards of HOME Multifamily Direct Loan Program funds range from approximately $300,000 to $4,000,000per application in the form of a loan.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to LMI households.
10	**State Program Name:**	Local Revolving Loan Funds
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	TxCDBG allows communities that received Texas Capital Fund awards to support job creation or retention, and that created a local revolving loan fund, prior to implementation of the interim rule published November 12, 2015, to retain the program income generated by the economic development activities and to reinvest the funds to support job creation/retention activities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Criteria are established by local subrecipients, with guidance from the TxCDBG Revolving Loan Fund Information Guide provided by TDA.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	The TxCDBG Revolving Loan Fund Information Guide is provided directly to subrecipients that have established revolving loan funds.
	Describe how resources will be allocated among funding categories.	Program Income generated by a local RLF is retained by that community or returned to TDA for distribution according to the Action Plan. See "Grantee Unique Appendices" for table of local revolving loan funds.

	Describe threshold factors and grant size limits.	Parameters for minimum or maximum loan amounts may be established by the subrecipient.
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons through Job Creation/Retention
11	**State Program Name:**	National Housing Trust Fund
	Funding Sources:	Housing Trust Fund
	Describe the state program addressed by the Method of Distribution.	It is planned that the NHTF Program will award loans to for-profit and nonprofit multifamily developers to construct multifamily affordable housing. Because the NHTF is required to benefit ELI households at 30% of AMI or less, the units will likely not be able to service a debt payment. The constraints on NHTF dictate that the funds typically be available as 0% interest, deferred payment loan, or as 0% interest cash flow loans, if required, to leverage with tax credits or other financing mechanisms.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	TDHCA's Texas Administrative Code Chapters 10, 11, and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, appropriate zoning for the site, and market and environmental studies. Additionally, the development must be near certain community assets. TDHCA Multifamily Direct Loan ("MFDL") Program funds are typically awarded on a first-come, first-served basis, as long as the criteria above are met. TDHCA will review and recommend NHTF (referred to under the umbrella term MFDL below) applications in accordance with the Multifamily Direct Loan Rule as follows: (1) Priority 1: Applications not layered with current year 9% HTC that are received prior to the current year Market Analysis Delivery Date as described in 10 TAC §11.2 Program Calendar for Competitive Housing Tax Credits. Priority 1 applications will be prioritized based on score within their respective set-aside and subregion or region during the initial allocation period in accordance with the RAF, to the extent that two or more Applications are received in the same set-aside that request less than or equal to the amount available in the subregion or region. Once the RAF period has ended, applications will be reviewed on a first-come first served basis within their set- aside, or as reflected in the NOFA. (2) Priority 2: Applications layered with current year 9% HTC will be prioritized based on their recommendation status for an HTC allocation. All Priority 2 applications will be deemed received on the Market Analysis Delivery Date as described in 10 TAC §11.2 Program Calendar. In order for an MFDL application layered with 9% HTC to be considered complete, Applications for both programs must be timely received. Priority 2 applications will be recommended for approval at the same meeting when the Board approves the 9% HTC allocations. Applications that are on the waiting list for a 9% HTC allocation are not guaranteed the availability of MFDL funds. If the applicable NOFA is over-subscribed for MFDL funds, the Applicant will be notified and may amend their Application to accommodate another funds source. (3) Priority 3: Applications that are received after the Market Analysis Delivery Date, as described in 10 TAC §11.2 Program Calendar for Competitive Housing Tax Credits, on a first come first served basis for any remaining funds, until the final deadline identified in the annual NOFA or as identified in a NOFA. Applications that will create new ELI units without preexisting vouchers or other rental subsidy may be prioritized, and additional criteria may be imposed for applications not layered with tax credits.
	Describe how resources will be allocated among funding categories.	NHTF will not be allocated among funding categories. The requirement to serve ELI households already meets a set aside category in TDHCA Multifamily programs.

	Describe threshold factors and grant size limits.	TDHCA's Uniform Texas Administrative Code Chapters 10, 11, and 13 set forth a minimum set of requirements that document a project owner's readiness to proceed with the development as evidenced by site control, notification of local officials, the availability of permanent financing, experience of the developer, appropriate zoning for the site, and a market and environmental study. Additionally, the development must be near certain community assets such as a bank, pharmacy, or medical office and have certain unit amenities and common amenities. Awards of NHTF will be integrated into the TDHCA Multifamily Direct Loan Program. Award funds may range up to $4,000,000 per application in the form of a loan for this program.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to ELI households.
12	**State Program Name:**	Planning/Capacity Building Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Planning/Capacity Building ("PCB") Fund is available to assist eligible cities and counties in conducting planning activities that assess local needs, develop strategies to address local needs, build or improve local capacity, or that include other needed planning elements (including telecommunications and broadband needs).
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The selection criteria for the PCB Fund will focus upon the following factors: a. Community Distress; a. Percentage of persons living in poverty; b. Per capita income; c. Unemployment rate; b. Benefit to LMI Persons; c. Project Design; d. Program Priority; e. Base Match; f. Area-wide Proposals; and g. Planning Strategy and Products.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	1.0% (approximately) of the State CDBG allocation is allocated to this fund. In addition, deobligated funds may be allocated to this fund according to the procedures described in the Additional Detail on Method of Distribution section following this table.
	Describe threshold factors and grant size limits.	Minimum $0/Maximum $55,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
13	**State Program Name:**	State Mandated Contract for Deed Conversion Set-Aside
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	Rider 6 of the TDHCA bill pattern within the General Appropriations Act for Fiscal Years 2018-19 requires TDHCA to identify funding sources and estimated funding levels for contract for deed conversions and other activities for families that reside in a colonia and earn 60 percent or less of the applicable area median family income ("AMFI") and the home converted must be their primary residence.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Administrators must meet HOME Program threshold requirements to access funding. Funding is made available to contract for deed administrators on a first-come, first-served basis, in addition to threshold requirements outlined in the State HOME Program Rule, through the Reservation System.
	Describe how resources will be allocated among funding categories.	Beginning in FY 2018, TDHCA will set aside $1,000,000 for Contract for Deed activities annually and will release the funds through the reservation system as a method of distribution.
	Describe threshold factors and grant size limits.	Applicants must meet the thresholds provided in the NOFA and State HOME Program Rules in effect the year in which they receive their award. Administrators are not awarded a grant following a successful application. Rather funds are awarded on a household by household basis.
	What are the outcome measures expected as a result of the method of distribution?	Assistance to households with incomes at or below 60% AMFI.
14	**State Program Name:**	TCF Main Street and Downtown Revitalization Programs
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	The Texas Capital Fund ("TCF") Main Street and Downtown Revitalization Programs award grant funds for public infrastructure to foster and stimulate economic development in rural downtown areas.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The selection criteria for the TCF Main Street Program for eligible Texas Main Street communities will focus upon the following factors: a. Applicant Need criteria, including poverty rate, median income, unemployment rate, and community need; b. Project criteria, including leverage, economic development consideration, sidewalks projects and Americans with Disabilities Act ("ADA") compliance, broad-based public support, emphasis on benefit to LMI persons, and grant application training; and c. Main Street program criteria, including National Main Street program recognition, Main Street program participation, historic preservation ethic impact. The selection criteria for the TCF Downtown Revitalization Program will focus upon the following factors: a. Applicant Need criteria, including poverty rate, median income, unemployment rate, and community need; b. Project criteria, including leverage, economic development consideration, sidewalks projects, and ADA compliance, broad-based public support, emphasis on benefit to LMI persons, and grant application training; and c. Past Performance.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.
	Describe how resources will be allocated among funding categories.	4.7% of the State CDBG allocation is allocated to the TCF Main Street and Downtown Revitalization Programs; in addition, deobligated funds may be allocated for the these programs, up to a total funding amount of $3,500,000 . Program income funds may be transferred to this category on August 1 if such funds have not been utilized by other TCF programs (if available).
	Describe threshold factors and grant size limits.	Maximum $250,000/Minimum $50,000

	What are the outcome measures expected as a result of the method of distribution?	Eliminate or prevent slum and blight conditions.
15	**State Program Name:**	TCF Real Estate and Infrastructure Development Programs
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Texas Capital Fund ("TCF") Real Estate and Infrastructure Development Programs provides grants and/or loans for Real Estate and Infrastructure Development to create or retain permanent jobs in primarily rural communities and counties.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The selection criteria for the TCF Real Estate and Infrastructure Development will focus upon the following factors: a. Job creation criteria: i. Cost-per-job, ii. Job impact, iii. Wage impact, and iv. Primary jobs created/retained; b. Unemployment rate; and c. Return on Investment. Once applications are evaluated and determined to be in the funding range the projects will be reviewed upon the following additional factors: a. History of the applicant community in the program; b. Strength of the business or marketing plan; c. Evaluation of the business and the business' principal owners credit; d. Evaluation of community and business need; and e. Justification of minimum necessary improvements to serve the project.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	11.9% of the State CDBG allocation is allocated to the Real Estate and Infrastructure Development Programs. In addition, program income funds generated by TCF projects and not otherwise allocated are made available for the Real Estate and Infrastructure Development Programs on the first day of a program year. In accordance with 24 CFR 570.479(e)(ii), the State has determined that program income generated by TCF during PY 2017 must be returned to the State for redistribution to new economic development activities. TCF awards are made for a specific project, based on the minimum necessary work to support the creation or retention of specific jobs, which must be completed prior to close out of the TCF contract. Therefore the community is unlikely to continue funding the same activity in the near future as described in the new regulation.
	Describe threshold factors and grant size limits.	Maximum $1,000,000/Minimum $100,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
16	**State Program Name:**	TCF Small and Micro Enterprise Revolving Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Texas Capital Fund ("TCF") Small and Micro Enterprise Revolving Fund provides grants to local partnerships of communities and non-profit organizations to establish a local revolving loan fund, providing loans to local small businesses that commit to create or retain permanent jobs.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The TCF Small and Micro Enterprise Revolving Fund will be offered as a component of the Main Street and Downtown Revitalization Programs.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	Up to $1,200,000 in program income will be made available for the SMRF Fund.
	Describe threshold factors and grant size limits.	$100,000 per award
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
17	**State Program Name:**	Utility U Program
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	Utility U provides funds to cities and counties, in coordination with water and wastewater utilities, to provide job training opportunities in the utility field. Both classroom and on-site training methods provided by a community based development organization (CBDO) or similar organization shall provide critical utility industry skills to current and newly hired employees to create or enhance job opportunity.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	The Utility U Program will be available to cities and counties only upon recommendation by two or more state or federal regulatory or funding agencies. These agencies are expected to evaluate the need for job training for a specific utility or group of utilities prior to making a recommendation to TDA. The utility must agree to employ the trainee for a minimum of two years following completion of the training.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation are available upon request.
	Describe how resources will be allocated among funding categories.	$0 of allocation is made available for the Utility U Program on the first day of the program year. If an eligible project is recommended for funding, up to $100,000 may be transferred from other fund categories as needed.

	Describe threshold factors and grant size limits.	Maximum $100,000/Minimum $30,000
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefiting LMI Persons
18	**State Program Name:**	Texas ESG Program
	Funding Sources:	ESG
	Describe the state program addressed by the Method of Distribution.	The ESG Program is currently a competitive grant that awards funds to private nonprofit organizations, cities, and counties in the State of Texas to provide the services necessary to help persons who are experiencing or at-risk of homelessness quickly regain stability in permanent housing. To prioritize geographic dispersion of funds, funding is allocated to each CoC based on an allocation formula that includes population and other data as described in the State ESG rules. At the discretion of the CoC and upon approval by TDHCA, applicants for ESG apply either directly to TDHCA for an award of funding or may apply to the CoC in a local competition for funds. Award authority for all ESG funds remains with TDHCA's Board, and TDHCA contracts directly with all subrecipients regardless of method of application. TDHCA may elect to conduct application cycles for either one or two years of funding. When applications are accepted for funding years for which the funding amount is not yet determined, TDHCA retains the right to make adjustments to awards in relation to the amount of funding received. When subrecipient has not successfully expended the ESG funds within their contract period, TDHCA may de-obligate the funds and pool the dollars for redistribution according to TDHCA's Reallocation of Financial Assistance rule at 10 TAC §1.19, or as described in the State Rules or NOFA. Any funds returned to the Department from prior to 2018 ESG funds, will be redistributed in accordance with the 2017/2018 NOFA, or as otherwise approved by the TDHCA Board.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	In the competitive process with TDHCA, applications are selected based on requirements stated in the ESG NOFA and State ESG Program Rules in effect the year they receive their award. These sources provide threshold requirements, which must be met prior to an application being considered for an award, and selection criteria, which are utilized to rank applications and determine the order in which applications may be funded. Threshold requirements include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds. Selection criteria include items related to program design, including the type and quality of services offered and performance outcomes.

	Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)	For the competitive process, TDHCA will release a NOFA prior to receipt of ESG funding. The NOFA may include the option for the subrecipient to apply for both an award of 2019 ESG funds and anticipated 2020 funds. A two-year award cycle allows Subrecipients to offer up to 24 months of assistance for medium-term rental assistance (previously Subrecipients were limited to the number of months within their contracts, which is 12 months or fewer), and to spend more time on program activities than applying for funds. TDHCA encourages collaboration among homeless service providers by including selection criteria related to collaboration with the CoC. Eligible applicant organizations are Units of General Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance from TDHCA to determine if they may apply. Governmental organizations such as Public Housing Authorities ("PHAs") and housing finance agencies are not eligible and cannot apply directly for ESG funds. Eligible applicants also include private nonprofit organizations that are secular or religious organizations described in section 501(c) of the Internal Revenue Code of 1986, are exempt from taxation under subtitle A of the Code, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.
	Describe how resources will be allocated among funding categories.	ESG funds may be used for six program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, HMIS or HMIS-comparable database, and administrative activities. In order for TDHCA to meet the requirement of no more than 60% of funds expended in street outreach and emergency shelter per 24 CFR §576.100(b), TDHCA reserves the right to remove applications proposing street outreach and emergency shelter from competition when 60% of ESG funds have been awarded to higher raking applications proposing these activities. A CoC lead agency that elects to run a local competition must ensure that the combined amount recommended for ESG awards in the CoC will not exceed 60% in street outreach and emergency shelter.
	Describe threshold factors and grant size limits.	The Department intends to propose the following in state rules. Applications for ESG funding may include a requirement for funding for multiple service types. Each service type proposed in an application will be individually considered for an award of funds. Applicants may be awarded an amount not to exceed $350,000 street outreach activities, rapid re-housing, homeless prevention, and emergency shelter activities. Funds for HMIS are limited to 10% of the total award amount, and funds for administration are limited to 3% of the total award amount. Threshold requirements include current status of required single audits and submission of an audit certification form; information necessary to conduct a previous participation review, and documentation sufficient to determine that the subrecipient has adequate capacity to administer the ESG funds.

	What are the outcome measures expected as a result of the method of distribution?	The expected outcome is that funds will be awarded to organizations that have the administrative and performance capacity to provide the services needed in their communities, with a broad distribution of funding to reach as many areas of the state with quality services as possible. The expected outcome of TDHCA's plan to allow local competitions is that the same will be accomplished, but with CoC-wide planning rather than with only State planning.
19	**State Program Name:**	Texas HOPWA Program
	Funding Sources:	HOPWA
	Describe the state program addressed by the Method of Distribution.	DSHS selects seven AAs across the state through a combination of competitive Requests for Proposal ("RFP") and intergovernmental agency contracts. The AAs act as an administrative arm for DSHS by administering the HOPWA program locally. The AAs do not receive any HOPWA administrative funds from DSHS; all AA administrative costs are leveraged from other funding sources. The AAs, in turn, select HOPWA Project Sponsors to cover all 26 HSDAs through local competitive processes.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Information on grant applications, available funding opportunities, application criteria, etc. can be found on the DSHS website: http://www.dshs.texas.gov/fic/default.shtm. Contracting and procurement services for DSHS HOPWA is overseen by Texas Health and Human Services Procurement and Contracting Services ("PCS") Division. This division handles the solicitation, contract development, contract execution, and is the office of record for DSHS' contracting needs. Evaluation Criteria as noted in the most recent RFP process for AAs for Ryan White/State Services and HOPWA programs were: Respondent Background = 30%; Assessment Narrative = 15%; Performance Measures = 10%; Work Plan = 35%; and Budget = 10%.
	Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)	The AAs select HOPWA Project Sponsors to cover all 26 HSDAs through local competitive processes. Community-based organizations, minority organizations, minority providers, grassroots and faith-based organizations are encouraged to apply. Historically, many of the agencies that have provided services to TDHCA's client population are grassroots, community-based, and minority organizations.

	Describe how resources will be allocated among funding categories.	Texas HOPWA funding allocations are geographically distributed across the state to the 26 HSDAs based on factors such as population of PLWH and unmet need. Texas HOPWA serves PLWH and their household members, all of whom are at or below 80% of AMI, and most fall into the extremely low-income category. Allocations generally mirror the Ryan White Program allocation formula, which takes into account population of PLWH, HIV incidence, number of PLWH accessing Ryan White services, percent of PLWH eligible for Medicaid, and other considerations. The allocations are then adjusted based on unmet need, prior performance and expenditures, geographic-specific data provided by Project Sponsors, and any other relevant factors. After allocations to each HSDA are determined, it is then up to the Project Sponsor to allocate between activities of TBRA, STRMU, Facility-Based Housing Subsidy Assistance, PHP, Supportive Services, Housing Information Services, Resource Identification, and administrative expenses (not to exceed 7% of their allocation) and submit those to their AA and DSHS for approval. Project Sponsors base allocations on many factors, including but not limited to, number of clients projected to continue into the next year, area unmet need, rental costs, prior number of clients served, average expenditures per client, and changes in HIV population living in poverty, etc. Funds are also reallocated during the year within HSDAs under each AA as needed when needs change.
	Describe threshold factors and grant size limits.	Texas HOPWA serves PLWH and their household members, all of whom are at or below 80% of AMI. The majority of HOPWA clients are classified as extremely low income, which is between 0% and 30% of AMI.
	What are the outcome measures expected as a result of the method of distribution?	TBRA, STRMU, Facility-Based Housing Subsidy Assistance, and Supportive Service activities each have their own outcome measures. TBRA measures housing stability by assessing a household's destination at the end of the service. STRMU measures housing stability by assessing a household's housing status at the end of the service. Facility-Based Housing Subsidy Assistance measures housing stability by assessing a household's destination at the end of the service. Supportive Services measures access to health care and supportive services outcomes at the end of the service.
21	**State Program Name:**	Urgent Need Fund
	Funding Sources:	CDBG

	Describe the state program addressed by the Method of Distribution.	Urgent Need ("UN") Fund assistance is available for activities that will restore water and/or sewer infrastructure whose sudden failure has resulted in death, illness, injury, or poses an imminent threat to life or health within the affected applicant's jurisdiction. The infrastructure failure must not be the result of a lack of maintenance and must be unforeseeable. An application for UN Fund assistance will not be accepted until discussions between the potential applicant and representatives of TDA, TWDB, and the Texas Commission on Environmental Quality ("TCEQ") have taken place. Through these discussions, a determination shall be made whether the situation meets eligibility requirements and if a potential applicant should be invited to submit an application for the UN Fund. Construction on an UN Fund project must begin within ninety (90) days from the start date of the CDBG contract. TDA may de-obligate the funds under an UN Fund contract if the grantee fails to meet this requirement.

	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	To qualify for the UN Fund: 1. The situation addressed by the applicant must not be related to a proclaimed state or federal disaster declaration. 2. The situation addressed by the applicant must be both unanticipated and beyond the control of the local government (e.g., not for facilities or equipment beyond their normal, useful life span). 3. The problem being addressed must be of recent origin. For UN assistance, this means that the situation first occurred or was first discovered no more than 30 days prior to the date that the potential applicant provides a written request to the TDA for UN assistance. UN funds cannot fund projects to address a situation that has been known for more than 30 days or should have been known would occur based on the applicant's existing system facilities. 4. Each applicant for these funds must demonstrate that local funds or funds from other state or federal sources are not available to completely address the problem. 5. The applicant must provide documentation from an engineer or other qualified professional that the infrastructure failure cannot have resulted from a lack of maintenance or been caused by operator error. 6. UN funds cannot be used to restore infrastructure that has been cited previously for failure to meet minimum state standards. 7. The infrastructure requested by the applicant cannot include back-up or redundant systems. 8. The UN Fund will not finance temporary solutions to the problem or circumstance. 9. TDA may consider whether funds under an existing CDBG contract are available to be reallocated to address the situation, if eligible. 10. The distribution of these funds will be coordinated with other state agencies. Each applicant for UN Funds must provide matching funds. If the applicant's most recent Census population is equal to or fewer than 1,500 persons, the applicant must provide matching funds equal to 10 percent of the CDBG funds requested. If the applicant's most recent Census population is over 1,500 persons, the applicant must provide matching funds equal to 20 percent of the CDBG funds requested. For county applications where the beneficiaries of the water or sewer improvements are located in unincorporated areas, the population category for matching funds is based on the number of project beneficiaries.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

	Describe how resources will be allocated among funding categories.	No funds will be allocated on the first day of the Program Year; however, the amount for this funding category may be adjusted during the 2019 PY as needed.
	Describe threshold factors and grant size limits.	Maximum $250,000/Minimum $25,000
	What are the outcome measures expected as a result of the method of distribution?	Meet other community development needs of particular urgency which represent an immediate threat to the health and safety of residents of the community
21	**State Program Name:**	State Revolving Fund
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	TxCDBG retains the program income generated by economic development activities and reinvests the funds to continue supporting economic development activities.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Application Guides for the Texas Capital Fund Real Estate and Infrastructure Development Programs, Main Street / Downtown Revitalization Programs and the Small and Micro Enterprise Revolving Fund can be found on the TDA website.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Application Guides for the Texas Capital Fund Real Estate and Infrastructure Development Programs, Main Street / Downtown Revitalization Programs and the Small and Micro Enterprise Revolving Fund can be found on the TDA website.
	Describe how resources will be allocated among funding categories.	Program Income generated by the State Revolving Fund will be allocated to the Texas Capital Fund Real Estate and Infrastructure Development Programs, Main Street / Downtown Revitalization Programs and the Small and Micro Enterprise Revolving Fund.
	Describe threshold factors and grant size limits.	The amount of program income generated will determine the amount of funds available.
	What are the outcome measures expected as a result of the method of distribution?	Activities Benefitting LMI Persons through Job Creation/Retention and the elimination of slum and blight conditions.

Discussion:

The distribution process for 4% HTC Program, 9% HTC Program, HHSP, State Housing Trust Fund Program, MCC Program, My First Texas Home Program, NSP PI Program, Section 8 HCV Program, Section 811 PRA Program, and TCAP RF can be found in the documents that govern these programs, all available at http://www.tdhca.state.tx.us/. The CDBG Colonia Set-Aside Methods of Distribution will be included in Action Plan Section 48, which is specifically about colonias.

Along with selecting appropriate entities to administer funding, the State must ensure that the funding is appropriately spent. For example, in addition to an output measure of the number of clients/households supported with HOPWA housing subsidies assistance, AAs routinely monitor Project Sponsors' for compliance and performance. DSHS monitors the AAs and annually compiles AAs' and Project Sponsors program progress reports and reviews cumulative data for number of households assisted compared to goals, expenditures, and stability outcomes of households served. More information on CPD Programs monitoring efforts are described in Strategic Plan Section 80, Monitoring.

Additional information for Allocation of CDBG program income and deobligated funds has been provided as an attachment.

AP-35 Projects – (Optional)

Introduction:

Per the IDIS Desk Guide, Project-level detail is not required for a state grantee's Annual Action Plan. Once a state grantee has allocated funding via its Method of Distribution, the state grantee will use the Projects sub-menu in IDIS Online to add its projects for the program year. However, in order for accomplishments to associate to the goals listed in the plan, projects must be entered in the Action Plan template. Given this, it will be necessary to amend the plan and resubmit it after the projects have been added. As such, Texas will enter projects as amendments to the 2019 OYAP as necessary.

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Because no projects have been entered to date in this section, this section is not applicable. Allocation priorities are discussed in Action Plan Section 25, which also includes meeting special needs. Actions to meeting underserved needs are found in Action Plan Section 85.

CDBG-DR allocation priorities can be found in the CDBG-DR Action Plan at:
http://www.glo.texas.gov/recovery/reporting/action-plans/index.html

AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)

Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?
No

Available Grant Amounts
Not applicable.

Acceptance process of applications
Not applicable.

AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)

Will the state allow units of general local government to carry out community revitalization strategies?

Yes

State's Process and Criteria for approving local government revitalization strategies

TDA's CDBG program operates five programs that stimulate job creation/retention activities that primarily benefit LMI persons, prevent/eliminate slum and blight conditions, and support community planning efforts.

The TCF Real Estate and Infrastructure Development Programs provides grants and/or loans for Real Estate and Infrastructure Development to create or retain permanent jobs in primarily rural communities and counties.

The Downtown Revitalization Program and Main Street Development Program are intended to stimulate economic growth through the funding of public infrastructure improvements to aid in the elimination of slum and blight conditions in the historic downtown areas of rural communities; the Main Street component is available to communities designated as an official Texas Main Street City by the Texas Historical Commission. The programs are only available to "non-entitlement" city governments. Non-entitlement cities do not receive direct funding from HUD and typically include cities with a population of less than 50,000. Awarded cities receive funds to make public infrastructure improvements in the designated historic, downtown business district. Projects must meet the national objective of aiding in the elimination of slum and/or blighted conditions identified by city resolution. The improvements must directly support the revitalization of the city's designated downtown area. Awarded cities may also request Small and Microenterprise Revolving Fund (SMRF) funding to provide loans to downtown businesses that commit to create or retain jobs.

The Planning and Capacity Building Fund is a competitive grant program for local public facility and housing planning activities. Localities apply for financial assistance to prepare a "comprehensive plan" or any of its components. Typical activities regard topics such as: Base Mapping, Land Use, Housing, Population, Economic Development and/or Tourism, Central Business District, Street Conditions, Thoroughfares, Parks and

Recreation, Water Distribution and Supply, Wastewater Collection and Treatment, Drainage (streets & flood hazard areas), Gas or Electric Systems (if owned by the locality), Community Facilities, Capital Improvements Program, Zoning Ordinance, Subdivision Regulation. Section 105(a) of the Housing and Community Development Act of 1974, as amended, outlines all the generally eligible activities.

AP-48 Method of Distribution for Colonias Set-aside – 91.320(d)&(k)

Introduction

Distribution Methods

State Program Name	Funding Sources
Colonia Economically Distressed Areas Program (CEDAP)	CDBG CDBG Colonias Set-aside
Colonia Planning and Construction Funds	CDBG CDBG Colonias Set-aside
Colonia SHC Legislative Set-Aside (administered by TDHCA)	CDBG CDBG Colonias Set-aside
Colonias to Cities Initiative Program	CDBG CDBG Colonias Set-aside
Community Development Fund	CDBG
Community Enhancement Fund	CDBG
Disaster Relief Funds	CDBG
General HOME Funds for Single-Family Activities	HOME
HOME Multifamily Development	HOME
Local Revolving Loan Funds	CDBG
National Housing Trust Fund	Housing Trust Fund
Planning/Capacity Building Fund	CDBG
State Mandated Contract for Deed Conversion Set-Aside	HOME
TCF Main Street and Downtown Revitalization Programs	CDBG
TCF Real Estate and Infrastructure Development Programs	CDBG
TCF Small and Micro Enterprise Revolving Fund	CDBG
Texas ESG Program	ESG
Texas HOPWA Program	HOPWA
Texas Small Towns Environment Program Fund	CDBG
Urgent Need Fund	CDBG
Utility U Fund	CDBG

Table 9 - Distribution Methods by State Program for Colonias Set-aside

State Programs Addressed

Colonia Economically Distressed Areas Program ("CEDAP") Legislative Set-Aside fund provides funding to eligible cities and counties to assist colonia residents that cannot afford the cost of service lines, service connections, and plumbing improvements associated with being connected to a TWDB Economically Distressed Area Program or similar water or sewer system improvement project.

Criteria and their importance

The TDA will evaluate the following factors prior to awarding CEDAP funds:
• The proposed use of the CDBG funds including the eligibility of the proposed activities and the effective use of the funds to provide water or sewer connections/yard lines to water/sewer systems funded through Economically Distressed Area Program or similar program;
• The ability of the applicant to utilize the grant funds in a timely manner;
• The availability of funds to the applicant for project financing from other sources;
• The applicant's past performance on previously awarded CDBG contracts;
• Cost per beneficiary; and
• Proximity of project site to entitlement cities or metropolitan statistical areas ("MSAs").

CDBG only: Access of application manuals

Guidelines, applications and additional program documentation can be found on TDA's website at www.texasagriculture.gov.

Resource Allocation among Funding Categories

The allocation is distributed on an as-needed basis.

Threshold Factors and Grant Size Limits

Maximum $1,000,000/Minimum $75,000

Outcome Measures expected as results of Distribution Method

Activities Benefiting LMI Persons

Discussion

Texas has the largest number of colonias and the largest colonia population of all the border states. The method of distribution for funds set aside to serve colonias relies on subgrantees along the Texas-Mexico border as well as interagency cooperation between TDHCA, TDA, TWDB, the Office of the Attorney General, and others. The majority of the funding that assists colonias is through infrastructure development, but funds are also available to address housing, community planning, economic revitalization and disaster relief. TDHCA's role in administering colonia funding is limited to the Colonia SHCs (2.5% set-aside of all Texas' CDBG funds) and HOME colonia set-aside. TDHCA has strategically placed Border Field Offices along the Texas-Mexico Border that supports Colonia SHC staff and counties with problem solving and training. The Border Field Offices exist to provide local technical assistance directly to both colonia residents and the organizations that serve colonia residents.

The majority of the funding that assists colonias is through the CDBG Program. However, HOME has a specific set-aside for colonias. In addition, ESG and HOPWA may also provide funding in that area, as described in Action Plan Section 30.

AP-50 Geographic Distribution – 91.320(f)

Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

HOME/NHTF Addresses Geographic Areas for Assistance
TDHCA does not provide priorities for allocation of investment geographically to areas of minority concentration; however, the geographic distribution of HOME/NHTF funds to minority populations is analyzed annually. TDHCA is statutorily required by the Texas Government Code to provide a comprehensive statement of its activities through the State of Texas Low Income Housing Plan and Annual Report. Part of this document describes the ethnic and racial composition of families and individuals receiving assistance from each housing program.

HOME/NHTF funds used for multifamily development are typically paired with tax-exempt bond and/or HTC. TDHCA rules that govern the HTC Program include incentives for developments utilizing the competitive 9% HTC in high opportunity areas, which are defined as high-income and low-poverty areas, and are not typically minority-concentrated except in majority-minority areas of the state. It also provides competitive incentive to develop in colonias or economically distressed areas. Developments using tax-exempt bond financing and 4% HTCs are more frequently located in qualified census tracts due to federal guidelines that cause these to be more financially viable.

ESG Addresses Geographic Areas for Assistance
Assistance provided by ESG funds will be directed statewide, according to the 11 HUD-designated CoC regions. TDHCA does not provide priorities for allocating investment geographically to areas of minority concentration as described in 24 CFR §91.320(f).

HOPWA Addresses Geographic Areas for Assistance
The Texas HOPWA funding allocations are geographically distributed according to the 26 HIV HSDAs. Allocations are based on several factors, including past performance of Project Sponsors and unmet need, with the majority of Texas HOPWA clients (90% in 2017) classified as extremely low and very low income. Allocations generally mirror the Ryan White Program allocation formula, which takes into account population of PLWH, HIV incidence, number of PLWH accessing Ryan White services, percent of PLWH eligible for Medicaid, and other considerations. The allocations are then adjusted based on unmet need, prior performance and expenditures, geographic-specific data provided by Project Sponsors, and any other relevant factors. Many of these individuals reside in areas of minority concentration and a disproportionate number of PLWH are racial and ethnic minorities, so the program allocates funding to meet the needs of PLWH in Texas.

CDBG Addresses Geographic Areas for Assistance
TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f). CDBG funds are allocated across the state in three ways.
1. The CD Fund assigns a percentage of the annual allocation to each of the 24 Regional COGs, ensuring that each region of the state receives a portion of the funds.
2. The Colonia Fund directs funding to communities within 150 miles of the Texas-Mexico border. All

remaining funds are distributed through state-wide competitions without geographic priorities. 3. Colonia SHCs are established along the Texas-Mexico border in Cameron/Willacy, Hidalgo, Starr, Webb, Maverick, Val Verde, and El Paso counties. The Colonia SHC Program serves approximately 35 colonias in seven border counties, which are comprised of primarily Hispanic households and have concentrations of very low-income households.

NHTF Geographic Priorities description is added to Discussion section text below.

Geographic Distribution

Target Area	Percentage of Funds
State of Texas	100

Table 10 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

HOME Addresses Geographic Investments

HOME funds are allocated geographically using a regional allocation formula ("RAF"), as described in Strategic Plan Section 10. This process directs funds to areas of the State that demonstrate high need. At least 95% of TDHCA-administered HOME funds are used in areas that are not Participating Jurisdictions ("PJs") per statute. This results in more HOME funds in smaller communities than in larger Metropolitan Statistical Areas ("MSAs") that receive HOME funds directly from HUD. The current RAF is online at http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm.

ESG Addresses Geographic Investments

ESG allocates ESG funds to each CoC region based on an allocation formula. This formula includes factors such as homeless population, people living in poverty, cost burden of renters, point in time counts and ESG funds available from federal and state sources.

HOPWA Addresses Geographic Investments

At the end of 2016, there were 86,669 people living with HIV in Texas. The number of Texans living with HIV increases each year and in order to meet the needs of low-income PLWH in Texas, many of whom live in areas of minority concentration, the HOPWA funding allocations are geographically distributed across the State and are allocated based on several factors, including unmet need.

Six cities in Texas have a population of over 500,000 (Austin, Dallas, Fort Worth, El Paso, Houston, and San Antonio) in MSAs funded directly from HUD for HOPWA. The Texas HOPWA program can operate in any area of the State, but mostly serves counties not covered under the MSAs' jurisdictions, with some overlap of counties between the State and the MSAs. As a result, Texas HOPWA covers all of the rural areas of the State, where many low-income HOPWA clients reside, and funding prioritization is based on areas with greater unmet need for PLWH.

CDBG Addresses Geographic Investments

Texas CDBG Funds for projects under the CD Fund are allocated by formula to 24 regions based on the methodology that HUD uses to allocate CDBG funds to the non-entitlement state programs (21.71% of annual allocation), along with a state formula based on poverty and unemployment (40% of annual allocation). 12.5% of the annual allocation is allocated to projects under the Colonia Fund categories, which must be expended within 150 miles of the Texas-Mexico border.

For the Colonia SHCs, state legislative mandate designates five centers along the Texas-Mexico border in Cameron/Willacy, Hidalgo, Starr, Webb, and El Paso counties to address the long history of poverty and lack of institutional resources. In 2001, TDHCA added two additional Colonia SHCs in Maverick and Val Verde counties. These seven counties collectively have approximately 40,180 colonia residents who may qualify to access center services.

NHTF Geographic Investments description is added to Discussion section text below.

Discussion

Many of the Target Areas available in the Integrated Disbursement and Information System ("IDIS"), HUD's electronic system in which this Plan has been entered, were too detailed for use at the macro-level; therefore, the State entered the "State of Texas" as a Target Area in Strategic Plan Section 10. Within Texas, each program relies on a formula to distribute funds geographically.

NHTF Geographic Priorities
The Texas NHTF will distribute NHTF funds through a competitive NOFA process. The funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen, and available competitively within each region prior to collapse into a statewide competition.

NHTF Addresses Geographic Investments
NHTF funds are allocated geographically using a Regional Allocation Formula, as described in Strategic Plan Section 10. Acknowledging that all regions of the State have a need to create housing for ELI households, the formula provides opportunity for access to NHTF. This process directs funds to areas of the State that demonstrate high need.

Affordable Housing

AP-55 Affordable Housing – 24 CFR 91.320(g)

Introduction:

Affordable Housing goals for PY 2018 are indicated in the table below for the number of homeless, non-homeless, and special needs households, and for the number of affordable housing units that will be provided by program type, including rental assistance, production of new units, rehabilitation of existing units, utility connections for existing units, or acquisition of existing units. Note that goals entered for ESG are only for Homeless Prevention and Rapid Re-housing. The HOME goals include multifamily and single family activities.

One Year Goals for the Number of Households to be Supported	
Homeless	11,012
Non-Homeless	630
Special-Needs	1,116
Total	12,758

Table 11 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	3,883
The Production of New Units	204
Rehab of Existing Units	171
Acquisition of Existing Units	24
Total	4,282

Table 12 - One Year Goals for Affordable Housing by Support Type

Discussion:

The one year goals for TDHCA's HOME Program include homebuyer assistance with possible rehabilitation for accessibility, TBRA, homeowner rehabilitation assistance, rehabilitation of multifamily units, and construction of single-family and multifamily units.

The one year goals for TDHCA's NHTF program include construction of new multifamily units.

TDHCA's ESG Program provides Rapid Re-housing assistance to help homeless individuals and households quickly regain stability in housing. Homelessness Prevention and Emergency Shelter outcome indicators are counted as persons, not households, so is not added into the chart above. ESG also provides street outreach, but as this does not directly equate to affordable housing, it is not counted above.

DSHS' HOPWA Program provides TBRA, STRMU, Facility-Based Housing Subsidy Assistance, PHP, Supportive Services, and Housing Information Services to assist low-income HIV-positive clients and their households to establish or maintain affordable, stable housing, reduce the risk of homelessness, and improve access to health care and other services. HOPWA serves households with 80% or less of area median income, but a majority of Texas HOPWA households are under 30% AMI and lack of affordable housing is an ongoing issue. DSHS estimates that the HOPWA program will assist 1,116 unduplicated, income-eligible households with housing subsidy assistance.

Currently, Texas CDBG funds primarily support affordable housing through water and sewer infrastructure for housing. The CDBG funding provides a cost savings for housing when used to install water and sewer yard lines and pay impact and connection fees for qualifying residents. Housing rehabilitation projects are prioritized in several fund categories. CDBG funds also help communities study affordable housing conditions, providing data on affordable housing stock and planning tools for expanding affordable housing. CDBG provides approximately 250 utility connections per year, which are not reflected in the chart above, but could prove essential to obtaining or maintaining housing.

Colonia residents are considered "Special Needs" households who are supported through the production, rehab or acquisition of units. The Colonia SHCs continue to address affordable housing needs in border counties by assisting qualifying colonia residents to improve or maintain a safe home in suitable areas, with the contribution of the residents' sweat-equity which is required in all housing activities at the SHC. In addition, the Colonia SHCs provide other development opportunities that support the creation of affordable housing for beneficiaries, such as tool lending and training in home construction and repair, financial literacy, and homeownership skills.

AP-60 Public Housing - 24 CFR 91.320(j)

Introduction:

TDHCA believes that the future success of PHAs will center on ingenuity in program design, emphasis on resident participation towards economic self-sufficiency, and partnerships with other organizations to address the needs of this population. While TDHCA does not have any direct or indirect jurisdiction over the management or operations of PHAs, it is important to maintain a relationship with these service providers.

Actions planned during the next year to address the needs to public housing

TDHCA, acting as a small PHA itself, works with other PHAs around the State to port vouchers when necessary. This is especially true for Project Access, a TDHCA program that uses Section 8 HCV vouchers to serve people with disabilities living in certain institutions by transitioning them into residences in the community, described fully in Action Plan Section 65. For the Project Access Program, an applicant is issued a voucher from TDHCA. To port the voucher, TDHCA works with the Receiving Public Housing Authority ("RPHA") to transfer the documents and the voucher. The voucher holder is briefed and given an introduction on the RPHAs program rules. At this time, the RPHA can decide to absorb the voucher or bill the Initial PHA ("IPHA"). If the RPHA absorbs the voucher, the RPHA will send notice to the IPHA for documentation. This allows TDHCA to use another HCV for another applicant on the Project Access waiting list. If the RPHA bills the IPHA, the RPHA is required to submit a billing notice within an allotted time to the IPHA so payment can be received. In this way, TDHCA and local PHAs work closely together.

HOME/NHTF Addresses PHA Needs

TDHCA provides notices of funding availability under the HOME Program to interested parties around the State, including PHAs. Furthermore, staff of PHAs, especially those receiving HOME funds and those with Section 8 Homeownership programs, are targeted by TDHCA's Texas Statewide Homebuyer Education Program for training to provide homebuyer education opportunities and self-sufficiency tools for PHA residents. In addition, PHAs may also administer HOME TBRA funds, for either on-going rental assistance or as a stand-alone program which provides security deposits with TBRA funds, enabling them to provide households with rental assistance and services to increase self-sufficiency.

Regarding HOME/NHTF Multifamily Development that is also financed with the HTC Program, PHAs are incentivized in the QAP to either provide leverage in developments that they own or to provide financing as evidence of support from Local Political Subdivisions for developments which they do not own.

ESG Addresses PHA Needs

PHA residents are eligible to receive assistance and services from ESG Subrecipients, as long as the assistance does not violate 24 CFR §576.105(d) of HUD's ESG rules regarding use of funds with other subsidies. Fostering public housing resident initiatives is not an initiative for which TDHCA provides funding or that TDHCA tracks for the ESG Program.

HOPWA Addresses PHA Needs

The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local housing authorities for client referrals and to address local housing issues. HOPWA clients who move into public housing are no longer eligible to receive HOPWA housing subsidy assistance but are offered HOPWA Supportive Services as needed for transition and if eligible, may continue to receive services through the Ryan White/State Services program.

CDBG Addresses PHA Needs

The Texas CDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

CDBG grant recipients must also comply with local Section 3 policies, including outreach to public housing residents and other qualified Section 3 persons in any new employment, training, or contracting opportunities created during the expenditure of CDBG funding.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

HOME, ESG, HOPWA, NHTF, and CDBG are subject to 24 CFR Part 135 which requires that HUD funds invested in housing and community development construction contribute to employment opportunities for low-income persons living in or near the HUD-funded project. These requirements, called Section 3 requirements, are covered at trainings for Subrecipients; persons who may benefit from employment opportunities include PHA residents.

HOME Addresses Public Housing Resident Initiatives
PHAs are eligible to apply to administer HOME funds to provide homebuyer assistance in their areas. PHAs also provide services to increase self-sufficiency, which may include homebuyer counseling services. In addition, TDHCA targets its Texas Statewide Homebuyer Education Program to PHAs, among other groups, which provide homebuyer education training opportunities and self-sufficiency tools for PHA residents.

ESG Addresses Public Housing Resident Initiatives
PHA residents are eligible to receive assistance and services from ESG Subrecipients, as long as the assistance does not violate Section 576.105(d) of the ESG rules regarding use of funds with other subsidies.

HOPWA Addresses Public Housing Resident Initiatives
The HOPWA program administered by DSHS does not provide public housing assistance. However, Project Sponsors coordinate closely with local PHAs for client referrals and to address local housing issues.

CDBG Addresses Public Housing Resident Initiatives
The CDBG Program serves public housing areas through various funding categories as residents of PHAs qualify as low- to moderate-income beneficiaries for CDBG projects.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

TDHCA has worked to promote programs that will rehabilitate and bring substandard housing into compliant condition and will develop additional affordable housing units. For example, most of the PHA applications for HTCs are for rehabilitation and the applications for new construction usually include a demolition of the existing units. TDHCA also offers a variety of funding sources for assistance. Most PHAs that apply are usually from larger Metropolitan Statistical Areas which are usually PJs and, as such, are limited by state law in the HOME funding they may receive through TDHCA. Consistent with fair housing objectives, TDHCA seeks ways to accomplish these activities in a manner that disperses the placement of PHA units including dispersion into areas of greater opportunity and not into areas that involve unacceptable site and area features.

TDHCA has a history of assisting troubled housing authorities and has absorbed vouchers from several PHAs that were having difficulties. HUD identified, in two separate instances, public housing authorities that it thought might be well-advised to have its voucher programs absorbed by TDHCA. The Navasota Housing Authority and the Alamo Area Council of Governments (which was operating as a PHA) each contacted TDHCA to discuss the possibility of absorbing their housing choice voucher programs. During a series of meetings with HUD staff and the PHAs, discussion resulted in multiple on-site visits. Ultimately, the Navasota Housing Authority and the Alamo Area Council of Governments transferred their voucher programs to TDHCA and HUD reassigned the files' PHA codes.

To expand its work with PHAs, TDHCA has developed a relationship with the Texas Housing Association and the Texas chapter of the National Association of Housing and Redevelopment Officials ("NAHRO"), which serve the PHAs of Texas. Whenever possible, the State will communicate to PHAs the importance of serving special needs populations.

Discussion:

To address PHA needs, TDHCA has designated PHAs as eligible participants in some of its programs, such as the HTC Program, and HOME Program. PHAs have successfully administered HTC funds to rehabilitate or develop affordable rental housing. The PHA needs to submit an application and be awarded in order to access funding.

There are also federal sources available for PHAs that can be paired with HOME/NHTF. Also through HUDs Rental Assistance Demonstration ("RAD") Program, PHAs can use public housing operating subsidies along with HTC Program once the older PHA units are demolished and replaced with new housing.

AP-65 Homeless and Other Special Needs Activities – 91.320(h)

Introduction

TDHCA will address requirements in 24 CFR §91.320 by using funds to reduce and end homelessness. Each ESG Applicant is required to coordinate with the lead agency of the CoC, which provides services and follows a centralized or coordinated assessment process; has written policies and procedures in place as described by 24 CFR §578.7(a)(8) and (9); and follows a written standard to provide street outreach, emergency shelter, rapid re-housing, and homelessness prevention assistance. To assist low-income individuals and families to avoid becoming homeless, TDHCA requires each ESG Subrecipient to set performance targets that are part of its scoring criteria for the NOFA. A Subrecipient must address the housing and supportive service needs of individuals assisted with ESG funds in a plan to move the client toward housing stability.

ESG is one of several programs that work to help transition persons out of institutions, such as the HOPWA Program, Section 811 PRA Program, Project Access Program, Money Follows the Person Program, and the Mainstream Voucher Program. The HHSCC also works to enhance coordination between housing and service agencies to assist persons transitioning from institutions into community-based settings.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The Texas ESG Program provides funds to service providers for outreach to unsheltered homeless persons in order to connect them to emergency shelter, housing, or critical services; and to provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or other appropriate facilities. Of critical importance is assisting the unsheltered homeless with emergency shelter or other placement. Subrecipients serving clients through street outreach will be measured against their targets to help persons experiencing homelessness move into temporary, transitional or permanent housing. Subrecipients conducting street outreach may provide case management, such as assessing housing and service needs; arranging, coordinating, and monitoring the delivery of services; and planning a path to permanent housing stability.

ESG Subrecipients are required to describe how they provide outreach to sheltered and unsheltered homeless persons in the ESG application.

For clients receiving emergency shelter, rapid re-housing, or homelessness prevention, clients will be required to receive case management services with exceptions pursuant to the VAWA and the Family Violence Prevention and Services Act ("FVPSA"). Subrecipients are required to develop a plan to assist program participants to retain permanent housing after the ESG assistance ends.

Addressing the emergency shelter and transitional housing needs of homeless persons

The ESG Program provides support to organizations that provide emergency services and shelter to homeless persons and households.

If assisting persons experiencing homelessness that are in an emergency shelter, Subrecipients will be measured against their annual targets serve clients with essential services and to help persons experiencing homelessness move into temporary, transitional or permanent housing. If assisting persons with rapid re-housing or homelessness prevention, Subrecipients will be measured against their annual targets to help persons experiencing or at-risk of homelessness maintain housing for 3 months or more, exit to a permanent housing destination, or gain a higher income.

In addition, the State considers transitional housing as having characteristics associated with instability and an increased risk of homelessness, which may allow clients living in transitional housing to access Homelessness Prevention services.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Per 24 CFR 576.106, ESG funds can be used for short-term and medium-term rental assistance (24 CFR 576.106)and for a variety of housing relocation and stabilization services such as rental application fees, security deposits, utility deposits, utility payments, and moving costs for homeless individuals or persons at risk of homelessness (24 CFR 756.106). Funds can also be used for housing service costs related to housing search and placement, housing stability case management, mediation, legal services, and credit repair. ESG funds can also be used to pay for essential service costs including case management, child care, education services, employment assistance and job training, outpatient health services, legal services, life skills training, mental health services, substance abuse treatment services, transportation, and costs related to serving special populations. It should be noted that, while the assistance listed above are eligible under ESG, an ESG

Subrecipient may choose to not provide all the assistance listed. ESG Subrecipients specify in their written standards which services they will provide.

Subrecipients that request an award of funds must set targets within their application for funding intended to reduce the length of time from program intake to placement in permanent housing for persons experiencing homelessness, as well as targets for the percentage of persons served that maintain housing for three or more months after existing the program. These targets will be scored, and will be a factor in funding decisions.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

ESG funds promote coordination with community providers and integration with mainstream services to gather available resources. One possible performance measure for Subrecipients is their ability to help increase non-cash benefits for program participants; the Subrecipients help program participants obtain non-ESG resources, such as veterans benefits or food stamps.

Individuals eligible for the State's HOPWA Program who are exiting from an institution receive a comprehensive housing plan and linkage and referrals to health professionals from a case manager. The State HOPWA Program provides TBRA, which can be used to transition persons from institutions into stable housing. Some project sponsors also provide rental deposits and application fees. Other programs included in this Plan also provide Facility-Based Housing Subsidy Assistance to address the temporary housing assistance needs of persons transitioning from institutions.

TDHCA has received awards totaling more than $24 million for the Section 811 PRA Program, which will provide more than 600 new integrated supportive housing units in eight areas of the state for extremely low-income individuals with disabilities and their families. The target population includes individuals transitioning out of institutions, people with severe mental illness, and youth and young adults with disabilities transitioning out of the state's foster care system. Individuals in the Section 811 PRA Target Population are eligible for assistance from the Texas Health and Human Services agencies, are Medicaid-eligible, and could be at-risk of housing instability and/or homelessness.

Coordination between housing and the Health and Human Services ("HHS") agencies is exemplified by the Project Access and Money Follows the Person programs. Project Access uses Section 8 Housing Choice Vouchers administered by TDHCA to assist low-income persons with disabilities transitioning from nursing homes and Intermediate Care Facilities ("ICFs") to the community while using the Money Follows the Person Program to provide services by HHS agencies. The TDHCA Governing Board has approved changes to Project Access since it began in 2002 based on input from advocates and the HHS agencies including incremental increases to vouchers from 35 to 140 and creation of a pilot program with DSHS for persons with disabilities transitioning out of State Psychiatric Hospitals. In September 2018, TDHCA received an additional 50 vouchers, awarded by HUD through the Mainstream Voucher Program, for the Project Access program.

TDHCA offers TBRA to individuals on the Project Access Wait List, allowing them to live in the community until they can utilize a Project Access voucher. TDHCA conducted outreach and technical assistance to Texas Health and Human Services ("HHS") Relocation Specialists and HOME TBRA Administrators to help them serve individuals on the Project Access wait list.

To further address the needs of individuals transitioning from institutions, HHSCC seeks to increase coordination of housing and health services by supporting agencies to pursue funding, such as Relocation Contractor services for people with behavioral health challenges and Intellectual and Developmental Disabilities; Medicaid waiver programs; vouchers from PHAs for people with disabilities and aging Texans; housing resources from the Texas Department of Criminal Justice for people with criminal histories transitioning to the community; and DSHS' rental assistance program. HHSCC also encourages the coordination between TDHCA and DSHS for DSHS' new Home and Community-Based Services: Adult Mental Health Program. This program will serve individuals with Serious Mental Illness who have long-term or multiple stays in the State's Mental Health Facilities.

Discussion

The Texas ESG Program is designed to assist, assess and, where possible, shelter the unsheltered homeless; to quickly re-house persons who have become homeless and provide support to help them maintain housing; and to provide support that helps persons at risk of becoming homeless maintain their current housing. Other special needs populations are described in Action Plan Section 25.

AP-70 HOPWA Goals – 91.320(k)(4)

One year goals for the number of households to be provided housing through the use of HOPWA for:	
Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family	496
Tenant-based rental assistance	540
Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds	0
Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds	80
Total	1,116

AP-75 Barriers to affordable housing – 91.320(i)

Introduction:

The Analysis of Impediments ("AI") identifies impediments to fair housing choice in the State of Texas and action steps that the State intends to take to address identified impediments. The State of Texas is currently operating under the 2013 Phase 2 AI and anticipates completing the 2019 AI by May 2019. The 2013 AI describes state and local regulatory and land use barriers in detail and may be accessed at https://www.tdhca.state.tx.us/fair-housing/policy-guidance.htm. Information on the development of the 2019

AI is available at https://www.tdhca.state.tx.us/fair-housing/analysis-impediments.htm.

TDHCA staff utilizes a database to track agency goals, efforts, and progress made under the AI. The Fair Housing Tracking database provides the Department with an ability to pull basic metrics and provide reports by AI Goals, Impediments, Action Items, and other meaningful search criteria. This assists the state in identifying areas of improvement and success under its HUD related obligation to affirmatively further fair housing choice. The content of the database is maintained on an ongoing basis with quarterly reports shared with TDHCA's governing board.

The 2013 AI included several suggestions on countering negative effects in two areas – land use and zoning and attitudes referred to as "Not-In-My-Backyard" ("NIMBYism"). In order to avoid the difficulty, expense, and uncertainty that NIMBYism can engender, developers often focus on areas where their proposed developments are less likely to meet with such resistance. Changes in the scoring of the State's HTC Program provide incentives to develop in opportunity areas. Opportunity areas include places with lower poverty rates, higher income areas, and a menu of other community amenities such as access to public transportation, parks, libraries, grocery stores, and recreational facilities.

To assist the State in gathering data on how development patterns can be impacted by NIMBYism sentiments and to help the State in countering NIMBY messaging, TDHCA periodically outsources with universities and private consulting firms for studies, market analyses, and special projects. Guidance and resources to support affordable housing are provided through TDHCA's Fair Housing website, along with the Fair Housing listserv and community events calendar

TDHCA and the Texas Workforce Commission Civil Rights Division ("TWC CRD") annually collaborate on a Fair Housing webinar series. The series includes training sessions providing general fair housing information and specific sessions on HUD's guidance, how to respond to reasonable accommodation requests, and best practices in fair housing. The webinars are available for free 24/7 on TDHCA's website at: https://www.tdhca.state.tx.us/fair-housing/presentations.htm. In addition, effective April 2017, all TDHCA staff will complete a fair housing training module biennially. The HUD-approved training is provided online through TWC CRD.

For CDBG and HOPWA, see additional information in AP-80.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

TDHCA reviews all guiding documents, rules, and practices internally to determine if known barriers or impediments to fair housing choice can be addressed through actions within TDHCA's power. The Department's Fair Housing, Data Management, and Reporting group continues ongoing interviews with Division Directors to work collaboratively on tools, rules, and other initiatives to address possible barriers to housing choice. TDHCA has been making and will continue to make a concerted effort to review and move forward to increase staff and subrecipient education to ensure that all programs are providing best practices guidance to recipients and the general public.

The State is currently conducting the AI to Fair Housing Choice. The AI analyzes possible barriers to fair housing choice for protected classes in Texas. This review includes reviewing statewide rules, regulations, and policies that affect housing options for persons in protected classes. The AI is required for recipients of certain grant funds from HUD, including states and local governments, with actions undertaken as part of their obligation to affirmatively further fair housing ("AFFH") under the Fair Housing Act. The AI is conducted prior to beginning the five-year Consolidated Plan for 2020-2024. This process is conducted under the final Affirmatively Furthering Fair Housing Rule ("AFFH") adopted on August 17, 2015. AFFH requires that Units of Government take "meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics." The state AFH tool is not currently available, therefore under 24 CFR §5.160(a)(3)(2017) the State shall continue to conduct an analysis of impediments in accordance with requirements in effect prior to August 17, 2015.

Discussion:

Effective August 24, 2017, the Department promulgated a Fair Housing, Affirmative Marketing and Reasonable Accommodations rule under the single family programs umbrella rule. The rule requires administrators to have an affirmative marketing plan which identifies the least likely to apply populations and methods of affirmative marketing. The rule requires Administrators to accept applications for a 30 day period and select applications via a neutral, random selection process. This selection process helps to level the playing field and provide equal access for all households, regardless of disability status or language proficiency. Also included in the rule are specific provisions related to Limited English Proficiency to provide meaningful access and an equal opportunity to participate in services, activities, programs, and other benefits.

A current collaboration between federal funding recipients known as the Texas State Fair Housing Workgroup began in May 2014, and continues to meet. This workgroup is assisting State agencies in adopting a coordinated approach to Fair Housing issues and providing streamlined direction to essential Fair Housing information and best practices. To date, the workgroup has looked at sharing language assistance contracts, has generated ideas on streamlining Fair Housing discrimination complaint information and resources, has collaborated on Fair Housing month activities, and has served as a vehicle for comparing internal Fair Housing tracking and record keeping measures.

The Fair Housing Team at TDHCA has taken a leadership role in these meetings as directed under the 2013 Analysis of Impediments; the Fair Housing Team has shared both its Fair Housing Tracking Database and its Fair Housing website section. The Fair Housing Team has shared its demographic database, which is being created with the long-range goal of standardizing demographics collected in each TDHCA program area and analyzing these demographics to identify trends; make policy recommendations; and map service areas.

The Fair Housing Team has over 250 action steps tracked in TDHCA's Fair Housing Tracking Database in various stages of research, planning, and implementation to affirmatively further fair housing.

Finally, the State has a Fair Housing website section, including fair housing information for a variety of audiences (renters and homebuyers, owners and administrators, real estate agents, and local governments and elected officials) and includes fair housing toolkits and resources, links to the Fair Housing email list and community events calendar, and a consumer survey. A portion of the available toolkits are tailored to elected officials and local governments in an effort to encourage best practices in zoning and land use and addressing community concerns. Through this education and outreach, the State is hoping to make its best practices guidance widely known and to integrate such guidance with other state resource information.

AP-80 Colonias Actions – 91.320(j)

Introduction

Based on a 2014 assessment by the Texas Office of the Secretary of State's Colonia Initiatives Program, an estimated 500,000 people live in 2,294 colonias in Texas. Six Texas counties (El Paso, Maverick, Webb, Starr, Hidalgo, and Cameron) have the largest population of colonias and are home to an estimated 369,500 people. Texas' colonias lie outside of city limits in the rural areas of their respective counties, where few to no local building codes exist to protect the households that seek affordable and sanitary housing solutions. Egregious housing conditions persist while residents also endure substandard infrastructure, inadequate potable water and waste water systems, and a host of public health, environmental and employment risks.

As discussed in Action Plan Section 48, the majority of the funding that assists colonias is through the CDBG Program, which funds both state agencies working to develop infrastructure and water services, as well as subgrantees at the local government level who work in concert with nonprofit service providers for housing, community affairs, and economic development. The OCI focuses on Texas colonias to offer technical assistance in applying for TDHCA housing programs and accessing other resources. The HOME Program also has a specific set-aside for the development of housing opportunities in the colonias.

Actions planned to address obstacles to meeting underserved needs

The State dedicates 12.5% of CDBG funds annually for colonia areas, and additional funds are also awarded for colonia projects through other competitive fund categories. Basic human needs, including water and sewer infrastructure and housing rehabilitation, are prioritized for colonia set-aside funding, with a particular emphasis on connecting colonia households to public utilities. Colonia planning funds are available to research and document characteristics and needs for colonia communities.

The Colonia SHCs experience the obstacle of wavering capacity to meet the needs of extremely under resourced colonia residents. The typical challenges that nonprofits face, such as high-turnover, lack of succession planning, lack of long-term funding opportunities, limited access to high quality training, and limited access to continuing education resources, are all exacerbated for subgrantees serving border colonias. In response, TDHCA has strategically placed Border Field Offices along the Texas-Mexico border that support Colonia SHC staff with problem solving and training. The Border Field Offices exist to provide local technical assistance directly to both colonia residents and the organizations that serve colonia residents.

Colonia residents may also receive benefit through the HOME Program, which provides rental assistance, rehabilitation or reconstruction of owner-occupied units with or without refinancing, down payment and closing cost assistance with optional rehabilitation for the acquisition of affordable single family housing, single family and multifamily development, and rental housing preservation of existing affordable or subsidized developments.

Actions the state plans to take to reduce the number of poverty-level families

Colonia set-aside funding is intended to improve the living conditions of low and moderate income families in colonias, including basic human needs. As with all CPD funds, Section 3 goals encourage job, contracting, and training opportunities for qualifying residents when such opportunities become available as a result of grant funding.

The Colonia SHCs provides 35 targeted colonias in seven border counties with a multitude of opportunities to create a one-stop-shop for low-income colonia families to gain a foothold out of poverty. The Colonia SHCs provide housing services in the form of new construction, reconstruction, rehabilitation, small repairs, tool lending, construction skills training and utility connections. Colonia SHC community development activities include homeownership education, access to and training in computers/technology, consumer rights education and financial literacy, and solid waste disposal assistance. While the above listed services are limited only to residents of pre-identified colonias in the Colonia SHC Program, the centers themselves are open to all who wish to use the meeting space for activities beneficial to the community or simply to seek information on locating other services. By creating an accessible and consistent manner for which services and information are disseminated among colonias, more households can become beneficiaries of multiple kinds of assistance that build their self-sufficiency over time.

Actions the state plans to take to develop the institutional structure

TDHCA and TDA are committed to working with other state and federal regulatory and funding agencies. Agency coordination continues through the Texas Water Infrastructure Coordinating Committee ("TWICC"). TWICC includes many of the same agencies and addresses concerns throughout the state, including those in colonias. The information sharing within the group facilitates delivery for multiple programs besides affordable housing, and proactively addresses potential obstacles that could affect large areas of the state, including the Texas–Mexico border.

The state legislature has also set aside a portion of the CDBG administration funding for technical assistance and administrative support provided by the regional Councils of Government ("COGs"). This funding can provide institutional structure and assistance to small communities without administrative resources.

Specific actions the state plans to take to enhance coordination between public and private house and social service agencies

In addition to the cooperation among various state agencies that help to support and develop colonias, TDHCA has three strategically-placed Border Field Offices along the Texas-Mexico border, where the vast majority of colonias are situated. The Border Field Officers support administrators, disseminate funding information, and problem solve with administrators and colonia residents. This requires facilitating communication with other service providers, the private sector (such as colonia land owners, title companies, lenders), and other government agencies. Locally placed Border Field Officers increase the efficiency with which TDHCA can apply solutions and build institutional knowledge in the community.

In addition, TDA field representatives are available to provide general information on potential resources to communities and residents.

AP-85 Other Actions – 91.320(j)

Introduction:

The actions listed below are Other Actions taken by TDHCA, TDA, and DSHS to meet the requirements of 24 CFR §91.320(j). Other Actions include Meeting Underserved Needs, Fostering and Maintaining Affordable Housing, Lead-Based Paint Hazard Mitigation, Reducing Poverty-Level Households, Developing Institutional Structure, and Coordination of Housing and Services. The HOME, NHTF, ESG, HOPWA, and CDBG programs address the other actions in concert with other federal, state, and local sources.

Actions planned to address obstacles to meeting underserved needs

HOME/NHTF

Obstacles to meeting underserved needs with HOME or NHTF funds, particularly multifamily activities, include NIMBYism, a lack of understanding of federal requirements surrounding the use of HOME funds, and staff observation that program administrators may have more strict tenant or household selection criteria than other locally-run programs. TDHCA works to overcome these obstacles by educating developers and the communities where affordable housing is being proposed, as well as by offering HOME/NHTF funds as grants or low-interest loans, with rates as low as 0%.

ESG

Lack of facilities and services for persons experiencing homelessness in rural areas is ESG's greatest underserved need. TDHCA intends to include a provision in the ESG funding allocation formula to include a minimum amount of $100,000 per ESG CoC region, which includes underserved areas of the State that have not received ESG funds from TDHCA in several funding cycles. The minimum amount of funding in prior funding cycles has been an effort to encourage greater participation in these areas. TDHCA intends to propose that ESG Subrecipients will serve previously underserved areas may be prioritized for awards of funding. In addition, TDHCA has used Community Services Block Grant discretionary funds to provide training and technical support to organizations in the Balance of State CoC. Shelters in the Balance of State CoC have limited funds for operations and maintenance, with little access to federal funds which often require substantial organizational capacity less common in smaller organizations. ESG and TDHCA's HHSP, which is state-funded only in some urban areas, and, in the future, the state's Ending Homelessness Fund, may supplement federal funds in operational support.

HOPWA

Some significant obstacles to addressing underserved needs for PLWH are the inability to obtain or maintain medical insurance, maintain income, and especially obtain employment, which are partially due to limited opportunities in conjunction with rising costs of living (rent, deposits, utilities, food, transportation, etc.), unemployment, lack of access to health insurance and/or decreased access to other affordable housing such as the HCV program. The inability to access HCVs is due to long or closed waiting lists, and in some cases, client non-compliance and ineligibility.

DSHS' HOPWA program helps meet the needs of this underserved population throughout the State by providing essential housing and utilities assistance as part of a comprehensive medical and supportive services system. As a result, PLWH and their households are able to maintain safe and affordable housing, reduce their risk of homelessness, and access medical care and supportive services. DSHS will reallocate funding to address changing needs to maximize and target HOPWA funding to HSDAs that are in greatest need.

CDBG

TDA encourages projects addressing underserved community development needs. In PY 2019 CDBG funds will be available through five different grant categories to provide water or sewer services on private property for low- and moderate-income households by installing yard lines and paying impact and connection fees. Regional competition for funding allows each area of the state to determine its highest priority needs, which may vary from first-time water service to drought relief to “drainage” projects.

Since the first legislative reforms in the 1990s, service providers in colonias have made gains in their capacity to address colonias’ issues, but unmet needs still exist and the Texas-Mexico border population growth is still increasing. OCI's main obstacle in addressing colonias’ housing needs is the varying capacities of subrecipients to administer assistance. TDHCA has established Border Field Offices along the Texas-Mexico border to readily provide technical assistance and on-going training to organizations and local governments that use TDHCA's CDBG funding.

Actions planned to foster and maintain affordable housing

HOME Addresses Affordable Housing

The HOME Program provides grants, deferred forgivable loans, and repayable loans to households or developments assisted by or through entities including units of local government, public organizations, nonprofit and for-profit organizations, CHDOs and PHAs. These funds are used to foster and maintain affordable housing by providing rental assistance, rehabilitation or reconstruction of owner-occupied housing units with or without refinancing, down payment and closing cost assistance with optional rehabilitation for the acquisition of affordable single family housing, single family development and funding for rental housing preservation of existing affordable or subsidized developments. HOME funds may also be used in conjunction with the HTC Program or Bond Program to construct or rehabilitate affordable rental housing.

ESG Addresses Affordable Housing

TDHCA’s ESG Subrecipients have a relatively even distribution among street outreach and emergency shelter compared to homelessness prevention and rapid re-housing. However, fostering the creation or maintenance of affordable housing is not an initiative TDHCA provides funding for or monitors in relation to the ESG

Program.

HOPWA Addresses Affordable Housing
The cost of living continues to rise while clients may have no income or their income does not change or decreases. HOPWA makes housing more affordable for low-income clients so they can maintain housing, adhere to medical treatment, and work towards healthier outcomes. Project Sponsors address long-term goals with clients to help them establish a financial plan that can assist them in maintaining their housing. Affordable housing needs are high among PLWH. DSHS will continue to update funding allocations to address the changing needs of local communities and maximize and target HOPWA funding to HSDAs in greatest need. DSHS will consider a variety of factors including HIV/AIDS morbidity, poverty level, housing costs and needs, and program waitlists and expenditures. Funds are reallocated between HOPWA activities within HSDAs to meet changing needs during the project year.

CDBG Addresses Affordable Housing
CDBG funds primarily support affordable housing through water and sewer infrastructure for housing. The CDBG funding provides a cost savings for housing when used to install water and sewer yard lines and pay impact and connection fees for eligible residents. Housing rehabilitation projects are prioritized in several fund categories and TDA encourages each region to set aside a percentage of their allocation for housing rehabilitation projects. CDBG helps communities study affordable housing conditions, providing data on affordable housing stock and planning tools for expanding affordable housing. The Colonia SHCs continue to address affordable housing needs in border counties by assisting qualifying colonia residents to improve or maintain a safe, suitable home in suitable areas. The OCI serves as a liaison to the Colonia SHCs to assist with securing funding and carrying out activities such as low-interest mortgages, grants for self-help programs, revolving loan funds for septic tanks, and tool lending.

NHTF Addresses Affordable Housing
NHTF funds are provided to developments assisted by or through entities including public organizations, nonprofit and for-profit organizations, and PHAs. These funds are primarily used to foster and maintain affordable housing by providing funding for preservation of existing affordable developments or construction of new affordable developments.

Credits awarded through the HTC program can be layered with awarded funds from the NHTF program and/or the HOME Multifamily Direct Loan program. When more than one source of funds is used in an affordable housing project, the State is able to provide more units of affordable housing than with one funding source alone.

Actions planned to reduce lead-based paint hazards

HOME Addresses Lead-based Paint
The HOME Program requires lead screening in housing built before 1978 for all HOME eligible activities in accordance with 24 CFR §92.355 and 24 CFR Part 35, subparts A, B, J, K, M, and R. Furthermore, single-family and multifamily development activities in HOME increase the access to lead-based-paint-free housing through the construction of new housing or reconstruction of an existing housing unit. There is significant training, technical assistance, and oversight of this requirement on each activity funded under the HOME

Program.

ESG Addresses Lead-based Paint
For ESG, TDHCA requires Subrecipients to evaluate and reduce lead-based paint hazards as part of its habitability review. ESG-funded Subrecipients must determine if a housing unit was built prior to 1978, for households seeking ESG funded rent or rent deposit assistance whose household has a family member(s) six year of age or younger. If the housing unit is built prior to 1978, the ESG Subrecipient will notify the household of the hazards of lead-based paint. In addition, ESG Subrecipients utilizing ESG funds for renovation, rehabilitation or conversion must comply with the Lead-Based Paint Poisoning and Prevention Act and the Residential Lead-Based Paint Hazard Reduction Act of 1992. Through renovation, rehabilitation or conversion, ESG increases access to shelter without lead-based paint hazards. TDHCA evaluates, tracks, and reduces lead-based hazards for conversion, renovation, leasing or rehabilitation projects.

HOPWA Addresses Lead-Based Paint
HUD requires that Project Sponsors give all HOPWA clients utilizing homes built before 1978 the pamphlet entitled, "Protect Your Family from Lead in Your Home" during the intake process. The client's case record must include documentation that a copy of the pamphlet was given to the client and the case manager must make a certification regarding lead-based paint that includes actions and remedies if a child under age six or a pregnant woman will reside at the property.

CDBG Addresses Lead-Based Paint
Lead-based paint mitigation is an activity eligible under housing rehabilitation that is funded under the CPF, CFC, and Community Development Funds. Each contract awarded requires the sub-grantee to conform to Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831(b)) and procedures established by TDA's CDBG in response to the Act.

NHTF Addresses Lead-based Paint
The NHTF Program will not fund rehabilitation activities with PY 2019 funds; therefore, this section is not applicable.

Actions planned to reduce the number of poverty-level families

HOME Addresses Poverty-Level Households
Through the HOME TBRA Program, TDHCA assists households with rental subsidy, security deposits, and utility deposit assistance for an initial term not to exceed 24 months. Provision of security deposits may be offered as a stand-alone program. As a condition to receiving rental assistance, households must participate in a self-sufficiency program, which can include job training, General Education Development ("GED") classes, or drug dependency classes. The HOME Program enables households to receive rental assistance while participating in programs that will enable them to improve employment options and increase their economic independence and self-sufficiency. Additionally, TDHCA allocates funding toward the rehabilitation and construction of affordable housing, incentivizing units to assist very low-income households, and assists very low-income households within 150 miles of the international border of Texas and Mexico by promoting the

conversion of contract for deed arrangements to traditional mortgages.

ESG Addresses Poverty-Level Households
The ESG Program funds activities that provide shelter and essential services for persons experiencing homelessness, as well as intervention services for persons threatened with homelessness. Essential services for persons experiencing homelessness can include medical and psychological counseling, employment counseling, substance abuse treatment, transportation, and other services. While TDHCA supports the use of ESG funds to help ESG clients lift themselves above the poverty line, it is not a specific initiative for which TDHCA earmarks ESG funding or that TDHCA monitors for the ESG Program.
For individuals threatened with homelessness, homelessness prevention funds can be used for short-term subsidies to defray rent and utility arrearages, and security deposits.

HOPWA Addresses Poverty-Level Households
The DSHS HOPWA Program serves households in which at least one person is living with HIV based on income eligibility criteria of no more than 80% of AMI with adjustments household size, as determined by HUD income limits. With varying poverty levels and housing needs in each HSDA across the State, funds are allocated and reallocated throughout the program year to maximize and target HOPWA resources to those with the most need. While many HOPWA households assisted may be at poverty-level, this is not a requirement under 24 CFR §574.3.

CDBG Addresses Poverty-Level Households
A substantial majority of TDA's CDBG funds, more than 85%, are awarded to principally benefit low and moderate income persons. In addition, the formula used to distribute CD funds among regions includes a variable for poverty to target funding to the greatest need. CDBG economic development funds create and retain jobs through assistance to businesses. LMI persons access these jobs, which may include training, fringe benefits, opportunities for promotion, and services such as child care.

NHTF Addresses Poverty-Level Households
NHTF allocates funding toward the construction of affordable housing restricted to serve ELI households with affordable rents. These affordable units will allow households to have greater housing security and stability, and will ameliorate some of the negative impacts of living in poverty through provision of decent, safe, and affordable housing.

Actions planned to develop institutional structure

HOME Addresses Institutional Structure
The HOME Program encourages partnerships in order to improve the provision of affordable housing. Organizations receiving Homebuyer Assistance funds are required to provide homebuyer education classes to households directly, or coordinate with a local organization that will provide the education. In addition, organizations administering an ongoing rental assistance program with TBRA funds must provide self-sufficiency services directly, or coordinate with a local organization that will provide the services. Finally, partnerships with CHDOs and nonprofit and private-sector organizations facilitate the development of quality

rental housing developments and assist in the rehabilitation or reconstruction of owner-occupied housing.

ESG Addresses Institutional Structure
TDHCA encourages ESG Subrecipients to coordinate services with housing and other service agencies. TDHCA may allow applicants for ESG funds to obtain a higher score, and therefore receive funding priority, when the application is recommended for funding by the CoC lead agency. Additionally, CoCs may select a lead agency to administer a funding competition within their respective CoC, allowing local organizations to determine the best use of ESG funds within their communities. All CoCs, regardless of whether they choose to administer a local competition, are required to coordinate services within their CoC region allowing greater visibility of and access to services to assisted persons.

HOPWA Addresses Institutional Structure
DSHS contracts with seven AAs, which contract directly with Project Sponsors serving all 26 HSDAs in the State to administer the HOPWA program under DSHS oversight. AAs also administer the delivery of other HIV health and social services, including the Ryan White and State Services HIV funds. This structure ensures the coordination of all agencies serving PLWH, avoids duplication, saves dollars, and provides the comprehensive supportive services for PLWH in each local community.

CDBG Addresses Institutional Structure
Each CDBG applicant must invite local housing organizations to provide input into the project selection process. TDA coordinates with state and federal agencies, regional Councils of Governments, and other partners to further its mission in community and economic development. TDA also uses conference calls and webinars to provide training and technical assistance throughout the state. On-site project reviews may be conducted based on risk and other factors.

NHTF Addresses Institutional Structure
The NHTF Program encourages partnerships in order to improve the provision of affordable housing. Partnerships with nonprofit and private-sector organizations facilitate the development of quality rental housing developments. Development owners are required to provide tenant services to address the needs of ELI households living in the development.

Actions planned to enhance coordination between public and private housing and social service agencies

TDHCA has staff members that participate in several State advisory workgroups and committees. The workgroups and committees that TDHCA leads are listed in Action Plan Section 15. The groups in which TDHCA participates include, but are not limited to the Community Resource Coordination Groups, led by the Health and Human Services Commission ("HHSC"); the Statewide Behavioral Health Coordinating Council, led by HHSC; Reentry Task Force, led by Texas Department of Criminal Justice;; Money Follows the Person Demonstration Project, led by HHSC; and Texas State Independent Living Council, led by HHSC.

TDHCA's participation in HUD's Section 811 PRA Program requires linkages between housing and services through a partnership with TDHCA, and the State Medicaid Agency (i.e., HHSC). Because the program is designed so that an individual can access both affordable housing and services in the community, TDHCA staff and HHSC staff meet regularly to ensure both housing and services are coordinated for the program. TDHCA and HHSC have responsibilities to execute the program. TDHCA will use units for the program in multifamily housing financed by TDHCA and the services will be provided by a network of local service providers coordinated by the HHSC enterprise agencies.

The HHSCC is codified in Texas Government Code §2306.1091. The purpose of the Council is to increase state efforts to offer Service-Enriched Housing through increased coordination of housing and health services. The Council seeks to improve interagency understanding and increase the number of staff in state housing and health services agencies that are conversant in both housing and services. Service-Enriched Housing is defined in Title 10 Texas Administrative Code, Part 1, Chapter 1, Subchapter A, §1.11 as: integrated, affordable, and accessible housing that provides residents with the opportunity to receive on-site or off-site health-related and other services and supports that foster independence in living and decision-making for individuals with disabilities and older Texans.

Council members meet quarterly and provide direction to the staff to prepare a Biennial Report of Findings and Recommendations that is submitted to the Legislative Budget Board and the Office of the Governor on August 1 each even numbered year. This Report along with a Biennial Plan is available to the public on the TDHCA website at http://www.tdhca.state.tx.us/hhscc/biennial-plans.htm.

Discussion:

In addition to the program actions mentioned above, TDHCA strives to meet underserved needs by closely monitoring affordable housing trends and issues as well as conducting its own research. TDHCA also makes adjustments to address community input gathered through roundtable discussions, web-based discussion forums and public hearings held throughout the State.

To foster and maintain affordable housing, TDHCA, TDA, and DSHS provide funds for nonprofit and for-profit organizations and public organizations to develop and maintain affordable housing. Funding sources include grants, low-interest loans, housing tax credits, and mortgage loans.

For lead-based paint hazard mitigation, DSHS has been charged with oversight of the Texas Environmental Lead Reduction Rules ("TELRR"). TELRR cover areas of lead-based paint activities in target housing (housing constructed prior to 1978) and child-occupied facilities, including the training and certification of persons conducting lead inspections, risk assessments, abatements, and project design. For all projects receiving over $25,000 in federal assistance, contractors need to follow inspections and abatements standards overseen by DSHS. By following these standards, the State is increasing the access to housing without lead-based paint hazards. The adherence to inspection and abatement standards is related to the extent of lead-based paint in that a majority of the housing in need of rehabilitation is likely housing built before 1978.

Furthermore, TDHCA, DSHS, and TDA's programs are aimed at reducing the number of Texans living in poverty, thereby providing a better quality of life for all Texans. The departments provide long-term solutions to the problems facing people in poverty and focus resources to those with the greatest need. Regarding institutional structure, TDHCA, DSHS, and TDA are primarily pass-through funding agencies and distribute federal funds to local entities that in turn provide assistance to households. Because of this, the agencies work with many partners, including consumer groups, community based organizations, neighborhood associations, community development corporations, councils of governments, community housing development organizations, community action agencies, real estate developers, social service providers, local lenders, investor-owned electric utilities, local government, nonprofits, faith-based organizations, property managers, state and local elected officials, and other state and federal agencies. Because the agencies do not fund individuals directly, coordination with outside entities is essential to the success of their programs. By structuring its operations this way, the State shares its risk and commits funds in correlation with local needs, local partners are able to concentrate specifically on their area of expertise and gradually expand to offering a further array of programs.

Finally, to enhance coordination between public and private housing and social service agencies, State agencies chief function is to distribute program funds to local providers that include units of local government, nonprofit and for-profit organizations, community-based organizations, private sector organizations, real estate developers and local lenders. The private housing and social service funds available for priority needs may include loans or grant programs through private banks, for-profit or nonprofit organizations; this source of funding varies from year to year.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

Introduction:

Program specific requirements as referenced in 24 CFR 91.320 (k)(1,2,3) are described below for the CDBG, HOME, and ESG programs.

For the CDBG Program, it is expected that the total amount of program income for PY 2018 and that has not yet been reprogrammed will be $2,000,000, including $520,000 program income collected by the state and program income retained by local subgrantees. The amount of CDBG urgent need activities is estimated to be $3,500,000. The 85% of CDBG funds to benefit persons of low to moderate income includes PY 2015-2018.

Community Development Block Grant Program (CDBG)
Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	2,000,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	**2,000,000**

Other CDBG Requirements

1. The amount of urgent need activities	3,000,000
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	85.00%

HOME Investment Partnership Program (HOME)
Reference 24 CFR 91.320(k)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:
   The State is not proposing to use any form of investment in its HOME Program that is not already listed as eligible for investment in 24 CFR §92.205(b).

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in §92.254, is as follows:
   If the participating jurisdiction intends to use HOME funds for homebuyers, the guidelines for resale or recapture must be described as required in 24 CFR §92.254(a)(5). Recapture provisions are not applicable for HOME-assisted multifamily rental projects; in the case of default, sale, short sale, and/or foreclosure, the entire HOME investment must be repaid.
   TDHCA has elected to utilize the recapture provision under 24 CFR §92.254(a)(5)(ii) as its primary method of recapturing HOME funds under any program the State administers that is subject to this provision. The following methods of recapture would be acceptable to TDHCA and will be identified in the note prior to closing.
   A. Recapture the amount of the HOME investment reduced on a pro rata share based on the time the homeowner has owned and occupied the unit measured against the required affordability period. The amount subject to recapture will be calculated by determining number of complete years that the affordability requirements were met regardless of any additional months, and deducting that number from the number of years in the affordability period. The total HOME subsidy will be divided by the number of years of the affordability period; the result will then be multiplied by the number of years resulting from the calculation above. The calculation would appear as follows:
   (Number of years in affordability period-Number of complete years affordability was met) X (Total HOME subsidy/Number of years in affordability period) = Amount subject to recapture
   B. The recapture amount is subject to available net proceeds in the event of sale or foreclosure of the housing unit. In the event of sale or foreclosure of the housing unit, if the net proceeds (i.e., the sales price minus closing costs; any other necessary transaction costs; and loan repayment, other than HOME funds) are less than the HOME investment that is subject to recapture, then the Department will recapture the available amount of net proceeds. If there are no net proceeds from the sale, no repayment will be required of the homebuyer and the balance of the loan shall be forgiven. TDHCA will not recapture more than the amount available through net proceeds.
   C. The household can sell the unit to any willing buyer at any price.
   D. In the event that the ownership of assisted property is not transferred, and the assisted property is rented or leased, or otherwise ceases to be the principal residence of the initial household prior to the end of the affordability period, the entire HOME investment is subject to recapture.
   E. In the event of sale to a subsequent low-income purchaser of a HOME-assisted homeownership unit, the low-income purchaser may assume the existing HOME loan and recapture obligation entered into by the original buyer if no additional HOME assistance is provided to the subsequent homebuyer. In cases in which the subsequent homebuyer needs HOME assistance in excess of the balance of the original HOME loan, the HOME subsidy (the direct subsidy as described in §92.254) to the original homebuyer must be recaptured. A separate HOME subsidy must be provided to the new homebuyer, and a new affordability

period must be established based on that assistance to the buyer.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR §92.254(a)(4) are as follows:
   In certain limited instances, TDHCA may choose to utilize the resale provision at 24 CFR §92.254(a)(5)(i) under any activity the State administers that is otherwise subject to this provision. The following method of resale would be acceptable to TDHCA and will be identified in the note prior to closing:
   A. Resale is defined as the continuation of the affordability period upon the sale or transfer, rental or lease, refinancing, or if the initial Household is no longer occupying the property as their Principal Residence.
   B. Resale requirements must ensure that, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability, the housing is made available for subsequent purchase at an affordable price to a reasonable range of low- or very low-income homebuyers that will use the property as their principal residence. Affordable to a reasonable range of low-income buyers is defined as targeting Households that have income between 70 and 80 percent of the area median family income and meet all program requirements.
   C. The resale requirement must ensure that the price at resale provides the original HOME-assisted owner a fair return on investment. Fair return on investment is defined as the sum of down payment and closing costs paid from the initial seller's cash at purchase, closing costs paid by the seller at sale, the principal payments only made by the initial homebuyer in excess of the amount required by the loan, and any documented capital improvements in excess of $500. Fair return on investment is paid to the seller at sale once first mortgage debt is paid and all other conditions of the initial written agreement are met. In the event there are no funds for fair return, then fair return does not exist. In the event there are partial funds for fair return, then fair return shall remain in force.
   D. The initial homebuyer's investment of down payment and closing costs divided by TDHCA's HOME investment equals the percentage of appreciated value that shall be paid to the initial homebuyer. The balance of appreciated value shall be paid to TDHCA. If appreciated value is zero, or less than zero, then no appreciated value exists. The HOME loan balance will be transferred to the subsequent buyer and the affordability period will remain in effect. The period of affordability is based on the total amount of HOME funds invested in the housing.
   E. In the event that a federal affordability period is required and the assisted property is rented or leased, or no member of the Household has it as the Principal Residence, the HOME investment must be repaid. In the event that a federal affordability period is required and the assisted property is sold or transferred in lieu of foreclosure to a qualified low income buyer at an affordable price, the HOME loan balance shall be transferred to the subsequent qualified buyer and the affordability period shall remain in force to the extent allowed by law.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR §92.206(b), are as follows:

   TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds as described in 24 CFR §92.206(b). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 TAC, Chapter 10, for refinanced properties in accordance with its administrative rules. At a minimum, these rules require the following:

• that rehabilitation is the primary eligible activity for developments involving refinancing of existing debt;
• that a minimum funding level is set for rehabilitation on a per unit basis;
• that a review of management practices is required to demonstrate that disinvestments in the property has not occurred;
• that long-term needs of the project can be met;
• that the financial feasibility of the development will be maintained over an extended affordability period;
• that whether new investment is being made to maintain current affordable units and/or creates additional affordable units is stated;
• that the required period of affordability is specified;
• that the HOME funds may be used throughout the entire jurisdiction (except as TDHCA may be limited by the Texas Government Code) is specified; and
• that HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG, is stated.

Discussion:

For HOME, the State is not proposing to use any form of investment in its HOME Program that is not already listed as an eligible for investment in 24 CFR §92.205(b). As described above, TDHCA may use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated as described in 24 CFR §92.206(b). TDHCA shall use its underwriting and evaluation standards, site and development requirements, and application and submission requirements found in 10 Texas Administrative Code, Chapters 10, 11, and 13, for refinanced properties in accordance with its administrative rules.

Emergency Solutions Grant (ESG)
Reference 91.320(k)(3)

1. **Include written standards for providing ESG assistance (may include as attachment)**

ESG Written Standards are evaluated based on questions that are in the 2017 One Year Action Plan. These questions will be maintained for the 2018 program year due to the two-year award cycle, but re-evaluated in 2019.

2. **If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.**

Each of the 11 CoCs in Texas has a different centralized or coordinated assessment system. TDHCA ensures that its Subrecipients participate in the local CoC's coordinated assessment. Applicants for ESG funding are required to certify their participation in the CoC centralized or coordinated assessment system. ESG Subrecipients are required to use this process per 24 CFR §576.400(d), with an exception for victim service providers. ESG Subrecipients are also required to certify that they have written standards that are consistent with the CoC's screening, assessment and referral of ESG program participants, or to certify that the Subrecipient is a victim services provider and not required to participate in coordinated assessment/entry.

3. **Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).**

In the competitive process with TDHCA, applications are selected based on: Program Description and Capacity; Proposed Performance; Proposed Budget and Match; CoC Participation and Coordination; and Contract History of Subrecipients in ESG Expenditure and Reporting. The allocation amounts available in each CoC region are established by formula.

For the competitive process, TDHCA will release a NOFA in anticipation of the State's receipt of ESG funding. The NOFA may include a two-year award cycle for an award of ESG 2019 and anticipated 2020 funds. Eligible applicant organizations include Units of General Purpose Local Government, including cities, counties and metropolitan cities; urban counties that receive ESG funds directly from HUD; and a consolidation of units of general purpose local governments, like a Council of Governments. Other instrumentalities of a city or county, like a Local Mental Health Authority, may be eligible and should seek guidance from TDHCA to determine if they can apply. Governmental organizations such as Public Housing Authorities ("PHAs") and housing finance agencies are not eligible and cannot apply directly for ESG funds.

Eligible applicants also include private nonprofit organizations that are secular or religious organizations exempt from taxation under Section 501(c) of the Internal Revenue Code of 1986, have an acceptable accounting system and a voluntary board, and practice non-discrimination in the provision of assistance. Faith-based organizations receiving ESG funds, like all organizations receiving HUD funds, must serve all eligible beneficiaries without regard to religion.

4. **If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.**

   As a State recipient, TDHCA is not required to provide for the participation of a homeless individual or formerly homeless individual on the board of directors or other equivalent policy-making entity. However, TDHCA may prioritize funding for Subrecipients by allocating points if they have participation of homeless or formerly homeless individuals in their programs.

5. **Describe performance standards for evaluating ESG.**

   TDHCA has transitioned from evaluating performance based on whole numbers of persons or households served to percentages of persons or households served who achieve particular outcomes.

   Subrecipients providing street outreach will be required to meet contractual performance targets for the percentage of assisted persons placed in temporary or transitional housing.

   Subrecipients providing emergency shelter and transitional shelter will be required to meet contractual performance targets for the provision of essential services and the percentage of assisted persons who will exit to temporary, transitional housing destinations or permanent housing destinations.

   Subrecipients providing homelessness prevention and rapid re-housing assistance will be required to meet contractual performance targets for the percentage of assisted persons receiving higher income at exit than at entry, the percentage of persons who will exit to permanent housing destinations and, the percentage of persons who will maintain housing three months or more as a result of receiving ESG assistance.

Housing Trust Fund (HTF)
Reference 24 CFR 91.320(k)(5)

1. How will the grantee distribute its HTF funds? Select all that apply:

☑ Applications submitted by eligible recipients
☐ Subgrantees that are State Agencies
☐ Subgrantees that are HUD-CPD entitlement grantees

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

N/A

3. If distributing HTF funds by selecting applications submitted by eligible recipients,
a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The state will distribute NHTF funds to eligible recipients as described in applicable sections of the TDHCA rules at Chapter 11 of the Texas Administrative Code, Subchapter C, Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applicants (10 TAC §11.201 through 207, which sets forth the minimum requirements for applicant eligibility to participate in TDHCA Multifamily programs. TDHCA will require evidence of experience and capacity through the Experience Requirement at 10 TAC §11.204(6) or 10 TAC §13.5(d)(1), as applicable. See attachments for full text of referenced TDHCA TAC rules. Updates to citations of Texas Administrative Code Rules that are currently out for public comment will be updated in the final 209 OYAP.

Regarding Question 3a, for both:

- the responsibility of the Grantee to address the requirement that a recipient make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities, and
- the responsibility of the Grantee to address the requirement that a recipient have familiarity and understanding of the Federal, State, and local housing programs used in conjunction with HTF funds to ensure compliance with all applicable program requirements and regulations,

please see the attached 2019 Multifamily Direct Loan Certification that is executed by an Applicant upon applying for Direct Loan funds (including NHTF). Also, all NHTF recipients must execute a Contract and Land Use Restriction Agreement that remain in effect for a minimum of 30 years. The Land Use Restriction Agreement contains language that makes it superior to any other instruments filed on the property.

Regarding Question 3a and the responsibility of the Grantee to address the requirement that a recipient demonstrate the ability and financial capacity to undertake, comply and manage the eligible activity, please see the attached 10 TAC §13.8(c)(7) and 10 TAC §13.8(c)(8), which discuss requirements associated with applications for various Direct Loan amounts and situations.

In the event that NHTF is not the only source of Department funding, 4% or 9% housing tax credits are also being requested, meaning that other lenders' and equity providers' due diligence of the Applicant would be included to ensure the Applicant's financial capacity is sufficient to undertake, comply, and manage the eligible activity. Furthermore, if 9% credits are requested, nearly all applicants elect points under 10 TAC §11.9(e)(1) which requires a lender approval letter evidencing review of the Principals.

Furthermore, all Applications must meet the Underwriting requirements at 10 TAC §11.302, including acceptable pro forma projections through year 30, minimum 1.15 Debt Coverage Ratio, and minimum replacement reserve requirements. The attached 10 TAC §11.302(f)(1) specifically discusses developer capacity requirements.

Finally, Applicants must provide evidence of experience in owning and operating multifamily housing as required in 10 TAC §11.204(6)) – which applies to all Applicants of TDHCA funding – or the alternative experience requirement in 10 TAC §13.5(e)(1).

Regarding Question 3a and the responsibility of the Grantee to address the requirement that a recipient have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct or rehabilitate and manage and operate an affordable multifamily rental housing development, Applicants may meet the experience requirement of the Uniform Multifamily Rules (10 TAC §11.204(6)) – which applies to all Applicants of TDHCA funding – or the alternative experience requirement in 10 TAC §13.5(d)(1), which states that applicants requesting MFDL (such as NHTF) as the only source of Department funding may meet the Experience Requirement under Chapter 13.5(d)(1) by providing evidence of the successful development and operation for at least 5 years of twice as many affordability restricted units as requested in the application. The minimum number of units for any application for funding that is submitted to TDHCA is 16 units, so the minimum number of affordability restricted units that would be subject to the successful development and operation for at least 5 years would be 32. An applicant applying for both MFDL and another TDHCA source or sources would have to meet the requirement in 10 TAC §11.204(6). The lower MFDL-only threshold for experience came about as a result of public comment the Department received in response to the draft 2016 NHTF Allocation Plan. Many mission-driven nonprofits that wanted to utilize NHTF were unable to meet the experience requirement in 10 TAC §11.204(6) and suggested this alternative experience requirement.

For more information, please see the attached 2019 Multifamily Direct Loan Certification and Table of Corresponding Requirements in 24 CFR §93.2 and State Rules.

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Texas' application requirements can be found in Subchapter C: Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules or Pre-Clearance for Applications of 10 TAC

Chapter 11 (Qualified Allocation Plan) as well as 10 TAC Chapter 13 (Multifamily Direct Loan Rule). See attached Rules.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Selection criteria typically only applies when funds are oversubscribed; in cases where the application is layered with 9% Housing Tax Credits, for instance, scoring in 10 TAC §11.9 would be applicable. To the extent that two or more applications for HTF are received on the same date, the scoring criteria listed in the attached 2019 Multifamily Direct Loan Rule (10 TAC Chapter 13) as amended will apply.

If applications for NHTF are not combined with 9% HTC or do not need to be prioritized in a regional allocation formula, they will be prioritized based on the date received and reviewed to ensure the Department's threshold criteria, which takes into account all of the selection criteria in 24 CFR §91.320(k)(5)(i) is met.

The Texas Department of Housing and Community Affairs' Multifamily Division awards or allocates more than $1 billion annually of debt and equity in an efficient and compliant manner. Our processes for Application selection are comprehensive, and assure that the resulting Developments meet the highest standards for financial feasibility and long-term stability. Our Compliance Monitoring Division assures that all properties meet these standards for the duration of their affordability period, and is frequently cited as one of the best Compliance divisions nationally. Our threshold requirements for site selection assure that projects will be located in safe communities with ample opportunity for residents, and our stringent underwriting requirements assure they will be viable throughout the affordability period.

There is a well-developed set of requirements within the Texas Administrative Code that have the force of law. These requirements have been crafted over decades of work with the development community, advocates, and other stakeholders. The Uniform Multifamily Rules, Qualified Allocation Plan, and Multifamily Direct Loan Rule are all updated annually through an extensive public input process. Additionally, the QAP is approved annually by the Governor. All of the selection criteria described in §91.320(k)(5)(i) are met by some portion of our rules, although they will not all be contained in a single section dedicated to NHTF. We endeavor to hold all Applications for multifamily funds to the same strict standards through the application of consistent requirements across all fund sources.

All Applications for NHTF funds must meet threshold criteria in 10 TAC Chapter 11, Subchapters A through D, and the Multifamily Direct Loan Rule, which address Definitions, Site and Development requirements, Applicant and Application requirements, and loan structure and underwriting requirements. Without meeting all of the applicable criteria in these 120+ pages of rules, the Application will not be successful. Therefore, the selection criteria applied to NHTF Applications will be met by passing multiple review points – threshold state and federal program reviews, underwriting reviews, and compliance/ previous participation reviews – that confirm these rules are being met.

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Priority based upon geographic diversity
As described in SP-10 Geographic Priorities the Texas NHTF will distribute NHTF funds through a competitive NOFA process. The funds will initially be available geographically, based on the proportion of Extremely Low Income Renter households to the total population of Renter Households in each of thirteen State Service Regions. A minimum will be calculated for each region as a ratio of the available allocation divided by thirteen, and available competitively within each region prior to collapse into a statewide competition.

The State of Texas will rely on 10 TAC §13.4(b) in making funds available geographically based on the proportion of ELI renter households to the total population of renter households in each of the thirteen State Service Regions for at least the first 30 days after the NOFA is published. Thereafter, consideration of geographic diversity will not be a factor in evaluating applications. Please see attached Multifamily Direct Loan Rule for text of 10 TAC §13.4(b). Also attached are estimated Regional Allocation amounts based on the 2018 NHTF Allocation as well as a map of the Uniform State Service Regions.

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner:
Applicants must provide evidence of their experience in developing and managing multifamily developments as required under 10 TAC §11.204(6) if layered with other fund sources, or 10 TAC §13.5(d)(1) if MFDL only. Both 10 TAC §11.204(6) or 10 TAC §13.5(d)(1) are mentioned in the table HTF Funding Priorities Question 3a.

Application criteria including readiness to proceed as evidenced by site control, appropriate zoning, architectural plans, and evidence of financing will be considered.

Furthermore, 10 TAC §13.11(d) through (e) states:
"(d) Direct Loan awardees must execute a Contract within sixty (60) days of environmental clearance being obtained, or, if environmental clearance is not required, within 60 days after the Board approval date.
(e) Loan closing must occur and construction must begin no later than three (3) months from the effective date of a Contract."

Execution of a Contract fulfills the Commitment definition in 24 CFR §93.2 in that the Contract is the "legally binding written agreement (that includes the date of the signature of each person signing the agreement) with an eligible recipient for a project that meets the definition of 'commit to a specific local project.'" Additionally, 10 TAC §13.11(m) states: "Termination of the Direct Loan award and repayment of all disbursed funds will be required for any Development that is not completed within four (4) years of the effective date of a Direct Loan Contract." Finally, the Department may impose a 2-year ban on applying for MFDL for any applicant that fails to meet commitment and/or expenditure requirements in accordance with 10 TAC §13.11(b), which states: "If a Direct Loan award is returned after Board approval, or if the Applicant or Affiliates fail to timely close the loan, begin and complete construction, or leave a portion of the Direct loan award unexpended, penalties may apply under 10 TAC § 11.9(f) or the Department may prohibit the Applicant and all Affiliates from applying for MFDL funds for a period of 2 years." See attachments for full text of referenced TDHCA 10 TAC rules.

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Of highest priority in the evaluation of applications will be the creation of new units serving ELI households that would not otherwise exist. While the availability of project-based rental assistance will be considered, only applications that demonstrate the ability to meet Underwriting requirements will be funded.

The State of Texas will consider project based rental assistance to the extent that the existence of it allows or the lack of it does not allow an application to meet TDHCA's underwriting requirements. A development that would otherwise be characterized as infeasible may be deemed feasible if the following criteria, as described in 10 TAC §11.302(i)(6)(B) are applicable. See attached text of 10 TAC §11.302(i)(6)(B).

For Applications layered with 9% credits, leveraging is a scoring item under 10 TAC §11.9(e)(4). See attached text of 10 TAC §11.9(e)(4):

If an application is not layered with 9% credits, it must have other sources of funding, such as project based vouchers, in order to be viable over the affordability period.

The attached 10 TAC §13.8 from the Multifamily Direct Loan Rule and 10 TAC §§11.301 through .306 of the Uniform Multifamily Rule will comprise TDHCA's underwriting requirements.

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

No priority for funding based on the feasibility of the project beyond the required 30-year period will be given except in instances where a first-lien loan ahead of an NHTF loan or grant has a term greater than 30 years that would result in the NHTF loan or grant having a term greater than 30 years. It is the Department's experience that affordability periods longer than 30 years are not reasonable without a guaranteed source of financing for a comprehensive rehabilitation within that affordability period. Texas Government Code §2306.185(c) further limits the length of the affordability period that the State can impose, stating: "The department shall require that a recipient of funding maintains the affordability of the multifamily housing development for households of extremely low, very low, low, and moderate incomes for the greater of a 30-year period from the date the recipient takes legal possession of the housing or the remaining term of the existing federal government assistance. In addition, the agreement between the department and the recipient shall require the renewal of rental subsidies if available and if the subsidies are sufficient to maintain the economic viability of the multifamily development." In other words, unless an FHA-insured loan or similar type of federal government-insured loan with a term greater than 30 years is part of the financing, the longest affordability period that the State can impose is 30 years.

h. Describe the grantee's required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The State of Texas will prioritize HTF funding for the needs of ELI households in accordance with its Analysis of Impediments ("AI") and high opportunity measures of the QAP. Goal No. 1 of the AI states: "Create greater mobility and improve housing opportunities for low income households and members of protected classes."

Threshold requirements for all multifamily projects are found in 10 TAC §11 Subchapter B, which include criteria such as Mandatory Development Amenities, Common Amenities, Unit Requirements, Tenant Supportive Services requirements, and Development Accessibility Requirements. 10 TAC §11 Subchapter B also includes threshold requirements such as Undesirable Site Features and Undesirable Neighborhood Characteristics. Additionally, Applications layered with 9% Tax Credits are scored on proximity to desirable community features, as are Direct Loan Applications if the fund source or set-aside is over-subscribed.

NHTF applicants are allowed to claim points as detailed in §13.6(a) of the Multifamily Direct Loan Rule and under 10 TAC §11.9(c)(4) related to the Opportunity Index. See attached text of the Multifamily Direct Loan Rule 10 TAC §11.9(c)(4).

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Generally, the State of Texas prefers applications proposing developments utilizing the highest proportion of non-federal contributions. It is anticipated that Applications for NHTF will require multiple funding sources in order to meet threshold feasibility requirements. While the State plans on providing NHTF funds as deferred forgivable loans or similarly soft repayment loans, other sources will be required to meet both development and operating needs. Additionally, if NHTF is oversubscribed, the amount of subsidy per unit is a scoring factor as described in 10 TAC §13.6(4), thereby requiring less NHTF funding. See the attached 2018 Multifamily Direct Loan Rule for text of 10 TAC §13.6(4).

Without other fund sources, this range of subsidy level will not be possible, so other funding sources – whether owner equity if NHTF is the only source of Department funding or, more likely, Housing Tax Credits since NHTF works best as gap financing – are required. Finally, although not federally required, 10 TAC §11.204(7)(E) discusses documentation requirements for Match funds exceeding 5 percent of requested Direct Loan funds. See attached Rules for text of 10 TAC §11.204(7)(E).

Applications layered with 9% Housing Tax Credits will be subject to scoring in 10 TAC §11.9(e)(4) - Leveraging of Private, State, and Federal Resources - which states:

(A) An Application may qualify to receive up to three (3) points if at least five (5) percent of the total Units are restricted to serve households at or below 30 percent of AMGI (restrictions elected under other point items may count) and the Housing Tax Credit funding request for the proposed Development meet one of the levels described in clauses (i) - (iv) of this subparagraph: (i) the Development leverages CDBG Disaster Recovery, HOPE VI, RAD, or Choice Neighborhoods funding and the Housing Tax Credit Funding Request is less than 9 percent of the Total Housing Development Cost (3 points). The Application must include a commitment of such funding; or

(ii) If the Housing Tax Credit funding request is less than seven (7) eight (8) percent of the Total Housing Development Cost (3 points); or

(iii) If the Housing Tax Credit funding request is less than eight (8) nine (9) percent of the Total Housing Development Cost (2 points); or

(iv) If the Housing Tax Credit funding request is less than nine (9) ten (10) percent of the Total Housing Development Cost (1 point).

(B) The calculation of the percentages stated in subparagraph (A) of this paragraph will be based strictly on the figures listed in the Funding Request and Development Cost Schedule. Should staff issue an Administrative Deficiency that requires a change in either form, then the calculation will be performed again and the score adjusted, as necessary. However, points may not increase based on changes to the Application. In order to be eligible for points, no more than 50 percent of the developer fee can be deferred. Where costs or financing change after completion of underwriting or award (whichever occurs later), the points attributed to an Application under this scoring item will not be reassessed unless there is clear evidence that the information in the Application was intentionally misleading or incorrect.

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

☑ Yes
☐ No
☐ N/A

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

☑ Yes
☐ No
☐ N/A

6. Performance Goals and Benchmarks. The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

☑ Yes

☐ No

7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds. Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.
The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.
If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

The State of Texas adopted Basic Statutory Mortgage Limits for Calendar Year 2018 and the Annual Base City High Cost Percentage and High Cost Area Revisions for 2018 Mortgagee Letter 2018-04, will be the limits used for NHTF. The attached limits do not vary based on geographic location in Texas since the limits were approved by HUD for use throughout the state. They will be used statewide for ease of use both for applicants and TDHCA staff.

Additional limits may apply if the NHTF funds are used in conjunction with other affordable housing programs. Also, these subsidy limits may be subject to stricter limits in NOFAs.

See the attached justification as to why the State will not establish separate maximum limitations on the total amount of NHTF.

8. Rehabilitation Standards. The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.
In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

N/A. State will not use NHTF funds for rehabilitation of housing in PY 2019.

9. Resale or Recapture Guidelines. Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

N/A

10. HTF Affordable Homeownership Limits. If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

☐ The grantee will use the HUD issued affordable homeownership limits.
☐ The grantee has determined its own affordable homeownership limits using the methodology described in § 93.305(a)(2) and the limits are attached.
☑ N/A

11. Grantee Limited Beneficiaries or Preferences. Describe how the grantee will limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population to serve unmet needs identified in its consolidated plan or annual action plan. If the grantee will not limit the beneficiaries or give preferences to a particular segment of the extremely low- or very low-income population, enter "N/A."
Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

The State will limit beneficiaries and/or give preferences to the following segments of the extremely low-income population in accordance with AP-25 of the 2018 One Year Action Plan.

12. Refinancing of Existing Debt. Enter or attach the grantee's refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee's refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter "N/A."

N/A

Attachments

General OYAP Attachments:

- CDBG Allocation of CDBG program income and deobligated funds
- ESG Written Standards
- Submittal Letter, SF424s and Certifications (to be provided with the Final 2019 OYAP)

AP-90 NHTF Attachments:

- 2019 Multifamily Rules
  - Proposed New 10 TAC Chapter 11, Qualified Allocation Plan Blackline (PDF)
  - Public Comment Period Open for Proposed New 10 TAC Chapter 11, Qualified Allocation Plan (PDF)
  - Proposed New 10 TAC Chapter 13, Multifamily Direct Loan Rule (PDF)
- 2018 Multifamily Rules
  - 2018 Governor Approved Qualified Allocation Plan (10 TAC Chapter 11) (PDF)
  - 2018 Uniform Multifamily Rules (10 TAC Chapter 10 Subchapters A-C and G) (PDF)

- 2019 Multifamily Direct Loan Certification (to be provided with the Final 2019 OYAP)

- AP-90 Question 3a – Table of Corresponding Requirements in 24 CFR §93.2 and State Rules (to be provided with the Final 2019 OYAP)

- AP-90 Question 3d – Estimated Regional Allocation Amounts and Map of the Uniformed State Service Regions

- AP-90 Question 7 – Justification Documentation for Maximum Per-unit Development Subsidy Limits

Attachment: Allocation of CDBG program income and deobligated funds

Deobligated Funds:

On the first day of the program year, deobligated funds will be made available to the fund categories as described in Table 4. Any unallocated deobligated funds will be allocated to the Community Development Fund. ~~and other available program income (not derived from TCF real estate projects) will be allocated as follows:~~

~~1. 20% shall be allocated to the DR Fund;~~

~~2. 80% shall be allocated to those fund categories that do not have allocations prescribed by federal or state law.~~

~~The allocation shall be based on the pro-rata share of the percentages specified in Section AP-30 of this Action Plan. Allocations to the CD Fund will be distributed to each of the 24 Planning Regions based upon the methodology used in calculating the annual regional allocation. Allocations to regions that either (a) have no eligible applications, or (b) cannot fully fund the next highest ranking applications will be made available to the CD Fund (to other regions with eligible applications) to be allocated in a manner to maximize the number of fully funded applications or to the DR Fund.~~

~~If the total funds available to the DR Fund on August 1 is less than $1,000,000, TDA may make available to the DR Fund the greater of $700,000 or 20% of the funds deobligated since the beginning of the program year.~~

~~If Texas Capital Fund Real Estate and Infrastructure funds are deobligated prior to the first drawdown of funds, the funding shall be returned immediately to the program and shall be made available in the next monthly round of competition.~~

Program Income:

Program income is defined as gross income received by a state, a unit of general local government, or a subrecipient of a unit of general local government that was generated from the use of CDBG funds. When program income is generated by an activity that is only partially funded with CDBG funds, the income shall be prorated to reflect the percentage of CDBG funds used. Any remaining program income must be returned to the State.

The State may use up to the maximum allowable percentage of the amount recaptured and reportable to HUD each year for administrative expenses under the CDBG Program. This amount will be matched by the State on a dollar-for-dollar basis.

TCF and Revolving Loan Fund ("RLF") Program Income
Funds retained in any existing local RLF must be committed within three years of the original CDBG contract programmatic close date. At least one eligible loan/award from the local RLF must be made every three years. Every award from the RLF must be used to fund the same type of activity from which such income was derived. A local RLF may retain a cash balance not greater than 33% of its total cash and outstanding loan balance. All activities funded with RLF funds must comply with CDBG regulations

and rules and guidelines. If a local government does not comply with the RLF requirements, all program income retained in the local RLF and any future program income received from the proceeds of the RLF must be returned to the State.

To the extent there are eligible applications, program income derived from the TCF real estate projects will be used to fund awards under the TCF. Other available program income shall be allocated based on the methodology used to allocate Deobligated Funds.

Additional detail for Geographic Allocation:

Funds for projects under the CD Fund are allocated among the 24 State planning regions based on the following:
The original CD formula is used to allocate 40% of the annual State CDBG allocation.

• Original CD formula (40%) factors:
a. Non-Entitlement Population 30%
b. Number of Persons in Poverty 25%
c. Percentage of Poverty Persons 25%
d. Number of Unemployed Persons 10%
e. Percentage of Unemployed Persons 10%

• To the extent possible, the information used to calculate the regional allocations through these factors will be based on the eligible non-entitlement applicants within each region. The population and poverty information used is from the current available decennial census data. The unemployment information used is the current available annual average information. TDA does not provide priorities for allocation of funds geographically to areas of minority concentration as described in Section 91.320(f).
The HUD formula is used to allocate 21.71% of the annual State CDBG allocation.

• The formula is the same methodology that HUD uses to allocate CDBG funds among the States for use in non-entitlement areas. The HUD factors, percentages, and methodology are specified in 42 USC. §5306(d). TDA will use available data to calculate the allocations to each region.

• Using the HUD methodology, the allocation for each region shall be the greater of an amount that bears the same ratio to the allocation for all 24 regions available as either:

(A) the average of the ratios between:
o the population of the non-entitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 25% weight);
o the extent of poverty in the non-entitlement areas in that region and the extent of poverty in the non-entitlement areas of all 24 regions (counted two times - 50% weight); and
o the extent of housing overcrowding in the non-entitlement areas in that region and the extent of housing overcrowding in the non-entitlement areas of all 24 regions (counted one time - 25% weight);
OR

(B) the average of the ratios between:
o the age of housing in the non-entitlement areas in that region and the age of housing in the nonentitlement areas in all 24 regions (counted two and one half times - 50% weight);

o the extent of poverty in the non-entitlement areas in that region and the extent of poverty in the non-entitlement areas of all 24 regions (counted one and one half times - 30% weight); and
o the population of the non-entitlement areas in that region and the population of the nonentitlement areas of all 24 regions (counted one time - 20% weight).

And Unobligated:

Unobligated Funds
For an award that is withdrawn from an applicant, the TDA follows different procedures for the use of those recaptured funds depending on the fund category in which the award is withdrawn.

1. The CD Fund – funds from the withdrawal of an award shall be offered to the next highest ranked applicant from that region that was not recommended to receive an award due to depletion of the region's allocation. A marginal amount may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum CD Fund grant amount. Any funds remaining from a regional allocation that are not accepted by an applicant, that are not offered to an applicant, or remain due to lack of additional, unfunded applications, may be allocated among regions with eligible, unfunded applications. If unallocated to another region, they are then subject to the procedures used to allocate Deobligated Funds.

2. The PCB Fund – funds from the withdrawal of a PCB award are offered to the next highest ranked applicant that was not recommended to receive an award due to depletion of the fund's annual allocation. A marginal amount may be offered to the next highest ranked applicant as long as the amount of funds still available exceeds the minimum grant amount. Any funds remaining from the allocation that are not accepted by an applicant from the statewide competition or that are not offered to an applicant from the statewide competition may be used for other CDBG fund categories and, if unallocated to another fund, are then subject to the procedures used to allocate Deobligated Funds.

3. The Colonia Funds – funds from the withdrawal of any Colonia Fund award remain available to potential Colonia Fund applicants during that program year. If unallocated within the Colonia Fund, funds then may be used for other CDBG fund categories to fund eligible projects or activities that assist colonia residents. Remaining unallocated funds are then subject to the procedures used to allocate Deobligated Funds.

4. DR/UN Funds - funds from the withdrawal of a DR/UN award remain available to potential DR/UN Fund applicants during that program year. If unallocated within the DR/UN Fund, the funds are subject to the procedures used to allocate Deobligated Funds.

~~5. The STEP Fund - funds from the withdrawal of a STEP award will remain available to potential STEP applicants. If there are no unfunded STEP applicants, then the funds would be available for other CDBG fund categories. Any unallocated STEP funds are subject to the procedures used to allocate Deobligated Funds.~~

~~6~~5. The TCF – funds from the withdrawal of a Main Street, Downtown Revitalization or Small and Micro Enterprise Revolving Fund award shall be offered to the next highest ranked application that was not recommended to receive an award due to depletion the program's allocation. Funds from the withdrawal of a Real Estate and Infrastructure award shall be made available in the next ~~monthly~~ round of competition. Any unallocated TCF funds are then subject to the procedures used to allocate Deobligated Funds.

ESG Written Standards

TDHCA requires that its Subrecipients establish and implement written standards for providing ESG assistance. TDHCA reviews the standards to ensure they answer the following questions.

1. Evaluation (24 CFR §576.400(e)(3)(i))

a. Are the definitions of homeless or at-risk of homelessness included in the evaluation?
b. Are there standard policies and procedures for evaluating individual and household eligibility for ESG?
c. Are priority populations listed?
d. Are the priority populations listed the same as the Continuum of Care priority populations?

2. Targeting - 24 CFR §576.400(e)(3)(ii),(iv)

a. Are there standards for targeting and providing essential services related to street outreach?
b. Are there standards determining how providers will assess, prioritize, and reassess participant's needs for essential services related to emergency shelter?

3. Evaluation for Emergency Shelter - 24 CFR §576.400(e)(3)(iii)

a. Is there a description of:
    i. Clients that will be admitted?
    ii. Clients that will be diverted?
    iii. Clients that will be referred?
    iv. Clients will be discharged?
b. Are there safeguards to secure safety (if applicable)?
c. Are reasonable accommodations for persons with disabilities included?

4. Coordination - 24 CFR §576.400(e)(3)(v)

a. Are there policies and procedures for coordination among:
    i. Emergency shelter providers?
    ii. Essential service providers?
    iii. Homelessness prevention providers?
    iv. Rapid re-housing assistance providers?
    v. Other homeless assistance providers?
    vi. Mainstream services and housing providers?

5. Assistance Levels - 24 CFR §576.400(e)(3)(vi)

b. Is there a description of:
    i. Which clients will receive rapid re-housing or homelessness prevention?
    ii. Whether a percentage or amount of rent will be paid by client?
    iii. Whether a percentage or amount of utilities will be paid by client?
    iv. How long will client receive rental assistance?

v. How or if rental assistance be adjusted over time?
vi. What is amount of assistance will be provided?
vii. How will the duration of assistance be determined?
viii. What happens after a break in service (*i.e.*, Program participant stops receiving assistance one month)?
ix. What unit sizes are appropriate for rapid re-housing?
x. What data sources/formats are used for rent reasonableness?

6. Housing Stability Case Management/Relocation Services – 24 CFR §576.400(e)(3)(ix)

a. Is there a description of:
   i. What types of services offered and not offered?
   ii. What amounts are offered for the services?
   iii. How long will case management/relocation services last?
b. Does case management include monthly meetings to assist with housing stability? (n/a for Domestic Violence providers)
c. Does case management include development for participant to retain permanent housing once ESG assistance ends? (n/a for Domestic Violence providers)
d. Does case management include assistance for program participants' access supportive services for which they may be eligible? (n/a for Domestic Violence providers)

7. Relocation Services: Financial – 24 CFR §576.105(a)

a. Do the written standards specify when the following financial assistance is offered or not offered:
   i. Rental application fees
   ii. Security deposits/Last month's rent
   iii. Utility deposits/payments
   iv. Moving costs
   v. Storage fees (3 months maximum)

8. Service Costs (Include if services are offered and which community organizations can act as a referral source, if applicable) – 24 CFR §576.105(b)(3)-(5)

a. Do the written standards specify when the following services are offered or not offered, and which community resources can be used?
   i. Mediation
   ii. Legal Services
   iii. Credit Repair

9. Denials 24 CFR §576.402

a. Are there policies and procedures for terminating assistance?
b. Does the appeal process include notification of denial?
c. Does the appeal process include the household's process to appeal the decision?
d. Does the appeal process include record keeping process for denial requests?

Multifamily Direct Loan Certification

I (We) hereby make application to the Texas Department of Housing and Community Affairs (the "Department") for an award of Multifamily Direct Loan funds, which may be composed of HOME Investment Partnerships Program ("HOME"),Tax Credit Assistance Program Repayment Funds "TCAP RF," Neighborhood Stabilization Program Round 1 Program Income ("NSP1 PI"), and/or National Housing Trust Fund ("NHTF"). The undersigned hereby acknowledges that an award by the Department does not warrant that the Development is deemed qualified to receive such award. I (We) agree that the Department or any of its directors, officers, employees, and agents will not be held responsible or liable for any representations made to the undersigned or its investors relating to the Multifamily Direct Loan; therefore, I (We) assume the risk of all damages, losses, costs, and expenses related thereto and agree to indemnify and save harmless the Department and any of its officers, employees, and agents against any and all claims, suits, losses, damages, costs, and expenses of any kind and of any nature that the Department may hereinafter suffer, incur, or pay arising out of its decision concerning this application for Multifamily Direct Loan funds or the use of information concerning the Multifamily Direct Loan.

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the state Rules, as published in 10 TAC Chapters 1, 2, 10, and 13, as well as Chapters 11 and 12 as applicable. I (We) hereby acknowledge that this Application is subject to disclosure under Chapter 552, Texas Government Code, the Texas Public Information Act, unless a valid exception exists.

I (We) hereby assert that the information contained in this Application as required or deemed necessary by the materials governing the Multifamily Direct Loan are true and correct and that I (We) have undergone sufficient investigation to affirm the validity of the statements made and the Department may rely on any such statements.

Further, I (We) hereby assert that I (We) have read and understand all the information contained in the application. By signing this document, I (We) affirm that all statements made in this government 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 2011).

I (We) understand and agree that if false information is provided in this Application which has the effect of increasing the Applicant's competitive advantage, the Department will disqualify the Applicant and may hold the Applicant ineligible to apply for Multifamily Direct Loan funds or until any issue of restitution is resolved. If false information is discovered after the award of

Multifamily Direct Loan funds, the Department may terminate the Applicant's written agreement and recapture all Multifamily Direct Loan funds expended.

I (We) shall not, in the provision of services, or in any other manner discriminate against any person on the basis of age, race, color, religion, sex, national origin, familial status, or disability. Verification of any of the information contained in this application may be obtained from any source named herein.

I (We) have written below the name of the individual authorized to execute the Multifamily Direct Loan agreement and any and all future Multifamily Direct Loan commitments and contracts related to this application. If this individual is replaced by the organization, I (We) must inform the Department within 30 days of the person authorized to execute agreements, commitment and/or contracts on behalf of the Applicant.

I (We) certify that no person or entity that would benefit from the award of Multifamily Direct Loan funds has committed to providing a source of match.

I (We) certify that I (We) will meet, Texas Minimum Construction Standards, 2010 ADA Standards for Accessible Design, as well as the Fair Housing Accessibility Standards and Section 504 of the Rehabilitation Act of 1973 as further detailed in 10 TAC Chapter 1, Subchapter B. I (We) certify that the Development will meet all local building codes or standards that may apply as well as the Uniform Physical Conditions Standards in 24 CFR §5.705

I (We) certify that if Department funds have a first lien position in the project for which assistance is being requested, assurance of completion of the development will be provided in the form of payment and performance bonds in the full amount of the construction contract, running to the Department as obligee, or equivalent guarantee in the sole determination of the Department.

I (We) certify that if refinancing is a component of the proposed development the Applicant must confirm that Multifamily Direct Loan funds will not be used to replace loans, grants or other financing by any other Federal program, or in violation of the provisions of 10 TAC §13.3(e).

I (We) certify that if other federal or governmental assistance is used in the financing of this development I (We) will notify the Texas Department of Housing and Community Affairs.

I (We) certify that I (We) do not and will not knowingly employ an undocumented worker, where "undocumented worker" means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in that manner in the United States.

If, after receiving a public subsidy, I (We), am convicted of a violation under 8 U.S.C Section 1324a (f), I (We) shall repay the amount of the public subsidy with interest, at the rate and according to the other terms provided by an agreement under Texas Government Code Section 2264.053, not later than the 120th day after the date TDHCA notifies Name of Applicant of the violation.

On behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the federal HOME Final Rule, as published in 24 CFR Part 92, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the HOME Investment Partnerships Program and all Developments eligible to receive HOME funds will comply with such rules during the application process and, in the event of award of HOME funds, for the duration of the proposed Development.

If applying under the Supportive Housing/Soft Repayment set-aside, on behalf of the Applicant, I (We) hereby certify that the Applicant is familiar with the provisions of the interim Housing Trust Fund rule, as published in 24 CFR Part 93, and other related administrative rules and regulations and court rulings issued by the Federal government or State of Texas with respect to the NHTF and all Developments eligible to receive NHTF funds will comply with such rules during the application process and, in the event of award of NHTF funds, for the duration of the proposed Development

Lead Based Paint

I (We) certify that documentation of compliance with the Texas Environmental Lead Reduction Rules in 25 TAC Chapter 295, Subchapter I or 24 CFR Part 35 (Lead Safe Housing Rule), as applicable, will be maintained in project files. I (We) understand that for Developments subject to 24 CFR Part 25, standard forms are available in the Federal Register , as indicated by the sources noted below.

1) Applicability 24 CFR §35.115 – A copy of a statement indicating that the property is covered by or exempt from Lead Safe Housing Rule.
   a) If the property is exempt, the file should include the reason for the exemption and no further documentation is required.
   b) if the property is covered by the Rule, the file should include the appropriate documentation to indicate basic compliance, as listed below:
      i) Summary Paint Testing Report or Presumption Notice 24 CFR §35.930(a) – A copy of any report to indicate the presence of lead-based paint (LBP) for projects receiving up to $5,000 per unit in rehabilitation assistance. If no testing was performed, then LBP is presumed to be on all disturbed surfaces;

ii) Notice of Evaluation 24 CFR §35.125(a) – A copy of a notice demonstrating that an evaluation summary was provided to residents following a lead-based-paint inspection, risk assessment or paint testing;
iii) Clearance Report 24 CFR §35.930(b) (3) – A report indicating a "clearance examination" was performed of the work site upon completion; and
iv) Notice of Hazard Reduction Completion 24 CFR §35.125(b) – Upon completion, a copy of a notice to show that a LBP remediation summary was provided to residents.

Threshold Certification

On behalf of the Applicant and all affiliates of the Applicant (hereinafter "Applicant"), I (We) hereby certify that the Applicant is familiar with the provisions and requirements of the Multifamily Direct Loan Notice of Funding Availability (NOFA) approved by the Department's Governing Board on December 15, 2016, for which I (We) am applying.

I (We) understand that housing units subsidized by Multifamily Direct Loan funds must be affordable to low, very low or extremely low-income persons. I (We) understand that mixed income rental developments may only receive funds for units that meet the Multifamily Direct Loan affordability standards. I (We) understand that all Applications intended to serve persons with disabilities must adhere to the Department's Integrated Housing Rule at 10 TAC §1.15.

I (We) understand that, pursuant to 10 TAC §13.11(p), all contractors, consulting firms, Borrowers, Development Owners and Contract Administrators must sign and submit the appropriate documentation with each draw to attest that each request for payment of Multifamily Direct Loan funds is for the actual cost of providing a service and that the service does not violate any conflict of interest provisions in 24 CFR Part 92.

I (We) certify that I (We) am eligible to apply for funds or any other assistance from the Department. I (We) certify that all audits are current at the time of application. I (We) certify that any Audit Certification Forms have been submitted to the Department in a satisfactory format on or before the application deadline for funds or other assistance pursuant to 10 TAC §1.3(b). I (We) certify that, the Development will meet the broadband infrastructure requirements of 81 FR 92626, and that these costs are included in the Application.

<u>All applicants applying under the 2018-1 Multifamily Direct Loan Notice of Funding Availability (NOFA) must read and initial after each of the following sections regarding federal cross cutting requirements in the boxes below.</u>

HUD Section 3

I (We) hereby agree that the work to be performed in connection with any award of HOME or NHTF funds is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Section 3"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing. I (We) agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. For more information about HUD Section 3, please reference the TDHCA website dedicated to Section 3 at: http://www.tdhca.state.tx.us/program-services/hud-section-3/index.htm

(initial)

Environmental

I (We) understand that the environmental effects of each activity carried out with an award of HOME funds must be assessed in accordance with the provisions of National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. §4321 et seq.) and the related activities listed in HUD's implementing regulations at 24 C.F.R. parts 50, 51, 55 and 58 (NEPA regulations). Each such activity must have an environmental review completed and support documentation prepared complying with the NEPA and NEPA regulations. **No loan may close or funds be committed to an activity before the completion of the environmental review process, including the requirements of 24 CFR Part 58, and the Department has provided written clearance.**

The Department as the Responsible Entity must ensure that environmental effects of the property are assessed in accordance with the provisions of the National Environmental Policy Act of 1969 and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

I (We) certify that all parties involved in any aspect of the development process began the project with no intention of using Federal assistance.

I (We) certify that as of the date of the Multifamily Direct Loan application all project work, other than as allowed in 24 CFR. Part 58, has ceased.

I (We) understand that the environmental effects of each activity carried out with an award of NHTF funds must be assessed in accordance with the provisions of CPD Notice 16-14.

I (We) certify that I (we) have read and understand the requirements in 24 CFR §58.22 or CPD Notice 16-14, and I (we) understand that **acquisition of the site, even with non-HUD funds, prior to completion of the environmental review process will jeopardize any federal funding.**

I (We) certify that we will not engage in any choice limiting actions until the site has achieved Environmental Clearance as required in CPD Notice 16-14 or 24 CFR. Part 58, as applicable. **Choice-limiting activities include but are not limited to these examples:**

- Acquisition of land, except through the use of an option agreement, regardless of funding source;
- Closing on loans including loans for interim financing;
- Signing a construction contract.

(initial)

<u>Relocation and Anti-Displacement</u>

The property proposed for this Application is ______ is not ________ occupied. (check one)

If occupied, the occupant(s) are owners __________ tenants ________

Displacement of Existing Tenants

I (We) certify that that the work to be performed in connection with any award of federal funds is subject to Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("URA"), as amended, and implementing regulations at 49 CFR Part 24. Consistent with the goals and objectives of activities assisted under the Act and HUD Handbook 1378, if the Development is eligible for federal funds the Applicant must prepare and submit the following to TDHCA with the Multifamily Uniform Application:

1) A detailed explanation of the reasons for displacement relocation;
2) A detailed plan of the relocation, including evidence of comparable replacement housing;
3) A copy of the General Information Notice (signed by the tenant or sent Certified Mail, return recipient requested) sent to all tenants on the Rent Roll listed with the Multifamily Direct Loan Application, and
4) Estimated costs and funding sources available to complete the permanent relocation.

Demolition and Conversion

I (We) certify that that the work to be performed in connection with any award of federal funds is subject to 24 CFR Part 42 and Development Owner will replace all occupied and vacant occupiable low-income housing that is demolished or converted to a use other than low-income housing as a direct result of the project. All replacement housing will be provided within three (3) years after the commencement of the demolition or conversion. Before receiving a commitment of federal funds for a project that will directly result in demolition or conversion, the project owner will make the information public in accordance with 24 CFR Part 42 and submit the information to TDHCA along with the following information in writing at application:

1) The location map, address, and number of dwelling units by bedroom size of lower income housing that will be demolished or converted to use other than as lower income housing as a direct result of the project;
2) A time schedule for the commencement and completion of the demolition and conversion;
3) To the extent known, the location, map, address, and number of dwelling units by bedroom size of the replacement housing that has been or will be provided;
4) The amount and source of funding and a time schedule for the provision of the replacement housing;
5) The basis for concluding that the replacement housing will remain lower income housing beyond the date of initial occupancy;
6) Information demonstrating that any proposed replacement of housing units with similar dwelling units (e.g. a 2-bedroom unit with two 1-bedroom units) or any proposed replacement of efficiency or SRO units with units of a different size is appropriate and consistent with the housing needs of the community; and
7) The name and title of the person or persons responsible for tracking the replacement of lower income housing and the name and title of the person responsible for providing relocation payments and other relocation assistance to any lower-income person displaced by the demolition of any housing or the conversion of lower-income housing to another use.

(initial)

By: ____
Signature of Authorized Representative

____
Printed Name

____
Title

____
Date

THE STATE OF TEXAS §
§
COUNTY OF ___________________________§

Before me, a notary public, on this day personally appeared _________________________________, known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared and certified that the statements therein contained are true and correct.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____day of _______________, _____

(Seal)

____
Notary Public Signature

Question 3a: *Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR §93.2).*

The State of Texas will distribute FY 2018 Housing Trust Fund ("HTF") Program funds by selecting applications submitted by eligible recipients as defined in §93.2 (definition of recipient) through the Application Submission Requirements, Ineligibility Criteria, Board Decisions, and Waiver of Rules for Applications provisions found in Chapter 10 of the Texas Administrative Code ("TAC"), Subchapter C (10 TAC §§10.201 through 10.207). The State of Texas will not limit recipients to a specific category such as nonprofits. Please see the table below for the requirements in §93.2 and the corresponding requirements found in state rules at 10 TAC Chapter 10 and 10 TAC Chapter 13.

Recipient requirements in §93.2	State Rules
(1) Make acceptable assurances to the grantee that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities (3) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs;	**10 TAC §10.204. Required Documentation for Application Submission.** The purpose of this section is to identify the documentation that is required at the time of Application submission, unless specifically indicated or otherwise required by Department rule. If any of the documentation indicated in this section is not resolved, clarified or corrected to the satisfaction of the Department through either original Application submission or the Administrative Deficiency process, the Application will be terminated. Unless stated otherwise, all documentation identified in this section must not be dated more than six (6) months prior to the close of the Application Acceptance Period or the date of Application submission as applicable to the program. The Application may include, or Department staff may request, documentation or verification of compliance with any requirements related to the eligibility of an Applicant, Application, Development Site, or Development. **(1) Certification, Acknowledgement and Consent of Development Owner.** A certification of the information in this subchapter as well as Subchapter B of this chapter must be executed by the Development Owner and address the specific requirements associated with the Development. The Person executing the certification is responsible for ensuring all individuals referenced therein are in compliance with the certification, that they have given it with all required authority and with actual knowledge of the matters certified. (A) The Development will adhere to the Texas Property Code relating to security devices and other applicable requirements for residential tenancies, and will adhere to local building codes or, if no local building codes are in place, then to the most recent version of the International Building Code. (B) This Application and all materials submitted to the Department constitute records of the Department subject to Tex. Gov't Code, Chapter 552.

	(C) All representations, undertakings and commitments made by Applicant in the Application process for Development assistance expressly constitute conditions to any Commitment, Determination Notice, Carryover Allocation, or Direct Loan Commitment for such Development which the Department may issue or award, and the violation of any such condition shall be sufficient cause for the cancellation and rescission of such Commitment, Determination Notice, Carryover Allocation, or Direct Loan Commitment by the Department. If any such representations, undertakings and commitments concern or relate to the ongoing features or operation of the Development, they shall each and all shall be enforceable even if not reflected in the Land Use Restriction Agreement. All such representations, undertakings and commitments are also enforceable by the Department and the tenants of the Development, including enforcement by administrative penalties for failure to perform, in accordance with the Land Use Restriction Agreement. (D) The Development Owner has read and understands the Department's fair housing educational materials posted on the Department's website as of the beginning of the Application Acceptance Period. (E) The Development Owner agrees to implement a plan to use Historically Underutilized Businesses (HUB) in the development process consistent with the Historically Underutilized Business Guidelines for contracting with the State of Texas. The Development Owner will be required to submit a report of the success of the plan as part of the cost certification documentation, in order to receive IRS Forms 8609 or, if the Development does not have Housing Tax Credits, release of retainage. (F) The Applicant will attempt to ensure that at least 30 percent of the construction and management businesses with which the Applicant contracts in connection with the Development are Minority Owned Businesses as further described in Tex. Gov't Code, §2306.6734. (G) The Development Owner will affirmatively market to veterans through direct marketing or contracts with veteran's organizations. The Development Owner will be required to identify how they will affirmatively market to veterans and report to the Department in the annual housing report on the results of the marketing efforts to veterans. Exceptions to this requirement must be approved by the Department. (H) The Development Owner will comply with any and all notices required by the Department. (I) If the Development has an existing LURA with the Department, the Development Owner will comply with the

	existing restrictions. **(2) Applicant Eligibility Certification.** A certification of the information in this subchapter as well as Subchapter B of this chapter must be executed by any individuals required to be listed on the organizational chart and also identified in subparagraphs (A) – (D) below. The certification must identify the various criteria relating to eligibility requirements associated with multifamily funding from the Department, including but not limited to the criteria identified under §10.202 of this chapter (relating to Ineligible Applicants and Applications). (A) for for-profit corporations, any officer authorized by the board of directors, regardless of title, to act on behalf of the corporation, including but not limited to the president, vice president, secretary, treasurer, and all other executive officers, and each stock holder having a 10 percent or more interest in the corporation, and any individual who has Control with respect to such stock holder; (B) for non-profit corporations or governmental instrumentalities (such as housing authorities), any officer authorized by the board, regardless of title, to act on behalf of the corporation, including but not limited to the president, vice president, secretary, treasurer, and all other executive officers, the Audit committee chair, the Board chair, and anyone identified as the Executive Director or equivalent; (C) for trusts, all beneficiaries that have the legal ability to Control the trust who are not just financial beneficiaries; and (D) for limited liability companies, all managers, managing members, members having a 10 percent or more interest in the limited liability company, any individual Controlling such members, or any officer authorized to act on behalf of the limited liability company. **(3) Architect Certification Form.** The certification, addressing all of the accessibility requirements, must be executed by the Development engineer, an accredited architect or Third Party accessibility specialist. (§2306.6722; §2306.6730) The certification must include a statement describing how the accessibility requirements relating to Unit distribution will be met. An acceptable, but not required, form of such statement may be obtained in the Multifamily Programs Procedures Manual. **10 TAC §13.1** **13.1 Purpose** (a) Authority. The rules in this Chapter apply to the funds provided to Multifamily Developments through the Multifamily Direct Loan Program ("MFDL" or "Direct Loan

	Program") by the Texas Department of Housing and Community Affairs ("Department"). Notwithstanding anything in this Chapter to the contrary, loans and grants issued to finance the Development of multifamily rental housing are subject to the requirements of the laws of the State of Texas, including but not limited to Tex Gov't Code, Chapter 2306, and federal law pursuant to the requirements of Title II of the Cranston-Gonzalez National Affordable Housing Act, Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008 - Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, Section 1497 of the Dodd-Frank Wall Street Reform and Consumer Protection Act: Additional Assistance for Neighborhood Stabilization Programs, Title I of the Housing and Economic Recovery Act of 2008, Section 1131 (Public Law 110-289) and the implementing regulations 24 CFR Part 91, Part 92, and Part 93 as they may be applicable to a specific fund source. The Department is authorized to administer Direct Loan Program funds pursuant to Tex Gov't Code §2306, Subchapter I, Housing Finance Division. (b) General. This Chapter applies to an award of MFDL funds by the Department and establishes the general requirements associated with the application and award process for such funds. Applicants pursuing MFDL assistance from the Department are required to certify, among other things, that they have familiarized themselves with all applicable rules that govern that specific program including, but not limited to this Chapter, Chapter 1 (relating to Administration), Chapter 2 (relating to Enforcement), Chapter 8 (relating to Section 811 PRA Program), and Chapter 10 of this Title (relating to Uniform Multifamily Rules). Chapter 11 of this Title (relating to Housing Tax Credit Program Qualified Allocation Plan ("QAP")) and Chapter 12 of this Title (relating to Multifamily Housing Revenue Bond Rules) will apply if MFDL funds are layered with those other Department programs. The Applicant is also required to certify that it is familiar with any other federal, state, or local financing sources that it identifies in its Application. Any conflict with rule of other programs or with federal regulations will be resolved on a case by case basis that allows for compliance with all requirements. Conflicts that cannot be resolved may result in Application ineligibility. (c) Waivers. Requests for waivers of any program rules or requirements must be made in accordance with §10.207 of this title (relating to Waiver of Rules for Applications). In no instance will the Department consider waiver request that

	would violate federal program requirements or state or federal statute.
(2) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity; (4) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to: (i) Own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development; or (ii) Design, construct, or rehabilitate, and market affordable housing for homeownership. (iii) Provide forms of assistance, such as down payments, closing costs, or interest rate buydowns for purchasers.	**10 TAC §13.5(d)(1)** Applicants requesting MFDL as the only source of Department funds may meet the Experience Requirement under §10.204(6) of this Chapter or by providing evidence of the successful development, and operation for at least 5 years, of at least twice as many affordability restricted units as requested in the Application. **10 TAC §10.204. Required Documentation for Application Submission.** **(6) Experience Requirement.** Evidence that meets the criteria as stated in subparagraph (A) of this paragraph must be provided in the Application, unless an experience certificate was issued by the Department in 2014 through 2017 which may be submitted as acceptable evidence of this requirement. Experience of multiple parties may not be aggregated to meet this requirement. (A) A natural Person, with control of the Development through placement in service, who is also a Principal of the Developer, Development Owner, or General Partner must establish that they have experience in the development and placement in service of 150 units or more. Acceptable documentation to meet this requirement shall include any of the items in clauses (i) - (ix) of this subparagraph: (i) American Institute of Architects (AIA) Document (A102) or (A103) 2007 - Standard Form of Agreement between Owner and Contractor; (ii) AIA Document G704--Certificate of Substantial Completion; (iii) AIA Document G702--Application and Certificate for Payment; (iv) Certificate of Occupancy; (v) IRS Form 8609 (only one per development is required); (vi) HUD Form 9822; (vii) Development agreements; (viii) Partnership agreements; or (ix) other documentation satisfactory to the Department verifying that a Principal of the Development Owner, General Partner, or Developer has the required experience. (B) The names on the forms and agreements in subparagraph (A)(i) - (ix) of this paragraph must reflect that the individual seeking to provide experience is a Principal of the Development Owner, General Partner, or Developer as listed in the Application. For purposes of this requirement any individual attempting to use the experience of another individual or entity must demonstrate they had the authority

	to act on their behalf that substantiates the minimum 150 unit requirement. (C) Experience may not be established for a Person who at any time within the preceding three years has been involved with affordable housing in another state in which the Person or Affiliate has been the subject of issued IRS Form 8823 citing noncompliance that has not been or is not being corrected with reasonable due diligence. (D) If a Principal is determined by the Department to not have the required experience, an acceptable replacement for that Principal must be identified prior to the date the award is made by the Board. (E) Notwithstanding the foregoing, no person may be used to establish such required experience if that Person or an Affiliate of that Person would not be eligible to be an Applicant themselves. **(7) Financing Requirements.** (A) Non-Department Debt Financing. Interim and permanent financing sufficient to fund the proposed Total Housing Development Cost less any other funds requested from the Department must be included in the Application. For any Development that is a part of a larger development plan on the same site, the Department may request and evaluate information related to the other components of the development plan in instances in which the financial viability of the Development is in whole or in part dependent upon the other portions of the development plan. Any local, state or federal financing identified in this section which restricts household incomes at any level that is lower than restrictions required pursuant to this chapter or elected in accordance with Chapter 11 of this title (relating to Housing Tax Credit Program Qualified Allocation Plan) must be identified in the rent schedule and the local, state or federal income restrictions must include corresponding rent levels in accordance with §42(g) of the Code. The income and corresponding rent restrictions will be memorialized in a recorded LURA and monitored for compliance. Financing amounts must be consistent throughout the Application and acceptable documentation shall include those described in clauses (i) and (ii) of this subparagraph. (i) Financing is in place as evidenced by: (I) a valid and binding loan agreement; and (II) a valid recorded deed(s) of trust lien on the Development in the name of the Development Owner as grantor in favor of the party providing such financing and covered by a lender's policy of title insurance in their name; (ii) Term sheets for interim and permanent loans issued by a

	lending institution or mortgage company that is actively and regularly engaged in the business of lending money must: (I) have been signed by the lender; (II) be addressed to the Development Owner or Affiliate; (III) for a permanent loan, include a minimum loan term of fifteen (15) years with at least a thirty (30) year amortization; (IV) include either a committed and locked interest rate, or the currently projected interest rate and the mechanism for determining the interest rate; (V) include all required Guarantors, if known; (VI) include the principal amount of the loan; (VII) include an acknowledgement of the amounts and terms of all other anticipated sources of funds; and (VIII) include and address any other material terms and conditions applicable to the financing. The term sheet may be conditional upon the completion of specified due diligence by the lender and upon the award of tax credits, if applicable; or (iii) For Developments proposing to refinance an existing USDA Section 515 loan, a letter from the USDA confirming that it has been provided with the Preliminary Assessment Tool. (B) Gap Financing. Any anticipated federal, state, local or private gap financing, whether soft or hard debt, must be identified and described in the Application. Applicants must provide evidence that an application for such gap financing has been made. Acceptable documentation may include a letter from the funding entity confirming receipt of an application or a term sheet from the lending agency which clearly describes the amount and terms of the financing. Other Department funding requested with Housing Tax Credit Applications must be on a concurrent funding period with the Housing Tax Credit Application, and no term sheet is required for such a request. Permanent loans must include a minimum loan term of fifteen (15) years with at least a thirty (30) year amortization or for non-amortizing loan structures a term of not less than thirty (30) years. A term loan request must also comply with the applicable terms of the NOFA under which an Applicant is applying. (C) Owner Contributions. If the Development will be financed in part by a capital contribution by the General Partner, Managing General Partner, any other partner or investor that is not a partner providing the syndication equity, a guarantor or a Principal in an amount that exceeds 5 percent of the Total Housing Development Cost, a letter from a Third Party CPA must be submitted that verifies the

	capacity of the contributor to provide the capital from funds that are not otherwise committed or pledged. Additionally, a letter from the contributor's bank(s) or depository(ies) must be submitted confirming sufficient funds are readily available to the contributor. The contributor must certify that the funds are and will remain readily available at Commitment and until the required investment is completed. Regardless of the amount, all capital contributions other than syndication equity will be deemed to be a part of and therefore will be added to the Deferred Developer Fee for feasibility purposes under §10.302(i)(2) of this chapter (relating to Underwriting Rules and Guidelines) or where scoring is concerned, unless the Development is a Supportive Housing Development, the Development is not supported with Housing Tax Credits, or the ownership structure includes a nonprofit organization with a documented history of fundraising sufficient to support the development of affordable housing. (D) Equity Financing. (§2306.6705(2) and (3)) If applicable to the program, the Application must include a term sheet from a syndicator that, at a minimum, includes: (i) an estimate of the amount of equity dollars expected to be raised for the Development; (ii) the amount of Housing Tax Credits requested for allocation to the Development Owner; (iii) pay-in schedules; (iv) syndicator consulting fees and other syndication costs. No syndication costs should be included in the Eligible Basis; and (v) include an acknowledgement of the amounts and terms of all other anticipated sources of funds. (E) Financing Narrative. (§2306.6705(1)) A narrative must be submitted that describes all aspects of the complete financing plan for the Development, including but not limited to, the sources and uses of funds; construction, permanent and bridge loans, rents, operating subsidies, project-based assistance, and replacement reserves; and the status (dates and deadlines) for applications, approvals and closings, etc. associated with the commitments for all funding sources. For applicants requesting Direct Loan funds, Match in the amount of at least 5 percent of the Direct Loan funds requested must be documented with a letter from the anticipated provider of Match indicating the provider's willingness and ability to make a financial commitment should the Development receive an award of Direct Loan funds. The information provided must be consistent with all other documentation in the Application. **(8) Operating and Development Cost Documentation.**

	(A) 15-year Pro forma. All Applications must include a 15-year pro forma estimate of operating expenses, in the form provided by the Department. Any "other" debt service included in the pro forma must include a description. (B) Utility Allowances. This exhibit, as provided in the Application, must be submitted along with documentation from the source of the utility allowance estimate used in completing the Rent Schedule provided in the Application. This exhibit must clearly indicate which utility costs are included in the estimate and must comply with the requirements of §10.614 of this chapter (relating to Utility Allowances), including deadlines for submission. Where the Applicant uses any method that requires Department review, documentation indicating that the requested method has been granted by the Department must be included in the Application. (C) Operating Expenses. This exhibit, as provided in the Application, must be submitted indicating the anticipated operating expenses associated with the Development. Any expenses noted as "other" in any of the categories must be identified. "Miscellaneous" or other nondescript designations are not acceptable. (D) Rent Schedule. This exhibit, as provided in the Application, must indicate the type of Unit designation based on the Unit's rent and income restrictions. The rent and utility limits available at the time the Application is submitted should be used to complete this exhibit. Gross rents cannot exceed the maximum rent limits unless documentation of project-based rental assistance is provided and rents are consistent with such assistance and applicable legal requirements. The unit mix and net rentable square footages must be consistent with the site plan and architectural drawings. For Units restricted in connection with Direct Loans, the restricted Units will generally be designated "floating" unless specifically disallowed under the program specific rules. For Applications that propose utilizing Direct Loan funds, at least 90 percent of the Units restricted in connection with the Direct Loan program must be available to households or families whose incomes do not exceed 60 percent of the Area Median Income. (E) Development Costs. This exhibit, as provided in the Application, must include the contact information for the person providing the cost estimate and must meet the requirements of clauses (i) and (ii) of this subparagraph. (i) Applicants must provide a detailed cost breakdown of projected Site Work costs (excluding site amenities), if any, prepared by a Third Party engineer or cost estimator. If Site

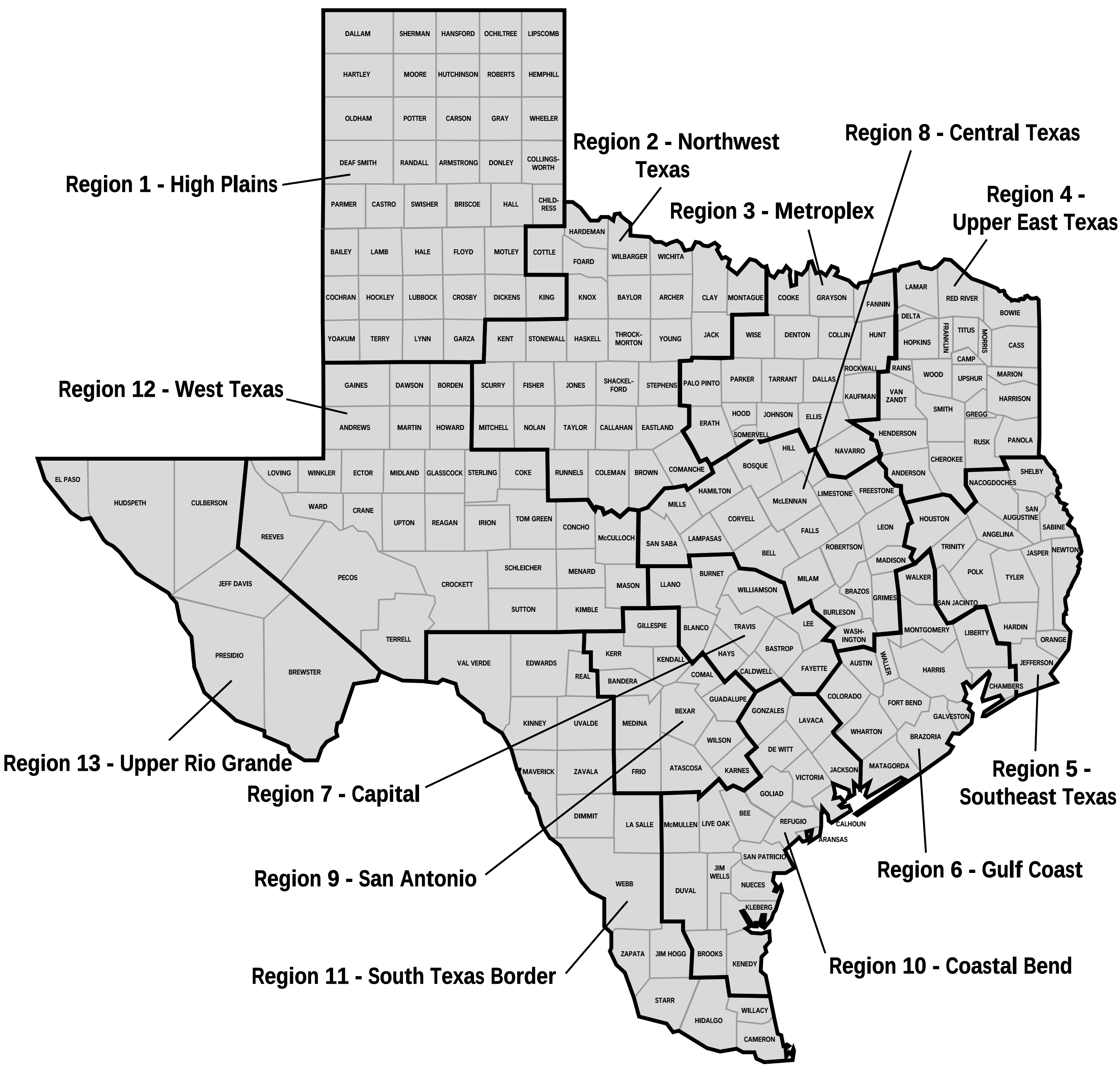
	Work costs (excluding site amenities) exceed $15,000 per Unit and are included in Eligible Basis, a letter must be provided from a certified public accountant allocating which portions of those site costs should be included in Eligible Basis. (ii) If costs for Off-Site Construction are included in the budget as a line item, or embedded in the site acquisition contract, or referenced in the utility provider letters, then the Off-Site Cost Breakdown prepared by a Third Party engineer must be provided. The certification from a Third Party engineer must describe the necessity of the off-site improvements, including the relevant requirements of the local jurisdiction with authority over building codes. If any Off-Site Construction costs are included in Eligible Basis, a letter must be provided from a certified public accountant allocating which portions of those costs should be included in Eligible Basis. If off-site costs are included in Eligible Basis based on PLR 200916007, a statement of findings from a CPA must be provided which describes the facts relevant to the Development and affirmatively certifies that the fact pattern of the Development matches the fact pattern in PLR 200916007. (F) Rental Assistance/Subsidy. (§2306.6705(4)) If rental assistance, an operating subsidy, an annuity, or an interest rate reduction payment is proposed to exist or continue for the Development, any related contract or other agreement securing those funds or proof of application for such funds must be provided. Such documentation shall, at a minimum, identify the source and annual amount of the funds, the number of units receiving the funds, and the term and expiration date of the contract or other agreement. (G) Occupied Developments. The items identified in clauses (i) - (vi) of this subparagraph must be submitted with any Application where any structure on the Development Site is occupied at any time after the Application Acceptance Period begins or if the Application proposes the demolition of any housing occupied at any time after the Application Acceptance Period begins. If the current property owner is unwilling to provide the required documentation then a signed statement from the Applicant attesting to that fact must be submitted. If one or more of the items described in clauses (i) - (vi) of this subparagraph is not applicable based upon the type of occupied structures on the Development Site, the Applicant must provide an explanation of such non-applicability. Applicant must submit: (i) at least one of the items identified in subclauses (I) - (IV) of this clause: (I) historical monthly operating statements of the Existing

	Residential Development for twelve (12) consecutive months ending not more than three (3) months from the first day of the Application Acceptance Period; (II) the two (2) most recent consecutive annual operating statement summaries; (III) the most recent consecutive six (6) months of operating statements and the most recent available annual operating summary; or (IV) all monthly or annual operating summaries available; and (ii) a rent roll not more than six (6) months old as of the first day the Application Acceptance Period that discloses the terms and rate of the lease, rental rates offered at the date of the rent roll, Unit mix, and tenant names or vacancy; (iii) a written explanation of the process used to notify and consult with the tenants in preparing the Application; (§2306.6705(6)) (iv) a relocation plan outlining relocation requirements and a budget with an identified funding source; (§2306.6705(6)) (v) any documentation necessary for the Department to facilitate, or advise an Applicant with respect to or to ensure compliance with the Uniform Relocation Act and any other relocation laws or regulations as may be applicable; and (vi) if applicable, evidence that the relocation plan has been submitted to all appropriate legal or governmental agencies or bodies. (§2306.6705(6))

Housing Trust Fund
State of Texas
2017 Allocation Plan
Regional Allocation Formula

Region	ELI Households	ELI Renter Households	Sum of Need Variables	Allocation percentage	Regional Allocation
1	38,848	25,764	64,612	3%	$ 266,540
2	23,829	13,655	37,484	2%	$ 154,630
3	305,610	208,540	514,150	27%	$ 2,120,990
4	48,485	26,410	74,895	4%	$ 308,960
5	37,360	21,465	58,825	3%	$ 242,667
6	287,090	189,995	477,085	25%	$ 1,968,088
7	88,980	63,820	152,800	8%	$ 630,336
8	53,125	36,695	89,820	5%	$ 370,529
9	101,525	65,730	167,255	9%	$ 689,966
10	33,495	20,730	54,225	3%	$ 223,691
11	94,135	52,155	146,290	8%	$ 603,481
12	21,502	11,854	33,356	2%	$ 137,601
13	38,064	23,844	61,908	3%	$ 255,385
Total	**1,172,048**	**760,657**	**1,932,705**	**100%**	**$ 7,972,864**

13 Uniform State Service Regions of Texas



Section VI. Allocation Plan Requirements

Question 7: Maximum Per-Unit Development Subsidy Limits:
The State of Texas adopted the Basic Statutory Mortgage Limits for Calendar Year 2015 and the Annual Base City High Cost Percentage and High Cost Area Revisions for 2015 memo dated November 15, 2015, as the limits that will be used for HTF. The attached limits do not vary based on geographic location in Texas since the limits were approved by HUD for use throughout the state. They will be used statewide for ease of use both for applicants and TDHCA staff.

After reviewing the costs per unit on 39 projects that have received HOME funds – as both the only source of Department funding and as a gap financing source on 9% and 4% Housing Tax Credit-layered projects – over the past several years, the Department has found the following:

	Total Cost Per Unit (total development costs divided by total number of units)	HOME Cost Per HOME Unit (HOME funds invested divided by number of HOME units)
Urban New Construction Average	$155,381	$83,680
Rural New Construction Average	$148,907	$94,195

These projects were subject to Section 234 Condominium Housing Limits (formerly 221d3 Maximum Per Unit Subsidy Limits) with the applicable base city high cost percentages applied.

Given this fact, Texas will **not** establish its own maximum limitations on the total amount of NHTF funds that can be invested on a per-unit basis for the development of nonluxury housing. Texas will use the Section 234 Condominium Housing Limits with the applicable base high cost percentage applied for NHTF – as illustrated in the tables below – in the same way that these limits are used for HOME funds. Utilizing the same per-unit subsidy limits across all of the Department's Multifamily Direct Loan funding sources (HOME, NHTF, and TCAP Repayment Funds) will allow for an easier application and review process that will preserve the Department's ability to award funds based on what is available rather than prescribe a funding source at the time of application. Additionally, these per-unit subsidy limits accurately reflect what the Department has observed in the market regarding construction costs; no area of the state seems immune from the increasing construction costs.

Bdrm Size	Section 234 (elevator) limits	HCP (FTW HUB)	HOME Max Per-Unit Subsidy Limit
0	$ 58,787	215%	**$ 126,392**
1	$ 67,391	215%	**$ 144,891**
2	$ 81,947	215%	**$ 176,186**
3	$ 106,013	215%	**$ 227,928**
4+	$ 116,369	215%	**$ 250,193**

accordance with the agency's procedures. If the agency has received and acted upon or will act upon a SAVE verification and you do not believe the response is correct, you may make an InfoPass appointment for an in-person interview at a local USCIS office. Detailed information on how to make corrections, make an appointment, or submit a written request to correct records under the Freedom of Information Act can be found on the SAVE Web site at *http://www.uscis.gov/save,* then by choosing ''For Benefits Applicants'' from the menu on the left, selecting ''Save Resources,'' followed by ''SAVE Fact Sheet for Benefit Applicants.''

[FR Doc. 2017–10749 Filed 5–23–17; 8:45 am]

BILLING CODE 9111–97–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–6011–N–01]

Annual Indexing of Basic Statutory Mortgage; Limits for Multifamily Housing Programs

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, HUD.

ACTION: Notice.

SUMMARY: In accordance with Section 206A of the National Housing Act, HUD has adjusted the Basic Statutory Mortgage Limits for Multifamily Housing Programs for Calendar Year 2016.

DATES: Effective January 1, 2016.

FOR FURTHER INFORMATION CONTACT: Daniel J. Sullivan, Acting Director, Office of Multifamily Development, Department of Housing and Urban Development, 451 Seventh Street SW., Washington, DC 20410–8000, telephone (202) 402–6130 (this is not a toll-free number). Hearing or speech-impaired individuals may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877–8339.

SUPPLEMENTARY INFORMATION: The FHA Down Payment Simplification Act of 2002 (Pub. L. 107–326, approved December 4, 2002) amended the National Housing Act by adding a new Section 206A (12 U.S.C. 1712a). Under Section 206A, the following are affected:

I. Section 207(c)(3)(A) (12 U.S.C. 1713(c)(3)(A));
II. Section 213(b)(2)(A) (12 U.S.C. 1715e (b)(2)(A));
III. Section 220(d)(3)(B)(iii)(I) (12 U.S.C. 1715k (d)(3)(B)(iii)(I));
IV. Section 221(d)(4)(ii)(I) (12 U.S.C. 17151(d)(4)(ii)(I));
V. Section 231(c)(2)(A) (12 U.S.C. 1715v(c)(2)(A)); and
VI. Section 234(e)(3)(A) (12 U.S.C. 1715y(e)(3)(A)).

The Dollar Amounts in these sections are the base per unit statutory limits for FHA's multifamily mortgage programs collectively referred to as the 'Dollar Amounts,' they are adjusted annually (commencing in 2004) on the effective date of the Consumer Financial Protection Bureau's adjustment of the $400 figure in the Home Ownership and Equity Protection Act of 1994 (HOEPA) (Pub. L. 103–325, approved September 23, 1994). The adjustment of the Dollar Amounts shall be calculated using the percentage change in the Consumer Price Index for All Urban Consumers (CPI–U) as applied by the Bureau of Consumer Financial Protection for purposes of the above-described HOEPA adjustment.

HUD has been notified of the percentage change in the CPI–U used for the HOEPA adjustment and the effective date of the HOEPA adjustment. The percentage change in the CPI–U is 0.7% and the effective date of the HOEPA adjustment is January 1, 2016. The Dollar Amounts have been adjusted correspondingly and have an effective date of January 1, 2016.

The adjusted Dollar Amounts for Calendar Year 2016 are shown below:

Basic Statutory Mortgage Limits for Calendar Year 2016

Multifamily Loan Programs

Section 207—Multifamily Housing

Section 207 Pursuant to Section 223(f)—Purchase or Refinance Housing

Section 220—Housing in Urban Renewal Areas

Bedrooms	Non-elevator	Elevator
0	$50,515	$58,921
1	55,958	65,286
2	66,841	80,053
3	82,386	100,263
4+	93,270	113,369

Section 213—Cooperatives

Bedrooms	Non-elevator	Elevator
0	$54,745	$58,291
1	63,122	66,042
2	76,127	80,307
3	97,443	103,892
4+	108,558	114,044

Section 234—Condominium Housing

Bedrooms	Non-elevator	Elevator
0	$55,862	$58,787
1	64,410	67,391
2	77,680	81,947
3	99,433	106,013
4+	110,772	116,369

Section 221(d)(4)—Moderate Income Housing

Bedrooms	Non-elevator	Elevator
0	$50,273	$54,305
1	57,068	62,255
2	68,981	75,702
3	86,582	97,932
4+	97,836	107,501

Section 231—Housing for the Elderly

Bedrooms	Non-elevator	Elevator
0	$47,797	$54,305
1	53,433	62,255
2	63,808	75,702
3	76,789	97,932
4+	90,278	107,501

Section 207—Manufactured Home Parks Per Space—$23,191

Dated: May 17, 2017.

Genger Charles,

General Deputy, Assistant Secretary for Housing.

[FR Doc. 2017–10558 Filed 5–23–17; 8:45 am]

BILLING CODE 4210–67–P

DEPARTMENT OF JUSTICE

Bureau of Alcohol, Tobacco, Firearms and Explosives

[OMB Number 1140–0013]

Agency Information Collection Activities; Proposed eCollection eComments Requested; Application for Tax-Exempt Transfer of Firearm and Registration to Special Occupational Taxpayer, ATF Form 3 (5320.3)

AGENCY: Bureau of Alcohol, Tobacco, Firearms and Explosives, Department of Justice.

ACTION: 30-Day notice.

SUMMARY: The Department of Justice (DOJ), Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), will submit the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection was previously published in the **Federal Register** on March 14, 2017, allowing for a 60-day comment period.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

Date: January 11, 2017

MORTGAGEE LETTER 2017-02

TO: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Annual Base City High Cost Percentage and High Cost Area Revisions for 2016

Maximum mortgage amounts were revised by the Consolidated Appropriations Act, 2008 (Public Law 110-161, approved December 26, 2007) (FY 2008 Appropriations Act). Section 221 of the General Provisions of Title II of Division K of the FY 2008 Appropriations Act revises the statutory exceptions to maximum mortgage amounts for the FHA Multifamily Housing Programs, listed in Section 221 of the FY 2008 Appropriations Act, by (1) substituting 170 percent for the 140 percent exception of any geographical area, and (2) substituting 215 percent for 170 percent as the maximum exception allowed for a specific project. Accordingly, the statutory revision allows the Secretary to grant exceptions to maximum mortgage limits for certain Multifamily Housing Programs by (1) up to 170 percent, (equivalent to a 270 percent multiplier) in geographical areas where cost levels so require or (2) up to 170 percent, or 215 percent in High Cost Areas, (equivalent to a 315 percent multiplier) where necessary on a project-by-project basis.

The law does not determine which areas are to be considered “High Cost Areas.” Accordingly, the Office of Multifamily Production has developed a list of High Cost Areas for 2016. The threshold for a High Cost Area has been set for all areas (Special Limit Areas excepted) with a “calculated” High Cost Percentage (HCP) of 281.70 or greater, but because of the statutory cap of 170 percent or 270 percent multiplier, some localities have a higher HCP but still have the 270 percent multiplier.

The attached designated Annual Base City High Cost Percentages and High Cost Areas are effective January 1, 2016 and for transactions with firm commitments issued prior to the publication of the High Cost Percentages and Area Revisions for calendar year 2017.

SPECIAL LIMIT AREAS

Guam, the U.S. Virgin Islands, and the states of Alaska and Hawaii are Special Limit areas. Care should be taken to ensure that the appropriate limits are used for corresponding programs. The HCP for Special Limit Areas is 405 percent.

Paperwork Reduction Act

There are no information collection requirements in this Mortgagee Letter, and therefore the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) does not apply. In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

Attachment

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Edward L. Golding
Principal Deputy Assistant Secretary for Housing

FHA Multifamily Statutory Mortgage Programs Base Percentages for High Cost Areas – Effective January 2016					
Atlanta GA – Southeast Regional Office	252%	**Ft. Worth TX – Southwest Regional Office**	215%	**San Francisco CA – Western Regional Office**	270%
Birmingham AL	221%		212%	Los Angeles CA	270%
Little Rock AR	212%	Dallas TX	209%	Sacramento CA	270%
Jacksonville FL*	243%	Houston TX	209%	San Diego CA	270%
Key West FL	270%	Lubbock TX	192%	Santa Ana CA	270%
Miami FL	253%	San Antonio TX	212%	Anchorage AK**	405%
Tampa FL	265%	Little Rock AR	242%	Phoenix AZ	248%
Louisville KY	239%	Des Moines IA	233%	Denver CO*	270%
Jackson MS	212%	Topeka KS	218%	Boise ID	270%
Greensboro NC	244%	New Orleans, LA	221%	Honolulu HI**	405%
San Juan PR	270%	Shreveport LA	270%	Helena MT	250%
Columbia SC	237%	Kansas City MO*	270%	Fargo ND	249%
Knoxville TN	226%	St. Louis MO	224%	Las Vegas NV	270%
Memphis TN	220%	Omaha NB	233%	Portland OR	270%
Nashville TN	223%	Oklahoma City OK	226%	Salt Lake City UT	261%
US Virgin Islands**	405%	Tulsa OK		Seattle WA	270%
				Spokane WA	270%
				Casper WY	262%
Chicago IL – Midwest Regional Office	270%	**New York NY – Northeast Regional Office**	270%		
Springfield IL	270%	Albany NY	270%		
Indianapolis IN	248%	Buffalo NY	270%		
Detroit MI*	270%	Hartford CT	270%	**Satellite Office - ***	
Grand Rapids MI	243%	Washington DC	270%		
Minneapolis MN*	270%	Wilmington DE	270%	**Special Limit- ****	
Cincinnati OH	248%	Boston MA*	270%		
Cleveland OH	270%	Bangor ME	270%		
Columbus OH	248%	Baltimore MD*	270%	**Note:** Offices with a "calculated" HCP of 281.70 (before the statutory cap of 270) or higher are designated "High Cost Areas" and are shaded. The Multifamily for Tomorrow (MFT) Transformation has been completed, so this Housing Notice reflects the MFT changes with respect to the new organizational structure.	
Milwaukee WI	270%	Manchester NH	270%		
		Camden NJ	270%		
		Newark NJ	270%		
		Philadelphia PA	270%		
		Pittsburg PA	270%		
		Providence RI	270%		
		Richmond VA	270%		
		Burlington VT	270%		
		Charleston WV	270%		

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2016-HTDP-HQ-		

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Date						

Official Record Copy   U.S. Department of Housing and Urban Development   form HUD-713.1 (02/03)
Previous edition is obsolete.

Andrew Sinnott

From: Melendez, Ellen M [Ellen.M.Melendez@hud.gov]
Sent: Thursday, July 20, 2017 3:28 PM
To: Andrew Sinnott
Cc: Marni Holloway; Megan Sylvester; Jensen, Gerald R
Subject: FW: HUD Publishes New 2016 Limits for HOME Maximum Per-Unit Subsidies

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From: Henley, Shirley J
Sent: Wednesday, July 05, 2017 10:59 AM

Subject: FW: HUD Publishes New 2016 Limits for HOME Maximum Per-Unit Subsidies

Good Morning
To follow-up with the 2016 Limits for HOME Maximum Per-Unit Subsidies, the Field Office has the option of using the higher of either the Hub's High Cost Percentages (HCP) for the entire field office jurisdiction, or individual PJ's HCP, when they are included in the base HCP list. The Fort Worth HUB's HCP is 215% for all PJ's in the Fort Worth Field Office jurisdiction.

The following are the new HOME max per-unit subsidy limit calculations, effective May 24, 2017.
This information needs to be provided to all HOME PJ's.
Please distribute to your HOME points-of-contact and ask them to forward the information to their PJ's.

Bdrm Size	Section 234 (elevator) limits	HCP (FTW HUB)	HOME Max Per-Unit Subsidy Limit
0	$ 58,787	215%	$ 126,392
1	$ 67,391	215%	$ 144,891
2	$ 81,947	215%	$ 176,186
3	$ 106,013	215%	$ 227,928
4+	$ 116,369	215%	$ 250,193

Effective May 24, 2017

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HUD Publishes New 2016 Limits for HOME Maximum Per-Unit Subsidies

In accordance with Section 206A of the National Housing Act, HUD has adjusted the basic statutory mortgage limits for Multifamily Housing Programs for calendar year 2016. These limits are effective for the HOME Investment Partnerships Program (HOME) on May 24, 2017, until such date that the basic statutory mortgage limits for Multifamily Housing Programs for calendar year 2017 are published in the Federal Register.

View the 2016 Section 234 limits and guidance on the HOME maximum per-unit subsidy limits.

Due to the discontinuation of the Section 221(d)(3) mortgage insurance program, alternate maximum per-unit subsidy limits must be used for the HOME program. HUD is required to undertake rulemaking to establish new maximum per-unit subsidy limits for the HOME Program because it is no longer updating and publishing limits for the Section 221(d)(3) mortgage insurance program.

Until a new rule can be published, HUD published CPD Notice 15-003: Interim Policy on Maximum Per-Unit Subsidy Limits for the HOME Program establishing an interim policy that Field Office staff and participating jurisdictions (PJs) must follow directing PJs to use the Section 234-Condomimium Housing basic mortgage limits, for elevator-type projects, as an alternative to the Section 221(d)(3) limits in order to determine the maximum amount of HOME funds a PJ may invest on a per-unit basis in HOME-assisted housing projects. This interim policy remains in effect until the effective date of the new final rule provisions, amending the existing provisions of 24 CFR 92.250(a).

HUD has also issued HOMEfires - Vol. 12 No. 1, May 2015: Guidance on Using the Base City High Cost Percentages to Determine the Maximum Per-Unit Subsidy Limits for HOME. The HOMEfires provides guidance on if a PJ that is not listed on the published list of “Base City High Cost Percentages” to use the high-cost percentage of its HUD Multifamily Hub to determine the maximum per-unit subsidy limits for HOME.

Andrew Sinnott

From: Melendez, Ellen M [Ellen.M.Melendez@hud.gov]
Sent: Thursday, July 20, 2017 3:27 PM
To: Andrew Sinnott
Cc: Marni Holloway; Megan Sylvester; Jensen, Gerald R
Subject: RE: Maximum Per Unit Subsidy Limits for the State of Texas (PJ)

Hi Andrew,

You should have been notified about the revised max per-unit subsidy limits earlier this month - I will forward it to you. We went with 215% for the entire field office jurisdiction

Ellen

From: Andrew Sinnott [mailto:andrew.sinnott@tdhca.state.tx.us]
Sent: Thursday, July 20, 2017 2:49 PM
To: Melendez, Ellen M <Ellen.M.Melendez@hud.gov>
Cc: Marni Holloway <marni.holloway@tdhca.state.tx.us>; Megan Sylvester <megan.sylvester@tdhca.state.tx.us>; Jensen, Gerald R <Gerald.R.Jensen@hud.gov>
Subject: RE: Maximum Per Unit Subsidy Limits for the State of Texas (PJ)

Hi Ellen,

We received a link to HOMEfires Vol. 12 No. 1 (Revised July 2016) last week. Is this HOMEfire the approval that we need to move forward with using the High Cost Percentage for the Fort Worth HUB (215%) for the newly effective 234 condo limits on statewide basis?

Thanks,

Andrew Sinnott
Multifamily Loan Programs Administrator
512.475.0538

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b), there are important limitations and caveats (Also see 10 TAC §10.2(b)).

From: Andrew Sinnott
Sent: Tuesday, June 27, 2017 2:13 PM
To: 'Melendez, Ellen M'
Cc: Marni Holloway; Megan Sylvester; Jensen, Gerald R
Subject: RE: Maximum Per Unit Subsidy Limits for the State of Texas (PJ)

Okay – thanks for the update.

Andrew Sinnott
Multifamily Loan Programs Administrator
512.475.0538

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b), there are important limitations and caveats (Also see 10 TAC §10.2(b)).

From: Melendez, Ellen M [mailto:Ellen.M.Melendez@hud.gov]
Sent: Tuesday, June 27, 2017 1:16 PM
To: Andrew Sinnott

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BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

OCTOBER 11, 2018

Presentation, discussion, and possible action on a draft substantial amendment of the 2015-2019 State of Texas Consolidated Plan

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Housing and Urban Development ("HUD") requires the submission of a five year Consolidated Plan in accordance with 24 CFR §91.520;

WHEREAS, the Texas Department of Housing and Community Affairs ("TDHCA"), Texas Department of Agriculture ("TDA"), and Texas Department of State Health Services ("DSHS") prepared the 2015–2019 State of Texas Consolidated Plan ("Plan");

WHEREAS, the Plan covers the State's administration of the Community Development Block Grant ("CDBG") program by TDA, the Housing Opportunities for Persons with AIDS Program ("HOPWA") by DSHS, and the Emergency Solutions Grants Program ("ESG"), the HOME Investment Partnerships Program ("HOME"), and the National Housing Trust Fund ("NHTF") by TDHCA;

WHEREAS, TDHCA staff coordinated the development of the Plan, which was approved for submission to HUD at the Board meeting of December 18, 2014, and which received final approval from HUD on September 15, 2015;

WHEREAS, DSHS staff has identified a new goal and activity for the HOPWA program and, in accordance with State's citizen participation plan and the requirements of 24 CFR §91.505, the State is required to substantially amend the Plan in order to develop new activities for the HOPWA program;

WHEREAS, DSHS and TDHCA staff have developed a draft amendment of the Plan to incorporate new HOPWA goals in accordance with 24 CFR §91.115; and

WHEREAS, a public comment period will be open from, October 15, 2018, through November 15, 2018, 5:00 pm Austin local time, to garner input on the draft substantial amendment of the Plan;

NOW, therefore, it is hereby

RESOLVED, that the draft substantial amendment of the Plan, in the form presented to this meeting, is hereby approved for release for public comment;

FURTHER RESOLVED, that the Executive Director and his designees are each hereby authorized, empowered and directed, for and on behalf of the Department, to cause notice of the draft substantial amendment of the Plan to be published in the *Texas Register* and, in connection therewith, to make such non-substantive grammatical and technical changes as they deem necessary or advisable; and

FURTHER RESOLVED, that, should no comments be made during the public comment period and should no substantive changes be necessary for the final version of the substantially amended Plan, staff may submit the Plan to HUD without further Board approval.

BACKGROUND

The 2015–2019 State of Texas Consolidated Plan covers four programs funded by HUD: TDHCA administers the HOME Program, ESG Program; and NHTF program; TDA administers CDBG; and DSHS administers the HOPWA Program. During 2014, all three state agencies collaborated to complete the Plan, along with extensive input from other state agencies, stakeholders, advocates, and community members. TDHCA is lead agency for the Plan's development.

The Plan was approved for submission to HUD at the Board meeting of December 18, 2014, and the Plan received approval from HUD on September 15, 2015.

During summer 2018, and with technical assistance from HUD, DSHS staff identified a new goal and activity for the HOPWA program called Housing Information Services, which includes activities that provide counseling, information, and referral services to assist an eligible person to locate, acquire, finance, and maintain housing. In order to include this new goal and activity into the next HOPWA program year in 2019, the new goal and activity must first be added to the five-year 2015-2019 Consolidated Plan. In accordance with the State's citizen participation plan and the requirements of 24 CFR §91.505, the State is required to substantially amend the Plan in order to develop new activities for the HOPWA program. DSHS and TDHCA staff have developed a draft amendment of the Plan to incorporate the new HOPWA goal and activity in accordance with 24 CFR §91.115.

Upon approval by TDHCA's Governing Board, the draft substantial amendment of the Plan will be available for public comment on the TDHCA Public Comment Center at http://www.tdhca.state.tx.us/public-comment.htm. A public comment period will be open from October 15, 2018, through November 15, 2018, 5:00 pm Austin local time, to garner input on the draft substantial amendment of the Plan. Should no comments be made during the public comment period and should no substantive changes be necessary for the final version of the substantially amended Plan, staff may submit the Plan to HUD. Staff recommends approval of these actions.

Under a separate item at this meeting, staff is seeking approval to release the Draft 2019 One-Year Action Plan, which also includes the proposed new HOPWA goal and activity. The final 2019 OYAP will be presented to the Board at a later date, seeking approval and permission to submit to HUD.

Draft 3rd Substantial Amendment to the 2015-2019 State of Texas Consolidated Plan

The purpose of this Draft 3rd Substantial Amendment to the 2015-2019 State of Texas Consolidated Plan is to add a new Goal and activity for the HOPWA program. Updates to the following sections are proposed:

SP-25 Priority Needs

Updates are proposed to the HOPWA priority needs table in SP-25 to associate priority needs to the proposed new goal:

- Supportive Services for Persons with HIV/AIDS (p. 12)

SP-45 Goals Summary

Updates are proposed to the HOPWA Goals Summary and Description tables to add the following new goal:

- HOPWA Housing Information Services (pp. 25 and 29)

The full 2015-2019 State of Texas Consolidated Plan is available at http://www.tdhca.state.tx.us/housing-center/pubs-plans.htm#consolidated.

SP-25 Priority Needs – 91.315(a)(2)

Priority Needs

1	**Priority Need Name**	Rental Assistance
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Colonia Self-Help Centers HOME Administration HOPWA Permanent Housing Placement Assistance HOPWA Tenant-Based Rental Assistance Tenant-Based Rental Assistance with HOME funding HOPWA Facility-Based Housing Subsidy Assistance HOPWA Resource Identification

	Description	Rental Assistance includes security and utility deposits, and rental subsidies, usually while the household engages in a self-sufficiency program.
	Basis for Relative Priority	The Needs Assessment in Section 10 and Section 30 established that cost burden was a housing problem that by far affected the most households with housing problems and were within 0-100% Area Median Income ("AMI"). Needs Assessment Section 10, Table 3, "Housing Problems", shows that 83% of renters with housing problems and income between 0-100% AMI had cost burden (i.e., spending more than 30% of income on rent) or severe cost burden (i.e., spending 50% or more of income on rent). In the answer to the question in that section "What are the most common housing problems", it was found that renters with housing problems in the 0-30% AMI category experienced a severe cost burden 5% higher than homeowners with housing problems, and renters with housing problems in the >30-50% and >50-80% AMI categories experienced non-severe cost burden 9-17% higher than homeowners with housing problems. The Market Analysis Section 15 shows that renters do not have access to enough affordable rental units. First, in the answer to the question in that section "Is there sufficient housing for households at all income levels?", there is a discussion of housing mismatch which demonstrates that higher income households often reside in market-rate units that could be affordable to the lowest-income households. Low-income households (e.g., 0-80% AMI) make up only 56% of all households occupying housing affordable to them. Even though there appears to be a large number of affordable units, this mismatch is one issue that creates cost burden. Also, in the answer to the question in that section "How is affordability of housing likely to change considering changes to home values and/or rents?", even with the increase in median incomes, the rates of cost burden for all renters remained steady over 5 years at 44%. Rental assistance would help to lower this rate of cost burden.
2	**Priority Need Name**	Production of new units
	Priority Level	High

	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Colonia Set-Aside Construction of single family housing HOME Administration HOME Households in new/rehabed multifamily units NHTF households in new multifamily units NHTF Administration

	Description	Multifamily development of new units for the construction of a rental development, which will have units to be offered at below-market-rate rents. CHDOs could be eligible to receive funding for the new construction of affordable single-family homes. New single-family homes must follow certain design and quality requirements and must be sold to low-income homebuyers after completion of construction. The production of new units may be paired with permanent financing to qualified households if needed. Production also includes Self-Help Housing. The Bootstrap Loan Program ("Bootstrap") allows for self-help housing construction to provide very low-income families—including persons with special needs, such as colonia residents—an opportunity to purchase or refinance real property on which to build new housing or repair their existing homes through "sweat equity." Household income may not exceed 60% of AMI. All Bootstrap households provide at least 65% of the labor necessary to build or rehabilitate their housing under the supervision and guidance of a state-certified administrator or Colonia Self-Help Center. The maximum Bootstrap loan may not exceed $45,000 per household. The Colonia SHCs provides targeted colonias in border counties with opportunities to improve housing and increase personal capacity for homeownership. The SHCs provide housing services in the form of new construction, reconstruction, rehabilitation, small repairs, tool lending, construction skills training, and utility connections. Colonia residents are able to repair and construct their own and others' housing under the guidance of qualified nonprofit housing developers who provide training in construction methods and homeownership. SHC community development activities include homeownership education, access to and training in computers/technology, consumer rights education, financial literacy, and solid waste disposal assistance.

	Basis for Relative Priority	As previously established in the "Basis for Relative Priority" for the Rental Assistance Priority Need, the most common housing problem for renters is distinctly cost burden. Creation of new multifamily units that offer reduced rents works hand-in-hand with rental assistance, since both types of assistance alleviate cost burden. Regarding the need for more affordable single-family units, the Needs Assessment Section 10 established that cost burden was a housing problem that by far affected the most homeowners that had housing problems and were within 0-100% AMI. Needs Assessment Section 10, Table 3, "Housing Problems", shows that 87% of homeowners with housing problems and incomes between 0-100% AMI had cost burden (i.e., spending more than 30% of income on mortgage) or severe cost burden (i.e., spending 50% or more of income on mortgage). In the answer to the question in that section "What are the most common housing problems", it was found that homeowners with housing problems in the 0-30% and >80-100% AMI categories experienced a cost burden 7-10% higher than renters with housing problems. Also, Needs Assessment Section 30 discussed the needs of colonia residents, who live in colonias with reduced infrastructure and poor housing. New affordable units would provide options for persons who live in substandard housing. Finally, the Market Analysis Section 15 showed how the affordability of homes for households with median family income compared to the income required to qualify for an 80%, fixed-rate mortgage to purchase a median priced home in most Multiple Listing Services ("MLS") has gone down from 2011 to 2013. When affordability is going down, the need for affordable units increases. Because of these factors, TDHCA will continue to evaluate annually whether a portion of NHTF should be directed to ownership activities to address housing problems within the context of availability of other fund sources.
3	**Priority Need Name**	Acquisition of existing units
	Priority Level	High

	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with HIV/AIDS and their Families Victims of Domestic Violence Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Colonia Set-Aside HOME Administration Homebuyer assistance with possible rehabilitation
	Description	For HOME, acquisition of existing units would provide funds for downpayment and closing costs. Homebuyer assistance could be paired with rehabilitation, if the home has architectural barriers for persons with disabilities. Homebuyer assistance can also include contract for deed conversions. Finally, TDHCA's Colonia SHCs provides targeted colonias in border counties with opportunities to improve housing and increase personal capacity for homeownership and employment. The SHCs provide housing services in the form of new construction, reconstruction, rehabilitation, small repairs, contract for deed conversions, tool lending, construction skills training, and utility connections. Colonia residents are able to repair and construct their own and others' housing under the guidance of qualified nonprofit housing developers who provide training in construction methods and homeownership. SHC community development activities include homeownership education, access to and training in computers/technology, consumer rights education, financial literacy, and solid waste disposal assistance.

	Basis for Relative Priority	As was already established in the "Basis for Relative Priority" for the Production of new units, the most common housing problem for owners is cost burden. Assisting homebuyers with the affordable acquisition of units will help address cost burden for potential homebuyers. As established by Needs Assessment Section 30, unscrupulous practices regarding the use of contracts for deed are often detrimental to the buyers of properties. By converting those contracts for deed to traditional mortgages, the units that were unaffordable through the high interest rates in the contracts for deed become affordable through mortgages, while also providing the homeowner with the full rights of homeownership. Also, as established by Needs Assessments Section 45, persons with disabilities may need assistance with barrier removal. The pairing of homebuyer assistance, which helps make the home affordable, and barrier removal, which allows the person with a disability to function in the home, addresses a housing and special need.
4	**Priority Need Name**	Rehabilitation of housing
	Priority Level	High

	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Elderly Frail Elderly Persons with Mental Disabilities Persons with Physical Disabilities Persons with Developmental Disabilities Persons with Alcohol or Other Addictions Persons with HIV/AIDS and their Families Victims of Domestic Violence Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Colonia Self-Help Centers CDBG Colonia Set-Aside HOME Administration Homeless Goals HOME Households in new/rehabed multifamily units Rehabilitation of single family housing

	Description	Rehabilitation is the act of making repairs designed to address health and safety concerns, as well as local code requirements, and reconstruction is rebuilding either because it is not cost feasible to repair the home because of the extent of needed repairs, or because a home has been damaged or destroyed beyond repair. Rehabilitation or reconstruction of single-family units involves construction activities on owner-occupied housing on the same site. Activities intended to address rehabilitation needs can also result in new construction of housing units when they replace a previous, existing housing unit. Also permitted are (1) instances where an existing owner-occupied manufactured housing unit is replaced with a site-built house or another manufactured housing unit on the same site; (2) an existing housing unit is demolished and rebuilt on a lot located outside a floodplain or away from other environmental hazards; or (3) when a housing unit is replaced because it has become uninhabitable as a result of disaster or condemnation by local government. Rehabilitation of multifamily units varies from property to property depending on specific needs, and could include exterior and/or interior work. A definition of rehabilitation can be found in the Uniform Multifamily Rules 10 Texas Administrative Code, §10.3. Rehabilitation and reconstruction includes self-help housing, which involves on-site technical assistance to low- and very low-income individuals for outreach and education; housing rehabilitation; construction skills training; tool library access for self-help construction; housing finance; credit and debt counseling; grant writing; contract-for-deed conversions; and capital access for mortgages. Finally, rehabilitation may include renovation or major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter.

	Basis for Relative Priority	As was already established in the "Basis for Relative Priority" for the Production of new units, the most common housing problem for renters and owners is cost burden. The Needs Assessment Section 10 shows that substandard housing is the least commonly identified housing problem, experienced by only 2% of the population under 100% AMI. However, the Market Assessment Section 15 notes the importance of local economies on the housing markets. While substandard housing is not as common of a problem for Texas as a whole compared to other housing problems, in some communities substandard housing may be a substantial problem. This is true in rural areas and especially true in colonias, as noted in Needs Assessment Section 30. Colonias are unique in that they have large amounts of substandard housing but, unlike much of the rest of Texas, have more affordable housing, as described in Market Analysis Section 50. Rehabilitation of multifamily units will help ensure affordability for renters and, as new units are added to the State's affordable housing stock, provide more affordable rental choices. Rehabilitation for single-family housing in colonias is strongly supported by the Needs Assessment and Market Analysis. Rehabilitation outside the colonias may be supported by local markets, as illustrated by comments during the consultation of the 2015-2019 State of Texas Consolidated Plan from TICH and TDCJ (Market Analysis Section 20). Although homeowner cost burden is measured in the Needs Assessment Chapter by comparing the mortgage and utility payments to the income of the homeowner, an analysis of home rehabilitation or reconstruction compared to income of the homeowner may show a substantial hardship for homeowners. Assistance of up to $85,000, which is the highest amount allowable in the HOME Single Family rehabilitation/reconstruction activity in 2014, would result in a loan of similar size as some mortgages as generated through a private financial institution. If the homeowner already has a mortgage or has income between 0-80% AMI, this large loan payment could create a burden. In this way, rehabilitation could affect affordability for the homeowner. HOME's Single-Family rehabilitation/reconstruction program helps sustain affordability, because it repairs or replaces older housing stock through deferred, forgivable loans or grants with new, more energy-efficient housing stock, thus reducing potential cost burden. Though the focus in the Needs Assessment and Market Analysis is on affordability and availability, it should be noted that rehabilitation would also improve the safety of the homeowner. Because of these factors and particularly the needs inside colonias, HOME funds are made available annually for single family rehabilitation activities. TDHCA will continue to evaluate annually whether HOME funds should be directed to other activities that could more directly address common housing problems, such as cost burden, while ensuring that the rural parts of the state have access address the most common housing problems they may be experiencing based on geography or population. Regarding the rehabilitation of emergency shelters, Needs Assessment 40 shows that there are 16,336 unsheltered homeless on a given night. Maintaining the safety and quality of shelters will continue to warrant the rehabilitation of emergency shelters when possible.

5	**Priority Need Name**	Supportive Services for Persons with HIV/AIDS
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Public Housing Residents Persons with HIV/AIDS Persons with HIV/AIDS and their Families
	Geographic Areas Affected	State Service Area
	Associated Goals	HOPWA-Funded Supportive Services HOPWA Resource Identification HOPWA Housing Information Services
	Description	The Supportive Services program provides case management, basic telephone service, and assistance to purchase smoke detectors to eligible individuals living with HIV and their families. Case managers also assist HOPWA clients with comprehensive housing plans and make referrals such as medical care, mental health and/or substance abuse treatment, and other services based on the client's individual needs. Resource Identification is used for establishing, coordinating and developing housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives). Housing information services including, but not limited to, counseling, information, and referral services to assist an eligible person to locate, acquire, finance, and maintain housing. This may also include fair housing guidance for eligible persons who may encounter discrimination on the basis of race, color, religion, sex, age, national origin, familial status, or handicap. Housing counseling, as defined in 24 CFR §5.100, that is funded with or provided in connection with HOPWA funds must be carried out in accordance with §5.111. When grantees provide housing services to eligible persons (including persons undergoing relocation) that are incidental to a larger set of holistic case management services, these services do not meet the definition of Housing counseling, as defined in §5.100, and therefore are not required to be carried out in accordance with the certification requirements of §5.111.

	Basis for Relative Priority	The Market Analysis states that the State HOPWA program provides tenant-based rental assistance; short-term rent, mortgage, and utilities assistance, and some project sponsors provide financial assistance with security deposits and credit checks. HOPWA-eligible individuals who have exited from an institution into the State's HOPWA program receive supportive services from a case manager which include a comprehensive housing plan and linkage and referrals to health professionals as needed to assist in keeping the client stable and housed. HOPWA eligibility requires an HIV diagnosis and income at 80% or below AMI. HIV disproportionally affects racial/ethnic minorities and males. At the end of 2012, 72,932 persons were living with HIV in Texas, many at incomes below the poverty level, and the number continues to rise every year. According to the DSHS 2012 Texas STD and HIV Integrated Epidemiologic Profile, Texas had the 8th highest rate (19.7/100,000 population) of new HIV diagnoses in the nation in 2011. Housing is a critical need for PLHW and their families.
6	**Priority Need Name**	Homeless Outreach
	Priority Level	High
	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Other
	Geographic Areas Affected	State Service Area
	Associated Goals	Homeless Goals

	Description	Offering essential services helps unsheltered homeless persons connect with emergency shelter, housing, or critical services, and provides urgent, non-facility-based care to those who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. Outreach includes engagement, case management, emergency health and mental health services, transportation, and services for special needs populations. Case Management includes using a centralized assessment system, conducting evaluations, counseling, coordinating services, obtaining local benefits, monitoring program participant progress, providing information and referrals, and developing an individualized housing. Emergency health services include assessing a program participant's health problems and developing a treatment plan while helping to understand their health needs. Mental health services are also provided. Transportation assistance is allowed for the homeless population and outreach providers. Outreach to special needs population will vary based on the special need and will be specified in Strategic Plan Section 45.
	Basis for Relative Priority	Needs of individuals and families at risk of homelessness are established in Needs Assessment Section 10. Along with having low-incomes, many individuals and families at risk of homelessness have co-occurring issues, such as needs for essential services like child care or education. Because of these co-occurring issues, outreach to prevent homelessness for these populations is essential. Special needs populations described in Needs Assessment Section 45 have difficulty retaining housing in unique ways and are often vulnerable to homelessness. These populations need outreach tailored to them.
7	**Priority Need Name**	Emergency shelter and transitional housing
	Priority Level	High

	Population	Extremely Low Low Moderate Large Families Families with Children Elderly Rural Chronic Homelessness Individuals Families with Children Mentally Ill Chronic Substance Abuse veterans Persons with HIV/AIDS Victims of Domestic Violence Unaccompanied Youth Other
	Geographic Areas Affected	State Service Area
	Associated Goals	Homeless Goals HOPWA Facility-Based Housing Subsidy Assistance HOPWA Resource Identification
	Description	Emergency shelter means the provision of a temporary shelter for homeless persons which does not require occupants to sign leases or occupancy agreements. Emergency shelters include shelters that provide overnight accommodation services as well as shelters that provide a space to stay during day time hours. Emergency shelters can offer essential services, such as case management, child care, education services, employment assistance, job training, outpatient health services, legal services, life training skills, mental health services, substance abuse treatment services, transportation, and services for special populations.
	Basis for Relative Priority	As was already established in the "Basis for Relative Priority" for Rental Assistance, the most common housing problem is cost burden. As discussed in Needs Assessment Section 10, certain characteristics, such as cost burden, can lead to instability of housing and risk of homelessness. With the 16,336 estimated number of homeless persons unsheltered on a given night listed in the Needs Assessment Section 40, the need for emergency shelter becomes apparent.
8	**Priority Need Name**	Rapid Re-housing
	Priority Level	High

<table>
<tr><td rowspan="5"></td><td>Population</td><td>Extremely Low
Low
Large Families
Families with Children
Elderly
Public Housing Residents
Elderly
Frail Elderly
Persons with Mental Disabilities
Persons with Physical Disabilities
Persons with Developmental Disabilities
Persons with Alcohol or Other Addictions
Persons with HIV/AIDS and their Families
Victims of Domestic Violence
Other</td></tr>
<tr><td>Geographic Areas Affected</td><td>State Service Area</td></tr>
<tr><td>Associated Goals</td><td>Homeless Goals</td></tr>
<tr><td>Description</td><td>Rapid re-housing includes housing relocation, stabilization services, and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing. Rapid re-housing may involve providing last month’s rent, rental application fees, security deposits, utility deposits, utility payments, and moving costs. Services provided for homelessness prevention may involve housing search and placement, housing stability case management, mediation, legal services for subject matters such as landlord/tenant disputes, and credit repair.</td></tr>
<tr><td>Basis for Relative Priority</td><td>As established in Needs Assessment Section 40, a continuum of care approach for homeless populations necessitates more options than only providing emergency shelter. In addition, Market Analysis Section 30 discusses the cost savings of rapid re-housing.</td></tr>
<tr><td rowspan="2">9</td><td>Priority Need Name</td><td>Homelessness Prevention</td></tr>
<tr><td>Priority Level</td><td>High</td></tr>
</table>

	Population	Extremely Low Low Large Families Families with Children Elderly Public Housing Residents Persons with HIV/AIDS and their Families Other
	Geographic Areas Affected	State Service Area
	Associated Goals	HOPWA Permanent Housing Placement Assistance HOPWA Short-Term Rent, Mortgage, & Utilities Asst HOPWA Tenant-Based Rental Assistance Homeless Goals HOPWA Resource Identification
	Description	Homelessness prevention includes using relocation and stabilization services and short- and/or medium-term rental assistance to prevent an individual or family from moving into an emergency shelter or another place. Homelessness prevention may involve providing last month's rent, rental application fees, security deposits, utility deposits, utility payments, and moving costs. Services provided for homelessness prevention may involve housing search and placement, housing stability case management, mediation, legal services for subject matters such as landlord/tenant disputes, and credit repair. The Texas HOPWA program prevents homelessness and stabilizes housing for PLWH in Texas with housing subsidy assistance activities and supportive services. TBRA provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing. STRMU provides emergency short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period. PHP provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing. All of these activities, along with supportive services, helps clients maintain affordable and stable housing, reduces risk of homelessness, and improves access to health care and supportive services.

	Basis for Relative Priority	As established in Needs Assessment Section 40, a continuum of care approach for homeless populations necessitates more options than providing emergency shelter. Market Analysis Section 30 discusses the cost savings of homelessness prevention. PLWH and their families have a critical need for housing in Texas. Stable housing significantly increases rates of improved health outcomes for this population. HOPWA eligibility requires an HIV diagnosis and income at 80% or below AMI. HIV disproportionally affects racial/ethnic minorities and males. At the end of 2012, 72,932 persons were living with HIV in Texas, many at incomes below the poverty level, and the number continues to rise every year. “In 2011…Texas had the 8th highest rate (19.7/100,000 population) of new HIV diagnoses in the nation" (Texas Department of State Health Services, 2014).
10	**Priority Need Name**	Public Improvements and Infrastructure
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Colonia Set-Aside CDBG Disaster Relief / Urgent Need CDBG Economic Development CDBG Other Construction CDBG Planning / Capacity Building
	Description	Public improvements and infrastructure include water and wastewater systems, roads/streets, and other utilities. SHCs in colonias include on-site technical assistance to low- and very low-income individuals and families for community development activities; infrastructure improvements; outreach and education; construction skills training; and infrastructure construction and access.
	Basis for Relative Priority	Although the Non-Homeless Special Need category "other" does not indicate which "other" is specified in the printed version of this document, "other" in this context means colonia residents. The Needs Assessment shows the need for public improvements and infrastructure as a majority of the applications received for CDBG funds include improvements and/or installation of public infrastructure. This predominance demonstrates a priority need for these types of projects.
11	**Priority Need Name**	Economic development

	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Economic Development CDBG Other Construction
	Description	Economic development includes projects in support of job creation activity primarily benefiting individuals of low-to-moderate income and downtown revitalization activities to eliminate/prevent slum and blight conditions.
	Basis for Relative Priority	Although the Non-Homeless Special Need category "other" does not indicate which "other" is specified in the printed version of this document, "other" in this context means colonia residents. The Market Analysis shows that economic development is needed as growing urbanization and an increasingly competitive global environment present challenges for the economic conditions of rural, non-entitlement communities.
12	**Priority Need Name**	Public facilities
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Colonia Set-Aside CDBG Disaster Relief / Urgent Need CDBG Economic Development CDBG Other Construction CDBG Planning / Capacity Building
	Description	Public facilities include, but are not limited to neighborhood facilities such as libraries, public schools or community centers, and facilities for persons with special needs such as the homeless and senior citizens.

	Basis for Relative Priority	The Needs Assessment explains how rural, non-entitlement communities frequently face choosing to utilize CDBG funds for public facilities over their public infrastructure needs. Given the importance of public facilities, CDBG is developing the Community Enhancement fund to use deobligated funds to support public facility projects in rural communities.
13	**Priority Need Name**	Public services
	Priority Level	High
	Population	Extremely Low Low Moderate Non-housing Community Development Other
	Geographic Areas Affected	State Service Area
	Associated Goals	CDBG Administration CDBG Colonia Self-Help Centers CDBG Disaster Relief / Urgent Need CDBG Economic Development CDBG Other Construction CDBG Planning / Capacity Building
	Description	Public service activities include, but are not limited to, employment services, health services, and services for senior citizens.
	Basis for Relative Priority	The Needs Assessment shows the need for public services in rural communities is frequently foregone in order to employ CDBG for fundamental public infrastructure improvements. Additionally, many rural communities lack the service providers needed to deliver such services in their communities.

Table 1 – Priority Needs Summary

Narrative (Optional)

Low-income persons with special needs include colonia residents; elderly and frail elderly populations; homeless populations and persons at risk of homelessness; persons with alcohol and substance use disorders; persons with mental, physical, intellectual, or developmental disabilities; persons with HIV/AIDS and their families; public housing residents and persons on wait lists for public housing; veterans and wounded warriors; victims of domestic violence, including persons with protections under the Violence Against Woman Act ("VAWA") (domestic violence, dating violence, sexual assault, or stalking); youth aging out of foster care; and farmworkers are considered special needs groups for housing-related priority goals. Please refer to the Needs Assessment Chapter of this document for more detailed descriptions of the need associated with special needs groups. Note that when the population is listed as "other," this could be one of three populations: colonia residents, youth aging out of foster care, and farmworkers.

SP-45 Goals Summary – 91.315(a)(4)

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Homeless Goals	2015	2019	Homeless	State of Texas	Emergency shelter and transitional housing Homeless Outreach Homelessness Prevention Rapid Re-housing Rehabilitation of housing	ESG: $41,195,380	Tenant-based rental assistance / Rapid Rehousing: 22850 Households Assisted Homeless Person Overnight Shelter: 53555 Persons Assisted Homelessness Prevention: 31240 Persons Assisted
2	Construction of single family housing	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	HOME: $3,362,570	Homeowner Housing Added: 35 Household Housing Unit
3	Rehabilitation of single family housing	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rehabilitation of housing	HOME: $5,611,175	Homeowner Housing Rehabilitated: 330 Household Housing Unit
4	Homebuyer assistance with possible rehabilitation	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Acquisition of existing units	HOME: $2,408,057	Direct Financial Assistance to Homebuyers: 200 Households Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Tenant-Based Rental Assistance with HOME funding	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Rental Assistance	HOME: $28,055,875	Tenant-based rental assistance / Rapid Rehousing: 2550 Households Assisted
6	HOME Households in new/rehabed multifamily units	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units Rehabilitation of housing	HOME: $37,742,675	Rental units constructed: 300 Household Housing Unit Rental units rehabilitated: 75 Household Housing Unit
7	HOPWA Tenant-Based Rental Assistance	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Homelessness Prevention Rental Assistance	HOPWA: $8,646,610	Tenant-based rental assistance / Rapid Rehousing: 2200 Households Assisted
8	HOPWA Short-Term Rent, Mortgage, & Utilities Asst	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Homelessness Prevention	HOPWA: $2,267,963	Homelessness Prevention: 2350 Persons Assisted
9	HOPWA Permanent Housing Placement Assistance	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Homelessness Prevention Rental Assistance	HOPWA: $42,524	Public service activities other than Low/Moderate Income Housing Benefit: 65 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
10	HOPWA-Funded Supportive Services	2015	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: $2,267,963	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 4450 Persons Assisted
11	CDBG Other Construction	2015	2019	Non-Housing Community Development	State of Texas	Economic development Public Improvements and Infrastructure Public facilities Public services	CDBG: $224,430,740	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 1139215 Persons Assisted
12	CDBG Economic Development	2015	2019	Non-Housing Community Development Economic Development	State of Texas	Economic development Public Improvements and Infrastructure Public facilities Public services	CDBG: $74,368,045	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 66610 Persons Assisted Jobs created/retained: 4000 Jobs
13	CDBG Planning / Capacity Building	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities Public services	CDBG: $2,802,475 CDBG Colonias Set-aside: $121,250	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 187695 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
14	CDBG Disaster Relief / Urgent Need	2015	2019	Non-Housing Community Development	State of Texas	Public Improvements and Infrastructure Public facilities Public services	CDBG: $47,036,165	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 661240 Persons Assisted
15	CDBG Colonia Set-Aside	2015	2019	Affordable Housing Non-Housing Community Development	State of Texas	Acquisition of existing units Production of new units Public Improvements and Infrastructure Public facilities Rehabilitation of housing	CDBG Colonias Set-aside: $29,916,560	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 16740 Persons Assisted
16	CDBG Colonia Self-Help Centers	2015	2019	Self-Help Centers	State of Texas	Public services Rehabilitation of housing Rental Assistance	CDBG: $7,479,140	Other: 72455 Other
17	CDBG Administration	2015	2015	Administration/Technical Assistance		Economic development Public Improvements and Infrastructure Public facilities Public services Rehabilitation of housing	CDBG: $9,474,965	
18	HOME Administration	2015	2019	HOME Administration	State of Texas	Acquisition of existing units Production of new units Rehabilitation of housing Rental Assistance	HOME: $12,287,815	

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
19	NHTF households in new multifamily units	2016	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	Housing Trust Fund: $4,310,529	Rental units constructed: 75 Household Housing Unit
20	NHTF Administration	2016	2019	Affordable Housing Non-Homeless Special Needs	State of Texas	Production of new units	Housing Trust Fund: $478,948	Other: 0 Other
21	HOPWA Facility-Based Housing Subsidy Assistance	2018	2019	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Emergency shelter and transitional housing Rental Assistance	HOPWA: (allocations will be programmed in the 2018 OYAP)	HIV/AIDS Housing Operations Homelessness Prevention
22	HOPWA Resource Identification	2018	2019	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Rental Assistance Supportive Services for Persons with HIV/AIDS Homelessness Prevention Emergency shelter and transitional housing	HOPWA: (allocations will be programmed in the 2018 OYAP)	Other
23	HOPWA Housing Information Services	2019	2019	Affordable Housing Homeless Non-Homeless Special Needs	State of Texas	Supportive Services for Persons with HIV/AIDS	HOPWA: (allocations will be programmed in the 2019 OYAP)	Public service activities other than Low/ Moderate Income Housing Benefit

Table 2 – Goals Summary

Goal Descriptions

1	**Goal Name**	Homeless Goals
	Goal Description	Goals for 5-year period based on Program Year ("PY") 2012 performance.
2	**Goal Name**	Construction of single family housing
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for new construction based on PY 2014 allocation and a planned shift in resources from multifamily to single-family activities.
3	**Goal Name**	Rehabilitation of single family housing
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for rehabilitation and new construction based on the PY 2014 allocation for general single family and persons with disabilities set-asides, and a planned shift in resources from multifamily to single-family activities.
4	**Goal Name**	Homebuyer assistance with possible rehabilitation
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for homebuyer assistance and homebuyer assistance with rehabilitation or modification based on the PY 2014 allocation for contract-for-deed conversion and persons with disabilities set-asides, and a shift in resources from multifamily to single-family activities.
5	**Goal Name**	Tenant-Based Rental Assistance with HOME funding
	Goal Description	The number will be an estimation of households to be assisted through Single-Family HOME funds for TBRA based on the PY 2014 allocation for general single family and persons with disabilities set-asides, and a planned shift in resources from multifamily to single family activities.
6	**Goal Name**	HOME Households in new/rehabed multifamily units
	Goal Description	The number will be an estimation of units rehabilitated or newly constructed based on the PY 2014 allocation and a planned shift in resources from multifamily to single-family activities. Multifamily Development Funds are available in the form of low interest rate repayable loans to for-profit and nonprofit developers to construct and/or rehabilitate affordable multifamily rental housing. HOME Multifamily Development Funds typically represent 5% to 20% of the total development costs on projects that are layered with 9% HTCs. For non-layered projects, HOME Multifamily Development Funds can represent over 50% of a project's total development cost. If the construction is paired with other sources of TDHCA funding, performance is measured at the time that cost certification is measured. If construction is only HOME funding, then performance is measured at the time of final draw.

7	**Goal Name**	HOPWA Tenant-Based Rental Assistance
	Goal Description	The TBRA program provides tenant-based rental assistance to eligible individuals until they are able to secure other affordable and stable housing. TBRA helps clients maintain affordable and stable housing, reduces risk of homelessness, and improves access to health care and supportive services.
8	**Goal Name**	HOPWA Short-Term Rent, Mortgage, & Utilities Asst
	Goal Description	STRMU assistance program: The STRMU program provides emergency short-term rent, mortgage, and utility payments to eligible individuals for a maximum of 21 weeks of assistance in a 52-week period. STRMU helps low-income HIV-positive clients maintain affordable housing, reduce risk of homelessness, and improve access to health care and supportive services.
9	**Goal Name**	HOPWA Permanent Housing Placement Assistance
	Goal Description	The PHP program provides assistance for housing placement costs which may include application fees, related credit checks, and reasonable security deposits necessary to move persons into permanent housing. PHP helps low-income HIV-positive clients establish affordable and stable housing, reduce risk of homelessness, and improve access to health care and supportive services.
10	**Goal Name**	HOPWA-Funded Supportive Services
	Goal Description	HOPWA Supportive Services provides financial assistance for HOPWA case management, basic telephone service, and provision of smoke detectors. Supportive Services may be provided in conjunction with HOPWA housing assistance or as a stand-alone service. HOPWA housing assistance and Supportive Services are integrated with the larger Ryan White Program both in administration and service delivery, which in turn is integrated into the larger, multi-sectoral system for delivering treatment and care to these clients. The goals of the HOPWA program are to help low-income HIV-positive clients establish or maintain affordable and stable housing; to reduce the risk of homelessness; and to improve access to health care and supportive services.
11	**Goal Name**	CDBG Other Construction
	Goal Description	Total number of beneficiaries for CDBG other construction grants, including basic infrastructure. Funding allocated includes annual allocation in addition to previously deobligated funds.
12	**Goal Name**	CDBG Economic Development
	Goal Description	Number of jobs created/retained and beneficiaries served by the Texas Capital Fund programs. Funding allocated includes annual allocation in addition to previously deobligated funds.
13	**Goal Name**	CDBG Planning / Capacity Building
	Goal Description	Total number of beneficiaries served by the CDBG Planning/Capacity Building programs (may include public services). Funding allocated includes annual allocation in addition to previously deobligated funds.

14	**Goal Name**	CDBG Disaster Relief / Urgent Need
	Goal Description	Total number of beneficiaries served by the CDBG Disaster Relief / Urgent Need programs. Funding allocated includes annual allocation in addition to previously deobligated funds.
15	**Goal Name**	CDBG Colonia Set-Aside
	Goal Description	Total number of beneficiaries served by the CDBG colonia programs. Funding allocated includes annual allocation in addition to previously deobligated funds.
16	**Goal Name**	CDBG Colonia Self-Help Centers
	Goal Description	Colonia residents receiving direct assistance through Self-Help Centers..
17	**Goal Name**	CDBG Administration
	Goal Description	CDBG Administrative costs including Technical Assistance.
18	**Goal Name**	HOME Administration
	Goal Description	HOME Administrative funds from PY 2015 HOME allocation and projected PI.
19	**Goal Name**	NHTF households in new multifamily units
	Goal Description	The number will be an estimation of newly constructed units based on average per unit maximum investment. Multifamily Development Funds are available in the form of low interest rate repayable loans to for-profit and nonprofit developers to construct affordable multifamily rental housing. If the construction is paired Tax Credit financing, performance is measured at the time that cost certification is measured. If construction is only Multifamily Direct Loan funds, then performance is measured at the time of final draw.
20	**Goal Name**	NHTF Administration
	Goal Description	NHTF Administrative funds.
21	**Goal Name**	HOPWA Facility-Based Housing Subsidy Assistance
	Goal Description	HOPWA Facility-Based Housing Subsidy Assistance activities will include Short-term supportive housing (STSH) and Transitional supportive housing (TSH). STSH provides temporary housing assistance to eligible individuals to prevent homelessness and allow an opportunity to develop an individualized housing and service plan to guide the client's linkage to permanent housing. TSH provides up to 24 cumulative months of facility-based rental assistance to households that are homeless or at risk of homelessness, including assistance for shared housing arrangements.

22	**Goal Name**	HOPWA Resource Identification
	Goal Description	Resource Identification is used for establishing, coordinating and developing housing assistance resources for eligible persons (including conducting preliminary research and making expenditures necessary to determine the feasibility of specific housing-related initiatives).
23	**Goal Name**	HOPWA Housing Information Services
	Goal Description	Housing information services including, but not limited to, counseling, information, and referral services to assist an eligible person to locate, acquire, finance, and maintain housing. This may also include fair housing guidance for eligible persons who may encounter discrimination on the basis of race, color, religion, sex, age, national origin, familial status, or handicap. Housing counseling, as defined in §5.100, that is funded with or provided in connection with HOPWA funds must be carried out in accordance with §5.111. When grantees provide housing services to eligible persons (including persons undergoing relocation) that are incidental to a larger set of holistic case management services, these services do not meet the definition of Housing counseling, as defined in §5.100, and therefore are not required to be carried out in accordance with the certification requirements of §5.111.

11

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

1m

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding amendments to the Construction Loan Agreement for ADC West Ridge, LP

RECOMMENDED ACTION

WHEREAS, the Department awarded HOME and TCAP Repayment Funds ("TCAP RF") under the 2015-1 Multifamily Development Program Notice of Funding Availability to ADC West Ridge, LP (the "Development Owner") for the construction of Westridge Villas on July 30, 2015;

WHEREAS, the HOME and TCAP RF loans closed on May 19, 2016, and a Construction Loan Agreement ("CLA"), which stipulated a completion date of not more than 18 months from the date of the agreement, was executed the same day;

WHEREAS, the Construction Loan Agreement has been amended once by staff in accordance with 10 TAC §13.12(3), extending the completion date by 12 months to a total of 30 months – November 19, 2018 – from the date the CLA was executed;

WHEREAS, the most recent Construction Progress Schedule submitted in July 2018 indicates that construction is 95% complete;

WHEREAS, the Development Owner has been involved in litigation with the General Contractor as a result of the General Contractor failing to complete construction and subsequently filing a suit against the Development Owner and a lien against the property, which has led to the Development Owner being unable to request a Final Construction Inspection from the Department;

WHEREAS, a Closed Final Construction Inspection Letter – indicating all amenity and accessibility deficiencies identified during a final inspection have been cleared – issued by Inspection staff is a requirement for releasing final draw disbursements;

WHEREAS, the Development owner anticipates construction being completed within the next several months, which would allow for the request of the Final Construction Inspection soon thereafter. This may result in a Closed Final Inspection Letter not being issued until sometime in 2019 because of the length of time it takes to cure deficiencies that are typically identified upon Final Construction Inspection; and

WHEREAS, 10 TAC §13.12 requires Board approval for an extension beyond 12 months to the construction completion date as well as documentation that the extension is necessary to complete construction and that there is good cause for the extension;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee be and each of them hereby are authorized, empowered, and directed, for and on behalf of this Board to extend the completion date in the CLA up to 40 months – September 19, 2019 – from the date of the agreement.

BACKGROUND

The HOME and TCAP RF loans for ADC West Ridge, LP closed on May 19, 2016. Construction commenced soon thereafter. The completion date in the Construction Loan Agreement ("CLA") was originally November 19, 2017, (18 months from loan closing). The First Amendment to the CLA changed the completion date to November 19, 2018 (30 months from loan closing). This proposed Second Amendment would extend the completion date to September 19, 2019, (40 months from loan closing) and would allow the borrower to request the remaining HOME and TCAP RF funds in the Housing Contract System provided a Closed Final Construction Inspection Letter is issued prior to that date. 10 TAC §13.13(b) requires documentation be submitted by the Development Owner to substantiate necessary and good cause for extensions such as the one being requested. Documentation substantiating necessary and good cause for the extension is included behind this Board Action Request. Simply, the fact that there was a delay in a necessary action required by the General Contractor which was outside the control of the Development Owner that caused the need for the extension without any determination of the motivations of the parties is all that is required to substantiate good cause.

Construction was substantially complete by July 2018, but a Final Inspection request has not yet been submitted to TDHCA inspection staff since construction of the swimming pool, playground, and gazebo have not been completed. It is anticipated that the Development Owner will request a Final Construction Inspection within the next several months, with a Final Construction Inspection Letter likely issued within the first few months of 2019. The letter will likely identify several deficiencies as many Final Construction Inspection Letters do. Corrective action documentation will likely be submitted by the Development Owner within 60-90 days from the date the Final Construction Inspection Letter is issued, depending on the severity of the deficiencies.

10 TAC §13.11(q)(10) requires that 25 percent of Developer Fee for Direct Loan-funded developments be withheld until the development receives a Closed Final Construction Inspection Letter. At this time $739,443.26 ($611,734.25 of which is the 25 percent of Developer Fee available upon receipt of a Closed Final Construction Inspection Letter) remains available to be drawn under the HOME and TCAP RF loan documents. This action will allow for the majority of those funds to be drawn after the Closed Final Construction Inspection Letter is issued and all documentation necessary to close out the HOME contract in HUD's reporting system has been submitted to and approved by the Department.

Andrew Sinnott

From: TERRI ANDERSON [Terri_L_Anderson@msn.com]
Sent: Wednesday, September 26, 2018 3:13 PM
To: Andrew Sinnott
Cc: Claire Palmer; Toni Jackson; LOUELLA J GS-13 USAF AETC 56 FSS/FSF ANDERSON
Subject: Re: TDHCA 15502: Construction Loan Extension Deadline

Good afternoon Andrew,

The last Pay Application approved by HUD including the 95% construction completion schedule is the most recent. A subsequent draw request has not been submitted by the Contractor.

We have a Certificate of Compliance from Collin County as the construction permitting jurisdiction, and a license to operate from the City of Frisco. There are no other Certificates of Occupancy to be obtained from the City of Frisco for the property as it was in the ETJ when we began construction.

All residential units are located in Buildings 2-5 and the Leasing Office is Building 1. The detached garages and maintenance/boiler room were not numbered, but have also been accepted in the HUD PTO. I will forward under separate cover.

Our management staff is doing extremely well and we are currently 22.7% occupied as of this Monday. Our move-ins by week's end should bring us up to 30%,and 40% by October 1st. I will also forward this week's occupancy report under separate cover.

Please let me know if you have any additional questions.

Thank you,
Terri

-Terri L. Anderson
Sent from my iPhone (972) 567-4630

GENESIS 50:20
PSALMS 21:11
ISAIAH 54:17

On Sep 26, 2018, at 1:57 PM, Andrew Sinnott <andrew.sinnott@tdhca.state.tx.us> wrote:

> Thanks, Terri. Please let us know if you have a more recent Construction Progress Schedule; the one we have shows 95% complete as of July 2018.
>
> Also, we have a Certificate of Compliance from Collin County and a Multi-Family License from the City of Frisco, but I was curious if you have received a Certificate(s) of Occupancy. Was it McKinney that originally issued the building permits?
>
> Finally, please confirm that Buildings 2, 3, 4, and 5 include all of the units, while Building 1 is the Clubhouse, and please let us know the current occupancy.
>
> Thanks,
>
> Andrew Sinnott
> Multifamily Loan Programs Administrator
> 512.475.0538

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b), there are important limitations and caveats (Also see 10 TAC §10.2(b)).

-----Original Message-----
From: TERRI ANDERSON [mailto:terri_l_anderson@msn.com]
Sent: Wednesday, September 26, 2018 9:54 AM
To: Andrew Sinnott
Cc: Claire Palmer; Toni Jackson; LOUELLA J GS-13 USAF AETC 56 FSS/FSF ANDERSON
Subject: TDHCA 15502: Construction Loan Extension Deadline

Good morning,

Please accept this message as a formal request by ADC WEST RIDGE, LP to extend the construction period for the $4,000,000 total combined HOME/TCAP loans from the current deadline of 11/18/2018 to 11/18/2019. Due to extenuating circumstances beyond the Owner's control, KWA Construction, LP, the general contractor, has failed to reach substantial completion by 7/19/2017.

Subsequently, it was determined by the Architect that KWA was overdrawn by approximately $1,000,000 in September, 2017. KWA failed to proceed to completion and filed a lawsuit against the Owner in January, 2018, then filed a lien against the property on 3/9/2018 for the full contract balance (which was recently released).

While we accepted delivery of the Leasing Office on 6/1/2018 and all residential units on 7/31/2018 under duress, the Punchlist work on the units, accessory buildings, and building exteriors also remain incomplete. As of today, KWA has not completed construction of landscaping, irrigation, or hardscape. KWA also has not started construction of the swimming pool, playground, or gazebo and conducted unauthorized demolition in the Exercise Room after acceptance of the leasing building on 6/1/2018.

The items within the Owner's control have been completed as noted in the attached pictures: theatre room, exercise room, covered patio, business center, game room, warming kitchen, and community room.

Construction Progress Schedule

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 1/31/2017)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collecton displays a valid OMB control number.

Construction practices and HUD administrative requirements establish the need that HAs maintain certain records or submit certain documents in conjunction with the oversight of the award of construction contracts for the construction of new low-income housing developments or modernization of existing developments. These forms are used by HAs to provide information on the construction progress schedule and schedule of amounts for contract payments. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

1. Name of Public Housing Agency/Indian Housing Authority (PHA/IHA)
Department of Housing and Urban Development

2. City: Collin County (Frisco)	3. State: Texas	5. Project Name: West Ridge Villas
4. Location: 9331 West Ridge Blvd.		6. Project Number: 113-35859
7. Contract For: General Construction		8. Contract Time (Days): 430
9. From (mm/dd/yyyy): 05/19/2016	To (mm/dd/yyyy): 07/19/2017	10. Contract Price $: $14,220,745.00

11. Number of Buildings	12. Number of Dwelling Units	13. Number of Rooms
Six	132	260

(Submit as many pages as necessary to cover the construction period.)							
Year (yyyy)	2016	2016	2016	2016	2016	2016	2016
Month	May	June	July	August	September	October	November
Actual Monthly Value, Work in Place ($)	303,721 ~~245,684~~	99,832	340,929	98,597	676,392	359,520	188,757
Actual Accumulated Progress (%)	2.13% ~~2.%~~	2.43%	4.83%	5.52%	10.28%	12.80%	14.13%
Anticipated Monthly Value ($)	199,090	369,739	639,934	639,934	711,037	711,037	2,133,112
Accumulated Scheduled Progress (%)	1.40%	4.00%	8.50%	13.00%	18.00%	23.00%	38.00%

Submitted by	Contractor's Name: KWA Construction, LP		
	Title: Chairman	Signature:	Date (mm/dd/yyyy): 7/13/2018
Approved by	PHA/IHA		
	Title		Date (mm/dd/yyyy)
Approved by	Architect		Date (mm/dd/yyyy)

Construction Progress Schedule

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 1/31/2017)

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Department of Housing and Urban Development

2. City: Collin County (Frisco)	3. State: Texas	5. Project Name: West Ridge Villas
4. Location: 9331 West Ridge Blvd.		6. Project Number: 113-35659
7. Contract For: General Construction		8. Contract Time (Days): 430
9. From (mm/dd/yyyy): 05/19/2016	To (mm/dd/yyyy): 07/19/2017	10. Contract Price $: $14,220,745.00
11. Number of Buildings: Six	12. Number of Dwelling Units: 132	13. Number of Rooms: 260

(Submit as many pages as necessary to cover the construction period.)	Year (yyyy)	2016	2017	2017	2017	2017	2017	2017
	Month	December	January	February	March	April	May	June
Actual Monthly Value, Work in Place	($)	346,143	386,276	479,653	263,816	761,807	1,362,654	1,043,611
Actual Accumulated Progress	(%)	16.57%	19.28%	22.65%	24.51%	29.87%	39.45%	46.79%
Anticipated Monthly Value	($)	1,422,075	1,990,904	1,422,075	1,137,660	1,706,490	853,245	284,414
Accumulated Scheduled Progress	(%)	48.00%	62.00%	72.00%	80.00%	92.00%	98.00%	100%

Submitted by	Contractor's Name: KWA Construction, LP		
	Title: Chairman	Signature: [signature]	Date (mm/dd/yyyy): 7/13/2018
Approved by	PHA/IHA		
	Title		Date (mm/dd/yyyy)
Approved by	Architect		Date (mm/dd/yyyy)

Construction Progress Schedule

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 1/31/2017)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

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Department of Housing and Urban Development

2. City: Collin County (Frisco)
3. State: Texas
5. Project Name: West Ridge Villas
4. Location: 9331 West Ridge Blvd.
6. Project Number: 113-35659
7. Contract For: General Construction
8. Contract Time (Days): 430
9. From (mm/dd/yyyy): 05/19/2016 To (mm/dd/yyyy): 07/19/2017
10. Contract Price $: $14,220,745.00
11. Number of Buildings: Six
12. Number of Dwelling Units: 132
13. Number of Rooms: 260

(Submit as many pages as necessary to cover the construction period.)								
	Year (yyyy)	2017	2017	2017	2017	2017	2017	2018
	Month	July	August	September	October	November	December	January
Actual Monthly Value, Work in Place	($)	459,689	728,244	1,852,997	94,902	732,312	713,150	~~0 – Not Funded~~
Actual Accumulated Progress	(%)	50.02%	55.14%	68.17%	68.84%	73.98%	79%	~~97.47%~~
Anticipated Monthly Value	($)	0	0	0	0	0	0	0
Accumulated Scheduled Progress	(%)	100%	100%	100%	100%	100%	100%	100%

Submitted by
Contractor's Name: KWA Construction, LP
Title: Chairman
Signature: [signature]
Date (mm/dd/yyyy): 7/13/2018

Approved by
PHA/IHA:
Title:
Date (mm/dd/yyyy):

Approved by
Architect:
Date (mm/dd/yyyy):

Construction Progress Schedule

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (Exp. 1/31/2017)

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

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1. Name of Public Housing Agency/Indian Housing Authority (PHA/IHA)
Department of Housing and Urban Development

2. City	3. State	5. Project Name
Collin County (Frisco)	Texas	West Ridge Villas
4. Location: 9331 West Ridge Blvd.		6. Project Number: 113-35659
7. Contract For: General Construction		8. Contract Time (Days): 430
9. From (mm/dd/yyyy): 05/19/2016	To (mm/dd/yyyy): ~~07/19/2017~~ 4-26-18	10. Contract Price $: $14,220,745.00

11. Number of Buildings	12. Number of Dwelling Units	13. Number of Rooms
Six	132	260

(Submit as many pages as necessary to cover the construction period.)							24 Original	
Year	(yyyy)	2018	2018	2018	2018	2018	2018	2018
Month		February	March	April	May	June	July	August
Actual Monthly Value, Work In Place	($)	~~0 - Not Funded~~	~~0 - Not Funded~~	~~0 - Not Funded~~ 1,758,802	~~0 - Not Funded~~	~~0 - Not Funded~~	~~1,760,936~~	
Actual Accumulated Progress	(%)	~~97.88%~~ JW	~~97.88%~~ JW	~~97.88%~~ 95.13 JWP	~~99.67%~~ JWP	~~99.67%~~ JWP	~~93% - HUD Approved~~ JWP	~~99.67%~~ JWP
Anticipated Monthly Value	($)	0	0	0	0	0	0	0
Accumulated Scheduled Progress	(%)	100%	100%	100%	100%	100%	100%	100%

Submitted by	Contractor's Name: KWA Construction, LP		
	Title: Chairman	Signature: [signature]	Date (mm/dd/yyyy): 7/13/18
Approved by	PHA/IHA		
	Title		Date (mm/dd/yyyy)
Approved by	Architect: [signature]		Date (mm/dd/yyyy): 24 July 18

Instructions for Preparation of Construction Progress Schedule Form HUD-5372

General. The information required for items 1 through 6 can be obtained from the contract documents. (7.) Enter the type of work awarded by the PHA/IHA. This may be "general construction," "plumbing," "heating," "electrical," etc., depending uponprime contract awards. (8.) Enter the contract time in calendar days (unless otherwise stated). (9.) Enter the starting and completion dates as established by the Notice to Proceed.

Year and Month. At the top of the Schedule, space is provided for inserting the "Year" and "Month" to identify the times during which the work is to be performed.

Year. Enter the year when the Notice to Proceed was issued. If the starting date of the contract is such that the time assigned for completion will be carried into a succeeding year, two yearly designations will be shown, each centered over the applicable spread of time for each year.

Month. The body of the Schedule is divided into Columns, each representing a period of one month. Starting in the Column with the month stated in the Notice to Proceed, enter at the top of each column the successive months corresponding to the entire spread of the total contract time. The Schedule must contain monthly columns to cover the entire active period of contract, with extra columns for possible overruns in contract time.

Computation of Anticipated Monthly Value of Work in Place

Before presenting the form for approval, enter in each monthly column the dollar value (omit cents) of the increment of work anticipated to be put in place during that interval of time. This shall be the Contractor's best estimate of the rate of progress for each month. This section contains a suggested guide for the elapsed contract time vs. progress percentages.

The horizontal total of the monthly dollars shown for "Antici-pated Monthly Value" must equal the contract price shown in the heading.

Accumulated Scheduled Progress – %

Entries on this line shall show in percentage of total completion the cumulative stage of progress that is scheduled to be reached at the end of each monthly interval. It is generally sufficient to state this anticipated progress to the nearest tenth of one percent, but for very large contracts it may be advisable to extend compu- tations to the nearest hundredth.

The entry for the first month's column should be the % obtained by the anticipated monthly dollar value of work in place at the close of the first month being divided by the contract price.

The entry for the second month's column is obtained by the sum of the anticipated monthly dollar values of work in place for Columns 1 and 2 being divided by the contract price.

Enter in the third month's column the percentage computed similarly, using the sum of dollar values of work in place for Columns 1, 2, and 3. Continue in this manner for the succeeding monthly columns until "100" is reached in the final column.

Charting Actual Progress. The horizontal space extending through the monthly columns is divided into "Actual Monthly Value of Work in Place – $" and Actual Accumulated Progress – %." In each monthly column show the actual accumulated % of progress and the actual value of work in place for that month, as the work progresses. An anticipated complete shutdown at some stage in the work because of adverse seasonal weather or otherwise, as may occur in road work, excavation (grading), etc., is readily shown by a gap.

The Contractor's name shall be placed in the lower left-hand corner of the form, together with the signature and title of the employee who prepared the Schedule and the date. The form then shall be sent to the Architect for review. If the Architect considers that changes are necessary to make the Schedule more realistic, it will withhold approval and so advise the Contractor. When the form is acceptable and approved by the Architect, and the PHA/ IHA, it will be returned to the Contractor, who shall reproduce and submit the number and style of prints required by the PHA/ IHA.

Normal building construction experience has proved that the rate of overall progress (as measured by work in place) accelerates slowly at the start, reaches its peak in the middle third of the construction period, and tapers down at the close. The data following illustrate the general average expectancy of a well-balanced operation and may be used as a guide. If the proposed progress lies within reasonable range of these check points, the Schedule may be considered satisfactory insofar as the time-performance feature is involved.

% of Contract Time	% of Accumulated Progress
0	
10	208
20	
30	20
40	37
50	57
60	75
70	89
80	96
90	9
10	10

The foregoing percentages must be tempered by consideration of seasonal weather conditions and other known conditions which may affect the progress of the work. These percentages are offered for information only.

Permission to Occupy Project Mortgages

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(Exp. 09/30/2016)

Project Name: West Ridge Villas
Project Number: 113-35659
Project Location: 9331 WestRidge Blvd, McKinney, TX 75070
Request Number: ONE (1)

Request for Permission to Occupy
Federal Housing Administration
Permission is requested for the occupancy of (Number) 0 living units identified as LEASING Building

and located in (Describe structure, wing, entrance, etc.) FREE Standing Building [Building #1]

All work in connection therewith has been substantially completed and all of the above-described living units are suitable for occupancy, with the fixtures and equipment installed and in operating condition. Light, heat, water, gas, and sanitary services have been connected and areavailable for use. The premises have been inspected by the public authorities have jurisdiction and permission to occupy granted by them as evidenced by the ce rtificates attached hereto. Safe and adequate approaches to the site and the aforesaid living units have been provided, including temporary or permanent gard rails, barricades, walks, lights, and other provisions necessary to the protection of tenants and the public. Proposed rental schedules or monthly charges in triplicate and mortgagor's proposal for management of the project and compensation to be paid therefor, if and as requested by corporate charter have beenor are herewith submitted.

ADC West Ridge, LP
Mortgagor
Date (mm/dd/yyyy) 05/29/2018

By ADC West Ridge, LP a TX LP
By: CHK West Ridge Villas LLC, GP
By: Center For Housing Resources Inc, mgr.
[signature], Chairperson

Architect's Certificate of Substantial Completion
I have inspected the units listed above and have found construction to be sufficiently complete and in accordance with contractequirements so that owner may occupy the above described living or service units for the uses intended. I have examined all required certificates of perm ission to occupy as issued by public authorities having jurisdiction and found same to be in proper order.

[signature] Architettura Inc
Architect
Date (mm/dd/yyyy) 29 May 18
By [signature]

Contractor's Certification
This is to certify that all work or correction necessary to complete the above-described living units in accordance with the co ntract requirements and in a manner acceptable to the Federal Housing Administration will be performed without delay and at no additional cost regardlessamf adverse conditions resulting from the occupancy of the aforesaid living units.

KWA Construction
Contractor
Date (mm/dd/yyyy) 11/12/17
By [signature]

Mortgagee's Statement
Federal Housing Administration
All insurance risks have been covered in conformity with Federal Housing Administration Hazard Insurance requirements issued in connection with this project. The above request is acceptable to the undersigned.

Mortgagee

Date (mm/dd/yyyy)

By

To (Name of Mortgagee, Street Address, City, State, Zip):

FHA Inspection Report

Examination of the living units described above, including the available means of access thereto, reveals they are suitable foroccupancy with the exception of those enumerated below, which are considered unsuitable for occupancy at this time for the reasons stated.

Inspected 5/29/18 (Date mm/dd/yyyy)

By Wayne Crawford

☐ Architectural ☐ Construction Representative

Approved ☐ as reported above; ☐ as modified by me

☐ Chief Architecture & Engineering Section ☐ Deputy

Approved: Date ______ (mm/dd/yyyy)

By ______

☐ Chief Underwriter; ☐ Assistant Director for Technical Services ☐ Deputy

Permission to Occupy

Permission is granted for the occupancy of the living units identified on the FHA Inspection Report portion of this form as sui table for occupancy. It is understood that this does not constitute and shall not be construed as acceptable of construction and that completion of these living units in accordance with the contract documents is essential and will be performed prior to acceptance of the construction.

Federal Housing Administration,

By ______ (Authorized agent)

Date (mm/dd/yyyy) ______

Permission to Occupy Project Mortgages

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0029
(Exp. 09/30/2016)

Public Reporting Burden for this collection of information is estimated to average 4 hours per response, including the time fo r reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displaysa valid OMB control number.

This information is being collected under Public Law 101-625 which requires the Department of to implement a system for mortgage insurance for mortgages insured under Sections 207,221,223,232, or 241 of the National Housing Act. The information will be used by HUD to approve rents, property appraisals, and mortgage amounts, and to execute a firm commitment. Confidentiality to respondents is ensured if it would result in competitive harm in accord with the Freedom of Information Act (FOIA) provisions or if it could impact on the ability of the Department's mission to provide housing units under the various Sections of the Housing legislation.

Project Name: West Ridge Villas
Project Number: 113-35659
Project Location: 9331 Westridge Blvd, McKinney, TX 75070
Request Number: Two (2)

Request for Permission to Occupy
Federal Housing Administration

Permission is requested for the occupancy of (Number) 132 living units identified as Buildings 2, 3, 4 & 5 Boiler/maintenance Bldg. Garage Building

and located in (Describe structure, wing, entrance, etc.)

All work in connection therewith has been substantially completed and all of the above-described living units are suitable for occupancy, with the fixtures and equipment installed and in operating condition. Light, heat, water, gas, and sanitary services have been connected and areavailable for use. The premises have been inspected by the public authorities have jurisdiction and permission to occupy granted by them as evidenced by the ce rtificates attached hereto. Safe and adequate approaches to the site and the aforesaid living units have been provided, including temporary or permanent gard rails, barricades, walks, lights, and other provisions necessary to the protection of tenants and the public. Proposed rental schedules or monthly charges in triplicate and mortgagor's proposal for management of the project and compensation to be paid therefor, if and as requested by corporate charter have beenor are herewith submitted.

Mortgagor: ADC West Ridge, LP
By: CHR West Ridge Villas LLC, its GP
By: Center for Housing Resources, Inc.

Date (mm/dd/yyyy) 07/31/2018
By [signature] per attached

Architect's Certificate of Substantial Completion

I have inspected the units listed above and have found construction to be sufficiently complete and in accordance with contractequirements so that owner may occupy the above described living or service units for the uses intended. I have examined all required certificates of perm ission to occupy as issued by public authorities having jurisdiction and found same to be in proper order.

Architect: Architettura Inc

Date (mm/dd/yyyy) 31 July 18
By [signature] per attached

Contractor's Certification

This is to certify that all work or correction necessary to complete the above-described living units in accordance with the co ntract requirements and in a manner acceptable to the Federal Housing Administration will be performed without delay and at no additional cost regardlessof adverse conditions resulting from the occupancy of the aforesaid living units.

Contractor: KWA Construction

Date (mm/dd/yyyy) 03/12/2018
By [signature] 7/31/18

Mortgagee's Statement
Federal Housing Administration

All insurance risks have been covered in conformity with Federal Housing Administration Hazard Insurance requirements issued in connection with this project. The above request is acceptable to the undersigned.

Mortgagee

Date (mm/dd/yyyy) ______ By ______

To (Name of Mortgagee, Street Address, City, State, Zip):

FHA Inspection Report

Examination of the living units described above, including the available means of access thereto, reveals they are suitable forccupancy with the exception of those enumerated below, which are considered unsuitable for occupancy at this time for the reasons stated.

Inspected 7/31/18 By Wayne Crawford
(Date mm/dd/yyyy)
☐ Architectural ☐ Construction Representative

Approved ☐ as reported above; ☐ as modified by me
☐ Chief Architecture & Engineering Section ☐ Deputy

Approved: Date ______ By ______
(mm/dd/yyyy)
☐ Chief Underwriter; ☐ Assistant Director for Technical Services ☐ Deputy

Permission to Occupy

Permission is granted for the occupancy of the living units identified on the FHA Inspection Report portion of this form as sui table for occupancy. It is understood that this does not constitute and shall not be construed as acceptable of construction and that completion of these living units in accordance with the contract documents is essential and will be performed prior to acceptance of the construction.

Federal Housing Administration,

By ______
(Authorized agent)

Date (mm/dd/yyyy) ______

COLLIN COUNTY

CERTIFICATE OF COMPLIANCE

This certificate is issued pursuant to the requirements of the International Building & Fire Code, certifying that at the time of issuance this occupancy was in compliance with the various orders of Collin County and certified by the Collin County Fire Marshal's Office, who regulates use for the following:

Use Classification /Group Residential/Group R-2

Property Owner Ker-Seva Ltd Address 9421 Westridge Blvd., McKinney, TX 75070

Occupant of Building Westridge Villas Address 9331 Westridge Blvd., McKinney, TX 75070

Building Address 9331 Westridge Blvd., McKinney, TX 75070 Use Zone Unincorporated Collin County

Date: 5/1/18

By the Authority of Collin County: ______________

Fire Marshal

Inspector ______________

Multi-Family License
City of Frisco, Texas
Building Inspections Division - Multi-Family Inspections
6101 Frisco Square Blvd 3rd Floor, Frisco TX 75034

This license is issued pursuant to the requirements of the Multi-Family Ordinance and hereby certifies that at the time of issuance this property is register with the City of Frisco, Texas

Multi-Family License Number: MFAM18-00008

Issued Date:	05/03/2018	**Expiration Date:**	12/31/2018
Property Name:	WESTRIDGE ADDITION (GCN), BLK A, LOT 2	**Owner Name:**	ADC West Ridge, LP
Property Address:	9331 WESTRIDGE BLVD FRISCO , TX 75070	**Owner Address:**	PO Box 1850 Coppell , TX 75019
Property Phone:	(972) 567-4630	**Owner Phone:**	(972) 567-4630
		Applicant Name:	ADC West Ridge, LP
		Applicant Address:	PO Box 1850 Coppell, TX 75019
		Applicant Phone:	(972) 567-4630

Legal Description: WESTRIDGE ADDITION (GCN), BLK A, LOT 2

Chief Building Offical

POST IN A CONSPICUOUS PLACE


LONDON

1n

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion and possible action regarding an Award of Direct Loan funds from the 2018-1 Multifamily Direct Loan Notice of Funding Availability

RECOMMENDED ACTION

WHEREAS, the Board previously authorized release of the 2018-1 Multifamily Direct Loan Notice of Funding Availability ("NOFA") for up to $28,862,745 with the application acceptance period beginning on January 4, 2018;

WHEREAS, the NOFA has since been amended several times, increasing the amount available to $58,304,276;

WHEREAS, Application #18099, which requested $1,000,000 in Direct Loan funds for Waters Park Studios, is a Priority 3 application under the 2018-1 NOFA that has received complete reviews for compliance with program and underwriting requirements and has previously been awarded 9% housing tax credits and Direct Loan funds on July 26, 2018;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Large Category 2 and deemed acceptable by the Executive Award and Review Advisory Committee ("EARAC") after review and discussion;

WHEREAS, 10 TAC §13.5(d)(2) requires Applications for Developments previously awarded Department funds under any program to be found eligible by the Board;

WHEREAS, this Application has provided evidence of adverse factors beyond the applicant's control that could materially impair their ability to provide affordable housing as a criteria for the Board to consider in affirming their eligibility; and

WHEREAS, this Application has further restricted some of the Direct Loan units originally at 50% Area Median Income ("AMI") to 30% income limits under the National Housing Trust Fund ("NHTF") program, while providing new Direct Loan units that are restricted to 30% NHTF income limits to allow for the entirety of the Direct Loan funds awarded to this application to be National Housing Trust Fund ("NHTF");

NOW, therefore, it is hereby

RESOLVED, that an additional award of $1,000,000 in Direct Loan funds from the 2018-1 NOFA for Waters Park Studios is hereby approved in the form presented at this meeting;

RESOLVED, that the previous award of Direct Loan Funds made on July 26, 2018, in the amount of $1,000,000 will all come from NHTF; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of underwriting, and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

On December 14, 2017, the Board approved the issuance of a NOFA for up to $28,862,745, which has subsequently been amended to increase the amount available to $58,304,276 within three set-asides:

- $22,324,041 in Supportive Housing/ Soft Repayment set-aside, composed of $3.3 million in TCAP RF and $19,024,041 in National Housing Trust Fund
- $8,215,058 of HOME funds under the CHDO set-aside,
- $27,765,177 in the General set-aside, composed of $13,318,946 in HOME, $5 million in NSP1 Program Income and $9,446,231 in TCAP RF.

Waters Park Studios was awarded an allocation of 9% Housing Tax Credits ("HTC") and $1,000,000 in Direct Loan funds on July 26, 2018, which proposed new construction of 132 efficiency units for a Supportive Housing population in Austin. The applicant has not yet received environmental clearance in connection with the NHTF funds that are expected to be utilized for this project, but has been in communication with Department staff regarding the environmental clearance process and has submitted environmental clearance documentation to the Department. While closing on the land occurred on August 31, 2018, NHTF funds may still be awarded to this project since 24 CFR §58.22 – which discusses choice limiting activities – does not apply to NHTF. The Applicant's expectation of increased building costs in Austin, as well as the uncertainty that comes with the City of Austin's site planning process (which tends to increase costs), were provided as justification for requesting additional Direct Loan funds. Also, this request for additional Direct Loan funds, which is anticipated to be funded with NHTF, will help the Department in meeting its commitment deadline for NHTF.

Staff is recommending the Board's approval of Waters Park Studios' application (18099) for NHTF funds totaling $1,000,000 as a loan at 0% interest rate with a 40 year term under the Supportive Housing/ Soft Repayment Set-Aside. Staff also recommends that the Board modify the previous $1,000,000 Direct Loan award to solely be funded with NHTF with the same terms, and allow for the modification of the previous Direct Loan units provided in connection with that award so that all Direct Loan units are restricted to 30% income limits, as defined for the NHTF program. The recommended application and award amounts are outlined in the attached award recommendations log.

This application has been underwritten and determined to meet the Real Estate Analysis rules and requirements and has received a previous participation review.

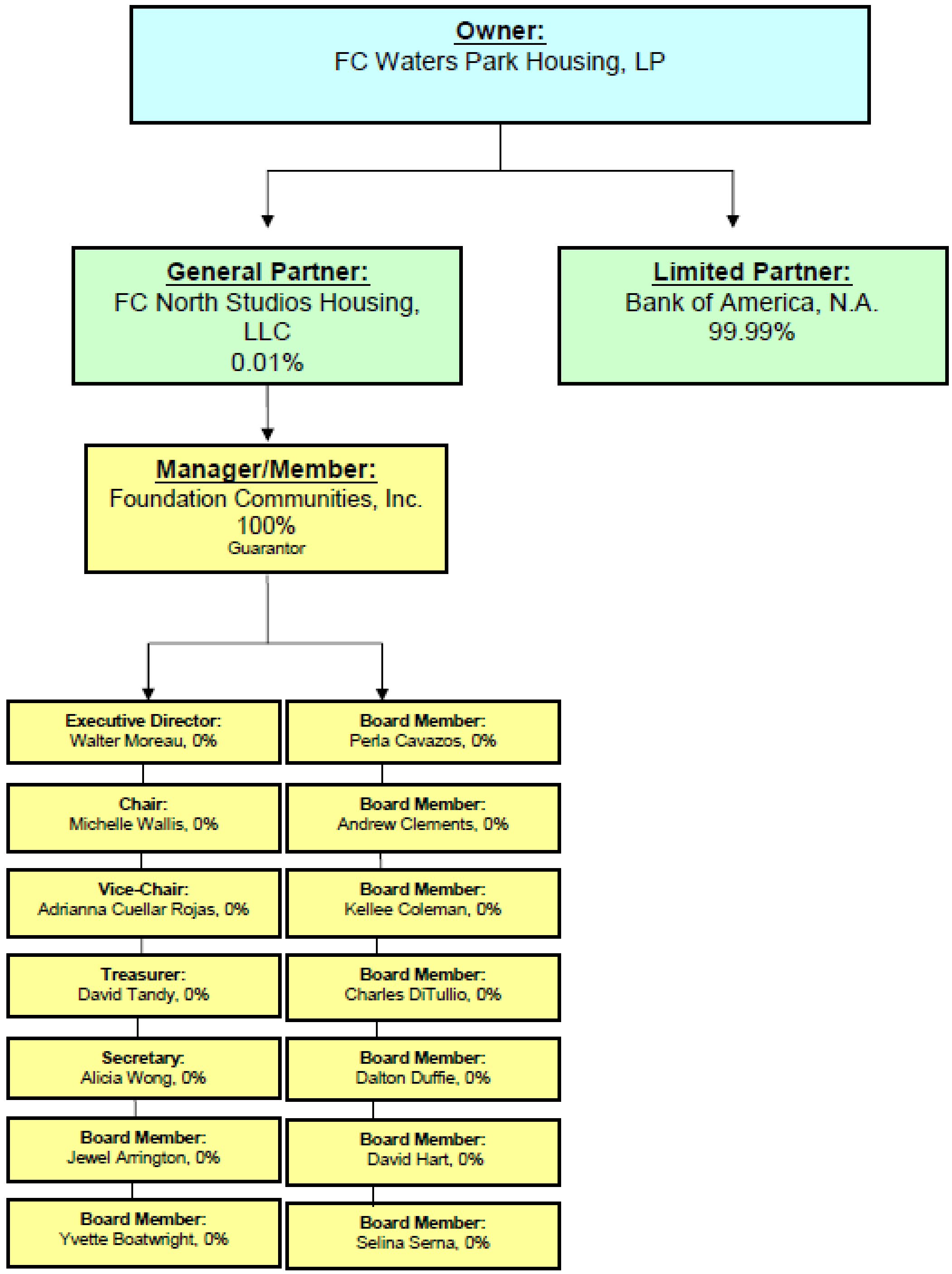
Should the recommended award be approved, $52,324,276 will remain available under the NOFA, of which, 15 applications requesting $33,765,000 are still under review. Subsequent award recommendations for applications undergoing staff reviews may appear on future Board agendas.

The Application and Award Recommendations Log is attached.

Organizational Structure and Previous Participation: The borrower is FC Waters Park Housing, LP and includes entities and principals as indicated in the organization chart below. At the time of the Previous Participation Review, the applicant was a Large Category 2 portfolio. EARAC recommends approval without further comment.

Public Comment: There have been no letters of support or opposition received by the Department in connection with this current application.

Ownership Chart



FOUNDATION COMMUNITIES
creating housing where families succeed

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July 27, 2018

Andrew Sinnott
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: Waters Park Studios
12207 Waters Park Road, Austin, TX 78759
12190 N Mo Pac, Austin, TX 78758
TDHCA #18099

Dear Andrew:

Per 10 TAC 13.5(d)(2), please accept this letter as a request for a finding of eligibility, required for projects that have previously been awarded Department funds. Waters Park Studios received an award of $1,500,000 in 9% Housing Tax Credits (HTC) and a $1,000,000 Multifamily Direct Loan (MFDL) Soft Repayable award on July 26, 2018. The project has not yet started construction.

Foundation Communities respectfully requests that the TDHCA Board find Waters Park Studios eligible for an additional $1,000,000 in MFDL Soft Repayable funds, pursuant to our new MFDL application submitted on July 27, 2018. If approved, this would bring the total MFDL Soft Repayable funding for Waters Park to $2,000,000, allowable under the revised per-project limit authorized in the Second Amendment to the 2018-1 Multifamily Direct Loan NOFA published today.

Development costs have risen rapidly in Austin this year. This is a factor beyond our control. This is exacerbated by uncertainty in the market about the future cost of materials as a result of changing trade policies. We are also still going through the site planning process with the City of Austin, and have not yet learned if any additional City requirements will come up and add project cost during the permitting process.

As shown in our original HTC and MFDL application, Foundation Communities committed a $4,410,658 owner contribution to bridge the funding gap for this supportive housing project. We are proposing that this additional $1,000,000 in MFDL Soft Repayable funds be used to reduce the owner funds to $3,410,658 – and by thus reducing the sponsor loan below our initial commitment, providing a hedge against any factors beyond our control that result in higher than anticipated costs and a needed increase in Foundation Communities gap funds.

Additionally, we understand that TDHCA has a substantial allocation of Housing Trust Fund (HTF) dollars that have federally-dictated commitment and expenditure deadlines. As a supportive housing project, Waters Park Studios is well aligned with the goals of the HTF program and our commitment to deeply affordable units.

- Under our current MFDL award, Foundation Communities committed to restricting six 30% MFI and four 50% MFI units under the MFDL LURA (mirroring HTC restrictions). If this second MFDL request is approved, Foundation Communities will move the previous four 50% MFDL units on to 30% units (still mirroring HTC), so that all 10 MFDL units under the prior award are layered on to 30% MFI units.
- We would also commit eight additional 30% MFDL units, for a total of 18 30% MFI MFDL units.

These affordability commitments will allow TDHCA to utilize HTF funds for the full $2,000,000 in proposed MFDL Soft Repayment funds for Waters Park.

With an HTC award in hand, Waters Park Studios is ready to go – we are well on track to start construction in the spring of 2019 and deploy TDHCA's HTF allocation.

We ask the Board to consider the substantial benefit to the project of the risk mitigation resulting from an award of an additional $1,000,000 in MFDL Soft Repayment funds to Waters Park Studios.

Sincerely,

Walter Moreau

Walter Moreau
Foundation Communities, Inc.

Real Estate Analysis Division
October 4, 2018

Addendum to Underwriting Report

TDHCA Application #: **18099** Program(s): **9% HTC/MDL**

Waters Park Studios

Address/Location: 12207 Waters Park Road (78759) and 12190 N Mo Pac Expy. (78758)

City: Austin County: Travis Zip: 78759

	APPLICATION HISTORY
Report Date	**PURPOSE**
10/04/18	**Additional Direct Loan Request and Commitment Memo**
07/05/18	Original Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Soft Repayable)	$1,000,000	0.00%		40	**$2,000,000**	**0.00%**		**40**	**1**
LIHTC (0% Credit)	$1,500,000				**$1,500,000**				

* Multifamily Direct Loan Terms:

* Pursuant to 10 TAC §13.8(a), the term of a Multifamily Direct Loan should match the term of any superior loan (within 6 months).

* Lien position after conversion to permanent. The Department's lien position during construction may vary.

CONDITIONS STATUS

1 Receipt and acceptance before Direct Loan Closing

a: Substantially final construction contract with Schedule of Values.

b: Updated term sheets with substantially final terms from all lenders

c: Substantially final draft of limited partnership agreement.

d: Documentation identifying any required matching funds, and confirming that the source is eligible to be counted as matching funds under HUD and TDHCA requirements.

e: Documentation that a noise study has been completed, and certification from the Architect that all recommendations from the noise study are incorporated into the development plans.

2 Receipt and acceptance by Commitment:

a: Firm commitment for $4M loan from AHFC clearly stating all terms and conditions.

Status: Satisfied. Firm commitment for $3.2M received; Applicant has provided a 0% interest commitment to bridge the difference.

b: Any outstanding URA documentation.

Status: Satisfied.

3 Receipt and acceptance by Cost Certification:

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

b: Certification that testing for asbestos and lead-based paint was performed on the existing structures prior to demolition, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company.

c: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

d: Certification that septic field remediation was performed by a qualified company.

e: Certification of proper reporting and closure of non operational domestic water well by a licensed well driller.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	27
40% of AMI	40% of AMI	27
50% of AMI	50% of AMI	78

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	18
50% of AMFI	Low HOME	0

ANALYSIS

Applicant is requesting an additional $1M in soft repayable Multifamily Direct Loan (MDL) funds. MDL units will increase from 10 units to 18 units; all MDL units will be restricted to 30% AMI, whereas at original underwriting, 6 MDL units were at 30% and 4 were at 50% AMI. There is no change in the income (total units at each AMI level have not changed), expenses, or development cost. All feasibility indicators remain the same. National Housing Trust Fund (NHTF) is the source of MDL funds.

The $1M increase in MDL is intended to decrease the owner contribution by $1M. However, 2018 AHFC firm commitment was $800k less than assumed at application. In order to cover the difference, actual owner contribution will only decrease $200k. The remaining $800k of AHFC funding is expected to be awarded in 2019; if received, the owner contribution will then decrease by $800k.

The Multifamily Direct Loan is treated as a federal grant and deducted from eligible basis. However, the Applicant voluntarily limited eligible basis by $5.5M at underwriting, which is partially credited to offset the federal grant deduction. As a result, the additional MDL can be structured as forgivable with no impact to original credit allocation.

The Underwriter recommends the previously approved $1,500,000 annual credit allocation and the additional $1,000,000 Soft Repayable Multifamily Direct Loan as requested by the Applicant. The total MDL will be $2,000,000.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Waters Park Studios, Austin, 9% HTC/MDL #18099

LOCATION DATA	
CITY:	Austin
COUNTY:	Travis
Area Median Income	$81,400
PROGRAM REGION:	7

UNIT DISTRIBUTION							
# Beds	# Units	% Total	Assisted	MDL	Income	# Units	% Total
Eff	132	100.0%	0	18	30%	27	20.5%
1	-	0.0%	0	0	40%	27	20.5%
2	-	0.0%	0	0	50%	78	59.1%
3	-	0.0%	0	0	60%	-	0.0%
4	-	0.0%	0	0	MR	-	0.0%
TOTAL	**132**	**100.0%**	**-**	**18**	**TOTAL**	**132**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	518 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		NHTF Rents		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$427	30%/30%	$427	18	0	1	518	$427	$0	$427	$0	$0.82	$427	**$7,686**	**$7,686**	$427	$0.82	$0	$1,100	$2.12	$1,100
TC 30%	$427			9	0	1	518	$427	$0	$427	$0	$0.82	$427	**$3,843**	**$3,843**	$427	$0.82	$0	$1,100	$2.12	$1,100
TC 40%	$570			27	0	1	518	$570	$0	$570	$0	$1.10	$570	**$15,390**	**$15,390**	$570	$1.10	$0	$1,100	$2.12	$1,100
TC 50%	$712			4	0	1	518	$712	$0	$712	$0	$1.37	$712	**$2,848**	**$2,848**	$712	$1.37	$0	$1,100	$2.12	$1,100
TC 50%	$712			74	0	1	518	$712	$0	$712	$0	$1.37	$712	**$52,688**	**$52,688**	$712	$1.37	$0	$1,100	$2.12	$1,100
TOTALS/AVERAGES:				**132**			**68,376**				**$0**	**$1.21**	**$625**	**$82,455**	**$82,455**	**$625**	**$1.21**	**$0**	**$1,100**	**$2.12**	**$1,100**

ANNUAL POTENTIAL GROSS RENT:	**$989,460**	**$989,460**	

STABILIZED PRO FORMA

Waters Park Studios, Austin, 9% HTC/MDL #18099

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Foundation 3 SRO's		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.21	$625	$989,460	$989,460	$625	$1.21		0.0%	$0
Fees - Damages, Late Charges, App, Lega							$8.67	$13,728						
Laundry and Misc. Income							$2.43	$3,852						
Total Secondary Income							$11.10		$17,580	$11.10			0.0%	$0
POTENTIAL GROSS INCOME								$1,007,040	$1,007,040				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(75,528)	(75,528)	7.5% PGI			0.0%	-
Rental Concessions								-					0.0%	-
EFFECTIVE GROSS INCOME								$931,512	$931,512				0.0%	$0
General & Administrative	$43,947	$333/Unit	70,188	$532	6.57%	$0.89	$464	$61,187	$61,187	$464	$0.89	6.57%	0.0%	-
Management	$47,058	4.0% EGI	52,793	$400	5.00%	$0.68	$353	$46,576	$46,576	$353	$0.68	5.00%	0.0%	0
Payroll & Payroll Tax	$173,252	$1,313/Unit	275,915	$2,090	37.04%	$5.05	$2,614	$345,040	$345,040	$2,614	$5.05	37.04%	0.0%	-
Repairs & Maintenance	$89,310	$677/Unit	79,517	$602	9.15%	$1.25	$646	$85,249	$85,249	$646	$1.25	9.15%	0.0%	-
Electric/Gas	$26,488	$201/Unit	89,854	$681	7.07%	$0.96	$499	$65,860	$72,600	$550	$1.06	7.79%	-9.3%	(6,740)
Water, Sewer, & Trash	$106,380	$806/Unit	50,675	$384	4.52%	$0.62	$319	$42,077	$42,077	$319	$0.62	4.52%	0.0%	-
Property Insurance	$38,579	$0.56 /sf	33,351	$253	4.18%	$0.57	$295	$38,940	$38,579	$292	$0.56	4.14%	0.9%	361
Property Tax (@ 100%) 2.2274	$78,058	$591/Unit	47,596	$361	4.99%	$0.68	$352	$46,525	$47,596	$361	$0.70	5.11%	-2.2%	(1,071)
Reserve for Replacements	$39,314	$298/Unit	-	$0	3.54%	$0.48	$250	$33,000	$33,000	$250	$0.48	3.54%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.60%	$0.08	$43	$5,620	$5,620	$43	$0.08	0.60%	0.0%	-
Security			-	$0	0.05%	$0.01	$4	$500	$500	$4	$0.01	0.05%	0.0%	-
TOTAL EXPENSES					**82.72%**	**$11.27**	**$5,838**	**$ 770,574**	**$778,024**	**$5,894**	**$11.38**	**83.52%**	**-1.0%**	**$ (7,450)**
NET OPERATING INCOME ("NOI")					**17.28%**	**$2.35**	**$1,219**	**$160,938**	**$153,488**	**$1,163**	**$2.24**	**16.48%**	**4.9%**	**$ 7,450**
CONTROLLABLE EXPENSES							$4,541/Unit			$4,592/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Waters Park Studios, Austin, 9% HTC/MDL #18099

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
CASH FLOW DEBT / GRANTS	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
City of Austin					0.00%	0	40	$3,200,000	$4,000,000	$4,000,000	$3,200,000	40	0	0.00%			12.8%
TDHCA (MDL) Soft Repayable					0.00%	0	40	$2,000,000	$1,000,000	$1,000,000	$2,000,000	40	0	0.00%			8.0%
City of Austin Fee Waivers					0.00%	0	0	$363,827	$363,827	$363,827	$363,827	0	0	0.00%			1.5%
				$0	TOTAL DEBT / GRANT SOURCES			$5,563,827	$5,363,827		$5,563,827			TOTAL DEBT SERVICE	$0		22.3%
NET CASH FLOW		$153,488	$160,938								APPLICANT	NET OPERATING INCOME		$160,938	$160,938	NET CASH FLOW	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE						
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method	
Bank of America	LIHTC Equity	57.6%	$1,500,000	0.96	$14,398,560	$14,398,560	$14,400,000	$14,400,000	$0.96	$1,500,000	57.6%	$11,364	Previous Allocation	
Foundation Communities, Inc.	Owner Contribution	16.8%			$4,210,658	$4,410,658	$4,410,658	$4,210,658			16.8%			
Foundation Communities, Inc.	Deferred Developer Fees	3.3%	(46% Deferred)		$819,509	$819,509	$818,069	$818,069	(46% Deferred)		3.3%	Total Developer Fee:		$1,772,467
Additional (Excess) Funds Req'd		0.0%					$0	($0)			0.0%			
TOTAL EQUITY SOURCES		77.7%			$19,428,727	$19,628,727	$19,628,727	$19,428,727			77.7%			
TOTAL CAPITALIZATION					$24,992,554	$24,992,554	$24,992,554	$24,992,554			15-Yr Cash Flow after Deferred Fee:			$1,019,925

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$32,273 / Unit	$4,260,000	$4,260,000	$4,260,000	$4,260,000	$32,273 / Unit				0.0%	$0
Closing costs & acq. legal fees					$1,000	$1,000	$1,000	$1,000						$0
Off-Sites				$ / Unit	$0	$0	$0	$0	$ / Unit				0.0%	$0
Site Work		$1,857,000		$14,999 / Unit	$1,979,900	$1,979,900	$1,979,900	$1,979,900	$14,999 / Unit		$1,857,000		0.0%	$0
Site Amenities		$230,178		$1,744 / Unit	$230,178	$230,178	$230,178	$230,178	$1,744 / Unit		$230,178		0.0%	$0
Buiding Costs Associated with Topography		$164,974		$1,250 / Unit	$164,974	$164,974	$164,974	$164,974	$1,250 / Unit		$164,974		0.0%	$0
Building Cost		$11,235,028	$164.31 /sf	$85,114/Unit	$11,235,028	$11,235,028	$10,321,612	$10,321,612	$78,194/Unit	$150.95 /sf	$10,486,586		8.8%	$913,416
Building Cost Limited from Eligible Basis		($5,553,374)	-$81.22 /sf	-$42,071/Unit					-$36,401/Unit	-$70.27 /sf	($4,804,931)		0.0%	$0
Contingency		$396,690	2.94%	5.00%	$680,504	$680,504	$680,504	$680,504	5.36%	3.11%	$396,690		0.0%	$0
Contractor Fees		$1,163,770	13.97%	13.97%	$1,996,395	$1,996,395	$1,872,803	$1,872,803	14.00%	13.97%	$1,163,770		6.6%	$123,591
Soft Costs	0	$1,464,314		$11,093 / Unit	$1,464,314	$1,464,314	$1,464,314	$1,464,314	$11,093 / Unit		$1,464,314	$0	0.0%	$0
Financing	0	$865,750		$7,044 / Unit	$929,794	$929,794	$929,794	$929,794	$7,044 / Unit		$865,750	$0	0.0%	$0
Developer Fee	$0	$1,772,467	14.99%	9.97%	$1,772,467	$1,772,467	$1,772,467	$1,772,467	10.51%	14.99%	$1,772,467	$0	0.0%	$0
Reserves				$2,106 / Unit	$278,000	$278,000	$278,000	$278,000	$2,106 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED B/	**$0**	**$13,596,799**		$189,338 / Unit	**$24,992,554**	**$24,992,554**	**$23,955,547**	**$23,955,547**	$181,481 / Unit		**$13,596,799**	**$0**	**4.3%**	**$1,037,007**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	$0								
Contractor's Fee		$0			$0	$0								
Financing Cost		$0												
Developer Fee	$0	$0			$0	$0								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$13,596,799**		$189,338/unit	**$24,992,554**	**$24,992,554**	**$23,955,547**	**$23,955,547**	$181,481/unit		**$13,596,799**	**$0**	**4.3%**	**$1,037,007**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$24,992,554**								

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$13,596,799	$0	$13,596,799
Deduction of Federal Grants	$0	($2,000,000)	$0	($2,000,000)
Credit Back for Voluntary Basis Reduction	$0	$2,000,000	$0	$2,000,000
TOTAL ELIGIBLE BASIS	$0	$13,596,799	$0	$13,596,799
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,675,838	$0	$17,675,838
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$17,675,838	$0	$17,675,838
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,590,825	$0	$1,590,825
CREDITS ON QUALIFIED BASIS	$1,590,825		$1,590,825	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9600	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$1,590,825	$15,271,924	----	----	----
Needed to Fill Gap	$1,585,216	$15,218,069	----	----	----
Previous Allocation	$1,500,000	$14,400,000	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

Waters Park Studios, Austin, 9% HTC/MDL #18099

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$931,512	$950,142	$969,145	$988,528	$1,008,299	$1,113,243	$1,229,110	$1,357,037	$1,498,279	$1,654,221
TOTAL EXPENSES	3.00%	$770,574	$793,225	$816,547	$840,559	$865,281	$1,000,316	$1,156,568	$1,337,387	$1,546,653	$1,788,860
NET OPERATING INCOME ("NOI")		**$160,938**	**$156,917**	**$152,598**	**$147,969**	**$143,017**	**$112,927**	**$72,543**	**$19,650**	**($48,375)**	**($134,639)**
EXPENSE/INCOME RATIO		82.7%	83.5%	84.3%	85.0%	85.8%	89.9%	94.1%	98.6%	103.2%	108.1%
MUST -PAY DEBT SERVICE											
TOTAL DEBT SERVICE		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
DEBT COVERAGE RATIO											
ANNUAL CASH FLOW		**$160,938**	**$156,917**	**$152,598**	**$147,969**	**$143,017**	**$112,927**	**$72,543**	**$19,650**	**($48,375)**	**($134,639)**
Deferred Developer Fee Balance		$657,131	$500,214	$347,616	$199,647	$56,629	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$571,909	$1,019,925	$1,229,455	$1,130,268	$637,587

2018-1 Multifamily Direct Loan Program - Application Log - October 4, 2018

Per 2018-1 Multifamily Direct Loan Notice of Funding Availability published in the *Texas Register* on 12/29/2017, First Amendment to NOFA published in the *Texas Register* on 4/6/2018, and Second Amendment to the NOFA published in the *Texas Register* on 7/27/18

The following data was compiled using information submitted by each applicant. While this data has been reviewed or verified by the Department, errors may still be present. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Where Applications are layered with 9% or 4% Tax credits, the Applications are also subject to evaluation under the Department criteria for those fund sources. Applicants are encouraged to review 10 TAC §§11.1(b) and 10.2(a) concerning Due Diligence and Applicant Responsibility, along with 10 TAC Subchapter C related to Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications. This log will be updated periodically as staff completes application reviews and as more applications are received. The Multifamily Direct Loan Program - Application Log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Applicants that identify an error in the log should contact Andrew Sinnott at andrew.sinnott@tdhca.state.tx.us as soon as possible. Identification of an error early does not guarantee that the error can be addressed administratively.

Applications sorted by date received within each set-aside.

TCAP RF	$3,300,000
NHTF	$19,024,041
Total Set Aside Funding Level:	**$22,324,041**

Supportive Housing/ Soft Repayment (SH/SR)

TDHCA Application #	Property Name	Property City	Property County	Region	Housing Activity [1]	Multifamily Direct Loan Request/ Award	Target Population	Total Units	MF Direct Loan Units	Layering [2]	Date Received [3]	Comments
18502	Arlinda Gardens Supportive Housing	Bryan	Brazos	8	NC	$ -	Supportive Housing	29	13		3/1/2018	Application withdrawn 8/7/18
18099	Waters Park Studios	Austin	Travis	7	NC	$ 1,000,000	Supportive Housing	132	10	9%	4/2/2018	Recommended for award at 7/26/18 Board meeting
18099	Waters Park Studios	Austin	Travis	7	NC	$ 1,000,000	Supportive Housing	132	8	9%	7/27/2018	Requesting additional $1,000,000 in DL funds as result of Amended NOFA
18504	Brooks Haven Supportive Housing	Rockdale	Milam	8	NC	$ 2,000,000		30	9		8/31/2018	
18502	Arlinda Gardens Supportive Housing	Bryan	Brazos	8	NC	$ 2,000,000	Supportive Housing	29	13		9/12/2018	
18503	Eastern Oaks Apartments	Austin	Travis	7	R	$ 2,000,000	General	30	18		9/19/2018	
Total Amount Requested Under SH/SR Set Aside						**$ 8,000,000**	**Total Units**	**353**	**58**			
Total Amount Awarded Under SH/SR Set Aside						**$ 1,000,000**	**Total Units**	**30**	**10**			
Total Amount Remaining Under SH/SR Set Aside						**$ 21,324,041**						

CHDO (HOME funds only)

Total Set Aside Funding Level: **$8,215,058**

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity [1]	Multifamily Direct Loan Request/ Award	Target Population	Total Units	MF Direct Loan Units	Layering [2]	Date Received [3]	Comments
18322	Las Casitas de Azucar	Santa Rosa	Cameron	11	NC	$ 1,600,000	General	50	14	9%	4/2/2018	Recommended for award at 7/26/18 Board meeting
18391	Merritt Manor	Manor	Travis	7	NC	$ 2,000,000	Elderly Limitation	146	30	9%	4/2/2018	
Total Amount Requested Under CHDO Set Aside						**$ 3,600,000**	**Total Units**	**196**	**44**			
Total Amount Awarded Under CHDO Set Aside						**$ 1,600,000**	**Total Units**	**50**	**14**			
Total Amount Remaining Under CHDO Set Aside						**$ 6,615,058**						

HOME (limited availability statewide)	$13,318,946
NSP1 PI (available statewide)	$5,000,000
TCAP RF (available statewide)	$9,446,231
NSP1 PI and TCAP RF Total	$14,446,231

General

Total Set Aside Funding Level: **$27,765,177**

TDHCA#	Property Name	Property City	Property County	Region	Housing Activity [1]	Multifamily Direct Loan Request/ Award	Target Population	Total Units	MF Direct Loan Units	Layering [2]	Date Received [3]	Comments
18500	Rio Lofts	San Antonio	Bexar	9	NC	$ -	General	81	36	9%	1/11/2018	Application withdrawn 4/11/18
18501	Secretariat Apartments	Arlington	Tarrant	3	NC	$ -	Elderly Limitation	74	29	9%	1/11/2018	Application withdrawn 4/30/18
18412	Lord Road Apartments	San Antonio	Bexar	9	NC	$ -	General	324	50	4%	1/18/2018	$2,975,000 Direct Loan award returned after 4/26/18 Board approval
18417	Sphinx at Throckmorton Villas	McKinney	Collin	3	NC	$ 3,000,000	General	220	18	4%	2/15/2018	
18000	Evergreen at Garland Senior Community	Garland	Dallas	3	NC	$ 1,500,000	Elderly Limitation	105	25	9%	4/2/2018	
18002	Evergreen at Basswood Senior Community	Garland	Dallas	3	NC	$ 2,000,000	Elderly Limitation	116	34	9%	4/2/2018	
18036	Clyde Ranch	Clyde	Callahan	2	NC	$ 660,000	General	40	11	9%	4/2/2018	Recommended for award at 7/26/18 Board meeting
18040	Farmhouse Row	Slaton	Lubbock	1	NC	$ 660,000	General	48	11	9%	4/2/2018	Recommended for award at 7/26/18 Board meeting
18052	Nacogdoches Lofts	San Antonio	Bexar	9	NC	$ 2,025,000	Elderly Limitation	102	35	9%	4/2/2018	
18053	Alazan Lofts	San Antonio	Bexar	9	NC	$ -	General	88	24	9%	4/2/2018	Application terminated
18054	Piedmont Lofts	San Antonio	Bexar	9	NC	$ 2,350,000	General	55	41	9%	4/2/2018	Requested CHDO set-aside, which is unavailable for this application
18369	The Residences at Canyon Lake	Canyon Lake	Comal	9	NC	$ 1,060,000	Elderly Limitation	35	11	9%	4/2/2018	Recommended for award at 7/26/18 Board meeting
18421	Travis Flats	Austin	Travis	7	NC	$ -	General	146	50	4%	4/4/2018	Application withdrawn 7/26/18
18259	Cannon Courts	Bangs	Brown	2	NC	$ 1,800,000	General	36	11	9%	8/30/2018	Previously awarded 9% HTC on 7/26/18
18407	Sphinx at Sierra Vista Senior Villas	Fort Worth	Tarrant	3	NC	$ 4,000,000	General	272	27	4%	8/31/2018	Previously awarded 4% HTC on 3/22/18
18223	Harvest Park Apartments	Pampa	Gray	1	NC	$ 1,000,000	General	60	10	9%	9/13/2018	Previously awarded 9% HTC on 7/26/18
18274	Hill Court Villas	Granbury	Hood	3	NC	$ 1,000,000	Elderly Limitation	48	10	9%	9/13/2018	Previously awarded 9% HTC on 7/26/18

18454	Grim Hotel Apartments	Texarkana	Bowie	4	ADR	$ 4,000,000	General	93	19	4%	9/21/2018	
18019	Highlander Senior Village	Comal	Bulverde	9	NC	$ 3,090,000	Elderly Limitation	66	20	9%	9/25/2018	Previously awarded 9% HTC on 7/26/18
18036	Clyde Ranch	Clyde	Callahan	2	NC	$ 1,110,000	General	40	25	9%	10/1/2018	Requesting additional $1,110,000 in DL funds
18040	Farmhouse Row	Slaton	Lubbock	1	NC	$ 1,740,000	General	48	37	9%	10/1/2018	Requesting additional $1,740,000 in DL funds
Total Amount Requested Under General Set Aside: Development Sites in non-PJs						$ 19,120,000	**Total Units**	628	138			
Total Amount Requested Under General Set Aside: Development Sites in PJs						$ 11,875,000	**Total Units**	864	274			
Total Amount Requested Under General Set Aside: TOTAL						**$ 30,995,000**	**Total Units**	**1,492**	**412**			
Total Amount Awarded Under General Set Aside (HOME)						**$ 2,380,000**	**Total Units**	**123**	**33**			
Total Amount Awarded Under General Set Aside (TCAP RF)						**$ -**	**Total Units**					
Total Amount Awarded Under General Set Aside (NSP1 PI)						**$ -**	**Total Units**					
Total Amount Remaining Under General Set Aside (HOME)						**$ 10,938,946**						
Total Amount Remaining Under General Set Aside (TCAP RF)						**$ 9,446,231**						
Total Amount Remaining Under General Set Aside (NSP1 PI)						**$ 5,000,000**						

1 = Housing Activity: New Construction=NC, Rehabilitation=R, ADR = Adaptive Reuse

2= Layering of Other Department Funds: 9%=9% Competitive Tax Credits, 4%=4% Tax Credit Program

3 = Date Received: The date that the application, all required 3rd Party Reports, Application Fees (if applicable), and Certificate of Reservation (if applicable) were received.

10

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for EaDo Lofts (HTC #17188)

RECOMMENDED ACTION

WHEREAS, EaDo Lofts (the "Development") received an award of 9% Housing Tax Credits ("HTC") in 2017 for the new construction of 80 units of multifamily housing in Houston (the "City"), Harris County;

WHEREAS, EaDo Lofts, LP (the "Development Owner" or "Owner") is now requesting approval for a significant modification of the site plan and a significant modification of the architectural design of the Development due to "opting-in" to the City's Transit Corridor Ordinance due to its location on a Transit Corridor Type A street;

WHEREAS, the Development Owner is also requesting approval for modification of the building configuration and elevations, location of amenities, amenity center plans and square footage, access points, a slight decrease to net rentable area, a decrease to the number of parking spaces, and other non-material changes to meet the City's request and to facilitate the City's approval of the Development plat;

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

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

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendments to the Application for EaDo Lofts are approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

EaDo Lofts (the "Development") received an award of 9% Housing Tax Credits in 2017 for the new construction of 80 units of multifamily housing in Houston, Harris County. The Development is comprised of a four-story, elevator served building containing a clubhouse and amenities tailored to the needs of the residents. As originally proposed, the ground floor would serve as a parking garage with three stories of apartments above. The Development is owned by EaDo Lofts, LP with EaDo Lofts Advisors, LLC as the General Partner with 0.01% interest. The two owners of the General Partner are Cavender Development, LLC, 5% interest, with Zachary G. Cavender as its Sole Owner, and Mark-Dana Corporation, with a 95% interest, with the Koogler family members and related trusts as owners.

On July 20, 2018, David Mark Koogler submitted an amendment request identifying multiple changes to the Application, including the site plan, building plans (including elevations), location of amenities, and a reduction in the number of parking spaces.

According to the request, after the HTC Application was submitted, in order to obtain the plat required for EaDo Lofts and at the City's request, the Development "opted-in" to the City's Transit Corridor Ordinance due to its location on a Transit Corridor Type A street (Coyle Street), and its proximity to a METRO Light Rail stop. The Owner explained that, for approval of the plat, the City required the Owner to widen an adjoining street or grant right-of-way to the City, which was unforeseen at Application. A waiver for this requirement was requested by the Owner, but it is not clear if the waiver would have been granted by the City. In lieu of widening the street or granting right-of-way, the City offered the Owner the choice to opt into the City's Transit Corridor Ordinance, which requires other unforeseen changes to the Development.

Inclusion in the Ordinance required the following design changes:

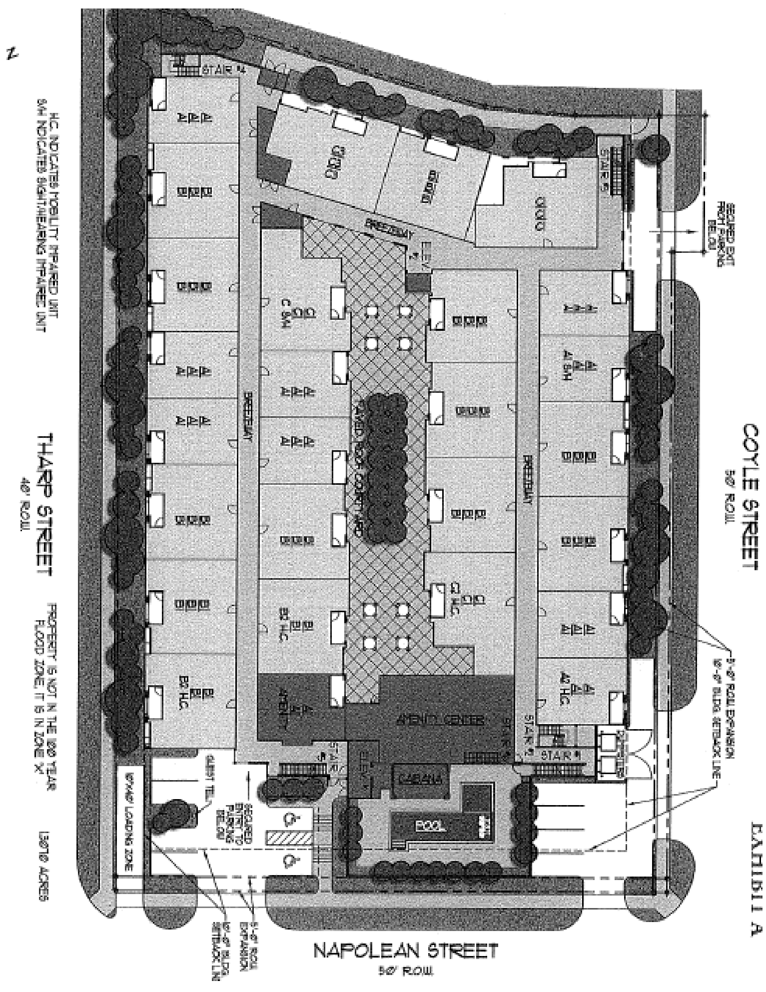
- Placement of the amenity center on the ground floor fronting Coyle Street as the ordinance requires usable space with windows along Coyle Street, and parking behind a wall is not permitted;
- Increased sidewalk width along Coyle Street, also known as the Pedestrian Realm;
- Addition of 26 bike racks;
- Twenty percent (20%) reduction in the required number of parking spaces from 128 to 103 spaces. Reducing parking, as permitted by the Ordinance, and the other ground level changes created the space needed to put the amenity center on the ground floor.

In addition, Unit Type C3 (3 units) was reduced in size by 36 square feet to align with all other three-bedroom units at 1,151 square feet. As a result of the change, the net rentable area decreased from 74,533 square feet to 74,425 square feet (a reduction of 108 square feet, which is a 0.15% reduction in net rentable area).

As a function of moving to the ground floor, the Amenity Center square footage increased by 1,023 square feet from 4,169 to 5,192 square feet (a 24.5% increase). The pool was moved to the building courtyard, eliminating the rooftop courtyard. Also, as required by the City, access points to the parking garage switched so that the entrance is off Coyle Street, and the exit is off Napoleon Street. The building configuration and elevations were adjusted in order to incorporate the design changes required by the Transit Corridor Ordinance. The Mobility and Visual/Hearing accessible units are distributed throughout all floors and buildings. The requested changes are further described.

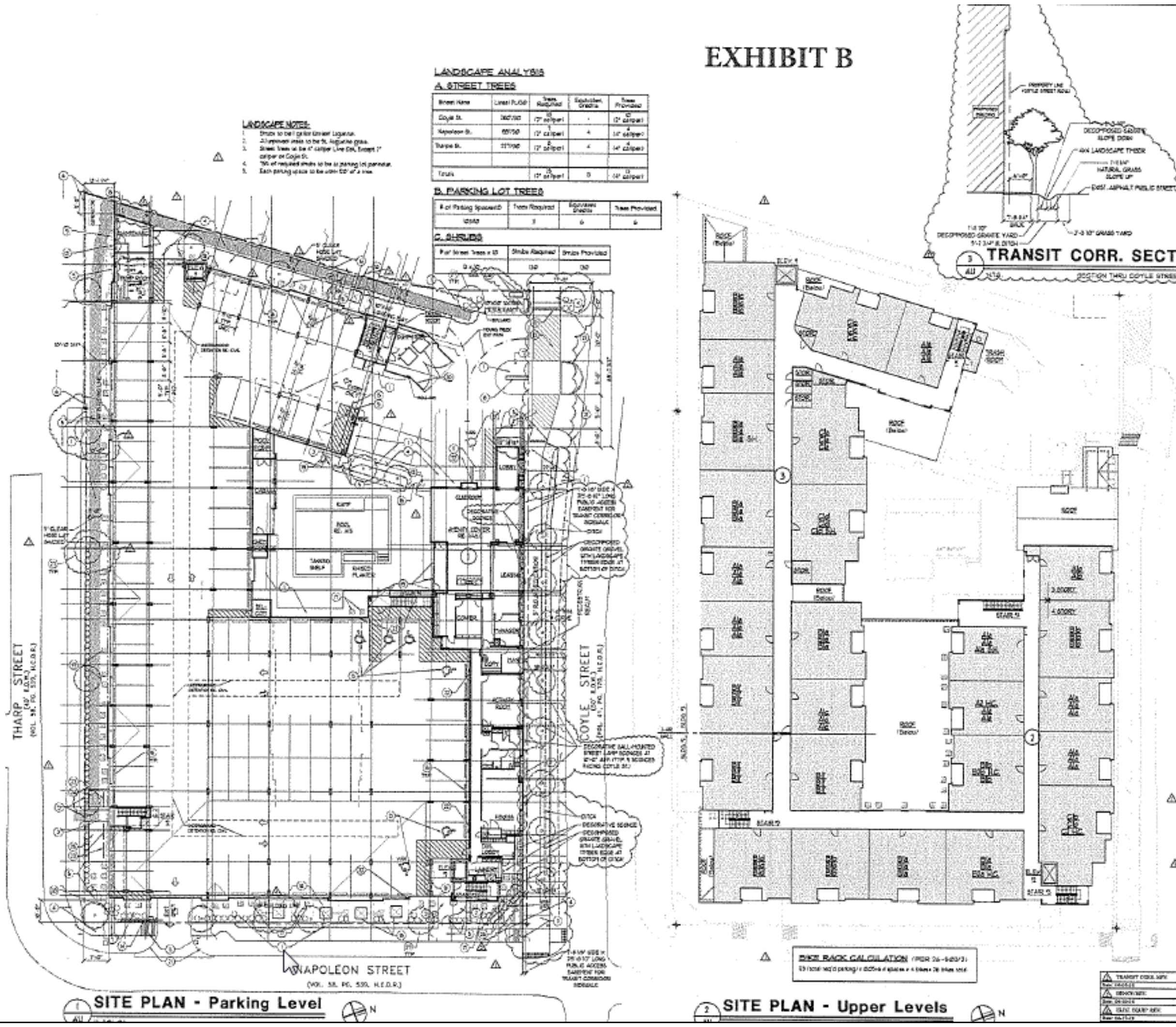
Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Site Plan at Application:



Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Revised Site Plan:



Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**
Development Site: 1.37 acres Total Units: 80 Density: 58.4 units/acre Residential Buildings: 1 **Residential Net Rentable SF: 74,533** **Common Area SF: 4,169** **Total Parking: 128** 30% units: 8 50% units: 32 60% units: 40 1 BR/1 BA: 29 2 BR/1 BA: 39 3 BR/2 BA: 12	Development Site: 1.37 acres Total Units: 80 Density: 58.4 units/acre Residential Buildings: 1 **Residential Net Rentable SF: 74,425 (-0.15%)** **Common Area SF: 5,192 (+24.5%)** **Total Parking: 103 (-25 spaces)** 30% units: 8 50% units: 32 60% units: 40 1 BR/1 BA: 29 2 BR/1 BA: 39 3 BR/2 BA: 12

The Owner states that overall these changes improve the Development in appearance and functionality. The changes consolidate the building and do not increase construction costs. Agreeing to the City's Transit Corridor Ordinance facilitated the City's approval of the plat, especially the right of way variances that were requested, and enables a better design for the Development.

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

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

EaDo Lofts, LP
26302 Oak Ridge Drive, Suite 100
Spring, Texas 77380
(713) 906-4460
(281) 419-1991 Fax
dkoogler@mark-dana.com

July 20, 2018

Via FedEx and Email

Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701-2410
Attn.: Ms. Lucy Trevino
Senior Asset Manager

Re: Application Amendment
EaDo Lofts (TDHCA # 17188), Houston, TX

Dear Ms. Trevino:

EaDo Lofts, LP ("EaDo") received housing tax credits for EaDo Lofts under the 2017 Qualified Allocation Plan ("QAP"). We are submitting an Application Amendment for the following non-material changes to EaDo Lofts:

1. In order to obtain the plat required for EaDo Lofts and at the City of Houston's request, EaDo Lofts "opted-in" to the City of Houston's Transit Corridor Ordinance due to its location on a Transit Corridor Type A street (Coyle St), and proximity to a METRO Light Rail stop. Inclusion in the Ordinance required the following design changes: (i) placement of the amenity center on the ground floor fronting Coyle St. (the Ordinance requires usable space with windows along Coyle; parking behind a wall is not permitted), (ii) increased sidewalk width along Coyle St, also known as the Pedestrian Realm, (iii) addition of 26 bike racks, and (iv) twenty percent (20%) reduction in the required number of parking spaces from 128 spaces to 103 spaces (reducing parking as permitted by the Ordinance and the other ground level changes, created the space needed in order to put the amenity center on the ground floor).

2. Unit type C3 (3 units) was reduced in size by 36 square feet to align with all other 3 bedroom units at 1,151 square feet. As a result of this change, the net rentable area decreased from 74,533 square feet (shown in the tax credit application) to 74,425 square feet (a reduction of 108 square feet which is a 0.15% reduction in net rentable area).

3. As a function of moving to the ground floor, the Amenity Center square footage was increased by 1,023 square feet from 4,169 square feet at application to a final total of 5,192 square feet.

4. Inclusion of the pool into the building courtyard, which eliminated the rooftop courtyard.

5. As required by the City of Houston, access points to parking garage switched so entrance is off Coyle St, and exit is off Napoleon St.

6. As shown on the attached site plans, the building configuration and elevations were adjusted in order to incorporate the design changes required by the Transit Corridor Ordinance.

7. Mobility and Visual/Hearing accessible units distributed throughout all floors and buildings.

Attached as Exhibit A is the site plan submitted with the EaDo Lofts tax credit application and attached as Exhibit B is the site plan, as revised.

Please note that the number of units has not changed and the unit mix has not changed. These changes consolidate the building and do not increase construction costs. Agreeing to the City of Houston's Transit Corridor Ordinance facilitated the City's approval of the EaDo Lofts plat, especially the right of way variances that EaDo Lofts requested, and enables a better design for the project. Overall these changes improve the development in appearance and functionality.

We request that TDHCA approve the amendments as set forth above.

Administrative Process and Amendment Fee

We believe these that this request should be processed administratively because:
(i) these changes are not material,
(ii) these changes were made at the request of the City of Houston,
(iii) these changes do not materially change the design,
(iv) these changes do not change the number of units or the unit mix of the development,
(v) these changes do not cause an increase in the cost of construction,
(vi) these changes do not result in any change in scoring,
(vii) these changes do not change the income levels served,
(viii) construction of the building has not yet started, and
(ix) while there is a slight reduction in net rentable area, the reduction is far less than the 3% materiality standard.

Please accept the enclosed check for $2,500 to pay for processing this amendment. If you concur that these changes are not material, please return the $2,500 check.

Consideration by TDHCA Board

If Asset Management or the Executive Director is unable to grant the requested amendment, we would like this request to be automatically considered by the Board at the September, 2018 Board meeting.

We appreciate your consideration of our request. If you have any questions, please contact me at (713) 906-4460 or Zach Cavender at (281) 292-1968.

Sincerely,

David Mark Koogler
President of Managing Member of
General Partner of EaDo Lofts, LP

cc: Mr. Tim Irvine, Executive Director (via email)
Ms. Raquel Morales, Director of Asset Management (via email)

EXHIBIT A

Project Summary

Apartments:

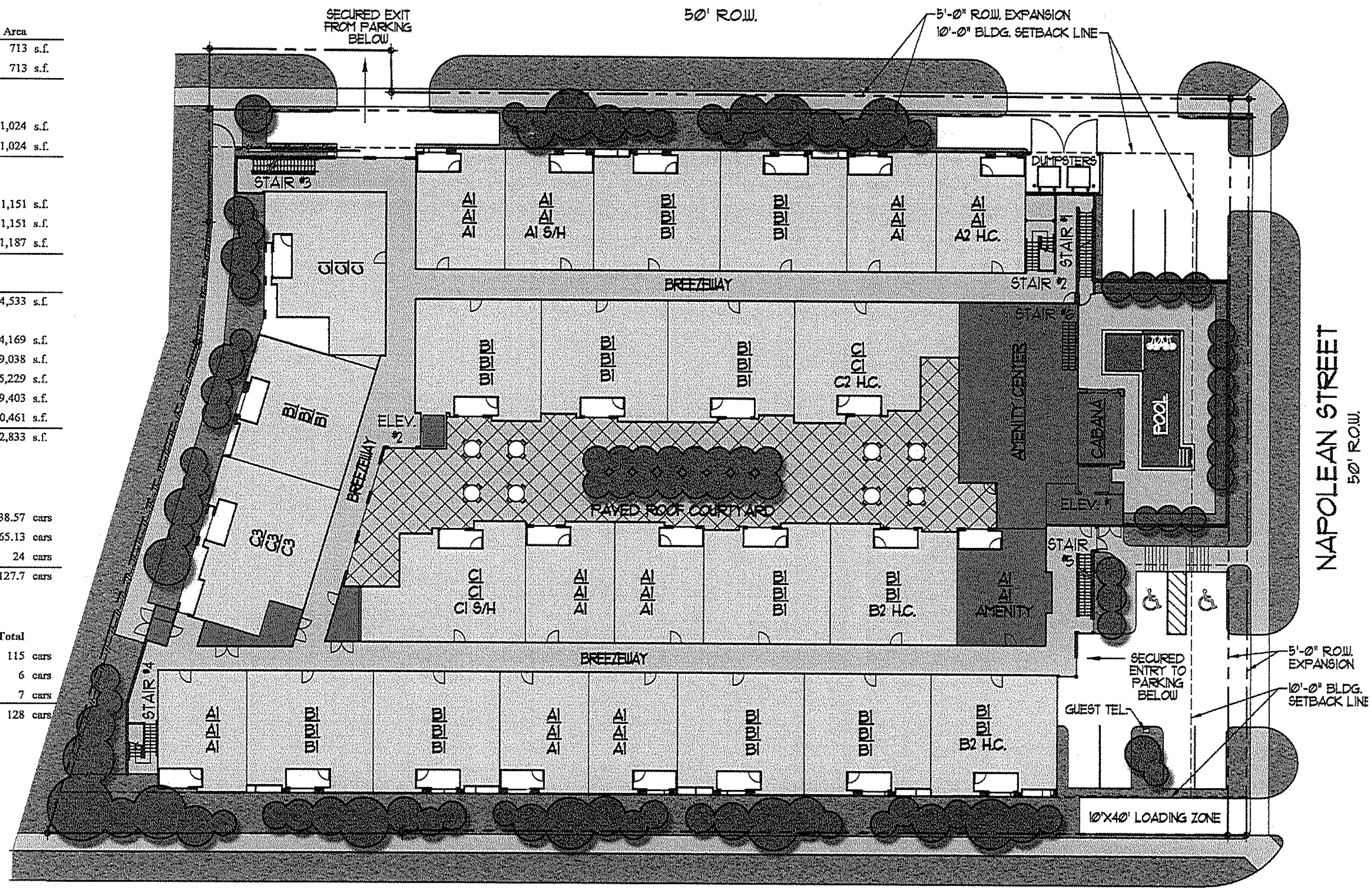
Type	Description	Qty	Area
A1	One Bedroom, 1 Bath	28	713 s.f.
A2 HC	One Bedroom, 1 Bath	1	713 s.f.
Total One Bedroom Units		29 Units	
B1	Two Bedroom, 2 Bath	37	1,024 s.f.
B2 HC	Two Bedroom, 2 Bath	2	1,024 s.f.
Total Two Bedroom Units		39 Units	
C1	Three Bedroom, 2 Bath	8	1,151 s.f.
C2 HC	Three Bedroom, 2 Bath	1	1,151 s.f.
C3	Three Bedroom, 2 Bath	3	1,187 s.f.
Total Three Bedroom Units		12 Units	
Apartments Net Rentable Total Area		80 Units	74,533 s.f.

Amenity Center	4,169 s.f.
Garage	39,038 s.f.
Unit Patio / Balcony	5,229 s.f.
Total Breezeway, Stairs & Elevators	19,403 s.f.
Other Support Areas	10,461 s.f.
Project Total	152,833 s.f.

Parking:

Parking required :	
29 One bedroom Units @ 1.33 cars =	38.57 cars
39 Two bedroom Units @ 1.67 cars =	65.13 cars
12 Three bedroom Units @ 2.0 cars =	24 cars
Total Parking Required:	127.7 cars

Total Parking Provided:	Van Accessible	H.C. Accessible	Standard	Total
Open Parking (secured):	2	6	107	115 cars
Amenity Parking (non-secured):	1	0	5	6 cars
Other (non-secured):	0	0	7	7 cars
Total Parking Provided:	3	6	119	128 cars



H.C. INDICATES MOBILITY IMPAIRED UNIT
S/H INDICATES SIGHT/HEARING IMPAIRED UNIT

THARP STREET
40' R.O.W.

PROPERTY IS NOT IN THE 100 YEAR FLOOD ZONE, IT IS IN ZONE 'X'

1.3070 ACRES

N

0 10 20 30 60

SITE PLAN

EADO Lofts

Mucasey & Associates, Architects

TDHCA Disclosure: In accordance with the rules of the Texas Department of Housing and Community Affairs, aspects of this development may be subject to change, including but not limited to, changes in the amenities ultimately selected and provided.

EXHIBIT B

LANDSCAPE NOTES:

1. Shrubs to be 1 gallon Waxleaf Ligustrum.
2. All unpaved areas to be St. Augustine grass.
3. Street Trees to be 4" caliper Live Oak, Except 2" caliper on Coyle St.
4. 75% of required shrubs to be at parking lot perimeter.
5. Each parking space to be within 120' of a tree.

LANDSCAPE ANALYSIS

A. STREET TREES

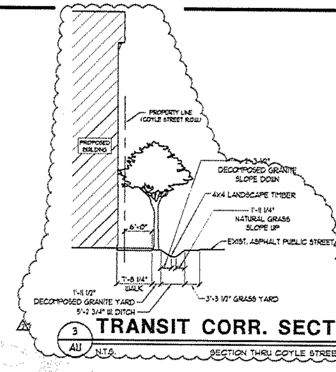
Street Name	Lineal Ft./30	Trees Required	Equivalent Credits	Trees Provided
Coyle St.	280'/30	10 (2" caliper)	-	10 (2" caliper)
Napoleon St.	195'/30	7 (2" caliper)	4	4 (4" caliper)
Tharpe St.	227'/30	8 (2" caliper)	4	4 (4" caliper)
Totals		25 (2" caliper)	13	13 (4" caliper)

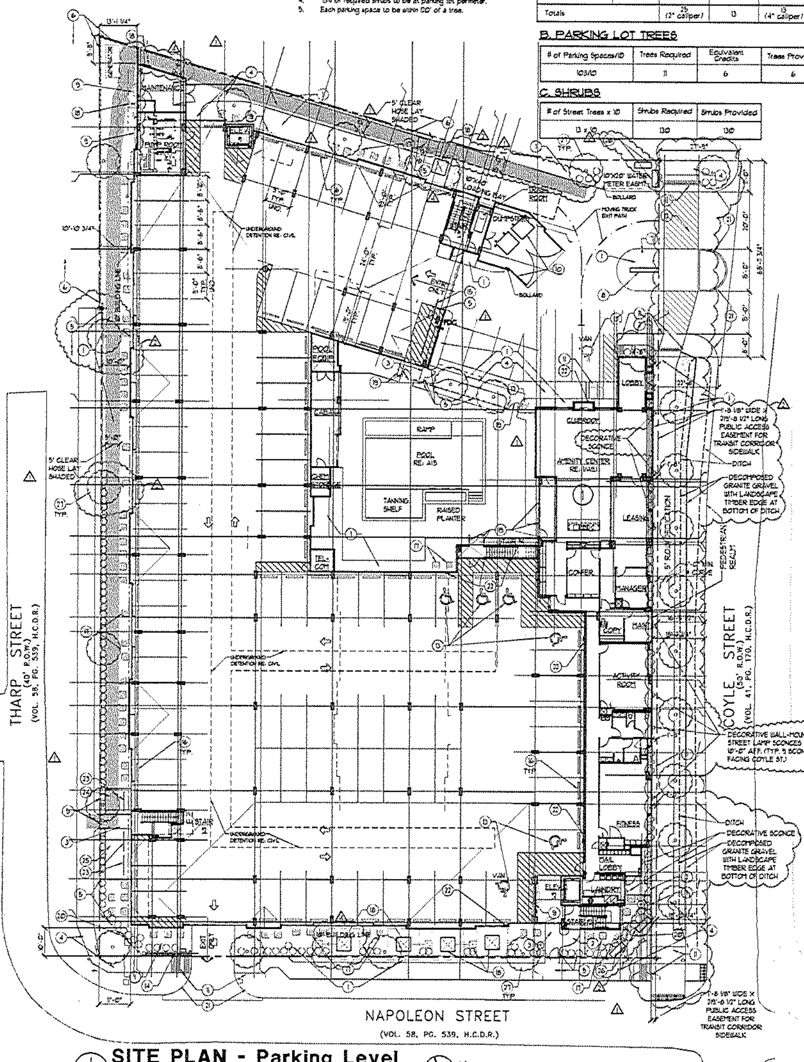
B. PARKING LOT TREES

# of Parking Spaces/10	Trees Required	Equivalent Credits	Trees Provided
103/10	11	6	6

C. SHRUBS

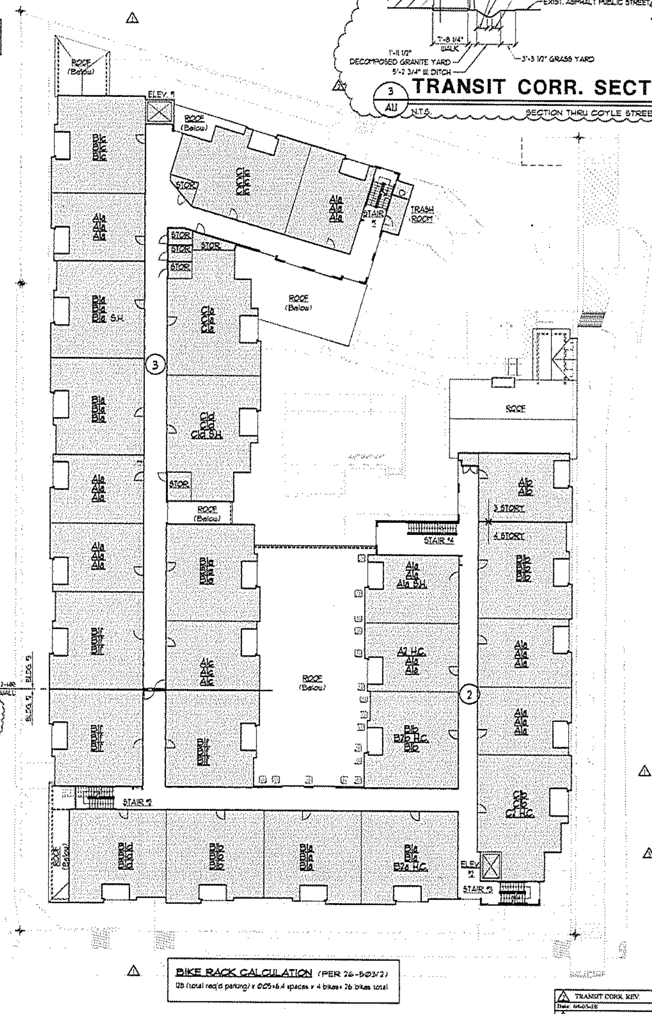
# of Street Trees x 10	Shrubs Required	Shrubs Provided
13 x 10	130	130





SITE PLAN - Parking Level

1" = 20'-0"



SITE PLAN - Upper Levels

1" = 20'-0"

BIKE RACK CALCULATION (PER 26-503/7)

103 (total req'd parking) x 0.25 = 26 spaces x 4 bikes = 26 bikes total

PROJECT SUMMARY:

Apartments:

Type	Description	Qty.	Area
A1	One Bedroom, 1 Bath	28	713 s.f.
A2	One Bedroom, 1 Bath (H.C.)	1	713 s.f.
Total One Bedroom Units		29 Units	
B1	Two Bedroom, 2 Bath	37	1,024 s.f.
B2	Two Bedroom, 2 Bath (H.C.)	2	1,024 s.f.
Total Two Bedroom Units		39 Units	
C1	Three Bedroom, 2 Bath	11	1,151 s.f.
C2	Three Bedroom, 2 Bath (H.C.)	1	1,151 s.f.
Total Three Bedroom Units		12 Units	
Apartments Total		80 Units	74,425 s.f.
Amenity Center			5,192 s.f.
Project Total Net Area			79,617 s.f.

Parking Required:

Note: 20% allowable reduction for location on a Transit Corridor

29 One Bedroom Units @ 1.33 cars =	38.57 x .8 =	30.85 cars
39 Two Bedroom Units @ 1.67 cars =	65.13 x .8 =	52.10 cars
12 Three Bedroom Units @ 2.00 cars =	24 x .8 =	19.20 cars
Total Required Parking	= 127.70 x .8 =	103 cars

Parking Provided:

	Van Accessible	HC Accessible	Standard	Total
Covered Parking (secured)	1	5	91	97 cars
Amenity Center (Guest) Parking (non-secured)	1	-	5	6 cars
Total Parking Provided	2	5	96	103 cars

GENERAL NOTES:

1. "HC" indicates an ADA/UFAS fully accessible apartment (4 units required).
2. "SH" indicates a Sight & Hearing impaired apartment w/ visual and audible devices per ADA requirements (2 units required).
3. Coordinate locations of transformers, electrical meters & panels, water meters, gas meters, cable T.V. & telephone with MEP drawings.
4. Address numbers at least 8" high must be visible from the street or Fire Dept. access lanes.
5. Exterior louvers, fans, & exhaust vents etc. for roof and wall shall be painted to match adjacent surface.
6. Exterior electrical panels, switchgear, gutters, conduit, etc. shall be painted to match the building.
7. Project Entry vehicle gates to have 911 Knox box for emergency vehicle access.
8. Amenity Entry doors to have 911 Knox box.
9. Curbs at parking and driveways are shown face of curb.

CIVIL NOTES:

1. Civil Engineer to provide electronic drawing file for dimensional control.
2. Refer to Civil sheets for dimension locations, slopes and elevations of all buildings, sidewalks, ramps, driveways, parking spaces, and curbs.
3. Maintain Accessible Route typical throughout as required by Fair Housing and the Texas Accessibility Standards. Handicapped Parking stalls and access aisles to have maximum 1:50 slope. Provide flush transition from parking to sidewalks to entry porch slabs, maximum 1:20 slope in direction of travel along accessible route (max. 1:50 cross-slope). Maximum 1:50 slope within 60" of entry doors. Provide accessible level change at thresholds. Provide striped crosswalks at driveways as shown.
4. Public sidewalk crosswalks at driveways to have maximum cross slope of 1:48 (See Civil note #3).
5. Provide detectable warnings on public curb ramps (full width of ramp, 24" in direction of travel) see Section 705 on A1.0.5.

MEP NOTES:

1. Locations of all appliances and fixtures to be governed by Architectural drawings.
2. Provide underground electrical & telephone conduits & supplies to all vehicular gates shown on 1/A1.1.
3. MEP drawings to show locations of transformers, electrical meters & panels, water meters, gas meters, cable T.V., & telephone. Electrical meters and Condensers shown on Architectural Site Plan are for design purpose only and are subject to coordination with MEP Engineer.

NOTES TO SHEET A1.1: (Shown with round tangents)

1. Landscaping.
2. 4'-0" W. concrete sidewalk.
3. 5'-0" W. concrete sidewalk.
4. 6'-0" W. concrete sidewalk, (w/ 2'-0" car overhang where shown dashed).
5. 6'-0" H. metal painted pickets perimeter fence per 2/A1.2 with Gate per 5/A1.2. 3'-0" wide gate, typ. 4'-0" wide gate at Loading Bay.
6. 7'-0" high limited access wood fence. 1x6 cedar pickets, 2x6 treated cap, 4x4 treated posts set in concrete, 2x10 treated rot board at base. (Re: 6/A1.2)
7. Guest telephone at island to operate entry gate.
8. Project Signage (Re: 8/A1.2)
9. Electric meter panel.
10. Dumpster enclosure per 3/A1.2.
11. 6'-0" L. 1:12 slope handicap access curb-ramp, 1:50 max. side slope.
12. Handicap access crosswalk, 1:20 max. slope, 1:50 max. side slope.
13. Handicap accessible parking space 8'-0" W, with 5'-0" W side aisle, 11'-0" W space at Van Accessible stalls, provide signage on pole at head of stall per T.A.S. details.
14. Horizontal sliding painted metal picket limited access Exit Only gate, 18'-6" wide (18'-0" opening) x 6'-0" high, activated by exit loop under pavement. Provide Knox lock box.
15. Horizontal sliding painted metal picket limited access Entry Only gate, 21'-0" wide (18'-0" opening) x 6'-0" high, activated by guest phone & remote controls. Provide Knox lock box.
16. 2'-0" car overhang.
17. ACCU typical.
18. Electrical Equipment, Re: MEP.
19. 4'-7" H. metal painted picket pool fence w/ four 3'-0" wide gates as shown on plan, per 3/A1.2.
20. Visibility Triangle.
21. New curb cut per COH standards.
22. Wall mounted Handicap sign per T.A.S. section 502.6 guidelines.
23. "Keystone Ridge Designs" #SN01-9 (7 loops for 9 bikes) 3 racks=27 bikes (26 req'd). Racks to be bolted to concrete.
24. 9'-0" x 9'-0" x 4" thick flatwork slab for bikes.
25. 9'-0" x 18'-0" x 4" thick flatwork slab for bikes.
26. ~~6'-0" L. Park bench.~~
27. Trees as scheduled, Re: Landscape Analysis.

SIGHT AND HEARING ADAPTABLE UNITS:

(RE: GENERAL NOTE #2)

1. Visual smoke alarm. A hardwired smoke alarm system consisting of interconnected signaling devices with an audible and visual alarm signal in each sleeping room, and an audible and visual alarm signal outside of the sleeping rooms. Locations of other audible alarms comply with Texas Property Code (see Section 3A). If a door separates an interior living space (not including bathrooms) from the visual signal source, an additional visual signal device serves that area. Multiple visual signal ranges do not overlap. Local or state fire code requirements are observed regarding visual alarm height from floor, distance from the ceiling, light pulse characteristics, and alarm locations.
2. Telephone. A telephone jack with system interface wiring capable of supporting voice and TTY communication with public use system. electric outlet next to the telephone jack as needed to power messaging devices.
3. Doorbell. A hardwired electric doorbell system with an activation button at the primary entrance, initiating a strobe light & an audible signal centrally located within the living space, approximately 80" above the floor. If strobes are located in a bedroom, provide a deactivation switch.
4. Switch and outlet cover plates. Electric switch, receptacle and cover plate color and shade for contrast to stand out from the color and shade of the surrounding wall surface.
5. Provide a 180° peephole viewer on the unit entry door, 48" AFF.

TRANSIT CORR. REV.
Date: 04-05-18
BENCH REV.
Date: 04-10-18
ELEC. EQUIP. REV.
Date: 04-17-18
Date:

REGISTERED ARCHITECT MARK C. MUCASEY 09420 STATE OF TEXAS

MUCASEY & Associates
Architects
4808 Gibson, Suite 200
Houston, Texas 77007
Tel: (713) 521-1233
Fax (713) 520-1904
Email: office@mucaseyarchitects.com

EADO LOFTS

A Multi-Family Community
Houston, Texas
Job No. 1701

CLIENT REVIEW
Date: 09-20-2017
ENGINEERING ISSUE
Date: 10-02-2017, 10-04-2017
PODIUM UPDATE
Date: 11-17-2017
ENGR. UPDATE
Date: 11-27-2017
PERMIT /PRICING
Date: 12-07-2017
TDLR REVIEW
Date: 01-03-18
PERMIT REVISION
Date: 02-14-18
PRICING ISSUE
Date: 03-07-18

A1.1

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Eric Hartley

BOARD ACTION REQUEST
ASSET MANAGEMENT DIVISION
OCTOBER 11, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Provision at North Valentine (HTC #17315)

RECOMMENDED ACTION

WHEREAS, Provision at North Valentine (the "Development") received an award of 9% Housing Tax Credits ("HTC") in 2017 for the new construction of 120 units of multifamily housing in Hurst, Tarrant County;

WHEREAS, Provision at North Valentine, LP (the "Development Owner" or "Owner"), is now requesting a modification of the number of units, which impacts the residential density and bedroom mix of units, a reduction of three percent or more in the square footage of the units or common area, a significant modification of the site plan, a significant modification of the architectural design of the Development, and changes in development sources and uses associated with the reduction in units;

WHEREAS, Board approval is required for a modification of the number of units or bedroom mix of units, a reduction of three percent or more in the square footage of the units and common area, a modification of the residential density of at least five percent, a significant modification of the site plan, and a significant modification of the architectural design of the Development as directed in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), (B), (D), (E) and (F), and the Owner has complied with the amendment requirements therein;

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

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested application amendments are approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Provision at North Valentine is a new construction, 120 unit, general multifamily Development in the City of Hurst, in Tarrant County, that was approved during the 2017 competitive 9% Housing Tax Credit cycle. On August 14, 2018, Sarah Anderson, consultant for the Development Owner, Provision at North Valentine, LP (with its 0.01% General Partner, Provision at North Valentine GP, LLC, owned by Provision at North Valentine MM, LLC and SuperUrban Realty Ventures, LLC, which are owned by Michael Gardner and Jervon Harris, respectively), submitted an amendment request from identifying changes to the number of units and related changes in Net Rentable Area, changes in site plan and architectural design, and changes in unit and building plans (including elevations). According to the Owner's request, the proposed changes are all necessary as a result of two unforeseen and non-preventable issues: 1) The unexpected denial of the municipal approval and permitting process, which required the Applicant to revise the site plan, final plat, and civil plan in order to re-submit and ultimately gain City of Hurst approvals necessary to move forward into construction after City Council denied the site plan in December 2017 following a host of citizen complaints and concerns, and 2) An increase in costs based on cost escalation occurring from the delays and from new estimates on building materials, such as lumber and steel. Related changes in financing, income, and expenses were also submitted in relation to the request. The Owner submitted a letter from the City of Hurst Planning & Development Office signed by the Executive Director of Planning and Community Development stating that the City Council's vote to decline approval of the site plan took place after an emotional hearing which moved the City Council to act against the recommendation of the Planning and Zoning Commission. The statement includes confirmation that the delays faced by the Developer were unforeseeable and beyond the scope of the Applicant's control. The City approved the revised site plan and architectural changes on April 24, 2018, and the Owner is now seeking to amend the original Application to include these changes. The changes requested are described in detail below.

Changes in Number of Units & Bedroom Mix, Reduction of Three Percent or More in the Square footages of Units, Modification of the residential density of at least 5 percent, and Non-Material Changes in Parking

The original unit mix consisted of 28 one-bedroom/one-bathroom units and 92 two-bedroom/two-bathroom units. The amendment request submitted by the Owner proposes to eliminate the originally planned 24 market rate units, reducing the total number of units from 120 to 96 and the net rentable square footage from 107,488 to 85,584, a reduction of 20.38%. Although the square footage of the units will remain unchanged (701 and 955 square feet for one- and two-bedroom units, respectively), the proposal will change the unit mix among the remaining HTC units such that 24 units will be offered as one bedroom/one-bathroom units and the remaining 72 units will be offered as two-bedroom/two-bathroom units. According to the Applicant's request, the change in planned market units is a direct result of changes made to counter complaints from the surrounding community and to obtain final approvals from the City of Hurst and is necessary to help offset cost increases affecting the industry and this Development. The change in the number of units per acre resulted in a decrease in residential density, from 12.35 to 9.88 (a change of 20%). Changes in the number of planned units also decreased the number of City required parking spaces, from the previously planned 249 surface spaces to 192 (based on a two per dwelling unit requirement from the City of Hurst).

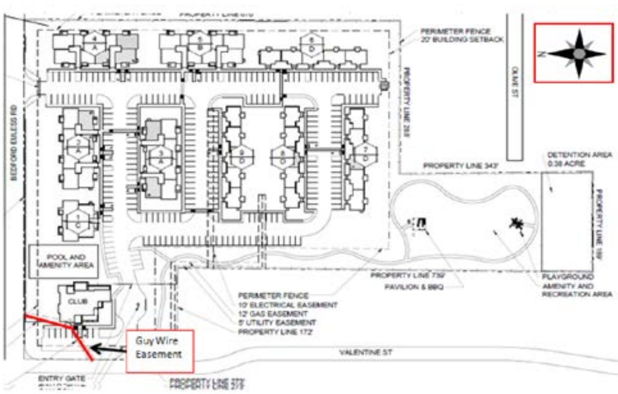
Changes in Architectural Design, Site Plan, and reductions in Common Area

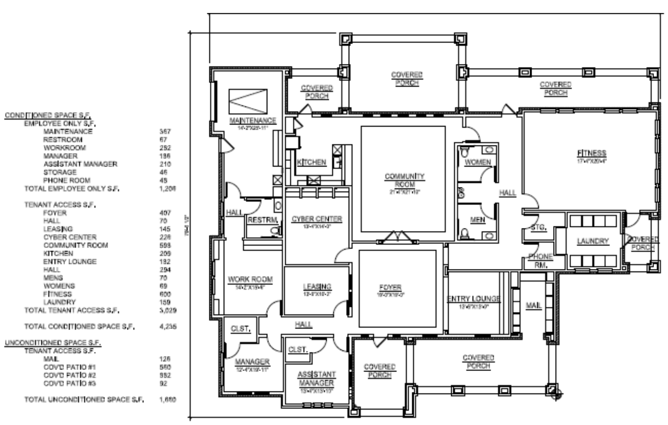
The amendment request submitted by the Owner also proposes changes in architectural design, including changes in the number of residential buildings (nine residential buildings of four architectural types were reduced to six of a single two-story building design, as the site plan was compressed to allow for a larger detention pond area that was required by the City of Hurst and the City Engineer, who required the pond to be moved closer to the outfall), changes in building elevations (according to the Owner, changes were made to building exteriors based on review and comment by City staff during a building façade review, which included a different clubhouse front elevation to a two-story façade), re-design of unit plans for architectural efficiency, and removal of balconies based on citizen comments related to privacy. The site plan, reflecting six residential buildings instead of nine, then moved to a longer, narrower shape on the site behind condensed perimeter fencing and with integrated amenity areas in the center of the plan rather than the previously planned playground/recreation area extending to the south and west sides of the Development, outside of the previously planned property fence line. The Owner's request states that the property fencing was adjusted to fully fence the detention area for safety of the residents and the neighboring single family homes and that changes made to detention and amenity areas were made in order to compress the site plan, streamline construction, and reduce costs. The entrance to the property was also relocated based on comments and final approval related to vehicular ingress and egress; the approved site plan submitted shows an entry/exit gate off of Bedford Euless Road instead of as originally planned from Valentine Street.

In addition to these changes, the new plans submitted by the Owner include changes to the clubhouse/common area square footage, changing from 4,235 to 4,007 square feet (a 5.38% reduction). At Application, the clubhouse was represented as 4,235 of conditioned square footage with 1,206 of the square footage reserved for use by employees, leaving 3,029 conditioned square footage for the leasing office, cyber center, community room, kitchen, entry lounge, restrooms, fitness room, laundry, and other tenant foyer and hall spaces. The revised drawings represent a clubhouse with 4,007 conditioned square feet, with 1,022 square feet reserved for use by employees, leaving 2,985 square feet for the same general planned tenant spaces; the Owner has argued that the change should be considered non-material since the "tenant space" has been reduced by less than 3% from 3,029 to 2,985 square feet (a 1.45% change). The total underwritten square footage of common area from the last underwriting report, however, is shown (based on a slightly different REA accounting of the square footage) at the full common area square footage of 4,348, resulting in a material reduction in common area space of 7.84% based on the full 4,007 conditioned square feet proposed at the time of amendment. The Owner has stated that the clubhouse square footage was reduced due to the reduction in units. Staff also notes that given the condensed site plan and the movement of the clubhouse and amenity areas on the site, it is not unreasonable to assume that changes to the clubhouse footprint may have been necessary. The area of covered patios and the mail space was also reduced between the plans, from 1,660 at Application to 989 at the time of amendment, a reduction of 671 square feet or 40.42%.

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)

Application

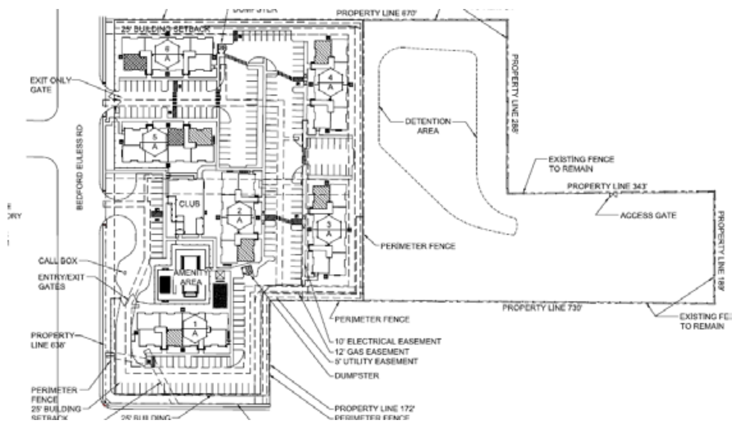


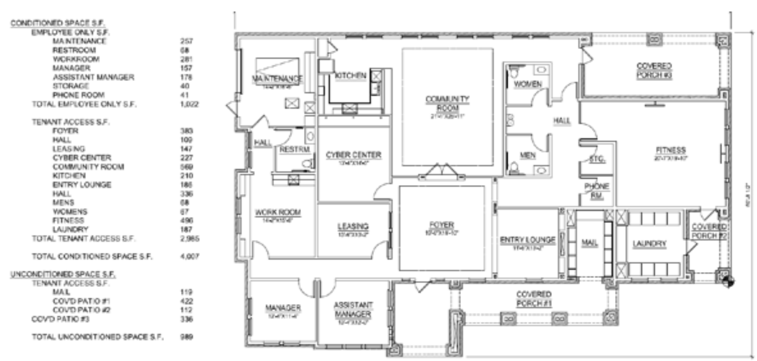


Development Site: **9.72 acres**
Units: **120**
Density: **12.35**
Residential Buildings: **9**
Common Area Square Footage: **4,348 (REA staff calculation; 4,235 per architectural drawing)**
Net Rentable Square Footage: **107,488**

HTC Units	# of Units	# BRs	# Baths	Unit Size
30%	8	1	1	701
50%	18	1	1	701
60%	1	1	1	701
MR	1	1	1	701
30%	2	2	2	955

Amendment





Development Site: **9.72** acres
Units: **96**
Density: **9.88 (20% reduction)**
Residential Buildings: **6**
Common Area Square Footage: **4,007 (7.84% reduction from REA estimate; 5.38% reduction per architectural drawings)**
Net Rentable Square Footage: **85,584 (20.38% reduction)**

HTC Units	# of Units	# BRs	# Baths	Unit Size
30%	8	1	1	701
50%	15	1	1	701
60%	1	1	1	701
MR	0	1	1	N/A
30%	2	2	2	955

<table>
<tr><th colspan="2">Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)</th></tr>
<tr><th>Application</th><th>Amendment</th></tr>
<tr><td>

50%	21	2	2	955
60%	46	2	2	955
MR	23	2	2	955

30% units: 10
50% units: 39
60% units: 47
MR units: 24

1 BR/1 BA: 28
2 BR/2 BA: 92
</td><td>

50%	24	2	2	955
60%	46	2	2	955
MR	0	2	2	N/A

30% units: 10
50% units: 39
60% units: 47
MR units: 0

1 BR/1 BA: 24
2 BR/2 BA: 72
</td></tr>
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Changes in Development Costs & Financing

The Owner included revised financing exhibits with the amendment request, showing a total development cost decrease of $754k (from $19,719,676 to $18,966,135) with increased per unit costs of 20% ($33k) due to what the Owner indicates is related to both a general cost increase and construction market cost increases in lumber and steel costs due to industry response to tariffs and potential changes in national trade policies.

The reduction of the 24 market units decreased income by approximately $209k annually (by 19.23%), from $1,088,910 to $879,531. As such, expenses were decreased by $125k (from $619,684 to $494,710, a 20% reduction), with the largest reductions being proposed in general & administrative expenses ($18,000 or 32%), annual property insurance ($11,650 or 33%), and utility costs ($26,719 or 28%). Management fees were also limited down to 4.5% of Effective Gross Income. The annual amount of the deposit into the reserve for replacements decreased as a result of the decrease in units, and the debt service decreased based on a lower permanent loan amount. The projected Debt Coverage Ratio is 1.21.

The new sources & uses submitted with the amendment showed a permanent loan reduction and new financing parties since the time of Application, with Amegy's originally proposed permanent loan of $5,284,000 at 6.50% interest on a 35 year amortization and 18 year term being replaced by a Citi permanent loan of $4,550,000 at 6.21% interest on a 35 year amortization and 15 year term. RBC, the original equity provider, offering a credit price of 0.95, for a total equity contribution of $14,248,575, was replaced by Citi, offering a lower credit price of 0.90, for a total equity contribution of $13,498,650, resulting in a total reduction of $749,925. The credit price reduction is consistent with trends noted in 2018. By decreasing the overall development cost and reducing the permanent debt by $734,000, as well as increasing deferred developer fee from $187,091 to $917,475 (a difference of $730k), the Owner was able to preserve the Development's financial feasibility. The additional deferred fee is projected to be paid off within the required period, with the final payment estimated to occur in year 12.

The Department's Real Estate Analysis ("REA") Division has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and has concluded that the Development remains feasible. No change is recommended to the original annual tax credit award of $1,500,000. The analysis is attached to this Board Action Request.

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

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

Real Estate Analysis Division
September 25, 2018

Addendum to Underwriting Report

TDHCA Application #: **17315** Program(s): **9% HTC**

Provision at North Valentine

Address/Location: SEC Bedford Euless Rd and Valentine St

City: Hurst County: Tarrant Zip: 76053

	APPLICATION HISTORY
Report Date	**PURPOSE**
09/25/18	**Amendment**
06/22/17	Original Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$1,500,000				**$1,500,000**				

CONDITIONS STATUS

1 Receipt and acceptance by Cost Certification:

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

b: Certification that continued testing was performed on the contaminated groundwater, and if necessary, a certification that any appropriate abatement procedures were implemented by a qualified abatement company. At this time, no abatement is required.

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

ANALYSIS

Applicant is requesting an amendment to make changes to the development and project plans. The Applicant's request states that the municipal approvals/permitting process was negatively impacted by NIMBYism, which resulted in substantial changes to the site plan in order to appease the neighbors and to eventually obtain City Council approval.

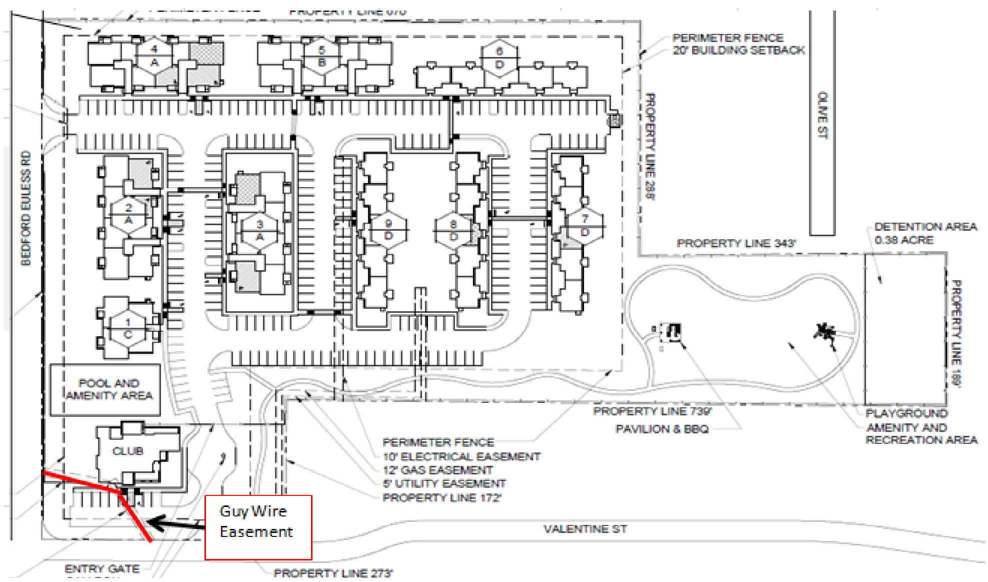
Applicant has also made changes to reduce project cost and offset cost increases including lumber and steel due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies.

Applicant reduced unit count from 120 units to 96 units to allow the site plan to be compressed to minimize proximity to single family homes. The new plans omit the 24 market rate units, but maintains 96 tax credit units proposed at Application.

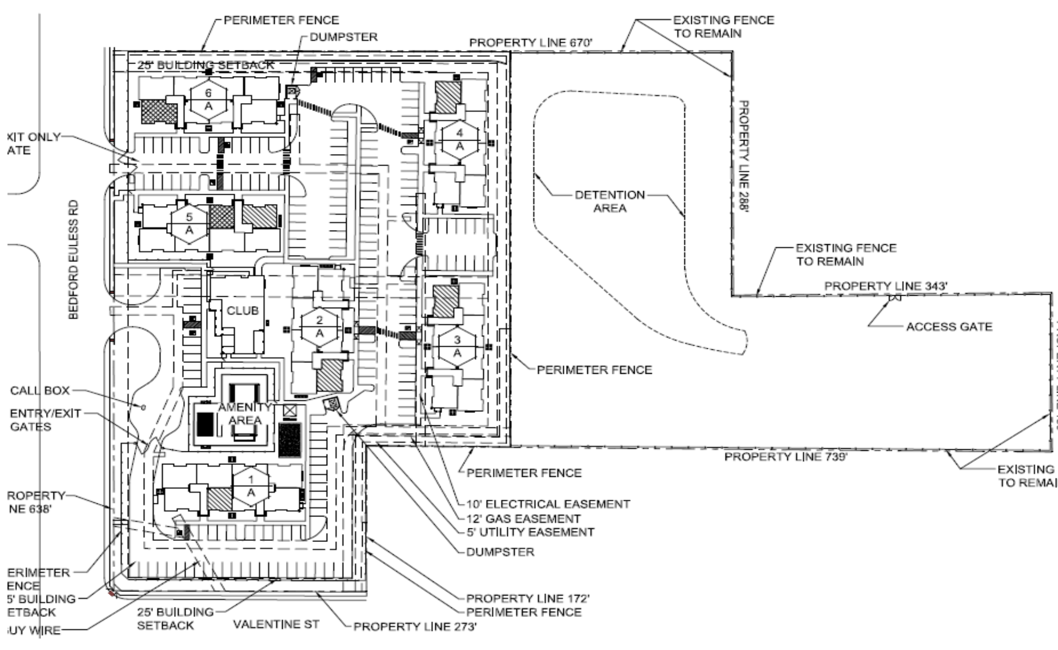
There are now 6 residential buildings of the same 2-story building type instead of 9 residential building of four different designs and stories as proposed at Application. The new building is like that of building type B in the original Application. There is no change to the square footage of the units. There is no change to the affordability mix and income targets proposed at Application. Balconies are omitted per NIMBY comments related to privacy of single family homes nearby.

The site plan has been severely compressed to appease neighborhood feedback and detention expanded per City requirements.

Old



New



Operating Pro Forma

Removing the 24 market units, which were underwritten at 60% rents, decreases income $209k, while adjusting for increased 2018 rents. Expenses have decreased approximately $125k; this is approximately $10/unit less than at underwriting.

DCR is at 1.21. Deferred fee pays off in year 12 with a 15 year cumulative net cash flow of $357k.

Development Cost

Applicant's total development cost decreased $754k, while per unit costs increased $33k, or 20%. Per Applicant, this is due to general cost increase and lumber and steel increase due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies.

There is now only one two-story building plan, which is simpler than the multiple building footprints and multiple storied building plans at underwriting. The site will require larger detention per city requirements. Underwriter estimated the building cost using "Good Quality " Marshall and Swift's costing. This is due to the wood blinds, granite countertops, vinyl plank and carpeting, etc. Also operating within a more condensed building site. Applicant's building cost of $94.07/sf is 5.3% higher than Underwriter's estimate of $89.34/sf. These costs are similar to building costs underwritten in the 2018 application round.

Applicant's total building cost is within 2.5% of Underwriter's; Applicant's costs are used.
Note, the $102k difference in Applicant's total cost and total sources is due to a typo of $102k in the development cost.

Sources of Funds

Credit price decreased from $0.95 to $0.90 as has been the trend in 2018. This is a decrease of $750k in equity, off-setting the decrease in total development cost.

Due to the smaller number of units, NOI has decreased from $469K to $385K. Permanent debt has been reduced from $5.3M to $4.5M to maintain approximately the same debt coverage. As a result, deferred developer fee has increased from $187K to $917K.

Citi is now providing the permanent debt and equity.

No change to the original credit recommendation of $1,500,000.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Provision at North Valentine, Hurst, 9% HTC #17315

LOCATION DATA

CITY:	Hurst
COUNTY:	Tarrant
Area Median Income	$69,400
PROGRAM REGION:	3

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	10	10.4%
1	24	25.0%	0	40%	-	0.0%
2	72	75.0%	0	50%	39	40.6%
3	-	0.0%	0	60%	47	49.0%
4	-	0.0%	0	MR	-	0.0%
TOTAL	**96**	**100.0%**	**-**	**TOTAL**	**96**	**100.0%**

Applicable Programs

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS

Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	892 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$423	8	1	1	701	$423	$51	$372	($1)	$0.53	$371	**$2,968**	**$2,976**	$372	$0.53	$0	$846	$1.21	$878
TC 50%	$705	15	1	1	701	$705	$51	$654	($1)	$0.93	$653	**$9,795**	**$9,810**	$654	$0.93	$0	$846	$1.21	$878
TC 60%	$846	1	1	1	701	$846	$51	$795	($1)	$1.13	$794	**$794**	**$795**	$795	$1.13	$0	$846	$1.21	$878
TC 30%	$507	2	2	2	955	$507	$59	$448	$0	$0.47	$448	**$896**	**$896**	$448	$0.47	$0	$1,015	$1.06	$878
TC 50%	$846	24	2	2	955	$846	$59	$787	$0	$0.82	$787	**$18,888**	**$18,888**	$787	$0.82	$0	$1,015	$1.06	$1,098
TC 60%	$1,015	46	2	2	955	$1,015	$59	$956	$0	$1.00	$956	**$43,976**	**$43,976**	$956	$1.00	$0	$1,015	$1.06	$1,098
TOTALS/AVERAGES:		**96**			**85,584**				**($0)**	**$0.90**	**$805**	**$77,317**	**$77,341**	**$806**	**$0.90**	**$0**	**$973**	**$1.09**	**$1,038**

ANNUAL POTENTIAL GROSS RENT:	**$927,804**	**$928,092**	

STABILIZED PRO FORMA

Provision at North Valentine, Hurst, 9% HTC #17315

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE		
	Database		4 Tarrant Co Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$	
POTENTIAL GROSS RENT						$0.90	$805	$927,804	$1,148,400	$1,160,580	$928,092	$806	$0.90		0.0%	($288)	
retained deposits, interest income							$20.00	$23,040	28,800								
Total Secondary Income							$20.00			28,800	$23,040	$20.00			0.0%	$0	
POTENTIAL GROSS INCOME								$950,844	$1,177,200	$1,189,380	$951,132				0.0%	($288)	
Vacancy & Collection Loss							7.5% PGI	(71,313)	(88,290)	(89,204)	(71,335)	7.5% PGI			0.0%	22	
EFFECTIVE GROSS INCOME								$879,531	$1,088,910	$1,100,177	$879,797				0.0%	($266)	1
General & Administrative	$39,449	$411/Unit	59,073	$615	4.34%	$0.45	$398	$38,160	$56,160	$49,429	$39,449	$411	$0.46	4.48%	-3.3%	(1,289)	
Management	$36,787	4.4% EGI	46,583	$485	4.50%	$0.46	$412	$39,591	$54,440	$55,009	$39,591	$412	$0.46	4.50%	0.0%	0	
Payroll & Payroll Tax	$114,328	$1,191/Unit	154,906	$1,614	14.97%	$1.54	$1,371	$131,644	$144,000	$142,910	$114,328	$1,191	$1.34	12.99%	15.1%	17,316	
Repairs & Maintenance	$62,620	$652/Unit	59,269	$617	6.55%	$0.67	$600	$57,599	$72,000	$72,000	$57,600	$600	$0.67	6.55%	0.0%	(1)	
Electric/Gas	$24,594	$256/Unit	18,543	$193	1.23%	$0.13	$113	$10,830	$15,110	$20,652	$16,416	$171	$0.19	1.87%	-34.0%	(5,586)	
Water, Sewer, & Trash	$62,958	$656/Unit	78,671	$819	6.45%	$0.66	$591	$56,771	$79,210	$78,698	$62,958	$656	$0.74	7.16%	-9.8%	(6,187)	
Property Insurance	$26,685	$0.31 /sf	31,675	$330	2.73%	$0.28	$250	$24,000	$35,650	$35,650	$31,993	$333	$0.37	3.64%	-25.0%	(7,993)	
Property Tax (@ 100%) 2.5305	$67,602	$704/Unit	83,021	$865	12.31%	$1.27	$1,128	$108,275	$129,274	$123,591	$98,879	$1,030	$1.16	11.24%	9.5%	9,396	
Reserve for Replacements	$33,687	$351/Unit	-	$0	2.73%	$0.28	$250	$24,000	$30,000	$30,000	$24,000	$250	$0.28	2.73%	0.0%	-	
Supportive Services			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-	
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.44%	$0.04	$40	$3,840	$3,840	$3,840	$3,840	$40	$0.04	0.44%	0.0%	-	
TOTAL EXPENSES					**56.25%**	**$5.78**	**$5,153**	**$ 494,710**	$619,684	$611,778	**$ 489,054**	**$5,094**	**$5.71**	**55.59%**	**1.2%**	**$ 5,656**	
NET OPERATING INCOME ("NOI")					**43.75%**	**$4.50**	**$4,009**	**$384,821**	$469,226	$488,399	**$390,743**	**$4,070**	**$4.57**	**44.41%**	**-1.5%**	**$ (5,922)**	
CONTROLLABLE EXPENSES							$3,073/Unit					$3,029/Unit					

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Provision at North Valentine, Hurst, 9% HTC #17315

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citi		1.22	1.21	319,061	6.21%	35	15	$4,550,000	$5,284,000	$5,284,000	$4,550,000	15	35	6.21%	$319,061	1.21	24.0%
CASH FLOW DEBT / GRANTS																	
City of Hurst-Local Gov't Funding		1.22	1.21		0.00%	0	0	$10	$10	$10	$10	0	0	0.00%		1.21	0.0%
				$319,061	**TOTAL DEBT / GRANT SOURCES**			**$4,550,010**	$5,284,010		**$4,550,010**			**TOTAL DEBT SERVICE**	**$319,061**	1.21	24.0%
NET CASH FLOW		$71,682	$65,760								**APPLICANT**	**NET OPERATING INCOME**			**$384,821**	**$65,759**	**NET CASH FLOW**

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE					
						Prior Underwriting							
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Citi	LIHTC Equity	71.2%	$1,500,000	0.90	$13,498,650	$14,248,575	$14,248,575	$13,498,650	$0.90	$1,500,000	71.2%	$15,625	Previous Allocation
Gardner Capital Development Texas	Deferred Developer Fees	4.3%	(39% Deferred)		$815,004	$187,091	$187,091	$917,475	(43% Deferred)		4.8%	**Total Developer Fee:**	**$2,110,864**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		75.5%			$14,313,654	$14,435,666	$14,435,666	$14,416,125			76.0%		
TOTAL CAPITALIZATION					**$18,863,664**	$19,719,676	$19,719,676	**$18,966,135**				**15-Yr Cash Flow after Deferred Fee:**	**$357,312**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$14,063 / Unit	$1,350,000	$1,350,000	$1,350,000	$1,350,000	$14,063 / Unit				0.0%	$0
Closing costs & acq. legal fees					$15,000	$15,000	$15,000	$15,000						$0
Off-Sites				$521 / Unit	$50,000	$50,000	$50,000	$50,000	$521 / Unit				0.0%	$0
Site Work		$1,284,377		$14,111 / Unit	$1,354,694	$1,637,568	$1,637,568	$1,354,694	$14,111 / Unit		$1,284,377		0.0%	$0
Site Amenities		$507,302		$5,284 / Unit	$507,302	$575,000	$575,000	$507,302	$5,284 / Unit		$507,302		0.0%	$0
Building Cost		$8,050,957	$94.07 /sf	$83,864/Unit	$8,050,957	$8,222,833	$7,797,297	$7,646,467	$79,651/Unit	$89.34 /sf	$7,646,467		5.3%	$404,490
Contingency		$687,327	6.98%	6.90%	$687,327	$733,978	$704,191	$669,092	7.00%	7.00%	$660,670		2.7%	$18,235
Contractor Fees		$1,322,031	12.55%	12.41%	$1,322,031	$1,570,713	$1,506,968	$1,322,031	12.93%	13.09%	$1,322,031		0.0%	$0
Soft Costs	0	$1,269,805		$15,050 / Unit	$1,444,805	$1,547,449	$1,547,449	$1,444,805	$15,050 / Unit		$1,269,805	$0	0.0%	$0
Financing	0	$932,791		$17,357 / Unit	$1,666,269	$1,276,715	$1,276,715	$1,666,269	$17,357 / Unit		$932,791	$0	0.0%	$0
Developer Fee	$0	$2,085,316	14.84%	14.89%	$2,110,864	$2,234,362	$2,156,503	$2,062,827	15.00%	15.00%	$2,043,516	$0	2.3%	$48,037
Reserves				$4,238 / Unit	$406,886	$506,058	$506,058	$406,886	$4,238 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$16,139,906**		$197,564 / Unit	**$18,966,135**	$19,719,676	$19,122,748	**$18,495,373**	$192,660 / Unit		**$15,666,959**	**$0**	**2.5%**	**$470,762**
Acquisition Cost	$0				$0									
Contingency		$0			$0									
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	$0			$0									
Reserves					$0									
ADJUSTED BASIS / COST	**$0**	**$16,139,906**		$197,564/unit	**$18,966,135**	$19,719,676	$19,122,748	**$18,495,373**	$192,660/unit		**$15,666,959**	**$0**	**2.5%**	**$470,762**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): **$18,966,135**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Provision at North Valentine, Hurst, 9% HTC #17315

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$16,139,906	$0	$15,666,959
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$16,139,906	$0	$15,666,959
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$20,981,878	$0	$20,367,047
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$20,981,878	$0	$20,367,047
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,888,369	$0	$1,833,034
CREDITS ON QUALIFIED BASIS	$1,888,369		$1,833,034	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,888,369	$16,993,621	----	----	----
Needed to Fill Gap	$1,601,952	$14,416,125	----	----	----
Previous Allocation	$1,500,000	$13,498,650	**$1,500,000**	**$0**	**$0**

BUILDING COST ESTIMATE				
CATEGORY	**FACTOR**	**UNITS/SF**	**PER SF**	
Base Cost:	Garden (Up to 4-story)	85,584 SF	$89.17	7,631,525
Adjustments				
Exterior Wall Finish	8.00%		7.13	$610,522
Elderly	0.00%		0.00	0
9-Ft. Ceilings	4.00%		3.57	305,261
Roof Adjustment(s)			1.12	96,000
Subfloor			(0.86)	(73,602)
Floor Cover			2.56	219,095
Breezeways	$26.39	8,244	2.54	217,559
Balconies	$0.00	0	0.00	0
Plumbing Fixtures	$1,020	216	2.57	220,320
Rough-ins	$500	192	1.12	96,000
Built-In Appliances	$1,730	96	1.94	166,080
Exterior Stairs	$2,280	12	0.32	27,360
Heating/Cooling			2.14	183,150
Enclosed Corridors	$71.82	0	0.00	0
Carports	$12.25	0	0.00	0
Garages		0	0.00	0
Comm &/or Aux Bldgs	$90.62	4,007	4.24	363,114
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.59	97,835	2.96	253,393
SUBTOTAL			**120.53**	**10,315,777**
Current Cost Multiplier	1.01		1.21	103,158
Local Multiplier	0.86		(16.87)	(1,444,209)
TOTAL BUILDING COSTS			**104.86**	**$8,974,726**
Plans, specs, survey, bldg permits	3.30%		(3.46)	($296,166)
Contractor's OH & Profit	11.50%		(12.06)	(1,032,093)
NET BUILDING COSTS		$79,651/unit	$89.34/sf	$7,646,467

Long-Term Pro Forma

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$879,531	$897,121	$915,064	$933,365	$952,032	$1,051,121	$1,160,522	$1,281,310	$1,414,670	$1,561,910	$1,724,475
TOTAL EXPENSES	3.00%	$494,710	$509,155	$524,026	$539,335	$555,095	$641,142	$740,648	$855,731	$988,843	$1,142,825	$1,324,056
NET OPERATING INCOME ("NOI")		**$384,821**	**$387,966**	**$391,038**	**$394,030**	**$396,937**	**$409,979**	**$419,874**	**$425,580**	**$425,827**	**$419,085**	**$400,418**
EXPENSE/INCOME RATIO		56.2%	56.8%	57.3%	57.8%	58.3%	61.0%	63.8%	66.8%	69.9%	73.2%	76.8%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$319,061	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061
DEBT COVERAGE RATIO		1.21	1.22	1.23	1.23	1.24	1.28	1.32	1.33	1.33	1.31	1.25
ANNUAL CASH FLOW		**$65,759**	**$68,905**	**$71,976**	**$74,968**	**$77,876**	**$90,917**	**$100,813**	**$106,518**	**$106,766**	**$100,023**	**$81,357**
Deferred Developer Fee Balance		$851,716	$782,811	$710,835	$635,867	$557,991	$128,413	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$357,312	$880,404	$1,416,206	$1,932,947	$2,382,743

PROVISION

August 13, 2018

Laura DeBellas
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

Re: Provision at North Valentine (TDHCA #17315) – Request to Amend Application

Dear Ms. DeBellas:

Provision at North Valentine, LP, is requesting approval of amendments to TDHCA Application #17315 Provision at North Valentine. These changes are the result of requirements imposed by the City of Hurst for municipal approvals in addition to local political and broad market conditions that are beyond the scope of the Applicant's control. These changes could not be foreseen at the time of Application. The reason and good cause for this change is to appease neighbor demands, satisfy City of Hurst requirements, and keep affordable units in Hurst.

The Applicant has made changes to the development and project plans in reaction to issues that arose during the municipal approvals and permitting process. As explained in the extension request for 10% Test, the site plan was changed based on conditions imposed by City staff. The municipal approvals and permitting process was negatively impacted by NIMBYism, which resulted in substantial changes to the site plan in order to appease the neighbors and to eventually obtain City Council approval of the final plat and final site plan as a condition to issuance of a building permit. See attached letter from the City of Hurst regarding this process.

In addition to the changes required to obtain Site Plan approval, the Applicant has also made changes to reduce project cost and offset cost increases from cost escalation as well as increases in certain building materials including lumber and steel due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies.

Below is a summary of the changes:

Unit Mix

Reduced unit count from 120 units to 96 units to allow the site plan to be compressed to minimize proximity to single family homes. The original Application had 96 Low Income units and 24 Market Rate units. The new plans omit the 24 market rate units but maintains 96 tax credit units proposed at Application.

At Application, there were originally 28 1/1 units and 92 2/2 units. This amendment proposes 24 1/1 units and 72 2/2 units. The unit mix changed in order to use the same 2-story building type for all residential buildings that could fit on the development site and be approved by the City of Hurst. The new building is like that of building type B in the original Application. There is no change to the square footage of the units.

Because of the decrease in total 1/1 units, the units mix of the LI units has changed.

Original Application	After Amendment
HTC 30% 1/1 8 Units	HTC 30% 1/1 8 Units
HTC 50% 1/1 18 Units	HTC 50% 1/1 15 Units

PROVISION

HTC 60% 1/1	1 Unit	HTC 60% 1/1	1 Unit
HTC 30% 2/2	2 Units	HTC 30% 2/2	2 Units
HTC 50% 2/2	21 Units	HTC 50% 2/2	24 Units
HTC 60% 2/2	46 Units	HTC 60% 2/2	46 Units

Affordability Mix

There is no change to the affordability mix and income targets proposed at Application for LI units.

Site Plan

The site plan has been reconfigured and compressed to minimize residential building proximity to single family homes and the entrance driveway has been relocated per comments and final approval related to vehicular ingress and egress. Relocated amenity areas and resized detention facilities per comments and final approval. Amenity areas are located central to the development and closer to all residential buildings. The detention area has been enlarged and will be maintained by the Applicant, but fenced off for safety from both the residents and the single family homes.

Building Plans

There are now 6 residential buildings of the same 2-story building type instead of 9 residential building types of various designs and stories as proposed at Application. The new plans have the same unit mix as building type B in the original Application. This change was made to compress the site plan per final approval from City of Hurst as well as streamline construction and reduce costs.

Unit Plans

Omitted balconies per NIMBY comments related to privacy and final approval from City of Hurst. Unit layouts were also slightly reconfigured to be more efficient, however, square footages are the same as at Application.

Clubhouse Plan

The clubhouse at Application was 4,235 of conditioned square footage with 1,206 of that for employees. The new clubhouse has 4,007 conditioned square feet, with 1,022 for employees, which has been reduced because the number of units has been reduced. Tenant space has been reduced by less than 3% from 3,029 to 2,985 square feet.

Building Elevations

Omitted balconies per NIMBY comments related to privacy and final approval from City of Hurst. There are also minor changes to exteriors based on review and comment by City staff during the building façade review, including a slightly different clubhouse front elevation to a 2-story façade per final approval from City of Hurst.

Please see the attached architectural plans, Application forms, and financing documents as a result of these changes. Thank you for your attention to this matter and please contact me with any questions.

Sincerely,

Jervon Harris

CITY OF HURST ★ TEXAS ★

Planning & Development / Neighborhood Services

I am writing on behalf of the Applicant, Provision at North Valentine, LP, to provide an account of the applicant's atypical process to achieve site plan and other municipal approvals from the City of Hurst.

The City of Hurst requires a site plan and plat approval from the Hurst City Council prior to issuance of building permits. City Staff was engaged and involved in reviewing and providing comments to the applicant prior to the first public hearing at City Council on December 12, 2017. The applicant met all of the City department requirements in order to move the site plan forward to City Council. The project was highlighted in the City's 2017 Sustainability Plan.

The Planning and Zoning Commission voted in favor of the development on December 4, 2017. The hearing was attended by a large number of residents in the immediate community of the development expressing a strong discontent for the proposed development. The City Council's vote to decline approval of the site plan took place after an emotional hearing which effectively moved the City Council to act against the recommendation of the Planning and Zoning Commission.

Following the hearing, the Applicant expressed the intent to revise the site and building plans into a format which adhered the Mixed Use overlay on this property. The applicant tried to address many of the local residents' concerns while remaining in compliance with all City of Hurst codes.

Upon the communication of the intent to resubmit with revised plans, the Applicant was informed by City Staff and the City Attorney that the site plan must go before the Planning and Zoning Commission and the Hurst City Council again. The plat was placed on a separate agenda. The revised site plan was approved by the Planning and Zoning Commission on April 16, 2018 and by the Hurst City Council on April 24, 2018. The final plat was approved by City Council on May 22, 2018.

I confirm the Applicant's statement that these delays were reasonably unforeseeable and beyond the scope of the Applicant's control. The time which elapsed between the initial declined approval and the final approval in front of the Hurst City Council could not have been reasonably shortened and was also dictated by variables beyond that of the Applicant's control.

Michelle Lazo
Executive Director of Planning and Community Development
City of Hurst, Texas

1505 Precinct Line Road, Hurst, Texas 76054
Phone 817.788.7092 ● Fax 817.788.7074
www.hursttx.gov

PROVISION AT NORTH VALENTINE
HURST, TEXAS

96 UNITS

SHEET INDEX

A0.0	COVER SHEET
A1.0	SITE PLAN
A2.0	A1 UNIT PLAN
A2.1	B1 UNIT PLAN
A3.0	BUILDING 'A' - 1ST FLOOR PLAN
A3.1	BUILDING 'A' - 2ND FLOOR PLAN
A4.0	BUILDING 'A' - ELEVATIONS
A5.0	BUILDING CLUB - FLOOR PLAN
A6.0	BUILDING CLUB - ELEVATIONS

VICINITY MAP

Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

A0.0
COVER

ACCESSIBLE UNITS

TOTAL UNITS	96
ADA (5%)	
A1 (1)	
B1 (4)	
H+V (2%)	
A1 (1)	
B1 (1)	

SITE DATA

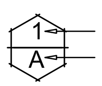
TOTAL ACRES	9.719
UNITS/ACRE	9.88

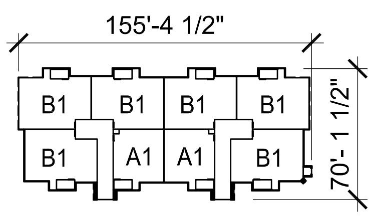
KNOWN EASEMENTS SHOWN
ON SITE DETENTION PROVIDED
OUTSIDE OF FLOOD ZONE

SITE AMENITIES

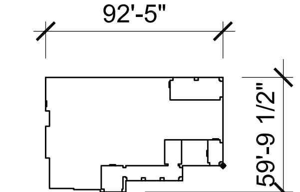
- CLUBHOUSE
- POOL
- PLAYGROUND
- PAVILION
- PERIMETER FENCE
- CONTROLLED GATE
- COMMUNITY LAUNDRY
- FITNESS
- BUSINESS CENTER
- COMMUNITY ROOM

BUILDING KEY

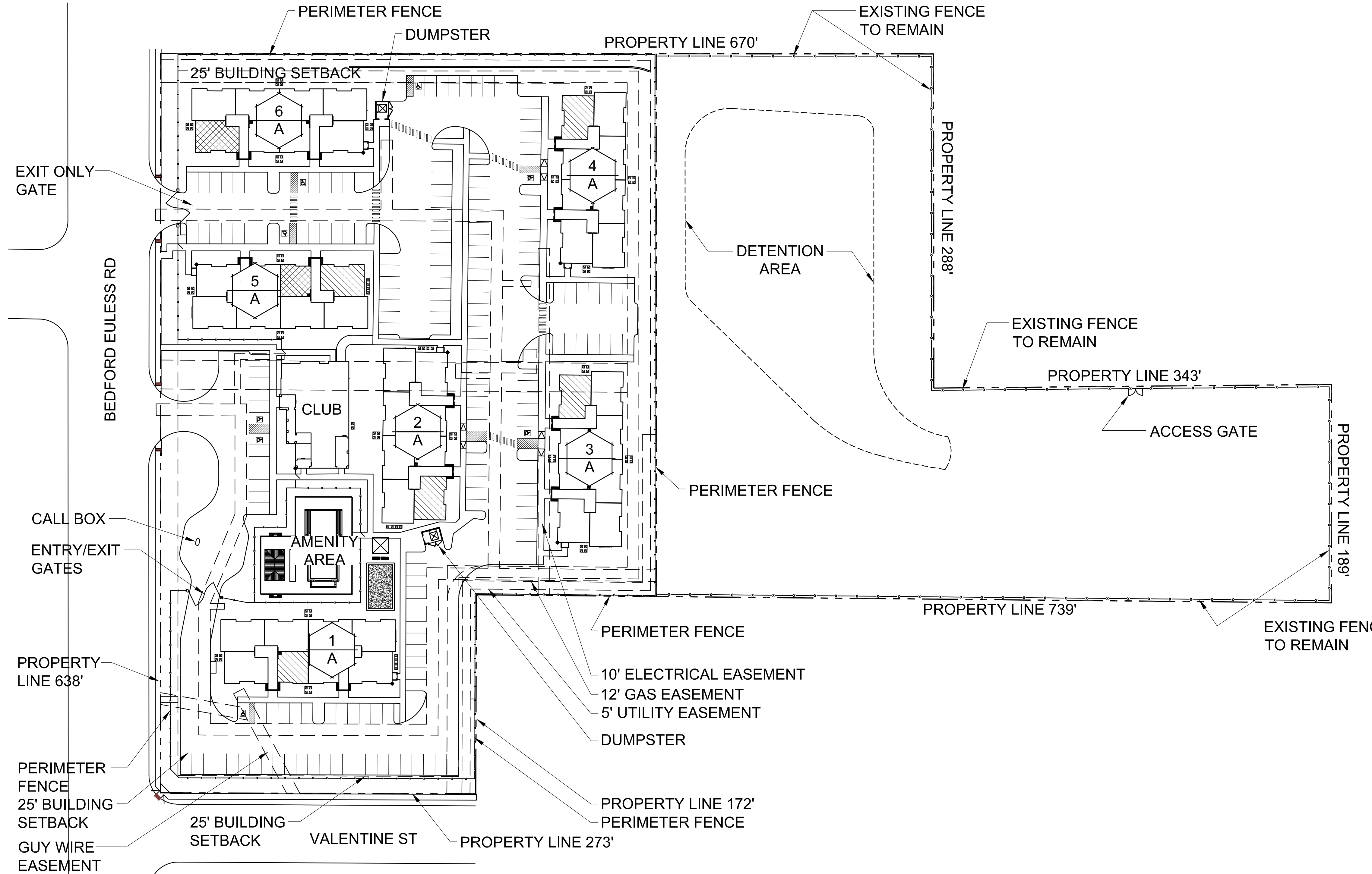

BUILDING NUMBER
BUILDING TYPE



BUILDING 'A' 2 STORY



CLUB 1 STORY



BUILDING TABULATION

TYPE	#BLDGS	UNITS/BLDG	UNIT TYPES	BLDG S.F.	TOTAL S.F.
A	6	16	A1-4, B1-12	14,264	85,584
TOTAL	6				85,584

UNIT TABULATION

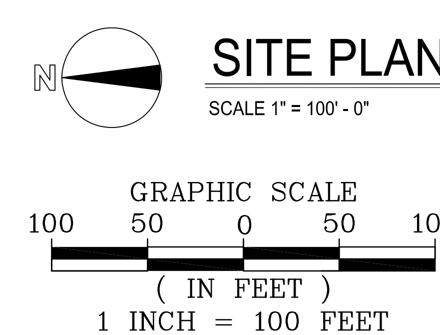
UNIT TYPE	#UNITS	UNIT S.F.	TOTAL S.F.
A1 - ONE BEDROOM, ONE BATH	24	701	16,824
B1 - TWO BEDROOM, TWO BATH	72	955	68,760
TOTAL	96		85,584

PARKING TABULATION

PARKING REQUIRED PER ZONING REQUIREMENTS	
2 PER DWELLING UNIT	192
PARKING PROVIDED	
UNIT SPACES	172
HANDICAP (5)	
VAN HANDICAP (2)	
CLUBHOUSE SPACES	11
VAN HANDICAP (2)	
TOTAL PROVIDED	192

SITE PLAN

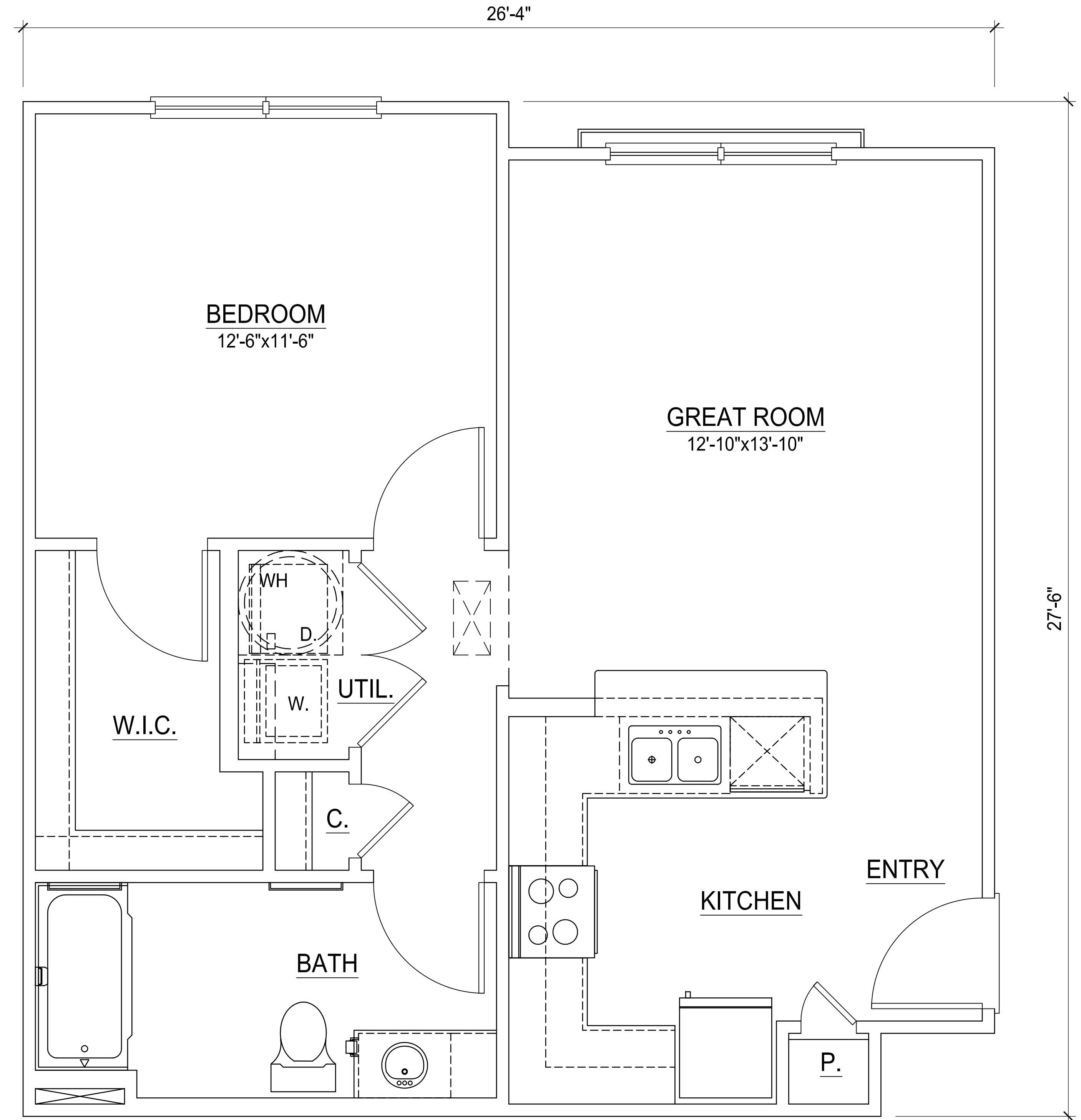
SCALE 1" = 100' - 0"



Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

A1.0
SITE PLAN



A1 ONE BEDROOM, ONE BATH 701 S.F.

SCALE 1/4" = 1' - 0"

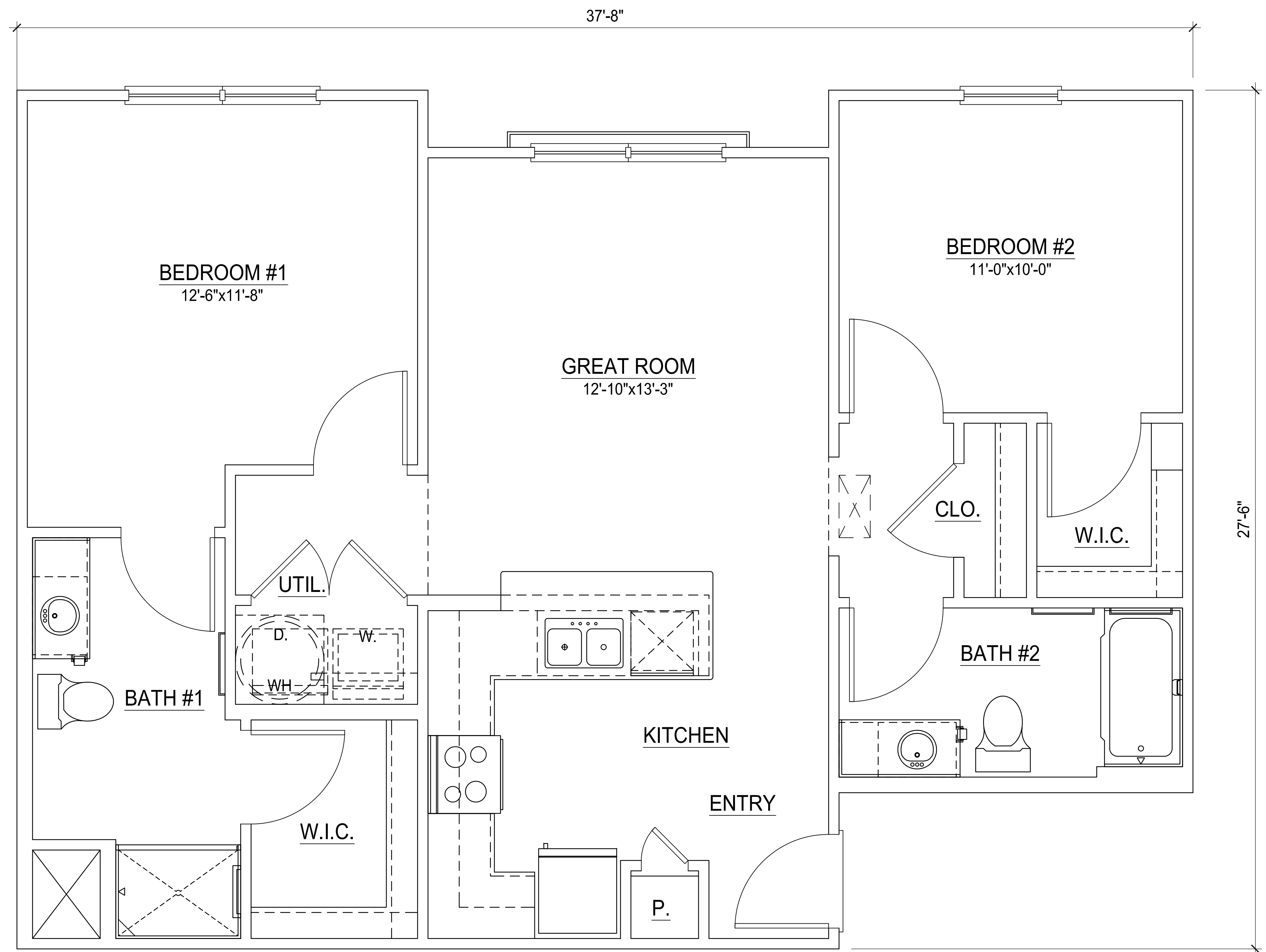
Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

A2.0

UNIT A1

Cross architects



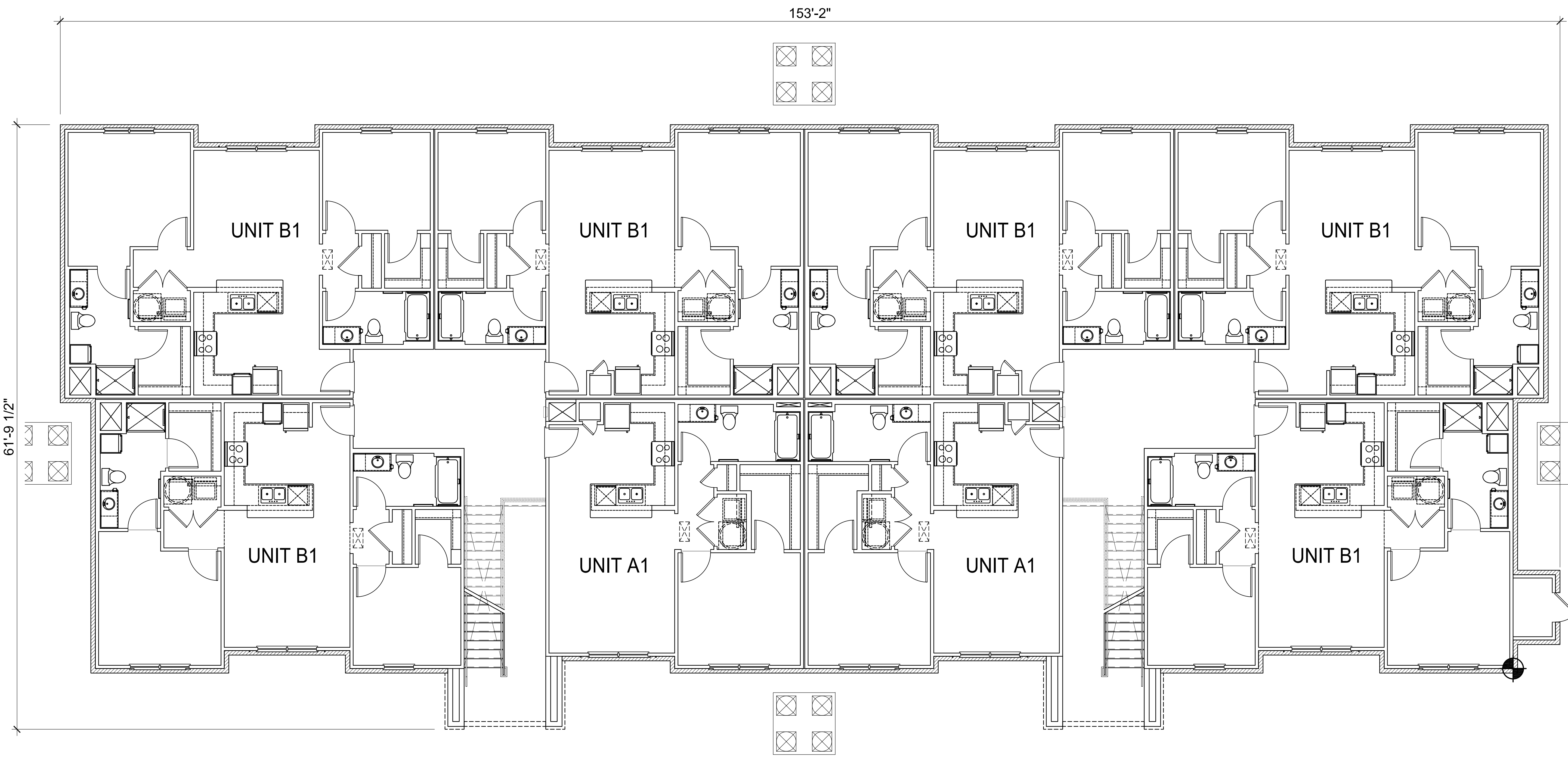
B1 TWO BEDROOM, TWO BATH 955 S.F.

SCALE 1/4" = 1' - 0"

PROVISION AT NORTH VALENTINE
HURST , TEXAS

A2.1

UNIT B1



BUILDING TYPE

TYPE	# BUILDINGS	UNITS/BLDG.	BLDG. SF.	TOTAL S.F.
A	6	A1-4, B1-12	14,264 S.F.	85,584 S.F.

UNIT TYPE

TYPE		# UNITS	S.F.	TOTAL S.F.
A1	ONE BEDROOM, ONE BATH	24	701 S.F.	16,824 S.F.
B1	TWO BEDROOM, ONE BATH	72	955 S.F.	68,760 S.F.
TOTAL				85,584 S.F.

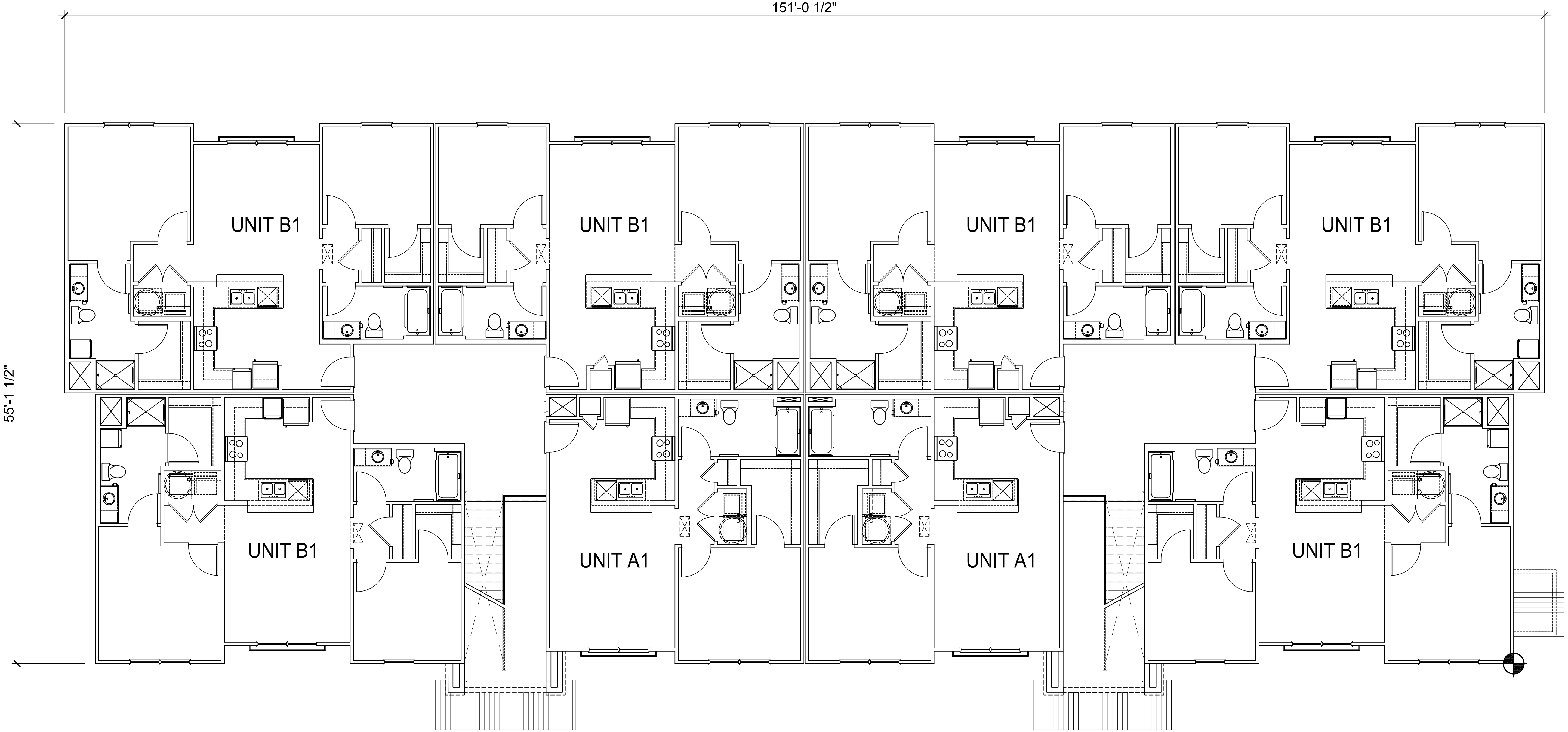
BUILDING 'A' PLAN - 1ST FLOOR

SCALE 3/32" = 1' - 0"

Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

A3.0
BUILDING 'A'
1ST FLOOR



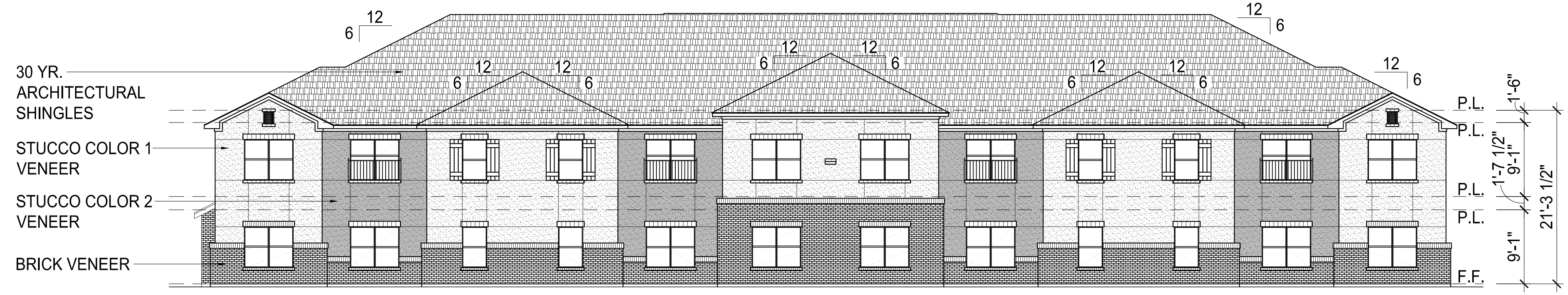
BUILDING 'A' PLAN - 2ND FLOOR

SCALE 3/32" = 1' - 0"

Cross architects

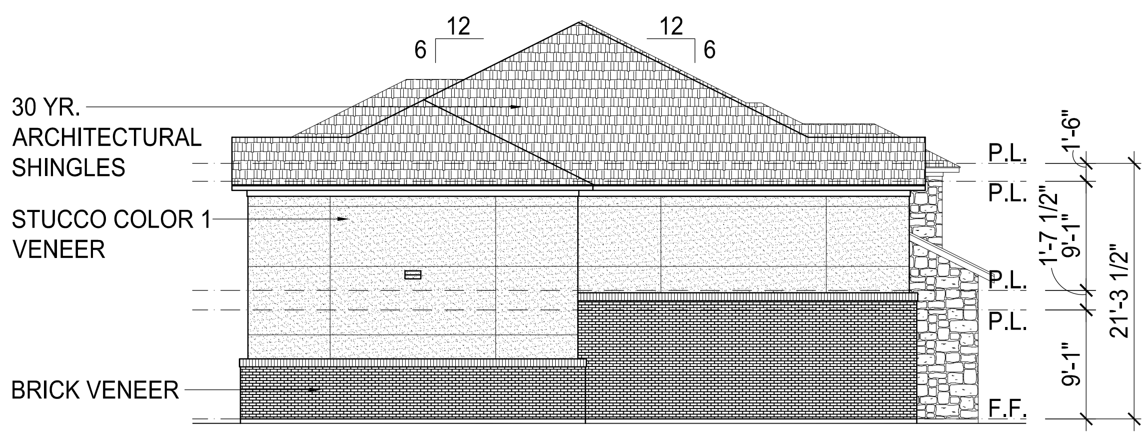
PROVISION AT NORTH VALENTINE
HURST, TEXAS

A3.1
BUILDING 'A'
2ND FLOOR



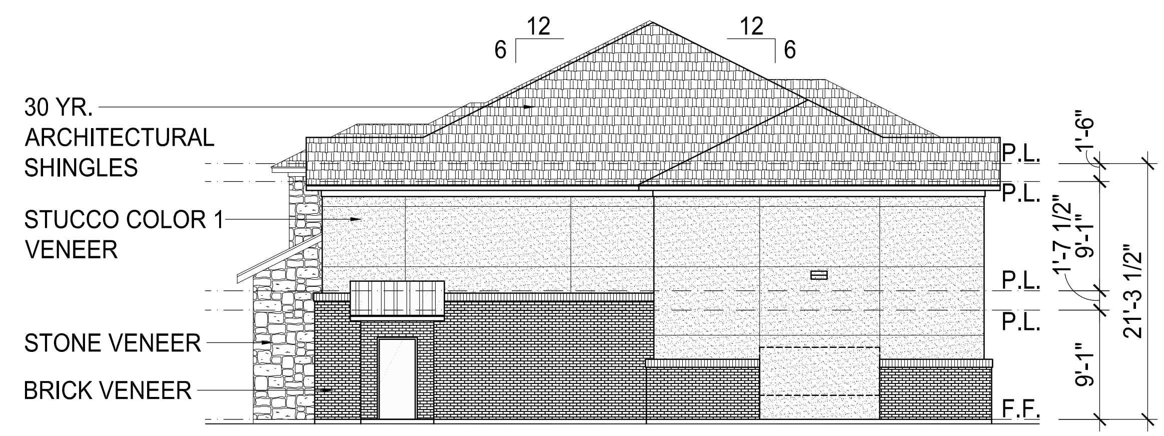
BUILDING 'A' REAR ELEVATION

SCALE 1/16" = 1' - 0"



BUILDING 'A' LEFT ELEVATION

SCALE 1/16" = 1' - 0"



BUILDING 'A' RIGHT ELEVATION

SCALE 1/16" = 1' - 0"

BUILDING 'A' FRONT ELEVATION

SCALE 1/16" = 1' - 0"

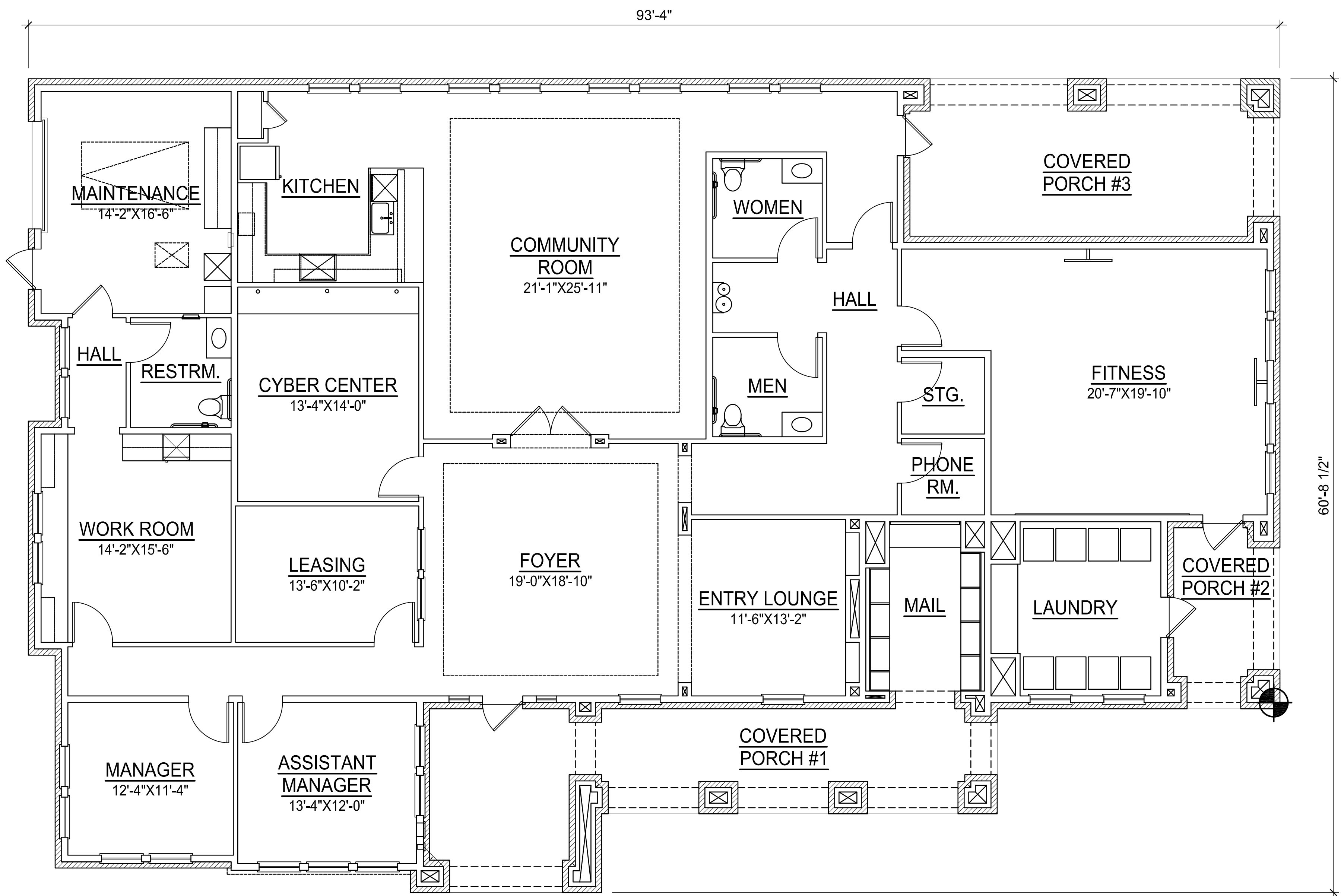
Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

A4.0

BUILDING 'A' ELEVATIONS

CONDITIONED SPACE S.F.	
EMPLOYEE ONLY S.F.	
MAINTENANCE	257
RESTROOM	68
WORKROOM	281
MANAGER	157
ASSISTANT MANAGER	178
STORAGE	40
PHONE ROOM	41
TOTAL EMPLOYEE ONLY S.F.	1,022
TENANT ACCESS S.F.	
FOYER	383
HALL	109
LEASING	147
CYBER CENTER	227
COMMUNITY ROOM	569
KITCHEN	210
ENTRY LOUNGE	186
HALL	336
MENS	68
WOMENS	67
FITNESS	496
LAUNDRY	187
TOTAL TENANT ACCESS S.F.	2,985
TOTAL CONDITIONED SPACE S.F.	4,007
UNCONDITIONED SPACE S.F.	
TENANT ACCESS S.F.	
MAIL	119
COV'D PATIO #1	422
COV'D PATIO #2	112
COV'D PATIO #3	336
TOTAL UNCONDITIONED SPACE S.F.	989



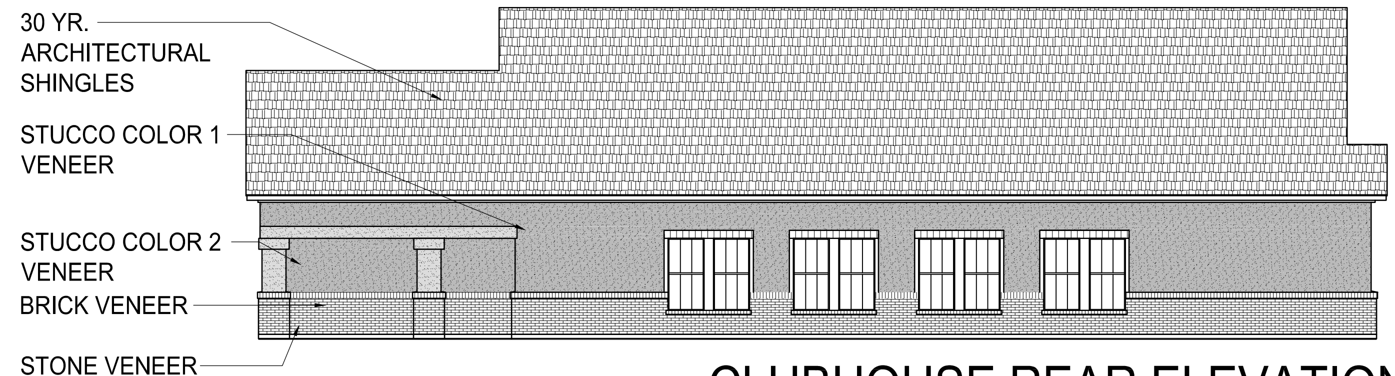
BUILDING CLUBHOUSE PLAN 4,007 S.F.

SCALE 3/32" = 1' - 0"

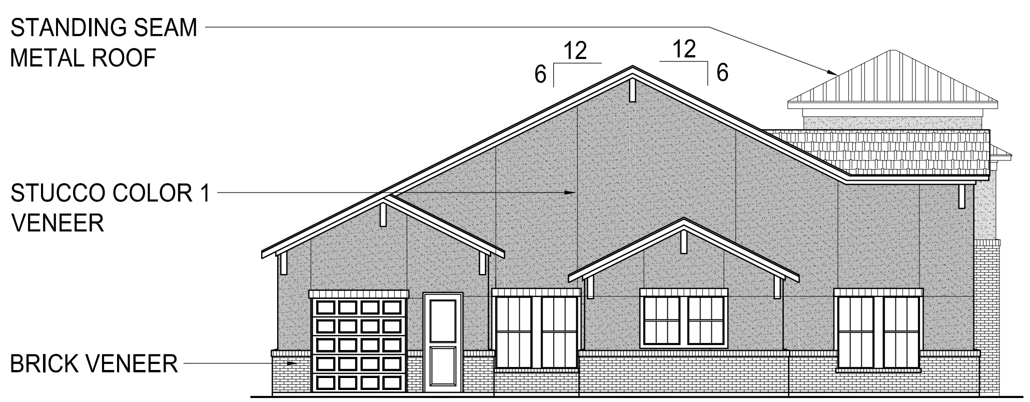
Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

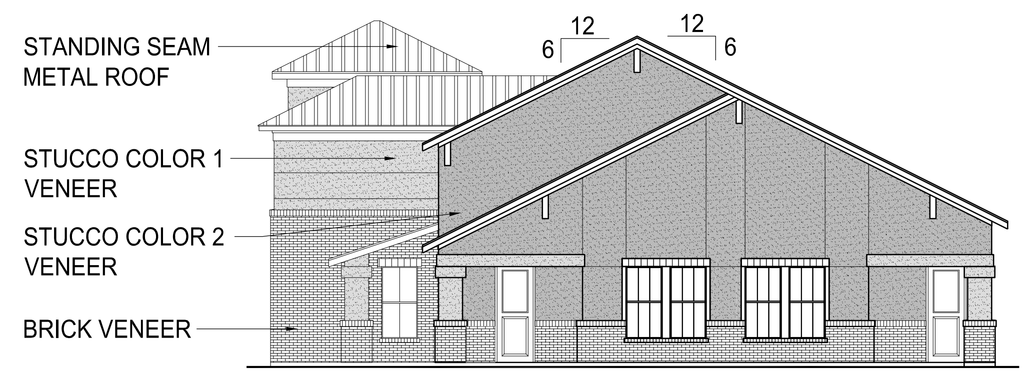
A5.0
BUILDING CLUBHOUSE



CLUBHOUSE REAR ELEVATION
SCALE 1/16" = 1' - 0"



CLUBHOUSE LEFT ELEVATION
SCALE 1/16" = 1' - 0"



CLUBHOUSE RIGHT ELEVATION
SCALE 1/16" = 1' - 0"

CLUBHOUSE FRONT ELEVATION
SCALE 1/16" = 1' - 0"

Cross architects

PROVISION AT NORTH VALENTINE
HURST, TEXAS

A6.0
CLUBHOUSE
ELEVATIONS

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):

	Single Family Construction		SRO		Transitional (per §42(i)(3)(B))		Duplex
	Scattered Site		Fourplex	X	> 4 Units Per Building		Townhome

Development will have:

	Fire Sprinklers		Elevators		# of Elevators		Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
		Shed or Flat Roof Carport Spaces			Detached Garage Spaces
		Attached Garage Spaces	192		Uncovered Spaces
		Structured Parking Garage Spaces			

Floor Composition/Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
	% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
	% Other	*Describe:*	

															Total # of Residential Buildings	
				Building Label	A											
				Number of Stories	2											
Unit Type				Number of Buildings	6										6	
Unit Label	# of Bed-rooms	# of Baths	Sq. Ft. Per Unit		Number of Units Per Building										Total # of Units	Total Sq Ft for Unit Type
A1	1	1	701		4										24	16,824
B1	2	2	955		12										72	68,760
															-	-
															-	-
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				Totals	96	-	-	-	-	-	-	-	-	-	96	85,584

Net Rentable Square Footage from Rent Schedule 85,584

Supportive Housing Applicants Only

Enter the total development common area from the architect's plans:

Ensure that this number matches your architectural drawings.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is: 4,800

The lesser of these two numbers added to NRA: 85,584

Use this number to figure points under 11.9(e)(2)

Rent Schedule

Self Score Total: **122**

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	State HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%					8	1	1.0	701	5,608	423	51	371	2,968
TC 50%					15	1	1.0	701	10,515	705	51	653	9,795
TC 60%					1	1	1.0	701	701	846	51	794	794
									0				-
TC 30%					2	2	2.0	955	1,910	507	59	448	896
TC 50%					24	2	2.0	955	22,920	846	59	787	18,888
TC 60%					46	2	2.0	955	43,930	1,015	59	956	43,976
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			TOTAL		96				85,584				77,317

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:	*app fees, late fees, pet fees*	
Non Rental Income	20.00	per unit/month for:	*retained deposits, interest income*	1,920
+ TOTAL NONRENTAL INCOME	**$20.00**	per unit/month		1,920
= POTENTIAL GROSS MONTHLY INCOME				79,237
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(5,943)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				73,294
x 12 = EFFECTIVE GROSS ANNUAL INCOME				879,531

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	10%	10
	TC40%			0
	TC50%	41%	41%	39
	TC60%	49%	49%	47
	HTC LI Total			96
	EO			0
	MR			0
	MR Total			0
	Total Units			96
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
DIRECT LOAN	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	Direct Loan LI Total			0
	EO			0
	MR			0
	MR Total			0
	Direct Loan Total			0
OTHER	Total OT Units			0

BEDROOMS	0			0
	1			24
	2			72
	3			0
	4			0
	5			0

ACQUISITION + HARD		DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
Cost Per Sq Ft	$ 137.90	
HARD		
Cost Per Sq Ft	$ 137.90	
BUILDING		
Cost Per Sq Ft	$ 94.07	

Utility Allowances [§10.614]

Applicant must attach to this form documentation from the source of the "Utility Allowance" estimate used in completing the Rent Schedule provided in the Application Packet. <u>Where the Applicant uses any method that requires Department review, such review must have been requested prior to submission of the Application.</u> This exhibit must clearly indicate which utility costs are included in the estimate.

Note: If more than one entity (Sec. 8 administrator, public housing authority) is responsible for setting the utility allowance(s) in the area of the development location, then the selected utility allowance must be the one that most closely reflects the actual expenses.

If an independent utility cost evaluation is conducted, it must include confirming documentation from all the relevant utility providers.

If other reductions to the tenant rent are required, such as the cost of flood insurance for tenants' contents, documentation for these reductions to gross rent should also be attached.

Utility	Who Pays	*Source*	0BR	1BR	2BR	3BR	4BR	Source of Utility Allowance & Effective
Heating	Tenant	Electric		$ 11	$ 13			Tarrant County Housing Authority
Cooking	Tenant	Electric		$ 3	$ 4			1/1/2018
Other Electric	Tenant			$ 10	$ 12			
Air Conditioning	Tenant	Electric		$ 16	$ 18			
Water Heater	Tenant	Electric		$ 11	$ 12			
Water								
Sewer								
Trash								
Flat Fee								
Other								
Total Paid by Tenant			$ -	$ 51	$ 59	$ -	$ -	

Other (Describe)

Allowance for Tenant-Furnished Utilities and Other Services

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 04/30/2018)

See Public Reporting Statement and Instructions on back

Locality	Unit Type	Date (mm/dd/yyyy)
TARRANT COUNTY HOUSING ASSISTANCE OFFICE	Multi-Family/Apts/Duplex	01/01/2018

Utility or Service		Monthly Dollar Allowances					
		0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
Heating	a. Natural Gas	6	8	10	12	13	16
	b. Bottle Gas	4	5	7	9	13	15
	c. Oil / Electric	9	11	13	15	18	19
	d. Coal / Other						
Cooking	a. Natural Gas	2	3	4	5	6	6
	b. Bottle Gas	2	2	2	3	3	4
	c. Oil / Electric	2	3	4	4	5	6
	d. Coal / Other						
Other Electric		8	10	12	14	16	20
Air Conditioning		13	16	18	21	24	28
Water Heating	a. Natural Gas	6	6	8	9	12	14
	b. Bottle Gas	5	7	9	13	16	18
	c. Oil / Electric	9	11	12	15	18	21
	d. Coal / Other						
Water		13	17	23	29	38	47
Sewer		10	17	28	35	46	57
Trash Collection		23	23	23	23	23	23
Range/Microwave		10	10	10	10	10	10
Refrigerator		10	10	10	10	10	10
Other -- specify ATMOS CUSTOMER CHARGE		20	20	20	20	20	20

Actual Family Allowances To be used by the family to compute allowance. Complete below for the actual unit rented.

Name of Family

Address of Unit

Number of Bedrooms

Utility or Service	per month cost
Heating	$
Cooking	
Other Electric	
Air Conditioning	
Water Heating	
Water	
Sewer	
Trash Collection	
Range/Microwave	
Refrigerator	
Other	
Total	$

ANNUAL OPERATING EXPENSES

General & Administrative Expenses					
Accounting		$	10,370		
Advertising		$	6,222		
Legal fees		$	7,777		
Leased equipment		$			
Postage & office supplies		$	3,733		
Telephone		$	3,733		
Other	***travel & cable/internet and training***	$	4,770		
Other	***data\software services & subscriptions***	$	1,555		
Total General & Administrative Expenses:				$	38,160
Management Fee:	Percent of Effective Gross Income:		4.50%	$	39,591
Payroll, Payroll Tax & Employee Benefits					
Management		$	52,964		
Maintenance		$	48,962		
Other	***part time janitor and asst maint.***	$	25,481		
Other	***taxes/benefits and incentives***		4,237		
Total Payroll, Payroll Tax & Employee Benefits:				$	131,644
Repairs & Maintenance					
Elevator		$			
Exterminating		$	2,851		
Grounds		$	14,257		
Make-ready		$	22,812		
Repairs		$	14,257		
Pool		$	0		
Other	***fire sprinklers***	$	3,422		
Other	***describe***	$			
Total Repairs & Maintenance:				$	57,600
Utilities (Enter Only Property Paid Expense)					
Electric	***portfolio***	$	10,830		
Natural gas		$			
Trash	***portfolio***	$	5,316		
Water/Sewer	***portfolio***	$	51,455		
Other	***describe***	$			
Other	***describe***	$			
Total Utilities:				$	67,600
Annual Property Insurance:	Rate per net rentable square foot:	$	0.28	$	24,000
Property Taxes:					
Published Capitalization Rate: 9.00%	Source:		Tarrant CAD		
Annual Property Taxes		$	108,275		
Payments in Lieu of Taxes		$			
Total Property Taxes:				$	108,275
Reserve for Replacements:	Annual reserves per unit:	$	$ 250	$	24,000
Other Expenses					
Cable TV		$			
Supportive Services (Staffing/Contracted Services)		$			
TDHCA Compliance fees		$	3,840		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$			
Security		$			
Other	***describe***	$			
Other	***describe***	$			
Total Other Expenses:				$	3,840
TOTAL ANNUAL EXPENSES	Expense per unit:	$	5153	$	494,710
	Expense to Income Ratio:		**56.25%**		
NET OPERATING INCOME (before debt service)				$	384,821
Annual Debt Service					
Citi		$	319,061		
		$			
		$			
		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.21	$	319,061
NET CASH FLOW				$	65,759

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$927,804	$946,360	$965,287	$984,593	$1,004,285	$1,108,812	$1,224,218
Secondary Income	$ 23,040	$ 23,501	$ 23,971	$ 24,450	$ 24,939	$ 27,535	$ 30,401
POTENTIAL GROSS ANNUAL INCOME	$950,844	$969,861	$989,258	$1,009,043	$1,029,224	$1,136,347	$1,254,618
Provision for Vacancy & Collection Loss	($71,313)	($72,740)	($74,194)	($75,678)	($77,192)	($85,226)	($94,096)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$879,531	$897,121	$915,064	$933,365	$952,032	$1,051,121	$1,160,522
EXPENSES							
General & Administrative Expenses	$38,160	$39,305	$40,484	$41,698	$42,949	$49,790	$57,720
Management Fee	$ 39,591	$ 40,383	$ 41,190	$ 42,014	$ 42,855	$ 47,315	$ 52,239
Payroll, Payroll Tax & Employee Benefits	$ 131,644	$ 135,593	$ 139,661	$ 143,851	$ 148,166	$ 171,766	$ 199,123
Repairs & Maintenance	$ 57,600	$ 59,328	$ 61,108	$ 62,941	$ 64,829	$ 75,155	$ 87,125
Electric & Gas Utilities	$ 10,830	$ 11,154	$ 11,489	$ 11,834	$ 12,189	$ 14,130	$ 16,381
Water, Sewer & Trash Utilities	$ 56,770	$ 58,474	$ 60,228	$ 62,035	$ 63,896	$ 74,072	$ 85,870
Annual Property Insurance Premiums	$ 24,000	$ 24,720	$ 25,462	$ 26,225	$ 27,012	$ 31,315	$ 36,302
Property Tax	$ 108,275	$ 111,523	$ 114,869	$ 118,315	$ 121,864	$ 141,274	$ 163,776
Reserve for Replacements	$ 24,000	$ 24,720	$ 25,462	$ 26,225	$ 27,012	$ 31,315	$ 36,302
Other Expenses	$ 3,840	$ 3,955	$ 4,074	$ 4,196	$ 4,322	$ 5,010	$ 5,808
TOTAL ANNUAL EXPENSES	$494,710	$509,155	$524,026	$539,335	$555,095	$641,142	$740,648
NET OPERATING INCOME	$384,821	$387,966	$391,038	$394,030	$396,937	$409,979	$419,874
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061	$319,061
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$65,759	$68,905	$71,976	$74,968	$77,876	$90,917	$100,813
CUMULATIVE NET CASH FLOW	$65,759	$134,664	$206,640	$281,608	$359,484	$781,467	$1,260,792
Debt Coverage Ratio	1.21	1.22	1.23	1.23	1.24	1.28	1.32
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Date

Development Cost Schedule

Self Score Total: 12

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

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	1,350,000			
Existing building acquisition cost				
Closing costs & acq. legal fees	15,000			
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$1,365,000	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities	100,000			
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$100,000	$0	$0	
SITE WORK[3]				
Demolition	70,317			
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	434,272		434,272	
Fine grading	37,936		37,936	
On-site concrete	33,671		33,671	
On-site electrical	5,773		5,773	
On-site paving	387,644		387,644	
On-site utilities	361,982		361,982	
Decorative masonry				
Bumper stops, striping & signs	23,099		23,099	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$1,354,693	$0	$1,284,376	
SITE AMENITIES				
Landscaping	220,566		220,566	
Pool and decking	132,340		132,340	
Athletic court(s), playground(s)	22,057		22,057	
Fencing	111,165		111,165	
amenity equipment and furniture	21,174		21,174	
Subtotal Site Amenities Cost	$507,302	$0	$507,302	
BUILDING COSTS*:				
Concrete	858,357		858,357	
Masonry	496,425		496,425	
Metals	130,849		130,849	
Woods and Plastics	2,451,435		2,451,435	

Thermal and Moisture Protection		141,119		141,119		
Roof Covering		72,966		72,966		
Doors and Windows		263,283		263,283		
Finishes		1,030,506		1,030,506		
Specialties		151,797		151,797		
Equipment		188,149		188,149		
Furnishings						
Special Construction						
Conveying Systems (Elevators)						
Mechanical (HVAC; Plumbing)		1,154,807		1,154,807		
Electrical		817,535		817,535		
Individually itemize costs below:						
Detached Community Facilities/Building		293,729		293,729		
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs Before 11.9(e)(2)		$8,050,959	$0	$8,050,959		
Voluntary Eligible Building Costs (After 11.9(e)(2)) Enter amount to be used to achieve desired score.			$0.00 psf			*Enter score for Building **OR** Hard Costs at end of form
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$9,912,954	$0	$9,842,637		
Contingency	6.37%	$637,327		637,327		
TOTAL HARD COSTS		$10,650,281	$0	$10,479,964		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	5.32%	566,585		566,585	5.41%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.77%	188,861		188,861	1.80%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.32%	566,585		566,585	5.41%	
TOTAL CONTRACTOR FEES		$1,322,031	$0	$1,322,031		
TOTAL CONSTRUCTION CONTRACT		$11,972,312	$0	$11,801,995		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2)) Enter amount to be used to achieve desired score.			$0.00 psf			*Enter score for Building **OR** Hard Costs at end of form
SOFT COSTS[3]						
Architectural - Design fees		264,700		264,700		
Architectural - Supervision fees		52,700		52,700		
Engineering fees		119,400		119,400		
Real estate attorney/other legal fees		95,000		95,000		
Accounting fees		35,000		35,000		
Impact Fees		11,385		11,385		
Building permits & related costs		126,067		126,067		
Appraisal				0		
Market analysis		7,500		7,500		
Environmental assessment		27,130		27,130		
Soils report		15,096		15,096		
Survey		33,124		33,124		
Marketing		175,000				

Hazard & liability insurance	52,800		52,800	
Real property taxes	52,421		52,421	
Personal property taxes				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
ffe	275,000		275,000	
Subtotal Soft Cost	$1,342,323	$0	$1,167,323	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	1,036,789		515,691	
Loan origination fees	144,100		144,100	
Title & recording fees	110,000		110,000	
Closing costs & legal fees	70,000		70,000	
Inspection fees	15,000		15,000	
Credit Report				
Discount Points				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	45,500			
Title & recording fees	20,000			
Closing costs & legal	22,500			
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
BRIDGE LOAN(S)				
Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
OTHER FINANCING COSTS[3]				
Tax credit fees	74,380			
Tax and/or bond counsel				
Payment bonds				
Performance bonds				
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	50,000			
Tax opinion				
reimbursables	68,000		68,000	
soft loan pre dev interest	10,000		10,000	
Subtotal Financing Cost	$1,666,269	$0	$932,791	
DEVELOPER FEES[3]				
Housing consultant fees[4]	167,500		167,500	
General & administrative				

Profit or fee	1,943,364		1,917,816	
Subtotal Developer Fees 15.00%	$2,110,864	$0	$2,085,316	15.00%
RESERVES				
Rent-up				
Operating	406,886			
Replacement				
Escrows				
Subtotal Reserves	$406,886	$0	$0	
TOTAL HOUSING DEVELOPMENT COSTS[5]	$18,863,654	$0	$15,987,426	

The following calculations are for HTC Applications only.

Deduct From Basis:			
Federal grants used to finance costs in Eligible Basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units §42(d)(5)			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$15,987,426
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$20,783,653
Applicable Fraction			100%
Total Qualified Basis	$20,783,653	$0	$20,783,653
Applicable Percentage[6]			9.00%
Credits Supported by Eligible Basis	$1,870,529	$0	$1,870,529
(May be greater than actual request)			

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.**

Requested Score for 11.9(e)(2)	12

Name of contact for Cost Estimate: **John Thompson**

Phone Number for Contact: **972-979-7185**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description		Construction Period		Lien Position	Permanent Period					Lien Position
			Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	
Debt											
TDHCA	Multifamily Direct Loan (Repayable)		$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Soft Repayment)		$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond		$0	0.00%		$ -	0.00%	0	0		
Citi	Conventional Loan		$14,410,000	5.83%	1st	$ 4,550,000	6.21%	35	15		1st
Third Party Equity											
Citi	HTC	$ 1,500,000	$ 2,024,798			$ 13,498,650				0.9	
Grant											
Deferred Developer Fee											
Gardner Capital Development Texas						$ 815,004					
Other											
	Direct Loan Match										
	Total Sources of Funds		$ 16,434,798			$ 18,863,654					
	Total Uses of Funds					$ 18,863,654					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitme

Construction financing will be provided by Citi Bank in the form of a Construction Loan in the amount of $14,100,000. The Construction Loan will be interest-only during the construction period and will be priced at a variable rate equal to the 30 Day LIBOR plus a spread of 2.75%, currently underwritten at 4.83%. Permanent financing will also be provided by Citi Bank in the form of a Conventional Loan in the amount of $4,550,000. The Permanent Loan will carry an interest rate equal to the 10-year Treasury yield plus a spread of 3.25%, for an all-in rate of 6.21%. The Permanent Loan will have a 15 year term and will be amortized over 35 years. Citi will be providing the equity based on an estimated Tax Credit allocation of $1,500,000 per anum. Citi is proposing pricing of $0.90 per LIHTC to purchase a 99.99% interest in the LLC that will own and operate the development, which amounts to total capital contributions of

Describe the replacement reserves:

The Syndicator, Citi, is requiring Replacement Reserves of $250 per unit per year, Operating Reserves of $406,886.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project will not have any operating subsidies, rental assistance or project based vouchers.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender	**Printed Name**	**Date**

Telephone: ____________________

Email address: ____________________

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Gala at Texas Parkway (HTC #17316)

RECOMMENDED ACTION

WHEREAS, Gala at Texas Parkway (the "Development") received an award of 9% Housing Tax Credits ("HTC") in 2017 for the new construction of 93 units of multifamily housing for elderly households in Missouri City (the "City"), Fort Bend County;

WHEREAS, Gala at Texas Parkway, LP (the "Development Owner" or "Owner") is now requesting approval for a significant modification of the site plan and a modification of the architectural building plans, by compressing two three-story buildings into one four-story building and by resizing the building footprint, due to required increases in the detention area due to special drainage requirements imposed by the City during the site plan review and permitting process;

WHEREAS, the Development Owner is also requesting approval for a modification of the number of units and bedroom mix of units, a reduction of three percent or more in the square footage of the units, and a corresponding modification of the residential density of at least five percent, due to the reduction of seven market rate units, necessary as a result of the required revisions in the site plan due to the City's additional drainage and detention requirements that were unknown at the time of Application;

WHEREAS, the Development Owner is also requesting approval for modification of the building elevations, clubhouse plans, and uncovered parking necessary to compress the site layout, to minimize the detention requirements, and to offset cost increases;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification of the number of units or bedroom mix of units, a reduction of three percent or more in the square footage of the units or common area, a significant modification of the architectural design of a Development, and a modification of the residential density of at least five percent, as directed in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), (B), (D), (E), and (F), and the Owner has complied with the amendment requirements therein;

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

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendments to the Application for Gala at Texas Parkway are approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Gala at Texas Parkway (the "Development") received an award of 9% Housing Tax Credits in 2017 for the new construction of 93 units of multifamily housing for elderly households in Missouri City (the "City"), Fort Bend County. The Development is owned by Gala at Texas Parkway, LP with Gala at Texas Parkway GP, LLC as the General Partner with 0.01% interest. The two owners of the General Partner are Gala at Texas Parkway MM, LLC, 60% interest, with Mark Gardner as its Sole Member & Manager, and Five Woods, LLC, a HUB having a 40% interest, with Laolu Yemitan as its Sole Member.

On August 14, 2018, Jervon Harris through Sarah Anderson, Consultant for the Owner, submitted an amendment request identifying multiple changes to the site plan, number of units and related changes in NRA, changes in unit mix, clubhouse and building plans (including elevations), changes in unit and affordability mix, and a reduction in the number of parking spaces.

According to the request, the proposed changes are necessary due to special drainage requirements imposed by the City during the site plan review and approvals process, in addition to changes in broad market conditions that are beyond the Owner's control. The proposed changes are necessary in order to comply with unpublished drainage plans, to satisfy City requirements, and to keep affordable units in the City.

According to the Owner, during the permitting process, the City imposed changes in drainage and detention based on an unpublished Master Drainage Plan that was unknown at the time of Application. The need for the larger detention areas was unforeseen being that is the site is not located in a flood plain and the extent of necessary mitigation is only determined after a site plan is submitted to the City permitting agencies for review. Because of the City's extended conditions and changes, which exceeded the typical requirements for development in Fort Bend County, the site plan had to be entirely reworked resulting in significant redesign and oversizing of the detention facilities.

According to the letter, the Owner also had to reduce project costs in order to offset cost increases in building materials, including lumber and steel due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies. The Owner also mentioned cost concerns by recent tax reform that resulted in unforeseen reduction in tax credit pricing for the area.

A letter from Kelly R. Kaluza & Associates, Inc (the "Engineer"), Consulting Engineers & Surveyors, further supports the Owner's explanation for required changes to the Development. The Engineer explains that the delays incurred were atypical, extraordinary, and unforeseeable, and coincided with the land fall of Hurricane Harvey, which further prolonged the operations of the City permitting agencies.

The City approved the revised site plan and architectural changes on September 7, 2018, and the Owner is now seeking to amend the original Application to incorporate these changes. The requested changes are described in detail below.

Changes in the Site Plan & Architectural Building Plans

The site plan has been reconfigured to accommodate additional detention space by reducing the number of buildings from two three-story buildings to one four-story building and by compressing the building footprint to comply with City requirements. The parking layout has also been adjusted to accommodate the enlarged detention facilities.

Overall, parking spaces decreased by 10 spaces from 139 to 129 total parking spaces. The number of carports decreased by 15 (from 45 to 30), and the number of uncovered spaces decreased by 12 (from 79 to 67). However, the number of garages increased by 17 (from 15 to 32). Although overall parking spaces are being reduced in the new plans to account for the reduction in the total number of units, parking still meets local code requirements.

Changes in the Number of Units & Bedroom Mix, Reduction in Square Footage of the Units & Common Area, and Changes in Residential Density

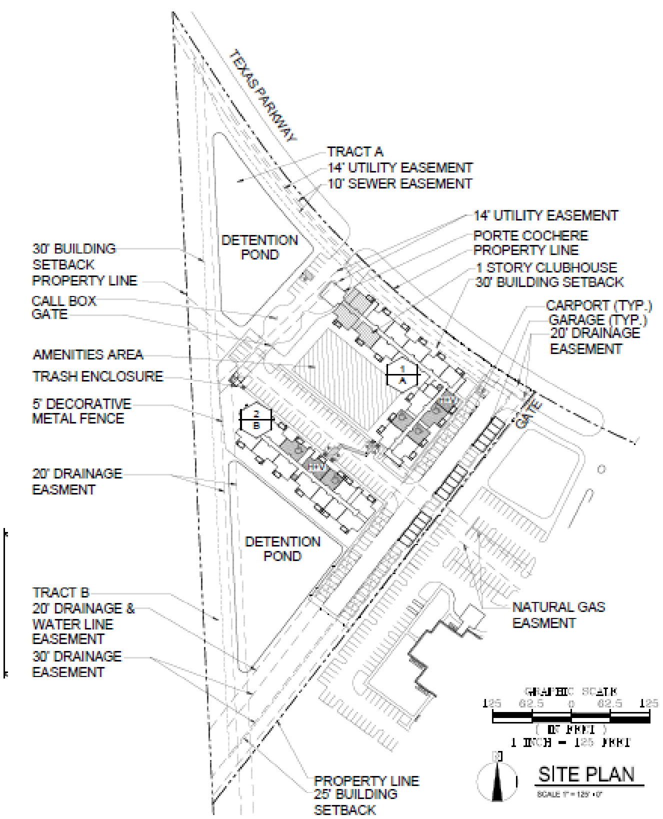
The revised building plans omit seven Market Rate Units, reducing the total number of units from 93 to 86. The original Application had 82 Low Income units and 11 Market Rate Units. The new plans include the same 82 Low Income units but only 4 Market Rate Units. The unit mix is also changed. At Application, there were originally 29 1 bed/1 bath units, 46 2 bed/1 bath units, and 18 2 bed/2 baths units. This amendment proposes 28 1 bed/1 bath units (decreased by 1), 46 2 bed/1 bath units (no change), and 12 2 bed/2 baths units (decreased by 6). The unit mix and the square footage of the Low Income units remain unchanged.

Because of the reduction of the seven Market Rate Units, the total Net Rentable Area decreases from 77,900 to 71,800 square feet, a reduction of 7.83%. The unit layouts were slightly reconfigured to be more efficient, but the unit square footages remain the same. The balconies have been omitted to compress the site layout and minimize detention requirements. In addition to the removal of the balconies, the building elevations have minor changes to the exteriors based on review and comment by City staff during the building façade review. Because of the reduction in the total Net Rentable Area, the residential density decreases from 12.4 units per acre to 11.467 units per acre, a reduction of 7.5%.

The common area is to increase 2,574 square feet (65.7%), from 3,917 to 6,491 square feet. The clubhouse area on the first floor will include 2,959 square feet for the management area for leasing, a community room and a family room. An additional 3,532 square feet of common area (including a fitness center, library, art studio, lounge, laundry and salon) are located on the second, third and fourth floors. The changes are summarized below.

<table>
<tr><th colspan="2">Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)</th></tr>
<tr><th>Application</th><th>Amendment</th></tr>
<tr><td>

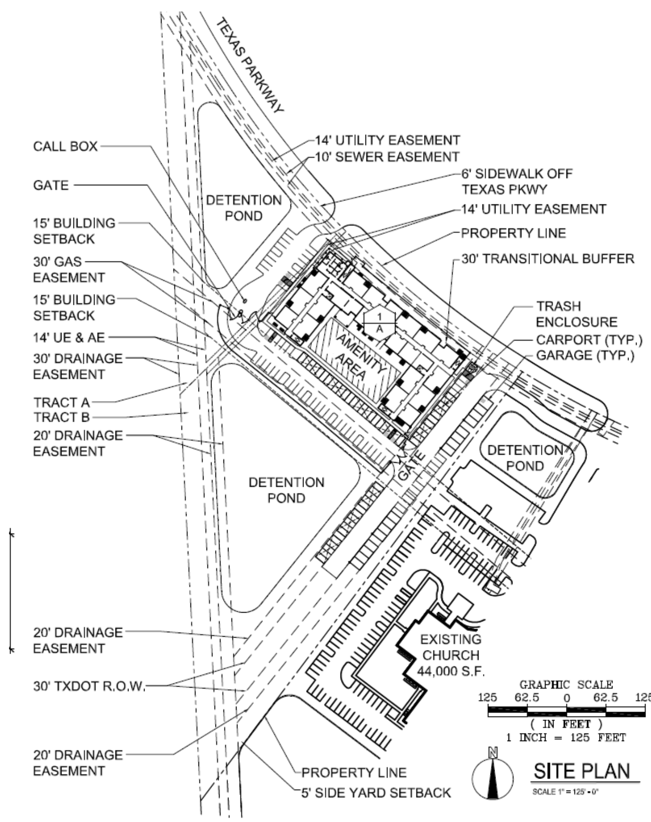
Site Plan:



Building Elevation:

</td><td>

Site Plan:



Building Elevation:

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

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**

Application

Development Site: **7.50** acres
Total Units: **93**
Density: **12.4** units/acre
Residential Buildings: **2**
Residential Net Rentable SF: **77,900**
Common Area SF: **3,917**

Total Parking: **139**
Garages: **15**
Carports: **45**
Uncovered: **79**

Unit Type	# Units	# Beds	# Baths	NRA
30%	7	1	1	700
50%	20	1	1	700
60%	1	1	1	700
MR	1	1	1	700
30%	1	2	1	900
50%	12	2	1	900
60%	32	2	1	900
MR	1	2	1	900
30%	1	2	2	900
50%	1	2	2	900
60%	7	2	2	900
MR	9	2	2	900
Totals	**93**			**77,900**

30% units: 9
50% units: 33
60% units: 40
MR units: 11

1 BR/1 BA: **29**
2 BR/1 BA: 46
2 BR/2 BA: **18**

Amendment

Development Site: **7.50** acres
Total Units: **86 (-7 market-rate units)**
Density: **11.467** units/acre **(-7.5%)**
Residential Buildings: **1**
Residential Net Rentable SF: **71,800 (-7.83%)**
Common Area SF: **6,491 (+65.7%)**

Total Parking: **129**
Garages: **32**
Carports: **30**
Uncovered: **67**

Unit Type	# Units	# Beds	# Baths	NRA
30%	7	1	1	700
50%	20	1	1	700
60%	1	1	1	700
MR	**0**	1	1	700
30%	1	2	1	900
50%	12	2	1	900
60%	32	2	1	900
MR	1	2	1	900
30%	1	2	2	900
50%	1	2	2	900
60%	7	2	2	900
MR	**3**	2	2	900
Totals	**86**			**71,800**

30% units: 9
50% units: 33
60% units: 40
MR units: 4

1 BR/1 BA: **28**
2 BR/1 BA: 46
2 BR/2 BA: **12**

Changes in Development Costs & Financing

The Owner submitted a revised Development Cost Schedule, a revised Summary of Sources and Uses, Rent Schedule, Annual Operating Expenses, and revised site and building plans to be re-evaluated by the Real Estate Analysis ("REA") Division pursuant to Tex. Gov't Code §2306.6712(b).

Real Estate Analysis has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and has concluded that the Development remains feasible. The analysis is attached to this Board Action Request and details are summarized below.

Gross income has decreased $10K due to the elimination of seven market units, underwritten at 2018 60% AMI rents. Expenses decreased $50K, mainly due to payroll decreasing $22K, general and administrative expenses decreasing $12K, and water, sewer and trash expenses decreasing $15K. The amended projected Debt Coverage Ratio is 1.17.

Owner's total development cost increased $200K due to general material cost increases but especially steel and lumber due to the markets adjusting to national news regarding tariffs and other potential changes to national trade policies. Drastic changes to the site plan doubled engineering fees to $125K. Owner found cost savings in other areas. Owner's building cost increased from $78/square foot at underwriting to $92.93/square foot due to the increased materials costs and increased cost to build a four story building. Underwriter costs the project at $91.42/square foot.

Owner is to provide parking, landscaping, and lighting for the adjacent church. These costs have increased from $125K to $267K. Underwriter shows these costs separately as ineligible acquisition costs. Per Owner, these increased costs are due to increased materials cost and increased off site detention on the church's land.

Credit price decreased from $0.96 to $0.90 as has been the trend in 2018. This is a decrease of $840K in equity. Owner offset this by increasing permanent debt by $890K and deferred developer fee by $147K. No change is recommended to the original annual tax credit award of $1,400,000.

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

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

Real Estate Analysis Division
September 25, 2018

Addendum to Underwriting Report

TDHCA Application #: **17316** Program(s): **9% HTC**

Gala at Texas Parkway

Address/Location: W side of Texas Pkwy, S of Cartwright

City: Missouri City County: Fort Bend Zip: 77489

	APPLICATION HISTORY
Report Date	**PURPOSE**
09/25/18	**Amendment**
06/09/17	Original Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$1,400,000				**$1,400,000**				

CONDITIONS STATUS

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

ANALYSIS

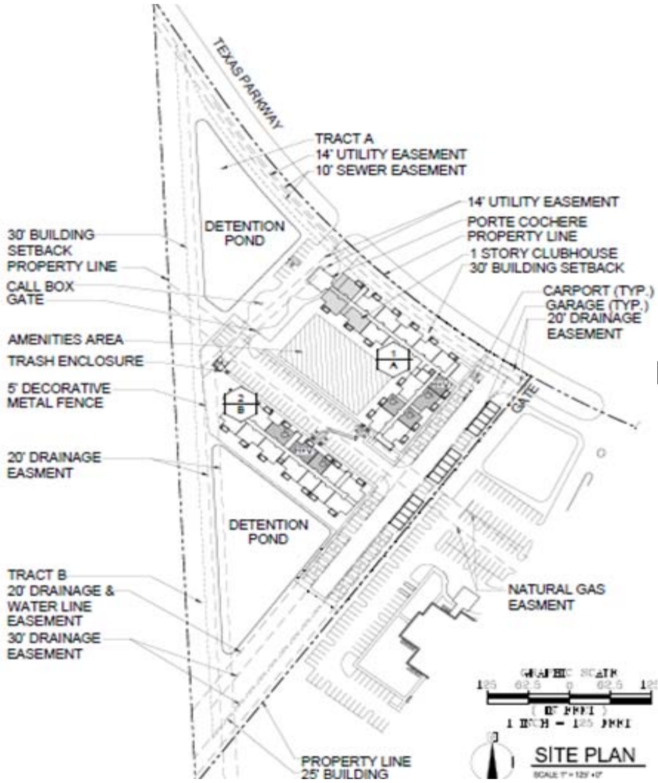
Applicant has requested an amendment due to increased drainage requirements by Missouri City's unpublished Master Drainage Plan. Per Applicant's engineer, the site does not show any unusual drainage characteristics that would require excessive drainage and they could not have been aware of the city's unpublished plan.

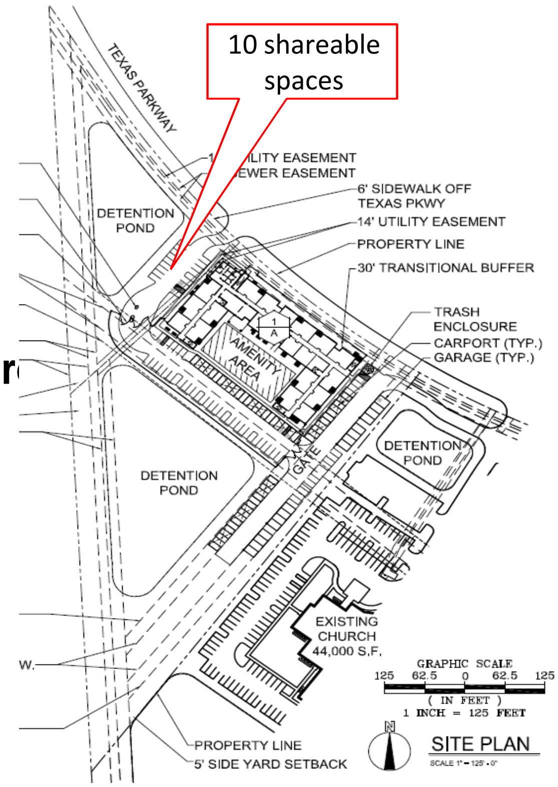
In order to get site plan approval, they had to make changes to parking layout, building footprints and design to accommodate the increased detention requirement. Both onsite detention ponds have increased, as well as the offsite shared detention on the church's site. Applicant reduced the project from 93 units to 86 units; they removed 7 of the 11 market units. The building plan is now only one four-story building instead of two, three-story buildings. Balconies have been omitted to further compress the site plan layout.

Parking requirement of 1.4 spaces is still met; parking decreased from 139 spaces to 129 spaces. Both Jubilee and Gala have 10 spaces at the leasing offices that are "shareable" with the other property. This is mainly for employees who will be shared between the properties. Per each site plan, each site meets their individual parking requirements of 1.4 spaces per unit.

OLD

NEW





Operating Pro Forma

Gross income has decreased $10k due to the elimination of seven market units, underwritten at 60% AMI rents. Rents have been updated to 2018 levels.

Applicant's amended expenses are within 4% of Underwriter's, therefore Applicant's operating expenses are used for analysis. Expenses decreased $50k, mainly due to payroll decreasing $22k, G&A decreasing $12k, and WST decreasing $15k. Per Applicant, since both Gala and Jubilee were awarded, the management staff will be shared between the two properties; this was not assumed at underwriting. Applicant's decreased G&A and WST is based off the management company's comps in the area and TDHCA's database.

Underwriter did adjust the payroll to the current staffing plan, but did not adjust the original underwritten G&A or WST per unit amount; Applicant's amended expenses are within 4% of Underwriter's.

The amended DCR is 1.17. Deferred fee pays off in year 13 with a 15 year cumulative net cash flow of $250k.

Development Cost

Applicant's total development cost increased $200k due to general material cost increases, but especially steel and lumber due to the markets adjusting to national news regarding tariffs and other potential changes to national trade policies.

Drastic changes to the site plan doubled engineering fees to $125k. Applicant found cost savings in other areas.

Applicant's building cost increased from $80/sf at underwriting to $92.93/sf due to the increased materials costs and increased cost to build a four story building. Underwriter costs the project at $91.42/sf. Eligible building cost is limited to Applicant's original voluntarily limited basis of $77.99/sf.

Per the contract, Applicant is to provide parking, landscaping, and lighting for the adjacent church. These costs have increased from $125k to $267k. Underwriter shows these costs separately as ineligible acquisition costs. Per Applicant, these increased costs are due to increased materials cost and increased off site detention on the church's land.

Sources of Funds

Credit price decreased from $0.96 to $0.90 as has been the trend in 2018. This is a decrease of $840k in equity. Applicant offset this by increasing permanent debt by $890k and deferred developer fee by $147k.

Citi is now providing the permanent debt and equity.
No change to the original credit recommendation of $1,400,000.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Gala at Texas Parkway, Missouri City, 9% HTC #17316

LOCATION DATA	
CITY:	Missouri City
COUNTY:	Fort Bend
Area Median Income	$69,200
PROGRAM REGION:	6

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	9	10.5%
1	28	32.6%	0	40%	-	0.0%
2	58	67.4%	0	50%	33	38.4%
3	-	0.0%	0	60%	40	46.5%
4	-	0.0%	0	MR	4	4.7%
TOTAL	**86**	**100.0%**	**-**	**TOTAL**	**86**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	94.99%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	835 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$421	7	1	1	700	$421	$39	$382	($0)	$0.55	$382	**$2,674**	**$2,675**	$382	$0.55	$0	$843	$1.20	$1,050
TC 50%	$703	20	1	1	700	$703	$39	$664	($0)	$0.95	$664	**$13,280**	**$13,282**	$664	$0.95	$0	$843	$1.20	$1,050
TC 60%	$843	1	1	1	700	$843	$39	$804	($0)	$1.15	$804	**$804**	**$804**	$804	$1.15	$0	$843	$1.20	$1,050
TC 30%	$506	1	2	1	900	$506	$67	$439	($0)	$0.49	$439	**$439**	**$439**	$439	$0.49	$0	$1,012	$1.12	$1,050
TC 50%	$843	12	2	1	900	$843	$67	$776	($0)	$0.86	$776	**$9,312**	**$9,318**	$776	$0.86	$0	$1,012	$1.12	$1,275
TC 60%	$1,012	32	2	1	900	$1,012	$67	$945	($0)	$1.05	$945	**$30,240**	**$30,255**	$945	$1.05	$0	$1,012	$1.12	$1,275
MR		1	2	1	900	$0	$67		NA	$1.12	$1,012	**$1,012**	**$1,012**	$1,012	$1.12	NA	$1,012	$1.12	$1,275
TC 30%	$506	1	2	2	900	$506	$67	$439	($0)	$0.49	$439	**$439**	**$439**	$439	$0.49	$0	$1,012	$1.12	$1,275
TC 50%	$843	1	2	2	900	$843	$67	$776	($0)	$0.86	$776	**$776**	**$776**	$776	$0.86	$0	$1,012	$1.12	$1,275
TC 60%	$1,012	7	2	2	900	$1,012	$67	$945	($0)	$1.05	$945	**$6,615**	**$6,618**	$945	$1.05	$0	$1,012	$1.12	$1,275
MR		3	2	2	900	$0	$67		NA	$1.12	$1,012	**$3,036**	**$3,036**	$1,012	$1.12	NA	$1,012	$1.12	$1,275
TOTALS/AVERAGES:		**86**			**71,800**				**($0)**	**$0.96**	**$798**	**$68,627**	**$68,655**	**$798**	**$0.96**	**$0**	**$957**	**$1.15**	**$1,199**

ANNUAL POTENTIAL GROSS RENT:		
ANNUAL POTENTIAL GROSS RENT:	**$823,524**	**$823,862**

STABILIZED PRO FORMA

Gala at Texas Parkway, Missouri City, 9% HTC #17316

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		3 Eldery County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.96	$798	$823,524	$832,380	$832,886	$823,862	$798	$0.96		0.0%	($338)
retained deposits and interest income							$20.00	$20,640	22,320							
Total Secondary Income							$20.00			22,320	$20,640	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$844,164	$854,700	$855,206	$844,502				0.0%	($338)
Vacancy & Collection Loss							7.5% PGI	(63,312)	(64,103)	(64,140)	(63,338)	7.5% PGI			0.0%	25
EFFECTIVE GROSS INCOME								$780,852	$790,598	$791,066	$781,165				0.0%	($313)
General & Administrative	$32,977	$383/Unit	$51,670	$601	3.99%	$0.43	$362	$31,120	$43,220	$35,719	$32,977	$383	$0.46	4.22%	-5.6%	(1,857)
Management	$33,399	4.5% EGI	$32,468	$378	4.50%	$0.49	$409	$35,138	$39,533	$39,553	$35,152	$409	$0.49	4.50%	0.0%	(14)
Payroll & Payroll Tax	$109,542	$1,274/Unit	$135,189	$1,572	11.47%	$1.25	$1,041	$89,546	$111,600	$118,459	$89,546	$1,041	$1.25	11.46%	0.0%	-
Repairs & Maintenance	$54,381	$632/Unit	$51,677	$601	6.61%	$0.72	$600	$51,600	$55,800	$55,800	$51,600	$600	$0.72	6.61%	0.0%	-
Electric/Gas	$17,503	$204/Unit	$20,043	$233	2.09%	$0.23	$189	$16,288	$22,637	$18,960	$17,503	$204	$0.24	2.24%	-6.9%	(1,215)
Water, Sewer, & Trash	$52,219	$607/Unit	$48,317	$562	5.07%	$0.55	$461	$39,612	$55,051	$56,470	$52,219	$607	$0.73	6.68%	-24.1%	(12,607)
Property Insurance	$37,416	$0.52 /sf	$29,529	$343	3.30%	$0.36	$300	$25,800	$26,085	$26,085	$25,800	$300	$0.36	3.30%	0.0%	-
Property Tax (@ 100%) 3.2969	$59,443	$691/Unit	$65,970	$767	14.60%	$1.59	$1,326	$114,000	$99,527	$102,522	$111,968	$1,302	$1.56	14.33%	1.8%	2,032
Reserve for Replacements	$23,923	$278/Unit	-	$0	2.75%	$0.30	$250	$21,500	$23,250	$23,250	$21,500	$250	$0.30	2.75%	0.0%	-
Supportive Services			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.42%	$0.05	$38	$3,280	$3,280	$3,280	$3,280	$38	$0.05	0.42%	0.0%	-
TOTAL EXPENSES					**54.80%**	**$5.96**	**$4,975**	**$ 427,884**	$479,983	$480,098	**$ 441,546**	**$5,134**	**$6.15**	**56.52%**	**-3.1%**	**$ (13,662)**
NET OPERATING INCOME ("NOI")					**45.20%**	**$4.92**	**$4,104**	**$352,968**	$310,615	$310,968	**$339,619**	**$3,949**	**$4.73**	**43.48%**	**3.9%**	**$ 13,349**
CONTROLLABLE EXPENSES							$2,653/Unit					$2,835/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Gala at Texas Parkway, Missouri City, 9% HTC #17316

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	**Fee**	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
Citi		1.12	1.17	302,551	6.12%	35	15	$4,360,000	$3,469,000	$3,469,000	$4,360,000	15	35	6.12%	$302,551	1.17	24.5%
CASH FLOW DEBT / GRANTS																	
Local Contribution-Missouri City		1.12	1.17		0.00%	0	0	$10	$10	$10	$10	0	0	0.00%		1.17	0.0%
				$302,551	**TOTAL DEBT / GRANT SOURCES**			**$4,360,010**	$3,469,010		**$4,360,010**			**TOTAL DEBT SERVICE**	**$302,551**	1.17	24.5%
NET CASH FLOW		$37,068	$50,417								**APPLICANT**	**NET OPERATING INCOME**		**$352,968**	**$50,416**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Citi	LIHTC Equity	70.9%	$1,400,000	0.90	$12,598,740	$13,438,656	$13,438,656	$12,598,740	$0.90	$1,400,000	70.9%	$16,279	Previous Allocation
GCI Development Texas	Deferred Developer Fees	4.5%	(44% Deferred)		$805,806	$684,887	$657,389	$804,523	(44% Deferred)		4.5%	**Total Developer Fee:**	**$1,848,174**
Additional (Excess) Funds Req'd		0.0%					$0	($0)			0.0%		
TOTAL EQUITY SOURCES		75.5%			$13,404,546	$14,123,543	$14,096,045	$13,403,263			75.5%		
TOTAL CAPITALIZATION					**$17,764,556**	$17,592,553	$17,565,055	**$17,763,273**			**15-Yr Cash Flow after Deferred Fee:**		**$248,495**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					Prior Underwriting		TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis										Eligible Basis			
	Acquisition	New Const. Rehab			**Total Costs**	Applicant	TDHCA	**Total Costs**			New Const. Rehab	Acquisition	%	$
Land Acquisition				$27,098 / Unit	$2,330,460	$2,330,460	$2,330,460	$2,330,460	$27,098 / Unit				0.0%	$0
Seller Required Off-Sites	$0			$3,101 / Unit	$266,683	$125,000	$125,000	$266,683	$3,101 / Unit			$0	0.0%	$0
Closing costs & acq. legal fees					$5,000	$15,000	$15,000	$5,000						$0
Off-Sites				$872 / Unit	$75,000	$50,000	$50,000	$75,000	$872 / Unit				0.0%	$0
Site Work		$1,038,677		$12,078 / Unit	$1,038,677	$1,390,000	$1,390,000	$1,038,677	$12,078 / Unit		$1,038,677		0.0%	$0
Site Amenities		$581,666		$6,764 / Unit	$581,666	$600,000	$600,000	$581,666	$6,764 / Unit		$581,666		0.0%	$0
Building Cost		$6,075,421	$92.93 /sf	$77,585/Unit	$6,672,282	$6,232,000	$6,555,160	$6,563,912	$76,325/Unit	$91.42 /sf	$6,075,421		1.7%	$108,370
Contingency		$515,799	6.70%	6.16%	$515,799	$587,790	$587,790	$515,799	6.25%	6.70%	$515,799		0.0%	$0
Contractor Fees		$1,160,969	14.14%	13.07%	$1,160,969	$1,257,870	$1,257,870	$1,160,969	13.23%	14.00%	$1,149,619		0.0%	$0
Soft Costs	0	$1,270,290		$15,934 / Unit	$1,370,290	$1,490,101	$1,490,101	$1,370,290	$15,934 / Unit		$1,270,290	$0	0.0%	$0
Financing	0	$1,006,474		$17,772 / Unit	$1,528,411	$1,299,653	$1,299,653	$1,528,411	$17,772 / Unit		$1,006,474	$0	0.0%	$0
Developer Fee	$0	$1,836,922	15.77%	15.01%	$1,849,457	$1,844,544	$1,825,796	$1,830,215	15.00%	15.00%	$1,745,692	$0	1.1%	$19,242
Reserves				$4,301 / Unit	$369,862	$370,135	$370,135	$369,862	$4,301 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$13,486,218**		$206,565 / Unit	**$17,764,556**	$17,592,553	$17,896,965	**$17,636,944**	$205,081 / Unit		**$13,383,638**	**$0**	**0.7%**	**$127,612**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	($8,750)								
Contractor's Fee		($11,350)												
Interim Interest		$0												
Developer Fee	$0	($91,230)			($1,283)	($18,749)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$13,383,638**		$206,550/unit	**$17,763,273**	$17,565,055	$17,896,965	**$17,636,944**	$205,081/unit		**$13,383,638**	**$0**	**0.7%**	**$126,328**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):					**$17,763,273**									

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Gala at Texas Parkway, Missouri City, 9% HTC #17316

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$13,383,638	$0	$13,383,638
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,383,638	$0	$13,383,638
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,398,729	$0	$17,398,729
Applicable Fraction	94.99%	94.99%	94.99%	94.99%
TOTAL QUALIFIED BASIS	$0	$16,526,369	$0	$16,526,369
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,487,373	$0	$1,487,373
CREDITS ON QUALIFIED BASIS	$1,487,373		$1,487,373	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price **$0.8999**	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,487,373	$13,385,021	----	----	----
Needed to Fill Gap	$1,489,400	$13,403,263	----	----	----
Previous Allocation	$1,400,000	$12,598,740	**$1,400,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	71,800 SF	$69.62	4,998,960
Adjustments				
Exterior Wall Finish	8.00%		5.57	$399,917
Elderly	3.00%		2.09	149,969
9-Ft. Ceilings	4.00%		2.78	199,958
Roof Adjustment(s)			0.00	0
Subfloor			(0.15)	(11,009)
Floor Cover			2.56	183,808
Breezeways	$28.04	17,695	0.00	0
Balconies	$25.24	522	0.18	13,175
Plumbing Fixtures	$1,020	36	0.51	36,720
Rough-ins	$500	172	1.20	86,000
Built-In Appliances	$1,730	86	2.07	148,780
Exterior Stairs	$2,280	12	0.38	27,360
Heating/Cooling			2.21	158,678
Enclosed Corridors	$52.27	17,695	12.88	924,978
Carports	$12.25	24,120	4.12	295,470
Garages	$22.35	9,840	3.06	219,936
Comm &/or Aux Bldgs	$90.62	5,701	7.20	516,625
Elevators	$106,800	2	2.97	213,600
Other:			0.00	0
Fire Sprinklers	$2.59	112,891	4.07	292,388
SUBTOTAL			**123.33**	**8,855,313**
Current Cost Multiplier	1.01		1.23	88,553
Local Multiplier	0.86		(17.27)	(1,239,744)
TOTAL BUILDING COSTS			**107.30**	**$7,704,122**
Plans, specs, survey, bldg permits	3.30%		(3.54)	($254,236)
Contractor's OH & Profit	11.50%		(12.34)	(885,974)
NET BUILDING COSTS		$76,325/unit	$91.42/sf	$6,563,912

Long-Term Pro Forma

Gala at Texas Parkway, Missouri City, 9% HTC #17316

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$780,852	$796,469	$812,398	$828,646	$845,219	$933,190	$951,854	$970,891	$990,309	$1,010,115	$1,030,317	$1,050,924	$1,071,942	$1,093,381	$1,115,249	$1,137,553	$1,255,951	$1,386,671	$1,530,997
TOTAL EXPENSES	3.00%	$427,884	$440,369	$453,222	$466,453	$480,074	$554,438	$570,651	$587,342	$604,525	$622,215	$640,427	$659,177	$678,479	$698,351	$718,809	$739,872	$854,889	$987,931	$1,144,581
NET OPERATING INCOME ("NOI")		**$352,968**	**$356,100**	**$359,176**	**$362,193**	**$365,145**	**$378,752**	**$381,203**	**$383,549**	**$385,783**	**$387,899**	**$389,890**	**$391,747**	**$393,463**	**$395,030**	**$396,439**	**$397,682**	**$401,062**	**$398,740**	**$386,416**
EXPENSE/INCOME RATIO		54.8%	55.3%	55.8%	56.3%	56.8%	59.4%	60.0%	60.5%	61.0%	61.6%	62.2%	62.7%	63.3%	63.9%	64.5%	65.0%	68.1%	71.2%	74.8%
MUST -PAY DEBT SERVICE																				
TOTAL DEBT SERVICE		$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.20	1.21	1.25	1.26	1.27	1.28	1.28	1.29	1.29	1.30	1.31	1.31	1.31	1.33	1.32	1.28
ANNUAL CASH FLOW		**$50,416**	**$53,548**	**$56,625**	**$59,642**	**$62,594**	**$76,201**	**$78,652**	**$80,998**	**$83,232**	**$85,348**	**$87,338**	**$89,196**	**$90,912**	**$92,478**	**$93,888**	**$95,130**	**$98,511**	**$96,189**	**$83,865**
Deferred Developer Fee																				
balance		$804,523	$754,106	$700,558	$643,933	$584,292	$243,274	$167,073	$88,421	$7,424	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
annual interest		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
payment		50,416	53,548	56,625	59,642	62,594	76,201	78,652	80,998	7,424	0	0	0	0	0	0	0	0	0	0
Deferred Developer Fee Balance		$754,106	$700,558	$643,933	$584,292	$521,698	$167,073	$88,421	$7,424	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$75,808**	**$161,156**	**$248,495**	**$337,690**	**$428,602**	**$521,081**	**$614,968**	**$710,098**	**$1,197,895**	**$1,686,053**	**$2,134,814**

GALA

August 13, 2018

Lucy Trevino
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

Re: Gala at Texas Parkway (TDHCA #17316) – Request to Amend Application

Dear Ms. Trevino:

Gala at Texas Parkway, LP, is requesting approval of amendments to TDHCA Application #f17316 Gala at Texas Parkway. The changes are based on special drainage requirements imposed by Missouri City during the site plan review and approvals process in addition to changes in broad market conditions that are beyond the scope of the Applicant's control. These changes could not be foreseen at the time of Application. The reason and good cause for this change is to comply with unpublished drainage plans, satisfy City of Missouri City requirements, and keep affordable units in Missouri City.

The Applicant has modified the development program and the project plans in response to additional drainage requirements that were required during the municipal approvals and permitting process. As explained in the extension request for 10% Test, the site plan required changes based on conditions imposed by City staff according to an unpublished Master Drainage Plan that was unknown at the time of Application. Please see the attached letter from the Engineer. The need for larger detention areas based on the drainage requirements was unforeseeable being that the site is not located in a flood plain and the extent of necessary mitigation is only determined once a civil site plan is submitted to the permitting agencies for review. The site plan was overhauled and entirely reworked based on these additional drainage and detention conditions imposed by City staff that resulted in a significant redesign and oversizing of the detention facilities.

The Applicant has also made changes to reduce project cost and offset cost increases from a variety of sources including cost escalation as well as increases in certain building materials including lumber and steel due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies. These cost concerns are further exasperated by recent tax reform that has resulted in an unforeseen substantial reduction in tax credit pricing for this area.

Below is a summary of the changes:

Unit Mix
Reduced unit count by 7 units from 93 units to 86 units to allow the site plan to be compressed into one building. The original Application had 82 Low Income units and 11 Market Rate Units. The new plans omit 7 Market Rate units for a new total of 82 LI units and 4 MR units.

At Application, there were originally 29 1/1 units, 46 2/1 units, and 18 2/2 units. This amendment proposes 28 1/1 units, 46 2/1 units, and 12 2/2 units. There is no change to the unit mix for LI units and there is no change to the square footage of the units.

GALA

Affordability Mix
There is no change to the affordability mix and income targets proposed at Application for LI units.

Site Plan
The site plan has been reconfigured to accommodate additional required detention by proposing one building and resizing the building footprint per comments and final City approval. The parking layout has also been adjusted to accommodate the enlarged detention facilities.

Building Plans
Consolidated units into one four-story building to compress site plan per final approval from City Staff because of additional required detention.

Unit Plans
Omitted balconies to compress the site layout and minimize detention requirements. Unit layouts were also slightly reconfigured to be more efficient, however, square footages are the same as at Application.

Clubhouse Plan
In the original Application, the clubhouse area was 3,917 conditioned square feet located on one floor and included the fitness center and maintenance rooms. In the new plans, the clubhouse on the first floor has 2,986 conditioned square feet, not including the fitness center of 509 sf and maintenance of 506 sf on other floors. The new plans also add a Salon on the third floor that was not proposed in the original Application. There is no reduction in common area square footage in the new plans.

Building Elevations
Omitted balconies to compress the site layout and minimize detention requirements. There are also minor changes to exteriors based on review and comment by City staff during the building façade review.

Parking, Garages and Carports
Only uncovered parking has been reduced in the new plans to account for a reduction in the total number of units. Parking still meets local requirements.

Please see the attached architectural plans, Application forms, and financing documents as a result of these changes. Thank you for your attention to this matter and please contact me with any questions.

Sincerely,

Jervon Harris

KELLY R. KALUZA & ASSOCIATES, INC.
Consulting Engineers & Surveyors
Engineering Firm No. F-1339 ■ Surveying Firm No. 10010000
3014 Avenue I, Rosenberg, Texas 77471
(281) 341-0808 ■ FAX (281) 341-6333

May 31, 2018

TDHCA
221 East 11th Street
Austin, Texas 78701-2410

RE: Gala at Texas Parkway, LP, Missouri City, Fort Bend County, Texas

To Whom it May Concern:

I am writing on behalf of the Applicant, Gala at Texas Parkway, LP, for whom, my firm, Kelly R. Kaluza & Associates, Inc., has been providing civil engineering services throughout the pre-construction process for the Gala at Texas Parkway project. These services include, but are not limited to, surveying and plat preparation, site planning, full civil engineering plans, as well coordinating the entitlement and permitting processes with the various municipal agencies including the City of Missouri City and Fort Bend County Drainage District.

The Applicant incurred a number of delays tied to entitlement, permitting, and special drainage approvals from the local permitting agencies, which was further impacted by the landfall and prolonged effects of Hurricane Harvey. I can confirm from my role and my firms extensive experience with Missouri City, the Utility Districts and Fort Bend County Drainage District, that the delays incurred were atypical, extraordinary, and unforeseeable.

The Applicant's initial preparation, submittal, review and approval process for the preliminary plat, final plat and site plan coincided with the land fall of Hurricane Harvey, which had prolonged effects on the local permitting agencies, as well as our firm. The permitting agencies: Fort Bend County Drainage District, TX DOT, and Missouri City, had operations suspended during and following the storm. Upon return to normal operations, the agencies were unresponsive and/or unavailable for a number of weeks immediately following the storm while assessing critical infrastructure damage and/or repairs. *The Applicant was unable to schedule a follow-up coordination meeting with City Staff until November 9th – a delay of more than the 60 days from the impacts of the storm alone.*

Upon continuation of normal operations by the permitting agencies, the Applicant's entitlement and approvals process moved forward. Upon review of the site's drainage plan by the Fort Bend County Drainage District and the City of Missouri City, the Applicant was informed by the reviewing engineers that the City of Missouri City would apply atypical flood plain conditions and drainage design requirements to the site although the site is not located in the FEMA flood plain. The resulting detention requirements exceeded the typical requirements for development in Fort Bend County, which was the basis for the original detention and site plan layouts.

My firm was not able to account for the additional drainage requirements due to the fact the site is located in an unpublished Master Drainage Plan adopted by the City of Missouri City. This adopted plan does not reflect the current FEMA floodplain maps, nor does our site show any unusual drainage characteristics that would align with the excessive drainage requirements from the adopted plan.

To address the requirements set forth by the City of Missouri City, the Applicant engaged a hydrology specialist to prepare a hydrology analysis based on the excessive drainage criteria set forth by the City of Missouri City. The facts of which the site was not located in a FEMA 100-year floodplain, nor flooded during the actual hurricane Harvey storm event, was not taking into consideration. The analysis process was iterative, in part due to ongoing clarifications, and coordination with the agencies; it was approximately 30 days before the results and impacts of the hydrology analysis were received.

Faced with the arbitrary drainage conditions imposed by the City of Missouri City and the resulting hydrology analysis, the Applicant was forced to revise the site plan and building plans for this project. This involved changes to parking layouts and building footprints in addition to redesign and expansion of the detention facilities. Being that Missouri City requires approval of the final plat prior to submittal for permitting and the fact that site plans have to be finalized before the building plans can be completed and submitted for permitting, the Applicant also experienced delays tied to revising and resubmitting the final plat, site plan and building plans. The comprehensive revisions to the site plan and building plans required additional coordination between the various design professionals and created an additional delay of at least 30 days.

Civil engineering plans and building plans have been submitted and are currently under review by Missouri City.

In conclusion, the Applicant incurred approximately 120 days of unanticipated delays due to Hurricane Harvey and responding to the excessive drainage requirements imposed by the City of Missouri City.

If you have any questions or need any further information, please contact me.

Sincerely,

KELLY R. KALUZA & ASSOCIATES, INC.

Anthony J. Schulle, P.E.
Project Engineer

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

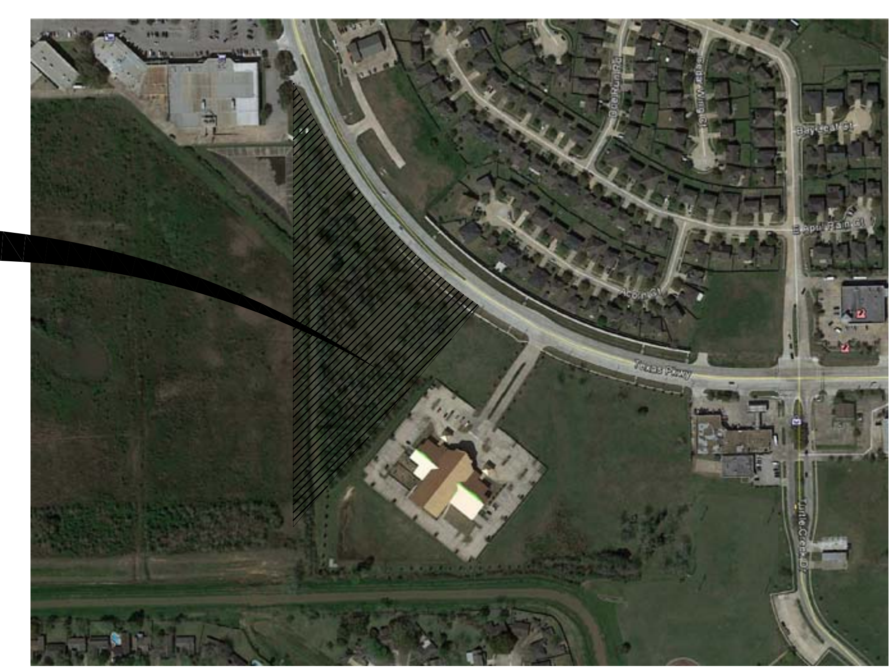
86 UNITS

SHEET INDEX

VICINITY MAP

N

SITE



Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A0.0

COVER

AMAM-Submitted on 8/29/2018.

GALA AT TEXAS PARKWAY

UNIT TABULATION

UNIT TYPE	# UNITS	UNIT S.F.	TOTAL S.F.
A1 - ONE BEDROOM, ONE BATH	28	700 .S.F	19,600 .S.F
B1 - TWO BEDROOM, ONE BATH	46	900 .S.F	41,400 .S.F
B2 - TWO BEDROOM, TWO BATH	12	900 .S.F	10,800 .S.F
TOTAL	86		71,800 .S.F

BUILDING TABULATION

TYPE	# BLDGS.	UNITS/BLDG.	UNIT TYPES	BLDG. S.F.	TOTAL S.F.
A	1	86	A1-28, B1-46, B2-12	71,800 .S.F	71,800 .S.F
TOTAL	1				71,800 .S.F

ACCESSIBLE UNITS

TOTAL UNITS	86
☐ ADA (5%)	5
A1 (2)	
B2 (3)	
☐ H+V (2%)	2
A1 (1)	
B2 (2)	

SITE DATA

TOTAL ACRES	7.50
UNITS/ACRE	11.2

KNOWN EASEMENTS SHOWN
DETENTION SHOWN
OUTSIDE OF FLOOD ZONE

SITE AMENITIES

-PERIMETER FENCING
-CONTROLLED ACCESS GATE
-FURNISHED COMMUNITY ROOM
-COMMUNITY LAUNDRY ROOM
-FURNISHED FITNESS CENTER
-BUSINESS CENTER
-ACTIVITY ROOM (ARTS & CRAFTS)
-COVERED COMMUNITY PORCH
-2,986 S.F. 1 STORY CLUBHOUSE

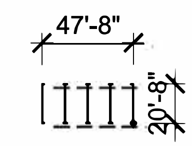
PARKING TABULATION

PARKING REQUIRED
PER ZONING REQUIREMENTS:

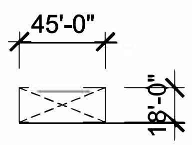
UNITS	1.4/UNIT	121

PARKING PROVIDED:

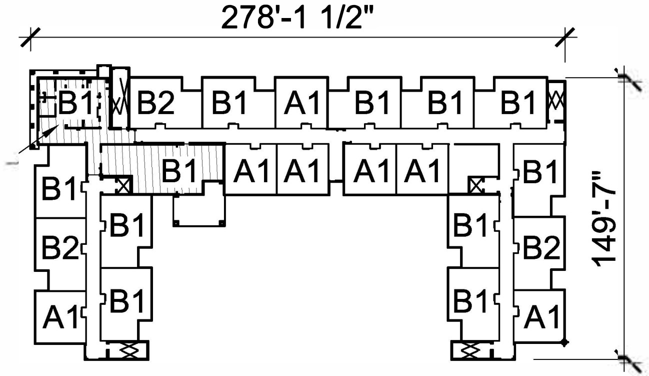
GARAGES	32
HANDICAP (1)	
CARPORTS	30
HANDICAP (2)	
UNITS (UNCOVERED)	42
HANDICAP (2)	
CLUBHOUSE	15
HANDICAP (1)	
VAN HANDICAP (1)	
SHARED AT JUBILEE	10
TOTAL	129



TYPICAL DETACHED GARAGE

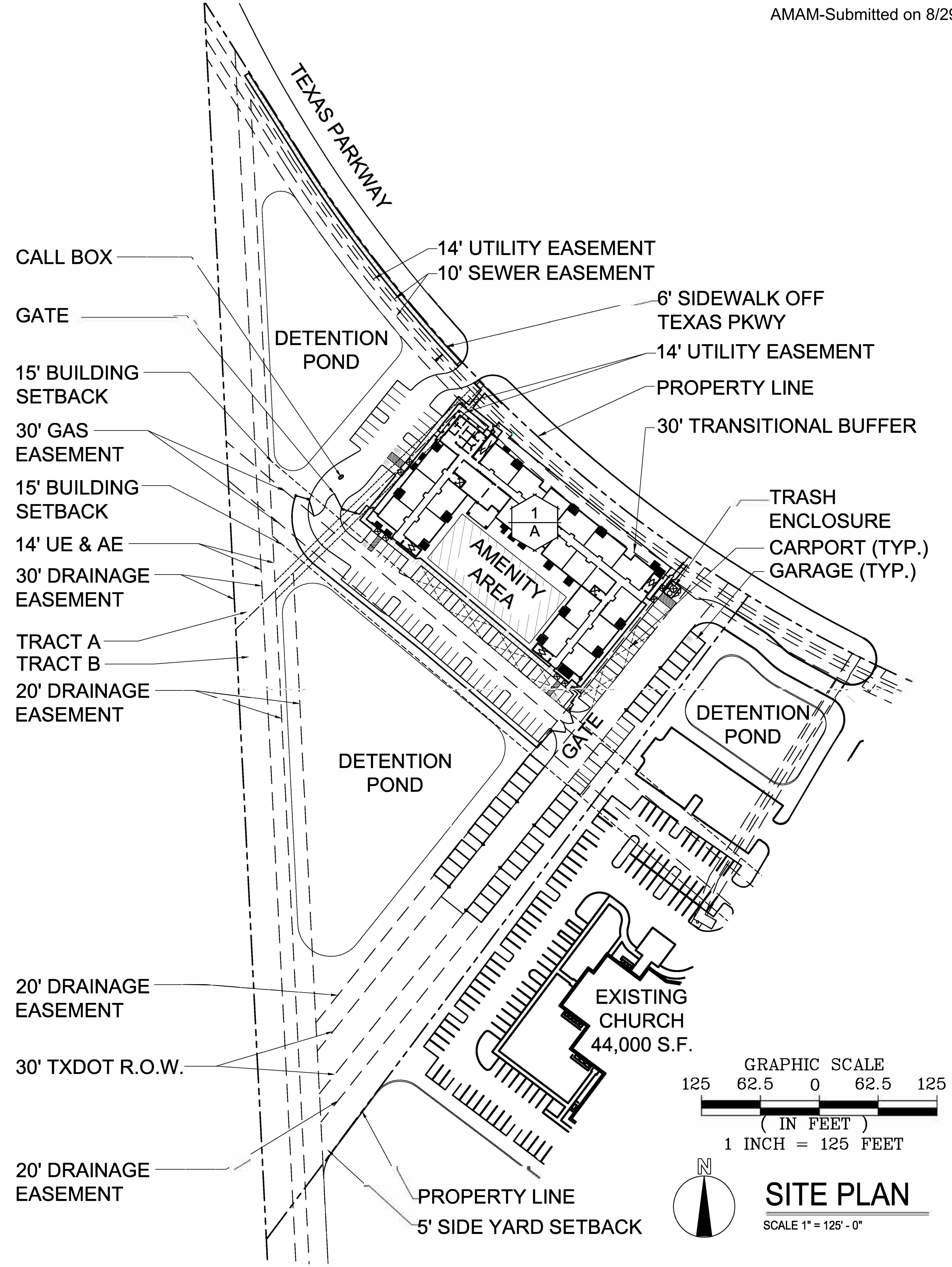


TYPICAL CARPORT



CLUBHOUSE FIRST FLOOR.
UNITS 2ND, 3RD & 4TH FLOORS.

BUILDING 'A' - 4 STORY



SITE PLAN

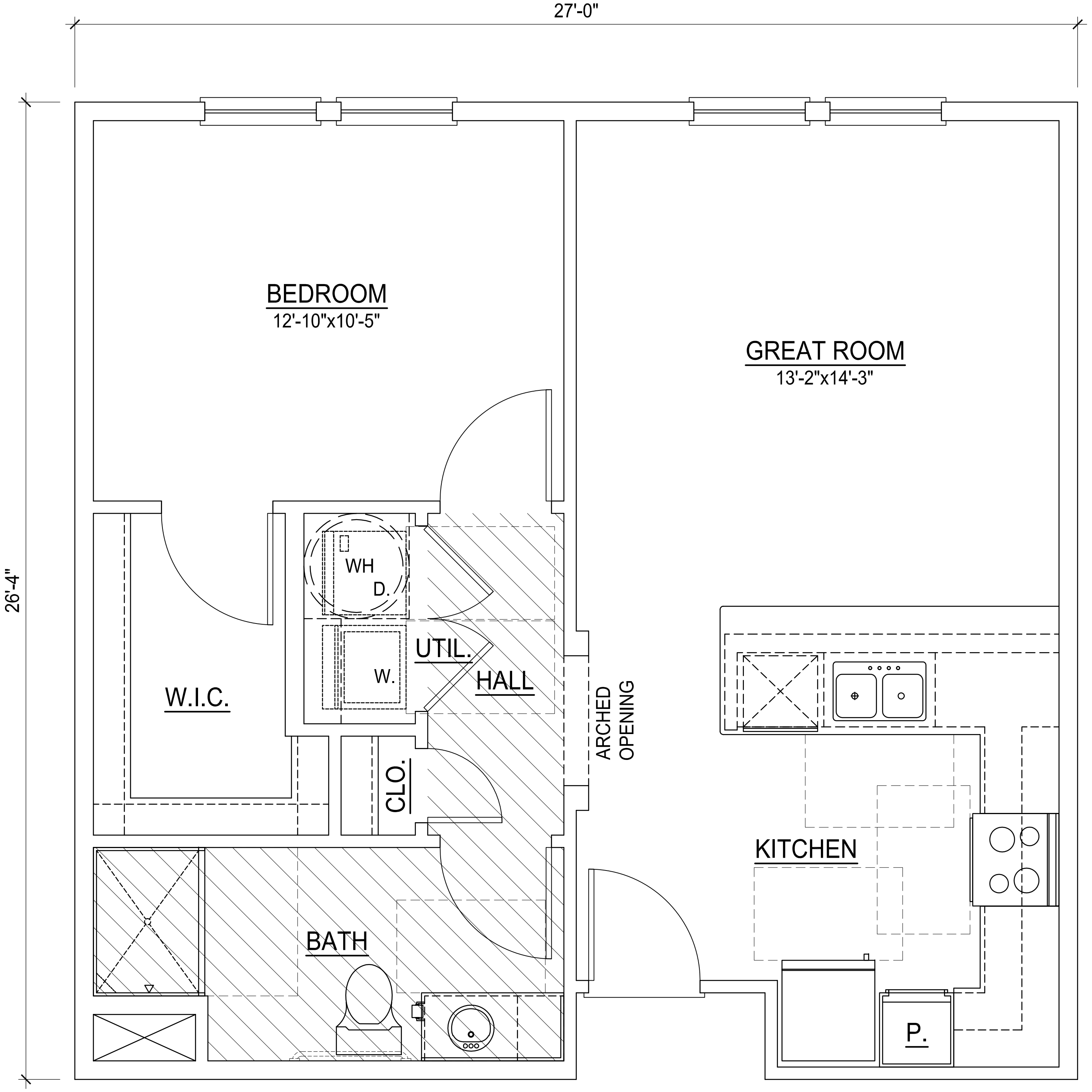
SCALE 1" = 125' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A1.0

SITE PLAN



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

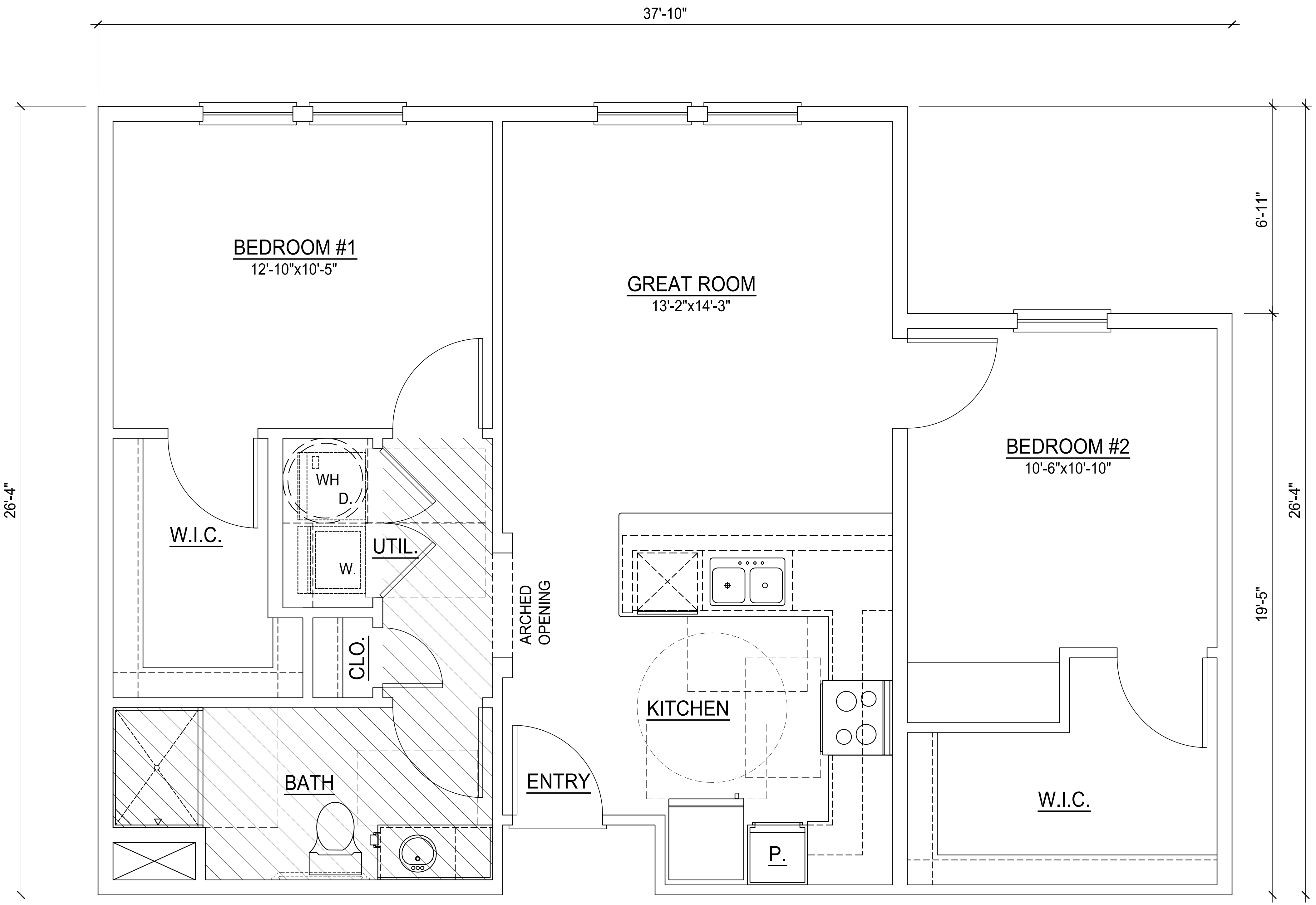
A1 ONE BEDROOM, ONE BATH 700 S.F.

SCALE 1/4" = 1' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A2.0
A1 UNIT



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

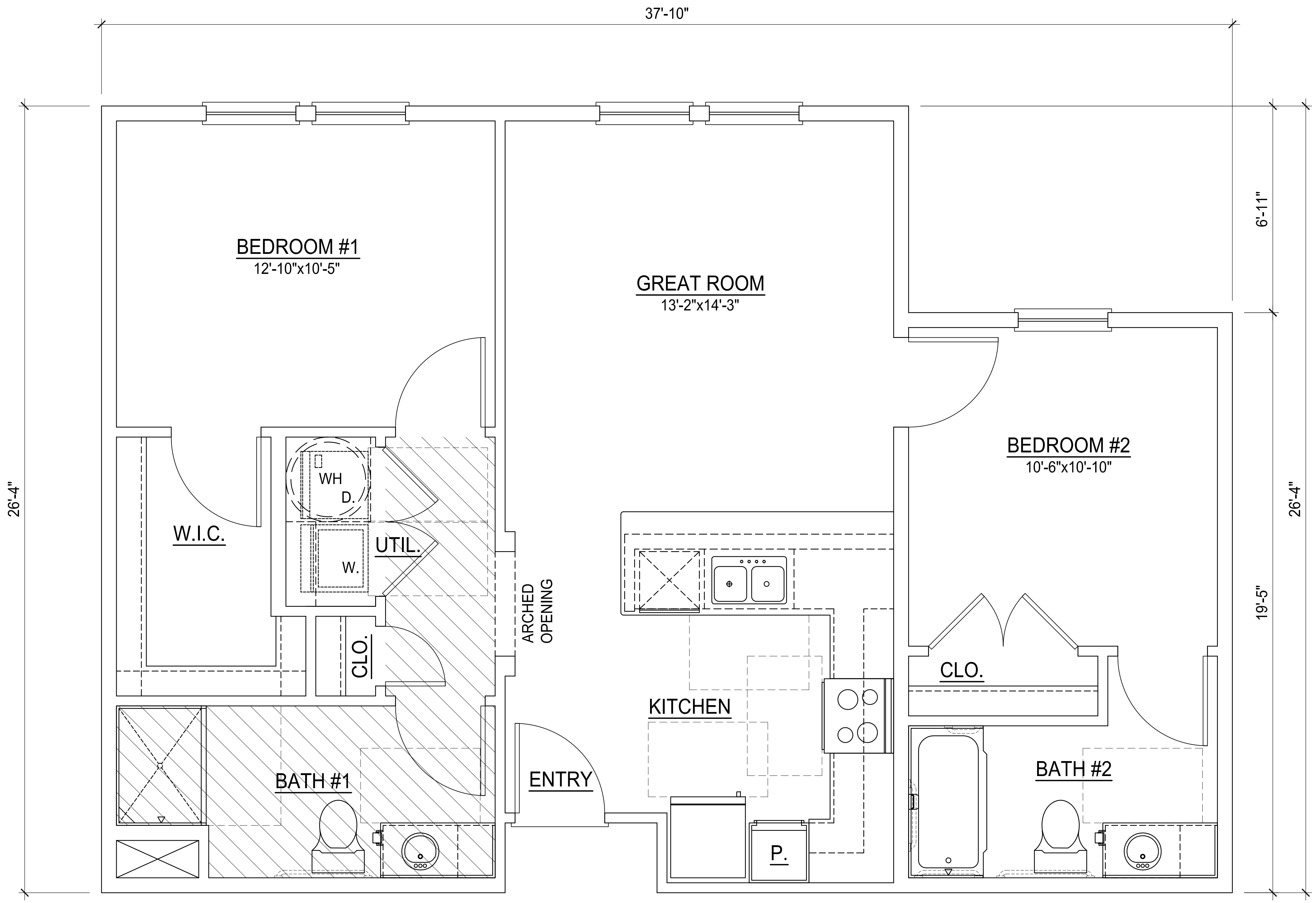
B1 TWO BEDROOM, ONE BATH 900 S.F.

SCALE 1/4" = 1' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A2.1
B1 UNIT



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

B2 TWO BEDROOM, TWO BATH 900 S.F.

SCALE 1/4" = 1' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A2.2
B2 UNIT

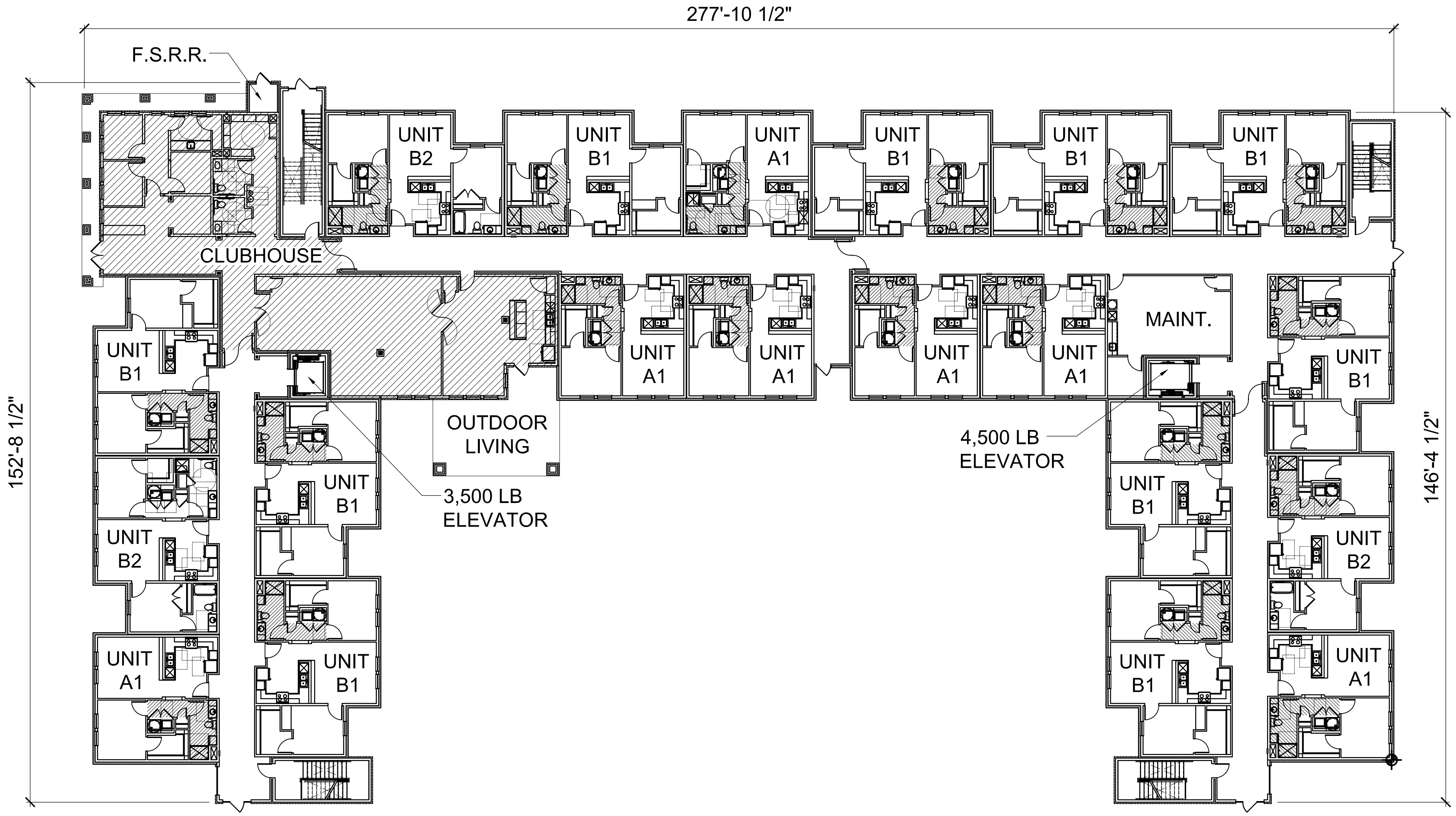
NON-A.C. S.F. - FIRST FLOOR	
COMMON BREEZEWAY	3,916

NON-A.C. S.F. - SECOND FLOOR	
COMMON BREEZEWAY	4,521

NON-A.C. S.F. - THIRD FLOOR	
COMMON BREEZEWAY	4,629

NON-A.C. S.F. - FOURTH FLOOR	
COMMON BREEZEWAY	4,629

NON-A.C. S.F. - ALL FLOORS	
COMMON BREEZEWAY	17,695



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

BUILDING 'A' FIRST FLOOR PLAN

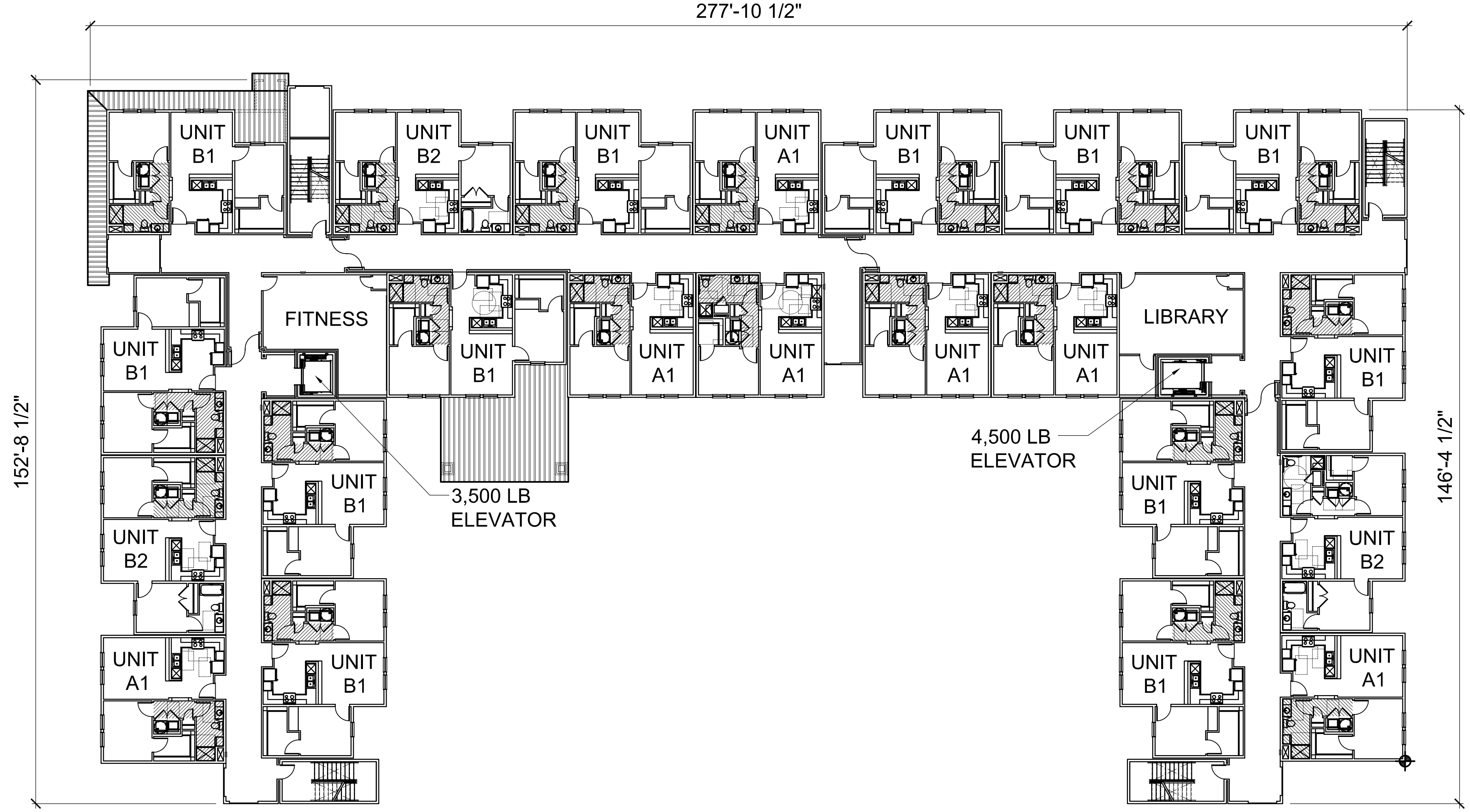
SCALE 1/32" = 1' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.0

BLDG A



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

BUILDING 'A' SECOND FLOOR PLAN

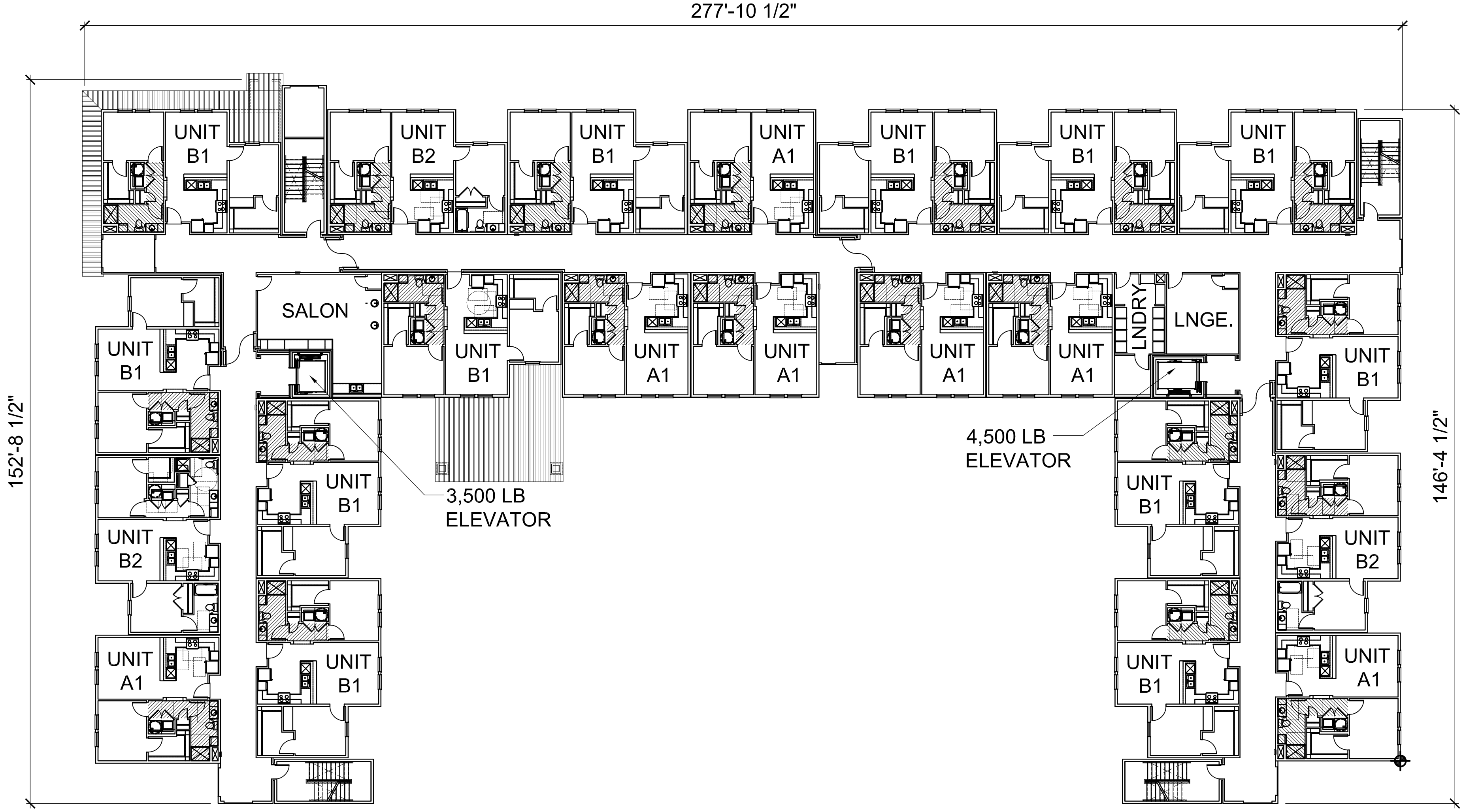
SCALE 1/32" = 1' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.1

BLDG A



BUILDING 'A' THIRD FLOOR PLAN

SCALE 1/32" = 1' - 0"

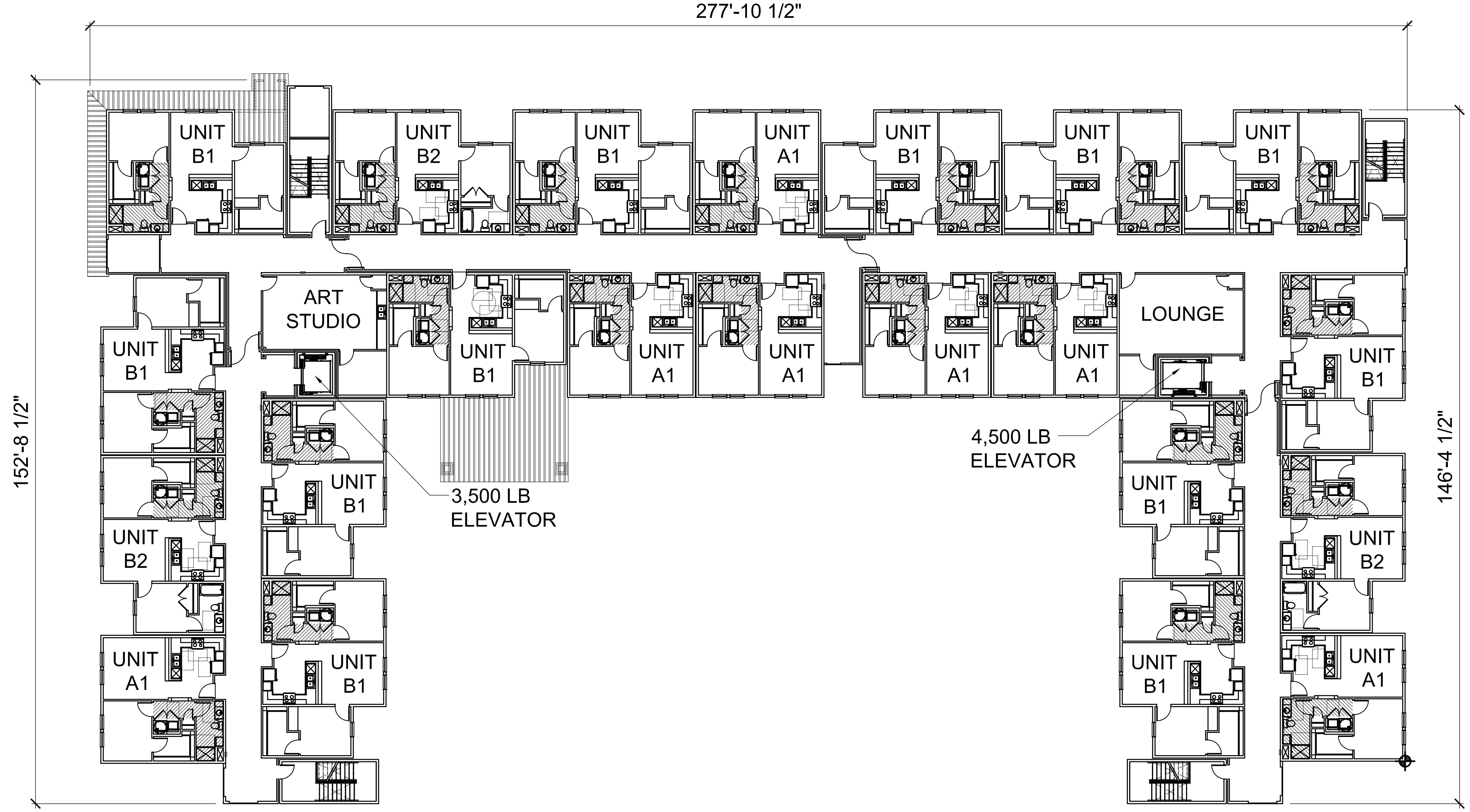
10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.2

BLDG A



BUILDING 'A' FOURTH FLOOR PLAN

SCALE 1/32" = 1' - 0"

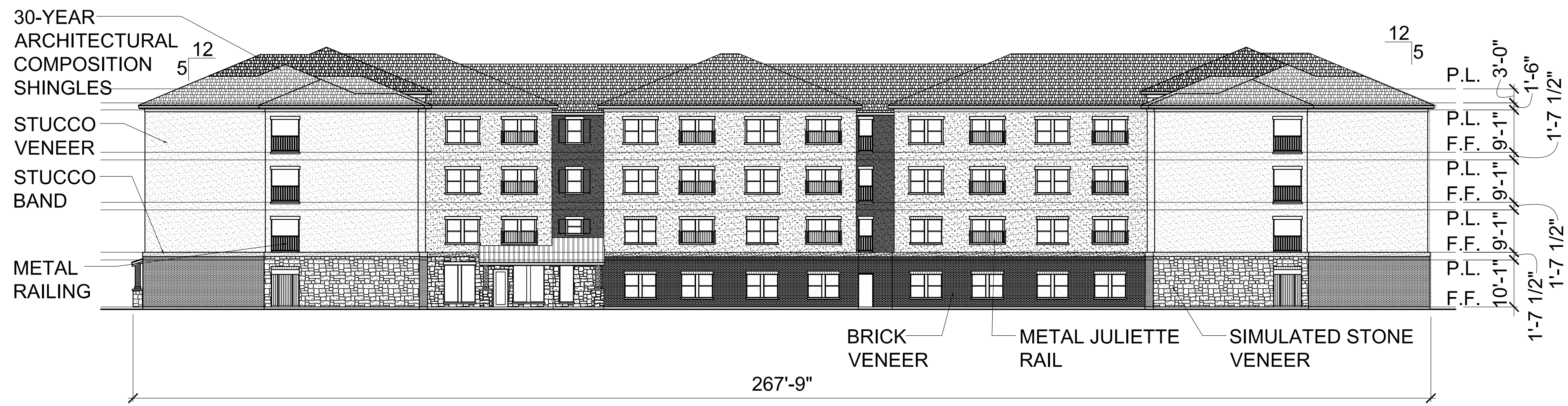
10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

Cross architects

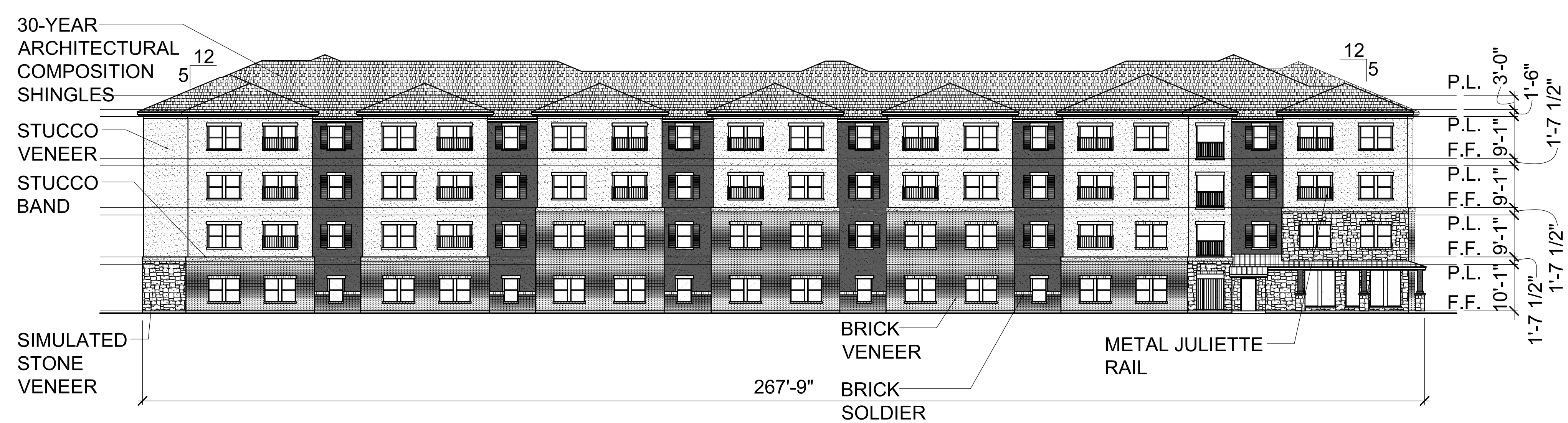
GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.3

BLDG A



02 BUILDING 'A' SOUTH ELEVATION
SCALE 1/32" = 1' - 0"



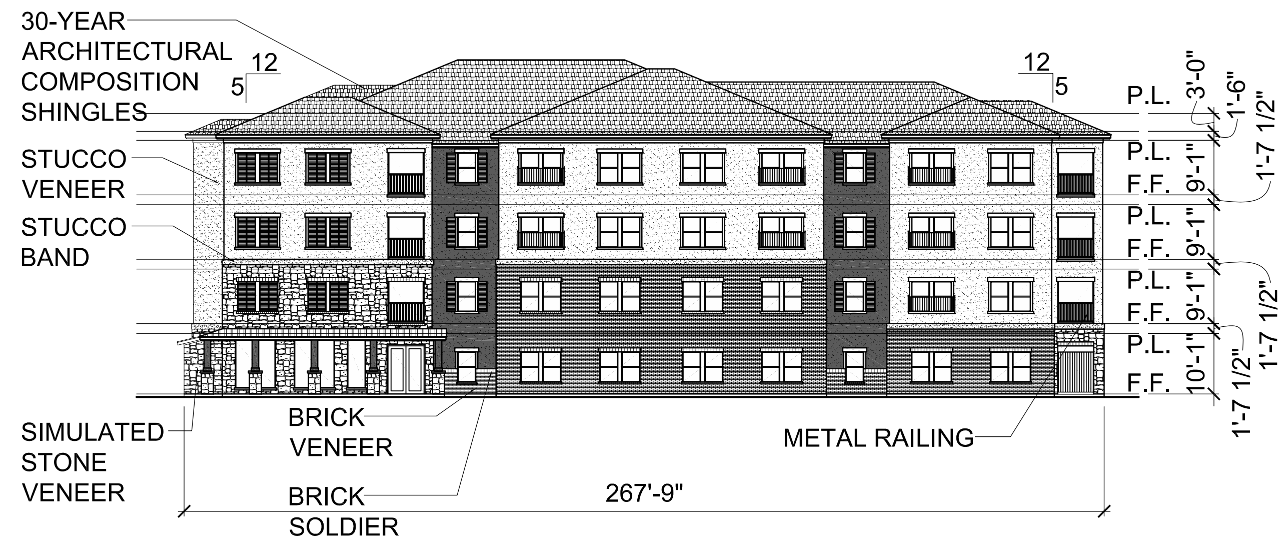
01 BUILDING 'A' NORTH ELEVATION
SCALE 1/32" = 1' - 0"

BUILDING MATERIALS	
MASONRY	100%
TOTAL	100%

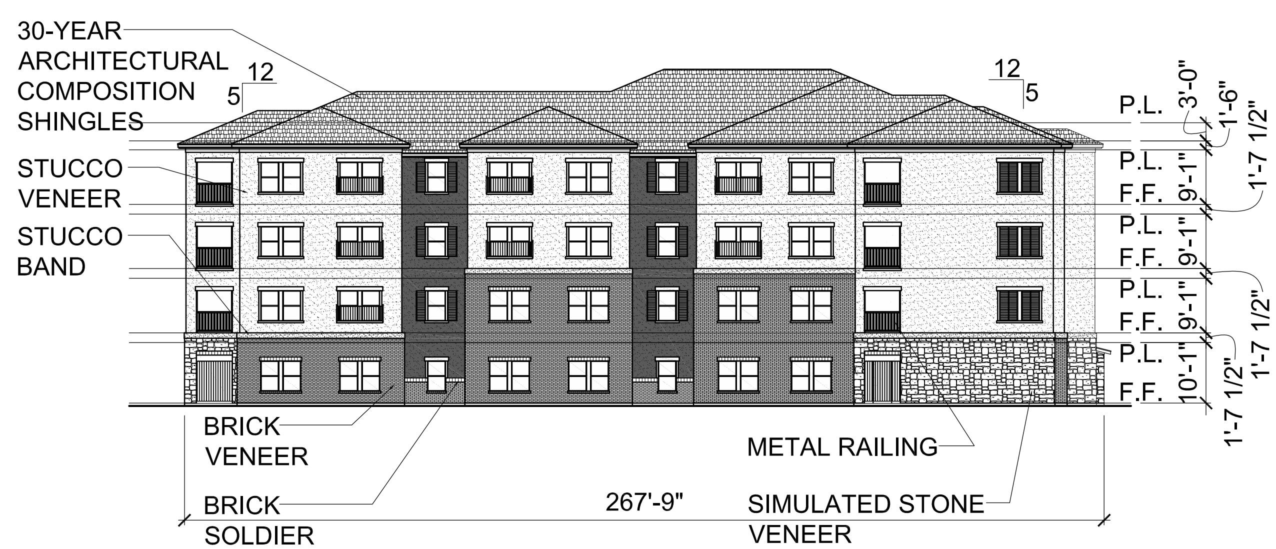
Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.4
BLDG A



04 BUILDING 'A' WEST ELEVATION
SCALE 1/32" = 1' - 0"



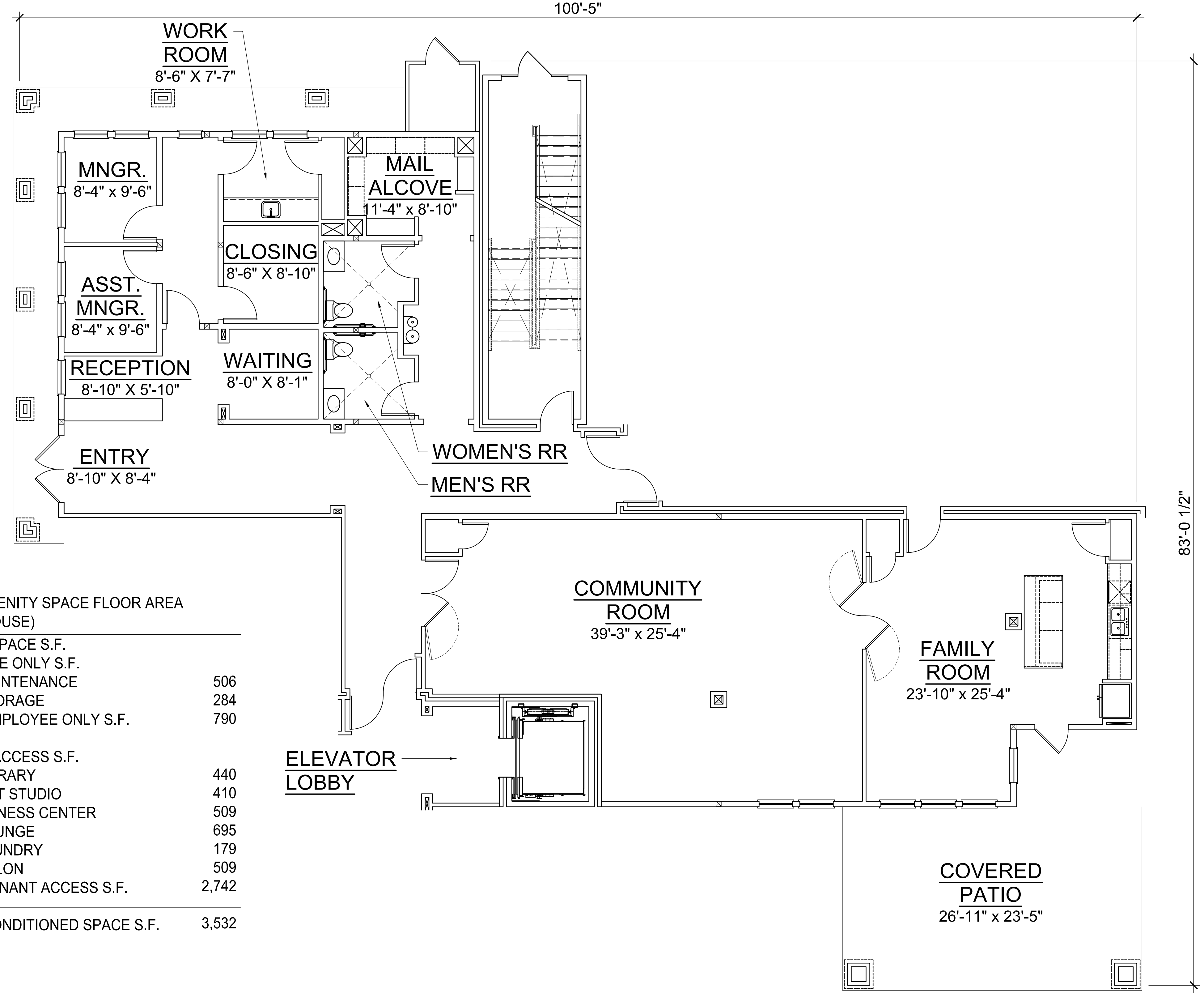
03 BUILDING 'A' EAST ELEVATION
SCALE 1/32" = 1' - 0"

BUILDING MATERIALS	
MASONRY	100%
TOTAL	100%

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.5
BLDG A



EMPLOYEE AND TENANT CLUBHOUSE FLOOR AREA

CONDITIONED SPACE S.F.	
EMPLOYEE ONLY S.F.	
OFFICE #1	96
OFFICE #2	91
WORK ROOM	91
HALL	86
TOTAL EMPLOYEE ONLY S.F.	364
TENANT ACCESS S.F.	
CLOSING	91
RECEPTIONIST	54
HALL	582
WOMEN'S RR	69
MEN'S RR	69
COMMUNITY ROOM	882
FAMILY ROOM	574
ENTRY	80
WAITING	81
MAIL ALCOVE	113
TOTAL TENANT ACCESS S.F.	2,595
TOTAL CONDITIONED SPACE S.F.	2,959
UNCONDITIONED SPACE S.F.	
TENANT ACCESS S.F.	
COV'D PATIO	522
TOTAL UNCONDITIONED SPACE S.F.	522

ADDITIONAL AMENITY SPACE FLOOR AREA (NOT IN CLUBHOUSE)

CONDITIONED SPACE S.F.	
EMPLOYEE ONLY S.F.	
MAINTENANCE	506
STORAGE	284
TOTAL EMPLOYEE ONLY S.F.	790
TENANT ACCESS S.F.	
LIBRARY	440
ART STUDIO	410
FITNESS CENTER	509
LOUNGE	695
LAUNDRY	179
SALON	509
TOTAL TENANT ACCESS S.F.	2,742
TOTAL CONDITIONED SPACE S.F.	3,532

CLUBHOUSE FLOOR PLAN 2,986 S.F.

SCALE 3/32" = 1' - 0"

Cross architects

GALA AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A4.0
CLUBHOUSE

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):				
	[ ] Single Family Construction	[ ] SRO	[ ] Transitional (per §42(i)(3)(B))	[ ] Duplex
	[ ] Scattered Site	[ ] Fourplex	X > 4 Units Per Building	[ ] Townhome

Development will have:	X Fire Sprinklers	X Elevators	2 # of Elevators	4500 Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
45		Shed or Flat Roof Carport Spaces	16		Detached Garage Spaces
		Attached Garage Spaces	59		Uncovered Spaces
		Structured Parking Garage Spaces			

Floor Composition/Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
	% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
	% Other	*Describe:*	

															Total # of Residential Buildings	
				Building Label	A											
				Number of Stories	3											
Unit Type				**Number of Buildings**	1										1	
Unit Label	**# of Bed-rooms**	**# of Baths**	**Sq. Ft. Per Unit**		**Number of Units Per Building**										**Total # of Units**	**Total Sq Ft for Unit Type**
A1	1	1	700		28										28	19,600
B1	2	1	900		46										46	41,400
B2	2	2	900		12										12	10,800
															-	-
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				Totals	86	-	-	-	-	-	-	-	-	-	86	71,800

Net Rentable Square Footage from Rent Schedule 71,800

Supportive Housing Applicants Only

Enter the total development common area from the architect's plans:

Ensure that this number matches your architectural drawings.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is: 4,300

The lesser of these two numbers added to NRA:

Use this number to figure points under 11.9(e)(2) 71,800

Rent Schedule

Self Score Total: **122**

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on "# of Bedrooms" and "Unit Size", then within the same "# of Bedrooms" and "Unit Size" from lowest to highest "Rent Collected/Unit".

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	State HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			**(B)**	**(A) x (B)**			**(E)**	**(A) x (E)**
TC 30%					7	1	1.0	700	4,900	421	39	382	2,674
TC 50%					20	1	1.0	700	14,000	703	39	664	13,280
TC 60%					1	1	1.0	700	700	843	39	804	804
TC 30%					1	2	1.0	900	900	506	67	439	439
TC 50%					12	2	1.0	900	10,800	843	67	776	9,312
TC 60%					32	2	1.0	900	28,800	1,012	67	945	30,240
MR					1	2	1.0	900	900			1,012	1,012
TC 30%					1	2	2.0	900	900	506	67	439	439
TC 50%					1	2	2.0	900	900	843	67	776	776
TC 60%					7	2	2.0	900	6,300	1,012	67	945	6,615
MR					3	2	2.0	900	2,700			1012	3,036
									0				-
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				TOTAL	86				71,800				68,627

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:	*app fees, late fees, pet fees,*	
Non Rental Income	20.00	per unit/month for:	*retained deposits and interest income*	1,720
+ TOTAL NONRENTAL INCOME	**$20.00**	per unit/month		1,720
= POTENTIAL GROSS MONTHLY INCOME				70,347
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(5,276)
- Rental Concessions *(enter as a negative number)*			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				65,071
x 12 = EFFECTIVE GROSS ANNUAL INCOME				780,852

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	11%	10%	9
	TC40%			0
	TC50%	40%	38%	33
	TC60%	49%	47%	40
	HTC LI Total			82
	EO			0
	MR			4
	MR Total			4
	Total Units			86
MORTGAGE REVENUE BOND	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
DIRECT LOAN	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	Direct Loan LI Total			0
	EO			0
	MR			0
	MR Total			0
	Direct Loan Total			0
OTHER	Total OT Units			0

BEDROOMS	0			0
	1			28
	2			58
	3			0
	4			0
	5			0

ACQUISITION + HARD		DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
Cost Per Sq Ft	$ 138.85	
HARD		
Cost Per Sq Ft	$ 138.85	
BUILDING		
Cost Per Sq Ft	$ 92.93	

ANNUAL OPERATING EXPENSES

General & Administrative Expenses					
Accounting		$	7,771		
Advertising		$	5,347		
Legal fees		$	6,595		
Leased equipment		$	1,248		
Postage & office supplies		$	2,567		
Telephone		$	3,208		
Other	*travel & cable/internet and training*	$	3,493		
Other	*data\software services & subscriptions*	$	891		
Total General & Administrative Expenses:				$	31,120
Management Fee:	Percent of Effective Gross Income:		4.50%	$	35,138
Payroll, Payroll Tax & Employee Benefits					
Management		$	31,483		
Maintenance		$	28,262		
Other	*part time janitor and asst maint.*	$	11,161		
Other	*taxes/benefits and incentives*		18,640		
Total Payroll, Payroll Tax & Employee Benefits:				$	89,546
Repairs & Maintenance					
Elevator		$	3,694		
Exterminating		$	2,886		
Grounds		$	11,544		
Make-ready		$	16,161		
Repairs		$	11,928		
Pool		$	2,116		
Other	*fire sprinklers*	$	3,271		
Other	*describe*	$			
Total Repairs & Maintenance:				$	51,600
Utilities (Enter Only Property Paid Expense)					
Electric	*portfolio*	$	16,288		
Natural gas		$			
Trash	*portfolio*	$	7,390		
Water/Sewer	*portfolio*	$	32,222		
Other	*describe*	$			
Other	*describe*	$			
Total Utilities:				$	55,900
Annual Property Insurance:	Rate per net rentable square foot:	$	0.36	$	25,800
Property Taxes:					
Published Capitalization Rate: 10.00%	Source:		Fort Bend CAD		
Annual Property Taxes		$	114,000		
Payments in Lieu of Taxes		$			
Total Property Taxes:				$	114,000
Reserve for Replacements:	Annual reserves per unit:	$	$ 250	$	21,500
Other Expenses					
Cable TV		$			
Supportive Services (Staffing/Contracted Services)		$			
TDHCA Compliance fees		$	3,280		
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$			
Security		$			
Other	*describe*	$			
Other	*describe*	$			
Total Other Expenses:				$	3,280
TOTAL ANNUAL EXPENSES	Expense per unit:	$	4975	$	427,884
	Expense to Income Ratio:		**54.80%**		
NET OPERATING INCOME (before debt service)				$	352,967
Annual Debt Service					
Citi		$	302,551		
		$			
		$			
		$			
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.17	$	302,551
NET CASH FLOW				$	50,416

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$823,524	$839,994	$856,794	$873,930	$891,409	$984,187	$1,086,622
Secondary Income	$ 20,640	$ 21,053	$ 21,474	$ 21,903	$ 22,341	$ 24,667	$ 27,234
POTENTIAL GROSS ANNUAL INCOME	$844,164	$861,047	$878,268	$895,834	$913,750	$1,008,854	$1,113,856
Provision for Vacancy & Collection Loss	($63,312)	($64,579)	($65,870)	($67,188)	($68,531)	($75,664)	($83,539)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$780,852	$796,469	$812,398	$828,646	$845,219	$933,190	$1,030,317
EXPENSES							
General & Administrative Expenses	$31,120	$32,054	$33,015	$34,006	$35,026	$40,605	$47,072
Management Fee	$ 35,138	$ 35,841	$ 36,558	$ 37,289	$ 38,035	$ 41,994	$ 46,364
Payroll, Payroll Tax & Employee Benefits	$ 89,546	$ 92,232	$ 94,999	$ 97,849	$ 100,785	$ 116,837	$ 135,446
Repairs & Maintenance	$ 51,600	$ 53,148	$ 54,742	$ 56,385	$ 58,076	$ 67,326	$ 78,050
Electric & Gas Utilities	$ 16,288	$ 16,777	$ 17,280	$ 17,799	$ 18,332	$ 21,252	$ 24,637
Water, Sewer & Trash Utilities	$ 39,612	$ 40,800	$ 42,024	$ 43,285	$ 44,583	$ 51,684	$ 59,916
Annual Property Insurance Premiums	$ 25,800	$ 26,574	$ 27,371	$ 28,192	$ 29,038	$ 33,663	$ 39,025
Property Tax	$ 114,000	$ 117,420	$ 120,943	$ 124,571	$ 128,308	$ 148,744	$ 172,435
Reserve for Replacements	$ 21,500	$ 22,145	$ 22,809	$ 23,494	$ 24,198	$ 28,053	$ 32,521
Other Expenses	$ 3,280	$ 3,378	$ 3,480	$ 3,584	$ 3,692	$ 4,280	$ 4,961
TOTAL ANNUAL EXPENSES	$427,884	$440,369	$453,222	$466,453	$480,074	$554,438	$640,428
NET OPERATING INCOME	$352,967	$356,099	$359,176	$362,193	$365,145	$378,752	$389,889
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551	$302,551
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$50,416	$53,548	$56,625	$59,641	$62,594	$76,201	$87,338
CUMULATIVE NET CASH FLOW	$50,416	$103,964	$160,588	$220,230	$282,823	$629,809	$1,038,655
Debt Coverage Ratio	1.17	1.18	1.19	1.20	1.21	1.25	1.29
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Date

Off-Site Cost Breakdown

This form must be submitted with the Development Cost Schedule if the development has offsite costs, whether those costs are included in the budget as a line item, embedded in the acquisition costs, or referenced in utility provider letters. Therefore, the total costs listed on this worksheet may or may not exactly correspond with those off-site costs indicated on the Development Costs Schedule. However, all costs listed here should be able to be justified in another place in the application.

Column A: The offsite activity reflected here should correspond to the offsite activity reflected in the Development Cost Schedule or other supporting documentation.

Columns B and C: *In determining actual construction cost, two different methods may be used:*

Column D: To arrive at total construction costs in Column D:

Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.

Column F: Engineering/architectural costs must be broken out by the offsite work activity.

Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

*****ALL contingency must be included in the Contingency line item on the Development Cost Schedule and NOT on this form*****

*****This form must be completed by a professional engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*****

A.	B.	C.	D.	E.	F.	G.
Activity	**Labor or Unit Price**	**Materials or # of Units**	**Total Construction Costs**	**Acquisition Costs**	**Engineering / Architectural Costs**	**Total Activity Costs**
Off-site Utilities	$75,000.00	1	$ 75,000.00		in Civil Design Fee	$ 75,000.00
Off-Site Paving	$266,683.00	1	$ 266,683.00		in Civil Design Fee	$ 266,683.00
Lines 35-37 Hidden						
Total						$ 341,683

[signature]

Signature of Registered Engineer
responsible for Budget Justification

ANTHONY J. SCHULLE

Printed Name

8/29/18

Date

If a revised form is subn

STATE OF TEXAS
ANTHONY J. SCHULLE
120328
LICENSED
PROFESSIONAL ENGINEER

Development Cost Schedule

Self Score Total: 12

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

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	2,330,460			
Existing building acquisition cost				
Closing costs & acq. legal fees	5,000			
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$2,335,460	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities	75,000			
Sewer lateral(s)				
Off-site paving	266,683			
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$341,683	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	328,532		328,532	
Fine grading	6,708		6,708	
On-site concrete	13,417		13,417	
On-site electrical	6,708		6,708	
On-site paving	281,921		281,921	
On-site utilities	367,850		367,850	
Decorative masonry				
Bumper stops, striping & signs	33,541		33,541	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$1,038,677	$0	$1,038,677	
SITE AMENITIES				
Landscaping	275,473		275,473	
Pool and decking	180,000		180,000	
Athletic court(s), playground(s)				
Fencing	108,993		108,993	
Amenity equipment and furniture	17,200		17,200	
Subtotal Site Amenities Cost	$581,666	$0	$581,666	
BUILDING COSTS*:				
Concrete	586,132		586,132	
Masonry	633,867		633,867	
Metals	203,585		203,585	
Woods and Plastics	2,059,231		2,059,231	

Thermal and Moisture Protection		98,491		98,491		
Roof Covering		154,536		154,536		
Doors and Windows		131,100		131,100		
Finishes		567,286		567,286		
Specialties		108,973		108,973		
Equipment		149,773		149,773		
Furnishings		225,085		225,085		
Special Construction				0		
Conveying Systems (Elevators)		99,185		99,185		
Mechanical (HVAC; Plumbing)		900,758		900,758		
Electrical		754,280		754,280		
Individually itemize costs below:						
Detached Community Facilities/Building						
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs Before 11.9(e)(2)		$6,672,282	$0	$6,672,282		
Voluntary Eligible Building Costs (After 11.9(e)(2)) Enter amount to be used to achieve desired score.			$0.00 psf			*Enter score for Building **OR** Hard Costs at end of form
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$8,292,625	$0	$8,292,625		
Contingency	5.97%	$515,799		515,799		
TOTAL HARD COSTS		$9,150,107	$0	$8,808,424		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	5.44%	497,558		497,558	5.65%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.81%	165,853		165,853	1.88%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.44%	497,558		497,558	5.65%	
TOTAL CONTRACTOR FEES		$1,160,969	$0	$1,160,969		
TOTAL CONSTRUCTION CONTRACT		$10,311,076	$0	$9,969,393		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2)) Enter amount to be used to achieve desired score.			$0.00 psf			*Enter score for Building **OR** Hard Costs at end of form
SOFT COSTS[3]						
Architectural - Design fees		221,500		221,500		
Architectural - Supervision fees		95,000		95,000		
Engineering fees		125,000		125,000		
Real estate attorney/other legal fees				0		
Accounting fees		25,000		25,000		
Impact Fees				0		
Building permits & related costs		196,054		196,054		
Appraisal		4,000		4,000		
Market analysis		4,000		4,000		
Environmental assessment		5,000		5,000		
Soils report		9,150		9,150		
Survey		30,000		30,000		
Marketing		100,000				

Hazard & liability insurance	2,000		2,000	
Real property taxes	83,235		83,235	
Personal property taxes			0	
Other (specify) - see footnote 1			0	
builder's risk & performance bonds	270,341		270,341	
ffe	200,000		200,000	
Subtotal Soft Cost	$1,370,280	$0	$1,270,280	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	928,761		619,174	
Loan origination fees	128,550		128,550	
Title & recording fees	110,000		110,000	
Closing costs & legal fees	53,750		53,750	
Inspection fees				
Credit Report				
Discount Points				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	43,600			
Title & recording fees				
Closing costs & legal	53,750			
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
BRIDGE LOAN(S)				
Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
OTHER FINANCING COSTS[3]				
Tax credit fees	70,000			
Tax and/or bond counsel	80,000		80,000	
Payment bonds				
Performance bonds				
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	45,000			
Tax opinion				
reimbursables	15,000		15,000	
Other (specify) - see footnote 1				
Subtotal Financing Cost	$1,528,411	$0	$1,006,474	
DEVELOPER FEES[3]				
Housing consultant fees[4]	167,500		167,500	
General & administrative				

Profit or fee		1,681,957		1,669,422		
Subtotal Developer Fees	14.69%	$1,849,457	$0	$1,836,922	15.00%	
RESERVES						
Rent-up						
Operating		369,862				
Replacement						
Escrows						
Subtotal Reserves		$369,862	$0	$0		
TOTAL HOUSING DEVELOPMENT COSTS[5]		$17,764,546	$0	$14,083,069		

The following calculations are for HTC Applications only.

Deduct From Basis:				
Federal grants used to finance costs in Eligible Basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units §42(d)(5)				
Historic Credits (residential portion only)				
Total Eligible Basis		$0	$14,083,069	
**High Cost Area Adjustment (100% or 130%)			130%	
Total Adjusted Basis		$0	$18,307,990	
Applicable Fraction			95%	
Total Qualified Basis	$17,390,760	$0	$17,390,760	
Applicable Percentage[6]			9.00%	
Credits Supported by Eligible Basis	$1,565,168	$0	$1,565,168	
(May be greater than actual request)				

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.**

Requested Score for 11.9(e)(2)	12

Name of contact for Cost Estimate: **John Thompson**

Phone Number for Contact: **972-385-4159**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Ter m (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Soft Repayment)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
Citi	Conventional Loan	$12,855,000	4.85%	1st	$ 4,360,000	6.12%	35	15		1st
Third Party Equity										
Citi	HTC $ 1,400,000	$ 1,889,811			$ 12,598,740				0.9	
Grant										
Deferred Developer Fee										
GCI Development Texas					$ 805,806					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 14,744,811			$ 17,764,546					
	Total Uses of Funds				$ 17,764,546					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitme

Construction financing will be provided by Citi Bank in the form of a Construction Loan in the amount of $12,855,000. The Construction Loan will be interest-only during the construction period and will be priced at a variable rate equal to the 30 Day LIBOR plus a spread of 2.75%, currently underwritten at 4.85%. Permanent financing will also be provided by Citi Bank in the form of a Conventional Loan in the amount of $4,360,000. The Permanent Loan will carry an interest rate equal to the 10-year Treasury yield plus a spread of 3.25%, for an all-in rate of 6.12%. The Permanent Loan will have a 15 year term and will be amortized over 35 years. Citi will be providing the equity based on an estimated Tax Credit allocation of $1,400,000 per anum. Citi is proposing pricing of $0.90 per LIHTC to purchase a 99.99% interest in the LLC that will own and operate the development, which amounts to total capital contributions of

Describe the replacement reserves:

The Syndicator, Citi, is requiring Replacement Reserves of $250 per unit per year, Operating Reserves of $369,862.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project will not have any operating subsidies, rental assistance or project based vouchers.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender ______________________

Printed Name ______________________

Date ______________________

Telephone: ______________________

Email address: ______________________

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Jubilee at Texas Parkway (HTC #17317)

RECOMMENDED ACTION

WHEREAS, Jubilee at Texas Parkway (the "Development") received an award of 9% Housing Tax Credits ("HTC") in 2017 for the new construction of 90 units of multifamily housing for elderly households in Missouri City (the "City"), Fort Bend County;

WHEREAS, Jubilee at Texas Parkway, LP (the "Development Owner" or "Owner") is now requesting approval for a significant modification of the site plan and a modification of the architectural building plans, by reducing the building footprint, due to required increases in the detention area due to special drainage requirements imposed by the City during the site plan review and permitting process;

WHEREAS, the Development Owner is also requesting approval for a modification of the number of units and bedroom mix of units, a reduction of three percent or more in the square footage of the units, and a corresponding modification of the residential density of at least five percent, due to the reduction of eight market rate units, necessary due to the required revisions in the site plan due to the City's additional drainage and detention requirements that were unknown, unforeseeable, and unpreventable at the time of Application;

WHEREAS, the Development Owner is also requesting approval for modification of the building elevations, clubhouse plans, and uncovered parking necessary to compress the site layout, to minimize the detention requirements, and to offset cost increases;

WHEREAS, Board approval is required for a significant modification of the site plan, a modification of the number of units or bedroom mix of units, a reduction of three percent or more in the square footage of the units or common area, a significant modification of the architectural design of a Development, and a modification of the residential density of at least five percent, as directed in Tex. Gov't Code §2306.6712 and 10 TAC §10.405(a)(4)(A), (B), (D), (E), and (F), and the Owner has complied with the amendment requirements therein;

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

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendments to the Application for Jubilee at Texas Parkway are approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination.

BACKGROUND

Jubilee at Texas Parkway (the "Development") received an award of 9% Housing Tax Credits in 2017 for the new construction of 90 units of multifamily housing for elderly households in Missouri City (the "City"), Fort Bend County. The Development is owned by Jubilee at Texas Parkway, LP with Jubilee at Texas Parkway GP, LLC as the General Partner with 0.01% interest. The two owners of the General Partner are Jubilee at Texas Parkway MM, LLC, 60% interest, with Mark Gardner as its Sole Member & Manager, and Five Woods, LLC, a HUB having a 40% interest, with Laolu Yemitan as its Sole Member.

On August 14, 2018, Jervon Harris through Sarah Anderson, Consultant for the Owner, submitted an amendment request identifying multiple changes to the site plan, number of units and related changes in Net Rentable Area, changes in unit mix, clubhouse and building plans (including elevations), changes in unit and affordability mix, and a reduction in the number of parking spaces.

According to the request, the proposed changes are necessary due to special drainage requirements imposed by the City during the site plan review and approvals process, in addition to changes in broad market conditions that are beyond the Owner's control. The proposed changes are necessary in order to comply with unpublished drainage plans, to satisfy City requirements, and to keep affordable units in the City.

According to the Owner, during the permitting process, the City imposed changes in drainage and detention based on an unpublished Master Drainage Plan that was unknown at the time of Application. The need for the larger detention areas was unforeseen being that is the site is not located in a flood plain, and the extent of necessary mitigation is only determined after a site plan is submitted to the City permitting agencies for review. Because of the City's extended conditions and changes, which exceeded the typical requirements for development in Fort Bend County, the site plan had to be entirely reworked resulting in significant redesign and oversizing of the detention facilities.

According to the letter, the Owner also had to reduce project costs in order to offset cost increases in building materials, including lumber and steel due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies. The Owner also mentioned cost concerns by recent tax reform that resulted in unforeseen reduction in tax credit pricing for the area.

A letter from Kelly R. Kaluza & Associates, Inc. (the "Engineer"), Consulting Engineers & Surveyors, further supports the Owner's explanation for required changes to the Development. The Engineer explains that the delays incurred were atypical, extraordinary, and unforeseeable, and coincided with the land fall of Hurricane Harvey, which further prolonged the operations of the City permitting agencies.

The City approved the revised site plan and architectural changes on September 7, 2018, and the Owner is now seeking to amend the original Application to incorporate these changes. The requested changes are described in detail below.

<u>Changes in the Site Plan & Architectural Building Plans</u>

The site plan has been reconfigured to accommodate additional detention space by compressing the building footprint to comply with City requirements. Instead of a three-story building, the Owner now proposes to construct a four-story building. The parking layout has also been adjusted to accommodate the enlarged detention facilities.

Overall, parking spaces decreased by 17 spaces from 134 to 117 total parking spaces. The number of carports decreased by 15 (from 45 to 30), and the number of uncovered spaces decreased by 19 (from 74 to 55). However, the number of garages increased by 17 (from 15 to 32). Although overall parking spaces are being reduced in the new plans to account for the reduction in the total number of units, parking still meets local code requirements.

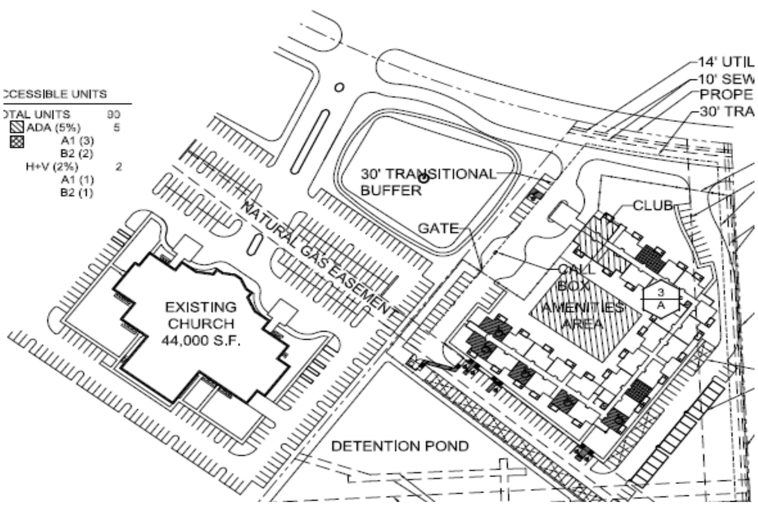
<u>Changes in the Number of Units & Bedroom Mix, Reduction in Square Footage of the Units & Common Area, and Changes in Residential Density</u>

The revised building plans omit eight Market Rate Units, reducing the total number of units from 90 to 82. The original Application had 79 Low Income units and 11 Market Rate Units. The new plans include the same 79 Low Income units, but only 3 Market Rate Units. The unit mix is also changed. At Application, there were originally 27 1 bed/1 bath units, 42 2 bed/1 bath units, and 21 2 bed/2 baths units. This amendment proposes 28 1 bed/1 bath units (increased by 1), 42 2 bed/1 bath units (no change), and 12 2 bed/2 baths units (decreased by 9). The unit mix and the square footage of the Low Income units remain unchanged.

Because of the reduction of the eight Market Rate Units, the total Net Rentable Area decreases from 75,600 to 68,200 square feet, a reduction of 9.79%. The unit layouts were slightly reconfigured to be more efficient, but the unit square footages remain the same. The balconies have been omitted to compress the site layout and minimize detention requirements. In addition to the removal of the balconies, the building elevations have minor changes to the exteriors based on review and comment by City staff during the building façade review. Because of the reduction in the total Net Rentable Area, the residential density decreases from 15.0 units per acre to 13.667 units per acre, a reduction of 8.89%.

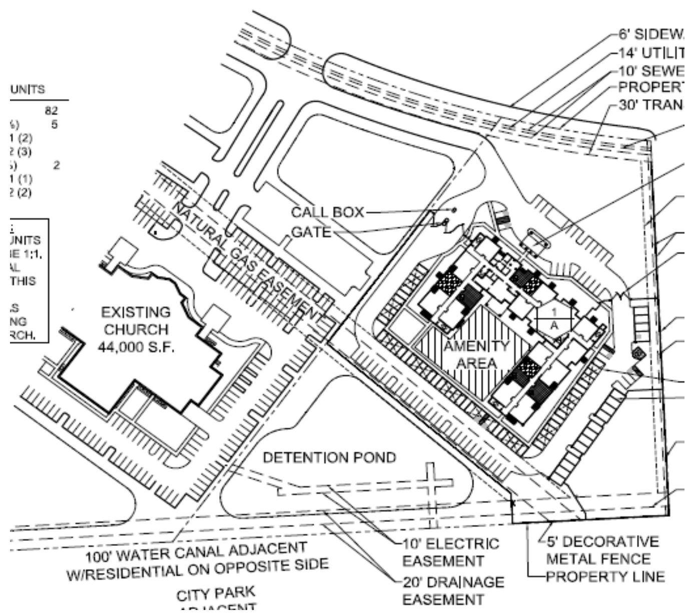
The common area is to increase 2,305 square feet (59.41%), from 3,880 to 6,185 square feet. The clubhouse area on the first floor will include 2,807 square feet for the management area for leasing, a community room and a family room. An additional 3,378 square feet of common area (including a fitness center, library, art studio, lounges, laundry and salon) are located on the second, third, and fourth floors. The changes are summarized below.

<table>
<tr><th colspan="2">Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)</th></tr>
<tr><th>Application</th><th>Amendment</th></tr>
<tr><td>
Site Plan:

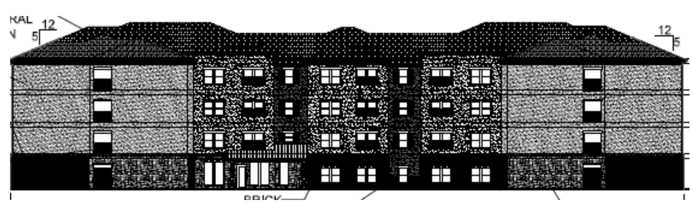


Building Elevation:

Development Site: **6.00** acres
Total Units: **90**
Density: **15.0** units/acre
Residential Buildings: 1
Residential Net Rentable SF: **75,600**
Common Area SF: **3,880**
</td><td>
Site Plan:



Building Elevation:



Development Site: **6.00** acres
Total Units: **82 (-8 market-rate units)**
Density: **13.667** units/acre **(-8.89%)**
Residential Buildings: 1
Residential Net Rentable SF: **68,200 (-9.79%)**
Common Area SF: **6,185 (+59.41%)**
</td></tr>
</table>

Material Alterations as defined in Texas Government Code §2306.6712(d) and 10 TAC §10.405(a)(4)	
Application	**Amendment**
Total Parking: **134** Garages: **15** Carports: **45** Uncovered: **74**	Total Parking: **117** Garages: **32** Carports: **30** Uncovered: **55**

Application:

Unit Type	# Units	# Beds	# Baths	NRA
30%	6	1	1	700
50%	19	1	1	700
60%	1	1	1	700
MR	**1**	1	1	700
30%	1	2	1	900
50%	12	2	1	900
60%	28	2	1	900
MR	1	2	1	900
30%	1	2	2	900
50%	1	2	2	900
60%	10	2	2	900
MR	**9**	2	2	900
Totals	**90**			**75,600**

Amendment:

Unit Type	# Units	# Beds	# Baths	NRA
30%	6	1	1	700
50%	19	1	1	700
60%	1	1	1	700
MR	**2**	1	1	700
30%	1	2	1	900
50%	12	2	1	900
60%	28	2	1	900
MR	1	2	1	900
30%	1	2	2	900
50%	1	2	2	900
60%	10	2	2	900
MR	**0**	2	2	900
Totals	**82**			**68,200**

Application	Amendment
30% units: 8 50% units: 32 60% units: 39 **MR units: 11**	30% units: 8 50% units: 32 60% units: 39 **MR units: 3**
1 BR/1 BA: **27** 2 BR/1 BA: 42 2 BR/2 BA: **21**	1 BR/1 BA: **28** 2 BR/1 BA: 42 2 BR/2 BA: **12**

Changes in Development Costs & Financing

The Owner submitted a revised Development Cost Schedule, a revised Summary of Sources and Uses, Rent Schedule, Annual Operating Expenses, and revised site and building plans to be re-evaluated by the Real Estate Analysis ("REA") Division pursuant to Tex. Gov't Code §2306.6712(b).

Real Estate Analysis has re-evaluated the transaction pursuant to Tex. Gov't Code 2306.6712(b) and has concluded that the Development remains feasible. The analysis is attached to this Board Action Request and details are summarized below.

Gross income has decreased $27K due to the elimination of the eight market units, underwritten at 2018 60% AMI rents. Expenses decreased $55K, mainly due to payroll decreasing $18K, general and administrative expenses decreasing $12K, and water, sewer and trash expenses decreasing $15K. The amended projected Debt Coverage Ratio is 1.17.

Owner's total development cost increased $138K due to general material cost increases, but especially steel and lumber due to the markets adjusting to national news regarding tariffs and other potential changes to national trade policies. Drastic changes to the site plan doubled engineering fees to $125K. Owner found cost savings in other areas. Owner's building cost increased from $80/square foot at underwriting to $92.86/square foot due to the increased materials costs and increased cost to build a four-story building. Underwriter also costs the project at $92.86/square foot.

Owner is to provide parking, landscaping, and lighting for the adjacent church. These costs have increased from $125K to $267K. Underwriter shows these costs separately as ineligible acquisition costs. Per Owner, these increased costs are due to increased materials cost and increased off site detention on the church's land.

Credit price decreased from $0.96 to $0.90 as has been the trend in 2018. This is a decrease of $808K in equity. Owner offset this by increasing permanent debt by $706K and deferred developer fee by $240K. No change is recommended to the original annual tax credit award of $1,347,000.

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

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

Real Estate Analysis Division
September 25, 2018

Addendum to Underwriting Report

TDHCA Application #: **17317** Program(s): **9% HTC**

Jubilee at Texas Parkway

Address/Location: S side of Texas Pkwy, W of Turtle Creek Dr

City: Missouri City County: Fort Bend Zip: 77489

	APPLICATION HISTORY
Report Date	**PURPOSE**
09/25/18	**Amendment**
06/09/17	Original Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$1,347,000				**$1,347,000**				

CONDITIONS STATUS

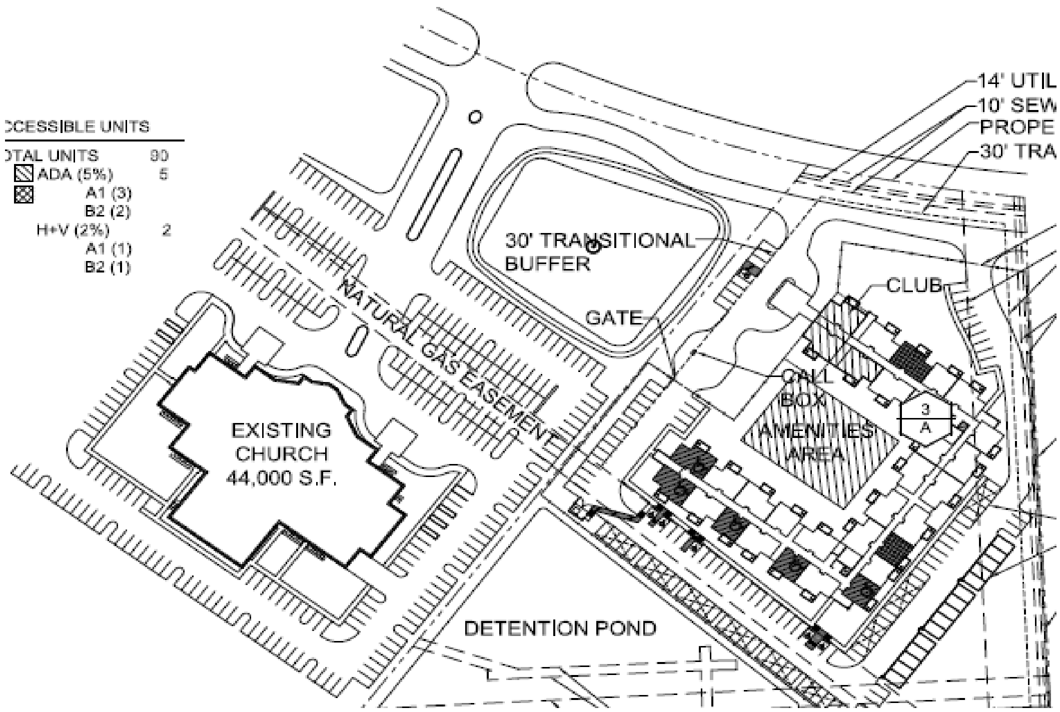
Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

ANALYSIS

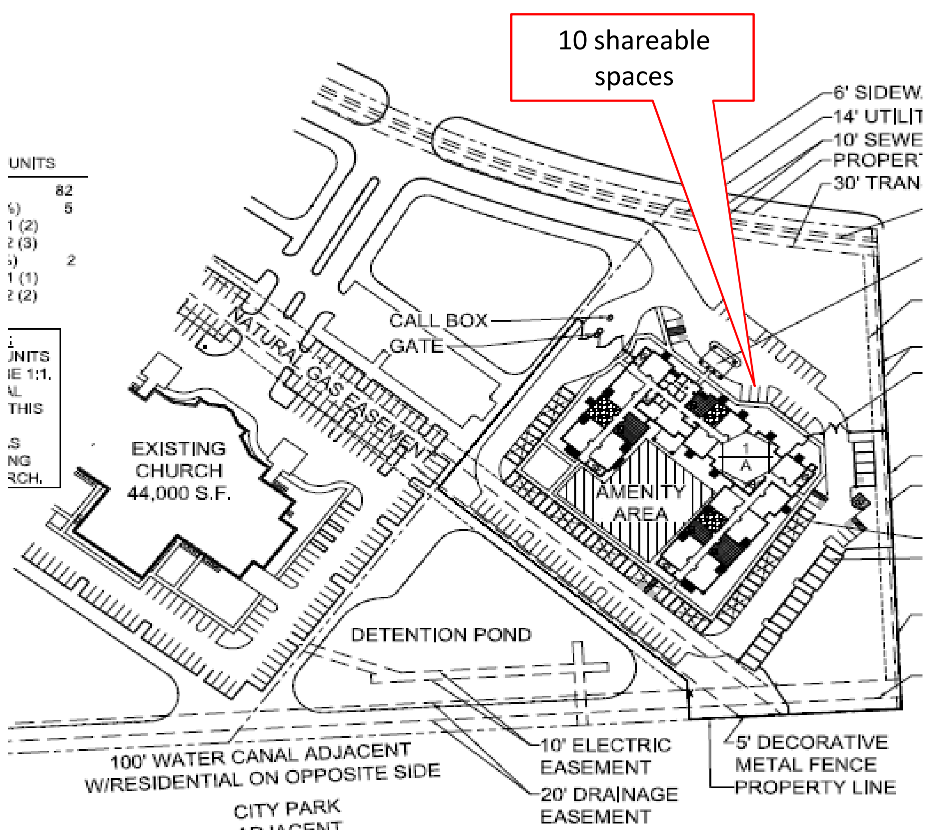
Applicant has requested an amendment due to increased drainage requirements by Missouri City's unpublished Master Drainage Plan. Per Applicant's engineer, the site does not show any unusual drainage characteristics that would require excessive drainage and they could not have been aware of the city's unpublished plan.
In order to get site plan approval, they had to make changes to parking layout, building footprints and design to accommodate the increased detention requirement. The onsite detention pond and the offsite shared detention on the church's site have increased. Applicant reduced the project from 90 units to 82 units; they removed 8 of the 11 market units. They reduced the three story building footprint, and increased it to four stories. Balconies have been omitted to further compress the site plan layout.

Parking requirement of 1.4 spaces is still met; parking decreased from 134 spaces to 117 spaces. Both Jubilee and Gala have 10 spaces at the leasing offices that are "shareable" with the other property. This is mainly for employees who will be shared between the properties. Per each site plan, each site meets their individual parking requirements of 1.4 spaces per unit.

Old


30' TRANSITIONAL BUFFER
GATE
CLUB
CALL BOX
AMENITIES AREA
NATURAL GAS EASEMENT
EXISTING CHURCH 44,000 S.F.
DETENTION POND
ADA (5%) 5
A1 (3)
B2 (2)
H+V (2%) 2
A1 (1)
B2 (1)

New


10 shareable spaces
CALL BOX
GATE
NATURAL GAS EASEMENT
EXISTING CHURCH 44,000 S.F.
AMENITY AREA
DETENTION POND
100' WATER CANAL ADJACENT W/RESIDENTIAL ON OPPOSITE SIDE
CITY PARK
10' ELECTRIC EASEMENT
20' DRAINAGE EASEMENT
5' DECORATIVE METAL FENCE
PROPERTY LINE

Operating Pro Forma

Gross income has decreased $27k due to the elimination of eight market units, underwritten at 60% AMI rents. Rents have been updated to 2018 levels.

Applicant's amended expenses are within 3% of Underwriter's, therefore Applicant's operating expenses are used for analysis. Expenses decreased $55k, mainly due to payroll decreasing $18k, G&A decreasing $12k, and WST decreasing $15k. Per Applicant, since both Gala and Jubilee were awarded, the management staff will be shared between the two properties; this was not assumed at underwriting. Applicant's decreased G&A and WST is based off the management company's comps in the area and TDHCA's database.

Underwriter did adjust the payroll to the current staffing plan, but did not adjust the original underwritten G&A or WST per unit amount; Applicant's amended expenses are within 3% of Underwriter's.

The amended DCR is 1.17. Deferred fee pays off in year 14 with a 15 year cumulative net cash flow of $150k.

Development Cost

Applicant's total development cost increased $138k due to general material cost increases, but especially steel and lumber due to the markets adjusting to national news regarding tariffs and other potential changes to national trade policies.

Drastic changes to the site plan doubled engineering fees to $125k. Applicant found cost savings in other areas.

Applicant's building cost increased from $80/sf at underwriting to $92.86/sf due to the increased materials costs and increased cost to build a four story building. Underwriter costs the project at $92.86/sf, as well. Eligible building cost is limited to Applicant's original voluntarily limited basis of $77.99/sf.

Per the contract, Applicant is to provide parking, landscaping, and lighting for the adjacent church. These costs have increased from $125k to $267k. Underwriter shows these costs separately as ineligible acquisition costs. Per Applicant, these increased costs are due to increased materials cost and increased off site detention on the church's land.

Sources of Funds

Credit price decreased from $0.96 to $0.90 as has been the trend in 2018. This is a decrease of $808k in equity. Applicant offset this by increasing permanent debt by $706k and deferred developer fee by $240k.

Citi is now providing the permanent debt and equity.

No change to the original credit recommendation of $1,347,000.

Underwriter:	*Jeanna Rolsing*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Jubilee at Texas Parkway, Missouri City, 9% HTC #17317

LOCATION DATA	
CITY:	Missouri City
COUNTY:	Fort Bend
Area Median Income	$69,200
PROGRAM REGION:	6

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	8	9.8%
1	28	34.1%	0	40%	-	0.0%
2	54	65.9%	0	50%	32	39.0%
3	-	0.0%	0	60%	39	47.6%
4	-	0.0%	0	MR	3	3.7%
TOTAL	**82**	**100.0%**	**-**	**TOTAL**	**82**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	96.34%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	832 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$421	6	1	1	700	$421	$38	$383	($1)	$0.55	$382	**$2,292**	**$2,296**	$383	$0.55	$0	$843	$1.20	$1,050
TC 50%	$703	19	1	1	700	$703	$38	$665	($1)	$0.95	$664	**$12,616**	**$12,628**	$665	$0.95	$0	$843	$1.20	$1,050
TC 60%	$843	1	1	1	700	$843	$38	$805	($1)	$1.15	$804	**$804**	**$805**	$805	$1.15	$0	$843	$1.20	$1,050
MR		2	1	1	700	$0	$38		NA	$1.20	$843	**$1,686**	**$1,686**	$843	$1.20	NA	$843	$1.20	$1,050
TC 30%	$506	1	2	1	900	$506	$67	$439	($0)	$0.49	$439	**$439**	**$439**	$439	$0.49	$0	$1,012	$1.12	$1,275
TC 50%	$843	12	2	1	900	$843	$67	$776	($0)	$0.86	$776	**$9,312**	**$9,318**	$776	$0.86	$0	$1,012	$1.12	$1,275
TC 60%	$1,012	28	2	1	900	$1,012	$67	$945	($0)	$1.05	$945	**$26,460**	**$26,473**	$945	$1.05	$0	$1,012	$1.12	$1,275
MR		1	2	1	900	$0	$67		NA	$1.12	$1,012	**$1,012**	**$1,012**	$1,012	$1.12	NA	$1,012	$1.12	$1,275
TC 30%	$506	1	2	2	900	$506	$67	$439	($0)	$0.49	$439	**$439**	**$439**	$439	$0.49	$0	$1,012	$1.12	$1,275
TC 50%	$843	1	2	2	900	$843	$67	$776	($0)	$0.86	$776	**$776**	**$776**	$776	$0.86	$0	$1,012	$1.12	$1,275
TC 60%	$1,012	10	2	2	900	$1,012	$67	$945	($0)	$1.05	$945	**$9,450**	**$9,455**	$945	$1.05	$0	$1,012	$1.12	$1,275
TOTALS/AVERAGES:		**82**			**68,200**				**($0)**	**$0.96**	**$796**	**$65,286**	**$65,327**	**$797**	**$0.96**	**$0**	**$954**	**$1.15**	**$1,198**

ANNUAL POTENTIAL GROSS RENT:	**$783,432**	**$783,918**	

STABILIZED PRO FORMA

Jubilee at Texas Parkway, Missouri City, 9% HTC #17317

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		3 Eldery County		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.96	$796	$783,432	$810,456	$810,942	$783,918	$797	$0.96		-0.1%	($486)
retained deposits, interest income							$20.00	$19,680	21,600							
Total Secondary Income							$20.00			21,600	$19,680	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$803,112	$832,056	$832,542	$803,598				-0.1%	($486)
Vacancy & Collection Loss							7.5% PGI	(60,233)	(62,404)	(62,441)	(60,270)	7.5% PGI			-0.1%	36
EFFECTIVE GROSS INCOME								$742,879	$769,652	$770,101	$743,328				-0.1%	($450)
General & Administrative	$31,385	$383/Unit	49,267	$601	3.99%	$0.43	$361	$29,641	$41,840	$34,615	$31,385	$383	$0.46	4.22%	-5.6%	(1,744)
Management	$31,787	4.5% EGI	30,957	$378	4.50%	$0.49	$408	$33,430	$38,486	$38,505	$33,450	$408	$0.49	4.50%	-0.1%	(20)
Payroll & Payroll Tax	$104,447	$1,274/Unit	128,902	$1,572	12.05%	$1.31	$1,092	$89,546	$108,000	$114,637	$89,546	$1,092	$1.31	12.05%	0.0%	-
Repairs & Maintenance	$51,851	$632/Unit	49,273	$601	6.62%	$0.72	$600	$49,201	$54,000	$54,000	$49,200	$600	$0.72	6.62%	0.0%	1
Electric/Gas	$16,656	$203/Unit	19,111	$233	2.09%	$0.23	$189	$15,531	$21,923	$18,375	$16,656	$203	$0.24	2.24%	-6.8%	(1,125)
Water, Sewer, & Trash	$49,791	$607/Unit	46,070	$562	5.08%	$0.55	$461	$37,770	$53,317	$54,648	$49,791	$607	$0.73	6.70%	-24.1%	(12,021)
Property Insurance	$35,676	$0.52 /sf	28,156	$343	3.31%	$0.36	$300	$24,600	$25,482	$25,482	$24,600	$300	$0.36	3.31%	0.0%	-
Property Tax (@ 100%) 3.2969	$56,575	$690/Unit	62,902	$767	14.54%	$1.58	$1,317	$108,000	$97,376	$100,213	$105,386	$1,285	$1.55	14.18%	2.5%	2,614
Reserve for Replacements	$22,768	$278/Unit	-	$0	2.76%	$0.30	$250	$20,500	$22,500	$22,500	$20,500	$250	$0.30	2.76%	0.0%	-
Supportive Services			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.43%	$0.05	$39	$3,160	$3,160	$3,160	$3,160	$39	$0.05	0.43%	0.0%	-
TOTAL EXPENSES					**55.38%**	**$6.03**	**$5,017**	**$ 411,379**	$466,084	$466,136	**$ 423,673**	**$5,167**	**$6.21**	**57.00%**	**-2.9%**	**$ (12,294)**
NET OPERATING INCOME ("NOI")					**44.62%**	**$4.86**	**$4,043**	**$331,500**	$303,568	$303,965	**$319,655**	**$3,898**	**$4.69**	**43.00%**	**3.7%**	**$ 11,845**

CONTROLLABLE EXPENSES	$2,704/Unit			$2,885/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Jubilee at Texas Parkway, Missouri City, 9% HTC #17317

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE									AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR							Prior Underwriting							Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	Applicant	TDHCA	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Citi		1.12	1.17	284,509	6.12%	35	15	$4,100,000	$3,394,000	$3,394,000	$4,100,000	15	35	6.12%	$284,509	1.17	24.1%
CASH FLOW DEBT / GRANTS																	
Local Contribution-Missouri City		1.12	1.17		0.00%	0	0	$10	$10	$10	$10	0	0	0.00%		1.17	0.0%
				$284,509	**TOTAL DEBT / GRANT SOURCES**			**$4,100,010**	$3,394,010		**$4,100,010**		**TOTAL DEBT SERVICE**		**$284,509**	**1.17**	**24.1%**
NET CASH FLOW		$35,146	$46,991								**APPLICANT**	**NET OPERATING INCOME**		**$331,500**	**$46,990**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE							AS UNDERWRITTEN EQUITY STRUCTURE						
						Prior Underwriting								
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	Applicant	TDHCA	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**	
Citi	LIHTC Equity	71.1%	$1,347,000	0.90	$12,121,788	$12,929,907	$12,929,907	$12,121,788	$0.90	$1,347,000	71.1%	$16,427	Previous Allocation	
GCI Development Texas	Deferred Developer Fees	4.8%	(46% Deferred)		$824,620	$610,289	$582,791	$822,464	(46% Deferred)		4.8%	**Total Developer Fee:**		**$1,784,525**
Additional (Excess) Funds Req'd		0.0%					$0	($0)			0.0%			
TOTAL EQUITY SOURCES		76.0%			$12,946,408	$13,540,196	$13,512,698	$12,944,252			75.9%			
TOTAL CAPITALIZATION					**$17,046,418**	$16,934,206	$16,906,708	**$17,044,262**			**15-Yr Cash Flow after Deferred Fee:**			**$149,245**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS							TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	**New Const. Rehab**			**Total Costs**	Applicant	TDHCA	**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$26,037 / Unit	$2,135,000	$2,135,000	$2,135,000	$2,135,000	$26,037 / Unit				0.0%	$0
Seller Required Off-Sites	$0			$3,252 / Unit	$266,683	$125,000	$125,000	$266,683	$3,252 / Unit			$0	0.0%	$0
					$0	$15,000	$15,000	$0						$0
Off-Sites				$915 / Unit	$75,000	$0	$0	$75,000	$915 / Unit				0.0%	$0
Site Work		$893,507		$10,896 / Unit	$893,507	$1,345,000	$1,345,000	$893,507	$10,896 / Unit		$893,507		0.0%	$0
Site Amenities		$721,880		$8,803 / Unit	$721,880	$600,000	$600,000	$721,880	$8,803 / Unit		$721,880		0.0%	$0
Building Cost		$5,896,043	$92.86 /sf	$77,235/Unit	$6,333,230	$6,048,000	$6,332,655	$6,332,928	$77,231/Unit	$92.86 /sf	$5,896,043		0.0%	$302
Contingency		$529,262	7.05%	6.60%	$529,262	$568,260	$568,260	$529,262	6.60%	7.00%	$525,800		0.0%	$0
Contractor Fees		$1,112,806	13.84%	13.01%	$1,112,806	$1,216,076	$1,216,076	$1,112,806	13.01%	13.85%	$1,112,806		0.0%	$0
Soft Costs	0	$1,249,393		$16,456 / Unit	$1,349,393	$1,470,347	$1,470,347	$1,349,393	$16,456 / Unit		$1,249,393	$0	0.0%	$0
Financing	0	$981,754		$18,181 / Unit	$1,490,855	$1,262,498	$1,262,498	$1,490,855	$18,181 / Unit		$981,754	$0	0.0%	$0
Developer Fee	$0	$1,773,273	15.58%	15.02%	$1,786,681	$1,788,820	$1,770,071	$1,784,480	15.00%	15.00%	$1,707,177	$0	0.1%	$2,201
Reserves				$4,294 / Unit	$352,121	$360,206	$360,206	$352,121	$4,294 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	**$0**	**$13,157,918**		$207,883 / Unit	**$17,046,418**	$16,934,206	$17,200,113	**$17,043,915**	$207,853 / Unit		**$13,088,361**	**$0**	**0.0%**	**$2,503**
Acquisition Cost	$0				$0	$0								
Contingency		($3,462)			$0	($8,750)								
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	($66,096)			($2,156)	($18,749)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$13,088,361**		$207,857/unit	**$17,044,262**	$16,906,708	$17,200,113	**$17,043,915**	$207,853/unit		**$13,088,361**	**$0**	**0.0%**	**$347**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$17,044,262**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Jubilee at Texas Parkway, Missouri City, 9% HTC #17317

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$13,088,361	$0	$13,088,361
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$13,088,361	$0	$13,088,361
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$17,014,869	$0	$17,014,869
Applicable Fraction	96.34%	96.34%	96.34%	96.34%
TOTAL QUALIFIED BASIS	$0	$16,392,374	$0	$16,392,374
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,475,314	$0	$1,475,314
CREDITS ON QUALIFIED BASIS	$1,475,314		$1,475,314	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8999	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,475,314	$13,276,495	----	----	----
Needed to Fill Gap	$1,438,394	$12,944,252	----	----	----
Previous Allocation	$1,347,000	$12,121,788	**$1,347,000**	**$0**	**$0**

BUILDING COST ESTIMATE

CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served	68,200 SF	$69.69	4,753,042
Adjustments				
Exterior Wall Finish	8.00%		5.58	$380,243
Elderly	3.00%		2.09	142,591
9-Ft. Ceilings	4.00%		2.79	190,122
Roof Adjustment(s)			0.00	0
Subfloor			(0.15)	(10,457)
Floor Cover			2.56	174,592
Breezeways	$28.15	18,222	0.00	0
Balconies	$25.24	522	0.19	13,175
Plumbing Fixtures	$1,020	36	0.54	36,720
Rough-ins	$500	164	1.20	82,000
Built-In Appliances	$1,730	82	2.08	141,860
Exterior Stairs	$2,280	12	0.40	27,360
Heating/Cooling			2.21	150,722
Enclosed Corridors	$52.34	18,222	13.99	953,789
Carports	$12.25	24,120	4.33	295,470
Garages	$22.35	9,840	3.22	219,936
Comm &/or Aux Bldgs	$90.62	5,449	7.24	493,788
Elevators	$106,800	2	3.13	213,600
Other:			0.00	0
Fire Sprinklers	$2.59	110,093	4.18	285,141
SUBTOTAL			**125.27**	**8,543,695**
Current Cost Multiplier	1.01		1.25	85,437
Local Multiplier	0.86		(17.54)	(1,196,117)
TOTAL BUILDING COSTS			**108.99**	**$7,433,014**
Plans, specs, survey, bldg permits	3.30%		(3.60)	($245,289)
Contractor's OH & Profit	11.50%		(12.53)	($854,797)
NET BUILDING COSTS		$77,231/unit	$92.86/sf	$6,332,928

Long-Term Pro Forma

Jubilee at Texas Parkway, Missouri City, 9% HTC #17317

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$742,879	$757,736	$772,891	$788,349	$804,116	$887,809	$980,213	$1,082,234	$1,194,874	$1,319,237	$1,456,544
TOTAL EXPENSES	3.00%	$411,379	$423,386	$435,747	$448,471	$461,571	$533,090	$615,792	$711,437	$822,063	$950,028	$1,100,675
NET OPERATING INCOME ("NOI")		**$331,500**	**$334,350**	**$337,144**	**$339,877**	**$342,545**	**$354,719**	**$364,421**	**$370,797**	**$372,811**	**$369,209**	**$355,870**
EXPENSE/INCOME RATIO		55.4%	55.9%	56.4%	56.9%	57.4%	60.0%	62.8%	65.7%	68.8%	72.0%	75.6%
MUST -PAY DEBT SERVICE												
Citi		$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509
TOTAL DEBT SERVICE		$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509
DEBT COVERAGE RATIO		1.17	1.18	1.19	1.19	1.20	1.25	1.28	1.30	1.31	1.30	1.25
ANNUAL CASH FLOW		**$46,990**	**$49,841**	**$52,635**	**$55,368**	**$58,036**	**$70,210**	**$79,911**	**$86,287**	**$88,302**	**$84,700**	**$71,360**
Deferred Developer Fee Balance		$775,474	$725,633	$672,998	$617,630	$559,594	$232,055	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$149,245	$569,453	$1,008,911	$1,442,141	$1,830,273

JUBILEE

August 13, 2018

Lucy Trevino
TDHCA
221 East 11th Street
Austin, Texas 78701-2410

Re: Jubilee at Texas Parkway (TDHCA #17317) – Request to Amend Application

Dear Ms. Trevino:

Jubilee at Texas Parkway, LP, is requesting approval of amendments to TDHCA Application #f17317 Jubilee at Texas Parkway. The changes are based on special drainage requirements imposed by Missouri City during the site plan review and approvals process in addition to changes in broad market conditions that are beyond the scope of the Applicant's control. These changes could not be foreseen at the time of Application. The reason and good cause for this change is to comply with unpublished drainage plans, satisfy City of Missouri City requirements, and keep affordable units in Missouri City.

The Applicant has modified the development program and the project plans in response to additional drainage requirements that were required during the municipal approvals and permitting process. As explained in the extension request for 10% Test, the site plan required changes based on conditions imposed by City staff according to an unpublished Master Drainage Plan that was unknown at the time of Application. Please see the attached letter from the Engineer. The need for larger detention areas based on the drainage requirements was unforeseeable being that the site is not located in a flood plain and the extent of necessary mitigation is only determined once a civil site plan is submitted to the permitting agencies for review. The site plan was overhauled and entirely reworked based on these additional drainage and detention conditions imposed by City staff that resulted in a significant redesign and oversizing of the detention facilities.

The Applicant has also made changes to reduce project cost and offset cost increases from a variety of sources including cost escalation as well as increases in certain building materials including lumber and steel due to the construction markets adjusting to national news regarding tariffs and other potential changes to national trade policies. These cost concerns are further exasperated by recent tax reform that has resulted in an unforeseen substantial reduction in tax credit pricing for this area.

Below is a summary of the changes:

Unit Mix

Reduced unit count by 8 units from 90 units to 82 units to allow the building footprint to be compressed onto a smaller area of the site. The original Application had 79 Low Income units and 11 Market Rate Units. The new plans omit 8 Market Rate units for a new total of 79 LI units and 3 MR units.

At Application, there were originally 27 1/1 units, 42 2/1 units, and 21 2/2 units. This amendment proposes 28 1/1 units, 42 2/1 units, and 12 2/2 units. There is no change to the unit mix for LI units and there is no change to the square footage of the units.

JUBILEE

Affordability Mix
There is no change to the affordability mix and income targets proposed at Application for LI units.

Site Plan
The site plan has been reconfigured to accommodate additional required detention by reducing the building footprint per comments and final City approval. The parking layout has also been adjusted to accommodate the enlarged detention facilities.

Building Plans
Reduced the building footprint to allow for additional detention per requirements and final City approval. Increased building height to four floors.

Unit Plans
Omitted balconies to compress the site layout and minimize detention requirements. Unit layouts were also slightly reconfigured to be more efficient, however, square footages are the same as at Application.

Clubhouse Plan
In the original Application, the clubhouse area was 3,880 conditioned square feet located on one floor and included the fitness center, business center, and maintenance rooms. In the new plans, the clubhouse on the first floor has 2,807 conditioned square feet, not including the fitness center of 492 sf, business center (labeled as library on new plans but will include computers) of 428 sf, and maintenance of 503 sf on other floors. The new plans also add resident Lounges on each floor and a Salon on the third floor that was not proposed in the original Application. There is no reduction in common area square footage in the new plans.

Building Elevations
Omitted balconies to compress the site layout and minimize detention requirements. There are also minor changes to exteriors based on review and comment by City staff during the building façade review.

Parking, Garages and Carport
Only uncovered parking has been reduced in the new plans to account for a reduction in the total number of units. Parking still meets local requirements.

Please see the attached architectural plans, Application forms, and financing documents as a result of these changes. Thank you for your attention to this matter and please contact me with any questions.

Sincerely,

Jervon Harris

KELLY R. KALUZA & ASSOCIATES, INC.
Consulting Engineers & Surveyors
Engineering Firm No. F-1339 ■ Surveying Firm No. 10010000
3014 Avenue I, Rosenberg, Texas 77471
(281) 341-0808 ■ FAX (281) 341-6333

May 31, 2018

TDHCA
221 East 11th Street
Austin, Texas 78701-2410

RE: Jubilee at Texas Parkway, LP, Missouri City, Fort Bend County, Texas

To Whom it May Concern:

I am writing on behalf of the Applicant, Jubilee at Texas Parkway, LP, for whom, my firm, Kelly R. Kaluza & Associates, Inc., has been providing civil engineering services throughout the pre-construction process for the Jubilee at Texas Parkway project. These services include, but are not limited to, surveying and plat preparation, site planning, full civil engineering plans, as well coordinating the entitlement and permitting processes with the various municipal agencies including the City of Missouri City and Fort Bend County Drainage District.

The Applicant incurred a number of delays tied to entitlement, permitting, and special drainage approvals from the local permitting agencies, which was further impacted by the landfall and prolonged effects of Hurricane Harvey. I can confirm from my role and my firms extensive experience with Missouri City, the Utility Districts and Fort Bend County Drainage District, that the delays incurred were atypical, extraordinary, and unforeseeable.

The Applicant's initial preparation, submittal, review and approval process for the preliminary plat, final plat and site plan coincided with the land fall of Hurricane Harvey, which had prolonged effects on the local permitting agencies, as well as our firm. The permitting agencies: Fort Bend County Drainage District, TX DOT, and Missouri City, had operations suspended during and following the storm. Upon return to normal operations, the agencies were unresponsive and/or unavailable for a number of weeks immediately following the storm while assessing critical infrastructure damage and/or repairs. *The Applicant was unable to schedule a follow-up coordination meeting with City Staff until November 9th – a delay of more than the 60 days from the impacts of the storm alone.*

Upon continuation of normal operations by the permitting agencies, the Applicant's entitlement and approvals process moved forward. Upon review of the site's drainage plan by the Fort Bend County Drainage District and the City of Missouri City, the Applicant was informed by the reviewing engineers that the City of Missouri City would apply atypical flood plain conditions and drainage design requirements to the site although the site is not located in the FEMA flood plain. The resulting detention requirements exceeded the typical requirements for development in Fort Bend County, which was the basis for the original detention and site plan layouts.

My firm was not able to account for the additional drainage requirements due to the fact the site is located in an unpublished Master Drainage Plan adopted by the City of Missouri City. This adopted plan does not reflect the current FEMA floodplain maps, nor does our site show any unusual drainage characteristics that would align with the excessive drainage requirements from the adopted plan.

To address the requirements set forth by the City of Missouri City, the Applicant engaged a hydrology specialist to prepare a hydrology analysis based on the excessive drainage criteria set forth by the City of Missouri City. The facts of which the site was not located in a FEMA 100-year floodplain, nor flooded during the actual hurricane Harvey storm event, was not taking into consideration. The analysis process was iterative, in part due to ongoing clarifications, and coordination with the agencies; it was approximately 30 days before the results and impacts of the hydrology analysis were received.

Faced with the arbitrary drainage conditions imposed by the City of Missouri City and the resulting hydrology analysis, the Applicant was forced to revise the site plan and building plans for this project. This involved changes to parking layouts and building footprints in addition to redesign and expansion of the detention facilities. Being that Missouri City requires approval of the final plat prior to submittal for permitting and the fact that site plans have to be finalized before the building plans can be completed and submitted for permitting, the Applicant also experienced delays tied to revising and resubmitting the final plat, site plan and building plans. The comprehensive revisions to the site plan and building plans required additional coordination between the various design professionals and created an additional delay of at least 30 days.

Civil engineering plans and building plans have been submitted and are currently under review by Missouri City.

In conclusion, the Applicant incurred approximately 120 days of unanticipated delays due to Hurricane Harvey and responding to the excessive drainage requirements imposed by the City of Missouri City.
If you have any questions or need any further information, please contact me.

Sincerely,

KELLY R. KALUZA & ASSOCIATES, INC.

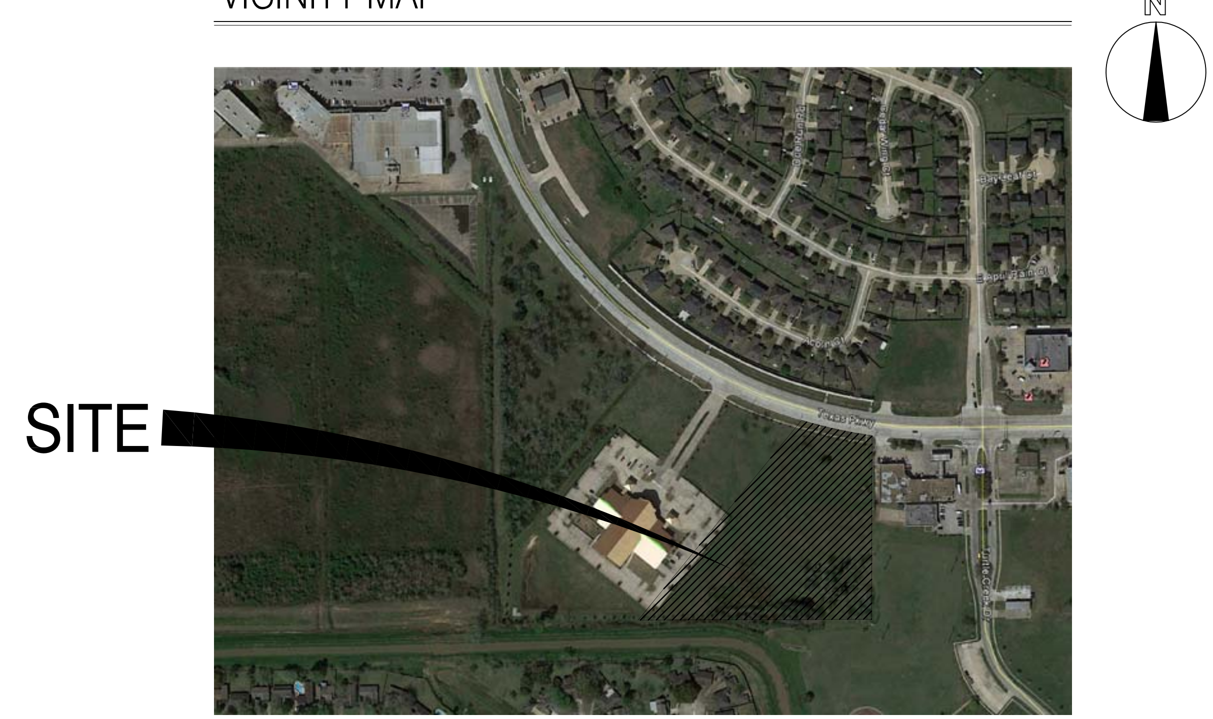
Anthony J. Schulle, P.E.
Project Engineer

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

82 UNITS

SHEET INDEX

VICINITY MAP



Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A0.0

COVER

JUBILEE AT TEXAS PARKWAY

UNIT TABULATION

UNIT TYPE	# UNITS	UNIT S.F.	TOTAL S.F.
A1 - ONE BEDROOM, ONE BATH	28	700 .S.F	19,600 .S.F
B1 - TWO BEDROOM, ONE BATH	42	900 .S.F	37,800 .S.F
B2 - TWO BEDROOM, TWO BATH	12	900 .S.F	10,800 .S.F
TOTAL	82		68,200 .S.F

BUILDING TABULATION

TYPE	# BLDGS.	UNITS/BLDG.	UNIT TYPES	BLDG. S.F.	TOTAL S.F.
A	1	82	A1-28, B1-42, B2-12	68,200 .S.F	68,200 .S.F
TOTAL	1				68,200 .S.F

BUILDING KEY

1 — BUILDING NUMBER
A — BUILDING TYPE

SITE AMENITIES

TOTAL ACRES	6.00
UNITS/ ACRE	13.67

KNOWN EASEMENTS SHOWN
DETENTION SHOWN
OUTSIDE OF FLOOD ZONE

SITE AMENITIES

- -PERIMETER FENCING
- -CONTROLLED ACCESS GATE
- -FURNISHED COMMUNITY ROOM
- -COMMUNITY LAUNDRY ROOM
- -FURNISHED FITNESS CENTER
- -BUSINESS CENTER
- -ACTIVITY ROOM (ARTS & CRAFTS)
- -COVERED COMMUNITY PORCH
- -2,807 S.F. 1 STORY CLUBHOUSE
- -PORTE COCHERE

PARKING TABULATION

PARKING REQUIRED PER ZONING REQUIREMENTS :

UNITS	1.4/UNIT	115

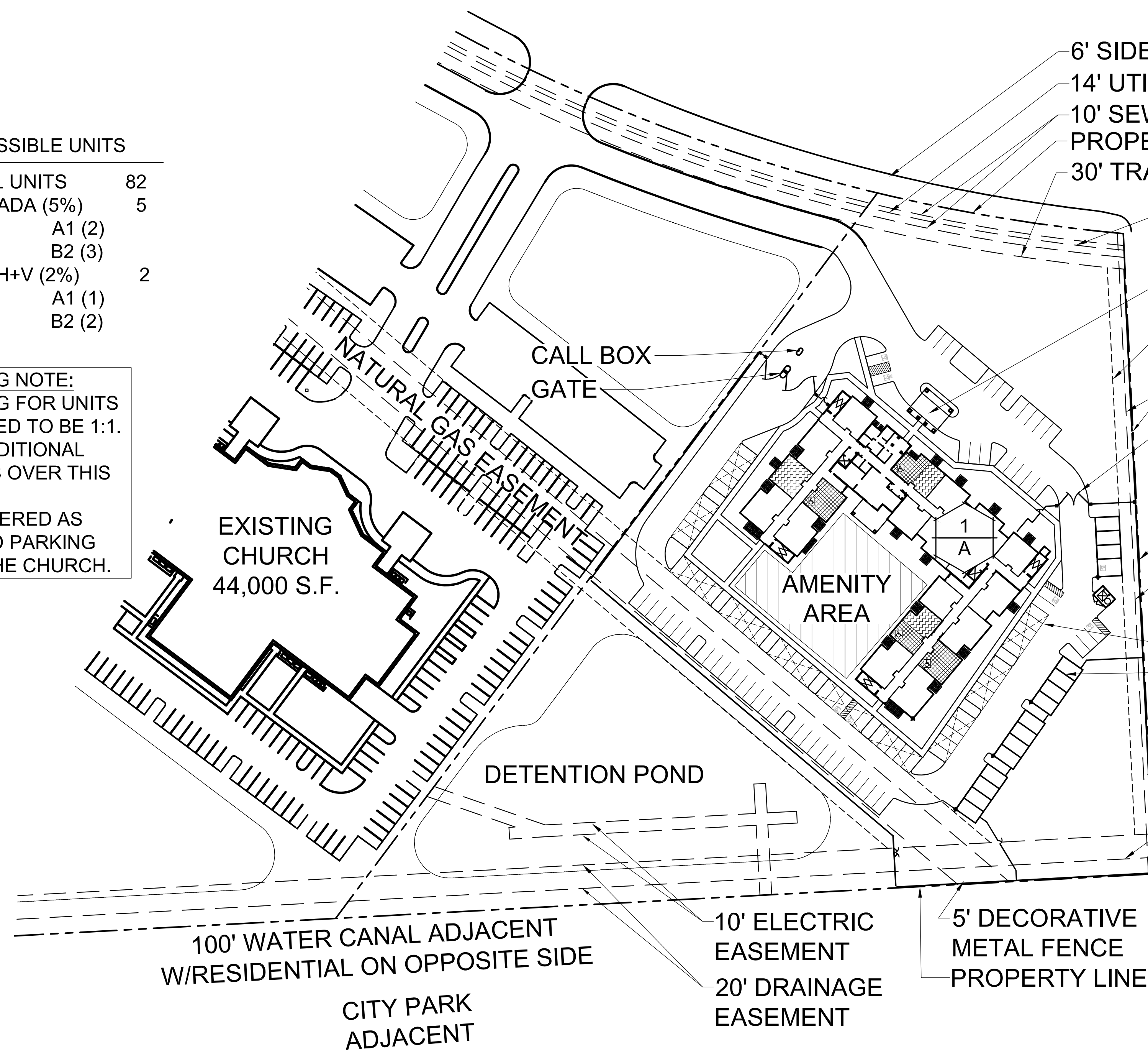
PARKING PROVIDED:

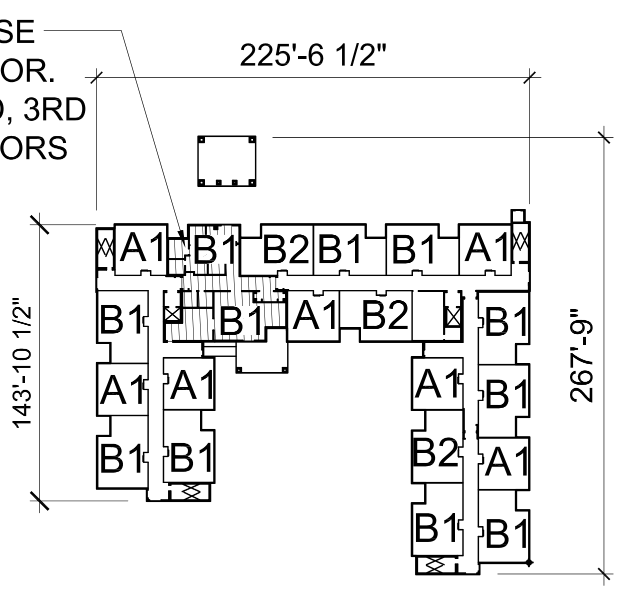
GARAGES	16
CARPORTS	50
HANDICAP (1)	
UNITS (UNCOVERED)	39
HANDICAP (2)	
CLUBHOUSE	16
HANDICAP (1)	
VAN HANDICAP (1)	
TOTAL	121

ACCESSIBLE UNITS

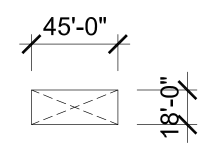
TOTAL UNITS	82
ADA (5%)	5
A1 (2)	
B2 (3)	
H+V (2%)	2
A1 (1)	
B2 (2)	

PARKING NOTE:
PARKING FOR UNITS INTENDED TO BE 1:1. ANY ADDITIONAL SPACES OVER THIS WILL BE CONSIDERED AS SHARED PARKING WITH THE CHURCH.

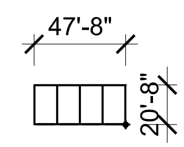




BUILDING 'A' - 4 STORY



TYPICAL CARPORT



TYPICAL DETACHED GARAGE

GRAPHIC SCALE
125 62.5 0 62.5 125
(IN FEET)
1 INCH = 125 FEET

N

SITE PLAN

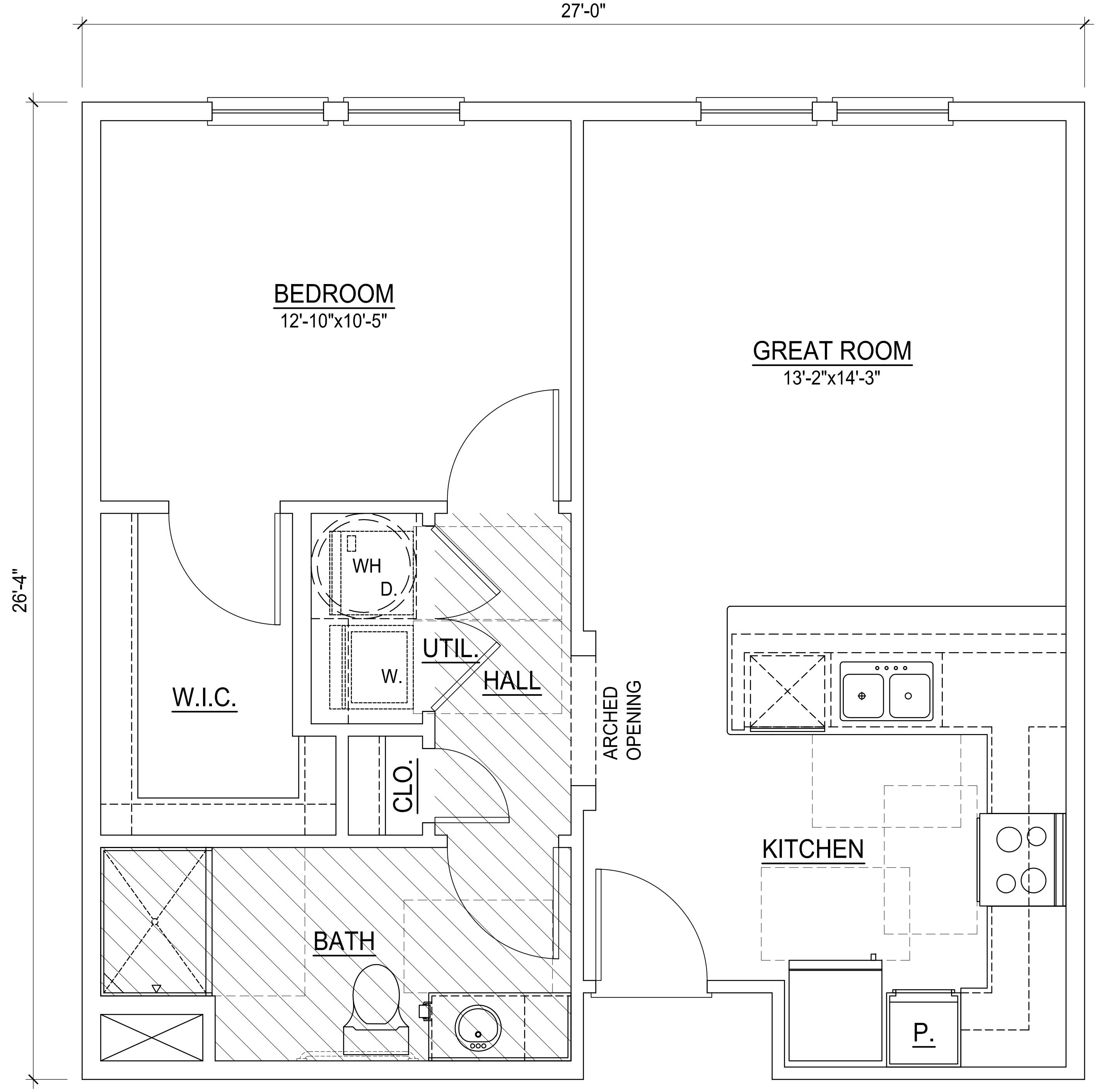
SCALE 1" = 125' - 0"

Cross architects

JUBILEE AT TEXAS PARKWAY MISSOURI CITY, TEXAS

A1.0

SITE PLAN



A1 ONE BEDROOM, ONE BATH 700 S.F.

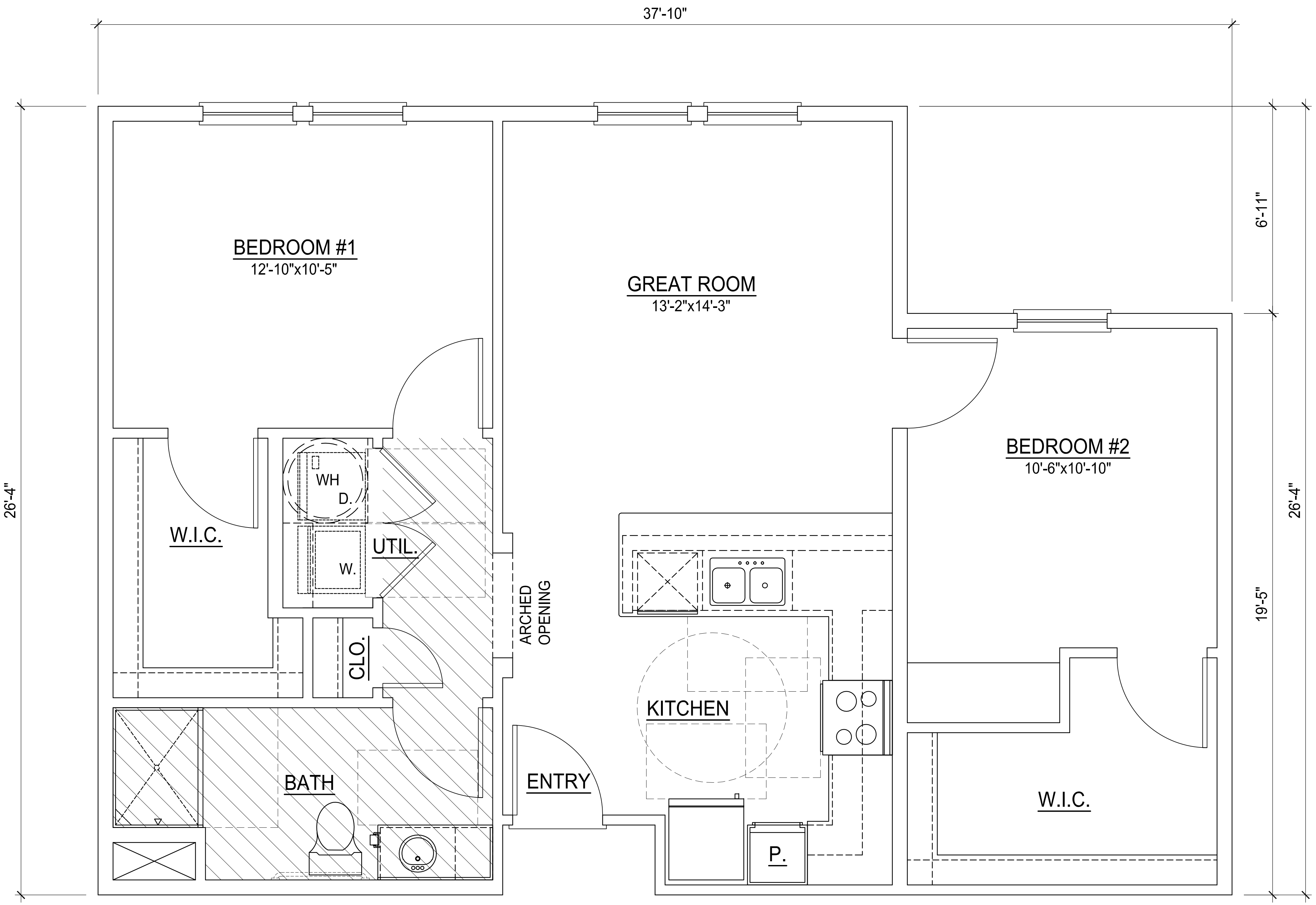
SCALE 1/4" = 1' - 0"

10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A2.0
A1 UNIT



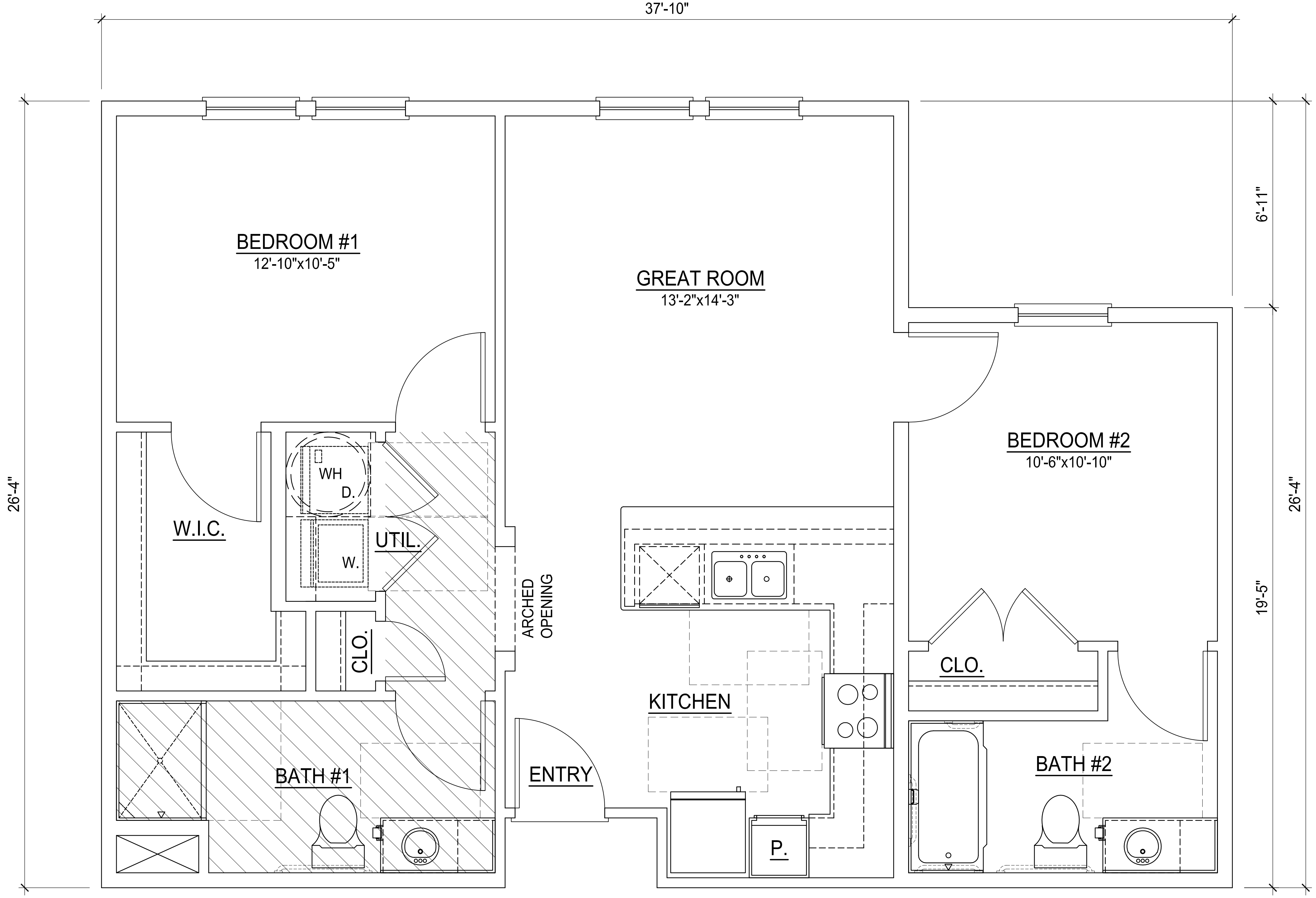
JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

B1 TWO BEDROOM, ONE BATH 900 S.F.

SCALE 1/4" = 1' - 0"

A2.1
B1 UNIT



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

B2 TWO BEDROOM, TWO BATH 900 S.F.

SCALE 1/4" = 1' - 0"

Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A2.2
B2 UNIT

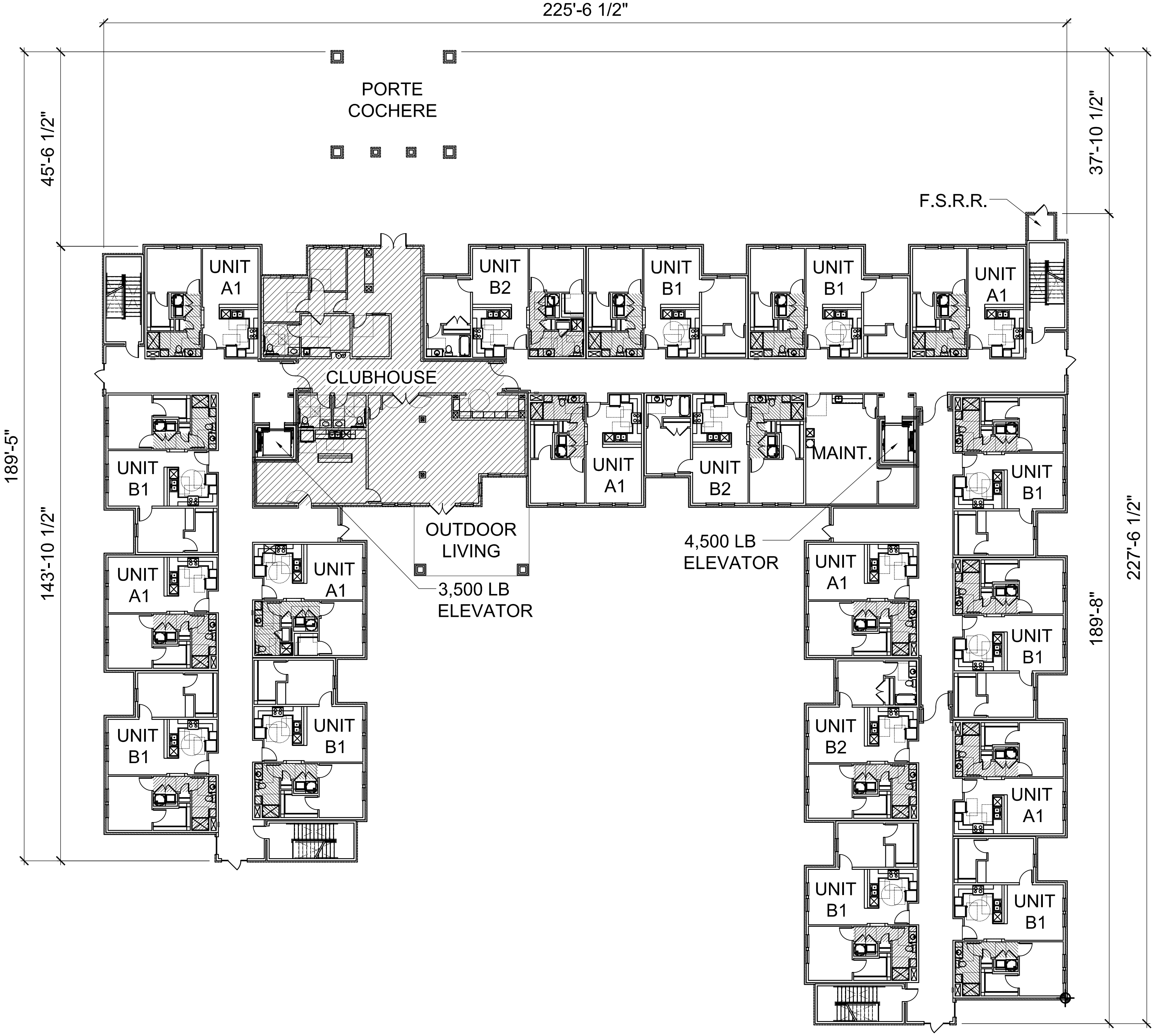
NON-A.C. S.F. - FIRST FLOOR	
COMMON BREEZEWAY	4,251

NON-A.C. S.F. - SECOND FLOOR	
COMMON BREEZEWAY	4,657

NON-A.C. S.F. - THIRD FLOOR	
COMMON BREEZEWAY	4,657

NON-A.C. S.F. - FOURTH FLOOR	
COMMON BREEZEWAY	4,657

NON-A.C. S.F. - ALL FLOORS	
COMMON BREEZEWAY	17,952



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

BUILDING 'A' FIRST FLOOR PLAN

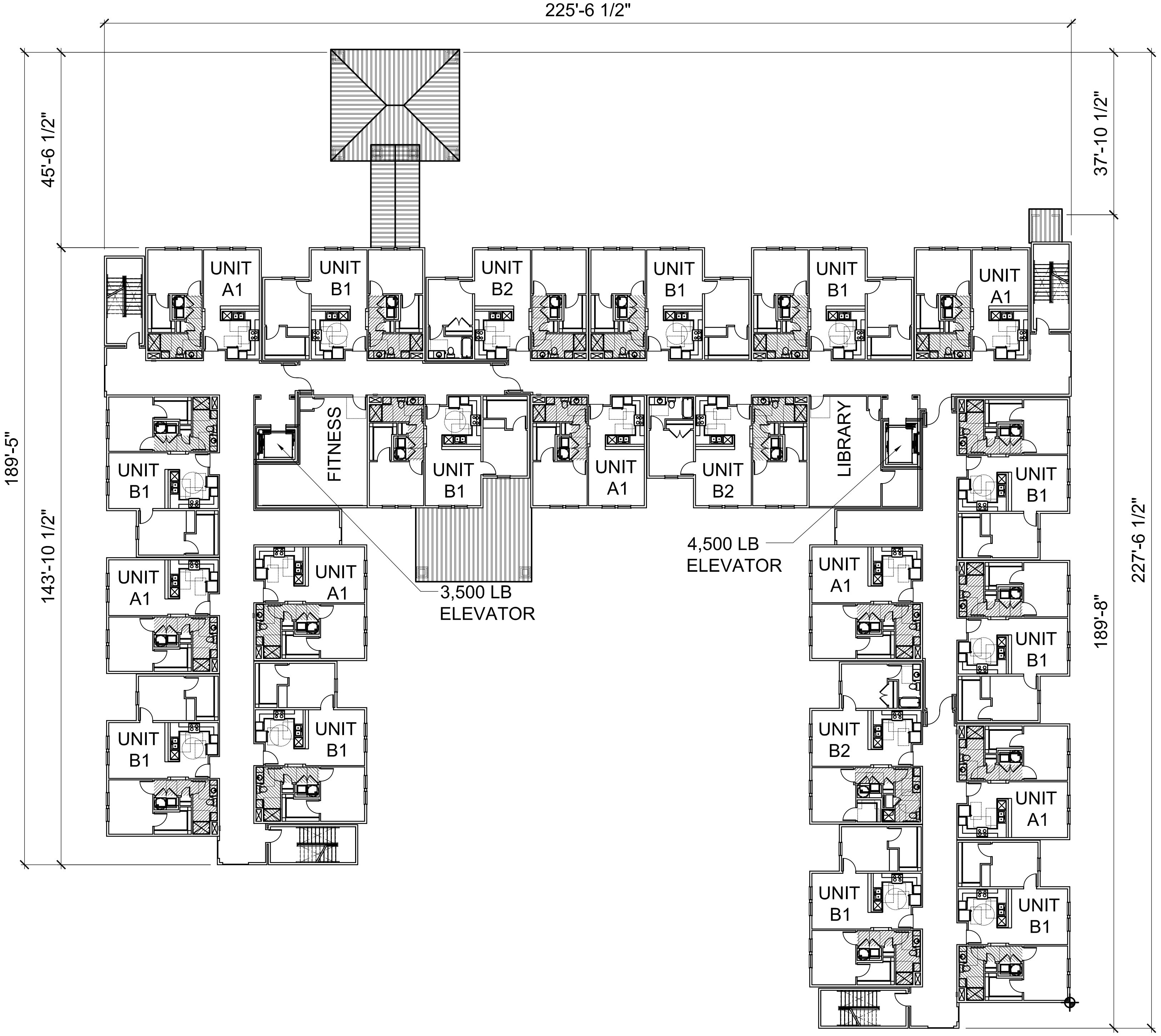
SCALE 1/32" = 1' - 0"

Cross architects

JUBILEE AT TEXAS PARKWAY MISSOURI CITY, TEXAS

A3.0

BLDG A



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

BUILDING 'A' SECOND FLOOR PLAN

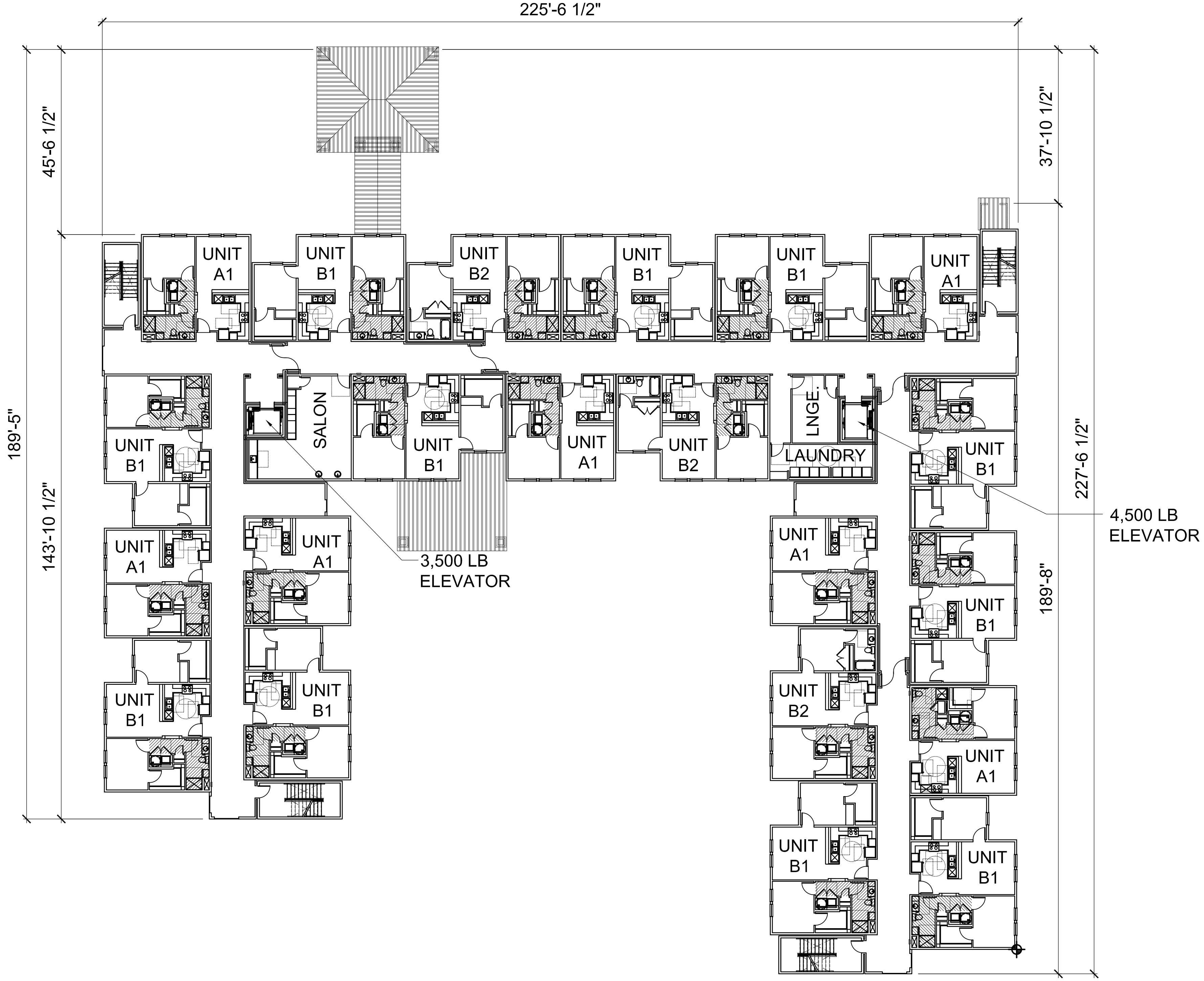
SCALE 1/32" = 1' - 0"

Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.1

BLDG A



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

BUILDING 'A' THIRD FLOOR PLAN

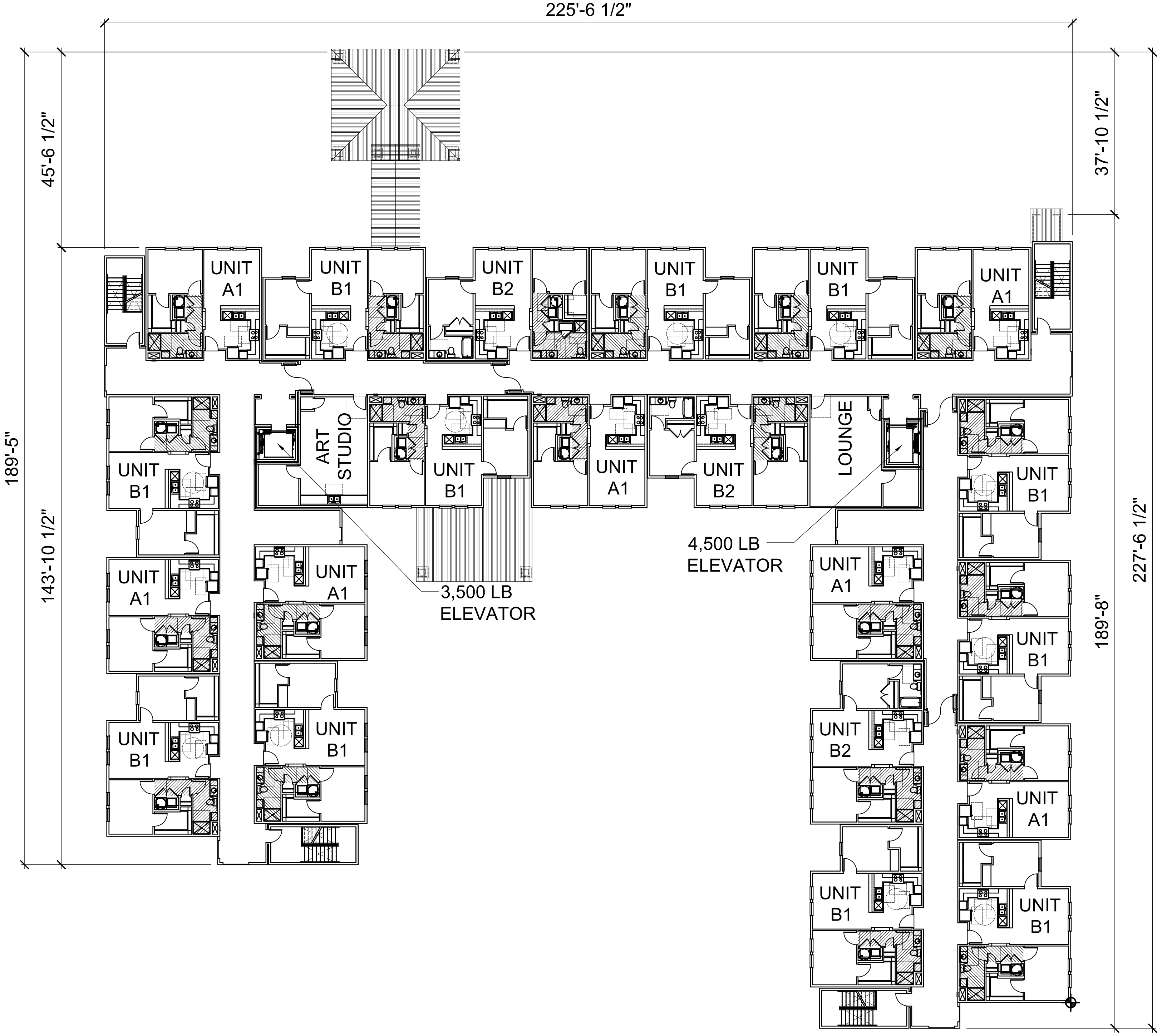
SCALE 1/32" = 1' - 0"

Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.2

BLDG A



10' CEILING HEIGHT @ 1ST FLOOR
9' CEILING HEIGHT @ 2ND, 3RD, 4TH

BUILDING 'A' FOURTH FLOOR PLAN

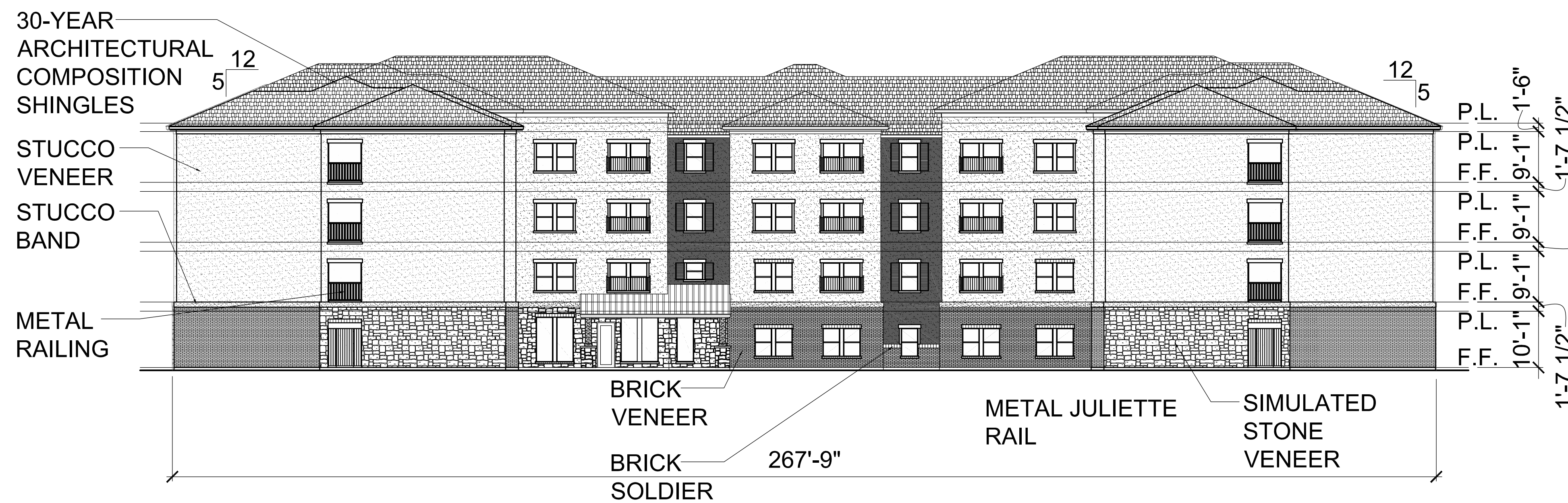
SCALE 1/32" = 1' - 0"

Cross architects

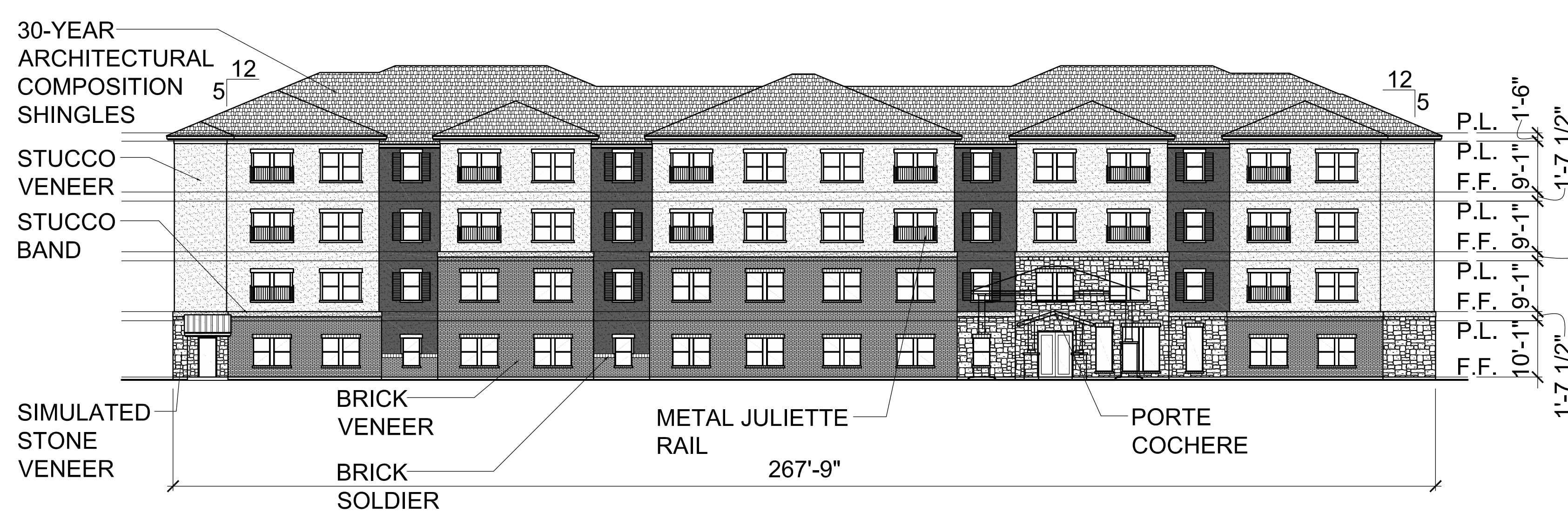
JUBILEE AT TEXAS PARKWAY MISSOURI CITY, TEXAS

A3.3

BLDG A



02 BUILDING 'A' SOUTH ELEVATION
SCALE 1/32" = 1' - 0"



01 BUILDING 'A' NORTH ELEVATION
SCALE 1/32" = 1' - 0"

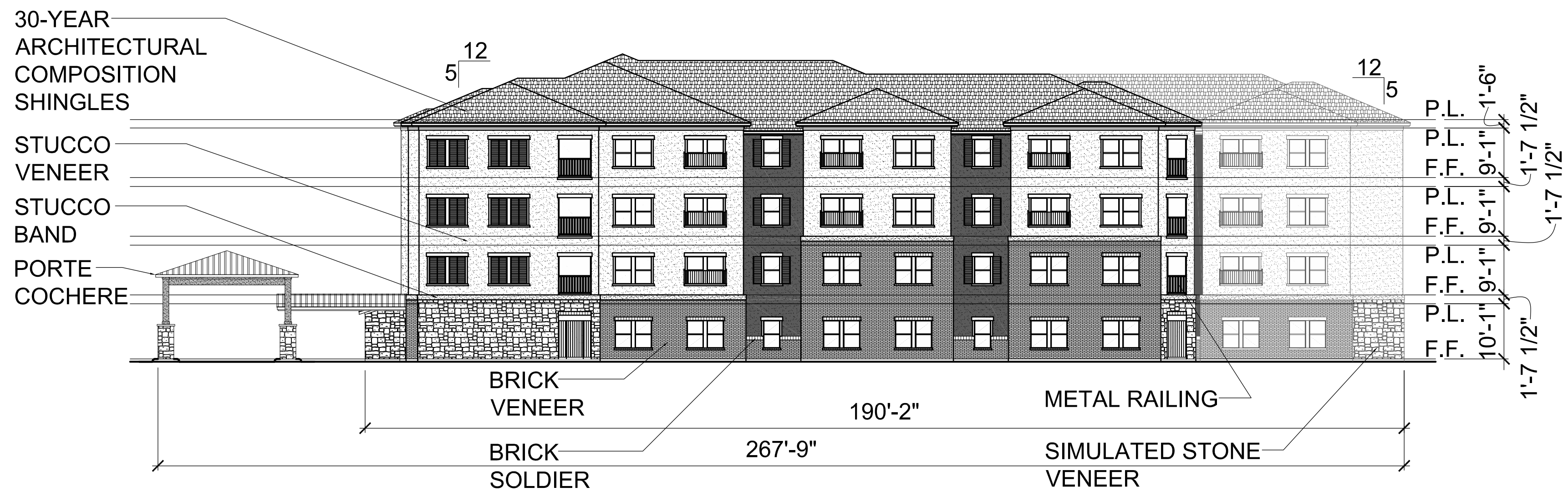
BUILDING MATERIALS	
MASONRY	100%
TOTAL	100%

Cross architects

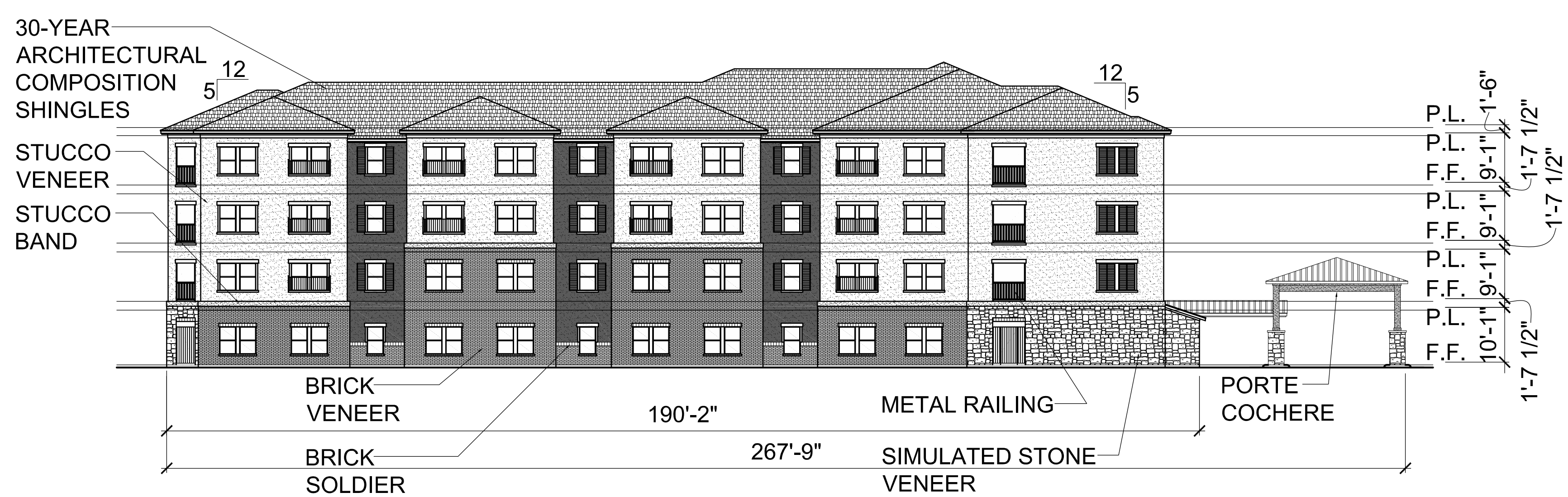
JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.4

BLDG A



04 BUILDING 'A' WEST ELEVATION
SCALE 1/32" = 1' - 0"



03 BUILDING 'A' EAST ELEVATION
SCALE 1/32" = 1' - 0"

BUILDING MATERIALS	
MASONRY	100%
TOTAL	100%

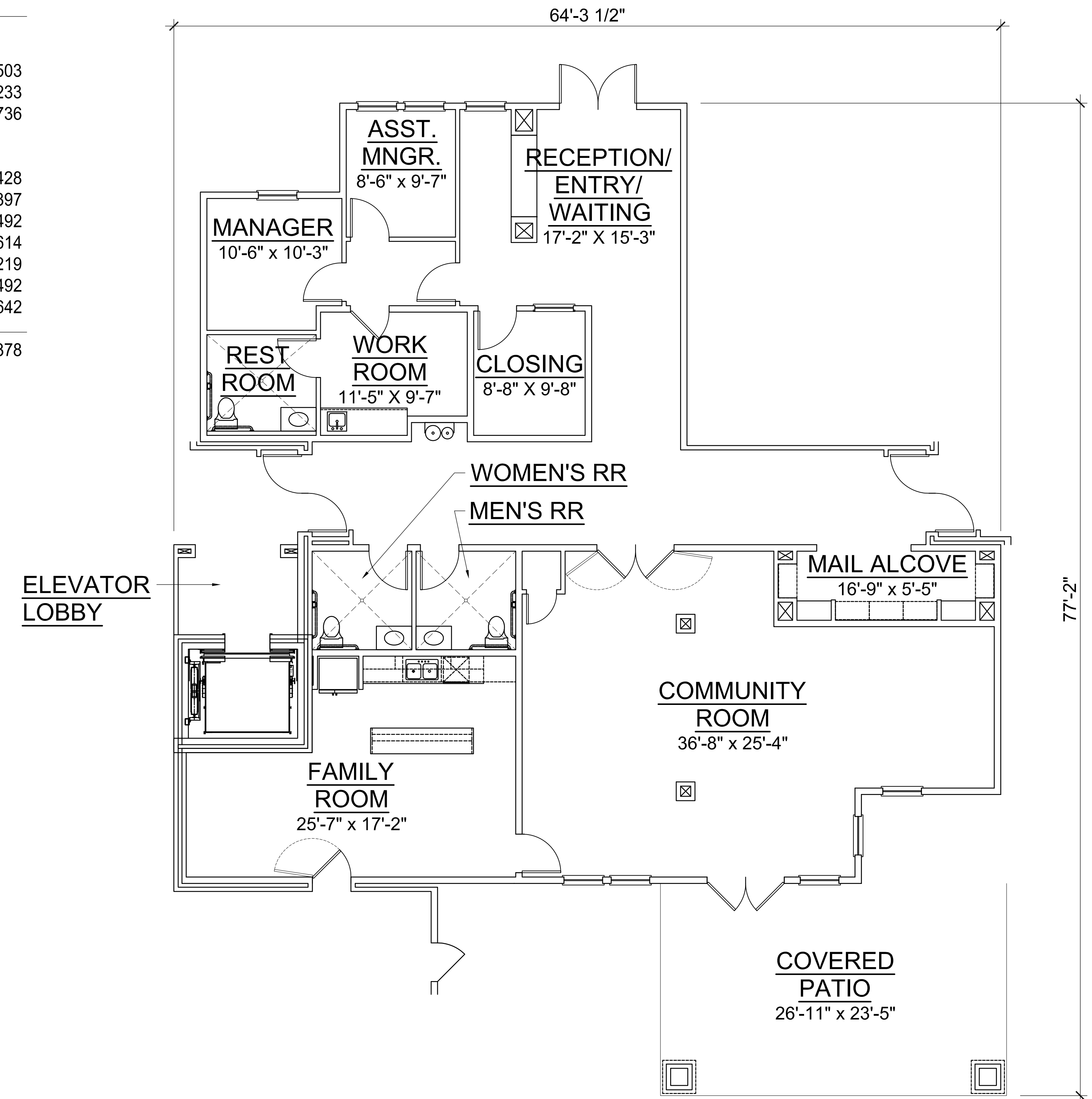
Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A3.5
BLDG A

EMPLOYEE AND TENANT CLUBHOUSE FLOOR AREA	
CONDITIONED SPACE S.F.	
EMPLOYEE ONLY S.F.	
OFFICE #1	122
OFFICE #2	98
WORK ROOM	113
RESTROOM	77
HALL	44
TOTAL EMPLOYEE ONLY S.F.	454
TENANT ACCESS S.F.	
CLOSING	102
RECEPTIONIST	64
HALL	556
WOMEN'S RR	65
MEN'S RR	65
COMMUNITY ROOM	978
FAMILY ROOM	397
ENTRY/WAITING	126
TOTAL TENANT ACCESS S.F.	2,353
TOTAL CONDITIONED SPACE S.F.	2,807
UNCONDITIONED SPACE S.F.	
TENANT ACCESS S.F.	
COV'D PATIO	522
TOTAL UNCONDITIONED SPACE S.F.	522

ADDITIONAL AMENITY SPACE FLOOR AREA (NOT IN CLUBHOUSE)	
CONDITIONED SPACE S.F.	
EMPLOYEE ONLY S.F.	
MAINTENANCE	503
STORAGE	233
TOTAL EMPLOYEE ONLY S.F.	736
TENANT ACCESS S.F.	
LIBRARY	428
ART STUDIO	397
FITNESS CENTER	492
LOUNGE	614
LAUNDRY	219
SALON	492
TOTAL TENANT ACCESS S.F.	2,642
TOTAL CONDITIONED SPACE S.F.	3,378



CLUBHOUSE FLOOR PLAN 2,807 S.F.

SCALE 3/32" = 1' - 0"

Cross architects

JUBILEE AT TEXAS PARKWAY
MISSOURI CITY, TEXAS

A4.0
CLUBHOUSE

SPECIFICATIONS AND BUILDING/UNIT TYPE CONFIGURATION

Unit types should be entered from smallest to largest based on "# of Bedrooms" and "Sq. Ft. Per Unit." "Unit Label" should correspond to the unit label or name used on the unit floor plan. "Building Label" should conform to the building label or name on the building floor plan. The total number of units per unit type and totals for "Total # of Units" and "Total Sq Ft. for Unit Type" should match the rent schedule and site plan. If additional building types are needed, they are available by un-hiding columns Q through AA, and rows 51 through 79.

Specifications and Amenities (check all that apply)

Building Configuration (Check all that apply):							
	Single Family Construction		SRO		Transitional (per §42(i)(3)(B))		Duplex
	Scattered Site		Fourplex	X	> 4 Units Per Building		Townhome

Development will have:							
X	Fire Sprinklers	X	Elevators	2	# of Elevators	4500	Wt. Capacity

Number of Parking Spaces(consistent with Architectural Drawings):

Free	Paid		Free	Paid	
50		Shed or Flat Roof Carport Spaces	16		Detached Garage Spaces
		Attached Garage Spaces	55		Uncovered Spaces
		Structured Parking Garage Spaces			

Floor Composition/Wall Height:

100	% Carpet/Vinyl/Resilient Flooring	9	Ceiling Height
	% Ceramic Tile		Upper Floor(s) Ceiling Height (Townhome Only)
	% Other	*Describe:*	

															Total # of Residential Buildings	
				Building Label	A											
				Number of Stories	3											
Unit Type				**Number of Buildings**	1										1	
Unit Label	**# of Bed-rooms**	**# of Baths**	**Sq. Ft. Per Unit**		**Number of Units Per Building**										**Total # of Units**	**Total Sq Ft for Unit Type**
A1	1	1	700		28										28	19,600
B1	2	1	900		42										42	37,800
B2	2	2	900		12										12	10,800
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					Totals	82	-	-	-	-	-	-	-	-	-	82	68,200

Net Rentable Square Footage from Rent Schedule 68,200

Supportive Housing Applicants Only

Enter the total development common area from the architect's plans:

Ensure that this number matches your architectural drawings.

The additional square footage allowed for Supportive Housing per 11.9(e)(2) is: 4,100

The lesser of these two numbers added to NRA: 68,200

Use this number to figure points under 11.9(e)(2)

Rent Schedule

Self Score Total: **122**

ivate Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Unit types must be entered from smallest to largest based on “# of Bedrooms” and “Unit Size”, then within the same “# of Bedrooms” and “Unit Size” from lowest to highest “Rent Collected/Unit”.

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	State HTF Units	MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%					6	1	1.0	700	4,200	421	39	382	2,292
TC 50%					19	1	1.0	700	13,300	703	39	664	12,616
TC 60%					1	1	1.0	700	700	843	39	804	804
MR					2	1	1.0	700	1,400			843	1,686
TC 30%					1	2	1.0	900	900	506	67	439	439
TC 50%					12	2	1.0	900	10,800	843	67	776	9,312
TC 60%					28	2	1.0	900	25,200	1,012	67	945	26,460
MR					1	2	1.0	900	900			1,012	1,012
TC 30%					1	2	2.0	900	900	506	67	439	439
TC 50%					1	2	2.0	900	900	843	67	776	776
TC 60%					10	2	2.0	900	9,000	1,012	67	945	9,450
									0				-
									0				-
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			TOTAL		82				68,200				65,286

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:	*late fees, pet fees, app fees*	
Non Rental Income	20.00	per unit/month for:	*retained deposits, interest income*	1,640
+ TOTAL NONRENTAL INCOME	**$20.00**	per unit/month		1,640
= POTENTIAL GROSS MONTHLY INCOME				66,926
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 7.50%	(5,019)
- Rental Concessions ***(enter as a negative number)***			**Enter as a negative value**	
= EFFECTIVE GROSS MONTHLY INCOME				61,907
x 12 = EFFECTIVE GROSS ANNUAL INCOME				742,879

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	10%	10%	8
	TC40%			0
	TC50%	41%	39%	32
	TC60%	49%	48%	39
	HTC LI Total			79
	EO			0
	MR			3
	MR Total			3
	Total Units			82
MORTGAGE REVENUE BOND				
	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
DIRECT LOAN	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	Direct Loan LI Total			0
	EO			0
	MR			0
	MR Total			0
	Direct Loan Total			0
OTHER	Total OT Units			0

BEDROOMS	0	0
	1	28
	2	54
	3	0
	4	0
	5	0

ACQUISITION + HARD	
Cost Per Sq Ft	$ 140.63
HARD	
Cost Per Sq Ft	$ 140.63
BUILDING	
Cost Per Sq Ft	$ 92.86

DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	7,402	
Advertising		$	5,093	
Legal fees		$	6,281	
Leased equipment		$	1,188	
Postage & office supplies		$	2,445	
Telephone		$	3,056	
Other	*travel & cable/internet and training*	$	3,327	
Other	*data\software services & subscriptions*	$	849	
Total General & Administrative Expenses:				$ 29,640
Management Fee:	Percent of Effective Gross Income:		4.50%	$ 33,430
Payroll, Payroll Tax & Employee Benefits				
Management		$	31,483	
Maintenance		$	28,262	
Other	*part time janitor and asst maint.*	$	11,161	
Other	*taxes/benefits and incentives*		18,640	
Total Payroll, Payroll Tax & Employee Benefits:				$ 89,546
Repairs & Maintenance				
Elevator		$	3,522	
Exterminating		$	2,752	
Grounds		$	11,007	
Make-ready		$	15,409	
Repairs		$	11,374	
Pool		$	2,018	
Other	*fire sprinklers*	$	3,119	
Other	*describe*	$		
Total Repairs & Maintenance:				$ 49,200
Utilities (Enter Only Property Paid Expense)				
Electric	*portfolio*	$	15,531	
Natural gas		$		
Trash	*portfolio*	$	7,047	
Water/Sewer	*portfolio*	$	30,723	
Other	*describe*	$		
Other	*describe*	$		
Total Utilities:				$ 53,300
Annual Property Insurance:	Rate per net rentable square foot:	$	0.36	$ 24,600
Property Taxes:				
Published Capitalization Rate: 10.00%	Source:		Fort Bend CAD	
Annual Property Taxes		$	108,000	
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ 108,000
Reserve for Replacements:	Annual reserves per unit:	$	$ 250	$ 20,500
Other Expenses				
Cable TV		$		
Supportive Services (Staffing/Contracted Services)		$		
TDHCA Compliance fees		$	3,160	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$		
Security		$		
Other	*describe*	$		
Other	*describe*	$		
Total Other Expenses:				$ 3,160
TOTAL ANNUAL EXPENSES	Expense per unit:	$	5017	$ 411,376
	Expense to Income Ratio:		**55.38%**	
NET OPERATING INCOME (before debt service)				$ 331,503
Annual Debt Service				
Citi		$	284,509	
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.17	$ 284,509
NET CASH FLOW				$ 46,994

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$783,432	$799,101	$815,083	$831,384	$848,012	$936,274	$1,033,722
Secondary Income	$ 19,680	$ 20,074	$ 20,475	$ 20,885	$ 21,302	$ 23,519	$ 25,967
POTENTIAL GROSS ANNUAL INCOME	$803,112	$819,174	$835,558	$852,269	$869,314	$959,793	$1,059,689
Provision for Vacancy & Collection Loss	($60,233)	($61,438)	($62,667)	($63,920)	($65,199)	($71,984)	($79,477)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$742,879	$757,736	$772,891	$788,349	$804,116	$887,809	$980,213
EXPENSES							
General & Administrative Expenses	$29,640	$30,529	$31,445	$32,388	$33,360	$38,673	$44,833
Management Fee	$ 33,430	$ 34,098	$ 34,780	$ 35,476	$ 36,185	$ 39,951	$ 44,110
Payroll, Payroll Tax & Employee Benefits	$ 89,546	$ 92,232	$ 94,999	$ 97,849	$ 100,785	$ 116,837	$ 135,446
Repairs & Maintenance	$ 49,200	$ 50,676	$ 52,196	$ 53,762	$ 55,375	$ 64,195	$ 74,419
Electric & Gas Utilities	$ 15,531	$ 15,996	$ 16,476	$ 16,971	$ 17,480	$ 20,264	$ 23,491
Water, Sewer & Trash Utilities	$ 37,769	$ 38,903	$ 40,070	$ 41,272	$ 42,510	$ 49,281	$ 57,130
Annual Property Insurance Premiums	$ 24,600	$ 25,338	$ 26,098	$ 26,881	$ 27,688	$ 32,097	$ 37,210
Property Tax	$ 108,000	$ 111,240	$ 114,577	$ 118,015	$ 121,555	$ 140,916	$ 163,360
Reserve for Replacements	$ 20,500	$ 21,115	$ 21,748	$ 22,401	$ 23,073	$ 26,748	$ 31,008
Other Expenses	$ 3,160	$ 3,255	$ 3,352	$ 3,453	$ 3,557	$ 4,123	$ 4,780
TOTAL ANNUAL EXPENSES	$411,376	$423,383	$435,743	$448,467	$461,567	$533,085	$615,787
NET OPERATING INCOME	$331,503	$334,354	$337,148	$339,881	$342,549	$354,723	$364,426
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509	$284,509
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$46,994	$49,844	$52,639	$55,372	$58,040	$70,214	$79,916
CUMULATIVE NET CASH FLOW	$46,994	$96,838	$149,476	$204,848	$262,888	$583,522	$958,848
Debt Coverage Ratio	1.17	1.18	1.19	1.19	1.20	1.25	1.28
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt service for each year maintains no less than a 1.15 debt coverage ratio. (Signature only required if using this pro forma for points under §11.9(e)(1) relating to Financial Feasibility)

Phone:

Email:

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

Off-Site Cost Breakdown

This form must be submitted with the Development Cost Schedule if the development has offsite costs, whether those costs are included in the budget as a line item, embedded in the acquisition costs, or referenced in utility provider letters. Therefore, the total costs listed on this worksheet may or may not exactly correspond with those off-site costs indicated on the Development Costs Schedule. However, all costs listed here should be able to be justified in another place in the application.

Column A: The offsite activity reflected here should correspond to the offsite activity reflected in the Development Cost Schedule or other supporting documentation.

Columns B and C: *In determining actual construction cost, two different methods may be used:*

Column D: To arrive at total construction costs in Column D:

Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.

Column F: Engineering/architectural costs must be broken out by the offsite work activity.

Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

*****ALL contingency must be included in the Contingency line item on the Development Cost Schedule and NOT on this form*****

*****This form must be completed by a professional engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*****

A.	B.	C.	D.	E.	F.	G.
Activity	**Labor or Unit Price**	**Materials or # of Units**	**Total Construction Costs**	**Acquisition Costs**	**Engineering / Architectural Costs**	**Total Activity Costs**
Off-site Utilities	$75,000.00	1	$ 75,000.00		in Civil Design Fee	$ 75,000.00
Off-Site Paving	$266,683.00	1	$ 266,683.00		in Civil Design Fee	$ 266,683.00
Lines 35-37 Hidden						
Total						**$ 341,683**

Signature of Registered Engineer responsible for Budget Justification

ANTHONY J. SCHULLE

Printed Name

8/29/18

Date

If a revised form is subm

STATE OF TEXAS
ANTHONY J. SCHULLE
120328
LICENSED
PROFESSIONAL ENGINEER

Development Cost Schedule

Self Score Total: 12

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

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total	Eligible Basis (If Applicable)		
	Cost	Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	2,135,000			
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$2,135,000	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities	75,000			
Sewer lateral(s)				
Off-site paving	266,683			
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$341,683	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	339,663		339,663	
Fine grading	6,936		6,936	
On-site concrete	13,871		13,871	
On-site electrical	6,936		6,936	
On-site paving	291,473		291,473	
On-site utilities	199,950		199,950	
Decorative masonry				
Bumper stops, striping & signs	34,678		34,678	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$893,507	$0	$893,507	
SITE AMENITIES				
Landscaping	335,492		335,492	
Pool and decking	200,000		200,000	
Athletic court(s), playground(s)				
Fencing	169,988		169,988	
amenity equipment and furniture	16,400		16,400	
Subtotal Site Amenities Cost	$721,880	$0	$721,880	
BUILDING COSTS*:				
Concrete	556,348		556,348	
Masonry	601,657		601,657	
Metals	193,239		193,239	
Woods and Plastics	1,954,591		1,954,591	

Thermal and Moisture Protection		93,486		93,486		
Roof Covering		146,683		146,683		
Doors and Windows		124,438		124,438		
Finishes		538,460		538,460		
Specialties		103,435		103,435		
Equipment		142,162		142,162		
Furnishings		213,648		213,648		
Special Construction				0		
Conveying Systems (Elevators)		94,145		94,145		
Mechanical (HVAC; Plumbing)		854,986		854,986		
Electrical		715,952		715,952		
Individually itemize costs below:						
Detached Community Facilities/Building						
Carports and/or Garages						
Lead-Based Paint Abatement						
Asbestos Abatement (Rehabilitation Only)						
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1						
Subtotal Building Costs Before 11.9(e)(2)		$6,333,230	$0	$6,333,230		
Voluntary Eligible Building Costs (After 11.9(e)(2)) **Enter amount to be used to achieve desired score.**			$0.00 psf			*Enter score for Building **OR** Hard Costs at end of form
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$7,948,617	$0	$7,948,617		
Contingency	6.38%	$529,262		529,262		
TOTAL HARD COSTS		$8,819,562	$0	$8,477,879		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	5.41%	476,917		476,917	5.63%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.80%	158,972		158,972	1.88%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.41%	476,917		476,917	5.63%	
TOTAL CONTRACTOR FEES		$1,112,806	$0	$1,112,806		
TOTAL CONSTRUCTION CONTRACT		$9,932,368	$0	$9,590,685		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2)) **Enter amount to be used to achieve desired score.**			$0.00 psf			*Enter score for Building **OR** Hard Costs at end of form
SOFT COSTS[3]						
Architectural - Design fees		221,500		221,500		
Architectural - Supervision fees		95,000		95,000		
Engineering fees		125,000		125,000		
Real estate attorney/other legal fees				0		
Accounting fees		25,000		25,000		
Impact Fees						
Building permits & related costs		186,894		186,894		
Appraisal		4,000		4,000		
Market analysis		4,000		4,000		
Environmental assessment		2,000		2,000		
Soils report		9,150		9,150		
Survey		35,000		35,000		
Marketing		100,000				

Hazard & liability insurance	2,000		2,000	
Real property taxes	76,254		76,254	
Personal property taxes				
Other (specify) - see footnote 1				
Builders Risk and performance bonds	263,585		263,585	
ffe	200,000		200,000	
Subtotal Soft Cost	$1,349,383	$0	$1,249,383	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	898,055		598,704	
Loan origination fees	124,300		124,300	
Title & recording fees	110,000		110,000	
Closing costs & legal fees	53,750		53,750	
Inspection fees				
Credit Report				
Discount Points				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
PERMANENT LOAN(S)				
Loan origination fees	41,000			
Title & recording fees				
Closing costs & legal	53,750			
Bond premium				
Credit report				
Discount points				
Credit enhancement fees				
Prepaid MIP				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
BRIDGE LOAN(S)				
Interest				
Loan origination fees				
Title & recording fees				
Closing costs & legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
OTHER FINANCING COSTS[3]				
Tax credit fees	70,000			
Tax and/or bond counsel	80,000		80,000	
Payment bonds				
Performance bonds				
Credit enhancement fees				
Mortgage insurance premiums				
Cost of underwriting & issuance				
Syndication organizational cost	45,000			
Tax opinion				
reimbursables	15,000		15,000	
Other (specify) - see footnote 1				
Subtotal Financing Cost	$1,490,855	$0	$981,754	
DEVELOPER FEES[3]				
Housing consultant fees[4]	167,500		167,500	
General & administrative				

Profit or fee		1,619,181		1,605,773	
Subtotal Developer Fees	14.69%	$1,786,681	$0	$1,773,273	15.00%
RESERVES					
Rent-up					
Operating		352,121			
Replacement					
Escrows					
Subtotal Reserves		$352,121	$0	$0	
TOTAL HOUSING DEVELOPMENT COSTS[5]		$17,046,408	$0	$13,595,095	

The following calculations are for HTC Applications only.

Deduct From Basis:			
Federal grants used to finance costs in Eligible Basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units §42(d)(5)			
Historic Credits (residential portion only)			
Total Eligible Basis		$0	$13,595,095
**High Cost Area Adjustment (100% or 130%)			130%
Total Adjusted Basis		$0	$17,673,623
Applicable Fraction			96%
Total Qualified Basis	$17,026,768	$0	$17,026,768
Applicable Percentage[6]			9.00%
Credits Supported by Eligible Basis	$1,532,409	$0	$1,532,409
(May be greater than actual request)			

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that figure is not rounding down to the maximum dollar figure to support the elected points.**

Requested Score for 11.9(e)(2)	12

Name of contact for Cost Estimate: **John Thompson**

Phone Number for Contact: **972-385-4159**

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description	Construction Period		Lien Position	Permanent Period					Lien Position
		Loan/Equity Amount	Interest Rate (%)		Loan/Equity Amount	Interest Rate (%)	Amort - ization	Ter m (Yrs)	Syndication Rate	
Debt										
TDHCA	Multifamily Direct Loan (Repayable)	$0	0.00%		$ -	0.00%	30	0		
TDHCA	Multifamily Direct Loan (Soft Repayment)	$0	0.00%		$ -	0.00%	0	0		
TDHCA	Mortgage Revenue Bond	$0	0.00%		$ -	0.00%	0	0		
Amegy Bank	Conventional/FHA	$12,430,000	4.85%	1st	$ 4,100,000	6.12%	35	15		1st
Third Party Equity										
RBC	HTC $ 1,347,000	$ 1,818,268			$ 12,121,788				$ 0.90	
Grant										
Deferred Developer Fee										
GCI Development Texas					$ 824,620					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 14,248,268			$ 17,046,408					
	Total Uses of Funds				$ 17,046,408					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent and bridge loans, and all other types of funds to be used for development. The information must be consistent with all other documentation in this section. Provide sufficient detail to identify the source and explain the use (in terms of the timing and any specific uses) of each type of funds to be contributed. In addition, describe/explain replacement reserves. Finally, describe/explain operating items. The narrative must include rents, operating subsidies, project based assistance, and all other sources of funds for operations. In the foregoing discussion of both development and operating funds, specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitme

Construction financing will be provided by Citi Bank in the form of a Construction Loan in the amount of $12,430,000. The Construction Loan will be interest-only during the construction period and will be priced at a variable rate equal to the 30 Day LIBOR plus a spread of 2.75%, currently underwritten at 4.85%. Permanent financing will also be provided by Citi Bank in the form of a Conventional Loan in the amount of $4,100,000. The Permanent Loan will carry an interest rate equal to the 10-year Treasury yield plus a spread of 3.25%, for an all-in rate of 6.12%. The Permanent Loan will have a 15 year term and will be amortized over 35 years. Citi will be providing the equity based on an estimated Tax Credit allocation of $1,347,000 per anum. Citi is proposing pricing of $0.90 per LIHTC to purchase a 99.99% interest in the LLC that will own and operate the development, which amounts to total capital contributions of

Describe the replacement reserves:

The Syndicator, Citi, is requiring Replacement Reserves of $250 per unit per year, Operating Reserves of $352,121.

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments.:

The project will not have any operating subsidies, rental assistance or project based vouchers.

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender	**Printed Name**	**Date**

Telephone: ______________________

Email address: ______________________

1p

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application and a change in the ownership structure of the Development Owner, Developer, and Guarantors prior to issuance of IRS Form(s) 8609 for Medano Heights (HTC #17334).

RECOMMENDED ACTION

WHEREAS, Medano Heights (the "Development") received an award of 9% Housing Tax Credits ("HTC") in 2017, under the At-Risk Set-Aside, for the new construction of 146 units of multifamily housing in El Paso, El Paso County;

WHEREAS, EP Medano Heights, LP (the "Development Owner" or "Owner") is now requesting material alterations to the Development's site plan and architectural design, as well as changes in development costs and financing in order to help address what the Owner has identified as significant increases in the cost of building in the current economic climate;

WHEREAS, the Development Owner is also requesting approval for changes to the organizational structures of the Development Owner, Developer, and Guarantor that involve the addition of new entities and principals;

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

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

WHEREAS, the Development Owner acknowledges that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B, and the Development Owner provided a third party accessibility review for the Development;

NOW, therefore, it is hereby

RESOLVED, that the requested application amendments and changes to the Development Owner, Developer, and Guarantors for Medano Heights are approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the Board's determination contingent on any Executive Award Review and Advisory Committee ("EARAC") recommendation or additional conditions as a result of previous participation review.

BACKGROUND

Medano Heights was approved during the 2017 competitive 9% Housing Tax Credit cycle for the new construction of 146 multifamily, HUD Rental Assistance Demonstration ("RAD") conversion units in El Paso. The Development is part of an overall plan for a one to one replacement and relocation of existing public housing units from Roosevelt Apartments, which is owned by the Housing Authority of the City of El Paso ("HACEP"). On August 28, 2018, Sarah Anderson, consulting for EP Medano Heights, LP, submitted an amendment request identifying changes in the site plan, architectural design, ownership structure, and common area square footage, as well as corresponding changes to development costs and financing. The requested changes are described in detail below.

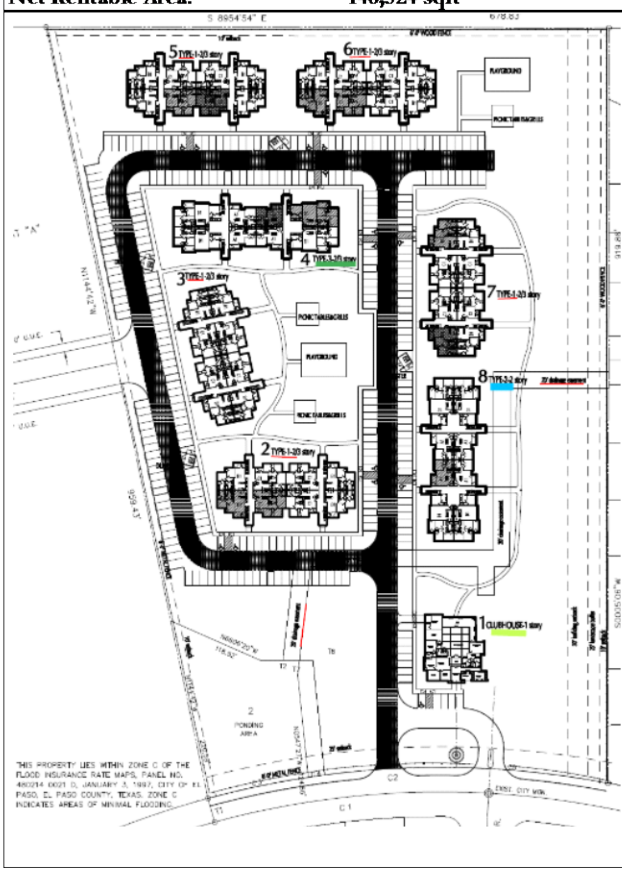
Changes to the Site Plan & Architectural Design

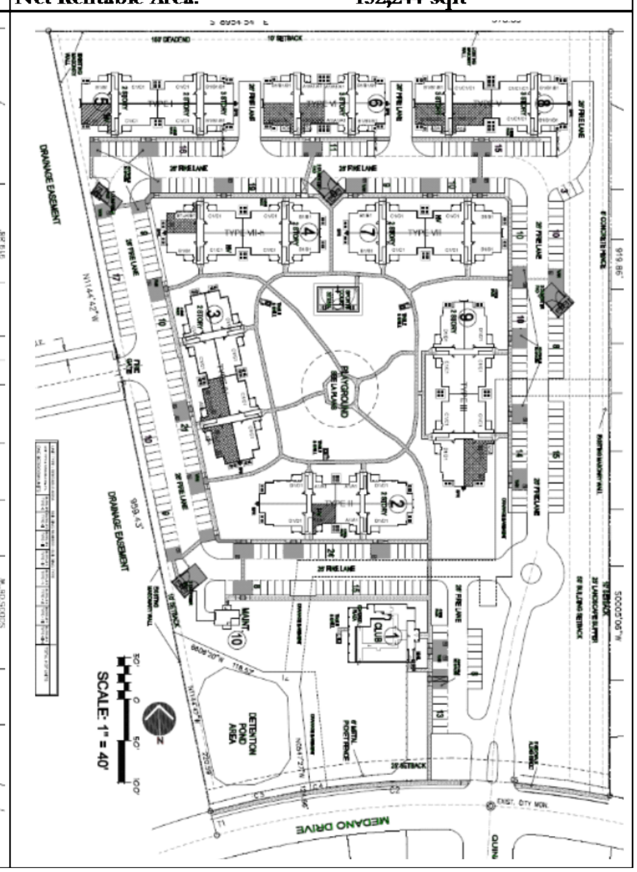
According to the amendment request submitted by the Applicant, the changes to the site plan and architectural details are a result of unforeseeable and unpreventable rising costs of development, including labor and materials. According to the Applicant, this has required them to seek cost savings where possible in the Development's design to ensure that costs are contained during construction. The original site plan and architectural drawings were provided by a firm called RPGA. However, HACEP found it necessary to select a new architect for the project. According to an Owner contact, HACEP was unable to secure the architectural drawings and materials that had already been prepared by RPGA. It is unclear how much of the architectural design was actually completed by RPGA. This meant that the new architect, Gonzalez Newell Bender, Inc. (GNB), had to essentially re-design the Development. Staff believes that the amendment is necessary largely due to the change in architects and subsequent re-design of the development plans.

The new site plan does retain several similarities to the original. These similarities include the general layout of the site, ingress/egress points, and configuration of the units in each building around two symmetrical breezeways lying laterally across the building's axis. However, the amendment appears to essentially entail a significant re-design of the Development, including changes to the architect, developers, site plan, exterior elevation designs, cost estimation, and financing structure.

The unit mix has remained substantially unchanged in the total number of units, bedroom/bathroom mix, and low income targeting. The only change to the unit mix is a small increase in floor area of the three-bedroom "C-1" units from 1,097 to 1,159 square feet. This results in a small total increase in Net Rentable Area ("NRA") of 3,720 square feet or 2.5%. An additional residential building was added to the project, bringing the total number of buildings from seven to eight. The elevations and floor plans of these buildings were also re-designed. The clubhouse was completely re-designed with new exterior elevations and a larger floor plan. The gross square footage of the clubhouse is to increase from 5,080 to 5,589 square feet. The increase in common area square footage of the clubhouse is not considered a material change. A new detached maintenance building was added to the site. The original Application featured two playgrounds in different parts of the site. The amendment now features one playground and one sport court which are both centrally located in the site plan. Parking was also increased from the original 282 spaces to 294 and each of these will be free, uncovered spaces. The Owner also submitted a third party accessibility review of the proposed changes indicating that the Development will still meet the construction requirements in 10 TAC Chapter 1, Subchapter B. Staff has reviewed the number and location of the mobility and audio/visual accessible units and found that there appear to be a sufficient number and distribution of these units throughout the site.

Material Alterations as defined in Texas Governement Code §2306.6712(d) and 10 TAC §10.405(a)(4)			
Application		Amendment	
Development Site:	**11.68 acres**	**Development Site:**	**11.68 acres**
Units:	**146**	**Units:**	**146**
Density:	**12.5 units/ac**	**Density:**	**12.5 units/ac**
Residential Buildings:	**7**	**Residential Buildings:**	**8**
Non-Residential Buildings:	**1**	**Non-Residential Buildings:**	**2**
Common Area:	**5,080 sqft**	**Common Area:**	**5,589 sqft**
Net Rentable Area:	**148,524 sqft**	**Net Rentable Area:**	**152,244 sqft**





Changes to Typical Building Elevation
Application

Amendment


Changes in Development Costs & Financing

Due to the financial impact of the above changes, revised financial exhibits were submitted. These include an updated Rent Schedule, Annual Operating Expenses, 15 Year Pro Forma, Development Cost Schedule, and Summary of Sources & Uses of Funds. To substantiate the terms of the new financing, the Department also received an updated Letter of Intent from the equity partner, Hunt Capital, an updated forward commitment letter from the Lender, PNC, and an amended Exhibit A from HUD to the Development's Commitments to Enter into Housing Assistance Payments ("CHAP") Agreement under the RAD program.

The new cost schedule submitted by the Owner projects significantly higher development costs than originally proposed. Total development costs increased over $9 million to $33,512,451. This represents a 41% increase over the $23,776,462 originally proposed. Some of the increase is due to higher soft costs associated with the need to change architects and redesign the Development. However, the majority of the increased costs are due to increases in two main areas: building cost and land acquisition cost.

The Development site is owned by HACEP, a related party of the Development Owner. For this reason, no acquisition cost was proposed at the time of Application. It was the understanding of the Department that the land would be contributed to the Development Owner. However, while the land is still owned by HACEP, the owners are now indicating an acquisition cost of $3,257,958. HACEP has actually added land acquisition costs to several of its other recent tax credit developments. In these instances, much like the subject property, the land was also owned by HACEP. However, in this case, the price of the land indicated by the Owner is significantly higher than in previous HACEP projects. By several measures, including cost per acre, per unit, and per square foot, the $3.2 million price is about twice as high as previous HACEP projects. According to 10 TAC §10.302(e)(1), "For Identity of Interest acquisitions, the cost will be limited to the underwritten acquisition cost at initial Underwriting." In this case, land cost was initially ascertained at Application by an appraisal provided by the Applicant. The appraised value of the land stated in this report is $2,920,000 ($337,958 lower than proposed acquisition cost).

The other primary reason for the increase in total costs is due to an increase in proposed building costs. The proposed building cost at initial underwriting was also higher than typically encountered for similar projects. The project was underwritten using the Applicant's proposed building cost of $77 per square foot and $77,000 per unit for a total of $11,557,789. The amended building cost has risen 33% to $15,392,431. This represents a building cost of $105,000 per unit and $101 per square foot. The most similar recent example with which to compare this cost may be Commissioner's Corner (phase I & II). Commissioner's Corner is another LIHTC development owned by HACEP with Manish Verma as the Developer. Commissioner's Corner was a single development split into two phases in 2017 for financing purposes. Staff received recent, executed construction contracts for Commissioners Corner. According to the signed construction contracts, Commissioner's Corner has building costs of approximately $95,000 per unit and $79 per square foot. The Applicant cited several economic factors as the reason for the increased building costs, including rising subcontractor labor costs and availability and higher material and transportation costs partially influenced by recently announced tariffs.

Because of these cost increases, significant changes were necessary to the financing structure. At Application, the Development had a permanent loan through PNC in the amount of $7,998,200. The amendment now incorporates a PNC loan for $7,980,000. PNC is no longer providing the LIHTC equity investment to the project of $13,198,680 ($0.88 per credit). The new equity investor is Hunt Capital Partners, who have provided a Letter of Intent (LOI) to provide $13,423,659 of total equity capital contributions for $1,500,000 of annual credits at a pricing of $0.895 per credit. The private gap loan provided by HACEP has markedly increased from $1,500,000 to $9,835,784. The HACEP loan will have the same repayment terms, being a non-amortizing loan payable out of residual cash flow at an interest rate of 3.00% for a 50 year term. The Development Owner has stated that no amount of the gap loan originated as federal funding. It is not clear if the full amount of this loan can be considered bona fide debt with a reasonable expectation of repayment. However, because this loan is not federally funded, it does not have to be excluded from eligible basis. Furthermore, even if the entire $9,835,784 were to be deducted from eligible basis, there is still sufficient eligible basis to support the maximum annual credit allocation.

HUD has issued several Commitments to Enter into Housing Assistance Payments ("CHAP") for the Development. The most recent CHAP submitted for the Amendment specifies rent subsidies that are slightly higher than those estimated at Application. The total rent subsidy increased $4,930 from $91,443 to $96,373, an increase of about 5%. The Owners have stated that this CHAP has been finalized by the RAD Conversion Commitment ("RCC") that occurred the week of September 10th, 2018. However, staff has not received the documentation confirming this because three to four weeks are typically required for HUD to finalize and close on the RCC. Total annual expenses have decreased to $542,416, which is very close to the pro forma expenses originally underwritten by TDHCA of $545,776. Even after the changes to the operating pro forma, Debt Service Coverage Ratio (DSCR) is still within the range that is considered feasible by Department rules.

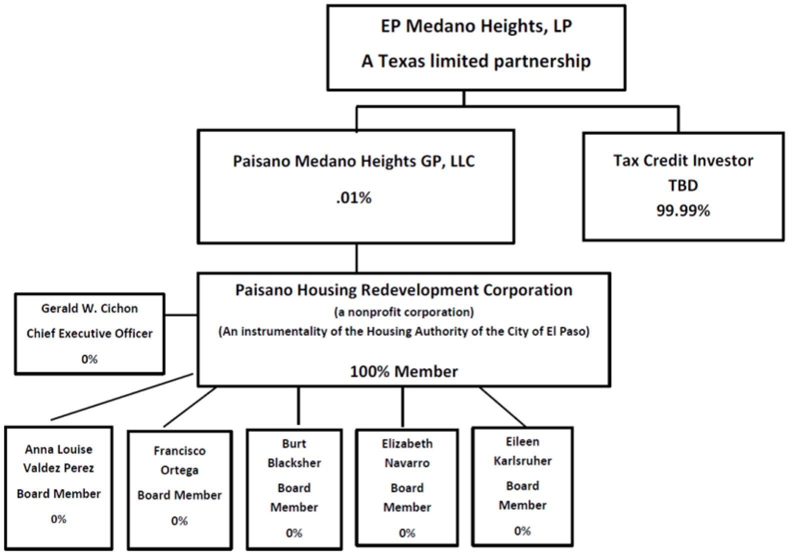
Discussion

Staff finds it relevant to note that HACEP has submitted similar amendment requests for several of its other recent developments that also involve the substantial re-design of the architectural plans while dramatically increasing costs. The last such example was presented to the TDHCA Board in August of 2017 for Gonzalez Apartments. In that case, Gonzalez also requested a near complete re-design of the site and building plans, including the reduction of residential buildings from 16 to 7. Along with these changes, development costs increased by $3.9 million or 16%. In another HACEP project, Haymon Krupp (a 9% 2014 HTC development), an amendment request was approved to reduce the number of residential buildings from 16 to 12 while increasing site work costs by 44%, building costs by 47%, and total development costs by $6.2M (51%). Another apartment project called Tays (9% 2014 HTC development) requested an amendment to reduce residential buildings from 7 to 4 while increasing total development costs by $7.2M (37%). Commissioner's Corner, mentioned above, requested changes involving the reduction in the number of residential buildings from 20 to 5 and a decrease in low income units from 185 to 93. Despite the reduction of units, the per unit development costs more than doubled. The Board Action Request for Gonzalez last year stated that "staff would caution, based on this and the prior amendments discussed, that these changes have continued to occur and may suggest an evolving trend with the Owner's applications." The present amendment represents the continuation of just such a trend.

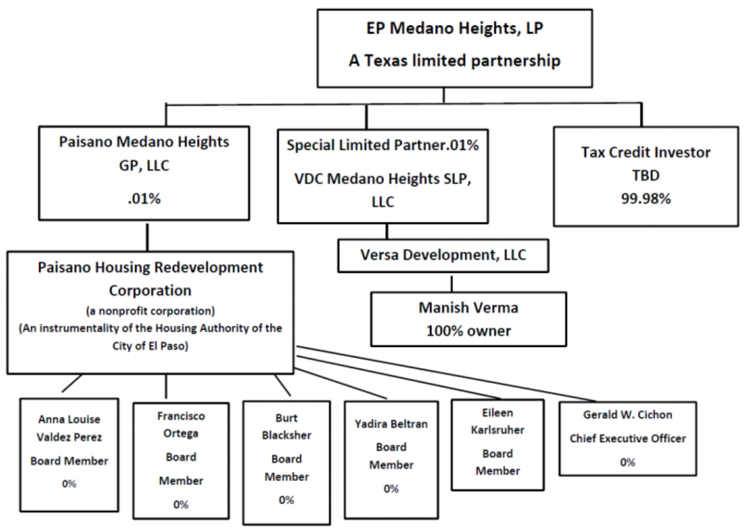
Changes in Ownership Structure, Developers, and Guarantors

Finally, the amendment request addresses changes to the organizational structure of the Owner, Developers, and Guarantors. These changes stem from the decision to bring Versa Development, LLC into the project. The new entities are related parties with Versa Development, LLC and are controlled by Manish Verma. The new Special Limited Partner is VDC Medano Heights SLP, LLC, which will hold a 0.01% ownership interest in the Development Owner. The new Developer is VDC Medano Heights, LLC, which will be entitled to 37% of the developer fee. There are two new guarantors being added to the project, VDC Medano Heights, LLC and GMAT Development, Ltd. An executed Memorandum of Understanding between HACEP and Versa Development was requested and received by staff to substantiate the additional entities. A previous participation review was performed for the new entities and individuals. The review identified the transfer as a Category 3, which requires the approval of the TDHCA Executive Award Review Advisory Committee ("EARAC"). EARAC is anticipated to consider the Previous Participation Review in a meeting on October 1st, 2018.

Ownership Structure Changes
Carryover

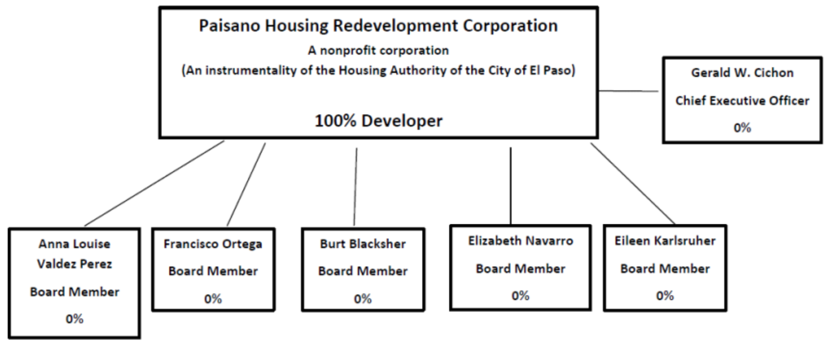


Amendment

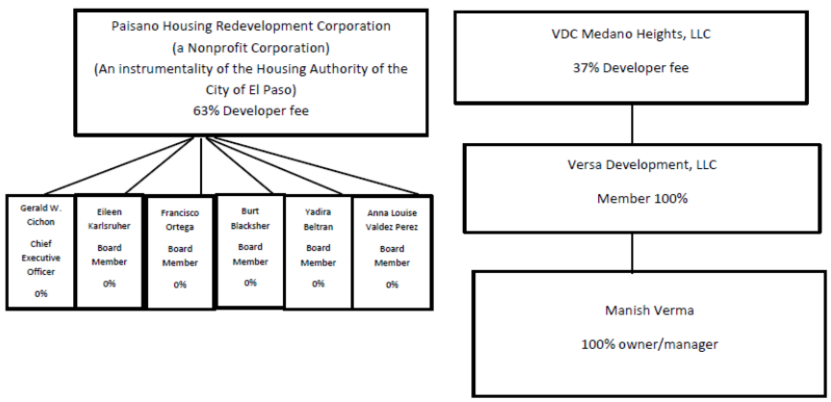


Developer Changes

Application

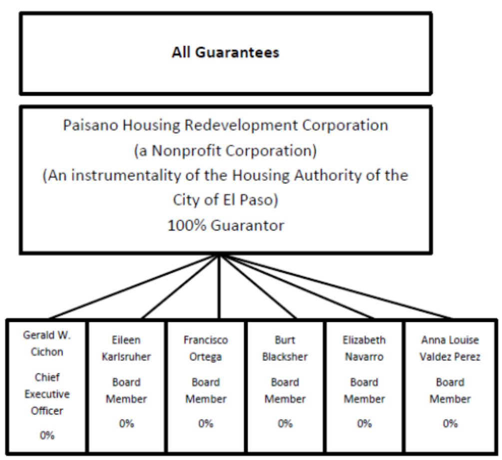


Amendment

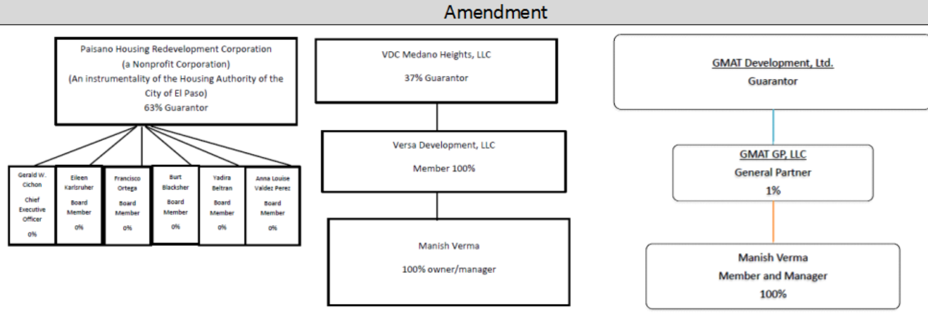


Guarantor Changes

Application



Amendment



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

Staff recommends approval of the material amendments to the Application and changes to the Development Owner, Developer, and Guarantors for Medano Heights.

Real Estate Analysis Division
August 27, 2018

Addendum to Underwriting Report

TDHCA Application #: **17334** Program(s): **9% LIHTC**

Medano Heights

Address/Location: NEQ Medano Dr and N Desert Blvd

City: El Paso County: El Paso Zip: 79912

	APPLICATION HISTORY
Report Date	**PURPOSE**
08/27/18	**Amendment**
09/09/17	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (Annual)	$1,500,000				**$1,500,000**				

CONDITIONS STATUS

1 Receipt and acceptance by Carryover:

- An updated term sheet from the FHA Lender.

Status: Condition Cleared

2 Receipt and acceptance by 10% test:

- HUD approval of RAD conversion including a commitment to enter into the Housing Assistance Payment contract (or executed CHAP or similar agreement), HUD approved rents & operating budget and approval of the change/reduction in the amount of larger unit types.

Status: Applicant included a copy of the amended CHAP for all 153 Subject units in their August 2018 Amendment request package. **Condition Cleared**

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

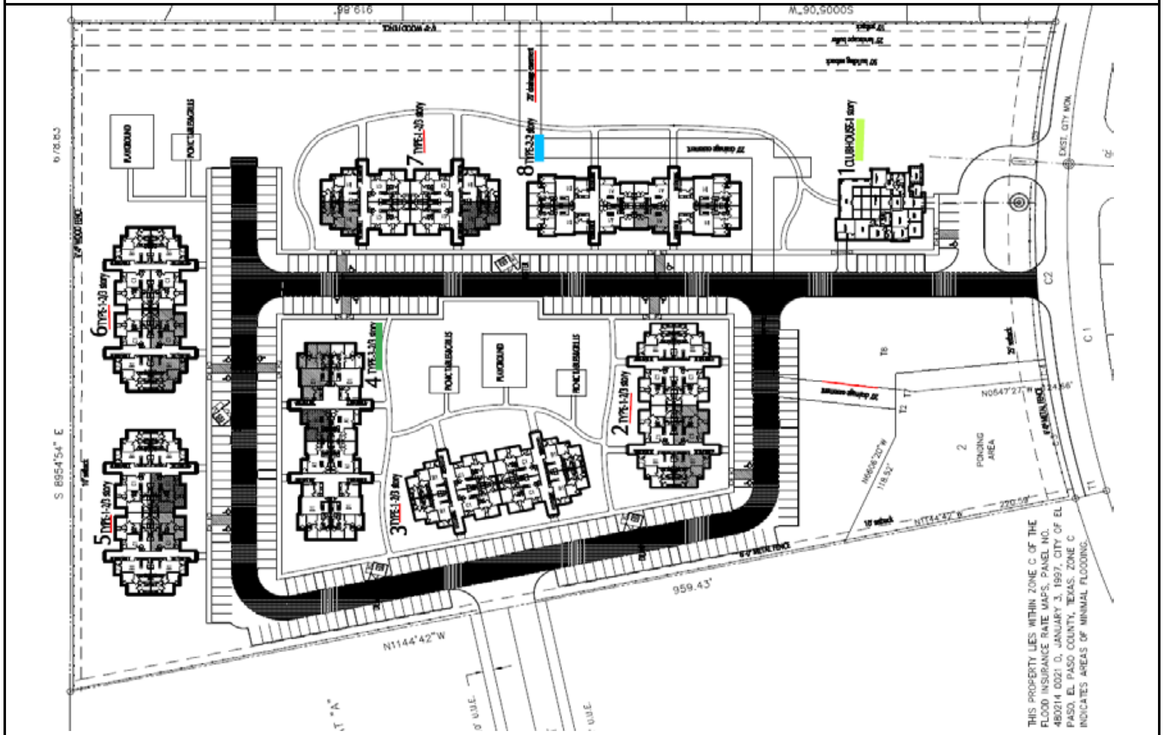
ANALYSIS

Applicant received a $1.5M annual tax credit award during the 2017 9% HTC competitive cycle. On August 27th, 2018, the Applicant submitted a request to modify the site plan, architectural design, building configurations, development costs, and financing structure.

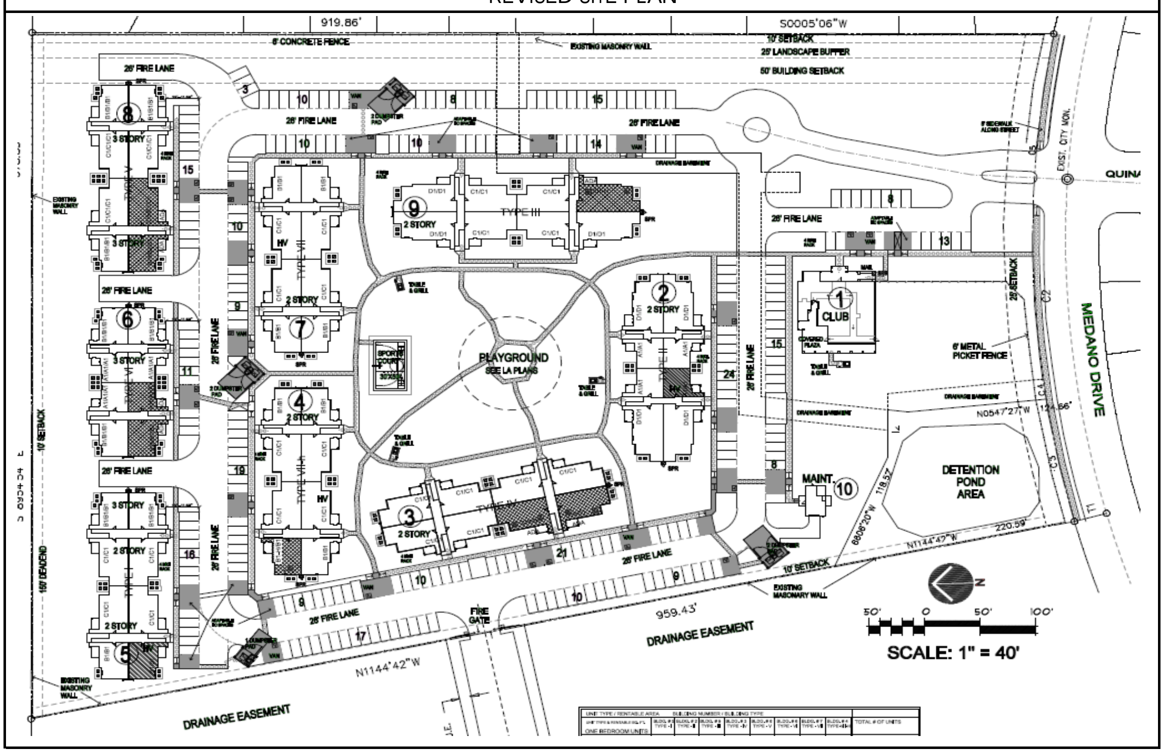
The most notable changes to the site and building plans are:

- An increase in the number of residential buildings from 7 to 8
- Re-design of building configurations to include seven different building types and full 3-story buildings.
- Addition of a detached maintenance building
- Increase in 3-bedroom unit NRA from 1,097 to 1,159 sqft and total NRA from 148,524 to 152,244 sqft.
- Increase in clubhouse floor area from 5,080 to 5,589 sqft
- Increase in the number of parking spaces from 282 to 294
- Change from two separate playground areas to one playground and one sport court

ORIGINAL SITE PLAN



REVISED SITE PLAN

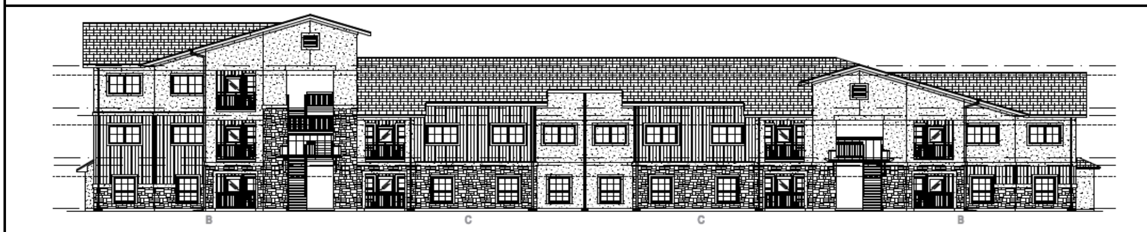


Comments:

The amended site plan includes an additional residential building, detached maintenance building, and 12 more free, uncovered parking spaces for a total of 294. One of the two playground areas was eliminated and replaced with a sport court at the center of the site.

ORIGINAL TYPICAL BUILDING ELEVATION

REVISED BUILDING ELEVATIONS



Operating Pro Forma

Applicant's revised pro forma is within 5% of Underwriter's; therefore the Applicant's pro forma is now being used for the analysis. Income has increased by $62K as a result of slightly higher rents from the Amended CHAP. Applicant's expenses decreased $46K mainly due to a decrease in projected payroll expenses. DCR decreased from 1.24 at original underwriting to 1.15 due to higher debt service payments.

Development Cost

Applicant's total development costs show a significant increase of $9.7M or 41%. Applicant restructured the ground lease to now include a land acquisition cost of about $3.2M. Applicant states the added cost is necessary to help cover HACEP's costs of holding and improving the land for a previously planned single family development. Texas Administrative Code limits land acquisition cost to the amount in the appraisal received at application of $2.92M.

Building costs increased $3.8M or 33% to $15,392,431 from $11,557,789. Applicant cites rising labor, materials, and transportation costs as the cause for the increase. Although the development includes an additional residential building, underwriter is unable to substantiate Applicant's building costs of $105K per unit and $101 per square foot. Executed construction contracts for a comparable property, Commissioner's Corner (phase I & II), indicate building costs of $95K/unit. Commissioner's Corner is currently under construction and has the same principals involved: HACEP and Versa Development. Building cost is therefore being underwritten to the per unit building cost of Commissioner's Corner phases I & II of $95K/unit.

Applicant's soft costs increased $1.38M from $831,740. $860K of the soft costs are architectural and professional fees associated with the re-design of the project. These include a significant $390K increase in legal fees. Other major soft cost increases include impact fees ($295K) and tenant relocation expense ($93K). The total increase in soft costs are comparable to the Gonzalez Apartments amendment, which also increased by about $1.3M.

Ineligible Costs

Soft cost includes $239,030 tenant relocation expense. The IRS Audit Technique Guide identifies relocation cost as an operating expense, and is therefore not able to be included in eligible basis for tax credit sizing. $120K of soft cost contingency needed to be moved from soft cost, resulting in an overstatement of Contingency by $25K. $60,000 of Syndicator Due Diligence fees also needed to be removed from soft costs and added to Developer's Fees. Total Developer Fees were overstated by $42K.

Sources of Funds

PNC will no longer be providing an FHA construction loan, but will instead maintain a construction to permanent loan of $7,980,000. Interest rate will be 5% during the construction period. It will then change to a floating permanent rate of 259 basis points over the U.S. 10-Year Treasury, which at the time of this underwriting is 5.67%. PNC sized the loan assuming a permanent rate of 5.56%. The term decreased from 40 to 35 years.

Hunt Capital Partners has replaced PNC as the equity investor. Hunt will provide $13,423,659 of capital contributions at a credit pricing of $0.895. This is about $225K more than at application.

In order to fund the increased development costs, HACEP will increase the amount of its private gap loan to $9,835,784. It will be a non-amortizing loan at a 3.00% interest rate payable from residual cash flow over a 50 year term. The applicant has certified that none of this money originates as federal funding. However, the full credit allocation is unaffected even if the entire $9.8M is removed from basis.

Conclusion

The current analysis continues to support the original $1.5M credit allocation.

No change in the approved credit allocation is being recommended at this time.

Underwriter:	*Mitch Bowman*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Medano Heights, El Paso, 9% HTC #17334

LOCATION DATA	
CITY:	El Paso
COUNTY:	El Paso
Area Median Income	$45,400
PROGRAM REGION:	13

UNIT DISTRIBUTION						
# Beds	# Units	% Total	Assisted	Income	# Units	% Total
Eff	-	0.0%	0	30%	15	10.3%
1	20	13.7%	20	40%	-	0.0%
2	50	34.2%	50	50%	29	19.9%
3	60	41.1%	60	60%	97	66.4%
4	16	11.0%	16	MR	5	3.4%
TOTAL	**146**	**100.0%**	**146**	**TOTAL**	**146**	**100.0%**

Applicable Programs
9% Housing Tax Credits

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	96.58%
APP % Acquisition	3.39%
APP % Construction	9.00%
Average Unit Size	1,043 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 30%	$295	RAD	$517	2	1	1	715	$517	$62	$455	$0	$0.64	$455	**$910**	**$910**	$455	$0.64	$0	$351	$0.49	$877
TC 50%	$491	RAD	$517	4	1	1	715	$517	$62	$455	$0	$0.64	$455	**$1,820**	**$1,820**	$455	$0.64	$0	$351	$0.49	$877
TC 60%	$590	RAD	$517	13	1	1	715	$517	$62	$455	$0	$0.64	$455	**$5,915**	**$5,915**	$455	$0.64	$0	$351	$0.49	$877
MR		RAD		1	1	1	715	$0	$62		NA	$0.80	$574	**$574**	**$455**	$455	$0.64	NA	$455	$0.64	$877
TC 30%	$354	RAD	$638	5	2	2	922	$638	$82	$556	$0	$0.60	$556	**$2,780**	**$2,780**	$556	$0.60	$0	$519	$0.56	$1,025
TC 50%	$590	RAD	$638	10	2	2	922	$638	$82	$556	$0	$0.60	$556	**$5,560**	**$5,560**	$556	$0.60	$0	$519	$0.56	$1,025
TC 60%	$708	RAD	$638	33	2	2	922	$638	$82	$556	$0	$0.60	$556	**$18,348**	**$18,348**	$556	$0.60	$0	$519	$0.56	$1,025
MR		RAD		2	2	2	922	$0	$82		NA	$0.74	$681	**$1,362**	**$1,112**	$556	$0.60	NA	$556	$0.60	$1,025
TC 30%	$408	RAD	$893	6	3	2	1,159	$893	$101	$792	$0	$0.68	$792	**$4,752**	**$4,752**	$792	$0.68	$0	$791	$0.68	$1,150
TC 50%	$681	RAD	$893	11	3	2	1,159	$893	$101	$792	$0	$0.68	$792	**$8,712**	**$8,712**	$792	$0.68	$0	$791	$0.68	$1,150
TC 60%	$817	RAD	$893	41	3	2	1,159	$893	$101	$792	$0	$0.68	$792	**$32,472**	**$32,472**	$792	$0.68	$0	$791	$0.68	$1,150
MR		RAD		2	3	2	1,159	$0	$101		NA	$0.68	$792	**$1,584**	**$1,584**	$792	$0.68	NA	$792	$0.68	$1,150
TC 30%	$456	RAD	$1,064	2	4	2	1,394	$1,064	$120	$944	$0	$0.68	$944	**$1,888**	**$1,888**	$944	$0.68	$0	$874	$0.63	$1,275
TC 50%	$760	RAD	$1,064	4	4	2	1,394	$1,064	$120	$944	$0	$0.68	$944	**$3,776**	**$3,776**	$944	$0.68	$0	$874	$0.63	$1,275
TC 60%	$912	RAD	$1,064	10	4	2	1,394	$1,064	$120	$944	$0	$0.68	$944	**$9,440**	**$9,440**	$944	$0.68	$0	$874	$0.63	$1,275
TOTALS/AVERAGES:				**146**			**152,244**				**$0**	**$0.66**	**$684**	**$99,893**	**$99,524**	**$682**	**$0.65**	**$0**	**$648**	**$0.62**	**$1,083**

ANNUAL POTENTIAL GROSS RENT:		
ANNUAL POTENTIAL GROSS RENT:	**$1,198,716**	**$1,194,288**

STABILIZED PRO FORMA

Medano Heights, El Paso, 9% HTC #17334

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Pooley Historical		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.66	$684	$1,198,716	$1,132,968	$1,132,968	$1,194,288	$682	$0.65		0.4%	$4,428
late fees, forfeit deposits							$5.00	$8,760	8,760							
							$0.00	$0	0							
							$0.00	$0	0							
Total Secondary Income							$5.00			8,760	$8,760	$5.00			0.0%	$0
POTENTIAL GROSS INCOME								$1,207,476	$1,141,728	$1,141,728	$1,203,048				0.4%	$4,428
Vacancy & Collection Loss							5.0% PGI	(60,374)	(57,086)	(57,086)	(60,152)	5.0% PGI			0.4%	(221)
Rental Concessions								-	0	0	-				0.0%	-
EFFECTIVE GROSS INCOME								$1,147,102	$1,084,642	$1,084,642	$1,142,896				0.4%	$4,207
General & Administrative	$45,415	$311/Unit	44,158	$302	2.55%	$0.19	$200	$29,262	$69,456	$58,400	$23,360	$160	$0.15	2.04%	25.3%	5,902
Management	$58,089	6.0% EGI	79,710	$546	5.23%	$0.39	$411	$59,993	$54,232	$54,232	$57,145	$391	$0.38	5.00%	5.0%	2,848
Payroll & Payroll Tax	$178,613	$1,223/Unit	43,184	$296	8.37%	$0.63	$658	$96,000	$129,608	$129,608	$104,509	$716	$0.69	9.14%	-8.1%	(8,509)
Repairs & Maintenance	$72,506	$497/Unit	153,685	$1,053	10.95%	$0.83	$860	$125,614	$121,556	$87,600	$87,600	$600	$0.58	7.66%	43.4%	38,014
Electric/Gas	$23,485	$161/Unit	102,096	$699	2.52%	$0.19	$198	$28,850	$52,627	$51,034	$51,034	$350	$0.34	4.47%	-43.5%	(22,184)
Water, Sewer, & Trash	$55,513	$380/Unit	31,169	$213	5.76%	$0.43	$453	$66,110	$55,548	$55,513	$55,513	$380	$0.36	4.86%	19.1%	10,597
Property Insurance	$38,296	$0.25 /sf	10,456	$72	1.91%	$0.14	$150	$21,900	$34,310	$38,296	$40,060	$274	$0.26	3.51%	-45.3%	(18,160)
Property Tax (@ 0%) 2.8167	$83,977	$575/Unit	21,227	$145	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements	$37,330	$256/Unit	-	$0	4.45%	$0.34	$350	$51,100	$43,800	$43,800	$51,100	$350	$0.34	4.47%	0.0%	-
Supportive Services			5,425	$37	1.27%	$0.10	$100	$14,600	$16,352	$16,352	$16,352	$112	$0.11	1.43%	-10.7%	(1,752)
TDHCA LIHTC/HOME Compliance Fees			-	$0	3.56%	$0.27	$280	$40,880	$5,640	$5,640	$40,680	$279	$0.27	3.56%	0.5%	200
Security			-	$0	0.00%	$0.00	$0	$0	$5,302	$5,302	$0	$0	$0.00	0.00%	0.0%	-
TOTAL EXPENSES					**47.29%**	**$3.56**	**$3,715**	**$ 542,416**	$588,431	$545,776	**$ 527,352**	**$3,612**	**$3.46**	**46.14%**	**2.9%**	**$ 15,064**
NET OPERATING INCOME ("NOI")					**52.71%**	**$3.97**	**$4,142**	**$604,686**	$496,211	$538,865	**$615,544**	**$4,216**	**$4.04**	**53.86%**	**-1.8%**	**$ (10,858)**

CONTROLLABLE EXPENSES	$2,369/Unit		$2,206/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Medano Heights, El Paso, 9% HTC #17334

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR														Cumulative	
DEBT (Must Pay)	Fee	UW	App	Pmt	Rate	Amort	Term	Principal	Applicant	TDHCA	Principal	Term	Amort	Rate	Pmt	DCR	LTC
PNC Real Estate	0.00%	1.19	1.17	518,018	5.67%	35	35	$7,980,000	$7,998,200	$7,998,200	$7,980,000	15	35	5.67%	$524,959	1.15	25.5%
HACEP		1.19	1.17		3.00%	0	50	$9,835,784			$9,835,784	50	0	3.00%		1.15	31.5%
CASH FLOW DEBT / GRANTS																	
0		1.19	1.17		0.00%	0	0	$0	$1,500,000	$1,500,000	$0	0	0	0.00%		1.15	0.0%
				$518,018	TOTAL DEBT / GRANT SOURCES			$17,815,784			$17,815,784	TOTAL DEBT SERVICE			$524,959	1.15	57.0%
NET CASH FLOW		$97,526	$86,668								APPLICANT	NET OPERATING INCOME			$604,686	$79,727	NET CASH FLOW

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					Prior Underwriting		AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	Applicant	TDHCA	Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Hunt	LIHTC Equity	43.0%	$1,500,000	0.895	$13,423,659	$13,198,680	$13,198,680	$13,423,659	$0.895	$1,500,000	43.0%	$10,274	Needed to Fill Gap
Paisano HRC	Deferred Developer Fees	3.2%	(27% Deferred)		$1,009,451	$1,101,482	$1,079,582	$0	(0% Deferred)		0.0%	Total Developer Fee:	$3,453,366
Additional (Excess) Funds Req'd		0.0%					$0	($0)			0.0%		
TOTAL EQUITY SOURCES		46.2%			$14,433,110	$14,300,162	$14,278,262	$13,423,659			43.0%		
TOTAL CAPITALIZATION					$32,248,894	$23,798,362	$23,776,462	$31,239,443				15-Yr Cash Flow after Deferred Fee:	$1,952,899

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS							COST VARIANCE	
	Eligible Basis					Prior Underwriting					Eligible Basis			
	Acquisition	New Const. Rehab	Total Costs			Applicant	TDHCA	Total Costs			New Const. Rehab	Acquisition	%	$
Land Acquisition				$22,315 / Unit	$3,257,958	$0	$0	$2,920,000	$20,000 / Unit				11.6%	$337,958
Building Acquisition	$0			$ / Unit	$0	$0	$0	$0	$ / Unit			$0	0.0%	$0
Off-Sites		$0		$ / Unit	$0	$146,000	$146,000	$146,000	$1,000 / Unit		$146,000		-100.0%	($146,000)
Site Work		$2,131,765		$14,601 / Unit	$2,131,765	$2,311,745	$2,311,745	$2,131,765	$14,601 / Unit		$2,131,765		0.0%	$0
Site Amenities		$752,729		$5,156 / Unit	$752,729	$711,703	$711,703	$752,729	$5,156 / Unit		$752,729		0.0%	$0
Building Cost		$15,392,431	$101.10 /sf	$105,428/Unit	$15,392,431	$11,557,789	$12,270,929	$13,904,104	$95,234/Unit	$91.33 /sf	$13,904,104		10.7%	$1,488,327
Contingency		$1,304,227	7.14%	7.14%	$1,304,227	$1,030,907	$1,030,907	$1,185,422	7.00%	7.00%	$1,185,422		10.0%	$118,805
Contractor Fees		$2,395,928	12.24%	12.24%	$2,395,928	$2,206,140	$2,206,140	$2,395,928	13.22%	13.22%	$2,395,928		0.0%	$0
Soft Costs	0	$2,163,040		$14,918 / Unit	$2,178,040	$831,740	$831,740	$2,032,040	$13,918 / Unit		$1,778,010	$0	7.2%	$146,000
Financing	0	$728,483		$12,274 / Unit	$1,791,933	$1,525,628	$1,525,628	$1,791,933	$12,274 / Unit		$728,483	$0	0.0%	$0
Developer Fee	$0	$3,772,840	15.17%	15.17%	$3,772,840	$2,966,753	$2,944,854	$3,453,366	15.00%	14.90%	$3,431,466	$0	9.3%	$319,474
Reserves				$3,662 / Unit	$534,600	$509,957	$490,977	$526,156	$3,604 / Unit				1.6%	$8,444
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BA	$0	$28,641,443		$229,537 / Unit	$33,512,451	$23,798,362	$24,470,622	$31,239,443	$213,969 / Unit		$26,453,907	$0	7.28%	$2,273,008
Acquisition Cost	$0				($337,958)	$0								
Contingency		($24,842)			($24,842)	($0)								
Contractor's Fee		$0												
Interim Interest		$0												
Developer Fee	$0	($46,276)			($42,550)	($21,899)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	$0	$28,570,325		$226,761/unit	$33,107,101	$23,776,462	$24,470,622	$31,239,443	$213,969/unit		$26,453,907	$0	6.0%	$1,867,659

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are not within 5% of TDHCA Estimate):	$31,239,443

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Medano Heights, El Paso, 9% HTC #17334

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	**Construction Rehabilitation**	**Acquisition**	**Construction Rehabilitation**
ADJUSTED BASIS	$0	$28,570,325	$0	$26,453,907
Deduction of Federal Grants	$0	$0	$0	($9,835,784)
TOTAL ELIGIBLE BASIS	$0	$28,570,325	$0	$16,618,123
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$37,141,422	$0	$21,603,560
Applicable Fraction	96.58%	96.58%	96.58%	96.58%
TOTAL QUALIFIED BASIS	$0	$35,869,456	$0	$20,863,712
Applicable Percentage	3.39%	9.00%	3.39%	9.00%
ANNUAL CREDIT ON BASIS	$0	$3,228,251	$0	$1,877,734
CREDITS ON QUALIFIED BASIS	$3,228,251		$1,877,734	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8949	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,877,734	$16,804,041	----	----	----
Needed to Fill Gap	$1,500,000	$13,423,659	**$1,500,000**	($0)	($0)
Previous Allocation	$1,500,000	$13,423,659	----	----	----

BUILDING COST ESTIMATE

CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Garden (Up to 4-story)		152,244 SF	$65.50	9,972,310
Adjustments					
Exterior Wall Finish		6.33%		4.14	$630,779
Elderly		0.00%		0.00	0
9-Ft. Ceilings		3.79%		2.48	378,017
Roof Adjustment(s)				(0.16)	(24,826)
Subfloor				(0.55)	(83,475)
Floor Cover				2.56	389,745
Breezeways		$17.15	17,041	1.92	292,191
Balconies		$18.56	12,822	1.56	238,020
Plumbing Fixtures		$1,020	378	2.53	385,560
Rough-ins		$500	292	0.96	146,000
Built-In Appliances		$1,730	146	1.66	252,580
Exterior Stairs		$2,330	26	0.40	60,580
Heating/Cooling				2.21	336,459
Enclosed Corridors		$48.15	0	0.00	0
Carports		$11.94	0	0.00	0
Garages			0	0.00	0
Comm &/or Aux Bldgs		$86.31	3,871	2.19	334,112
Elevators			0	0.00	0
Other:				0.00	0
Fire Sprinklers		$2.59	173,156	2.95	448,474
SUBTOTAL				**90.36**	**13,756,525**
Current Cost Multiplier		1.01		0.90	137,565
Local Multiplier		0.90		(9.04)	(1,375,653)
TOTAL BUILDING COSTS				**82.23**	**$12,518,438**
Plans, specs, survey, bldg permits		3.30%		(2.71)	($413,108)
Contractor's OH & Profit		11.50%		(9.46)	(1,439,620)
NET BUILDING COSTS			$73,053/unit	$70.06/sf	$10,665,709

Long-Term Pro Forma

Medano Heights, El Paso, 9% HTC #17334

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,147,102	$1,170,044	$1,193,445	$1,217,314	$1,241,660	$1,370,893	$1,513,577	$1,671,111	$1,845,042	$2,037,075	$2,249,096
TOTAL EXPENSES	3.00%	$542,416	$558,089	$574,219	$590,822	$607,910	$701,150	$808,868	$933,330	$1,077,162	$1,243,400	$1,440,242
NET OPERATING INCOME ("NOI")		**$604,686**	**$611,956**	**$619,226**	**$626,492**	**$633,751**	**$669,744**	**$704,709**	**$737,781**	**$767,880**	**$793,676**	**$808,854**
EXPENSE/INCOME RATIO		47.3%	47.7%	48.1%	48.5%	49.0%	51.1%	53.4%	55.9%	58.4%	61.0%	64.0%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$524,959	$524,959	$524,959	$524,959	$524,959	$524,959	$524,959	$524,959	$524,959	$524,959	$524,959
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.19	1.21	1.28	1.34	1.41	1.46	1.51	1.54
ANNUAL CASH FLOW		**$79,727**	**$86,996**	**$94,267**	**$101,533**	**$108,791**	**$144,784**	**$179,750**	**$212,822**	**$242,921**	**$268,716**	**$283,895**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$79,727	$166,724	$260,990	$362,523	$471,315	$1,123,511	$1,952,899	$2,951,822	$4,107,663	$5,401,678	$6,796,161

EP Medano Heights, LP

August 24, 2018

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

Re: Amendment Request – TDHCA 17334 – Medano Heights

Dear Mr. Bowman,

On July 27th, 2018, we submitted an amendment request for the Medano Heights (TDHCA 17334) development (the "**Project**"). As part of that amendment, a request was made to split the Project into two phases – a 80 unit 9% portion, and a 66 unit 4%/Bond portion. We are no longer requesting that the Project be split into two phases. However, other amendments to the application will still be needed. Consequently, we request to withdraw the July 27th amendment request and substitute this request in its place.

The proposed Medano Heights development is a RAD conversion of the existing Roosevelt Apartments being undertaken by the Housing Authority of the City of El Paso (HACEP). In the tax credit application, the rent schedule was based on a portfolio Contracts for Housing Assistance Payments (CHAP) noted as "RG3: Rio Grande, Graham, and Williams", which at the time, seemed to be most comparable to the rents at Roosevelt. As noted in the tax credit application, HACEP only applies for a specific CHAP (in this case for Roosevelt) once a tax credit allocation is secured, since closing must occur within 12 months of the issued CHAP. On April 10, 2018, HUD issued a CHAP for Roosevelt, with rents significantly lower than provided for in the tax credit application. HACEP has discussed the issue with HUD, and has worked diligently in trying to get the rents increased for Roosevelt, without success. At the same time, construction costs for the Project are coming in higher than anticipated when the tax credit application was submitted. The combination of these two factors makes it necessary to implement certain design changes in an effort to contain costs. An overview of the proposed changes are described below.

Overview of Architectural Changes Requested

1. ***Amendment to Unit Floor Plans:***
   - Small changes have been made to the floor plans. The number of bedrooms and bathrooms remain the same, but the NRSF per unit type has changed slightly.
   - The total Net Rentable Square Feet changed from from 148,524 SF to 152,244 SF.

		Original Application			Amended (9%)		
Unit Type	Bed/Bath	#. of Units	Unit SF	Extended SF	#. of Units	Unit SF	Extended SF
A1	1/1	20	715	14,300	20	715	14,300
B1	2/2	50	922	46,100	50	922	46,100
C1	3/2	60	1097	65,820	60	1,159	69,540
D1	4/2	16	1,394	22,304	16	1,394	22,304
Totals:		146		148,524	146		152,244

2. ***Amendment to Residential Building Footprints and Elevations:***

- This amendment incorporates the newly designed unit floor plans referenced in #1 above
- The elevations are amended as a result of the new building product type
- Original Application included 3-story building types I, II and III. 5 type I, each with 22 units; 1 type II, with 16 units and 1 type III, with 20 units for a total of 7 buildings and 146 units -- Amended plan now includes 1 building type I that has a 2 and 3 story component with 18 units; 3 2 -story building types II, III, IV, each with 16 units; 2 3-story building types V and VI, with 24 units each and 2 2-story buildings type VII, with 16 units each, for a total of 8 buildings and 146 units.

3. ***Amendment to the total number of Residential Buildings from 7 to 8.***

4. ***Amendment to Breezeway Square footages from 28,698 SF to 17,040 SF.***

5. ***Amendment to Clubhouse Floor plan:***
   - Increase in the Club Square Footage from 5,080 SF to 5,589 SF. This increase in SF is as result of final selection amenities for THDCA point purposes.
   - A/C area was increased from 3,599 SF to 3,852 SF; Porch area was increased from 976 SF to 1,577 SF; Mail area was decreased from 166 SF to 145 SF; a Fire Riser Room was added for 15 SF and Maintenance has become a separate building; original plan included 339 SF for this space.

6. ***Amendment to Club Exterior Elevations:***
   - This amendment is a result of the newly designed clubhouse floorplan referenced in #5 above

7. ***Acreage:*** The acreage of the site remains the same at 11.67 acres

8. ***Site Plan:*** Site plan has changed as dictated by the change in the number of unit buildings and has resulted in less unused space. Some additional changes include:
   - Original application orients site with North at the top of the page; Amendment orients site with North at the left of the page.
   - Original application included 282 parking spaces; Amendment includes 294 parking spaces.
   - Original application included two separate playground areas on the site; Amendment has play areas centralized on site with a center playground area and a separate sports court.

9. ***Updated Source and Uses and Financing Updates:*** Attached is an updated Development Cost Schedule and Summary of Sources and Uses showing the impact of the above changes. An updated financing package is also included with this amendment, based on the latest projected RAD rents, which are still awaiting HUD's approval.

10. ***Construction Timeline:*** The design changes are not expected to have a significant impact on the construction timeline, and the Project is still anticipated to be placed in service by the end of 2019.

Changes to Owner/Developer/Guarantor Structure

This request additionally seeks approval to add new parties to the ownership structure and as developer and guarantor. Specifically, VDC Medano Heights SLP, LLC is proposed to be added as a special limited partner of the development owner. In addition, VDC Medano Heights, LLC is proposed to be added as a developer and guarantor for the project, and GMAT Development, Ltd. is anticipated to act as a guarantor of the financing obligations. Updated organizational charts and previous participation information is enclosed for each of the foregoing entities (collectively, the "**Versa Parties**").

The Versa Parties are affiliated with Versa Development, LLC ("**Versa**") and/or Manish Verma, and are being brought in to provide financial strength and development expertise for the development of the Project.

Reason for Changes

The above amendments regarding design changes are intended to address the financing gap created by the increase in construction costs combined with the lower than anticipated CHAP rents from when the application was initially submitted over a year ago. These requested changes will allow the development to proceed in a more cost efficient manner.

The changes in ownership, developer, and guarantor structure are intended to bring more development expertise and financial strength to the transaction, as noted above.

Good Cause for Change
The Medano Heights apartments is a RAD conversion development where HACEP will replace and relocate obsolete public housing units to a higher opportunity area within the City of El Paso. This will contribute to their long-term success in providing quality and affordable housing to their residents. Without approval of these changes, the development may not be able to be completed.

Not Reasonably Foreseeable
The changes made could not have been preventable as the Housing Authority relied on the financial assumptions provided a year ago, and the determination of the CHAP rents by HUD were out of HACEP's control. The increase in construction costs could also not be anticipated at the time of the tax credit application.

With respect to the ownership, developer, and guarantor changes, HACEP's decision to bring in a development partner is done on a project-by-project basis, given the extensive size of HACEP's housing portfolio. Because the selection of a development partner must go through HACEP's RFP process, it would have been premature to identify a development partner prior to receiving an award of tax credits and assessing the development needs of the Project.

Conclusion
We are asking that this amendment be taken to the October meeting for consideration, if these changes are not able to be approved administratively. The amendment fee was paid at the time of the original amendment request on July 27, 2018.

Thank you for your consideration of our request, and please do not hesitate to contact me should you need further information.

Sincerely,

Sarah Anderson
512-554--4721

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410

August 21, 2018

Gerald Cichon
Executive Director
Housing Authority of the City of El Paso
5300 E. Paisano Drive
El Paso, TX 79905-2931

Dear Mr. Cichon:

This award letter serves as an acknowledgement that the Department is in receipt of your request to voluntarily withdraw your existing RAD CHAP Award for 141 units at TX003000011, EISENHOWER/SCATTERED SITES/HART/BAIRD, which was originally issued on January 10, 2017, and to request new RAD authority for the same units. We are pleased to issue this replacement CHAP that reflects the modified 2016 RAD Rents as outlined in Federal Register Notice FR-6105-N-01, published on July 2, 2018.

Attached please find an amended CHAP Exhibit A reflecting the modified rents. As this project is already being processed for conversion, all of the established due dates, conditions to participation, and the original CHAP issuance date stated above will remain in effect, with any extension requests subject to the same approvals as established in the original CHAP. The replacement CHAP consists of this document, together with the original CHAP and all amendments thereto.

With the issuance of this amended CHAP Exhibit A, you are required to update all relevant information on the RAD Resource Desk, including, but not limited to, the Transaction Log, so that the transaction accurately reflects these rents.

If you have any questions regarding this replacement CHAP or amended CHAP Exhibit A, please contact your Transaction Manager.

Sincerely,

Thomas R. Davis

Thomas R. Davis
Director
Office of Recapitalization

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS") BY SIZE AND APPLICABLE CONTRACT RENTS

The Contract Rents below for the subject project are based on modified Fiscal Year 2016 Federal Appropriations and assumptions regarding applicable rent caps. The final RAD contracts rents, which will be reflected in the RAD HAP contract, will be based on modified Fiscal Year 2016 Federal Appropriations, as well as applicable program rent caps and Operating Cost Adjustment Factors (OCAFs), and, as such, may change. In addition, prior to conversion, the PHA must provide HUD updated utility allowances to be included in the HAP contract.

Existing PIC Development Number: TX003000011
Updated PIC Development Number* (for tracking purposes only): TX003000011J
New Project Name* (for tracking purposes only): J D CRAMER MEMORIAL (J) (Roosevelt) (Medano Hghts)

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
19	1	$455	$62	$517
48	2	$556	$82	$638
58	3	$792	$101	$893
16	4	$944	$120	$1,064

*The revised PIC and Project name are only applicable as references for the RAD conversion. No formal changes to PIC have been made.

amam - 9/5/18 4:16pm - MB

Rent Schedule

Self Score Total: 0

Unit types must be entered from smallest to largest based on “# of Bedrooms” and “Unit Size”, then within the same “# of Bedrooms” and “Unit Size” from lowest to highest “Rent Collected/Unit”.

Private Activity Bond Priority (For Tax-Exempt Bond Developments ONLY):

Rent Designations (select from Drop down menu)													
HTC Units	MF Direct Loan Units (HOME Rent/Inc)	National HTF Units	TDHCA MRB Units	Other/ Subsidy	# of Units	# of Bed-rooms	# of Baths	Unit Size (Net Rentable Sq. Ft.)	Total Net Rentable Sq. Ft.	Program Rent Limit	Tenant Paid Utility Allow.	Rent Collected /Unit	Total Monthly Rent
					(A)			(B)	(A) x (B)			(E)	(A) x (E)
TC 30%				RAD	2	1	1.0	715	1,430	305	62	455	910
TC 50%				RAD	4	1	1.0	715	2,860	508	62	455	1,820
TC 60%				RAD	13	1	1.0	715	9,295	610	62	455	5,915
MR					1	1	1.0	715	715	366	82	574	574
TC 30%				RAD	5	2	2.0	922	4,610	366	82	556	2,780
TC 50%				RAD	10	2	2.0	922	9,220	610	82	556	5,560
TC 60%				RAD	33	2	2.0	922	30,426	732	82	556	18,348
MR					2	2	2.0	922	1,844	423	101	681	1,362
TC 30%				RAD	6	3	2.0	1159	6,954	423	101	792	4,752
TC 50%				RAD	11	3	2.0	1159	12,749	705	101	792	8,712
TC 60%				RAD	41	3	2.0	1159	47,519	846	101	792	32,472
MR					2	3	2.0	1159	2,318	471	120	792	1,584
TC 30%				RAD	2	4	2.0	1394	2,788	471	120	944	1,888
TC 50%				RAD	4	4	2.0	1394	5,576	786	120	944	3,776
TC 60%				RAD	10	4	2.0	1394	13,940	943	120	944	9,440
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			TOTAL		146				152,244				99,893

Non Rental Income	$0.00	per unit/month for:		
Non Rental Income	0.00	per unit/month for:		
Non Rental Income	5.00	per unit/month for:	*late fees, forfeit deposits*	730
+ TOTAL NONRENTAL INCOME	$5.00	per unit/month		730
= POTENTIAL GROSS MONTHLY INCOME				100,623
- Provision for Vacancy & Collection Loss			% of Potential Gross Income: 5.00%	(5,031)
- Rental Concessions *(enter as a negative number)*			**Enter as a negative value**	

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= EFFECTIVE GROSS MONTHLY INCOME	95,592
x 12 = EFFECTIVE GROSS ANNUAL INCOME	1,147,102

289270.05

If a revised form is submitted, date of submission:

Rent Schedule (Continued)

		% of LI	% of Total	
HOUSING TAX CREDITS	TC30%	11%	10%	15
	TC40%			0
	TC50%	21%	20%	29
	TC60%	69%	66%	97
	HTC LI Total			141
	EO			0
	MR			5
	MR Total			5
	Total Units			146
MORTGAGE REVENUE BOND	MRB30%			0
	MRB40%			0
	MRB50%			0
	MRB60%			0
	MRB LI Total			0
	MRBMR			0
	MRBMR Total			0
	MRB Total			0

		% of LI	% of Total	
NATIONAL HOUSING TRUST FUND	HTF30%			0
	HTF40%			0
	HTF50%			0
	HTF60%			0
	HTF80%			0
	HTF LI Total			0
	MR			0
	MR Total			0
	HTF Total			0
DIRECT LOAN	30%			0
	LH/50%			0
	HH/60%			0
	HH/80%			0
	Direct Loan LI Total			0
	EO			0
	MR			0
	MR Total			0
	Direct Loan Total			0
OTHER	Total OT Units			141

BEDROOMS	0			0
	1			20
	2			50
	3			60
	4			16
	5			0

ACQUISITION + HARD		DO NOT USE THIS CALCULATION TO SCORE POINTS UNDER 11.9(e)(2). At the end of the Development Cost Schedule, you will have the ability to adjust your eligible costs to qualify. Points will be entered there.
Cost Per Sq Ft	#DIV/0!	
HARD		
Cost Per Sq Ft	#DIV/0!	
BUILDING		
Cost Per Sq Ft	#DIV/0!	

ANNUAL OPERATING EXPENSES

General & Administrative Expenses				
Accounting		$	7,500	
Advertising		$	0	
Legal fees		$	587	
Leased equipment		$	1,074	
Postage & office supplies		$	2,290	
Telephone		$	1,864	
Other	*Fuel, Membership Fees, Contracts, IT, 3rd Party*	$	15,947	
Other		$		
Total General & Administrative Expenses:				$ 29,263
Management Fee:	Percent of Effective Gross Income:		#DIV/0!	$ 59,993
Payroll, Payroll Tax & Employee Benefits				
Management		$	41,000	
Maintenance		$	30,000	
Other	*Employee benefits*	$	25,000	
Other	*describe*			
Total Payroll, Payroll Tax & Employee Benefits:				$ 96,000
Repairs & Maintenance				
Elevator		$	0	
Exterminating		$	4,974	
Grounds		$	16,516	
Make-ready		$	18,434	
Repairs		$	43,101	
Pool		$	0	
Other	*describe*	$	42,589	
Other	*describe*	$		
Total Repairs & Maintenance:				$ 125,614
Utilities (Enter Only Property Paid Expense)				
Electric	*Historical adjusted for enery savings*	$	28,850	
Natural gas	*Historical adjusted for enery savings*	$		
Trash	*Historical adjusted for enery savings*	$	11,297	
Water/Sewer	*Historical adjusted for enery savings*	$	54,813	
Other	*City flat fee*	$	0	
Other	*describe*	$		
Total Utilities:				$ 94,960
Annual Property Insurance:	Rate per net rentable square foot:	$	#DIV/0!	$ 21,900
Property Taxes:				
Published Capitalization Rate:	Source:		NA - Tax Exemption	
Annual Property Taxes		$		
Payments in Lieu of Taxes		$		
Total Property Taxes:				$ -
Reserve for Replacements:	Annual reserves per unit:	$	$ 350	$ 51,100
Other Expenses				
Cable TV		$		
Supportive Services (Staffing/Contracted Services)		$	14,600	
TDHCA Compliance fees		$	40,880	
TDHCA Bond Administration Fees (TDHCA as Bond Issuer Only)		$	8,107	
Security		$		
Other	*describe*	$		
Other	*describe*	$		
Total Other Expenses:				$ 63,587
TOTAL ANNUAL EXPENSES	Expense per unit:	$	#DIV/0!	$ 542,417
	Expense to Income Ratio:		**#DIV/0!**	
NET OPERATING INCOME (before debt service)				$604,685
Annual Debt Service				
PNC Multifamily		$	518,018	
		$		
		$		
		$		
TOTAL ANNUAL DEBT SERVICE	Debt Coverage Ratio:		1.17	$ 518,018
NET CASH FLOW				$ 86,667

If a revised form is submitted, date of submission:

15 Year Rental Housing Operating Pro Forma (All Programs)

The pro forma should be based on the operating income and expense information for the base year (first year of stabilized occupancy using today's best estimates of market rents, restricted rents, rental income and expenses), and principal and interest debt service. The Department uses an annual growth rate of 2% for income and 3% for expenses. Written explanation for any deviations from these growth rates or for assumptions other than straight-line growth made during the proforma period should be attached to this exhibit.

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15
POTENTIAL GROSS ANNUAL RENTAL INCOME	$1,198,716	$1,222,690	$1,247,144	$1,272,087	$1,297,529	$1,432,577	$1,581,680
Secondary Income	$ 8,760	$ 8,935	$ 9,114	$ 9,296	$ 9,482	$ 10,469	$ 11,559
POTENTIAL GROSS ANNUAL INCOME	$1,207,476	$1,231,626	$1,256,258	$1,281,383	$1,307,011	$1,443,046	$1,593,239
Provision for Vacancy & Collection Loss	($60,374)	($61,581)	($62,813)	($64,069)	($65,351)	($72,152)	($79,662)
Rental Concessions	$0						
EFFECTIVE GROSS ANNUAL INCOME	$1,147,102	$1,170,044	$1,193,445	$1,217,314	$1,241,660	$1,370,893	$1,513,577
EXPENSES							
General & Administrative Expenses	$29,263	$30,141	$31,045	$31,976	$32,936	$38,181	$44,263
Management Fee	$ 59,993	$ 61,193	$ 62,417	$ 63,665	$ 64,938	$ 71,697	$ 79,159
Payroll, Payroll Tax & Employee Benefits	$ 96,000	$ 98,880	$ 101,846	$ 104,902	$ 108,049	$ 125,258	$ 145,209
Repairs & Maintenance	$ 125,614	$ 129,383	$ 133,264	$ 137,262	$ 141,380	$ 163,898	$ 190,003
Electric & Gas Utilities	$ 28,850	$ 29,716	$ 30,607	$ 31,525	$ 32,471	$ 37,643	$ 43,638
Water, Sewer & Trash Utilities	$ 66,110	$ 68,093	$ 70,136	$ 72,240	$ 74,407	$ 86,258	$ 99,997
Annual Property Insurance Premiums	$ 21,900	$ 22,557	$ 23,234	$ 23,931	$ 24,649	$ 28,575	$ 33,126
Property Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Replacements	$ 51,100	$ 52,633	$ 54,212	$ 55,838	$ 57,514	$ 66,674	$ 77,293
Other Expenses	$ 63,587	$ 65,495	$ 67,459	$ 69,483	$ 71,568	$ 82,967	$ 96,181
TOTAL ANNUAL EXPENSES	$542,417	$558,090	$574,220	$590,823	$607,911	$701,151	$808,869
NET OPERATING INCOME	$604,685	$611,955	$619,225	$626,491	$633,749	$669,742	$704,708
DEBT SERVICE							
First Deed of Trust Annual Loan Payment	$518,018	$518,018	$518,018	$518,018	$518,018	$518,018	$518,018
Second Deed of Trust Annual Loan Payment							
Third Deed of Trust Annual Loan Payment							
Other Annual Required Payment							
Other Annual Required Payment							
ANNUAL NET CASH FLOW	$86,667	$93,937	$101,207	$108,473	$115,731	$151,724	$186,690
CUMULATIVE NET CASH FLOW	$86,667	$180,604	$281,810	$390,283	$506,015	$1,174,653	$2,020,687
Debt Coverage Ratio	1.17	1.18	1.20	1.21	1.22	1.29	1.36
Other (Describe)							
Other (Describe)							

By signing below I (we) are certifying that the above 15 Year pro forma, is consistent with the unit rental rate assumptions, total operating expenses, net operating income, and debt service coverage based on the bank's current underwriting parameters and consistent with the loan terms indicated in the term sheet and preliminarily considered feasible pending further diligence review. The debt

Signature, Authorized Representative, Construction or Permanent Lender

Printed Name

Phone:

Email:

Date

Signature, Authorized Representative, Syndicator

Printed Name

Date

If a revised form is submitted, date of submission:

Site Work Cost Breakdown

This form must be submitted with the Development Cost Schedule as justification of Site Work costs.

Column A: The Site Work activity reflected here must match the Site Work activity reflected in the Development Cost Schedule.

Columns B and C: *In determining actual construction cost, two different methods may be used:*

The construction costs may be broken into labor (Column B) and materials (Column C) for the activity; ***OR***

The use of unit price (Column B) and the number of units (Column C) data for the activity.

Column D: To arrive at total construction costs in Column D:

If based on labor and materials, add Column B and Column C together to arrive at total construction costs.

If based on unit price measures, Column B is multiplied by Column C to arrive at total construction costs.

Column E: Any proposed activity involving the acquisition of real property, easements, rights-of-way, etc., must have the projected costs of this acquisition for the activity.

Column F: Engineering/architectural costs must be broken out by the Site Work activity.

Column G: Figures for Column G, Total Activity Cost, are obtained by adding together Columns D, E, and F to get the total costs.

*****This form must be completed by a Third-Party engineer licensed to practice in the State of Texas. His or her signature and registration seal must be on the form.*****

For Site Work costs that exceed $15,000 per Unit and are included in Eligible Basis, a CPA letter allocating which portions of those site costs should be included in Eligible Basis and which ones may be ineligible must be submitted behind this tab.

A.	B.	C.	D.	E.	F.	G.
Activity	**Labor or Unit Price**	**Materials or # of Units**	**Total Construction Costs**	**Acquisition Costs**	**Engineering / Architectural Costs**	**Total Activity Costs**
Rough Grading						$ 255,281
Fine Grading						$ 474,094
Onsite Paving						$ 715,006
Onsite Utilities						$ 687,384
Total						**$ 2,131,765**

Seal

Signature of Registered Engineer

Printed Name

Date

If a revised form is submitted, date of submission:

Development Cost Schedule

Self Score Total: 0

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

	TOTAL DEVELOPMENT SUMMARY			Scratch Paper/Notes
	Total Cost	Eligible Basis (If Applicable) Acquisition	New/Rehab.	
ACQUISITION				
Site acquisition cost	3,257,958			
Existing building acquisition cost				
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$3,257,958	$0	$0	
OFF-SITES[2]				
Off-site concrete				
Storm drains & devices				
Water & fire hydrants				
Off-site utilities				
Sewer lateral(s)				
Off-site paving				
Off-site electrical				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Off-Sites Cost	$0	$0	$0	
SITE WORK[3]				
Demolition				
Asbestos Abatement (Demolition Only)				
Detention				
Rough grading	255,281		255,281	
Fine grading	474,094		474,094	
On-site concrete				
On-site electrical				
On-site paving	715,006		715,006	
On-site utilities	687,384		687,384	
Decorative masonry				
Bumper stops, striping & signs				
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$2,131,765	$0	$2,131,765	
SITE AMENITIES				
Landscaping	262,500		262,500	
Pool and decking				
Athletic court(s), playground(s)	490,229		490,229	
Fencing				
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$752,729	$0	$752,729	
BUILDING COSTS*:				
Concrete	987,828		987,828	
Masonry	470,206		470,206	
Metals	359,210		359,210	
Woods and Plastics	4,755,815		4,755,815	
Thermal and Moisture Protection	517,262		517,262	
Roof Covering	427,427		427,427	
Doors and Windows	632,928		632,928	
Finishes	2,980,331		2,980,331	
Specialties	140,092		140,092	
Equipment	265,815		265,815	
Furnishings	125,000		125,000	
Special Construction				
Conveying Systems (Elevators)				

Mechanical (HVAC; Plumbing)		1,939,734		1,939,734		
Electrical		1,142,288		1,142,288		
Individually itemize costs below:						
Detached Community Facilities/Building		618,495		618,495		
Carports and/or Garages				0		
Lead-Based Paint Abatement				0		
Asbestos Abatement (Rehabilitation Only)				0		
Structured Parking						
Commercial Space Costs						
Other (specify) - see footnote 1		30,000		30,000		
Subtotal Building Costs Before 11.9(e)(2)		$15,392,431	$0	$15,392,431		
Voluntary Eligible Building Costs (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			#DIV/0!			
TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$18,276,925	$0	$18,276,925		
Contingency	6.48%	$1,184,227		1,184,227		
TOTAL HARD COSTS		$19,461,152	$0	$19,461,152		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	4.85%	943,365		943,365	4.85%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.77%	345,325		345,325	1.77%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.69%	1,107,238		1,107,238	5.69%	
TOTAL CONTRACTOR FEES		$2,395,928	$0	$2,395,928		
TOTAL CONSTRUCTION CONTRACT Before 11.9(e)(2)		$21,857,080	$0	$21,857,080		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			#DIV/0!			

***To score points under §11.9(e)(2) related to Cost of Development per Square Foot, the Voluntary Eligible Building Costs OR the Voluntary Eligible Hard Costs indicated above must fall within the required thresholds. If voluntary costs are not entered, staff will consider the Subtotal Building Cost or the Total Construction Contract costs, as applicable. Enter score for Building OR Hard Costs at end of form.**

SOFT COSTS[3]				
Architectural - Design fees	512,060		512,060	
Architectural - Supervision fees	265,950		265,950	
Engineering fees			0	
Real estate attorney/other legal fees	475,000		475,000	
Accounting fees	80,000		80,000	
Impact Fees	441,000		441,000	
Building permits & related costs	49,000		49,000	
Appraisal			0	
Market analysis	35,000		35,000	
Environmental assessment	27,000		27,000	
Soils report	8,100		8,100	
Survey	9,000		9,000	
Marketing	15,000			
Hazard & liability insurance	21,900		21,900	
Real property taxes	0		0	
Personal property taxes			0	
Tenant Relocation Expenses	239,030		239,030	
Other	180,000		180,000	
Historic Consultant				
Subtotal Soft Cost	$2,358,040	$0	$2,343,040	
FINANCING:				
CONSTRUCTION LOAN(S)[3]				
Interest	811,900		259,350	
Loan origination fees	27,450		27,450	
Title & recording fees	212,000		212,000	
Closing costs & legal fees	72,500			
Inspection fees	95,000		40,000	

Credit Report					
Discount Points					
P&P Bond		189,683		189,683	
Other		79,800			
PERMANENT LOAN(S)					
Loan origination fees		159,600			
Title & recording fees					
Closing costs & legal		55,000			
Bond premium					
Credit report					
Discount points					
Credit enhancement fees					
Prepaid MIP					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
BRIDGE LOAN(S)					
Interest					
Loan origination fees					
Title & recording fees					
Closing costs & legal fees					
Other (specify) - see footnote 1					
Other (specify) - see footnote 1					
OTHER FINANCING COSTS[3]					
Tax credit fees		89,000			
Tax and/or bond counsel					
Payment bonds					
Performance bonds					
Credit enhancement fees					
Mortgage insurance premiums					
Cost of underwriting & issuance					
Syndication organizational cost					
Tax opinion					
Bond Review Board Fees					
Syndicator Due Diligence					
Subtotal Financing Cost		$1,791,933	$0	$728,483	
DEVELOPER FEES[3]					
Housing consultant fees[4]		150,000		150,000	
General & administrative		996,224		996,224	
Profit or fee		2,566,616		2,566,616	
Subtotal Developer Fees	14.89%	$3,712,840	$0	$3,712,840	14.89%
RESERVES					
Rent-up					
Operating		534,600			
Replacement					
Escrows					
Subtotal Reserves		$534,600	$0	$0	
TOTAL HOUSING DEVELOPMENT COSTS[5]		$33,512,451	$0	$28,641,443	

The following calculations are for HTC Applications only.

Deduct From Basis:				
Federal grants used to finance costs in Eligible Basis				
Non-qualified non-recourse financing				
Non-qualified portion of higher quality units §42(d)(5)				
Historic Credits (residential portion only)				
Total Eligible Basis		$0	$28,641,443	
**High Cost Area Adjustment (100% or 130%)			130%	
Total Adjusted Basis		$0	$37,233,876	
Applicable Fraction		96.58%	96.58%	
Total Qualified Basis	$35,958,743	$0	$35,958,743	
Applicable Percentage[6]		9.00%	9.00%	
Credits Supported by Eligible Basis	$3,236,287	$0	$3,236,287	

(May be greater than actual request)

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that figure is not rounding down to the maximum**

Requested Score for 11.9(e)(2)	

Name of contact for Cost Estimate:

Phone Number for Contact:

If a revised form is submitted, date of submission:

Footnotes:

[1] An itemized description of all "other" costs must be included at the end of this exhibit.

[2] All Off-Site costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Offsite Cost Breakdown form.

[3] (HTC Only) Site Work expenses, indirect construction costs, developer fees, construction loan financing and other financing costs may or may not be included in Eligible Basis. Site Work costs must be justified by a Third Party engineer in accordance with the Department's format provided in the Site Work Cost Breakdown form.

[4] *(HTC Only)* Only fees paid to a consultant for duties which are not ordinarily the responsibility of the developer, can be included in Eligible Basis. Otherwise, consulting fees are included in the calculation of maximum developer fees.

[5] *(HTC Only)* Provide **all** costs & Eligible Basis associated with the Development.

[6] (HTC Only) Use the appropriate Applicable Percentages as defined in §10.3 of the Uniform Mutifamily Rules.

amam - 9/25/18 2:13 pm - MB

Financing Narrative and Summary of Sources and Uses

Describe all sources of funds. Information must be consistent with the information provided throughout the Application (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Financing Participants	Funding Description		Construction Period Loan/Equity Amount	Construction Period Interest	Lien Position	Permanent Period Loan/Equity	Permanent Period Interest	Amort -	Term	Syndication	Lien Position
Debt											
TDHCA	Perm. (Repayable)		$0	0.00%		$ -	0.00%	30	0		
TDHCA	Only (Repayable)		$0	0.00%							
TDHCA	(Soft Repayable)		$0	0.00%		$ -	0.00%		0		
TDHCA	Mortgage Revenue Bond		$0	0.00%		$ -	0.00%	0	0		
PNC Real Estate	Conventional Loan		$7,980,000	5.00%	First	$ 7,980,000	5.56%	35	15		First
Housing Auth. Of the City of El Paso	Private Loan		$9,835,784	3.00%	Second	$ 9,835,784	3.00%	na	50		Second
Third Party Equity											
Hunt	HTC	$ 1,500,000	$ 12,081,293			$ 13,423,659				0.895	
Grant											
Deferred Developer Fee											
Paisano HRC			$ 1,342,366			$ -					
Other											
	Direct Loan Match										
	Total Sources of Funds		$ 31,239,443			$ 31,239,443					
	Total Uses of Funds					$ -					

INSTRUCTIONS: Describe the sources of funds that will finance Development. The description must include construction, permanent, and bridge loans, and all other types

Describe the sources and uses of funds (specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments). For

Describe the replacement reserves:

Describe the operating items (rents, operating subsidies, project based assistance, etc., and specify the status (dates and deadlines) for applications, approvals and closings, etc., associated with the commitments:

By signing below I acknowledge that the amounts and terms of all anticipated sources of funds as stated above are consistent with the assumptions of my institution as one of the providers of funds.

Signature, Authorized Representative, Construction or Permanent Lender | **Printed Name** | **Date**

Telephone:

Email address:

If a revised form is submitted, date of submission:

VERSA Development	Medano Heights Apartments	17-Aug-18

TYPE — U N I T SQUARE FEET — PROJECT TABULATION — TOTALS

TYPE	UNIT TYPE	GROSS SQ FT	MKT NET SQ FT	HUD NET SQ FT	BLDG TYPE: I			#BLD=	1	BLDG TYPE: II			#BLD=	1	BLD TYPE: III			#BLD=	1	BLDG TYPE: IV			#BLD=	1	BLDG TYPE: V			#BLD=	1	BLDG TYPE: VI			#BLD=	1	BLDG TYPE: VII & VII-H			#BLD=	2	# UNITS BY TYPE	GROSS SQ FT	MKT NET SQ FT	HUD NET SQ FT	SCHEME -2	
																																												8 BLDGS.	
ONE BEDROOM	A1	813	715	664				0	0	4	4		8	8				0	0				0	0				0	0	3	4	4	11	11				0	0	19	15,447	13,585	12,616		13%
	A1-h	813	715	664				0	0				0	0				0	0				0	0				0	0	1			1	1				0	0	1	813	715	664		1%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0	20	13.7%
TWO BEDROOM	B-1-1	1,040	922	861	4	4	2	10	10				0	0				0	0				0	0	3	4	4	11	11	3	4	4	11	11	3.5	4		7.5	15	47	48,880	43,334	40,467		32%
	B1-h	1,040	922	861				0	0				0	0				0	0				0	0	1			1	1	1			1	1	0.5			0.5	1	3	3,120	2,766	2,583		2%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0	50	34.2%
THREE BDRM	C-1	1,277	1,159	1,086	4	4		8	8				0	0	4	4		8	8	6	8		14	14	3	4	4	11	11				0	0	4	4		8	16	57	72,789	66,063	61,902		39%
	C1-h	1,277	1,159	1,086				0	0				0	0				0	0	2			2	2	1			1	1				0	0				0	0	3	3,831	3,477	3,258		2%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0		0%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0	60	41.1%
FOUR BDRM	D-1	1,514	1,394	1,310				0	0	4	4		8	8	3	4		7	7				0	0				0	0				0	0				0	0	15	22,710	20,910	19,650		10%
	D1-h	1,514	1,394	1,310				0	0				0	0	1			1	1				0	0				0	0				0	0				0	0	1	1,514	1,394	1,310		1%
								0	0				0	0				0	0				0	0				0	0				0	0				0	0	0	0	0	0	16	11%
TOTALS					8	8	2	18	18	8	8	0	16	16	8	8	0	16	16	8	8	0	16	16	8	8	8	24	24	8	8	8	24	24	8	8	0	16	32	146	169,104	152,244	142,450	146	100%
					1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE I	1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE II	1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE III	1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE IV	1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE V	1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE VI	1ST FLOOR UNITS	2ND FLOOR UNITS	3RD FLOOR UNITS	TOTAL UNITS	TOTAL UNITS BLDG TYPE VII & VII-H		TOTAL GROSS SQ. FT.	TOTAL MARKET SQ. FT.	TOTAL HUD NET SQ. FT.		

This is showing the revised C-1 nra. Rent Schedule shows the old nra of 1097 sqft.

	BLDG TYPE I		BLDG TYPE II		BLDG TYPE III		BLDG TYPE IV		BLDG TYPE V		BLDG TYPE VI		BLDG TYPE VII & VII-H	
	Total Check 18	18	Total Check 8	16	Total Check 8	16	Total Check 16	16	Total Check 24	24	Total Check 24	24	Total Check 16	32
FIRST	9,268		9,308		11,164		10,216		9,268		7,412		9,268	
SECOND	9,268		9,308		11,164		10,216		9,268		7,412		9,268	
THIRD	2,080		0		0		0		9,268		7,412		0	
BY BLDG	20,616		18,616		22,328		20,432		27,804		22,236		18,536	
TOTAL	20,616		18,616		22,328		20,432		27,804		22,236		37,072	

1,158	1,043	976
AVERAGE UNIT SIZES		

GRAND TOTAL **GROSS** UNIT AREA

169,104 GRAND TOTAL **GROSS** UNIT AREA

0

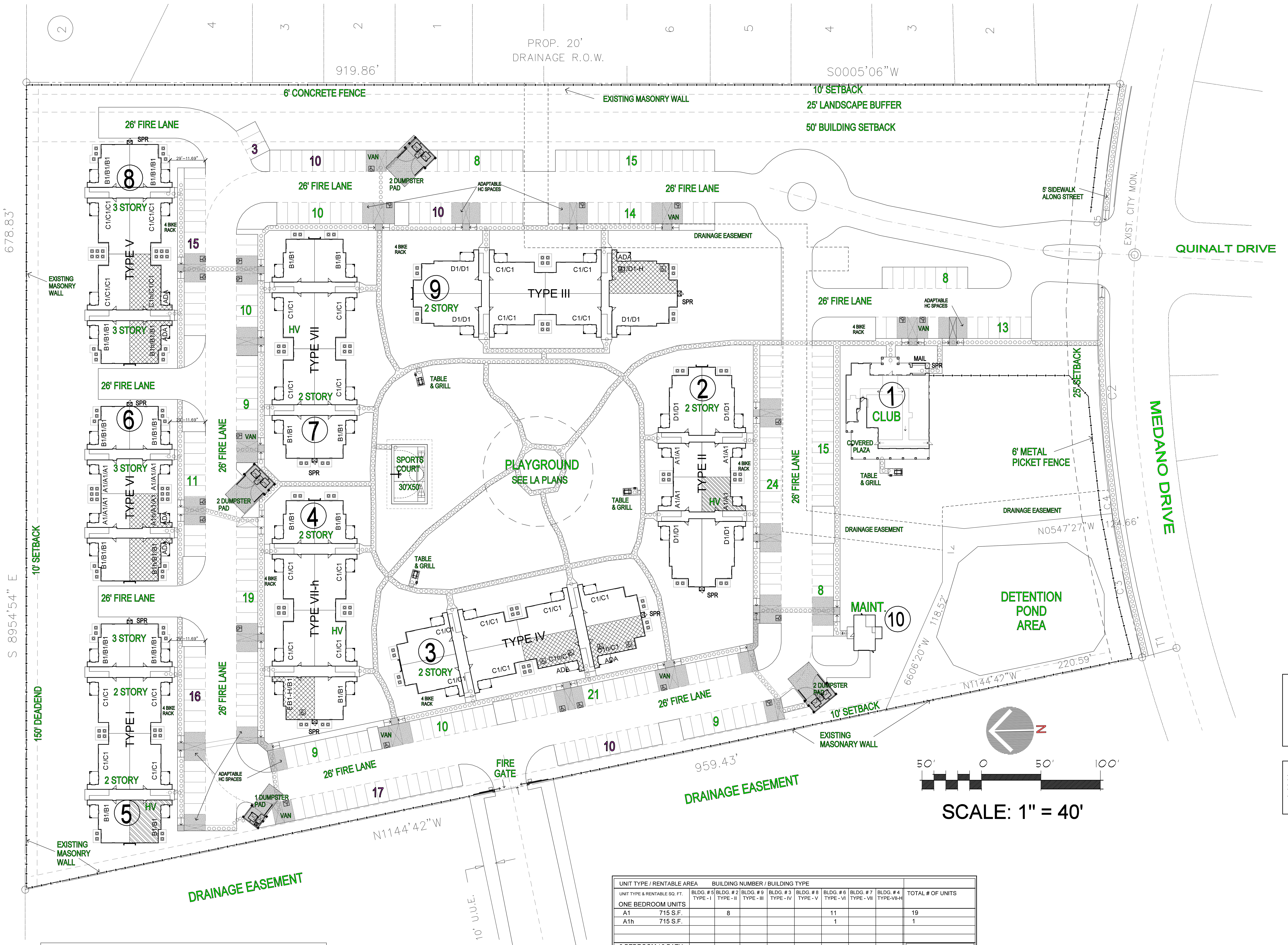
AUG 17, 2018

GNB inc. Gonzalez Newell Bender
URBAN PLANNING ARCHITECTURE

Medano Heights Apartments
El Paso, Texas

EP Medano Heights, LP
7801 Medano Drive, El Paso, TX 79932

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION



LEGEND

SIDEWALK	ACCESSIBILITY PATHWAY
B2-1	UNIT TYPE
7	BUILDING NUMBER
RAMP RAMP	ACCESSIBLE PARKING SPACES WITH - 1.8% SLOPE MAX. ALL DIRECTIONS.
	HC PARKING POLE SIGN REQUIRED AT EACH HC. SPACE
FH	FIRE HYDRANT
SPR	BUILDING SPRINKLER ROOM
	HANDICAP & HEARING/ VISION UNITS
	- HEARING & VISION IMPAIRED UNITS

PARKING TABULATION

254 - OPEN SPACES
15 - HC SPACES
7 - VAN SPACES
18 - VISITOR SPACES at club
294 - TOTAL SPACES

CITY PARKING REQUIREMENT

1 BEDROOM UNITS = 20 X 1.0 = 20 SPACES
2 BEDROOM UNITS = 50 X 2 = 100 SPACES
3 BEDROOM UNITS = 60 X 2 = 120 SPACES
4 BEDROOM UNITS = 16 X 2 = 32 SPACES
TOTAL REQ. PARKING = 272 SPACES

THIS PROPERTY LIES WITHIN ZONE "C" OF THE FLOOD INSURANCE RATE MAPS. ZONE "C" INDICATES AREAS OF MINIMAL FLOODING.

THE CITY WILL REQUIRE THE SITE STORM WATER TO BE PROPERLY CONVEYED TO A RETENTION POND.

UNIT TYPE / RENTABLE AREA	BUILDING NUMBER / BUILDING TYPE								
UNIT TYPE & RENTABLE SQ. FT. ONE BEDROOM UNITS	BLDG. # 5 TYPE - I	BLDG. # 2 TYPE - II	BLDG. # 9 TYPE - III	BLDG. # 3 TYPE - IV	BLDG. # 8 TYPE - V	BLDG. # 6 TYPE - VI	BLDG. # 7 TYPE - VII	BLDG. # 4 TYPE-VII-H	TOTAL # OF UNITS
A1 715 S.F.		8				11			19
A1h 715 S.F.						1			1
2 BEDROOM / 2 BATH									20 - 1 BEDROOMS = 13.7%
B1 922 S.F.	10				11	11	8	7	47
B1h 922 S.F.					1	1		1	3
3 BEDROOM / 2 BATH									50 - 2 BEDROOMS = 34.2%
C1 1,159 S.F.	8		8	14	11		8	8	57
C1h 1,159 S.F.				2	1				3
4 BEDROOM / 2 BATH									60 - 3 BEDROOMS = 41.1%
D1 1,394 S.F.		8	7						15
D1h 1,394 S.F.			1						1
CLUB # 1 - MAINT. #10									16 - 4 BEDROOMS = 11%
GRAND TOTALS	18	16	16	16	24	24	16	16	146 TOTAL UNITS

CONCEPTUAL SITE PLAN

146 UNIT APARTMENT PROJECT
TWO & THREE STORY BUILDINGS
ON A 11.67 ACRE SITE
THIS SET IS NOT FOR CONSTRUCTION

1

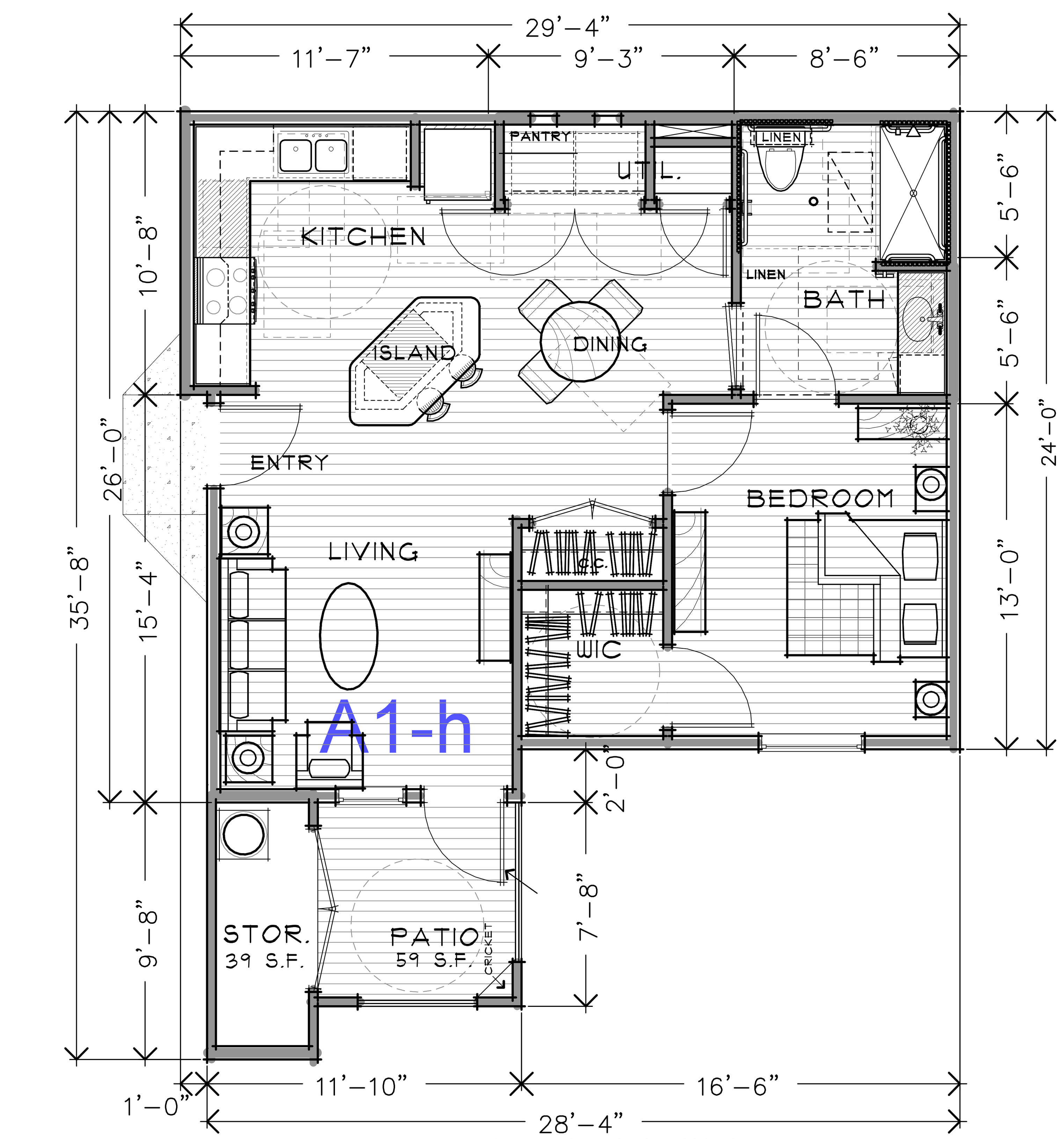
AUG 17, 2018

GNB inc. Gonzalez Newell Bender
URBAN PLANNING ARCHITECTURE

Medano Heights Apartments
El Paso, Texas

EP Medano Heights, LP
7801 Medano Drive, El Paso, TX 79932

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION

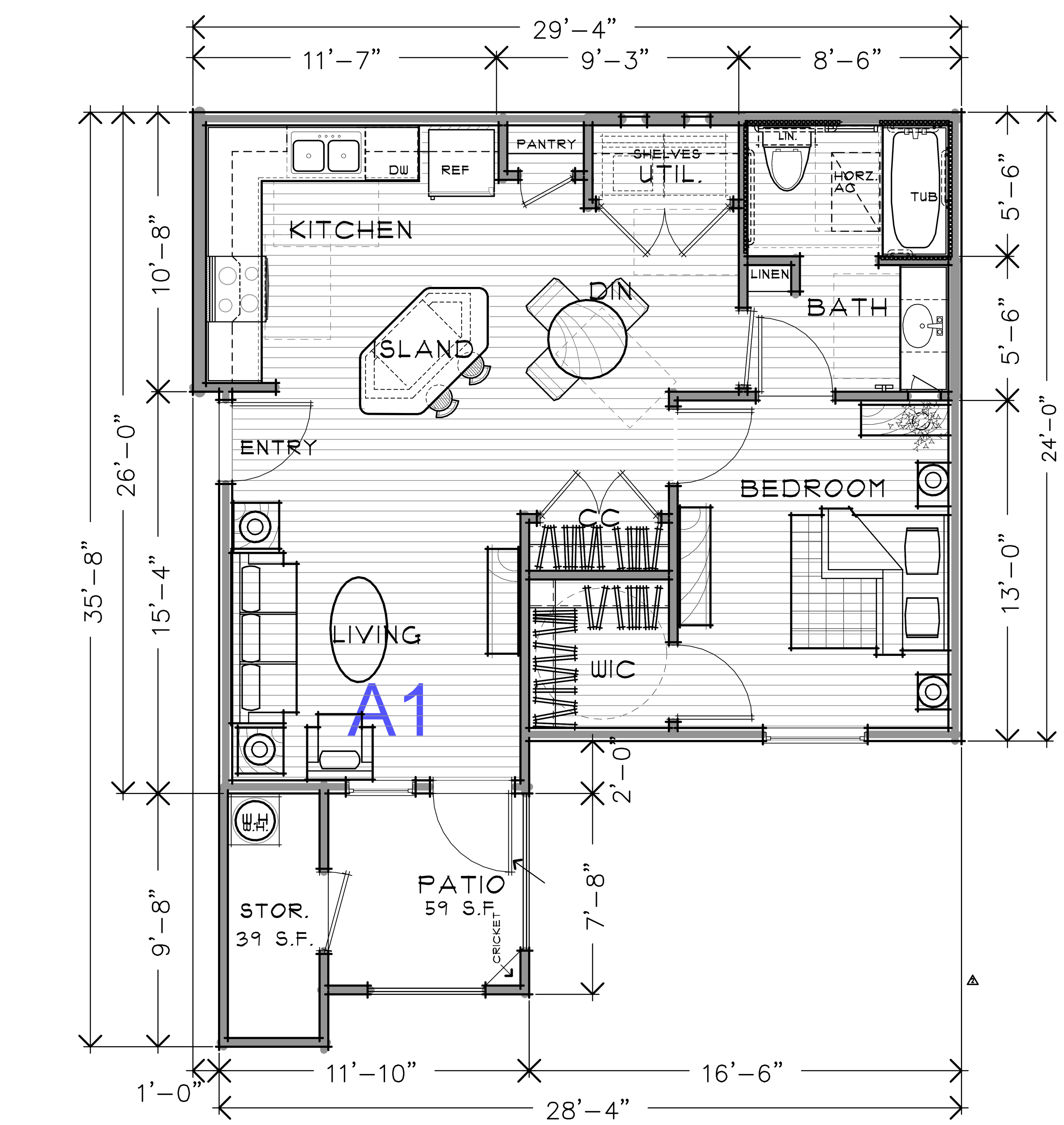


A1-h ADA UNIT unit plan

SCALE 1/4"=1'-0"

ONE BEDROOM – ONE BATH

NET RENTABLE (HUD GROSS) AREA = 715 S.F.
PATIO + STORAGE AREA = 98 S.F.
GROSS (+ PATIO + STORAGE) UNIT AREA = 813 S.F.
HVAC (HUD NET) AREA = 664 S.F.



A1 unit plan

ONE BEDROOM – ONE BATH

NET RENTABLE (HUD GROSS) AREA = 715 S.F.
PATIO + STORAGE AREA = 98 S.F.
GROSS (+ PATIO + STORAGE) UNIT AREA = 813 S.F.
HVAC (HUD NET) AREA = 664 S.F.

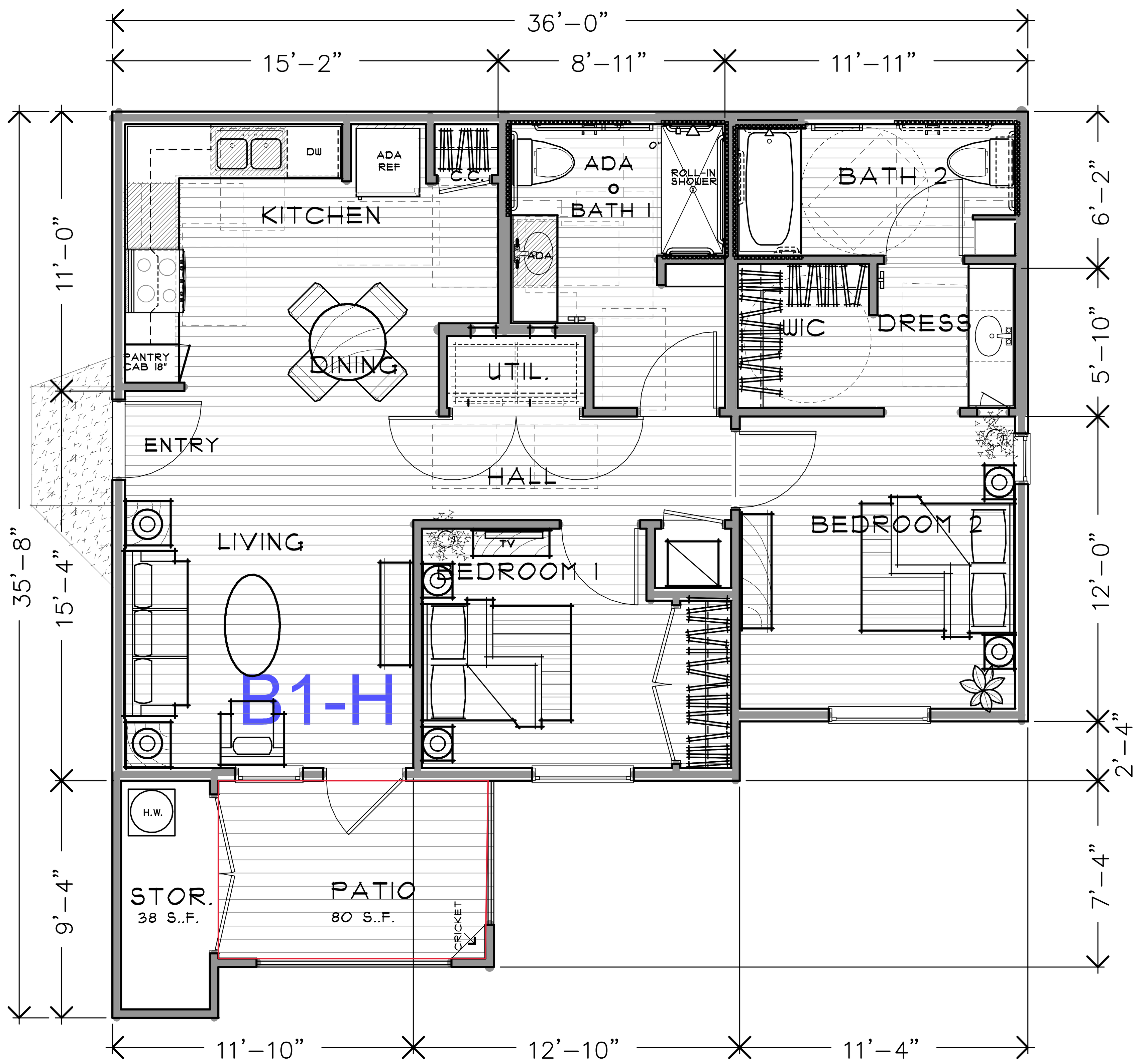
2

AUG 17, 2018

GNB inc. Gonzalez Newell Bender
URBAN PLANNING ARCHITECTURE

Medano Heights Apartments
El Paso, Texas

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION



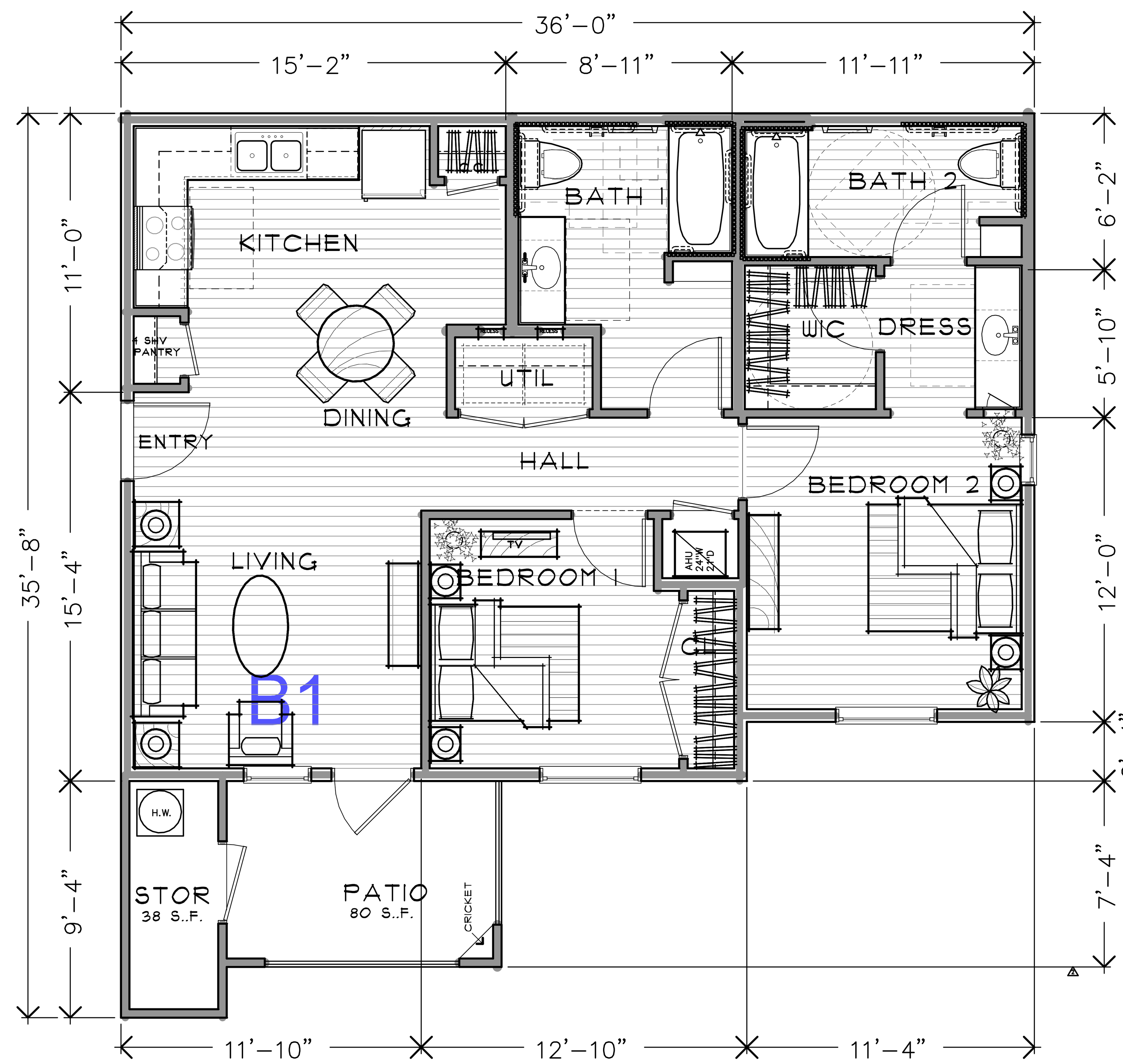
ADA UNIT

B1-h unit plan

SCALE 1/4"=1'-0"

TWO BEDROOM - TWO BATH

NET RENTABLE AREA (HUD GROSS) = 922 S.F.
GROSS (+PATIO + STORAGE) AREA = 1,040 S.F.
PATIO + STORAGE AREA = 118 S.F.
HVAC AREA (HUD NET) = 861 S.F.



B1-1 unit plan

SCALE 1/4"=1'-0"

TWO BEDROOM - TWO BATH

NET RENTABLE AREA (HUD GROSS) = 922 S.F.
GROSS (+PATIO + STORAGE) AREA = 1,040 S.F.
PATIO + STORAGE AREA = 118 S.F.
HVAC AREA (HUD NET) = 861 S.F.

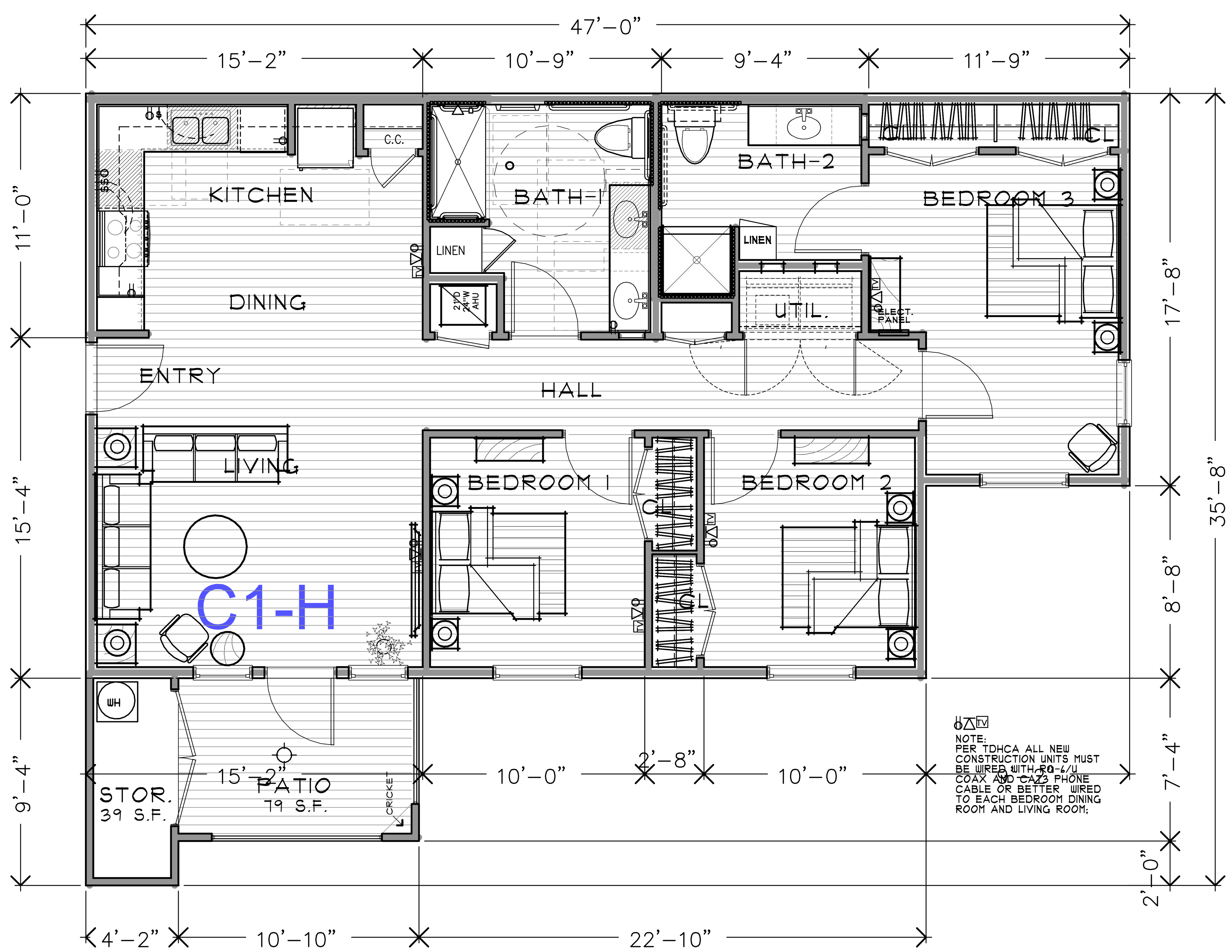
3

AUG 17, 2018

GNB inc. Gonzalez Newell Bender
URBAN PLANNING ARCHITECTURE

Medano Heights Apartments
El Paso, Texas

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION

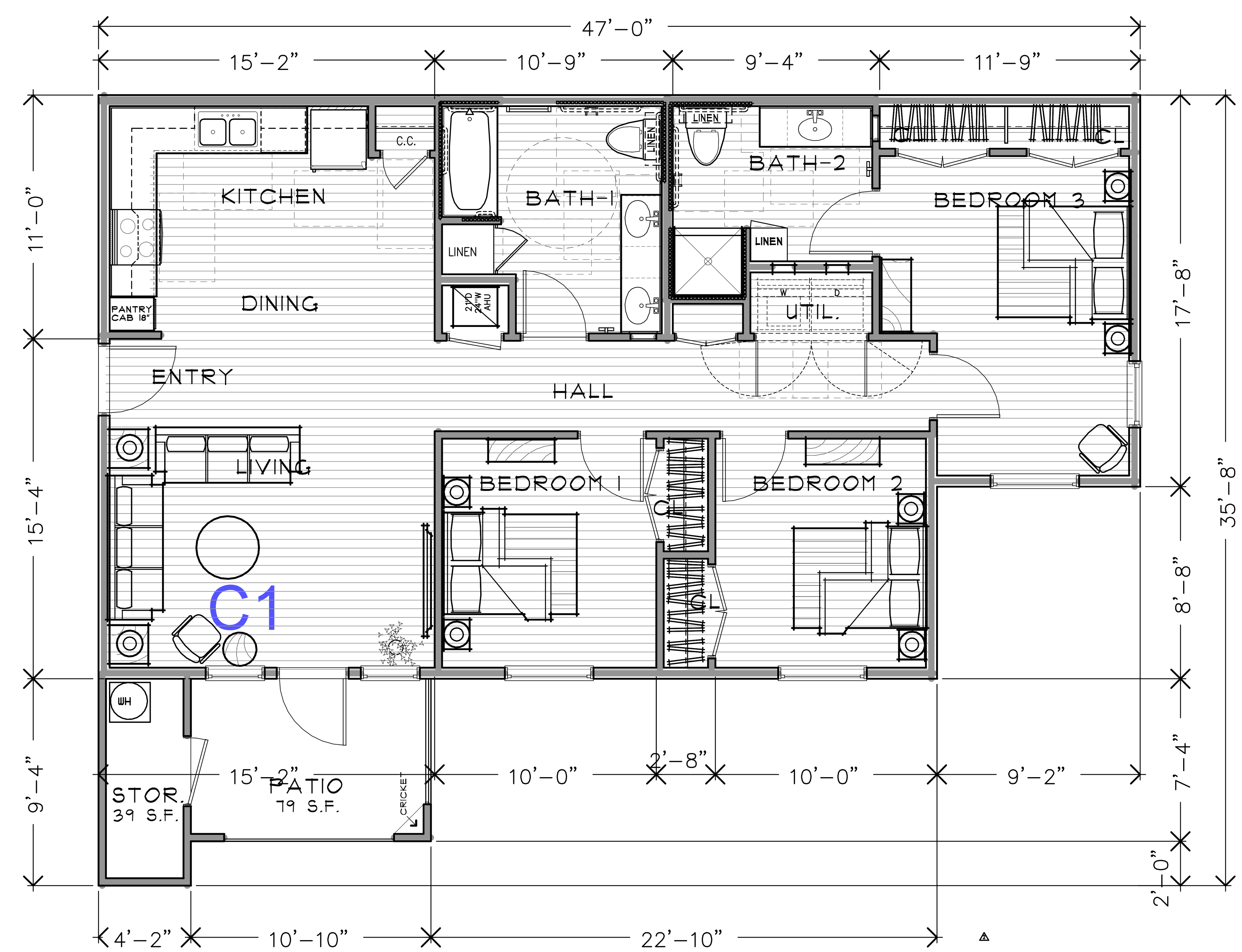


C1-H unit plan

SCALE: 1/4" = 1'-0"

THREE BEDROOM / 2 BATH

NET RENTABLE AREA (HUD GROSS) = 1,159 S.F.
PATIO + STORAGE AREA = 118 S.F.
GROSS (+ PATIO + STORAGE) AREA = 1,277 S.F.
HVAC AREA (HUD NET) = 1,086 S.F.



C1-1 unit plan

SCALE: 1/4" = 1'-0"

THREE BEDROOM / 2 BATH

NET RENTABLE AREA (HUD GROSS) = 1,159 S.F.
PATIO + STORAGE AREA = 118 S.F.
GROSS (+ PATIO + STORAGE) AREA = 1,277 S.F.
HVAC AREA (HUD NET) = 1,086 S.F.

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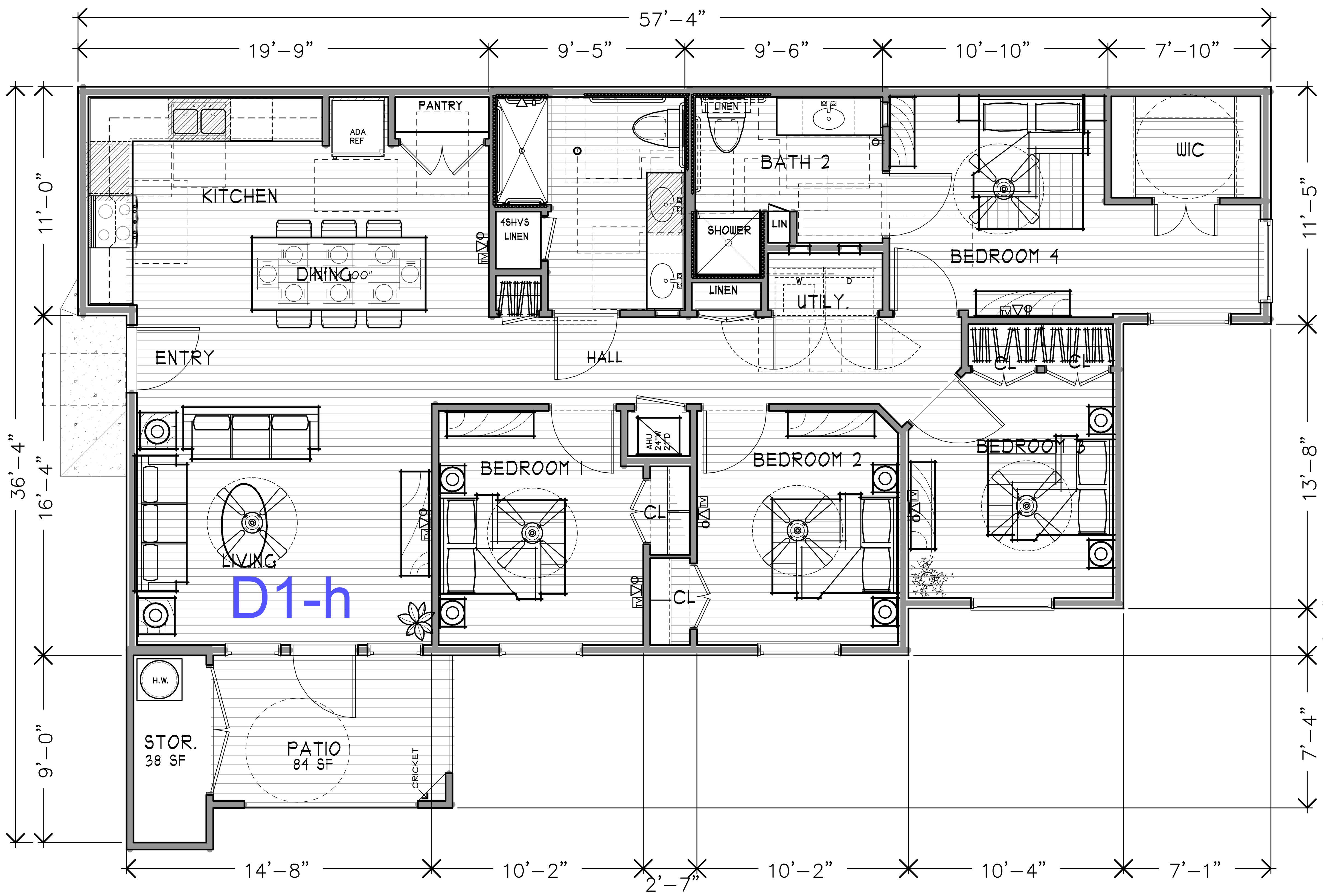

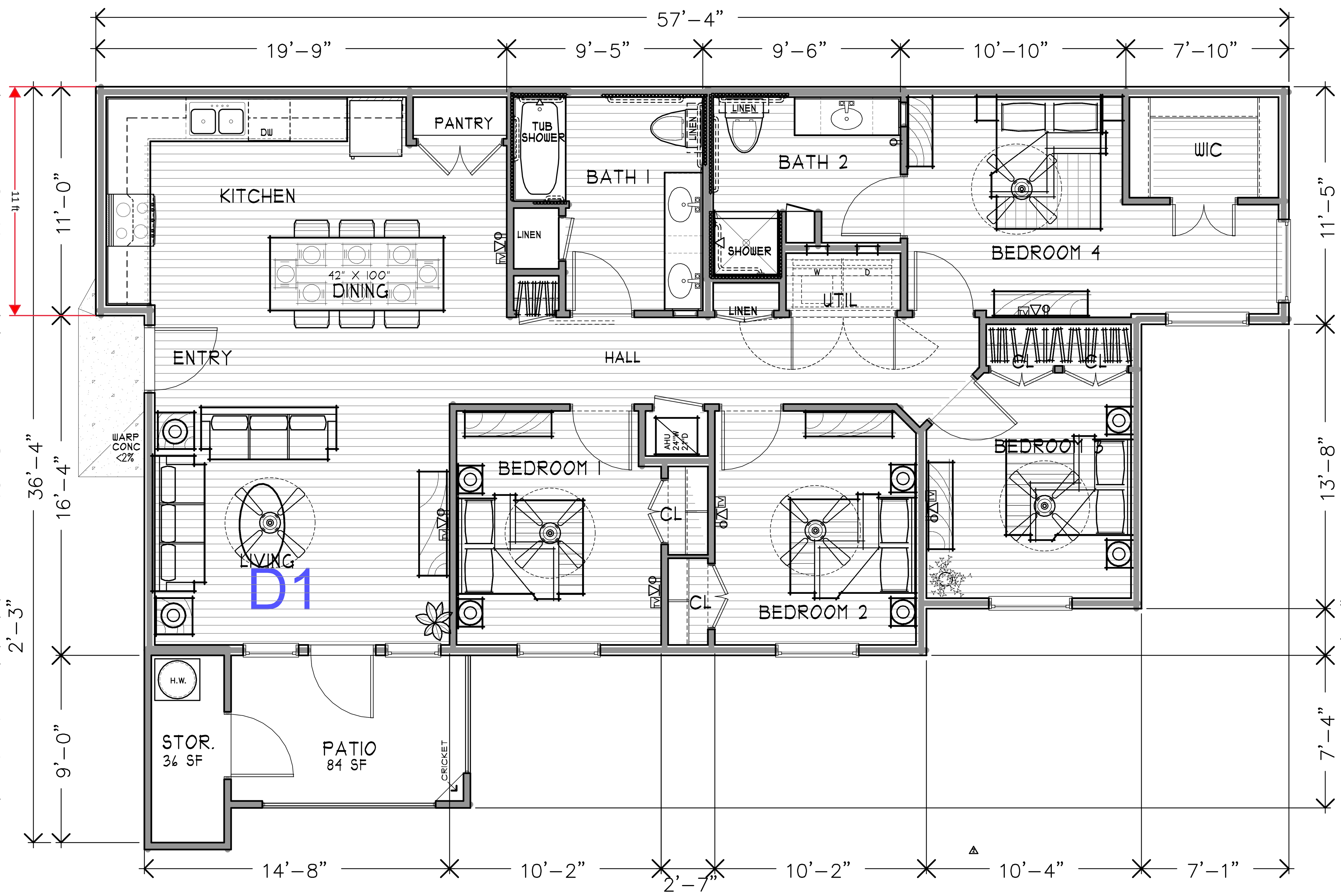

D1-h unit plan ADA UNIT

SCALE: 1/4" = 1'-0"

4 BEDROOM - 2 BATH

NET RENTABLE AREA = 1,394 S.F.
PATIO + STORAGE AREA = 120 S.F.
GROSS (+ PATIO + STORAGE) AREA = 1,514 S.F.
HUD NET AREA = 1,310 S.F.

D1 unit plan

SCALE: 1/4" = 1'-0"

4 BEDROOM - 2 BATH

NET RENTABLE AREA = 1,394 S.F.
PATIO + STORAGE AREA = 120 S.F.
GROSS (+ PATIO + STORAGE) AREA = 1,514 S.F.
HUD NET AREA = 1,310 S.F.

5

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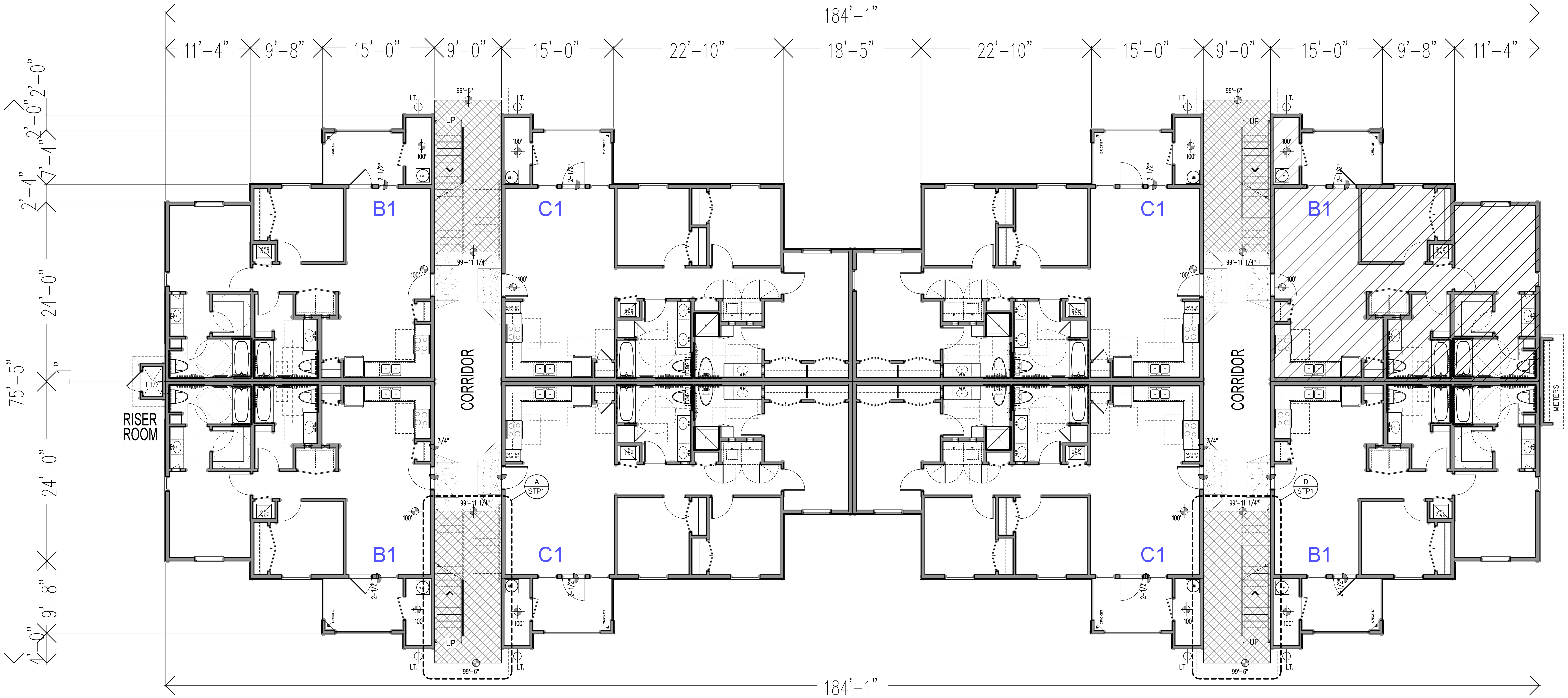

BUILDING TYPE I - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT B1		UNIT C1	
NET	922	NET	1,159
BALCONY	80	BALCONY	79
STORAGE	38	STORAGE	39

BUILDING TYPE I AREAS							
FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS		TOTALS
UNIT	8,324	UNIT	8,324	UNIT	1844	18,492
BALCONY	636	BALCONY	636	BALCONY	160	1,432
STORAGE	308	STORAGE	308	STORAGE	76	692
BREEZEWAY	1,286	BREEZEWAY	812	BREEZEWAY	314	2,412
TOTAL	10,554	TOTAL	10,080	TOTAL	2,394	23,028

UNIT B1	4	4	2	10
UNIT C1	4	4		8
			UNIT TOTALS	18

6

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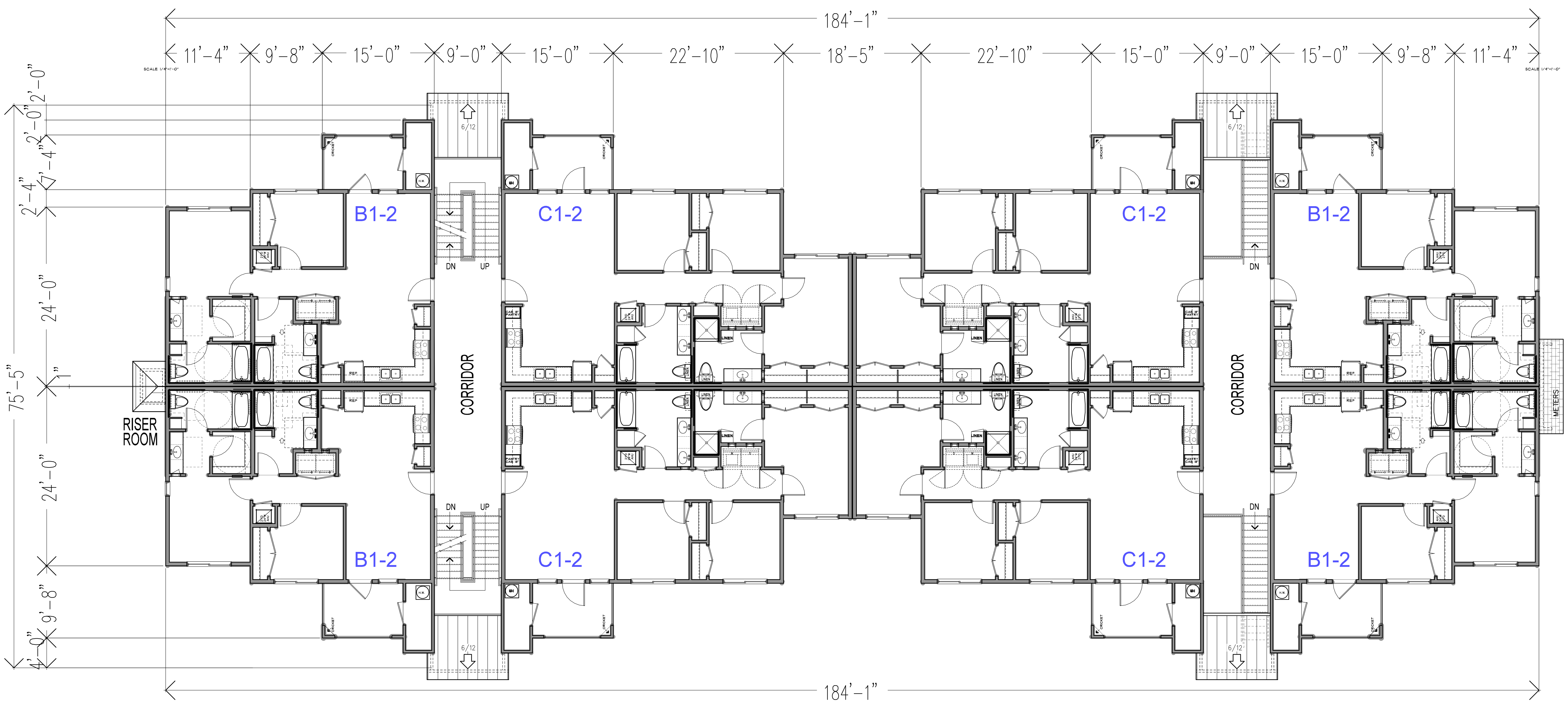

BUILDING TYPE I - SECOND FLOOR

SCALE: 1/8"=1'-0"

7

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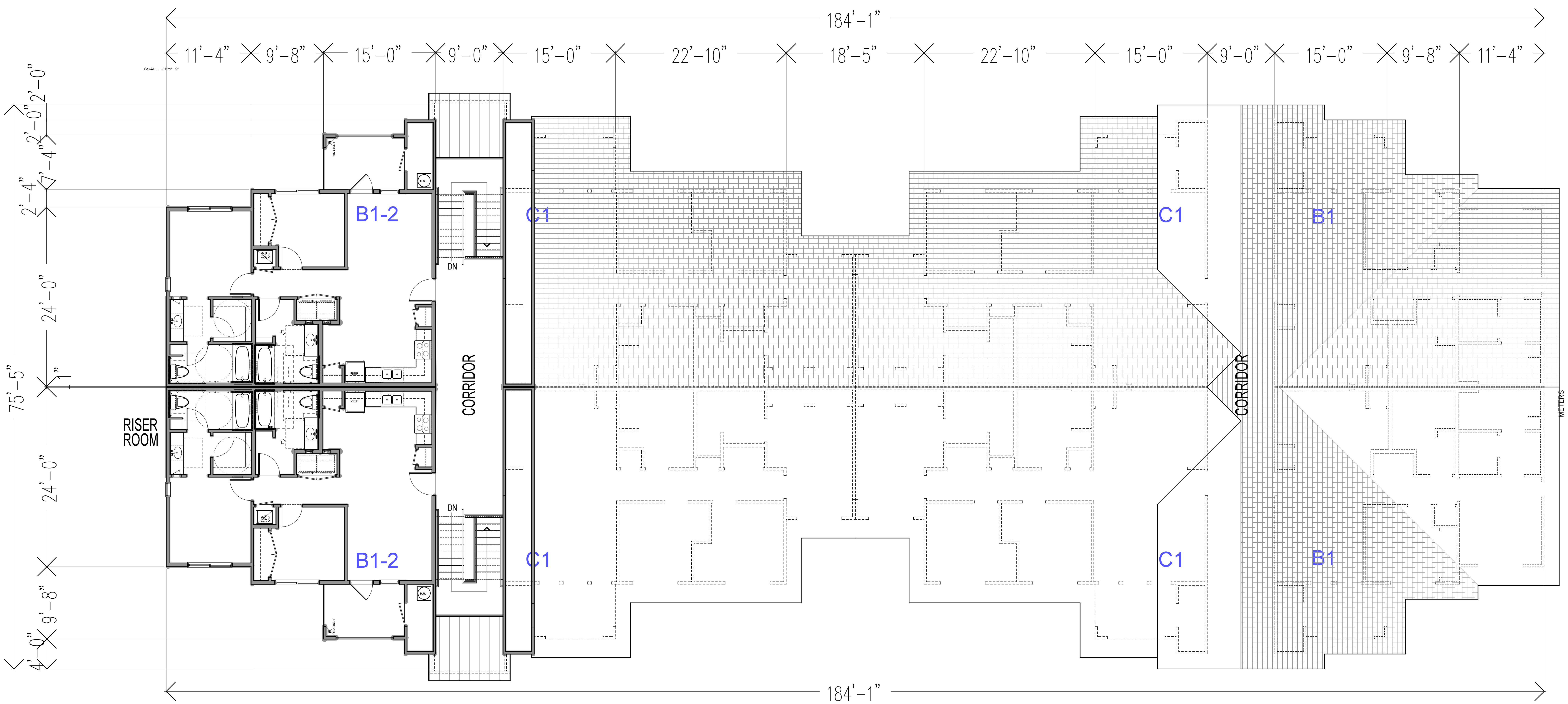

BUILDING TYPE I - THIRD FLOOR

SCALE: 1/8"=1'-0"

8

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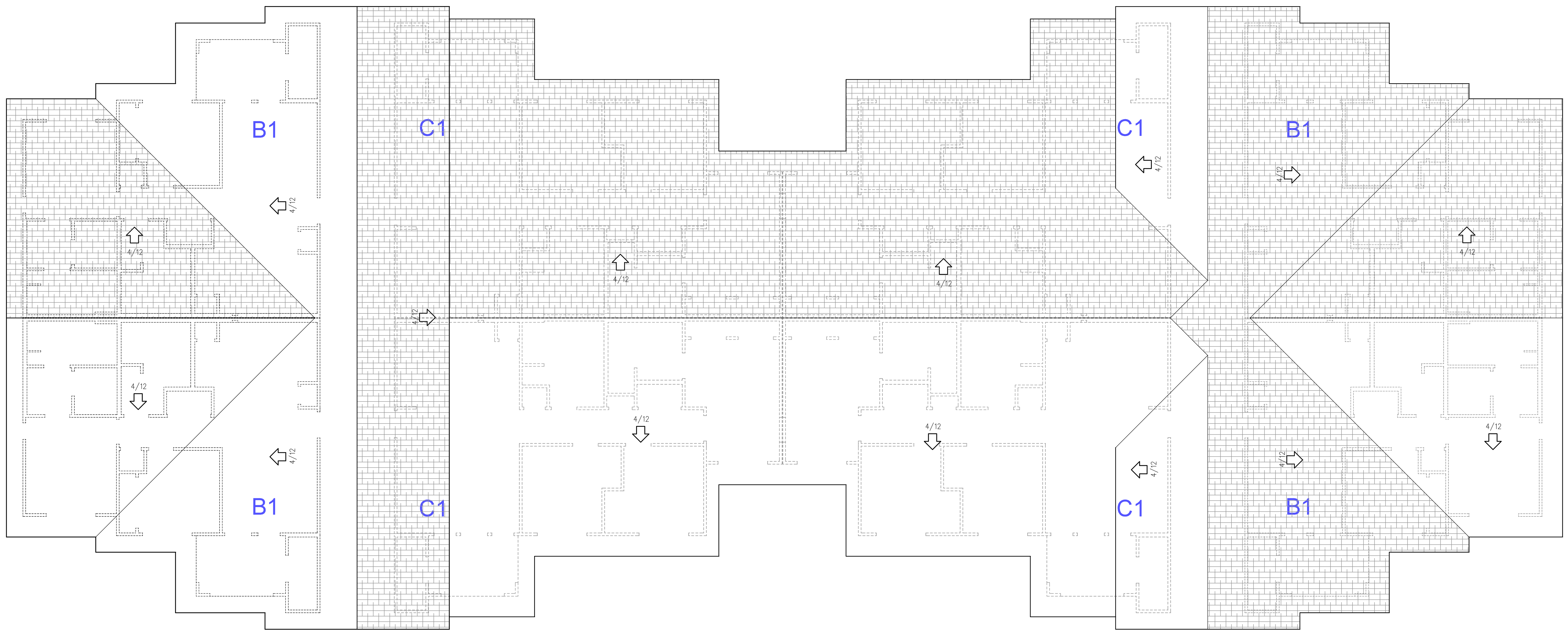

ROOF PLAN BUILDING TYPE I

SCALE: 1/8"=1'-0"

9

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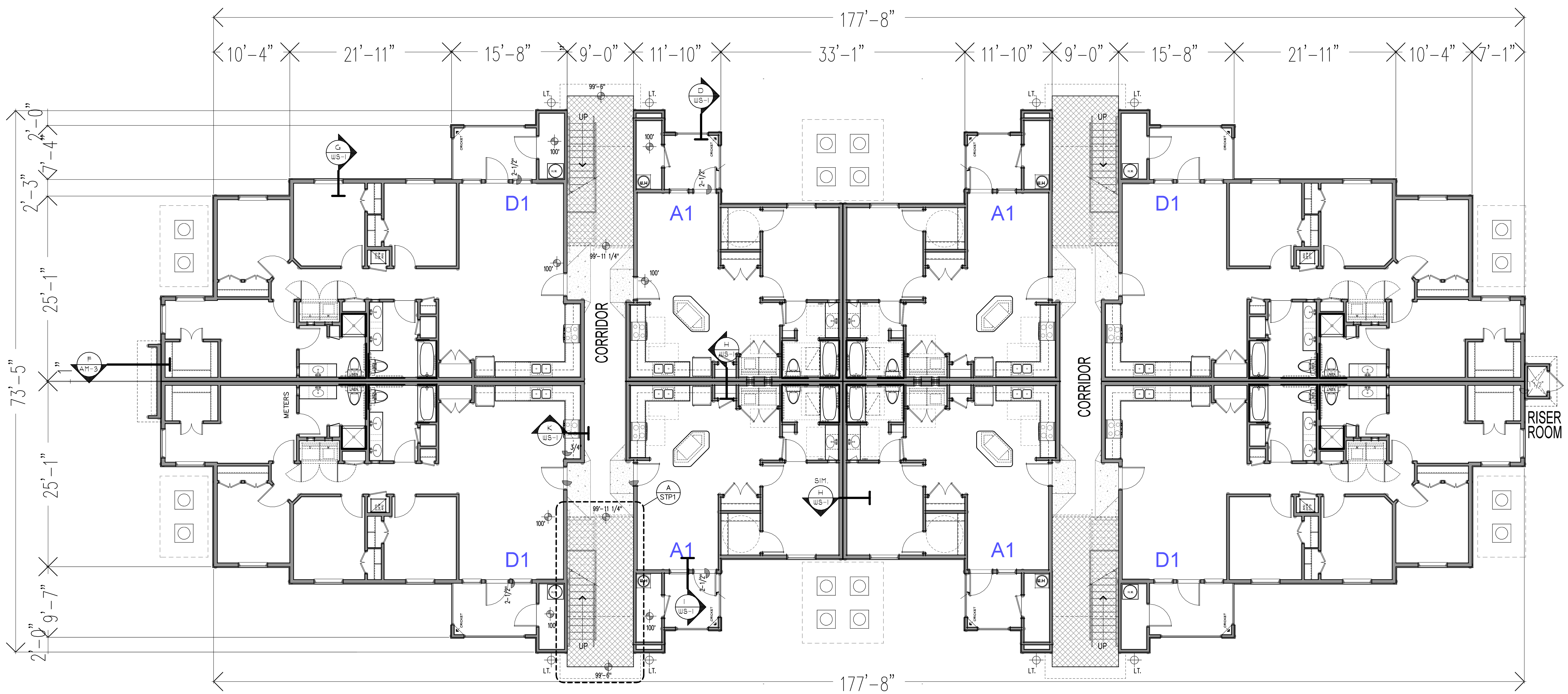
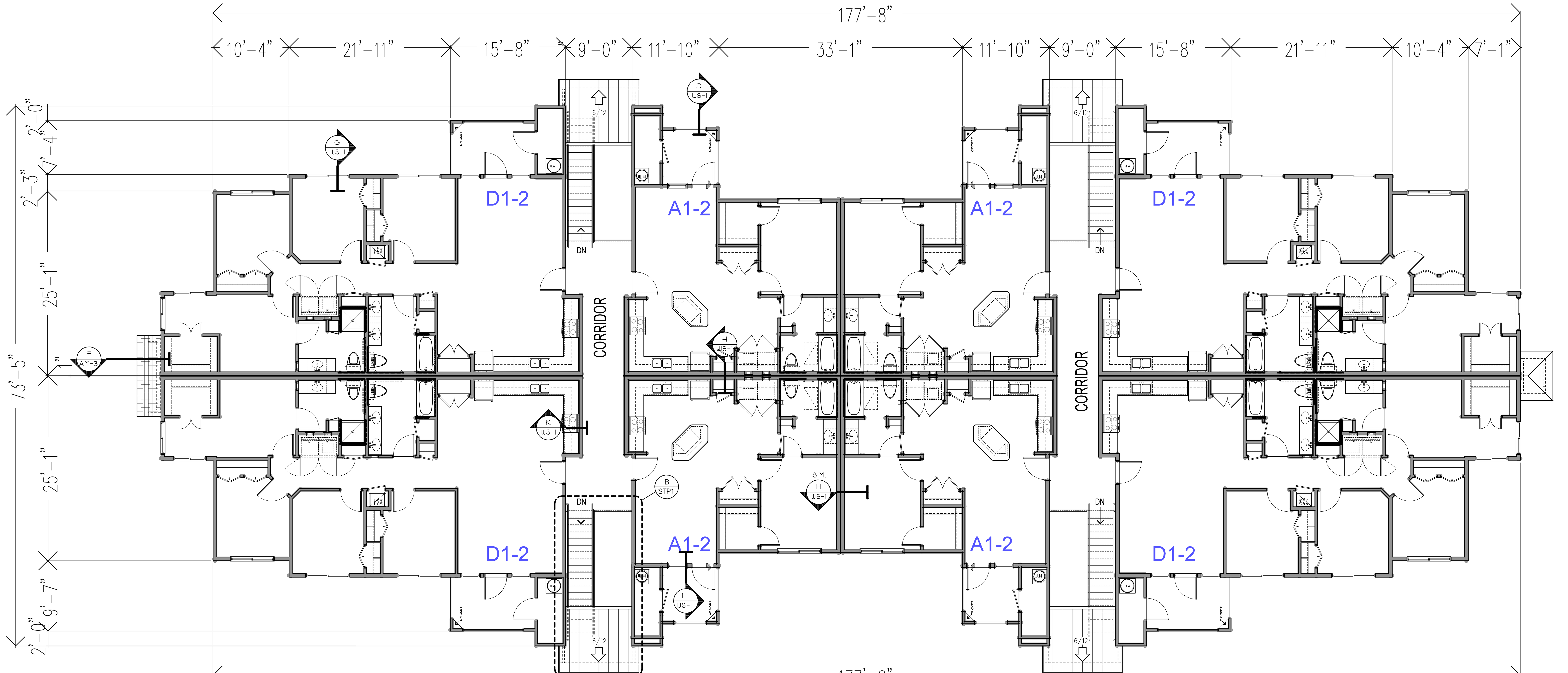


BUILDING TYPE II - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT A1		UNIT D1	
NET	715	NET	1,394
BALCONY	59	BALCONY	84
STORAGE	39	STORAGE	36

		BUILDING TYPE II AREAS				
		FIRST FLOOR AREAS		SECOND FLOOR AREAS		TOTALS
		UNIT	8,436	UNIT	8,436	16,872
		BALCONY	572	BALCONY	572	1,144
		STORAGE	300	STORAGE	300	600
		BREEZEWAY	1,140	BREEZEWAY	468	1,608
		TOTAL	10,448	TOTAL	9,776	20,224
UNIT A1			4		4	8
UNIT D1			4		4	8
				UNIT TOTALS		16



BUILDING TYPE II - SECOND FLOOR

SCALE: 1/8"=1'-0"

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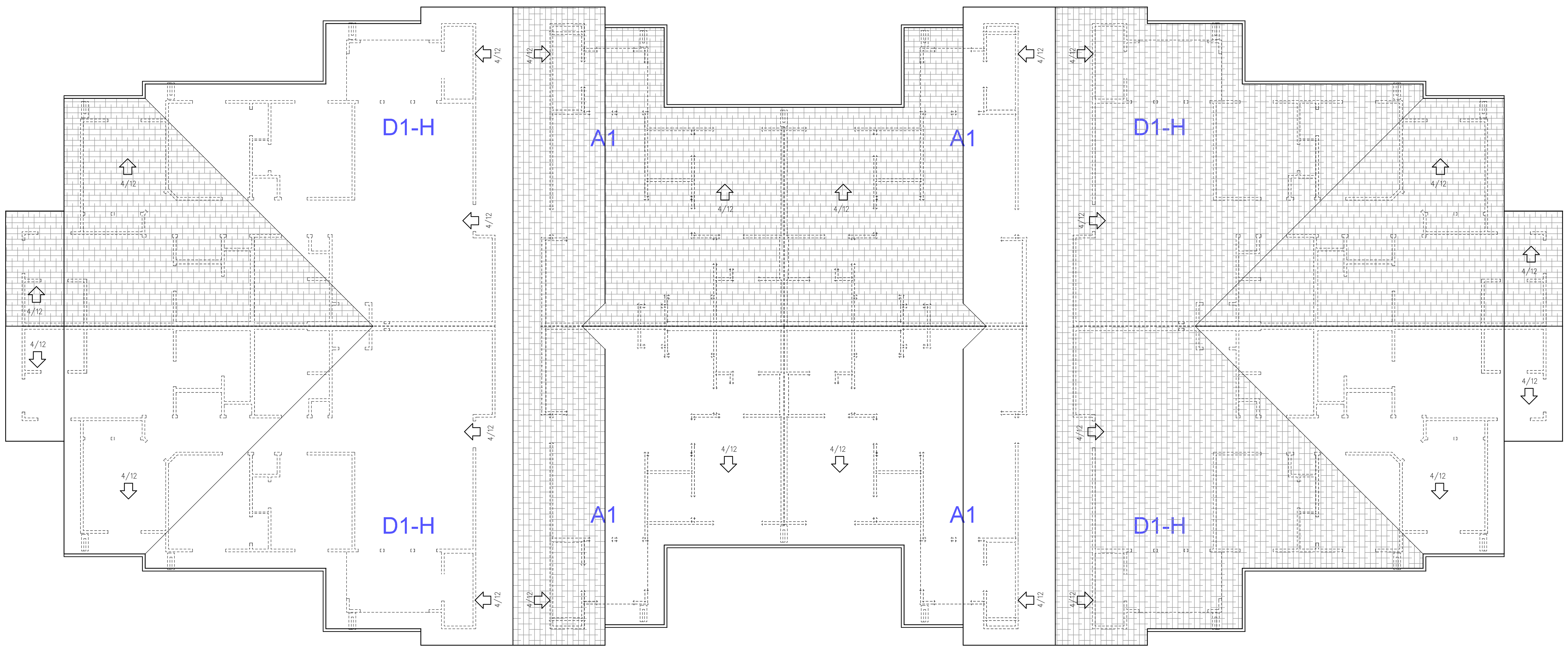

BUILDING TYPE II - ROOF PLAN

SCALE: 1/8"=1'-0"

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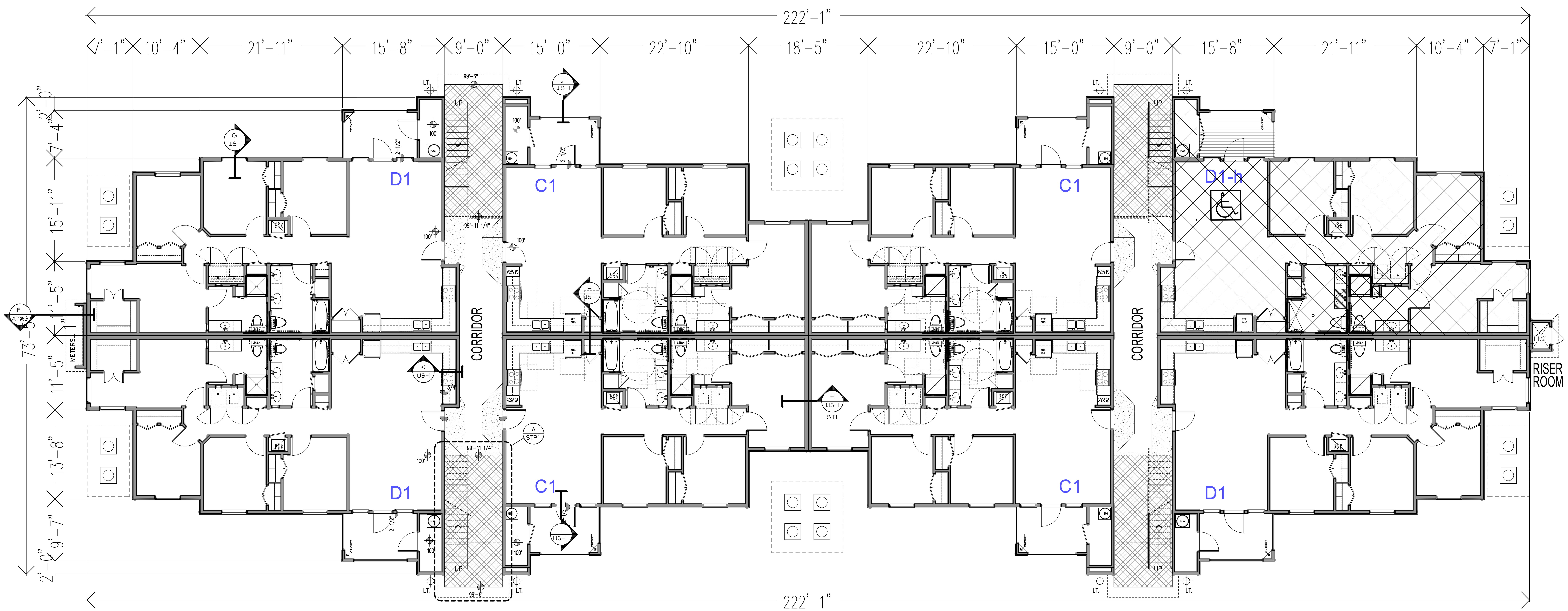

BUILDING TYPE III - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT C1		UNIT D1	
NET	1,159	NET	1,394
BALCONY	79	BALCONY	84
STORAGE	39	STORAGE	36

	BUILDING TYPE IV AREAS						
	FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS		TOTALS
	UNIT	10,212	UNIT	10,212	UNIT	0	20,424
	BALCONY	652	BALCONY	652	BALCONY	0	1,304
	STORAGE	300	STORAGE	300	STORAGE	0	600
	BREEZEWAY	1,322	BREEZEWAY	659	BREEZEWAY	0	1,980
	TOTAL	12,486	TOTAL	11,823	TOTAL	0	24,308
UNIT B1		0		0			0
UNIT C1		8		8			16
						UNIT TOTALS	16

13

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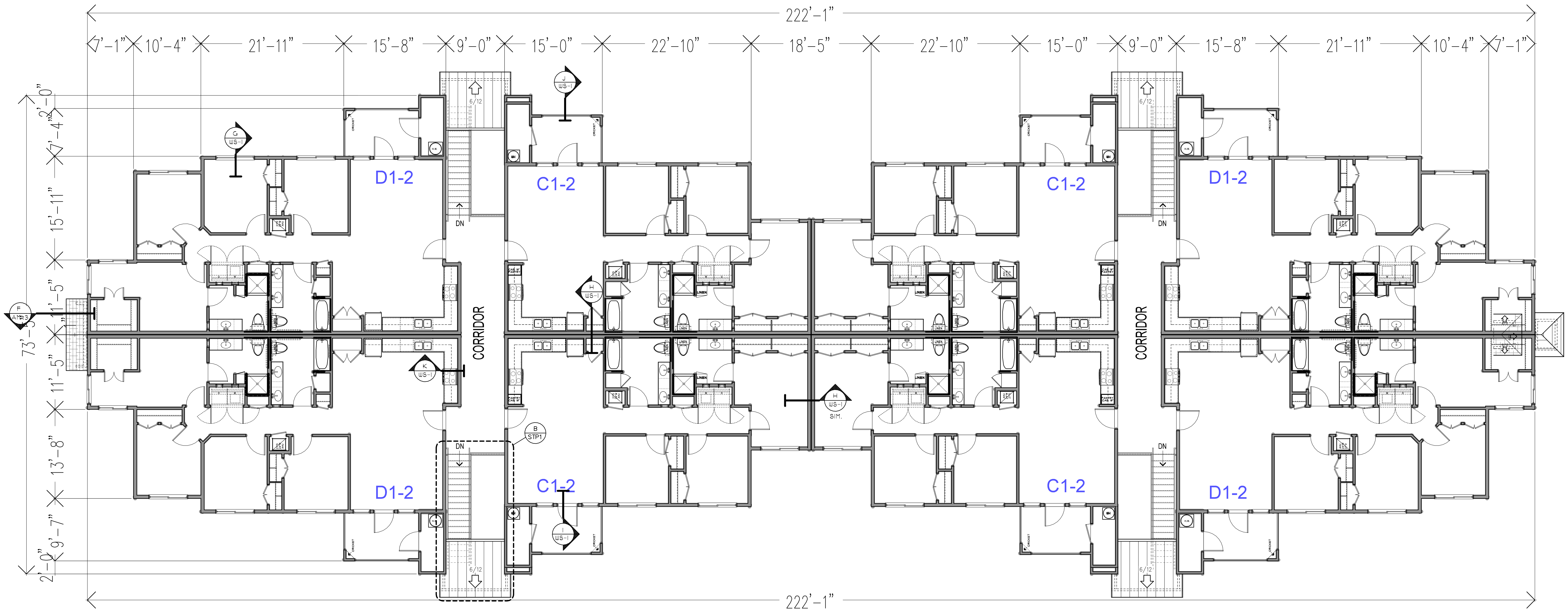

BUILDING TYPE III - SECOND FLOOR

SCALE: 1/8"=1'-0"

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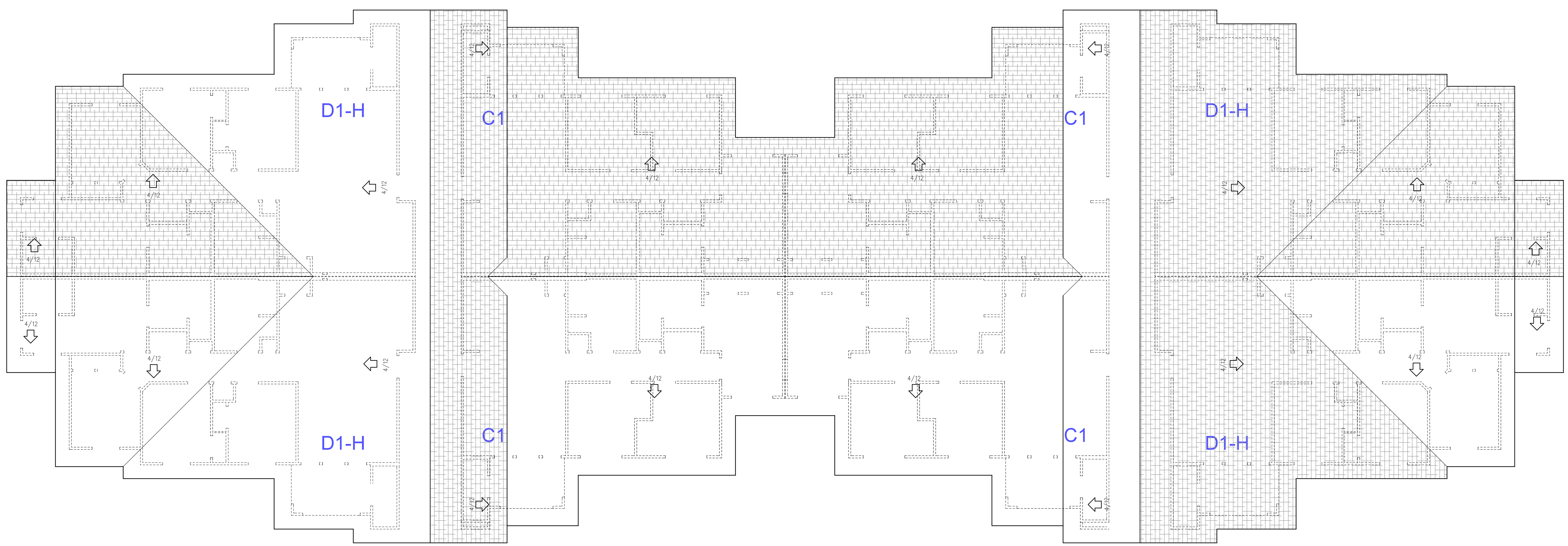

ROOF PLAN BUILDING TYPE III

SCALE : 1/8" = 1'-0"

15

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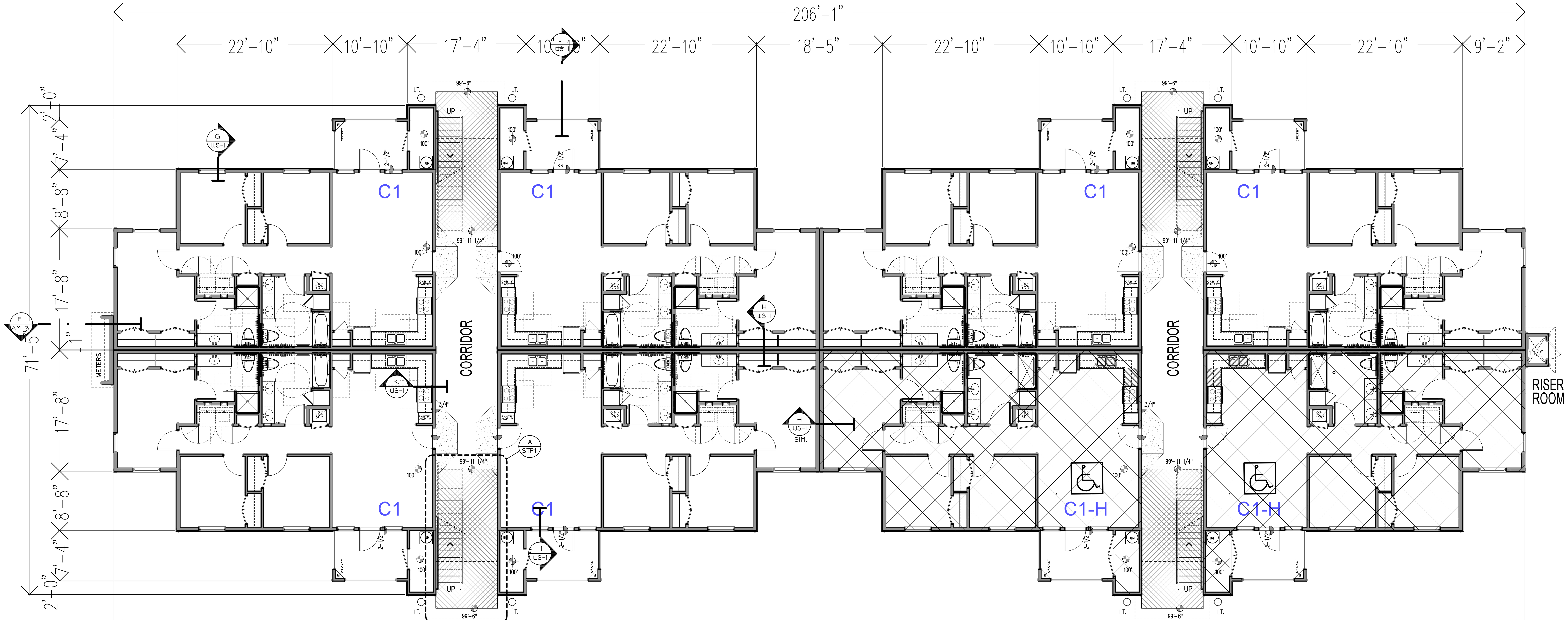

BUILDING TYPE IV - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT		UNIT C1	
NET	0	NET	1,159
BALCONY	0	BALCONY	79
STORAGE	0	STORAGE	39

	BUILDING TYPE IV AREAS						
	FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS		TOTALS
	UNIT	9,272	UNIT	9,272	UNIT	0	18,544
	BALCONY	632	BALCONY	632	BALCONY	0	1,264
	STORAGE	312	STORAGE	312	STORAGE	0	624
	BREEZEWAY	1,286	BREEZEWAY	629	BREEZEWAY	0	1,915
	TOTAL	11,502	TOTAL	10,845	TOTAL	0	22,347
UNIT B1		0		0			0
UNIT C1		8		8			16
						UNIT TOTALS	16

16

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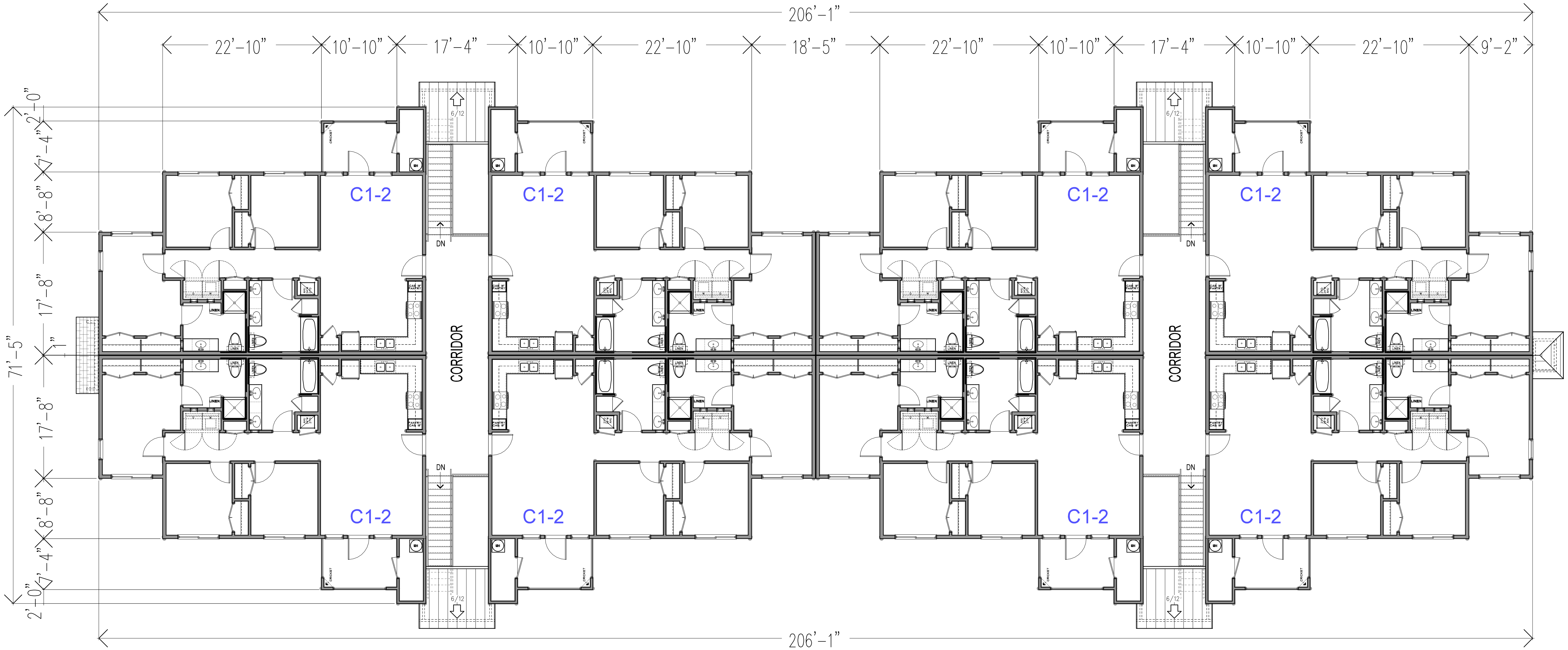

BUILDING TYPE IV - SECOND FLOOR

SCALE: 1/8"=1'-0"

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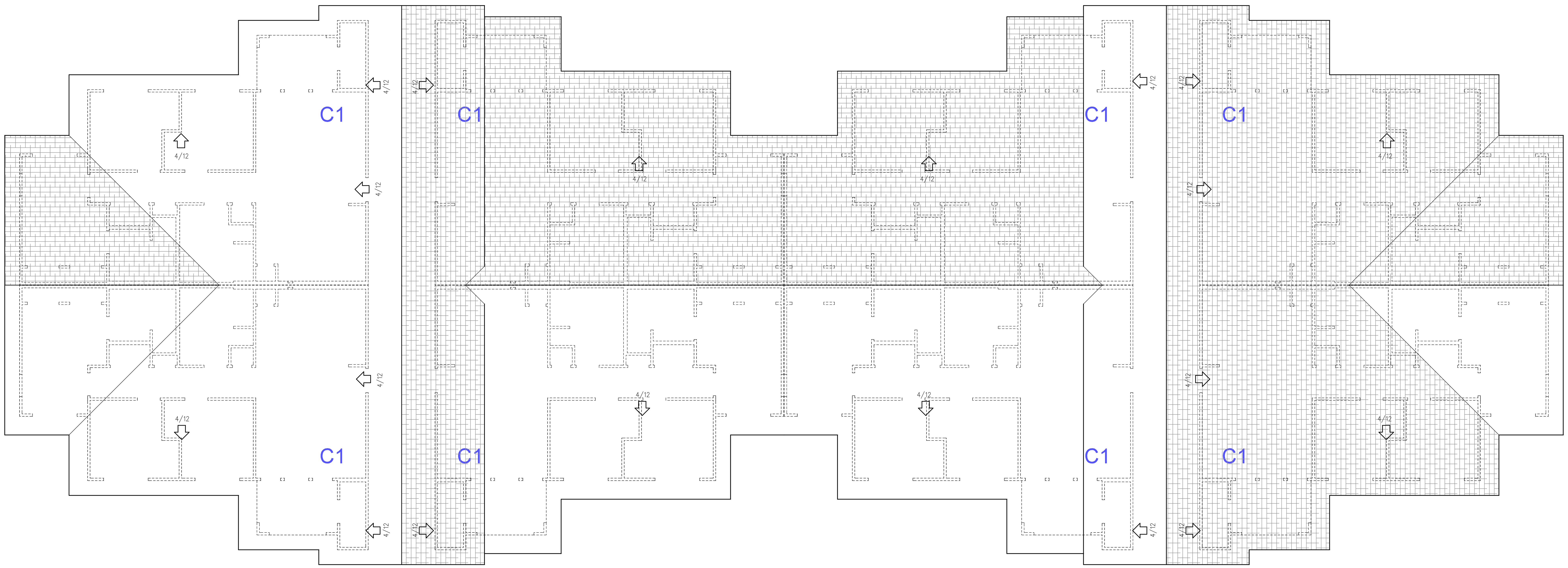

ROOF PLAN BUILDING TYPE IV

SCALE : 1/8" = 1'-0"

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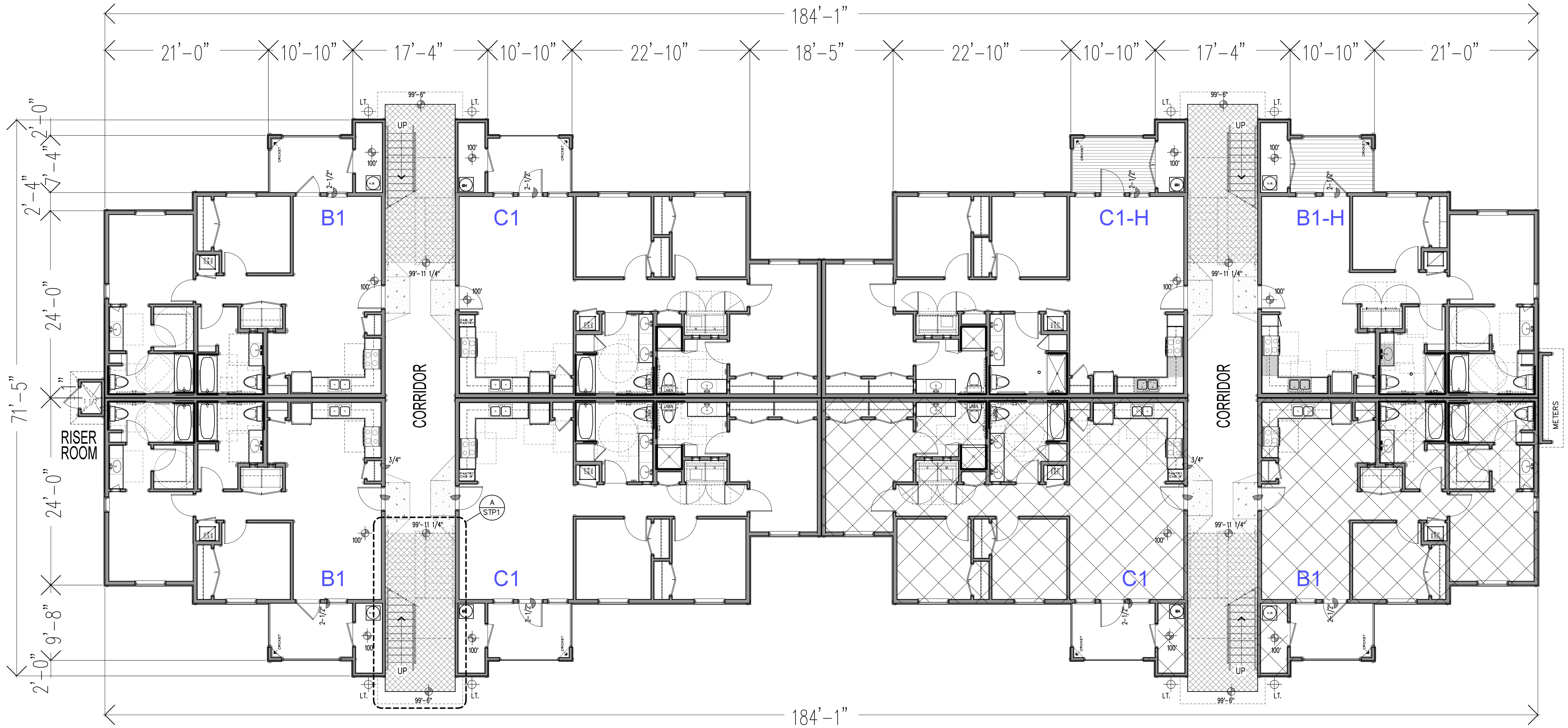

BUILDING TYPE V - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT B1		UNIT C1	
NET	922	NET	1,159
BALCONY	80	BALCONY	79
STORAGE	38	STORAGE	39

	BUILDING TYPE III AREAS						
	FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS		TOTALS
	UNIT	8,324	UNIT	8,324	UNIT	8,324	24,972
	BALCONY	636	BALCONY	636	BALCONY	636	1,908
	STORAGE	308	STORAGE	308	STORAGE	308	924
	BREEZEWAY	1,286	BREEZEWAY	812	BREEZEWAY	629	2,727
	TOTAL	10,554	TOTAL	10,080	TOTAL	9,897	30,531
UNIT B1		4		4		4	12
UNIT C1		4		4		4	12
						UNIT TOTALS	24

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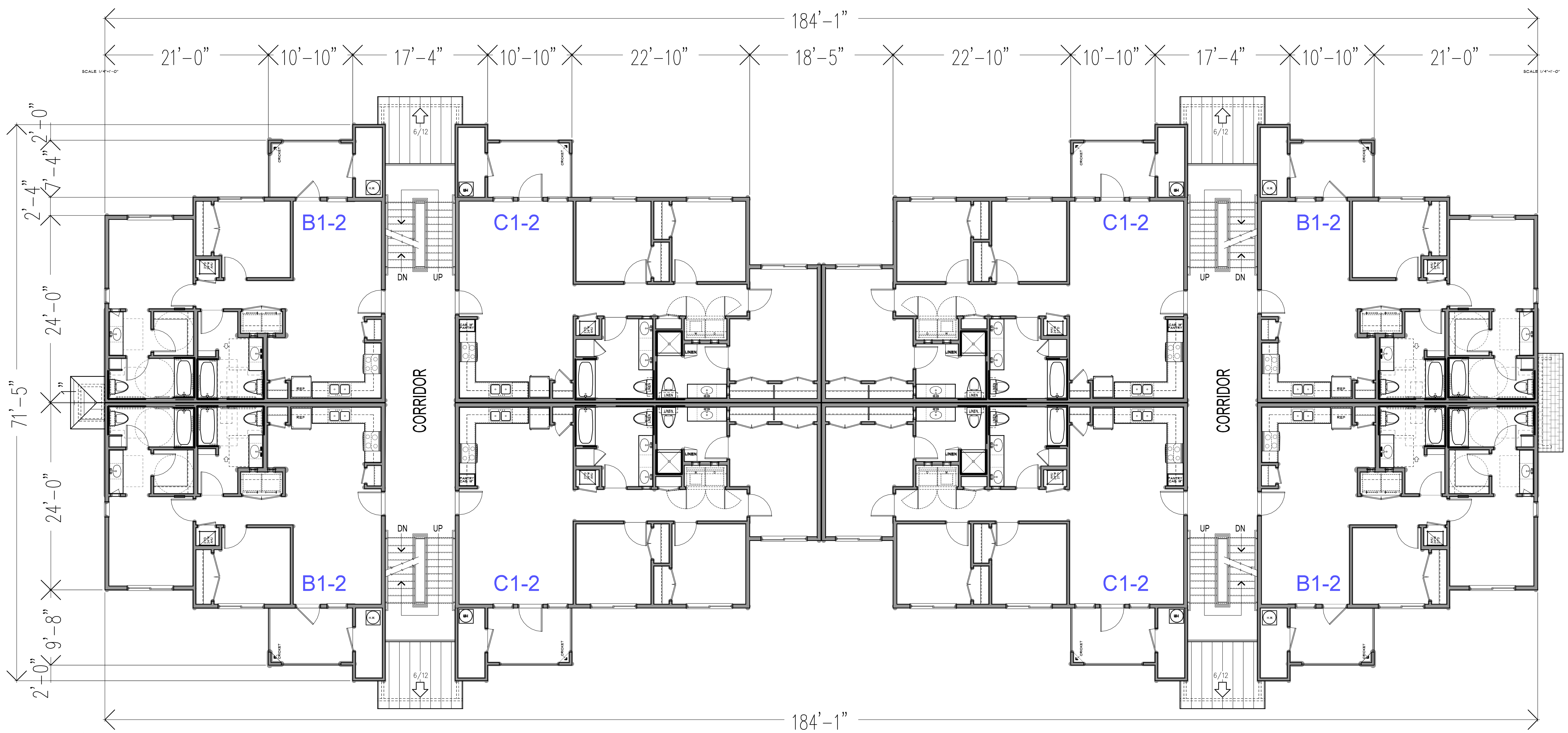

BUILDING TYPE V - SECOND FLOOR

SCALE: 1/8"=1'-0"

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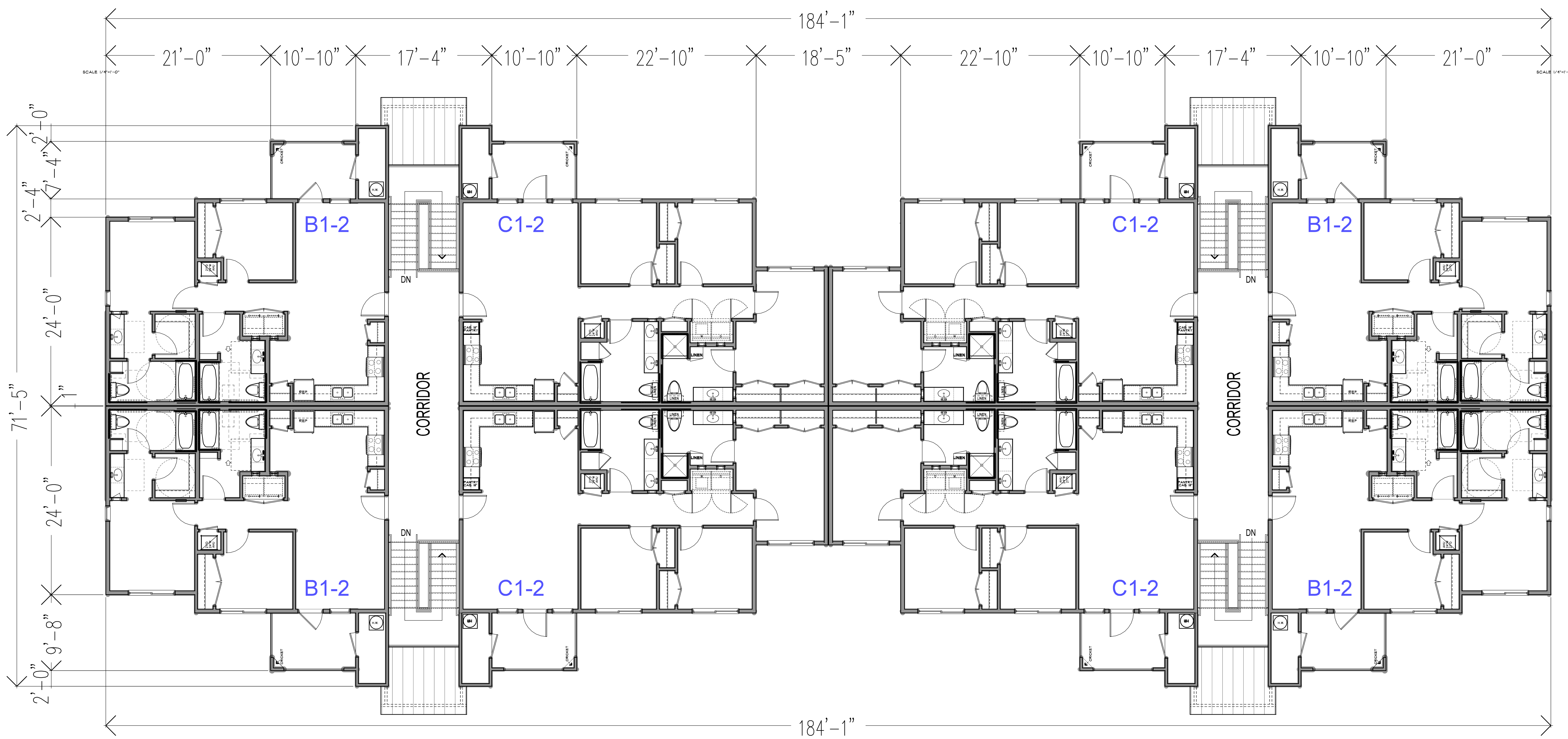

BUILDING TYPE V - THIRD FLOOR

SCALE: 1/8"=1'-0"

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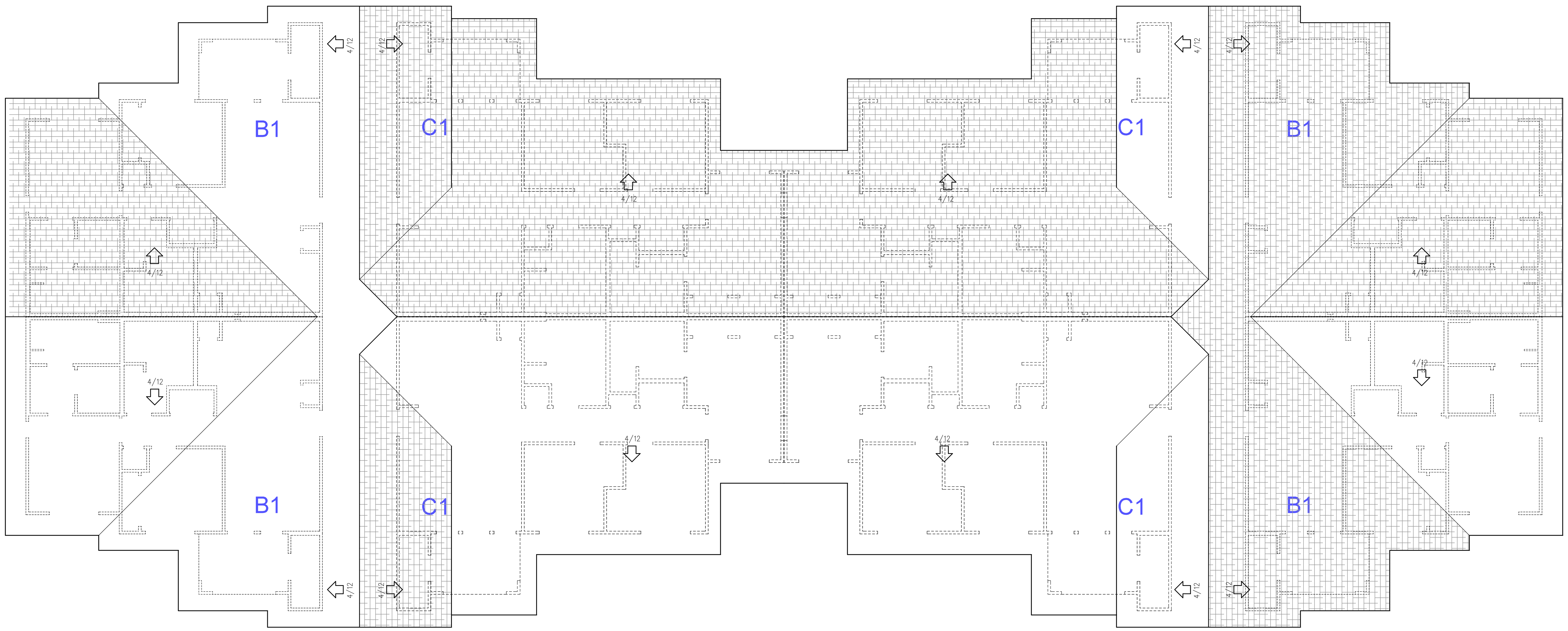

ROOF PLAN BUILDING TYPE V

SCALE : 1/8" = 1'-0"

22

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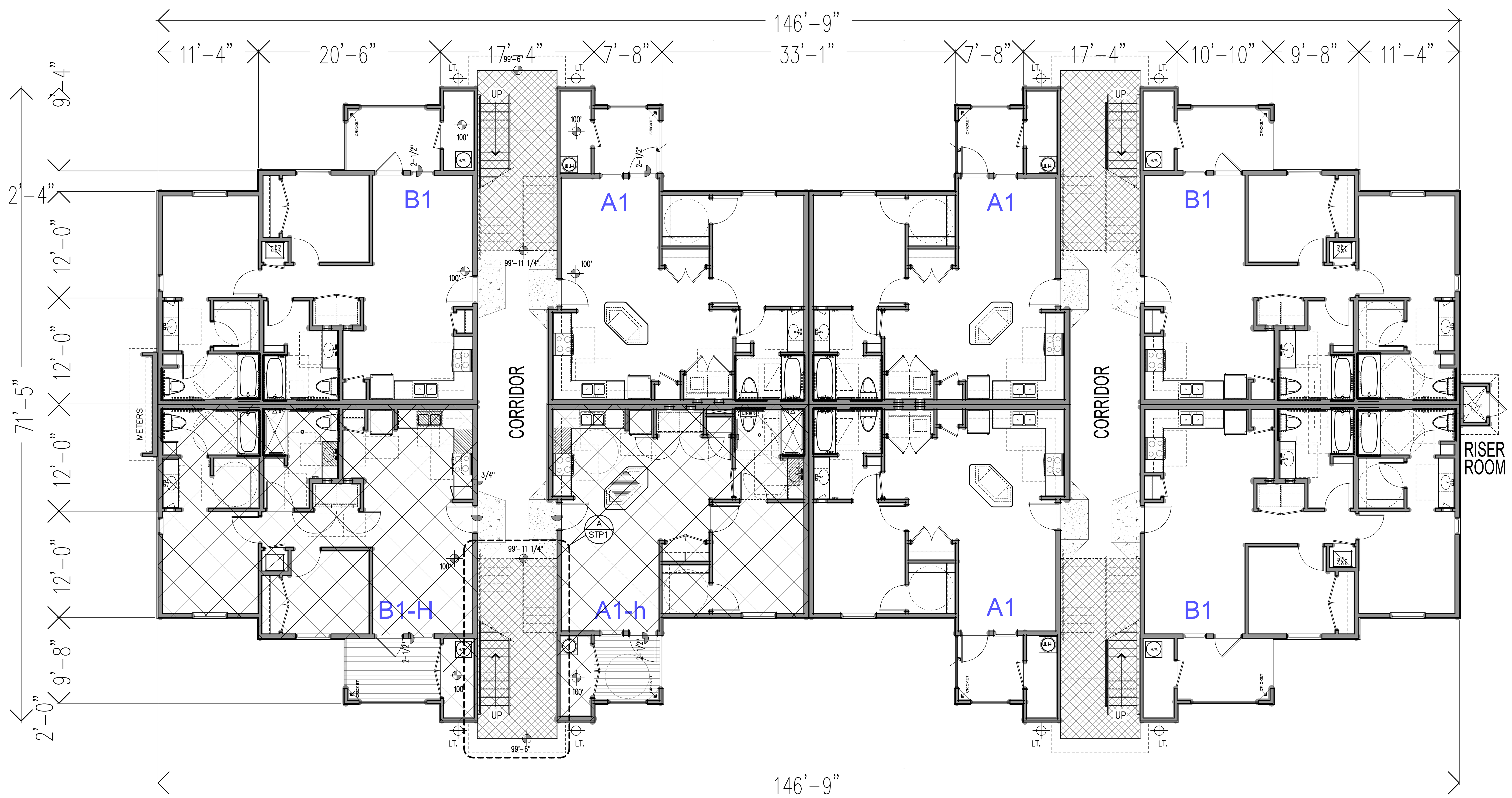
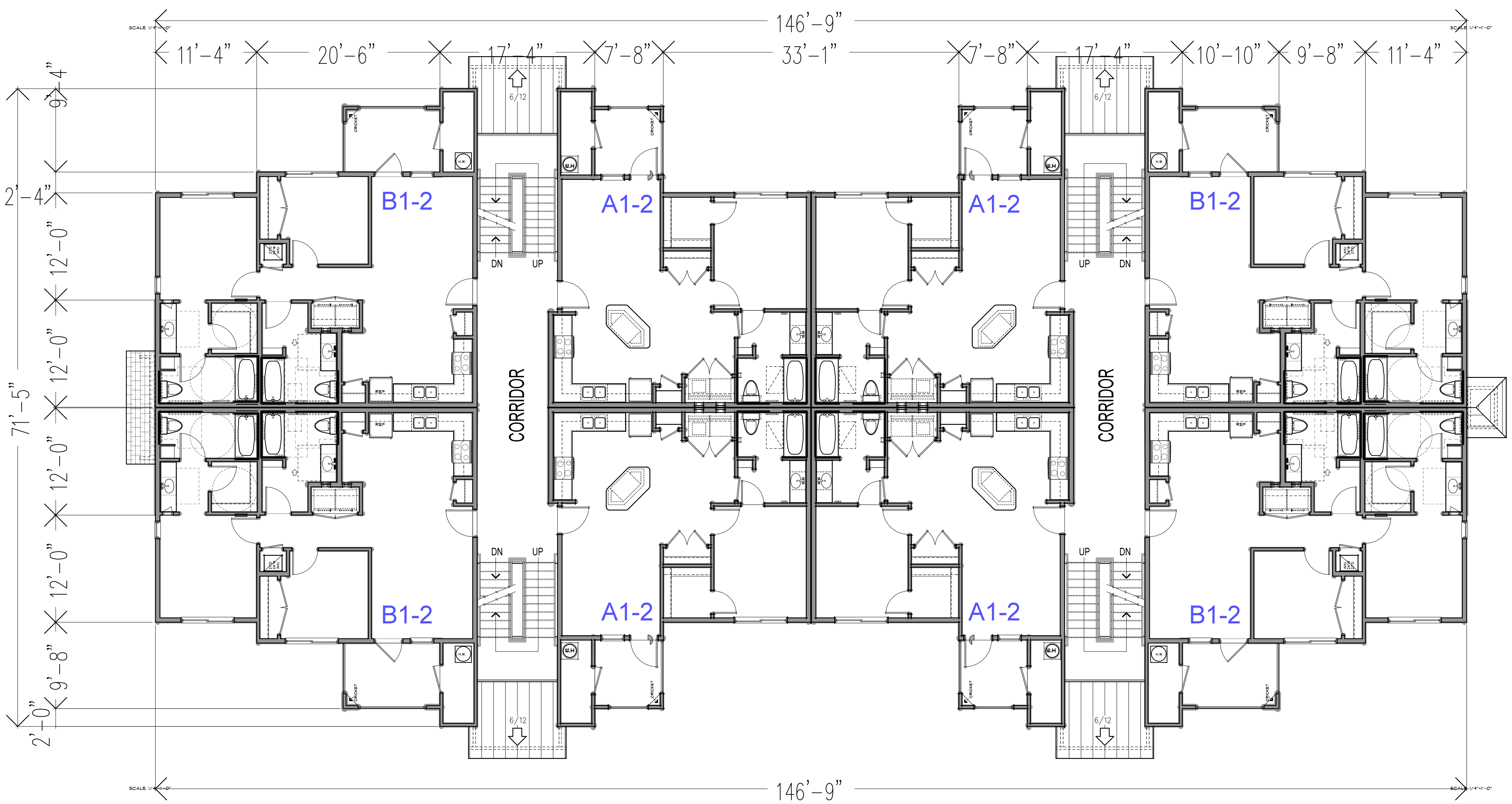


BUILDING TYPE VI - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT A1		UNIT B1	
NET	715	NET	922
BALCONY	59	BALCONY	80
STORAGE	39	STORAGE	38

	BUILDING TYPE VI AREAS						
	FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS		TOTALS
	UNIT	6,548	UNIT	6,548	UNIT	6,548	19,644
	BALCONY	556	BALCONY	556	BALCONY	556	1,668
	STORAGE	308	STORAGE	308	STORAGE	308	924
	BREEZEWAY	1,243	BREEZEWAY	754	BREEZEWAY	571	2,568
	TOTAL	8,655	TOTAL	8,166	TOTAL	7,983	24,804
UNIT A1		4		4		4	12
UNIT B1		4		4		4	12
					UNIT TOTALS		24



BUILDING TYPE VI - SECOND FLOOR

SCALE: 1/8"=1'-0"

24

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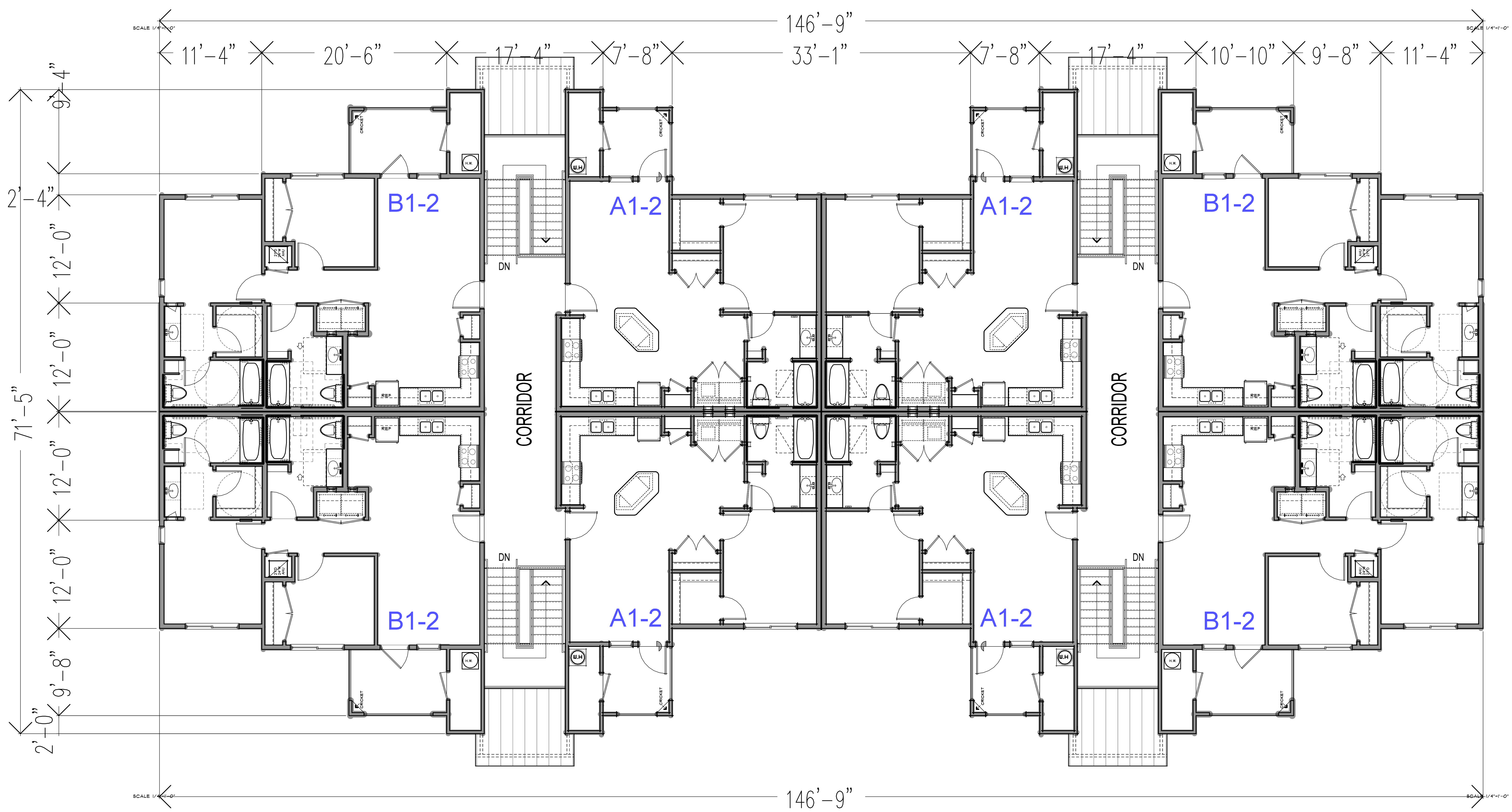

BUILDING TYPE VI - THIRD FLOOR

SCALE: 1/8"=1'-0"

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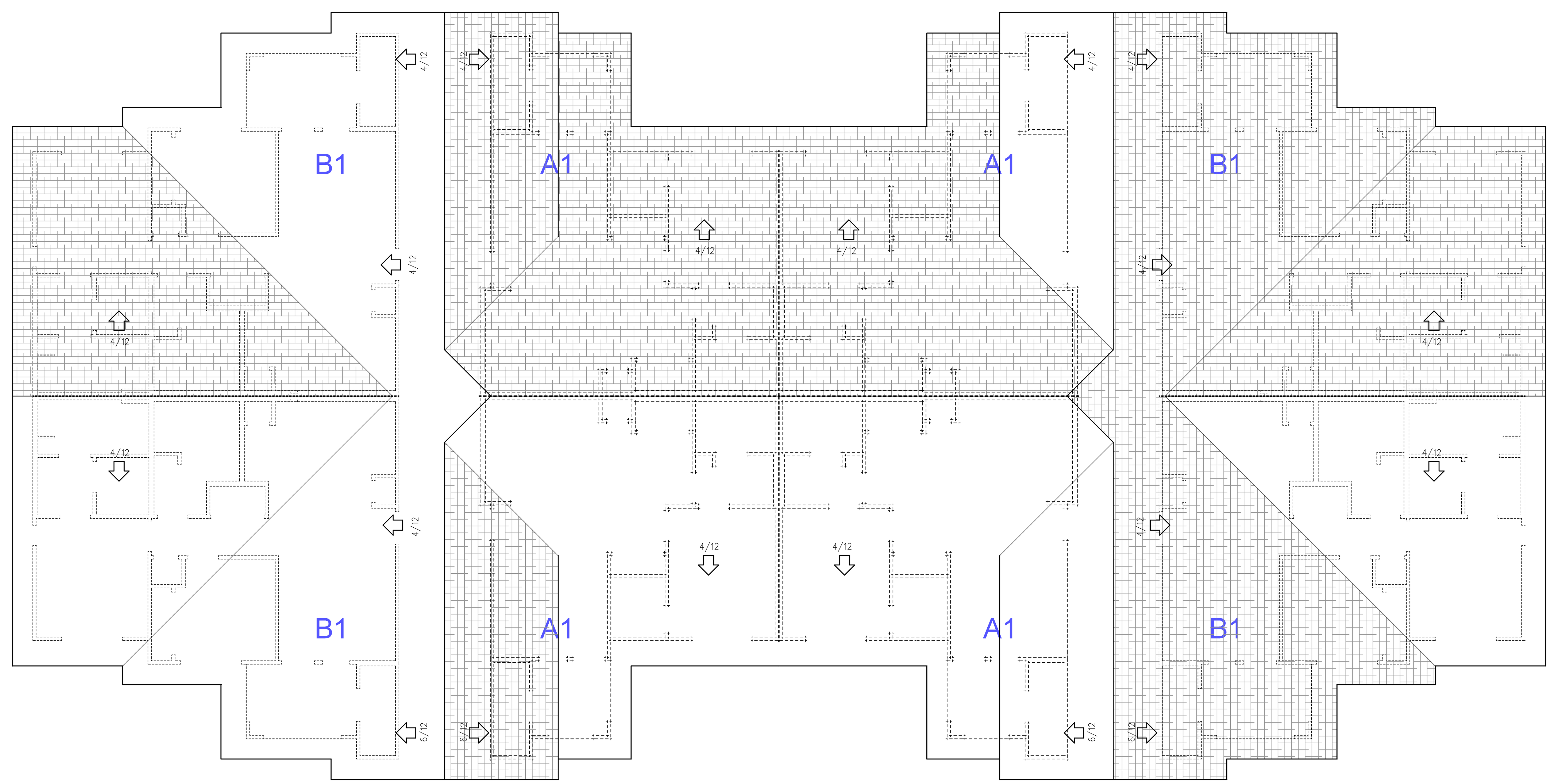

ROOF PLAN BUILDING TYPE VI

SCALE: 1/8"=1'-0"

26

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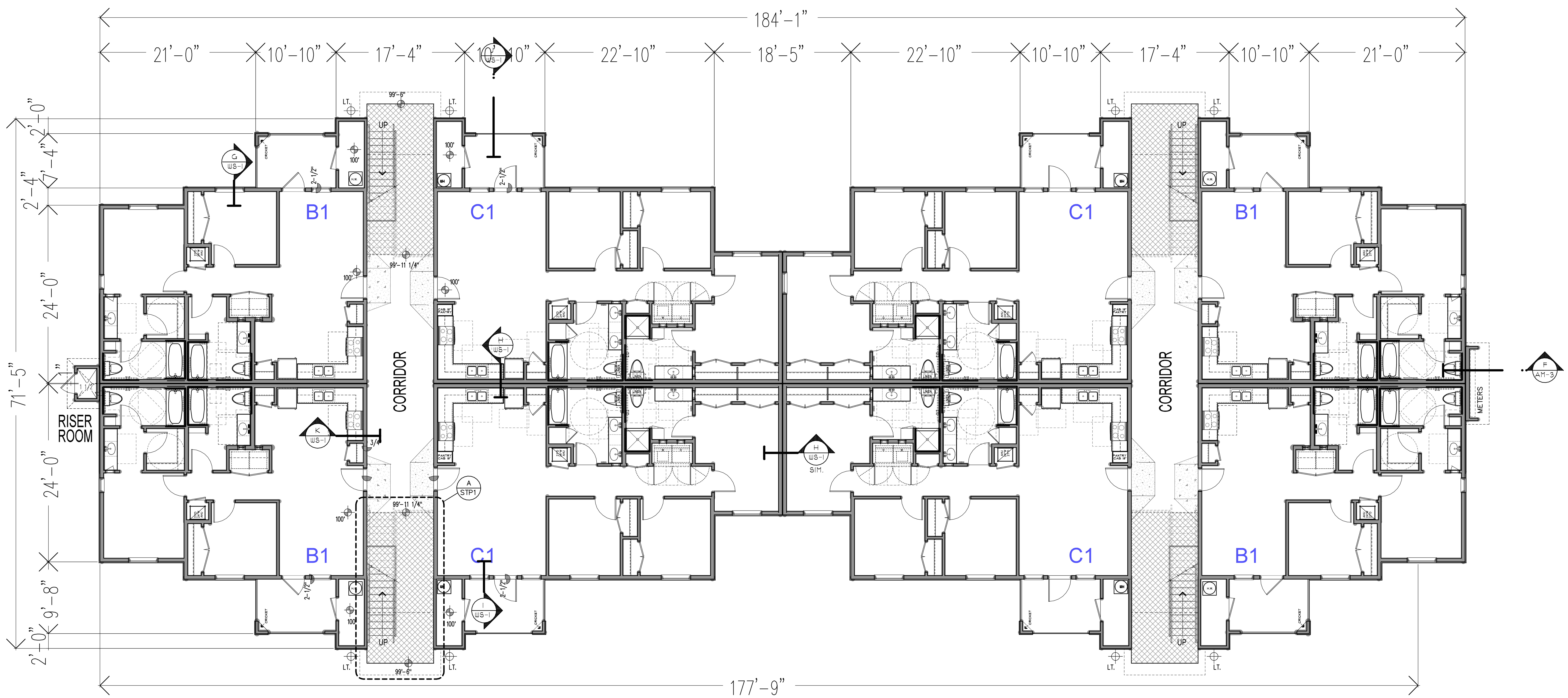
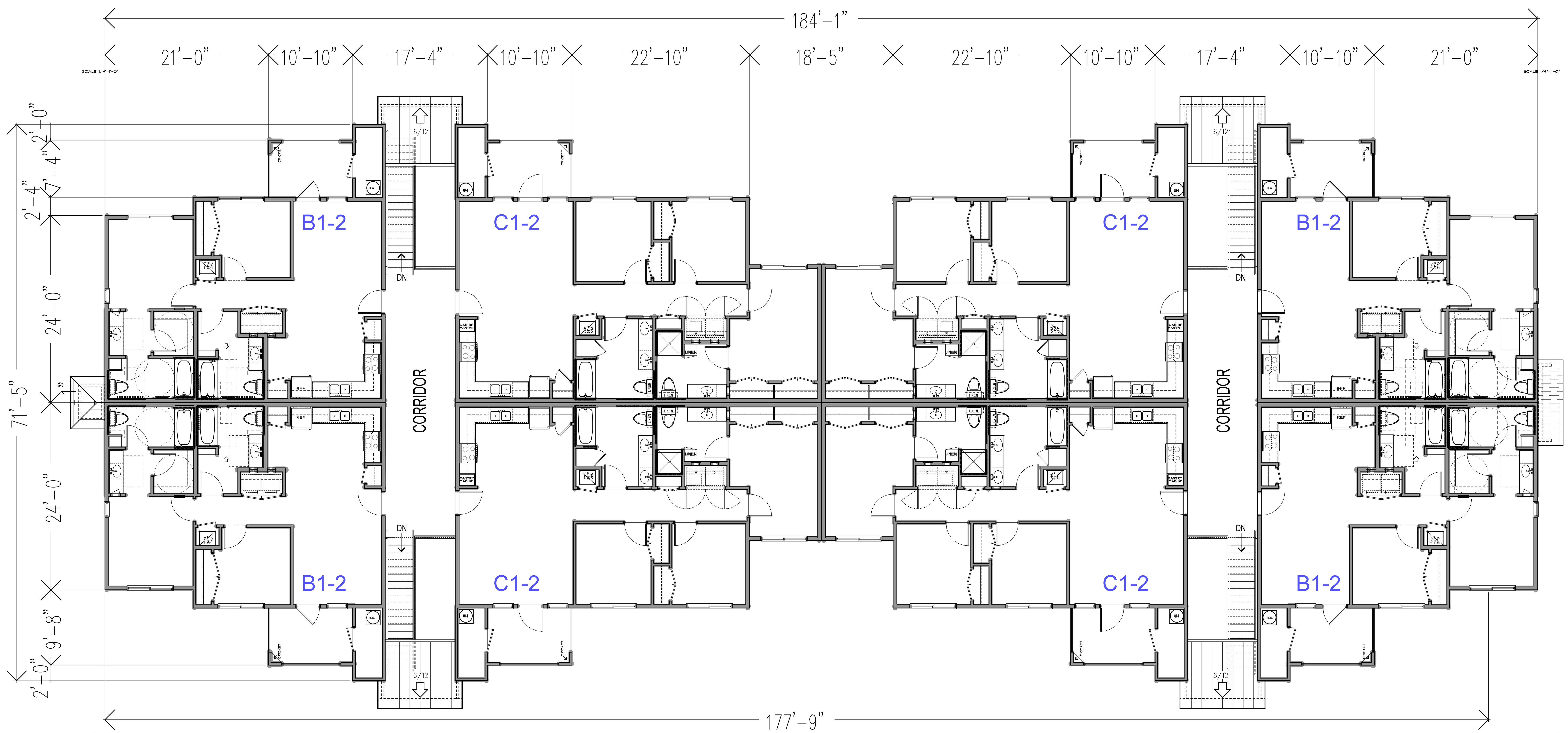


BUILDING TYPE VII - FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT B1		UNIT C1	
NET	922	NET	1,159
BALCONY	80	BALCONY	79
STORAGE	38	STORAGE	39

	BUILDING TYPE I AREAS					TOTALS
	FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS	TOTALS
	UNIT	8,324	UNIT	8,324	UNIT	16,648
	BALCONY	636	BALCONY	636	BALCONY	1,272
	STORAGE	308	STORAGE	308	STORAGE	616
	BREEZEWAY	1,286	BREEZEWAY	629	BREEZEWAY	1,915
	TOTAL	10,554	TOTAL	9,897	TOTAL	20,451
UNIT B1		4		4		8
UNIT C1		4		4		8
					UNIT TOTALS	16



BUILDING TYPE VII - SECOND FLOOR

SCALE: 1/8"=1'-0"

28

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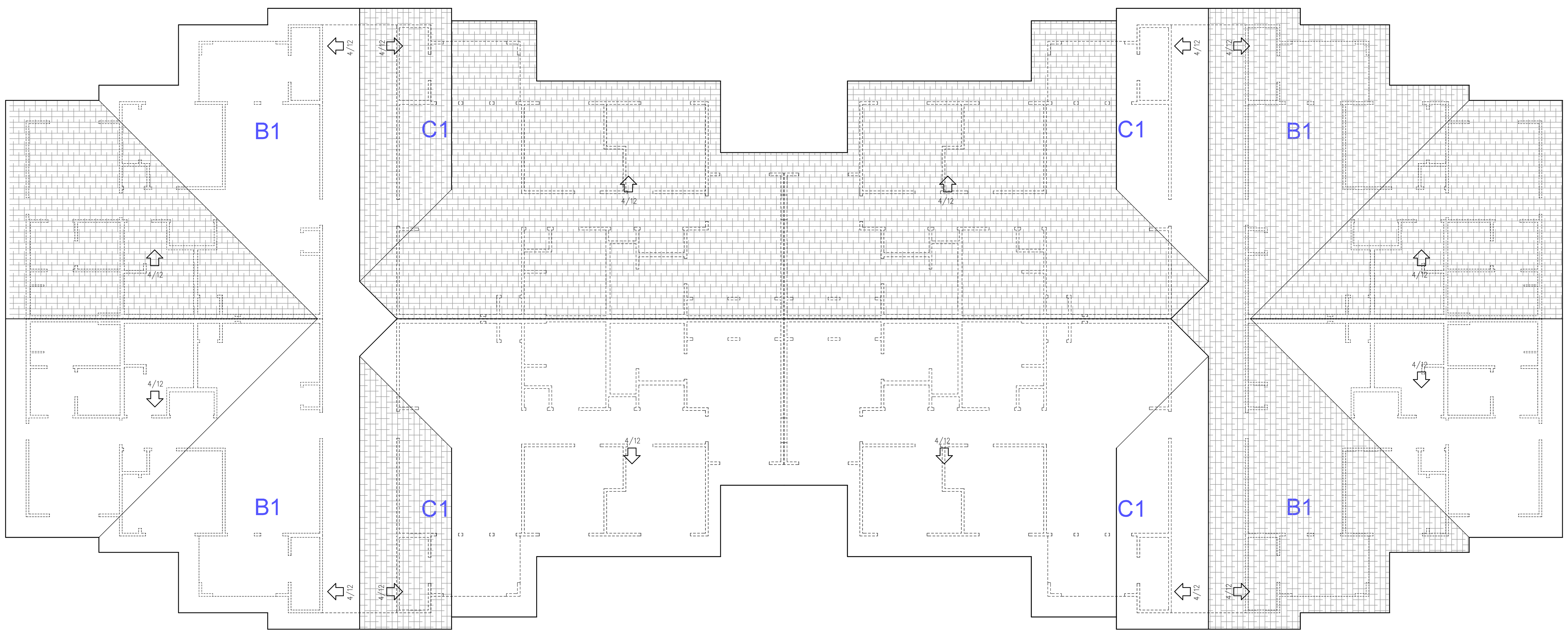

ROOF PLAN BUILDING TYPE VII

SCALE: 1/8"=1'-0"

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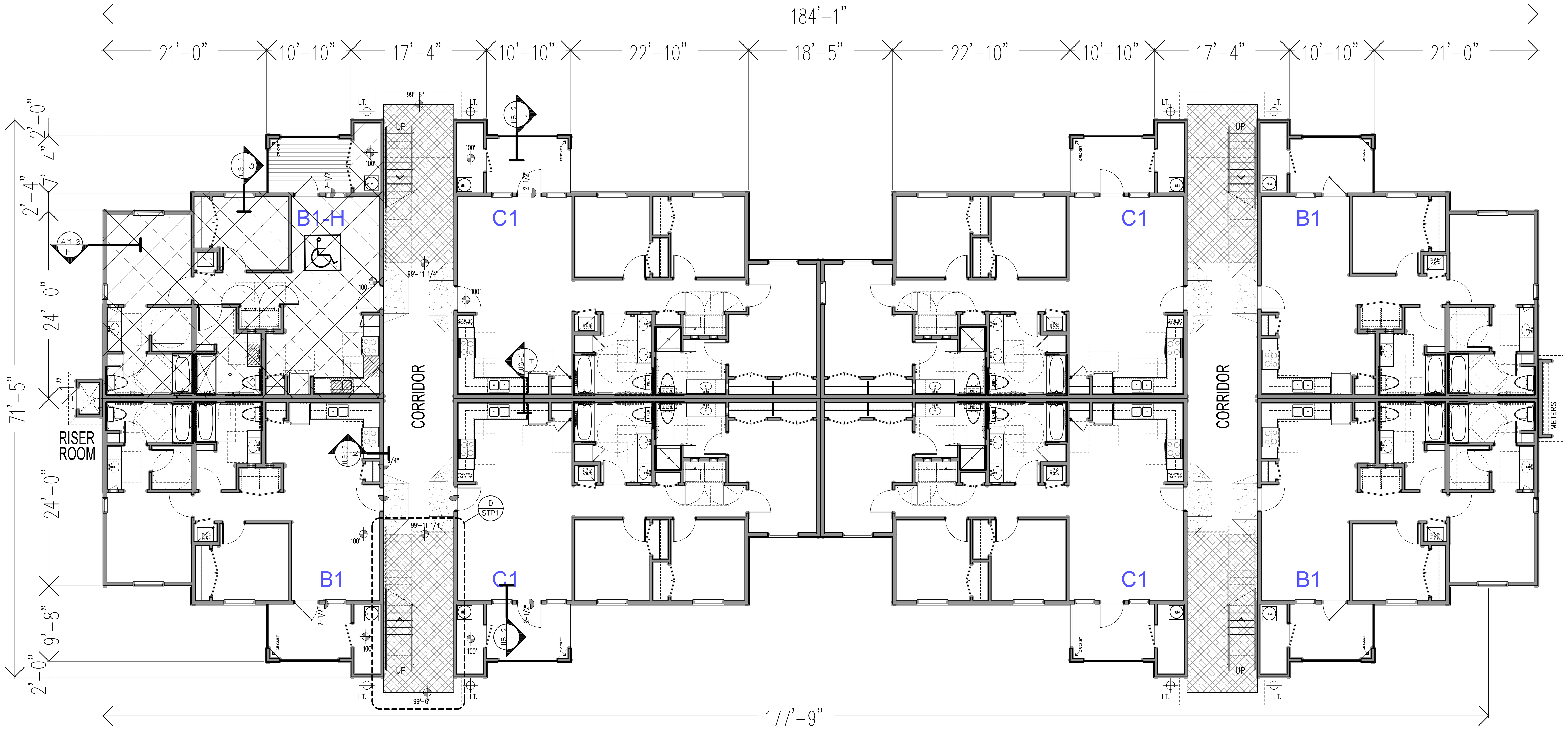
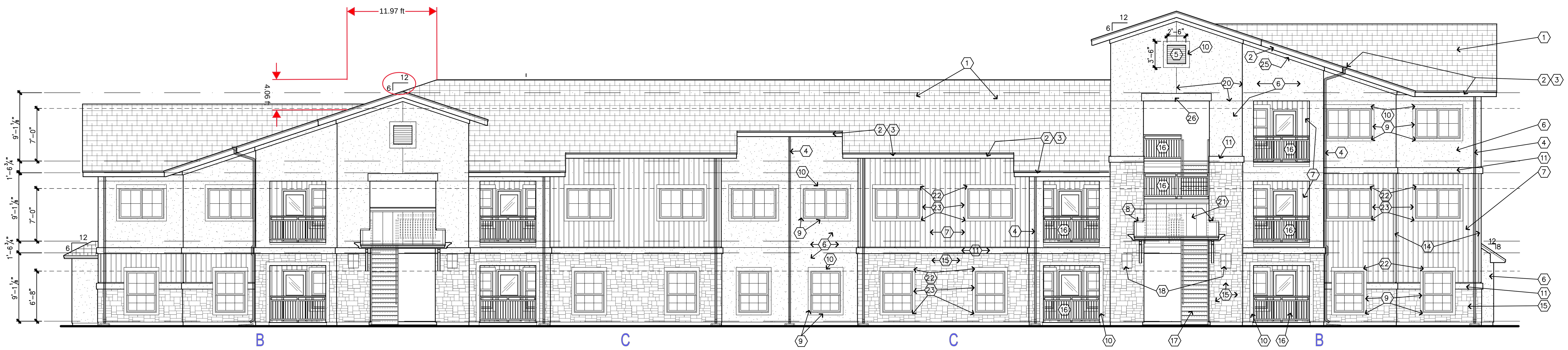


BUILDING TYPE VII-H FIRST FLOOR

SCALE: 1/8"=1'-0"

UNIT AREAS			
UNIT B1		UNIT C1	
NET	922	NET	1,159
BALCONY	80	BALCONY	79
STORAGE	38	STORAGE	39

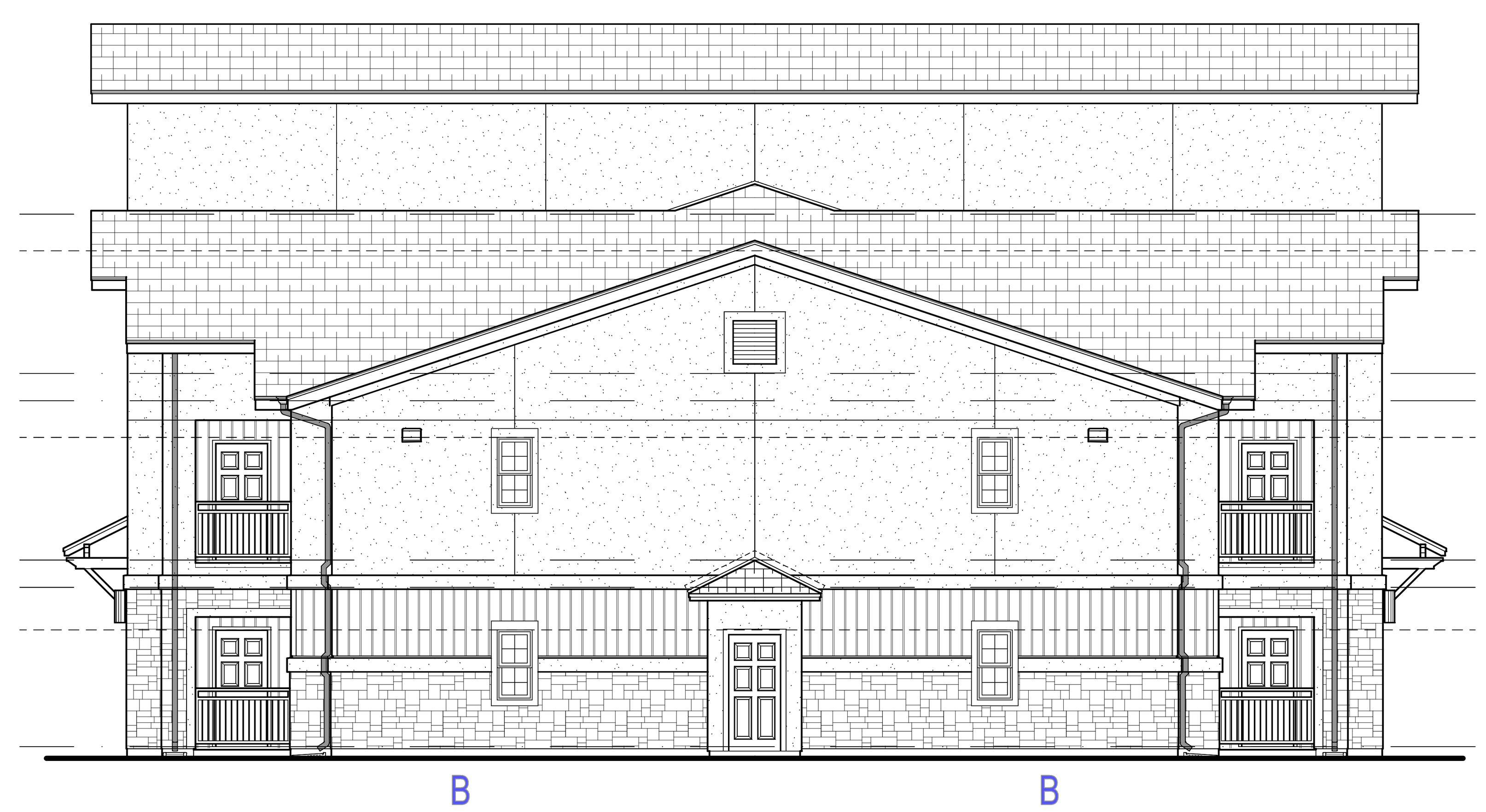
	BUILDING TYPE I AREAS					
	FIRST FLOOR AREAS		SECOND FLOOR AREAS		THIRD FLOOR AREAS	TOTALS
	UNIT	8,324	UNIT	8,324	UNIT	16,648
	BALCONY	636	BALCONY	636	BALCONY	1,272
	STORAGE	308	STORAGE	308	STORAGE	616
	BREEZEWAY	1,286	BREEZEWAY	629	BREEZEWAY	1,915
	TOTAL	10,554	TOTAL	9,897	TOTAL	20,451
UNIT B1		4		4		8
UNIT C1		4		4		8
					UNIT TOTALS	16



NORTH ELEVATION - BUILDING TYPE I BLDG. #5

40% STUCCO, 40% STONE, 20% SIDING

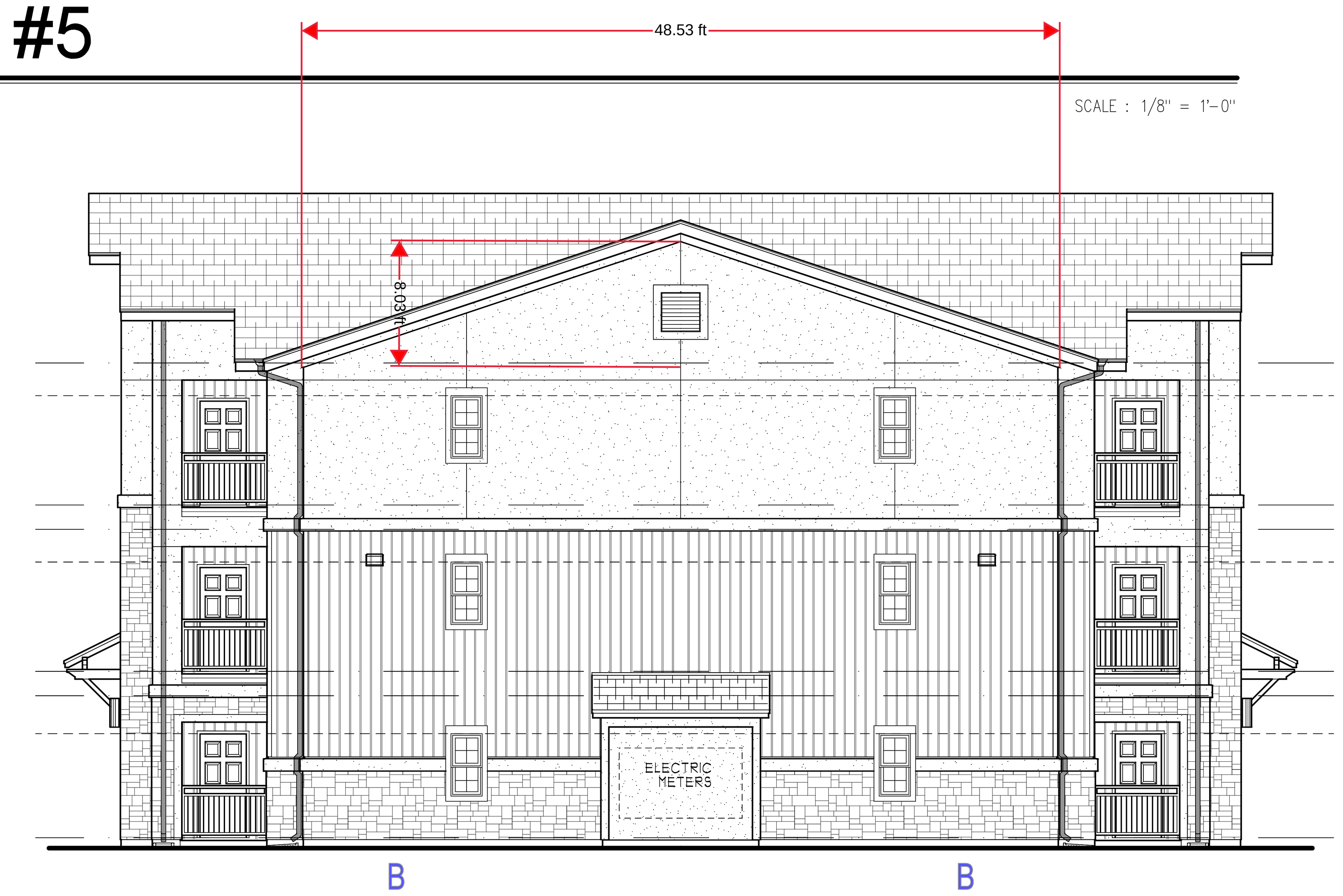
SCALE : 1/8" = 1'-0"



EAST ELEVATION - BUILDING TYPE I BLDG. #5

69% STUCCO, 25% STONE, 6% SIDING

SCALE : 1/8" = 1'-0"



WEST ELEVATION - BUILDING TYPE I BLDG. #5

52% STUCCO, 20% STONE, 28% SIDING

SCALE : 1/8" = 1'-0"

SOUTH ELEVATION - BUILDING TYPE I BLDG. #5

40% STUCCO, 40% STONE, 20% SIDING

SCALE : 1/8" = 1'-0"

AUG 17, 2018

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Medano Heights Apartments
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SOUTH ELEVATION - BUILDING TYPE II BLDG. #2

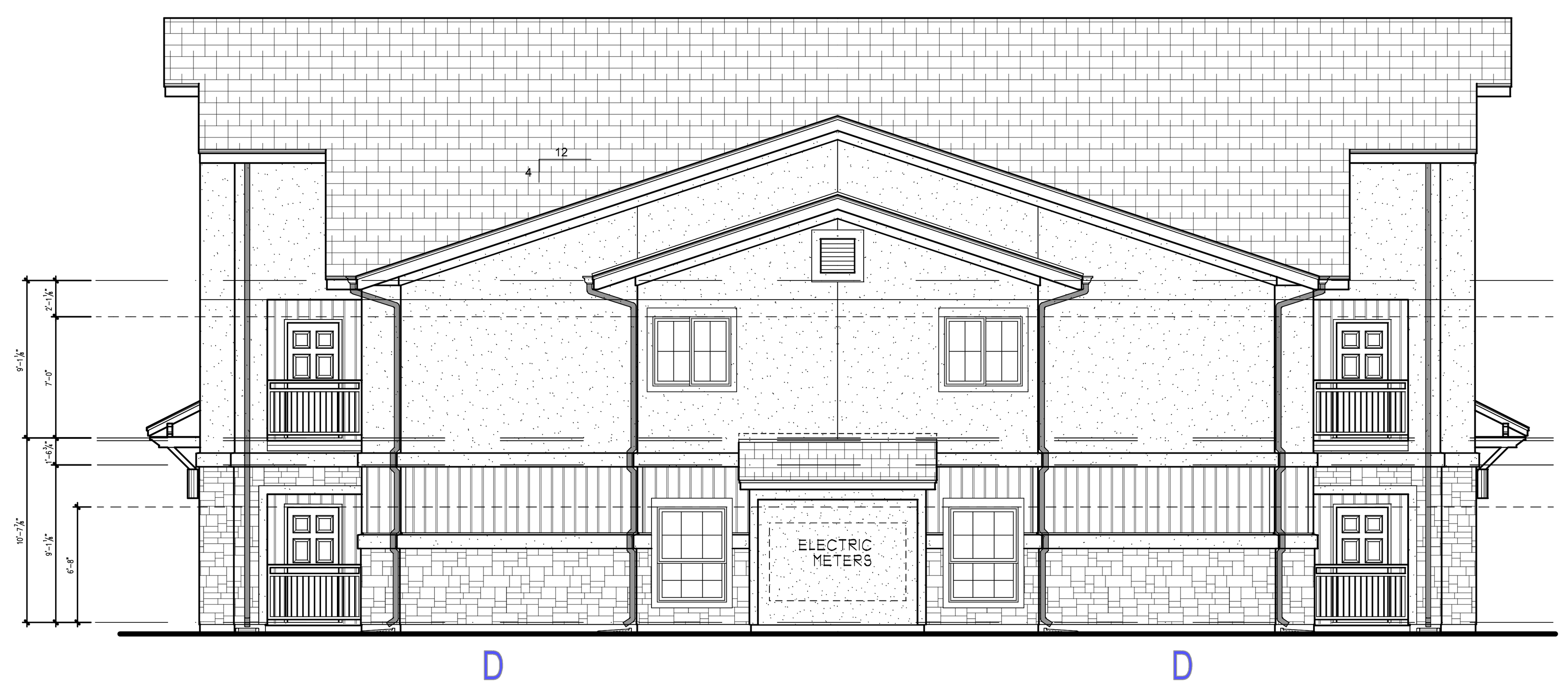
80% STUCCO/STONE, 20% SIDING

SCALE : 1/8" = 1'-0"

WEST ELEVATION - BUILDING TYPE II BLDG. #2

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"



EAST ELEVATION - BUILDING TYPE II BLDG. #2

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"

NORTH ELEVATION - BUILDING TYPE II BLDG. #2

80% STUCCO/STONE, 20% SIDING

SCALE : 1/8" = 1'-0"

AUG 17, 2018

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Gonzalez Newell Bender
URBAN PLANNING ARCHITECTURE

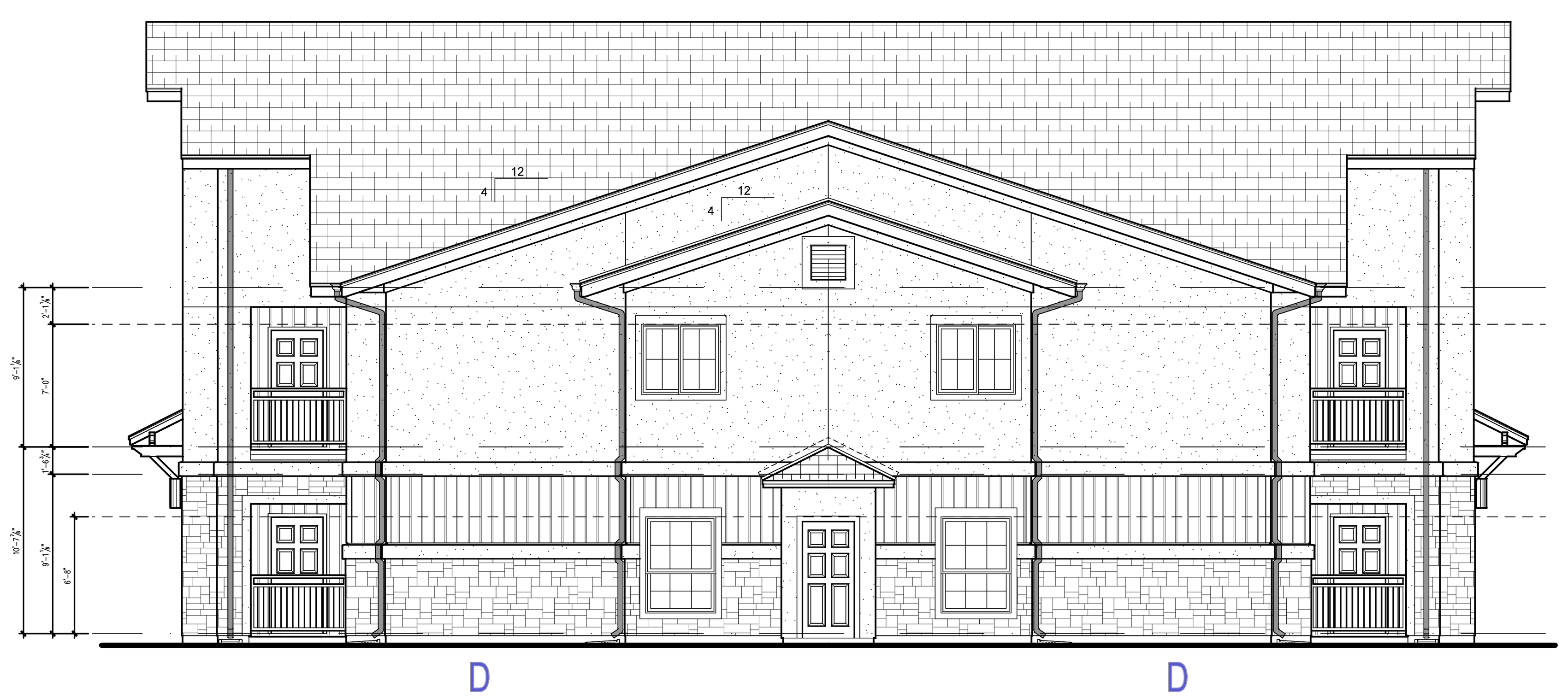
Medano Heights Apartments
El Paso, Texas

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION

EAST ELEVATION - BUILDING TYPE III BLDG. #9

80% STUCCO/STONE, 20% SIDING

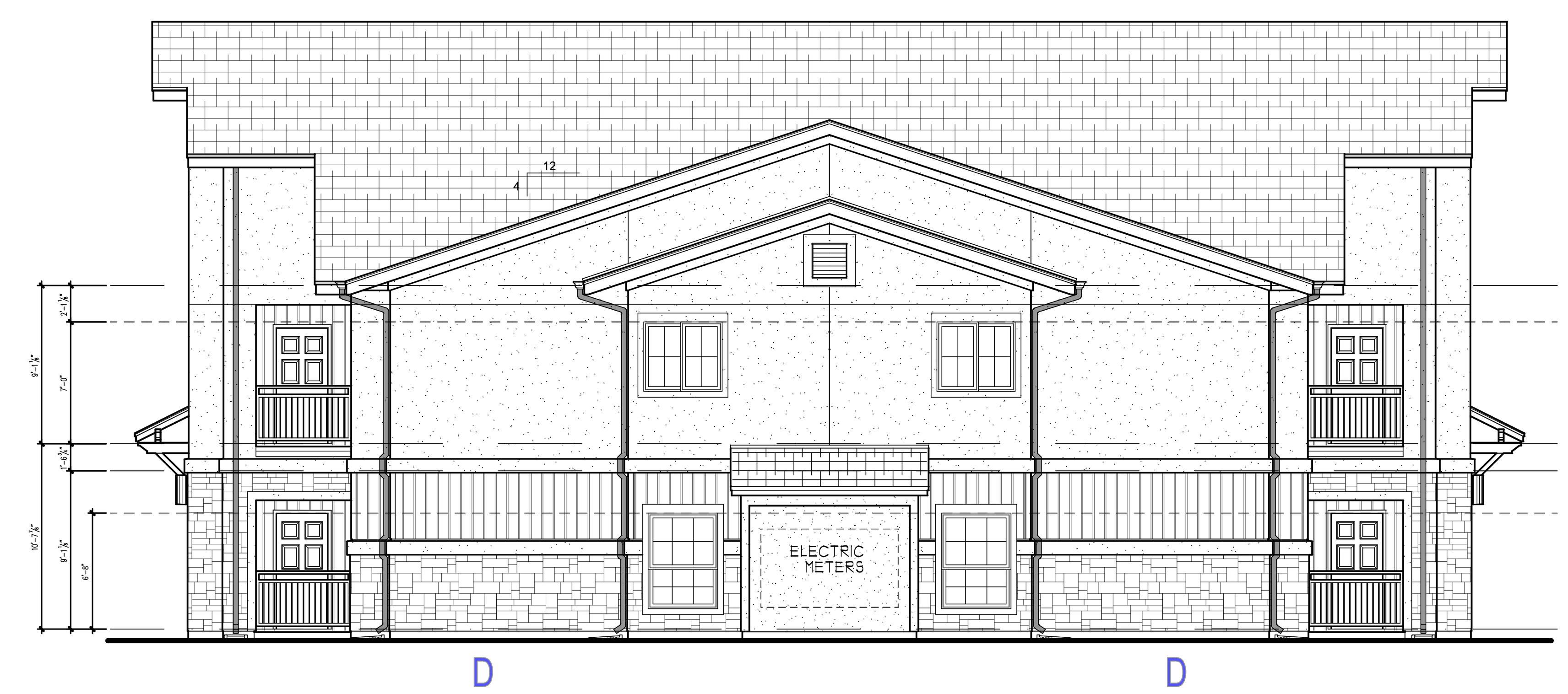
SCALE : 1/8" = 1'-0"



SOUTH ELEVATION - BUILDING TYPE III BLDG. #9

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"



NORTH ELEVATION - BUILDING TYPE III BLDG. #9

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"

WEST ELEVATION - BUILDING TYPE III BLDG. #9

80% STUCCO/STONE, 20% SIDING

SCALE : 1/8" = 1'-0"

AUG 17, 2018

Medano Heights Apartments

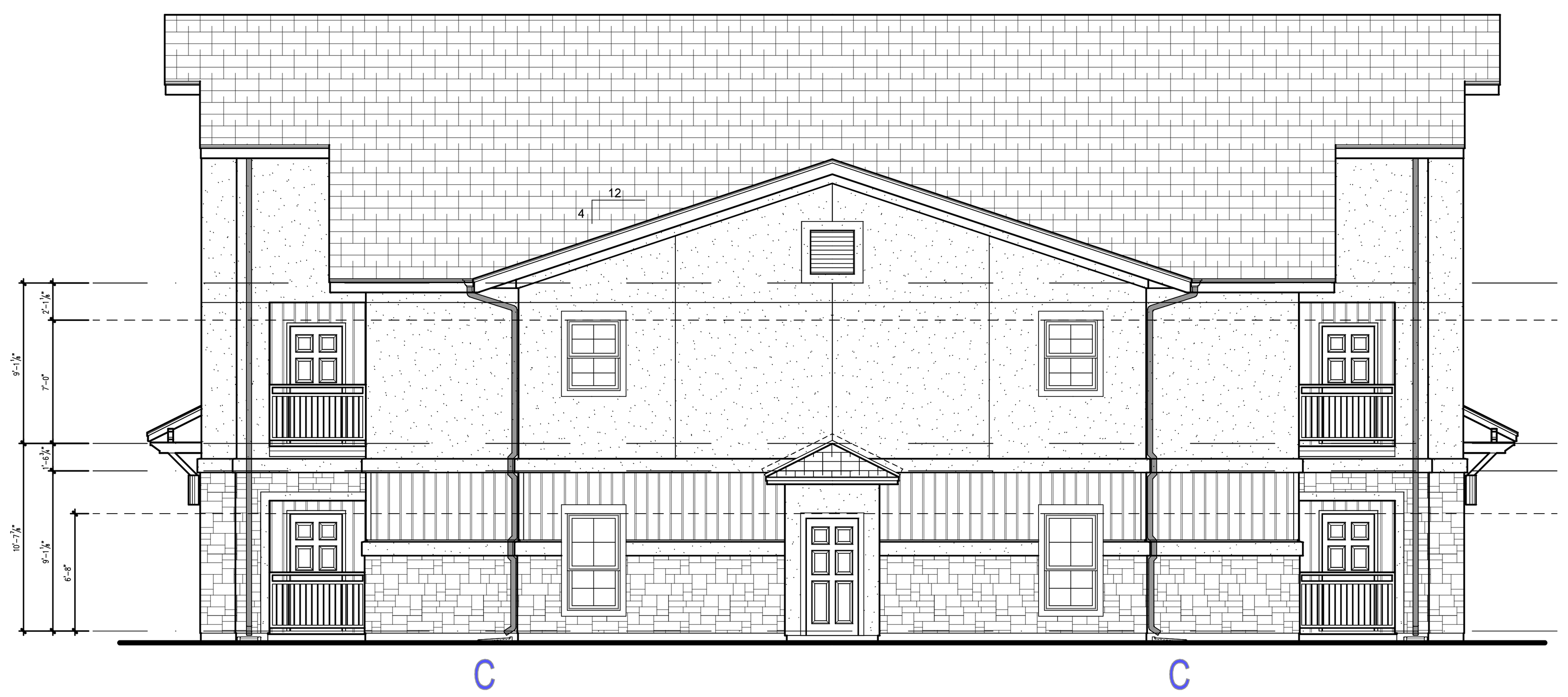
El Paso, Texas

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION

EAST ELEVATION - BUILDING TYPE IV BLDG. #3

75% STUCCO/STONE, 25% SIDING

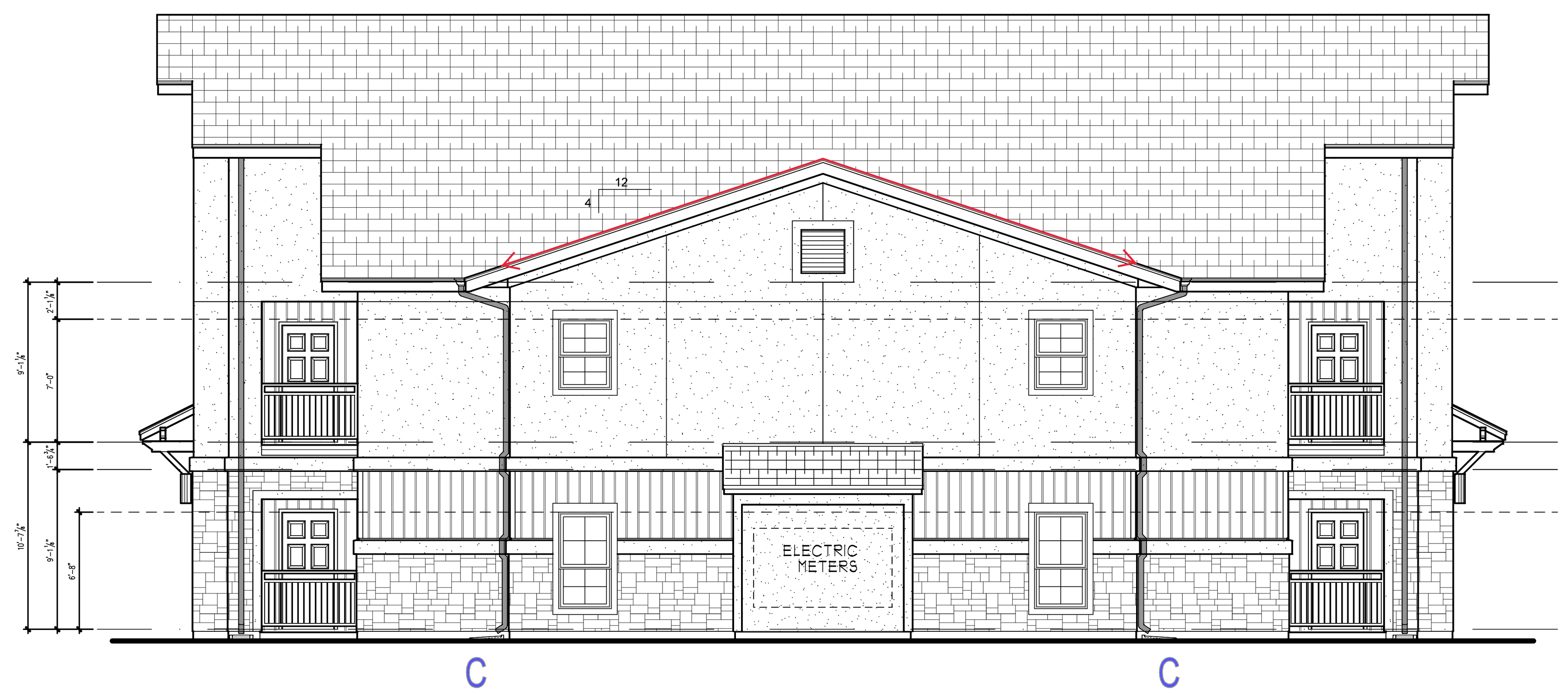
SCALE : 1/8" = 1'-0"



SOUTH ELEVATION - BUILDING TYPE IV BLDG. #3

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"



NORTH ELEVATION - BUILDING TYPE IV BLDG. #3

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"

WEST ELEVATION - BUILDING TYPE IV BLDG. #3

75% STUCCO/STONE, 25% SIDING

SCALE : 1/8" = 1'-0"

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Medano Heights Apartments

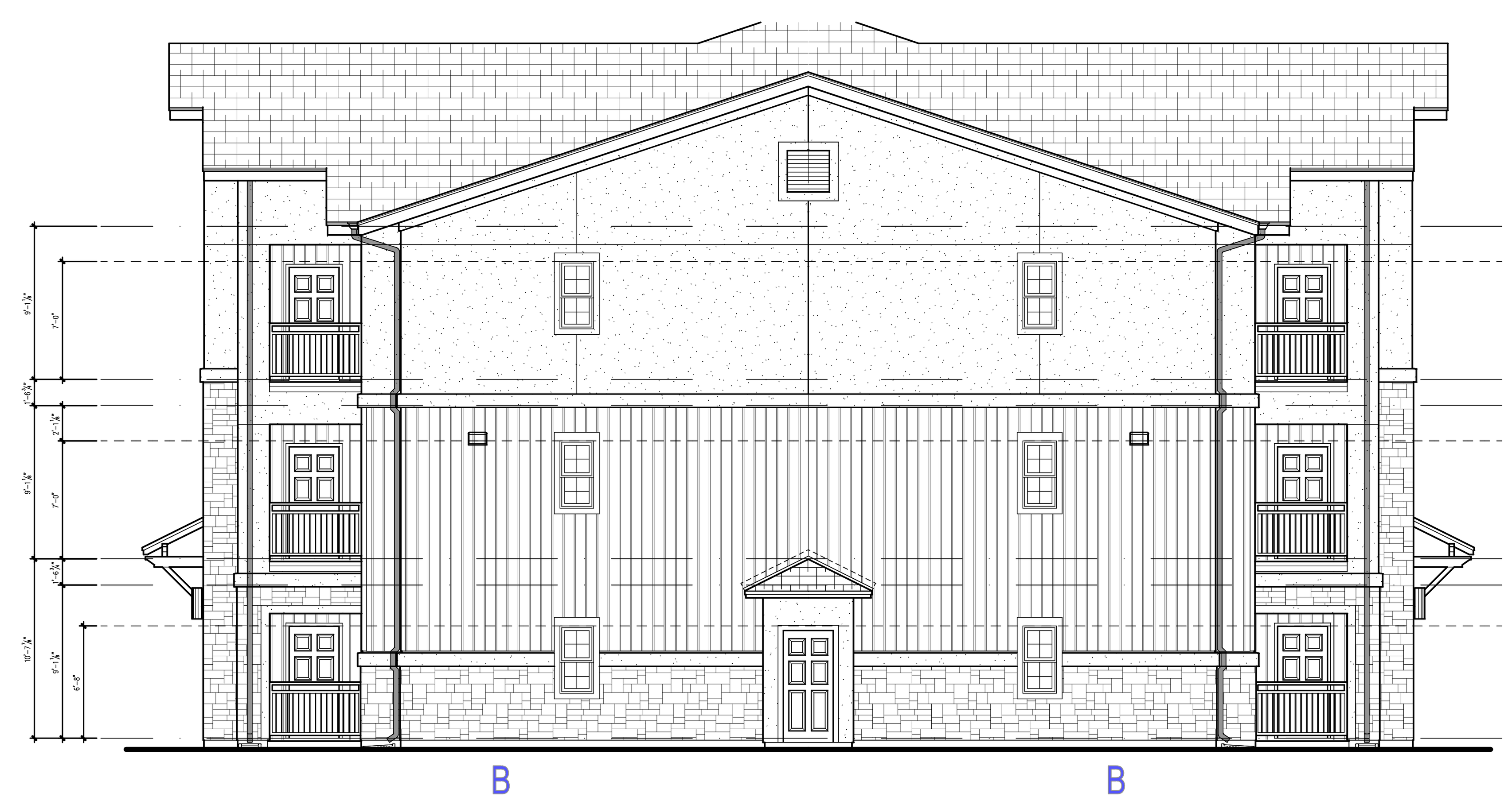
El Paso, Texas

4/12 Roof Pitches

NORTH ELEVATION - BUILDING TYPE V BLDG. #8

80% STUCCO/STONE, 20% SIDING

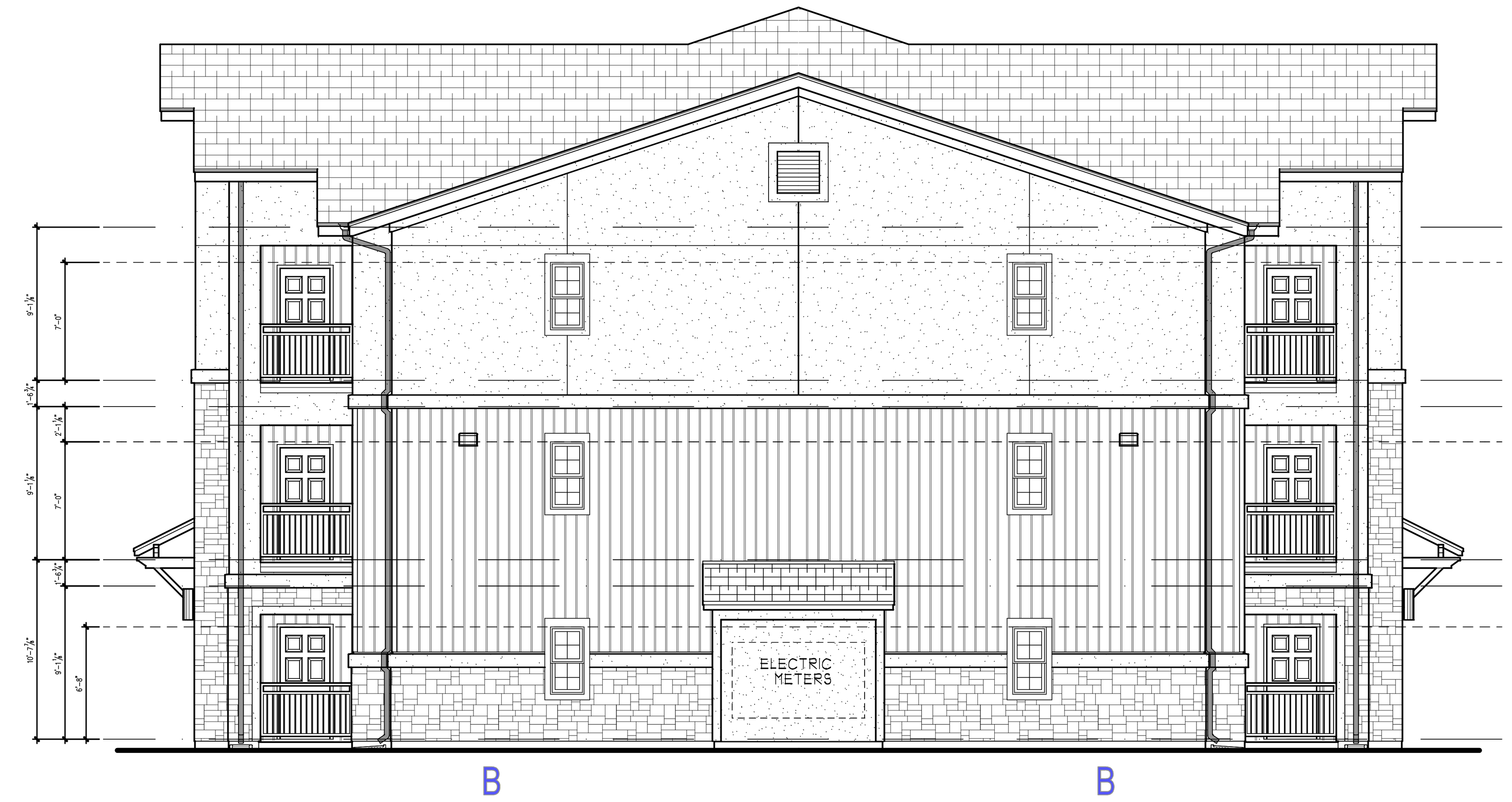
SCALE : 1/8" = 1'-0"



EAST ELEVATION - BUILDING TYPE V BLDG. #8

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"



WEST ELEVATION - BUILDING TYPE V BLDG. #8

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"

SOUTH ELEVATION - BUILDING TYPE V BLDG. #8

80% STUCCO/STONE, 20% SIDING

SCALE : 1/8" = 1'-0"

AUG 17, 2018

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Medano Heights Apartments

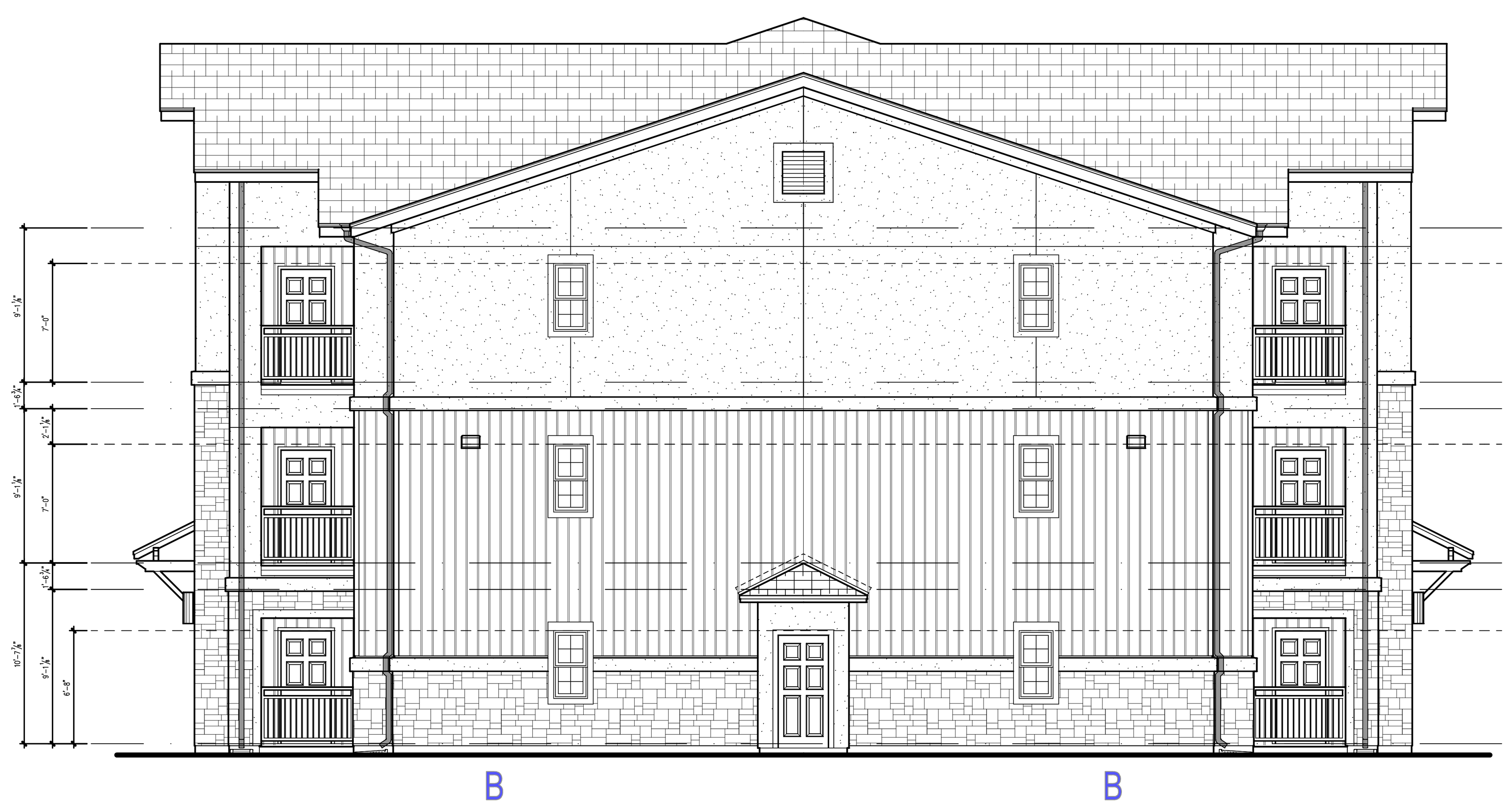
El Paso, Texas

4/12 Roof Pitches

NORTH ELEVATION - BUILDING TYPE VI BLDG. #6

69% STUCCO/STONE, 31% SIDING

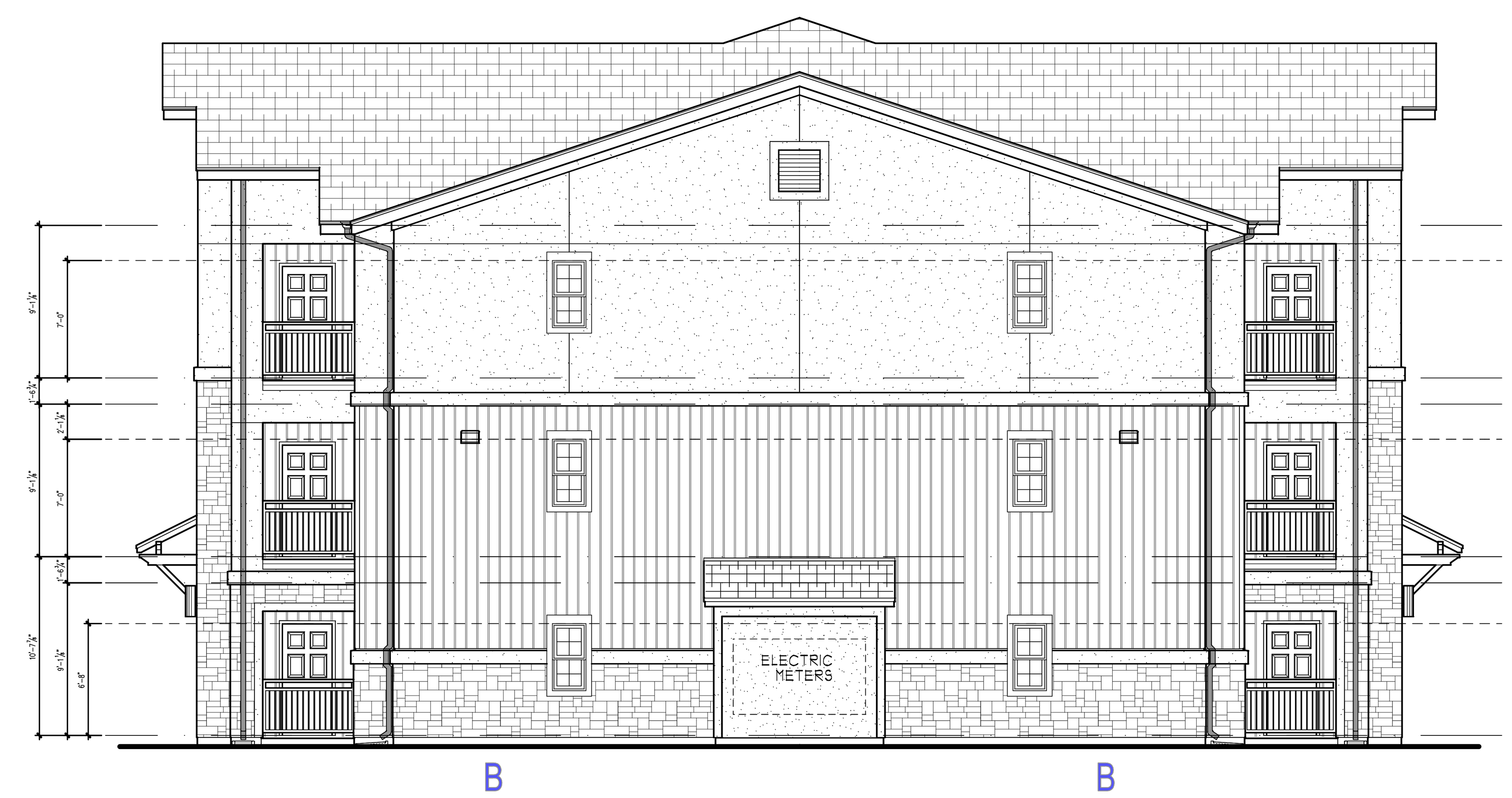
SCALE : 1/8" = 1'-0"



EAST ELEVATION - BUILDING TYPE VI BLDG. #6

70% STUCCO/STONE, 30% SIDING

SCALE : 1/8" = 1'-0"



WEST ELEVATION - BUILDING TYPE VI BLDG. #6

70% STUCCO/STONE, 30% SIDING

SCALE : 1/8" = 1'-0"

SOUTH ELEVATION - BUILDING TYPE VI BLDG. #6

69% STUCCO/STONE, 31% SIDING

SCALE : 1/8" = 1'-0"

36

AUG 17, 2018

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Medano Heights Apartments
El Paso, Texas

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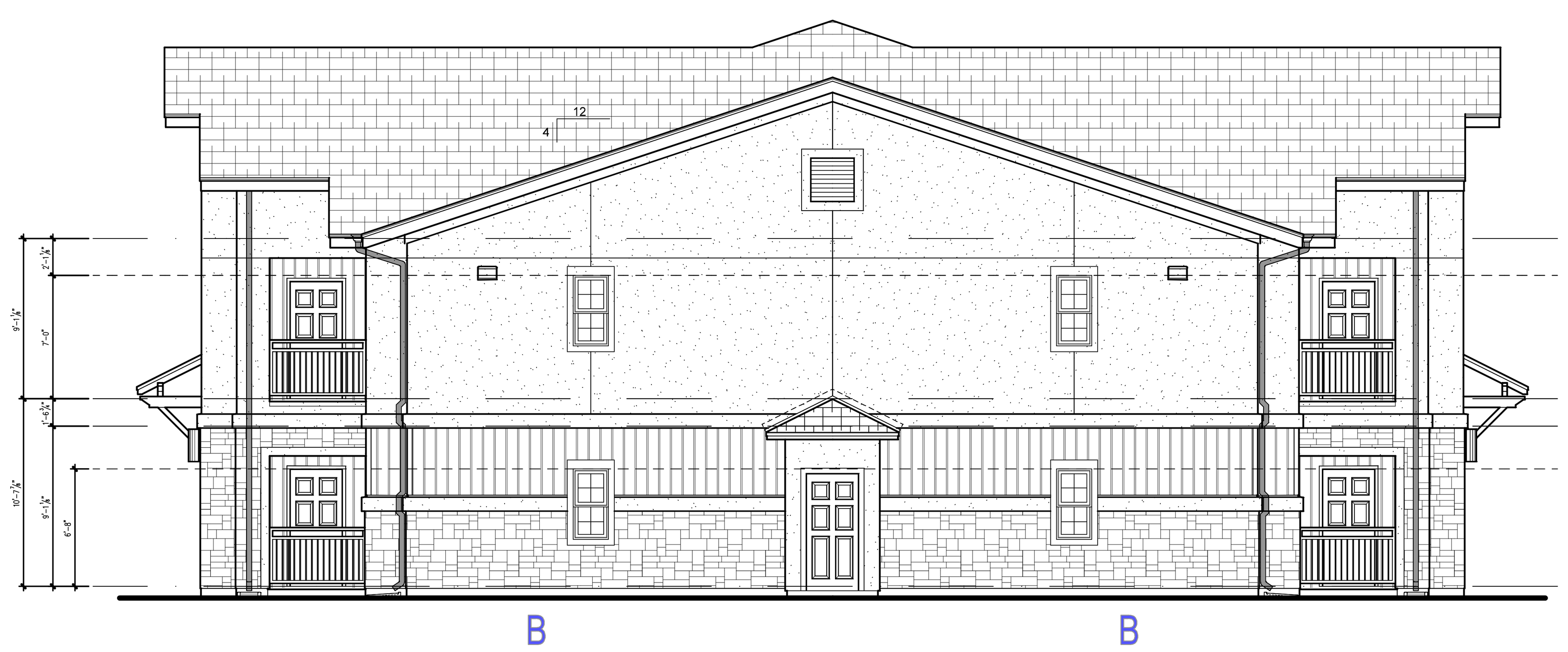
NORTH ELEVATION - BUILDING TYPE VII BLDG. #4 & 7

80% STUCCO/STONE, 20% SIDING

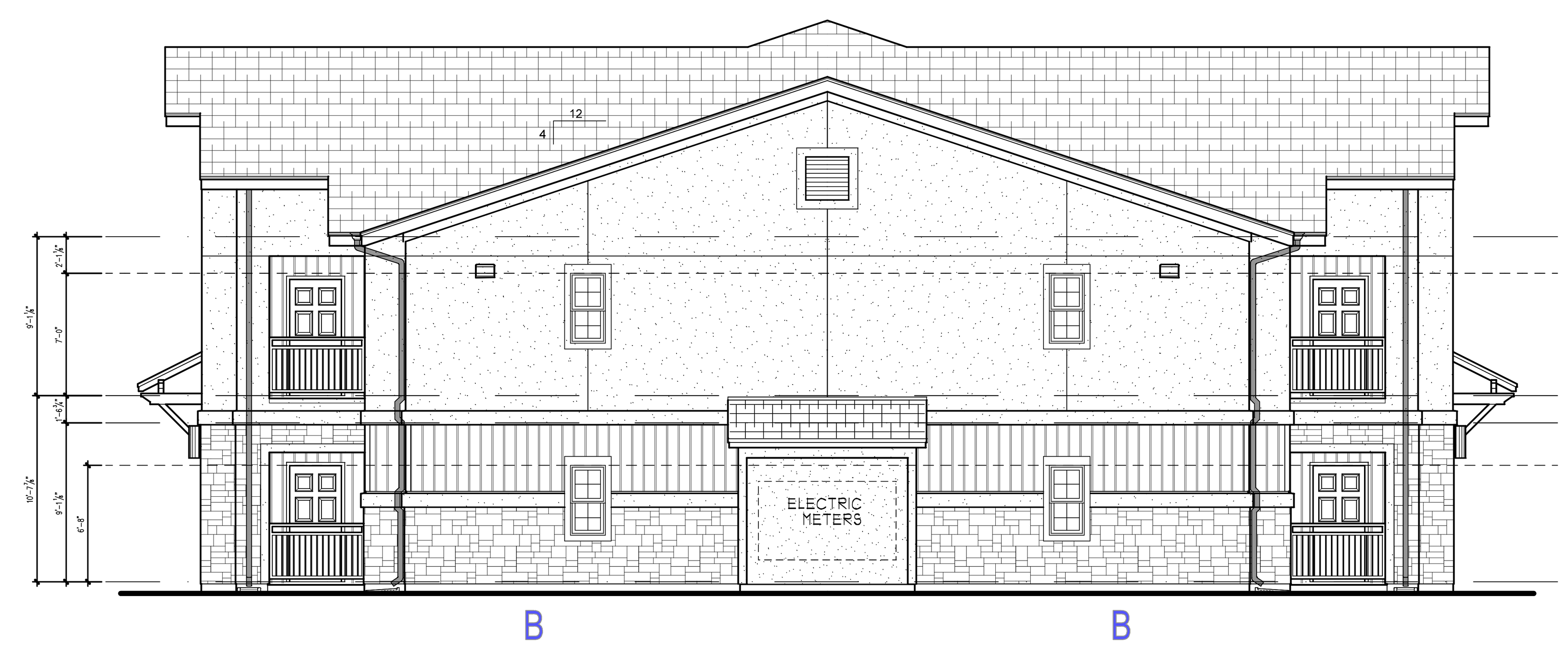
SCALE : 1/8" = 1'-0"



EAST ELEVATION - BUILDING TYPE VII BLDG. #4 & 7

94% STUCCO/STONE, 6% SIDING

SCALE : 1/8" = 1'-0"



WEST ELEVATION - BUILDING TYPE VII BLDG. #4 & 7

87% STUCCO/STONE, 13% SIDING

SCALE : 1/8" = 1'-0"

SOUTH ELEVATION - BUILDING TYPE VII BLDG. #4 & 7

80% STUCCO/STONE, 20% SIDING

SCALE : 1/8" = 1'-0"

AUG 17, 2018

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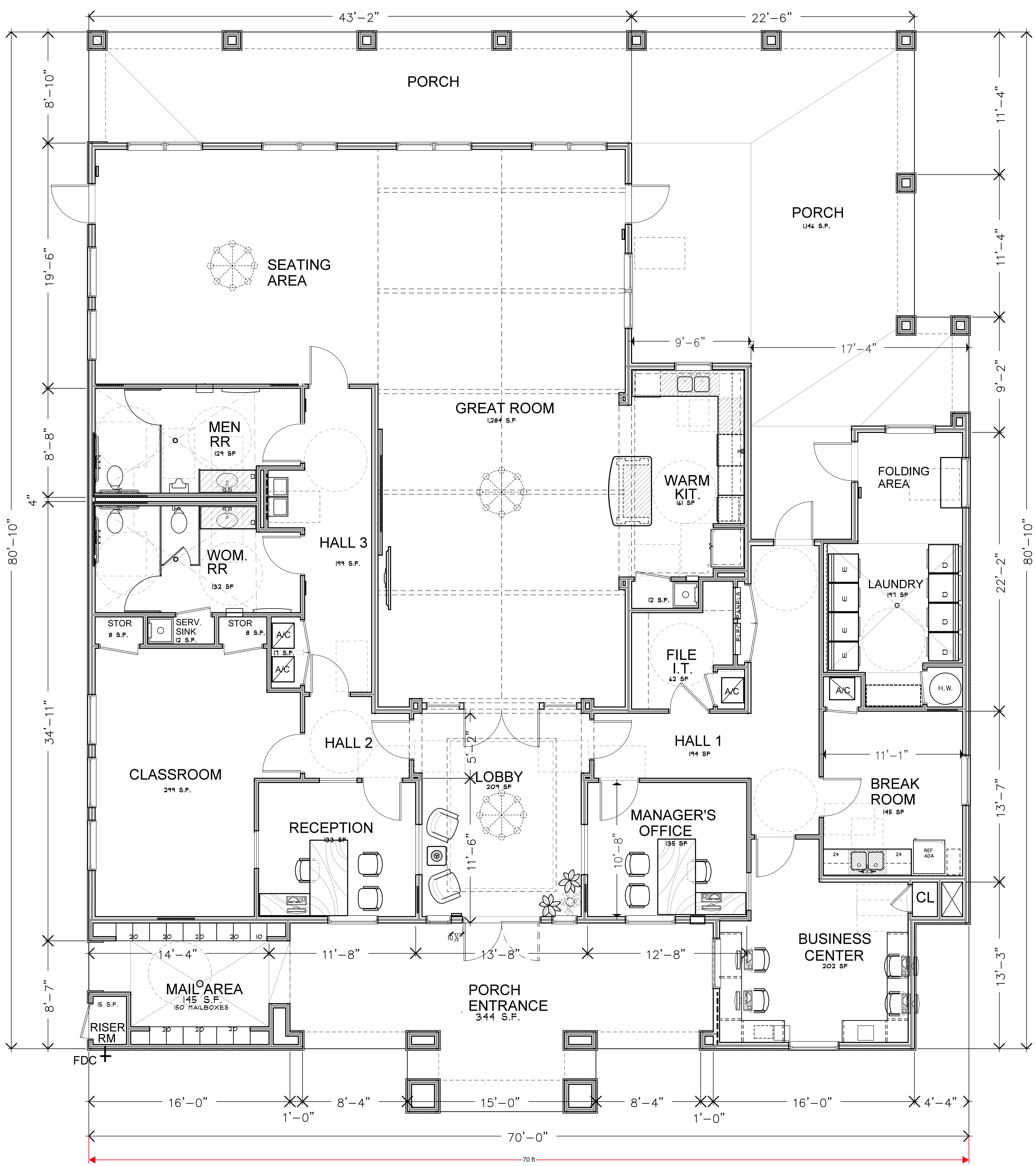
Medano Heights Apartments
El Paso, Texas



Clubhouse	
Conditioned Space Open to Tenants	
Room	**Sq Ft**
Lobby	209
Great Room	1284
Warming Kitchen	161
Manager's Office	135
Reception	133
Break Room	145
Computer Lab	202
Classroom	299
Restrooms	260
Hallways	393
Laundry	197
Total	**3418**
Condition Space Restricted to Employees	
Room	**Sq Ft**
Work/File Room	129
Storage Closets	37
Mech Closets	81
Total	**247**
Total Conditioned Market	**3665**
Unconditioned Space Open To Tenants	
Room	**Sq Ft**
Mail Room	144
Porch Entrance	352
Porch	543
Total	**1039**
Unconditioned Space Restricted to Employees	
	Sq Ft
Riser Room	24
Total	**24**
Total Unconditioned Space	**1063**

CLUB / OFFICE FLOOR PLAN

MARKET AREA	3,871 S.F.
PORCH AREA	1,558 S.F.
MAIL AREA	145 S.F.
RISER ROOM	15 S.F.
TOTAL SLAB AREA	5,589 S.F.

38

AUG 17, 2018

GNB inc. Gonzalez Newell Bender URBAN PLANNING ARCHITECTURE

Medano Heights Apartments
El Paso, Texas

NOT FOR REGULATORY APPROVAL PERMITTING OR CONSTRUCTION

EAST ELEVATION CLUBHOUSE

79% STUCCO/STONE, 21% SIDING

SCALE : 1/4" = 1'-0"

SOUTH ELEVATION CLUBHOUSE

70% STUCCO/STONE, 30% SIDING

SCALE : 1/4" = 1'-0"

AUG 17, 2018

GNB inc. Gonzalez Newell Bender URBAN PLANNING ARCHITECTURE

Medano Heights Apartments

El Paso, Texas

NORTH ELEVATION CLUBHOUSE

80% STUCCO/STONE, 20% SIDING

SCALE : 1/4" = 1'-0"

WEST ELEVATION CLUBHOUSE

96% STUCCO/STONE, 4% SIDING

SCALE : 1/4" = 1'-0"

AUG 17, 2018

GNB inc.
Gonzalez Newell Bender
URBAN PLANNING ARCHITECTURE

Medano Heights Apartments

El Paso, Texas

Architect Certification

I (We) certify that the Development will be designed and built to meet the accessibility requirements of the Federal Fair Housing Act as implemented by HUD at 24 C.F.R. Part 100 and the Fair Housing Act Design Manual, Titles II and III of the Americans with Disabilities Act (42 U.S.C. Sections 12131-12189) as implemented by the Department of Justice regulations at 28 C.F.R. Parts 35 and 36, and the Department's Accessibility rules in 10 TAC Chapter 1, Subchapter B, in effect at the time of certification.

I (we) certify that all materials submitted to the Department by the Architect or Applicant constitute records of the Department subject to Chapter 552, Tex. Gov't Code, and the Texas Public Information Act.

I (We) certify that in accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8, if the Development includes the New Construction or substantial rehabilitation of multifamily units (4 or more units per building), at least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments. A unit that is on an accessible route and is adaptable and otherwise compliant with the 2010 ADA Standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" (Federal Register 79 FR 29671) meets this requirement. In addition, at least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing or vision impairments.

I (We) have attached a statement describing how the requirements Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 will be met as described in 10 TAC Chapter 1, Subchapter B. At a minimum, the statement will include (1) The total number of Units (2) Number and description of Unit types, the number of Units of each Type, (3) Number of Units of each Type that will meet the accessibility requirements, and (4) a description of how the accessibility requirements relating to Unit distribution will be met.

I (We) certify that if the Development includes the New Construction or Rehabilitation of single family units (1 to 3 units per building), every unit will be designed and built to meet the accessibility requirements of Tex. Gov't Code §2306.514, as it may be amended from time to time.

I (We) have attached a statement describing how, regardless of building type, all Units accessed by the ground floor or by elevator ("affected units") meet the requirements at 10 TAC §10.101(b)(8)(B).

I(We) certify that all accessible Units under 10 TAC Chapter 1, Subchapter B, and all affected Units meeting the requirements under 10 TAC 10.101(b)(8)(B) will be dispersed throughout the Development.

If the Applicant is applying for HOME funds and the Development consists of New Construction, I (We) further certify that the Development meets the Construction Site Standards in 24 C.F.R §983.57(e)(1).

This certification meets the requirement that the Applicant provide a certification from the Development engineer or an accredited architect. A similar certification will also be required after the Development is completed from an inspector, architect, or accessibility specialist.

By:______________________________

Signature

8/15/18

Date

Francisco Gonzalez

Printed Name

14207 - TEXAS

License Number and State

Gonzalez Newell Bender, Inc.

Firm Name (If applicable)

STATE OF TEXAS §
COUNTY OF BEXAR §

Before me, a Notary Public, on this day personally appeared Francisco Gonzalez , proved to me to be the person whose mark is made on the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 15th day of August , 2018.

NOTARY PUBLIC STATE OF TEXAS
ALEJANDRA ROMERO
ID #129844971
My Commission Expires
June 15, 2022

Alejandra Romero
Notary Public, State of Texas

Gonzalez Newell Bender, Inc.
architecture ❖ urban design ❖ land planning ❖ interior design
1630 Lockhill Selma Road ❖ San Antonio, Texas 78213
☎ (210) 692-0331 ❖ FAX (210) 692-3579 ❖ e-mail: gonzalez@gnbarch.com

STATEMENT OF ACCESSIBILITY COMPLIANCE

Project: Medano Heights Apartments
Qualified Application Plan (QAP) 2018

This project is designed to comply with the requirements of Section 504 of the Rehabilitation Act of 1973 as implemented at 24 C.F.R. Part 8 and further described in 10 TAC Chapter 1, Subchapter B, 10 TAC §10.101 Site Development Requirements and Restrictions as published on December 23, 2016, with effective date December 29, 2016, at 41 TexReg 10150.

This project has the following mix of units with 5% ADA and 2% H/V units:

Unit Type	Description	# Units	# of ADA Units 5 %	# of H/V Units 2%
A1 - A1h	1 Bedroom/1 Bath	20	1	1
B1 - B1h	2 Bedroom/2 Bath	50	3	1
C1 - C1h	3 Bedroom/2 Bath	60	3	1
D1 - D1h	4 Bedroom/2 Bath	16	1	
Total Units		146	8	3

The project has 5% of units, proportioned by unit type and distributed across the site, that are designed to be fully accessible units for the mobility impaired. These units include hearing vision communication features. These are called “Accessible” or “ADA” units. Refer to Tab 23a from the Multifamily Uniform Application for additional details.

The project has an additional 2% of units, proportioned by unit type and distributed across the site, that are designed with hearing vision features. These are Fair Housing units with additional communication features for the hearing and vision impaired. These units are called “Hearing/Vision” or “A/V” or “H/V” units. Refer to Tab 23b from the Multifamily Uniform Application for additional details.

The minimum design standard for accessible units, hearing/vision units, and common area amenities is 2010 ADA Standards for Accessible Design with HUD exceptions as published in 79 FR 29671, May 23, 2014.

All first floor units and common area amenities are designed to meet or exceed the Fair Housing Act. The design standard is the Fair Housing Act Design Manual.

The project shall also be designed to meet or exceed ANSI A117.1 Standard for Accessible and Usable Buildings and Facilities, year and scoping by the building code and local code amendments adopted by the local Authority having Jurisdiction over the project.

When multiple standards apply to a facility or element, and the standards conflict, the most stringent standard shall be applied.

This statement is attached to and part of the Architect Certification for the subject project.

IN PURSUIT OF DESIGN EXCELLENCE
GONZALEZ NEWELL BENDER, INC.

Francisco Gonzalez, AIA
Principal

Accessible Parking Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

Parking requirements based on:

–https://www.ada.gov/regs2010/2010ADAStandards/2010ADAStandards.

–https://www.huduser.gov/publications/pdf/fairhousing/

There must be one accessible space per accessible Unit located on the closest route to the Unit (ADA).

When parking is provided for leasing office and amenities, use ADA Table 208.2 to calculate.

When calculating additional spaces needed, use whichever yields the larger number of spaces.

If you have different kinds of parking, e.g. lot, carport, and garages, each has to meet the standards individually.

If there is a separate amenity (e.g. a pavilion in the back corner of property) that provides non-accessible spaces, at least one space would need to be an accessible.

Use this chart to indicate number of parking spaces provided.

enter the total number of parking spaces

enter the parking type and the number of spaces in each, starting with the surface lot (*see the example)

make sure the totals match!

Total # of Spaces:	294	Percentage of Total
Surface lot	294	1
		0
		0
		0
		0
	294	100

EXAMPLE*

Total # of Spaces:	450	Percentage of Total
Surface lot	300	0.666666667
Carports	100	0.222222222
Garages	50	0.111111111
Facility 4		
Facility 5		0
	450	100

Use this chart to figure out accessible parking requirements.

chart above must be completed first

In C32, enter the total number of accessible spaces required

(see Application Webinar, Part 3, from 0:00 - 14:20, or webinar slides starting at slide 136)

In D33, enter the number of units required per accessible Unit in the surface lot

In column F, distribute required van spaces among the different parking facilities

# Accessible Spaces:		22	Distribution	Van Spaces
Surface lot		22	15	7
		0	0	
		0	0	
		0	0	
		0	0	
Total		22	15	7

EXAMPLE*

# Accessible Spaces:		16	Distribution	Van Spaces
Surface lot		10.666667	10	1
Carports		3.5555556	4	1
Garages		1.7777778	2	1
Facility 4		0	0	0
Facility 5		0	0	0
Total		16	16	3

By signing below, I (WE) certify that the information above meets the requirements in the 2010 ADA Standards for Accessible Design Title III regulations at 28 CFR part 36, subpart D, and the 2004 ADA Accessibility Guidelines at 36 CFR part 1191, appendices B and D. There will be at least one accessible spot per accessible unit located on the closest route to the accessible unit. For every 6 or fraction of 6 accessible spaces required, at least one will be van accessible. Accessible spaces will be dispersed amongst the parking types provided.

By: ______________________

Signature

08/15/18

Date

Francisco Gonzalez

Printed Name

Gonzalez Newell Bender, Inc.

Firm Name (If applicable)

Accessible Hearing/Visual Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:

(1) Distributed throughout the Unit types AND the Development; and

(2) Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Multifamily Housing Developments covered by 10 TAC 10.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired **and an additional 2%** must be set aside for the hearing and/or visually impaired.

Hearing/Visual	Total Units	Required %	Calculated Units	Units Required (Rounded)	Units Proposed
Unit Description	146	2%	2.92	3	
1/1 (715 sqft)	20	2%	0.4	1	1
2/2 (922 sqft)	50	2%	1	1	1
3/2 (1159 sqft)	60	2%	1.2	1.2	1
4/2 (1394 sqft)	16	2%	0.32	1	
		2%	0	0	
	146		2.92	4.2	3

***NOTE:** If total is more than what is required, Applicant will select which to include under "Units Proposed"

EXAMPLE

Hearing/Visual	Total Units	Required %	Calculated Units	Units Required (Rounded)	Units Proposed
Unit Description	68	2%	1.36	2	2
1/1	28	2%	0.56	1	1
2/2	36	2%	0.72	1	1
3/3	4	2%	0.08	1	
D		2%	0	0	
E		2%	0	0	
	68		1.36	3	2

***NOTE:** Required is 2, but calculation yields 3. Applicant selected which Unit(s) to include under "Units Proposed"

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least two percent (2%) of all dwelling units will be designed and built to be accessible for persons with hearing and/or visual impairment.

By: ______________________
Signature

08/15/18
Date

Francisco Gonzalez
Printed Name

Gonzalez Newell Bender, Inc.
Firm Name (If applicable)

Accessible Mobility Units Calculation

Include this worksheet in the Application (or a signed and certified worksheet provided by your accessibility professional that shows the calculations).

To the maximum extent feasible and subject to reasonable health and safety requirements, accessible units must be:
(1) Distributed throughout the Unit types **AND** the Development; and
(2) Made available in a sufficient range of sizes and amenities so that the choice of living arrangements of qualified persons with Disabilities is, as a whole, comparable to that of other persons eligible for housing assistance under the same program.

Multifamily Housing Developments covered by 10 TAC 10.101(b)(8)(A) must have a minimum of 5% of all units in the development set aside for the mobility impaired **and an additional 2%** must be set aside for the hearing and/or visually impaired.

Mobility	**Total Units**	**Required %**	**Calculated Units**	**Units Required**	**Units Proposed**
Unit Description	146	5%	7.3	8	
1/1 (715 sqft)	20	5%	1	1	1
2/2 (922 sqft)	50	5%	2.5	2.5	3
3/2 (1159 sqft)	60	5%	3	3	3
4/2 (1394 sqft)	16	5%	0.8	1	1
		5%	0	0	
	146		7.3	7.5	8

***NOTE**: If total is more than what is required, Applicant will select which Unit(s) not to include Under "Units Proposed"

EXAMPLE:

Unit Description	**Total Units**	**Required %**	**Calculated Units**	**Units Required**	**Units Proposed**
	68	5%	3.4	4	4
1/1 (874sqft & 806	28	5%	1.4	1.4	1
2/2 (950 sqft & 100	36	5%	1.8	1.8	2
3/2 (1120 sqft & 11	4	5%	0.2	1	1
D		5%	0	0	
E		5%	0	0	
	68		3.4	4.2	4

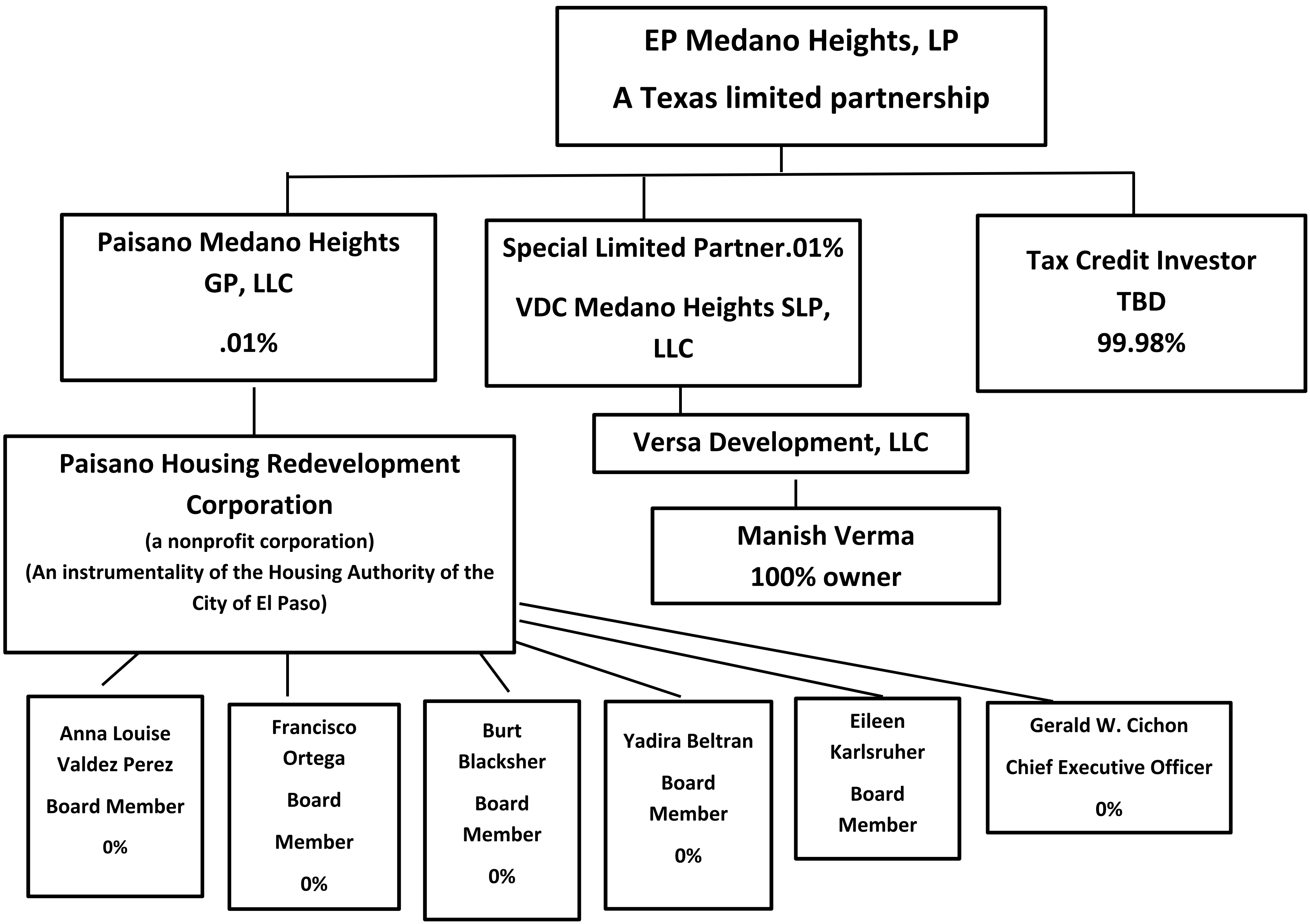
***NOTE:** Required is 4, but calculation yields 4.2. Applicant selected which to round down Under "Units Proposed"

By signing below, I (WE) certify that the information above meets the requirements in Section 504 of the Rehabilitation Act of 1973 and implemented at 24 C.F.R. Part 8 as described in 10 TAC Chapter 1, Subchapter B. At least five percent (5%) of all dwelling units will be designed and built to be accessible for persons with mobility impairments.

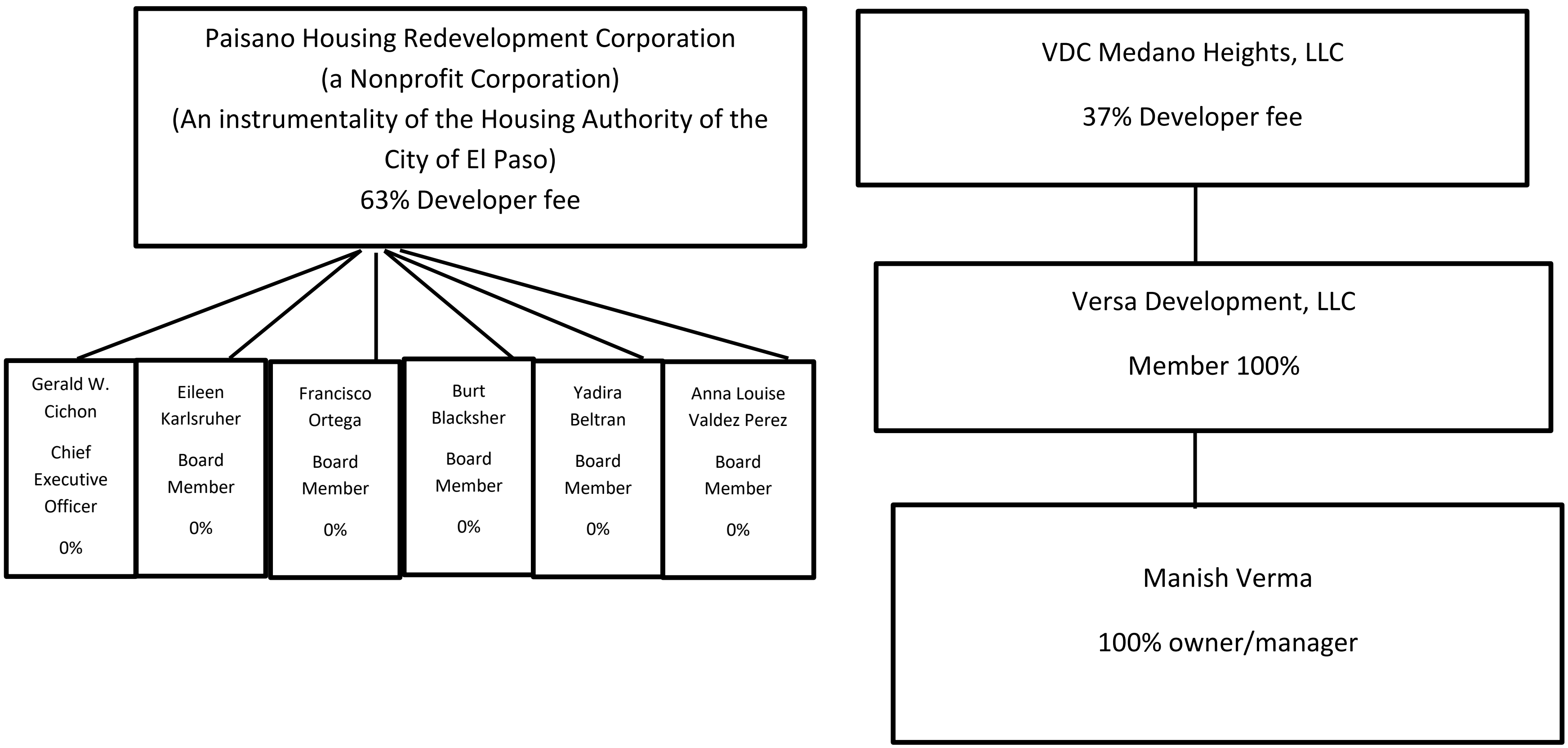
By:____________________ Francisco Gonzalez
Signature Printed Name

08/15/18 Gonzalez Newell Bender, Inc.
Date Firm Name (If applicable)

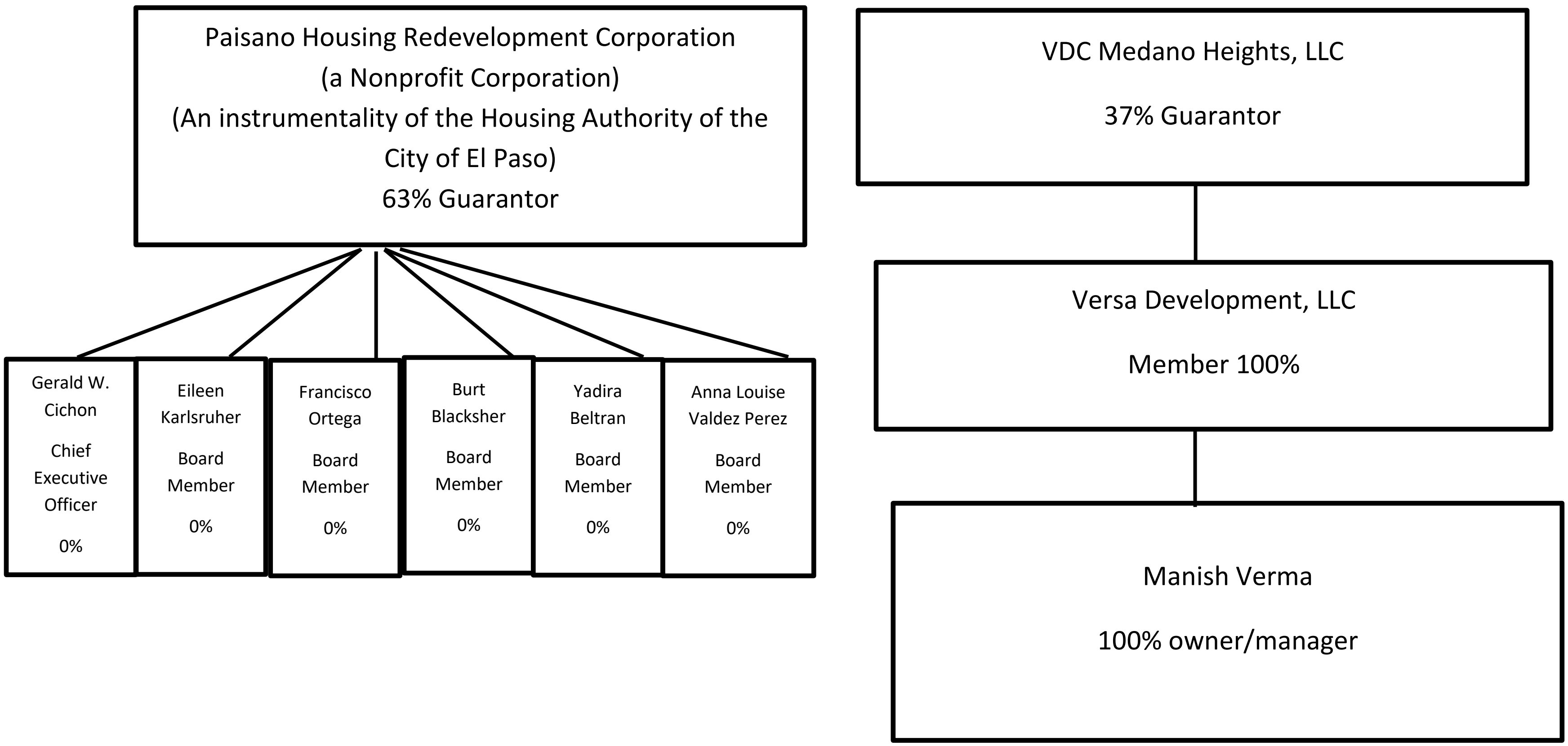
Ownership Organizational Chart



Developer Organizational Chart



Guarantor Organizational Chart



amam - 9/5/18 4:16pm - MB

Guarantor Organizational Chart (con't)

GMAT Development, Ltd.
Guarantor

GMAT GP, LLC
General Partner
1%

Manish Verma
Member and Manager
100%

1q

BOARD ACTION REQUEST

COMPLIANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on the proposed repeal and proposed new 10 TAC Chapter 10 Subchapter F, concerning Compliance Monitoring, and directing their publication for public comment in the *Texas Register*.

RECOMMENDED ACTION

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

WHEREAS, staff proposes repeal and a proposed new rule to incorporate new federal guidance, eliminate unnecessary requirements, address valid tenant complaints, clarify requirements of new Department programs, and provide guidance on how the Department will monitor for compliance with Housing Tax Credit Developments that elect the average income test under IRC §42(g);

WHEREAS, staff recommends to the Board that there is a continuing need for these rule sections to exist, which is to ensure compliance with applicable sections of Tex. Gov't Code Chapter 2306, Internal Revenue Code ("IRC") §42, and applicable sections of 24 CFR §92.504 and 24 CFR §93.404; and

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

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal and a proposed new 10 TAC Chapter 10 Subchapter F, together with the preamble presented to this meeting, are hereby approved for publication in the *Texas Register* for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered, and directed, for and on behalf of the Department, to cause the proposed repeal and proposed new 10 TAC Chapter 10, Subchapter F, §§10.601 –10.627, Compliance Monitoring, together with the preamble in the form presented to this meeting, to be published in the *Texas Register* for public comment and, in connection therewith, make such non-substantive technical corrections, or preamble-related corrections, as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles.

BACKGROUND

Rule Review Overview

Tex. Gov't Code §2001.039 requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist; based on the assessment, the rule can then be readopted as is, readopted with amendments, or repealed. Even rules that have been amended within the last four years require this review if the amendment did not specifically state that it included this review step. Several of the Department's rules exceed this four year review period; a project has been initiated to evaluate all rules and bring them into compliance with these timelines. One of the results of such a review is that the rule is determined to be necessary but that there are significant enough revisions to warrant repeal and proposal of a new rule in its place. This type of action also is an acceptable response to the four year review requirement and "resets the clock" on that review period

This rule review initiative also includes a management-wide evaluation of whether a rule is:

- Statutorily required, and if not, evaluating its necessity;
- Setting policy beyond those established in state or federal authorizing statute or regulation, and if so, affirming the purpose and need for that policy; and
- In harmony with the direction and policy of the Executive Director and the Board.

Upon approval in draft form by the Board, rules under review will be released for public comment in the *Texas Register* and returned to the Board for final direction and adoption.

10 TAC Chapter 10, Subchapter F, §§10.601–10.627, Compliance Monitoring

Authority: Tex. Gov't Code Chapter 2306.053 provides for the Department to administer federal housing, community affairs, or community development programs, including the low income housing tax credit program. §§2306.0724, 2306.2631 and 2306.6728 require the Department to adopt specific rules. Internal Revenue Code §42(m) requires State Housing Finance Agencies to have a procedure for monitoring for noncompliance and notifying the Internal Revenue Service of such noncompliance. 24 CFR §§92 and 93 require the Department to adopt rules for monitoring the HOME and National Housing Trust Fund ("NHTF") programs. In addition, the cooperative agreement the Department entered into with the U.S. Department of Housing and Urban Development ("HUD") regarding the Section 811 program requires monitoring guidelines. These rules satisfy those requirements.

Department Policy: While Tex. Gov't Code Chapter 2306 provides for direction and authority for certain, specific activities for the Division, it does not provide the administrative specificity necessary to fully process and implement all compliance activities necessary to ensure all federal programs and Tex. Gov't Code requirements are met. As such, these rules set Department policy to the extent necessary to provide for the administrative implementation of federal and state directives and requirements. In addition, sections of this rule reflect requirements that set policy beyond federal authorizing statute or regulation. The purpose and need for rules that go beyond a specific statute or regulation is to fulfill the purpose and policy statements of Tex. Gov. Code Chapter 2306 and are explained in more detail below.

Consistency with Executive Direction and Proposed Changes: Staff recommends that these rules be retained and that this be accomplished through the proposed repeal and proposed new rule.

The proposed draft of the Compliance Rules reflects staff's recommendations for the Board's consideration. Not every section proposed for change is highlighted in this Board Action request; only the most significant changes are summarized below.

Upon Board approval, the repeal and proposed Compliance Rule will be posted to the Department's website and published in the *Texas Register*. Public comment will be accepted between October 26, 2018, and November 26, 2018. The Compliance Rule, after consideration of public comment, will be brought before the Board in January 2019, for final approval and subsequently published in the *Texas Register* for adoption.

Summary of Proposed Changes: Throughout the rule, requirements related to the Section 811 program have been added. The Compliance Committee has been eliminated, and all references to the Compliance Committee have been eliminated. Other significant recommendations made by staff are described below.

1. §10.602(b) Notice to Owners and Corrective Action Periods. Staff has added an administrative deficiency process to the corrective action period.

2. §10.605 Elections under IRC 42(g). This section of the rule provides some general guidance about the elections available under IRC §42(g), including the new average income test. Additional information about how the Department will monitor for compliance with the new average income test available under IRC 42(g) is found in other sections of the rule. Should the Internal Revenue Service ("IRS") or the U.S. Treasury Department ("Treasury") release guidance that contradicts how the Department plans to monitor, that guidance will superseded and be immediately controlling, and these rules will need to be amended.

3. §10.606(a) Construction Inspections. Language has been added encouraging owners to promptly request final construction inspections to allow the Department to inspect accessible units prior to occupancy to avoid disruption of households in the event that corrective action is required.

4. §10.610 Written Policies and Procedures. Several changes are recommended by staff:

- Changes were made to §10.610(b)(1)(A)(iii) to incorporate recent guidance from the IRS and HUD regarding application deposits.
- Staff recommends removing several requirements from the written policies and procedures section because monitoring was too subjective or the requirements went beyond a federal or state statute and staff does not believe there is a need or reason to do so.
- Staff recommends adding language to §10.610(b)(2)(A) regarding requirements for Developments that want to include preferences in their leasing criteria.
- Staff recommends adding §10.610(e) which will require Developments that elect the average income test under IRC §42(g) and all Developments with additional rent and occupancy restrictions to create written policies and procedures regarding changes in household income. This requirement goes beyond a state or federal authorizing statute or regulation. This policy will fulfill the need for Owners that elect the average income test to develop procedures for managing their Developments in the absence of federal guidance. In addition, this requirement is intended to encourage (but not require) owners to provide lower rent units to the lowest income households.
- Staff recommends adding §10.610(j), which will require Owners that elect the average income test under IRC §42(g) to create written policies and procedures regarding lease up and procedures to maintain compliance as household incomes change. This requirement is beyond a state or federal statute or regulation. However, in the absence of federal guidance

from the IRS or Treasury, the Department cautions owners to proceed thoughtfully. In addition, this section encourages but does not require owners to provide lower rent units to the lowest income households.

5. §10.614(k)(3) Utility Allowances. This section will now allow Multifamily Direct Loan applicants to choose any of the allowable utility allowance methods.

6. §10.615 Elections under IRC §42(g) and Additional Rent and Occupancy restrictions.
Staff recommends several changes to this section of the rule to provide guidance for Owners that elect the income average test under IRC §42(g) and to provide suggestions for managing additional rent and occupancy restrictions. These amendments go beyond a federal or state statute but serve an important policy. Many of the Developments in the Department's portfolio have agreed to lease units at rents less than 60% of Area Median Income. There are long waiting lists for these units. The Housing and Economic Recovery Act of 2008 eliminated the requirement for 100% low income HTC Developments to conduct annual income recertifications. At that time, the Department eliminated recertification requirements for 100% low income Developments including the units occupied by households designated towards the additional rent and occupancy restrictions. Although owners are allowed to designate households that receive Section 8 or other rental assistance towards the 30% or 50% set aside, since households receiving rental assistance are already paying a rent that should be affordable to them, the Department is encouraging owners to consider adopting policies that would ensure that the lower rent units are occupied by the lowest income households and those that do not have a housing assistance voucher.

Language has been added to this Section of the rule to address the Department's understanding of the Available Unit Rule for Developments that elect the average income test under IRC §42(g).

Language has also been added that would prohibit an owner from increasing the rent of a household to more than the limit allowed by their move in designation unless they have a policy to recertify household income and re-designate as income increases. The Department has received complaints from residents who were moved in at the 50% rent and then offered to renew their lease at the 60% level, which they cannot afford.

7. §10.617 Affirmative Marketing. Staff suggests removing many of the requirements of this section of the rule. The Department's rule had previously created an Affirmative Marketing tool that identified populations least like to apply and the census tracts where those populations live. The language proposing to be deleted goes beyond a federal or state statue and staff does not believe there is a purpose or need to do so in this instance. Affirmative Marketing is federally required for Developments funded with federal funds. Although there is not a clear federal requirement for Housing Tax Credit properties to affirmatively market, doing so satisfies commitments the Department made in the Analysis of Impediments to Fair Housing. Staff recommends retaining the requirement to conduct affirmative marketing but to changing the method for identifying the populations least likely to apply to mirror the HUD requirements and instructions.

8.§10.619 Monitoring for Social Services. Staff recommends amending this section to begin monitoring for social services at the first onsite rather than the second onsite.

9. §10.622 Special Rules regarding Rents and Rent Limit Violations. This section is being amended to incorporate recent guidance received from the IRS and HUD regarding application deposits. Staff also recommends adding language prohibiting owners from collecting a deposit or any other type of fee (other than an application fee) from a household to get on a waiting list.

Language cross referencing the Department's Asset Management Rule has been added to remind Owners of HOME, NSP, and NHTF that they are required to have their rent annually reviewed and approved by the Department.

Attachment 1: Preamble, including required analysis, for proposed repeal of 10 TAC Chapter 10, Subchapter F, §§10.601-10.626, Compliance Monitoring

The Texas Department of Housing and Community Affairs (the "Department") proposes repeal of 10 TAC Chapter 10, Subchapter F, §§10.601– 10.626 Compliance Monitoring. The purpose of the proposed repeal is to adopt a new updated rule under a separate action.

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

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

1. Mr. Irvine has determined that, for the first five years the repeal will be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous adoption making changes to the existing procedure for Compliance Monitoring.

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

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

4. The repeal does not result in an increase in fees paid to the Department nor in a decrease in fees paid to the Department.

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

6. The action will repeal an existing regulation, but is associated with a simultaneous re-adoption making changes to the existing procedure the existing procedure for Compliance Monitoring.

7. The repeal will not increase nor decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively nor positively affect this state's economy.

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

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be an elimination of an outdated rule while adopting a new updated rule under separate action. There will not be economic costs to individuals required to comply with the repealed section.

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 26, 2018 to November 26, 2018, to receive input on the repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Patricia Murphy, Compliance Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email to patricia.murphy@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time NOVEMBER 26, 2018.

STATUTORY AUTHORITY. The repeal is proposed pursuant to TEX. GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed repealed sections affect no other code, article, or statute.

Chapter 10, Subchapter F, Compliance Monitoring

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 10, Subchapter F, §§10.601-10.627, Compliance Monitoring

The Texas Department of Housing and Community Affairs (the "Department") proposes new 10 TAC Chapter 10, Subchapter F, §§10.601– 10.627, Compliance Monitoring. The purpose of the new rule is to incorporate new Federal guidance, eliminate unnecessary requirements, address common tenant complaints, clarify requirements of new Department programs and provide guidance on how the Department will monitor for compliance with Housing Tax Credit Developments that elect the average income test under IRC §42(g).

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

Tex. Gov't Code §2001.0045(b) does apply to the rule being adopted and no exceptions are applicable. However, the rule changes involve the removal of several sections which are no longer applicable, and proposes the rest of the rule be adopted with changes. There are no costs associated with this proposed rule, therefore no costs or impacts warrant a need to be offset.

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

1. Mr. Irvine has determined that, for the first five years the proposed new rule would be in effect, the proposed new rule does not create or eliminate a government program, but relates to making changes to an existing activity, concerning the monitoring of Developments funded through Department programs.

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

3. The proposed new rule does not require additional future legislative appropriations.

4. The proposed new rule does not result in an increase in fees paid to the Department nor in a decrease in fees paid to the Department.

5. The proposed new rule is not creating a new regulation other than adopting necessary changes. Necessary changes include adding guidance for owners that elect the new average income test under IRC §42(g), incorporating federal requirements related to fees and new Department programs.

6. The proposed new rule will not repeal an existing regulation.

7. The proposed new rule will not increase nor decrease the number of individuals subject to the rule's applicability.

8. The proposed new rule will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this proposed new rule and determined that the proposed amendment will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the proposed new rule and its possible effects on local economies and has determined that for the first five years the new rule would be in effect there would be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the new rule is in effect, the public benefit anticipated as a result of the new rule would be increased clarity and consistency across rule sections along with the revisions necessary to allow the public to claim the average income set aside under Section 42(g)(1) of the Internal Revenue Code as introduced into law by the Federal Consolidated Appropriations Act of 2018.

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 26, 2018, to November 26, 2018 to receive input on the proposed repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Patricia Murphy, Compliance Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941 or email to patricia.murphy@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time NOVEMBER 26, 2018.

STATUTORY AUTHORITY. The proposed amendment is made pursuant to TEX. GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new rule affects no other code, article, or statute.

10 TAC Chapter 10, Subchapter F

§10.601 Compliance Monitoring Objectives and Applicability

(a) The objectives of the Department in performing regular monitoring of affordable rental housing are:

(1) To provide for monitoring that meets applicable requirements of:

(A) The U. S. Department of Housing and Urban Development (HUD);

(B) The U. S. Department of the Treasury (Treasury);

(C) The Internal Revenue Service (the "IRS"); and

(D) Applicable state laws and rules;

(2) To enable the Department to report information to HUD, Treasury, the IRS, and the Governing Board, as required, regarding the condition and operations of such developments;

(3) To enable the Department to communicate with responsible persons regarding the condition and operation of their developments and understand clearly, with a documented record, how they are performing in meeting their obligations;

(4) To identify matters of noncompliance so that they can be appropriately addressed and to assist in targeting issues that may require compliance assistance education;

(5) To ensure that responsible persons understand the compliance status of their developments and the implications of such status;

(6) To articulate and communicate clear standards to promote the maintenance and operation of such developments in a manner that meets the high standards of the Department's affordable rental programs; and

(7) To provide a transparent system whereby all interested parties, including residents, community organizations, local governmental entities, and the affordable housing industry, may find accountability, consistency, and an awareness of the high quality standards of affordable housing in the State of Texas.

(b) This subchapter applies to the monitoring of affordable rental housing under the programs described in paragraphs (1) - (10) of this subsection:

(1) The Housing Tax Credit Program (HTC);

(2) The HOME Investment Partnerships Program (HOME);

(3) The Tax Exempt Bond Program (Bond);

(4) The Texas Housing Trust Fund Program (HTF or SHTF);

(5) The Tax Credit Assistance Program (TCAP);

(6) The Tax Credit Exchange Program (Exchange);

(7) The Neighborhood Stabilization Program (NSP);

(8) Section 811 Project Rental Assistance (811 PRA or 811) Program;

(9) Tax Credit Assistance Program Repayment Funds (TCAP RF); and

(10) The National Housing Trust Fund (NHTF).

(c) Monitoring activity evaluates the physical condition of the Developments and whether they are being operated in documented compliance with program requirements.

(d) The results of the Department's monitoring activities will be timely and properly documented.

(e) The Department may contract with an independent third party to monitor a Development during its construction or rehabilitation and during its operation for compliance with any conditions imposed by the Department in connection with the award of any Department funds, including allocations of housing tax credits, and appropriate state and federal laws, rules, regulations, orders, and other applicable legal requirements.

(f) The capitalized terms or phrases used herein are defined in this Title. Any other capitalized terms in this Subchapter shall have the meaning as defined in Tex. Gov't Code Chapter 2306, Internal Revenue Code (the "Code") §42, the HOME Final Rule, and other federal or Department rules, as applicable. Defined terms, when not capitalized, are to be read in context and construed according to common usage.

§10.602 Notice to Owners and Corrective Action Periods

(a) The Department will provide written notice to the Owner if the Department does not receive the Annual Owner Compliance Report (AOCR) timely or if the Department discovers through monitoring, audit, inspection, review, or any other manner that the Development is not in compliance with the provisions of the LURA, deed restrictions, application for funding, conditions imposed by the Department, this Subchapter, or other program rules and regulations, including §42 of the Internal Revenue Code.

(b) For a violation other than a violation that poses an imminent hazard or threat to health and safety, the notice will specify a thirty (30) day Corrective Action Period for failure to file the AOCR, and a ninety (90) day Corrective Action Period for other violations. During the Corrective Action Period, the Owner has the opportunity to show that either the Development was never in noncompliance or that the Event of Noncompliance has been corrected. Documentation of correction must be received during the Corrective Action Period for an event to be considered corrected during the Corrective Action Period. The Department may extend the Corrective Action Period for up to six (6) months from the date of the notice to the Development Owner only if there is good cause for granting an extension and the owner requests an extension during the original ninety (90) day Corrective Action Period, and the request would not cause the Department or the Owner to miss a federal deadline. If an Owner submits evidence of corrective action during the Corrective Action Period that addresses each finding but does not fully address all findings, the Department will give the Owner written notice and an additional ten (10) calendar day period to submit evidence of full corrective action. References in this subchapter to the Corrective Action Period include this additional ten (10), calendar day period.

(c) If any communication to the Owner under this section is returned to the Department as refused, unclaimed, or undeliverable, the Development may be considered not in compliance without further notice to the Owner. The Owner is responsible for providing the Department with current contact information, including address(es) (physical and electronic) and phone number(s). The Owner must also provide current contact information to the Department as required by §1.22 of this title (relating to Providing Contact Information to the Department), and ensure that such information is at all times current and correct. (d) Treasury Regulations require the Department to notify Housing Tax Credit Owners of upcoming reviews and instances of noncompliance. The Department will rely solely on the information supplied by the Owner in the Department's web-based Compliance Monitoring and Tracking System (CMTS) to meet this requirement. It is the Owner's sole responsibility to ensure at all times that such information is current, accurate, and complete. Correspondence sent to the email or physical address shown in CMTS will be deemed delivered to the Owner. Correspondence from the Department may be directly uploaded to the property's CMTS account using the secure electronic document attachment system. Once uploaded, notification of the attachment will be sent electronically to the email address listed in CMTS. The Department is not required to send a paper copy, and if it does so it does as a voluntary and non-precedential courtesy only.

(e) Unless otherwise required by law, Events of Noncompliance will not be reported to the IRS, referred for enforcement action, considered as cause for possible debarment, or reported in an applicant's compliance history or previous participation review, until after the end of the Corrective Action Period described in this section.

(f) Upon receipt of facially valid complaints the Department may contact the Owner and request submission of documents or written explanations to address the issues raised by the complainant. The deadline to respond to the issue will be specific to the matter. Whenever possible and not otherwise prohibited by law, regulation, or court order, the complaint received by the Department will be provided along with the request for documents or Owner response.

§10.603 Notices to the Internal Revenue Service (HTC Developments during the Compliance Period)

(a) Even when an Event of Noncompliance is corrected, the Department is required to file IRS Form 8823 with the IRS. When required, IRS Form 8823 generally will be filed not later than forty-five (45) days after the end of the correction period specified in the Notice to Owner (including any extensions permitted by the Department) but will not be filed before the end of the correction period. The Department will indicate on IRS Form 8823 the nature of the noncompliance and will indicate whether the Development Owner has corrected the noncompliance.

(b) The Department will retain records of noncompliance or failure to certify for six (6) years beyond the Department's filing of the respective IRS Form 8823.

(c) The Department will send the Owner of record copies of any IRS Forms 8823 submitted to the IRS.

§10.604 Options for Review

(a) If, during the Corrective Action Period, an Owner supplies evidence of continual compliance, the issue of noncompliance will be dropped, and no further action will be taken (e.g. for HTC properties, IRS Form 8823 will not be filed with the IRS).

(b) If, following the submission of corrective action documentation, Compliance staff continues to find the Owner in noncompliance, the Owner may request or initiate review of the matter using the following options, where applicable:

(1) If the issue is related to the inclusion or exclusion of tenant income, assets, or appropriate household size, the National Center for Housing Management (NCHM) can be contacted. In order to obtain guidance from NCHM, the requestor must have an active Certified Occupancy Specialist designation. If no representative of the owner has this designation, Department staff may make the request on the owner's behalf.

(2) If the compliance matter is related to the Housing Tax Credit program, Owners may contact the IRS Program Analyst for guidance or request that Department staff contact the IRS for general guidance without identifying the taxpayer. The issue will be handled in accordance with the guidance received from the IRS.

(3) If the compliance matter is related to the HOME, NHTF or NSP program, Owners may contact the U.S. Department of Housing and Urban Development Texas Field Office for guidance. The issue will be handled in accordance with guidance received from a HUD official with oversight responsibility, provided it is clear and can be corroborated (*e.g.* such guidance is provided in writing).

(4) Owners may request Alternative Dispute Resolution (ADR). An Owner may send a proposal to the Department's Dispute Resolution Coordinator to initiate ADR pursuant to §1.17 of this Title (relating to

Alternative Dispute Resolution). Note that even if the Department and Owner are engaged in ADR, the Department must meet Treasury Regulation §1.42-5 and file IRS Form 8823 within forty-five (45) days after the end of the Corrective Action Period. Therefore, it is possible that the Owner and Department may still be engaged in ADR when a IRS Form 8823 is filed. Should this happen, the form, including all Owner-supplied documentation, will be sent to the IRS with an explanation that the Owner disagrees with the Department's assessment and is pursuing ADR. Although the violation will be reported to the IRS within the required timeframes, it will not be considered part of an applicant's compliance history nor subject to administrative penalties pending the outcome of the ADR process.

§10.605 Elections under IRC §42(g)

(a) Under the Code, HTC Development Owners elect a minimum set-aside requirement of 20/50 (20 percent of the Units restricted to the 50 percent income and rent limit), 40/60 (40 percent of the Units restricted at the 60 percent income and rent limits) or the average income test.

(b) HTC projects must meet the required election under IRC §42(g) no later than the end of the first year of the Credit Period. Developments in the first year of the credit period that elect the average income test should lease Units in a manner to ensure that at all times, the average income and rent of the occupied units at the project does not exceed 60%. Example 605(1): A 100 Unit project places in service in April. If by October of that year, 50 of the Units are occupied and the other 50 have never been occupied, the designations of the 50 occupied Units must equal be to or less than 60% AMI and the percentage represented at application.

(c) Owners that elect the average income test under IRC §42(g) must disperse 20%, 30%, 40%, 50%, 60%, 70% and 80% Unit designations across all Unit Types in a manner that does not violate fair housing laws.

(d) Owners that elect the average income test under IRC §42(g) are encouraged to designate households that receive rental assistance at the level indicated by the contract rent for the Unit. Example 605(2): A household with a Housing Choice Voucher (i.e. Section 8) from the local Housing Authority occupies a one bedroom Unit. The household's annual income is between 20% and 30% of AMI. The household pays $100 in rent, and the Housing Authority pays $750 in rent. The contract rent of $850 is more than the 50% rent limit, but less than the 60% rent limit. The Owner should designate this household as a 60% household and lease the units required at the lower AMI tiers to households that do not receive rental assistance, unless when the household executes a lease there are no lower AMI tiers for the household to rent.

(e) Until and unless the Internal Revenue Service or the Treasury Department issues conflicting guidance, the Department will examine the actual gross rent and income of all households to determine if projects that elected average income test are at or below the federal minimum of 60% AMI.

§10.606 Construction Inspections

(a) Owners are required to submit evidence of final construction within thirty (30) calendar days of completion in a format prescribed by the Department. Owners are encouraged to request a final construction inspection promptly to allow the Department to inspect Units prior to occupancy to avoid disruption of households in the event that corrective action is required. In addition, the Architect of Record must submit a certification that the Development was built in compliance with all applicable laws, and the Engineer of Record (if applicable) must submit a certification that the Development was built in compliance with the design requirements.

(b) During the inspection, the Department will confirm that committed amenities have been provided and will inspect for compliance with the applicable accessibility requirements. In addition, a Uniform Physical Condition Standards inspection may be completed.

(c) IRS Form(s) 8609 and final retainage will not be released until the Owner receives written notice from the Department that all noted deficiencies have been resolved.

§10.607 Reporting Requirements

(a) The Department requires reports to be submitted electronically through the Department's web-based Compliance Monitoring and Tracking System (CMTS) and in the format prescribed by the Department. The Electronic Compliance Reporting Filing Agreement and the Owner's Designation of Administrator of Accounts forms must be filed for:

(1) 9% Housing Tax Credit Developments - no later than the date prescribed in §10.402(g) of this chapter relating to the 10 Percent Test;

(2) 4% Housing Tax Credit Developments - no later than the date prescribed in §10.402(e) of this chapter (relating to Post Bond Closing Documentation Requirements); or

(3) For all other multifamily developments, no later than September 1st of the year following the award.

(b) Each Development is required to submit an Annual Owner's Compliance Report (AOCR). Depending on the Development, some or all of the Report must be submitted. The first AOCR is due the second year following the award in accordance with the deadlines set out in subsection (e) of this section. *Example 607(1):* A Development was allocated Housing Tax Credits in July 2015. The first report is due April 30, 2017, even if the Development has not yet commenced leasing activities.

(c) The AOCR is comprised of four parts:

(1) Part A "Owner's Certification of Program Compliance." All Owners must annually certify compliance with applicable program requirements. The AOCR Part A shall include answers to all questions required by the U. S. Department of the Treasury to be addressed, including those required by Treasury Regulation 1.42-5(b)(1) or the applicable program rules.;

(2) Part B "Unit Status Report." All Developments must annually report and certify the information related to individual household income, rent, certification dates and other necessary data to ensure compliance with applicable program regulations. In addition, Owners are required to report on the race and ethnicity, family composition, age, use of rental assistance, disability status, and monthly rental payments of individuals and families applying for and receiving assistance or if the household elects not to disclose the information, such election;

(3) Part C "Housing for Persons with Disabilities." The Department is required to establish a system that requires Owners of state or federally assisted housing Developments with 20 or more housing Units to report information regarding housing Units designed for persons with disabilities. The certified answers to the questions on Part C satisfy this requirement; and,

(4) Part D "Form 8703." Tax exempt bond properties must file Form 8703 each calendar year of the qualified project period. The form is due to the IRS by March 31 after the close of the calendar year for which the certification is made. The Department requires Tax Exempt Bond Development Owners to submit a copy of the filed Form 8703 for the preceding calendar year.

(d) The owner is required to report certain financial information to the Department electronically through CMTS. If supplemental information is required, it must be uploaded to the Development's CMTS account.

(1) "Annual Owner's Financial Certification" (formerly Part D of the AOCR). Developments funded by the Department must annually provide and certify to the data requested in the Annual Owner's Financial Certification (AOFC).

(2) Developments funded with Exchange or TCAP must also submit a "Quarterly Owner's Financial Certification" and these must be submitted in January, April, July, and October on the 15th business day of the month.

(e) Parts A, B, C, and D of the AOCR and the Annual Owner's Financial Certification must be provided to the Department no later than April 30th of each year, reporting data current as of December 31st of the previous year (the reporting year).

(f) Periodic Unit Status Reports. All Developments must submit a Quarterly Unit Status report to the Department through the Compliance Monitoring and Tracking System. Quarterly reports are due in January, April, July, and October on the 10th day of the month. The report must report occupancy as of the last day of the previous month for the reporting period. For example, the report due October 10th should report occupancy as of September 30th of the preceding month. The first quarterly report is due on the first quarterly reporting date after leasing activity commences. Failure to report occupancy timely will result in a finding of noncompliance.

(g) Owners are encouraged to continuously maintain current resident data in the Department's CMTS. Under certain circumstances, such as in the event of a natural disaster, the Department may alter the reporting schedule and require all Developments to provide current occupancy data through CMTS.

(h) All rental Developments funded or administered by the Department will be required to submit a current Unit Status Report prior to an onsite monitoring visit.

(i) Exchange developments must submit IRS Form(s) 8609 with lines 7, 8(b), 9(b), 10(a), 10(c), and 10(d) completed thirty (30) days after the Department issues the executed form(s). If an Owner elects to group buildings together into one or more multiple building projects, the owner must attach a statement identifying the buildings in the project. An owner may request to change the election made on line 8(b) only once during the Compliance Period. The request will be treated as non-material amendment, subject to the fee described in §11.901 of this chapter (relating to Fee Schedule) and the process described in §10.405 of this chapter (relating to Amendments and Extensions).

§10.608 Record Keeping Requirements

(a) Development Owners must comply with program recordkeeping requirements. Records must include sufficient information to comply with the reporting requirements of §10.607 of this chapter (relating to Reporting Requirements) and any additional programmatic requirements. HTC Development Owners must retain records sufficient to comply with the reporting requirements of Treasury Regulation 1.42-5(b)(1). Records must be kept for each qualified Low-Income Unit and building in the Development, commencing with lease up activities and continuing on a monthly basis until the end of the Affordability Period.

(b) Each Development that is administered by the Department must retain records as required by the specific funding program rules and regulations and executed contracts or Land Use Restriction Agreements. In general, retention schedules include but are not limited to the provision of subsections (c) - (g) of this section.

(c) HTC records must be retained for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year; however, the records for the first year of the Credit Period must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period of the building (§1.42-5(b)(2) of the Code).

(d) Retention of records for NHTF, TCAP-RF, and HOME rental Developments must comply with the provisions of 24 CFR §92.508(c) and 24 CFR §93.407(b), which generally requires retention of rental housing records for five (5) years after the Affordability Period terminates.

(e) Retention of records for NSP rental Developments must comply with the provisions of 24 CFR §570.506, which generally requires retention of rental housing records for five (5) years after the Department has closed out the grant with HUD.

(f) Texas Housing Trust Fund (HTF) rental Developments must retain tenant files for at least three (3) years beyond the date the tenant moves from the Development. Records pertinent to the funding of the award, including, but not limited to, the Application and Development costs and documentation, must be retained for at least five (5) years after the Affordability Period terminates.

(g) Section 811 PRA tenant records must be maintained for the term of tenancy plus three years. After the end of the record retention period, all Enterprise Income Verification (EIV) data must be destroyed.

(h) Other rental Developments funded or administered in whole or in part by the Department must comply with record retention requirements as required by rule or deed restriction.

(i) All required records must be made available on site when an onsite monitoring occurs.

§10.609 Notices to the Department

If any of the events described in paragraphs (1) - (6) of this section occur, written notice must be provided to the Department within the respective timeframes. Failure to do so will result in a finding of noncompliance and may be taken into consideration during previous participation reviews in accordance with Chapter 1 Subchapter C of this Title, or in enforcement actions in accordance with Chapter 2 of this Title.

(1) Written notice must be provided at least thirty (30) days prior to any proposed sale, transfer, or exchange of the Development or any portion of the Development, and the Department must give its prior written approval to any such sale, transfer, or exchange, which will include a previous participation review on the proposed new ownership, requiring that they complete, and provide a Previous Participation Review Form;

(2) Notification must be provided within thirty (30) days following the event of any casualty loss, in whole or in part, to the Development, using the Department's Notice of Casualty Loss (for general casualty losses) or Notice of Disaster Casualty Loss (specific to loss as a result of a Presidentially Declared Disaster);

(3) Owners of Bond Developments shall notify the Department of the date on which 10 percent of the Units are occupied and the date on which 50 percent of the Units are occupied, and notice must occur within ninety (90) days of each such date;

(4) Within thirty (30) days after a foreclosure, the Department must be provided with documentation evidencing the foreclosure and a rent roll establishing occupancy on the day of the foreclosure; and

(5) Within ten (10) days of a change in the contact information (including contact persons, physical addresses, mailing addresses, email addresses, phone numbers, and/or the name of the property as know by the public) for the Ownership entity, management company, and/or Development the Department's CMTS must be updated.

(6) Owners of Developments that participate in the Section 811 PRA program are required to notify the Department about the availability of units as described in §10.624 of this subchapter.

§10.610 Written Policies and Procedures

(a) The purpose of this section is to outline policies and/or procedures that are required to have written documentation. If an owner fails to follow their written policies and procedures it will be cited as noncompliance with this section.

(1) Owners must inform applicants/tenants in writing, at the time of application or other action described in this section, that such policies/procedures are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.

(2) The Owner must have all policies and related documentation required by this section available in the leasing office and anywhere else where applications are taken. Developments that accept electronic

applications must post to their website the tenant selection criteria and the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) All policies must have an effective date. Any changes require a new effective date.

(4) In general, policies cannot be applied retroactively. Tenants who already reside in the development or applicants on the wait list at the time new or revised tenant selection criteria are applied and who are otherwise in good standing under the lease or wait list, must not receive notices of termination or non-renewal based solely on their failure to meet the new or revised tenant selection criteria or be passed over on the wait list. However, criteria related to program eligibility may be applied retroactively when a market development receives a new award of tax credits, federal or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.

(b) Tenant Selection Criteria. Owners must maintain written Tenant Selection Criteria. The criteria under which an applicant was screened must be included in the household's file.

(1) The criteria must be reasonably related to the applicant's ability to perform under the lease and include:

(A) Requirements that determine an applicant's basic eligibility for the property, including any preferences, restrictions, and any other tenancy requirements. The tenant selection criteria must specifically list:

(i) The income and rent limits;

(ii) When applicable, restrictions on student occupancy and any exceptions to those restrictions; and,

(iii) Fees and/or deposits required as part of the application process. Developments with HOME, NHTF, NSP, Section 811 and/or TCAP RF units cannot collect an application deposit for units designated under these programs. Owners of HTC, TCAP and Exchange Developments are discouraged from collecting an application deposit. If an application deposit is collected it must soon after be converted into a refundable security deposit. No fees or deposits may be collected to place a household or applicant on a waiting list.

(B) Applicant screening criteria, including what is screened and what scores or findings would result in ineligibility.

(C) Occupancy Standards. If fewer than 2 persons (over the age of 6) per bedroom for each rental unit are required for reasons other than those directed by local building code or safety regulations, a written justification must be provided.

(D) The following statement:

(i) Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and Federal Fair Housing Acts, the Federal Fair Credit Reporting Act, program guidelines, and the Department's rules.

(E) Specific age requirements if the Development is operating as an Elderly Property either under the Housing for Older Persons Act of 1995 as amended (HOPA), or the age related eligibly criteria required by its use of federal funds.

(2) The criteria must not:

(A) Include preferences for admission. A property may not have a preference unless it is either in a recorded LURA which has been approved by the Department or is required by a program in which the Owner is participating which requires the preference. Owners that include preferences in their leasing criteria due to other federal financing must provide either written approval from HUD, USDA, or VA for such preference or identify the statute, written agreement, federal guidance documentation that permits the adoption of this preference.

(B) Exclude an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or $2,500 annually; or,

(C) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(3) If the Development is funded with HOME, TCAP RF, NHTF, or NSP funds, in accordance with 24 CFR §93.356 and 24 CFR §92.359, the criteria may have a preference for persons who have experienced domestic violence, dating violence, sexual assault, or stalking.

(c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.

(1) The policy must provide:

(A) Information on how an applicant or current resident with a disability may request a reasonable accommodation; and,

(B) A timeframe (not to exceed 14 calendar days) in which the Owner will respond to a request.

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing;

(B) Require a household whose need is readily apparent to provide third party documentation of a disability;

(C) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation;

(D) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or,

(E) Require a household to rent a unit that has already been made accessible.

(d) Wait List Policy. Owners must maintain a written wait list policy, regardless of current unit availability. The policy must be maintained at the Development.

(1) The policy must include procedures the Development uses in:

(A) Opening, closing, and selecting applicants from the wait list;

(B) Determines how lawful preferences are applied; and,

(C) Procedures for prioritizing applicants needing accessible units in accordance with 24 CFR §8.27 and Chapter 1, Subchapter B of this Title.

(2) Developments with additional rent and occupancy restrictions must maintain a waiting list for their lower rent restricted units. The Development's wait list policy must inform applicants and current residents of the availability of lower rent units and the process for renting a lower rent unit. Unless otherwise approved at application, underwriting and cost certification, all unit sizes must be available at the lower rent limits. The wait list policy for Developments with lower rent restricted units must address how the waiting list for their lower rent restricted units will be managed and must include policies regarding changes in income that addresses the options available in section §10.615 of this Subchapter. The policy must not give a preference to prospective applicants over existing households. However, a Development may, but is not required to, prioritize existing households over prospective applicants.

(e) Developments that elect the income averaging test and all Developments with additional rent and occupancy restrictions must have written policies regarding changes in income that addresses the options available in section §10.615 of this Subchapter.

(f) Denied Application Policies. Owners must maintain a written policy regarding procedures for denying applications and notifying denied applicants of their rights.

(1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.

(2) Within seven (7) days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:

(A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based;

(B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the Development. An appeals procedure is required for HOME Developments that are owned by Community Housing Development Organizations, and units at Developments that lease units under the Department's Section 811-PRA program. The appeals process must provide a 14 day period for the applicant to contest the reason for the denial and comply with other requirements of the HUD Handbook 4350.3 4-9; and

(C) The TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) The Development must keep a log of all denied applicants that completed the application process to include:

(A) Basic household demographic and rental assistance information, if requested during any part of the application process;

(B) The specific reason for which an applicant was denied, the date the decision was made; and,

(C) The date the denial notice was mailed or hand-delivered to the applicant.

(4) A file of all rejected applications must be maintained the length of time specified in the applicable program's recordkeeping requirements and include:

(A) A copy of the written notice of denial; and,

(B) The Tenant Selection Criteria policy under which an applicant was screened.

(5) If an 811 applicant is being denied, within three (3) calendar days, the Department point of contact must be notified and provided with a copy of the written notice that was provided to the applicant.

(g) Non-renewal and/or Termination Notices. Owners must maintain a written policy regarding procedures for providing households non-renewal and termination notices.

(1) The owner must provide in any non-renewal or termination notice, a specific and lawful reason for the termination or non-renewal.

(2) The notification must:

(A) Be delivered as required under applicable program rules;

(B) Include the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(C) State how a person with a disability may request a reasonable accommodation in relation to such notice; and,

(D) Include information on the appeals process if one is used by the property.

(h) Unit Transfer Policies. Owners must maintain a written policy regarding procedures for households to request a unit transfer. The policy must address the following:

(1) How security deposits will be handled for both the current unit and the new unit;

(2) How transfers related to a reasonable accommodation will be addressed; and,

(3) For HTC Developments, how transfers will be handled with regard to the multiple building project election on IRS Form(s) 8609 line 8(b) and accompanying statements in accordance with §10.616 of this subchapter, concerning Household Unit Transfer Requirements for All Programs.

(i) At the time of application Owners must provide each adult in the household the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(j) HTC Developments that have elected average income test must describe in their leasing criteria how units will be leased and inform applicants of the set asides that the Development offers. Owners must disperse 20%, 30%, 40%, 50%, 60%, 70% and 80% units designations across all unit types in a manner that does not violate fair housing laws. HTC Developments that have elected the income averaging test must maintain separate waiting lists for each of the set asides offered by the Development. The waiting lists must be available to both existing households and prospective tenants. The Development cannot provide a preference for applicants over existing households. The Development is not required to place existing households that receive rental assistance on a waiting list for a lower rent unit. Owners are encouraged to designate households that receive rental assistance at the level indicated by the contract rent for the unit.

(k) Developments that participate in the Section 811 program must have a written EIV policy that includes security practices and complies with the HUD Handbook 4350.3, Chapter 9. Owners are discouraged from adopting policies that exceed the minimum requirements established by HUD.

(l) Policies and procedures will be reviewed during monitoring visits, through resident complaints or through an owner initiated written policies and procedures review. Owners may request a review of the written policies and procedures for a portfolio of Developments by submitting a request to wpp@tdhca.state.tx.us. After review by the Department, Owners may make non- substantive changes to their policies. Significant changes to reviewed policies without Department approval may result in findings of noncompliance.

(m) Development Owners must allow applicants to submit applications via mail and at the Development site or leasing office; if the Development is electronically equipped, the Development may also allow applications to be submitted via email, website form, or fax. The Development's tenant selection criteria must state available alternate means of submission and include address, email, or other necessary contact information on the form or its attached leasing criteria.

§10.611 Determination, Documentation and Certification of Annual Income

(a) For all rental programs administered by the Department, annual income shall be determined consistent with the Section 8 Program administered by HUD, using the definitions of annual income described in 24 CFR §5.609 as further described in the HUD Handbook 4350.3 as amended from time to time. For the Housing Tax Credit program, where there is a conflict between the HUD Handbook 4350.3 and the IRS Guide for Completing IRS Form 8823, the IRS guidance will be controlling. At the time of program designation as a low-income household, Owners must certify and document household income. In general, all low-income households must be certified prior to move in. Certification and documentation of household income is an Owner responsibility, even if the Owner is using a manager's services to handle tenant intake and leasing. Accordingly, Owner's should ensure that they hire competent and properly trained managers and that they exercise appropriate oversight of any manager's activities.

(b) For the initial certification of a household residing in a HOME, NHTF, NSP or TCAP RF unit at a Development committed HOME funds after August 23, 2013, owners must examine at least 2 months of source documents evidencing annual income (e.g. wage statement, interest statement, unemployment compensation).

§10.612 Tenant File Requirements

(a) At the time of program designation as a low-income household, typically at initial occupancy, Owners must create and maintain a file that at a minimum contains:

(1) A Department approved Income Certification form signed by all adults. At the time of program designation as a low-income household, Owners must certify and document household income. In general, all low-income households must be certified prior to move in. The Department requires the use of the TDHCA Income Certification form, unless the property also participates in the Rural Development or a Project Based HUD Program, in which case, the other program's Income Certification form will be accepted;

(2) Documentation to support the Income Certification form including, but not limited to, applications, first hand or third party verification of income and assets, and documentation of student status (if applicable). The Department permits Owners to use check stubs or other firsthand documentation of income and assets provided by the applicant or household in lieu of third party verification forms. It is not necessary to first attempt to obtain a third party verification form. Owners should scrutinize these documents to identify and address any obvious attempts at forgery, alteration, or generation of falsified documents;

(3) A lease with all necessary addendums to ensure that compliance with applicable federal regulations and §10.613 of this chapter (relating to Lease Requirements).

(b) Annually thereafter on the anniversary date of the household's move in or initial designation:

(1) Throughout the Affordability Period, all Owners of Housing Tax Credit, TCAP and Exchange Developments must collect and maintain current data on each household that includes the number of household members, age, ethnicity, race, disability status, and rental assistance (if any). This information can be collected on the Department's Annual Eligibility Certification form or the Income Certification form or HUD Income Certification form or USDA Income Certification form.

(2) During the Compliance Period for all Housing Tax Credit, TCAP, and Exchange Developments and throughout the affordability period for all Bond developments and HOME, NSP, and TCAP RF Developments committed funds after August 23, 2013, Owners must collect and maintain current student status data for each low-income household. This information must be collected within 120 days before the anniversary of the effective date of the original student verification and can be collected on the Department's Annual Eligibility Certification or the Department's Certification of Student Eligibility form or the Department's Income Certification form. Throughout the Compliance Period for HTC, TCAP, and Exchange developments, low-income households comprised entirely of full-time students must qualify for a HTC program exception, and supporting documentation must be maintained in the household's file. For Bond developments, if the household is not an eligible student household, it may be possible to re-designate the full-time student household to an Eligible Tenant (ET). For HOME, NSP, and TCAP RF Developments committed funds after August 23, 2013, an individual does not qualify as a low-income or very low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.

(3) The types of properties described in subparagraphs (A) - (D) of this paragraph are required to recertify annually the income of each low-income household using a Department approved Income Certification form and documentation to support the Income Certification (see subsection (a)(1) - (2) of this section):

(A) Mixed income Housing Tax Credit, TCAP and Exchange projects (as defined by line 8(b) of IRS Form(s) 8609 and accompanying statements, if any) that have not completed the fifteen (15) year Compliance Period;

(B) All Bond developments with less than 100 percent of the units set aside for households with an income less than 50 percent or 60 percent of area median income.

(C) HTF Developments with Market Rate units. However, HTF Developments with other Department administered programs will comply with the requirements of the other program.

(D) HOME Developments. Refer to subsection (c) of this section.

(c) Ongoing tenant file requirements for HOME and TCAP RF Developments:

(1) HOME Developments must complete a recertification with verifications of each HOME assisted Unit every sixth year of the Development's affordability period. The recertification is due on the anniversary of the household's move-in date. For purposes of this section the beginning of a HOME Development affordability period is the effective date on the first page of the HOME LURA. For example, a HOME Development with a LURA effective date of May 2011 will have the years of the affordability determined in Example 612(1):

(A) Year 1: May 15, 2011 - May 14, 2012;

(B) Year 2: May 15, 2012- May 14, 2013;

(C) Year 3: May 15, 2013- May 14, 2014;

(D) Year 4: May 15, 2014- May 14, 2015;

(E) Year 5: May 15, 2015- May 14, 2016;

(F) Year 6: May 15, 2016- May 14, 2017;

(G) Year 7: May 15, 2017 - May 14, 2018;

(H) Year 8: May 15, 2018 - May 14, 2019;

(I) Year 9: May 15, 2019 - May 14, 2020;

(J) Year 10: May 15, 2020 - May 14, 2021;

(K) Year 11: May 15, 2021 - May 14, 2022; and

(L) Year 12: May 15, 2022 - May 14, 2023.

(2) In the scenario described in paragraph (1) of this subsection, all households in HOME Units must be recertified with source documentation during the sixth and twelfth years or between May 15, 2016, to May 14, 2017, and between May 15, 2022, and May 14, 2023.

(3) In the intervening years the Development must collect a self certification by the effective date of the original Income Certification from each household that is assisted with HOME funds. The Development must use the Department's Income Certification form, unless the property also participates in the Rural Development or a project Based HUD program, in which case, the other program's Income Certification form will be accepted. If the household reports on their self certification that their annual income exceeds the current 80 percent applicable income limit or there is evidence that the household's written statement failed to completely and accurately provide information about the household's characteristics and/or income, then an annual income recertification with verifications is required.

(d) Tenant File requirements for Section 811 units. Files for households assisted under the Section 811 program must document the household's eligibility for the program, the deductions for which the household qualifies and the following HUD forms:

(1) Section 811 Project Rental Assistance Application
(2) Verification of disability, HUD 90102
(3) House Rules
(4) Move in move out inspection form HUD 90106
(5) TDHCA Section 811 Waiver of Move-in inspection
(6) Damages (Security deposit Deductions)
(7) Fact Sheet "How your rent is determined"
(8) Resident Rights and Responsibilities
(9) EIV and You Brochure
(10) Verification of Age
(11) Verification of Social Security number
(12) Screening for drug abuse and other criminal activity
(13) 811 Tenant Selection Plan
(14) Supplement to Application for Federally Assisted Housing: From 92006
(15) Annual Recertification Initial Notice
(16) Annual Recertification First Reminder Notice
(17) Annual Recertification Second Reminder Notice
(18) Annual Recertification Third Reminder Notice
(19) Race and Ethnic Data Reporting form: HUD 27061-H
(20) HUD 9887 and HUD 9887-A
(21) Annual unit inspection
(22) Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures: HUD form 50059
(23) HUD Model lease 92336-PRA

§10.613 Lease Requirements

(a) Eviction and/or termination of a lease. HTC, TCAP and Exchange Developments must specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited. To terminate tenancy, the Owner must serve written notice to the tenant specifying the grounds for the action. (b) HOME, TCAP RF, NHTF, and NSP Developments are prohibited from evicting low-income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal, state or local law, for completion of the tenancy period for transitional housing (if applicable), or for other good cause. It must be specifically stated in the lease or in an addendum attached to the lease that evictions or non-renewal of leases for other than good cause are prohibited (24 CFR §92.253 and 24 CFR §93.303). Owners must also comply with all other lease requirements and prohibitions stated in 24 CFR §92.253 or 24 CFR §93.303, as applicable. To terminate or refuse to renewal tenancy in HOME, TCAP RF, and NSP Developments, the Owner must serve written notice to the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy.

(c) In accordance with the Violence Against Women Act, an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking against the documented victim of such actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed as a serious or repeated violation of a lease or good cause for termination of tenancy. The Department does not determine if an Owner has good cause or if a resident has violated the lease terms for other reasons. Challenges for evictions or terminations of tenancy must be made by a court of competent jurisdiction or an agreement of the parties (including an agreement made in arbitration), and the Department will rely on that determination.

(d) Developments must use a lease or lease addendum that requires households to report changes in student status.

(e) Owners of HTC Developments are prohibited from locking out or threatening to lock out any Development resident, except by judicial process, unless the exclusion is necessary for the purpose of performing repairs or construction work, or in cases of emergency. Owners are further prohibited from seizing or threatening to seize the personal property of a resident except by judicial process unless the resident has abandoned the premises. These prohibitions must be included in the lease or lease addendum.

(f) For HOME, TCAP, TCAP RF, NHTF, and NSP Developments, properties that were initially built for occupancy prior to 1978 must include in their lease or lease addendum a Lead Warning Statement. To demonstrate compliance, the Department will monitor that, all households at HOME, TCAP, TCAP RF, NHTF, and NSP Developments have signed the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. (24 CFR §92.355, 24 CFR §93.361 and §570.487(c)). The addendum and disclosure are not required if all lead has been certified to have been cleared from the Development in accordance with 24 CFR §35.130, and the Owner has the required certification in its on-site records.

(g) All Owners may bifurcate a lease to terminate the tenancy of an individual who is a tenant or lawful occupant and engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against another lawful occupant living in the unit or other affiliated individual as defined in the VAWA 2013.

(h) All NHTF, TCAP RF, NSP, 811 PRA, and HOME Developments for which the contract is executed on or after December 16, 2016, must use the Department created VAWA lease addendum which provides the ability for the tenant to terminate the lease without penalty if the Department determines that the tenant qualifies for an emergency transfer under 24 CFR §5.2005(e).

(i) Leasing of HOME, NSP or TCAP RF units to an organization that, in turn, rents those units to individuals is not permissible for Developments with contracts dated on or after August 23, 2013. Leases must be between the Development and an eligible household.

(j) Housing Tax Credit units leased to an organization through a supportive housing program where the owner receives a rental payment for the unit regardless of physical occupancy will be found out of compliance if the unit remains vacant for over 60 days. The unit will be found out of compliance under the finding "Violation of the Unit Vacancy Rule."

(k) It is a Development Owner's responsibility at all times to know what it has agreed to provide by way of common amenities, unit amenities, and services.

(l) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

(1) Information about Fair Housing and tenant choice;

(2) Information regarding common amenities, unit amenities, and services; and,

(3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.

(4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.

(m) For Section 811 units, Owners must use the HUD Model lease, HUD form 92236-PRA

§10.614 Utility Allowances

(a) Purpose. The purpose of this section is to provide the guidelines for calculating a Utility Allowance under the Department's multifamily programs. The Department will cite noncompliance and/or not approve a Utility Allowance if it is not calculated in accordance with this section. Owners are required to comply with the provisions of this section, as well as, any existing federal or state program guidance.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise. Other capitalized terms used in this section herein have the meaning assigned in Chapters 1, 2, 10, 11, and 12 of this Title.

(1) Building Type. The HUD Office of Public and Indian Housing ("PIH") characterizes building and unit configurations for HUD programs. The Department will defer to the guidance provided by HUD found at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11608.pdf (or successor Uniform Resource Locator ("URL")) when making determinations regarding the appropriate building type(s) at a Development.

(2) Power to Choose. The Public Utility Commission of Texas database of retail electric providers in the areas of the state where the sale of electricity is open to retail competition http://www.powertochoose.org/ (or successor URL). In areas of the state where electric service is deregulated, the Department will verify the availability of residential service directly with the Utility Provider. If the Utility Provider is not listed as a provider of residential service in the Development's ZIP code for an area that is deregulated, the request will not be approved

(3) Component Charges. The actual cost associated with the billing of a residential utility. Each Utility Provider may publish specific utility service information in varying formats depending on the service area. Such costs include, but are not limited to:

(A) Rate(s). The cost for the actual unit of measure for the utility (e.g. cost per kilowatt hour for electricity);

(B) Fees. The cost associated with a residential utility that is incurred regardless of the amount of the utility the household consumes (e.g., Customer Charge); and,

(C) Taxes. Taxes for electricity and gas are regulated by the Texas Comptroller of Public Accounts and can be found http://comptroller.texas.gov/ (or successor URL). Local Utility Providers have control of the tax structure related to water, sewer and trash. To identify if taxes are imposed for these utilities, obtain documentation directly from the Utility Provider.

(4) Multifamily Direct Loan ("MFDL")- Funds provided through the HOME Program ("HOME"), Neighborhood Stabilization Program ("NSP"), National Housing Trust Fund ("NHTF"), Repayments from the Tax Credit Assistance Program ("TCAP RF"), or other program available through the Department, local political subdivision, or administrating agency for multifamily development that require a Utility Allowance. MFDLs may also include deferred forgivable loans or other similar direct funding, regardless if it is required to be repaid. Housing Tax Credits, Tax Exempt Bonds, and Project Based Vouchers are not MFDLs.

(5) Renewable Source. Energy produced from energy property described in IRC §48 or IRC §45(d)(1) through (4), (6), (9), or (11). The manner in which a resident is billed is limited to the rate at which the local Utility Provider would have charged the residents for the utility if that entity had provided it to them, and as may be further limited by the Texas Utilities Code or by regulation.

(6) Submetered Utility. A utility purchased from or through a local Utility Provider by the building Owner where the resident is billed directly by Owner of the building or to a third party billing company and the utility is:

(A) Based on the residents' actual consumption of that utility and not an allocation method or Ratio Utility Billing System ("RUBS"); and,

(B) The rate at which the utility is billed does not exceed the rate incurred by the building owner for that utility.

(7) Utility Allowance. An estimate of the expected monthly cost of any utility for which a resident is financially responsible, other than telephone, cable television, or internet.

(A) For HTC, TCAP, Exchange buildings, Bonds, and HTF include:

(i) Utilities paid by the resident directly to the Utility Provider;

(ii) Submetered Utilities; and,

(iii) Renewable Source Utilities.

(B) For a Development with a MFDL, unless otherwise prescribed in the program's Regulatory Agreement, include all utilities regardless of how they are paid.

(8) Utility Provider. The company that provides residential utility service (e.g. electric, gas, water, wastewater, and/or trash) to the buildings.

(c) Methods. The following options are available to establish a Utility Allowance for all programs except Developments funded with MFDL funds, which are addressed in subsection (d) of this section.

(1) Rural Housing Services ("RHS") buildings or buildings with RHS assisted residents. The applicable Utility Allowance for the Development will be determined under the method prescribed by the RHS (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with RHS assisted residents.

(2) HUD-Regulated buildings layered with any Department program. If neither the building nor any resident in the building receives RHS rental assistance payments, and the rents and the Utility Allowances of the building are regulated by HUD (HUD-regulated building), the applicable Utility Allowance for all rent

restricted Units in the building is the applicable HUD Utility Allowance. No other utility method described in this section can be used by HUD-regulated buildings. Unless further guidance is received from the U.S. Department of Treasury or the Internal Revenue Service ("IRS"), the Department considers Developments awarded a MFDL (e.g. HOME) to be HUD-Regulated buildings.

(3) Other Buildings. For all other rent-restricted Units, Development Owners must use one of the methods described in subparagraphs (A) - (E) of this paragraph:

(A) Public Housing Authority ("PHA"). The Utility Allowance established by the applicable PHA for the Housing Choice Voucher Program. The Department will utilize the Texas Local Government Code, Chapter 392 to determine which PHA is the most applicable to the Development.

(i) If the PHA publishes different schedules based on Building Type, the Owner is responsible for implementing the correct schedule based on the Development's Building Type(s). Example 614(1): The applicable PHA publishes a separate Utility Allowance schedule for Apartments (5+ units), one for Duplex/Townhomes and another for Single Family Homes. The Development consists of 20 buildings, ten of which are Apartments (5+ units) and the other ten buildings are Duplexes. The Owner must use the correct schedule for each Building Type.

(ii) In the event the PHA publishes a Utility Allowance schedule specifically for energy efficient units, and the Owner desires to use such a schedule, the Owner must demonstrate that the building(s) meet the housing authority's specifications for energy efficiency once every five years.

(iii) If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the Utility Allowance if the resident is responsible for that utility.

(iv) If the individual components of a Utility Allowance are not in whole number format, the correct way to calculate the total allowance is to add each amount and then round the total up to the next whole dollar. Example 614(2): Electric cooking is $8.63, Electric Heating is $5.27, Other Electric is $24.39, Water and Sewer is $15. The Utility Allowance in this example is $54.00.

(v) If an Owner chooses to implement a methodology as described in subparagraph (B), (C), (D), or (E) of this paragraph, for Units occupied by Section 8 voucher holders, the Utility Allowance remains the applicable PHA Utility Allowance established by the PHA from which the household's voucher is received.

(vi) If the Development is located in an area that does not have a municipal, county, or regional housing authority that publishes a Utility Allowance schedule for the Housing Choice Voucher Program, Owners must select an alternative methodology, unless the building(s) is located in the published Housing Choice Voucher service area of:

(I) A Council of Government created under Texas Local Government Code, Chapter 303, that operates a Housing Choice Voucher Program;

(II) The Department's Housing Choice Voucher Program; or,

(III) Another PHA which publishes a separate utility allowance schedule specific to the Development's location.

(B) Written Local Estimate. The estimate must come from the local Utility Provider, be signed by the Utility Provider representative, and specifically include all Component Charges for providing the utility service.

(C) HUD Utility Schedule Model. The HUD Utility Schedule Model and related resources can be found at http://www.huduser.gov/portal/resources/utilallowance.html (or successor URL). Each item on the schedule must be displayed out two decimal places. The total allowance must be rounded up to the next whole dollar amount. The Component Charges used can be no older than those in effect 60 days prior to the beginning of the 90 day period described in described in paragraph (f)(3) of this section related to Effective Dates.

(i) The allowance must be calculated using the MS Excel version available at http://www.huduser.org/portal/resources/utilmodel.html (or successor URL), as updated from time to time, with no changes or adjustments made other than entry of the required information needed to complete the model.

(ii) In the event that the PHA code for the local PHA to the Development is not listed in "Location" tab of the workbook, the Department will use the PHA code for the PHA that is closest in distance to the Development using online mapping tools (e.g. MapQuest).

(iii) Green Discount. If the Owner elects any of the Green Discount options for a Development, documentation to evidence that the units and the buildings meet the Green Discount standard as prescribed in the model is required for the initial approval and every subsequent annual review.

(I) In the event the allowance is being calculated for an application of Department funding (e.g. 9% Housing Tax Credits), upon request, the Department will provide both the Green Discount and the non-Green Discount results for application purposes.

(II) At lease up, the owner may use the utility allowance taking into consideration the green discount if they obtain written documentation from a qualified professional (e.g. a qualified energy efficiency consultant) indicating that the units and buildings will meet the qualifications for the Green Discount within six months of the placed in service date or for MFDL within six months of the construction completion date. (iv) Do not take into consideration any costs (e.g. penalty) or credits that a consumer would incur because of their actual usage. Example 614(3) The Electric Fact Label for ABC Electric Utility Provider provides a Credit Line of $40 per billing cycle that is applied to the bill when the usage is greater than 999 kWh and less that 2000 kWh. Example 614(4) A monthly minimum usage fee of $9.95 is applied when the usage is less than 1000 kWh in the billing cycle. When calculating the allowance, disregard these types costs or credits.

(D) Energy Consumption Model. The model must be calculated by a properly licensed mechanical engineer. The individual must not be related to the Owner within the meaning of §267(b) or §707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, Unit size, building type and orientation, design and materials, mechanical systems, appliances, characteristics of building location, and available historical data. Component Charges used must be no older than in effect 60 days prior to the beginning of the 90 day period described in paragraph (f)(3) of this section related to Effective Dates; and,

(E) An allowance based upon an average of the actual use of similarly constructed and sized Units in the building using actual utility usage data and Component Charges, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method." For a Development Owner to use the Actual Use Method they must:

(i) Provide a minimum sample size of usage data for at least five Continuously Occupied Units of each Unit Type or 20 percent of each Unit Type whichever is greater. If there are less than five Units of any Unit Type, data for 100 percent of the Unit Type must be provided;

(ii) Upload the information in subclause (I) - (IV) of this clause to the Development's CMTS account no later than the beginning of the 90 day period after which the Owner intends to implement the allowance, reflecting data no older than 60 days prior to the 90 day implementation period described in described in paragraph (f)(3) of this section related to Effective Dates.

(I) An Excel spreadsheet listing each Unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, the number of bedrooms, bathrooms and square footage for each Unit, the household's move-in date, the utility usage (e.g. actual kilowatt usage for electricity) for each month of the 12 month period for each Unit for which data was obtained, and the Component Charges in place at the time of the submission;

(II) All documentation obtained from the Utility Provider (or billing entity for the utility provider) and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider;

(III) The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider; and

(IV) Documentation of the current Utility Allowance used by the Development.

(iii) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the Utility Allowance for each bedroom size using the guidelines described in subclause (I) - (V) of this clause;

(I) If data is obtained for more than the sample requirement for the Unit Type, all data will be used to calculate the allowance;

(II) If more than 12 months of data is provided for any Unit, only the data for the most current twelve 12 will be averaged;

(III) The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e., kilowatts over the last 12 months by the current rate) for all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom/one bath Units, and 12 two bedroom/two bath Units, the data for all 30 Units will be averaged to calculate the allowance for all two bedroom Units;

(IV) The allowance will be rounded up to the next whole dollar amount. If allowances are calculated for different utilities, each utility's allowance will be rounded up to the next whole dollar amount and then added together for the total allowance; and

(V) If the data submitted indicates zero usage for any month, the data for that Unit will not be used to calculate the Utility Allowance.

(iv) The Department will complete its evaluation and calculation within forty-five (45) days of receipt of all the information requested in clause (ii) of this subparagraph;

(d) In accordance with 24 CFR §§92.252 and 93.302, for a MFDL in which the Department is the funding source, the Utility Allowance will be established in the following manner:

(1) For Developments that, as a result of funding, must calculate the Utility Allowance under HUD Multifamily Notice H-2015-4, as revised from time to time, the applicable Utility Allowance for all rent restricted Units in the building is the applicable Utility Allowance calculated under that Notice. No other utility method described in this section can be used.

(2) Other Buildings. The Utility Allowance may be initiated by the Owner using the methodologies described in paragraph (3)(B), (C), (D), or (E) of subsection (c) related to Methods.

(3) If a request is not received by October 1st, the Department will calculate the Utility Allowance using the HUD Utility Schedule Model. For property specific data, the Department will use:

(A) The information submitted in the Annual Owner's Compliance Report;

(B) Entrance Interview Questionnaires submitted with prior onsite reviews; or,

(C) The owner may be contacted and required to complete the Utility Allowance Questionnaire. In such case, a five day period will be provided to return the completed questionnaire.

(D) Utilities will be evaluated in the following manner:

(i) For regulated utilities, the Department will contact the Utility Provider directly and apply the Component Charges in effect no later than 60 days before the allowance will be effective.

(ii) For deregulated utilities:

(I) The Department will use the Power to Choose website and search available Utility Providers by ZIP code;

(II) The plan chosen will be the median cost per kWh based on average price per kWh for the average monthly use of 1000 kWh of all available plans; and,

(III) The actual Component Charges from the plan chosen in effect no later than 60 days before the allowance will be effective will be entered into the Model.

(E) The Department will notify the Owner contact in CMTS of the new allowance and provide the backup for how the allowance was calculated. The owner will be provided a five day period to review the Department's calculation and note any errors. Only errors related to the physical characteristics of the building(s) and utilities paid by the residents will be reconsidered; the utility plan and Utility Provider selected by the Department and Component Charges used in calculating the allowance will not be changed. During this five day period, the owner also has the opportunity to submit documentation and request use of any of the available Green Discounts.

(F) The allowance must be implemented for rent due in all program units thirty days after the Department notifies the Owner of the allowance.

(4) HTC Buildings in which there are units under a MFDL program are considered HUD- Regulated buildings and the applicable Utility Allowance for all rent restricted Units in the building is the Utility Allowance calculated under the MFDL program. No other utility method described in this section can be used by HUD-regulated buildings. If the Department is not the awarding jurisdiction, Owners are required to obtain the Utility Allowance established by the awarding jurisdiction, and to document all efforts to obtain such allowance to evidence due diligence in the event that the jurisdiction is nonresponsive. In such an event, provided that, sufficient evidence of due diligence is demonstrated, the Department, in its sole discretion, may allow for the use of the methods described in (3)(A), (B), (C), or (D) of subsection (c) related to Methods to calculate and establish its utility allowance.

(e) Acceptable Documentation. For the Methods where utility specific information is required to calculate the allowance (e.g. base charges, cost per unit of measure, taxes) Owners should obtain documentation directly from the Utility Provider and/or Regulating State Agency. Any Component Charges related to the utility that are published by the Utility Provider and/or Regulating State Agency must be included. In the case where a utility is billed to the Owner of the building(s) and the Owner is billing residents through a third party billing company, the Component Charges published by the Utility Provider and not the third party billing company will be used.

(f) Changes in the Utility Allowance. An Owner may not change Utility Allowance methods, start or stop charging residents for a utility without prior written approval from the Department. Example 614(5): A Housing Tax Credit Development has been paying for water and sewer since the beginning of the Compliance Period. In year 8, the Owner decides to require residents to pay for water and sewer. Prior written approval from the Department is required. Any such request must include the Utility Allowance Questionnaire found on the Department's website and supporting documentation.

(1) The Department will review all requests, with the exception of the methodology prescribed in paragraph

(3)(E) of subsection (c) related to Methods, within 90 days of the receipt of the request.

(2) If the Owner fails to post the notice to the residents and simultaneously submit the request to the Department by the beginning of the 90 day period, the Department's approval or denial will be delayed for up to 90 days after Department notification. Example 614(6): The Owner has chosen to calculate the electric portion of the Utility Allowance using the written local estimate. The annual letter is dated July 5, 2014, and the notice to the residents was posted in the leasing office on July 5, 2014. However, the Owner failed to submit the request to the Department for review until September 15, 2014. Although the Notice to the Residents was dated the date of the letter from the utility provider, the Department was not provided the full 90 days for review. As a result, the allowance cannot be implemented by the owner until approved by the Department.

(3) Effective dates. If the Owner uses the methodologies as described in subparagraphs (3)(A) of subsection (c) related to Methods of this section, any changes to the allowance can be implemented immediately, but must be implemented for rent due at least 90 days after the change. For methodologies as described in paragraph (3)(B), (C), (D) and (E) of subsection (c) related to Methods, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the 90 day period in which the Owner intends to implement the Utility Allowance. Nothing in this section prohibits an Owner from reducing a resident's rent prior to the end of the 90 day period when the proposed allowance would result in a gross rent issue.

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(g) Requirements for Annual Review.

(1) RHS and HUD-Regulated Buildings. Owners must demonstrate that the utility allowance has been reviewed annually and in accordance with the RHS or HUD regulations.

(2) Buildings using the PHA Allowance. Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the PHA releases an updated scheduled.

(3) Written Local Estimate, HUD Utility Model Schedule and Energy Consumption Model. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than October 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. At the same time the request is submitted to the Department, the Owner must post, at the Development, the Utility Allowance estimate in a common area of the leasing office where such notice is unobstructed and visible in plain sight. The Department will review the request for compliance with all applicable requirements and reasonableness. If, in comparison to other approved Utility Allowances for properties of similar size, construction and population in the same geographic area, the allowance does not appear reasonable or appears understated, the Department may require additional support and/or deny the request.

(4) Actual Use Method. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than August 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review.

(h) For Owners participating in the Department's Section 811 Project Rental Assistance ("PRA") Program, the Department will establish the Utility Allowance for all 811 units. On an annual basis, the Department will calculate a Utility Allowance and provide the Owner with a property-specific rent schedule containing the approved Utility Allowance. The allowance listed on the rent schedule only applies to 811 PRA units, not the entire building, and is the only allowance approved for use on 811 PRA units.
(i) Combining Methods. In general, Owners may combine any methodology described in this section for each

utility service type paid directly by the resident and not by or through the Owner of the building (e.g. electric, gas). For example, if residents are responsible for electricity and gas, an Owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance. RHS and certain HUD-Regulated buildings (e.g. buildings with HOME/ TCAP RF funds) are not allowed to combine methodologies.

(j) The Owner shall maintain and make available for inspection by the resident all documentation, including, but not limited to, the data, underlying assumptions and methodology that was used to calculate the allowance. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling Unit of the resident at the convenience of both the Owner and resident.

(k) Utility Allowances for Applications.

(1) If the application includes RHS assisted buildings or tenants, the utility allowance is prescribed by the RHS program. No other method is allowed.

(2) If the application includes HUD-Regulated buildings for HUD programs other than a MFDL program the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method is allowed.

(3) If the application includes MFDL funds from the Department, , Applicants may calculate the utility allowance in accordance with paragraphs (3)(B), (C), (D) or (E) of subsection (c) related to Methods. Applicants must submit their utility allowance to the Compliance Division prior to full application submission. In the event that the application has a MFDL from the Department, and receives federal funds from a unit of local government, the Department will require the use of the allowance approved by the Department.

(4) If the application includes federal funds from a unit of local government but no MFDL from the Department, Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction. If the awarding jurisdiction does not respond or requests the Department to calculate the allowance, the Department will establish the initial Utility Allowance in accordance with subsection (d)(3) of this section.

(5) For all other applications, Applicants may calculate the utility allowance in accordance with paragraph (3)(A), (B), (C), (D), or (E) of subsection (c) related to Methods.

(A) Upon request, the Compliance Division will calculate or review an allowance within 21 days but no earlier than 90 days from when the application is due.

(B) Example 614(8) An application for a 9% HTC is due March 1, 2017. The applicant would like Department approval to use an alternative method by February 15, 2017. The request must be submitted to the Compliance Division no later than January 25, 2017, three weeks before February 15, 2017.

(C) Example 614(9) An Applicant intends to submit an applicant for a 4% HTC with Tax Exempt Bonds on August 11, 2017, and would like to use an alternative method. Because approval is needed prior to application submission, the request can be submitted no earlier than May 13, 2017, (90 days prior to August 11, 2017) and no later than July 21, 2017, (21 days prior to August 11, 2017).

(6) All Utility Allowance requests related to applications of funding must:

(A) Be submitted directly to ua_application@tdhca.state.tx.us. Requests not submitted to this email address will not be recognized.

(B) Include the "Utility Allowance Questionnaire for Applications" along with all required back up based on the method.

(l) If Owners want to change to a utility allowance other than what was used for underwriting the Owner must submit Utility Allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities. The Owner is not required to review the utility allowances, or implement new utility allowances, until the building has achieved 90 percent occupancy for a period of 90 consecutive days or the end of the first year of the Credit Period (if applicable), whichever is earlier.

(m) The Department reserves the right to outsource to a third party the review and approval of all or any Utility Allowance requests to use the Energy Consumption Model or when review requires the use of expertise outside the resources of the Department. In accordance with Treasury Regulation §1.42-10(c) any costs associated with the review and approval shall be paid by the Owner.

(n) All requests described in this subsection must be complete and uploaded directly to the Development's CMTS account using the "Utility Allowance Documents" in the type field and "Utility Allowance" as the TDHCA Contact. The Department will not be able to approve requests that are incomplete and/or are not submitted correctly.

§10.615 Elections under IRC §42(g) and Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments

(a) Under the Code, HTC Development Owners may elect 20 percent of the Units restricted to the 50 percent income and rent limit (20/50), 40 percent of the Units restricted at the 60 percent income and rent limits 40/60) or income averaging. Many Developments have additional income and rent requirements (e.g., 30 percent, 40 percent and 50 percent) that are lower than or in addition to the election requirement. This requirement is referred to as "additional occupancy restrictions" and is reflected in the Development's LURA.

(b) The Department will examine the actual gross rent and income levels of all households to determine if the additional income and rent requirements of the LURA are met. Until and unless the Internal Revenue Service or Treasury Department issue conflicting guidance, the Department will examine the actual gross rent and income of all households to determine if Developments that elected income averaging have met the federal requirements and any lower additional occupancy restriction reflected in the Development’s LURA.

(c) One hundred percent HTC Developments (developments with no Market Rate units) with additional rent and occupancy restrictions are neither required nor prohibited from completing annual income recertifications. The Development’s written policies and procedures must specify the Development’s choice.

(1) If a 100% low income development that elects the 20/50 or 40/60 test under IRC §42(g) chooses to perform annual income recertifications all households designated as meeting the additional rent and occupancy set aside must be recertified on an annual basis; failure to do so will be cited as noncompliance with written policies and procedures but not reported to the IRS on form 8823.

(2) A 100% low income development that elects the average income test and chooses to do annual income recertifications all households must be recertified on an annual basis; failure to do so will be cited as noncompliance with written policies and procedures but not reported to the IRS on form 8823.

(3) If the income level of the household changes, the Owner may adjust the Unit’s designation and rent (up or down) in accordance with all applicable lease terms. Owners that elect the average income test under IRC §42(g) must ensure that the project still has an average income equal to or less than 60% and the percentage represented at the time of Application.

(4) Owners that do not perform annual income recertifications may not increase the rent level of a household designated towards the Development’s additional rent and occupancy restrictions. Example 615(1) A household was designated as a 50% household at the time of move in. The Development is not required to and does not perform annual income recertifications. New rent limits are released and they are higher. The Development may increase the household’s rent in accordance with the lease, but not above the new 50%

rent limit.

(d) Development that elect the 20/50 or 40/60 test under IRC §42(g) and have Market Units will be monitored as described in this subsection:

(1) The HTC program requires Mixed Income projects to complete annual income recertifications and comply with the Available Unit Rule. When a household's income at recertification exceeds 140 percent of the applicable current income limit elected by the minimum set-aside, the Owner must comply with the Available Unit Rule and lease the next available unit (same size or smaller) in the building to a low-income household to maintain compliance.

(2) HTC Developments that elect the 20/50 or 40/60 test under IRC §42(g) with market rate units and additional rent and occupancy restrictions must have written policies and procedures that address changes in income at recertification. Owners may comply in the following ways: (A) Households initially certified at the 30, 40, or 50 percent income and rent limits may maintain the designation they had at initial move in unless the household's income exceeds 140 percent of the highest income tier established by the minimum set-aside. The Unit will continue to meet the designation from the initial certification provided that the Owner does not charge gross rent in excess of the additional rent and occupancy rent limit; or

(B) Owners may change the designation of a household at recertification and increase the rent accordingly provided that another household's rent is decreased to maintain the set aside requirement. Example 615(2) a 100 Unit development elected the 40/60 minimum set aside, and has an additional rent and occupancy restriction of 10 Units 30% and 10 Units at 50%. A 30% household recertifies and their income exceeds the 30%. In accordance with the provisions of the lease, the owner may offer this household rent at a higher designation, and simultaneously lower the rent for another household that has been on the Development's waiting list for a 30% Unit. (C) If the household's income exceeds 140 percent of the highest income tier established by the minimum set-aside, the household must be redesignated as over income and the Next Available Unit Rule must be followed.

(e) HTC Developments that elect income averaging test and have market rate units must have written policies and procedures that address changes in income at recertification.

(1) If the income tier of a household changes, Owners are permitted but not required to adjust the household's rent to their new designation (higher or lower) as long as the project still has an average rent of equal to or less than the federally required 60% average, or the additional occupancy restriction reflected in the LURA. If the household income increases, and re-designating the rent to the new AMI tier would cause the project average to exceed the required AMI average, the Owner will remain in compliance if the rent is restricted to the limit that maintains the required AMI average.

(2) Until and unless the Internal Revenue Service or the Treasury Department issue conflicting guidance, the Department will monitor the Available Unit rule in the following manner for income averaging developments:

(A) If the income of the household who, at the last certification, had an income and rent less than the 60% limits exceeds 140% of the 60% limit, the household must be redesignated as over income.

(B) If the income of a household with an income or rent above the 60% level and less than or equal to the 70% limits exceeds 140% of the 70% limit, the household must be designated as over income.

(C) If the income of a household with an income or rent above the 70% level and less than or equal to the 80% limits exceeds 140% of the 80% limit, the household must be designated as over income.

(D) Owners are not required to terminate the tenancy of over income households. When the Unit occupied by an over income household is vacated, it must be reoccupied by a household with an income and rent level equal to or less than the rent level of the household that went over income. In addition, the Unit must be reoccupied by a household that restores the low income average of the project to 60% or less.

(f) Units at 80 percent area median income and rent on HTC developments. In certain years, the Department's Qualified Allocation Plan provided incentives to lease 10 percent of the development's Market Rate units to households at 80 percent income and rents. This section provides guidance for implementation. If the LURA requires 10 percent of the Market Rate units be leased to households at 80 percent income and rent limits, the owner must certify the 80 percent households at the time of move in only. Recertifications will not be required. Student rules do not apply to units occupied by 80 percent households. Noncompliance with the requirement to lease to 80 percent households is not reportable to the IRS on IRS Form 8823 but will be cited as noncompliance under the event "Development failed to meet additional state required rent and occupancy restrictions."

(g) The Department does not require Developments to lease more Units under the additional occupancy restrictions than established in their LURA. However, if a Development inadvertently designates more households than required under the additional rent and occupancy restrictions, they may only decrease to the minimum number through attrition and new move ins, not by removing designations.

§10.616 Household Unit Transfer Requirements for All Programs

(a) The requirements and restrictions regarding household transfers for HTC, Exchange, and TCAP Developments are based on whether the tax credit project is 100 percent low-income or mixed income and if the owner elected to treat buildings in the project as part of a multiple building project. To determine if a Development is a multiple building project, refer to the election on IRS Form(s) 8609 line 8(b) and accompanying statements (if any). If IRS Form(s) 8609 have not yet been issued by the Department and filed by the owner, each building is its own project. The Department may allow Owners to indicate their intended 8(b) elections and will monitor accordingly. Failure to file the same elections with the IRS may result in noncompliance, additional monitoring, an additional monitoring fee and findings of noncompliance.

(1) 100 percent low-income multiple building projects: Households may transfer to any unit in a 100 percent low-income multiple building project and retain their program designation. The household does not need to be and should not be certified at the time of transfer. The move in date remains the date the household was first designated under the program.

(2) Each building is its own project (100 percent low-income and mixed income projects). Developments that made the 20/50 or 40/60 election: at the time of transfer, the household must be certified and have a current annual income less than the income limit established by the minimum set aside the owner selected. Developments that elected the average income test under IRC §42(g): the household must be certified and their current designation averaged together with the designations of the other households in the project must be equal to or less than the percentage represented at the time of application.

(3) Mixed income multiple building projects: Low-income households retain their program designation when they transfer to any unit in a multiple building project if at the last annual certification their income was less than 140 percent of area median income level set by the minimum set aside.

(b) Household transfers for Bond, HTF NHTF, HOME, TCAP RF, and NSP with floating units. Households may transfer to any Unit within the Development. A certification is not required at the time of transfer. If the household transfers to a different Unit Type, the Development must maintain the Unit Type dispersion as reflected in its LURA, by re-leasing the vacated unit to a program eligible household. If the Development is required to perform annual income recertifications, the recertification is due on the anniversary date the household originally moved onto the Development. If the Development is layered with Housing Tax Credits, use the transfer guidelines described in subsection (a) of this section (relating to Household Unit Transfer Requirements).

(c) Household transfers for NHTF, HOME, TCAP RF, and NSP with fixed units. Households may transfer to any Unit and do not need to be certified at the time of the transfer. If the household transfers to a Unit that is not fixed, the Development must re-lease the vacated Unit to a program eligible household. If the Development is required to perform annual income recertifications, the recertification is due on the anniversary date the household originally moved onto the Development. If the Development is layered with

Housing Tax Credits, use the transfer guidelines described in subsection (a) of this section (relating to Household Unit Transfer Requirements).

(d) Household Transfers in the Same Building for the HTC Programs. A Household may transfer to a new Unit within the same building (for the HTC program within the meaning of IRS Notice 88-91). The unit designations will swap status. (e) Household transfers for the Section 811 PRA must be approved by the Department in writing.

§10.617 Affirmative Marketing Requirements

(a) Applicability. Effective April 1, 2015, compliance with this section is required for all Developments with five (5) or more total units to further the objectives of Title VIII of the Civil Rights Act of 1968 and Executive Order 13166.

(b) General. Owners of Developments with five (5) or more total units must affirmatively market their units to promote equal housing choice for prospective tenants, regardless of race, color, religion, sex, national origin, familial status, or disability and must develop and carry out an Affirmative Fair Housing Marketing Plan (or "Affirmative Marketing Plan") to provide for marketing strategies and documentation of outreach efforts to prospective applicants identified as "least likely to apply." In general, those populations that are least likely to apply may include: African Americans, Native Americans, Alaskan Natives, Asians, Native Hawaiians, Other Pacific Islanders, Caucasians (non-Hispanic), Hispanics or Latinos, and families with children. All Affirmative Marketing Plans must provide for affirmative marketing to persons with disabilities. Some Developments may be required by their LURAs to market units specifically to veterans or other populations.

(c) Plan format. Owners are encouraged to use any version of HUD Form 935.2A to meet Affirmative Marketing requirements. Owners participating in HUD funded programs administered by the Department must use the version required by the program. (d) Marketing and Outreach.

(1) The plan must include special outreach efforts to the "least likely to apply" populations through specific media, organizations, or community contacts that work with least likely to apply populations or work in areas where least likely to apply populations live.

(2) Advertisements and/or marketing materials must contain:

(A) The Fair Housing logo and

(B) The contact information for the individual who can assist if reasonable accommodations are needed in order to complete the application process. The information about reasonable accommodations must be in both English and Spanish.

(e) Timeframes.

(1) An Owner must begin its affirmative marketing efforts for each of the identified populations at least six months prior to the anticipated date the first building is to be available for occupancy. As a condition of an award to a new Development, the Board may require affirmative marketing efforts to begin more than six (6) months prior to the anticipated date the first building is to be placed in service; and

(2) An Owner must update its Affirmative Marketing Plan and populations that are least likely to apply every five (5) years from the effective date of the current plan or, for HUD funded or USDA properties, as otherwise required by HUD or USDA.

(f) Record keeping. Owners must maintain records of each Affirmative Marketing Plan and specific outreach efforts completed for the greater of three years or the recordkeeping requirement identified in the LURA.

(g) Exception to Affirmative Marketing. If the Development has closed its waiting list, Affirmative Marketing is not required. Affirmative Marketing is required as long as the Owner is accepting applications, has an open waiting list, or is marketing prior to placement in service as required under paragraph (e)(1) of this section.

§10.618 Onsite Monitoring

(a) The Department may perform an onsite monitoring review and physical inspection of any Development, and review and photocopy all documents and records supporting compliance with Departmental programs through the end of the Compliance Period or the end of the period covered by the LURA, whichever is later. The Development Owner shall permit the Department access to the Development premises and records.

(b) The Department will perform onsite monitoring reviews of each low-income Development. The Department will conduct:

(1) The first review of HTC Developments by the end of the second calendar year following the year the last building in the Development is placed in service;

(2) The first review of all Developments, other than those described in subsection (b)(1) of this section, as leasing commences;

(3) During the Federal Compliance Period subsequent reviews will be conducted at least once every three (3) years;

(4) After the Federal Compliance Period, developments will be monitored in accordance with §10.623 of this chapter (relating to Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period);

(5) A physical inspection of the Development including the exterior of the Development, Development amenities, and an interior inspection of a sample of Units;

(6) Limited reviews of physical conditions, including follow-up inspections to verify completion of reported corrective action, may be conducted without prior notice (unless access to tenant units is required, in which case at least forty-eight (48) hours notice will be provided); and

(7) Reviews, meetings, and other appropriate activity in response to complaints or investigations.

(c) The Department will perform onsite file reviews and monitor:

(1) Low-income resident files in each Development, and review the Income Certifications;

(2) The documentation the Development Owner has received to support the certifications;

(3) The rent records; and

(4) Any additional aspects of the Development or its operation that the Department deems necessary or appropriate.

(d) At times other than onsite reviews, the Department may request for review, in a format designated by the Department, information on tenant income and rent for each Low-Income Unit and may require a Development Owner to submit copies of the tenant files, including copies of the Income Certification, the documentation the Development Owner has received to support that certification, and the rent record for any low-income tenant.

(e) The Department will select the Low-Income Units and tenant records that are to be inspected and reviewed. Original records are required for review. The Department will not give Development Owners advance notice that a particular Unit, tenant record, or a particular year will be inspected or reviewed.

However, the Department will give reasonable notice to the Development Owner that an onsite inspection or a tenant record review will occur so the Development Owner may notify tenants of the inspection or assemble original tenant records for review. If a credible complaint of fraud or other egregious alleged or suspected noncompliance is received, the Department reserves the right to conduct unannounced onsite monitoring visits.

(f) In order to prepare for monitoring reviews and physical inspections and to reduce the amount of time spent onsite, Department staff must review certain requested documentation described in the onsite notification announcement. Owners are required to submit documentation by the required deadline indicated in the onsite notification announcement. Failure to submit required documentation will result in a finding of noncompliance.

§10.619 Monitoring for Social Services

(a) If a Development's LURA requires the provision of social services, the Department will confirm this requirement is being met in accordance with the LURA. Owners are required to maintain sufficient documentation to evidence that services are actually being provided. Documentation will be reviewed during onsite visits beginning with the first onsite review. Planned services with specific dates may suffice as evidence of compliance during the first onsite monitoring visit. Evidence of services must be submitted to the Department upon request. The first onsite visit *Example 619(1):* The Owner's LURA requires provision of onsite daycare services. The Owner maintains daily sign in sheets to demonstrate attendance and keeps a roster of the households that are regularly participating in the program. The Owner also keeps copies of all newsletters and fliers mailed out to the Development tenants that reference daycare services. *Example 619(2):* The Owner's LURA requires a monetary amount to be expended on a monthly basis for supportive services. The Owner maintains a copy of an agreement with a Supportive Service provider and documents the amount expended as evidence that this requirement is being met.

(b) A substantive modification of the scope of tenant services requires Board approval. Such requests must comply with procedures in §10.405 of this chapter (relating to Amendments and Extensions). It is not necessary to obtain prior written approval to change the provider of services unless the scope of services is being changed. Failure to comply with the requirements of this section shall result in a finding of noncompliance.

(c) If the Development's LURA requires a monthly expenditure for the provision of services, the Department will monitor to confirm compliance. Includable costs to support the expenditure include those costs directly related to providing the service(s). Such costs can include, but are not limited to, the cost of contracting the services with a qualified provider, cost of notification of such services (for example, a monthly newsletter), other costs that can be documented and would only be incurred as a result of the service. An Owner cannot include any costs related to the normal expense of maintaining or operating a Development, utility bills of any kind, in-kind contributions or services, cleaning or contracted janitorial services, office supplies, cost of copier or fax, costs incurred for maintenance of machinery, or volunteer hours. This list is not inclusive, but any other costs identified by the Owner shall be reviewed for consistency with this subsection.

§10.620 Monitoring for Non-Profit Participation, or HUB, or CHDO Participation

(a) If a Development's LURA requires the material participation of a non-profit or Historically Underutilized Business (HUB), the Department will confirm whether this requirement is being met. Owners are required to maintain sufficient documentation to evidence that a non-profit or HUB so participating is in good standing with the Texas Comptroller of Public Accounts, Texas Secretary of State and/or IRS as applicable and that it is actually materially participating in a manner that meets the requirements of the IRS. Documentation may be reviewed during onsite visits or must be submitted to the Department upon request.

(b) If the HOME funds were awarded from the Community Housing and Development Organization ("CHDO") set aside on or after August 23, 2013, the Department will monitor that the Development remains controlled by a CHDO throughout the federal affordability period.

(c) If an Owner wishes to change the participating non-profit, HUB, or CHDO prior written approval from the Department is necessary. In addition, the IRS will be notified if the non-profit is not materially participating on a HTC Development during the Compliance Period.

(d) The Department does not enforce partnership agreements or other agreements between third parties or determine fund distributions of partnerships. These disputes are matters for a court of competent jurisdiction or other agreed resolution among the parties.

§10.621 Property Condition Standards

(a) All Developments funded by the Department must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the Affordability Period. The Department will use HUD's Uniform Physical Condition Standards (UPCS) to determine compliance with property condition standards. In addition, Developments must comply with all local health, safety, and building codes.

(b) HTC Development Owners are required by Treasury Regulation §1.42-5 to report (through the Annual Owner's Compliance Report) any local health, safety, or building code violations. HTC Developments that fail to comply with local codes shall be reported to the IRS.

(c) The Department is required to report any HTC Development that fails to comply with any requirements of the UPCS or local codes at any time during the compliance period to the IRS on IRS Form 8823. Accordingly, the Department will submit IRS Form 8823 for any UPCS violation.

(d) Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that will allow the Department to reasonably determine when the repair was made and whether the repair sufficiently corrected the violation(s) of UPCS standards. Acceptable documentation includes: copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction. Photographs are not required but may be submitted if labeled and only in support of a work order or invoice. The Department will determine if submitted materials satisfactorily document correction of noncompliance.

(e) Selection of Units for Inspection.

(1) Vacant Units will not be inspected (alternate Units will be selected) if a Unit has been vacant for fewer than thirty (30) days.

(2) Units vacant for more than thirty (30) days are assumed to be ready for occupancy and may be inspected. No deficiencies will be cited for inspectable items that require utility service, if utilities are turned off and the inspectable item is present and appears to be in working order.

(f) The Department will consider a request for review of a UPCS score using a process similar to the process established by the U. S. Department of Housing and Urban Development Real Estate Assessment Center. The request must be submitted in writing within forty-five (45) calendar days of receiving the initial UPCS inspection report and score.

(g) Examples of items that can be adjusted include but are not limited to:

(1) Building Data Errors--The inspection includes the wrong building, or a building that is not owned by the Development.

(2) Unit Count Errors--The total number of units considered in scoring is incorrect as reported at the time of the inspection.

(3) Non-Existent Deficiency Errors--The inspection cites a deficiency that did not exist at the time of the inspection.

(4) Local Conditions and Exceptions--Circumstances include inconsistencies between local code requirements and the UPCS inspection protocol, such as conditions permitted by local variance or license (e.g., child guards allowed on sleeping room windows by local building codes) or preexisting physical features that do not conform to or are inconsistent with the Department's physical condition protocol.

(5) Ownership Issues--Items that were captured and scored during the inspection that are not owned and/or not the responsibility of the Development. Examples include sidewalks, roads, fences, retaining walls, and mailboxes owned and maintained by adjoining properties or the city/county/state and resident-owned appliances that are not maintained by the Owner.

(6) Modernization Work In Progress--Developments undergoing extensive modernization work in progress, underway at the time of the physical inspection, may qualify for an adjustment. All elements of the unit that are not undergoing modernization at the time of the inspection (even if modernization is planned) will be subject to the Department's physical inspection protocol without adjustment. Any request for a Database adjustment for modernization work in progress must include proof the work was contracted before any notice of inspection was issued by the Department.

(h) Examples of items that cannot be adjusted include but are not limited to:

(1) Disagreements over the severity of a defect, such as deficiencies rated Level 3 that the Owner believes should be rated Level 1 or 2;

(2) Deficiencies that were repaired or corrected during or after the inspection; or

(3) Deficiencies recorded with no associated point loss (for example, inoperable smoke detectors) or deficiencies for survey purposes only (for example, fair housing accessibility).

§10.622 Special Rules Regarding Rents and Rent Limit Violations

(a) Rent or Utility Allowance Violations of the maximum allowable limit for the HTC program. Under the HTC program, the amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees, cannot exceed the maximum applicable limit (as determined by the minimum set-aside elected by the Owner) published by the Department. If it is determined that a HTC Development, during the Compliance Period, collected rent in excess of the rent limit established by the minimum set-aside, the owner must correct the violation by reducing the rent charged. The Department will report the violation as corrected on January 1st of the year following the violation. The refunding of overcharged rent does not avoid the disallowance of the credit by the IRS.

(b) Rent or Utility Allowance Violations of additional rent restrictions under the HTC program (for Developments that elected the 20/50 and 40/60 test under IRC §42(g) only). If Owners agreed to additional rent and occupancy restrictions, the Department will monitor to confirm compliance. If noncompliance is discovered, the Department will require the Owner to restore compliance by refunding (not a credit to amounts owed the Development) any excess rents to a sufficient number of households to meet the set aside.
(c) Rent Violations of the maximum allowable limit due to application fees or application deposits not promptly converted into a security deposit under the HTC program. Under the HTC program, Owners may not charge tenants any overhead costs as part of the application fee. Owners must only charge the actual cost for application fees as supported by invoices from the screening company the Owner uses.

(1) The amount of time Development staff spends checking an applicant's income, credit history, and landlord references may be included in the Development's application fee. Development Owners may add up to $5.50 per Unit for their other out of pocket costs for processing an application without providing documentation. *Example 622(2):* A Development's out of pocket cost for processing an application is $17.00 per adult. The property may charge $22.50 for the first adult and $17.00 for each additional adult.

(2) Documentation of Development costs for application processing or screening fees must be made available during onsite visits or upon request. The Department will review application fee documentation during onsite monitoring visits. If the Development pays a flat monthly fee to a third party for credit or criminal background checks, Owners must calculate the appropriate fee to be charged applicants by using the total number of applications processed, not just approved applications. Developments that pay a flat monthly fee must determine the appropriate application fee at least annually based on the prior year's activity. If the Department determines from a review of the documentation that the Owner has overcharged residents an application fee or collected impermissible deposits, the noncompliance will be reported to the IRS on Forms 8823 under the category "gross rent(s) exceeds tax credit limits." The noncompliance will be corrected on January 1st of the next year.

(3) Owners are not required to refund the overcharged fee amount. To correct the issue, owners must reduce the application fee for prospective applicants. Once the fee is reduced for prospective applicants, the Department will report the affected units back in compliance on January 1st of the year after they were overcharged the application fee or an impermissible deposit.

(4) Throughout the Affordability Period, Owners may not charge a deposit or any type of fee (other than an application fee) for a household to be placed on a waiting list.

(d) Rent or Utility Allowance Violations on Non-HTC Developments, HTC developments after the Compliance Period, and foreclosed HTC properties for three years after foreclosure. If it is determined that the Development collected rent in excess of the allowable limit, the Department will require the Owner to refund (not a credit to amounts owed the Development) to the affected residents the amount of rent that was overcharged.

(e) Trust Account to be established. If the Owner is required to refund rent under subsection (b) or (d) of this section and cannot locate the resident, the excess monies must be deposited into a trust account for the tenant. The account must remain open for the shorter of a four (4) year period, or until all funds are claimed. If funds are not claimed after the four year period, the unclaimed funds must be remitted to the Texas Comptroller of Public Accounts Unclaimed Property Holder Reporting Section to be disbursed as required by Texas unclaimed property statutes.

(f) Rent Adjustments for HOME, and TCAP RF Developments:

(1) 100 percent HOME/TCAP-RF assisted Developments. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to 30 percent of the household's adjusted income;

(2) HOME/TCAP-RF Developments with any Market Rate units. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to the lesser of 30 percent of the household's adjusted income or the comparable Market rent; and

(3) HOME/TCAP-RF Developments layered with other Department affordable housing programs. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to the lesser of 30 percent of the household's adjusted income or the rent allowable under the other program.

(g) Special conditions for NSP Developments. To determine if a Unit is rent restricted, the amount of rent paid by the household, plus an allowance for utilities, plus any rental assistance payment must be less than the applicable limit.

(h) Employee Occupied Units (HTC and HTF Developments). IRS Revenue Rulings 92-61, 2004-82 and Chief Counsel Advice Memorandum POSTN-111812-14 provide guidance on employee occupied units. In general, employee occupied units are considered facilities reasonably required for the project(s) and not residential rental units. Since the building's applicable fraction is calculated using the residential rental units/space in a building, employee occupied units are taken out of both the numerator and the denominator.

(i) Owners of HOME, NSP, TCAP-RF and NHTF must comply with §10.403 of this Chapter which requires annual rent review and approval by the Department's Asset Management Division. Failure to do so will result in a finding of noncompliance.

§10.623 Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period

(a) HTC properties allocated credit in 1990 and after are required under §42(h)(6) of the Code to record a LURA restricting the Development for at least thirty (30) years. Various sections of the Code specify monitoring rules State Housing Finance Agencies must implement during the Compliance Period.

(b) After the Compliance Period, the Department will continue to monitor HTC Developments using the criteria detailed in paragraphs (1) - (14) of this subsection:

(1) The frequency and depth of monitoring household income, rents, social services and other requirements of the LURA will be determined based on risk. Factors will include changes in ownership or management, compliance history, timeliness of reports and timeliness of responses to Department request;

(2) At least once every three (3) years the property will be physically inspected including the exterior of the Development, all building systems and 10 percent of Low-Income Units. No less than five but no more than thirty-five of the Development's HTC Low-Income Units will be physically inspected to determine compliance with HUD's Uniform Physical Condition Standards;

(3) Each Development shall submit an annual report in the format prescribed by the Department;

(4) Reports to the Department must be submitted electronically as required in §10.607 of this Subchapter (relating to Reporting Requirements);

(5) Compliance monitoring fees will continue to be submitted to the Department annually in the amount stated in the LURA;

(6) All HTC households must be income qualified upon initial occupancy of any Low-Income Unit. Proper verifications of income are required, and the Department's Income Certification form must be completed unless the Development participates in the Rural Rental Housing Program or a project-based HUD program, in which case the other program's certification form will be accepted;

(7) Rents will remain restricted for all HTC Low-Income Units. After the Compliance Period, utilities paid to the Owner are accounted for in the utility allowance. The tenant paid portion of the rent plus the applicable utility allowance must not exceed the applicable limit. Any excess rent collected must be refunded;

(8) All additional income and rent restrictions defined in the LURA remain in effect;

(9) For Additional Use Restrictions, defined in the LURA (such as supportive services, nonprofit participation, elderly, etc), refer to the Development's LURA to determine if compliance is required after the completion of the Compliance Period or if the Compliance Period was specifically extended beyond 15 years;

(10) The Owner shall not terminate the lease or evict low-income residents for other than good cause;

(11) The total number of required HTC Low-Income Units can be maintained Development wide;

(12) Owners may not charge fees for amenities that were included in the Development's Eligible Basis;

(13) Once a calendar year, Owners must continue to collect and maintain current data on each household that includes the number of household members, age, ethnicity, race, disability status, rental amounts and rental assistance (if any). This information can be collected on the Department's Annual Eligibility Certification form or the Income Certification form or HUD Income Certification form or USDA Income Certification form; and

(14) Employee occupied units will be treated in the manner prescribed in §10.622(h) of this chapter (relating to Special Rules Regarding Rents and Rent Limit Violations).

(c) After the first fifteen (15) years of the Extended Use Period, certain requirements will not be monitored as detailed in paragraphs (1) - (4) of this subsection.

(1) The student restrictions found in §42(i)(3)(D) of the Code. An income qualified household consisting entirely of full time students may occupy a Low-Income Unit. If a Development markets to students or leases more than 15 percent of the total number of units to student households, the property will be found in noncompliance unless the LURA is amended through the Material Amendments procedures found in §10.405 of this chapter (relating to Amendments);

(2) All households, regardless of income level or 8609 elections, will be allowed to transfer between buildings within the Development;

(3) The Department will not monitor the Development's application fee after the Compliance Period is over; and

(4) Mixed income Developments are not required to conduct annual income recertifications. However, Owners must continue to collect and report data in accordance with paragraph (b)(13) of this section; and

(d) While the requirements of the LURA may provide additional requirements, right and remedies to the Department or the tenants, the Department will monitor post year fifteen (15) in accordance with this section as amended.

(e) Unless specifically noted in this section, all requirements of this chapter, the LURA and §42 of the Code remain in effect for the Extended Use Period. These Post-Year Fifteen (15) Monitoring Rules apply only to the HTC Developments administered by the Department. Participation in other programs administered by the Department may require additional monitoring to ensure compliance with the requirements of those programs.

§10.624 Compliance Requirements for Developments with 811 PRA Units

(a) One hundred and eighty days prior to the date an Owner expects to begin leasing, Developments that have agreed to rent Units to households assisted by Section 811 PRA must contact Department staff and begin accepting referrals. Failure to reserve the agreed upon number of Units for 811 households will be cited as noncompliance, referred for administrative penalties, and be consider possible grounds for debarment.

(b) Throughout the term of an 811 Use Agreement, Owners must maintain the required number of 811 households, and provide notice to the Department when an 811 household is expected to vacate. Notice must be provided 30 days prior to the date the household will vacate or in the event that the resident vacates without notice, upon discovery that the unit is vacant, whichever is earlier. Failure to notify the Department will be cited as noncompliance, referred for administrative penalties and be considered possible grounds for debarment.

(c) Compliance with 811 PRA requirements will be monitored at least once every three years, either through an onsite review or a desk review. During the review, Department staff will monitor for compliance with program eligibility which includes the following:

(1) The household must include at least one person with a disability and who is 18 years of age or older and less than 62 years of age at the time of admission into the Development; and the person with a disability must be part of one or more of the target populations for the 811 program.

(2) The household's less that the extremely low income limit at move in.

(3) The Owner must check the criminal history related to drug use of the household. Participants in the 811 PRA program must not include:

(A) Any member(s) who was evicted in the last three years from federally assisted housing for drug-related criminal activity.

(B) Any member that is currently engaged in illegal use of drugs or for which the Owner has reasonable cause to believe that a member's illegal use or pattern of illegal use of a drug may interfere with the health, safety, and right to peaceful enjoyment of the property by other residents; and

(C) Any household member who is subject to a State sex offender lifetime registration requirement.

(4) Student Status. If the household includes a student, the student must meet all of the criteria described in HUD handbook 4350.3 par. 3-13B, as modified by the September 21, 2016, Federal Register Notice 5969-N-01.

(d) Noncompliance will be cited if the Development:

(1) Leases to a household that is not eligible in accordance with the requirements of (c)(1) through (4) of this subsection;

(2) Fails to Use the Enterprise Income Verification system for documenting the household's income;

(3) Fails to properly document and calculate deductions in order to determine adjusted income (dependent, child care, disability assistance, elderly/disabled family, unreimbursed medical expenses);

(4) Fails to use the required HUD forms listed in §10.612(d) of this subchapter or the following forms when applicable:
(A) EIV summary report
(B) EIV income report
(C) EIV income discrepancy report
(D) EIV No income reported
(E) EIV no income report by health and human services or social security administration
(F) EIV new hires report
(G) Existing tenant search
(H) Multiple Subsidy report
(I) Failed EIV pre-screening report
(J) Failed verification report
(K) Deceased tenants report
(L) Owner approval letter authorizing access to EIV for the EV coordinators
(M) EIV Coordinator Access Authorization form (CAAF)
(N) The rules of behavior for staff that use EIV reports/data to perform their job functions
(O) Cyber awareness challenge certificates of completion for anyone that uses EIV or has access to EIV data (annually);

(5) Accepts funding that limits the ability for the Department to place the agreed upon number of 811 Units at the Development;

(6) Violates §1.15 of this Title relating to Integrated Housing;

(7) Fails to properly calculate the tenant portion of rent;

(8) Fails to use the HUD model lease;

(9) Egregiously fails to disperse 811 PRA Units throughout the Development;

(10) Fails to conduct required interim certifications; or

(11) Fails to conduct annual income recertification.

§10.625 Events of Noncompliance

Figure: 10 TAC §10.625 lists events for which a multifamily rental development may be found to be in noncompliance for compliance monitoring purposes. This list is not an exclusive list of events and issues for which an Owner may be subject to an administrative penalty, debarment or other enforcement action. The first column of the chart identifies the noncompliance event. The second column indicates to which program(s) the noncompliance event applies. The last column indicates if the issue is reportable on IRS Form 8823 for HTC Developments.

Attached Graphic201406197-1.html Attached Graphic

§10.626 Liability

(a) Full compliance with all applicable program requirements, including compliance with §42 of the Code, is the responsibility of the Development Owner. If the Development Owner engages a third party to address any such requirements, they are jointly and severally liable with the Development Owner. By monitoring for compliance, the Department in no way assumes any liability whatsoever for any action or failure to act by the Development Owner, including the Development Owner's noncompliance with §42 of the Code, the Fair Housing Act, §504 of the Rehabilitation Act of 1973, HOME program regulations, Bond program requirements, and any other laws, regulations, requirements, or other programs monitored by the Department.

(b) On March 23, 2018, the average income test became an option under the housing tax credit program. Sections of this Subchapter reflect how the Department will monitor for compliance. If the IRS provides a different interpretation, it is controlling of how the Department must address any aspects under the Internal Revenue Code.

§10.627 Temporary Suspensions of Sections of this Subchapter

(a) Subject to the limitations stated in this section, temporary suspensions of sections of this subchapter may be granted by the Executive Director if there are extenuating circumstances which make it not possible or an undue administrative burden to comply with a requirement of this subchapter as long as substantial compliance is still in effect. For example, the Executive Director could suspend the requirement to report online or use Department approved forms, or alter the sample size for calculating a utility allowance using the actual use method.

(b) Under no circumstances can the Executive Director, the Administrative Penalty Committee or the Board suspend for any period of time compliance with the HOME Final Rule or regulations issued by HUD or any other federal agency when required by federal law.

(c) Under no circumstances can the Executive Director, the Administrative Penalty Committee or the Board suspend for any period of time Treasury Regulations, IRS publications controlling the submission of IRS Form 8823, or any sections of 26 U.S.C. §42.

Figure: 10 TAC §10.614(f)(3)

Method	Beginning of 90 Day Notification Period
Written Local Estimate	Date of letter from the Utility Provider
HUD Utility Schedule Model	Date entered as “Form Date”
Energy Consumption Model	60 days after the end of the last month of the 12 month period for which data was used to compute the estimate
Actual Use Method	Date the allowance is approved by the Department

Figure 10 TAC §10.625

Noncompliance Event	Program(s)	If HTC, on Form 8823?
Violations of the Uniform Physical Condition Standards	All Programs	Yes
Noncompliance related to Affirmative Marketing requirements described in §10.617 of this chapter	All Programs	No
Development is not available to the general public because of leasing issues	HTC	Yes
TDHCA has received notice of possible Fair Housing Act Violation from HUD or DOJ and reported general public use violation in accordance with IRS 8823 Audit Guide Chapter 13	HTC	Yes
TDHCA has referred unresolved Fair Housing Design and Construction issue to the Texas Workforce Commission Civil Rights Division	All programs	No
Property has gone through a foreclosure	All programs	Yes
Property is never expected to comply due to failure to report or allow monitoring	All programs	yes
Owner did not allow on-site monitoring or failed to notify residents resulting in inspection cancelation	All programs	Yes
LURA not in effect	All programs	Yes
Project failed to meet minimum set aside	HTC and Bonds	Yes
No evidence of, or failure to certify to material participation of a non-profit or HUB, if required by LURA	HTC	Yes, if non-profit issue, No if HUB issue
Development failed to meet additional state required rent and occupancy restrictions	All programs	No

Noncompliance with social service requirements	HTC and Bond	No
Development failed to provide housing to the elderly as promised at application	All programs	No
Failure to provide special needs housing as required by LURA	All programs	No
Changes in Eligible Basis or Applicable percentage	HTC	Yes
Failure to submit all or parts of the Annual Owner's Compliance Report	All programs	Yes for part A, No for other parts
Failure to submit quarterly reports as required by §10.607	All programs	No
Noncompliance with utility allowance requirements described in §10.614 of this subchapter and/or Treasury Regulation §1.42-10	All programs	Yes if rent exceeds limit, no if related to noncompliance with other requirements, such as posting, updating etc.
Noncompliance with lease requirements described in §10.613 of this subchapter	All programs	No
Asset Management Division has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404 of this chapter	All programs	No
Failure to provide a notary public as promised at application	HTC	No
Violation of the Unit Vacancy Rule	HTC	Yes
Casualty Loss	All programs	Yes
Failure to provide pre-onsite documentation	All programs	No
Failure to provide amenity as required by LURA	HTC	No
Failure to pay asset management, compliance monitoring or other required fee	HTC, TCAP, Bond, Exchange and HOME Developments	No

	committed funds after August 23, 2013	
Change in ownership without department approval (other than removal of a general partner in accordance with §10.406 of this chapter)	All programs	No
Noncompliance with written policy and procedure requirements described in §10.610 of this subchapter	All programs	No, unless finding is because Owner refused to lease to Section 8 households
Program Unit not leased to Low-Income household/ Household income above income limit upon initial occupancy	All programs	Yes
Program unit occupied by nonqualified full-time students	HTC during the Compliance Period, Bond and HOME developments committed funds after August 23, 2013, NHTF, 811 Developments	Yes
Low-Income units used on a transient basis	HTC and Bond	Yes
Violation of the Available Unit Rule	All programs, but only during the Compliance Period for HTC, TCAP and Exchange	Yes
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	All programs	
Failure to provide Tenant Income Certification and documentation	All programs	Yes
Unit not available for rent	All programs	Yes
Failure to collect data required by §10.612(b)(1)	HTC, TCAP Exchange	No

and/or §10.612(b)(2)	and Bond	
Development evicted or terminated the tenancy of a low-income tenant for other than good cause	HTC, HOME and NSP	Yes
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	HOME	NA
Violation of the Integrated Housing Rule	All programs	No
Failure to resolve final construction deficiencies within corrective action period	All programs	No
Noncompliance with the required accessibility requirements such as §504 of the Rehabilitation Act of 1973, the 2010 ADA standards, or other accessibility related requirements of a Department rule	HOME, NSP and HTC properties awarded after 2001	No
Noncompliance with the notice to the Department requirements described in §10.609 of this subchapter	All programs	No
Failure to reserve units for Section 811 participants	811 developments	NA
Failure to notify the Department of the availability of units	811 developments	NA
Owner failed to check criminal history and drug use of household	811 Developments	NA
Failure to use Enterprise Income Verification System	811 developments	NA
Failure to properly document and calculate adjusted income	811 developments	NA
Failure to use required HUD forms	811 developments	NA
Accepted funding that limits 811 participation	811 developments	NA
Failure to properly calculate tenant portion of rent	811 developments	NA
Failure to use HUD model lease	811 developments	NA
Failure to disperse 811 units	811 developments	NA
Failure to conduct interim certifications	811 developments	NA

Failure to conduct annual income recertification	811 developments	NA
Asset Management Division has reported that Development has failed to establish and maintain a reserve account in accordance with §10.403 of this Chapter	HOME, NSP, TCAP RF and NHTF	NA

§10.601 Compliance Monitoring Objectives and Applicability

(a) The objectives of the Department in performing regular monitoring of affordable rental housing are:

(1) To provide for monitoring that meets applicable requirements of:

(A) The U. S. Department of Housing and Urban Development (HUD);

(B) The U. S. Department of the Treasury (Treasury);

(C) The Internal Revenue Service (the "IRS"); and

(D) Applicable state laws and rules;

(2) To enable the Department to report information to HUD, Treasury, the IRS, and the Governing Board, as required, regarding the condition and operations of such developments;

(3) To enable the Department to communicate with responsible persons regarding the condition and operation of their developments and understand clearly, with a documented record, how they are performing in meeting their obligations;

(4) To identify matters of noncompliance so that they can be appropriately addressed and to assist in targeting issues that may require compliance assistance education;

(5) To ensure that responsible persons understand the compliance status of their developments and the implications of such status;

(6) To articulate and communicate clear standards to promote the maintenance and operation of such developments in a manner that meets the high standards of the Department's affordable rental programs; and

(7) To provide a transparent system whereby all interested parties, including residents~~tenants~~, community organizations, local governmental entities, and the affordable housing industry, may find accountability, consistency, and an awareness of the high quality standards of affordable housing in the State of Texas.

(b) This subchapter applies to the monitoring of affordable rental housing under the programs described in paragraphs (1) - (10~~8~~) of this subsection:

(1) The Housing Tax Credit Program (HTC);

(2) The HOME Investment Partnerships Program (HOME);

(3) The Tax Exempt Bond Program (Bond);

(4) The Texas Housing Trust Fund Program (HTF or SHTF);

(5) The Tax Credit Assistance Program (TCAP);

(6) The Tax Credit Exchange Program (Exchange);

(7) The Neighborhood Stabilization Program (NSP); ~~and~~

(8) Section 811 Project Rental Assistance (811 PRA or 811) Program;

(9) Tax Credit Assistance Program Repayment Funds (TCAP RF); and

(10) The National Housing Trust Fund (NHTF).

(c) ~~There are two key aspects of ongoing monitoring~~ Monitoring activity evaluates~~,~~ the physical condition of the ~~d~~Developments and whether they are being operated in documented compliance with program requirements.

(d) The results of the Department's monitoring activities will be timely and properly documented.

(e) The Department may contract with an independent third party to monitor a Development during its construction or rehabilitation and during its operation for compliance with any conditions imposed by the Department in connection with the award of any Department funds, including allocations of housing tax credits, and appropriate state and federal laws, rules, regulations, orders, and other applicable legal requirements.

(f) The capitalized terms or phrases used herein are defined in this Title. Any other capitalized terms in this Subchapter shall have the meaning as defined in Tex. Gov't Code Chapter 2306, Internal Revenue Code (the "Code") §42, the HOME Final Rule, and other federal or Department rules, as applicable. Defined terms, when not capitalized, are to be read in context and construed according to common usage.

§10.602 Notice to Owners and Corrective Action Periods

(a) The Department will provide written notice to the Owner if the Department does not receive the Annual Owner Compliance Report (AOCR) timely or if the Department discovers through monitoring, audit, inspection, review, or any other manner that the Development is not in compliance with the provisions of the LURA, deed restrictions, application for funding, conditions imposed by the Department, this ~~subchapter~~Subchapter, or other program rules and regulations, including §42 of the Internal Revenue Code.

(b) For a violation other than a violation that poses an imminent hazard or threat to health and safety, the notice will specify a thirty (30) day C~~c~~orrective ~~a~~Action ~~p~~Period for failure to file the AOCR, and a ninety (90) day ~~c~~Corrective ~~a~~Action ~~p~~Period for other violations. During the ~~c~~Corrective ~~a~~Action ~~p~~Period, the Owner has the opportunity to show that either the Development was never in noncompliance or that the Event of Noncompliance ~~event of noncompliance~~ has been corrected. Documentation of correction must be received during the ~~c~~Corrective ~~a~~Action ~~p~~Period for an event to be considered corrected during the ~~c~~Corrective ~~a~~Action ~~p~~Period. The Department may extend the ~~c~~Corrective ~~a~~Action ~~p~~Period for up to six (6) months from the date of the notice to the Development Owner only if there is good cause for granting an extension and the owner requests an extension during the original ninety (90) day ~~c~~Corrective ~~a~~Action ~~p~~Period, and the request would not cause the Department or the Owner to miss a federal deadline. If an Owner submits evidence of corrective action during the Corrective Action Period that addresses each finding but does not fully address all findings, the Department will give the Owner written notice and an additional ten (10) calendar day period to submit evidence of full corrective action. References in this subchapter to the ~~c~~Corrective ~~a~~Action ~~p~~Period include this additional ten (10), calendar day period.

(c) If any communication to the Owner under this section is returned to the Department as refused, unclaimed, or undeliverable, the Development may be considered not in compliance without further notice to the Owner. The Owner is responsible for providing the Department with current contact information, including address(es) (physical and electronic) and phone number(s). The Owner must also provide current contact information to the Department as required by §1.22 of this title (relating to Providing Contact Information to the Department), and ensure that such information is at all times current and correct.

(d) Treasury Regulations require the Department to notify Housing Tax Credit Owners of upcoming reviews and instances of noncompliance. The Department will rely solely on the information supplied by the Owner in the Department's web-based Compliance Monitoring and Tracking System (CMTS) to meet this requirement. It is the Owner's sole responsibility to ensure at all times that such information is current, accurate, and complete. Correspondence sent to the email or physical address shown in CMTS will be deemed delivered to the Owner. Correspondence from the Department may be directly uploaded to the property's CMTS account using the secure electronic document attachment system. Once uploaded, notification of the attachment will be sent electronically to the email address listed in CMTS. The Department is not required to send a paper copy, and if it does so it does as a voluntary and non-precedential courtesy only.

(e) Unless otherwise required by law, ~~events of noncompliance~~ Events of Noncompliance will not be reported to the IRS, referred for enforcement action, considered as cause for possible debarment, or reported in an applicant's compliance history or previous participation review, until after the end of the ~~c~~Corrective ~~a~~Action ~~p~~Period ~~established in the notice~~ described in this section.

(f) Upon receipt of facially valid complaints the Department may contact the Owner~~s~~ and request submission of documents or written explanations to address the issues raised by the complainant. The deadline to respond to the issue will be specific to the matter. Whenever possible and not otherwise prohibited by law, regulation, or court order, the complaint received by the Department will be provided along with the request for documents or O~~o~~wner response.

§10.603 Notices to the Internal Revenue Service (HTC Developments during the Compliance Period)

(a) Even when an Event of Noncompliance ~~event of noncompliance~~ is corrected, the Department is required to file IRS Form 8823 with the IRS. When required, IRS Form 8823 generally will be filed not later than forty-five (45) days after the end of the correction period specified in the Notice to Owner (including any extensions permitted by the Department) but will not be filed before the end of the correction period. The Department will indicate on IRS Form 8823 the nature of the noncompliance and will indicate whether the Development Owner has corrected the noncompliance.

(b) The Department will retain records of noncompliance or failure to certify for six (6) years beyond the Department's filing of the respective IRS Form 8823.

(c) The Department will send the Owner of record copies of any IRS Forms 8823 submitted to the IRS. ~~Copies of Forms 8823 may be submitted to the syndicator provided that the Department has the correct contact information.~~

§10.604 Options for Review

(a) If, during the ~~c~~Corrective ~~a~~Action ~~p~~Period, an Owner supplies evidence of continual compliance, the issue of noncompliance will be dropped, and no further action will be taken~~;~~ (e.g.~~i.e.,~~ for HTC properties, IRS Form 8823 will not be filed with the IRS).

(b) If, following the submission of corrective action documentation, Compliance staff continues to find the Owner in noncompliance, the Owner may request or initiate review of the matter using the following options, where applicable:

(1) If the issue is related to the inclusion or exclusion of tenant income, assets, or appropriate household size, the National Center for Housing Management (NCHM) can be contacted. In order to obtain guidance from NCHM, the requestor must have an active Certified Occupancy Specialist designation. If no representative of the owner has this designation, Department staff may make the request on the owner's behalf.

(2) If the compliance matter is related to the Housing Tax Credit program, ~~owners~~ Owners may contact the IRS Program Analyst for guidance or request that Department staff contact the IRS for general guidance without identifying the taxpayer. The issue will be handled in accordance with the guidance received from the IRS.

(3) If the compliance matter is related to the HOME, NHTF or NSP program, Owners ~~owners~~ may contact the U.S. Department of Housing and Urban Development Texas Field Office for guidance. The issue will be handled in accordance with guidance received from a HUD official with oversight responsibility, provided it is clear and can be corroborated (*e.g.* such guidance ~~-~~is provided in writing).

~~(4) Owners may request review by the Department's Compliance Committee, as set out in §10.605 of this chapter (relating to Compliance Committee).~~

(4~~5~~) Owners may request Alternative Dispute Resolution (ADR). An Owner may send a proposal to the Department's Dispute Resolution Coordinator to initiate ADR pursuant to §1.17 of this Title ~~title~~ (relating to Alternative Dispute Resolution~~ and Negotiated Rulemaking~~). Note that even if the Department and Owner are engaged in ADR, the Department must meet Treasury Regulation §1.42-5 and file IRS Form 8823 within forty-five (45) days after the end of the ~~c~~Corrective ~~a~~Action ~~p~~Period. Therefore, it is possible that the Owner and Department may still be engaged in ADR when a IRS Form 8823 is filed. Should this happen, the form, including all Owner-supplied documentation, will be sent to the IRS with an explanation that the Owner disagrees with the Department's assessment and is pursuing ADR. Although the violation will be reported to the IRS within the required timeframes, it will not be considered part of an applicant's compliance history nor subject to administrative penalties pending the outcome of the ADR process.

§10.605 Elections under IRC §42(g)

~~Compliance Committee~~

(a) Under the Code, HTC Development Owners elect a minimum set-aside requirement of 20/50 (20 percent of the Units restricted to the 50 percent income and rent limit), 40/60 (40 percent of the Units restricted at the 60 percent income and rent limits) or the average income test.

(b) HTC projects must meet the required election under IRC §42(g) no later than the end of the first year of the Credit Period. Developments in the first year of the credit period that elect the average income test should lease U~~u~~nits in a manner to ensure that at all times, the average income and rent of the occupied units at the project does not exceed 60%. Example 605(1): A 100 Unit project places in service in April. If by October of that year, 50 of the U~~u~~nits are occupied and the other 50 have never been occupied, the designations of the 50 occupied U~~u~~nits must equal be to or less than 60% AMI and the percentage represented at application.

(c) Owners that elect the average income test under IRC §42(g) must disperse 20%, 30%, 40%, 50%, 60%, 70% and 80% U~~u~~nit designations across all U~~u~~nit T~~t~~ypes in a manner that does not violate fair housing laws.

(d) Owners that elect the average income test under IRC §42(g) are encouraged to designate households that receive rental assistance at the level indicated by the contract rent for the Unit. Example 605(2): A household with a ~~Section 8~~Housing Choice V~~v~~oucher (i.e. Section 8) from the local H~~h~~ousing A~~a~~uthority occupies a one bedroom U~~u~~nit. The~~ir~~ household's annual income is between 20% and 30% of AMI. The household pays $100 in rent, and the H~~h~~ousing A~~a~~uthority pays $750 in rent. The contract rent of $850 is more than the 50% rent limit, but less than the 60% rent limit. The O~~o~~wner -should designate this household as a 60% household and lease the units required at the lower AMI tiers to households that do not receive rental assistance, unless when the household executes a lease there are no lower AMI tiers for the household to rent.

(e) Until and unless the Internal Revenue Service or the Treasury Department issues conflicting guidance, the Department will examine the actual gross rent and income of all households to determine if projects that elected average income test are at or below the federal minimum of 60% AMI.

~~(a) The Compliance Committee is a committee of three to five persons appointed by the Executive Director. The Compliance Committee is established to provide independent review of certain compliance issues as provided by this section. Staff from the Legal and the Compliance Division will not be appointed to the committee but will be available to provide guidance to Department staff.~~

~~(b) Informal discussion with Compliance Monitoring staff. If the responsible person has questions or disagreements regarding any compliance issues, they should first try to resolve them by discussing them with the Compliance Monitoring staff, including, as needed, the Chief of Compliance.~~

~~(c) Informal discussion with the Compliance Committee. A responsible person may request an informal meeting with the Compliance Committee if the informal discussion with the Compliance Monitoring staff did not resolve the issue.~~

~~(d) Compliance Committee Process and Timeline.~~

~~(1) At any time, the responsible person may call or request an informal conference with the Compliance Monitoring staff and/or the Chief of Compliance.~~

~~(2) If a call or an informal conference with the Compliance Monitoring staff does not result in a resolution of the issue, the responsible person may, within thirty (30) days of the call or informal conference with Compliance Monitoring staff, request a meeting with the Compliance Committee.~~

~~(3) If timely requested in accordance with this section, the Compliance Committee will hold an informal conference with the responsible person. A responsible person should not offer evidence, documentation, or information to the Committee that was not presented to Compliance Monitoring staff during the informal staff conference. If additional information is offered, the Committee may disallow the information or refer the matter back to Compliance Monitoring staff to allow review of the additional information prior to any consideration by the Committee.~~

~~(4) If a meeting with the Compliance Committee does not result in a resolution, matters related to a compliance requirement, other than those required by federal regulation, may be appealed directly to the Board.~~

§10.606 ~~Contract and Construction Monitoring~~Construction Inspections

~~(a) The Department will monitor the entire construction phase for all applicable requirements according to the level of risk. After Final Construction during the Affordability Period, the Department will periodically monitor the Development to assure that the Owner maintains compliance with applicable accessibility laws and amenities as required in the Development's Land Use Restriction Agreement.~~

(a~~b~~) Owners are required to submit evidence of final construction within thirty (30) calendar days of completion in a format prescribed by the Department. Owners are encouraged to request a final construction inspection promptly to allow the Department to inspect Units prior to occupancy to avoid disruption of households in the event that corrective action is required. In addition, the Architect of Record must submit a certification that the Development was built in compliance with all applicable laws, and the Engineer of Record (if applicable) must submit a certification that the Development was built in compliance with the design requirements.

(b~~c~~) ~~The Department will conduct a final inspection after receipt of notification of final construction.~~ During the inspection, the Department will confirm that committed amenities have been provided and will inspect for compliance with the applicable accessibility requirements ~~laws~~. In addition, a Uniform Physical Condition Standards inspection may be completed.

(c~~d~~) IRS Form(s) 8609 and final retainage will not be released until the Owner receives written notice from the Department that all noted deficiencies have been resolved.

§10.607 Reporting Requirements

(a) The Department requires reports to be submitted electronically through the Department's web-based Compliance Monitoring and Tracking System (CMTS) and in the format prescribed by the Department. The

Electronic Compliance Reporting Filing Agreement and the Owner's Designation of Administrator of Accounts forms must be filed for:

(1) 9% Housing Tax Credit Developments - no later than the date prescribed in §10.402(g) of this chapter relating to the 10 Percent Test;

(2) 4% Housing Tax Credit Developments - no later than the date prescribed in §10.402(e) of this chapter (relating to Post Bond Closing Documentation Requirements); or

(3) For all other multifamily developments, no later than September 1st of the year following the award.

(b) Each Development is required to submit an Annual Owner's Compliance Report (AOCR). Depending on the Development, some or all of the Report must be submitted. The first AOCR is due the second year following the award in accordance with the deadlines set out in subsection (e) of this section. *Example 607(1):* A Development was allocated Housing Tax Credits in July 2015~~2011~~. The first report is due April 30, ~~2013~~2017, even if the Development has not yet commenced leasing activities.

(c) The AOCR is comprised of four parts:

(1) Part A "Owner's Certification of Program Compliance." All Owners must annually certify compliance with applicable program requirements. The AOCR Part A shall include answers to all questions required by the U. S. Department of the Treasury to be addressed, including those required by Treasury Regulation 1.42-5(b)(1) or the applicable program rules.~~ HTC Developments during their Compliance Period will also be required to provide the contact information of the syndicator in the Annual Owner's Compliance Report~~;

(2) Part B "Unit Status Report." All Developments must annually report and certify the information related to individual household income, rent, certification dates and other necessary data to ensure compliance with applicable program regulations. In addition, Owners are required to report on the race and ethnicity, family composition, age, use of rental assistance, disability status, and monthly rental payments of individuals and families applying for and receiving assistance or if the household elects not to disclose the information, such election;

(3) Part C "Housing for Persons with Disabilities." The Department is required to establish a system that requires Owners of state or federally assisted housing Developments with 20 or more housing Units to report information regarding housing Units designed for persons with disabilities. The certified answers to the questions on Part C satisfy this requirement; and,

(4) Part D "Form 8703." Tax exempt bond properties must file Form 8703 each calendar year of the qualified project period. The form is due to the IRS by March 31 after the close of the calendar year for which the certification is made. The Department requires Tax Exempt Bond Development Owners to submit a copy of the filed Form 8703 for the preceding calendar year.

(d) The owner is required to report certain financial information to the Department electronically through CMTS. If supplemental information is required, it must be uploaded to the Development's CMTS account.

(1) "Annual Owner's Financial Certification" (formerly Part D of the AOCR). Developments funded by the Department must annually provide and certify to the data requested in the Annual Owner's Financial Certification (AOFC).

(2) Developments funded with Exchange or TCAP must also submit a "Quarterly Owner's Financial Certification" and these must be submitted in January, April, July, and October on the 15th business day of the month.

(e) Parts A, B, C, and D of the AOCR ~~Annual Owner's Compliance Report~~ and the Annual Owner's Financial Certification must be provided to the Department no later than April 30th of each year, reporting data current as of December 31st of the previous year (the reporting year).

(f) Periodic Unit Status Reports. All Developments must submit a Quarterly Unit Status report to the Department through the Compliance Monitoring and Tracking System. Quarterly reports are due in January, April, July, and October on the 10th day of the month. The report must report occupancy as of the last day of the previous month for the reporting period. For example, the report due October 10th should report occupancy as of September 30th of the preceding month. The first quarterly report is due on the first quarterly reporting date after leasing activity commences. Failure to report occupancy timely will result in a finding of noncompliance.

(g) Owners are encouraged to continuously maintain current resident data in the Department's CMTS. Under certain circumstances, such as in the event of a natural disaster, the Department may alter the reporting schedule and require all Developments to provide current occupancy data through CMTS.

(h) All rental Developments funded or administered by the Department will be required to submit a current Unit Status Report prior to an onsite monitoring visit.

(i) Exchange developments must submit IRS Form(s) 8609 with lines 7, 8(b), 9(b), 10(a), 10(c), and 10(d) completed thirty (30) days after the Department issues the executed form(s). If an Owner elects to group buildings together into one or more multiple building projects, the owner must attach a statement identifying the buildings in the project. An owner may request to change the election made on line 8(b) only once during the Compliance Period. The request will be treated as non-material amendment, subject to the fee described in §11~~0~~.901 of this chapter (relating to Fee Schedule) and the process described in §10.405 of this chapter (relating to Amendments and Extensions).

§10.608 Record Keeping Requirements

(a) Development Owners must comply with program recordkeeping requirements. Records must include sufficient information to comply with the reporting requirements of §10.607 of this chapter (relating to Reporting Requirements) and any additional programmatic requirements. HTC Development Owners must retain records sufficient to comply with the reporting requirements of Treasury Regulation 1.42-5(b)(1). Records must be kept for each qualified Low-Income Unit and building in the Development, commencing with lease up activities and continuing on a monthly basis until the end of the Affordability Period.

(b) Each Development that is administered by the Department must retain records as required by the specific funding program rules and regulations and executed contracts or Land Use Restriction Agreements. In general, retention schedules include but are not limited to the provision of subsections (c) - (g~~f~~) of this section.

(c) HTC records must be retained for at least six (6) years after the due date (with extensions) for filing the federal income tax return for that year; however, the records for the first year of the Credit Period must be retained for at least six (6) years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period of the building (§1.42-5(b)(2) of the Code).

(d) Retention of records for ~~NSP~~ NHTF, TCAP-RF, and HOME rental Developments must comply with the provisions of 24 CFR §92.508(c) and 24 CFR §93.407(b), which generally requires retention of rental housing records for five (5) years after the Affordability Period terminates.

(e) Retention of records for NSP rental Developments must comply with the provisions of 24 CFR §570.506, which generally requires retention of rental housing records for five (5) years after the Department has closed out the grant with HUD.

(f~~e~~) Texas Housing Trust Fund (HTF) rental Developments must retain tenant files for at least three (3) years beyond the date the tenant moves from the Development. Records pertinent to the funding of the award, including, but not limited to, the Application and Development costs and documentation, must be retained for at least five (5) years after the Affordability Period terminates.

(g) Section 811 PRA tenant records must be maintained for the term of tenancy plus three years. After the end of the record retention period, all Enterprise Income Verification (EIV) data must be destroyed.

(~~f~~h) Other rental Developments funded or administered in whole or in part by the Department must comply with record retention requirements as required by rule or deed restriction.

(i~~g~~) All required records must be made available on site when an onsite monitoring occurs.

§10.609 Notices to the Department

If any of the events described in paragraphs (1) - (6~~5~~) of this section occur, written notice must be provided to the Department within the respective timeframes~~:~~. Failure to do so will result in a finding of noncompliance and may be taken into consideration during previous participation reviews in accordance with Chapter 1 Subchapter C of this Title, or in enforcement actions in accordance with Chapter 2 of this Title.

(1) Written notice must be provided at least thirty (30) days prior to any proposed sale, transfer, or exchange of the Development or any portion of the Development, and the Department must give its prior written approval to any such sale, transfer, or exchange, which will include a previous participation review on the proposed new ownership, requiring that they complete, and provide a ~~p~~Previous P~~p~~articipation ~~r~~Review ~~f~~Form;

(2) Notification must be provided within thirty (30) days following the event of any casualty loss, in whole or in part, to the Development, using the Department's Notice of Casualty Loss (for general casualty losses) or Notice of Disaster Casualty Loss (specific to loss as a result of a Presidentially Declared Disaster);

(3) Owners of Bond Developments shall notify the Department of the date on which 10 percent of the Units are occupied and the date on which 50 percent of the Units are occupied, and notice must occur within ninety (90) days ~~of~~ of each such date~~s~~;

(4) Within thirty (30) days after a foreclosure, the Department must be provided with documentation evidencing the foreclosure and a rent roll establishing occupancy on the day of the foreclosure; and

(5) Within ten (10) days of a change in the contact information (including contact persons, physical addresses, mailing addresses, email addresses, phone numbers, and/or the name of the property as know by the public) for the Ownership entity, management company, and/or Development the Department's ~~Compliance Monitoring and Tracking System~~ CMTS must be updated.

(6) Owners of Developments that participate in the Section 811 PRA program are required to notify the Department about the availability of units as described in §10.624 of this subchapter.

§10.610 Written Policies and Procedures

(a) The purpose of this section is to outline policies and/or procedures that are required to have written documentation. If an owner fails to follow their written policies and procedures it will be cited as noncompliance with this section.

(1) Owners must inform applicants/tenants in writing, at the time of application or other action described in this section, that such policies/procedures are available, and that the Owner will provide copies upon request to applicants/tenants or their representatives.

(2) The Owner must have all policies and related documentation required by this section available in the leasing office and anywhere else ~~or~~ where~~ver~~ applications are taken. Developments that accept electronic applications must post to their website the tenant selection criteria and the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) All policies must have an effective date. Any changes require a new effective date.

(4) In general, policies cannot be applied retroactively. Tenants who already reside in the development or applicants on the wait list at the time new or revised tenant selection criteria are applied and who are otherwise in good standing under the lease or wait list, must not receive notices of termination or non-renewal based solely on their failure to meet the new or revised tenant selection criteria or be passed over on the wait list. However, criteria related to program eligibility may be applied retroactively when a market development receives a new award of tax credits, federal or state funds and a household is not eligible under the new program requirements, or when prior criteria violate federal or state law.

(b) Tenant Selection Criteria. Owners must maintain written Tenant Selection Criteria. The criteria under which an applicant was screened must be included in the household's file.

(1) The criteria must be reasonably related to the applicant's ability to perform under the lease and include:

(A) Requirements that determine an applicant's basic eligibility for the property, including any preferences, restrictions, and any other tenancy requirements. The tenant selection criteria must specifically list:

(i) The income and rent limits;

(ii) When applicable, restrictions on student occupancy and any exceptions to those restrictions; and,

(iii) Fees and/or deposits required as part of the application process. Developments with HOME, NHTF, NSP, Section 811 and/or TCAP RF units cannot collect an application deposit for units designated under these programs. Owners of HTC, TCAP and Exchange Developments are discouraged from collecting an application deposit. If an application deposit is collected it must soon after be converted into a refundable security deposit. No fees or deposits may be collected to place a household or applicant on a waiting list.

(B) Applicant screening criteria, including what is screened and what scores or findings would result in ineligibility.

~~(i) The screening criteria must avoid the use of vague terms such as "elderly," "bad credit," "negative rental history," "poor housekeeping," or "criminal history" unless terms are clearly defined within the criteria made available to applicants.~~

~~(ii) Applicants must be provided the names of any third party screening companies upon request.~~

(C) Occupancy Standards. If fewer than 2 persons (over the age of 6) per bedroom for each rental unit are required for reasons other than those directed by local building code or safety regulations, a written justification must be provided.

(D) The following statement~~s~~:

~~(i) The Development will comply with state and federal fair housing and antidiscrimination laws; including, but not limited to, consideration of reasonable accommodations requested to complete the application process.~~

(i~~i~~) Screening criteria will be applied in a manner consistent with all applicable laws, including the Texas and

Federal Fair Housing Acts, the Federal Fair Credit Reporting Act, program guidelines, and the Department's rules.

~~(iii) Specific animal, breed, number, weight restrictions, pet rules, and pet deposits will not apply to households having a qualified service/assistance animal(s).~~

~~(E) Notice to applicants and current residents about Violence Against Women Reauthorization Act of 2013 ("VAWA") protections.~~

(~~F~~E) Specific age requirements if the Development is operating as an Elderly Property either under the Housing for Older Persons ~~under the Housing for Older Persons~~ Act of 1995 as amended (HOPA),~~-~~ or the age related eligibly criteria ~~as~~ required by its use of federal funds ~~to have an Elderly Preference, and in accordance with a LURA~~.

(2) The criteria must not:

(A) Include preferences for admission. A property may not have a preference unless it is either in a recorded LURA which has been approved by the Department or is required by a program in which the Owner is participating which requires the preference. ~~,~~ Owners that include preferences in their leasing criteria due to other federal financing must provide ~~unless such preference is:~~
~~(i) Allowed for under program rules; or,~~
~~(ii) The property receives Federal assistance and has~~ either ~~received~~ written approval from HUD, USDA, or VA for such preference or ~~can~~ identify the statute, written agreement, federal guidance documentation that permits the adoption of this preference.

(B) Exclude an individual or family from admission to the Development solely because the household participates in the HOME Tenant Based Rental Assistance Program, the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. §1-437), or other federal, state, or local government rental assistance program. If an Owner adopts a minimum income standard for households participating in a voucher program, it is limited to the greater of a monthly income of 2.5 times the household's share of the total monthly rent amount or $2,500 annually; or,

(C) In accordance with VAWA, deny admission on the basis that the applicant has been a victim of domestic violence, dating violence, sexual assault, or stalking.

(3) If the Development is funded with HOME, ~~Multifamily Direct Loan funds used as HOME match~~TCAP RF, NHTF, or NSP funds, in accordance with 24 CFR §93.356 and 24 CFR §92.359, the criteria may have a preference for persons who have experienced domestic violence, dating violence, sexual assault, or stalking.

(c) Reasonable Accommodations Policy. Owners must maintain a written Reasonable Accommodations policy. The policy must be maintained at the Development. Owners are responsible for ensuring that their employees and contracted third party management companies are aware of and comply with the reasonable accommodation policy.

(1) The policy must provide:

(A) Information on how an applicant or current resident with a disability may request a reasonable accommodation; and,

(B) A timeframe (not to exceed 14 calendar days) in which the Owner will respond to a request.

(2) The policy must not:

(A) Require a household to make a reasonable accommodation request in writing;

(B) Require a household whose need is readily apparent to provide third party documentation of a disability;

(C~~B~~) Require a household to provide specific medical or disability information other than the disability verification that may be requested to verify eligibility for reasonable accommodation~~ or special needs set aside program~~;

(D~~C~~) Exclude a household with person(s) with disabilities from admission to the Development because an accessible unit is not currently available; or,

(E~~D~~) Require a household to rent a unit that has already been made accessible.

(d) Wait List Policy. Owners must maintain a written wait list policy, regardless of current unit availability. The policy must be maintained at the Development.

(1) The policy must include procedures the Development uses in:

(A) Opening, closing, and selecting applicants from the wait list;

(B) Determines ~~H~~how lawful preferences are applied; and,

(C) Procedures for prioritizing applicants needing accessible units in accordance with 24 CFR §8.27 and Chapter 1, Subchapter B of this Title~~title~~.

(2) Developments with additional rent and occupancy restrictions must maintain a waiting list for their lower rent restricted units. The Development's wait list policy must inform applicants and current residents of the availability of lower rent units and the process for renting a lower rent unit. Unless otherwise approved at application, underwriting and cost certification, all unit sizes must be available at the lower rent limits. The wait list policy for Developments with lower rent restricted units must address how the waiting list for their lower rent restricted units will be managed and must include policies regarding changes in income that addresses the options available in section §10.615 of this Subchapter. The policy must not give a preference to prospective applicants over existing households. However, a Development may, but is not required to, prioritize existing households over prospective applicants.

(e) Developments that elect the income averaging test and all Developments with additional rent and occupancy restrictions must have written policies regarding changes in income that addresses the options available in section §10.615 of this Subchapter.

(~~e~~f) Denied Application Policies. Owners must maintain a written policy regarding procedures for denying applications and notifying denied applicants of their rights.

(1) The policy must address the manner by which rejections of applications will be handled, including timeframes and appeal procedures, if any.

(2) Within seven (7) days after the determination is made to deny an application, the owner must provide any rejected or ineligible applicant that completed the application process a written notification of the grounds for rejection. The written notification must include:

(A) The specific reason for the denial and reference the specific leasing criteria upon which the denial is based;

(B) Contact information for any third parties that provided the information on which the rejection was based and information on the appeals process, if one is used by the Development. An ~~grievance~~ appeals procedure is required for HOME Developments that are owned by Community Housing Development Organizations, and units at Developments that lease units under the Department's Section 811-PRA program. The appeals process must provide a 14 day period for the applicant to contest the reason for the denial and comply with other requirements of the HUD Handbook 4350.3 4-9; and

(C) The TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation."

(3) The Development must keep a log of all denied applicants that completed the application process to include:

(A) Basic household demographic and rental assistance information, if requested during any part of the application process;

(B) The specific reason for which an applicant was denied, the date the decision was made; and,

(C) The date the denial notice was mailed or hand-delivered to the applicant.

(4) A file of all rejected applications must be maintained the length of time specified in the applicable program's recordkeeping requirements and include:

(A) A copy of the written notice of denial; and,

(B) The Tenant Selection Criteria policy under which an applicant was screened.

(5) If an 811 applicant is being denied, within three (3) calendar days, the Department point of contact must be notified and provided with a copy of the written notice that was provided to the applicant.

(g~~f~~) Non-renewal and/or Termination Notices. Owners must maintain a written policy regarding procedures for providing households non-renewal and termination notices.

(1) The owner must provide in any non-renewal or termination notice, a specific and lawful reason for the termination or non-renewal.

(2) The notification must:

(A) Be delivered as required under applicable program rules;

(B) Include the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

(C) State how a person with a disability may request a reasonable accommodation in relation to such notice; and,

(D) Include information on the appeals process if one is used by the property.

(h~~g~~) Unit Transfer Policies. Owners must maintain a written policy regarding procedures for households to request a unit transfer. The policy must address the following:

(1) How security deposits will be handled for both the current unit and the new unit;

(2) How transfers related to a reasonable accommodation will be addressed; and,

(3) For HTC Developments, how transfers will be handled with regard to the multiple building project election on IRS Form(s) 8609 line 8(b) and accompanying statements in accordance with §10.616 of this subchapter, concerning Household Unit Transfer Requirements for All Programs.

(i~~h~~) At the time of application Owners must provide each adult in the household the TDHCA form based on HUD form 5380 "Notice of Occupancy Rights under the Violence Against Women Act" and the HUD form 5382 "Certification of Domestic Violence, Dating Violence, Sexual Assault, or Stalking and Alternate Documentation." To avoid providing applicants and residents with duplicate information, TDHCA administered Developments layered with other federal funds are permitted to amend the TDHCA VAWA forms to incorporate requirements of other funders. However, none of the information included in the TDHCA created form may be omitted.

~~(i) No later than June 14, 2017, HOME, NHTF, NSP, 811 PRA, and state HOME match, Development Owners with contracts dated on or after December 16, 2016, must individualize for their Development and then adopt the TDHCA form based on HUD Form 5381 "Model Emergency Transfer Plan for Victims of Domestic Violence, Dating Violence, Sexual Assault or Stalking" or request from the Department to use another Federal program's Emergency Transfer Plan.~~

(j) HTC Developments that have elected average income test must describe in their leasing criteria how units will be leased and inform applicants of the set asides that the Development offers. Owners must disperse 20%, 30%, 40%, 50%, 60%, 70% and 80% units designations across all unit types in a manner that does not violate fair housing laws. HTC Developments that have elected the income averaging test must maintain separate waiting lists for each of the set asides offered by the Development. The waiting lists must be available to both existing households and prospective tenants. The Development cannot provide a preference for applicants over existing households. The Development is not required to place existing households that receive rental assistance on a waiting list for a lower rent unit. Owners are encouraged to designate households that receive rental assistance at the level indicated by the contract rent for the unit.

(k) Developments that participate in the Section 811 program must have a written EIV policy that includes security practices and complies with the HUD Handbook 4350.3, Chapter 9. Owners are discouraged from adopting policies that exceed the minimum requirements established by HUD.

(l) Policies and procedures will be reviewed during monitoring visits, through resident complaints or through an owner initiated written policies and procedures review. Owners may request a review of the written policies and procedures for a portfolio of Developments by submitting a request to wpp@tdhca.state.tx.us. After review by the Department, Owners may make non- substantive changes to their policies. Significant changes to reviewed policies without Department approval may result in findings of noncompliance.

(m) Development Owners must allow applicants to submit applications via mail and at the Development site or leasing office; if the Development is electronically equipped, the Development may also allow applications to be submitted via email, website form, or fax. The Development's tenant selection criteria must state available alternate means of submission and include address, email, or other necessary contact information on the form or its attached leasing criteria.

§10.611 Determination, Documentation and Certification of Annual Income

(a) For all rental programs administered by the Department, annual income shall be determined consistent with the Section 8 Program administered by HUD, using the definitions of annual income described in 24 CFR §5.609 as further described in the HUD Handbook 4350.3 as amended from time to time. For the Housing Tax Credit program, where there is a conflict between the HUD Handbook 4350.3 and the IRS Guide for Completing IRS Form 8823, the IRS guidance will be controlling. At the time of program designation as a low-income household, Owners must certify and document household income. In general, all low-income households must be certified prior to move in. Certification and documentation of household income is an Owner responsibility, even if the Owner is using a manager's services to handle tenant intake and leasing. Accordingly, Owner's should ensure that they hire competent and properly trained managers and that they exercise appropriate oversight of any manager's activities.

(b) For the initial certification of a household residing in a HOME, NHTF, NSP or TCAP RF unit at a Development committed HOME funds after August 23, 2013, owners must examine at least 2 months of source documents evidencing annual income (e.g. wage statement, interest statement, unemployment compensation).

§10.612 Tenant File Requirements

(a) At the time of program designation as a low-income household, typically at initial occupancy, Owners must create and maintain a file that at a minimum contains:

(1) A Department approved Income Certification form signed by all adults. At the time of program designation as a low-income household, Owners must certify and document household income. In general, all low-income households must be certified prior to move in. The Department requires the use of the TDHCA Income Certification form, unless the property also participates in the Rural Development or a Project Based HUD Program, in which case, the other program's Income Certification form will be accepted;

(2) Documentation to support the Income Certification form including, but not limited to, applications, first hand or third party verification of income and assets, and documentation of student status (if applicable). The Department permits Owners to use check stubs or other firsthand documentation of income and assets provided by the applicant or household in lieu of third party verification forms. It is not necessary to first attempt to obtain a third party verification form. Owners should scrutinize these documents to identify and address any obvious attempts at forgery, alteration, or generation of falsified documents;

(3) A lease with all necessary addendums to ensure that compliance with applicable federal regulations and §10.613 of this chapter (relating to Lease Requirements).

(b) Annually thereafter on the anniversary date of the household's move in or initial designation:

(1) Throughout the Affordability Period, all Owners of Housing Tax Credit, TCAP and Exchange Developments must collect and maintain current data on each household that includes the number of household members, age, ethnicity, race, disability status, ~~rental amounts~~ and rental assistance (if any). This information can be collected on the Department's Annual Eligibility Certification form or the Income Certification form or HUD Income Certification form or USDA Income Certification form.

~~Example 612(1): The household moved into the Project on May 15, 2013. The information must be collected within the 120 days proceeding May 15th every year thereafter.~~

(2) During the Compliance Period for all Housing Tax Credit, TCAP, and Exchange Developments and throughout the affordability period for all Bond developments and HOME, NSP, ~~–~~and TCAP RF Developments committed funds after August 23, 2013, Owners must collect and maintain current student status data for each low-income household. This information must be collected within 120 days before the anniversary of the effective date of the original student verification and can be collected on the Department's Annual Eligibility Certification or the Department's Certification of Student Eligibility form or the Department's Income Certification form. Throughout the Compliance Period for HTC, TCAP, and Exchange developments, low-income households comprised entirely of full-time students must qualify for a HTC program exception, and supporting documentation must be maintained in the household's file. For Bond developments, if the household is not an eligible student household, it may be possible to re-designate the full-time student household to an Eligible Tenant (ET). For HOME, NSP, and TCAP RF Developments committed funds after August 23, 2013, an individual does not qualify as a low-income or very low-income family if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR §5.612.

(3) The types of properties described in subparagraphs (A) - (D) of this paragraph are required to recertify annually the income of each low-income household using a Department approved Income Certification form and documentation to support the Income Certification (see subsection (a)(1) - (2) of this section):

(A) Mixed income Housing Tax Credit, TCAP and Exchange projects (as defined by line 8(b) of IRS Form(s)

8609 and accompanying statements, if any) that have not completed the fifteen (15) year Compliance Period;

(B) All Bond developments with less than 100 percent of the units set aside for households with an income less than 50 percent or 60 percent of area median income.

(C) HTF Developments with Market Rate units. However, HTF Developments with other Department administered programs will comply with the requirements of the other program.

~~Example 612(2): If a Development is mixed income HTF and 100 percent low-income HTC, all households must be certified at move in. Then, once a calendar year, the Owner must collect the data required by and in accordance with the paragraphs (1) and (2) of this subsection.~~

(D) HOME Developments. Refer to subsection (c) of this section.

(c) Ongoing tenant file requirements for HOME and TCAP RF Developments:

(1) HOME Developments must complete a recertification with verifications of each HOME assisted Unit every sixth year of the Development's affordability period. The recertification is due on the anniversary of the household's move-in date. For purposes of this section the beginning of a HOME Development affordability period is the effective date on the first page of the HOME LURA. For example, a HOME Development with a LURA effective date of May ~~2001~~ 2011 will have the years of the affordability determined in Example 612(1~~3~~):

(A) Year 1: May 15, ~~2001~~ 2011 - May 14, ~~2002~~2012;

(B) Year 2: May 15, ~~2002~~ 2012- May 14, ~~2003~~2013;

(C) Year 3: May 15, ~~2003~~ 2013- May 14, ~~2004~~2014;

(D) Year 4: May 15, ~~2004~~ 2014- May 14, ~~2005~~2015;

(E) Year 5: May 15, ~~2005~~ 2015- May 14, ~~2006~~2016;

(F) Year 6: May 15, ~~2006~~ 2016- May 14, ~~2007~~2017;

(G) Year 7: May 15, ~~2007~~ 2017 - May 14, ~~2008~~2018;

(H) Year 8: May 15, ~~2008~~ 2018 - May 14, ~~2009~~2019;

(I) Year 9: May 15, ~~2009~~ 2019 - May 14, ~~2010~~2020;

(J) Year 10: May 15, ~~2010~~ 2020 - May 14, ~~2011~~2021;

(K) Year 11: May 15, ~~2011~~ 2021 - May 14, ~~2012~~2022; and

(L) Year 12: May 15, ~~2012~~ 2022 - May 14, ~~2013~~2023.

(2) In the scenario described in paragraph (1) of this subsection, all households in HOME Units must be recertified with source documentation during the sixth and twelfth years or between May 15, ~~2006~~2016, to May 14, ~~2007~~2017, and between May 15, ~~2012~~2022, and May 14, ~~2013~~2023.

(3) In the intervening years the Development must collect a self certification by the effective date of the original Income Certification from each household that is assisted with HOME funds.~~, Example 612(4): a household moved into a HOME unit on June 10, 2010, the household's self certification must be completed by June 10, 2011, and the household must be recertified with source documentation effective June 10, 2012.~~

The Development must use the Department's Income Certification form, unless the property also participates in the Rural Development or a project Based HUD program, in which case, the other program's Income Certification form will be accepted. If the household reports on their self certification that their annual income exceeds the current 80 percent applicable income limit or there is evidence that the household's written statement failed to completely and accurately provide information about the household's characteristics and/or income, then an annual income recertification with verifications is required.

(d) Tenant File requirements for Section 811 units. Files for households assisted under the Section 811 program must document the household's eligibility for the program, the deductions for which the household qualifies and the following HUD forms:

(1) Section 811 Project Rental Assistance Application
(2) Verification of disability, HUD 90102
(3) House Rules
(4) Move in move out inspection form HUD 90106
(5) TDHCA Section 811 Waiver of Move-in inspection
(6) Damages (Security deposit Deductions)
(7) Fact Sheet "How your rent is determined"
(8) Resident Rights and Responsibilities
(9) EIV and You Brochure
(10) Verification of Age
(11) Verification of Social Security number
(12) Screening for drug abuse and other criminal activity
(13) 811 Tenant Selection Plan
(14) Supplement to Application for Federally Assisted Housing: From 92006
(15) Annual Recertification Initial Notice
(16) Annual Recertification First Reminder Notice
(17) Annual Recertification Second Reminder Notice
(18) Annual Recertification Third Reminder Notice
(19) Race and Ethnic Data Reporting form: HUD 27061-H
(20) HUD 9887 and HUD 9887-A
(21) Annual unit inspection
(22) Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures: HUD form 50059
(23) HUD Model lease 92336-PRA

§10.613 Lease Requirements

(a) Eviction and/or termination of a lease. ~~For~~ HTC, TCAP and Exchange Developments~~, IRS Revenue Ruling 2004-82 prohibits the eviction or termination of tenancy of low-income households for other than good cause throughout the entire Affordability Period, and for three (3) years after termination of an extended low-income housing commitment. Owners executing or renewing leases after November 1, 2007, shall~~ must specifically state in the lease or in an addendum attached to the lease that evictions or terminations of tenancy for other than good cause are prohibited. To terminate tenancy, the Owner must serve written notice to the tenant specifying the grounds for the action.

(b) ~~For~~ HOME, TCAP RF~~state HOME match~~, NHTF, and NSP Developments~~, the HOME Final Rule (and as adopted by Texas NSP)~~ are prohibiteds ~~Owners~~ from evicting low-income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal, state or local law, for completion of the tenancy period for transitional housing (if applicable), or for other good cause. ~~To terminate tenancy, the Owner must serve written notice to the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy. Owners executing or renewing leases~~ It ~~after November 1, 2007, shall~~ must be specifically stated in the lease or in an addendum attached to the lease that evictions or non-renewal of leases for other than good cause are prohibited (24 CFR §92.253 and 24 CFR §93.303). Owners must also comply with all other lease requirements and prohibitions stated in 24 CFR §92.253 or §24 CFR §93.303, as applicable. To terminate or refuse to renewal tenancy in HOME, TCAP RF, and NSP Developments, the Owner must serve written notice to the tenant specifying the grounds for the action at least thirty (30) days before the termination of tenancy.

~~(c) For NHTF, the NHTF Interim Rule prohibits Owners from evicting low-income residents or refusing to renew a lease except for serious or repeated violations of the terms and conditions of the lease, for violations of applicable federal, state or local law, or for other good cause. Owners must also comply with all other lease requirements and prohibitions stated in 24 CFR §93.303.~~

(c~~d~~) ~~Evictions and terminations of tenancy for other than good cause are prohibited.~~ In accordance with the Violence Against Women Act, an incident of actual or threatened domestic violence, dating violence, sexual assault, or stalking against the documented victim of such actual or threatened domestic violence, dating violence, sexual assault, or stalking shall not be construed as a serious or repeated violation of a lease or good cause for termination of tenancy. ~~If a challenge to an eviction or termination of tenancy is related to a reasonable accommodation as defined by §1.204 of this title (relating to Reasonable Accommodations), a violation of the provision found in subsection (i) of this section, or for Developments financed by Direct Loans where actions trigger Title 104(d) of the Housing and Community Development Act of 1974 or the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Department upon the request of either party will determine if an Owner is in compliance with the referenced requirements using the methods outlined in 1.2 of this Title (regarding Department Compliant System), or as required by federal law. Otherwise,~~ The ~~the~~ Department does not determine if an Owner has good cause or if a resident has violated the lease terms for other reasons. Challenges for evictions or terminations of tenancy ~~for other reasons~~ must be made by a court of competent jurisdiction or an agreement of the parties (including an agreement made in arbitration), and the Department will rely on that determination.

(d~~e~~) ~~HTC and Bond~~ Developments must use a lease or lease addendum that requires households to report changes in student status.

(e~~f~~) Owners of HTC Developments are prohibited from locking out or threatening to lock out any Development resident, except by judicial process, unless the exclusion is necessary for the purpose of performing repairs or construction work, or in cases of emergency. Owners are further prohibited from seizing or threatening to seize the personal property of a resident except by judicial process unless the resident has abandoned the premises. These prohibitions must be included in the lease or lease addendum.

(~~g~~f) For HOME, TCAP, ~~state HOME match~~TCAP RF, NHTF, and NSP Developments, properties that were initially built for occupancy prior to 1978 must include in their lease or lease addendum a Lead Warning Statement. To demonstrate compliance, the Department will monitor that, all households at HOME, TCAP, ~~state HOME match~~TCAP RF, NHTF, and NSP Developments have signed the Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards. (24 CFR §92.355, 24 CFR §93.361 and §570.487(c)). The addendum and disclosure are not required if all lead has been certified to have been cleared from the Development in accordance with 24 CFR §35.130, and the Owner has the required certification in its on-site records.

(~~h~~g) All Owners may bifurcate a lease to terminate the tenancy of an individual who is a tenant or lawful occupant and engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against another lawful occupant living in the unit or other affiliated individual as defined in the VAWA 2013.

(h~~i~~) All NHTF, ~~state HOME match~~TCAP RF, NSP, 811 PRA, and HOME Developments for which the contract is executed on or after December 16, 2016, must use the Department created VAWA lease addendum which provides the ability for the tenant to terminate the lease without penalty if the Department determines that the tenant qualifies for an emergency transfer under 24 CFR §5.2005(e).

(i~~j~~) Leasing of HOME, NSP ~~and~~ or ~~state HOME match~~ TCAP RF units to an ~~by~~ organization~~s~~ that, in turn, rents those units to individuals is not permissible for Developments with contracts dated on or after August

23, 2013. Leases must be between the Development and an eligible household.

(j~~k~~) Housing Tax Credit units leased to an organization through a supportive housing program where the owner receives a rental payment for the unit regardless of physical occupancy will be found out of compliance if the unit remains vacant for over 60 days. The unit will be found out of compliance under the finding "Violation of the Unit Vacancy Rule."

(k~~l~~) It is a Development Owner's responsibility at all times to know what it has agreed to provide by way of common amenities, unit amenities, and services.

(l~~m~~) A Development Owner shall post in a common area of the leasing office a laminated copy and provide each household, during the application process and upon a subsequent change to the items described in paragraph (2) of this subsection, the brochure made available by the Department, A Tenant Rights and Resources Guide, which includes:

(1) Information about Fair Housing and tenant choice;

(2) Information regarding common amenities, unit amenities, and services; and,

(3) A certification that a representative of the household must sign prior to, but no more than 120 days prior to, the initial lease execution acknowledging receipt of this brochure.

(4) In the event this brochure is not provided timely or the household does not certify to receipt of the brochure, correction will be achieved by providing the household with the brochure and receiving a signed certification that it was received.

(m) For Section 811 units, Owners must use the HUD Model lease, HUD form 92236-PRA

§10.614 Utility Allowances

(a) Purpose. The purpose of this section is to provide the guidelines for calculating a Utility Allowance under the Department's multifamily programs. The Department will cite noncompliance and/or not approve a Utility Allowance if it is not calculated in accordance with this section. Owners are required to comply with the provisions of this section, as well as, any existing federal or state program guidance.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise. Other capitalized terms used in this section herein have the meaning assigned in Chapters 1, 2, ~~and~~ 10, 11, and 1~~1~~2 of this ~~part~~Title.

(1) Building Type. The HUD Office of Public and Indian Housing ("PIH") characterizes building and unit configurations for HUD programs. The Department will defer to the guidance provided by HUD found at: http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_11608.pdf (or successor Uniform Resource Locator ("URL")) when making determinations regarding the appropriate building type(s) at a Development.

(2) Power to Choose. The Public Utility Commission of Texas database of retail electric providers in the areas of the state where the sale of electricity is open to retail competition http://www.powertochoose.org/ (or successor URL). In areas of the state where electric service is deregulated, the Department will verify the availability of residential service directly with the Utility Provider. If the Utility Provider is not listed as a provider of residential service in the Development's ZIP code for an area that is deregulated, the request will not be approved

(3) Component Charges. The actual cost associated with the billing of a residential utility. Each Utility Provider may publish specific utility service information in varying formats depending on the service area. Such costs include, but are not limited to:

(A) Rate(s). The cost for the actual unit of measure for the utility (e.g. cost per kilowatt hour for electricity);

(B) Fees. The cost associated with a residential utility that is incurred regardless of the amount of the utility the household consumes (e.g., Customer Charge); and,

(C) Taxes. Taxes for electricity and gas are regulated by the Texas Comptroller of Public Accounts and can be found http://comptroller.texas.gov/ (or successor URL). Local Utility Providers have control of the tax structure related to water, sewer and trash. To identify if taxes are imposed for these utilities, obtain documentation directly from the Utility Provider.

(4) Multifamily Direct Loan ("MFDL")- Funds provided through the HOME Program ("HOME"), Neighborhood Stabilization Program ("NSP"), National Housing Trust Fund ("NHTF"), Repayments from the Tax Credit Assistance Program ("TCAP RF"), or other program available through the Department, local political subdivision, or administrating agency for multifamily development that require a Utility Allowance. MFDLs may also include deferred forgivable loans or other similar direct funding, regardless if it is required to be repaid. Housing Tax Credits, Tax Exempt Bonds, and Project Based Vouchers are not MFDLs.

(5) Renewable Source. Energy produced from energy property described in IRC §48 or IRC §45(d)(1) through (4), (6), (9), or (11). The manner in which a resident is billed is limited to the rate at which the local Utility Provider would have charged the residents for the utility if that entity had provided it to them, and as may be further limited by the Texas Utilities Code or by regulation.

(6) Submetered Utility. A utility purchased from or through a local Utility Provider by the building Owner where the resident is billed directly by Owner of the building or to a third party billing company and the utility is:

(A) Based on the residents' actual consumption of that utility and not an allocation method or Ratio Utility Billing System ("RUBS"); and,

(B) The rate at which the utility is billed does not exceed the rate incurred by the building owner for that utility.

(7) Utility Allowance. An estimate of the expected monthly cost of any utility for which a resident is financially responsible, other than telephone, cable television, or internet.

(A) For HTC, TCAP, Exchange buildings, Bonds, and ~~S~~HTF include:

(i) Utilities paid by the resident directly to the Utility Provider;

(ii) Submetered Utilities; and,

(iii) Renewable Source Utilities.

(B) For a Development with a MFDL, unless otherwise prescribed in the program's Regulatory Agreement, include all utilities regardless of how they are paid.

(8) Utility Provider. The company that provides residential utility service (e.g. electric, gas, water, wastewater, and/or trash) to the buildings.

(c) Methods. The following options are available to establish a Utility Allowance for all programs except Developments funded with MFDL funds, which are addressed in subsection (d) of this section.

(1) Rural Housing Services ("RHS") buildings or buildings with RHS assisted residents. The applicable Utility Allowance for the Development will be determined under the method prescribed by the RHS (or successor agency). No other utility method described in this section can be used by RHS buildings or buildings with

RHS assisted residents.

(2) HUD-Regulated buildings layered with any Department program. If neither the building nor any resident in the building receives RHS rental assistance payments, and the rents and the Utility Allowances of the building are regulated by HUD (HUD-regulated building), the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method described in this section can be used by HUD-regulated buildings. Unless further guidance is received from the U.S. Department of Treasury or the Internal Revenue Service ("IRS"), the Department considers Developments awarded a MFDL (e.g. HOME) to be HUD-Regulated buildings.

(3) Other Buildings. For all other rent-restricted Units, Development Owners must use one of the methods described in subparagraphs (A) - (E) of this paragraph:

(A) Public Housing Authority ("PHA"). The Utility Allowance established by the applicable PHA for the Housing Choice Voucher Program. The Department will utilize the Texas Local Government Code, Chapter 392 to determine which PHA is the most applicable to the Development.

(i) If the PHA publishes different schedules based on Building Type, the Owner is responsible for implementing the correct schedule based on the Development's Building Type(s). Example 614(1): The applicable PHA publishes a separate Utility Allowance schedule for Apartments (5+ units), one for Duplex/Townhomes and another for Single Family Homes. The Development consists of 20 buildings, ten of which are Apartments (5+ units) and the other ten buildings are Duplexes. The Owner must use the correct schedule for each Building Type.

(ii) In the event the PHA publishes a Utility Allowance schedule specifically for energy efficient units, and the Owner desires to use such a schedule, the Owner must demonstrate that the building(s) meet the housing authority's specifications for energy efficiency once every five years.

(iii) If the applicable PHA allowance lists flat fees for any utility, those flat fees must be included in the calculation of the Utility Allowance if the resident is responsible for that utility.

(iv) If the individual components of a Utility Allowance are not in whole number format, the correct way to calculate the total allowance is to add each amount and then round the total up to the next whole dollar. Example 614(2): Electric cooking is $8.63, Electric Heating is $5.27, Other Electric is $24.39, Water and Sewer is $15. The Utility Allowance in this example is $54.00.

(v) If an Owner chooses to implement a methodology as described in subparagraph (B), (C), (D), or (E) of this paragraph, for Units occupied by Section 8 voucher holders, the Utility Allowance remains the applicable PHA Utility Allowance established by the PHA from which the household's voucher is received.

(vi) If the Development is located in an area that does not have a municipal, county, or regional housing authority that publishes a Utility Allowance schedule for the Housing Choice Voucher Program, Owners must select an alternative methodology, unless the building(s) is located in the published Housing Choice Voucher service area of:

(I) A Council of Government created under Texas Local Government Code, Chapter 303, that operates a Housing Choice Voucher Program; ~~or,~~

(II) The Department's Housing Choice Voucher Program; or,

(III) Another PHA which publishes a separate utility allowance schedule specific to the Development's location.~~.~~

(B) Written Local Estimate. The estimate must come from the local Utility Provider, be signed by the Utility Provider representative, and specifically include all Component Charges for providing the utility service.

(C) HUD Utility Schedule Model. The HUD Utility Schedule Model and related resources can be found at http://www.huduser.gov/portal/resources/utilallowance.html (or successor URL). Each item on the schedule must be displayed out two decimal places. The total allowance must be rounded up to the next whole dollar amount. The Component Charges used can be no older than those in effect 60 days prior to the beginning of the 90 day period described in described in paragraph (f)(3) of this section related to Effective Dates.

(i) The allowance must be calculated using the MS Excel version available at http://www.huduser.org/portal/resources/utilmodel.html (or successor URL), as updated from time to time, with no changes or adjustments made other than entry of the required information needed to complete the model.

(ii) In the event that the PHA code for the local PHA to the Development is not listed in "Location" tab of the workbook, the Department will use the PHA code for the PHA that is closest in distance to the Development using online mapping tools (e.g. MapQuest).

(iii) Green Discount. If the Owner elects any of the Green Discount options for a Development, documentation to evidence that the units and the buildings meet the Green Discount standard as prescribed in the model is required for the initial approval and every subsequent annual review.

(I) In the event the allowance is being calculated for an application of Department funding (e.g. 9% Housing Tax Credits), upon request, the Department will provide both the Green Discount and the non-Green Discount results for application purposes.~~; however, to utilize the Green Discount allowance for leasing activities, the Owner must evidence that the units and buildings have met the Green Discount elected when the request is submitted as required in subsection (l) of this section.~~

(II) At lease up, the owner may use the utility allowance taking into consideration the green discount if they obtain written documentation from a qualified professional (e.g. a qualified energy efficiency consultant) indicating that the units and buildings will meet the qualifications for the Green Discount within six months of the placed in service date or for MFDL within six months of the construction completion date.

(iv) Do not take into consideration any costs (e.g. penalty) or credits that a consumer would incur because of their actual usage. Example 614(3) The Electric Fact Label for ABC Electric Utility Provider provides a Credit Line of $40 per billing cycle that is applied to the bill when the usage is greater than 999 kWh and less that 2000 kWh. Example 614(4) A monthly minimum usage fee of $9.95 is applied when the usage is less than 1000 kWh in the billing cycle. When calculating the allowance, disregard these types costs or credits.

(D) Energy Consumption Model. The model must be calculated by a properly licensed mechanical engineer. The individual must not be related to the Owner within the meaning of §267(b) or §707(b) of the Code. The utility consumption estimate must, at minimum, take into consideration specific factors that include, but are not limited to, Unit size, building type and orientation, design and materials, mechanical systems, appliances, characteristics of building location, and available historical data. Component Charges used must be no older than in effect 60 days prior to the beginning of the 90 day period described in paragraph (f)(3) of this section related to Effective Dates; and,

(E) An allowance based upon an average of the actual use of similarly constructed and sized Units in the building using actual utility usage data and Component Charges, provided that the Development Owner has the written permission of the Department. This methodology is referred to as the "Actual Use Method." For a Development Owner to use the Actual Use Method they must:

(i) Provide a minimum sample size of usage data for at least five Continuously Occupied Units of each Unit Type or 20 percent of each Unit Type whichever is greater. If there are less than five Units of any Unit Type, data for 100 percent of the Unit Type must be provided;

(ii) Upload the information in subclause (I) - (IV) of this clause to the Development's CMTS account no later than the beginning of the 90 day period after which the Owner intends to implement the allowance, reflecting data no older than 60 days prior to the 90 day implementation period described in described in paragraph (f)(3) of this section related to Effective Dates.

(I) An Excel spreadsheet listing each Unit for which data was obtained to meet the minimum sample size requirement of a Unit Type, the number of bedrooms, bathrooms and square footage for each Unit, the household's move-in date, the utility usage (e.g. actual kilowatt usage for electricity) for each month of the 12 month period for each Unit for which data was obtained, and the Component Charges in place at the time of the submission;

(II) All documentation obtained from the Utility Provider (or billing entity for the utility provider) and/or copies of actual utility bills gathered from the residents, including all usage data not needed to meet the minimum sample size requirement and any written correspondence from the utility provider;

(III) The rent roll showing occupancy as of the end of the month for the month in which the data was requested from the utility provider; and

(IV) Documentation of the current Utility Allowance used by the Development.

(iii) Upon receipt of the required information, the Department will determine if the Development Owner has provided the minimum information necessary to calculate an allowance using the Actual Use Method. If so, the Department shall calculate the Utility Allowance for each bedroom size using the guidelines described in subclause (I) - (V) of this clause;

(I) If data is obtained for more than the sample requirement for the Unit Type, all data will be used to calculate the allowance;

(II) If more than 12 months of data is provided for any Unit, only the data for the most current twelve 12 will be averaged;

(III) The allowance will be calculated by multiplying the average units of measure for the applicable utility (i.e., kilowatts over the last 12 months by the current rate) for all Unit Types within that bedroom size. For example, if sufficient data is supplied for 18 two bedroom/one bath Units, and 12 two bedroom/two bath Units, the data for all 30 Units will be averaged to calculate the allowance for all two bedroom Units;

(IV) The allowance will be rounded up to the next whole dollar amount. If allowances are calculated for different utilities, each utility's allowance will be rounded up to the next whole dollar amount and then added together for the total allowance; and

(V) If the data submitted indicates zero usage for any month, the data for that Unit will not be used to calculate the Utility Allowance.

(iv) The Department will complete its evaluation and calculation within forty-five (45) days of receipt of all the information requested in clause (ii) of this subparagraph;

(d) In accordance with 24 CFR §§92.252 and 93.302, for a MFDL in which the Department is the funding source, the Utility Allowance will be established in the following manner:

(1) For Developments that, as a result of funding, must calculate the Utility Allowance under HUD Multifamily Notice H-20154-4, as revised from time to time, the applicable Utility Allowance for all rent restricted Units in the building is the applicable Utility Allowance calculated under that Notice. No other utility method described in this section can be used.

(2) Other Buildings. The Utility Allowance may be initiated by the Owner using the methodologies described in paragraph (3)(B), (C), (D), or (E) of subsection (c) related to Methods.

(3) If a request is not received by October 1st, the Department will calculate the Utility Allowance using the HUD Utility Schedule Model. For property specific data, the Department will use:

(A) The information submitted in the Annual Owner's Compliance Report;

(B) Entrance Interview Questionnaires submitted with prior onsite reviews; or,

(C) The owner may be contacted and required to complete the Utility Allowance Questionnaire. In such case, a five day period will be provided to return the completed questionnaire.

(D) Utilities will be evaluated in the following manner:

(i) For regulated utilities, the Department will contact the Utility Provider directly and apply the Component Charges in effect no later than 60 days before the allowance will be effective.

(ii) For deregulated utilities:

(I) The Department will use the Power to Choose website and search available Utility Providers by ZIP code;

(II) The plan chosen will be the median cost per kWh based on average price per kWh for the average monthly use of 1000 kWh of all available plans; and,

(III) The actual Component Charges from the plan chosen in effect no later than 60 days before the allowance will be effective will be entered into the Model.

(E) The Department will notify the Owner contact in CMTS of the new allowance and provide the backup for how the allowance was calculated. The owner will be provided a five day period to review the Department's calculation and note any errors. Only errors related to the physical characteristics of the building(s) and utilities paid by the residents will be reconsidered; the utility plan and Utility Provider selected by the Department and Component Charges used in calculating the allowance will not be changed. During this five day period, the owner also has the opportunity to submit documentation and request use of any of the available Green Discounts.

(F) The allowance must be implemented for rent due in all program units thirty days after the Department notifies the Owner of the allowance.

(4) HTC Buildings in which there are units under a MFDL program are considered HUD- Regulated buildings and the applicable Utility Allowance for all rent restricted Units in the building is the Utility Allowance calculated under the MFDL program. No other utility method described in this section can be used by HUD-regulated buildings. If the Department is not the awarding jurisdiction, Owners are required to obtain the Utility Allowance established by the awarding jurisdiction, and to document all efforts to obtain such allowance to evidence due diligence in the event that the jurisdiction is nonresponsive. In such an event, provided that, sufficient evidence of due diligence is demonstrated, the Department, in its sole discretion, may allow for the use of the methods described in (3)(A), (B), (C), or (D) of subsection (c) related to Methods to calculate and establish its utility allowance.

(e) Acceptable Documentation. For the Methods where utility specific information is required to calculate the allowance (e.g. base charges, cost per unit of measure, taxes) Owners should obtain documentation directly from the Utility Provider and/or Regulating State Agency. Any Component Charges related to the utility that are published by the Utility Provider and/or Regulating State Agency must be included. In the case where a utility is billed to the Owner of the building(s) and the Owner is billing residents through a third party billing company, the Component Charges published by the Utility Provider and not the third party billing company will be used.

(f) Changes in the Utility Allowance. An Owner may not change Utility Allowance methods, start or stop charging residents for a utility without prior written approval from the Department. Example 614(5): A Housing Tax Credit Development has been paying for water and sewer since the beginning of the Compliance Period. In year 8, the Owner decides to require residents to pay for water and sewer. Prior written approval from the Department is required. Any such request must include the Utility Allowance Questionnaire found on the Department's website and supporting documentation.

(1) The Department will review all requests, with the exception of the methodology prescribed in paragraph (3)(E) of subsection (c) related to Methods, within 90 days of the receipt of the request.

(2) If the Owner fails to post the notice to the residents and simultaneously submit the request to the Department by the beginning of the 90 day period, the Department's approval or denial will be delayed for up to 90 days after Department notification. Example 614(6): The Owner has chosen to calculate the electric portion of the Utility Allowance using the written local estimate. The annual letter is dated July 5, 2014, and the notice to the residents was posted in the leasing office on July 5, 2014. However, the Owner failed to submit the request to the Department for review until September 15, 2014. Although the Notice to the Residents was dated the date of the letter from the utility provider, the Department was not provided the full 90 days for review. As a result, the allowance cannot be implemented by the owner until approved by the Department.

(3) Effective dates. If the Owner uses the methodologies as described in subparagraphs (3)(A) of subsection (c) related to Methods of this section, any changes to the allowance can be implemented immediately, but must be implemented for rent due at least 90 days after the change. For methodologies as described in paragraph (3)(B), (C), (D) and (E) of subsection (c) related to Methods, the allowance cannot be implemented until the estimate is submitted to the Department and is made available to the residents by posting in a common area of the leasing office at the Development. This action must be taken by the beginning of the 90 day period in which the Owner intends to implement the Utility Allowance. Nothing in this section prohibits an Owner from reducing a resident's rent prior to the end of the 90 day period when the proposed allowance would result in a gross rent issue.

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(g) Requirements for Annual Review.

(1) RHS and HUD-Regulated Buildings. Owners must demonstrate that the utility allowance has been reviewed annually and in accordance with the RHS or HUD regulations.

(2) Buildings using the PHA Allowance. Owners are responsible for periodically determining if the applicable PHA released an updated schedule to ensure timely implementation. When the allowance changes or a new allowance is made available by the PHA, it can be implemented immediately, but must be implemented for rent due 90 days after the PHA releases an updated scheduled.

(3) Written Local Estimate, HUD Utility Model Schedule and Energy Consumption Model. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than October 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review. At the same time the request is submitted to the Department, the Owner must post, at the Development, the Utility Allowance estimate in a common area of the leasing office where such notice is unobstructed and visible in plain sight. The Department will review the request for compliance with all applicable requirements and reasonableness. If, in comparison to other approved Utility Allowances for properties of similar size, construction and population in the same geographic area, the allowance does not appear reasonable or appears understated, the Department may require additional support and/or deny the request.

(4) Actual Use Method. Owners must update the allowance once a calendar year. The update and all back up documentation required by the method must be submitted to the Department no later than August 1st of each year. However, Owners are encouraged to submit prior to the deadline to ensure the Department has time to review.

(h) For Owners participating in the Department's Section 811 Project Rental Assistance ("PRA") Program, the Department will establish the Utility Allowance for all 811 units. On an annual basis, the Department will calculate a Utility Allowance and provide the Owner with a property-specific rent schedule containing the approved Utility Allowance. The allowance listed on the rent schedule only applies to 811 PRA units, not the entire building, and is the only allowance approved for use on 811 PRA units.
~~For Owners participating in the Department's Section 811 Project Rental Assistance ("PRA") Program, the Utility Allowance is the allowance established in accordance with this section related to the other multifamily program(s) at the Development. Example 614(7) ABC Apartments is an existing HTC Development now participating in the PRA Program. The residents pay for electricity and the Owner is using the PHA method to calculate the Utility Allowance for the HTC Program. The appropriate Utility Allowance for the PRA Program is the PHA method.~~

(i) Combining Methods. In general, Owners may combine any methodology described in this section for each utility service type paid directly by the resident and not by or through the Owner of the building (e.g. electric, gas). For example, if residents are responsible for electricity and gas, an Owner may use the appropriate PHA allowance to determine the gas portion of the allowance and use the Actual Use Method to determine the electric portion of the allowance. RHS and certain HUD-Regulated buildings (e.g. buildings with HOME/TCAP RF funds) are not allowed to combine methodologies.

(j) The Owner shall maintain and make available for inspection by the resident all documentation, including, but not limited to, the data, underlying assumptions and methodology that was used to calculate the allowance. Records shall be made available at the resident manager's office during reasonable business hours or, if there is no resident manager, at the dwelling Unit of the resident at the convenience of both the Owner and resident.

(k) Utility Allowances for Applications.

(1) If the application includes RHS assisted buildings or tenants, the utility allowance is prescribed by the RHS program. No other method is allowed.

(2) If the application includes HUD-Regulated buildings for HUD programs other than a MFDL program the applicable Utility Allowance for all rent restricted Units in the building is the applicable HUD Utility Allowance. No other utility method is allowed.

(3) If the application includes ~~a~~ MFDL funds from ~~–~~the Department, ~~where the Department is the Participating Jurisdiction~~, Applicants may calculate the utility allowance in accordance with paragraphs (3)(B), (C), (D) or (E) of subsection (c) related to Methods. Applicants must submit their utility allowance to the Compliance Division prior to full application submission. ~~the Department will establish the initial Utility Allowance in accordance with subsection (d)(3) of this section.~~ In the event that the application has a MFDL from the Department, and receives federal funds from a unit of local government, ~~another Participating Jurisdiction,~~ the Department will require the use of the allowance ~~calculated~~ approved by the Department.

(4) If the application includes federal funds from a unit of local government but no MFDL from the Department, ~~a MFDL where the Department is the not the Participating Jurisdiction,~~ Applicants are required to request in writing the Utility Allowance from the awarding jurisdiction. If the awarding jurisdiction does not respond or requests the Department to calculate the allowance, the Department will establish the initial Utility Allowance in accordance with subsection (d)(3) of this section.

(5) For all other applications, Applicants may calculate the utility allowance in accordance with paragraph (3)(A), (B), (C), (D), or (E) of subsection (c) related to Methods.

(A) Upon request, the Compliance Division will calculate or review an allowance within 21 days but no earlier than 90 days from when the application is due.

(B) Example 614(8) An application for a 9% HTC is due March 1, 2017. The applicant would like Department approval to use an alternative method by February 15, 2017. The request must be submitted to the Compliance Division no later than January 25, 2017, three weeks before February 15, 2017.

(C) Example 614(9) An Applicant intends to submit an applicant for a 4% HTC with Tax Exempt Bonds on August 11, 2017, and would like to use an alternative method. Because approval is needed prior to application submission, the request can be submitted no earlier than May 13, 2017, (90 days prior to August 11, 2017) and no later than July 21, 2017, (21 days prior to August 11, 2017).

(6) All Utility Allowance requests related to applications of funding must:

(A) Be submitted directly to ua_application@tdhca.state.tx.us. Requests not submitted to this email address will not be recognized.

(B) Include the "Utility Allowance Questionnaire for Applications" along with all required back up based on the method.

~~(7) If the Applicant is successful in obtaining an award, the Utility Allowance may be calculated in accordance with subsection (d) of this section.~~

(l) If Owners want to change to a utility allowance other than what was used for underwriting ~~utilize the HUD Utility Schedule Model, the Written Local Estimate or the Energy Consumption Model to establish the initial Utility Allowance for the Development,~~ the Owner must submit Utility Allowance documentation for Department approval, at minimum, 90 days prior to the commencement of leasing activities. The Owner is not required to review the utility allowances, or implement new utility allowances, until the building has achieved 90 percent occupancy for a period of 90 consecutive days or the end of the first year of the Credit Period (if applicable), whichever is earlier. ~~This subsection does not preclude an Owner from changing to one of these methods after commencement of leasing.~~

(m) The Department reserves the right to outsource to a third party the review and approval of all or any Utility Allowance requests to use the Energy Consumption Model or when review requires the use of expertise outside the resources of the Department. In accordance with Treasury Regulation §1.42-10(c) any costs associated with the review and approval shall be paid by the Owner.

(n) All requests described in this subsection must be complete and uploaded directly to the Development's CMTS account using the "Utility Allowance Documents" in the type field and "Utility Allowance" as the TDHCA Contact. The Department will not be able to approve requests that are incomplete and/or are not submitted correctly.

§10.615 Elections under IRC §42(g) and ~~Managing~~ Additional Income and Rent Restrictions for HTC, Exchange, and TCAP Developments

(a) Under the Code, HTC Development Owners may elect ~~a minimum set-aside requirement of 20/50~~ 20 percent of the Units restricted to the 50 percent income and rent limit (20/50), ~~or 40/60 (20 percent of the Units restricted to the 50 percent income and rent limit or~~ 40 percent of the Units restricted at the 60 percent income and rent limits 40/60) or income averaging. ~~The minimum set-aside elected sets the maximum income and rent limits for the low-income units on the Development.~~ Many Developments have additional income and rent requirements (~~i.e~~e.g.~~.~~, 30 percent, 40 percent and 50 percent) that are lower than or in addition to the ~~minimum~~ election ~~set-aside~~ requirement. This requirement is referred to as "additional occupancy restrictions" and is reflected in the Development's LURA.

(b) The Department will examine the actual gross rent and income levels of all households to determine if the additional income and rent requirements of the LURA are met. Until and unless the Internal Revenue Service or Treasury Department issue conflicting guidance, the Department will examine the actual gross rent and income of all households to determine if Developments that elected income averaging have met the federal requirements and any lower additional occupancy restriction reflected in the Development's LURA.

(c~~b~~) ~~For 100~~ One hundred percent HTC Developments (developments with ~~all units restricted to income~~

~~eligible persons at restricted rents~~no Market Rate units) with additional rent and occupancy restrictions ~~that~~ are ~~not~~ neither required nor prohibited ~~to~~ from ~~perform~~ completing annual income recertifications. The Development's written policies and procedures must specify the Development's choice.

(1) If a 100% low income development that elects the 20/50 or 40/60 test under IRC §42(g) chooses to perform annual income recertifications all households designated as meeting the additional rent and occupancy set aside must be recertified on an annual basis; failure to do so will be cited as noncompliance with written policies and procedures but not reported to the IRS on form 8823.

(2) A 100% low income development that elects the average income test and chooses to do annual income recertifications all households must be recertified on an annual basis; failure to do so will be cited as noncompliance with written policies and procedures but not reported to the IRS on form 8823.

(3) If the income level of the household changes, the Owner may adjust the U~~u~~nit's designation and rent (up or down) in accordance with all applicable lease terms. Owners that elect the average income test under IRC §42(g) must ensure that the project still has an average income equal to or less than 60% and the percentage represented at the time of Application.

(4) Owners that do not perform annual income recertifications may not increase the rent level of a household designated towards the Development's additional rent and occupancy restrictions. Example 615(1) A household was designated as a 50% household at the time of move in. The Development is not required to and does not perform annual income recertifications. New rent limits are released and they are higher. The Development may increase the household's rent in accordance with the lease, but not above the new 50% rent limit. ~~, regardless of the requirements stated in the Development's LURA, the additional rent and occupancy restrictions will be monitored as follows:~~

~~(1) Households initially certified at the 30 percent income and rent limits. Households will maintain the designation they had at initial move-in. The Unit will continue to meet the 30 percent set-aside requirement provided that the Owner does not charge gross rent in excess of the 30 percent rent limit. When the household vacates the Unit, the next available Unit on the Development is leased to a household with an income and rent less than the 30 percent limit;~~

~~(2) Households initially certified at the 40 percent income and rent limits. Households will maintain the designation they had at initial move in. The Unit will continue to meet the 40 percent set-aside requirement provided that the Owner does not charge gross rent in excess of the 40 percent rent limit. When the household vacates the Unit, the next available Unit on the Development is leased to a household with an income and rent less than the 40 percent limit; and~~

~~(3) Households initially certified at the 50 percent income and rent limits. Households will maintain the designation they had at initial move in. The Unit will continue to meet the 50 percent set-aside requirement provided that the Owner does not charge gross rent in excess of the 50 percent rent limit. When the household vacates the Unit, the next available Unit on the Development is leased to a household with an income and rent less than the 50 percent limit.~~

(d~~e~~) Development that elect the 20/50 or 40/60 test under IRC §42(g) ~~Mixed Income HTC Developments~~ and have ~~with~~ Market Units will be monitored as described in ~~paragraphs (1) and (2) of~~ this subsection:

(1) The HTC program requires Mixed Income projects ~~with Market Units~~ to complete annual income recertifications and comply with the Available Unit Rule. When a household's income at recertification exceeds 140 percent of the applicable current income limit elected by the minimum set-aside, the O~~o~~wner must comply with the Available Unit Rule and lease the next available unit (same size or smaller) in the building to a low-income household to maintain compliance.

(2) HTC Developments that elect the 20/50 or 40/60 test under IRC §42(g) with market rate units and

additional rent and occupancy restrictions must have written policies and procedures that address changes in income at recertification. ~~For HTC projects that are required to perform annual recertifications,~~ Owners may comply in the following ways: ~~the additional rent and occupancy restrictions will be monitored as follows:~~

(A) Households initially certified at the 30, 40, or 50 percent income and rent limits ~~will~~ may maintain the designation they had at initial move in unless the household's income exceeds 140 percent of the highest income tier established by the minimum set-aside. The Unit will continue to meet the designation from the initial certification provided that the Owner does not charge gross rent in excess of the additional rent and occupancy rent limit; or

(B) Owners may change the designation of a household at recertification and increase the rent accordingly provided that another household's rent is decreased to maintain the set aside requirement. Example 615(2) a 100 U~~u~~nit development elected the 40/60 minimum set aside, and has an additional rent and occupancy restriction of 10 U~~u~~nits 30% and 10 U~~u~~nits at 50%. A 30% household recertifies and their income exceeds the 30%. In accordance with the provisions of the lease, the owner may offer this household rent at a higher designation, and simultaneously lower the rent for another household that has been on the Development's waiting list for a 30% U~~u~~nit.

~~(B) The household will not be required to vacate the Unit for other than good cause. When the household vacates the Unit, the next available Unit on the Development must be leased in a manner so as to meet the Development's additional rent and occupancy restrictions; and~~

(C) If the household's income exceeds 140 percent of the highest income tier established by the minimum set-aside, the household must be redesignated as over income and the Next Available Unit Rule must be followed.

(e) HTC Developments that elect income averaging test and have market rate units must have written policies and procedures that address changes in income at recertification.

(1) If the income tier of a household changes, Owners are permitted but not required to adjust the household's rent to their new designation (higher or lower) as long as the project still has an average rent of equal to or less than the federally required 60% average, or the additional occupancy restriction reflected in the LURA. If the household income increases, and re-designating the rent to the new AMI tier would cause the project average to exceed the required AMI average, the O~~o~~wner will remain in compliance if the rent is restricted to the limit that maintains the required AMI average.

(2) Until and unless the Internal Revenue Service or the Treasury Department issue conflicting guidance, the Department will monitor the Available Unit rule in the following manner for income averaging developments:

(A) If the income of the household who, at the last certification, had an income and rent less than the 60% limits exceeds 140% of the 60% limit, the household must be redesignated as over income.

(B) If the income of a household with an income or rent above the 60% level and less than or equal to the 70% limits exceeds 140% of the 70% limit, the household must be designated as over income.

(C) If the income of a household with an income or rent above the 70% level and less than or equal to the 80% limits exceeds 140% of the 80% limit, the household must be designated as over income.

(D) Owners are not required to terminate the tenancy of over income households. When the U~~u~~nit occupied by an over income household is vacated, it must be reoccupied by a household with an income and rent level equal to or less than the rent level of the household that went over income. In addition, the U~~u~~nit must be reoccupied by a household that restores the low income average of the project to 60% or less.

~~*Example 615(1):* A household was initially certified at the 40 percent income limit at move in. The household's~~

~~income increases at recertification above the 40 percent income limit to the 50 percent income limit. The Unit will continue to meet the 40 percent set-aside requirement provided that the Owner does not charge rent in excess of the 40 percent rent limit. When the household vacates the Unit, the Next Available Unit on the Development is leased to a household with an income and rent less than the 40 percent limits.~~

~~(2) This subsection does not require HTC Developments to lease more Units under the additional occupancy restrictions than established in their LURA. *Example 615(2):* If a Development is required to lease 10 units at the 40 percent income and rent levels and has satisfied the requirement, the owner is not required to offer the 40 percent rent to other households, even if their income is less than the 40 percent income limit.~~

(f~~d~~) Units at 80 percent area median income and rent on HTC developments. In certain years, the Department's Qualified Allocation Plan provided incentives to lease 10 percent of the development's Market Rate units to households at 80 percent income and rents. This section provides guidance for implementation. If the LURA requires 10 percent of the Market Rate units be leased to households at 80 percent income and rent limits, the owner must certify the 80 percent households at the time of move in only. Recertifications will not be required. Student rules do not apply to units occupied by 80 percent households. Noncompliance with the requirement to lease to 80 percent households is not reportable to the IRS on IRS Form 8823 but will be cited as noncompliance under the event "Development failed to meet additional state required rent and occupancy restrictions."

(g) The Department does not require Developments to lease more Units under the additional occupancy restrictions than established in their LURA. However, if a Development inadvertently designates more households than required under the additional rent and occupancy restrictions, they may only decrease to the minimum number through attrition and new move ins, not by removing designations.

§10.616 Household Unit Transfer Requirements for All Programs

(a) The requirements and restrictions regarding household transfers for HTC, Exchange, and TCAP Developments are based on whether the tax credit project is 100 percent low-income or mixed income and if the owner elected to treat buildings in the project as part of a multiple building project. To determine if a Development is a multiple building project, refer to the election on IRS Form(s) 8609 line 8(b) and accompanying statements (if any). If IRS Form(s) 8609 have not yet been issued by the Department and filed by the owner, each building is its own project. The Department may allow Owners to indicate their intended 8(b) elections and will monitor accordingly. Failure to file the same elections with the IRS may result in noncompliance, additional monitoring, an additional monitoring fee and findings of noncompliance.

(1) 100 percent low-income multiple building projects: Households may transfer to any unit in a 100 percent low-income multiple building project and retain their program designation. The household does not need to be and should not be certified at the time of transfer. The move in date remains the date the household was first designated under the program.

(2) Each building is its own project (100 percent low-income and mixed income projects). Developments that made the 20/50 or 40/60 election: ~~To retain its low-income status,~~ at the time of transfer, ~~a~~ the household must be certified and have a current annual income less than the income limit established by the minimum set aside the owner selected. Developments that elected the average income test under IRC §42(g): the household must be certified and their current designation averaged together with the designations of the other households in the project must be equal to or less than the percentage represented at the time of application.

(3) Mixed income multiple building projects: Low-income households retain their program designation when they transfer to any unit in ~~the~~ a multiple building project if at the last annual certification their income was less than 140 percent of area median income level set by the minimum set aside.

(b) Household transfers for Bond, HTF~~,~~ NHTF, HOME, TCAP RF, and NSP with floating units. ~~HOME, and NSP. For Bond, HTF, HOME, and NSP Developments, households~~ Households may transfer to any Unit within the Development. A certification is not required at the time of transfer. If the household transfers to a different U~~u~~nit T~~t~~ype, the Development must maintain the U~~u~~nit T~~t~~ype dispersion as reflected in its LURA, by re-leasing the vacated unit to a program eligible household. If the Development is required to perform annual income recertifications, the recertification is due on the anniversary date the household originally moved onto the Development. If the Development is layered with Housing Tax Credits, ~~you are required to~~ use the transfer guidelines described in subsection (a) of this section (relating to Household Unit Transfer Requirements).

(c) Household transfers for NHTF, HOME, TCAP RF, and NSP with fixed units. Households may transfer to any U~~u~~nit and do not need to be certified at the time of the transfer. If the household transfers to a U~~u~~nit that is not fixed, the Development must re-lease~~d~~ the vacated U~~u~~nit to a program eligible household. If the Development is required to perform annual income recertifications, the recertification is due on the anniversary date the household originally moved onto the Development. If the Development is layered with Housing Tax Credits, use the transfer guidelines described in subsection (a) of this section (relating to Household Unit Transfer Requirements).

(d~~c~~) Household Transfers in the Same Building for ~~all~~ the HTC Programs. A Household may transfer to a new Unit within the same building (for the HTC program within the meaning of IRS Notice 88-91). The unit designations will swap status. ~~*Example 616(1):* Building 1 has 4 low-income Units. Units 1 through 3 are occupied by low-income households and Unit 4 is a vacant low-income unit. The household in Unit 2 moves to Unit 4 and the Unit designations swap status. Unit 2 is now a vacant low-income unit.~~

(e) Household~~s~~ transfers for the Section 811 PRA must be approved by the Department in writing.

§10.617 Affirmative Marketing Requirements

(a) Applicability. Effective April 1, 2015, compliance with this section is required for all Developments with five (5) or more total units to further the objectives of Title VIII of the Civil Rights Act of 1968 and Executive Order 13166.

(b) General. Owners of Developments with five (5) or more total units must affirmatively market their units to promote equal housing choice for prospective tenants, regardless of race, color, religion, sex, national origin, familial status, or disability and must develop and carry out an Affirmative Fair Housing Marketing Plan (or "Affirmative Marketing Plan") to provide for marketing strategies and documentation of outreach efforts to prospective applicants identified as "least likely to apply." In general, those populations that are least likely to apply may include: African Americans, Native Americans, Alaskan Natives, Asians, Native Hawaiians, Other Pacific Islanders, Caucasians (non-Hispanic), Hispanics or Latinos, and families with children. All Affirmative Marketing Plans must provide for affirmative marketing to persons with disabilities. Some Developments may be required by their LURAs to market units specifically to veterans or other populations.

(c) Plan format. Owners are encouraged to use any version of HUD Form 935.2A to meet Affirmative Marketing requirements. Owners participating in HUD funded programs administered by the Department must use the version required by the program. ~~The Department may make additional forms or tools available for use.~~

~~(d) Determination of populations "least likely to apply." Owners must determine the populations "least likely to apply" (also "identified populations") using the methods identified in paragraphs (1) - (4) of this subsection. Owners may use the methods in paragraphs (1) and (2) of this subsection if the Development is not occupied, if the Development is in initial lease-up, if the Development is less than 40 total units, or the Owner determines that the demographic data on the tenant households and waiting list for the Development ("Tenant Pool") is not sufficiently complete to yield an accurate profile of the populations the Development is serving. Except in the cases of populations that must be the subject of affirmative marketing pursuant to LURA requirements and persons with disabilities, any populations that represent less than 1% of the total population of the county or MSA, as applicable, are not required to be considered "least likely to apply." To assist Owners in identifying least likely to apply populations, the Department shall make the tool described in paragraph (5) of this subsection available to Owners.~~

~~(1) New Developments located in Metropolitan Statistical Areas ("MSAs"). The Owner must compare the demographic data from the most recent decennial census for the census tract in which the development site is located to the demographic data of the entire MSA in which the development site is located. The comparison must be done for each of the populations identified in subsection (b) of this section using the percentage each group represents for the census tract and MSA. The Owner will identify any population in which the percentage representation in the census tract is more than 20% less than the same population's percentage representation in the MSA *(i.e.* a population is more than 20% underrepresented in the census tract as compared to the MSA as a whole).~~

~~(2) New Developments not located in MSAs. The Owner must compare the demographic data from the most recent decennial census for the census tract in which the development site is located to the demographic data of the county in which the development site is located. The comparison must be done for each of the populations identified in subsection (b) of this section using the percentage each group represents for the census tract and county. The Owner will identify any population in which the percentage representation in the census tract is more than 20% less than the same population's percentage representation in the county *(i.e.,* a population is more than 20% underrepresented in the census tract as compared to the county as a whole). Example 617(1), County data shows 80% of the population in the County is Non-White Hispanic; the new development's census tract shows that 40% of the new development's census tract is Non-White Hispanic. The development must market to the Non-White Hispanic population because the 40% of Non-White Hispanics represented in the census tract shows an underrepresentation of more than 20% *(e.g.,* it is lower than 64%, which is 20% of 80%) when compared with the County percentage (80% x 20% = 16%; 80%-16% = 64%). If the census tract showed evidence of 65% or more Non-White Hispanics in the area, the development would not market to the Non-White Hispanic population.~~

~~(3) Established Developments located in MSAs. The Owner must compare the demographic data of the Development's Tenant Pool to the demographic data of the MSA in which the development site is located. The comparison must be done for each of the populations identified in subsection (b) of this section using the percentage each group represents for the tenant pool and MSA. The Owner will identify any population in which the percentage representation in the Tenant Pool is more than 20% less than the same population's percentage representation in the MSA *(i.e.,* a population is more than 20% underrepresented in the tenant pool as compared to the MSA as a whole). *Example 617(2),* the Owner's tenant pool shows that 5% of the population in the development is African American and that 8% of the population in the MSA is African American. The development must market to African American populations because the 5% of African Americans represented in the development shows an underrepresentation of more than 20% (8% x 20% = 1.6%; 8% - 1.6% = 6.4%). If the development showed evidence of 6.4% or more African Americans in the tenant pool, the development would not market to the African American population. In a development with 150 units in this scenario, at least 6.4% or 10 residents must be African American to show that the population is adequately represented and should not be selected as a "least likely to apply" group requiring special outreach and marketing.~~

~~(4) Established Developments not located in MSAs. The Owner must compare the demographic data of the Development's Tenant Pool to the demographic data of the county in which the development site is located. The comparison must be done for each of the populations identified in subsection (b) of this section using the percentage each group represents for the tenant pool and county. The Owner will identify any population in which the percentage representation in the tenant pool is more than 20% less than the same population's percentage representation in the county *(i.e.,* a population is more than 20% underrepresented in the tenant pool as compared to the county as a whole).~~

~~(5) The Department will develop and maintain an online tool for performing the comparisons required by paragraphs (1) - (4) of this subsection, and an Owner may rely on analysis required under paragraphs (1) - (4) (but not an analysis made pursuant to subsection (c) of this section) made correctly using this tool. The Department may update the tool more frequently than an Owner is required to review and/or revise their Affirmative Marketing Plan pursuant to subsection (g) of this section. Provided an Owner is in compliance with subsection (g), an Owner is not required to update their plan as updates to the Department's tool are made available.~~

~~(e) Other determinations of "least likely to apply." If the owner identifies other ethnic and/or religious groups that may be underrepresented and chooses to incorporate such group(s) into the Affirmative Marketing Plan, the Owner must perform and document a reasonable process by which the groups were identified.~~

(d~~f~~) Marketing and Outreach.

(1) The plan must include special outreach efforts to the "least likely to apply" populations through specific media, organizations, or community contacts that work with least likely to apply populations or work in areas where least likely to apply populations live.

~~(2) Developments must utilize methods of outreach throughout the MSA or, where subdivided into a Metropolitan Division, such Division (for Developments located in an MSA) or county (for Developments not located in an MSA). Efforts can be made beyond these areas at the discretion of the Owner. While these areas may be very large, in many instances outreach in areas located in another county or across town are necessary to effectively reach the identified populations.~~

~~(3) Developments must consider how Limited English Proficiency may affect populations least likely to apply, including ways it plans to mitigate language barriers related to advertising and community outreach. Such information should be included in the Affirmative Marketing Plan as an additional consideration or as an attachment to the Plan.~~

~~(4) Development Owners must allow applicants to submit applications via mail or at the Development site or leasing office; if the Development is electronically equipped, the Development may also allow applications to be submitted via email, website form, or fax. If the Development requires an application fee, the consideration of an application without payment may be deferred pending receipt of the fee. Applications must state available alternate means of submission and include address, email, or other necessary contact information on the form or its attached leasing criteria. If the development chooses to use an electronic application, prior approval from the Department is required to mitigate fraud, waste and abuse.~~

(2~~5~~) Advertisements and/or marketing materials ~~used~~ must contain:

(A) ~~include the~~ The Fair Housing logo and

(B) The contact information for the individual who can assist if reasonable accommodations are needed in order to complete the application process. The information about reasonable accommodations must be in both English and Spanish. ~~give contact information that prospective tenants can access if reasonable accommodations are needed in order to complete the application process. The contact information must be in English and Spanish, at a minimum.~~

(e~~g~~) Timeframes.

(1) An Owner must begin its affirmative marketing efforts for each of the identified populations at least six months prior to the anticipated date the first building is to be available for occupancy. As a condition of an award to a new Development, the Board may require affirmative marketing efforts to begin more than six (6) months prior to the anticipated date the first building is to be placed in service; and

(2) An Owner must update its Affirmative Marketing Plan and populations that are least likely to apply ~~at least~~ every ~~two~~ five (2~~5~~) years from the effective date of the current plan or, for HUD funded or USDA properties, as otherwise required by HUD or USDA.

~~(h) Biennial Plan Review. The plan must include how, and by whom, data will be collected and evaluated, how often the plan will be re-evaluated, and how the re-evaluation will be completed. The Owner must review demographic data and household characteristics from the Tenant Pool relative to the county or MSA. If any identified population is or remains underrepresented by more than 20%, the Owner should determine whether the percentage of change is greater or less than when the Affirmative Marketing Plan was last~~

~~evaluated. If, upon review of the Tenant Pool, the Owner determines that there has been no change (including negative change) or only a limited amount of success, the Owner must:~~

~~(1) Complete an evaluation of efforts to date (including a review of current advertising, outreach, and networking strategies and what, if any of the strategies used, has been successful) and gather a list of existing and new community resources available for use in revising the current Affirmative Fair Housing Marketing Plan; and~~

~~(2) Revise the Affirmative Fair Housing Marketing Plan to include a wider distribution area and/or new strategies for outreach and/or more frequent outreach efforts.~~

(~~(i~~f) Record keeping. Owners must maintain records of each Affirmative Marketing Plan and specific outreach efforts completed for the greater of three years or the recordkeeping requirement identified in the LURA.

(~~j~~g) Exception to Affirmative Marketing. If the Development has closed its waiting list, Affirmative Marketing is not required. Affirmative Marketing is required as long as the Owner is accepting applications, has an open waiting list, or is marketing prior to placement in service as required under paragraph (e~~g~~)(1) of this section.

§10.618 Onsite Monitoring

(a) The Department may perform an onsite monitoring review and physical inspection of any ~~low-income~~ Development, and review and photocopy all documents and records supporting compliance with Departmental programs through the end of the Compliance Period or the end of the period covered by the LURA, whichever is later. The Development Owner shall permit the Department access to the Development premises and records.

(b) The Department will perform onsite monitoring reviews of each low-income Development. The Department will conduct:

(1) The first review of HTC~~, Exchange, and TCAP~~ Developments by the end of the second calendar year following the year the last building in the Development is placed in service;

(2) The first review of all Developments, other than those described in subsection (b)(1) of this section, as leasing commences;

(3) During the Federal Compliance Period subsequent reviews will be conducted at least once every three (3) years;

(4) After the Federal Compliance Period, developments will be monitored in accordance with §10.623 of this chapter (relating to Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period);

(5) A physical inspection of the Development including the exterior of the Development, Development amenities, and an interior inspection of a sample of Units;

(6) Limited reviews of physical conditions, including follow-up inspections to verify completion of reported corrective action, may be conducted without prior notice (unless access to tenant units is required, in which case at least forty-eight (48) hours notice will be provided); and

(7) Reviews, meetings, and other appropriate activity in response to complaints or investigations.

(c) The Department will perform onsite file reviews and monitor:

(1) Low-income resident files in each Development, and review the Income Certifications;

(2) The documentation the Development Owner has received to support the certifications;

(3) The rent records; and

(4) Any additional aspects of the Development or its operation that the Department deems necessary or appropriate.

(d) At times other than onsite reviews, the Department may request for review, in a format designated by the Department, information on tenant income and rent for each Low-Income Unit and may require a Development Owner to submit copies of the tenant files, including copies of the Income Certification, the documentation the Development Owner has received to support that certification, and the rent record for any low-income tenant.

(e) The Department will select the Low-Income Units and tenant records that are to be inspected and reviewed. Original records are required for review. The Department will not give Development Owners advance notice that a particular Unit, tenant record, or a particular year will be inspected or reviewed. However, the Department will give reasonable notice to the Development Owner that an onsite inspection or a tenant record review will occur so the Development Owner may notify tenants of the inspection or assemble original tenant records for review. If a credible complaint of fraud or other egregious alleged or suspected noncompliance is received, the Department reserves the right to conduct unannounced onsite monitoring visits.

(f) In order to prepare for monitoring reviews and physical inspections and to reduce the amount of time spent onsite, Department staff must review certain requested documentation described in the onsite notification announcement. Owners are required to submit documentation by the required deadline indicated in the onsite notification announcement. Failure to submit required documentation will result in a finding of noncompliance.

§10.619 Monitoring for Social Services

(a) If a Development's LURA requires the provision of social services, the Department will confirm this requirement is being met in accordance with the LURA. Owners are required to maintain sufficient documentation to evidence that services are actually being provided. Documentation will be reviewed during onsite visits beginning with the ~~second~~ first onsite review. ~~, and must be submitted to the Department upon request.~~ Planned services with specific dates may suffice as evidence of compliance during the first onsite monitoring visit. Evidence of services must be submitted to the Department upon request. The first onsite visit *Example 619(1):* The Owner's LURA requires provision of onsite daycare services. The Owner maintains daily sign in sheets to demonstrate attendance and keeps a roster of the households that are regularly participating in the program. The Owner also keeps copies of all newsletters and fliers mailed out to the Development tenants that reference daycare services. *Example 619(2):* The Owner's LURA requires a monetary amount to be expended on a monthly basis for supportive services. The Owner maintains a copy of an agreement with a Supportive Service provider and documents the amount expended as evidence that this requirement is being met.

(b) A substantive modification of the scope of tenant services requires Board approval. Such requests must comply with procedures in §10.405 of this chapter (relating to Amendments and Extensions). It is not necessary to obtain prior written approval to change the provider of services unless the scope of services is being changed. Failure to comply with the requirements of this section shall result in a finding of noncompliance.

(c) If the Development's LURA requires a monthly expenditure for the provision of services, the Department will monitor to confirm compliance. Includable costs to support the expenditure include those costs directly related to providing the service(s). Such costs can include, but are not limited to, the cost of contracting the services with a qualified provider, cost of notification of such services (for example, a monthly newsletter), other costs that can be documented and would only be incurred as a result of the service. An Owner cannot include any costs related to the normal expense of maintaining or operating a Development, utility bills of any kind, in-kind contributions or services, cleaning or contracted janitorial services, office supplies, cost of copier or fax, costs incurred for maintenance of machinery, or volunteer hours. This list is not inclusive, but any other costs identified by the Owner shall be reviewed for consistency with this subsection.

§10.620 Monitoring for Non-Profit Participation, or HUB, or CHDO Participation

(a) If a Development's LURA requires the material participation of a non-profit or Historically Underutilized Business (HUB), the Department will confirm whether this requirement is being met~~ throughout the development phase and ongoing operations of the Development~~. Owners are required to maintain sufficient documentation to evidence that a non-profit or HUB so participating is in good standing with the Texas Comptroller of Public Accounts, Texas Secretary of State and/or IRS as applicable and that it is actually materially participating in a manner that meets the requirements of the IRS. Documentation may be reviewed during onsite visits or must be submitted to the Department upon request.

(b) If the HOME funds were awarded from the Community Housing and Development Organization ("CHDO") set aside on or after August 23, 2013, the Department will monitor that the Development remains controlled by a CHDO throughout the federal affordability period.

(c) If an Owner wishes to change the participating non-profit, HUB, or CHDO prior written approval from the Department is necessary. In addition, the IRS will be notified if the non-profit is not materially participating on a HTC Development during the Compliance Period.

(d) The Department does not enforce partnership agreements or other agreements between third parties or determine fund distributions of partnerships. These disputes are matters for a court of competent jurisdiction or other agreed resolution among the parties.

§10.621 Property Condition Standards

(a) All Developments funded by the Department must be decent, safe, sanitary, in good repair, and suitable for occupancy throughout the Affordability Period. The Department will use HUD's Uniform Physical Condition Standards (UPCS) to determine compliance with property condition standards. In addition, Developments must comply with all local health, safety, and building codes.

(b) HTC Development Owners are required by Treasury Regulation §1.42-5 to report (through the Annual Owner's Compliance Report) any local health, safety, or building code violations. HTC Developments that fail to comply with local codes shall be reported to the IRS.

(c) The Department is required to report any HTC Development that fails to comply with any requirements of the UPCS or local codes at any time during the compliance period to the IRS on IRS Form 8823. Accordingly, the Department will submit IRS Form 8823 for any UPCS violation.

(d) Acceptable evidence of correction of deficiencies is a certification from an appropriate licensed professional that the item now complies with the inspection standard or other documentation that will allow the Department to reasonably determine when the repair was made and whether the repair sufficiently corrected the violation(s) of UPCS standards. Acceptable documentation includes: copies of work orders (listing the deficiency, action taken or repairs made to correct the deficiency, date of corrective action, and signature of the person responsible for the correction), invoices (from vendors, etc.), or other proof of correction. Photographs are not required but may be submitted if labeled and only in support of a work order or invoice. The Department will determine if submitted materials satisfactorily document correction of noncompliance.

(e) Selection of Units for Inspection.

(1) Vacant Units will not be inspected (alternate Units will be selected) if a Unit has been vacant for fewer than thirty (30) days.

(2) Units vacant for more than thirty (30) days are assumed to be ready for occupancy and may be inspected. No deficiencies will be cited for inspectable items that require utility service, if utilities are turned off and the inspectable item is present and appears to be in working order.

(f) The Department will consider a request for review of a UPCS score using a process similar to the process established by the U. S. Department of Housing and Urban Development Real Estate Assessment Center. The request must be submitted in writing within forty-five (45) calendar days of receiving the initial UPCS inspection report and score.

(g) Examples of items that can be adjusted include but are not limited to:

(1) Building Data Errors--The inspection includes the wrong building, or a building that is not owned by the Development.

(2) Unit Count Errors--The total number of units considered in scoring is incorrect as reported at the time of the inspection.

(3) Non-Existent Deficiency Errors--The inspection cites a deficiency that did not exist at the time of the inspection.

(4) Local Conditions and Exceptions--Circumstances include inconsistencies between local code requirements and the UPCS inspection protocol, such as conditions permitted by local variance or license (e.g., child guards allowed on sleeping room windows by local building codes) or preexisting physical features that do not conform to or are inconsistent with the Department's physical condition protocol.

(5) Ownership Issues--Items that were captured and scored during the inspection that are not owned and/or not the responsibility of the Development. Examples include sidewalks, roads, fences, retaining walls, and mailboxes owned and maintained by adjoining properties or the city/county/state and resident-owned appliances that are not maintained by the Owner.

(6) Modernization Work In Progress--Developments undergoing extensive modernization work in progress, underway at the time of the physical inspection, may qualify for an adjustment. All elements of the unit that are not undergoing modernization at the time of the inspection (even if modernization is planned) will be subject to the Department's physical inspection protocol without adjustment. Any request for a Database adjustment for modernization work in progress must include proof the work was contracted before any notice of inspection was issued by the Department.

(h) Examples of items that cannot be adjusted include but are not limited to:

(1) Disagreements over the severity of a defect, such as deficiencies rated Level 3 that the Owner believes should be rated Level 1 or 2;

(2) Deficiencies that were repaired or corrected during or after the inspection; or

(3) Deficiencies recorded with no associated point loss (for example, inoperable smoke detectors) or deficiencies for survey purposes only (for example, fair housing accessibility).

§10.622 Special Rules Regarding Rents and Rent Limit Violations

(a) Rent or Utility Allowance Violations of the maximum allowable limit for the HTC program. Under the HTC program, the amount of rent paid by the household plus an allowance for utilities, plus any mandatory fees, cannot exceed the maximum applicable limit (as determined by the minimum set-aside elected by the Owner) published by the Department. If it is determined that a HTC Development, during the Compliance Period, collected rent in excess of the rent limit established by the minimum set-aside, the owner must correct the violation by reducing the rent charged. The Department will report the violation as corrected on January

1st of the year following the violation. The refunding of overcharged rent does not avoid the disallowance of the credit by the IRS.

(b) Rent or Utility Allowance Violations of additional rent restrictions under the HTC program (for ~~projects~~Developments that elected the 20/50 and 40/60 test under IRC §42(g) only). If Owners agreed to additional rent and occupancy restrictions, the Department will monitor to confirm compliance. If noncompliance is discovered, the Department will require the Owner to restore compliance by refunding (not a credit to amounts owed the Development) any excess rents to a sufficient number of households to meet the set aside. ~~*Example 622(1):* A 100 unit development is required to lease 10 units to households at the 30 percent income and rent limits. The utility allowance is miscalculated resulting in overcharged rents. Fifteen households have an income under 30 percent. The owner must refund 10 of these households.~~

(c) Rent Violations of the maximum allowable limit due to application fees or application deposits not promptly converted into a security deposit under the HTC program. Under the HTC program, Owners may not charge tenants any overhead costs as part of the application fee. Owners must only charge the actual cost for application fees as supported by invoices from the screening company the Owner uses.

(1) The amount of time Development staff spends checking an applicant's income, credit history, and landlord references may be included in the Development's application fee. Development Owners may add up to $5.50 per Unit for their other out of pocket costs for processing an application without providing documentation. *Example 622(2):* A Development's out of pocket cost for processing an application is $17.00 per adult. The property may charge $22.50 for the first adult and $17.00 for each additional adult. ~~Should an Owner desire to include a higher amount to cover staff time, prior approval is required and wage information and a time study must be supplied to the Department.~~

(2) Documentation of Development costs for application processing or screening fees must be made available during onsite visits or upon request. The Department will review application fee documentation during onsite monitoring visits. If the Development pays a flat monthly fee to a third party for credit or criminal background checks, Owners must calculate the appropriate fee to be charged applicants by using the total number of applications processed, not just approved applications. Developments that pay a flat monthly fee must determine the appropriate application fee at least annually based on the prior year's activity. If the Department determines from a review of the documentation that the Owner has overcharged residents an application fee or collected impermissible deposits, the noncompliance will be reported to the IRS on Forms 8823 under the category "gross rent(s) exceeds tax credit limits." The noncompliance will be corrected on January 1st of the next year.

(3) Owners are not required to refund the overcharged fee amount. To correct the issue, owners must reduce the application fee for prospective applicants. Once the fee is reduced for prospective applicants, the Department will report the affected units back in compliance on January 1st of the year after they were overcharged the application fee or an impermissible deposit.

(4) Throughout the Affordability Period, Owners may not charge a deposit or any type of fee (other than an application fee) for a household to be placed on a waiting list.

(d) Rent or Utility Allowance Violations on Non-HTC Developments, HTC developments after the Compliance Period, and foreclosed HTC properties for three years after foreclosure. If it is determined that the Development collected rent in excess of the allowable limit, the Department will require the Owner to refund (not a credit to amounts owed the Development) to the affected residents the amount of rent that was overcharged.

(e) Trust Account to be established. If the Owner is required to refund rent under subsection (b) or (d) of this section and cannot locate the resident, the excess monies must be deposited into a trust account for the tenant. The account must remain open for the shorter of a four (4) year period, or until all funds are claimed. If funds are not claimed after the four year period, the unclaimed funds must be remitted to the Texas Comptroller of Public Accounts Unclaimed Property Holder Reporting Section to be disbursed as required by Texas unclaimed property statutes.

(f) Rent Adjustments for HOME, and TCAP RF -Developments:

(1) 100 percent HOME/TCAP-RF assisted Developments. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to 30 percent of the household's adjusted income;

(2) HOME/TCAP-RF Developments with any Market Rate units. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to the lesser of 30 percent of the household's adjusted income or the comparable Market rent; and

(3) HOME/TCAP-RF Developments layered with other Department affordable housing programs. If a household's income exceeds 80 percent at recertification, the owner must charge rent equal to the lesser of 30 percent of the household's adjusted income or the rent allowable under the other program.

(g) Special conditions for NSP Developments. To determine if a Unit is rent restricted, the amount of rent paid by the household, plus an allowance for utilities, plus any rental assistance payment must be less than the applicable limit.

(h) Employee Occupied Units (HTC and HTF Developments). IRS Revenue Rulings 92-61, 2004-82 and Chief Counsel Advice Memorandum POSTN-111812-14 provide guidance on employee occupied units. In general, employee occupied units are considered facilities reasonably required for the project(s) and not residential rental units. Since the building's applicable fraction is calculated using the residential rental units/space in a building, employee occupied units are taken out of both the numerator and the denominator. ~~To ensure that the building's applicable fraction is met, the Department will monitor in the following manner:~~

~~(1) For 100% low-income Building(s)--A unit occupied by an employee will not be monitored by the Department provided that the unit is appropriately designated as exempt.~~

~~(2) For mixed income Building(s)--If a unit in a mixed income building is designated as exempt, the applicable fraction will be calculated as described in this subsection. If the building does not meet the required applicable fraction, the exempt unit will be cited in noncompliance unless the employee qualifies as a low income household.~~

(i) Owners of HOME, NSP, TCAP-RF and NHTF must comply with §10.403 of this Chapter which requires annual rent review and approval by the Department's Asset Management Division. Failure to do so will result in a finding of noncompliance.

§10.623 Monitoring Procedures for Housing Tax Credit Properties After the Compliance Period

(a) HTC properties allocated credit in 1990 and after are required under §42(h)(6) of the Code to record a LURA restricting the Development for at least thirty (30) years. Various sections of the Code specify monitoring rules State Housing Finance Agencies must implement during the Compliance Period.

(b) After the Compliance Period, the Department will continue to monitor HTC Developments using the criteria detailed in paragraphs (1) - (14) of this subsection:

(1) The frequency and depth of monitoring household income, rents, social services and other requirements of the LURA will be determined based on risk. Factors will include changes in ownership or management, compliance history, timeliness of reports and timeliness of responses to Department request;

(2) At least once every three (3) years the property will be physically inspected including the exterior of the Development, all building systems and 10 percent of Low-Income Units. No less than five but no more than thirty-five of the Development's HTC Low-Income Units will be physically inspected to determine compliance with HUD's Uniform Physical Condition Standards;

(3) Each Development shall submit an annual report in the format prescribed by the Department;

(4) Reports to the Department must be submitted electronically as required in §10.607 of this Subchapter ~~chapter~~ (relating to Reporting Requirements);

(5) Compliance monitoring fees will continue to be submitted to the Department annually in the amount stated in the LURA;

(6) All HTC households must be income qualified upon initial occupancy of any Low-Income Unit. Proper verifications of income are required, and the Department's Income Certification form must be completed unless the Development participates in the Rural Rental Housing Program or a project-based HUD program, in which case the other program's certification form will be accepted;

(7) Rents will remain restricted for all HTC Low-Income Units. After the Compliance Period, utilities paid to the Owner are accounted for in the utility allowance. The tenant paid portion of the rent plus the applicable utility allowance must not exceed the applicable limit. Any excess rent collected must be refunded;

(8) All additional income and rent restrictions defined in the LURA remain in effect;

(9) For Additional Use Restrictions, defined in the LURA (such as supportive services, nonprofit participation, elderly, etc), refer to the Development's LURA to determine if compliance is required after the completion of the Compliance Period or if the Compliance Period was specifically extended beyond 15 years;~~.~~ ~~*Example 623(1):* The Development's LURA states "The Compliance Period shall be a period of 20 consecutive taxable years and the Extended Use Period shall be a period of 35 consecutive taxable years, each commencing with the first year of the Credit Period." In this scenario, the Additional Use Restrictions prescribed in the LURA are applicable through year 20, but since the Federal Compliance Period has ended, the Development will be monitored under this section;~~

(10) The Owner shall not terminate the lease or evict low-income residents for other than good cause;

(11) The total number of required HTC Low-Income Units can be maintained Development wide;

(12) Owners may not charge fees for amenities that were included in the Development's Eligible Basis;

(13) Once a calendar year, Owners must continue to collect and maintain current data on each household that includes the number of household members, age, ethnicity, race, disability status, rental amounts and rental assistance (if any). This information can be collected on the Department's Annual Eligibility Certification form or the Income Certification form or HUD Income Certification form or USDA Income Certification form; and

(14) Employee occupied units will be treated in the manner prescribed in §10.622(h) of this chapter (relating to Special Rules Regarding Rents and Rent Limit Violations).

(c) After the first fifteen (15) years of the Extended Use Period, certain requirements will not be monitored as detailed in paragraphs (1) - (4~~5~~) of this subsection.

(1) The student restrictions found in §42(i)(3)(D) of the Code. An income qualified household consisting entirely of full time students may occupy a Low-Income Unit. If a Development markets to students or leases more than 15 percent of the total number of units to student households, the property will be found in noncompliance unless the LURA is amended through the Material Amendments procedures found in §10.405 of this chapter (relating to Amendments);~~.~~

(2) All households, regardless of income level or 8609 elections, will be allowed to transfer between buildings within the Development;

(3) The Department will not monitor the Development's application fee after the Compliance Period is over; and

(4) Mixed income Developments are not required to conduct annual income recertifications. However, Owners must continue to collect and report data in accordance with paragraph (b)(13) of this section; and

~~(5) The Department will not monitor whether rent is being charged for an employee occupied unit.~~

(d) While the requirements of the LURA may provide additional requirements, right and remedies to the Department or the tenants, the Department will monitor post year fifteen (15) in accordance with this section as amended.

(e) Unless specifically noted in this section, all requirements of this chapter, the LURA and §42 of the Code remain in effect for the Extended Use Period. These Post-Year Fifteen (15) Monitoring Rules apply only to the HTC Developments administered by the Department. Participation in other programs administered by the Department may require additional monitoring to ensure compliance with the requirements of those programs.

§10.624 Compliance Requirements for Developments with 811 PRA U~~u~~nits

(a) One hundred and eighty days prior to the date an Owner expects to begin leasing, Developments that have agreed to rent Units to households assisted by Section 811 PRA must contact Department staff and begin accepting referrals. Failure to reserve the agreed upon number of Units for 811 households will be cited as noncompliance, referred for administrative penalties, and be consider possible grounds for debarment.

(b) Throughout the term of an 811 Use Agreement, Owners must maintain the required number of 811 households, and provide notice to the Department when an 811 household is expected to vacate. Notice must be provided 30 days prior to the date the household will vacate or in the event that the resident vacates without notice, upon discovery that the unit is vacant, whichever is earlier. Failure to notify the Department will be cited as noncompliance, referred for administrative penalties and be considered possible grounds for debarment.

(c) Compliance with 811 PRA requirements will be monitored at least once every three years, either through an onsite review or a desk review. During the review, Department staff will monitor for compliance with program eligibility which includes the following:

(1) The household must include at least one person with a disability and who is 18 years of age or older and less than 62 years of age at the time of admission into the Development; and the person with a disability must be part of one or more of the target populations for the 811 program.

(2) The household's less that the extremely low income limit at move in.

(3) The Owner must check the criminal history related to drug use of the household. Participants in the 811 PRA program must not include:

(A) Any member(s) who was evicted in the last three years from federally assisted housing for drug-related criminal activity.

(B) Any member that is currently engaged in illegal use of drugs or for which the O~~o~~wner has reasonable cause to believe that a member's illegal use or pattern of illegal use of a drug may interfere with the health, safety, and right to peaceful enjoyment of the property by other residents; and

(C) Any household member who is subject to a State sex offender lifetime registration requirement.~~;~~

(4) Student Status. If the household includes a student, the student must meet all of the criteria described in HUD handbook 4350.3 par. 3-13B, as modified by the September 21, 2016, Federal Register Notice 5969-N-01.

(d) Noncompliance will be cited if the Development:

(1) Leases to a household that is not eligible in accordance with the requirements of (c)(1) through (4) of this subsection;

(2) Fails to Use the Enterprise Income Verification system for documenting the household's income;

(3) Fails to properly document and calculate deductions in order to determine adjusted income (dependent, child care, disability assistance, elderly/disabled family, unreimbursed medical expenses);

(4) Fails to use the required HUD forms listed in §10.612(d) of this subchapter or the following forms when applicable:
(A) EIV summary report
(B) EIV income report
(C) EIV income discrepancy report
(D) EIV No income reported
(E) EIV no income report by health and human services or social security administration
(F) EIV new hires report
(G) Existing tenant search
(H) Multiple Subsidy report
(I) Failed EIV pre-screening report
(J) Failed verification report
(K) Deceased tenants report
(L) Owner approval letter authorizing access to EIV for the EV coordinators
(M) EIV Coordinator Access Authorization form (CAAF)
(N) The rules of behavior for staff that use EIV reports/data to perform their job functions
(O) Cyber awareness challenge certificates of completion for anyone that uses EIV or has access to EIV data (annually);

(5) Accepts funding that limits the ability for the Department to place the agreed upon number of 811 Units at the Development;

(6) Violates §1.15 of this Title relating to Integrated Housing;

(7) Fails to properly calculate the tenant portion of rent;

(8) Fails to use the HUD model lease;

(9) Egregiously fails to disperse 811 PRA Units throughout the Development;

(10) Fails to conduct required interim certifications; or

(11) Fails to conduct annual income recertification.

§10.6254 Events of Noncompliance

Figure: 10 TAC §10.6254 lists events for which a multifamily rental development may be found to be in noncompliance for compliance monitoring purposes. This list is not an exclusive list of events and issues for which an Owner may be subject to an administrative penalty, debarment or other enforcement action. The first column of the chart identifies the noncompliance event. The second column indicates to which program(s) the noncompliance event applies. The last column indicates if the issue is reportable on IRS Form 8823 for HTC Developments.

Attached Graphic201406197-1.html Attached Graphic

§10.62~~5~~6 Liability

(a) Full ~~C~~compliance with all applicable ~~the~~ program requirements, including compliance with §42 of the Code, is the ~~sole~~ responsibility of the Development Owner. If the Development Owner engages a third party to address any such requirements, they are jointly and severally liable with the Development Owner. By monitoring for compliance, the Department in no way assumes any liability whatsoever for any action or failure to act by the Development Owner, including the Development Owner's noncompliance with §42 of the Code, the Fair Housing Act, §504 of the Rehabilitation Act of 1973, HOME program regulations, Bond program requirements, and any other laws, regulations, requirements, or other programs monitored by the Department.

(b) On March 23, 2018, the average income test became an option under the housing tax credit program. Sections of this Subchapter reflect how the Department will monitor for compliance. If the IRS provides a different interpretation, it is controlling of how the Department must address any aspects under the Internal Revenue Code.

§10.627~~6~~ Temporary Suspensions of Sections of this Subchapter

(a) Subject to the limitations stated in this section, temporary suspensions of sections of this subchapter may be granted by the Executive Director if there are extenuating circumstances which make it not possible or an undue administrative burden to comply with a requirement of this subchapter as long as substantial compliance is still in effect. For example, the Executive Director could suspend the requirement to report online or use Department approved forms, or alter the sample size for calculating a utility allowance using the actual use method.

(b) Under no circumstances can the Executive Director, ~~the Compliance Committee,~~ the Administrative Penalty Committee or the Board suspend for any period of time compliance with the HOME Final Rule or regulations issued by HUD or any other federal agency when required by federal law.

(c) Under no circumstances can the Executive Director, ~~the Compliance Committee,~~ the Administrative Penalty Committee or the Board suspend for any period of time Treasury Regulations, IRS publications controlling the submission of IRS Form 8823, or any sections of 26 U.S.C. §42.

Figure: 10 TAC §10.614(f)(3)

Method	Beginning of 90 Day Notification Period
Written Local Estimate	Date of letter from the Utility Provider
HUD Utility Schedule Model	Date entered as “Form Date”
Energy Consumption Model	60 days after the end of the last month of the 12 month period for which data was used to compute the estimate
Actual Use Method	Date the allowance is approved by the Department

Noncompliance Event	**Program(s)**	**If HTC, on Form 8823?**
Violations of the Uniform Physical Condition Standards	All Programs	Yes
Noncompliance related to Affirmative Marketing requirements described in §10.617 of this chapter	All Programs	No
Development is not available to the general public because of leasing issues	HTC	Yes
TDHCA has received notice of possible Fair Housing Act Violation from HUD or DOJ and reported general public use violation in accordance with IRS 8823 Audit Guide Chapter 13	HTC	Yes
TDHCA has referred unresolved Fair Housing Design and Construction issue to the Texas Workforce Commission Civil Rights Division	All programs	No
Property has gone through a foreclosure	All programs	Yes
Property is never expected to comply due to failure to report or allow monitoring	All programs	yes
Owner did not allow on-site monitoring or failed to notify residents resulting in inspection cancelation	All programs	Yes
LURA not in effect	All programs	Yes
Project failed to meet minimum set aside	HTC and Bonds	Yes
No evidence of, or failure to certify to material	HTC	Yes, if non-profit issue,

participation of a non-profit or HUB, if required by LURA		No if HUB issue
Development failed to meet additional state required rent and occupancy restrictions	All programs	No
Noncompliance with social service requirements	HTC and Bond	No
Development failed to provide housing to the elderly as promised at application	All programs	No
Failure to provide special needs housing as required by LURA	All programs	No
Changes in Eligible Basis or Applicable percentage	HTC	Yes
Failure to submit all or parts of the Annual Owner's Compliance Report	All programs	Yes for part A, No for other parts
Failure to submit quarterly reports as required by §10.607	All programs	No
Noncompliance with utility allowance requirements described in §10.614 of this subchapter and/or Treasury Regulation §1.42-10	All programs	Yes if rent exceeds limit, no if related to noncompliance with other requirements, such as posting, updating etc.
Noncompliance with lease requirements described in §10.613 of this subchapter	All programs	No
Asset Management Division has reported that Development has failed to establish and maintain a reserve account in accordance with §10.404~~5~~ of this	All programs	No

chapter		
Failure to provide a notary public as promised at application	HTC	No
Violation of the Unit Vacancy Rule	HTC	Yes
Casualty Loss	All programs	Yes
Failure to provide pre-onsite documentation	All programs	No
Failure to provide amenity as required by LURA	HTC	No
Failure to pay asset management, compliance monitoring or other required fee	HTC, TCAP, Bond, Exchange and HOME Developments committed funds after August 23, 2013	No
Change in ownership without department approval (other than removal of a general partner in accordance with §10.406 of this chapter)	All programs	No
~~Failure to provide fair housing disclosure notice~~	~~All programs~~	~~No~~
Noncompliance with ~~tenant selection~~ written policy and procedure requirements described in §10.610 of this subchapter	All programs	No, unless finding is because Owner refused to lease to Section 8 households
Program Unit not leased to Low-Income household/ Household income above income limit upon initial occupancy	All programs	Yes
Program unit occupied by nonqualified full-time students	HTC during the Compliance	Yes

	Period, Bond and HOME developments committed funds after August 23, 2013, NHTF, 811 Developments	
Low-Income units used on a transient basis	HTC and Bond	Yes
Violation of the Available Unit Rule	All programs, but only during the Compliance Period for HTC, TCAP and Exchange	Yes
Gross rent exceeds the highest rent allowed under the LURA or other deed restriction	All programs	
Failure to provide Tenant Income Certification and documentation	All programs	Yes
Unit not available for rent	All programs	Yes
Failure to collect data required by §10.612(b)(1) and/or §10.612(b)(2)	HTC, TCAP Exchange and Bond	No
Development evicted or terminated the tenancy of a low-income tenant for other than good cause	HTC, HOME and NSP	Yes
Household income increased above 80 percent at recertification and Owner failed to properly determine rent	HOME	NA
Violation of the Integrated Housing Rule	All programs	No
Failure to resolve final construction deficiencies	All programs	No

within corrective action period		
Noncompliance with the required accessibility requirements such as ~~of~~ §504 of the Rehabilitation Act of 1973, the 2010 ADA standards, or other accessibility related requirements of a Department rule ~~and 10 TAC Chapter 1, Subchapter B~~	HOME, NSP and HTC properties awarded after 2001	No
Noncompliance with the notice to the Department requirements described in §10.609 of this subchapter	All programs	No
Failure to reserve units for Section 811 participants	811 developments	NA
Failure to notify the Department of the availability of units	811 developments	NA
Owner failed to check criminal history and drug use of household	811 Developments	NA
Failure to use Enterprise Income Verification System	811 developments	NA
Failure to properly document and calculate adjusted income	811 developments	NA
Failure to use required HUD forms	811 developments	NA
Accepted funding that limits 811 participation	811 developments	NA
Failure to properly calculate tenant portion of rent	811 developments	NA
Failure to use HUD model lease	811 developments	NA
Failure to disperse 811 units	811 developments	NA
Failure to conduct interim certifications	811 developments	NA
Failure to conduct annual income recertification	811 developments	NA
Asset Management Division has	HOME, NSP,	NA

reported that Development has failed to establish and maintain a reserve account in accordance with §10.403 of this Chapter	TCAP RF and NHTF	

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BOARD ACTION REQUEST

EXECUTIVE DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Subchapter C, Previous Participation; and an order proposing new 10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee, and directing their publication for public comment in the *Texas Register*.

RECOMMENDED ACTION

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

WHEREAS, 10 TAC Chapter 1, Subchapter C, Previous Participation, lays out the process used to review the past performance and participation of applicants prior to the Department making new awards, and also provides for a means of appealing recommendations made by the Executive Award Review and Advisory Committee ("EARAC");

WHEREAS, the Department has identified the need for revisions to 10 TAC Chapter 1, Subchapter C, Previous Participation to streamline the review in certain instances, provide a clear set of conditions that may be placed upon an award, and provide more Board involvement in determining if an award is warranted in cases of egregious non-compliance;

WHEREAS, this item was provided to the Board for consideration at the meeting of the Board on September 6, 2018, at which the Board directed staff to host a roundtable in response to public comment, and such roundtable took place on September 21, 2018, and the Department has taken into consideration the input garnered at that roundtable in the rule now proposed; and

WHEREAS, such proposed rulemaking will be published in the *Texas Register* for public comment;

NOW, therefore, it is hereby

RESOLVED, that the proposed repeal of 10 TAC Chapter 1, Subchapter C, Previous Participation, and proposed new 10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee, are approved for publication in the *Texas Register* for public comment; and

FURTHER RESOLVED, that the Executive Director and his designees, be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department to cause the proposed repeal of 10 TAC Chapter 1, Subchapter C, Previous Participation, and proposed new 10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing, including the preparation of the subchapter specific preambles and any requested revisions to the preambles.

BACKGROUND

10 TAC Chapter 1, Subchapter C, Previous Participation, lays out the process used to review the past performance and participation (called "Previous Participation Review" or "PPR") of those entities who apply for program resources or certain Department approvals, prior to such decisions being made. This subchapter currently has 3 sections: §1.301 currently addresses the PPR process for applicants involved in multifamily

applications and ownership transfers; §1.302 addresses the PPR process for applicants for all other programs except multifamily (meaning Single Family, Community Affairs, and Homelessness activities); and the last section, §1.304 addresses the Appeal process for an EARAC recommendation. There is currently no rule at §1.303.

While EARAC statutorily is only required to be utilized on awards for Housing Tax Credits ("HTC") and HOME Program activities, the Department has an obligation under 2 CFR Part 200 to also perform a similar type of review prior to awarding federal funds. In the past the EARAC process has satisfied that 2 CFR Part 200 requirement. The rule changes now formalize that EARAC is used for this purpose as well.

Staff believes that there is a need for fairly significant revisions to simplify the PPR rule and that there is a need to formalize the process and considerations of EARAC, which until now have not been formalized in rule. Applicants and staff have struggled to formulate appropriate conditions to be placed on awards. Further, the Department feels that conditions have greater enforceability when they exist in rule. Additionally, over time, the direction of EARAC and the Board for that matter, have revealed that certain issues will tend to be voted on in certain ways, and staff is striving to revise the rules so that they are reflective of those preferences at the outset. Therefore, the new proposed rule provides for a more objective, consistent process for PPR review, and the determinations made by EARAC.

As directed by the Board at the meeting of the Board on September 6, 2018, staff hosted a roundtable on this rule on September 21, 2018. The Department has taken into consideration the input garnered at that roundtable in the rule now proposed.

<u>Proposed Changes</u>
Staff is recommending that the title of the Subchapter be renamed from "Previous Participation" to "Previous Participation and Executive Award Review and Advisory Committee" to more accurately reflect the content of the subchapter. The subchapter is proposed to have three sections: §1.301 will continue to address the PPR process for applicants involved in multifamily applications and ownership transfers; §1.302 will continue to address the PPR process for applicants for all other programs except multifamily; §1.303 will be newly added and titled Executive Award and Review Advisory Committee ("EARAC"); and the last section, §1.304 will no longer exist. The significant changes being proposed for Chapter 1, Subchapter C, are listed below:

- Provide a clear purpose for each of the sections;
- More clearly align the processes being described in the rule with 2 CFR Part 200 and UGMS which govern the review required prior to awarding federal funds;
- Remove the concept of portfolio size and differential treatment based on the size of a portfolio;
- Make changes to the method of classification for multifamily portfolios including going from four categories down to three and making the criteria for what constitutes a Category Three only those issues that are most egregious;
- Simplify and streamline what PPR findings trigger inclusion into the different classifications and thereby what recommendation will be made to EARAC by Compliance, including that Category 3 portfolios will, by rule, not be recommended by Compliance;
- Clearly state when an application will not be recommended based on compliance history;
- Clarify several additional circumstances in which the Previous Participation Review ("PPR") will prompt a clear approval, which should improve efficiency;
- Reflect that events of non-compliance that are resolved during the PPR process may change the categorization of an application;
- Clarify the submission requirements of the Single Audit as part of the PPR review process and where the requirement applies, what its role in consideration of a decision may be;

- Identify that for Applications for Multifamily Direct Loans and 811 PRA, or for Ownership Transfers of Multifamily Properties containing Multifamily Direct Loans or 811 PRA, for purposes of assurance that the Affiliate or Person is not on the Federal Suspended or Debarred Listing, Affiliate and Person is also defined as required by 2 CFR Part 180.
- Provide for a clear process for EARAC notifying an applicant of their recommendation;
- Reflect that all conditions to be recommended by EARAC must be conditions that are provided for in rule;
- Provide a comprehensive list of all conditions that may be placed on an application, and clarify that conditions may be placed on a property, a portfolio, a region of a portfolio, or a subrecipient;
- Provide a clear dispute process for disagreements (in lieu of the prior Appeal process) with EARAC which can include disagreements relating to category determination, EARAC determination, and/or EARAC conditions;
- Describe the Board's discretion in accepting, rejecting, or revising recommendations from EARAC; and
- State that an EARAC vote is not utilized in determinations relating to ownership transfers.

Since the posting of the rule in the September 6 Board meeting materials, the significant additional changes include:

- Adds definitions for Combined Portfolio and Corrective Action Period.
- Provided for a new means of looking at a Combined Portfolio which excludes Events of Noncompliance generated from any properties for which the partner submits clear documentation, on a Department promulgated form, that the partner has no Control over the management and compliance of the property that has Events of Noncompliance.
- Clarified that Events of Noncompliance referenced in this rule are those same listed Events of Noncompliance laid out in 10 TAC §10.625 of the Compliance rules.
- Adjusted the trigger for Events of Noncompliance that are currently uncorrected, for purposes of classifying an Application as Category 2 or 3, from a number of Events (3 or more) to a percentage.
- Revised a look-back period for non-responsiveness to the Department from a previously suggested date of January 1, 2017, to instead look back for the prior three years.
- Clarified that an event prompting a Category 3 includes Applicants who had control of a property that has been foreclosed upon.
- Added that if an Applicant has been considered a Category 2 or 3, and subsequently through Board action or dispute, is awarded, and no new events of noncompliance occur, they would continue to be considered for approval without having to again dispute their previous determination.
- Clarified that conditions can apply to Category 2 or 3; while Category 3 are still considered to receive a denial recommendation, this revision will ensure that if a Category 3 is recommended for an award based on a dispute or by the Board, that the pre-vetted conditions would still be those used and applied.
- Added a condition that includes trainings that would be responsive to findings generated in relation to monitoring of Section 811 units.
- Added two new conditions that address having reserves in place for repairs, and that provides for an Applicant having to provide invoices and lien waivers at the time every draw request is submitted.

This proposed rule action also has included an evaluation by staff of whether a rule is:

- Statutorily required and, if not, evaluating its necessity;
- Setting policy beyond those established in state or federal authorizing statute or regulation and, if so, affirming the purpose and need for that policy; and
- In harmony with the direction and policy of the Board.

Authority: The authority for this rule is Tex. Gov't Code §§2306.057, 2306.1112 and 2306.6719. Tex. Gov't Code §2306.057 requires that prior to awarding funds or other assistance from the Department a review of the entity's compliance history must be performed by the Compliance Division. The Executive Award and Review Advisory Committee ("EARAC") is established by Tex. Gov't Code §2306.1112 to make recommendations to the Board regarding funding and allocation decisions related to Low Income Housing Tax Credits and federal housing funds provided to the state under the Cranston Gonzalez National Affordable Housing Act. Additionally, Tex. Gov't Code §2306.6719 addresses Housing Tax Credit monitoring of compliance and indicates that the Department may not consider issues of noncompliance that have been resolved within the Corrective Action Period when making award decisions. This rule also ensures Department compliance with 2 CFR §200.331(b) and (c) which requires that the Department evaluate an applicant's risk of noncompliance and consider imposing conditions if appropriate prior to awarding federal funds for certain applicable federal programs, which may include multifamily activities.

Department Policy: While Tex. Gov't Code §§2306.057, and 2306.1112 jointly require that EARAC exist and that, combined in certain instances with UGMS and 2 CFR Part 200, require the consideration of previous participation and performance occurs prior to award, these governing statutes and applicable rules and regulations do not specify how EARAC must be set up, or how previous participation should be assessed (for instance, it does not require category determinations used by the Department, nor does it require that conditions be outlined in rule). Therefore, these rules set Department policy not specifically contemplated in state statute for how EARAC will be handled, how PPR will be reviewed, and how recommendations from EARAC will be made.

Consistency with Executive Direction and Proposed Changes: Staff recommends that it is necessary to revise the rules in Subchapter C, but proposes doing so through the repeal and proposed adoption of the Subchapter. This action allows the Department to evidence compliance with those statutes noted above. It should be emphasized that the rule revisions contemplated in the proposed rule are simplifying the review process for PPR, and bringing the policy of EARAC and PPR into alignment with the policy direction of the Board, as noted through their patterns and trends in voting, and verbal comments to moving away from any perceived "gotcha" approach."

Upon approval in draft form by the Board, rules under review will be released for public comment in the Texas Register.

It should be noted that a new preamble format has been used for this adoption which now addresses a series of analyses required by statute and by the Office of the Governor. Behind the proposed preamble for the proposed new action a draft of the rule is shown in its clean new form. However, to assist reviewers with understanding what has changed from the current version of the rule at 10 TAC Chapter 1, Subchapter C, a blacklined version is also provided.

Attachment 1: Preamble for proposed repeal, including required analysis, of 10 TAC Chapter 1, Subchapter C, Previous Participation

The Texas Department of Housing and Community Affairs (the "Department") proposes the repeal of 10 TAC Chapter 1, Subchapter C, Previous Participation. The purpose of the proposed repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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

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

1. Mr. Irvine has determined that, for the first five years the repeal will be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous adoption making changes to the existing procedure for the review of applicant previous participation and the recommendation of awards by the Executive Award and Review Advisory Committee ("EARAC").

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

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

4. The repeal does not result in an increase in fees paid to the Department nor in a decrease in fees paid to the Department.

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

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to the existing procedure the existing procedure for the review of applicant previous participation and the recommendation of awards by the Executive Award and Review Advisory Committee ("EARAC").

7. The repeal will not increase nor decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section would be an elimination of an outdated rule while adopting a new updated rule under separate action. There will not be economic costs to individuals required to comply with the repealed section.

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

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 26, 2018, to November 16, 2018, to receive input on the repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, Rule Comments, P.O. Box 13941, Austin, Texas 78711-3941, by fax to (512) 475-0220, or email brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time NOVEMBER 16, 2018.

STATUTORY AUTHORITY. The repeal is proposed pursuant to TEX. GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed repealed sections affect no other code, article, or statute.

Chapter 1, Subchapter C, Previous Participation

Attachment 2: Preamble, including required analysis, for proposed new 10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee

The Texas Department of Housing and Community Affairs (the "Department") proposes new 10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee. The purpose of the proposed new section is to provide compliance with Tex. Gov't Code §§2306.057, 2306.1112 and 2306.6719, and 2 CFR 200.331(b) and (c) and to make changes to make the process contemplated in the rule more transparent and efficient.

Tex. Gov't Code §2001.0045(b) does not apply to the rule being adopted under item (9), relating to implementation of legislation. The rule ensures compliance with Tex. Gov't Code §§2306.057, 2306.1112 and 2306.6719. Tex. Gov't Code §2306.057 requires that prior to awarding funds or other assistance from the Department a review of the entity's compliance history must be performed by the Compliance Division. The Executive Award and Review Advisory Committee ("EARAC") is established by Tex. Gov't Code §2306.1112 to make recommendations to the Board regarding funding and allocation decisions related to Low Income Housing Tax Credits and federal housing funds provided to the state under the Cranston Gonzalez National Affordable Housing Act. Additionally, Tex. Gov't Code §2306.6719 addresses Housing Tax Credit monitoring of compliance and indicates that the Department may not consider issues of noncompliance that have been resolved within the Corrective Action Period when making award decisions. This rule also ensures Department compliance with 2 CFR §200.331(b) and (c) which requires that the Department evaluate an applicant's risk of noncompliance and consider imposing conditions if appropriate prior to awarding federal funds for certain applicable federal programs, which may include multifamily activities. In spite of the exception noted above, it should be noted that no costs are associated with this action that would have warranted a need to be offset.

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

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

Mr. Irvine has determined that, for the first five years the new rule will be in effect:

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to the existing procedure for the review of an applicant's previous participation and the process used by EARAC.

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

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

4. The proposed rule changes will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

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

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

7. The new rule does not increase nor decrease the number of individuals to whom this rule applies; and

8. The new rule will not negatively nor positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

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

2. This rule relates to the procedures for how an appeal can be filed with the Department in regards to a Department decision. Other than in the case of a small or micro-business that is a program participant in one of the Department's programs that also has applied for funds and is in need of a previous participation review, no small or micro-businesses are subject to the rule. If a small or micro-business is in need of such a review, the new rule provides for a more clear, transparent process for doing so.

3. The Department has determined that because this rule relates only to a process for the review of the previous participation of program participants there will be no economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the proposed rule has no economic effect on local employment because this rule relates only to changes to the Department's previous participation and EARAC procedures, not locally based activities; therefore no local employment impact statement is required to be prepared for the rule.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that the rule merely provides for the previous participation review and procedures for EARAC there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section will compliance with Tex. Gov't Code §§2306.057, 2306.1112 and 2306.6719, and 2 CFR Part 200. Further, the rule revisions are fairly significant in an effort to simplify the PPR rule and to formalize the process and considerations of EARAC, which until now have not been formalized in rule. Applicants and staff have struggled to formulate appropriate conditions to be placed on awards. Further, the Department feels that conditions have greater enforceability when they exist in rule. Additionally, over time, the direction of EARAC and the Board for that matter, have revealed that certain issues will tend to be voted on in certain ways, and staff is striving to revise the rules so that they are reflective of those preferences at the outset. Therefore, the new proposed rule provides for a more objective, transparent, consistent process for PPR review and the determinations made by EARAC.

There will not be any economic cost to any individuals required to comply with the new section because the activity described by the rule has already been in existence through the rule found at this section being repealed and the rule adoption is merely formalizing changes.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Irvine also has determined that for each year of the first five years the new section is in effect, enforcing or administering the new section does not have any foreseeable implications related to costs or revenues of the state or local governments as this rule relates only to changes to a process that already exists.

REQUEST FOR PUBLIC COMMENT. The public comment period will be held October 26, 2018, to November 16, 2018, to receive input on the repealed section. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston, Rule Comments, P.O. Box

13941, Austin, Texas 78711-3941, by fax to (512) 475-0220, or email brooke.boston@tdhca.state.tx.us. ALL COMMENTS MUST BE RECEIVED BY 5:00 P.M. Austin local time NOVEMBER 16, 2018.

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

10 TAC Chapter 1, Subchapter C, Previous Participation and Executive Award Review and Advisory Committee – Shown with all Changes Included

§1.301. Previous Participation Reviews for Multifamily Awards and Ownership Transfers

(a) Purpose and Applicability. The purpose of this rule is to provide the procedures by which the Department complies with Tex. Gov't Code §§2306.057, 2306.6713, and 2306.6719 which require, among other things, that prior to awarding funds or other assistance through the Department's Multifamily Housing Programs or approving a Person to acquire an existing multifamily Development monitored by the Department a previous participation review will be performed by the Compliance Division. This rule also ensures Department compliance with 2 CFR §200.331(b) and (c), and Uniform Grant Management Standards ("UGMS"), where applicable, which requires that the Department evaluate an Applicant's risk of noncompliance and consider imposing conditions, if appropriate, prior to awarding funds for certain applicable programs, which may include multifamily activities.

(b) Definitions. The following definitions apply only as used in this section. Other capitalized terms used in this section shall have the meaning ascribed in the rules governing the program for which the Application has requested funds or is participating.

(1) Affiliate--Persons are Affiliates of each other or are "affiliated" if they are under common Control by each other or by one or more third parties. "Control" is as defined in 10 TAC Chapter 11. For Applications for Multifamily Direct Loans and 811 PRA, or for Ownership Transfers of Multifamily Properties containing Multifamily Direct Loans or 811 PRA, for purposes of assurance that the Affiliate is not on the Federal Suspended or Debarred Listing, Affiliate is also defined as required by 2 CFR Part 180.

(2) Combined Portfolio--All Developments within the Control of Persons affiliated with the Application as identified by the Previous Participation Review and as limited by subsection (c) of this section.

(3) Corrective Action Period--The timeframe during which an Owner may correct an Event of Noncompliance, as permitted in 10 TAC §10.602, including any permitted extension or deficiency period.

(4) Events of Noncompliance--Any event for which a multifamily rental development may be found to be in noncompliance for compliance monitoring purposes as further provided for in the table provided at 10 TAC §10.625 of this Title.

(5) Monitoring Event--Means an onsite or desk monitoring review, a Uniform Physical Condition Standards inspection, the submission of the Annual Owner's Compliance Report, Final Construction Inspection, a Written Policies and Procedures Review, or any other instance when the Department's Compliance Division provides written notice to an Owner or Contact Person requesting a response by a certain date. This would include but not be limited to responding to a tenant complaint.

(6) Person --"Person" is as defined in 10 TAC Chapter 11. For Applications for Multifamily Direct Loans and 811 PRA, or for Ownership Transfers of Multifamily Properties containing Multifamily Direct Loans or 811 PRA, for purposes of assurance that the Applicant or Affiliate is not on the Federal Suspended or Debarred Listing, Person is also defined as required by 2 CFR Part 180.

(7) Single Audit--As used in this rule, the term relates specifically to an audit required by 2 CFR §200.501 or UGMS Subpart E.

(c) Items Not Considered.

When conducting a previous participation review the following will not be taken into consideration:

(1) Events of Noncompliance, Findings, Concerns, and Deficiencies (under any Department program) that were corrected over three (3) years ago unless required to be taken into consideration by federal or state law, by court order, or voluntary compliance agreement;

(2) Events of Noncompliance with an "out of compliance date" prior to the Applicant's or proposed incoming Owner's period of Control if the event(s) is currently corrected;

(3) Events of Noncompliance with an "out of compliance date" prior to the Applicant's or proposed incoming Owner's period of Control if the event(s) is currently uncorrected and the Applicant or proposed incoming Owner has had Control for less than one year and has had no legal ability to effectuate corrective action;

(4) The Event of Noncompliance "Failure to provide Fair Housing Disclosure notice";

(5) The Event of Noncompliance "Program Unit not leased to Low income Household" sometimes referred to as "Household Income above income limit upon initial Occupancy" for units at properties participating in U.S. Department of Housing and Urban Development programs (or used as HOME Match) or U.S. Department of Agriculture ,if the household resided in the unit prior to an allocation of Department resources and Federal Regulations prevent the Owner from correcting the issue;

(6) The Event of Noncompliance "Casualty loss" if the restoration period has not expired;

(7) Events of Noncompliance that the Applicant or proposed incoming Owner believes can never be corrected and the Department agrees in writing that such item should not be considered;

(8) Events of Noncompliance corrected within their Corrective Action Period; and

(9) Events of Noncompliance associated with a Development that has submitted documentation, using the appropriate Department-promulgated form, (Figure: 10 TAC §1.301(c)(9)) that the Applicant is not in Control of the Development with Events of Noncompliance for purposes of management and compliance. The term 'Combined Portfolio' used in this section does not include those properties with such documentation.

(Figure: 10 TAC §1.301(c)(9))

(d) Applicant Process. Persons affiliated with an Application or an ownership transfer request must complete the Department's Uniform Previous Participation Review Form and respond timely to staff inquiries regarding apparent errors or omissions. A recommendation will not be made if an Applicant or proposed incoming Owner fails to provide the required promulgated forms or fails to provide timely responsive information when requested.

(e) Determination of Compliance Status. Through a review of the form, Department records, and the compliance history of the Affiliated multifamily Developments, staff will determine the applicable category for the Application or ownership transfer request using the criteria in paragraphs (1) through (3) of this subsection. The Application will be classified in the highest applicable category, based upon all Persons for whom previous participation review is conducted.

(1) Category 1. An Application will be considered a Category 1 if the Developments in the Combined Portfolio have no issues that are currently uncorrected, all Monitoring Events were responded to during the Corrective Action Period, and the Application does not meet any of the criteria of Category 2 or 3.

(2) Category 2. An Application will be considered a Category 2 if any one or more of the following criteria are met:

(A) The number of uncorrected Events of Noncompliance plus the number of corrected Events of Noncompliance that were not corrected during the Corrective Action Period total at least three (3) but is less than 50% of the number of properties in the Combined Portfolio;

(B) There are uncorrected Events of Noncompliance but the number of Events of Noncompliance is 10% or less than the number of properties in the Combined Portfolio. If corrective action has been uploaded to the Department's Compliance Monitoring and Tracking System ("CMTS") or if the noncompliance is corrected and evidence of corrective action is submitted during the seven day period referenced in subsection (f) of this section it will be reviewed and the Category determination may change as appropriate;

(C) Within the three (3) years immediately preceding the date of Application, any Person subject to previous participation review failed to respond during the Corrective Action Period for three (3) or fewer Monitoring Events; or

(D) Within the three (3) years immediately preceding the date of Application, a Development in the Combined Portfolio has been the subject of a final order entered by the Board and the terms have not been violated.

(3) Category 3. An Application will be considered a Category 3 if any one or more of the following criteria are met:

(A) The number of uncorrected Events of Noncompliance plus the number of corrected Events of Noncompliance that were not corrected during the Corrective Action Period total at least 3 and equal or exceed 50% of the number of properties in the Combined Portfolio.

(B) The number of Events of Noncompliance that are currently uncorrected total 10% or more than the number of properties in the Combined Portfolio. If corrective action has been uploaded to CMTS or if the noncompliance is corrected and evidence of corrective action is submitted during the seven day period referenced in subsection (f) of this section it will be reviewed and the Category determination may change as appropriate;

(C) Within the three (3) years immediately preceding the date of Application, any Person subject to previous participation review failed to respond during the Corrective Action Period for more than three (3) Monitoring Events;

(D) A Development in the Combined Portfolio has been the subject of a final order entered by the Board and the terms have been violated;

(E) Any Person subject to previous participation review failed to meet the terms and conditions of a prior condition of approval imposed by the EARAC, the Governing Board, voluntary compliance agreement, or court order;

(F) Payment of principal or interest on a loan due to the Department is past due beyond any grace period provided for in the applicable documents for any property in the Combined Portfolio;

(G) The Department has requested and not been timely provided evidence that the owner has maintained required insurance on any collateral for any loan held by the Department related to a property in the Combined Portfolio;

(H) The Department has requested and not been timely provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department related to a property in the Combined Portfolio; or

(I) Fees or other amounts owed to the Department by any Person subject to previous participation review are thirty days or more past due.

(J) Despite past condition(s) agreed upon by any Person subject to previous participation review to improve their compliance operations, three (3) or more new Events of Noncompliance have since been identified by the Department, and have not been resolved during the corrective action period;

(K) Any Person subject to previous participation review has or had Control of a TDHCA funded Development that has gone through a foreclosure; or

(L) Any Person subject to previous participation review or the proposed incoming owner is currently debarred by the Department or currently on the federal debarred and suspended listing.

(f) Compliance Recommendation to EARAC. After determining the appropriate category as described in subsection (e) of this section, the Compliance Division will make a recommendation to EARAC in accordance with the following paragraphs, as applicable.

(1) Category 1. The compliance history of Category 1 applications will be deemed acceptable (for Compliances purposes only) without further review or discussion.

(2) Category 2.

(A) The Applicant or proposed incoming Owner will be informed by the Compliance Division of its determination that an Application will be classified as a Category 2 and provided a seven (7) calendar day period to provide written comment, submit any remaining evidence of corrective action for uncorrected events, propose one or more of the conditions listed in §1.303 of this Subchapter, or propose other conditions for consideration before the Compliance Division makes its final submission to EARAC. As it relates to Monitoring Events that occurred prior to the initiation of the ten day period to provide additional corrective action provided for in §10.602(b) of this Title, an Applicant may provide evidence during this seven day period to describe any unique considerations that the Applicant thinks should be considered. If EARAC previously reviewed the previous participation for affiliated multifamily Developments, and no new events have occurred since the last previous participation review, the Applicant will not be required to provide comment on the prior events of noncompliance, but will be provided the opportunity to propose conditions or mitigations;

(B) Based on the compliance history and Applicant response, the Compliance Division will recommend to EARAC award, award with conditions, or denial. In making this decision, the Compliance Division may not consider the compliance history precluded by Tex. Gov't Code §2306.6719(e). If EARAC previously reviewed and approved or approved with conditions the previous participation for affiliated multifamily Developments, and no new events have occurred since the last previous participation review, the compliance history will be deemed acceptable and recommended as approved or approved with the same prior conditions, by EARAC, even if the prior approval or approval with conditions was a result of a successful dispute under §1.303(g) of this Subchapter;

(C) Any recommendation for an award with conditions will utilize the conditions identified in §1.303 of this Subchapter. Failure to correct noncompliance or meet conditions by the date established by the Board based on the recommendation of EARAC and/or meet terms and conditions related to a recommendation or award may be considered by the Board in its consideration of future actions for the Applicant or Application and may serve as grounds for the initiation of proceedings to take other disciplinary actions such as imposition of administrative penalties or debarment as further provided for in Chapter 2 of this Title.

(D) EARAC will provide notice to the Applicant of the final recommendation from the Compliance Division for awards with conditions or denials, and the Applicant may, if it desires, exercise its right to file a dispute under §1.303 of this Subchapter.

(3) Category 3.

(A) The Applicant or proposed incoming owner will be informed by the Compliance Division of the determination that an Application will be classified as a Category 3 and provided a seven (7) calendar day period to provide written comment, submit any remaining evidence of corrective action for uncorrected events, propose one or more of the conditions listed in §1.303 of this Subchapter, or propose other conditions for consideration before the Compliance Division makes its final submission to EARAC.

(B) After review of any corrective action submitted during the seven (7) calendar day period, if the Application is still considered a Category 3, the Compliance Division will recommend to EARAC denial of the award. In making this decision, the Compliance Division may not consider the compliance history precluded by Tex. Gov't Code §2306.6719(e). EARAC will provide notice to the Applicant of the final recommendation from the Compliance Division and the specific rule or statutory-based requirement will be identified, along with the Applicant's right to dispute the negative recommendation as described in §1.303 of this Subchapter.

(g) Other Possible Conditions to be Made to an Award by the Compliance Division.

(1) If the Applicant is required to have a Single Audit, the Compliance Division will obtain the required audit and may propose conditions or recommend denial based on the single audit findings or a relevant and germane issue identified in the Single Audit (e.g., Notes to the Financial Statements).

(2) If the Applicant is applying for a Direct Loan award and it or its Affiliate has monitoring from the U.S. Department of Housing and Urban Development, from the U.S. Department of Housing and Urban Development, Office of Inspector General, or another state agency in the past three years, the Compliance Division will obtain the required information and review the required information, and may propose conditions based on the disclosure or relevant and germane issue identified in the monitoring report.

(3) If the Applicant has a Finding or Deficiency associated with activities other than multifamily activities, the Compliance Division may propose conditions or recommend denial based on a Finding or Deficiency if it is relevant and germane to the award being considered.

(h) Eligibility for the Department's Multifamily Direct Loans and 811 PRA and Eligibility for Ownership Transfer for Developments containing the Department's Multifamily Direct Loans and 811 PRA.

The Department will not make an award or approve an Ownership Transfer to any entity who has an Affiliate, Board member, or a Person identified in the Application that is currently on the Federal Debarred and Suspended Listing. An Applicant for an Ownership Transfer will be notified of the debarred status of a Board Member and will be given an opportunity to remove and replace that Board member so that the transfer may proceed.

§1.302. Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of This Subchapter

(a) Purpose and applicability. The purpose of this rule is to provide the procedures by which the Department complies with Tex. Gov't Code §2306.057 which requires that prior to awarding project funds a review of the applying entity's previous participation will be performed by the Compliance Division, and, as applicable, with 2 CFR §200.331(b) and (c), and UGMS which requires that the Department evaluate an Applicant's risk of noncompliance and consider imposing conditions if appropriate prior to awarding funds for certain applicable programs. This section applies to program awards not covered by §1.301 of this Subchapter. With the exception of a household or project commitment contract, prior to awarding or allowing access to Department funds through a Contract or through a Reservation Agreement a previous participation review will be performed in conjunction with the presentation of award actions to the Department's Board.

(b) Capitalized terms used in this section herein have the meaning assigned in the specific Chapters and Rules of this Part that govern the program associated with the request, or assigned by federal or state laws. For this Section, the word Applicant means the entity that the Department's Board will consider for an award of funds or a Contract. As used in this section, the term Single Audit relates specifically to the audit required by 2 CFR §200.501 or UGMS Subpart E.

(c) Upon Department request, Applicant will be required to submit:

(1) A listing of the members of its board of directors, council, or other governing body as applicable or certification that the same relevant information has been submitted in accordance with §1.22 of this Subchapter regarding Providing Contact Information to the Department, and if applicable with §6.6 of this Part regarding Subrecipient Contact Information and Required Notifications.

(2) A list of any multifamily Developments owned or Controlled by the Applicant that are monitored by the Department;

(3) Identification of all Department programs that the Applicant has participated in within the last three years;

(4) An Audit Certification Form for the Applicant or entities identified by the Applicant's Single Audit, or a certification that the form has been submitted to the Department in accordance with §1.403 of this Chapter. If a Single Audit is required by UGMS Subpart E, a copy of the State Single Audit must be submitted to the Department;

(5) A copy of the most recent three years federal or state agency monitoring reports that resulted in a finding or disallowed costs (only if the Applicant is applying for a federal award);

(6) In addition to direct requests for information from the Applicant, information is considered to be requested for purposes of this section if the requirement to submit such information is made in a NOFA or Application for funding.

(7) Applicants will be provided a reasonable period of time, but not less than sevencalendar days, to provide the requested information.

(d) The Applicant's/Affiliate's financial obligations to the Department will be reviewed to determine if any of the following conditions exist:

(1) The Applicant or Affiliate entities identified by the Applicant's Single Audit owes an outstanding balance in accordance with §1.21 of this Chapter, and a repayment plan has not been executed between the Subrecipient and the Department or the repayment plan has been violated;

(2) The Department has requested and not been provided evidence that the Owner has maintained required insurance on any collateral for any loan held by the Department; or

(3) The Department has requested and not been provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department.

(e) The Single Audit of an Applicant, or Affliate entities identified by the Applicant's Single Audit, subject to a Single Audit, and not currently contracting for funds with the Department will be reviewed. In evaluating the Single Audit, the Department will consider both audit findings, and management responses in its review to identify concerns that may affect the organization's ability to administer the award. The Department will notify the Applicant of any Deficiencies, findings or other issues identified through the review of the Single Audit that requires additional information, clarification, or documentation, and will provide a deadline to respond.

(f) The Compliance Division will make a recommendation of award, award with conditions, or denial based on:

(1) The information provided by the Applicant,

(2) Information contained in the most recent Single Audit,

(3) Issues identified in subsection (d) of this section;

(4) The Deficiencies, Findings and Concerns identified during any monitoring visits conducted within the last three years (whether or not the Findings were corrected during the Corrective Action Period), and

(5) The Department's record of complaints concerning the Applicant.

(g) Compliance Recommendation to EARAC.

(1) If the Applicant has no history with Department programs, and Compliance staff has not identified any issues with the Single Audit or other required disclosures, the Application will be deemed acceptable without EARAC review or discussion.

(2) An Applicant with no history of monitoring Findings, Concerns, and/or Deficiencies or with a history of monitoring Findings, Concerns, and/or Deficiencies that have been awarded without conditions subsequent to those identified Findings, Concerns, and/or Deficiencies, will be deemed acceptable without EARAC review or discussion for Compliance purposes, if there are no new monitoring Findings, Concerns, or Deficiencies or complaint history, and if the Compliance Division determines that the most recent Single Audit or other required disclosures indicate that there is no significant risk to the Department funds being considered for award.

(3) The Compliance Division will notify the Applicant when an intended recommendation is an award with conditions or denial. Any recommendation for an award with conditions will utilize the conditions identified in §1.303 of this Subchapter. The Applicant will be provided a seven (7) calendar day period to provide written comment, submit any remaining evidence of corrective action for uncorrected events, propose one or more of the conditions listed in §1.303 of this Subchapter, or propose other conditions for consideration by the Board.

(4) After review of materials submitted by the Applicant during the seven (7) day period, the Compliance Division will make a final recommend regarding the award. EARAC will provide notice to the Applicant of a final recommendation that is an award with conditions or denial. The Applicant may, if they desire, exercise their right to file a dispute under §1.303 of this Subchapter.

(h) Consistent with §1.403 of Subchapter D of this chapter, concerning Single Audit Requirements, the Department may not enter into a Contract or extend a Contract with any Applicant who is delinquent in the submission of their Single Audit unless an extension has been approved in writing by the cognizant federal agency except as required by law, and in the case of certain programs, funds may be reserved for the Applicant or the service area covered by the Applicant.

(i) Except as required by law, the Department will not enter into a Contract with any entity who has an, Affiliate, Board member, or person identified in the Application that is currently debarred by the Department or is currently on the Federal Suspended or Debarred Listing. Applicants will be notified of the debarred status of a Board Member and will be given an opportunity to remove and replace that Board Member so that funding may proceed. However, individual Board Member's participation in other Department programs is not required to be disclosed, and will not be taken into consideration by EARAC.

(j) Except as required by law, the Department will not enter into a Contract with any Applicant who is currently debarred by the Department or is currently on the federal debarred and suspended listing.

(k) Previous Participation reviews will not be conducted for Contract extensions. However, if the Applicant is delinquent in submission of its Single Audit, the Contract will not be extended except as required by law, unless the submission is made, and the Single Audit has been reviewed and found acceptable by the Department.

(l) For CSBG funds required to be distributed to Eligible Entities by formula, the recommendation of the Compliance Division will only take into consideration subsections (i) and (j) of this section.

(m) Previous Participation reviews will not be conducted for Contract Amendments that staff is authorized to approve.

§1.303. Executive Award and Review Advisory Committee ("EARAC")

(a) Authority and Purpose. The Executive Award and Review Advisory Committee ("EARAC") is established by Tex. Gov't Code §2306.1112 to make recommendations to the Board regarding funding and allocation decisions related to Low Income Housing Tax Credits and federal housing funds provided to the state under the Cranston Gonzalez National Affordable Housing Act. Per Tex. Gov't Code §2306.1112(c), EARAC is not subject to Tex. Gov't Code, Chapter 2110. The Department also utilizes EARAC as the body to consider funding and allocation recommendations to the Board related to other programs, and to consider an awardee under the requirements of 2 CFR §200.331(b) and (c), and UGMS, which requires that the Department evaluate an applicant's risk of noncompliance and consider imposing conditions if appropriate prior to awarding funds for certain applicable programs and as described in §1.403 of Subchapter D of this Chapter. It is also the purpose of this rule is to provide for the operation of the EARAC, to provide for considerations and processes of EARAC, and to address actions of the Board relating to EARAC recommendations.

(b) EARAC may meet to discuss matters within its statutory scope and as noted in subsection (a) of this section, including (without limitation) recommendations on awards, deficiencies in needed information to make a recommendation, proposed or recommended conditions on awards, and addressing inquiries by Applicants or responses to a negative recommendation.

(c) EARAC Recommendation Process.
(1) A positive recommendation by EARAC represents a determination that, at the time of the recommendation and based on available information, each of the applicable and required members has not identified a rule or statutory-based impediment (within their area of expertise) that would prohibit the Board from making an award.
(2) A positive recommendation by EARAC may have conditions placed on it. Conditions placed on an award by EARAC will be limited to those conditions noted in subsection (e) of this section, or as suggested by the Applicant and agreed upon by the Department.
(3) The Applicant will be notified of all such conditions proposed by EARAC. If the Applicant does not concur with the applicability of one or more of the conditions, it will be provided an opportunity to dispute the conditions as described in subsection (g) of this section, regarding EARAC Disputes.
(4) A negative recommendation by EARAC will result if one of the applicable required members has determined that an Applicant has not satisfied a material requirement of TDHCA rule or federal or state statute relevant to the award sought and the material requirement cannot be cured through one of the conditions proposed by the Applicant or listed in subsection (e) of this section. When a negative recommendation is made, the Applicant will be notified and the specific rule or statutory-based requirement

will be identified, along with notification of the Applicant's right to dispute the negative EARAC recommendation as described in subsection (g) of this section, regarding EARAC Disputes.

(d) Conditions to an award may be placed on a single property, a portfolio of properties, or a portion of a portfolio of properties if applicable (e.g., one region of a management company is having issues, while other areas are not). The conditions listed in subsection (e) of this section may be customized to provide specificity regarding affected properties, Persons or dates for meeting conditions.

(1) Applications made and reviewed under §1.301 of this Subchapter that are considered a Category 2 or Category 3 because of any of the following Events of Noncompliance may be awarded with the imposition of onr or more of the conditions listed in subsection (e)(1) through (19) of this section:

(A) Noncompliance related to Affirmative Marketing,
(B) Development is not available to the general public because of leasing issues,
(C) Project Failed to meet minimum set aside,
(D) No evidence of or failure to certify to the material participation of a non-profit or HUB,
(E) Development failed to meet additional state required rent and occupancy restrictions,
(F) Noncompliance with social service requirements,
(G) Development failed to provide housing to the elderly as promised at application,
(H) Failure to provide special needs housing as required by LURA,
(I) Changes in Eligible Basis or Applicable percentage,
(J) Failure to submit all or parts of the Annual Owner's Compliance Report,
(K) Failure to submit quarterly reports,
(L) Noncompliance with utility allowance requirements,
(M) Noncompliance with lease requirements,
(N) Noncompliance with tenant selection requirements,
(O) Program Unit not leased to Low-Income household,
(P) Program unit occupied by nonqualified full-time students,
(Q) Gross rent exceeds the highest rent allowed under the LURA or other deed restriction,
(R) Failure to provide Tenant Income Certification and documentation,
(S) Failure to collect required tenant data,
(T) Development evicted or terminated the tenancy of a low-income tenant for other than good cause,
(U) Household income increased above 80 percent at recertification and Owner failed to properly calculate rent (HOME and MFDL only), and
(V) Noncompliance with 10 TAC Chapter 8.

(2) Applications made and reviewed under §1.301 of this Subchapter that are considered a Category 2 because of any of the following Events of Noncompliance may be awarded with the imposition of one or more of the conditions listed in subsection (e)(10) through (12) of this section:

(A) Violations of the Uniform Physical Condition Standards
(B) TDHCA has referred an unresolved Fair Housing Design and Construction issue to the Texas Workforce Commission Civil Rights Division
(C) Failure to provide amenity as required by LURA
(D) Unit not available for rent
(E) Failure to resolve final construction deficiencies within the Corrective Action Period
(F) Noncompliance with the accessibility requirements of §504 of the Rehabilitation Act of 1973 and 10 TAC Chapter 1, Subchapter B.

(3) For Applications with subrecipient monitoring Findings, Concerns, or Deficiencies or Single Audit information that indicates a risk to Department, funds may be awarded with the imposition of one or more of the conditions listed in subsection (e)(1), (3), (9), (13), (14), (15), (16), or (19) of this section.

(4) Applications made and reviewed under §1.301 of this Subchapter that are considered a Category 2 because of non-responsiveness may be awarded with the imposition of one or more of the conditions listed in subsection (e)(5), (6), or (7).

(e) Possible Conditions.

(1)Applicant/Owner is required to ensure that each Person subject to previous participation review for the Combined Portfolio will correct all applicable issues of non-compliance identified by the previous participation review on or before a specified date and provide the Department with evidence of such correction within thirty calendar days of that date.

(2) Owner is required to have qualified personnel or a qualified third party perform a onetime review of an agreed upon percentage of files and complete the recommended actions of the reviewer on or before a specified deadline for an agreed upon list of Developments. Evidence of reviews and corrections must be submitted to the Department upon request.

(3) The Applicant or the management company contracted by the Applicant is required to prepare or update its internal procedures to improve compliance outcomes and to provide copies of such new or updated procedures to the Department upon request or by a specified date.

(4) Owner agrees to hire a third party to perform reviews of an agreed upon percentage of their resident files on a quarterly basis, and complete the recommended actions of the reviewer for an agreed upon list of Developments. Evidence of reviews and corrections must be submitted to the Department upon request.

(5) Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control.

(6) Owner agrees to replace the existing management company, consultant, or management personnel, with another of its choosing.

(7) Owner agrees to establish an email distribution group in CMTS, to be kept in place until no later than a given date, and include agreed upon employee positions and/or designated Applicant members.

(8) Owner is required to revise or develop policies regarding the way that it will handle situations where persons under its control engage in falsification of documents. This policy must be submitted to TDHCA on or before a specified date and revised as required by the Department.

(9) Owner or Subrecipient is required to ensure that agreed upon persons attend and/or review the trainings listed in (A), (B), (C) and/or (D) of this subsection (only for applications made and reviewed under §1.301 of this Subchapter) and/or (E) for applications made and reviewed under §1.302 of this Subchapter and provide TDHCA with certification of attendance or completion no later than a given date.

(A) Housing Tax Credit Training sponsored by the Texas Apartment Association
(B) 1st Thursday Income Eligibility Training conducted by TDHCA staff;
(C) Review one or more of the TDHCA Compliance Training webinars:
(i) 2012 Income and Rent Limits Webinar Video;
(ii) How to properly use the Income and Rent Tool;
(iii) 2012 Supportive Services Webinar Video;
(iv) How to identify and properly implement Supportive Services;
(v) Income Eligibility Presentation Video;
(vi) 2013 Annual Owner's Compliance Report (AOCR) Webinar Video;
(vii) 2015 Tenant Selection Criteria Webinar Video;
(viii) 2015 Tenant Selection Criteria Presentation;
(ix) 2015 Tenant Selection Criteria- Q and A's;
(x) §10.610 – Tenant Selection Criteria;
(xi) 2015 Affirmative Marketing Requirements Webinar Video;
(xii) 2015 Affirmative Marketing Requirements Presentation;
(xiii) 2015 Affirmative Marketing Requirements- Q and A's;
(xiv) Fair Housing Webinars (including but not limited to the 2017 FH webinars);
(D) Training for Certified Occupancy Specialist or Blended Occupancy Specialist; or
(E) Any other training deemed applicable and appropriate by the Department, which may include but is not limited to weatherization related specific trainings such as OSHA, Lead Renovator, or Building Analyst training.

(10) Owner is required to submit the written policies and procedures for all Developments subject to a TDHCA LURA for review and will correct them as directed by the Department.

(11) Owner is required to have qualified personnel or a qualified third party perform Uniform Physical Condition Standards inspections of 5% of their units on a quarterly basis for a period of one year, and promptly repair any deficiencies. Evidence of inspections and corrections must be submitted to the Department upon request.

(12) Within sixty days of the condition issuance date the Owner will contract for a third party Property Needs Assessment and will submit to the Department a plan for addressing noted issues along with a budget and timeframe for completion.

(13) Owner agrees to have a third party accessibility review of the Development completed at a time to be determined by the Applicant but no later than prior to requesting a TDHCA final construction inspection. Evidence of review must be submitted to the Department upon request.

(14) Applicant/Owner is required to ensure that each entity it controls and each individual with whom it is related by virtue of their being an officer, director, partner, manager, controlling owner, or other similar relationship, however designated, and each entity they control that is subject to any TDHCA contract will cause such entities to provide all such documentation relating to the Single Audit on or before a specified date.

(15) Any of the conditions identified in 2 CFR §200.207 which may include but are not limited to requiring additional, more detailed financial reports; requiring additional project monitoring; or establishing additional prior approvals. If such conditions are utilized, the Department will adhere to the notification requirements noted in 2 CFR §200.207(b).

(16) Applicant is required to have qualified personnel or a qualified third party perform an assessment of its operations and/or processes and complete the recommended actions of the reviewer on or before a specified deadline.

(17) Applicant is required to have qualified personnel or a qualified third party performs DOE required Quality Control Inspections of 5% of its units on a quarterly basis for a period of one year, and promptly repair any deficiencies. Evidence of inspections and corrections must be submitted upon request.

(18) Applicant is required to provide evidence that reserves for physical repairs are fully funded as required by §10.302(d)(2)(I) of this Title relating to Replacement Reserves.

(19) In the case of a Development being funded with direct loan funds, Applicant is required to provide evidence of invoices and a lien waiver from the contractor, subcontractor, materials supplier, equipment lessor or other party to the construction project stating they have received payment and waive any future lien rights to the property for the amount paid at the time of every draw request submitted.

(f) Failure to meet conditions

(1) The Executive Director may, for good cause and as limited by federal commitment, expenditure, or other deadlines, grant one extension to a deadline specified in a condition, with no fee required, for up to six months, if requested prior to the deadline. Any subsequent extension, or extensions requested after the deadline, must be approved by the Board.

(2) With the exception of awards considered for CSBG funds required to be distributed to Eligible Entities by formula, if any condition agreed upon by the Applicant and imposed by the Board is not met as determined by the evidence submitted (or lack thereof) when requested, the Applicant may be referred to the Enforcement Committee for assessment of an administrative penalty or recommended for debarment.

(g) Dispute of EARAC Recommendations.

(1) The purpose of EARAC is to make recommendations to the Board on certain awards and approvals. As such, the Appeal provisions in 10 TAC §1.7 relating to the appeals of a staff decision to the Executive Director, are not applicable.

(2) If an Applicant does not agree with any of the following items, an Applicant or potential Subrecipient of an award may file a dispute consistent with paragraph (3) of this subsection.

(A) their category as determined under §1.301(f) of this Subchapter;

(B) any conditions proposed by EARAC; or

(C) a negative recommendation by EARAC.

(3) Prior to the Board meeting at which the EARAC recommendation is scheduled to be made, an Applicant or potential Subrecipient may submit to the Department (to the attention of the Chair of EARAC), as provided herein, a letter (the "Dispute") setting forth:

(A) the condition or determination with which the Applicant or potential Subrecipient disagrees;

(B) the reason(s) why the Applicant/potential Subrecipient disagrees with EARAC's recommendation or conditions;

(C) If the dispute relates to conditions, any suggested alternate condition language;

(D) If the dispute relates to a negative recommendation, any suggested conditions that the Applicant believes would allow a positive recommendation to be made; and

(E) Any supporting documentation not already submitted to EARAC.

(4) An Applicant must file a written Dispute not later than the seventh calendar day after notice has been provided of EARAC's recommendation. The Dispute must include a hard copy and pdf version of all materials, if any, that the Applicant wishes to have provided to the EARAC and the Board in connection with its consideration of the matter, if heard by the Board. An Applicant should note if it is requesting to be present at EARAC meeting at which the dispute is considered.

(5) EARAC is not required to reconsider a Disputed matter prior to making its recommendation to the Board.

(6) EARAC will not recommend to an Applicant conditions other than those set forth in this Subchapter. However, if an Applicant proposes alternative conditions EARAC may provide the Board with a recommendation to accept, reject, or modify such proposed alternative conditions.

(7) A Dispute will be included on the Board agenda if received at least five Department business days prior to the required posting of that agenda. If the Applicant desires to submit additional materials for Board consideration, it may provide the secretary of EARAC with such materials, provided in pdf form, to be included in the presentation of the matter to the Board if those materials are provided not later than close of business of the fifth Department business day before the date on which notice of the relevant Board meeting materials must be posted, allowing staff sufficient time to review the Applicant's materials and prepare a presentation to the Board reflecting staff's assessment and recommendation. The agenda item will include the materials provided by the Applicant and may include a staff response to the dispute and/or materials. It is within the board chair's discretion whether or not to allow an applicant to supplement its response. An Applicant who wishes to provide supplemental materials at the time of the Board meeting must comply with the requirements of §1.10 of this chapter regarding Public Comment Procedures. There is no assurance the board chair will permit the submission, inclusion, or consideration of any such supplemental materials.

(8) The Board and EARAC will make reasonable efforts to accommodate properly and timely filed Disputes under this subsection, but there may be unanticipated circumstances in which the continuity of assistance or other exigent circumstances dictate proceeding with a decision notwithstanding the fact that an Applicant disagrees with an EARAC finding or recommendation. These situations, should they arise, will be addressed on an ad hoc basis.

(h) In the event that this Subchapter does not adequately address specific facts and circumstances which may arise, nothing herein shall serve to limit the ability of staff to bring to the Board as information or to seek guidance or interpretation through a properly posted item on any manner relating to the administration of the previous participation review process in general or as it may relate to any one or more specific applications, awards, or other matters.

(i) Board discretion. Subject to limitations in federal statute or regulation or in UGMS, the Board has the discretion to accept, reject, or modify any EARAC recommendations in response to a recommendation for an award or in response to a Dispute. The Board may impose other conditions not noted or contemplated in this rule as recommended by EARAC, or as requested by the Applicant; in such cases the conditions noted will have the force and effect of an order of the Board.

(j) In the event that the Board adopts a treatment of any matter subject to this Subchapter that varies from the prescribed manner in which the strict application of this Subchapter would have treated it, the Board's adopted outcome shall automatically and without need of any further request or action by Applicant or staff constitute a waiver to the extent required.

(k) Treatment of Previous Participation Reviews for Ownership Transfers.
By statute responsibility to approve or deny ownership transfers is vested in the Executive Director. He or she may consider whether the results of a previous participation review constitute "good cause" to withhold approval of the requested transfer. If the Executive Director determines that the results of the previous participation review constitute good cause to withhold approval, he or she shall so notify the parties requesting the transfer and give them an opportunity to propose conditions to address the Executive Director's concerns. Any agreed conditions are not limited to the conditions specified under subsection (e) of this section although any or all of them may be utilized if appropriate. Any agreement to effectuate the addressing of such concerns shall take effect only upon acceptance by the Board. If no agreement can be reached and the Executive Director believes there is no good cause basis to grant the transfer approval, the matter may be appealed to the Board under §1.7 of this Title, relating to Appeals.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

ASSIGNMENT AND ACCEPTANCE FORM

Name of Development: ______________________________

TDHCA No.: ____________________

Name of Development Owner: _____________________

Please find attached as Attachment A an organizational chart for the Development Owner. Multiple Persons are affiliated with the Development Owner. These Persons desire to identify for the Texas Department of Housing and Community Affairs (the "Department") which Persons Control the Development Owner for the purposes described herein.

In consideration of the premises herein expressed and for certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, ______ ("Control Party 1") and _____ ("Control Party 2"), each intending to be legally bound, do hereby agree as follows:

1) Capitalized terms used but not defined in this Assignment and Acceptance shall have the meanings given them in the rules of the Department.

2) Except as disclosed on the organizational chart at Attachment A hereto, which is incorporated herein by reference for all purposes, there is no other Person who exercises Control over the Development Owner.

3) Control Party 1 assigns to Control Party 2, and Control Party 2 accepts such assignment for Control Party 2 to exercise sole and unfettered authority and responsibility for ensuring that the Development Owner complies with each and all of the requirements for which the Department will monitor the Development ("Compliance Matters").

4) This Assignment and Acceptance will remain in full force and effect until such time, if any, as either Control Party 1 or Control Party 2 provides written notification to the Department and to each other that it is terminated or changed.

5) Until such time as this assignment and acceptance is terminated Control Party 1 waives and relinquishes all right to receive notice from the Department of any matter relating to the compliance by the LP with any of the assigned matters and further waives and relinquishes and any and all right to Control, direct, superintend, require review, or provide consent for any Compliance Matters. This does not in any manner limit the requirements, if any, under the government documents of the Development Owner, that may be imposed on the Development Owners for any other matters not covered or subsumed hereby nor does it serve to restrict Control Party 2's ability to provide Control Party 1 information about Compliance Matters.

6) For so long as this Assignment and Acceptance remains in effect any Compliance Matters with respect to the Development will not be attributed to Control Party 1 in connection with any previous participation review that the Department may from time to time conduct with respect to or encompassing Control Party 1.

7) Control Party 1 and Control Party 2 acknowledge and agree that the existence of this Assignment and Acceptance has been disclosed to any investor in the Development Owner, and approved by such investor, if required.

8) Control Party 1 hereby represents and warrants to Control Party 2 and the Department that it is a duly organized and existing ______, formed under the laws of the state of _____, and is duly qualified to do business in all jurisdictions in which it is required to be so qualified. It is in good standing with the State of Texas.

9) Control Party 2 hereby represents and warrants to Control Party 1 and the Department that it is a duly organized and existing ______, formed under the laws of the state of _____, and is duly qualified to do business in all jurisdictions in which it is required to be so qualified. It is in good standing with the State of Texas.

10) Control Party 1 and Control Party 2 represent and warrant to each other and the Department that the execution, delivery, and performance of this Agreement has been duly authorized by all necessary corporate and other action on their behalf and all necessary consents, licenses, permits and others approvals necessary have been obtained or will, by the required times, have been obtained.

11) Control Party 1 and Control Party 2 represent and warrant to each other and the Department that the execution, delivery, and performance of this Assignment and Acceptance will not violate any of their constitutive documents or any statute, rule, regulation, agreement, order, ordinance, policy, or other requirement to which either of them is subject or create an event of default under any such requirement.

12) When executed, this Assignment and Acceptance will represent the legal, valid, and binding obligation of Control Party 1 and Control Party 2 as set forth herein, enforceable in accordance with its terms except as the same may be altered or affected by the application of the laws of bankruptcy and general principles of equity.

13) There are no agreements not reflected in this Assignment and Acceptance, written or unwritten, express or implied, in any way relating to the subject matter of this Assignment and Acceptance.

14) Each person who is executing this Assignment and Acceptance for and on behalf of a party hereto has been duly authorized, for and on behalf of such party, to execute this Assignment and Acceptance

15) This Agreement is subject to the laws of the State of Texas except as federal law may otherwise apply.

16) Venue for any legal proceedings to enforce or construe any aspect of this Agreement shall lie exclusively within Travis County, Texas.

17) This Assignment and Acceptance shall not become effective until and unless it is acknowledged by the Department.

Executed this ____ day of ___, 20__.

________________________________ **(Control Party 1)**

By:______________________________
Its duly authorized officer or representative

________________________________ **(Control Party 2)**

By:______________________________
Its duly authorized officer or representative

Executed solely for purposes of acknowledgement in accordance with paragraph 16 hereof and not as a party

Texas Department of Housing and Community Affairs

By:______________________________
Its duly authorized officer or representative

§1.301. Previous Participation Reviews for Multifamily Awards and Ownership Transfers

(a) ~~General.~~ Purpose and Applicability. The purpose of this rule is to provide the procedures by which the Department complies with Tex. Gov't Code §§2306.057, 2306.6713, and 2306.6719 which require, among other things, that ~~P~~prior to awarding funds or other assistance through the Department's Multifamily Housing Programs or approving a~~n~~ Person~~entity~~ to acquire an existing multifamily Development monitored by the Department a previous participation review will be performed by the Compliance Division. This rule also ensures Department compliance with 2 CFR §200.331(b) and (c), and Uniform Grant Management Standards ("UGMS"), where applicable, which requires that the Department evaluate an Applicant's risk of noncompliance and consider imposing conditions, if appropriate, prior to awarding funds for certain applicable programs, which may include multifamily activities.

(b) Definitions. The following definitions apply only as used in this section. Other capitalized terms used in this section shall have the meaning ascribed in the rules governing the program for which the Application has requested funds or is participating.

(1) Affiliate--Persons are Affiliates of each other or are "affiliated" if they are under common Control by each other or by one or more third parties. "Control" is as defined in 10 TAC Chapter 11. For Applications for Multifamily Direct Loans and 811 PRA, or for Ownership Transfers of Multifamily Properties containing Multifamily Direct Loans or 811 PRA, for purposes of assurance that the Affiliate is not on the Federal Suspended or Debarred Listing, Affiliate is also defined as required by 2 CFR Part 180.

(2) Combined Portfolio--All Developments within the Control of Persons affiliated with the Application as identified by the Previous Participation Review and as limited by subsection (c) of this section.

(3) Corrective Action Period--The timeframe during which an Owner may correct an Event of Noncompliance, as permitted in 10 TAC §10.602, including any permitted extension or deficiency period.

(4) Events of Noncompliance--Any event for which a multifamily rental development may be found to be in noncompliance for compliance monitoring purposes as further provided for in the table provided at 10 TAC §10.625 of this Title.

(5) Monitoring Event--Means an onsite or desk monitoring review, a Uniform Physical Condition Standards inspection, the submission of the Annual Owner's Compliance Report, Final Construction Inspection, a Written Policies and Procedures Review, or any other instance when the Department's Compliance Division provides written notice to an Owner or Contact Person requesting a response by a certain date. This would include but not be limited to responding to a tenant complaint.

(6) Person --"Person" is as defined in 10 TAC Chapter 11. For Applications for Multifamily Direct Loans and 811 PRA, or for Ownership Transfers of Multifamily Properties containing Multifamily Direct Loans or 811 PRA, for purposes of assurance that the Applicant or Affiliate is not on the Federal Suspended or Debarred Listing, Person is also defined as required by 2 CFR Part 180.

(7) Single Audit--As used in this rule, the term relates specifically to an audit required by 2 CFR §200.501 or UGMS Subpart E.

~~When conducting a previous participation review:~~

~~(1) Events of noncompliance that were corrected over three (3) years ago are not taken into consideration unless required by federal or state law or by court order or voluntary compliance agreement.~~

~~(2) Events of noncompliance with an "out of compliance date" prior to the applicant's or proposed incoming owner's period of control are not taken into consideration if the event(s) are currently corrected, regardless of whether or not they were corrected during the corrective action period.~~

~~(3) Events of noncompliance with an "out of compliance date" prior to the Applicant's or proposed incoming owner's period of control are taken into consideration if the event(s) are currently uncorrected.~~

(c) Items Not Considered.

~~(4)~~ When conducting a previous participation review ~~T~~the following ~~events of noncompliance~~ will not be taken into consideration:

(1) Events of Noncompliance, Findings, Concerns, and Deficiencies (under any Department program) that were corrected over three (3) years ago unless required to be taken into consideration by federal or state law, by court order, or voluntary compliance agreement;

(2) Events of Noncompliance with an "out of compliance date" prior to the Applicant's or proposed incoming Owner's period of Control if the event(s) is currently corrected;

(3) Events of Noncompliance with an "out of compliance date" prior to the Applicant's or proposed incoming Owner's period of Control if the event(s) is currently uncorrected and the Applicant or proposed incoming Owner has had Control for less than one year and has had no legal ability to effectuate corrective action;

(4~~A~~) The Event of Noncompliance "Failure to provide Fair Housing Disclosure notice" ~~to households that have vacated if the date of noncompliance was within the first six (6) months of calendar year 2013~~;

(5~~B~~) The Event of Noncompliance ~~"Household income above the income limit upon initial occupancy"~~ "Program Unit not leased to Low income Household" sometimes referred to as "Household Income above income limit upon initial Occupancy" for units at properties participating in U.S. Department of Housing and Urban Development programs (or used as HOME Match) or U.S. Department of Agriculture , if the household resided in the unit prior to an allocation of Department ~~funds~~ resources and Federal Regulations prevent the ~~o~~Owner from correcting the issue; ~~and~~

(6~~C~~) The Event of Noncompliance "Casualty loss" if the restoration period has not expired~~.~~;

(7) Events of Noncompliance that the Applicant or proposed incoming Owner believes can never be corrected and the Department agrees in writing that such item should not be considered;

(8) Events of Noncompliance corrected within their Corrective Action Period; and

(9) Events of Noncompliance associated with a Development that has submitted documentation, using the appropriate Department-promulgated form, (Figure: 10 TAC §1.301(c)(9)) that the Applicant is not in Control of the Development with Events of Noncompliance for purposes of management and compliance. The term 'Combined Portfolio' used in this section does not include those properties with such documentation.

(Figure: 10 TAC §1.301(c)(9))

~~(5) If the applicant or any affiliate of the applicant is required to have a Single Audit, the Compliance Division will advise the Executive Award Review Advisory Committee ("EARAC") of Single Audit Findings and events of noncompliance identified by the Community Affairs Monitoring and/or Contract Monitoring Sections of the Compliance Division.~~

(d) Applicant Process. ~~(6)~~ Persons affiliated with an Application or an ownership transfer request ~~Applicants or proposed incoming owners~~ must complete the Department's Uniform Previous Participation Review Form and respond timely to staff inquiries regarding apparent errors or omissions. A recommendation will not be made ~~I~~if an ~~a~~Applicant or proposed incoming ~~o~~Owner fails to provide ~~this~~ the required promulgated forms or fails to provide timely responsive information when requested. ~~this failure shall be reported to EARAC.~~

~~(b) Definitions. The following definitions apply only as used in this section. Other capitalized terms used in this section shall have the meaning ascribed in chapter 10 of this title.~~

~~(1) Extra Large Portfolios--Applications in which the Applicant and its Affiliates collectively Control more than twenty (20) Developments;~~

~~(2) Large Portfolios--Applications in which the Applicant and its Affiliates collectively Control thirteen (13) to nineteen (19) Developments;~~

~~(3) Medium Portfolios--Applications in which the Applicant and its Affiliates collectively Control six (6) to twelve (12) Developments;~~

~~(4) Monitoring Event--Means an onsite or desk monitoring review, a Uniform Physical Condition Standards inspection, the submission of the Annual Owner's Compliance Report, or any other instance when the Department's Compliance Division provides written notice to an owner requesting a response by a certain~~

~~date (e.g., responding to a tenant complaint); Example 1.301(1): A Development was monitored in 2011 and 2014. During both monitoring visits, Department staff identified units that were occupied by ineligible households. At the time of the previous participation review, all identified events of noncompliance have been corrected. However, some of the units from the 2011 and some of the units from the 2014 onsite file review were not corrected during the corrective action period. Although the same finding was cited, it would be considered two events of noncompliance.~~

~~(5) Portfolio Sizes--Refers collectively to Small Portfolios, Medium Portfolios, Large Portfolios and Extra Large Portfolios;~~

~~(6) Small Portfolios--Applications in which the Applicant and its Affiliates collectively Control five (5) or fewer Developments.~~

(e~~c~~) Determination of Compliance Status. Through a review of the form, Department records, and the compliance history of the A~~a~~ffiliated multifamily Developments, staff will determine the applicable category for the A~~a~~pplication or ownership transfer request using the criteria in paragraphs (1) through ~~-~~ (3)~~(4)~~ of this subsection. ~~and EARAC will recommend appropriate remedies, actions, and/or conditions in accordance with subsection (d) of this section.~~ The ~~a~~Application will be classified in the highest applicable category, based upon all Persons for whom previous participation review is conducted. ~~Example 1.301(2): If an application is category 1 for a particular issue but meets the standard to be classified as category 4 for another issue or issues, then the application shall be considered a category 4 application under this section.~~

(1) Category 1. ~~For all Portfolio Sizes,~~ An Application will be considered a Category 1 if the Developments in the Combined Portfolio ~~affiliated with the application~~ have no issues that are currently uncorrected, ~~and no events of noncompliance that were not corrected during the corrective action period~~ all Monitoring Events were responded to during the Corrective Action Period, and the Application does not meet any of the criteria of Category 2 or 3.

(2) Category 2. An Application will be considered a Category 2 if any one or more of the following criteria are met:

(A) The number of uncorrected Events of Noncompliance plus the number of corrected Events of Noncompliance that were not corrected during the Corrective Action Period total at least three (3) but is less than 50% of the number of properties in the Combined Portfolio;

(B) There are uncorrected Events of Noncompliance but the number of Events of Noncompliance is 10% or less than the number of properties in the Combined Portfolio. If corrective action has been uploaded to the Department's Compliance Monitoring and Tracking System ("CMTS") or if the noncompliance is corrected and evidence of corrective action is submitted during the seven day period referenced in subsection (f) of this section it will be reviewed and the Category determination may change as appropriate;

(C) Within the three (3) years immediately preceding the date of Application, any Person subject to previous participation review failed to respond during the Corrective Action Period for three (3) or fewer Monitoring Events; or

(D) Within the three (3) years immediately preceding the date of Application, a Development in the Combined Portfolio has been the subject of a final order entered by the Board and the terms have not been violated.

~~(A) Small Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period equals one (1).~~

~~(B) Medium Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than zero (0) but fewer than three (3).~~

~~(C) Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than zero (0) but five (5) or fewer.~~

~~(D) Extra Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than zero (0) but less than seven (7).~~

(3) Category 3. An Application will be considered a Category 3 if any one or more of the following criteria are met:

(A) The number of uncorrected Events of Noncompliance plus the number of corrected Events of Noncompliance that were not corrected during the Corrective Action Period total at least 3 and equal or exceed 50% of the number of properties in the Combined Portfolio.

(B) The number of Events of Noncompliance that are currently uncorrected total 10% or more than the number of properties in the Combined Portfolio. If corrective action has been uploaded to CMTS or if the noncompliance is corrected and evidence of corrective action is submitted during the seven day period referenced in subsection (f) of this section it will be reviewed and the Category determination may change as appropriate;

(C) Within the three (3) years immediately preceding the date of Application, any Person subject to previous participation review failed to respond during the Corrective Action Period for more than three (3) Monitoring Events;

(D) A Development in the Combined Portfolio has been the subject of a final order entered by the Board and the terms have been violated;

~~(A) Small Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than one (1) but fewer than six (6).~~

~~(B) Medium Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than two (2) but fewer than eight (8).~~

~~(C) Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than five (5) but fewer than eleven (11).~~

~~(D) Extra Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is more than six (6) but fourteen (14) or fewer.~~

~~(E) For all Portfolio Sizes:~~

~~(i) There are three (3) or fewer events of noncompliance that are currently uncorrected at the developments affiliated with the application. If corrective action has been uploaded to the Department's Compliance Monitoring and Tracking System ("CMTS") it will be reviewed before this determination is made; however, evidence of corrective action submitted during the five day period referenced in subsection (d) of this section will not be considered;~~

~~(ii) No response was received during the corrective action period for three (3) or fewer monitoring events that occurred within the last three (3) years; or~~

~~(iii) A Development affiliated with the application that is or was controlled by the applicant or proposed incoming owner has been the subject of a final order and the terms have not been violated.~~

~~(4) Category 4.~~

~~(A) Small Portfolios: The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is six (6) or more;~~

~~(B) Medium Portfolios: The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is eight (8) or more;~~

~~(C) Large Portfolios: The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is eleven (11) or more;~~

~~(D) Extra Large Portfolios. The number of events of noncompliance that are uncorrected plus the number of events of noncompliance that were not corrected during the corrective action period is fifteen (15) or more.~~

~~(E) For all Portfolio Sizes:~~

~~(i) There are more than three events of noncompliance that are uncorrected at the Developments affiliated with the application. If corrective action has been uploaded to CMTS it will be reviewed before this determination is made, however, evidence of corrective action submitted during the five day period referenced in subsection (d) of this section will not be considered;~~

~~(ii) No response was received during the corrective action period for more than three (3) monitoring events that occurred within the last three (3) years;~~

~~(iii) A Development affiliated with the application that is or was controlled by the applicant or proposed incoming owner has been the subject of a final order and the terms have been violated;~~

(E~~iv~~) ~~The applicant~~Any Person subject to previous participation review ~~or proposed incoming owner~~ failed to meet the terms and conditions of a prior condition of approval imposed by the EARAC, the Governing Board, voluntary compliance agreement, or court order;

(F~~v~~) Payment of principal or interest on a loan due to the Department is past due beyond any grace period provided for in the applicable documents for any property in the Combined Portfolio;

(G~~vi~~) The Department has requested and not been timely provided evidence that the owner has maintained required insurance on any collateral for any loan held by the Department related to a property in the Combined Portfolio;

(H~~vii~~) The Department has requested and not been timely provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department related to a property in the Combined Portfolio; or

(I~~viii~~) Fees or other amounts owed to the Department by any Person subject to previous participation review are thirty days or more past due.

(J) Despite past condition(s) agreed upon by any Person subject to previous participation review to improve their compliance operations, three (3) or more new Events of Noncompliance have since been identified by the Department, and have not been resolved during the corrective action period;

(K) Any Person subject to previous participation review has or had Control of a TDHCA funded Development that has gone through a foreclosure; or

(L) Any Person subject to previous participation review or the proposed incoming owner is currently debarred by the Department or currently on the federal debarred and suspended listing.

(f~~d~~) Compliance Recommendation to EARAC ~~Review~~. After determining the appropriate category as described in subsection (e) of this section, the Compliance Division ~~EARAC~~ will make a recommendation to EARAC ~~review the previous participation~~ in accordance with the following paragraphs, as applicable.

(1) Category 1. The compliance history of ~~c~~Category 1 applications will be deemed acceptable (for Compliances purposes only) ~~by EARAC~~ without further review or discussion.

(2) Category 2. ~~The compliance history of category 2 applications will be deemed acceptable by EARAC without further review or discussion and the Governing Board will be advised of category 2 applications that are recommended for award.~~

~~(3) Categories 3 and 4.~~

(A) ~~Prior to EARAC review,~~ ~~t~~The ~~a~~Applicant or proposed incoming ~~o~~Owner will be informed by the Compliance Division of its determination that an Application will be classified as a Category 2 and provided a seven~~five~~ (~~5~~7) calendar~~business~~ day period to ~~review the documentation that will be provided to EARAC and~~ provide written comment, submit any remaining evidence of corrective action for uncorrected events, ~~or~~ propose one or more of the conditions listed in §1.303 of this Subchapter, or propose other conditions for consideration before the Compliance Division makes its final submission to EARAC. As it relates to Monitoring Events that occurred prior to the initiation of the ten day period to provide additional corrective action provided for in §10.602(b) of this Title, an Applicant may provide evidence during this seven day period to describe any unique considerations that the Applicant thinks should be considered. If EARAC previously reviewed the previous participation for affiliated multifamily Developments, and no new events have occurred since the last previous participation review, the Applicant will not be required to provide comment on the prior events of noncompliance, but will be provided the opportunity to propose conditions or mitigations;~~ or mitigations;~~

(B) Based on ~~T~~the compliance history and Applicant response, the Compliance Division will ~~will be reviewed by EARAC for a recommendation to~~ recommend to EARAC award~~, or~~ award with conditions, or denial. In making this decision, the Compliance Division may not consider the ~~EARAC may request any other information from the Compliance Division that is documented in the~~ compliance history ~~with the exception of events of noncompliance~~ precluded by Tex.~~as~~ Gov'~~ternment~~ Code §2306.6719(e). If EARAC previously reviewed and approved or approved with conditions the previous participation for affiliated multifamily Developments, and no new events have occurred since the last previous participation review, the compliance history will be deemed acceptable and recommended as approved or approved with the same prior conditions, by EARAC, even if the prior approval or approval with conditions was a result of a successful dispute under §1.303(g) of this Subchapter;

(C) Any recommendation for an award with conditions will utilize the conditions identified in §1.303 of this Subchapter. Failure to correct noncompliance or meet conditions by the date established by the Board based on the recommendation of EARAC and/or meet terms and conditions related to a recommendation or award may be considered by the Board in its consideration of future actions for the Applicant or Application and may serve as grounds for the initiation of proceedings to take other disciplinary actions such as imposition of administrative penalties or debarment as further provided for in Chapter 2 of this Title.

~~Any award recommendations will be conditioned on the correction of any uncorrected events of noncompliance by dates agreed upon by the applicant or proposed incoming owner and EARAC. In addition, recommendation and approval may be subject to other terms and conditions related to the applicant's or incoming owner's compliance history. Failure to correct events of noncompliance by agreed upon dates and/or meet terms and conditions related to a recommendation or award will be reconsidered by EARAC and awards may be recommended for denial or recession.~~

(D) EARAC will provide notice to the Applicant of the final recommendation from the Compliance Division for awards with conditions or denials, and the Applicant may, if it desires, exercise its right to file a dispute under §1.303 of this Subchapter.

(3~~4~~) Category 3~~4~~.

(A) The Applicant or proposed incoming owner will be informed by the Compliance Division of the determination that an Application will be classified as a Category 3 and provided a seven (7) calendar day period to provide written comment, submit any remaining evidence of corrective action for uncorrected events, propose one or more of the conditions listed in §1.303 of this Subchapter, or propose other conditions for consideration before the Compliance Division makes its final submission to EARAC.

(B) After review of any corrective action submitted during the seven (7) calendar day period, if the Application is still considered a Category 3, the Compliance Division will recommend to EARAC denial of the award. In making this decision, the Compliance Division may not consider the compliance history precluded by Tex. Gov't Code §2306.6719(e). EARAC will provide notice to the Applicant of the final recommendation from the Compliance Division and the specific rule or statutory-based requirement will be identified, along with the Applicant's right to dispute the negative recommendation as described in §1.303 of this Subchapter.

~~Applications will be notified of their status and if they wish to pursue the award should be prepared to propose terms and conditions specific to their compliance history, along with identifying specific dates to correct uncorrected events. EARAC may accept, modify or reject the applicant's proposal. If the proposal is modified or rejected, the applicant may appeal in accordance with §1.304 of this subchapter.~~

(g) Other Possible Conditions to be Made to an Award by the Compliance Division.

(1) If the Applicant is required to have a Single Audit, the Compliance Division will obtain the required audit and may propose conditions or recommend denial based on the single audit findings or a relevant and germane issue identified in the Single Audit (e.g., Notes to the Financial Statements).

(2) If the Applicant is applying for a Direct Loan award and it or its Affiliate has monitoring from the U.S. Department of Housing and Urban Development, from the U.S. Department of Housing and Urban Development, Office of Inspector General, or another state agency in the past three years, the Compliance Division will obtain the required information and review the required information, and may propose conditions based on the disclosure or relevant and germane issue identified in the monitoring report.

(3) If the Applicant has a Finding or Deficiency associated with activities other than multifamily activities, the Compliance Division may propose conditions or recommend denial based on a Finding or Deficienc~~ies~~y if it is relevant and germane to the award being considered.

(h) Eligibility for the Department's Multifamily Direct Loans and 811 PRA and Eligibility for Ownership Transfer for Developments containing the Department's Multifamily Direct Loans and 811 PRA.

The Department will not make an award or approve an Ownership Transfer to any entity who has an Affiliate, Board member, or a Person identified in the Application that is currently on the Federal Debarred and Suspended Listing. An Applicant for an Ownership Transfer will be notified of the debarred status of a Board Member and will be given an opportunity to remove and replace that Board member so that the transfer may proceed.

§1.302. Previous Participation Reviews for Department Program Awards Not Covered by §1.301 of This Subchapter

(a) Purpose and applicability. The purpose of this rule is to provide the procedures by which the Department complies with Tex. Gov't Code §2306.057 which requires that prior to awarding project funds a review of the applying entity's previous participation will be performed by the Compliance Division, and, as applicable, with 2 CFR §200.331(b) and (c), and UGMS which requires that the Department evaluate an Applicant's risk of noncompliance and consider imposing conditions if appropriate prior to awarding funds for certain applicable programs. This section applies to program awards not covered by §1.301 of this S~~s~~ubchapter. With the exception of a household or project commitment contract, prior to awarding or allowing access to Department funds through a Contract or through a Reservation Agreement a previous participation review will be performed in conjunction with the presentation of award actions to the Department's Board.

(b) Capitalized terms used in this section herein have the meaning assigned in the specific Chapters and Rules of this Part that govern the program associated with the request, or assigned by federal or state laws. For this Section, the word Applicant means the entity that the Department's Board will consider for an award of funds or a Contract. As used in this section, the term Single Audit relates specifically to the audit required by 2 CFR §200.501 or UGMS Subpart E.

(c) Upon Department request, Applicant~~s~~ will be required to submit:

(1) A listing of the members of its board of directors, council, or other governing body as applicable or certification that the same relevant information has been submitted in accordance with §1.22 of this Subchapter regarding Providing Contact Information to the Department, and if applicable with §6.6 of this Part regarding Subrecipient Contact Information and Required Notifications. ~~in the Community Affairs contract system is current and accurate;~~

~~(2) A description of any pending state or federal litigation (including administrative proceedings including, but not limited to, proceedings to impose any penalty or revoke or suspend any funding, license, or permit) and any final decrees within the last three years that involve federal or state program administration or funds (if the requested judgment or notice against or with respect to an entity would represent a twenty percent reduction or more in the entity's current year operating budget) or any conviction of any Applicant or Affiliate for a crime of moral turpitude that would relate to their fitness to act in their Applicant or Affiliate role, or final notice of any termination or reduction of any program or programmatic award;~~

(2~~3~~) A list of any multifamily Developments owned or Controlled by the Applicant ~~or Affiliate~~ that are monitored by the Department; ~~and~~

(3~~4~~) Identification of all Department programs that the Applicant ~~or Affiliate~~ has participated in within the last three years;

(4) An Audit Certification Form for the Applicant or entities identified by the Applicant's Single Audit, or a certification that the form has been submitted to the Department in accordance with §1.403 of this Chapter. If a Single Audit is required by UGMS Subpart E, a copy of the State Single Audit must be submitted to the Department;

(5) A copy of the most recent three years federal or state agency monitoring reports that resulted in a finding or disallowed costs (only if the Applicant is applying for a federal award);

(6) In addition to direct requests for information from the Applicant ~~or Affiliate~~, information is considered to be requested for purposes of this section if the requirement to submit such information is made in a ~~notice of funding availability~~NOFA or A~~a~~pplication for funding.

(~~6~~7) Applicants will be provided a reasonable period of time, but not less than seven~~five business~~ calendar days, to provide the requested information.

(d) The Applicant's/Affiliate's financial obligations to the Department will be reviewed to determine if any of the following conditions exist:

(1) The Applicant ~~or an Affiliate~~ or Affiliate entities identified by the Applicant's Single Audit owes an outstanding balance in accordance with §1.21 ~~of Chapter 1~~ of this ~~Title~~Chapter, and a repayment plan has not been executed between the Subrecipient and the Department or the repayment plan has been violated;

(2) The Department has requested and not been provided evidence that the Owner has maintained required insurance on any collateral for any loan held by the Department; or

(3) The Department has requested and not been provided evidence that property taxes have been paid or satisfactory evidence of a tax exemption on any collateral for any loan held by the Department.

(e) The Single Audit of an Applicant, or Affiliate entities identified by the Applicant's Single Audit, subject to a Single Audit, and not currently contracting for funds with the Department will be reviewed. In evaluating the Single Audit, the Department will consider both audit findings, and management responses in its review to identify concerns that may affect the organization's ability to administer the award. The Department will notify the Applicant of any Deficiencies, findings or other issues identified through the review of the Single Audit that requires additional information, clarification, or documentation, and will provide a deadline to respond.

(~~e~~f) The Compliance Division will make a recommendation of award, award with conditions, or denial based on:

(1) The information provided by the Applicant,

(2) Information contained in ~~the results of~~ the most recent Single Audit,

(3) Issues ~~any noncompliance~~ identified in subsection (d) of this ~~the~~ section~~s above~~; ~~and~~

(4) The ~~summary information regarding monitoring~~ Deficiencies, Findings and Concerns identified during any monitoring visits conducted within the last three years (whether or not the Findings were corrected during the ~~c~~Corrective ~~a~~Action ~~p~~Period), and

(5) The Department's record of complaints concerning the Applicant~~ will be compiled and a summary provided to EARAC~~.

(g) Compliance Recommendation to EARAC.

(1) If the Applicant has no history with Department programs, and Compliance staff has not identified any issues with the Single Audit or other required disclosures, the Application will be deemed acceptable without EARAC review or discussion.

(2) An Applicant with no history of monitoring Findings, Concerns, and/or Deficiencies or with a history of monitoring Findings, Concerns, and/or Deficiencies that have been awarded without conditions subsequent to those identified Findings, Concerns, and/or Deficiencies, will be deemed acceptable without EARAC review or discussion for Compliance purposes, if there are no new monitoring Findings, Concerns, or Deficiencies or complaint history, and if the Compliance Division determines that the most recent Single Audit or other required disclosures indicate that there is no significant risk to the Department funds being considered for award.

(3) The Compliance Division will notify the Applicant when an intended recommendation is an award with conditions or denial. Any recommendation for an award with conditions will utilize the conditions identified in §1.303 of this Subchapter. The Applicant will be provided a seven (7) calendar day period to provide written comment, submit any remaining evidence of corrective action for uncorrected events, propose one or more of the conditions listed in §1.303 of this Subchapter, or propose other conditions for consideration by the Board.

(4) After review of materials submitted by the Applicant during the seven (7) day period, the Compliance Division will make a final recommend regarding the award. EARAC will provide notice to the Applicant of a final recommendation that is an award with conditions or denial. The Applicant may, if they desire, exercise their right to file a dispute under §1.303 of this Subchapter.

~~(f) EARAC will review the information and may recommend approval, denial or approval with conditions. During the monitoring process and the Single Audit review process Subrecipients will be notified that Deficiencies, Findings, and Concerns are reported to EARAC, and provided the opportunity to submit comments for consideration. If an Applicant submitted comments during the monitoring or Single Audit process, those will be shared with EARAC. EARAC may request any other information from the Department staff or the Applicant.~~
~~(g) Any Applicant which will be recommended for denial or an award with conditions will be informed in writing. If EARAC recommends denial or if the Applicant does not agree with the conditions recommended by EARAC, the Applicant will have the opportunity to appeal EARAC's recommendation in accordance with §1.304 of this subchapter.~~

(h) Consistent with §1.403 of Subchapter D of this chapter, concerning Single Audit Requirements, the Department ~~will~~may not enter into a Contract or extend a Contract with any Applicant who is delinquent in the submission of their Single Audit unless an extension has been approved in writing by the cognizant federal agency except as required by law, and in the case of certain programs, funds may be reserved for the Applicant or the service area covered by the Applicant.

(i) Except as required by law, the Department will not enter into a Contract with any entity who has an, Affiliate, Board member, or person identified in the Application that is currently debarred by ~~on~~ the Department~~'s debarment list~~ or is currently on the Federal Suspended or Debarred ~~federal debarred and suspended~~ L~~l~~isting. Applicants will be notified of the debarred status of a B~~b~~oard M~~m~~ember and will be given an opportunity to remove and replace that B~~b~~oard M~~m~~ember so that funding may proceed. However, individual Board M~~m~~ember's participation in other Department programs is not required to be disclosed, and will not be taken into consideration by EARAC.

(j) Except as required by law, the Department will not enter into a Contract with any Applicant who is currently debarred by~~on~~ the Department~~'s~~ or is currently on the federal debarred and suspended listing.

(k) Previous Participation reviews will not be conducted for Contract extensions. However, if the Applicant is delinquent in submission of its Single Audit, the Contract will not be extended except as required by law, unless the submission is made, and the Single Audit has been reviewed and found acceptable by the Department.

(l) For ~~non-discretionary~~ CSBG funds required to be distributed to Eligible Entities by formula, ~~EARAC~~ the recommendation of the Compliance Division will only take into ~~evaluate the~~ consideration~~s under~~ subsections (i) and (j) of this section.~~, but the Board Action on the award may contain the information gathered as part of the previous participation review.~~

(m) Previous Participation reviews will not be conducted for Contract Amendments that staff is authorized to approve. ~~if the increase in funds is 15% or less of the initial award of funds. Previous Participation reviews will be conducted for Contract amendments if the increase in funds from the initial award is greater than 15%.~~

§1.303. Executive Award and Review Advisory Committee ("EARAC")

(a) Authority and Purpose. The Executive Award and Review Advisory Committee ("EARAC") is established by Tex. Gov't Code §2306.1112 to make recommendations to the Board regarding funding and allocation decisions related to Low Income Housing Tax Credits and federal housing funds provided to the state under the Cranston Gonzalez National Affordable Housing Act. Per Tex. Gov't Code §2306.1112(c), EARAC is not subject to Tex. Gov't Code, Chapter 2110. The Department also utilizes EARAC as the body to consider funding and allocation recommendations to the Board related to other programs, and to consider an awardee under the requirements of 2 CFR §200.331(b) and (c), and UGMS, which requires that the Department evaluate an applicant's risk of noncompliance and consider imposing conditions if appropriate prior to awarding funds for certain applicable programs and as described in §1.403 of Subchapter D of this Chapter. It is also the purpose of this rule is to provide for the operation of the EARAC, to provide for considerations and processes of EARAC, and to address actions of the Board relating to EARAC recommendations.

(b) EARAC may meet to discuss matters within its statutory scope and as noted in subsection (a) of this section, including (without limitation) recommendations on awards, deficiencies in needed information to make a recommendation, proposed or recommended conditions on awards, and addressing inquiries by Applicants or responses to a negative recommendation.

(c) EARAC Recommendation Process.

(1) A positive recommendation by EARAC represents a determination that, at the time of the recommendation and based on available information, each of the applicable and required members has not identified a rule or statutory-based impediment (within their area of expertise) that would prohibit the Board from making an award.

(2) A positive recommendation by EARAC may have conditions placed on it. Conditions placed on an award by EARAC will be limited to those conditions noted in subsection (e) of this section, or as suggested by the Applicant and agreed upon by the Department.

(3) The Applicant will be notified of all such conditions proposed by EARAC. If the Applicant does not concur with the applicability of one or more of the conditions, it will be provided an opportunity to dispute the conditions as described in subsection (g) of this section, regarding EARAC Disputes.

(4) A negative recommendation by EARAC will result if one of the applicable required members has determined that an Applicant has not satisfied a material requirement of TDHCA rule or federal or state statute relevant to the award sought and the material requirement cannot be cured through one of the conditions proposed by the Applicant or listed in subsection (e) of this section. When a negative recommendation is made, the Applicant will be notified and the specific rule or statutory-based requirement will be identified, along with notification of the Applicant's right to dispute the negative EARAC recommendation as described in subsection (g) of this section, regarding EARAC Disputes.

(d) Conditions to an award may be placed on a single property, a portfolio of properties, or a portion of a portfolio of properties if applicable (e.g., one region of a management company is having issues, while other areas are not). The conditions listed in subsection (e) of this section may be customized to provide specificity regarding affected properties, Persons or dates for meeting conditions.

(1) Applications made and reviewed under §1.301 of this Subchapter that are considered a Category 2 or Category 3 because of any of the following Events of Noncompliance may be awarded with the imposition of onr or more of the conditions listed in subsection (e)(1) through (19) of this section:

(A) Noncompliance related to Affirmative Marketing,
(B) Development is not available to the general public because of leasing issues,
(C) Project Failed to meet minimum set aside,
(D) No evidence of or failure to certify to the material participation of a non-profit or HUB,
(E) Development failed to meet additional state required rent and occupancy restrictions,
(F) Noncompliance with social service requirements,
(G) Development failed to provide housing to the elderly as promised at application,
(H) Failure to provide special needs housing as required by LURA,
(I) Changes in Eligible Basis or Applicable percentage,
(J) Failure to submit all or parts of the Annual Owner's Compliance Report,
(K) Failure to submit quarterly reports,
(L) Noncompliance with utility allowance requirements,
(M) Noncompliance with lease requirements,
(N) Noncompliance with tenant selection requirements,
(O) Program Unit not leased to Low-Income household,
(P) Program unit occupied by nonqualified full-time students,
(Q) Gross rent exceeds the highest rent allowed under the LURA or other deed restriction,

(R) Failure to provide Tenant Income Certification and documentation,

(S) Failure to collect required tenant data,

(T) Development evicted or terminated the tenancy of a low-income tenant for other than good cause,

(U) Household income increased above 80 percent at recertification and Owner failed to properly calculate rent (HOME and MFDL only), and

(V) Noncompliance with 10 TAC Chapter 8.

(2) Applications made and reviewed under §1.301 of this Subchapter that are considered a Category 2 because of any of the following Events of Noncompliance may be awarded with the imposition of one or more of the conditions listed in subsection (e)(10) through (12) of this section:

(A) Violations of the Uniform Physical Condition Standards

(B) TDHCA has referred an unresolved Fair Housing Design and Construction issue to the Texas Workforce Commission Civil Rights Division

(C) Failure to provide amenity as required by LURA

(D) Unit not available for rent

(E) Failure to resolve final construction deficiencies within the Corrective Action Period

(F) Noncompliance with the accessibility requirements of §504 of the Rehabilitation Act of 1973 and 10 TAC Chapter 1, Subchapter B.

(3) For Applications with subrecipient monitoring Findings, Concerns, or Deficiencies or Single Audit information that indicates a risk to Department, funds may be awarded with the imposition of one or more of the conditions listed in subsection (e)(1), (3), (9), (13), (14), (15), (16), or (19) of this section.

(4) Applications made and reviewed under §1.301 of this Subchapter that are considered a Category 2 because of non-responsiveness may be awarded with the imposition of one or more of the conditions listed in subsection (e)(5), (6), or (7).

(e) Possible Conditions.

(1)Applicant/Owner is required to ensure that each Person subject to previous participation review for the Combined Portfolio will correct all applicable issues of non-compliance identified by the previous participation review on or before a specified date and provide the Department with evidence of such correction within thirty calendar days of that date.

(2) Owner is required to have qualified personnel or a qualified third party perform a onetime review of an agreed upon percentage of files and complete the recommended actions of the reviewer on or before a specified deadline for an agreed upon list of Developments. Evidence of reviews and corrections must be submitted to the Department upon request.

(3) The Applicant or the management company contracted by the Applicant is required to prepare or update its internal procedures to improve compliance outcomes and to provide copies of such new or updated procedures to the Department upon request or by a specified date.

(4) Owner agrees to hire a third party to perform reviews of an agreed upon percentage of their resident files on a quarterly basis, and complete the recommended actions of the reviewer for an agreed upon list of Developments. Evidence of reviews and corrections must be submitted to the Department upon request.

(5) Owner is required to designate a person or persons to receive Compliance correspondence and ensure that this person or persons will provide timely responses to the Department for and on behalf of the proposed Development and all other Development subject to TDHCA LURAs over which the Owner has the power to exercise Control.

(6) Owner agrees to replace the existing management company, consultant, or management personnel, with another of its choosing.

(7) Owner agrees to establish an email distribution group in CMTS, to be kept in place until no later than a given date, and include agreed upon employee positions and/or designated Applicant members.

(8) Owner is required to revise or develop policies regarding the way that it will handle situations where persons under its control engage in falsification of documents. This policy must be submitted to TDHCA on or before a specified date and revised as required by the Department.

(9) Owner or Subrecipient is required to ensure that agreed upon persons attend and/or review the trainings listed in (A), (B), (C) and/or (D) of this subsection (only for applications made and reviewed under §1.301 of

this Subchapter) -and/or (E) for applications made and reviewed under §1.302 of this Subchapter and provide TDHCA with certification of attendance or completion no later than a given date.

(A) Housing Tax Credit Training sponsored by the Texas Apartment Association

(B) 1st Thursday Income Eligibility Training conducted by TDHCA staff;

(C) Review one or more of the TDHCA Compliance Training webinars:

(i) 2012 Income and Rent Limits Webinar Video;

(ii) How to properly use the Income and Rent Tool;

(iii) 2012 Supportive Services Webinar Video;

(iv) How to identify and properly implement Supportive Services;

(v) Income Eligibility Presentation Video;

(vi) 2013 Annual Owner's Compliance Report (AOCR) Webinar Video;

(vii) 2015 Tenant Selection Criteria Webinar Video;

(viii) 2015 Tenant Selection Criteria Presentation;

(ix) 2015 Tenant Selection Criteria- Q and A's;

(x) §10.610 – Tenant Selection Criteria;

(xi) 2015 Affirmative Marketing Requirements Webinar Video;

(xii) 2015 Affirmative Marketing Requirements Presentation;

(xiii) 2015 Affirmative Marketing Requirements- Q and A's;

(xiv) Fair Housing Webinars (including but not limited to the 2017 FH webinars);

(D) Training for Certified Occupancy Specialist or Blended Occupancy Specialist; or

(E) Any other training deemed applicable and appropriate by the Department, which may include but is not limited to weatherization related specific trainings such as OSHA, Lead Renovator, or Building Analyst training.

(10) Owner is required to submit the written policies and procedures for all Developments subject to a TDHCA LURA for review and will correct them as directed by the Department.

(11) Owner is required to have qualified personnel or a qualified third party perform Uniform Physical Condition Standards inspections of 5% of their units on a quarterly basis for a period of one year, and promptly repair any deficiencies. Evidence of inspections and corrections must be submitted to the Department upon request.

(12) Within sixty days of the condition issuance date the Owner will contract for a third party Property Needs Assessment and will submit to the Department a plan for addressing noted issues along with a budget and timeframe for completion.

(13) Owner agrees to have a third party accessibility review of the Development completed at a time to be determined by the Applicant but no later than prior to requesting a TDHCA final construction inspection. Evidence of review must be submitted to the Department upon request.

(14) Applicant/Owner is required to ensure that each entity it controls and each individual with whom it is related by virtue of their being an officer, director, partner, manager, controlling owner, or other similar relationship, however designated, and each entity they control that is subject to any TDHCA contract will cause such entities to provide all such documentation relating to the Single Audit on or before a specified date.

(15) Any of the conditions identified in 2 CFR §200.207 which may include but are not limited to requiring additional, more detailed financial reports; requiring additional project monitoring; or establishing additional prior approvals. If such conditions are utilized, the Department will adhere to the notification requirements noted in 2 CFR §200.207(b).

(16) Applicant is required to have qualified personnel or a qualified third party perform an assessment of its operations and/or processes and complete the recommended actions of the reviewer on or before a specified deadline.

(17) Applicant is required to have qualified personnel or a qualified third party performs DOE required Quality Control Inspections of 5% of its units on a quarterly basis for a period of one year, and promptly repair any deficiencies. Evidence of inspections and corrections must be submitted upon request.

(18) Applicant is required to provide evidence that reserves for physical repairs are fully funded as required by §10.302(d)(2)(I) of this Title relating to Replacement Reserves.

(19) In the case of a Development being funded with direct loan funds, Applicant is required to provide evidence of invoices and a lien waiver from the contractor, subcontractor, materials supplier, equipment lessor or other party to the construction project stating they have received payment and waive any future lien rights to the property for the amount paid at the time of every draw request submitted.

(f) Failure to meet conditions

(1) The Executive Director may, for good cause and as limited by federal commitment, expenditure, or other deadlines, grant one extension to a deadline specified in a condition, with no fee required, for up to six months, if requested prior to the deadline. Any subsequent extension, or extensions requested after the deadline, must be approved by the Board.

(2) With the exception of awards considered for CSBG funds required to be distributed to Eligible Entities by formula, if any condition agreed upon by the Applicant and imposed by the Board is not met as determined by the evidence submitted (or lack thereof) when requested, the Applicant may be referred to the Enforcement Committee for assessment of an administrative penalty or recommended for debarment.

(g) Dispute of EARAC Recommendations.

(1) The purpose of EARAC is to make recommendations to the Board on certain awards and approvals. As such, the Appeal provisions in 10 TAC §1.7 relating to the appeals of a staff decision to the Executive Director, are not applicable.

(2) If an Applicant does not agree with any of the following items, an Applicant or potential Subrecipient of an award may file a dispute consistent with paragraph (3) of this subsection.

(A) their category as determined under §1.301(f) of this Subchapter;

(B) any conditions proposed by EARAC; or

(C) a negative recommendation by EARAC.

(3) Prior to the Board meeting at which the EARAC recommendation is scheduled to be made, an Applicant or potential Subrecipient may submit to the Department (to the attention of the Chair of EARAC), as provided herein, a letter (the "Dispute") setting forth:

(A) the condition or determination with which the Applicant or potential Subrecipient disagrees;

(B) the reason(s) why the Applicant/potential Subrecipient disagrees with EARAC's recommendation or conditions;

(C) If the dispute relates to conditions, any suggested alternate condition language;

(D) If the dispute relates to a negative recommendation, any suggested conditions that the Applicant believes would allow a positive recommendation to be made; and

(E) Any supporting documentation not already submitted to EARAC.

(4) An Applicant must file a written Dispute not later than the seventh calendar day after notice has been provided of EARAC's recommendation. The Dispute must include a hard copy and pdf version of all materials, if any, that the Applicant wishes to have provided to the EARAC and the Board in connection with its consideration of the matter, if heard by the Board. An Applicant should note if it is requesting to be present at EARAC meeting at which the dispute is considered.

(5) EARAC is not required to reconsider a Disputed matter prior to making its recommendation to the Board.

(6) EARAC will not recommend to an Applicant conditions other than those set forth in this Subchapter. However, if an Applicant proposes alternative conditions EARAC may provide the Board with a recommendation to accept, reject, or modify such proposed alternative conditions.

(7) A Dispute will be included on the Board agenda if received at least five Department business days prior to the required posting of that agenda. If the Applicant desires to submit additional materials for Board consideration, it may provide the secretary of EARAC with such materials, provided in pdf form, to be included in the presentation of the matter to the Board if those materials are provided not later than close of business of the fifth Department business day before the date on which notice of the relevant Board meeting materials must be posted, allowing staff sufficient time to review the Applicant's materials and prepare a presentation to the Board reflecting staff's assessment and recommendation. The agenda item will include the materials provided by the Applicant and may include a staff response to the dispute and/or materials. It is within the board chair's discretion whether or not to allow an applicant to supplement its response. An

Applicant who wishes to provide supplemental materials at the time of the Board meeting must comply with the requirements of §1.10 of this chapter regarding Public Comment Procedures. There is no assurance the board chair will permit the submission, inclusion, or consideration of any such supplemental materials.

(8) The Board and EARAC will make reasonable efforts to accommodate properly and timely filed Disputes under this subsection, but there may be unanticipated circumstances in which the continuity of assistance or other exigent circumstances dictate proceeding with a decision notwithstanding the fact that an Applicant disagrees with an EARAC finding or recommendation. These situations, should they arise, will be addressed on an ad hoc basis.

(h) In the event that this Subchapter does not adequately address specific facts and circumstances which may arise, nothing herein shall serve to limit the ability of staff to bring to the Board as information or to seek guidance or interpretation through a properly posted item on any manner relating to the administration of the previous participation review process in general or as it may relate to any one or more specific applications, awards, or other matters.

(i) Board discretion. Subject to limitations in federal statute or regulation or in UGMS, the Board has the discretion to accept, reject, or modify any EARAC recommendations in response to a recommendation for an award or in response to a Dispute. The Board may impose other conditions not noted or contemplated in this rule as recommended by EARAC, or as requested by the Applicant; in such cases the conditions noted will have the force and effect of an order of the Board.

(j) In the event that the Board adopts a treatment of any matter subject to this Subchapter that varies from the prescribed manner in which the strict application of this Subchapter would have treated it, the Board's adopted outcome shall automatically and without need of any further request or action by Applicant or staff constitute a waiver to the extent required.

(k) Treatment of Previous Participation Reviews for Ownership Transfers.
By statute responsibility to approve or deny ownership transfers is vested in the Executive Director. He or she may consider whether the results of a previous participation review constitute "good cause" to withhold approval of the requested transfer. If the Executive Director determines that the results of the previous participation review constitute good cause to withhold approval, he or she shall so notify the parties requesting the transfer and give them an opportunity to propose conditions to address the Executive Director's concerns. Any agreed conditions are not limited to the conditions specified under subsection (e) of this section although any or all of them may be utilized if appropriate. Any agreement to effectuate the addressing of such concerns shall take effect only upon acceptance by the Board. If no agreement can be reached and the Executive Director believes there is no good cause basis to grant the transfer approval, the matter may be appealed to the Board under §1.7 of this Title, relating to Appeals.

~~§1.304. Appeal of an EARAC Recommendation under the Previous Participation Review Rule~~

~~(a) An applicant or possible subrecipient of an award may appeal an EARAC recommendation by submitting to the Department (to the attention of the Chair of EARAC), as provided herein, a letter (the "Appeal") setting forth:~~

~~(1) That the applicant or subrecipient disagrees with the EARAC recommendation;~~

~~(2) The reason(s) why the applicant disagrees with EARAC's recommendation; and~~

~~(3) If desired, a request for an in person meeting with EARAC.~~

~~(b) An appealing party must file a written Appeal not later than the seventh day after notice has been provided and include a hard copy and pdf version of all materials, if any, that the applicant wishes to have provided to the board in connection with its consideration of the matter.~~

~~(c) An Appeal will be included on the Governing Board agenda if received at least three business days prior to the required posting of that agenda. The agenda item will include the materials provided by the applicant and may include a staff response to the appeal and/or materials. It is within the board chair's discretion whether~~

~~or not to allow an applicant to supplement its response. An applicant who wishes to provide supplemental materials must comply with the requirements of §1.10 of this chapter regarding Public Comment Procedures. There is no assurance the board chair will permit the submission, inclusion, or consideration of such supplemental materials.~~

~~(d) The board and staff will make reasonable efforts to accommodate properly and timely filed Appeals, but there may be unanticipated circumstances in which the continuity of assistance or other exigent circumstances dictate proceeding with an award notwithstanding the fact that an EARAC recommendation has been appealed. These situations, should they arise, will be addressed on an ad hoc basis.~~

Figure: 10 TAC §1.301(c)(9)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

ASSIGNMENT AND ACCEPTANCE FORM

Name of Development: ________________________________

TDHCA No.: ____________________

Name of Development Owner: ____________________

Please find attached as Attachment A an organizational chart for the Development Owner. Multiple Persons are affiliated with the Development Owner. These Persons desire to identify for the Texas Department of Housing and Community Affairs (the "Department") which Persons Control the Development Owner for the purposes described herein.

In consideration of the premises herein expressed and for certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, ______ ("Control Party 1") and _____ ("Control Party 2"), each intending to be legally bound, do hereby agree as follows:

1) Capitalized terms used but not defined in this Assignment and Acceptance shall have the meanings given them in the rules of the Department.

2) Except as disclosed on the organizational chart at Attachment A hereto, which is incorporated herein by reference for all purposes, there is no other Person who exercises Control over the Development Owner.

3) Control Party 1 assigns to Control Party 2, and Control Party 2 accepts such assignment for Control Party 2 to exercise sole and unfettered authority and responsibility for ensuring that the Development Owner complies with each and all of the requirements for which the Department will monitor the Development ("Compliance Matters").

4) This Assignment and Acceptance will remain in full force and effect until such time, if any, as either Control Party 1 or Control Party 2 provides written notification to the Department and to each other that it is terminated or changed.

5) Until such time as this assignment and acceptance is terminated Control Party 1 waives and relinquishes all right to receive notice from the Department of any matter relating to the compliance by the LP with any of the assigned matters and further waives and relinquishes and any and all right to Control, direct, superintend, require review, or provide consent for any Compliance Matters. This does not in any manner limit the requirements, if any, under the government documents of the Development Owner, that may be imposed on the Development Owners for any other matters not covered or subsumed hereby nor does it serve to restrict Control Party 2's ability to provide Control Party 1 information about Compliance Matters.

6) For so long as this Assignment and Acceptance remains in effect any Compliance Matters with respect to the Development will not be attributed to Control Party 1 in connection with any previous participation review that the Department may from time to time conduct with respect to or encompassing Control Party 1.

7) Control Party 1 and Control Party 2 acknowledge and agree that the existence of this Assignment and Acceptance has been disclosed to any investor in the Development Owner, and approved by such investor, if required.

8) Control Party 1 hereby represents and warrants to Control Party 2 and the Department that it is a duly organized and existing _______, formed under the laws of the state of ______, and is duly qualified to do business in all jurisdictions in which it is required to be so qualified. It is in good standing with the State of Texas.

9) Control Party 2 hereby represents and warrants to Control Party 1 and the Department that it is a duly organized and existing _______, formed under the laws of the state of ______, and is duly qualified to do business in all jurisdictions in which it is required to be so qualified. It is in good standing with the State of Texas.

10) Control Party 1 and Control Party 2 represent and warrant to each other and the Department that the execution, delivery, and performance of this Agreement has been duly authorized by all necessary corporate and other action on their behalf and all necessary consents, licenses, permits and others approvals necessary have been obtained or will, by the required times, have been obtained.

11) Control Party 1 and Control Party 2 represent and warrant to each other and the Department that the execution, delivery, and performance of this Assignment and Acceptance will not violate any of their constitutive documents or any statute, rule, regulation, agreement, order, ordinance, policy, or other requirement to which either of them is subject or create an event of default under any such requirement.

12) When executed, this Assignment and Acceptance will represent the legal, valid, and binding obligation of Control Party 1 and Control Party 2 as set forth herein, enforceable in accordance with its terms except as the same may be altered or affected by the application of the laws of bankruptcy and general principles of equity.

13) There are no agreements not reflected in this Assignment and Acceptance, written or unwritten, express or implied, in any way relating to the subject matter of this Assignment and Acceptance.

14) Each person who is executing this Assignment and Acceptance for and on behalf of a party hereto has been duly authorized, for and on behalf of such party, to execute this Assignment and Acceptance

15) This Agreement is subject to the laws of the State of Texas except as federal law may otherwise apply.

16) Venue for any legal proceedings to enforce or construe any aspect of this Agreement shall lie exclusively within Travis County, Texas.

17) This Assignment and Acceptance shall not become effective until and unless it is acknowledged by the Department.

Executed this ____ day of ___, 20__.

________________________________ **(Control Party 1)**

By: ______________________________
Its duly authorized officer or representative

________________________________ **(Control Party 2)**

By: ______________________________
Its duly authorized officer or representative

Executed solely for purposes of acknowledgement in accordance with paragraph 16 hereof and not as a party

Texas Department of Housing and Community Affairs

By: ______________________________
Its duly authorized officer or representative

REPORT ITEMS

2a

TDHCA Outreach Activities, September - October 2018

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

Activity	Event	Date	Location	Division
Homebuyer Fair	Homebuyer Fair	September 6	Grand Prairie, TX	Homeowner-ship
Conference	Texas REALTOR® Conference	September 9	San Antonio, TX	Homeowner-ship
Training	Housing Tax Credit Training	September 12	Austin, TX	Compliance
Training	Rent Reasonableness Webinar for HOME TBRA and ESG	September 12	N/A	HOME
Public Hearing	Public hearing for Park Yellowstone Townhomes	September 13	Houston, TX	Multifamily Finance
Training	Housing Tax Credit Compliance Training	September 19	Beaumont, TX	Compliance
Quarterly Meeting	Texas Interagency Council for the Homeless	September 26	Austin, TX	HRC
Training	Income Determination Training	September 27	Harlingen, TX	Compliance
Training	Environmental Review Training	October 1	Austin, TX	Program Services
Conference	El Paso REALTOR® Conference	October 4	El Paso, TX	Homeowners hip
Training	Income Determination Training	October 4	Austin, TX	Compliance
Meeting	Disability Advisory Workgroup (“DAW”)	October 10	Austin, TX	HRC

Internet Postings of Note

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

Amy Young Barrier Removal Program

- Replaced 2019 NOFA (updated document) and Application to Access the Reservation System

Asset Management

- Presentation, discussion, and possible action regarding material amendments to HTC applications (EaDo Lofts, Provision at North Valentine, Gala at Texas Parkway, Jubilee at Texas Parkway)
- Presentation, discussion, and possible action regarding material amendments to HTC application and change in ownership structure (Medano Heights)

Board (Executive)

- Posted Administrative Penalty Orders for Southmore Park Apartments, Red Oak Apartments, Elmridge Apartments, Sunrise Village I

Colonia Initiatives

- Added worksheet/spreadsheet for Work Write-Up for Colonia Self-Help Center – Program Forms
- Posted new Request for Payment form

Communications:

- Posted new Migrant Labor Housing Facilities logo
- Posted September homepage articles, TDHCA – investing in Texas communities and Texans, and TDHCA awarded nearly $400,000 in new HUD vouchers

Community Affairs:

- Replaced WAP Inventory List: Tools and Equipment (fillable document)
- Replaced Procurement FAQs with revised September 2018 document
- Posted updated ROMA cycle graphics with accompanying documentation
- Added 2019 Annual PHA Plan
- Posted list of subrecipient agencies for Texas

Compliance

- Posted Current and Staff Draft Compliance Rules (Monitoring, Administration, Enforcement, Military Basic Housing Allowance, TDHCA Enabling Legislation)
- Posted updated forms for Final Construction Inspection Requests
- Replaced and updated Compliance overview content (responsibilities for monitoring and physical inspections)
- Added Reasonable Accommodation and Reasonable Modification Infographic to landing page
- Updated the 2016 Final Construction Inspection Request form
- Updated content for General Casualty Loss page

HOME and Homeless:

- Created online forum for HOME Program and Emergency Solutions Grant rule updates
- Updated Application Submission Procedures Manual (pdf) and Application – HOME Single Family Program Reservation System Participation (Excel spreadsheet)
- Posted 2019 HHSP subrecipients (Allocations and Contacts) and HHSP subrecipient cities
- Posted updated Housing Contract System Access Request Form for Homeless Programs
- Posted updated Household Income Certification (HIC), TBRA TTP Worksheet and SFD Loan Analysis
- Added ESG and HOME TBRA Rent Reasonableness webinar and Q&A

Housing Resource Center:

- Updated HHSCC member list
- Added 2017 Housing Sponsor Report (property/occupant profiles of reporting properties receiving assistance from TDHCA)

Internal Audit

- Added FY19 Internal Audit Plan
- Added 2018 Report on Review of the Neighborhood Stabilization Program close out process

Migrant Housing

- Updated list of active Migrant Labor Housing Facilities licenses

Multifamily:

- Posted updated HTC Property Inventory list
- Posted updated 2018-1 Multifamily Direct Loan Application Log
- Posted 3rd party reports for 2018 4% HTC

Public Comment:

- Comment period open for Community Affairs Proposed Rule Change to 10 TAC Section 6.404 Distribution of WAP funds
- Comment period open for New Proposed Rule 10 TAC Chapter 7, Subchapter D, Ending Homelessness Fund
- Comment period open for Post Award and Asset Management Requirements rule in 10 TAC, Chapter 10, Subchapter E, Sections 10.400 – 10.408
- Comment period open for Proposed New 10 TAC Chapter 13, Multifamily Direct Loan Rule
- Comment period open for Proposed New 10 TAC Chapter 12 Multifamily Housing Revenue Bond Rules
- Comment period open for Proposed New 10 TAC Chapter 29, Texas Single Family Neighborhood Stabilization Program Rule
- Comment period open for Proposed New 10 TAC Chapter 11, Qualified Allocation Plan

Purchasing:

- Updated TDHCA vendor list for contracts $100,000
- Updated list of No-Bid contracts as required by state
- Posted RFP notice for Financial Advisor Services

811 PRA Program

- Updated information related to Service Coordinators and Referral Agents

Frequently Used Acronyms

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

	Program
HRC	Housing Resource Center
HTC	Housing Tax Credit
HTF	Housing Trust Fund
HUD	U.S. Department of Housing and Urban Development
IFB	Invitation for Bid
TICH	Texas Interagency Council for the Homeless
TSHEP	Texas Statewide Homebuyer Education Program
TXMCC	Texas Mortgage Credit Certificate
VAWA	Violence Against Women Act
WAP	Weatherization Assistance Program

2b

BOARD REPORT ITEM

BOND FINANCE DIVISION

OCTOBER 11, 2018

Report on the closing of the Department's 2018 Series A Single Family Mortgage Revenue Bonds

BACKGROUND

Prior to the market collapse of 2008, the Department regularly issued single family mortgage revenue bonds ("SFMRBs"), using the proceeds to provide homeownership opportunities to low, very low, and moderate income homebuyers through its Texas Homeownership Division. Typically, bonds were issued and bond proceeds were deposited to an acquisition fund to be used to purchase mortgage-backed securities ("MBS") that would serve as collateral for the bond issue. The mortgage rate or rates for the program were established at bond pricing. While the loans were being originated, closed, and purchased (the "Origination Period"), amounts on deposit in the acquisition fund were invested, usually in an investment agreement or guaranteed investment contract ("GIC"), at rates that were typically high enough to pay the interest on the bonds until all bond proceeds had been spent for the acquisition of MBS, after which the payment on the MBS would be sufficient to make debt service payments on the bonds.

For several years following the collapse, market conditions were not conducive to the issuance of SFMRBs. As a result, in October 2012, the Department implemented its Taxable Mortgage Program (TMP-79), which allowed the Department to assist low, very low, and moderate income homebuyers by providing a mechanism through which they can finance their first mortgage loan at an attractive rate and receive down payment and closing cost assistance in the form of a second loan.

The Department issued SFMRBs in 2015, 2016, and 2017 by pooling mortgage loans originated through TMP-79 into mortgage-backed securities ("MBS") that served as collateral for the bonds. Because the MBS were delivered at bond closing, there was no origination period and, consequently, no negative arbitrage. However, because the loans were originated through TMP-79, hedge fees related to the management of interest rate risk were incurred. All three of these issues were sold as "pass through" bonds, which typically have a single maturity date and a single interest rate, with all principal and prepayments on the MBS remitted to bondholders ("passed through") within days of receipt by the Trustee. The two primary drawbacks to a pass through structure are that pass through investors generally will not accept origination risk, so MBS must be purchased by the Trustee on or immediately following the bond closing date, and pass through investors typically prefer bonds to be sold at par or a slight premium, as opposed to the higher premiums that can be achieved on the more traditional bond structure.

THE 2018 SERIES A BONDS

On June 28, 2018, the Board approved the issuance of the Department's 2018 Series A Single Family Mortgage Revenue Bonds (the "2018 Bonds"). The 2018 Bonds priced August 1, 2018, the Bond Purchase Agreement was executed August 2, 2018, and the issue closed September 12, 2018.

The financing team included George K. Baum and Kipling Jones, Financial Advisors, Bracewell LLP, Bond Counsel, McCall, Parkhurst & Horton, L.L.P. and Mahomes Bolden, Disclosure Counsel, and RBC Capital Markets, Jefferies, and JP Morgan, Underwriters.

Staff worked closely with the financing team to implement a structure that would allow the mortgage rates to be established at bond pricing, that provided an origination period during which the loans could be originated, closed, purchased, and pooled, and that mitigated or eliminated negative arbitrage without incurring hedge fees, while keeping the mortgage rates as low as possible and maximizing the amount of bond premium that could be received on the sale of the bonds.

The financing team worked diligently to achieve these goals. A traditional SFMRB structure includes serial bonds, several par term bonds, and a Planned Amortization Class ("PAC") bond, which is typically sold at a premium. Collaboration among the financing team and innovative structuring resulted in a higher-than-normal premium on the PAC bond and receipt of a premium on two of the term bonds. The underwriting team did an excellent job disseminating information to the market, and the pricing results were better than expected. The par amount of Bonds sold was $143,995,000 and the premium received was $6,001,649.50, which fully funded the down payment and closing cost assistance and reduced the Department's contribution for loan related expenses and costs of issuance.

After bond pricing, the Department bid a GIC for the investment of funds on deposit in the Acquisition Fund during the Origination Period. The winning bidder was The Toronto-Dominion Bank. The GIC pays 2.373% interest and matures on March 1, 2019. The combination of (i) the delayed bond settlement, which was almost six weeks after pricing, (ii) investment earnings on the GIC, and (iii) loan revenues received prior to pooling to MBS, are expected to fully eliminate the negative arbitrage for this issue.

Eighty percent of the funds made available through the bond issue provided 4 points of down payment and closing cost assistance to the borrower and offered mortgage rate of 5.43%. Twenty percent of the funds provided no down payment and closing cost assistance and had a mortgage rate of 3.75%. The Texas Homeownership Division successfully committed all bond proceeds; there are no funds available for loan origination under this program.

A detailed summary of the pricing has been compiled by RBC Capital Markets and has been provided as an attachment.

$143,995,000
Single Family Mortgage Revenue Bonds
2018 Series A (Non-AMT)

Pricing Information

***Pricing Date*.....................................August 1, 2018**
***Sale Date*…………………….............August 2, 2018**
***Settlement Date* .... September 12, 2018**

RBC Capital Markets

TABLE OF CONTENTS

SECTION 1
Overview of Financing

PARTICIPANTS

Issuer..	Texas Department of Housing and Community Affairs
Bond Counsel	Bracewell LLP
Disclosure Counsel......................	McCall, Parkhurst & Horton, L.L.P. and Mahomes Bolden PC
Financial Advisor........................	George K. Baum & Company and Kipling Jones & Co.
Senior Manager...........................	RBC Capital Markets, LLC
Co-Managers...............................	Jefferies LLC
	J.P. Morgan Securities LLC
Underwriter's Counsel	Chapman and Cutler LLP
Trustee	The Bank of New York Mellon Trust Company, N.A.
Trustee's Counsel........................	McGuire, Craddock & Strother, P.C.
Master Servicer...........................	Idaho Housing and Finance Association
Rating Agencies...........................	Moody's Investors Service
	Standard & Poor's Rating Services
Printer...	ImageMaster

EXECUTIVE SUMMARY

Timing and Underwriting	**Retail Order Period:**	Wednesday, August 1, 2018
	Institutional Pricing:	Wednesday, August 1, 2018
	Method of Sale:	Negotiated
	Underwriters:	
	Senior Manager	RBC Capital Markets, LLC
	Co- Managers	Jefferies, LLC
		J.P. Morgan Securities LLC

Use of Proceeds

The 2018 Series A proceeds in the amount of $143,995,000 (par) and $6,001,649 (premium) are expected to be applied to purchase GNMA MBS and DPA Second mortgage loans.

Bond Structure

The 2018 Series A bond structure includes fixed rate serial bonds maturing from September 1, 2019 through September 1, 2029. There is a par term bond due September 1, 2033; three premium term bonds due September 1 of 2038, 2043, and 2048. In addition, there is a premium PAC bond maturing on March 1, 2049.

Tax Status

Non-AMT

Ratings

Moody's: Aa1
S&P: AA+

Bondholder Security

Principal or Redemption Price of and interest on all Bonds are payable solely from and are secured by a pledge of and lien on the Trust Estate, which consists generally of the Revenues, Mortgages, Mortgage Loans (including Mortgage Certificates), money and Investment Securities held in the Funds (excluding the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account), and other property pledged under the Trust Indenture and any Supplemental Indenture. Revenues include all payments with respect to the Mortgage Loans (net of servicing, accounting and collection fees) which include Mortgage Certificates (net of servicing and guaranty fees) and the earnings on investments of amounts held under the Trust Indenture and any supplemental indenture. Revenues do not include Swap Agreement Periodic Receipts or Swap Agreement Termination Receipts, payments made in order to obtain or maintain mortgage insurance and fire and other hazard insurance with respect to Mortgage Loans (including Mortgage Certificates), and any payments required to be made with respect to Mortgage Loans (including Mortgage Certificates) for taxes, other governmental charges, and other similar charges customarily required to be escrowed on mortgage loans or commitment fees or other financing charges paid by a Mortgage Lender or the Master Servicer to the Department in connection with a commitment to sell and deliver Mortgage Loans (including Mortgage Certificates) to the Department. Swap Agreement Periodic Receipts will be available to pay Debt Service on the Bonds. Bondholders have no rights to or lien on the Swap Agreements.

Results of Sale

Bond Issue Component		Buyer Profile
$21,775,000 2019 – 2029 Serial Bonds	Retail: Institutional:	73% 27%
$10,610,000 2033 Term Bonds	Retail: Institutional:	16% 84%
$16,090,000 2038 Premium Term Bonds	Retail: Institutional:	7% 93%
$20,110,000 2043 Premium Term Bonds	Retail: Institutional:	10% 90%
$25,345,000 2048 Premium Term Bonds	Retail: Institutional:	20% 80%
$50,065,000 2049 Premium PAC Bond	Retail: Institutional:	0% 100%

Borrowing Cost Bond Yield 3.571%

Investment of Proceeds

Moneys in all Funds will be invested pursuant to the Depository Agreement with the Texas Treasury Safekeeping Trust Company in Investment Securities. Moneys held or invested in all Funds and Accounts under the Trust Indenture (other than the Rebate Account, the Swap Agreement Termination Payment Subaccount and the Swap Agreement Termination Receipt Subaccount of the Surplus Revenues Account of the Revenue Fund and the Policy Payments Account) are for the equal and ratable benefit of all owners of the Bonds.

PRICING HIGHLIGHTS AND TRANSACTION ACCOMPLISHMENTS

Financing Goals

- Issue $143.995 million in bonds including $50.065 million of Premium PAC bonds at a price of 109.196%, $61.545 million of Premium Term bonds at a weighted average price of 102.271% to generate total proceeds of $149,996,649.50

- Proceeds applied to purchase $143,995,000 of Mortgage Certificates and $6 million for down payment assistance funds, lender servicing release premiums, and servicing fees for second mortgage loans.

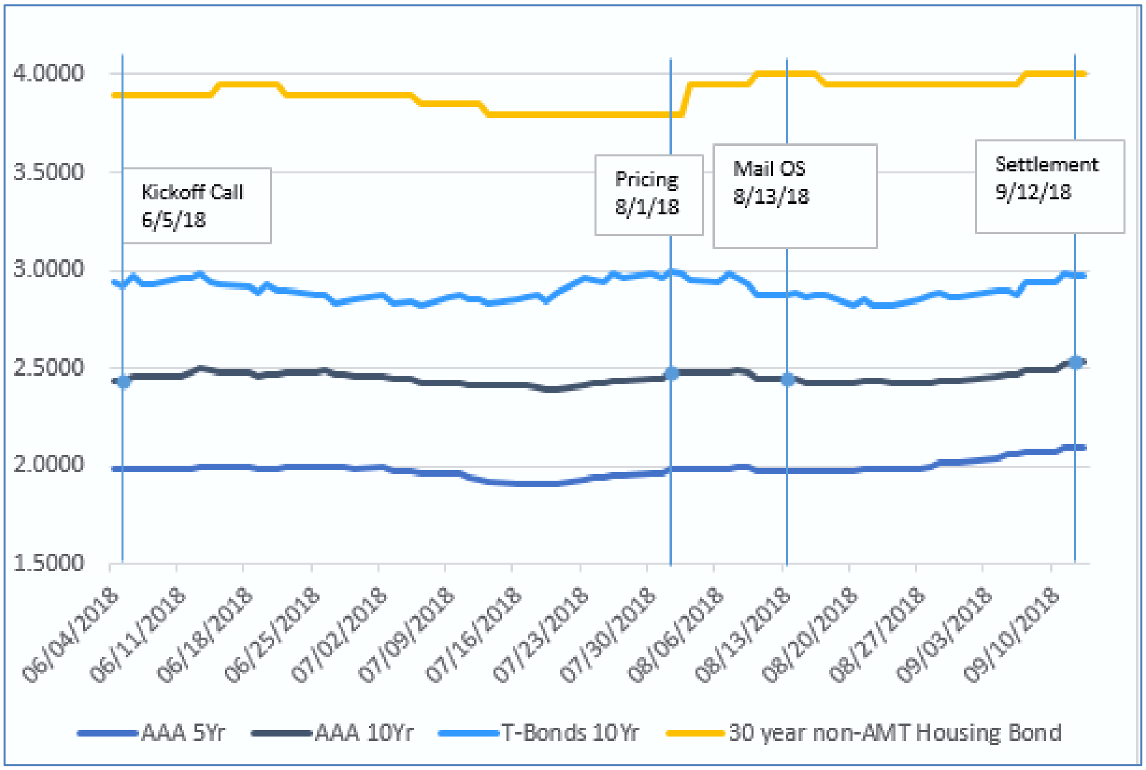
- Average mortgage rate is anticipated to be 5.094%

Market Conditions

The 2018A Bonds were offered during a busy week with central bank meetings, earnings reports, and economic data being released. The 2018A Bonds were priced on the same day that the Federal Open Market Committee met and voted to keep the federal funds rate unchanged, but indicated that rate increases are on the horizon. There was $5 billion of new municipal supply the week of pricing, below 2018's average weekly supply of $6 billion. RBCCM held a retail order period on Wednesday, August 1st and decided to accelerate into the institutional order period that afternoon due to strong demand and positive market reception for the Bonds.

RBCCM generated over $28 million of retail orders and $593.9 million of priority orders for the $143.9 million of 2018A Bonds. In addition to significant retail participation, thirty one different institutional investors, participated in the offering. Many of these investors were new to TDHCA, or were not presently holding the Department's single family bonds. The $50.6 million PAC bond was well received with 8 different institutions participating.

Time Line of the Transaction



GROSS SPREAD

2018 Series A		$143,995,000
	$/Bond	$
Takedown	5.937	854,880.00
Management Fee(1)	1.000	143,995.00
Expenses	0.518	74,631.60
Total		**1,073,506.60**

(1) 70% to Senior Manager (RBC Capital Markets)
30% to Co-Senior Manager
(Jefferies)

BREAKDOWN OF SYNDICATE EXPENSES

Expense:	$/Bond	$
Day Loan	0.028	3,999.86
CUSIP	0.005	788.00
Ipreo	0.092	13,218.74
DTC Fees	0.006	800.00
UW Counsel	0.347	50,000.00
DAC Fee	0.006	825.00
T&E	0.035	5,000.00
Total Underwriter Expenses	**0.518**	**74,631.60**

SOURCES AND USES OF FUNDS

Sources of Funds	**$**
Series 2018 A Par	143,995,000.00
Series 2018 A Bond Premium	6,001,649.50
Issuer Contribution	4,672,654.20
Total	**154,669,303.70**
Uses of Funds	
2018 A Mortgage Loan Account	143,995,000.00
2018 A Down Payment Assistance Subaccount	4,607,840.00
2018 A Administrative Subaccount	4,031,859.50
2018 A Costs of Issuance Account	2,034,604.20
Total	**154,669,303.70**

SECTION 2
Bond Offering Documents and Pricing Wires

PRELIMINARY OFFICIAL STATEMENT DATED ______, 2018

RATINGS:
S & P: "AA+"
Moody's: "Aa1"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2018A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2018A Bonds is not a specific preference item subject to the alternative minimum tax.

NEW ISSUE - BOOK-ENTRY ONLY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$________*
Single Family Mortgage Revenue Bonds
2018 Series A

Dated Date: Date of Delivery　　　　Due: As shown on inside cover page

The Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2018 Series A (the "Series 2018A Bonds") are issuable by the Texas Department of Housing and Community Affairs (the "Department") only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2018A Bonds. The Series 2018A Bonds will be available to purchasers only in book-entry form in denominations of $5,000 or any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 2018A Bonds, the principal or redemption price of, and interest on, the Series 2018A Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee, to DTC, which will be responsible for making such payments to DTC Participants (as defined herein), for subsequent remittance to the owners of beneficial interests in the Series 2018A Bonds. The purchasers of the Series 2018A Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2018A BONDS - DTC and Book-Entry."

The Series 2018A Bonds will accrue interest from the date of delivery until their maturity or prior redemption at the per annum rate of interest set forth on the inside cover page hereof. Interest on the Series 2018A Bonds will be payable to DTC commencing on March 1, 2019, and semi-annually thereafter on each September 1 and March 1 until maturity or prior redemption thereof, all as more fully described on the inside cover page hereof.

THE SERIES 2018A BONDS ARE SUBJECT TO REDEMPTION ON THE DATES AND AT THE REDEMPTION PRICES WHICH ARE MORE FULLY DESCRIBED HEREIN. See "THE SERIES 2018A BONDS - Redemption Provisions."

The Series 2018A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"). The Mortgage Certificates purchased with the proceeds of the Series 2018A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See APPENDIX B-1. The Series 2018A Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture. See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

THE SERIES 2018A BONDS ARE LIMITED OBLIGATIONS OF THE DEPARTMENT AND ARE PAYABLE SOLELY FROM THE REVENUES AND FUNDS PLEDGED FOR THE PAYMENT THEREOF AS MORE FULLY DESCRIBED HEREIN. NEITHER THE STATE OF TEXAS (THE "STATE") NOR ANY AGENCY OF THE STATE, OTHER THAN THE DEPARTMENT, NOR THE UNITED STATES OF AMERICA OR ANY AGENCY, DEPARTMENT OR OTHER INSTRUMENTALITY THEREOF, INCLUDING GINNIE MAE, FREDDIE MAC, AND FANNIE MAE, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE SERIES 2018A BONDS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR THE UNITED STATES OF AMERICA IS PLEDGED, GIVEN OR LOANED TO SUCH PAYMENT. THE DEPARTMENT HAS NO TAXING POWER. GINNIE MAE, FREDDIE MAC, AND FANNIE MAE GUARANTEE ONLY THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE GINNIE MAE CERTIFICATES, FREDDIE MAC CERTIFICATES, AND FANNIE MAE CERTIFICATES, RESPECTIVELY, WHEN DUE AND DO NOT GUARANTEE THE PAYMENT OF THE SERIES 2018A BONDS OR ANY OTHER OBLIGATIONS ISSUED BY THE DEPARTMENT.

The Series 2018A Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2018A Bonds is subject to approval of the legality thereof by Bracewell LLP, Bond Counsel, and certain other conditions. Delivery of the Series 2018A Bonds is also subject to the approval of the legality thereof by the Attorney General of the State. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq. and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their Counsel, Chapman and Cutler LLP. Certain financial advisory services have been provided to the Department by George K. Baum & Company and Kipling Jones & Co. It is expected that the Series 2018A Bonds will be available for delivery to DTC in book-entry only form on or about ______, 2018.

________, 2018

RBC Capital Markets　　　　**Jefferies LLC**

Fidelity Capital Markets　　　　**J.P.Morgan**

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*Preliminary, subject to change.

OFFICIAL STATEMENT DATED AUGUST 2, 2018

RATINGS:
S & P: "AA+"
Moody's: "Aa1"
(See "RATINGS" herein)

Bracewell LLP, Bond Counsel, is of the opinion that, subject to certain conditions described herein and under existing law, (i) interest on the Series 2018A Bonds is excludable from gross income for federal income tax purposes and (ii) interest on the Series 2018A Bonds is not a specific preference item subject to the alternative minimum tax.

NEW ISSUE - BOOK-ENTRY ONLY

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

$143,995,000
Single Family Mortgage Revenue Bonds
2018 Series A

Dated Date: Date of Delivery | Due: As shown on inside cover page

The Texas Department of Housing and Community Affairs Single Family Mortgage Revenue Bonds, 2018 Series A (the "Series 2018A Bonds") are issuable by the Texas Department of Housing and Community Affairs (the "Department") only as fully registered bonds, without coupons, and will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2018A Bonds. The Series 2018A Bonds will be available to purchasers only in book-entry form in denominations of $5,000 or any integral multiple thereof. For as long as Cede & Co. is the exclusive registered owner of the Series 2018A Bonds, the principal or redemption price of, and interest on, the Series 2018A Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., as Trustee, to DTC, which will be responsible for making such payments to DTC Participants (as defined herein), for subsequent remittance to the owners of beneficial interests in the Series 2018A Bonds. The purchasers of the Series 2018A Bonds will not receive certificates representing their beneficial ownership interest. See "THE SERIES 2018A BONDS - DTC and Book-Entry."

The Series 2018A Bonds will accrue interest from the date of delivery until their maturity or prior redemption at the per annum rate of interest set forth on the inside cover page hereof. Interest on the Series 2018A Bonds will be payable to DTC commencing on March 1, 2019, and semi-annually thereafter on each September 1 and March 1 until maturity or prior redemption thereof, all as more fully described on the inside cover page hereof.

THE SERIES 2018A BONDS ARE SUBJECT TO REDEMPTION ON THE DATES AND AT THE REDEMPTION PRICES WHICH ARE MORE FULLY DESCRIBED HEREIN. See "THE SERIES 2018A BONDS - Redemption Provisions."

The Series 2018A Bonds are being issued for the primary purpose of providing funds for the purchase of mortgage-backed, pass-through certificates (the "Mortgage Certificates"). The Mortgage Certificates purchased with the proceeds of the Series 2018A Bonds will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("Ginnie Mae") ("Ginnie Mae Certificates" or "GNMA Certificates"). See APPENDIX B-1. The Series 2018A Bonds, the Prior Bonds (as defined herein), and, unless subordinated, all Bonds subsequently issued under the Trust Indenture are equally and ratably secured by the Trust Estate (as defined herein) held by the Trustee under the Trust Indenture (as defined herein). See "SECURITY FOR THE BONDS" and "THE TRUST INDENTURE."

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The Series 2018A Bonds are offered when, as, and if issued by the Department. Delivery of the Series 2018A Bonds is subject to approval of the legality thereof by Bracewell LLP, Bond Counsel, and certain other conditions. Delivery of the Series 2018A Bonds is also subject to the approval of the legality thereof by the Attorney General of the State. Certain legal matters will be passed upon for the Department by its General Counsel, James "Beau" Eccles, Esq., and by its Co-Disclosure Counsel, McCall, Parkhurst & Horton L.L.P and Mahomes Bolden PC. Certain legal matters will be passed upon for the Underwriters by their Counsel, Chapman and Cutler LLP. Certain financial advisory services have been provided to the Department by George K. Baum & Company and Kipling Jones & Co. It is expected that the Series 2018A Bonds will be available for delivery to DTC in book-entry only form on or about September 12, 2018.

August 2, 2018

RBC Capital Markets | **Jefferies LLC**

J.P. Morgan

MATURITY SCHEDULE

$21,775,000 Series 2018A Serial Bonds

Maturity Date	Principal Amount	Interest Rate	Price	CUSIP
09/1/2019	$900,000	1.65%	100.000	88275FPB9
03/1/2020	905,000	1.80	100.000	88275FPC7
09/1/2020	920,000	1.90	100.000	88275FPD5
03/1/2021	930,000	1.95	100.000	88275FPE3
09/1/2021	940,000	2.00	100.000	88275FPF0
03/1/2022	955,000	2.10	100.000	88275FPG8
09/1/2022	965,000	2.20	100.000	88275FPH6
03/1/2023	985,000	2.25	100.000	88275FPJ2
09/1/2023	1,005,000	2.30	100.000	88275FPK9
03/1/2024	1,015,000	2.45	100.000	88275FPL7
09/1/2024	1,030,000	2.50	100.000	88275FPM5
03/1/2025	1,035,000	2.60	100.000	88275FPN3
09/1/2025	1,055,000	2.65	100.000	88275FPP8
03/1/2026	1,070,000	2.80	100.000	88275FPQ6
09/1/2026	1,095,000	2.85	100.000	88275FPR4
03/1/2027	1,115,000	2.95	100.000	88275FPS2
09/1/2027	1,130,000	3.00	100.000	88275FPT0
03/1/2028	1,150,000	3.05	100.000	88275FPU7
09/1/2028	1,175,000	3.10	100.000	88275FPV5
03/1/2029	1,190,000	3.15	100.000	88275FPW3
09/1/2029	1,210,000	3.20	100.000	88275FPX1

$10,610,000 3.35% Term Bonds due September 1, 2033 Price 100.000% CUSIP 88275FPY9
$16,090,000 4.125% Term Bonds due September 1, 2038 Price 102.296% CUSIP 88275FPZ6
$20,110,000 4.25% Term Bonds due September 1, 2043 Price 102.474% CUSIP 88275FQA0
$25,345,000 4.25% Term Bonds due September 1, 2048 Price 102.094% CUSIP 88275FQB8
$50,065,000 4.75% Premium PAC Term Bonds due March 1, 2049 Price 109.196% CUSIP 88275FQC6

(Interest Accrues from Date of Delivery)

RELEASE OF INSTITUTIONAL PRICING WIRE

RE: $ 144,330,000*
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SINGLE FAMILY MORTGAGE REVENUE BONDS
2018 SERIES A

WE HAVE A RELEASE. ORDER PERIOD UNTIL 3:30PM ET.

PLEASE BE ADVISED THAT THE HOLD THE OFFERING PRICE RULE WILL APPLY TO THIS TRANSACTION.

"NMO" = NO MORE ORDERS

POS LINK: http://munios.com/e/SKSSP

MOODY'S: Aa1   S&P: AA+   FITCH:

DATED:09/12/2018   FIRST COUPON:03/01/2019

DUE: 03/01 & 09/01

MATURITY	BALANCE	AMOUNT*	COUPON	PRICE	ADD'L TAKEDOWN (Pts)
09/01/2019	390M	900M	1.65%	100.00	1/4
03/01/2020	255M	905M	1.80%	100.00	3/8
09/01/2020	865M	920M	1.875%	100.00	3/8
03/01/2021	NMO	930M	1.95%	100.00	3/8
09/01/2021	490M	940M	2.00%	100.00	3/8
03/01/2022	NMO	955M	2.10%	100.00	1/2
09/01/2022	965M	965M	2.15%	100.00	1/2
03/01/2023	685M	985M	2.25%	100.00	1/2
09/01/2023	NMO	1,005M	2.30%	100.00	1/2
03/01/2024	NMO	1,015M	2.45%	100.00	1/2
09/01/2024	NMO	1,030M	2.50%	100.00	1/2
03/01/2025	NMO	1,040M	2.60%	100.00	5/8
09/01/2025	NMO	1,060M	2.65%	100.00	5/8
03/01/2026	NMO	1,075M	2.80%	100.00	5/8
09/01/2026	NMO	1,100M	2.85%	100.00	5/8
03/01/2027	NMO	1,120M	2.95%	100.00	5/8
09/01/2027	435M	1,135M	3.00%	100.00	5/8
03/01/2028	NMO	1,155M	3.05%	100.00	5/8
09/01/2028	NMO	1,180M	3.10%	100.00	5/8
03/01/2029	1,195M	1,195M	3.15%	100.00	5/8
09/01/2029	915M	1,215M	3.20%	100.00	5/8
09/01/2033	8,935M OFFERED	10,635M	3.375%	100.00	5/8
09/01/2038	14,455M OFFERED	16,130M	4.125%	3.85	5/8

(Approx. $ Price PTC 09/01/2027 102.068 Approx. YTM 3.974)

09/01/2043 18,405M OFFERED 20,155M 4.25% 3.95 5/8
(Approx. $ Price PTC 09/01/2027 102.246 Approx.
YTM 4.105)

09/01/2048 20,405M OFFERED 25,405M 4.25% 4.00 5/8
(Approx. $ Price PTC 09/01/2027 101.867 Approx.
YTM 4.141)

03/01/2049 50,180M 50,180M 4.75% 2.77 0.575
(Approx. $ Price 109.050)
(PAC)
(Avg. Life: 5.00 years over a range of 100.00 to 400.00% of PSA experience)

CALL FEATURES: Optional call in 09/01/2027 @ 100.00

TABLE OF PROJECTED WEIGHTED AVERAGE LIVES*

PREPAYMENT SPEED	2033 TERM BOND	2038 TERM BOND	2043 TERM BOND	2048 TERM BOND	2049 PAC BOND
0%	13.3	17.8	22.8	27.0	16.0
50%	13.1	17.4	20.7	21.8	7.1
75%	11.3	16.4	18.6	19.1	5.5
100%	7.7	15.4	16.8	17.0	5.0
125%	3.8	14.3	15.3	15.3	5.0
150%	2.7	13.1	13.6	13.6	5.0
175%	2.2	11.8	12.2	12.2	5.0
200%	2.0	10.8	10.9	10.9	5.0
300%	1.5	7.5	7.5	7.5	5.0
400%	1.3	5.6	5.6	5.6	5.0
500%	1.2	4.6	4.6	4.6	4.1

Sinking Fund Schedule

2033 Term Bond

03/01/2030	1,235M
09/01/2030	1,265M
03/01/2031	1,290M
09/01/2031	1,310M
03/01/2032	1,340M
09/01/2032	1,365M
03/01/2033	1,400M
09/01/2033	1,430M

Sinking Fund Schedule

2038 Term Bond

03/01/2034	1,460M
09/01/2034	1,490M
03/01/2035	1,520M
09/01/2035	1,560M
03/01/2036	1,600M
09/01/2036	1,630M
03/01/2037	1,655M
09/01/2037	1,700M
03/01/2038	1,740M
09/01/2038	1,775M

Sinking Fund Schedule

2043 Term Bond

03/01/2039	1,815M
09/01/2039	1,860M
03/01/2040	1,905M
09/01/2040	1,940M
03/01/2041	1,985M
09/01/2041	2,035M
03/01/2042	2,080M
09/01/2042	2,125M
03/01/2043	2,175M
09/01/2043	2,235M

Sinking Fund Schedule

2048 Term Bond

03/01/2044	2,280M
09/01/2044	2,335M
03/01/2045	2,390M
09/01/2045	2,450M
03/01/2046	2,505M
09/01/2046	2,560M
03/01/2047	2,630M
09/01/2047	2,685M
03/01/2048	2,755M
09/01/2048	2,815M

Sinking Fund Schedule

2049 Term Bond

09/01/2019	335M
03/01/2020	355M
09/01/2020	365M
03/01/2021	375M

09/01/2021	390M
03/01/2022	400M
09/01/2022	410M
03/01/2023	415M
09/01/2023	425M
03/01/2024	440M
09/01/2024	450M
03/01/2025	465M
09/01/2025	475M
03/01/2026	490M
09/01/2026	500M
03/01/2027	510M
09/01/2027	525M
03/01/2028	545M
09/01/2028	555M
03/01/2029	570M
09/01/2029	590M
03/01/2030	600M
09/01/2030	615M
03/01/2031	630M
09/01/2031	650M
03/01/2032	665M
09/01/2032	690M
03/01/2033	700M
09/01/2033	720M
03/01/2034	740M
09/01/2034	760M
03/01/2035	780M
09/01/2035	795M
03/01/2036	815M
09/01/2036	845M
03/01/2037	865M
09/01/2037	890M
03/01/2038	915M
09/01/2038	940M
03/01/2039	965M
09/01/2039	985M
03/01/2040	1,005M
09/01/2040	1,035M
03/01/2041	1,070M
09/01/2041	1,095M
03/01/2042	1,125M
09/01/2042	1,160M
03/01/2043	1,190M
09/01/2043	1,215M
03/01/2044	1,250M
09/01/2044	1,275M
03/01/2045	1,315M
09/01/2045	1,345M
03/01/2046	1,380M
09/01/2046	1,420M
03/01/2047	1,455M

09/01/2047	1,495M
03/01/2048	1,530M
09/01/2048	1,570M
03/01/2049	2,100M

* - APPROXIMATE SUBJECT TO CHANGE

TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA AT VARIOUS PREPAYMENT SPEEDS*
(POS APPENDIX G)

PREPYMT SPD OF MTG LOANS (SIFMA)		2033 TERM BOND	2038 TERM BOND	2043 TERM BOND	2048 TERM BOND	2049 PAC BOND
0%	Avg Life	13.3	17.8	22.8	27.0	16.0
	Avg Mty Date	12/20/2031	07/03/2036	07/04/2041	09/26/2045	09/13/2034
	1st Redemption	03/01/2030	03/01/2034	03/01/2039	03/01/2044	03/01/2019
	Last Redemption	09/01/2033	09/01/2038	09/01/2043	02/01/2047	09/01/2044
50%	Avg Life	13.1	17.4	20.7	21.8	7.1
	Avg Maty Date	10/21/2031	02/01/2036	05/26/2039	07/07/2040	10/03/2025
	1st Redemption	03/01/2030	01/01/2033	01/01/2033	01/01/2033	03/01/2019
	Last Redemption	01/01/2033	09/01/2038	09/01/2043	02/01/2045	09/01/2032
75%	Avg Life	11.3	16.4	18.6	19.1	5.5
	Avg Mty Date	12/27/2029	02/19/2035	04/17/2037	09/30/2037	03/17/2024
	1st Redemption	03/01/2029	11/01/2030	11/01/2030	11/01/2030	03/01/2019
	Last Redemption	11/01/2030	09/01/2038	09/01/2043	11/01/2043	03/01/2029
100%	Avg Life	7.7	15.4	16.8	17.0	5.0
	Avg Mty Date	05/19/2026	02/06/2034	07/11/2035	09/09/2035	09/07/2023
	1st Redemption	03/01/2019	02/01/2029	02/01/2029	02/01/2029	03/01/2019
	Last Redemption	02/01/2029	09/01/2038	11/01/2042	11/01/2042	09/01/2027
125%	Avg Life	3.8	14.3	15.3	15.3	5.0
	Avg Mty Date	07/17/2022	01/17/2033	12/26/2033	01/09/2034	09/07/2023
	1st Redemption	03/01/2019	09/01/2025	09/01/2025	09/01/2025	03/01/2019
	Last Redemption	09/01/2025	09/01/2038	02/01/2042	02/01/2042	09/01/2027
150%	Avg Life	2.7	13.1	13.6	13.6	5.0
	Avg Mty Date	05/18/2021	10/03/2031	04/30/2032	04/29/2032	09/07/2023
	1st Redemption	03/01/2019	02/01/2023	02/01/2023	02/01/2023	03/01/2019
	Last Redemption	02/01/2023	09/01/2038	03/01/2041	03/01/2041	09/01/2027
175%	Avg Life	2.2	11.8	12.2	12.2	5.0
	Avg Mty Date	12/11/2020	07/10/2030	11/16/2030	11/06/2030	09/07/2023
	1st Redemption	03/01/2019	01/01/2022	01/01/2022	01/01/2022	03/01/2019
	Last Redemption	01/01/2022	09/01/2038	04/01/2040	04/01/2040	09/01/2027

200%	Avg Life	2.0	10.8	10.9	10.9	5.0
	Avg Mty Date	09/14/2020	06/13/2029	08/14/2029	08/08/2029	09/07/2023
	1st Redemption	03/01/2019	08/01/2021	08/01/2021	08/01/2021	03/01/2019
	Last Redemption	08/01/2021	09/01/2038	05/01/2039	05/01/2039	09/01/2027
300%	Avg Life	1.5	7.5	7.5	7.5	5.0
	Avg Mty Date	03/21/2020	03/28/2026	03/23/2026	03/26/2026	09/07/2023
	1st Redemption	03/01/2019	12/01/2020	12/01/2020	12/01/2020	03/01/2019
	Last Redemption	12/01/2020	06/01/2036	07/01/2036	06/01/2036	09/01/2027
400%	Avg Life	1.3	5.6	5.6	5.6	5.0
	Avg Mty Date	01/09/2020	04/11/2024	04/09/2024	04/05/2024	09/07/2023
	1st Redemption	03/01/2019	07/01/2020	07/01/2020	07/01/2020	03/01/2019
	Last Redemption	07/01/2020	06/01/2034	06/01/2034	06/01/2034	09/01/2027
500%	Avg Life	1.2	4.6	4.6	4.6	4.1
	Avg Mty Date	11/16/2019	04/23/2023	04/19/2023	04/17/2023	10/08/2022
	1st Redemption	03/01/2019	04/01/2020	04/01/2020	04/01/2020	03/01/2019
	Last Redemption	04/01/2020	04/01/2031	04/01/2031	04/01/2031	12/01/2027

Order period until today 3:30 PM, Eastern, Wednesday, 08/01/18.
Please use Electronic Order Entry to enter orders or call (312) 559-1683 .

The managers reserve the right to terminate or extend the order period prior to or later
than the above-mentioned time and date and to confirm bonds at their discretion.

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(In the event an order is placed by an institution that is an affiliate of a member of the
syndicate member who may not be compensated for the investor's order, that member's share
(assumed 20% minimum designation) will be re-allocated on a proportional basis to the other managers.)
2. Member

PRIORITY POLICY:

All managers must be designated.

No firm may receive more than 60.00% of any designation.

Each designee must receive a minimum of 20.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

****
Pursuant to MSRB Rule G-11, all syndicate members must inform RBC Capital Markets, LLC
if they are submitting an order for their own account, an affiliated account or a
related
account to themselves or to any other syndicate member.
****

The compliance addendum MSRB Rule G-11 will apply.

The Award is expected on Thursday, August 2, 2018.

Delivery is expected on Wednesday, September 12, 2018.

This issue is book entry only. This issue is clearing through DTC.

RBC Capital Markets
Jefferies LLC
J.P. Morgan Securities LLC

By: RBC Capital Markets Chicago, IL

FINAL PRICING WIRE

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
SINGLE FAMILY MORTGAGE REVENUE BONDS
2018 SERIES A

MOODY'S: Aa1 S&P: AA+ FITCH:

DATED:09/12/2018 FIRST COUPON:03/01/2019

DUE: 03/01 & 09/01

INITIAL TRADE DATE: 08/03/2018 @ 11:00AM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN (Pts)	CUSIP	
09/01/2019	900M	1.65%	100.00	1/4	88275FPB9	
03/01/2020	905M	1.80%	100.00	3/8	88275FPC7	
09/01/2020	920M	1.90%	100.00	3/8	88275FPD5	
03/01/2021	930M	1.95%	100.00	3/8	88275FPE3	
09/01/2021	940M	2.00%	100.00	3/8	88275FPF0	
03/01/2022	955M	2.10%	100.00	1/2	88275FPG8	
09/01/2022	965M	2.20%	100.00	1/2	88275FPH6	
03/01/2023	985M	2.25%	100.00	1/2	88275FPJ2	
09/01/2023	1,005M	2.30%	100.00	1/2	88275FPK9	
03/01/2024	1,015M	2.45%	100.00	1/2	88275FPL7	
09/01/2024	1,030M	2.50%	100.00	1/2	88275FPM5	
03/01/2025	1,035M	2.60%	100.00	5/8	88275FPN3	
09/01/2025	1,055M	2.65%	100.00	5/8	88275FPP8	
03/01/2026	1,070M	2.80%	100.00	5/8	88275FPQ6	
09/01/2026	1,095M	2.85%	100.00	5/8	88275FPR4	
03/01/2027	1,115M	2.95%	100.00	5/8	88275FPS2	
09/01/2027	1,130M	3.00%	100.00	5/8	88275FPT0	
03/01/2028	1,150M	3.05%	100.00	5/8	88275FPU7	
09/01/2028	1,175M	3.10%	100.00	5/8	88275FPV5	
03/01/2029	1,190M	3.15%	100.00	5/8	88275FPW3	
09/01/2029	1,210M	3.20%	100.00	5/8	88275FPX1	
09/01/2033	10,610M	3.35%	100.00	5/8	88275FPY9	FINAL SPREAD: +59
09/01/2038	16,090M	4.125%	3.82	5/8	88275FPZ6	FINAL SPREAD: +88
(Approx. $ Price PTC 09/01/2027 102.296 Approx. YTM 3.958)						
09/01/2043	20,110M	4.25%	3.92	5/8	88275FQA0	FINAL SPREAD: +92
(Approx. $ Price PTC 09/01/2027 102.474 Approx. YTM 4.091)						
09/01/2048	25,345M	4.25%	3.97	5/8	88275FQB8	FINAL SPREAD: +92

(Approx. $ Price PTC 09/01/2027 102.094 Approx. YTM 4.128)

03/01/2049 50,065M 4.75% 109.196 0.575 88275FQC6 FINAL SPREAD: +74
(Approx. Yield 2.740)
(PAC)
(Avg. Life: 5.00 years over a range of 100.00 to 400.00% of PSA experience)

CALL FEATURES: Optional call in 09/01/2027 @ 100.00

TABLE OF PROJECTED WEIGHTED AVERAGE LIVES*

PREPAYMENT SPEED	2033 TERM BOND	2038 TERM BOND	2043 TERM BOND	2048 TERM BOND	2049 PAC BOND
0%	13.3	17.8	22.8	27.1	16.2
50%	13.1	17.4	20.8	22.1	7.1
75%	11.4	16.5	18.8	19.3	5.5
100%	7.8	15.5	17.0	17.2	5.0
125%	3.9	14.4	15.5	15.5	5.0
150%	2.7	13.1	13.8	13.8	5.0
175%	2.3	11.9	12.3	12.3	5.0
200%	2.0	10.8	11.0	11.0	5.0
300%	1.5	7.6	7.6	7.6	5.0
400%	1.3	5.6	5.6	5.6	5.0
500%	1.2	4.6	4.6	4.6	4.1

Sinking Fund Schedule

2033 Term Bond

03/01/2030	1,230M
09/01/2030	1,260M
03/01/2031	1,290M
09/01/2031	1,305M
03/01/2032	1,340M
09/01/2032	1,365M
03/01/2033	1,395M
09/01/2033	1,425M

Sinking Fund Schedule

2038 Term Bond

03/01/2034	1,455M
09/01/2034	1,490M
03/01/2035	1,515M
09/01/2035	1,555M
03/01/2036	1,595M
09/01/2036	1,625M
03/01/2037	1,650M
09/01/2037	1,695M
03/01/2038	1,740M
09/01/2038	1,770M

Sinking Fund Schedule

2043 Term Bond

03/01/2039	1,815M
09/01/2039	1,855M
03/01/2040	1,900M
09/01/2040	1,935M
03/01/2041	1,980M
09/01/2041	2,030M
03/01/2042	2,075M
09/01/2042	2,120M
03/01/2043	2,170M
09/01/2043	2,230M

Sinking Fund Schedule

2048 Term Bond

03/01/2044	2,270M
09/01/2044	2,325M
03/01/2045	2,385M
09/01/2045	2,445M
03/01/2046	2,500M
09/01/2046	2,555M
03/01/2047	2,625M
09/01/2047	2,680M
03/01/2048	2,750M
09/01/2048	2,810M

Sinking Fund Schedule

2049 Term Bond

09/01/2019	335M
03/01/2020	355M
09/01/2020	365M
03/01/2021	375M
09/01/2021	390M
03/01/2022	400M
09/01/2022	410M

03/01/2023	415M
09/01/2023	425M
03/01/2024	440M
09/01/2024	450M
03/01/2025	465M
09/01/2025	475M
03/01/2026	490M
09/01/2026	500M
03/01/2027	510M
09/01/2027	525M
03/01/2028	545M
09/01/2028	555M
03/01/2029	570M
09/01/2029	590M
03/01/2030	600M
09/01/2030	615M
03/01/2031	630M
09/01/2031	650M
03/01/2032	665M
09/01/2032	690M
03/01/2033	700M
09/01/2033	720M
03/01/2034	740M
09/01/2034	760M
03/01/2035	780M
09/01/2035	795M
03/01/2036	815M
09/01/2036	845M
03/01/2037	865M
09/01/2037	890M
03/01/2038	910M
09/01/2038	935M
03/01/2039	960M
09/01/2039	980M
03/01/2040	1,000M
09/01/2040	1,030M
03/01/2041	1,065M
09/01/2041	1,090M
03/01/2042	1,120M
09/01/2042	1,155M
03/01/2043	1,185M
09/01/2043	1,210M
03/01/2044	1,245M
09/01/2044	1,270M
03/01/2045	1,310M
09/01/2045	1,340M
03/01/2046	1,375M
09/01/2046	1,415M
03/01/2047	1,450M
09/01/2047	1,490M
03/01/2048	1,525M
09/01/2048	1,565M

03/01/2049 2,095M

TABLE OF PROJECTED WEIGHTED AVERAGE LIFE DATA AT VARIOUS PREPAYMENT SPEEDS*
(POS APPENDIX G)

PREPYMT SPD OF MTG LOANS (SIFMA)		2033 TERM BOND	2038 TERM BOND	2043 TERM BOND	2048 TERM BOND	2049 PAC BOND
0%	Avg Life	13.3	17.8	22.8	27.0	16.0
	Avg Mty Date	12/20/2031	07/03/2036	07/04/2041	09/26/2045	09/13/2034
	1st Redemption	03/01/2030	03/01/2034	03/01/2039	03/01/2044	03/01/2019
	Last Redemption	09/01/2033	09/01/2038	09/01/2043	02/01/2047	09/01/2044
50%	Avg Life	13.1	17.4	20.7	21.8	7.1
	Avg Maty Date	10/21/2031	02/01/2036	05/26/2039	07/07/2040	10/03/2025
	1st Redemption	03/01/2030	01/01/2033	01/01/2033	01/01/2033	03/01/2019
	Last Redemption	01/01/2033	09/01/2038	09/01/2043	02/01/2045	09/01/2032
75%	Avg Life	11.3	16.4	18.6	19.1	5.5
	Avg Mty Date	12/27/2029	02/19/2035	04/17/2037	09/30/2037	03/17/2024
	1st Redemption	03/01/2029	11/01/2030	11/01/2030	11/01/2030	03/01/2019
	Last Redemption	11/01/2030	09/01/2038	09/01/2043	11/01/2043	03/01/2029
100%	Avg Life	7.7	15.4	16.8	17.0	5.0
	Avg Mty Date	05/19/2026	02/06/2034	07/11/2035	09/09/2035	09/07/2023
	1st Redemption	03/01/2019	02/01/2029	02/01/2029	02/01/2029	03/01/2019
	Last Redemption	02/01/2029	09/01/2038	11/01/2042	11/01/2042	09/01/2027
125%	Avg Life	3.8	14.3	15.3	15.3	5.0
	Avg Mty Date	07/17/2022	01/17/2033	12/26/2033	01/09/2034	09/07/2023
	1st Redemption	03/01/2019	09/01/2025	09/01/2025	09/01/2025	03/01/2019
	Last Redemption	09/01/2025	09/01/2038	02/01/2042	02/01/2042	09/01/2027
150%	Avg Life	2.7	13.1	13.6	13.6	5.0
	Avg Mty Date	05/18/2021	10/03/2031	04/30/2032	04/29/2032	09/07/2023
	1st Redemption	03/01/2019	02/01/2023	02/01/2023	02/01/2023	03/01/2019
	Last Redemption	02/01/2023	09/01/2038	03/01/2041	03/01/2041	09/01/2027
175%	Avg Life	2.2	11.8	12.2	12.2	5.0
	Avg Mty Date	12/11/2020	07/10/2030	11/16/2030	11/06/2030	09/07/2023
	1st Redemption	03/01/2019	01/01/2022	01/01/2022	01/01/2022	03/01/2019
	Last Redemption	01/01/2022	09/01/2038	04/01/2040	04/01/2040	09/01/2027
200%	Avg Life	2.0	10.8	10.9	10.9	5.0
	Avg Mty Date	09/14/2020	06/13/2029	08/14/2029	08/08/2029	09/07/2023
	1st Redemption	03/01/2019	08/01/2021	08/01/2021	08/01/2021	03/01/2019
	Last Redemption	08/01/2021	09/01/2038	05/01/2039	05/01/2039	09/01/2027

300%	Avg Life	1.5	7.5	7.5	7.5	5.0
	Avg Mty Date	03/21/2020	03/28/2026	03/23/2026	03/26/2026	09/07/2023
	1st Redemption	03/01/2019	12/01/2020	12/01/2020	12/01/2020	03/01/2019
	Last Redemption	12/01/2020	06/01/2036	07/01/2036	06/01/2036	09/01/2027
400%	Avg Life	1.3	5.6	5.6	5.6	5.0
	Avg Mty Date	01/09/2020	04/11/2024	04/09/2024	04/05/2024	09/07/2023
	1st Redemption	03/01/2019	07/01/2020	07/01/2020	07/01/2020	03/01/2019
	Last Redemption	07/01/2020	06/01/2034	06/01/2034	06/01/2034	09/01/2027
500%	Avg Life	1.2	4.6	4.6	4.6	4.1
	Avg Mty Date	11/16/2019	04/23/2023	04/19/2023	04/17/2023	10/08/2022
	1st Redemption	03/01/2019	04/01/2020	04/01/2020	04/01/2020	03/01/2019
	Last Redemption	04/01/2020	04/01/2031	04/01/2031	04/01/2031	12/01/2027

PRIORITY OF ORDERS AS FOLLOWS:
1. Net Designated
(In the event an order is placed by an institution that is an affiliate of a member of the
syndicate member who may not be compensated for the investor's order, that member's share
(assumed 20% minimum designation) will be re-allocated on a proportional basis to the other managers.)
2. Member

PRIORITY POLICY:

All managers must be designated.

No firm may receive more than 60.00% of any designation.

Each designee must receive a minimum of 20.00% for each priority order.

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

The Senior Manager will pay out all designations.

****
Pursuant to MSRB Rule G-11, all syndicate members must inform RBC Capital Markets, LLC

if they are submitting an order for their own account, an affiliated account or a related
account to themselves or to any other syndicate member.
****

The compliance addendum MSRB Rule G-11 will apply.

The Award is final for Thursday, August 2, 2018 at 3:25PM Eastern .

Delivery is firm for Wednesday, September 12, 2018.

This issue is book entry only. This issue is clearing through DTC.

Award:	08/02/2018
Award Time:	3:25PM Eastern
Delivery:	09/12/2018 (Firm)
Initial trade:	08/03/2018
Date of Execution:	08/03/2018
Time of Execution:	11:00AM Eastern

RBC Capital Markets
Jefferies LLC
J.P. Morgan Securities LLC

By: RBC Capital Markets Chicago, IL

SECTION 3
Summary of Results

SUMMARY OF RESULTS

Market Bonds (Non-AMT)	$ 143,995,000
Bond Retail Pricing Date	08/01/2018
Bond Pricing Date	08/01/2018
Sign Bond Purchase Agreement	08/02/2018
Delivery Date	09/12/2018
Confirmed Ratings	Aa1 (Moody's)
	AA+ (S&P)
Tax Exempt Bond Yield	3.571%

Maturity	Par ($, 000s)	Interest Rate	Price (%)	Premium ($, 000s)	Yield
2018 Series A - Serials					
09/01/2019	900,000	1.65%	100	-	1.65%
03/01/2020	905,000	1.80%	100	-	1.80%
09/01/2020	920,000	1.90%	100	-	1.90%
03/01/2021	930,000	1.95%	100	-	1.95%
09/01/2021	940,000	2.00%	100	-	2.00%
03/01/2022	955,000	2.10%	100	-	2.10%
09/01/2022	965,000	2.20%	100	-	2.20%
03/01/2023	985,000	2.25%	100	-	2.25%
09/01/2023	1,005,000	2.30%	100	-	2.30%
03/01/2024	1,015,000	2.45%	100	-	2.45%
09/01/2024	1,030,000	2.50%	100	-	2.50%
03/01/2025	1,035,000	2.60%	100	-	2.60%
09/01/2025	1,055,000	2.65%	100	-	2.65%
03/01/2026	1,070,000	2.80%	100	-	2.80%
09/01/2026	1,095,000	2.85%	100	-	2.85%
03/01/2027	1,115,000	2.95%	100	-	2.95%
09/01/2027	1,130,000	3.00%	100	-	3.00%
03/01/2028	1,150,000	3.05%	100	-	3.05%
09/01/2028	1,175,000	3.10%	100	-	3.10%
03/01/2029	1,190,000	3.15%	100	-	3.15%
09/01/2029	1,210,000	3.20%	100	-	3.20%
2018 Series A - Par Term Bonds					
09/01/2033	10,610,000	3.35%	100	-	3.35%
2018 Series A- Premium Term Bonds					
09/01/2038	16,090,000	4.13%	102.296	369,426.40	3.96%
09/01/2043	20,110,000	4.25%	102.474	497,521.40	4.09%
09/01/2048	25,345,000	4.25%	102.094	530,724.30	4.13%
2018 Series A- Premium PAC Bonds - 5 year Average Life					
03/01/2049	50,065,000	4.75%	109.196	4,603,977.40	2.74%
TOTAL	**$ 143,995,000**			**4,603,977.40**	

SECTION 4
Pricing Comparisons

PRICING COMPARISONS

Manager	RBC		RBC		JPM		RBC		Citi		JPM		M. Stanley	
Series Name	2018-A		2018-D		2018-A		2018-C		Series 2018-3		Series C		2018 Series 1	
Rating	Aa1/AA+		Aa1/		Aaa//AAA		Aaa/		Aa1/AA+		NR/AA+		Aaa/	
Par	$143,995		$125,000		$68,835		$75,000		$149,900		$171,045		$125,000	
RBC Role	Sr-Mgr(50%)		Sr-Mgr(55%)		Co-mgr(15%)		Sr-Mgr(70%)		Co-mgr(16%)				Co-mgr(16%)	
Pricing Date	8/1 & 8/2		08/09/2018		08/08/2018		08/08/2018		08/07/2018		07/31/2018		07/25/2018	
Issuer	TX	Spreads	ND	Spreads	IN	Spreads	NM	Spreads	TN	Spreads	NE	Spreads	FL	Spreads
2018														
2019	/1.65	/.16	/1.55	/.08	1.50/1.60	.13/.13	/1.55	/.08	/1.50	/.03	1.45/1.60	.06/.13		
2020	1.80/1.90	.22/.25	1.80/1.90	.25/.27	1.70/1.80	.15/.17	1.75/1.85	.20/.22	1.65/1.75	.10/.12	1.75/1.80	.19/.17	1.65/1.75	.14/.16
2021	1.95/2.00	.23/.21	1.95/1.95	.25/.18	1.90/1.95	.20/.18	1.90/1.95	.20/.18	1.90/2.00	.20/.23	1.90/1.95	.20/.19	1.875/1.95	.215/.22
2022	2.10/2.20	.25/.30	2.10/2.15	.27/.27	2.05/2.10	.22/.22	2.05/2.10	.22/.22	2.05/2.15	.22/.27	2.05/2.125	.22/.255	2.05/2.10	.26/.26
2023	2.25/2.30	.30/.30	2.20/2.25	.26/.26	2.20/2.25	.27/.27	2.20/2.25	.27/.27	2.20/2.25	.27/.27	2.20/2.25	.27/.27	2.25/2.30	.36/.36
2024	2.45/2.50	.38/.38	2.40/2.45	.34/.34	2.35/2.40	.30/.30	2.40/2.40	.35/.30	2.35/2.40	.30/.30	2.40/2.45	.35/.35	2.40/2.50	.39/.44
2025	2.60/2.65	.42/.42	2.55/2.60	.37/.38	2.60/2.65	.43/.44	2.55/2.60	.38/.39	2.55/2.65	.38/.44	2.55/2.60	.39/.39	2.60/2.65	.47/.48
2026	2.80/2.85	.49/.50	2.75/2.80	.44/.45	2.80/2.85	.50/.51	2.75/2.80	.45/.46	2.80/2.85	.50/.51	2.75/2.80	.47/.48	2.75/2.80	.50/.51
2027	2.95/3.00	.56/.58	3.00/3.05	.61/.63	2.90/2.95	.52/.54	2.95/2.95	.57/.54	2.90/2.90	.52/.49	2.90/2.95	.54/.56	2.85/2.90	.52/.54
2028	3.05/3.10	.59/.61	3.10/3.125	.64/.635	3.00/3.05	.55/.57	3.05/3.05	.60/.57	3.00/3.00	.55/.52	3.00/3.05	.57/.59	2.95/3.00	.55/.57
2029	3.15/3.20	.62/.65	3.20/3.25	.67/.70	3.15/3.20	.63/.66	3.15/3.20	.63/.66	3.05/3.05	.53/.51	3.15/3.20	.65/.68	3.05/3.10	.58/.61
2030			3.30/3.30	.71/.69			3.25/3.30	.67/.70	3.20/3.20	.62/.60	/3.30	/.72	3.15/3.20	.63/.66
2031									3.30/3.30	.67/.65				
2032														
2033	3.35	0.590	3.55	0.78	3.50	0.75	3.50	0.75	3.45	0.70	3.45	0.73	3.40	0.71
2034														
2035														
2036														
2037														
2038	3.82	0.88	3.85	0.88	3.80	0.85	3.75	0.80	3.75	0.82	3.75	0.85	3.70	0.83
2039														
2040														
2041														
2042			3.95	0.93										
2043	3.92	0.92			3.90	0.89	3.875	0.865	3.85	0.86			3.80	0.87
2044														
2045														
2046														
2047														
2048	3.97	0.92			*PAC*		3.97	0.91	3.95	0.91	*PAC*		3.875	0.895
2049	*PAC*		*PAC*				*PAC*		*PAC*				*PAC*	
2050														
2051														
2052														
PAC Bond Info														
Size ($)	50,065,000		40,450,000		20,590,000		30,300,000		52,400,000		63,830,000		37,135,000	
Average Life (Years)	5.00		5.00		5.00		5.00		5.00		5.00		5.00	
PAC Band (PSA)	100-400		100-400		100-500		100-400		100-400		100-500		100-500	
Coupon	4.75%		4.25%		4.00%		4.00%		4.25%		4.00%		4.00%	
Price	109.196		107.214		106.214		106.108		107.219		105.955		106.136	
YAL	2.74	0.74	2.71	0.70	2.65	0.65	2.70	0.70	2.68	0.68	2.700	0.720	2.670	0.720

**Reflects spread to AAA GO MMD as of business day prior to pricing*

SECTION 5
Orders and Allotments

ORDERS AND ALLLOTMENTS by Bond Maturity

ORDERS AND ALLOTMENTS by Bond Maturity									
		Retail		Institutional		Member		Total	
Maturity	Total Bonds ($M)	Orders	Allotments	Orders	Allotments	Orders	Allotments	Orders	Allotments
September 1, 2019	900	510	510	0	0	390	390	900	900
March 1, 2020	905	650	650	255	255	0	0	905	905
September 1, 2020	920	55	55	865	865	0	0	920	920
March 1, 2021	930	1,325	930	0	0	0	0	1,325	930
September 1, 2021	940	650	595	345	345	0	0	995	940
March 1, 2022	955	955	955	0	0	0	0	955	955
September 1, 2022	965	0	0	965	965	0	0	965	965
March 1, 2023	985	450	450	535	535	0	0	985	985
September 1, 2023	1,005	1,000	1,005	0	0	0	0	1,000	1,005
March 1, 2024	1,015	2,240	1,015	0	0	0	0	2,240	1,015
September 1, 2024	1,030	1,330	1,030	0	0	0	0	1,330	1,030
March 1, 2025	1,035	2,080	1,035	0	0	0	0	2,080	1,035
September 1, 2025	1,055	1,060	1,055	0	0	0	0	1,060	1,055
March 1, 2026	1,070	3,225	1,070	0	0	0	0	3,225	1,070
September 1, 2026	1,095	1,100	1,095	0	0	0	0	1,100	1,095
March 1, 2027	1,115	1,120	1,115	0	0	0	0	1,120	1,115
September 1, 2027	1,130	700	700	430	430	0	0	1,130	1,130
March 1, 2028	1,150	1,325	1,150	0	0	0	0	1,325	1,150
September 1, 2028	1,175	1,275	1,175	0	0	0	0	1,275	1,175
March 1, 2029	1,190	0	0	1,195	1,190	1,195	0	2,390	1,190
September 1, 2029	1,210	300	300	915	910	0	0	1,215	1,210
September 1, 2033	10,610	1,925	1,700	32,805	8,910	10,000	0	44,730	10,610
September 1, 2038	16,090	1,675	1,175	80,275	14,915	5,000	0	86,950	16,090
September 1, 2043	20,110	1,945	1,945	86,125	18,165	5,000	0	93,070	20,110
September 1, 2048	25,345	7,040	4,955	132,525	20,390	5,000	0	144,565	25,345
March 1, 2049	50,065	0	0	259,655	50,065	27,500	0	287,155	50,065
TOTAL	**143,995**	**33,935**	**25,665**	**596,890**	**117,940**	**54,085**	**390**	**684,910**	**143,995**

ALLOTMENTS PER MANAGER

by Bond Maturity

Maturity	Total Bonds ($M)	RBC $	RBC %	JP Morgan $	JP Morgan %	Jefferies $	Jefferies %	Total Allotments
September 1, 2019	900	890	99%	10	1%	0	0%	900
March 1, 2020	905	653	72%	201	31%	51	6%	905
September 1, 2020	920	569	62%	178	31%	173	19%	920
March 1, 2021	930	930	100%	0	0%	0	0%	930
September 1, 2021	940	502	53%	369	74%	69	7%	940
March 1, 2022	955	955	100%	0	0%	0	0%	955
September 1, 2022	965	579	60%	193	33%	193	20%	965
March 1, 2023	985	935	95%	50	5%	0	0%	985
September 1, 2023	1,005	1,005	100%	0	0%	0	0%	1,005
March 1, 2024	1,015	1,015	100%	0	0%	0	0%	1,015
September 1, 2024	1,030	730	71%	300	41%	0	0%	1,030
March 1, 2025	1,035	1,035	100%	0	0%	0	0%	1,035
September 1, 2025	1,055	1,055	100%	0	0%	0	0%	1,055
March 1, 2026	1,070	1,070	100%	0	0%	0	0%	1,070
September 1, 2026	1,095	1,095	100%	0	0%	0	0%	1,095
March 1, 2027	1,115	1,115	100%	0	0%	0	0%	1,115
September 1, 2027	1,130	458	41%	586	128%	86	8%	1,130
March 1, 2028	1,150	1,150	100%	0	0%	0	0%	1,150
September 1, 2028	1,175	1,175	100%	0	0%	0	0%	1,175
March 1, 2029	1,190	714	60%	238	33%	238	20%	1,190
September 1, 2029	1,210	546	45%	482	88%	182	15%	1,210
September 1, 2033	10,610	6,946	65%	1,882	27%	1,782	17%	10,610
September 1, 2038	16,090	8,949	56%	4,158	46%	2,983	19%	16,090
September 1, 2043	20,110	12,844	64%	3,633	28%	3,633	18%	20,110
September 1, 2048	25,345	16,284	64%	4,983	31%	4,078	16%	25,345
March 1, 2049	50,065	29,639	59%	10,413	35%	10,013	20%	50,065
TOTAL	**143,995**	**92,838**	**64%**	**27,676**	**19%**	**23,481**	**16%**	**143,995**

Final Designations
By Underwriting Firm

ORDERS AND ALLOTMENTS

By Manager and Selling Group Participant

	Retail - Texas		Retail - National		Institutional		Member		TOTAL	
Senior Managers	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**	**Orders**	**Allotments**
RBC Capital Markets	16,440	14,935	11,935	6,935	593,995	116,940	390	390	622,760	139,200
J.P. Morgan	1,360	910	4,200	2,885	2,895	1,000	21,195	0	29,650	4,795
Jefferies LLC	-	-	-	-	-	-	32,500	-	32,500	-
TOTAL	**17,800**	**15,845**	**16,135**	**9,820**	**596,890**	**117,940**	**54,085**	**390**	**684,910**	**143,995**

*Note: Takedown as per designations are as follows:

	Retail	Institutional	Member	Total*
RBC Capital Markets	125,243.75	420,028.00	3,650.00	548,921.75
J.P. Morgan	16,450.00	143,076.00	5,656.25	165,182.25
Jefferies LLC	-	140,776.00	-	140,776.00
TOTAL	**$141,693.75**	**$703,880.00**	**$9,306.25**	**$854,880.00**

SECTION 6
Rating Letters

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
26 June 2018

Rate this Research

Contacts

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Texas Dept. of Housing & Community Affairs - Single Family Mortgage Rev. Bonds

Update to credit analysis

Summary

We expect the Texas Department of Housing and Community Affairs' (TDHCA) Single Family Mortgage Revenue Bonds program (Aa1 Stable for the Senior Lien Bonds and Aa2 for the Junior Lien Bonds) to continue to perform at a high level given 99% of the portfolio is comprised of GNMA, Freddie Mac and FNMA MBS, 28% (as of December 31, 2017) of the debt is variable rate debt, 100% of the liquidity on the variable rate bonds is provided by the Texas Comptroller of Public Accounts (State of Texas general obligation rating of Aaa with a stable outlook), and the program's strong financial position as reflected by a program asset-to-debt ratio (PADR) of 1.30x as of the August 31, 2017 audit.

Credit strengths

» A strong loan portfolio comprised of nearly all GNMA, FHLMC and FNMA MBSs

» Strong financial condition with a PADR of 1.30 as of August 31, 2017

» 100% of liquidity for variable rate debt is provided by the Texas Comptroller of Public Accounts; the agreements have favorable terms, including no term-out provisions

Credit challenges

» The proportion of variable rate debt is high at 28% of debt outstanding as of December 31, 2017

» Liquidity facilities provided by the State Comptroller expire on August 31, 2019; extension provisions are typically of short duration

Rating outlook

The outlook is stable, based on the indenture's solid financial position, strong mortgage portfolio, and variable rate debt position.

Factors that could lead to an upgrade

» Continued decline of the variable rate debt while maintaining a portfolio that is nearly 100% secured by MBS.

» An improvement in financial performance, including growth of PADR and profitability.

Factors that could lead to a downgrade

- Replacement of the State Comptroller-provided liquidity with agreements containing terms which are too onerous to withstand Moody's cash flow tests.
- A severe decline in the financial performance of the program that causes the PADR to drop.

Key indicators

Exhibit 1
Single Family Mortgage Revenue Bonds' PADR continues to grow

(Year Ending 08/31)	2013	2014	2015	2016	2017
Total Bonds Outstanding	574,100	429,890	347,390	337,150	374,800
Asset to Debt Ratio	118.28%	123.36%	130.56%	120.15%	130.40%
Margins	18.00%	28.00%	31.00%	21.00%	-3.66%
Variable Rate Debt as a % of Bonds Outstanding	46.67%	55.20%	58.18%	41.99%	28.47%
Swapped Debt as a % of Variable Rate Debt	97.11%	96.90%	93.42%	95.09%	95.59%

Source: Moody's Adjusted Audited Financial Statements

Profile

The Single Family Mortgage Revenue Bonds Program was established in 1980. This indenture is TDHCA's initial single family financing program under which they continue to issue. The proceeds of bonds issued under this indenture are used to finance affordable residential housing to low and moderate income persons in the State of Texas. All the bonds under the indenture are secured equally by all of the mortgage loans.

Detailed credit considerations

Loan portfolio: portfolio comprised of highly-rated MBS

We expect loan performance to remain strong given the portfolio's composition. As of December 31, 2017, the portfolio is 99.9% secured by Aaa-quality GNMA, FHLMC and FNMA MBSs and will be completely MBS in the near future. The remainder of the portfolio is comprised of whole loans insured by the Federal Housing Administration (FHA).

Financial position and performance: high PADR supports Aa1 rating

Financial performance trends remain strong, and we anticipate this to continue in the near term. The program's asset to debt ratio (PADR) was very high at 1.30 as of August 31, 2017 which is consistent with the 1.20 PADR as of August 31, 2016.

The program's profitability (net revenues as a percentage of gross revenues) declined to -3.7% at August 31, 2017, a decline from 21% at August 31, 2016. The negative profitability is due to an increase in "Other Operating Expenses" which reflect costs and expenses related to the 2017 Series A, B, and C issue (issued in May, 2017).

LIQUIDITY

Standalone cash flows as well as consolidated cash flows were run based on the August 31, 2017 audit and included 0%, 15%, and 3-year average life prepayment scenarios under a variety of stressful assumptions. The cash flows also assume that a $12 million subordinate loan (for down payment assistance loans) will be made in August 2018. Cash flow projections demonstrate that the program exhibits sufficient liquidity to meet all debt service obligations.

Legal framework, covenants, and debt structure: variable rate debt and liquidity renewal risk are key challenges

DEBT STRUCTURE

The total outstanding debt for the Single Family Mortgage Revenue Bonds Program as of December 31, 2017 is $355,698,000, of which $257,448,000 is fixed rate, and $98,250,000 is variable rate.

DEBT-RELATED DERIVATIVES

The senior lien of the Single Family Mortgage Revenue Bond Indenture has $98.250 million (as of 12/31/2017) in variable rate bonds which equals approximately 28% of bonds outstanding. $94.395 million is swapped to a fixed rate under four swap agreements, one with Goldman Sachs Bank USA (Aa3 (cr)/P-1 (cr) Negative outlook), one with The Bank of New York Mellon (Aa2 (cr)/P-1 (cr) Stable outlook) and two with JPMorgan Chase Bank, N.A. (Aa2 (cr)/P-1 (cr) Stable outlook).

Variable rate bonds may expose a program to additional risks including that of bondholder tenders resulting in unremarketed bonds being purchased by the liquidity provider ("bank bonds"). Bank bonds may have higher interest rates than the bonds in the primary market and may require a more rapid bond principal amortization. We believe that the program is well positioned to tolerate this risk without impairing the financial condition of the program. The program's strong financial position, with a 1.30 PADR as of 8/31/17, provides it with sufficient resources and liquidity to cover higher interest costs and a certain amount of rapid principal amortization.

As of December 31, 2017, 100% of variable rate debt liquidity support is provided through liquidity agreements with the Texas Comptroller of Public Accounts (State of Texas general obligation rating of Aaa with a stable outlook). The liquidity agreements contain favorable terms that benefit TDHCA. A lack of term-out provisions is especially favorable for the Single Family Indenture because it limits financial stress in the event of a failed remarketing and limits the stress to the program under Moody's bank bond stress cash flow scenarios. While each of the Comptroller-provided liquidity agreements has a stated expiration date of August 31, 2019, they include provisions to extend the facilities for a term of not less than 90 days or more than two years, at the Comptroller's sole discretion.

Management and governance: capable and active management team enhances credit profile

We view the management team as effective in managing its existing core business and fully dedicated to fulfilling its mission. The management staff have demonstrated a focus on reducing financial stress and competence in making decisions that have proven to reduce risk and improve financial and operational results.

REPORT NUMBER 1131497

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aa1 to TX Dept. of Housing & Community Affairs' SF Mortgage Revenue Bonds 2018 Series A; outlook stable

25 Jun 2018

Approximately $150 million of debt affected

New York, June 25, 2018 -- Moody's Investors Service has assigned a rating of Aa1 to the proposed Texas Department of Housing and Community Affairs' Single Family Mortgage Revenue Bonds 2018 Series A. Moody's maintains existing Aa1 ratings on all outstanding Single Family Mortgage Revenue Senior Lien Bonds and Aa2 ratings on all outstanding Single Family Mortgage Revenue Junior Lien Bonds. The outlook on the ratings is stable.

RATINGS RATIONALE

The Aa1 rating reflects the large percentage (99.9%) of GNMA, Freddie Mac and FNMA MBS in the program's portfolio and a program-asset-to-debt ratio (PADR) of 1.30 as of the August 31, 2017 audit. The rating also reflects that 28% (as of December 31, 2017) of the debt is variable rate debt and that 100% of the liquidity on the variable rate bonds is provided by the Texas Comptroller of Public Accounts (State of Texas general obligation rating of Aaa with a stable outlook).

RATING OUTLOOK

The outlook is stable, based on the indenture's solid financial position, strong mortgage portfolio, and variable rate debt position.

FACTORS THAT COULD LEAD TO AN UPGRADE

Continued decline of the variable rate debt while maintaining a portfolio that is nearly 100% secured by MBS.

An improvement in financial performance, including growth of PADR and profitability.

FACTORS THAT COULD LEAD TO A DOWNGRADE

Replacement of the State Comptroller-provided liquidity with agreements containing terms which are too onerous to withstand Moody's cash flow tests.

A severe decline in the financial performance of the program that causes the PADR to drop.

LEGAL SECURITY

The bonds are special obligations of TDHCA and are secured by GNMA, Freddie Mac and FNMA mortgage-backed securities (MBS), mortgage loans and all reserves and other assets under the indenture. Payment of senior lien debt is on parity with $352 million (as of 12/31/2017) in Single Family Mortgage Revenue Bonds, and junior lien debt is on parity with $3.855 million (as of 12/31/2017) Single Family Mortgage Revenue Bonds. The junior lien bonds are payable solely from surplus revenues of the indenture subordinate to the pledge of the senior bonds.

USE OF PROCEEDS

Proceeds of the bonds will be utilized to finance the purchase of new GNMA and FNMA Securities and to pay costs of issuance.

PROFILE

The Single Family Mortgage Revenue Bonds Program was established in 1980. This indenture was TDHCA's initial single family financing program. The proceeds of bonds issued under this indenture are used to finance affordable residential housing to low and moderate income persons in the State of Texas. All the bonds under the indenture are secured equally by all of the mortgage loans.

METHODOLOGY

The principal methodology used in this rating was U.S. Housing Finance Agency Single Family Programs published in November 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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MOODY'S
INVESTORS SERVICE

S&P Global
Ratings

RatingsDirect®

Summary:

Texas Department of Housing & Community Affairs; Single Family Multiple MBS; Single Family Whole Loan

Primary Credit Analyst:
Joan H Monaghan, Centennial + 1 (303) 721 4401; Joan.Monaghan@spglobal.com

Secondary Contact:
Jose M Cruz, San Francisco (1) 415-371-5053; jose.m.cruz@spglobal.com

Table Of Contents

Summary:

Texas Department of Housing & Community Affairs; Single Family Multiple MBS; Single Family Whole Loan

Credit Profile		
US$150.0 mil single fam mtg rev bnds ser 2018A due 03/01/2049		
Long Term Rating	AA+/Stable	New
Texas Dept of Hsg & Comnty Affairs sin fam mtg rev bnds (1980 Trust Indenture)		
Long Term Rating	AA+/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA+' rating to the Texas Department of Housing & Community Affairs'(TDHCA) series 2018A single-family mortgage revenue bond. At the same time, we affirmed our 'AA+' and 'AA+/A-1+' ratings on all outstanding bonds under the single-family mortgage revenue bond (SFMRB) indenture. Finally, we affirmed our 'AA+' underlying rating (SPUR) and 'AA+/A-1+' ratings on the department's series 2004A taxable, junior-lien, single-family, variable-rate, demand bonds. The outlook on the long-term ratings is stable.

The rating reflects our view of:

- The very high credit quality of the collateral backing the bonds;
- The strong performance of the indenture, as exhibited by asset-to-liability parity of 112.2% as of Sept. 1, 2017;
- Cash flow sufficiency; and
- Very high-quality investments.

In our opinion, the above strengths are partly offset by the relatively high amount of variable-rate bonds still outstanding in the indenture and the upcoming expiration of liquidity facilities from the state of Texas.

The 2018A bonds will be issued to purchase Ginnie Mae mortgage-backed securities (MBS). The series 2018A bonds are limited obligations of the department and are payable solely from and secured by all funds pledged under the indenture. The bonds will be held on parity with approximately $360 million senior-lien bonds outstanding (as of Sept. 1, 2017). Approximately $3.855 million of taxable junior-lien bonds are outstanding as of Sept. 1, 2017, under the junior-lien trust indenture, and are secured on a subordinated basis to the SFMRB indenture. The bonds are currently rated on par with the senior-lien bonds, as cash flows show that revenues exceed the required amount to fund the bonds' repayment.

The SFMRB trust indenture was created in 1980 as a whole loan indenture. Beginning in 1994, new mortgage loans were credit enhanced by Ginnie Mae, Fannie Mae, and Freddie Mac MBS. As of Sept. 1, 2017, the indenture was essentially entirely MBS, consisting of $373.9 million MBS and approximately $140,000 in whole loans. As of Sept. 1, 2017, the indenture's consolidated asset-to-liability parity was strong, at 112.2. Stand-alone cash flows for the 2018A bonds also show sufficient funds to support debt service with a projected opening asset-to-liability parity ratio of 102.8% on March 1, 2019, the first interest payment date for the series.

As of Sept.1, 2017, the indenture consists of approximately 72% fixed-rate bonds and 28% variable-rate bonds. Ninety-six percent of the variable-rate bonds are hedged with fixed payor swaps. The 'A-1+' short-term rating on the outstanding variable-rate bonds is derived from the rating on the state of Texas, which provides liquidity support on all variable-rate demand obligations. The liquidity agreement is subject to yearly renewal and has a current expiration date of Aug. 31, 2019.

Consolidated cash flow projections demonstrate that revenues are sufficient to pay debt service and fees on a full and timely basis. Included in the consolidated cash flows is an issuer note, which we have considered in our analysis. TDHCA plans to enter into a loan agreement with Woodforest National Bank; Tolleson Private Bank; and Hancock Whitney Bank, in which TDHCA will be loaned no more than a total of $12 million (the issuer note) to make down-payment assistance (DPA) loans to qualified borrowers under the department's SFMRB indenture. The loan is structured to be subordinate to both the senior lien and junior lien bonds in the indenture. Overcollateralization in the indenture more than exceeds S&P Global Ratings' loss coverage levels for the whole loans held in the indenture. The bonds are subject to mandatory tender, mandatory redemption, and optional redemption as fully detailed in the indenture.

Outlook

The stable outlook reflects our view of the authority's investments in U.S. government obligations. The rating moves in tandem with the U.S. sovereign rating.

Upside scenario

We could raise the rating if we raise the rating on the U.S. government.

Downside scenario

We could lower the rating if we lower the rating on the U.S. government.

Ratings Detail (As Of June 22, 2018)		
Texas Dept of Hsg & Comnty Affairs single fam mtg rev bnds ser 2017A (non-AMT) dtd 06/22/2017 due 09/01/2047		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam mtg rev bnds ser 2017B taxable dtd 06/22/2017 due 09/01/2037		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single fam mtg rev bnds ser 2017C taxable dtd 06/22/2017 due 09/01/2047		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single-fam mtg rev rfdg bnds ser 2015 A		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs single-fam mtg rev bnds ser 2015 B		
Long Term Rating	AA+/Stable	Affirmed

Ratings Detail (As Of June 22, 2018) (cont.)		
Texas Dept of Hsg & Comnty Affairs sin fam		
Long Term Rating	AA+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs SFMULTMBS		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs SFMULTMBS (AGM)		
Long Term Rating	AA+/A-1+/Stable	Affirmed
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam mtg		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam mtg var rate rev bnds ser 2007A		
Long Term Rating	AA+/A-1+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam var rate ser 2004B FSA		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Long Term Rating	AA+/A-1+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs sin fam VRDB		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Long Term Rating	AA+/A-1+/Stable	Affirmed
Texas Dept of Hsg & Comnty Affairs taxable jr lien sin fam VRDB ser 2004A		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Long Term Rating	AA+/A-1+/Stable	Affirmed

Many issues are enhanced by bond insurance.

S&P Global
Ratings

500 North Akard Street
Ross Tower, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.: 1532361

June 22, 2018

Texas Department of Housing & Community Affairs
PO Box 13941
Austin, TX 78711
Attention: Ms. Monica Galuski, Director of Bond Finance

Re: ***US$150,000,000 Texas Department Of Housing & Community Affairs, Texas, Single Family Mortgage Revenue Bonds, Series 2018A***

Dear Ms. Galuski:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA+" . S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

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a division of Standard & Poor's Financial Services LLC

mm
enclosures

cc: ***Ms. Teresa Morales, Manager***
Texas Department of Housing & Community Affairs

S&P Global Ratings

S&P Global Ratings
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SECTION 7
Publications

Weekly Municipal Market Update

Jul 30, 2018

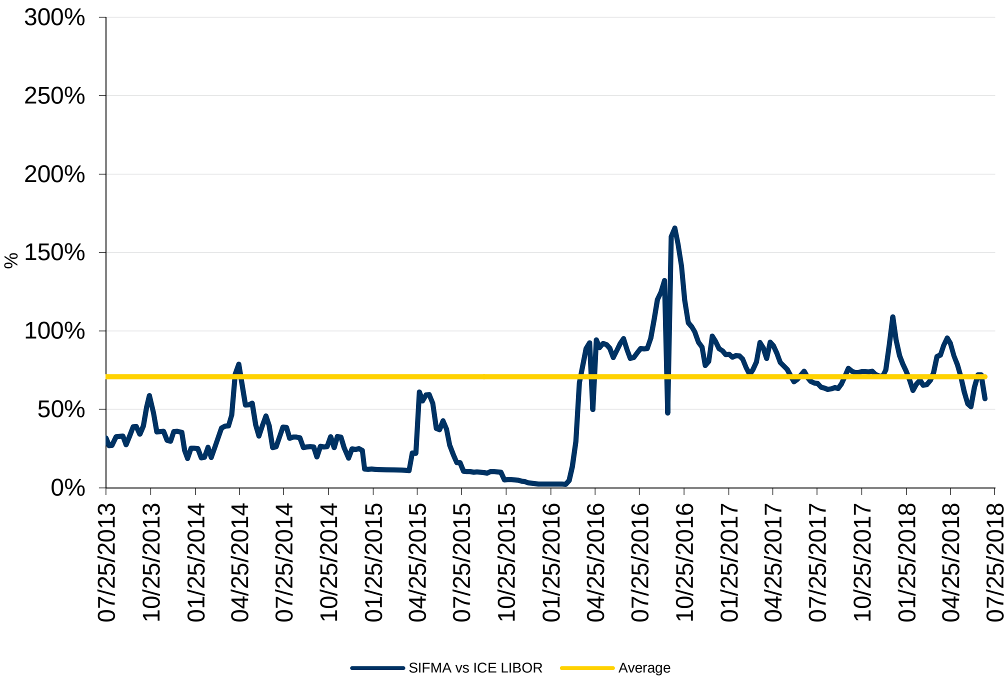
RBC Capital Markets

Short-Term Market

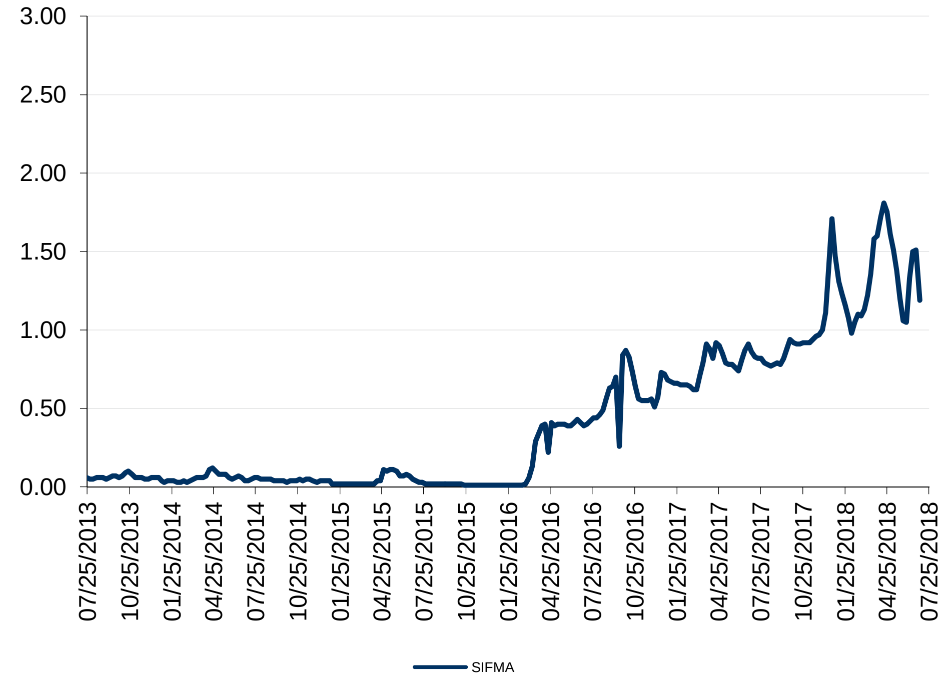
Market Overview

- Rates in the short-term municipal market moved sharply higher last week as month-end pressures pushed up daily rates. The general market high grade daily average closing the week at 1.27%, compared to the 0.59% rate posted a week earlier, moving the daily rate to a new 2018 low. Weekly rates held steady however, after declining in the prior week, with the SIFMA index closing at 0.94% on July 25, 2018 compared to the 1.01% rate set on July 11, 2018. Tax-exempt money market funds (TEMMs) experienced their second consecutive week of heavy outflows. According to the Lipper US Fund Flows service, TEMMs reported net outflows of $3.1 billion in the week ended July 25, 2018 compared to the $1.3 billion in outflows reported in the prior week. The receipt of the August 1 coupon payment this week may produce TEMM inflows over the next two weeks.

SIFMA vs. ICE LIBOR



SIFMA



Source: Bloomberg

Municipal Products Group - Monday Morning Market Update

Recent notable transactions:

- Executed $75 MM cash settled hedge one year forward for a public power client on 7/25
- Executed $100 MM synthetic fixed rate 5.5 year swap with underlying publicly offered % of ICE LIBOR FRN for Patriot Energy Group prepaid gas transaction on 7/25

RECENT DEALS

Client	Trade Date	Notional	Trade Type
Patriot Energy Group	07/25/18	100,250,000	Synthetic Fixed
Basin Electric Power Coop.	07/25/18	150,000,000	Cash-settle hedge
Midwestern University	06/28/18	24,385,000	Unwind
Iowa Finance Authority	06/12/18	10,451,000	6% LIBOR Cap
Iowa Finance Authority	06/12/18	11,305,000	3% SIFMA Cap
Illinois Housing Dev Auth	05/31/18	30,000,000	Synthetic Fixed (par call)

SYNTHETIC FIXED VS. CASH	70% 3mL Swap Rate	Est. Credit Support	Effective Synthetic Rate	MMD	Savings / (Loss)
TERM (Yrs):					
15	2.14200%	0.50%	2.64%	2.71%	0.07%
20	2.14200%	0.50%	2.64%	2.89%	0.25%
30	2.12100%	0.50%	2.62%	3.00%	0.38%

FORWARD PREMIUMS (bps)	80% 3m LIBOR - Term 15 Yrs	20 Yrs	30 Yrs
Forward Period (Yrs):			
1	2.70	1.90	1.10
2	2.70	1.60	0.50
3	2.70	1.30	0.00
4	2.90	1.10	(0.50)
5	3.10	1.00	(0.90)

Indicative mid-market rates as of book date, actual rates will vary depending on specific transaction details

Glenn McGowan

Monday Morning Market Update

- This week brings a busy calendar of central bank meetings, earnings, and economic data.
- The BOJ meets on Tuesday, followed by the FOMC on Wednesday and BOE on Thursday.
- BOJ yield-curve control policies will be a focus, and markets expect the BOE to raise rates by 25bp.
- Wednesday's FOMC statement will be closely monitored for any changes to the economic/inflation assessment.
- Disagreement among Fed officials about the relevance of a flat/inverted yield curve is also a focus.
- Fed funds futures (effective) are pricing in an 80% chance of a rate hike at the September 26th meeting.
- US GDP grew at an annualized pace of 4.1% during the fourth quarter.
- July payroll data comes out on Friday; consensus calls for non-farm payroll gains of 190k.
- Other economic highlights: personal income/spending, PCE inflation, S&P CaseShiller, consumer confidence, ADP, ISM manufacturing, jobless claims, Dallas Fed, durable goods.
- AAA municipal benchmark rates rose alongside Treasury yields last week; ratios widened slightly in 30 years.
- Municipal supply totaled $6.2bn last week, and this week's supply is expected to total $5.0bn.
- August coupon and principal redemptions will total $42.6bn, marking the second-largest month of the year.
- Secondary trading activity on the long end has largely been confined to hedged counterparties focused on ratios.
- Real money focus has been on the ten-year and shorter range, where SMAs and short funds have been active.
- Municipal funds reported net cash inflows of $550mm last week, down from $1.3bn the week prior.

Interest Rates Last Week:

	20-Jul	27-Jul	Change (bp) weekly	Change (bp) YTD
UST 5	2.77	2.84	7	63
UST 10	2.89	2.96	7	55
UST 30	3.03	3.08	5	34
MMD 5	1.91	1.95	4	1
MMD 10	2.39	2.44	5	46
MMD 30	2.92	3	8	46

Ratios Last Week:

	20-Jul	27-Jul	Change (bp) weekly	Change (bp) YTD
5yr Ratio	69%	69%	0%	-7%
10yr Ratio	83%	82%	0%	0%
30yr Ratio	96%	97%	1%	5%

Supply YTD:

$180.5bn, down 15% year-over-year

Supply Last Week:

$6.2bn ($4.4bn negotiated + $1.8bn competitive)

Supply This Week:

$5.0bn ($4.1bn negotiated + $897mm competitive)

Avg. Weekly Long-Term Supply:

$6.0bn in 2018; $7.9bn in 2017; $8.2bn in 2016

Visible Supply:

$7.9bn this morning, down from $8.9bn last Monday

Avg. of past 30 days: $7.9bn

Avg. of past 60 days: $8.9bn

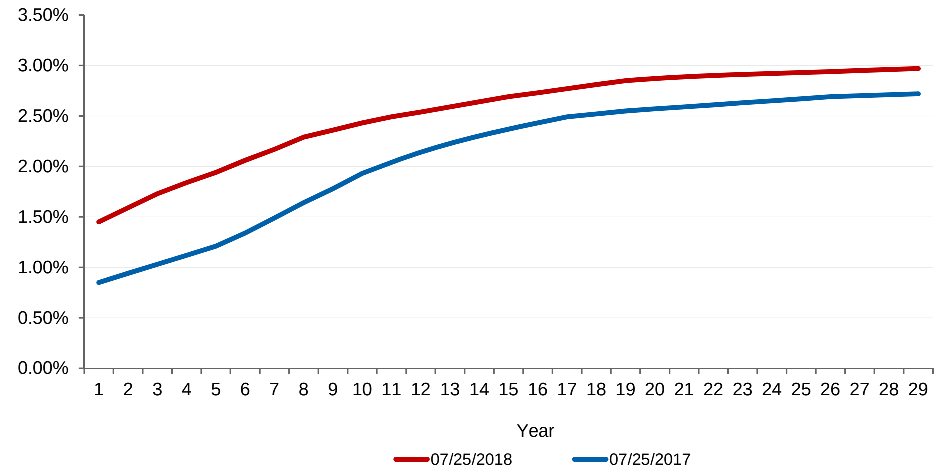
Source: Bloomberg and Thomson Reuters

Long-Term Market

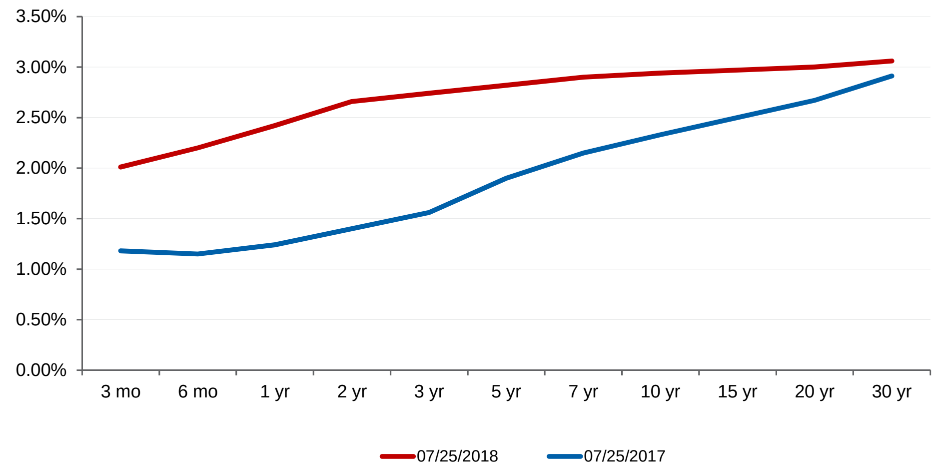
Market Overview

- Despite a continued modest municipal new issue calendar and strong July reinvestment, municipal rates followed Treasury rates higher last week. By the close of the week, US Treasuries were seven basis points higher in both the five and ten year ranges, and five basis points higher in the thirty year range. Municipals generally kept pace with Treasuries in the short to intermediate ranges, but slightly underperformed in the longer maturities. The Municipal Market Data AAA yield closed the week four basis points higher in the two and five year ranges, five basis points higher in the ten year range, eight basis points higher in thirty years. Municipal/Treasury yield ratios closed the week approximately one percentage point higher in the thirty year maturity range but flat in the shorter maturity ranges.

Municipal GO "AAA" MMD Yield Curve Changes



U.S. Treasury Yield Curve Changes



Source: Bloomberg and Thomson Municipal Market Data

RBC Deal Calendars

SaleDate	Amount of Issue ($ mils)	Issuer	State	Issue Description
07/24/18	25.255	Surprise City-Arizona	AZ	Sr Lien Utility Sys Rev Ref Oblig
07/25/18	3.225	Patriots Energy Group	SC	Gas Supply Revenue Bonds
07/25/18	100.250	Patriots Energy Group	SC	Gas Supply Revenue Bonds
07/25/18	728.875	Patriots Energy Group	SC	Gas Supply Revenue Bonds
07/30/18	6.820	Lebanon Co (Palmyra) ASD	PA	General Obligation Bonds
07/30/18	47.519	Pennsylvania Housing Fin Agcy (PHFA)	PA	Multi-Family Housing Rev Bonds
	911.944			

Forward Calendar – Week of Jul 9th

Date	Par Amount	Description	State	Maturity	Type	Manager	Role
Senior Manager							
7/30/18	15,000	Highland Park Independent School District-Series 2018	TX	2019,25-38	GO	RBCCM	SOM
7/30/18	47,519	Pennsylvania Housing Finance Agency Multifamily Housing Revenue Bonds (Fannie Mae Pass-Through - Country Commons)-Series 2018	PA	2035	HSG	RBCCM	SOM
7/31/18	30,585	Princeton Independent School District Unlimited Tax School Building Bonds-Series	TX	2035-48	GO	RBCCM	SR-MGR
8/2/18	79,335	Northeastern Local School District, Clark And Champaign Counties, School Improvement, General Obligation Bonds-Series 2018	OH	2019-38 43,48,55	GO	RBCCM	SOM
8/2/18	7,345	Peaster Independent School District Unlimited Tax School Building Bonds-Series 2018 (Cib)	TX	2019-36	GO	RBCCM	SR-MGR
8/2/18	4,110	Peaster Independent School District Unlimited Tax School Building Bonds-Series 2018 A (Cib & Cab)	TX	2019-27	GO	RBCCM	SR-MGR
8/2/18	2,670	Peaster Independent School District Unlimited Tax School Building Bonds-Series 2018 B (Cib & Cab)	TX	2028-43	GO	RBCCM	SR-MGR
8/2/18	144,330	Texas Department Of Housing & Community Affairs Single Family Mortgage	TX	2019-29 33,38,43,48 49 PAC	HSG	RBCCM	SR-MGR
8/6/18	17,000	Kenedy Independent School District Unlimited Tax School Building-Series 2018	TX	2019-38	GO	RBCCM	SR-MGR
Future Issues							
DTD	3,595	Miller's Landing Business Improvement District In The Town Of Castle Rock, Douglas County, Colorado Revenue Bonds -Series 2018 A (Bank Qualified)	CO	2048	REV	RBCCM	SOM
DTD	16,975	Miller's Landing Business Improvement District In The Town Of Castle Rock,	CO	2048	REV	RBCCM	SOM
Co-Manager							
7/31/18	60,000	Fort Bend Independent School District Unlimited Tax School Building Bonds-Series 2018 (Taxable)	TX	2019-48	GO	JEFFERIES	CO-MGR
8/1/18	589,270	Washington State Convention Center Public Facilities District, Lodging Tax Bonds-Series 2018	WA	2020-38 43,48,58	REV	CITI	CO-MGR
8/1/18	384,330	Washington State Convention Center Public Facilities District, Subordinate Lodging	WA	2020-38 43,48,58	REV	CITI	CO-MGR

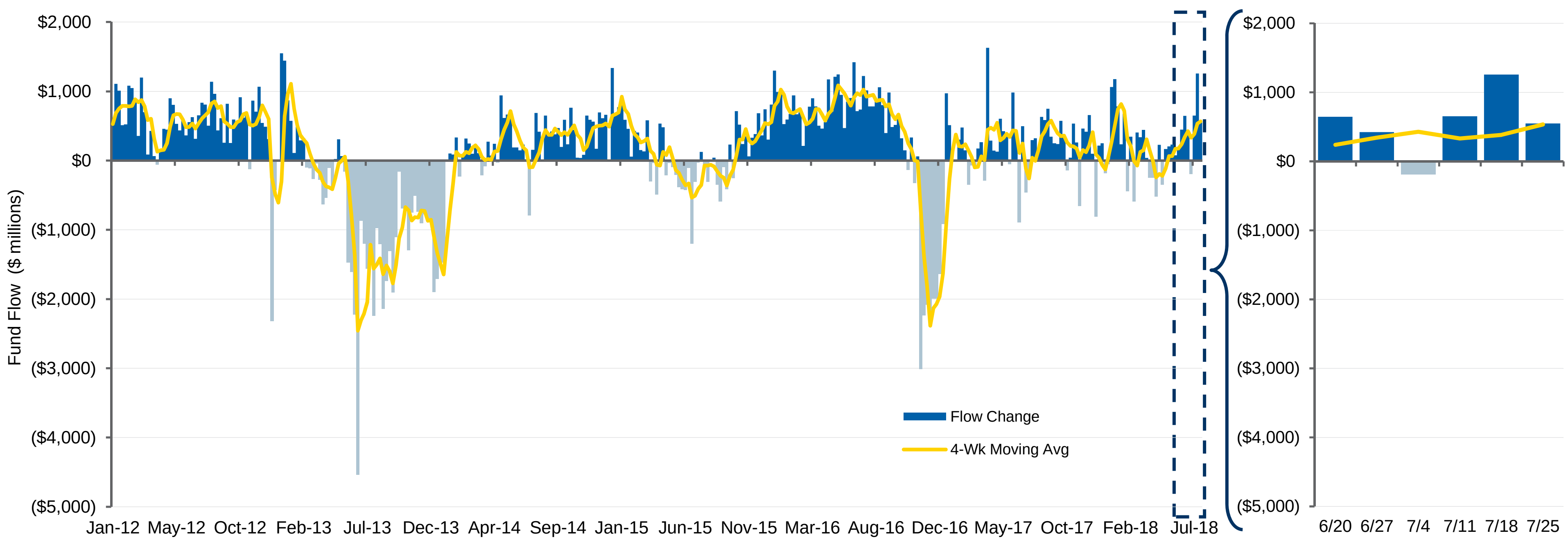
Municipal Market Fund Flows

Municipal bond funds see inflows

According to data from Lipper, for the week ended July 25th, 2018, weekly municipal bond funds reported $550 million of inflows, after the previous week's $1.26 billion of inflows

- Long-term muni bond funds experienced inflows, gaining $408 million in the latest week, after inflows of $584 million in the previous week
- Four week moving average is currently positive at $568 million, up from last week's number of $535 million

Lipper Municipal Fund Flows

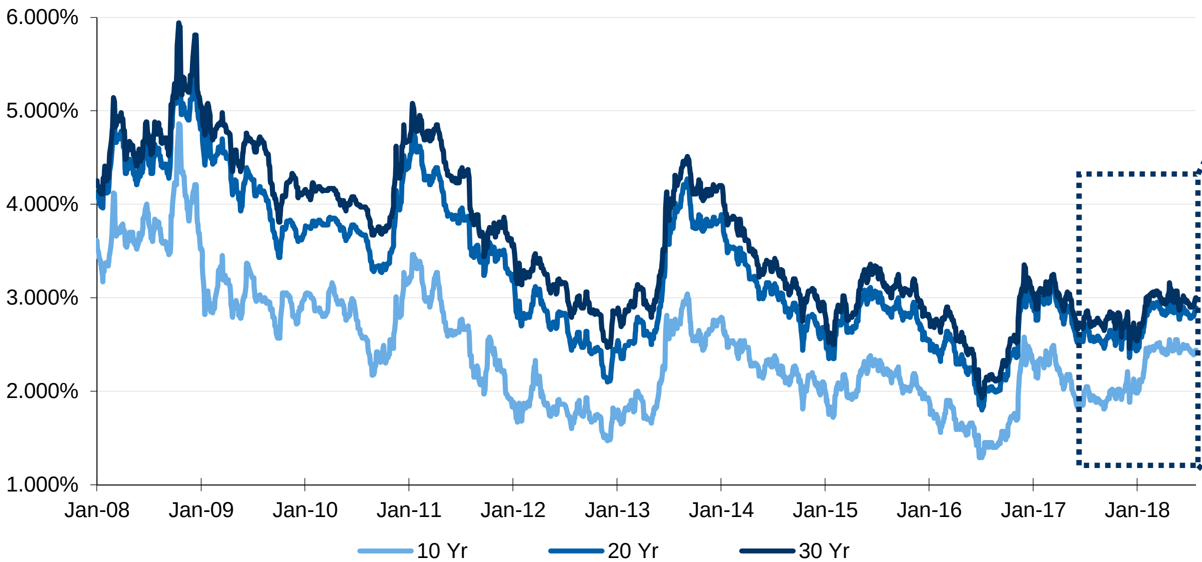


Period ended July 25, 2018

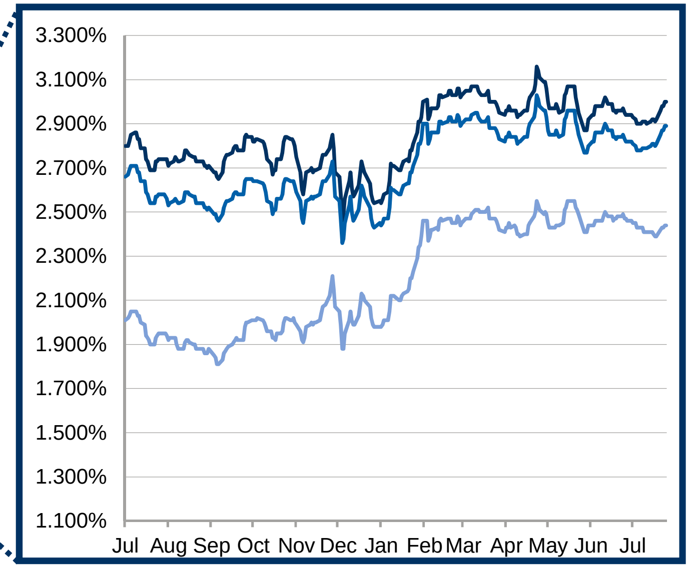
Current Municipal Market Conditions: “AAA” MMD

After closing at 2.92% the previous week, the 30-year “AAA” MMD increased 8 bps from July 20– July 27, closing at the current rate of 3.00%

“AAA” MMD January 1, 2008 to Present



Shift in “AAA” MMD Since July 2017



January 1, 2008 to Present

	10 Year	20 Year	30 Year
Maximum	4.860%	5.740%	5.940%
Minimum	1.290%	1.800%	1.930%
Current	2.440%	2.890%	3.000%

Shift in 30-year "AAA" MMD

2011	2012	2013	2014	2015	2016	2017
-1.130%	-0.740%	1.330%	-1.340%	-0.010%	0.270%	-0.510%

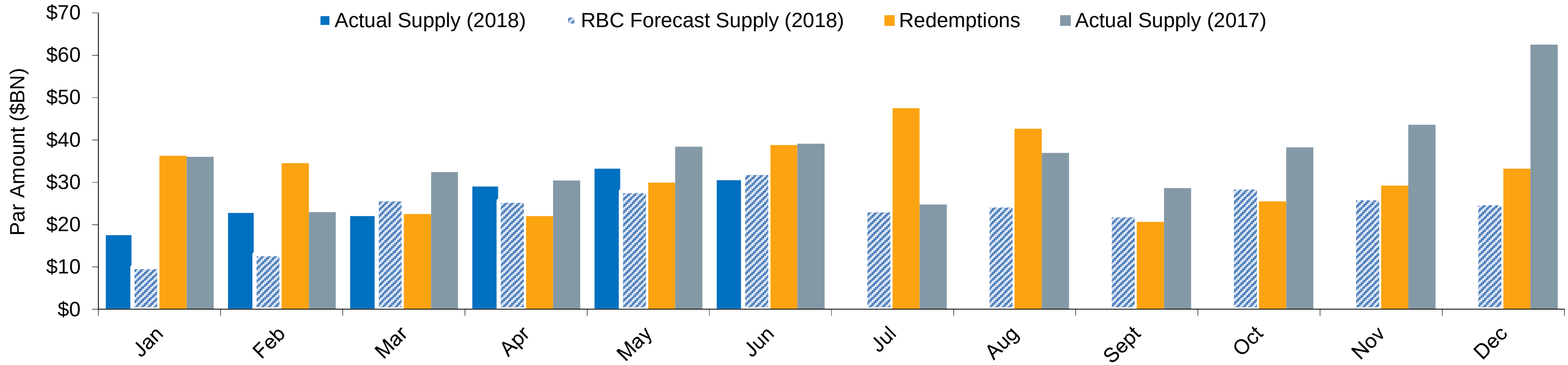
July 1, 2017 to Present

	10 Year	20 Year	30 Year
Maximum	2.550%	3.030%	3.160%
Minimum	1.810%	2.360%	2.460%
Average	2.203%	2.710%	2.847%

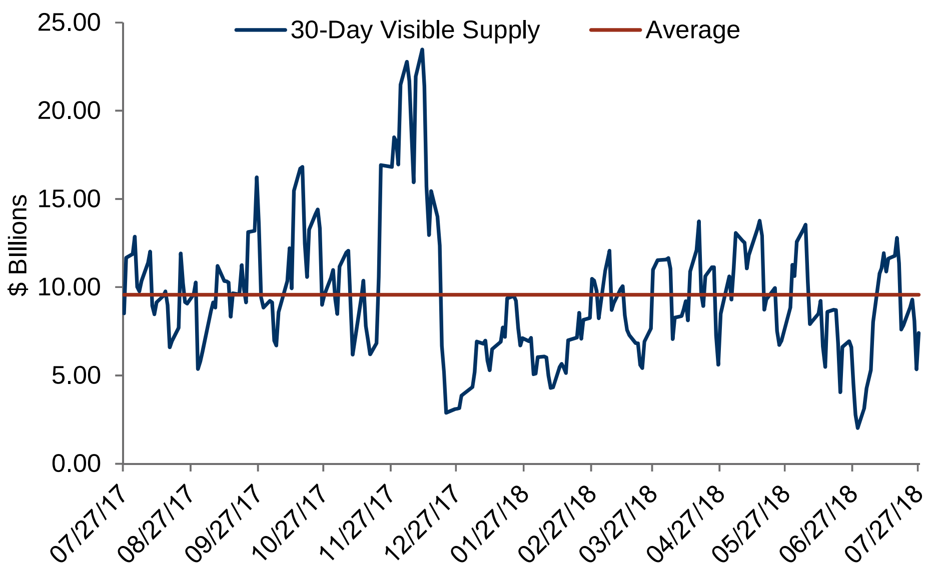
Source: TM3, Thomson Reuters
10, 20, and 30 year “AAA” MMD shown to represent different average lives of municipal transactions
Rates as of July 27, 2018

Overview of Municipal Supply

Monthly Projected Supply and Redemptions

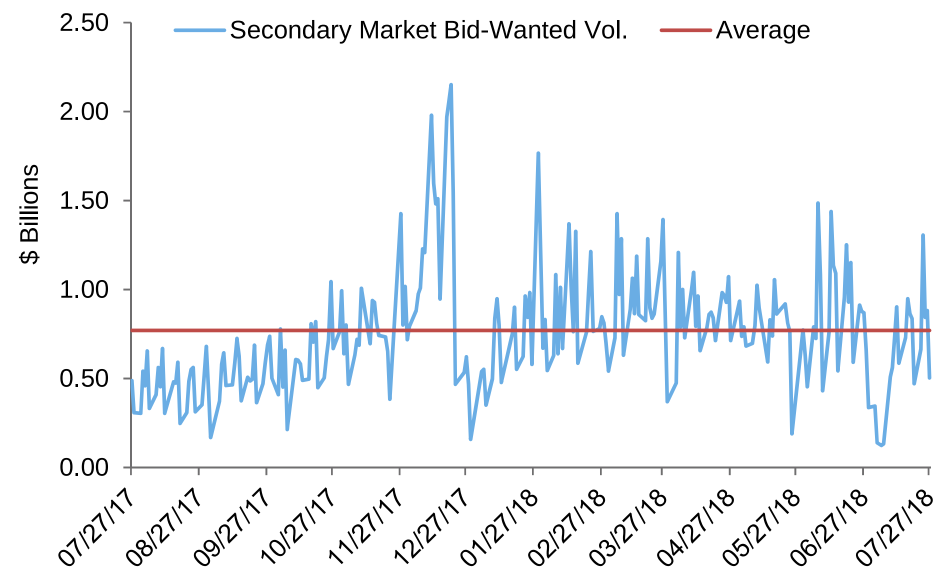


30-Day Visible Supply



Summary Statistics (Billions)							
Max	$23.47	Min	$2.02	Avg.	$9.58	Curr.	$7.41

Secondary Market Bid-Wanted Volume



Summary Statistics (Billions)							
Max	$2.15	Min	$0.12	Avg.	$0.77	Curr.	$0.50

Source: Bloomberg

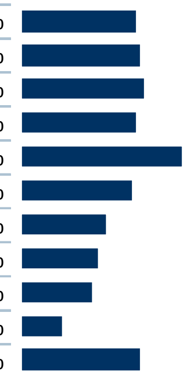
Bond Buyer 20 General Obligation Bond Index

57 Year Historical Perspective

Bond Buyer 20 GO Index since January 1961

% of Time in Each Range Since 1961

Yield Range	
Less than 3.50%	10.10%
3.50% - 4.00%	10.43%
4.01% - 4.50%	10.80%
4.51% - 5.00%	10.07%
5.01% - 5.50%	14.03%
5.51% - 6.00%	9.77%
6.01% - 6.50%	7.57%
6.51% - 7.00%	6.90%
7.01% - 7.50%	6.23%
7.51% - 8.00%	3.67%
Greater than 8.00%	10.43%
Total	**100.00%**



Source: Bloomberg as of July 26, 2018
Weekly yields and indexes released by the Bond Buyer. Updated every Thursday at approximately 6:00pm EST. 20 Bond General Obligation Yield with 20 year maturity, rated Aa2 by Moody's Arithmetic Average of 20 bonds' yield to maturity.

Today's 3.90% level is lower than 81.50% of historical rates since January 1961

Bond Buyer Revenue Bond Index

38 Year Historical Perspective

Bond Buyer Revenue Index since September 1979

% of Time in Each Range Since 1979

Yield Range	
Less than 3.50%	1.09%
3.50% - 4.00%	3.50%
4.01% - 4.50%	7.70%
4.51% - 5.00%	12.48%
5.01% - 5.50%	20.13%
5.51% - 6.00%	12.33%
6.01% - 6.50%	8.34%
6.51% - 7.00%	3.50%
7.01% - 7.50%	6.17%
7.51% - 8.00%	4.93%
Greater than 8.00%	19.83%
Total	**100.00%**

Source: Bloomberg as of July 26, 2018
Weekly yields and indexes released by the Bond Buyer. Updated every Thursday at approximately 6:00pm EST. 25 Revenue Bond Yield with 30 year maturity, rated A1 by Moody's and A+ by S&P Arithmetic Average of 25 bonds' yield to maturity.

Today's 4.40% level is lower than 89.34% of historical rates since September 1979

U.S. Data Release Calendar

Monday Jul 30	Tuesday Jul 31	Wednesday Aug 01	Thursday Aug 02	Friday Aug 03
Market Focus » **International Perspective »** **Simply Economics »** Pending Home Sales Index 10:00 AM ET Dallas Fed Mfg Survey 10:30 AM ET 4-Week Bill Announcement 11:00 AM ET 3-Month Bill Auction 11:30 AM ET 6-Month Bill Auction 11:30 AM ET Farm Prices 3:00 PM ET	FOMC Meeting Begins Personal Income and Outlays 8:30 AM ET Employment Cost Index 8:30 AM ET Redbook 8:55 AM ET S&P Corelogic Case-Shiller HPI 9:00 AM ET Chicago PMI 9:45 AM ET Consumer Confidence 10:00 AM ET State Street Investor Confidence Index 10:00 AM ET 4-Week Bill Auction 11:30 AM ET	Motor Vehicle Sales MBA Mortgage Applications 7:00 AM ET ADP Employment Report 8:15 AM ET 3-Yr Note Announcement 8:30 AM ET 10-Yr Note Announcement 8:30 AM ET 30-Yr Bond Announcement 8:30 AM ET Treasury Refunding Announcement 8:30 AM ET PMI Manufacturing Index 9:45 AM ET ISM Mfg Index 10:00 AM ET Construction Spending 10:00 AM ET EIA Petroleum Status Report 10:30 AM ET FOMC Meeting Announcement 2:00 PM ET	Weekly Bill Settlement Challenger Job-Cut Report 7:30 AM ET Jobless Claims 8:30 AM ET Factory Orders 10:00 AM ET EIA Natural Gas Report 10:30 AM ET 3-Month Bill Announcement 11:00 AM ET 6-Month Bill Announcement 11:00 AM ET Fed Balance Sheet 4:30 PM ET Money Supply 4:30 PM ET	Employment Situation 8:30 AM ET International Trade 8:30 AM ET PMI Services Index 9:45 AM ET ISM Non-Mfg Index 10:00 AM ET Baker-Hughes Rig Count 1:00 PM ET

Source: http://mam.econoday.com

Action Items

3a
PRESENTATION

3b

BOARD REPORT ITEM

TEXAS HOMEOWNERSHIP DIVISION

OCTOBER 11, 2018

Quarterly Report on Texas Homeownership Division Activity

Background

The Texas Homeownership Division is primarily responsible for the creation, oversight, and administration of the Department's homeownership programs, which are designed to assist low-to-moderate income first time homebuyers. The program finances these activities with bond proceeds and through its Taxable Mortgage Purchase Program ("TMP-79").

The Department currently offers the following homeownership options:

- My First Texas Home ("TMP 79") Program offers expanded mortgage loan opportunities to qualifying first-time homebuyers, including government and conventional 30-year fixed rate mortgage loan options that include down payment and/or closing cost assistance.

- Texas Mortgage Credit Certificate ("MCC") Program assists in making homeownership more affordable by providing first-time homebuyers a federal income tax credit, reducing the homebuyer's potential federal income tax liability. By having an MCC, the homebuyer has the ability to convert a portion (currently 40%) of their annual mortgage interest into a direct income tax credit of up to $2,000 on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as it continues to be the borrower's primary residence. MCCs can be used with a conventional or government first mortgage loan as long as it is not financed with the proceeds of tax exempt bonds.

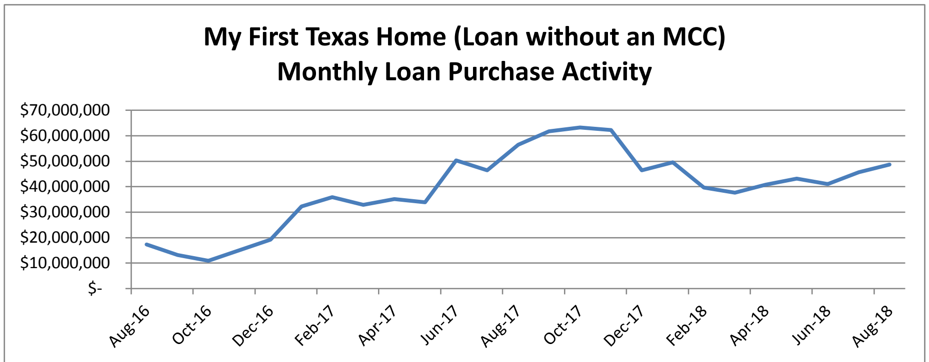
- "Combo" option – to further expand the opportunity for affordable homeownership, first-time homebuyers can maximize their home-purchase benefits by combining a Texas Mortgage Credit Certificate with a My First Texas Home-TMP 79 mortgage loan. This "Combo" option is available at a minimal additional cost to the homebuyer.

The following reports reflect program activity over the prior two years (updated through August 31, 2018) for each of the three available options described above (Loan Only, MCC Only, Combo). The reports provide monthly loan purchase trends, average interest rates, top originating counties, average income levels, average purchase price, average household size, and average FICO scores.

Texas Department of Housing and Community Affairs

My First Texas Home (Loan without an MCC)

As of August 31, 2018

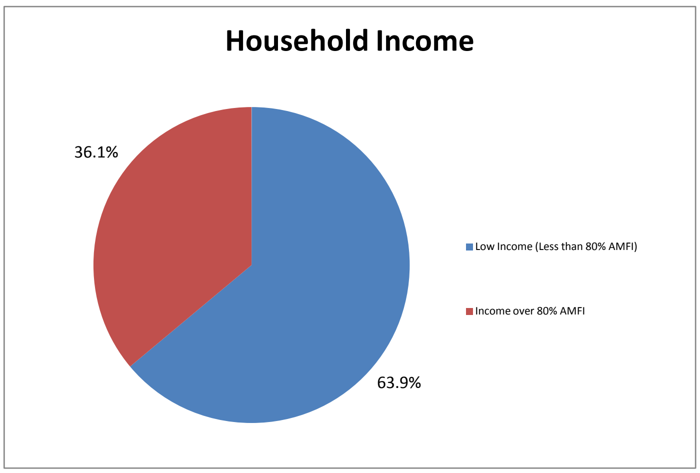


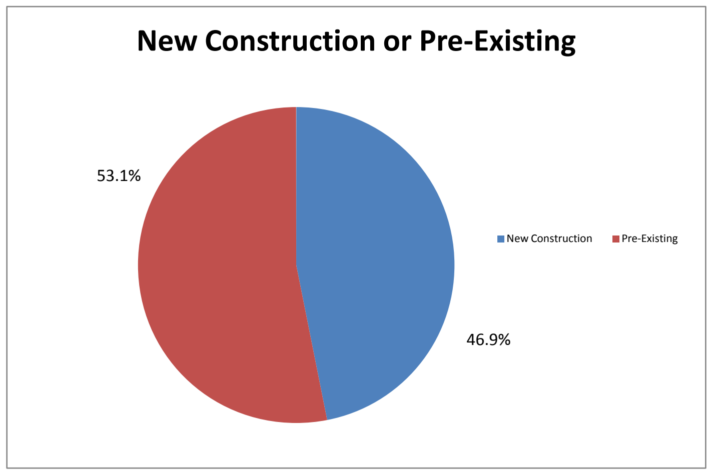
Reflects loans purchased by the Master Servicer in the month the loan was purchased. A seasonal reduction in new loan origination typically occurs December through February and is reflected on a delayed basis to take into account the time from loan origination to closing and purchase by the Master Servicer. The overall surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

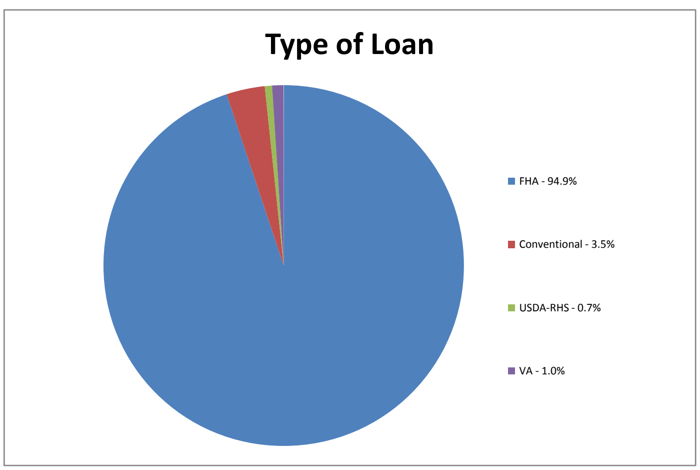
Recent 3-Month Activity (6/1/2018 - 8/31/2018)		
Number of Loans		823
Total Loan Amount	$	135,371,433

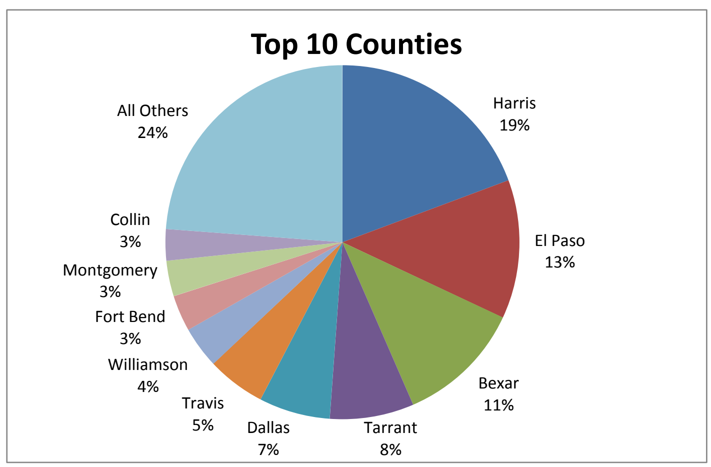
At a Glance (For the Past 2 Year Period)		
Number of Loans		6,034
Average Loan Amount	$	159,518
Average Down Payment Assistance	$	6,411
Average Purchase Price	$	162,724
Average Annual Income	$	54,080
Average Household Size		2.6
Average FICO Score		674

Interest Rates (For the Past 2 Year Period)	
2 Year Average	4.55%
Last 12 Month Average	4.86%
Last 30 Day Average	5.48%





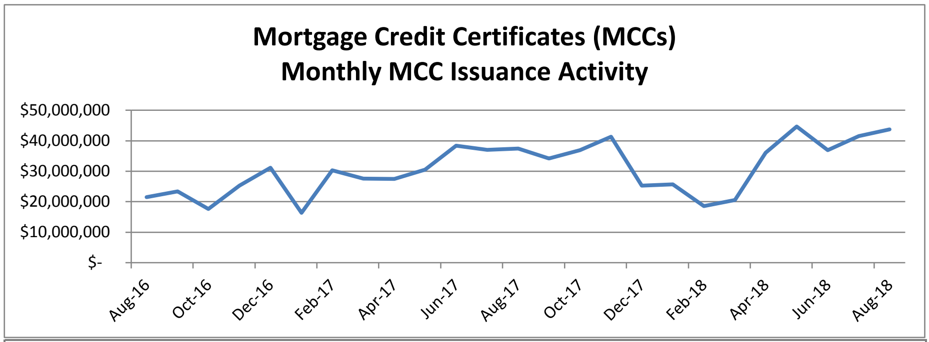




Texas Department of Housing and Community Affairs

Mortgage Credit Certificates (MCCs)

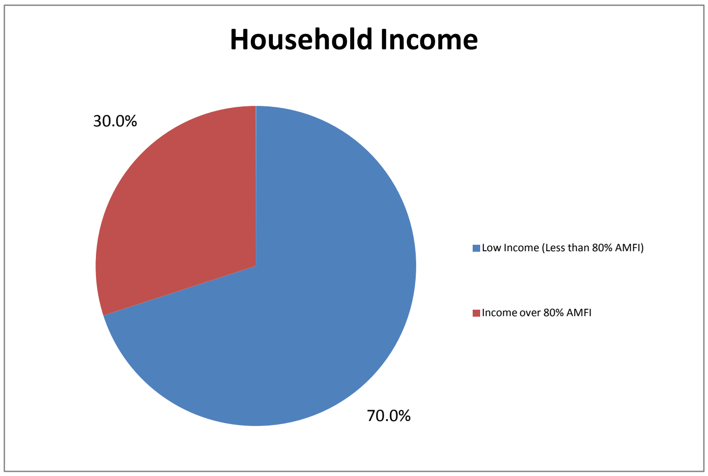
As of August 31, 2018

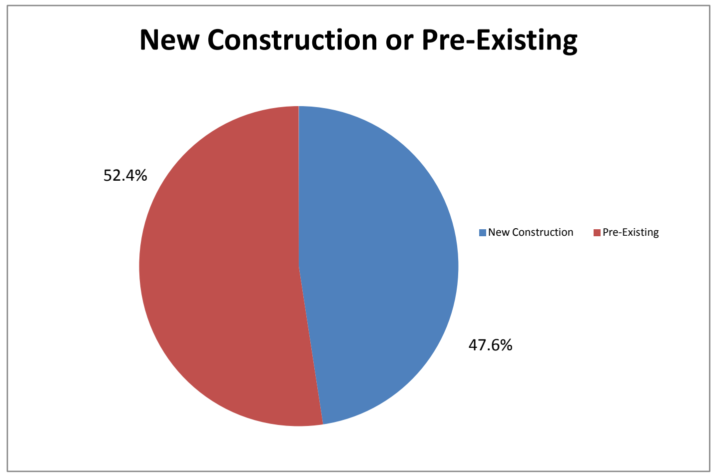


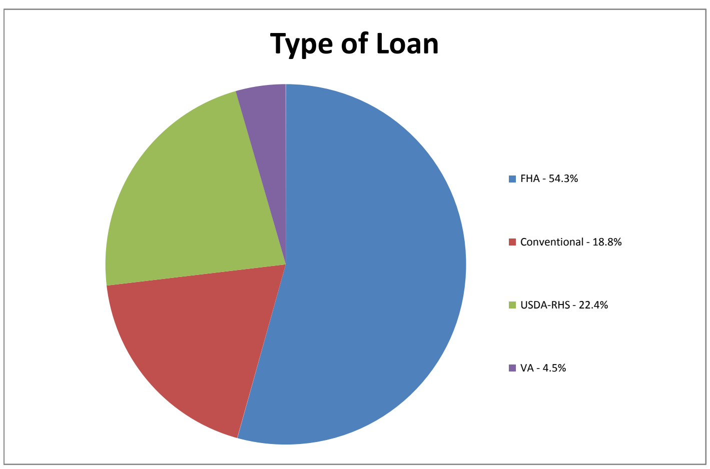
Reflects MCCs issued over a two-year period. A seasonal reduction in MCC issuances typically occurs September through February; however, the recent surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

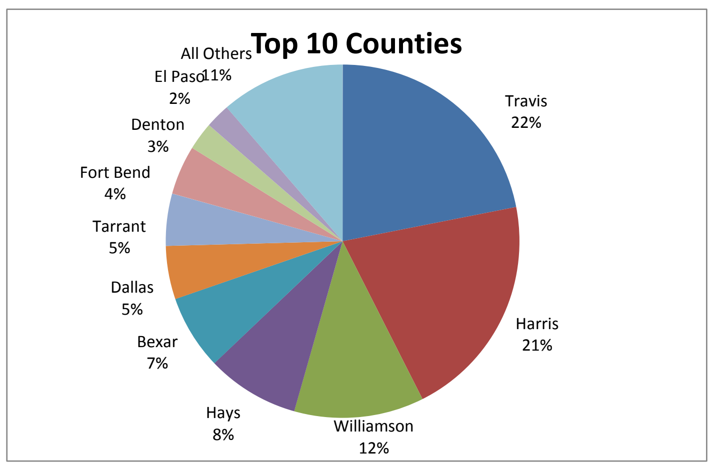
Recent 3-Month Activity (6/1/2018 - 8/31/2018)	
Number of Loans	658
Total Loan Amount	$ 121,780,833

At a Glance (For the Past 2 Year Period)	
Number of MCCs	4,195
Average Loan Amount	$ 178,186
Current MCC Credit Rate	40%
Average Purchase Price	$ 186,569
Average Annual Income	$ 52,465
Average Household Size	2.4
Average FICO Score	702





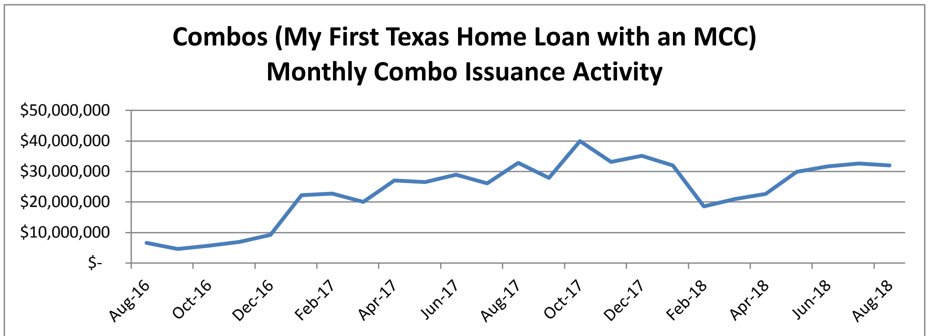




Texas Department of Housing and Community Affairs

Combos (My First Texas Home Loan with an MCC)

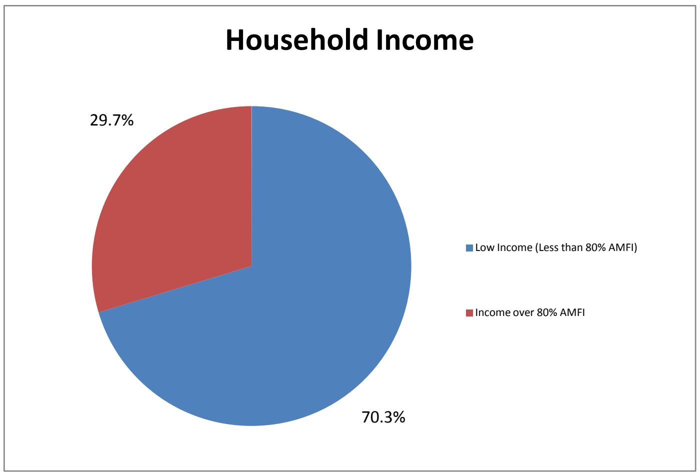
As of August 31, 2018

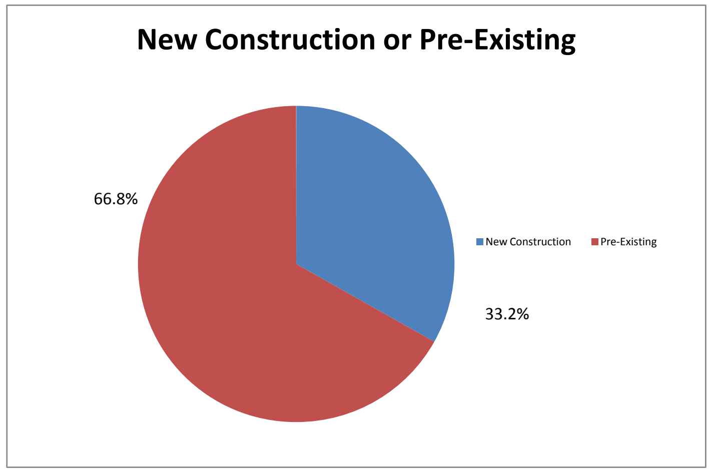


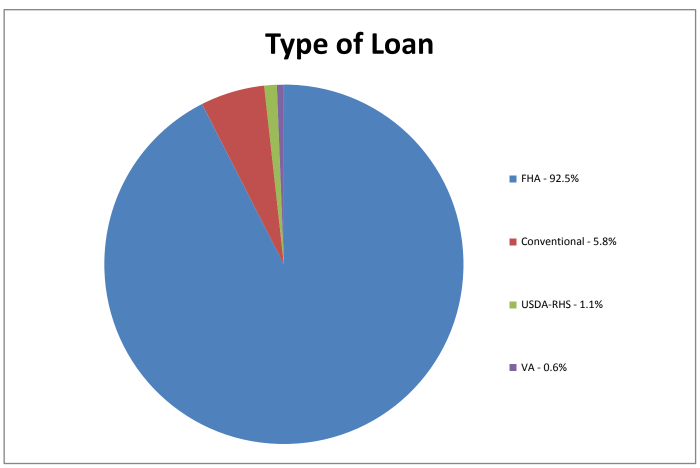
Reflects Combos issued over a two-year period. A seasonal reduction in Combos typically occurs September through February; however, the overall surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

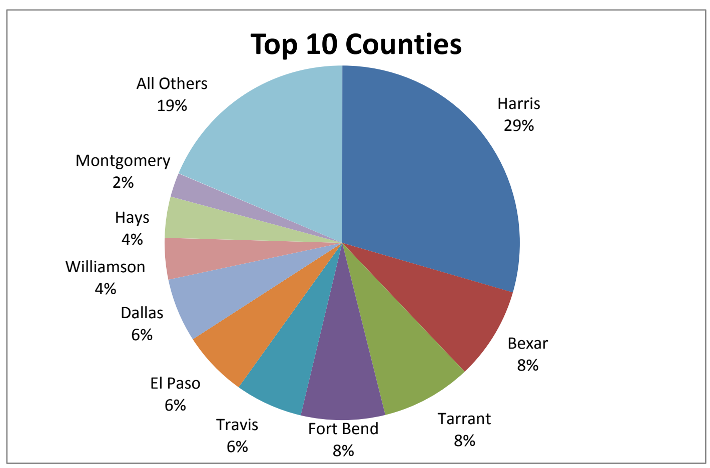
Recent 3-Month Activity (6/1/2018 - 8/31/2018)		
Number of Loans		591
Total Loan Amount	$	96,309,192

At a Glance (For the Past 2 Year Period)		
Number of Combos		3,653
Average Loan Amount	$	161,328
Average Down Payment Assistance	$	6,496
Current MCC Credit Rate		40%
Average Purchase Price	$	164,807
Average Annual Income	$	51,618
Average Household Size		2.6
Average FICO Score		675





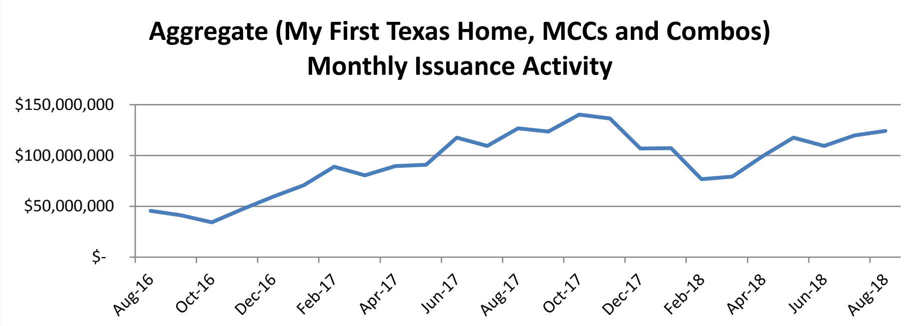




Texas Department of Housing and Community Affairs

Aggregate (My First Texas Home, MCCs and Combos)

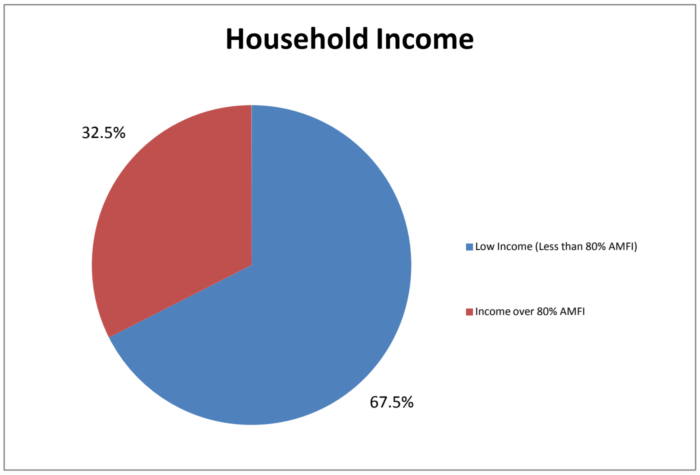
As of August 31, 2018

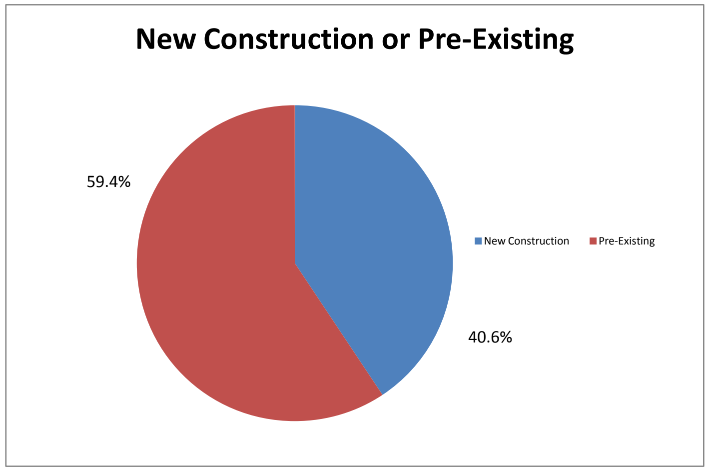


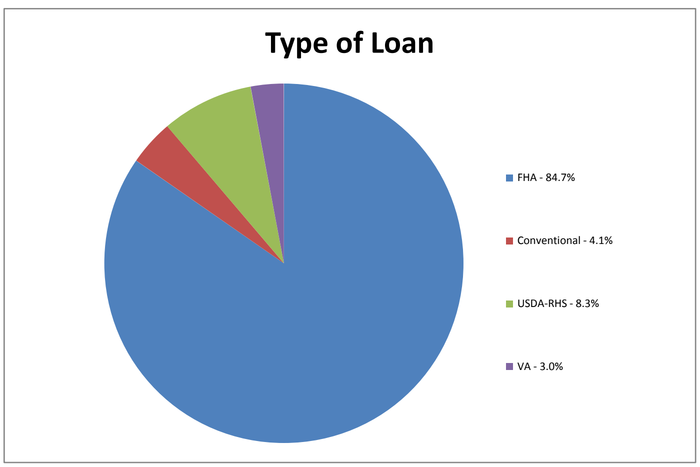
Reflects Aggregate (My First Texas Home, MCCs and Combos) loan originations issued over a two-year period. A seasonal reduction typically occurs September through February; however, the overall surge in activity is primarily due to our new relationship with Idaho HFA as Master Servicer.

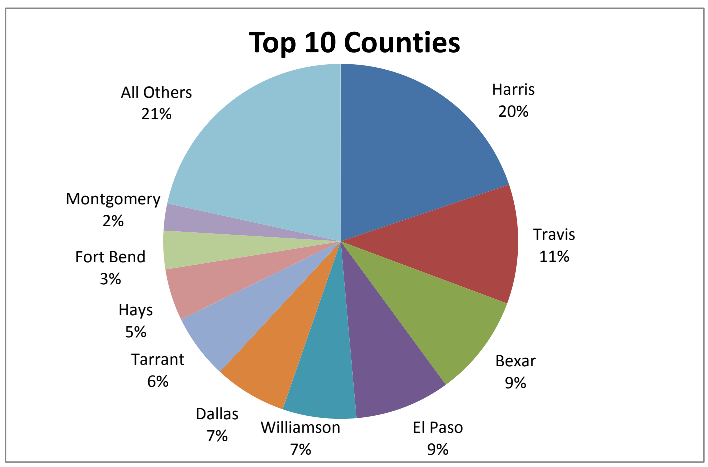
Recent 3-Month Activity (6/1/2018 - 8/31/2018)	
Number of Loans	2,072
Total Loan Amount	$ 353,461,458

At a Glance (For the Past 2 Year Period)	
Number of Loans	13,882
Average Loan Amount	$ 165,636
Average Down Payment Assistance	$ 6,443
Current MCC Credit Rate	40%
Average Purchase Price	$ 170,478
Average Annual Income	$ 52,944
Average Household Size	2.5
Average FICO Score	683









3c
PRESENTATION

4a

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

4b

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

5

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

OCTOBER 11, 2018

Presentation, discussion and possible action on staff determinations regarding Undesirable Neighborhood Characteristics for Multifamily Direct Loan Application 18503, Eastern Oaks Apartments

RECOMMENDED ACTION

WHEREAS, pursuant to 10 TAC §10.101(a)(3) of the 2018 Uniform Multifamily Rules related to Undesirable Neighborhood Characteristics ("UNC"), if a Development Site has any of the characteristics described in subparagraph B of the subsection, the Applicant must disclose the presence of each such characteristic to the Department at the time the Application is submitted to the Department;

WHEREAS, the Applicant has disclosed the presence of Undesirable Neighborhood Characteristics, specifically the proposed Development is located in a census tract with a poverty rate above 40%, and it is in the attendance zone of a school that does not have a Met Standard rating;

WHEREAS, pursuant to 10 TAC §10.101(a)(3), staff has conducted a further review of the proposed site and the surrounding neighborhood;

WHEREAS, pursuant to 10 TAC §10.101(a)(3), acceptable mitigation for the undesirable neighborhood characteristics, in accordance with the rule, was not submitted, and staff is unable to recommend that the Governing Board find the Development Sites eligible; and,

WHEREAS, the Applicant has also requested waiver of the UNC requirements pursuant to 10 TAC §10.101(a)(3)(E), but has failed to present information supporting a claim that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved Conciliation Agreement, or a final and non-appealable court order;

NOW, therefore, it is hereby,

RESOLVED, that the Board determines that the Applicant has failed to provide evidence of mitigation of the Undesirable Neighborhood Characteristics sufficient to support site eligibility under the requirements of 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules for Application 18503, Eastern Oak Apartments; and

FURTHER RESOLVED, that the waiver requested pursuant to 10 TAC §10.101(a)(3)(E) is hereby denied.

BACKGROUND

Pursuant to 10 TAC §10.101(a)(3) of the 2018 Uniform Multifamily Rules (the "Rules"), related to Undesirable Neighborhood Characteristics ("UNC"), disclosure of such characteristics is required if one or more of the characteristics exists where the proposed Development Site is located. Applicants are required to provide an Undesirable Neighborhood Characteristics Report ("UNCR"), which includes information regarding mitigating factors and general description of the site and surrounding area.

Pursuant to 10 TAC §10.101(a)(3), the Department's Governing Board has final decision making authority in making an affirmative determination or finding the Site ineligible. Should the Board make the determination that a Development Site is ineligible based on this report, the termination of the Application resulting from such Board action is not subject to appeal.

Review of the Development Site indicates an area dominated by single family housing and duplexes. Median household income for the census tract is $31,691, which places the census tract in the fourth quartile. The poverty rate is 47.7%. The Development proposes the reconstruction of 30 one, two and three bedroom units serving households at or below 30% of AMI. The proposed development is in the southeast part of Austin, in the Franklin Park neighborhood, in the area commonly known as Dove Springs.

The Housing Authority of Travis County converted the property from public housing to 100% Section 8 Project-Based Rental Assistance in 2016, through the HUD Rental Assistance Demonstration ("RAD") program. The RAD conversion did not include rehabilitation of the 36-year old property.

Poverty

The UNCR seeks to address the poverty rate by pointing to the percentage of households with incomes over the County and/or MSA median of $65,000, and points to higher incomes in the adjacent census tract. They also discuss the increase in median income within the census tract over the past 5 years, which has increased by 20.13% over the past 5 years, only if 2016 is included, as follows:

Median Income

Tract or Area	2012-2016 ACS	2011-2015 ACS	2010-2015 ACS	2009-2013 ACS	2008-2012 ACS	% Change over 5 yrs
48453002413	36,000	31,691	33,714	32,612	29,968	20.13%
Austin-Round Rock MSA	66,093	63,437	61,900	60,830	59,646	10.81%
Travis County	64,422	61,451	59,620	58,025	56,403	14.22%
48453002413 Poverty Rate*	NA	47.7%	43.5%	44.7%	41.5%	
48453002431 Poverty Rate*	NA	25.58%	22.1%	16.4%	14.30%	

* This line added by staff

As shown above, while the median income has increased in the aggregate over 5 years, the poverty rate, which is the UNC measurement, has increased by more that 6% over the same period. Rather than showing a clear upward trend that would indicate the neighborhood is moving out of poverty, the poverty rate follows the instability of income levels in the area, with no real improvements. The Applicant points to the incomes and poverty rate in the adjacent census tract (48453002431), directly across Nuckols Crossing from the proposed Development, and provides a breakdown of numbers of households at each income level – they do not provide the poverty rate trend for that census tract. The poverty rate for the adjacent census tract is below the UNC trigger of 40%, but it shows a clear and steady increase from 14.30% to 25.58% over the same period.

The Applicant points to recent development of business parks near the proposed Development, proximity to jobs and job training, and the potential for gentrification as additional mitigation for the poverty rate. There is no evidence that these features are or will benefit the residents of Eastern Oaks. In fact, the increasing poverty rate in both the Eastern Oaks census tract, and the one adjacent indicate that residents are not benefitting from this economic development.

<u>Schools</u>

The proposed development is in the attendance zone of a school that does not have a Met Standard rating. Specifically, Consuelo Mendez Middle School has been rated as Improvement Required. The Applicant provided Accountability reports for 2015, 2016 and 2017, and research of the Texas Education Agency website reveals that Mendez Middle School also was rated as Improvement Required in 2014. Pursuant to 10 TAC §10.101(a)(3)(B)(iv):

> The Development Site is located within the attendance zones of an elementary school, a middle school or a high school that does not have a Met Standard rating by the Texas Education Agency. *Any school in the attendance zone that has not achieved Met Standard for three consecutive years and has failed by at least one point in the most recent year, unless there is a clear trend indicating imminent compliance, shall be unable to mitigate due to the potential for school closure as an administrative remedy pursuant to Chapter 39 of the Texas Education Code…. (emphasis added)*

The school's Campus Improvement Plan for 2017-2018 has an end date on May 30, 2018, and clearly was not successful, as the school has the same Improvement Required rating for 2018. In May 2018, the Austin Independent School District announced that they would partner with the University of Texas Tyler to create a STEM program at the school, in order to avoid closure under Chapter 39 of the Texas Education Code. The partnership postpones closure for two years. The school will be operated by a separate governing board, which will have full control of the school. It is unclear if the school will continue with open enrollment or if it will become a magnet and limit the students that may attend the STEM classes. It is also unclear what will happen to Mendez Middle School if the partnership is not successful within the 2 years. A letter from Paul Cruz, Superintendent of Austin Independent School District, describes the STEM program that will be implemented, but does not state that there is a reasonable expectation that Mendez Middle School will have a Met Standard rating by the time the proposed Development is placed in service.

Due to the increasing poverty rate for the census tract, and uncertainty regarding the new leadership and programming at Mendez Middle School, staff is unable to make a recommendation that the site be found eligible.

Waiver Request
In their UNCR, the Applicant has checked indicated they are requesting waiver, of the UNC requirements pursuant to 10 TAC §10.101(a)(3)(E). The Applicant did not provide information supporting a claim that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved Conciliation Agreement, or a final and non-appealable court order, as required by the Rule.

Because the Applicant has failed to support their request for waiver of the UNC requirements in 10 TAC §10.101(a), staff recommends denial of the request

Undesirable Neighborhood Characteristics Report ("UNCR") Packet

The purpose of the packet is to formalize the process in which Undesirable Neighborhood Characteristics are disclosed and the UNCR is submitted pursuant to 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules. The packet may be submitted at pre-application (if applicable per 10 TAC §11.8(b) relating to Pre-Application Requirements) or at Application. Applicants who wish to submit a request for pre-determination prior to pre-application or Application are advised to review 10 TAC §10.101(a)(3) for additional guidance. Termination due to an Applicant's own non-disclosure is not appealable as such appeal is in direct conflict with certifications made in the Application and within the control of the Applicant.

My Development Site includes the following Undesirable Neighborhood Characteristic(s) *(Check all that apply)*:

☒ Development Site is located in a census tract has poverty rate above 40% for individuals (or 55% for Developments in regions 11 and 13).

☐ Development Site is located in a census tract or within 1,000 ft. of any census tract in an Urban Area and the rate of Part I violent crime is greater than 18 per 1,000 persons annually as reported on https://www.neighborhoodscout.com/.

☐ Development Site is located within 1,000 ft. (measured from nearest boundary of the Site to the nearest boundary of blighted structure) of multiple vacant structures that have fallen into such significant disrepair, overgrowth, and/or vandalism that they would commonly be regarded as blighted or abandoned.

☒ Development Site is located within the attendance zones of an elementary school, a middle school, or a high school that does not have a Met Standard rating by the Texas Education Agency, based on the 2017 Accountability Ratings.

Provide any comments or additional information in the box below, if applicable.

Please see attached information.

Undesirable Neighborhood Characteristics Report:

I have submitted information for the items listed below, as such information might be considered to pertain to the Undesirable Neighborhood Characteristic disclosed, pursuant to 10 TAC §10.101(a)(3)(C) of the Uniform Multifamily Rules. Such information is included behind this page.

☒ Determination regarding neighborhood boundaries;

☒ Assessment of general land use in the neighborhood;

☒ Assessment concerning any of the features of the Undesirable Site Features present in the neighborhood, regardless of whether they are within the specified distances referenced in 10 TAC §10.101(a)(2);

☒ Assessment of the number of existing affordable rental units in the Primary Market Area (PMA), including comment on concentration based on the size of the PMA;

☒ Assessment of the percentage of households residing in the census tract that have household incomes equal to or greater than the median household income for the MSA or county where the Development site is located;

☒ Assessment of the number of market rate multifamily units in the neighborhood and their current rents and levels of occupancy;

☒ Assessment of school performance for each of the schools in the attendance zone containing the Development that did not achieve the Met Standard rating, for the previous two academic years, that includes the TEA Accountability Rating Report, a discussion of performance indicators and what progress has been made over the prior year, and the campus improvement plan in effect. If there is an update to the plan that shows progress made under the plan, provide the update. If no update is available, provide information from a school official that speaks to progress made under the plan as indicated in 10 TAC §10.101(a)(3)(D)(iv); and

☐ Additional information, if requested by the Department.

Provide any comments or additional information in the box below, if applicable.

Please see attached Undesirable Neighborhood Characteristics Report.

Mitigation of the Undesirable Neighborhood Characteristic(s):

☒ I have provided information regarding mitigation of the above-mentioned Undesirable Neighborhood Characteristics, as applicable, pursuant to 10 TAC §10.101(a)(3)(D) of the Uniform Multifamily Rules and such information is included behind this page.

Waiver of the Undesirable Neighborhood Characteristic(s):

☒ I am requesting a waiver of the presence of the above-mentioned Undesirable Neighborhood Characteristics, as applicable, pursuant to 10 TAC §10.101(a)(3)(E) of the Uniform Multifamily Rules, on the basis that the Development is necessary to enable the state, a participating jurisdiction, or an entitlement community to comply with its obligation to affirmatively further fair housing, a HUD approved Conciliation Agreement, or a final and non-appealable court order. Documentation to that effect is included herein with the disclosure and waiver request.

Department Contacts:

9% HTC Applications: Sharon.Gamble@TDHCA.state.tx.us (9% Program Administrator)

4% HTC and Tax-Exempt Bond Applications: Teresa.Morales@TDHCA.state.tx.us (Multifamily Manager)

Direct Loan Only Applications: Andrew.Sinnott@TDHCA.state.tx.us (Multifamily Loan Programs Manager)

How to Submit the UNCR Packet:

- Email the UNCR Packet to the appropriate contact person (file size may not be greater than 4MB). Ensure that the packet was received;

Or

- Upload if a Serv-U Account has been set-up for the pre-application or Application and notify the appropriate contact person of the upload (refer to the Multifamily Programs Procedures Manual posted at http://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm for an explanation of the process to set-up a Serv-U Account if needed);

Or

- Include the UNCR Packet behind tab 2 of the Uniform Multifamily Application.

Undesirable Neighborhood Characteristics Report

Eastern Oaks Apartments – TDHCA #18503

Eastern Oaks Apartments (#18503) has a poverty rate over 40% and is zoned to Consuelo Mendez Middle School in the Austin Independent School District which has an accountability rating of Improvement Required for three consecutive years. As required by 10 TAC §10.101(a)(3) of the Uniform Multifamily Rules, the applicant is disclosing the presence of these Undesirable Neighborhood Characteristics, providing evidence of mitigation, and requesting a finding of eligibility. The Applicant believes the site should be found eligible based on the site's achievement of the following goals of 10 TAC §10.101(a)(3)(E):

> (i) **Preservation of existing occupied affordable housing units to ensure they are safe and suitable**…; and
> (i) Determination that the undesirable characteristic(s) that has been disclosed are **not of such a nature or severity that should render the Development Site ineligible** based on the assessment and mitigation provided herein.

The Housing Authority of Travis County – applicant, owner, developer and manager - converted Eastern Oaks Apartments to 100% project-based Section 8 vouchers for persons with incomes 30% Median Family Income and below through the HUD Rental Assistance Demonstration (RAD) program in 2016. At that time, Eastern Oaks Apartments entered into a 20-year Housing Assistance Payment Contract with HUD. As a long-term owner invested in the lives of their residents, HATC is leveraging the RAD conversion with a "down-to-the-studs" rehabilitation – qualifying as reconstruction for National Housing Trust Fund- that will ensure the sustainable operation of the property and responsible preservation of affordable units. When the rehabilitation is complete, units will look and function as if newly constructed.

Eastern Oaks Apartments has been a part of the neighborhood for over 35 years. With a historically sustained low turnover, families have been raised at this location. Over two-thirds of the property is made up of families with over half of the residents being children. With TDHCA funding as the critical funding layer, the Applicant will be able to leverage additional funding to complete the substantial rehabilitation (reconstruction) of the property and ensure a sustainable healthy, quality and desirable home for residents.

Determination of Neighborhood Boundaries

Eastern Oaks Apartments is located between Pleasant Valley Road and Stassney Lane in Southeast Austin in the Franklin Park Neighborhood Planning Area within the Southeast Combined Neighborhood Plan. For purposes of this UNCR, the neighborhood boundaries are defined as census tracts 48453002411, 48453002413 and 48453002431. Eastern Oaks Apartments is located on the border of census tracts 48453002413 and 48453002431.

These census tracts have Ben White Blvd. as the Northern Boundary, I-35 as the Western Boundary, 183 as the Eastern Boundary and Stassney Lane/S. Pleasant Valley Rd./E. William Cannon Dr. as the Southern Boundary. Eastern Oaks Apartments is also located within the boundaries of the Dove Springs Neighborhood Association. For clarification, specifically and officially, Eastern Oaks is within the Franklin

Park Neighborhood, Dove Springs is a loose name given to this Southeast area that does include the project. These neighborhood names will be referred to throughout the report.

The Primary Market Area utilized in the Market Study completed for this application includes the following census tracts: 48453002413 (subject tract), 48453002430, 48453002429, 48453002427, 48453002425, 48453002419, 48453002412, and 48453002411. This is a much larger footprint than the footprint utilized for most of this UNCR.

Please see **EXHIBIT A** For maps of the neighborhood boundaries to referred to above.

Assessment of General Land Use in Neighborhood

The Franklin Park neighborhood that directly surrounds the property is predominantly single-family residential (a large percentage of the homes are duplexes) with some neighborhood retail at prominent street intersections, and the larger, more intensive commercial uses located along Interstate 35. As an Urban neighborhood, there is very little undeveloped land.

While the Franklin Park neighborhood is primarily residential, the McKinney and Southeast neighborhood areas that also comprise the Southeast Combined Neighborhood Planning area are less residential and have more commercial and industrial uses. These uses combined with more land availability has allowed development to boom and employment opportunities to surge. Please find attached the Future Land Use Map for the Southeast Combined Neighborhood Planning Area that includes the Franklin Park neighborhood which contains Eastern Oaks Apartments.

Also attached is the land use map for the Eastern Oaks site from the Market Study. Both maps are attached as **EXHIBIT B.**

Assessment of Undesirable Site Features:

No Undesirable Site Features are present in the Franklin Park neighborhood that contains Eastern Oaks Apartments. The Austin Recycle and Reuse Drop-Off center is located approximately 1.18 miles away in the McKinney Neighborhood Planning Area which abuts the Franklin Park Neighborhood Planning Area and could be considered a waste facility. Please see more information about this facility attached **(EXHIBIT C)**. We do not believe the location of this City of Austin managed facility has any negative bearing on the existing Eastern Oaks Apartments due to the distance between the structures.

Alamo Concrete Products has what appears to be a ready mix concrete supply plant in the McKinney Neighborhood Planning Area located a bit less than a mile (4,661 ft) from Eastern Oaks Apartments and could be considered “heavy industry”. Again, due to the distance between the facility and Eastern Oaks Apartments we do not feel the presence has any negative bearing on the health and safety of residents.

Divas Men’s Club is located approximately 1.88 miles away from Eastern Oaks Apartments in the Southeast Neighborhood Planning Area and could be considered a sexually oriented business. There are whole subdivisions, major roads and a large greenbelt that separates the site from the business and therefore we do not feel the presence of the feature has any negative bearing on the residents.

Assessment of Existing Affordable Rental Units

There are only six existing affordable housing projects, including Eastern Oaks, in the primary market area which includes eight census tracts. For an urban area, this results in a very minimal concentration of affordable housing units. There are no multifamily rental projects under construction or being planned in the primary market area. There were only 17 vacant affordable units out of the total 944 units yielding an affordable housing vacancy rate of 1.8 percent.

It is believed that the development will absorb five to six units per month; therefore, it would reach stable occupancy within one or two months. Also, based upon the PBRA Contract serving tenants at 30% and below, the requirement by HUD to offer rehabbed units back to the previous occupants, and the one year waiting list provided, there is miniscule risk in the leasing/marketability of the project.

Assessment of Household Incomes

Median Household Income of Travis County 2012-2016 ACS: $64,422
Median Household Income of Austin-Round Rock MSA 2012-2016 ACS: $66,093

Total Income	**48453002413 Subject**	**48453002431 Adjacent**
TOTAL	1252	2235
Less than $10,000	158	200
$10,000 to $14,999	146	114
$15,000 to $19,999	52	36
$20,000 to $24,999	61	112
$25,000 to $29,999	139	161
$30,000 to $34,999	50	56
$35,000 to $39,999	86	72
$40,000 to $44,999	104	68
$45,000 to $49,999	44	102
$50,000 to $59,999	94	256
$60,000 to $74,999	99	309
$75,000 to $99,999	132	418
$100,000 to $124,999	38	161

$125,000 to $149,999	6	89
$150,000 to $199,999	43	60
$200,000 or more	0	21
TOTAL % at or above County and/or MSA: $65,000	**25%**	**47%**

Eastern Oaks Apartments is located in census tract number 48453002413. Nuckols Crossing Road is the divider between census tract number 48453002413 and census tract 48453002431 with Eastern Oaks Apartments located on the east side of Nuckols Crossing Road. The chart above demonstrates that just across the street lies a census tract with much higher incomes.

Median Income	**2012-2016 ACS**	**2011-2015 ACS**	**2010-2014 ACS**	**2009-2013 ACS**	**2008-2012 ACS**	**% Change over 5 yrs**
48453002413	36,000	31,691	33,714	32,612	29,968	20.13%
Austin-Round Rock MSA	66,093	63437	61900	60830	59,646	10.81%
Travis County	64,422	61,451	59,620	58,025	56,403	14.22%

The chart above contains the median household incomes of the subject tract, the Austin-Round Rock MSA and Travis County all taken from Table S1903 of the ACS 5-Year Estimates. As demonstrated by the table, the income of the subject census tract has increased 20% over the past five years which is well above the increase of median incomes of both the Austin-Round Rock MSA (10.81%) and Travis County (14.22%). Additionally, the income of the subject tract increased 13.6% from 2016 data to 2015 data which is more than double the increase year-to-year experienced by Austin-Rock MSA (4.19%) and Travis County (4.83%). The chart above evidences a positive trend for income growth in the subject tract.

Assessment of Market Rate Multifamily Units

There were 13 market properties identified in the primary market area. Of the 3,601 units contained in these developments, only 123 were vacant which yields an overall market vacancy of 3.4 percent. There are no Family projects under construction or being planned in the primary market area.

The adjusted monthly rents for comparable market developments as compared to the contract rents at Eastern Oaks are as follows:

Unit Type	**Adjusted Monthly Rent for Comps**	**Eastern Oaks Rent**
1 BR	$850	$378
2 BR	$930	$476
3 BR	$1,200	$645

Assessment of School Performance – Mendez Middle School

Eastern Oaks Apartments is zoned to Rodriguez Elementary School, Mendez Middle School, and Travis High School. Both Rodriguez Elementary School and Travis High School have a Texas Education Agency (TEA) accountability rating of Met Standard in 2017. Mendez Middle School has a TEA accountability rating of Improvement Required in 2017, 2016 and 2015. The TEA Accountability reports for all three schools are attached as **Exhibit D.**

As required by TEA, Mendez Middle School operated under a Campus Improvement Plan during the 2017-2018 school year **(attached as EXHIBIT E).** Also attached is the 2017-2018 Improvement Plan that shows progress made during the 2017-2018 school year toward meeting the goals of the improvement plan **(attached as EXHIBIT F).**

The chart below includes the scores on the TEA Performance Index. As you can see, the school meets the "Student Progress" score for 2015, 2016, and 2017. Scores decreased between 2016 and 2017 on all indexes evidencing a need for the turnaround plan explained below.

TEA Performance Index	2015	2016	2017
Student Achievement (Target Score is 60)	54	49	47
Student Progress (Target Score is 28)	28	33	28
Closing Performance Gaps (Target Score is 30)	33	25	24
Postsecondary Readiness (Target Score is 13)	10	12	11

After failing to achieve a Met Standard rating for four consecutive years, Mendez Middle School was in danger of closure by TEA. Through Senate Bill 1882, Austin Independent School District has been able to catylyze a widespread community effort to turn the school around. The new SB 1882 allows school districts to appoint a partner to operate an in-district charter school using district resources to provide transportation and lunch, but have a separate governing board. The charter also has freedom to utilize differing and targeted teaching techniques to increase the achievement levels of the school. The district will receive more money per child and a two-year reprieve from TEA sanctions.

AISD chose the Texas Science, Technology, Engineering and Match Coalition (T-STEM) as the partner to operate the in-district charter. The T-STEM Coalition is made up of UT Austin's UTeach Institute and Communities in Schools of Central Texas. The community process for choosing an in-district charter partner has been ongoing since early 2018. On April 9, AISD staff recommended the T-STEM Coalition to the AISD Board of Trustees. On May 1, the AISD Board of Trustees approved the T-STEM Coalition as the in-district charter partner. On July 9, 2018, the Texas Education Agency approved T-STEM Coalition as the Mendez turnaround partner. Please see **EXHIBIT G** for a series of news articles detailing the process for AISD's choice of Mendez partner.

Please see letter from AISD that provides more detail on the T-STEM Coalition and their demonstrated experience in turning around failing schools (as **EXHIBIT H.)** Also included as **EXHIBIT I** is the application submitted to AISD by Texas T-STEM that details their plan to turnaround Mendez Middle School.

Evidence of Mitigation:

Undesirable Neighborhood Characteristic #1: The Development Site is located within a census tract that has a poverty rate above 40 percent for individuals.

The poverty rate for census tract 48453002413 that contains Eastern Oaks Apartments has a poverty rate of 42 percent (just 2 percent above the threshold). The poverty rate for the subject census tract dropped significantly (12%) between the 2015 and 2016 data releases. This decrease in poverty rate is almost double that experienced by the Austin-Round Rock MSA and Travis County which mimics the median income uptick for the tract and is a sign of improvement and a positive trend for both metrics.

Poverty	**2012-2016 ACS**	**2011-2015 ACS**	**2010-2014 ACS**	**2009-2013 ACS**	**2008-2012 ACS**
48453002413	42%	47.7%	43.5%	44.7%	41.50%
48453002431	24.9%	25.8%	22.1%	16.4%	14.3%
Austin-Round Rock MSA	13.3%	14.2%	14.9%	14.8%	14.6%
Travis County	15.2%	16.4%	17.5%	17.4%	17.4%

The boundary of contiguous census tract 48453002431 is literally across the street from Eastern Oaks Apartments. While the poverty rate for this tract is currently not less than 20%, it has been below 20% in two of the past five years with the rate not far from the 20% threshold in the remaining three years.

Additional factors that demonstrate more than sufficient mitigation of the poverty rate include:

- **Evidence of sustained job growth and employment opportunities:**

  According to Neighborhood Scout, the neighborhood containing Eastern Oaks Apartments has very good access to high paying jobs which helps to ensure a continuing positive trend in reducing the poverty rate for the neighborhood.

JOBS WITHIN AN HOUR

WITHIN	HIGH-PAYING* JOBS
5 minutes	2717
10 minutes	20552
15 minutes	90881
20 minutes	183054
30 minutes	309681
45 minutes	399479
60 minutes	433738

*Annual salary of $75,000 or more

  The Southeast Combined Neighborhood Plan Area (that contains Eastern Oaks Apartments) has outpaced most areas of the City in the development of new commercial office and retail space. The 78744 zip code ranks third highest in the City of Austin for new non-residential square footage added since 2006. Since this time, 3.2 million square feet of commercial space has been added to the Plan area with over $234 million dollars invested.

  A major business attraction and investment has been the development of MetCenter – a 550-acre, class A, mixed-use business park located in the Plan area. The business park completed its first buildings in 2015 and now hosts the largest concentration of Fortune 500 companies in Central Texas. Over two million square feet of office space has already been completed with an additional 1.5 million square feet ready to start construction. Amenities for the office park include an 18-hole disc golf course, hike-and-bike trail, tennis and basketball courts and in-building cafes. The retail center features a coffee shop and five restaurants.

Another impressive development is the 351,171 square foot Southpark Commerce Center by Transwestern that broke ground in 2017. In final build out, the center will feature over two million in commercial square footage. Another notable development is the Expo Business Park which completed in 2015 and features 130,000 square feet and over $6.8 million invested. These projects represent an unprecedented investment in the Southeast Combined Neighborhood Plan Area and boundless employment opportunities for residents of Eastern Oaks Apartments.

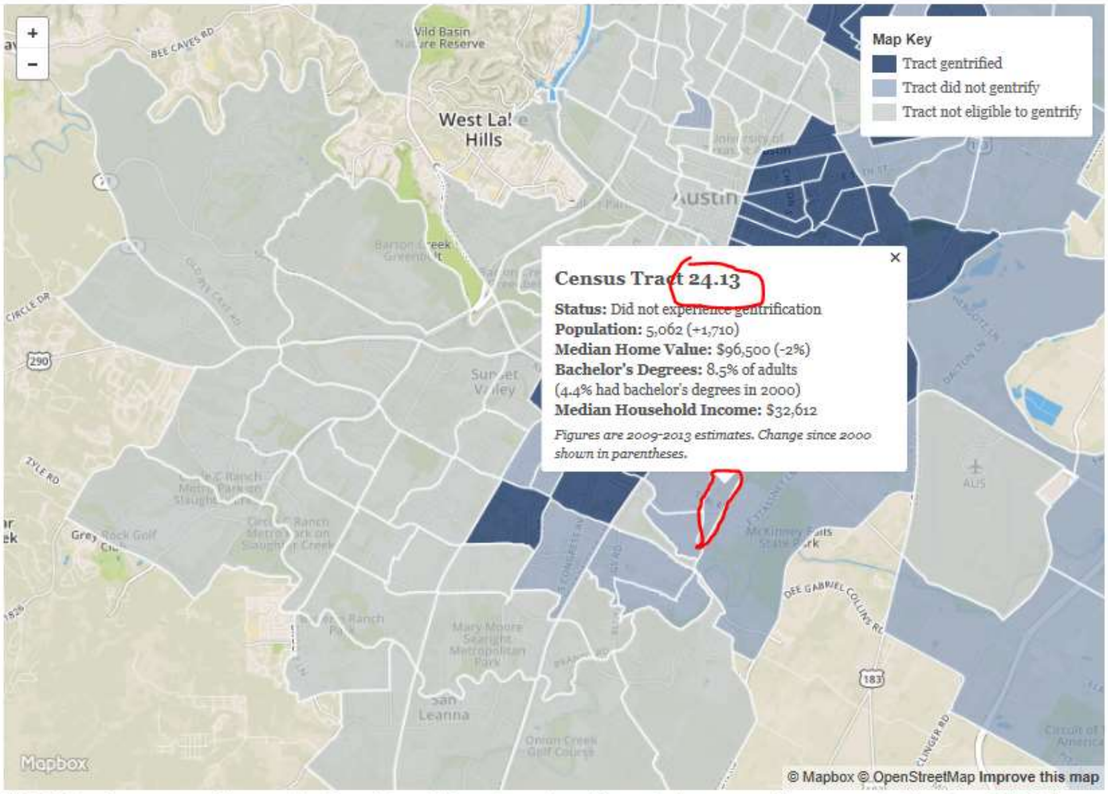
Another noteworthy investment was the new Central Texas Food Bank completed in 2016 – an addition of 134,138 square feet and an $18,000,000 investment to the Plan area. Another meaningful investment in the Plan area was the completion of the Anita Uphaus Early Childhood Center in partnership with the Austin Independent School District in 2012. The development of this dual-language early childhood program in a state-of-the-art facility demonstrates the community's interest and investment in this area.

- **Career training opportunities or job placement services:**
  Eastern Oaks Apartments is located 1.5 miles from Workforce Solutions Capital Area which offers job search assistance and employee-related services in Travis County. Workforce Solutions was named as the "Best Place to Look for a Job" by the Austin Chronicle. Please find attached map and print out (**EXHIBIT J)** listing a host of employment services that can directly benefit the residents of Eastern Oaks Apartments.

- **Evidence of gentrification in the area:**
  According to Governing.com, 56.1% of all eligible census tracts in Austin have gentrified. 40 percent of those tracts gentrifying between 2000 and 2013. Governing.com notes that in order for a tract to be considered gentrified there is an increase in both the median home value and the number of adults with a bachelor's degree. See below map showing that although Census Tract 48453002413 containing Eastern Oaks Apartments has not gentrified, it has doubled the number of adults with a Bachelor's Degree. With an upward tracking median household value to match, the tract will be on its way to gentrifying.

Austin Gentrification Map: 2000 Census - Present

Click a tract to display its demographic data:

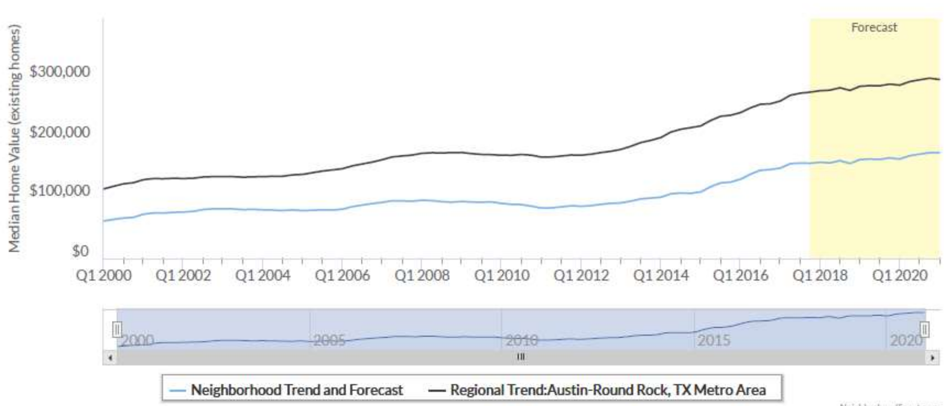


NOTE: Data shown correspond to current tract boundaries, which may have changed from prior Census years. Figures are calculations from 2009-2013 American Community Survey estimates.

http://www.governing.com/gov-data/austin-gentrification-maps-demographic-data.html

The Neighborhood Scout report for 4922 Nuckols Crossing (the address of Eastern Oaks Apartments) shows that home values in the neighborhood are trending upward and follow the upward trend of the metro trend demonstrating high appreciation and an undeniable path to gentrification.

SCOUT VISION Neighborhood Home Value Trend and Forecast



Except for the past quarter, the neighborhood has shown a significant appreciation in home value that outpaces the metro and national rates.

SCOUT VISION® HOME VALUE TRENDS AND FORECAST

TIME PERIOD	TOTAL APPRECIATION	AVG. ANNUAL RATE	COMPARED TO METRO*	COMPARED TO AMERICA*
3 Year Forecast: 2018 Q1 - 2021 Q1	11.18% ↑	3.60% ↑	10	4
Latest Quarter: 2017 Q3 - 2017 Q4	-0.32% ↓	-1.29% ↓	2	2
Last 12 Months: 2016 Q4 - 2017 Q4	7.03% ↑	7.03% ↑	5	7
Last 2 Years: 2015 Q4 - 2017 Q4	24.71% ↑	11.67% ↑	10	10
Last 5 Years: 2012 Q4 - 2017 Q4	72.78% ↑	11.56% ↑	10	10
Last 10 Years: 2007 Q4 - 2017 Q4	66.24% ↑	5.21% ↑	8	10
Since 2000: 2000 Q1 - 2017 Q4	132.20% ↑	5.00% ↑	9	10

* 10 is highest

In addition, Neighborhood Scout notes that there is substantial drivers at place that will continue to push home values upward:

KEY PRICE DRIVERS AT THIS LOCATION

Pros

Factors likely to drive home values upward over the next few years or indicators of upward trends already underway.

- Educated Population Trend
- Vacancies
- Access to High Paying Jobs
- Income Trend

Cons

Impediments to home value appreciation over the next few years or indicators of negative trends already underway.

- Regional Housing Market Outlook
- Crime

Please also see attached clips from real estate websites that are marketing the neighborhood (referred to correctly as Franklin Park or the larger Dove Springs neighborhood) as clearly gentrifying neighborhoods ripe for investment **(EXHIBIT K).**

Finally, please see attached news article contemplating gentrification for the neighborhood (the larger area is commonly referred to as Dove Springs) in **EXHIBIT L.**

The neighborhood surrounding Eastern Oaks Apartments is clearly on an upward trend of improvement.

- **Clear and compelling reason the Development should be located at the Site**

  In addition to a positive increase in median income, a decrease in poverty rate, higher-than-average home value appreciation, extraordinary access to employment opportunities, and a success-driven, community turnaround plan for Mendez Middle School, a very clear and compelling reason that Eastern Oaks Apartments should be rehabilitated at this site where it has grown families for the past 35 years is the community's support for this neighborhood. Failure is no longer an option.

  In 2013, KUT put together a powerful series of stories on Dove Springs neighborhood members over the course of 10 months. The articles prove the ground-swelling of neighborhood support and advocacy to not only create a better place to raise families, but to do so while preserving the ability of families to remain in place. In fact, the Austin City Council has recently approved a three-phase study of gentrification in Austin with the purpose of ensuring that affordable housing options for neighborhood residents are initiated before the neighborhood moves too swiftly toward gentrification.

  The neighborhood also has key political representation with City Council Member Delia Garza representing District 2 which encompasses the neighborhood surrounding Eastern Oaks. Garza has gone on record in support of a turnaround plan for Mendez Middle School and has ensured that access to healthcare and amenities for the neighborhood are her focus. Under her leadership, a new state-of-the art Health and Wellness Center has opened in the neighborhood as well as $16M approved in the November 2018 General Obligation Bond Package for a new City of Austin Health Center for the Dove Springs neighborhood. The neighborhood is also represented by tireless advocates such as Susan Almanza who are namesakes in Austin's political landscape as well as powerful neighborhood organizations such as Southeast Corner Alliance of Neighborhoods (SCAN), Dove Springs Neighborhood Association and Montopolis Neighborhood Association.

  Finally, the preservation of affordable housing such as Eastern Oaks Apartments, in neighborhoods ripe for gentrification is exactly what scholars and City of Austin leadership recommend as the key factor that will keep neighborhoods livable for families. Preventing gentrification and creating options for families in neighborhoods that have experienced gentrification is at the forefront of Austin's City Council agenda. In August 2017, the Austin City Council approved the formation of an Anti-Displacement Task Force charged with recommending strategies for preserving and expanding the supply of affordable housing. The City Council also approved a three-part study on gentrification by the University of Texas' Institute for Urban Policy Research and Analysis and is using that research to craft "right-to-return" incentives to get families to return to their neighborhoods. The major rehabilitation of Eastern Oaks Apartments is a responsible step by HATC and will result in the most positive outcome for the neighborhood in families who can remain in their neighborhood. In fact, the Southeast Planning Area Neighborhood pointed out Eastern Oaks as an asset to their neighborhood and a model that they want to duplicate**.**

  Please see **EXHIBIT L** for pertinent articles and back-up documentation.

Undesirable Neighborhood Characteristic #2: The Development Site is located within the attendance zone of a middle school that does not have a Met Standard rating by the Texas Education Agency.

Eastern Oaks Apartments is located within the attendance zone for Mendez Middle School which has been rated as Improvement Required since 2014. As discussed above, AISD is engaged in a success-driven and community-backed turnaround plan to achieve a Met Standard rating for Mendez Middle School. Attached in **EXHIBIT H** is a letter from the AISD Superintendent addressing the requirements of 10 TAC §10.101(a)(3)(D)(iv).

In addition to the aforementioned letter from AISD, the following community services and external partnerships exist that will facilitate and augment classroom performance:

- There are 39 community-based service partners at Mendez Middle School that offer a host of core supportive services that directly complement the curriculum at Mendez Middle School and work to increase classroom performance and child success. The partnerships at Mendez are significant and far-reaching. For comparison, there are only 23 community partners at Murchison Middle School – another AISD property. The extensive partnerships not only signify the community's support of this middle school, but also a reassurance that the transformation plan will be fully supported beyond just the school walls. Please see **EXHIBIT M** for a list of the community partners at Mendez Middle School.
- Communities in Schools, one of the lead partners in the turnaround plan for Mendez Middle School, has been engaged with Mendez Middle School for over 20 years and has a deep understanding of the achievement deficits experienced by the school. CIS will be responsible for developing additional community partnerships that support the school's turnaround plan, in addition to their already expansive programming. Please see **EXHIBIT N** for more information on Communities in Schools.

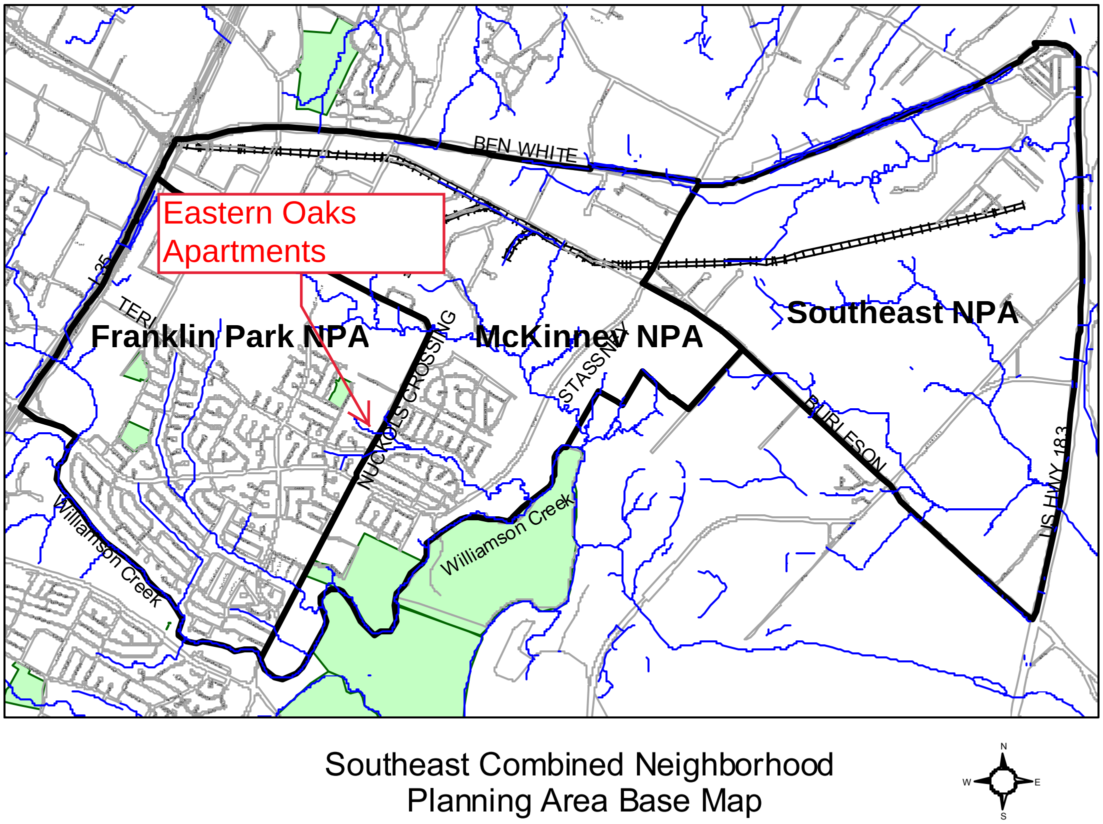
Exhibits:

Exhibit A: Southeast Combined Neighborhood Planning Area, PMA and Dove Springs Map
Exhibit B: Land Use Information
Exhibit C: Additional info on Undesirable Site Features
Exhibit D: TEA Accountability Reports
Exhibit E: Campus Improvement Plan
Exhibit F: Target Improvement Plan
Exhibit G: News Articles on Mendez Middle School Turnaround Plan
Exhibit H: AISD Letter with Details of Turnaround Plan
Exhibit I: T-STEM Application to AISD
Exhibit J: Workforce Solutions Back-Up
Exhibit K: Realtor Listings for Neighborhood
Exhibit L: Community Articles and Back-Up
Exhibit M: Community Partners at Mendez Middle School
Exhibit N: Info on Communities in Schools

Exhibit A:
Southeast Combined Neighborhood Planning Area, PMA and Dove Springs Map

Map of Target Area with location of Development Site

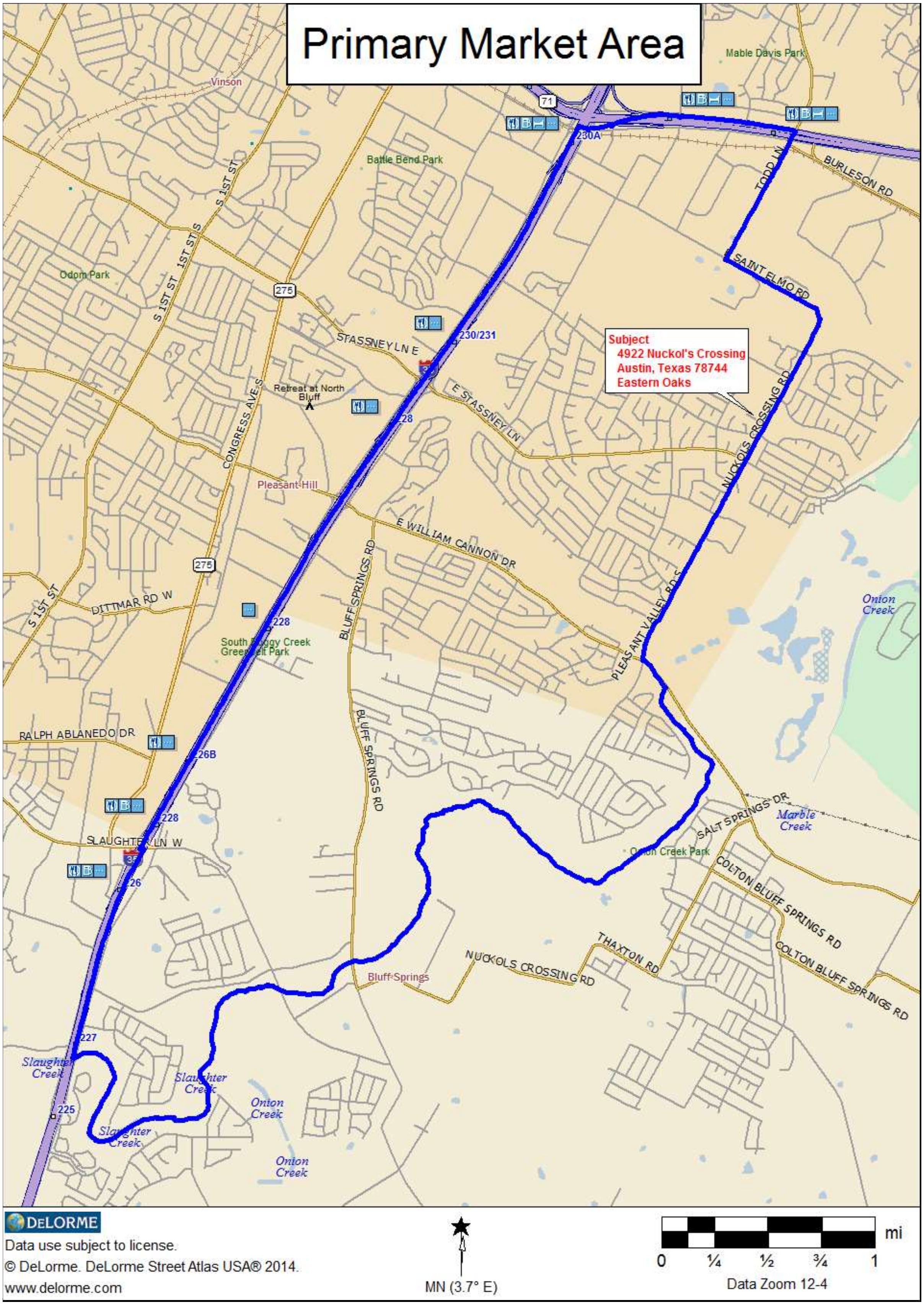
Introduction



Southeast Combined Neighborhood
Planning Area Base Map

The Southeast Combined Neighborhood Plan is comprised of three Neighborhood Planning Areas: Franklin Park, McKinney, and Southeast. The boundaries for the entire area are: Ben White Boulevard on the north; Burleson Road, Smith School Road, and Williamson Creek on the south; U.S. Highway 183 on the east; and IH-35 on the west. All three areas were reviewed and planned as one unit and all neighborhood groups, residents, property and business owners, and non-resident property owners were invited to participate in the planning process.

The process began in November 2001 and regular meetings were held until August 2002 (see list of meetings in Appendix F for details). The four main components of the Plan are land use/zoning, transportation, City services, and urban design. A separate ordinance has been adopted that outlines the specific zoning recommendations made as part of this planning process. The voluntary urban design guidelines have been included to encourage quality development products. The purpose of this Plan is to improve the quality of life in the neighborhoods within these Planning Areas and to guide future development.


Primary Market Area
Subject
4922 Nuckol's Crossing
Austin, Texas 78744
Eastern Oaks
Mable Davis Park
Vinson
Battle Bend Park
Odom Park
BURLESON RD
TODD LN
SAINT ELMO RD
STASSNEY LN E
E STASSNEY LN
NUCKOLS CROSSING RD
Retreat at North Bluff
Pleasant Hill
E WILLIAM CANNON DR
CONGRESS AVE S
S 1ST ST
DITTMAR RD W
BLUFF SPRINGS RD
PLEASANT VALLEY RD S
South Boggy Creek Greenbelt Park
Onion Creek
RALPH ABLANEDO DR
SLAUGHTER LN W
SALT SPRINGS DR
Marble Creek
Onion Creek Park
COLTON BLUFF SPRINGS RD
THAXTON RD
NUCKOLS CROSSING RD
Bluff Springs
Slaughter Creek
DELORME
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www.delorme.com
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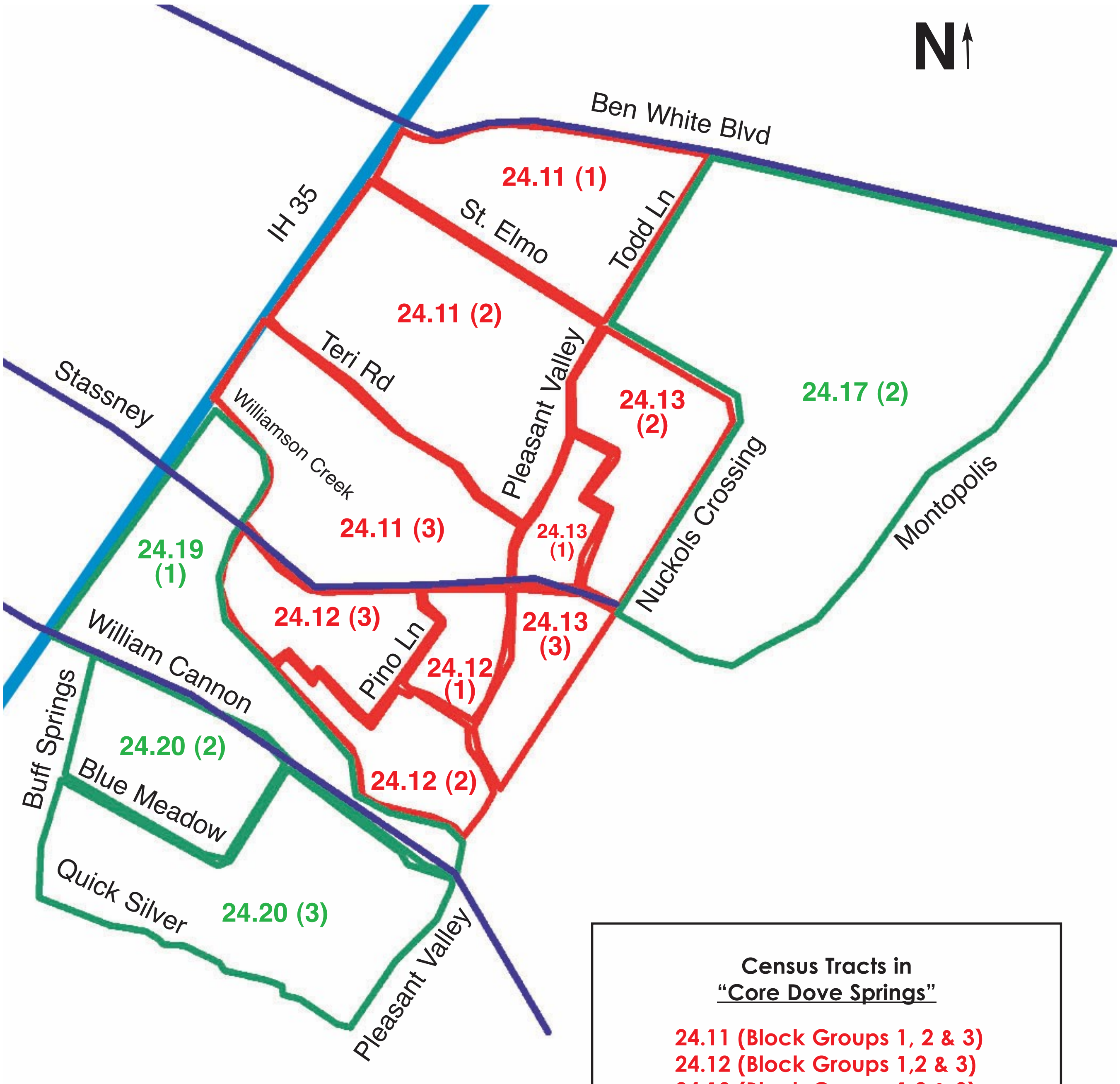


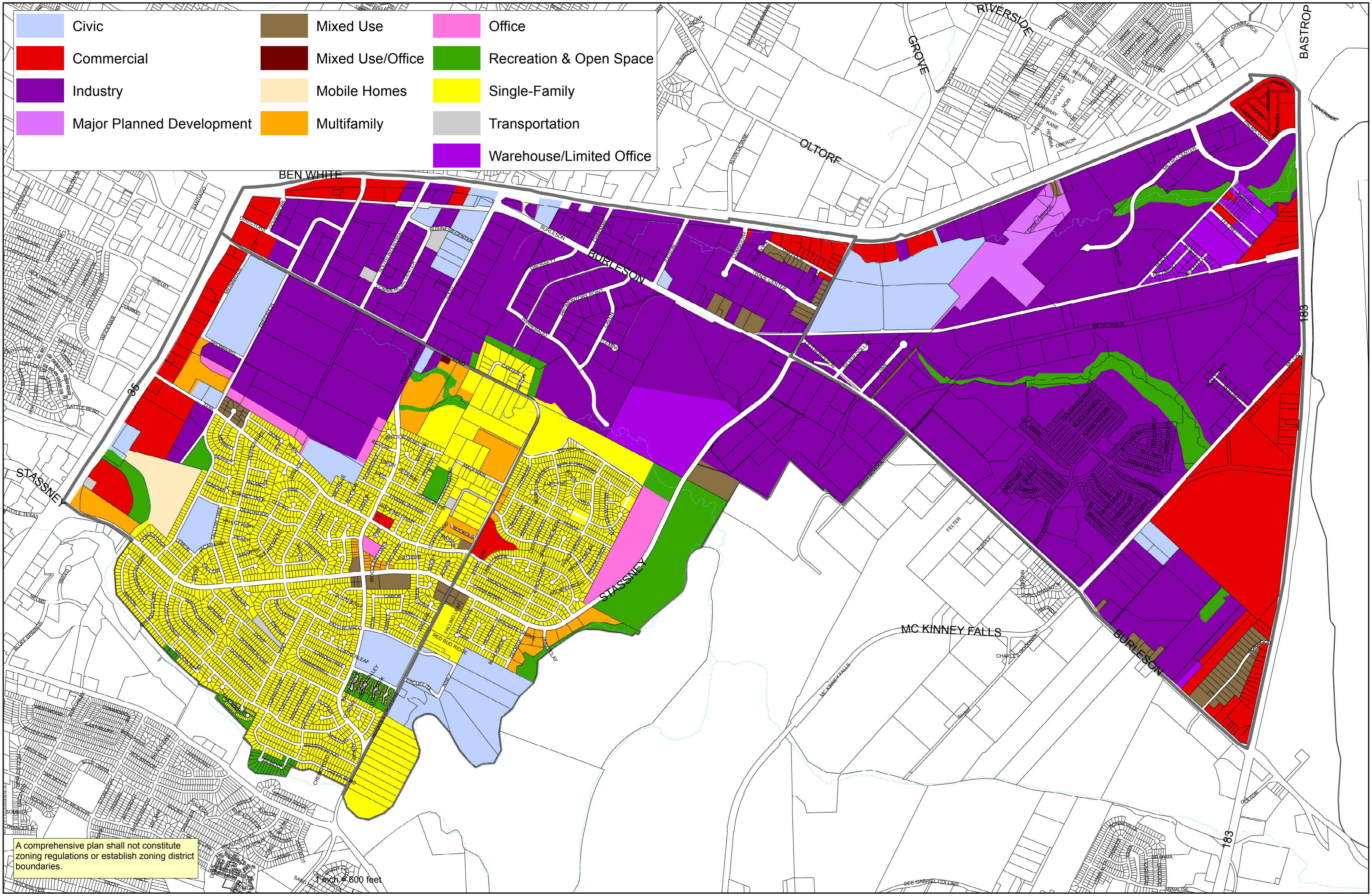
Census Tracts in
<u>"Core Dove Springs"</u>

24.11 (Block Groups 1, 2 & 3)
24.12 (Block Groups 1,2 & 3)
24.13 (Block Groups 1,2,& 3)

Census Tracts in
<u>"Greater Dove Springs"</u>

24.17 (Block Group 2)
24.19 (Block Group 1)
24.20 (Block Groups 2 & 3)

Exhibit B:
Land Use Information



Southeast Combined Neighborhood Plan
Future Land Use Map

CITY OF AUSTIN

Monday, August 28, 2017
southeast_combined_flum.mxd

PLANNING AND ZONING DEPARTMENT

Community and Site Information

Site Characteristics

The neighborhood is comprised primarily of single-family residences. The subject property is located at 4922 Nuckol's Crossing, Austin, Travis County, Texas. Therefore, the neighborhood has average attractiveness and appeal.

The subject is located in the southeastern portion of the city. It is accessed by Nuckol's Crossing.

Surrounding Land Uses

North – Single-family residences

South – Single-family residences and Dollar Store

East – Vacant land

West – Vacant land

Exhibit C:
Additional info on Undesirable Site Features

Explore your city...

Advanced Search

austintexas★gov
the official website of the City of Austin

RECYCLE & REUSE DROP-OFF CENTER

The **Household Hazardous Waste Facility** and the **Resource Recovery Center** have merged into the **Recycle & Reuse Drop-Off Center**.

At the Recycle & Reuse Drop-Off Center, you can drop off many items to be recycled, reused or safely discarded. You can also pick up free items to reuse yourself.

Most Recycle & Reuse Drop-Off Center services are free to Austin residents, but some services have a fee. Eligibility and cost information are listed with each service.

DROP-OFF

Household Hazardous Waste

Drop off your household hazardous waste for safe disposal or reuse. Throwing household hazardous waste in the trash or pouring it down the drain is dangerous and harmful to the environment.

Eligibility and Cost

- Free for Austin and Travis County residents.
- Fees apply if you do not live in Austin or Travis County.
- You can drop off up to 30 gallons annually.
- **Businesses are not eligible** to drop off hazardous waste. For information about how businesses can dispose of hazardous waste, call 512-974-4336.

Accepted Items

We accept most household chemicals and many other items that contain hazardous materials. To see whether we accept an item, use the What Do I Do With? tool or see the list of accepted and not accepted items.

Safety Guidelines

- Bring products in original containers; do not mix.
- Bring items in 5-gallon (or smaller) containers.
- Put small containers upright in sturdy boxes.
- If something is leaking, put it in a container and absorb the spill with cat litter.

Electronics and Appliances

If it plugs in, we probably accept it. To see whether we accept an item, use the What Do I Do With? tool or see the list of accepted and not accepted items. Electronics and appliance drop-off is free for everyone.

Clothing and Housewares

All clothing and housewares that are collected curbside can also be dropped off.

Other Recyclables

We accept all single-stream recyclables, as well as plastic bags and film, Styrofoam (NO packing peanuts) and scrap metal. To see whether we accept an item, use the What Do I Do With? tool or see the list of accepted and not accepted items. Recycling drop-off is free for everyone.

Tires

There is a fee to drop off tires. The fee depends on the size of the tire:

- 19 in. or smaller – $6 each
- 20 in. or larger – $7 each

Brush and Yard Trimmings

Drop-off is free for Austin residents, but others pay $6.50 per cubic yard. We do not accept brush from commercial contractors. **Large truck or trailer loads will not be accepted after 4:45 p.m.**

Accepted Brush and Yard Trimmings

- Tree limbs
- Leaves
- Christmas trees (no decorations)

Not Accepted Brush and Yard Trimmings

- Treated or painted lumber
- Particle board
- Construction materials

PICK-UP

ReUse Store

Many materials that are dropped off at the center are in usable condition. These items go to the ReUse Store, where other people can pick them up.

The ReUse Store is free for everyone.

Availability varies, but items include:

- Art supplies
- Cleaning products
- Household chemicals
- Automotive fluids

Austin ReBlend Paint

Austin ReBlend paint is recycled from paint dropped off at the center. Austin ReBlend paint is free for individuals, nonprofits and businesses.

Mulch

Mulch is available for pickup. You must load the mulch yourself. Mulch is free for everyone.

What to Bring

- Pitchfork or shovel
- Work gloves
- Containers for mulch

*Please note that we no longer offers free glass cullet.

DRIVING DIRECTIONS

INFORMATION FOR OTHER COUNTIES

- City of San Marcos
- Hays County Recycling and Solid Waste
- City of Cedar Park
- City of Round Rock
- Williamson County Recycling Center

Share

Exhibit D:
TEA Accountability Reports

TEXAS EDUCATION AGENCY
2017 Accountability Summary
RODRIGUEZ EL (227901174) - AUSTIN ISD

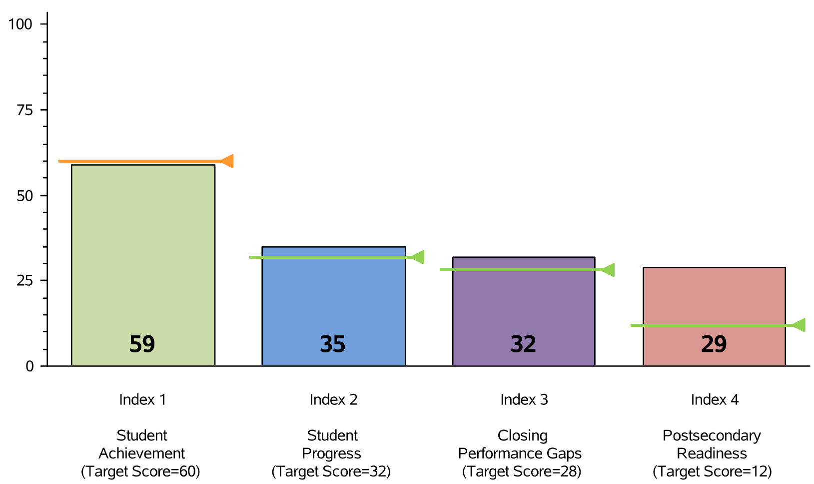
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Progress	- Student Achievement
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	391	662	59
2 - Student Progress	283	800	35
3 - Closing Performance Gaps	256	800	32
4 - Postsecondary Readiness			
STAAR Score	28.5		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		29

Distinction Designation

Distinction	Status
Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NOT ELIGIBLE
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Elementary
Campus Size	591 Students
Grade Span	PK - 05
Percent Economically Disadvantaged	95.3
Percent English Language Learners	57.4
Mobility Rate	18.8
Percent Served by Special Education	7.1
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	8 out of 18 = 44%
Participation Rates	10 out of 10 = 100%
Graduation Rates	N/A
Total	**18 out of 28 = 64%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2015 Accountability Summary
MENDEZ M S (227901058) - AUSTIN ISD

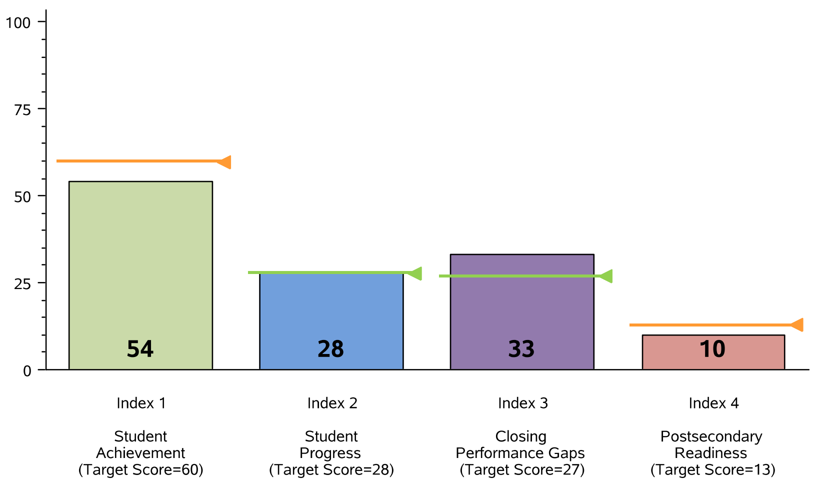
Accountability Rating

Improvement Required

Met Standards on	Did Not Meet Standards on
- Student Progress	- Student Achievement
- Closing Performance Gaps	- Postsecondary Readiness

In 2015, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	744	1,368	54
2 - Student Progress	223	800	28
3 - Closing Performance Gaps	394	1,200	33
4 - Postsecondary Readiness			
STAAR Score	10.0		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		10

Distinction Designation

Distinction	Status
Academic Achievement in Reading/ELA	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	842 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	95.1
Percent English Language Learners	40.1
Mobility Rate	19.9

State System Safeguards

Number and Percent of Indicators Met

Performance Rates	6 out of 18 = 33%
Participation Rates	6 out of 6 = 100%
Graduation Rates	N/A
Total	**12 out of 24 = 50%**

For further information about this report, please see the Performance Reporting Division website at http://ritter.tea.state.tx.us/perfreport/account/2015/index.html

TEXAS EDUCATION AGENCY
2016 Accountability Summary
MENDEZ M S (227901058) - AUSTIN ISD

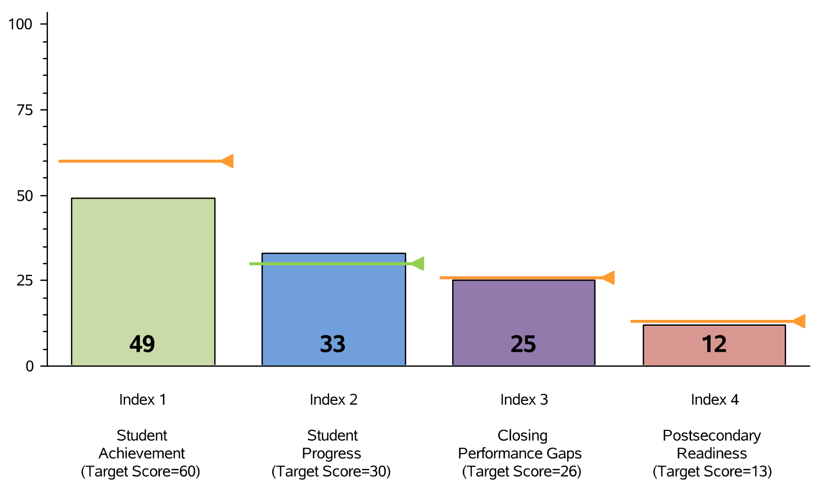
Accountability Rating

Improvement Required

Met Standards on	Did Not Meet Standards on
- Student Progress	- Student Achievement
	- Closing Performance Gaps
	- Postsecondary Readiness

In 2016, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	1,075	2,182	49
2 - Student Progress	327	1,000	33
3 - Closing Performance Gaps	349	1,400	25
4 - Postsecondary Readiness			
STAAR Score	12.3		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		12

Distinction Designation

Academic Achievement in ELA/Reading
NO DISTINCTION EARNED

Academic Achievement in Mathematics
NO DISTINCTION EARNED

Academic Achievement in Science
NO DISTINCTION EARNED

Academic Achievement in Social Studies
NO DISTINCTION EARNED

Top 25 Percent Student Progress
NO DISTINCTION EARNED

Top 25 Percent Closing Performance Gaps
NO DISTINCTION EARNED

Postsecondary Readiness
NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	790 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	93.8
Percent English Language Learners	43.5
Mobility Rate	20.7

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	0 out of 27 = 0%
Participation Rates	12 out of 12 = 100%
Graduation Rates	N/A
Total	**12 out of 39 = 31%**

For further information about this report, please see the Performance Reporting Division website at https://rptsvr1.tea.texas.gov/perfreport/account/2016/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
MENDEZ M S (227901058) - AUSTIN ISD

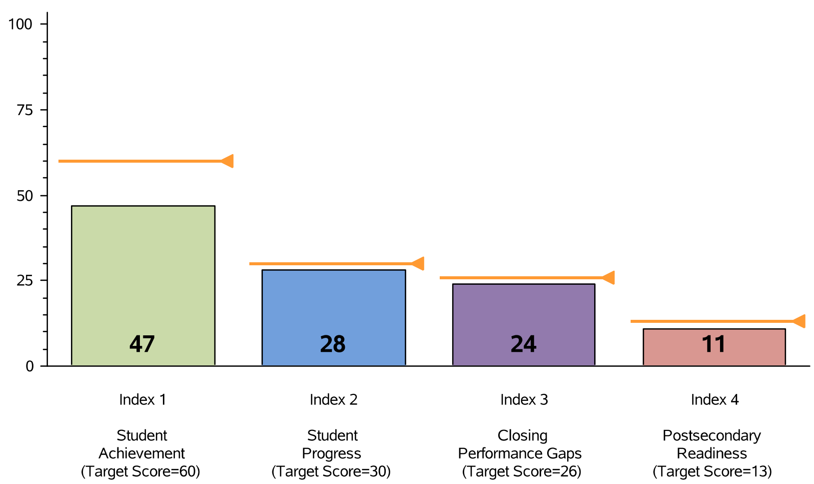
Accountability Rating

Improvement Required

Met Standards on	Did Not Meet Standards on
- NONE	- Student Achievement
	- Student Progress
	- Closing Performance Gaps
	- Postsecondary Readiness

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	917	1,932	47
2 - Student Progress	281	1,000	28
3 - Closing Performance Gaps	339	1,400	24
4 - Postsecondary Readiness			
STAAR Score	10.7		
Graduation Rate Score	N/A		
Graduation Plan Score	N/A		
Postsecondary Component Score	N/A		11

Distinction Designation

Distinction	Status
Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	NO DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	NO DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	Middle School
Campus Size	711 Students
Grade Span	06 - 08
Percent Economically Disadvantaged	92.8
Percent English Language Learners	44.9
Mobility Rate	22.2
Percent Served by Special Education	14.8
Percent Enrolled in an Early College High School Program	0.0

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	4 out of 26 = 15%
Participation Rates	12 out of 12 = 100%
Graduation Rates	N/A
Total	**16 out of 38 = 42%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

TEXAS EDUCATION AGENCY
2017 Accountability Summary
TRAVIS H S (227901007) - AUSTIN ISD

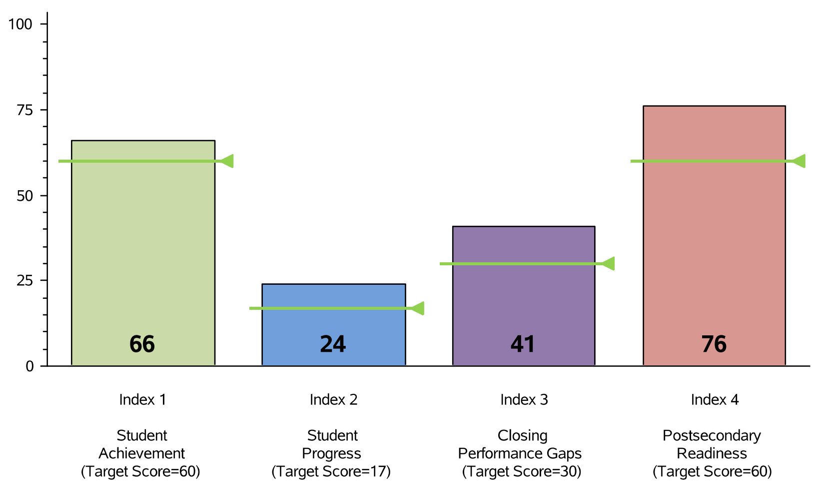
Accountability Rating

Met Standard

Met Standards on	Did Not Meet Standards on
- Student Achievement	- NONE
- Student Progress	
- Closing Performance Gaps	
- Postsecondary Readiness	

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 **or** Index 2 **and** Index 3 **and** Index 4.

Performance Index Report



Performance Index Summary

Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	1,253	1,887	66
2 - Student Progress	238	1,000	24
3 - Closing Performance Gaps	655	1,600	41
4 - Postsecondary Readiness			
STAAR Score	10.8		
Graduation Rate Score	23.5		
Graduation Plan Score	22.8		
Postsecondary Component Score	19.3		76

Distinction Designation

Distinction	Status
Academic Achievement in ELA/Reading	NO DISTINCTION EARNED
Academic Achievement in Mathematics	NO DISTINCTION EARNED
Academic Achievement in Science	DISTINCTION EARNED
Academic Achievement in Social Studies	NO DISTINCTION EARNED
Top 25 Percent Student Progress	NO DISTINCTION EARNED
Top 25 Percent Closing Performance Gaps	DISTINCTION EARNED
Postsecondary Readiness	NO DISTINCTION EARNED

Campus Demographics

Campus Type	High School
Campus Size	1,315 Students
Grade Span	09 - 12
Percent Economically Disadvantaged	77.6
Percent English Language Learners	25.5
Mobility Rate	25.7
Percent Served by Special Education	16.3
Percent Enrolled in an Early College High School Program	14.3

System Safeguards

Number and Percentage of Indicators Met

Performance Rates	18 out of 25 = 72%
Participation Rates	14 out of 14 = 100%
Graduation Rates	2 out of 5 = 40%
Total	**34 out of 44 = 77%**

For further information about this report, please see the Performance Reporting website at https://rptsvr1.tea.texas.gov/perfreport/account/2017/index.html

Exhibit E:
Campus Improvement Plan

MENDEZ
MIDDLE SCHOOL
AUSTIN Independent School District

Consuelo Mendez Middle School
Campus Improvement Plan

Table of Contents

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Texas Public Education Mission Statement

The mission of the public education system of this state is to ensure that all Texas children have access to a quality education that enables them to achieve their potential and fully participate now and in the future in the social, economic, and educational opportunities of our state and nation. That mission is grounded on the conviction that a general diffusion of knowledge is essential for the welfare of this state and for the preservation of the liberties and rights of citizens. It is further grounded on the conviction that a successful public education system is directly related to a strong, dedicated, and supportive family and that parental involvement in the school is essential for the maximum educational achievement of a child.
(TEC Title 2, Ch 4, Sec.4.001)

Campus Mission Statement

Consuelo Mendez's Middle School's mission is to prepare students to be successful, productive citizens, life-long learners and creative problem solvers who value teamwork, cultural diversity and mutual respect.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Advanced Academics

Performance Objective
We will eliminate barriers and support high ability and GT student participation in appropriate and academically challenging opportunities.

Data Reviewed During Needs Assessment

X 2016-17 Gifted and Talented Campus Accountability Monitoring Plan

X Campus Gifted and Talented Count, by grade level and six weeks reporting period

X GT enrollment data disaggregated by grade level, ethnicity, ECD, and ELL

X Roster of Gifted and Talented population, including enrolled courses

X Advanced Course/Dual Enrollment rates disaggregated by ethnic groups

2016-17 Data
GT Campus Accountability Monitoring Plan Ratings:
Student Assessment: EXEMPLARY
Service Design: EXEMPLARY
Curriculum and Instruction: EXEMPLARY
Professional Development: OUT OF COMPLIANCE
Family and Community Involvement: RECOGNIZED

2017-18 Goal
GT Campus Accountability Monitoring Plan Goals:
Student Assessment: Exemplary
Service Design: Exemplary
Curriculum and Instruction: Exemplary
Professional Development: Compliance
Family and Community Involvement: Exemplary

Advanced Academics Strategy #1 Review campus demographics and GT demographics to identify equity and access patterns and increase student GT identification.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	Enrollment by course data	Enrollment by course data	August 22, 2017	May 31, 2018	
Academic Dean	District assessment data	District assessment data	August 22, 2017	May 31, 2018	
Academic Dean	STAAR performance data	STAAR performance data	August 22, 2017	May 31, 2018	

Advanced Academics Strategy #2 Implement advanced courses leading to algebra and IPC including robust Pre-AP core options.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	Enrollment by course data	Enrollment by course data	August 22, 2017	May 31, 2018	

Academic Dean	District assessment data	District assessment data	August 22, 2017	May 31, 2018	
Academic Dean	STAAR performance data	STAAR performance data	August 22, 2017	May 31, 2018	

Advanced Academics Strategy #3 Support core content area Pre-AP/AP teachers to receive the required GT, Pre-AP, and AP training.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	Teacher data of meetings attended	Teacher data of meetings attended	August 22, 2017	May 31, 2018	

2015-2020 Strategic Plan Key Action Step

1.2a: Students will have multiple opportunities for flexible, personalized learning.

2017 Strategic Plan Scorecard Indicator

48: Decrease disproportionality of African American representation in the GT program

49: Decrease disproportionality of Hispanic representation in the GT program

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Attendance

Performance Objective

We will develop a tiered strategic and systematic campaign to encourage students to come to school regularly and stay in school through enhanced attendance, graduation/completion, and dropout prevention efforts to result in students graduating with Recomm

Data Reviewed During Needs Assessment

- X Annual ADA campus attendance data compared to years past and disaggregated by students groups including African American vs. White, Hispanic vs. White, ECD vs. non-ECD, ELL vs non-ELL, SpEd vs non-SpEd
- X Chronically absent by students groups including African American vs. White, Hispanic vs. White, ECD vs. non-ECD, ELL vs non-ELL, SpEd vs non-SpEd
- X Campus roster of students experiencing homelessness/unaccompanied youth
- X Campus roster of students in foster care

2016-17 Data

Attendance Rates: All Students: 92.9, African American: 92.3, Hispanic: 93.1, White: 83.9, ECD: 92.9, ELLs: 94.1, SpEd: 90.5

2017-18 Goal

Attendance Goals: All Students: 94.9, African American: 94.3, Hispanic: 95.1, White: 85.9, ECD: 94.9, ELLs: 96.1, SpEd: 92.5

Attendance Strategy #1

Campus/Twilight Graduation Coaches will do home visits for students with attendance issues or about to dropout.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Overall attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Principal	Grade level attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Principal	Subpopulation attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	

Attendance Strategy #2

Campus/Twilight Graduation Coaches will meet with the CST team to discuss attendance and credits for students to graduate on time.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Overall attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Principal	Grade level attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Principal	Sub-population attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Principal	Students identified by CST	Attendance Reports	Aug. 22, 2017	May 31, 2018	

Attendance Strategy #3 Assistant principals, counselors, and designated campus personnel will proactively communicate with students and parents/guardians of students experiencing attendance issues.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principals	Overall attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Assistant Principals	Grade level attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Assistant Principals	Sub-population attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	

Attendance Strategy #4 Incentivize attendance by grade level and make positive team-building around attending campus, implementing SEL strategies with students and staff.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principals	Overall attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Assistant Principals	Grade level attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	
Assistant Principals	Sub-population attendance rate	Attendance Reports	Aug. 22, 2017	May 31, 2018	

2015-2020 Strategic Plan Key Action Step

4.1b: Ensure successful transitions between campus levels (elementary to middle school, middle to high school, high school to post-secondary).

2017 Strategic Plan Scorecard Indicator

15: Attendance rate

19: Achievement Gaps - Attendance

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Campus Climate and Discipline – Home Suspensions

Performance Objective
We will reduce the rate of home suspensions for any over-represented race/ethnicity group.

Data Reviewed During Needs Assessment

X Student Climate Survey:
"My classmates show respect to each other."
"The consequences for breaking the school rules are the same for everyone."
"My classmates behave the way my teachers want them to."

X Staff Survey (TELL):
"Students at this school follow rules of conduct."
"Teachers consistently enforce rules for student conduct."
"Administrators consistently enforce rules for student conduct."

X In School and Home School Suspensions disaggregated by subpopulations

X Discretionary Removals disaggregated by subpopulations

X Number of campus disciplinary consequences, by disposition type and grade level

2016-17 Data
504 home suspensions

2017-18 Goal
Less than 428 home suspensions

Campus Climate and Discipline - Home Suspensions Strategy #1 Ensure all staff receives professional development on eCST Reports and Tools (RBP, SLR, RITS, etc.) (CSSF).					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	Discipline Dashboard	Discipline Dashboard	8/21/2017	5/30/2018	

Campus Climate and Discipline - Home Suspensions Strategy #2 Work with campus based Child Study Team (Campus CST) on building school-wide and classroom-based evidence bases menu of behavioral interventions and progress monitoring tools, identifying students in need of intervention, holding CST meetings, and implementing and supporting effective classroom management systems.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	Discipline Dashboard	Discipline Dashboard	8/21/2017	5/30/2018	

Campus Climate and Discipline - Home Suspensions Strategy #3 Implement restorative practices and SEL strategies with students and staff to ensure that removing any student from the learning environment for protracted time periods is a last resort, including strategies such as healing circles rather than suspensions when appropriate.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	Discipline Dashboard	Discipline Dashboard	8/21/2017	5/30/2018	

Campus Climate and Discipline - Home Suspensions Strategy #4 Seek partnerships with organizations that provide counseling services for students and their families.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	Discipline Dashboard, Student Climate Survey	Discipline Dashboard, Student Climate Survey	8/21/2017	5/30/2018	

2015-2020 Strategic Plan Key Action Step
1.3c: Each student will learn in a physically and emotionally safe environment.

2017 Strategic Plan Scorecard Indicator
23: Achievement Gaps - Disproportionality of Home School Suspensions
42: # of Home School Suspensions

2016 PBMAS
not applicable

TEA Strategic Priorities
D: Improve low-performing schools.

Focus Area: Campus Climate and Discipline - Violence Prevention

Performance Objective
We will ensure effective violence prevention and intervention measures are in place on our campus.

Data Reviewed During Needs Assessment

- X Staff Survey (TELL):
  "Students at this school follow rules of conduct."
  "Teachers consistently enforce rules for student conduct."
  "Administrators consistently enforce rules for student conduct."
- X Student Climate Survey:
  "Students at my school are bullied (teased, messed with, threatened by other students)."
- X Number of campus disciplinary referrals, by referral type and grade level
- X Support provided by the Joint Juvenile Gang Intervention Unit (JJGIU)
- X Campus Anti-Bullying Plan, including rates of staff and student training on recognizing, preventing, and responding to cyberbullying
- X Support provided by School Psychologists, including mental health services available to students (LMHPs/Social Service Specialists, Counselors, etc.)

2016-17 Data
82% of students reported feeling safe in their school.

2017-18 Goal
More than 91% of students will report feeling safe in their school.

Campus Climate and Discipline - Violence Prevention Strategy #1
Collaborate with Response to Intervention Specialists, Child Study Team, Social Emotional Learning Specialists, and Special Education Behavior Specialists to integrate positive behavior support for campuses, classrooms, and individual students.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	TELL Survey;Student Survey,Discipline Data	TELL Survey;Student Survey,Discipline Data	08/21/2017	05/30/2018	

Campus Climate and Discipline - Violence Prevention Strategy #2
Seek partnerships with organizations that provide counseling services for students and their families.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Assistant Principal	TELL Survey; Discipline Data	TELL Survey; Discipline Data	8/21/2017	5/30/2018	

Campus Climate and Discipline - Violence Prevention Strategy #3
Include professional development opportunities for teachers, admin, and other staff to develop SEL mindsets, skills, and strategies including the ability to implement restorative practices in order to ensure a positive campus climate where violence and bullying are not part of the accepted culture.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes

Academic Dean	TELL Survey;Student Survey,Discipline Data	TELL Survey;Student Survey,Discipline Data	08/21/2017	5/30/218	

2015-2020 Strategic Plan Key Action Step

1.3c. Each student will learn in a physically and emotionally safe environment.

2017 Strategic Plan Scorecard Indicator

36: % students who feel they are safe in their schools

37: % campus staff who feel students at their school follow rules of conduct

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Community Schools Initiative

Performance Objective
We will implement a campus Community School initiative that aligns resources and strengthens family and community engagement in order to promote equity and educational excellence for all students.

Data Reviewed During Needs Assessment

X Family Developmental Matrix results from prior year (for campuses with FRCs only)

X Results of AISD Student Climate Survey

X eCST interventions and supports for students identified as struggling through the RITS early warning system

2016-17 Data
50% of students at the school had a 6th 6 weeks RITS score that was above the AISD secondary school average of 5.55.

2017-18 Goal
Fewer than 50% of students at the school will have a 6th 6 weeks RITS score that is above the AISD secondary school average.

Community Schools Initiative Strategy #1
Provide students and families with access to wraparound supports either at the campus, nearby campus or community organization. Wraparound supports can include services offered at Family Resource Centers, Communities in Schools and/or other supportive or mental health services.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
CST Team- Grade level administrators	RITS/eCST Data - Information gathered from AP/Counselors	RITS/eCST Data- Monitored information from administrator	8/21/2017	5/30/2018	Community partners have been oriented to the campus and appropriate referrals are made through the eCST/Student Support Services Team

Community Schools Initiative Strategy #2
Support a high-functioning child study team (CST) by establishing a regular protected time for CST meetings and providing professional development to campus CST chairs/teams concerning available evidence-based interventions.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Jones	eCST	eCST	8/21/2017	5/30/2018	eCST/SSS Teams are meeting regularly to assess and provide appropriated wraparound services to students and families.

Community Schools Initiative Strategy #3
Align external partnerships with internal and external resources in order to better coordinate systems.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Jones	Community School Assessment	Community School Planning	8/21/2017	5/30/2018	Community School Coordinator works with Principal and Student

					Support Services team to provide coordination on campus. Using campus needs assessments to bring in additional resources for high-risk students.

Community Schools Initiative Strategy #4 Ensure access to quality our of school time, enrichment, summer and extracurricular programs for all students					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Jones/Fryer	eCST	eCST	8/21/2017	5/30/2018	ACE Afterschool is on campus and providing excellent programs before and after school as well as the summer. We partner with summer enrichment programs such as Breakthrough, Con Mi Madre, and UT Prep.

Community Schools Initiative Strategy #5 The school building is open and accessible beyond the school day, including evenings and weekends, at no cost to the community. Agreements are in place to pay facilities staff for extra time.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Jones/FRC	FRS survey/community assessment	FRC survey/community assessment	8/21/2017	5/30/2018	Through the Mendez FRC and PTSA, Mendez has opened its doors to local agencies to provide important programming such as Maestro en Casa, ESL, Yoga, and Dove Springs Proud.

Community Schools Initiative Strategy #6 Build a dedicated community school coordination team (family and community engagement team) facilitates alignment of school, family and community resource, collaborates with the school's leadership team, supports the school's CAC and supports family and community engagement.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Jones	eCST / Community School Conversation data	eCST	8/21/2017	5/30/2018	The Community School Coordination team is about to begin meeting in order to focus on community school strategies that address campus needs and fortifies family and community engagement.

Title 1, Part A

1 - Comprehensive needs assessment

2 - School wide reform strategies

6 - Strategies to increase parental involvement

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

1.2b1.4: Create community school model as part of district planning

7.1b: Organize central administration and distrcit processes to support schools and enable campus leadership to focus on classroom

8.1a: Optimize resources (buildings, programs, person

2017 Strategic Plan Scorecard Indicator

11: % of students graduating from high school in four years

43: % campus staff who feel their school is a good place to work and learn

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Coordinated School Health

Performance Objective
We will continue to implement a Coordinated School Health plan on our campus.

Data Reviewed During Needs Assessment

X Coordinated School Health Report

X Fitnessgram Report

X HB 5 Campus Evaluation of Community and Student Engagement (CaSE) ratings: Wellness and Physical Education

X Parent Satisfaction Survey: "My child's school provides adequate opportunities for my child to learn about how to make healthy lifestyle choices."

X Number of community education programs related to wellness and physical education

2016-17 Data
Overall Coordinated School Health Rating: Exemplary

2017-18 Goal
Overall Coordinated School Health Rating: Recognized or Exemplary

Coordinated School Health Strategy #1

Inform students of various health and wellness services on their campus and in their community.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Student Fitness Reports	Student Fitness Reports	08/21/17	05/30/2018	

Coordinated School Health Strategy #2

Form a Coordinated School Health team that meets 4 times a year to plan and implement the Districts' Coordinated School Health Events as well as other campus Coordinated School Health events and/or activities. (Evidence: agendas or meeting notes, tweets of students or staff doing the events/activities)

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Department Head	Student Fitness Reports;Parent Survey; Coordinated health survey	Student Fitness Reports; Parent Survey; Coordinated health survey	08/21/17	5/30/2018	

Coordinated School Health Strategy #3

ES/MS only: Implement the CATCH Coordination Kit throughout the school year by promoting each theme. (Evidence: emails of communication, tweets of various activities, website/newsgroup announcements)

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Department Head	Student Fitness Reports;Parent Survey; Coordinated health survey	Student Fitness Reports;Parent Survey; Coordinated health survey	08/21/17	5/30/18	

Title 1, Part A

1 - Comprehensive needs assessment

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

1.3e: Each student will learn about and practice a healthy lifestyle.

2017 Strategic Plan Scorecard Indicator

40: % of campuses with Recognized or Exemplary rating on the Coordinated School Health Report

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Customer Service

Performance Objective
We will create a culture where all of our families feel welcome and valued.

Data Reviewed During Needs Assessment

X Parent Satisfaction Survey: % of parents/guardians who feel they are treated with courtesy and respect by the Principal

X Parent Satisfaction Survey: % of parents/guardians who feel they are treated with courtesy and respect by the Assistant Principal

X Parent Satisfaction Survey: % of parents/guardians who feel they are treated with courtesy and respect by the counselors

X Parent Satisfaction Survey: % of parents/guardians who feel they are treated with courtesy and respect by school staff

X Parent Satisfaction Survey: % of parents/guardians who feel their child is treated with respect by others

X Parent Satisfaction Survey: % of parents/guardians who feel their involvement is welcomed by teachers

2016-17 Data
93% of parents/guardians felt their involvement was welcomed by teachers.

2017-18 Goal
At least 98% of parents/guardians will feel their involvement is welcomed by teachers.

Customer Service Strategy #1

We will build off of our excellent customer service record from the past and promote even more parent and community participation to ensure that more stakeholders get to experience our excellent customer service.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Parent Satisfaction Survey	Parent Satisfaction Survey	8/21/2017	5/31/2018	

2015-2020 Strategic Plan Key Action Step
6.1a: Provide excellent customer service in interactions with campus and district staff.

2017 Strategic Plan Scorecard Indicator
38: % parents/guardians who feel they are treated courteously by teachers

2016 PBMAS
not applicable

TEA Strategic Priorities
D: Improve low-performing schools.

Focus Area: Dyslexia and 504 Services

Performance Objective
We will reduce the number of late 504 Annual and Re-evaluation meetings.

Data Reviewed During Needs Assessment

X Roster of students identified with Dyslexia and interventions, supports and services they receive.
X Roster of students receiving 504 services
X Discipline rates for students receiving Dyslexia/504 services
X Attendance rates for students receiving Dyslexia/504 services
X TEAMS: Students: Special Programs: District 504 Listing

2016-17 Data
0 Annual 504 meetings and 6 Re-Evaluation 504 meetings were late.

2017-18 Goal
100% of 504 Annual meetings and 100% of 504 Re-Evaluation meetings will be held on time.

Dyslexia and 504 Services Strategy #1 Campus personnel will comply with 504 legal regulations concerning annual meetings, re-evaluation, intervention and accommodations for 504 students as evidenced by ongoing audit of e504 record.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	2016-17 Compliance Data	2016-17 504 Compliance Data	08/21/17	05/30/2018	

Dyslexia and 504 Services Strategy #2 Campus personnel will attend professional development for 504 Campus Coordinators and Dyslexia Designees concerning implementation of 504 policies and procedures.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	Personnel and Compliance data	Personnel and compliance data	08/21/17	05/30/2018	

2015-2020 Strategic Plan Key Action Step
4.1a: Improve supports to struggling learners by improving interventions, resources, and training, and articulate these interventions in curriculum and instructional tools.

2017 Strategic Plan Scorecard Indicator
not applicable

2016 PBMAS
not applicable

TEA Strategic Priorities
D: Improve low-performing schools.

Focus Area: English Language Learners

Performance Objective
We will ensure all of our English Language Learners continue to progress in their listening, speaking, reading, and writing skills. (19 TAC §74.4) (Strategic Plan 1.1 (b))

Data Reviewed During Needs Assessment

X Number and percent of ELLs that remain at Beginning proficiency on TELPAS after 2 years in US schools or Beginning/Intermediate after 6 years (Long Term ELLs)

X Roster of ELLs with Texas English Language Proficiency Assessment System (TELPAS) results and Years in US Schools

X STAAR/End-of-Course current and longitudinal results, including all versions

X ELL enrollment data disaggregated by grade level, GT, CTE, ECD, and SpEd

X Roster of ELL/LEP population, including support and accommodations

Safeguards Missed

Reading - ELL <60%

Math - ELL <60%

Science - ELL <60%

Social Studies - ELL <60%

Writing - ELL <60%

2016-17 Data
47% of ELLs remained at beginning/intermediate proficiency on TELPAS Reading after 5 or more years in US schools.

2017-18 Goal
Less than 37% of ELLs will remain at beginning/intermediate proficiency on TELPAS Reading after 5 or more years in US schools.

English Language Learners Strategy #1
Train teachers to use sheltered instructional strategies to make core content comprehensible and to develop academic language. Monitor implementation of selected sheltered instructional strategies in both lesson planning and classroom instruction to meet the needs of ELLs. §89.1210. Program Content and Design

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Instructional Coach	2017 TELPAS	ELL Passing Rates, SCA data, MOY results, and 2018 TELPAS	08/21/2017	05/30/2018	

English Language Learners Strategy #2
Ensure all teachers are teaching the English Language Proficiency Standards (ELPS) as part of their daily core content curriculum. [§89.1210. Program Content and Design]

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Instructional Coach	2017 TELPAS	ELL Passing Rates, SCA data, MOY results, and 2018	08/21/17	05/30/18	

		TELPAS			

English Language Learners Strategy #3 Targeted tutoring for ELL students in all their content areas.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	2017 TELPAS	ELL Passing Rates, SCA data, MOY results, and 2018 TELPAS	08/21/2017	05/30/2018	

English Language Learners Strategy #4 Identify long term ELLs (looking at those who are still at beginner/intermediate level) and address their individual linguistic, cognitive, or affective needs. Implement individualized intervention strategies.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Department Head	2017 TELPAS	ELL Passing Rates, SCA data, MOY results, and 2018 TELPAS	08/21/2017	05/30/18	

English Language Learners Strategy #5 Implement TELPAS rubric in lesson planning.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	2017 TELPAS	ELL Passing Rates, SCA data, MOY results, and 2018 TELPAS	08/21/2017	05/30/2018	

2015-2020 Strategic Plan Key Action Step

4.1a: Improve supports to struggling learners by improving interventions, resources, and training, and articulate these interventions in curriculum and instructional tools.

2017 Strategic Plan Scorecard Indicator

17: Achievement Gaps - Reading
18: Achievement Gaps - Math
19: Achievement Gaps - Attendance
20: Achievement Gaps - Graduation Rate
21: Achievement Gaps - K -2 Students Reading On Grade Level
22: Achievement Gaps - Disproportionality of Discretionary Remo

2016 PBMAS

Bilingual/ESL Indicator 8: TELPAS Reading Beginning Proficiency Level Rate
Bilingual/ESL Indicator 9: TELPAS Composite Rating Levels for Students in US Schools Multiple Years

TEA Strategic Priorities

B: Build a foundation of reading and math.

Focus Area: Employee Wellbeing

Performance Objective
We will support the wellbeing of all employees by promoting a healthy work-life balance through initiatives targeting staff's physical, mental/emotional, & nutritional wellbeing.

Data Reviewed During Needs Assessment

X Wellness Champion Identification list from district wellness coordinator

X Information from the Campus Wellness Champion on staff wellness related trainings/activities

X Total number of staff participation in biometric clinics - Report from Quest

X Total number of staff participation in flu shot clinics - Report from HEB

X Number of campus staff participating in LiveHealthyAISD Challenges - Report from LHA

2016-17 Data
Baseline data year.

2017-18 Goal
40% of staff will participate in at least one LiveHealthyAISD Wellness Challenge

Employee Wellbeing Strategy #1
Identify a Campus-based Wellness Champion, who will be responsible for sharing all wellness announcements, to district wellness coordinator by end of August.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Assistant Principal	Baseline	LHA report	8/14/17	5/31/18	

2015-2020 Strategic Plan Key Action Step
not applicable

2017 Strategic Plan Scorecard Indicator
not applicable

2016 PBMAS
not applicable

TEA Strategic Priorities
n/a

Focus Area: Family and Community Engagement

Performance Objective
We will increase family and community engagement.

Data Reviewed During Needs Assessment

X Staff Survey (TELL) results:
"This school does a good job of encouraging parent/guardian involvement."
"This school works directly with parents/guardians to improve the educational climate in students' homes."
"This school maintains clear, two-way communication with the community."
"Parent/guardians are influential decision makers in the school."

X Parent Satisfaction Survey:
"I feel comfortable contacting staff at my child's school."
"I feel our local community supports our school."
"I feel our school works hard to engage our local community."

X AISD Local Board Policy GK, which that addresses parent and community engagement

X Parent Teacher Association (PTA) membership and activities

X Continued or new funding for Parent Support Specialists (PSS)

X Campus Advisory Council (CAC) membership and meeting minutes

2016-17 Data
The campus has an active PTA.

2017-18 Goal
The campus will continue to have an active PTA.

Family and Community Engagement Strategy #1

Provide multiple opportunities to engage parents in the educational process such as literacy and CATCH nights, community planning meetings during the school day, advertised PTSA and CAC meetings, etc as well as programs through our family resource center (FRC).

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Parent Survey showed a need for communication	Parent Survey shows that the school is making progress in engaging families	08/21/17	5/30/18	

Family and Community Engagement Strategy #2

Plan school wide activities and programs to encourage parent participation (i.e. family nights, field trips, various events during the school day, campus volunteer opportunities, etc.)

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Assistant Principal/ PSS	Parent Survey showed a need for increase participation	Parent Survey and documentation of attendance at events	08/21/17	5/30/18	

Family and Community Engagement Strategy #3

Go into the community and work with the Dove Springs Community Alliance to further engage and provide leadership opportunities for families and community members.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Community school coordinator /FRC	Community school assessment	Community school planning	8/21/17	5/30/18	CSC/FRC works with Princiapl and PSS to coordinate campus opportunities

1 - Comprehensive needs assessment

6 - Strategies to increase parental involvement

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

Factor 3: Community and Parental Involvement

2017 Strategic Plan Scorecard Indicator

Key Action Step 11.1c: Provide access to school-based and community-based co-curricular and extracurricular education opportunities.

2016 PBMAS

Indicator 35: # parents participating in Parent Survey
Indicator 39: % schools with active PTAs

TEA Strategic Priorities

D: Improve low-performing schools.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Fine Arts and the Creative Learning Initiative

Performance Objective

We will increase access to and support for high quality fine arts instruction and/or creative learning strategies.

Data Reviewed During Needs Assessment

X Parent Satisfaction Survey:
"My child's school provides adequate opportunities for my child to study the arts /experience creative learning."

X Number of Fine Arts courses offered

X Percent of students enrolled in fine arts classes

X Recommendations from the Creative Learning Initiative Annual Report

X 2016-2017 Creative Learning Initiative Coach Observation of Teacher Implementation Survey

2016-17 Data

Number of community arts partnerships: 12
Number of campus created arts experiences to engage families, faculty and community: 50
Percent of teachers who particapte in creative teaching or arts intergartion professional learning: 50-99%

2017-18 Goal

Number of community arts partnerships: More than 12
Number of campus created arts experiences to engage families, faculty and community: More than 50
Percent of teachers who particapte in creative teaching or arts intergartion professional learning: 100%

Fine Arts and the Creative Learning Initiative Strategy #1
Align CLI with curriculum and educational initiatives.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Teacher Feedback	Student Survey; Teacher and Community feedback	08/21/2017	05/30/2018	

Fine Arts and the Creative Learning Initiative Strategy #2
Communicate the value of creative learning through parent newsletter, at CAC meetings and faculty meeting once a month

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Student Survey; Teacher and Community feedback	Student Survey; Teacher and Community feedback	08/21/2017	05/30/2018	

2015-2020 Strategic Plan Key Action Step

not applicable

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Marketing Successes and Offerings

Performance Objective
We will market the strengths of our campus in order to increase enrollment.

Data Reviewed During Needs Assessment

X Community knowledge of campus programs offered

X Weekly use of campus social media accounts and the school website (when school is in session) to inform the school community of successes and upcoming events

X Percentage of students living in attendance area attending assigned school

X Parent Satisfaction Survey results (overall trends in parent satisfaction)

X Number of students enrolled through out-of-district transfers and the number of students joining an AISD school from a charter school

2016-17 Data
Projected 2017–18 enrollment

2017-18 Goal
If enrollment <75% of permanent capacity, then to meet at least 75% of permanent capacity.
If enrollment >75% of permanent capacity, then maintain rate.

Marketing Successes and Offerings Strategy #1
Share information through all channels (digital, print, word of mouth) for prospective parents.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Enrollment Data and parent survey	Enrollment Data and parent survey	08/21/2017	05/30/18	

Marketing Successes and Offerings Strategy #2
Banners, logos, websites, and communications identify school and partners as a community school.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Assistant Principal	Enrollment data; parent survey	Enrollment Data and parent survey	08/21/17	05/30/2018	

Marketing Successes and Offerings Strategy #3
Increase participation in 5th to 6th transition activities and market the activities with vertical team.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Enrollment data;parent survey	Enrollment Data and parent survey	08/20/17	5/30/18	

Marketing Successes and Offerings Strategy #4
School facilities are readily accessible for community events and community school celebrations.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes

Principal	Enrollment data;parent survey	Enrollment Data and parent survey	08/20/17	5/30/18	

2015-2020 Strategic Plan Key Action Step

10.1a: Promote and market the unique culture of each campus that reflects its safe, caring, and positive learning environment.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

not applicable

TEA Strategic Priorities

A: Recruit, support, retain teachers and principals.

Focus Area: Mathematics

Performance Objective
We will deliver strong core instruction to all students in the area of Mathematics.

Data Reviewed During Needs Assessment

X Professional Learning Communities (PLC) data
X Walkthrough and observation data
X STAAR Progress Measure results
X District Benchmark Item Analysis
X YPGs (Yearly Planning Guides) and SPGs (Student Performance Guides)

Safeguards Missed

Math – ELL <60%

Math - AA <60%

Math - Hisp <60%

Math - ECD <60%

Math - SPED <60%

2016-17 Data

The percent of students that passed STAAR Math 6-8: All Students: 46.2, Hispanic: 45.8, African American 45.6, White: 62.5, ECD: 46.1, LEP: 45.5, SPED: 29.6

The percent of students that passed EOC Algebra 1: All Students: 97.1, Hispanic: 97.1, African American NA, White: NA, ECD: 96.8, LEP: 88.9, SPED: 100

2017-18 Goal

The percent of students that will pass STAAR Math 6-8: All Students: 54.3, Hispanic: 53.9, African American 53.8, White: 68.1, ECD: 54.2, LEP: 53.7, SPED: 40.2

The percent of students that will pass EOC Algebra 1: All Students: 97.5, Hispanic: 97.5, African American NA, White: NA, ECD: 97.3, LEP: 90.6, SPED: 100

Mathematics Strategy #1

Use information from math benchmarks and regular formative assessments and respond to data with appropriate student interventions.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Instructional Coach	PD, subs, extra duty pay, supplies for organization	STAAR data and Benchmark data	08/21/2017	05/30/2018	All activities are aligned to the TAIP

Mathematics Strategy #2

Implement professional learning communities that support use of best practices in math instruction and assessment and allow for collaborative planning, reflective learning, mentoring, and coaching.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Instructional Coach	PD, subs, extra duty pay, supplies for organization	STAAR data and Benchmark data	8/21/2017	5/30/2018	

Mathematics Strategy #3

Support the use of district curriculum documents, such as YPGs (Yearly Planning Guides), SPGs (Student Performance Guides), lessons, and other resources to plan for TEKS-aligned, student-centered, inquiry-based instruction in science classrooms.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Instructional Coach	STAAR data and Benchmark data	STAAR data and Benchmark data	8/21/2017	5/30/2018	

Mathematics Strategy #4

Conducting classroom walkthroughs and analyzing student work to ensure implementation of PLC learning in classrooms.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	STAAR data and Benchmark data	Walk through data	08/21/17	5/30/18	

Mathematics Strategy #5

Analyze both BOY and EOY data (Universal Screeners, Diagnostics, Benchmarks, STAAR etc.) to identify students at risk for academic and behavioral difficulties.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	STAAR data and Benchmark data	STAAR data and Benchmark data	08/21/17	5/30/18	

Title 1, Part A

1 - Comprehensive needs assessment

2 - School wide reform strategies

8 - Inclusion of teachers in assessment decisions

9 - Effective, timely assistance for struggling students

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

3.2c: Support explicit, direct instruction that is systematic, sequential, and cumulative.

2017 Strategic Plan Scorecard Indicator

5: % of students reaching the Postsecondary Readiness Standard on STAAR Math
6: % of students who did not meet the Postsecondary Readiness Standard on STAAR Math but exceeded one year's growth
14: % of annual graduates completing a 4th year of high school

2016 PBMAS

Bilingual/ESL Indicator 2i: ESL STAAR 3-8 Passing Rate
Bilingual/ESL Indicator 3i: LEP (Not served in BE/ESL) STAAR 3-8 Passing Rate
CTE Indicator 4i: CTE SPED STAAR EOC Passing Rate Math
SPED Indicator 1i: SPED STAAR 3-8 Passing Rate
SPED Indicator 3i: S

TEA Strategic Priorities

B: Build a foundation of reading and math.

Focus Area: Postsecondary Readiness: Career and Technical Education

Performance Objective

We will ensure all students will be prepared to graduate on time and ready for college and career.

Data Reviewed During Needs Assessment

2016-17 Data

No data provided.

2017-18 Goal

No data provided.

Postsecondary Readiness: Career and Technical Education Strategy #1

Provide more opportunities for students to participate in enrichment programs such as career and technical education courses, student organizations, leadership opportunities and specialized career opportunities.

Postsecondary Readiness: Career and Technical Education Strategy #2

Provide CTE teachers the opportunity to attend campus-based professional development opportunities including, but not limited to ELPS, Literacy, Writing Strategies, Special Populations, and Differentiation.

2015-2020 Strategic Plan Key Action Step

1.3b: Each student will be academically challenged and prepared for success in college or further study, employment, and participation in a global environment.

2017 Strategic Plan Scorecard Indicator

12: # of industry licensures/certifications completed by high school students
13: % of high school students participating in community service
16: SAT/ACT/TSI performance rates of annual graduates

2016 PBMAS

CTE Indicator 2iv: CTE LEP STAAR EOC Passing Rate ELA
CTE Indicator 4i: CTE SPED STAAR EOC Passing Rate Math
CTE Indicator 4ii: CTE SPED STAAR EOC Passing Rate Science
CTE Indicator 4iii: CTE SPED STAAR EOC Passing Rate Social Studies
CTE Indicator 4iv: CTE SPED STAAR EOC Passing Rate ELA

TEA Strategic Priorities

C: Connect high school to career and college.

Focus Area: Professional Learning

Performance Objective
We will provide high-quality and ongoing campus-level professional learning to administrators, teachers, and staff members.

Data Reviewed During Needs Assessment

X Staff Survey (TELL) results:
"professional learning is evaluated and results are communicated to teachers."

X Staff Survey (TELL) results:
"professional learning is differentiated to meet the needs of individual teachers."

X Staff Survey (TELL) results: "my school is a good place to work and learn."

X Self-evaluation of the implementation and impact of campus professional development initiatives

X Professional Pathways for Teachers (PPfT) evaluation data

X Human Capital Platform: Campus transcript of staff professional development completion

2016-17 Data
75% of campus staff felt their school was a good place to work and learn.

2017-18 Goal
At least 95% of campus staff will feel their school is a good place to work and learn.

Professional Learning Strategy #1

Train teachers to use sheltered instructional strategies to make core content comprehensible and to develop academic language. Monitor implementation of selected sheltered instructional strategies in both lesson planning and classroom instruction.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	STAAR	STAAR	8/21/17	5/30/18	All activities are aligned to the TAIP

Professional Learning Strategy #2

Implement Professional Learning Communities to reflect collaborative planning, data-driven decision making, consistency across classrooms and grade levels, professional learning for teachers developing awareness of his/her own cultural identity values, attitudes, and biases and focusing on reduction of African-American disproportionality.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	STAAR	STAAR	8/21/17	5/30/18	All activities are aligned to the TAIP

Professional Learning Strategy #3

Align embedded professional development in PLC's to both the CIP and our Targeted Improvement Plan (TIP), ensuring faculty master SIM model and content context specific strategies.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	STAAR data, TELL data	STAAR data, TELL data	08/21/17	05/30/18	All activities are aligned to the TAIP

Professional Learning Strategy #4

Embed professional development to build staff capacity to implement culturally responsive pedagogy and SEL strategies and practices.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	Data, Student Survey	data, student survey	08/21/17	05/30/18	

Professional Learning Strategy #5 Community partners' staff are invited to school and school district professional learning and professional learning communities (PLCs), and school staff are invited to partner professional learning opportunities.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	Data, Student Survey	Data, Student Survey	08/21/17	05/30/18	

Title 1, Part A

1 - Comprehensive needs assessment

4 - High quality/ongoing professional learning

2015-2020 Strategic Plan Key Action Step

3.1c: Provide ongoing, campus-based professional learning that supports core instruction, Response to Intervention (RtI), and curriculum implementation.

2017 Strategic Plan Scorecard Indicator

43: % campus staff who feel their school is a good place to work and learn
45: Provide all staff with cultural proficiency professional learning

2016 PBMAS

not applicable

TEA Strategic Priorities

A: Recruit, support, retain teachers and principals.

Focus Area: Reading/Language Arts

Performance Objective

We will ensure all students decode and comprehend grade level texts. Students reading below grade level will grow more than one grade level in reading each school year.

Data Reviewed During Needs Assessment

X 2017 STAAR/EOC Reading results

X STAAR Progress Measure results

X Istation Indicators of Progress (ISIP) Reading assessment data for K-8 (English) and K-5 (Spanish)

X eCST goals and progress monitoring data

X District Benchmark Item Analysis

Safeguards Missed

Reading - All <60%

Reading - AA <60%

Reading - Hisp <60%

Reading - ECD <60%

Reading - SPED <60%

2016-17 Data

The percent of students that passed STAAR Reading: All Students: 46.9, Hispanic: 46.6, African American 47.1, White: 75, ECD: 46.7, LEP: 40.5, SPED: 24.2

2017-18 Goal

The percent of students that will pass STAAR Reading: All Students: 54.9, Hispanic: 54.6, African American 55, White: 78.8, ECD: 54.7, LEP: 49.4, SPED: 35.6

Reading/Language Arts Strategy #1

ASSESSMENT + DATA: Implement school-wide universal screener with monthly progress monitoring and data-based planning in PLCs.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	STAAR	STAAR and Istation Data	8/21/17	5/30/18	All activities are aligned to the TAIP

Reading/Language Arts Strategy #2

ASSESSMENT + DATA: Analyze both BOY and EOY data (Universal Screeners, Diagnostics, Benchmarks, STAAR etc.) to identify students at risk for academic and behavioral difficulties.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	STAAR and District Benchmarks	STAAR and District Benchmark and Istation Data	8/21/17	5/30/2018	

Reading/Language Arts Strategy #3

ELA: Support the use of district curriculum documents, such as yearly itineraries, CRMs, and Exemplar Lessons, for planning TEKS-aligned, student-centered instruction in language arts classrooms.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	STAAR and District Benchmark	STAAR and District Benchmark	8/21/17	5/30/18	

Reading/Language Arts Strategy #4 LEARNING STRATEGIES: Engage students in varied working groupings including pairs, groups of four, learning centers, and whole class.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	STAAR and District Benchmark	STAAR and District Benchmark	8/21/17	5/30/18	

Reading/Language Arts Strategy #5 TEACHER SUPPORT CYCLE: Provide ongoing, scheduled, targeted, and documented walkthroughs, followed by feedback, coaching, and support for teachers					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	STAAR and District Benchmark	STAAR and District Benchmark	08/21/17	5/30/18	

Title 1, Part A

1 - Comprehensive needs assessment

2 - School wide reform strategies

8 - Inclusion of teachers in assessment decisions

9 - Effective, timely assistance for struggling students

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

3.1a: Develop and implement a literacy plan that includes the Science of Reading instruction and includes practical applications of concepts.

2017 Strategic Plan Scorecard Indicator

2: % KG-2 students reading on or above grade level
3: % of students reaching the Postsecondary Readiness Standard on STAAR Reading
4: % of students who did not meet the Postsecondary Readiness Standard on STAAR Reading but exceeded one year's growth
17: Achievement Gaps - Reading

2016 PBMAS

Bilingual/ESL Indicator 2ii: ESL STAAR 3-8 Passing Rate
Bilingual/ESL Indicator 3ii: LEP (Not served in BE/ESL) STAAR 3-8 Passing Rate
Bilingual/ESL Indicator 5iv: LEP STAAR EOC Passing Rate
Career and Technical Education Indicator 2iv: CTE LEP STAAR EOC

TEA Strategic Priorities

B: Build a foundation of reading and math.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Science

Performance Objective

We will deliver strong core instruction to all students in the area of Science.

Data Reviewed During Needs Assessment

X High School Exit Survey: Ratings of Science instruction, as reported by Seniors (Table 22)

X YPGs (Yearly Planning Guides) and SPGs (Student Performance Guides)

Safeguards Missed

Science – SPED <60%

2016-17 Data

The percent of students that passed STAAR Science: All Students: 56, Hispanic: 56.1, African American 50, White: 100, ECD: 56.6, LEP: 49.6, SPED: 32.3

2017-18 Goal

The percent of students that will pass STAAR Science: All Students: 62.6, Hispanic: 62.7, African American 57.5, White: 100, ECD: 63.1, LEP: 57.2, SPED: 42.5

Science Strategy #1

Support the use of district curriculum documents, such as YPGs (Yearly Planning Guides), SPGs (Student Performance Guides), lessons, and other resources to plan for TEKS-aligned, student-centered, inquiry-based instruction in science classrooms.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	2017 STAAR Science BOY	2018 STAAR Science	8/21/17	5/30/18	All activities are aligned to the TAIP

Science Strategy #2

ASSESSMENT + DATA: Use information from science benchmarks and regular formative assessment and respond to data with appropriate student interventions.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	2017 STAAR Science BOY	2018 STAAR Science	8/21/17	5/30/18	

Science Strategy #3

ASSESSMENT + DATA: Analyze both BOY and EOY data (Universal Screeners, Diagnostics, Benchmarks, STAAR etc.) to identify students at risk for academic and behavioral difficulties.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	2017 STAAR Science BOY	2018 STAAR Science	8/21/17	5/30/18	

Title 1, Part A

1 - Comprehensive needs assessment

2 - School wide reform strategies

8 - Inclusion of teachers in assessment decisions

9 - Effective, timely assistance for struggling students

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

1.1b: Ensure that AISD curriculum is aligned to the Texas Essential Knowledge and Skills (TEKS) and is supported by a coherent and aligned assessment system.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

Bilingual/ESL Indicator 2iii: ESL STAAR 3-8 Passing Rate
Bilingual/ESL Indicator 3iii: LEP (Not served in BE/ESL) STAAR 3-8 Passing Rate
CTE Indicator 4ii: CTE SPED STAAR EOC Passing Rate Science
SPED Indicator 1iii: SPED STAAR 3-8 Passing Rate

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Social and Emotional Learning (SEL)

Performance Objective
We will ensure all students demonstrate growth in social and emotional learning.

Data Reviewed During Needs Assessment

X Student Climate Survey:
"I use ways to calm myself down."
"I don't give up even when I feel frustrated."
"I know what people may be feeling by the look on their face."

X Student Climate Survey:
"I get along with my classmates."
"I say "no" to friends who want me to break the rules."
"It is easy for me to talk about my problems with the adults at my school."

X Staff (TELL) survey:
"All campus staff interact with one another in a way that models social and emotional competence."
"This school's discipline practices promote social and emotional learning (e.g., developmentally appropriate consequences, restorative justice)."

X Staff (TELL) survey:
"School staff received sufficient training regarding how to use the social and emotional learning approach at this school."
"Staff have enough time to implement the social and emotional learning approach at this school."

X Personal Development Skills section of elementary report cards

X High School Exit Survey: High school students' rates of persistence and motivation (Table 15)

2016-17 Data
No data provided.

2017-18 Goal
No data provided.

Social and Emotional Learning (SEL) Strategy #1

Ensure social and emotional skills are being explicitly taught on a regular basis.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	DEEDS; TELL Survey; Student Survey	DEEDS; TELL Survey; Student Survey	8/21/17	5/30/18	

Social and Emotional Learning (SEL) Strategy #2

Provide professional development to teachers on Social and Emotional Learning (SEL) on a regular basis.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Assistant Principal	TELL survey	TELL survey	8/21/17	5/30/18	

Social and Emotional Learning (SEL) Strategy #3

Implement restorative and SEL community-building strategies to reduce bullying, suspensions, and behavioral issues to ensure a

healthy learning environment.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Assistant Principal	DEEDS; TELL Survey; Student Survey	DEEDS; TELL Survey; Student Survey	8/21/17	5/30/18	

Social and Emotional Learning (SEL) Strategy #4 We will read a campus-wide book to support our literacy initiative and address SEL strategies through the topic of bullying.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	STAAR Data; Discipline Data	STAAR data and discipline Data	08/21/17	5/30/18	

2015-2020 Strategic Plan Key Action Step

1.1f: Provide a safe, caring, and positive learning culture that inspires innovation and excellence.

2017 Strategic Plan Scorecard Indicator

1: Student ratings on Social and Emotional Learning personal development skills

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Social Studies

Performance Objective

We will deliver strong core instruction to all students in the area of Social Studies.

Data Reviewed During Needs Assessment

X 2017 STAAR/EOC Social Studies results

X Campus-created common assessments or other progress monitoring tools

X Walkthrough and observation data

X District Benchmarks

X District Benchmark Item Analysis

X YPGs (Yearly Planning Guides) and SPGs (Student Performance Guides)

Safeguards Missed

Social Studies - All <60%

Social Studies - AA <60%

Social Studies - Hisp <60%

Social Studies - ECD <60%

Social Studies - SPED <60%

2016-17 Data

The percent of students that passed STAAR Social Studies: All Students: 30.6, Hispanic: 29.6, African American 40, White: 100, ECD: 30.8, LEP: 21.2, SPED: 32.3

2017-18 Goal

The percent of students that will pass STAAR Social Studies: All Students: 41, Hispanic: 40.2, African American 49, White: 100, ECD: 41.2, LEP: 33, SPED: 42.5

Social Studies Strategy #1

ASSESSMENT + DATA: Analyze various types of data including classroom formative assessments to determine specific areas of need for intervention in STAAR/EOC courses and plan interventions accordingly.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	District Benchmarks SS STAAR	District Benchmarks SS STAAR	8/21/17	5/30/18	All strategies are reflected on the TAIP

Social Studies Strategy #2

ASSESSMENT + DATA: Analyze both BOY and EOY data (Universal Screeners, Diagnostics, Benchmarks, STAAR etc.) to identify students at risk for academic and behavioral difficulties.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	District Benchmarks SS STAAR	District Benchmarks SS STAAR	8/21/17	5/30/18	All strategies are reflected on the TAIP

Social Studies Strategy #3

LEARNING STRATEGIES: Engage students in varied working groupings including pairs, groups of four, learning centers, and whole class.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	District Benchmarks SS STAAR	District Benchmarks SS STAAR	8/21/17	5/30/18	All strategies are reflected on the TAIP

Social Studies Strategy #4 LEARNING STRATEGIES: Provide academic vocabulary development opportunities to help with students bring meaning to content.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	District Benchmarks SS STAAR	District Benchmarks SS STAAR	8/21/17	5/30/18	All strategies are reflected on the TAIP

Title 1, Part A

1 - Comprehensive needs assessment

2 - School wide reform strategies

8 - Inclusion of teachers in assessment decisions

9 - Effective, timely assistance for struggling students

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

1.1b: Ensure that AISD curriculum is aligned to the Texas Essential Knowledge and Skills (TEKS) and is supported by a coherent and aligned assessment system.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

Bilingual/ESL Indicator 2iv: ESL STAAR 3-8 Passing Rate
Bilingual/ESL Indicator 3iv: LEP (Not served in BE/ESL) STAAR 3-8 Passing Rate
CTE Indicator 4iii: CTE SPED STAAR EOC Passing Rate Social Studies
NCLB Indicator 1iv: Title 1, Part A STAAR 3-8 Passing

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Special Education LRE

Performance Objective

We will increase the rate at which our special education students are served in the general education population setting 80% of the day or more.

Data Reviewed During Needs Assessment

X % of SpEd students in regular classes <40% and >=80% of the time (CRTE)

X STAAR Progress Measure data for SpEd students

X SpEd enrollment data disaggregated by grade level, ethnicity, ECD, and ELL

X Roster of students receiving special education services, including support and accommodation needs

X Roster of students receiving Special education services, sorted by instructional setting

X Most current PBMAS District ratings

2016-17 Data

37.9% of students aged 12-21 served in settings 00, 40, 41, 81, 82, 91, and 92 were in the regular class 80% or more of the day.

1.8% of students aged 12-21 served in settings 04, 44, 85, 88, and 95 were in the regular class less than 40% of the day.

NA%

2017-18 Goal

At least 70% of students served in settings 00, 40, 41, 81, 82, 91, and 92 will be in the regular class 80% or more of the day.

1.8% or fewer students served in settings 04, 44, 85, 88, and 95 will be in the regular class less than 40% of the day.

Special Education LRE Strategy #1

Review staffing and student needs as a means to optimize use of staff to support IEPs.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Review alignment of student schedules and IEP instructional services/student needs	Campus roadmap to excellence (CRTE) each 6 weeks	08/21/17	5/30/18	

Special Education LRE Strategy #2

Ensure collaboration on lesson planning between general and special education teachers is evident.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Department Head	Walk through data, teacher lesson plans	Campus roadmap to excellence (CRTE) each 6 weeks	08/21/17	5/30/18	

Special Education LRE Strategy #3

Look for multiple learning and teaching strategies that appeal to students' diversity and individual needs, such as flexible grouping

and questioning strategies that promote rigor.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	STAAR data; Benchmark data	STAAR data; Benchmark Data	08/21/17	5/30/2018	

2015-2020 Strategic Plan Key Action Step

4.1c: Identify students with special needs and life circumstances and ensure that they receive consistent access to curriculum, appropriate services, and supports.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

SPED State Performance Plan 5A: Educational Environment, Ages 6-21 - inside the regular class 80% or more of the day

TEA Strategic Priorities

D: Improve low-performing schools.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Student Health and Nutrition

Performance Objective
We will continue to promote healthy eating habits and strengthen the overall physical and mental health of our students and staff.

Data Reviewed During Needs Assessment

X Campus Immunization Rate
X Number of staff fitness and wellness activities
X Results of campus vision and hearing screening, by campus
X HCP registration and attendance rosters for staff mental health professional learning opportunities
X Information from campus-based Wellness Champion on staff wellness participation
X Staff completion of annual training on Automated External Defibrillator (AED), Blood Borne Pathogen (BBP) and Food Allergy Anaphylaxis.

2016-17 Data
99.02% of students have current immunizations.

2017-18 Goal
100% of students will have current immunizations.

Student Health and Nutrition Strategy #1

Provide healthy food alternatives for students, parents, and teachers when food and beverages are served.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	TELL survey; number of opportunities	TELL survey; number of times healthy	8/21/17	5/30/18	

Student Health and Nutrition Strategy #2

Offer at least 3 staff wellness opportunities per year.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	To provide healthy food	food was provided	8/21/17	5/30/18	

Student Health and Nutrition Strategy #3
Support campus based farm to school and/or school farm stands.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Principal	Number of wellness activities	Number of wellness activities	08/21/17	5/30/18	

Student Health and Nutrition Strategy #4
All staff will participate in mental health professional development that includes suicide prevention (Texas ASK). Additional training available includes; Youth Mental Health First-Aid (YMHFA) and Trauma Informed Care (TIC).

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes

Principal	TELL survey; PD data	TELL survey and PD data	08/21/17	5/30/2018	

2015-2020 Strategic Plan Key Action Step

1.3e: Each student will learn about and practice a healthy lifestyle.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Student Fitness

Performance Objective

We will achieve health and fitness for students through increased student participation in physical activities.

Data Reviewed During Needs Assessment

X Coordinated School Health Report: Implementation of PE Section

X Coordinated School Health Report: Brain Break Section

X GoNoodle Campus monthly reports

2016-17 Data

All Students: Body Mass Index: 47%, Cardio: 50%, Curl-Ups: 81%, Push-Ups: 63%, Sit and Reach: 59%, Trunk Lift: 85%

2017-18 Goal

All Students: Body Mass Index: 49%, Cardio: 52%, Curl-Ups: 83%, Push-Ups: 65%, Sit and Reach: 61%, Trunk Lift: 87%

Student Fitness Strategy #1 Plan and implement Physical Education lessons that include 50% of moderate to vigorous activity weekly.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	AISD Fitnessgram	AISD Fitnessgram	08/21/17	5/30/2018	

Student Fitness Strategy #2 Provide before- and/or after-school physical activity opportunities, such as running clubs, intramurals, and open gyms for nonathletic students.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	AISD Fitnessgram	AISD Fitnessgram	08/21/17	5/30/18	

2015-2020 Strategic Plan Key Action Step

1.3d: Establish goals at each school related to FitnessGram Cardiovascular and Body Mass Index indicators.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

not applicable

TEA Strategic Priorities

D: Improve low-performing schools.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Focus Area: Writing

Performance Objective

We will deliver strong core instruction to all students in the area of writing.

Data Reviewed During Needs Assessment

X 2017 STAAR Writing results

X On Demand Writing Samples

X District Benchmark Item Analysis

Safeguards Missed

Writing - All <60%

Writing - AA <60%

Writing - Hisp <60%

Writing - ECD <60%

Writing - SPED <60%

2016-17 Data

The percent of students that passed STAAR Writing: All Students: 27.3, Hispanic: 26.8, African American 31.8, White: 0, ECD: 26.5, LEP: 21.2, SPED: 20

2017-18 Goal

The percent of students that will pass STAAR Writing: All Students: 38.2, Hispanic: 37.8, African American 42, White: 15, ECD: 37.5, LEP: 33, SPED: 32

Writing Strategy #1

ASSESSMENT + DATA: Implement school-wide universal screener with monthly progress monitoring and data-based planning in PLCs.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	District Benchmark STAAR, analysis of writing during PLC collaboration	District Benchmark STAAR	8/21/17	5/30/18	

Writing Strategy #2

ASSESSMENT + DATA: Analyze both BOY and EOY data (Universal Screeners, Diagnostics, Benchmarks, STAAR etc.) to identify students at risk for academic and behavioral difficulties.

Responsible Party	Formative Data	Summative Data	Start Date	End Date	Status/Notes
Academic Dean	District Benchmark STAAR, analysis of writing during PLC collaboration	District Benchmark STAAR	8/21/17	5/30/18	

Writing Strategy #3

ELA: Support the use of district curriculum documents, such as yearly itineraries, CRMs, and Exemplar Lessons, for planning TEKS-

aligned, student-centered instruction in language arts classrooms.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	District Benchmark STAAR	District Benchmark STAAR	8/21/17	5/30/18	

Writing Strategy #4 LEARNING STRATEGIES: Engage students in varied working groupings including pairs, groups of four, learning centers, and whole class.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	District Benchmark STAAR	District Benchmark STAAR	08/21/17	5/30/18	

Writing Strategy #5 LEARNING STRATEGIES: Utilize high-interest rigorous engagement activities that advance language and learning.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Academic Dean	District Benchmark STAAR	District Benchmark STAAR	08/21/17	5/30/18	

Title 1, Part A

1 - Comprehensive needs assessment

2 - School wide reform strategies

8 - Inclusion of teachers in assessment decisions

9 - Effective, timely assistance for struggling students

10 - Coordination and integration of federal, state, and local services and programs

2015-2020 Strategic Plan Key Action Step

3.1a: Develop and implement a literacy plan that includes the Science of Writing instruction and includes practical applications of concepts.

2017 Strategic Plan Scorecard Indicator

not applicable

2016 PBMAS

Bilingual/ESL Indicator 2v: ESL STAAR 3-8 Passing Rate
Bilingual/ESL Indicator 3v: LEP (Not served in ESL) STAAR 3-8 Passing Rate
NCLB Indicator 1v: Title 1, Part A STAAR 3-8 Passing Rate
SPED Indicator 1v: SPED STAAR 3-8 Passing Rate

TEA Strategic Priorities

D: Improve low-performing schools.

Focus Area: Campus Choice

Performance Objective

Teacher Retention

2016-17 Data

2017-18 Goal

Campus Choice Strategy #1 Provide supports for teachers such as mentors, quality professional development, etc.					
Responsible Party	**Formative Data**	**Summative Data**	**Start Date**	**End Date**	**Status/Notes**
Principal	Teacher retention; TELL survey	Teacher retention; TELL survey	8/21/17	5/30/18	Working with HR with how to best retain 1st year teachers and provide yearlong additional support.

Consuelo Mendez Middle School Campus Improvement Plan 2017-2018

Campus Advisory Council Exit Survey

Did the CAC approve the professional development portion of the CIP?	Yes
Was the CAC given an opportunity to provide input on the campus budget?	Yes
Approximately how many hours did the CAC and/or CAC subcommittees spend on CIP development?	8 Hr

Position	Name	Date
Principal	Chris Jones	
Co-Chair	Robert Kibbie	
Co-Chair	Juan Haney	

058 MENDEZ MS

Principal	Christie Jones	Date	6.28.17
Bookkeeper		Date	
Associate Supt.	Terrance Eaton	Date	

PRELIM ALLOCATI

Title I Allocation	**$819,929**	
Parent Allocation	**$8,282**	**Must be budgeted for Parent Involvement**
Total Title I Allocation	**$828,211**	

Staffed Positions And Program Intent Codes		PIC	(a)	(b)	(c)
		Program Code	2017-2018 Requested Staffing Allocation	Total Actual Salaries **Including Benefits**	Average Salaries **Including Benefits**
Administration					
034/038	Assist. Prin/Helping Teacher (195)	30	0.50	$42,382	$84,764
	Assist. Prin/Helping Teacher (195)	30	0.50	$42,382	$84,764
	Other: Academic Dean (225)	30	1.00	$88,000	
	Sub-Total Administration		**1.50**	**$172,764**	
Professional					
214	Counselor (187)	30	0.00	$71,402	$71,402
203	Librarian (187)	30			$67,025
	Other:	30			
	Sub-Total Professional		**0.00**	**71,402**	
Specialist/Coach - Working with students			211 05811830.0000 6119		
140	Math Specialist/Coach (187)	30	1.00	$63,936	$63,936
140	Literacy Specialist/Coach (187)	30	1.00		$63,936
140	Curriculum Specialist/Coach (187)	30			$63,936
	Other:	30			$63,936
	Sub-Total Specialist/Coach		**2.00**	**$63,936**	
Specialist/Coach - Working with teachers			211 05813830.0000 6119		
140	Math Specialist/Coach (187)	30	1.00	$63,936	$63,936
140	Literacy Specialist/Coach (187)	30			$63,936
140	Curriculum Specialist/Coach (187)	30			$63,936
	Other	30			
	Sub-Total Specialist/Coach		**1.00**	**$63,936**	
Teacher					
912	Classroom Teacher (187)	30	**6.00**	$319,680	$63,936
912	School to Career Teacher (187)	30			$63,936
920	Special Education Teacher (187)	30			$63,936
912	Biluingual Teacher (187)	30			$63,936
	Other:				
	Other:				
	Other:				
	Other:				
	Sub-Total Teacher		**6.00**	**$319,680**	
Classified-Other Personnel					
510	Teacher Assistant, Special Ed (209)	30			$36,086
510	Teacher Assistant, Bilingual (209)	30			$36,086
510	Teacher Assistant, Regular (209)	30			$36,086
494	Parent Support Specialist (209)	30	**0.50**	$22,204	$44,407
512	Computer Lab Assistant (209)	30			$37,754
860	Technology Support Specialist (209	30			$42,525
530	ISS Monitor	30			$36,746
	Other:				
	Sub-Total-Other		**0.50**	**$22,204**	
	Total Staffing Allocation		**11.00**	**$713,922**	

058 MENDEZ MS

Total Title I Allocation	$ 828,211

Distribute funds designated above as "Total Non-Staff Allocations" throughout the worksheet for either **Staff** or **Non-Staff** items. Be sure to allocate sufficient funds for each Non-Staff item to carry your campus through the 2017-2018 fiscal year.			**(d) Non-Staff Allocations**
Instructional (Function 11)			
	TITLE I Substitutes (including Benefits)	211 05811830 0000 6112	$10,000
	TITLE I Extra Duty (including Benefits)	211 05811830 0000 6118	$10,000
	TITLE I Equipment Rental (Copier)	211 05811830 0000 6265	$10,000
	TITLE I Miscellaneous Contracting Servic	211 05811830 0000 6298	
	TITLE I Reproduction/Printing	211 05811830 0000 6299	$900
	TITLE I Other Reading Materials	211 05811830 0000 6329	
	TITLE I Testing Materials	211 05811830 0000 6339	
	TITLE I Computer Related <$5,000	211 05811830 0000 6396	$5,900
	TITLE I Software	211 05811830 0000 6397	
	TITLE I Equipment <$,5000 per Unit	211 05811830 0000 6398	
	TITLE I Gen Supplies-Compensatory Ed.	211 05811830 0000 6399	$4,000
	TITLE I Student Travel (Rental)	211 05811830 0000 6412	$1,000
	TITLE I Field Trips (Yellow School Buses	211 05811830 0000 6494	$1,000
	TITLE I Refreshments	211 05811830 0000 6497	
	TITLE I Miscellaneous Operating Expense	211 05811830 0000 6499	$1,000
	Other:		
	Other:		
	Other:		
	Other:		
Function 11 Total			**$43,800**
Instructional Resource -Library (Function 12)			
	TITLE I Other Reading Materials	211 05812830 0000 6329	$2,000
	TITLE I Software	211 05812830 0000 6397	
	TITLE I General Supplies	211 05812830 0000 6399	$250
	Other:		
	Other:		
	Other:		
	Other:		
	Other:		
Function 12 Total			**$2,250**
Staff Training (Function 13)			
	TITLE I Substitutes (including Benefits)	211 05813830 0000 6112	$8,000
	TITLE I Ex Duty Pay (including Benefits)	211 05813830 0000 6118	$8,000
	TITLE I Professional Services	211 05813830 0000 6298	
	TITLE I Reproduction/Printing	211 05813830 0000 6299	
	TITLE I Reading Material	211 05813830 0000 6329	$800
	TITLE I General Supplies	211 05813830 0000 6399	$500
	TITLE I Travel & Registration	211 05813830 0000 6411	$4,343
	Other:		
	Other:		
	Other:		
	Other:		
Function 13 Total			**$21,643**

058 MENDEZ MS

Distribute funds designated above as "Total Non-Staff Allocations" throughout the worksheet for either **Staff** or **Non-Staff** items. Be sure to allocate sufficient funds for each Non-Staff item to carry your campus through the 2017-2018 fiscal year.			**(d) Non-Staff Allocations**
School Administration (Function 23)			
	TITLE I Clerical Overtime (including benefit	211 05823830 0000 6121	$800
	TITLE I Reproduction/Printing	211 05823830 0000 6299	$800
	TITLE I Other Reading Materials	211 05823830 0000 6329	
	TITLE I Equipment <$5000	211 05823830 0000 6398	
	TITLE I General Supplies	211 05823830 0000 6399	$500
	TITLE I Travel & Registration	211 05823830 0000 6411	
	Other:		
	Other:		
	Other:		
	Other:		
	Other:		
	Other:		
	Other:		
Function 23 Total			**$2,100**
Counseling Services (Function 31)			
	TITLE I Other Reading Materials	211 05831830 0000 6329	
	TITLE I Software	211 05831830 0000 6397	
	TITLE I General Supplies	**211 05831830 0000 6399**	**$500**
	TITLE I Travel & Registration	211 05831830 0000 6411	
	Other:		
	Other:		
	Other:		
Function 31 Total			**$500**
Maintenance & Operations (Function 51)			
	TITLE I Custodial Overtime (including Benef	211 05851830 0000 6121	
	Other:		
	Other:		
Function 51 Total			**$0**
Community Services (Function 61)			
	TITLE I Reproduction/Printing	211 05861830 0000 6299	$2,000
	TITLE I General Supplies	211 05861830 0000 6399	$1,800
	TITLE I Travel & Registration	211 05861830 0000 6411	$1,000
	TITLE I Refreshments	211 05861830 0000 6497	$3,500
	Other:		
	Other:		
	Other:		
Function 61 Total			**$8,300**
	Other Requests (Attach Lists if Necessary)		
	Salary Cushion (5% of Page 2 Total)	211 05811830 0000 6148	$35,696
Other Requests Total			**$35,696**
1	**Page 2 and 3 Title I Non-Staff Allocation Total**		**$114,289**
2	**Page 1 Title I Staff Allocation Total**		**$713,922**
3	**Title I Total (Row 1+Row 2)**		**$828,211**
4	**Total Title I Allocation**		**$ 828,211**
	In Balance		**($0)**

Pg 3

Exhibit F:
Target Improvement Plan

Strategy # 1		Professional Learning Communities (PLCs) will be created in all content areas, across all grade levels to ensure instructional planning and delivery with fidelity and time for teachers to analyze data and develop instructional strategies for all students, especially English-Language Learners					
Annual Goal		2018 STAAR results will show at least a 27% reduction in failures compared to the prior year: Reading 64%, Math 64%, Writing 47%, Science 72%, Social Studies 51%					
Problem		2017 STAAR results show a low percentage of students achieved the Approaches standard: Reading 50%, Math 51%, Writing 28%, Science 61%, and Social Studies 33%					
Activity/Objective		**Resp**	**Progress Measuring – includes formative and summative assessments, results, and data results**				
			Q1 Status: Aug, Sep, Oct	**Q2 Status: Nov, Dec, Jan**	**Q3 Status: Feb, Mar**	**Q4 Status: Apr, May, Jun**	
			Q1 Goal: 100% of Instructional Coaches and teachers are trained on PLC Model, sheltered instruction, ELL strategies	**Q2 Goal:** 100% of teachers are effectively utilizing PLC model and sheltered instruction/ELL strategies	**Q3 Goal:** 2017-18 MOY results show at least a 15% reduction in failers compared to the prior year (goal: Reading 55%, Math 26%, Writing 37%, Science 58%, Social Studies 43%)	**Q4 Goal:** 2018 STAAR results will show at least a 27% reduction in failures compared to the prior year (goal: Reading 64%, Math 64%, Writing 47%, Science 72%, Social Studies 51%)	
A	**Curriculum** The campus has dedicated Instructional Coaches (ICs) in all 4 content areas, and a STEM coordinator	Executive Director	• Assign 3.5 dedicated instructional coaches; Social Studies coach is 50% SIM coach • 1 STEM coordinator	• # dedicated instructional coaches (goal: 4) • # STEM coordinator (goal: 1)	• # dedicated instructional coaches (goal: 4) • # STEM coordinator (goal: 1)	• # dedicated instructional coaches (goal: 4) • # STEM coordinator (goal: 1)	
B	Professional Learning will be provided to Instructional Coaches and/or teachers on: • Instructional Coach training • PLC model • Sheltered Instruction/ELL strategies • Co-teaching model • SIM Model • DMAC • Short Cycle Assessments • Tracking/monitoring of student progress • District systems i.e. LPAS/SEEDS/e504/eCST	Academic Dean	• Develop Professional development calendar • % of ICs and teachers trained on co-teaching model (goal: 100%) • % of ICs and teachers trained on SIM Model (goal: 100%) • % of ICs and teachers trained on DMAC (goal: 100%) • % of ICs and teachers trained on creating short cycle assessments (goal: 100%) • % of ICs and teachers trained on tracking/monitoring of student progress (goal: 100%) • % of ICs and teachers trained on how to access LPAS/SEEDS/e504/eCST (goal: 100%) • Note: Trainings may occur throughout the year and may not all be completed during Quarter 1; percents based on the number of staff needing the training, not total # of staff	% of teams: • creating short cycle assessments (goal: 100%) % of teachers: • utilizing co-teaching model (goal: 100%) • utilizing SIM Model (goal: 100%) • utilizing DMAC (goal: 100%) • tracking/monitoring of student progress (goal: 100%) • accessing LPAS/SEEDS/e504/eCST as needed (goal: 100%)	% of teams effectively: • utilizing PLC model (goal: 100%) • creating short cycle assessments (goal: 100%) % of teachers effectively:: • utilizing sheltered instruction/ELL strategies (goal: 100%) • utilizing co-teaching model (goal: 100%) • utilizing SIM Model (goal: 100%) • utilizing DMAC (goal: 100%) • tracking/monitoring of student progress (goal: 100%) • accessing LPAS/SEEDS/e504/eCST as needed (goal: 100%)	% of teams effectively: • utilizing PLC model (goal: 100%) • creating short cycle assessments (goal: 100%) % of teachers effectively:: • utilizing sheltered instruction/ELL strategies (goal: 100%) • utilizing co-teaching model (goal: 100%) • utilizing SIM Model (goal: 100%) • utilizing DMAC (goal: 100%) • tracking/monitoring of student progress (goal: 100%) • accessing LPAS/SEEDS/e504/eCST as needed (goal: 100%)	
C	During PLCs, administrators and instructional coaches work with teachers to: • Establish PLC protocols • Create a pacing calendar • Analyze Data • Deconstruct the SE's • Identify and implement best instructional practices • Review and create assessments • Plan interventions	Academic Dean	Establish expectations that during PLCs, administrators/ICs/teachers: • Establish PLC protocols • Create a pacing calendar • Analyze Data • Deconstruct the SE's • Identify and implement best instructional practices • Review and create assessments • Plan interventions	% of PLCs where administrators/ICs/teachers: • Establish PLC protocols (goal: 100%) • Create a pacing calendar (goal: 100%) • Analyze Data (goal: 100%) • Deconstruct the SE's (goal: 100%) • Identify and implement best instructional practices (goal: 100%) • Review and create assessments (goal: 100%) • Plan interventions (goal: 100%)	% of PLCs where administrators/ICs/teachers: • Establish PLC protocols (goal: 100%) • Create a pacing calendar (goal: 100%) • Analyze Data (goal: 100%) • Deconstruct the SE's (goal: 100%) • Identify and implement best instructional practices (goal: 100%) • Review and create assessments (goal: 100%) • Plan interventions (goal: 100%)	% of PLCs where administrators/ICs/teachers: • Establish PLC protocols (goal: 100%) • Create a pacing calendar (goal: 100%) • Analyze Data (goal: 100%) • Deconstruct the SE's (goal: 100%) • Identify and implement best instructional practices (goal: 100%) • Review and create assessments (goal: 100%) • Plan interventions (goal: 100%)	
D	**Instruction** Implement AISD Literacy Plan (Year 2) including Structured Independent Reading (StIR), student conferencing, Talk Read Talk Write, use of MyOn, and 60 minutes of protected time for ELA class each day.	Principal	• Implement District Literacy Plan: • Structured Independent Reading component • Student conference component • Talk Read Talk Write component • MyOn component	• % teachers implementing Literacy Plan (goal: 100%) • % teachers implementing Structured Independent Reading component (goal: 100%)	• % teachers effectively implementing Literacy Plan (goal: 100%) • % teachers effectively implementing Structured Independent Reading component (goal: 100%)	• % teachers effectively implementing Literacy Plan (goal: 100%) • % teachers effectively implementing Structured Independent Reading component (goal: 100%)	

			• 60 minute protected time for ELA class each day	• % teachers implementing student conference component (goal: 100%) • % teachers implementing Talk Read Talk Write component (goal: 100%) • % teachers implementing MyOn component (goal: 100%) • % teachers implementing 60 minute protected time for ELA class each day (goal: 100%)	• % teachers effectively implementing student conference component (goal: 100%) • % teachers effectively implementing Talk Read Talk Write component (goal: 100%) • % teachers effectively implementing MyOn component (goal: 100%) • % teachers effectively implementing 60 minute protected time for ELA class each day (goal: 100%)	• % teachers effectively implementing student conference component (goal: 100%) • % teachers effectively implementing Talk Read Talk Write component (goal: 100%) • % teachers effectively implementing MyOn component (goal: 100%) • % teachers effectively implementing 60 minute protected time for ELA class each day (goal: 100%)
E	**Assessment** Administrators, IC's and teachers administer universal screeners for all students for reading and math, analyze data for all students and create Tier 2 and Tier 3 interventions with a focus on ELL's and SpEd	Academic Dean	• Administer universal screener for reading and math • Analyze universal screener data to assign students to Tier 2 and Tier 3 intervention groups • Create Tier 2 and Tier 3 interventions with a focus on ELLs and SpEds	• % of Tier 2 students making progress (goal: 100%) • % of Tier 3 students making progress (goal: 100%)	• % of Tier 2 students making progress (goal: 100%) • % of Tier 3 students making progress (goal: 100%)	• % of Tier 2 students making progress (goal: 100%) • % of Tier 3 students making progress (goal: 100%)
F	Students identified reading below grade level will be in a Tier 3intervention class to improve language acquisition.		• Implement Tier 3 intervention class at each grade level	• % of Tier 3 reading students making progress (goal: 100%)	• % of Tier 3 reading students making progress (goal: 100%)	• % of Tier 3 reading students making progress (goal: 100%)
G	Administrators and instructional coaches incorporate "look-fors" into walkthrough form, conduct walkthroughs and provide feedback.	Academic Dean	• Incorporated "look-fors" into walkthrough form • % of core subject areas evaluated (goal: 100%) • % of core subject areas receive feedback (goal: 100)	• % of core subject areas evaluated (goal: 100%) • % of core subject areas receive feedback (goal: 100)	• % of core subject areas evaluated (goal: 100%) • % of core subject areas receive feedback (goal: 100)	• % of core subject areas evaluated (goal: 100%) • % of core subject areas receive feedback (goal: 100)
H	**Leadership Development** At least once every 6 weeks, the Executive Director of MS, Cross-Functional Team, and Campus Academic Leadership Team meet to monitor campus progress and identify additional support needed from all members of the district. Meeting includes reviewing attendance, grades, assessments, discipline, and parent attendance at meetings.	Principal	• Monitor campus progress and identify additional supports needed • Review attendance, grades, assessments, discipline, and parent attendance at meetings	• Monitor campus progress • % of additional supports provided (goal: 100%) • Reviewed attendance, grades, assessments, discipline, and parent attendance at meetings	• Monitor campus progress • % of additional supports provided (goal: 100%) • Reviewed attendance, grades, assessments, discipline, and parent attendance at meetings	• Monitor campus progress • % of additional supports provided (goal: 100%) • Reviewed attendance, grades, assessments, discipline, and parent attendance at meetings
I	Academic Leadership Team identifies teachers, departments, and/or teams who are struggling with strategy implementation and provides tiered support.	Instructional Coaches	• % of struggling teachers are supported (goal: 100%)	• % of struggling teachers are supported (goal: 100%)	• % of struggling teachers are supported (goal: 100%)	• % of struggling teachers are supported (goal: 100%)
J	All STEM Academy students are endorsed under a CTE Pathway.	Principal	• % of STEM students are scheduled into a CTE pathway (goal: 100%)	• % of STEM students are monitored for success in their CTE classes (goal: 100%)	• % of STEM students are schedule in the appropriate S2 CTE classes (goal: 100%)	• % of STEM students are successfully endorsed (goal: 100%)
K	Principal utilizes CAC, community, faculty and staff, and student meetings, principal coffees, neighborhood walks, and social media to share progress and obtain feedback on the implementation of the TAIP.	Principal	• List of events	• List of events	• List of events	• List of events
D CS I	**Quarter goal status *(quarter goal in bold text)***		Choose an item.	Choose an item.	Choose an item.	Choose an item.
	Next steps					
	End of year evaluation					

Approved by Austin ISD Board of Trustees on October 23, 2017.

Strategy # 2	We will design, implement, and monitor a campus-wide program that focuses on supporting positive classroom environments and integrate SEL into the curriculum.					
Annual Goal	2017-18 discipline reports will show at least a 20% reduction in the number of incidents related to disruptions (168), insubordination (237), leaving without authority (194), and rude to adult (166)					
Problem	2016-17 discipline reports show more than 200 incidents in each of the following areas: disruptions, insubordination, leaving without authority, and rude to adult					
Activity/Objective		**Resp**	**Progress Measuring – includes formative and summative assessments, results, and data results**			
			Q1 Status: Aug, Sep, Oct	**Q2 Status: Nov, Dec, Jan**	**Q3 Status: Feb, Mar**	**Q4 Status: Apr, May, Jun**
			Q1 Goal: 100% of teachers trained on SEL/behavior plan	**Q2 Goal:** 100% of teachers effectively deliver SEL/behavior plan lessons during weekly Maverick Pride	**Q3 Goal:** 2017-18 discipline results will show at least a 20% reduction in incidents compared to the prior year (5th Six wks): # disruptions, # insubordination,# leaving without authority, # rude to adult (goal: disruptions 72, insubordination 66, leaving without authority 82, rude to adult 56)	**Q4 Goal:** 2017-18 discipline reports will show at least a 20% reduction in the number of incidents related to disruptions (168), insubordination (237), leaving without authority (194), and rude to adult (166)
A	**Curriculum** Academic Leadership Team develops a campus-wide behavior plan. Components of the plan will be incorporated into the campus' walkthrough form.	Academic Dean	• Develop Campus-wide behavior plan • Compile list of classroom look-fors/incorporation of look-fors in walkthrough form			
B	Professional Learning will be provided to all staff on Social Emotional Learning (SEL) strategies.	Academic Dean	•	• % of teachers implementing SEL/behavior plan strategies (goal: 100%)	• % of teachers effectively implementing SEL/behavior plan strategies (goal: 100%)	• % of teachers effectively implementing SEL/behavior plan strategies (goal: 100%)
C	SEL lessons will be provided to teachers to deliver weekly during Maverick Pride.	Academic Dean	• % of teachers deliver SEL/behavior plan lessons weekly during Maverick Pride (goal: 100%)		• % of teachers actively engaged during SEL/behavior plan lessons weekly during Maverick Pride	• % of teachers actively engaged during SEL/behavior plan lessons weekly during Maverick Pride
D	**Instruction** Academic Leadership Team identifies teachers who are struggling with classroom management and provide tiered support.	Principal	• % of struggling teachers are supported (goal: 100%)	• % of struggling teachers show improvement (goal: 100%)	• % of struggling teachers show improvement (goal: 100%)	• % of struggling teachers show improvement (goal: 100%)
E	During grade-level PLCs, administrators and teachers will identify students in need of support and refer them to the campus Child Study Team. A plan will be created and monitored in eCST.	Principal	• Develop list of students in need of support • % of students in need of support referred to Campus Study Team (goal: 100%) • % of students in need of support with support plan in eCST (goal: 100%)	• % of students in need of support referred to Campus Study Team (goal: 100%) • % of students in need of support who show improvement (goal: 100%)	• % of students in need of support referred to Campus Study Team (goal: 100%) • % of students in need of support who show improvement (goal: 100%)	• % of students in need of support referred to Campus Study Team (goal: 100%) • % of students in need of support who show improvement (goal: 100%)
F	**Leadership Development** Establish a PBIS committee who will meet once a month to develop incentives for teachers and students.	Principal	• Committee member list • Teacher incentive plan • Student incentive plan	• List of teachers recognized • List of students recognized	• List of teachers recognized • List of students recognized	• List of teachers recognized • List of students recognized
G	Establish a reward system for students when meeting behavior expectations.	Academic Dean	• Create student behavior system reward plan	• % of students receiving reward for positive behavior (goal: 10% increase from prior quarter)	• % of students receiving reward for positive behavior (goal: 10% increase from prior quarter)	• % of students receiving reward for positive behavior (goal: 10% increase from prior quarter)
H	Every six weeks students will be recognized for academic performance and attendance.	Academic Dean	• Create recognition plan for academic performance and attendance	• % of students achieving honor goal (goal: 10% increase from prior quarter)	• % of students achieving honor goal (goal: 10% increase from prior quarter)	• % of students achieving honor goal (goal: 10% increase from prior quarter)
I	**Assessment** Administrators will survey teachers to obtain a baseline on whether teachers agree that "The School Leadership makes a sustained effort to address teacher concerns about managing student conduct".	Principal	• Administer survey on whether teachers agree that "The School Leadership makes a sustained effort to address teacher concerns about managing student conduct" (baseline)	• Survey on whether teachers agree that "The School Leadership makes a sustained effort to address teacher concerns about managing student conduct" (goal: 100%)	• Survey on whether teachers agree that "The School Leadership makes a sustained effort to address teacher concerns about managing student conduct" (goal: 100%).	• Survey on whether teachers agree that "The School Leadership makes a sustained effort to address teacher concerns about managing student conduct" (goal: 100%)
	Quarter goal status *(quarter goal in bold text)*		Choose an item.	Choose an item.	Choose an item.	Choose an item.
	Next steps					

Approved by Austin ISD Board of Trustees on October 23, 2017.

D CS I	**End of year evaluation**	

Approved by Austin ISD Board of Trustees on October 23, 2017.

Exhibit G:
News Articles on Mendez Middle School Turnaround Plan

New principals, a Mendez Middle School partnership and 50 teacher recognitions: 4 highlights from Monday's Austin ISD meeting

During an active Austin ISD board of trustees meeting Monday night, the district appointed new principals at four elementary schools, named its new chief of police and recognized this year's class of National Board Certified Teachers.

Four elementary schools get new principals

Cunningham Elementary, Kiker Elementary, Summitt Elementary and St. Elmo Elementary schools were appointed new principals by Austin ISD trustees at its meeting Monday. The actions were approved with the consent agenda.

Heather Petruzzini will serve as principal at Cunningham Elementary, located at 2200 Berkeley Ave., Austin. Petruzzini has been the assistant principal at Sunset Valley Elementary School since 2016 and has 14 years of experience, according to an AISD news release.

David Crissey, who has served as the assistant principal of Travis Early College High School since 2015, will take over as principal of Kiker Elementary School, located at 5913 La Crosse Ave., Austin. Crissey has also served as a principal and assistant principal at Santa Rosa County District Schools in Florida, according to the news release.

Kelly Friede will serve as principal of Summitt Elementary, located at 12207 Brigadoon Lane, Austin. Friede has served as assistant principal of Canyon Creek Elementary School in Round Rock ISD since 2014.

St. Elmo Elementary's new principal will be Ben McCormack, who has experience as AISD's elementary administrative supervisor in Area 2 and has previously served as assistant principal of Dobie Middle School. St. Elmo Elementary School is located at 600 W. St. Elmo Road, Austin.

Mendez Middle School T-STEM Coalition partnership approved

The board voted to enter Mendez Middle School into a turnaround partnership with the University of Texas at Tyler's Texas STEM Coalition. The school faced potential closure due to years of poor accountability grades from the Texas Education Agency

Through Senate Bill 1882, the district can find a partnership entity that would have the authority to approve curriculum decisions, identify programs for sub-populations, approve the campus budget and set the school calendar, according to board documents. The goal of a partnership is to improve the school's performance.

At a board of trustees workshop April 9, AISD staff recommended the partnership. T-STEM Academies are schools "that focus on more rigorous science and math courses, with the intent to increase the number of students who enter those fields professionally when they enter the workforce," according to board documents from the workshop.

Board names a new police chief

Trustees approved naming Ashley Gonzalez as its next chief of police in the consent agenda. Gonzalez is expected to take his post May 24. Learn more about the hiring here.

Caption ↓

Austin ISD votes on partner to help turaround Mendez Middle School

April 30, 2018
By Melissa B. Taboada, American-Statesman Staff

Austin district board members tonight will vote on a partner they hope will help save Mendez Middle School, which is at risk of closure by the state for chronically failing to meet academic standards.

The school board will vote on a performance agreement with the Texas Science, Technology, Engineering and Math Coalition (T-STEM Coalition), which would operate as an in-district charter over the campus. The T-STEM Coalition would work in partnership with the district, the University of Texas at Tyler, UT Austin's UTeach Institute, Communities in Schools of Central Texas, and Austin Interfaith.

Under a new state law, Senate Bill 1882, Mendez could get a two-year reprieve from state sanctions and more money per student if the district takes on a state-approved partner. The Texas Education Agency could determine whether it accepts the Austin district's partnership within 15 days of the district's submission.

If the new partner is approved, it would bring a separate governing board to Mendez, which would have authority to hire and to control the campus budget and curriculum.

Also on the school board's agenda tonight, trustees will vote on:

• Hiring a district police chief. The position has been vacant for nearly a year after former district Police Chief Eric Mendez took another job with the Cypress-Fairbanks school district, northwest of Houston.

• Appointing new principals for Cunningham, Kiker, St. Elmo and Summitt elementary schools.

• Approving a new, single pay structure for the district's police department intended for better market control and a career pathway, and offering stipends to recruit and retain more difficult to staff police positions, including bilingual, evening shift, and field training officers.

Local News

Students and teachers fighting to keep Mendez Middle School open

By:

Erin Cargile (https://www.kxan.com/meet-the-team/erin-cargile/882318406)

(mailto:erin.cargile@kxan.com)

Updated: Mar 28, 2018 11:05 PM CDT

Video

AUSTIN (KXAN) - This week's Austin ISD school board meeting was full of passion, and even some tears as students, teachers and community members stood up to fight to keep the campus open.

The Texas Education Agency has Mendez Middle School on their radar after four consecutive years of not meeting the state's academic standards. If the southeast Austin campus fails again this school year, it could be closed.

"Mendez Middle School has helped me conquer my fears," a student told the board while holding back tears. "Mendez needs to stay because I am not the only champion in my community. Other kids need the same chances I had to show that we are not defeated — we are strong — so tonight, I stand up for Mendez!"

Austin City Council Member Delia Garza also showed up to the speak to the school board meeting, and told trustees it was the first time during her four years in office she has testified to a governing body.

"The families in southeast Austin have faced and continue to face so many obstacles to begin with, and then families in my district do not have the luxury to choose their neighborhood based on school performance — many are just living where they can afford to live," said Garza. "This community shouldn't face the additional fear of their neighborhood school closing, becoming segregated or less reflective of the community."

The district is in the process of putting together a turnaround plan which includes finding an outside entity to partner with who can help turn things around.

Austin ISD had to go back to the drawing board after receiving no applications in its recent request for proposals.

"These circumstances are a result of the annual statewide testing and it is our belief that one standardized test should not define a school," AISD said in a statement to KXAN. "With that in mind, AISD will work diligently with the Texas Education Agency as well as the school community to keep Mendez open."

Rene Hernandez has a seventh-grade son at Mendez and says he is feeling the added pressure of performing well on the STAAR exam, which plays a big role in a campus meeting state standards.

He has faith the state and district will make the right decisions.

"Hopefully, everything works out for the benefit of the students," said Hernandez.

The history of Austin ISD and school closures

This is not the first time the district has been faced with a school closure, and had to overhaul campuses.

In 2008, the state closed Johnston High School in east Austin after it failed to make the cut for five years in a row. It reopened that fall as Eastside Memorial High School.

The state also closed Pearce Middle School in the summer of 2009. Austin ISD reopened the campus as two single-gender campuses: Bertha Sadler Means and Gus Garcia Middle School.

Leave a comment below:

KXAN News
about 4 months ago

This week's Austin ISD school board meeting was full of passion, and even some tears as students and teachers stood up to fight to keep their campus open.

Erin Cargile KXAN reports on the obstacles students are facing, tonight at 10.

Students and teachers fighting to keep Mendez Middle School op

The district is in the process of putting together a turnaround plan which includes finding an…

KXAN.COM

23 7 32

Austin

State gives thumbs up to T-Stem Coalition taking over Mendez MS

By:

Erin Cargile (https://www.kxan.com/meet-the-team/erin-cargile/882318406)

(mailto:erin.cargile@kxan.com)

Updated: Jul 10, 2018 10:18 AM CDT

(Interactive Media Not Supported by Print)

Video

AUSTIN (KXAN) — The Texas Education Agency has given its blessing to Austin ISD's plan to avoid closure and improve academics at Mendez Middle School.

The struggling campus in southeast Austin will remain open and operate as an in-district charter in the fall.

The Texas STEM Coalition, Communities In Schools of Central Texas, and UT Austin's UTeach Institute are teaming up to run the campus of 700 students. The campus will be operated by a separate governing board which will have full control over staffing, the school budget and the curriculum.

The new director, Joanna Carrillo-Rowley, started moving into the old principal's office Monday. She came from Midland ISD where she's been a teacher, assistant principal and bilingual ESL director who has a proven track record of turning low performing schools around.

"It took us a lot of hard work and a lot of planning, and now that I'm here at Mendez it's an exciting thing to happen again," said Carrillo-Rowley. "It's very challenging. I love the challenge. There's a lot of hard work ahead of us."

Even though Monday was her first official day on the job, she's been on the campus for a month and has already gone through a three-week training with half of her teachers.

The rest will go through training in mid-July to get up to speed on the new project-based, hands-on lessons they'll be implementing in the classroom. She spends the first three hours on the first day laying out her mission.

"[I told them] number one keep your head up — don't quit trying. You can't keep going in the same direction. You've got to get out of that mindset that you are defeated," said Carrillo-Rowley.

She has also been busy calling parents who plan on moving their children to another middle school campus to try and talk them into staying. Many told her they thought the school was already closed.

"Kids disappeared. We want them back. We need them back," said Carrillo-Rowley. "This is their campus, this is their neighborhood — there's no reason for them not to come here."

She plans on taking teachers with her to go door-to-door later this month to talk to parents she was unable to reach by phone. Her own daughter will also be attending Mendez as a sixth grader.

"If I can't lead the teachers and the campus to be the best for my own child then I'm not doing my job," said Carrillo-Rowley.

This will be Austin ISD's third experience with an in-district charter model.

- WATCH: Students and teachers fight to keep Mendez Middle School open

The first attempt was a failed partnership with IDEA Public Schools. Austin ISD terminated the contract with the charter operator after the first school year amid criticism from groups about the implementation process, and families who fought the decision saying they were fearful they were losing their neighborhood school.

The only other current in-district charter in Austin ISD is at Travis Heights Elementary. The program is led by Austin Interfaith and Education Austin. Organizers had more than 90 percent of parents and employees sign a petition of support.

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- **Struggling southeast Austin middle school gets turnaround plan**
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A day in the life of an Austin teacher

Mendez Middle School teacher balances long hours, varied tasks

METRO-STATE By Kristin Finan - American-Statesman Staff

Juan Haney is a seventh-grade teacher at Mendez Middle School in Southeast Austin. He was recently voted Teacher of the Year for the campus. RALPH BARRERA / AMERICAN-STATESMAN

Posted: 4:57 p.m. Tuesday, May 29, 2018

Highlights

Wednesday is the last day of the school year for Austin school district students.

> For the staff at Mendez Middle School, the happy anticipation of summer is tinged with uncertainty.

It's 7:30 a.m., and Juan Haney is preparing to welcome students into his classroom at Mendez Middle School in Southeast Austin.

This workday, like many of Haney's, will stretch for nearly 12 hours. In addition to teaching six periods of seventh-grade science, Haney will complete a smorgasbord of other tasks that include participating in a conference for a student in need of therapy services, stepping in when someone accidentally sets off the fire alarm, standing watch over the cafeteria to ensure a food fight doesn't break out, and creating a spreadsheet for a field trip to Blazer Tag, which he is in charge of planning.

"It is a lot, but you just do it," says Haney, who is in his fourth year of teaching at the 700-student middle school. "You're constantly just going and going. You get in the flow of things."

Juan Haney is a seventh grade teacher at Mendez Middle School in southeast Austin where he teaches science. RALPH BARRERA / ... Read More

Wednesday is the last day of school for Austin school district students. But for Mendez's staff, the anticipation of summer is tinged with uncertainty. After being at risk of closure by the state for failing to meet academic standards for four consecutive years, Mendez is expected to gain new partners — the Texas STEM Coalition — that will operate the school come fall, pending Texas Education Agency approval.

RELATED: Austin ISD board approves T-STEM Coalition to help save Mendez Middle

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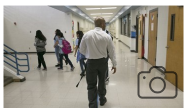


PHOTOS: Juan Haney, Mendez Middle School teacher

The American-Statesman spent a day last week shadowing Haney to look at the unique challenges facing the chronically struggling campus, where 90 percent of students are considered economically disadvantaged and 45 percent are English language learners.

When the first batch of students enters Haney's Room 103 in the morning, most stop to grab a carton of orange juice or cereal from the cooler by the door. Because a high percentage of the student body qualifies for free or reduced-price meals, free breakfast is made available to everyone both in the cafeteria and in classrooms.

One student enters the room and flips through Haney's copy of the just-released and coveted school yearbook, titled "In Our World."

"We're looking at pictures, sir," the student says. "Look at Mr. Haney!"

"Y'all can look at that later," Haney replies, turning his attention to the worksheet about organelles, the structures within a living cell, that he's just distributed. "When we're finished, we can read that."

Juan Haney, a seventh grade teacher at Mendez Middle School in southeast Austin, eats his lunch in the teachers lounge. RALPH ... Read More

Scanning the yearbook, it's easy to see that Haney, 28, has a significant presence on campus. On one page he's scoring during the annual student-teacher basketball game, and on another he's sporting a curly wig for '80s day. Toward the back of the book, there's a whole page honoring him as 2017-18 Teacher of the Year.

"He's my best teacher. He's cool," says 14-year-old Aniyah Dukes. "He's always there when I'm sad."

"He's funny. He's goofy," adds her friend, Maria Tejada, 14. "He's always there for people."

By setting high expectations in the classroom but not being afraid to crack a joke or use the occasional accent, Haney has, for some students, become a rock at a school where teacher turnover can be high and student home lives can be complicated.

"There's kids here with great parents, kids here with good home environments, but there are definitely also kids who face struggles," Haney said. "When you have issues that even adults would have difficulty dealing with — when you're a child and you're taking care of two, three, four younger siblings — it's hard to come to school and focus and care about what are the organelles in a cell. They're trying to figure out how they're getting home. They don't care about that."

Haney is from Round Rock. He graduated from Round Rock High School, where he played basketball, and earned his bachelor's in political science at Texas State University in San Marcos. He initially commuted from Round Rock to Mendez, but the hourlong drive and the sometimes 12-hour days in the classroom became too much. Now, Haney, who enjoys going to the gym and playing guitar in his free time, lives in an apartment near the school.

He said his fellow teachers work just as hard and care just as much as he does, noting times when the staff has pooled money to help students with things like medical bills or martial arts classes.

"You always hear that teachers don't make a lot of money, but what teachers do make, they give it back to these kids," Haney said. "Educators work hard and care about kids. They really do, especially here, in these schools and in this community. It's not the easiest place to work, so when people come here and they're dedicated and they put in the time, it's because they really care and they're here for these kids."

That said, there are limitations, and frustrations, that come along with being an underperforming school.

"You may get a kid and he's coming to you with a third-grade reading level. Let's say you push that kid up to a fifth-grade reading level. That's impressive, but if he's taking a seventh-grade test, he's still not on grade level," said Haney, who is also part of the Mendez PTA and Campus Advisory Council. "The biggest hurdle we have is that a lot of the kids come here at an extremely low level and you're trying to bring them up."

Juan Haney is a seventh grade teacher at Mendez Middle School in southeast Austin. After a quick break to eat his ... Read More

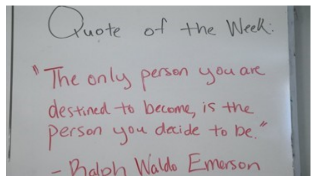
The planned partnership with Texas STEM Coalition is possible because of Senate Bill 1882, which passed in spring 2017. It allows school districts to choose a partner to work with a chronically struggling campus to keep it from closure and stave off other state consequences. The Austin school board approved the partnership this spring and is awaiting final approval from the Texas Education Agency. It's unclear what will happen with Mendez's faculty under the partnership.

Once Haney's students have completed their worksheets and finished a quiz, they go outside to get some fresh air near the school's front entrance, where cheerleaders and the school mascot, the Mendez Maverick, greet busloads of fifth-graders visiting from Widen and Rodriguez elementary schools.

Next year, those students will be Mendez Mavericks. The year after that, if all goes according to plan, many of them will have Haney for seventh-grade science.

But you won't find Haney lounging by the pool once the last bell of the school year chimes. He's getting his master's from Concordia University Texas in education administration — he'd like to be a principal one day — and he'll also teach summer school at Mendez.

"I don't want to get rusty," he says, laughing.

About the Author

KRISTIN FINAN Kristin Finan is the travel editor at the Austin American-Statesman.

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Texas Education Agency gives AISD another chance to save Mendez Middle

METRO-STATE By Melissa B. Taboada - American-Statesman Staff

The state approved a new partner to help turn around Mendez Middle School. JAY JANNER / AMERICAN-STATESMAN

Posted: 12:10 p.m. Monday, July 09, 2018

After being at risk of closure for failing to meet academic standards for four consecutive years, Mendez Middle School will get a new shot at a turn around.

The Texas Education Agency has approved the Austin school district's choice in a partner to help save the 700-student middle school in Southeast Austin, which could have faced state sanctions if it failed again this year.

Instead, the approved partnership with the Texas Science, Technology, Engineering and Math Coalition (T-STEM) gives the school a two-year reprieve from state sanctions and more money per student.

The coalition will operate as an in-district charter over the campus and will act as a partner with the district, UT Austin's UTeach Institute and Communities in Schools of Central Texas. T-STEM also will operate with a separate governing board to Mendez and has authority over staff, the school budget and curriculum.

Had the agency not approved the partnership, the state could have closed the campus or could have taken over the 81,650-student district.

About the Author

MELISSA B. TABOADA Melissa B. Taboada writes about K-12 public education for the Austin American-Statesman.

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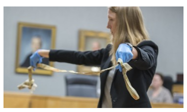

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Austin trustees have choice of 2 partners to save Mendez Middle School

Highlights

Two nonprofits active in Austin schools that have stepped forward to help turn around Mendez Middle School.

Austin Voices for Education and Youth and Communities in Schools have provided resources to AISD for years.

Austin school district trustees Monday will weigh two proposals from two nonprofits active in local schools that have stepped forward to help turn around Mendez Middle School, at risk of closure by the state for chronically failing to meet academic standards.

Austin Voices for Education and Youth, led by Executive Director Allen Weeks, and Communities in Schools of Central Texas, led by CEO Suki Steinhauser, both have submitted proposals to boost student achievement at Mendez. Both groups have spent years offering support to Austin district schools and building relationships with students and their families, and have formed partnerships with academic consultants that have successfully turned around failing schools.

Austin Voices will work with Baltimore-based Talent Development Secondary, which helped turn around Eastside Memorial High School. Austin Voices has helped connect students to health and social services, bring in after-school programs and establish family resource centers and youth leadership programs.

“We really respect the community here,” Weeks said Thursday night in a presentation to parents and teachers at the Southeast Austin school. “We know there’s a history. There are a lot of people invested in this school, and we’re humbled to be able to come beside you and work with you.”

RELATED: A passing grade for Eastside Memorial? Early returns give hope

Communities in Schools will work with the University of Texas-Tyler’s Texas STEM Academy, which has had success improving struggling campuses, and UT-Austin’s UTeach Institute, which will help train the teachers. Community in Schools has provided students with counseling and support groups, tutoring and mentoring and other enrichment programs.

The Texas STEM program is project-based, hands-on learning for every subject, said Yanira Oliveras-Ortiz, of UT-Tyler’s Innovation Academy. “Our goal coming to Mendez really is to make Mendez the school where the kids from this community, Dove Springs, want to come here.”

Mendez eighth-grade science teacher Blair Hanner said either group would work well with the school and involve the community to come up with the best plan for the kids. But Hanner said he was concerned that neither had strong plans for handling student discipline.

He said efforts to put restorative justice — which shifts the focus away from punishment toward mediation and agreement and learning from mistakes — has not been done with fidelity at the school.

“Austin Voices and CIS both have strong ties to our community,” said Hanner, who has taught at Mendez for three years. “I have a lot of faith in whichever partner gets chosen to listen to what teachers have to say and take up input from not only teachers and staff, but community members, parents and students alike, and together we can come up with what’s really best for these kids.”

Administrators at a school board meeting Monday night will forward the recommendations of a committee formed to help choose the partner. The committee provided their scores to administrators Friday, but the choice was not immediately made public.

Trustees are slated to vote on a partner April 30, the deadline to submit the selection to the state.

If approved by the state, Mendez would operate as an in-district charter school, using district resources to provide transportation and lunch, but having a separate governing board.

The 700-student middle school has not met academic standards for four consecutive years and could be closed by the state if it fails again this year. The Texas Education Agency also could appoint a board of managers to govern the entire 81,900-student Austin school district if the campus again doesn't meet standards.

But under a new state law, Senate Bill 1882, Mendez could get a two-year reprieve from state sanctions and more money per student if the district partners with a state-approved partner. The Texas Education Agency could determine whether it accepts the chosen partner within 15 days of the district's submission.

Austin Voice's proposal includes curriculum, coaching and professional development in reading, writing and math; the use of an early warning system to monitor attendance, behavior and student performance; extended instructional time and extended school day; and an enhanced before- and after-school program, among other things.

Communities in Schools' proposal includes transforming the campus into a Texas STEM Academy, a turnaround model promoted by TEA in the past 10 years. The program, similar to an early college high school model, will offer project-based learning, the engineering Project Lead the Way for middle school and will promote instruction in critical thinking.

The proposal resonated with parent Evelia Rodriguez, who listened to the dozen presenters from the Communities in Schools group. "I like the STEM program and feel like they'll be better prepared to go to high school and get the skills to go to college," Rodriguez said. "They want to make the school a better place."

Caption ↓

Two potential partners offer help to save Austin's Mendez Middle School

April 05, 2018
By Melissa B. Taboada, American-Statesman Staff

Two potential partners have stepped forward to help turnaround the Austin district's Mendez Middle School, which is at risk of closure by state education officials.

Austin Voices for Education and Youth, led by executive director Allen Weeks, and Communities in Schools of Central Texas, led by chief executive officer Suki Steinhauser, both have submitted proposals to boost student achievement at the chronically failing campus. Both groups have spent years offering support to Austin district schools.

Austin Voices proposes working with Baltimore-based Talent Development Secondary, which has worked to improve historically struggling secondary schools, and was the chosen partner to help turnaround Eastside Memorial High School.

Communities in Schools proposes working with UT-Tyler's Texas STEM (science technology engineering math) Coalition and UTeach Institute.

"I believe the community has been provided two great options that provide the community and students strong supports, wraparound services and parent engagement opportunities along with really rigorous academic programming," said Jacob Reach, the district's chief of staff. "I'm excited for both options but I need to hear the feedback from the committee members."

The two groups will present their proposals to the school community at 5:30 p.m. tonight in the cafeteria at Mendez, 5106 Village Square.

RELATED: A passing grade for Eastside Memorial? Early returns give hope

Austin Voice's 41-page proposal obtained by the American-Statesman includes curriculum, coaching and professional development in reading, writing and math; the use of an early warning system to monitor attendance, behavior and student

Exhibit H:
AISD Letter with Details of Turnaround Plan

AUSTIN
Independent School District

Office of the Superintendent

July 16, 2018

Mr. Tim Irvine, Executive Director
TX Dept. of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

RE: Mendez Middle School – Progress on Improvement Plan

Dear Mr. Irvine,

The purpose of this letter is to provide additional information regarding efforts currently underway to improve the Texas Education Agency (TEA) Accountability Ratings for Mendez Middle School, which has been rated as Improvement Requirement since 2014. Austin Independent School District (AISD) has been made aware of the major rehabilitation of Eastern Oaks Apartments located at 4922 Nuckols Crossing Drive by the Housing Authority of Travis County. We are confident that the community's broadly supported and forward-thinking plan to turn around Mendez Middle School will prove highly-effective at meeting TEA accountability benchmarks with students living at Eastern Oaks Apartments being active beneficiaries of that positive change while the development is underway.

Mendez Middle School will operate as an in-district charter come August 1, 2018 enabled by Senate Bill 1882 which gives AISD the authority to choose a partner to assist in the school's turnaround. Senate Bill 1882, enacted in 2017, encourages school districts to enter into partnerships with charter-school operators that will promote access to great schools for all students. The newly enacted bill also provides a two-year reprieve from any state accountability ratings as well as an increased funding rate per student and additional grant funding opportunities to assist with the transformation.

The community and board of AISD chose the Texas Science, Technology, Engineering and Math Coalition (T-STEM Coalition) – a partnership of AISD, University of Texas at Tyler, UT Austin's UTeach Institute, and Communities in Schools of Central Texas - to run the campus. On July 10th, the Texas Education Agency approved Texas STEM Coalition as the turnaround partner for Mendez Middle School giving staff and administration the green light to prep for the 2018-2019 school year. Mendez Middle School will be operated by a separate governing board which will have full control over staffing, the school budget and the curriculum.

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About the Mendez Middle School Partners

Texas T-STEM: The Texas STEM Coalition, a 501c3 non-profit, was established by the T-STEM Centers that were designated by the Texas Education Agency to support T-STEM Academies across Texas. The Texas STEM Coalition work with T-STEM Academies as well as all Texas schools to transform teaching and learning methods, improve achievement in STEM education, and ensure all students are college-ready, career-ready, and life-ready. **UTeach Institute:** The UTeach mission is to increase the number, diversity, and academic achievement of students pursuing STEM disciplines and careers. UTeach is well known as a highly successful secondary STEM teacher preparation program, begun at UT Austin in 1997 and currently operating at 45 universities nationwide. The UTeach Institute was created 11 years ago to expand the UTeach program nationwide and serves as the hub of this national network of UTeach programs. As a result of this work, the Institute has developed a comprehensive approach to the development, implementation, evaluation, and scaling of educational programs. UTeach brings decades of experience in effective STEM teaching and learning, including: teacher development; effective STEM instructional design and curriculum development; STEM programming for K–12 students; assessing STEM teaching and learning; educational program design, implementation, and support; development of professional learning and networked improvement communities; sophisticated educational data analysis; and program evaluation.

Communities in Schools of Central Texas: CIS currently provides the full CIS model at 66 schools in six school districts, 43 of which are in Austin ISD (including Mendez). CIS has a long history with Austin ISD which is characterized by trusting relationships, active supports for students and faculty, and measurement of impact through pre-and post-data on student academics, behavior, and attendance as well as promotion of graduations. CIS is considered among the best in the country in delivering student supports, integrated into the school environment so that all children may learn at their potential.

About the Partner Staff

The Governing Board for the Texas T-Stem Coalition at Mendez Middle School will include two members that have launched and operated charter schools, as well as members of both CIS and UTeach, and several community and parent partners to be named. The proposed Executive Director, Dr. David Simmons, is a veteran school leader with 36 years of experience as a teacher, principal, assistant superintendent and superintendent for five Texas school districts including Presidio ISD, Wimberly ISD, Texas City ISD, Tyler ISD and Richardson ISD. During his tenure as superintendent, each of the five school districts increased their accountability ratings and reduced the number of low performing campuses while increasing the number of high performing campuses.

The individuals, organization and resources represented by the Texas T-STEM Coalition are a powerful compass pointing in the direction of a positive future for Mendez Middle School. They are able to pull on best practices in similar turnarounds to put Mendez Middle School on a path to success. Please see attached resumes for all referenced individuals as well as a list of past clients for Texas T-STEM Coalition and references.

Texas T-STEM Approach and Efforts to Increase Key Factors

The intention of the Texas T-STEM Coalition is to transition Mendez Middle School to a high-performing Texas STEM academy and become a demonstration site for future programs. The T-STEM Academy is one of several turnaround models promoted by TEA over the past decade. The T-STEM program is focused on developing college-and career-ready students. The transition to a T-STEM Academy goes beyond trying to "Meet Standard." Too often turnaround programs solely focus on increasing test results in a reactive manner with focus on attendance, tutoring, and test preparation. T-STEM programs build teacher and student capacity to become self-led learners and productive team members. The goal of the STEM Academy model is to prepare students in STEM at a deeper level, as well as prepare them in the traditional core subjects, to maximize their future learning and earning opportunities. This model also builds a school learning culture that mirrors the workplace to build the student's 21st century skills including collaboration, communication, creativity and critical thinking all in sharp contrast on the singular task of test preparation.

In addition, another huge advantage of using the T-STEM model at Mendez is its alignment with Travis High School and Akins High School – two high schools that Mendez students will attend that both include T-STEM Academies providing a seamless advancement toward future academic success.

Mendez Middle School has missed meeting TEA Standard by two points in Indexes 2, 3 and 4. The gap is much higher in Index 1. The Texas T-STEM Coalition strategy is to focus on Index 2 (Student Growth) which is believed to bring up Index 3 and 4, as well, allowing Mendez to meet TEA Standard. A targeted plan will be developed for each individual student and teacher based on benchmark data, previous STAAR scores, and classroom student artifacts. This plan will be developed once new data is released mid-August 2018.

Communities in Schools will play a major role in supporting the Texas T-STEM Coalition's progress by being the service provider for students and families. Students served by CIS report improved relationships with adults and peers, improved engagement with their schools, and a belief that education has value for their futures – all important outcomes linked to future success. High-impact initiatives sponsored by CIS that plan on being implemented at Mendez include partnerships to restructure relationships among staff, parents, and community in order to build a more relational culture as well as prime time after school and summer youth employment programs.

Texas T-STEM Coalition will measure success based on the following metrics:

- Success as measured by TEA Accountability Performance
- Percent of Students meeting TSI at the end of 8th Grade
- Percent of Students who achieve "meets' or "masters" on accountability

- Student Engagement (attendance, referral rates, etc.)
- Students enrolled in Algebra and other high school courses in 8^{th} Grade
- Enrollment and retention
- Student-led climate survey and or focus groups
- Growth of student population

Indicators of Program Success

AISD feels assured that the Texas T-STEM partnership at Mendez Middle School will result in an improved academic program that will benefit students living at Eastern Oaks Apartments. Indicators of success of the program include:

- Veteran staff with a resume of successes in transformed schools similar to Mendez Middle School in demographics and challenges.
- A program that builds upon learning anchors already in place at Mendez Middle School including Project Lead the Way (PLTW), a STEM program, as well as the STEM programming in place at both feeder high schools.
- A community partner – Communities in Schools – that is immersed in the surrounding neighborhood that will understand the unique needs of Mendez and be able to view the academic experience through an inclusive lens.
- The school already has a very involved PTA, as well as an active neighborhood that is invested in the success of Mendez Middle School and its importance as the singular middle school in operation by AISD in Southeast Austin east of I-35.

AISD is supportive of the Housing Authority of Travis County's goal of rehabilitating Eastern Oaks Apartments into high-quality affordable housing within the attendance zone of Mendez Middle School and we respectfully request a finding of eligibility for the development site by TDHCA.

Please feel free to contact me with any questions.

Sincerely,

DocuSigned by:
Paul Cruz
5445EF851512468...

Paul Cruz, Ph.D.
Superintendent

PC/mw/agp

3820 Brighton Creek Circle

Tyler, Texas 75707
903-780-8323 (cell)
dsimmons816@gmail.com

David E. Simmons, Ph.D.

Experience

August, 2016-Present Martinsville ISD Martinsville, Texas
Interim Superintendent (385 Students)

- Responsible for managing district finances
- Responsible for organizing and conducting monthly board meetings
- Responsible for monitoring district personnel and assisting in personnel decisions
- Serve as a support for campus administrators
- Serve as the district athletic director
- Assist in developing school and community relationships

August, 2015-Present Professional Service Provider (PSP) Texas

- Serve as a liaison between the Texas Center for District and School Support (TCDSS), Texas Education Agency (TEA), local education service center (ESC), and district/campus
- Assist in building the capacity of campus/district leaders, teachers, and staff to understand the Texas Accountability Intervention System (TAIS) continuous improvement process
- Identify opportunities for continuous improvement at the district and campus level
- Utilize research-based practices and interventions to address the identified campus needs
- Monitor the progress of activities and strategies contained within the targeted improvement plan and facilitates the on-going refinement of the plan

August, 2015-Present Texas Education Agency (TEA) Monitor/Conservator Texas

- Coordinate with the regional Education Service Center to develop improvement plans and strategies
- Report the district's progress to the appropriate divisions
- Advise the Commissioner on any additional sanctions for consideration
- Draft preliminary quarterly reports detailing activities during the reporting period, the findings, progress on the LEA's corrective action plans, and any recommendations to the agency for further actions

March, 2011 – May, 2015 Louisiana Department of Education Baton Rouge, LA
Deputy Network Leader

- Responsible for supporting 13 school districts in NW Louisiana to improve student achievement
- Responsible for serving as the primary contact person for school district superintendents in NW Louisiana with the Louisiana Department of Education in Baton Rouge
- Responsible for assisting districts with the implementation of multiple educational reforms including increased student learning standards and a new performance based evaluation system for teachers and administrators

May, 2011 – August, 2013 Texas A&M-Texarkana Texarkana, Texas
Adjunct Professor

- Responsible for teaching education leadership classes

Retired under Teacher Retirement System of Texas in November, 2010 at age 51.

February, 2010-October, 2010 Houston I.S.D. Houston, Texas
Chief School Officer of High Schools

- Responsible for the leadership and support of 46 high schools serving 75,000 students.
- Responsible for closing achievement gaps within all student populations.

January, 2007-August 2009 Richardson I.S.D. Richardson, Texas
Superintendent (35,000 Students)

- Maintained TEA Recognized status for 3 consecutive years. Largest and most diverse district in Texas to accomplish this goal
- RISD selected as outstanding school district in Texas by HEB corporation in 2007

- Increased the number of exemplary campuses and recognized campuses each year

- Expanded career and technology programs

August, 2002-December 2006 Tyler I.S.D. Tyler, Texas
Superintendent (18,000 Students)

- Improved relations with community and civic organization including Smith County Association of Taxpayers, the City of Tyler, and Tyler Area Chamber of Commerce

- Restructured central administration to improve efficiency and increase accountability

- Posted consistent gains in student achievement as measure by TAKS

- Tyler ISD Board of Trustees Selected as Outstanding School Board Of The Year in 2006

- Worked with the TISD Board and community groups for successful passage for a $96 million school construction bond

August, 1999-August 2002 Texas City ISD Texas, City TX
Superintendent (6,000 Students)

- Raised district accountability rating from Academically Acceptable to Recognized

- Implemented cost-reduction program to remedy problems incumbent to Chapter 41 school districts

January, 1997 – August, 1999 Wimberley I.S.D. Wimberley, TX
Superintendent (1,800 Students)

- Raised district accountability rating from Recognized to Exemplary

- Actively participated in all phased of the state comptroller's Texas School Performance Review

- Developed re-organization plan to increase effectiveness of expenditures by directing funding toward instruction

October, 1995 – January, 1997 Presidio I.S.D. Presidio, TX
Superintendent (1,500 Students)

- Raised district accountability rating from Academically Unacceptable to Academically Acceptable

1994-1995 **Monahans-Wickett-Pyote I.S.D.** **Monahans, TX**
Assistant Superintendent

1993-1994 **Jacksonville I.S.D.** **Jacksonville, TX**
High School Principal

1992-1993 **Region VII Education Service Center** **Kilgore, TX**
Field Service Agent

1990-1992 **Martinsville I.S.D.** **Martinsville, TX**
Principal K-12

1987-1989 **Pleasant Grove I.S.D.** **Texarkana, TX**
High School Teacher/Coach

1985-1987 **Gary I.S.D.** **Gary, TX**
Elementary and High School Teacher/Coach

1982-1985 **Deer Park I.S.D.** **Deer Park, TX**
Middle School Teacher/Coach

Education

August, 2001 Texas A & M University College Station, TX

- Doctor of Philosophy in Educational Administration
- Dissertation: *The Effectiveness of Wealth Recapture Legislation on Achieving Financial Equity Among the Public School Districts in Texas*

May, 1987 Stephen F. Austin State University Nacogdoches, TX

- Master of Education
- Major: Educational Administration
- Mid-Management Certification
- Superintendence Certification

May, 1982 Stephen F. Austin State University Nacogdoches, TX

- Bachelor of Science

Trainings

Teacher Evaluation Support System T-TESS

Annual Board Governance Training

Affiliations

Texas Association of School Administrators

American Association of School Administrators

Board of Directors of the Equity Center

Texas School Alliance

Civic & Community

Member Green Acres Baptist Church Tyler, Texas

Suki Steinhauser

4003 Rosedale Ave.

Austin, Texas 78756

(512) 619-4683

EDUCATION

The University of Texas at Austin Austin, Texas

Master of Business Administration, 1990. Coursework in all areas of this Generalist M.B.A. program

Syracuse University Syracuse, New York

Bachelor of Arts, 1982. Magna cum laude. Major: International Relations and South Asian Studies. Phi Beta Kappa. Vice President of Student Government Association.

EXPERIENCE

Communities In Schools of Central Texas Austin, Texas

Chief Executive Officer
Overall leadership of sustainable growth and consistent high quality for local affiliate of a national non-profit dedicated to helping kids succeed in school. February 2006 to present.

- Set goals for the organization and impart vision to the staff and community.
- Stewardship of $9.3 million in revenues to carry out programs on 66 public school campuses.
- Support volunteer board to set vision and policy and raise funds to best meet the mission.
- Build agency profile in the community and advance the cause of keeping kids in school.
- Supervise multiple department heads – operations, resource development, communications - ensuring excellence
- Consistently build quality of program services through oversight of evaluation and management of staff.
- Raise funds from private sources including corporations, foundations and individuals.
- Maintain relationships with funding and program partners in school districts, multiple public entities, and the state and national offices of Communities In Schools.
- Ensure ethical relationships and actions at all levels of organization.

Director of Projects
Responsible for the coordination and management of 20 special projects that prepare at-risk students for success. Major projects included AmeriCorps program, providing tutoring, mentoring and service learning projects within the schools; the XY-Zone, a positive fraternity for 300 young men on their journey to manhood; case management and after-school programming for students residing in public housing. Worked in partnership with the Executive Director and Management Council. February 1998 – February 2006.

- Managed projects to secure resources, oversee service delivery, and ensure contract compliance.
- Managed complex budgeting in competitive funding environment.
- Evaluated, supervised and supported personnel on special projects.
- Developed and maintained relationships with businesses, local and state government representatives and other nonprofit organizations.
- Overall responsibility for one hundred staff members.

Even Start Coordinator
Responsible for coordinating a team which delivered the ASPIRE Even Start Family Literacy Program, including parenting education, early childhood education, and adult education, for three elementary schools. Expanded HIPPY school-readiness program from one to nine elementary schools. October 1994-February 1998.

- Coordinated Even Start contract planning and implementation and coordinated team of thirty staff.
- Managed $450,000 Even Start and HIPPY budgets.
- Col laborated with multiple community partners.
- Implemented research and evaluation tools.

Texas Development Institute Austi

n, Texas

Director of Administration
Responsible for development of administrative and financial systems, ongoing personnel management and fundraising coordination for this not-for-profit focused on community economic development. October 1992 - May 1994.

- Supervised administrative staff; recruited and supervised university student interns.
- Wrote chapters on risk and financial management for TDHCA's non-profit organization operating manual.
- Planned and coordinated seminars and conferences.
- Developed project, program, and consolidated budgets.
- Developed chart of accounts for complex fund accounting requirements.

Peterson & Associates Austi

n, Texas

Staff Consultant
Developed and implemented strategic planning and team building sessions for Boards of not-for-profits. Managed recruitment process, jointly facilitated, analyzed and reported findings of multiple focus groups for the Texas Commissioner of Health and Human Services. June 1991-1992.

Austin Habitat for Humanity Austin, Texas
President of the Board of Directors
Head of policy making body overseeing $440,000 annual budget for affordable housing program. Also, Chair of Land Acquisition Committee, Board Vice President and Secretary. 1986-1994.

American Institute for Learning Austin, Texas
Fiscal Manager
Maintained AP, voucher and record systems. Computerized and prepared payroll for 120 employees. 1986-1988.

U.S. Peace Corps Swaziland, Africa
Secondary School Mathematics Instructor
Taught mathematics to 7th and 8th graders. Established, raised funds for and staffed school library. Conceived and scheduled work team system for 240 laborers who built ferro-cement water storage facility. 1982-1986.

OTHER ACTIVITIES

Former: Public school volunteer 1993 to present. Hosted exchange student 2004-2005. Co-Chair Public Policy Committee and President One Voice Central Texas social services advocacy group, Communities In Schools' Best of Texas Executive Director of the Year 2011. Board member of Basic Transportation Needs Fund, Member of Seedling Foundation Advisory Council, Graduate of Leadership Austin Essential Class of 2007. Member Mentoring Advisory Committee to Joint Subcommittee AISD/City of Austin/Travis County 2015-2017.

Current: Volunteer mentor with Communities In Schools, Executive Committee member of CIS of Texas E.D. Association, Trained in Beyond Diversity, CIS' Racial Equity framework. Member of Early Childhood Results Count – Mental Health workgroup, Member of ACC's Truth, Racial Healing and Transformation Center Steering Committee. 2017 Winner of the Greater Austin Business Leadership Award (mid-size company).

Texas T-STEM Coalition List of Past Clients

E. Past clients

SB 1882 is a new program. Turnaround programs in the past did not require a school takeover

Client	Provider	Service	Outcome
Tyler ISD Jones Elementary Ramey Elementary Bonner Elementary	J. Simmons	Professional Service Provider(PSP)	Schools Improved to "Met Standard"
Tyler ISD Boulter MS	Ingenuity Center	TTIPS	School Improved to "Met Standard"
Laneville ISD Laneville HS	J. Simmons D. Simmons	Professional Service Provider(PSP)	School Improved to "Met Standard"
Mt. Enterprise ISD Mt. Enterprise Elementary	J. Simmons	Professional Service Provider(PSP)	School Improved to "Met Standard"
Marshall ISD Crockett Elementary G.W. Carver Elementary J. H. Moore Elementary Robert E. Lee Elementary	J. Simmons	Professional Service Provider(PSP)	Schools Improved to "Met Standard"
Ft. Worth ISD Stripling MS	Ingenuity Center	Math Intervention	School Improved to "Met Standard"
Bullard ISD Bullard Intermediate	J. Simmons	Professional Service Provider(PSP)	School Improved to "Met Standard"
Eustace ISD Eustace HS Eustace MS	Ingenuity Center	Math Intervention	School Improved to "Met Standard"
Greenville ISD Greenville HS Greenville MS	Ingenuity Center	Math Intervention	School Improved to "Met Standard"
Innovation Academy Longview IA Palestine IA Tyler IA	J. Simmons, Ingenuity Center	Superintendent	Schools Improved to "Met Standard"
Pineywoods Community Academy Pineywoods Community Academy High School	D. Simmons	Professional Service Provider	School Improved to "Met Standard"
Timpson Independent School District	D. Simmons	Professional Service Provider	School Improved to "Met Standard"
Nacogdoches Independent School District Thomas J Rusk Academy of Fine Arts Emeline Carpenter Academy of Technology and Science Fredonia Elementary School McMichael Middle School	D. Simmons	Professional Service Provider	Schools Improved to "Met Standard"
Union Hill Independent School District Union Hill Elementary School	D. Simmons	Professional Service Provider	School Improved to "Met Standard"
Etoile Independent School District Etoile School K-8	D. Simmons	Professional Service Provider	2018 STAAR Data Pending
Cumberland Charter School District	D. Simmons	TEA Monitor	Improved, Released from Sanctions
Sam Houston State University Charter School	J. Simmons	Charter School Mentor	
Trivium Academy Charter	J. Simmons	Charter School Mentor	2018 STAAR Data Pending
The Lawson Academy Charter	J. Simmons	Charter School Mentor	2018 STAAR Data Pending
Trinity Environmental Academy	J. Simmons	Charter School Mentor	2018 STAAR Data Pending

Texas T-STEM Coalition List of References

f. References

Name	Organization	Email
Communities in Schools		
John Fitzpatrick	Educate Texas	jfitz@cftexas.org
Virginia Potter, Program Officer	Michael & Susan Dell Foundation	Virginia.potter@msdf.org
Betsy Abell, Foundation Executive	Buena Vista Foundation, Initiator of Social Emotional Learning program of Austin ISD	bgabell@aol.com
Lucio Calzada, CIST board member	Hays CISD, Mentoring Director, Texas Association of Latino Administrators and Superintendents (TALAS)	Lucio.calzada@hayscisd.net
Dave Holody, CIST board Treasurer	Internal Audit, AMD Finance Committee United Way for Greater Austin	David.holody@amd.com
Mark Williams, CIST board member	Accountant, former AISD President board of trustees, current trustee Austin Community College	Mark.williams@austincc.org
Ingenuity Center		
Dr. Carol Fletcher	UT Austin Center for STEM Education (Pflugerville School Board Member)	P: 512-471-7354
John Fitzpatrick	Educate Texas	jfitz@cftexas.org
Reo Pruitt	Educate Texas	P: 214-750-4222
David Simmons References		
Dr. Mike Moses	School Executive Consulting 500 North Central Expressway, Suite 175 Plano, Texas 75074	214-859-9372
The Honorable Kevin Eltife (Former) State Senator District	Tyler, Texas	903-596-9122
Jo Ann Simmons References		
Dr. Marty Crawford, Superintendent	Tyler ISD	903-262-1001
Dr. Christy Hanson Chief Academic Officer	Tyler ISD	903-262-1011
Yanira Oliveras Reference		
Dr. Steven Wurtz COO Arlington ISD	Arlington ISD	swurtz@aisd.net

Exhibit I:
T-STEM Application to AISD

Texas Education Agency
Phase 2 – SB 1882 Eligibility Approval Request
Cover Letter (Path A)

District	Austin ISD
Superintendent	Dr. Paul Cruz
Primary District Contact	Jacob Reach
Primary Contact Email/Phone Number	Jacob.reach@austinisd.org, 512-414-9646
Submission Date	April 30, 2018

<u>Overview</u>:
The purpose of Senate Bill 1882, enacted in 2017, is to encourage school districts to enter into partnerships with charter-school operators that will promote access to great schools for all students.

Districts are invited to submit an eligibility approval request under SB 1882 for partners granted an in-district charter to operate a campus. The TEA will review eligibility requests for approval of SB 1882 benefits. This review does **<u>NOT</u>** impact the district's decision to award and campus charter and enter into a contract to partner to operate a campus.

Texas independent school districts may grant a campus charter to the following organizations. All proposed operating partners must meet the eligibility requirements and approval criteria established in the 1882 legislation and regulations.

- *<u>"Existing Operator"</u>* = governing body of a Texas open-enrollment charter school, as identified by TEC 11.174(a)(1), or university charter school in good standing (i.e., "Existing Operator"). All existing operators must meet the following statutory requirements, outlined in TEC 11.174(a)(b)(1-3):
    - The charter must have received an acceptable overall academic and financial performance rating for the 2016 and 2017 accountability ratings. The approval of benefits for a partnership with an "existing operator" will be contingent on the charter receiving acceptable ratings for the 2018 accountability ratings.
    - The charter must not have expired, been previously revoked, or been surrendered.
    - Operators not meeting the criteria in TEC 11.174(a)(b)(1-3) will be treated as "New Operators".
- *<u>"New Operator"</u>* = an organization, as identified by TEC 11.174(a)(2), granted a charter by the district under Subchapter C, Chapter 12, that is eligible to be awarded a charter under Section 12.101(a). (i.e., "New Operator"). Eligible organizations may include:
    - Institute of Higher Education
    - Non-Profit Organization (operates charter schools in other states)
    - Non-Profit Organization (does not operate charter schools)

Texas Education Agency
Phase 2 – SB 1882 Eligibility Approval Request
Cover Letter (Path A)

- Governmental Entity

Texas independent school districts may establish charter operating partnerships for the following types of schools:

- *"Turnaround Partnership"* with a campus in Improvement Required (IR) status
- *"Innovation Partnership"* with a campus not in Improvement Required (IR) status
- *"New School Partnership"* to establish a new campus (with a unique school ID)

Campuses receiving eligibility approval for SB 1882 benefits may qualify for an exemption from specific interventions for two years (under TEC, §11.174(f)) and additional per-pupil funding to support the proposed school model (under TEC, §42.2511).

Instructions:
Districts intending to pursue benefits associated with SB 1882 should submit Phase 2 – SB 1882 Eligibility Approval Requests to TEA on or before April 30thth, by 5pm. This cover letter is non-binding and is **NOT** evaluated as part of partnership eligibility approval.

Each district should complete a cover letter for each proposed partnership. Please complete the cover letter and submit to the TEA using the following steps:

- Save the file as a PDF
- Name the file – [*P2 Cover Letter_Insert District Name_Campus Name*]
- Email the attached file to dssi@tea.texas.gov with the subject line as follows - [*P2 Cover Letter_Insert District Name*]

The cover letter does not need to be approved by the district school board.

Turnaround Partnerships with New Operators: For each proposed turnaround partnership with a "new operator", submit the Phase 2 – Partnership Plan Proposal that describes the education plan and leadership capacity of the organization and respond to the following questions:

1. Is the Turnaround Partnership proposal being submitted for eligibility with a New Operator (i.e., *Other Eligible Entity" as identified by TEC 11.174(a)(2))*?	
☒ Yes	☐ No

Texas Education Agency
Phase 2 – SB 1882 Eligibility Approval Request
Cover Letter (Path A)

2. If yes, list the operating partner(s) approved, the operator type (as described in the 2017-2018 Authorizer Guidance, available here), and the existing school in which the proposed partnership will take place.

Proposed District School/County District Campus Number	Operating Partner	Operator Type (see overview above)	Partner Currently Operates Schools in Other States?* Yes/No
227901058	Texas STEM Coalition	Non-profit	No

* Any partner that currently operate schools in other states will undergo a review of its student achievement track record, as described in the TEA Evaluation Rubric for Partner Applications. For operators meeting the TEA identified performance standard, the agency will only review the performance contract.

3. Please describe the district's evaluation process used to review applications from these operators. Include the number and qualifications of the members of the review team as well as any rubrics or instruments utilized.

The district released an application and requested that interested partners respond in writing to the application. Two possible partners submitted an application and provided presentations to both an evaluation committee and community meeting.

The evaluation committee was made up of 12 community, parent, and staff members. Of that 12, 9 attend all meetings and completed scoring applications. The 9 scoring committee members included:
1- AISD Associate Superintendent of Academics and Social and Emotional Learning
2- AISD campus administrator
3- Mendez Teacher
4- Mendez Teacher
5- Mendez Support Staff
6- Parent
7- Parent
8- Mendez PTA president
9- Education Austin representative

The following timeline outlined the process:
Jan 11, 2018- RFP for partners published
Feb 6, 2018- RFP closed, not submissions
Feb 6, 2018- 1882 Evaluation Committee discussed other options
Feb 16, 2018- 1882 Evaluation Committee discusses new application and process
March 20, 2018- Committee finalizes application, discusses performance measurements
April 3, 2018- partners provide presentation to evaluation committee
April 5, 2018- Community Meeting, partners provided presentation
April 6, 2018- Evaluations due to AISD Chief of Staff
April 9, 2018- Board Meeting to discuss 1882 and Mendez
April 30, 2018- Regular Board Meeting. Board grants charter and approves MOU for partnership

A copy of the rubric is attached.

Texas Education Agency
Phase 2 – SB 1882 Eligibility Approval Request
Cover Letter (Path A)

Submission Checklist:

Please submit the following documents:
☒ Cover Letter ☒ Performance Contract/Charter ☒ Copy of the Operating Partner's Local In-District Charter Application ☒ Phase 2 – Partnership Plan Proposal ☒ Partnership Assurances Document

Austin ISD

Lead Partner, Mendez MS

2017-18 Application Cycle

Evaluation Rubric

Ratings and Criteria Overview

Evaluators will use the following criteria to rate applicant responses to the Request for Qualifications. Within each section, specific criteria define the expectations for a strong response that "Meets the Standard." Evaluators will rate responses by applying the following guidance:

Rating	Characteristics
Meets the Standard	The response reflects a thorough understanding of key issues. It addresses the topic with specific and accurate information that shows thorough preparation; presents a clear, realistic picture of how the school expects to operate; and inspires confidence in the applicant's capacity to carry out the plan effectively.
Partially Meets the Standard	The response meets the criteria in some respects but lacks detail and/or requires additional information in one or more areas.
Does Not Meet the Standard	The response is wholly undeveloped or significantly incomplete; demonstrates lack of preparation; is unsuited to the mission of the authorizer or otherwise raises substantial concerns about the viability of the plan or the applicant's ability to carry it out.

Recommendations from the Evaluation Team will be based on evaluation of the written application (narrative and attachments), independent due diligence, and the applicant interview (if applicable). **In addition to meeting the criteria that are specific to that section, each part of the proposal should align with the overall mission and vision, educational program, and operations and financial plans.**

Instructions for Evaluators

1. Fill in your name and the name of the applicant group. Click once on the grey boxes to begin typing.
2. **Complete the summary page last**. Type a summary of your analysis of each section into the box provided; it will expand as needed. This should be a paragraph outlining the overall strengths or weaknesses of the application section as a whole. It should summarize your findings and should not be cut and pasted from your subsection analysis.
3. For each subsection of the application, you should do the following during your initial individual analysis of the proposal:
   a. Select a rating for that section.
   b. Use the "Comments" area to identify notable positive aspects of the response.

Your comments and evidence are at least as significant as your rating.

COMPLETE THIS PAGE LAST.

Ratings Summary

Evaluator Name: Click or tap here to enter text.

Applicant Group: Click or tap here to enter text.

Proposed School Name: Mendez Middle School

SUMMARY COMMENTS

Each part of your summary comments should provide a clear understanding of your overall impression of the proposal as well as the most significant strengths and/or weaknesses. The summary comments for each section should support your rating for the section, and should not be simply cut and pasted from your subsection analysis.

SECTION 1 — Educational Program Design		
Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

SECTION 2 — Governance, Operations Plan & Capacity		
Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

SECTION 3 — Financial Plan		
Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

SECTION 4 — Community and Parental Involvement		
Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

SECTION 5 — Experience and Qualifications		
Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

Section 1 — Educational Program Design

A strong Educational Program Design is coherent overall and aligned internally with the school's mission and vision, Operations Plan, and Financial Plan. A strong description of the Educational Program will have the following characteristics:

Curriculum and Instructional Design

- Framework for a rigorous, quality instructional design that reflects the needs of the school's target population and will ensure all students meet or exceed the expectations of Texas state standards.
- Sound instructional strategies and explanation of why they are well-suited for the targeted student population, including effective methods and systems for providing differentiated instruction to meet the needs of all students.
- Evidence that the proposed educational program has a sound base in research, theory, and/or experience, and has been or is likely to be rigorous, engaging, and effective for the anticipated student population.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

School Culture and Climate

- Vision for school culture or ethos that will promote high expectations, a positive academic environment, and intellectual and social development for all students, including those with special needs, English Language Learners (ELLs), and students at-risk of academic failure.
- Coherent plan for establishing and maintaining the intended culture for students, teachers, administrators, and parents from the first day of school, and for enculturating students who enter the school mid-year.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Performance assessments and school-wide data & performance monitoring

- Quality interim assessments that are aligned with the school's curriculum, performance goals, and state standards.
- Effective plan (including qualified personnel) and system for measuring and evaluating academic progress – of individual students, student cohorts, each school, and the network as a whole – throughout the school year, at the end of each academic year, and for the charter term.
- Comprehensive, effective plan (including qualified personnel) and system for collecting and analyzing student academic achievement data, using the data to refine and improve instruction – including providing training and support to school leadership and teachers – and reporting the data to the school community. This should include identification of the student data system to be used, as well as qualified personnel who will be responsible for managing and interpreting the data for teachers and leading or coordinating data-driven professional development.
- Thoughtful, appropriate corrective actions the school and network will take if either falls short of the goals at any level, including explanation of what would trigger such actions and who would implement them.

Sound plan for monitoring performance of the portfolio as a whole and thoughtfully considering portfolio performance in decisions regarding continued growth and replication.

Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

Professional Development

- Professional development standards, opportunities, leadership, and calendar/scheduling that effectively support the education program and are likely to maximize success in improving student achievement, including an induction program that will prepare teachers to deliver any unique or particularly challenging aspects of the educational program.

Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

Student Recruitment and Enrollment

- Enrollment Policy complies with state law and that ensures the school will be open to all eligible students. ☐

Sound and thoughtful student recruitment and marketing plan, timeline, and Enrollment Policy that will provide equal access to all interested students and families, including those in poverty, academically low-achieving students, students with disabilities, students who are limited in English proficiency, students who are at risk of dropping out of high school, and other youth at risk of academic failure.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Special Populations and At-Risk Students

- Demonstrated understanding of – and capacity to fulfill – state and federal obligations and requirements pertaining to students with disabilities, students identified as intellectually gifted, and ELLs, including appropriate discipline procedures for students with disabilities.
- Comprehensive plan for appropriate identification of students who are performing below grade level or at risk of academic failure or dropping out, and a detailed plan for providing services to such students.
- Comprehensive plan for appropriate identification of students with special needs and to ensure they are served in the least restrictive environment possible, have appropriate access to the general education curriculum and schoolwide educational, extra-curricular, and culture-building activities in ways that support their development, receive required and appropriate support services as outlined in their Individual Education Plans and 504 plans, and participate in standardized testing.
- Plans describe evidence-based instructional programs and practices; effective design or adaptation of the educational program; qualified staffing; and support strategies and resources.
- Comprehensive plan for providing services to ELLs, including methods for appropriate identification of ELLs, specific instructional programs, practices, and strategies the school will employ to ensure academic success, methods to evaluate procedural and substantive compliance with special education rules and regulations, and plan for including ELLs in standardized testing and schoolwide educational, extra-curricular, and culture-building activities.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Section 2 — Governance, Operations Plan & Capacity

Partner/Provider Capacity

- Clear presentation of the school's organizational structure, including lines of authority and reporting between the governing board, staff, and any related bodies (such as advisory bodies or parent/educator councils), and any external organizations that will play a role in managing the school.
- Clear delineation of the roles and responsibilities of – and lines of authority and reporting among – the governing board, staff, any related bodies (such as advisory bodies or parent/educator councils), and any external organizations that will play a role in managing the school.
- Clear delineation of lines of authority and reporting within the school.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Assurances to meet requirements set by TEA

- Proposed school's legal status [501(c)3 non-profit status and federal tax-exempt status] and structure are in compliance with state law.
- Governing bylaws, policies, and procedures are comprehensive and sound.
- Provide assurances to meet TEA requirements or to work with the District to seek exemptions to any requirement.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Management of Governing Board

- Explains how the board will accomplish its core duties of setting vision, providing accountability, creating structure for effective governance, acting in unity, and providing advocacy to achieve the vision.
- Clearly describes the independence of the board as it relates to the authorizer.
- Clear, appropriate plans for the board(s) to evaluate the success of the school(s) and school leader(s).
- Proposed board members who demonstrate *(as documented by résumés, bios, and Board Information sheets for all currently-identified proposed members):* (a) will, capacity, and commitment to govern the school(s)/network effectively; and (b) shared vision, purposes, and expectations for the school(s)/network.
- Evidence that the proposed governing board members will contribute the wide range of knowledge, skills, and commitment needed to oversee a successful charter school, including educational, financial, legal, and community experience and expertise.
- Description of how the Board will include current staff, students, and community in meetings, board decisions, and actions including public participation, feedback, and addressing concerns and questions.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Staffing and Management Plan

- Recruitment and hiring strategy, criteria, timeline, and procedures that are likely to result in a strong staff that are well-suited to the school.
- Plan for supporting, developing, and annually evaluating school leadership and teachers that is likely to produce and retain a successful staff.
- Leadership and teacher evaluation tools that are likely to be effective.
- Effective planning for unsatisfactory leadership/teacher performance and turnover.

Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

Selection of Campus Leader

- Plan for evaluating, selecting, and hiring a executive leader for the campus.
- Plan for supporting, developing, and annually evaluating school leadership that is likely to produce and retain a successful staff.
- Leadership evaluation tools that are likely to be effective.
- Effective planning for unsatisfactory leadership/teacher performance and turnover.

Initial Application Review		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐ Partially Meets the Standard	☐ Does Not Meet the Standard
COMMENTS:		

Section 3 — Financial Plan

A strong Financial Plan is coherent overall and aligned internally with the school's mission and vision, Educational Program, and Organization Plan.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Section 4 — Community and Parental Involvement

A strong plan that outlines and explains the community and parental involvement, including student services, community outreach, and social supports.

- A clear vision for including the community and parents in the school with a description of parental and community involvement activities that would be provided.
- A plan for coordination of student services and communication to families and community regarding the services offered.
- A description of the planned community outreach to include proposed methods for communication to the community, including garnering support from the community to benefit the school.
- A plan for the social supports and coordination of the various agencies that provide academic and social-emotional services to students, including how services would be offered to students during the school day, if applicable and how services may connect with families, if applicable.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Section 5 — Experience and Qualifications

Current data from previous experiences

- Evidence of the applicant's success in serving populations similar to the population that the applicant intends to serve, including evidence of academic success and successful management of non-academic school functions (e.g., back- office services, school operations, extracurricular programs).

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Vision, Mission & Core Values

- Provides vision, mission and core values of existing organization.
- Provides alignment of partner organization and the District's vision, mission and core values.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Resumes, list of past clients, and references

- Evidence that the school leadership and management team have the collective qualifications (documented by résumés and bios for all members) to implement the school design successfully, including capacities in areas such as school leadership, administration, and governance; curriculum, instruction, and assessment; performance management; and parent and community engagement.

- List of past clients and references are provided.

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard

COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

How would you measure success?

Provides suggestions or recommendations on how they will measure success at the campus including progress measures that look at both academic and social and emotional success and student growth.

- The plan describes measures for recognizing the academic successes of students
- The plan describes measures for documenting social and emotional success and growth of students in non-academic areas

Initial Application Review		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		
After Community Meeting		
☐ Meets the Standard	☐Partially Meets the Standard	☐Does Not Meet the Standard
COMMENTS:		

Texas Education Agency

SB 1882 Eligibility Approval Request

Phase 2: Partnership Plan Proposal

Austin Independent School District

Texas STEM Coalition

Phase 2 Review Details for Proposed Turnaround Partnerships with New Operators

Proposed turnaround partnerships with new operators (Path A) must meet additional criteria related to the operating partners eligibility request and school performance track record (if applicable). This document describes TEA's review criteria and process for verifying partnership eligibility for benefits under SB1882. Specific criteria include:

- Evaluation of the proposed education plan
- Evaluation of the capacity of the proposed operating partner, the charter governing board, and the operating partner and school leadership team
- Evaluation of the operating partner's previous history operating campuses outside of Texas, if applicable

Review Ratings and Criteria Overview

Evaluators will use the following criteria to rate applicant responses to the Request for Qualifications. Within each section, specific criteria define the expectations for a strong response that "Meets the Standard." Evaluators will rate responses by applying the following guidance:

Rating	Characteristics
Meets the Standard	The response reflects a thorough understanding of key issues. It addresses the topic with specific and accurate information that shows thorough preparation; presents a clear, realistic picture of how the school expects to operate; and inspires confidence in the applicant's capacity to carry out the plan effectively.
Partially Meets the Standard	The response meets the criteria in some respects but lacks detail and/or requires additional information in one or more areas.
Does Not Meet the Standard	The response is wholly undeveloped or significantly incomplete; demonstrates lack of preparation; is unsuited to the mission of the authorizer or otherwise raises substantial concerns about the viability of the plan or the applicant's ability to carry it out.

Review Process

TEA will evaluate relevant sections from the operating partner's application that describe the education plan and leadership capacity of the organization. Each submission will be evaluated by a review team that includes a minimum of three members, including external TEA partners with expertise in reviewing charter applications and/or school turnaround proposals.

Review team members will individually review and score proposals using the criteria in this rubric. The review team will discuss individual findings and will establish a consensus rating for each section of the rubric. In order to meet the TEA threshold for approval, a proposal must "Meet the Standard" in at least six (6) of the eight (8) sections related to Section 1 – Education Plan and may not receive a rating of "Does Not Meet the Standard" in any section. A proposal must also "Meet the Standard" in at least four (4) of the five (5) sections related to Section 2 – Leadership Capacity and may not receive a rating of "Does Not Meet the Standard" in any section. In the event that additional information is necessary to understand the proposed partnership, TEA may request additional information or request a capacity interview with the submitting district and/or operating partner.

Instructions

Specifications

- All material submitted to TEA must reflect original proposal and plan submitted by the charter operating partner and approved by the Texas Independent School District.
- All information, other than Appendices, must be submitted in the structure provided within this document.
- This document, along with an executed performance contract, must be submitted for each proposed turnaround partnership on or before April 30th, 2018 at 5pm.
- Each district should complete a partnership plan proposal for each proposed partnership campus.
- To submit the file, please…
  - Save the file as a PDF
  - Name the file – [Partnership Plan Proposal_Insert District Name_Campus Name]
  - Email the attached file to dssi@tea.texas.gov with the subject line as follows - [Partnership Plan Proposal_Insert District Name]

Attachments

The following is a list of attachments to accompany the submission for each approved application.

1. Copy of the Local Application
2. Enrollment policy
3. Discipline policy
4. Organization charts
5. List of charter board members, including respective resumes and qualifications
6. List of the operating partner's staff responsible for managing the campus, including respective resume(s) and qualifications
7. List of the proposed school leader(s), including respective resume(s) and qualifications

Attachments can be saved as part of the PDF or email as separate attachments [Attachment 1_Insert District Name_Campus Name].

Public Disclosure

All charter school proposal materials submitted to TEA become public records.

Operating Partner Information

Name of Operating Partner	**Texas STEM Coalition**
Primary Contact Person	**David Simmons**
Mailing Address	**PO Box 132977, Tyler, TX 75713**
Phone Number	**903-780-8323**
Email	**Dsimmons816@gmail.com**

Applying as a:

☒ New Operator ☐ Existing Operator

Does this operating partner operate other campus(es) in the United States?

☐ Yes ☒ No

If Yes, list the state and campus(es) below (*Add lines as needed)*

State	Campus Name

School Information

NOTE: Complete this part for each school / campus included in this proposal.

Proposed School / Campus Name / CDCN		**Opening Year**	**Grades: Year 1**		**Grades: At Capacity**
Consuelo Mendez Middle School 227901058		2018	6,7,8		6,7,8
Proposed Location					
School District *Identify the school district in which the charter school will be located.*		**Austin ISD**			
Address of Identified Facility *If applicable.*		**5106 Village Square Drive** **Austin, TX 78744**			
Projected Demographic Information	**93% FRL:**	**15% SpEd:**		**45% ELL:**	
Model / **Specialty** *(Check all that apply)*					
☐ Alternative	☐ Career / Technical Ed.	☐ Military		☐ Montessori	
☐ Arts	☐ College Prep	☐ Language Immersion		☒ STEM	
☐ Blended Learning	☐ Other (*list*):	☐ Disability *(list)*:			

Section 1 — Education Plan

Program Overview (1000 word limit)

1. Summarize the education program, including primary instructional methods and assessment strategies, and any non-negotiable elements of the school model. Briefly describe the evidence that promises success for this program with the anticipated student population.

Education Program
It is our intention to transition Mendez Middle School (MMS) from a low-performing campus to a high performing Texas STEM Academy (T-STEM). The T-STEM Academy is one of several turnaround models promoted by the Texas Education Agency over the past decade. The T-STEM program is focused on developing college- and career-ready students. Austin has become the Silicon Valley of Texas and students completing a STEM program will be better prepared to take advantage of many thousands of career opportunities available here. Transitioning to a T-STEM Academy goes beyond simply trying to "Meet Standard." Too often, turnaround programs simply provide supports that only focus on passing the STAAR and EOC. These programs are problematic since they do not take into account future changes in the accountability system. They are often reactive, focusing on attendance, tutoring, and test preparation. These programs do not build teacher and student capacity to become self-led learners and productive team members and often create a negative school culture.

At schools implementing the T-STEM model, students do not only focus on STEM. Rather, the goal of the STEM Academy model is to prepare students in STEM in at a deeper level, as well as prepare them well in the traditional core subjects, to maximize their future learning and earning opportunities. This model also builds a school learning culture that mirrors the workplace to build students' 21st century skills, including collaboration, communication, creativity, and critical thinking. This approach is in stark contrast to turnaround models that focus primarily on test preparation. Another rationale for using the T-STEM Model is its alignment with the two high schools that Mendez students will attend. Travis High School is an Early College High School and Akins High School includes a T-STEM Academy. The T-STEM model aligns to both the these established programs..

The T-STEM model follows a Blueprint (non-negotiable). The T-STEM Blueprint (TEA, 2015), is similar to the Early College High School model (ECHS). T-STEM Academies focus on preparing economically disadvantaged students for college and career. Unlike the ECHS model, there is a strong focus on STEM. The T-STEM Blueprint includes seven research-based benchmarks that help guide a school to becoming high achieving. The following is an excerpt from TEA concerning the T-STEM Academy approach.

> *The Texas Education Agency (TEA) and Educate Texas support T-STEM Academies in order to concentrate state and local efforts for improving math and science achievement among Texas students. The T-STEM initiative ensures Texas students thrive in the 21st Century economy by studying and entering into STEM fields. The cornerstone of T-STEM Academy learning is student engagement and exposure to innovation and design in STEM-focused instruction and learning that models real-world contexts. The current T-STEM Benchmarks (2015 BP).*
> *1) Mission driven leadership*
> *2) School culture and design*
> *3) Student outreach, recruitment, and retention*
> *4) Teacher selection, development and retention*
> *5) Curriculum, instruction, and assessment*
> *6) Strategic alliances*
> *7) Academy advancement and sustainability*

Achievement data from students in 2011 showed T-STEM Academies outperform peer schools, meeting college-readiness benchmarks at a 12 percent higher rate and achieving a 21 percent higher completion rate in dual credit and advanced placement courses. Studies have concluded that participation in a STEM academic program positively impacted eighth grade students' academic achievement in mathematics, science, and reading (Olivarez, 2012). The T-STEM Blueprint has also proven effective as a school turnaround model (Odell, 2017; Odell & Pedersen, 2018). Excerpts from the T-STEM Academy Design Blueprint are highlighted in blue throughout this document. In addition, the complete Blueprint (2015) is included in the attachments.

Mendez Middle School will implement the T-STEM Academy Blueprint. T-STEM Academies are implemented at the middle school and high school. Mendez is a feeder school for the Akins HS T-STEM Academy in Austin ISD. The Blueprint provides design criteria for the entire school enterprise. The TEKS serve as the basis for curriculum in every class. Projects will be developed around the TEKS. A scope and sequence will be developed that covers the TEKS and is aligned to the STAAR, EOC, and the Career and College Readiness Standards.

Curriculum & Delivery Methods of Core Instruction
The Blueprint includes high school language that aligns to high school programming. We chose to leave in those elements for the proposal readers as the Mendez curriculum will prepare students for those pathways if they choose STEM or ECHS in high school. We will also maintain the Project Lead the Way (PLTW) Gateway program and expand PLTW. Project-based and Problem-based learning will be the primary instructional strategy.

BENCHMARK 5: Curriculum, Instruction, and Assessment (2015)

5.1 Program Requirement: Rigor
5.2 Program Requirement: STEM-focused Curriculum
5.3 Program Requirements: Instructional Practices

- 5.3.A Incorporates data-driven instruction.
- 5.3.B Creates an environment for shared teacher responsibility and accountability for student learning across programs, content areas, and classrooms.
- 5.3.C Organizes instruction expectations around problem-based and project-based learning.
- 5.3.D Ensures teachers' use of the aligned scope and sequence and integration across the disciplines.
- 5.3.E Ensures teachers' use of high-quality curricular materials.
- 5.3.F Provides opportunities for students to exercise choice and voice.

5.4 Program Requirements: STEM Education Integration
5.5 Program Requirements: Literacy

- 5.5.A Promotes technologically proficient and scientifically literate students with highly developed academic vocabulary and STEM technical vocabulary.
- 5.5.B Graduates 21st Century literate students
- 5.5.C Selects appropriate STEM curriculum and culturally relevant instructional materials that foster widespread use of literacy strategies within the STEM curriculum.
- 5.5.D Provides opportunities for students to demonstrate the relevancy of the content through reading, writing, speaking, and presenting.

5.6 Program Requirements: Assessment

- 5.6.A Uses diagnostic, ongoing, and vertically and horizontally aligned formative and summative assessments for all students to drive instructional decisions.
- 5.6.B Uses state and national standards, college and career readiness standards, industry standards, and STEM program requirements to develop common benchmark assessments.
- 5.6.C Employs student readiness assessments or diagnostics to identify and address gaps in learning.
- 5.6.D Tracks and reports student progress using student information systems.
- 5.6.E Uses performance-based assessments that allow students to demonstrate their understandings of STEM concepts.

Curriculum and Instructional Design (2000 word limit)

1. Propose a framework for instructional design that both reflects the needs of the anticipated population and ensures that all students will meet or exceed relevant state standards.
2. Describe the primary instructional strategies that the school will expect teachers to use and why those strategies are well-suited for the anticipated student population. Describe the methods and systems teachers will use to provide differentiated instruction to meet the needs of all students.

1. Framework for Instructional Design:

The Framework for Instructional Design comes from the T-STEM Blueprint. It is grounded in small schools research, and Mendez will be reorganized into smaller learning communities to foster relationship building and personalization of the school.

At the time the local proposal was submitted, the 2015 T-STEM Blueprint was in place. In the recently revised and adopted T-STEM Blueprint (April 2018), the Blueprint has been streamlined and revised to align to the Early College High School model. That said, the 2015 Blueprint was the basis for the proposal and has a number of embedded metrics that guide school implementation. For this section, we will use the language of the revised blueprint where appropriate. This demonstrates our deep understanding of the model and provides evidence of currency.

Benchmark 2 in the 2018 T-STEM Blueprint is specific and aligns very well to support the Mendez Middle School Population. As described in the previous section, Mendez is a feeder school to Akins High School, which hosts a T-STEM Academy. Mendez is also a feeder for Travis High School that hosts an Early College High School. Using the T-STEM Blueprint will position students at Mendez for seamless pathways into the High School of their choice. The following excerpt is from the revised blueprint recently approved:

Benchmark 2: Target Population The T-STEM academies shall serve, or include plans to scale up to serve, students in Grades 6-12 or 9-12, and shall target and enroll students who are at risk of dropping out of school as defined by the Public Education Information Management System (PEIMS) and who might not otherwise go to college.

As described in the first section, students attending T-STEM academies out perform their peers on STAAR and EOC. T-STEM Academies develop a school culture and utilize 21st Century instructional techniques to engage students. The T-STEM approach is designed for the Mendez population and will foster a “college going” culture. Mendez is located in the Dove Springs neighborhood, a working class neighborhood that values “work”. The revised STEM Blueprint promotes work-based learning:

All T-STEM academies must implement and meet the following requirements:

1. The T-STEM academy shall work with the local workforce development board to identify, create and maintain a list of high-demand occupations and programs of study that lead to these occupations to be used as a resource in creating structured pathways for students and updated as local needs change.

   Austin is the Silicon Valley of Texas and we will provide a resource room and embed in projects information and experiences for Mendez students to explore STEM occupations.

2. The T-STEM academy shall establish one or more STEM pathways, and plans are underway for sequencing additional courses for STEM students. Course pathways are informed by regional and state workforce and economic development needs and contribute to students earning credentials and certifications that prepare them for high-wage, high-demand, high-skill STEM fields.

Mendez will align its STEM programming to position students to transition into high school STEM pathways at both Akins High School and Travis High School.

3. The T-STEM academy shall biannually implement a structured data review process designed to identify student strengths and weaknesses and develop individual instructional support plans.

   Each student will have a personalized learning plan and meet with a "success coach" throughout the school year.

4. The T-STEM academy shall provide a TSI assessment to students as early as possible.

   We plan to provide all 8th graders the opportunity to prepare and pass TSI (Reading and Writing) prior to leaving Mendez.

5. The T-STEM academy shall provide support for students taking STEM courses preparing students to obtain industry certifications, licenses, etc.

   Middle School students will not be able to sit for an industry certification, but all students will participate in STEM CTE courses through PLTW as a precursor for high school.

6. The T-STEM academy shall work with IHEs and business and industry partners to ensure curriculum alignment between high school, postsecondary and industry experience requirements

   The T-STEM Coalition will broker these relationships on behalf of Mendez, and for feeder elementary schools and high schools if desired.

2. Primary Instructional Strategies

The revised Blueprint does NOT address actual teaching strategies as provided in the 2015 version. Mendez will follow the 2015 Blueprint recommendations for instructional strategies as these have proven effective at other T-STEM Academies.

BLUEPRINT: BENCHMARK 5: Curriculum, Instruction, and Assessment

5.1 Program Requirement: Rigor

5.1.A Aligns curriculum, instruction, and assessment (such as, but not limited to, THECB CCRS, national and state standards, content, context, culture, cognitive level, competencies, skills, processes, 21st century skills, and STEM synthesis).
5.1.B Develops a scope, sequence, and pacing guide for a vertically and horizontally aligned curriculum centered on state standards, career and college readiness standards, STEM integration, and industry expectations.
5.1.C Develops an assessment and intervention plan to address gaps in student achievement and areas for extension.
5.1.D Supports and encourages all students to be ready to successfully complete four years of mathematics, four years of science, four years of STEM electives, and at least one Endorsement in STEM, Business and Industry, Public Services, or Arts and Humanities, with a primary focus on a STEM Endorsement; and earn a Distinguished Level of Achievement as well as a Performance Acknowledgement in order to graduate college ready.
5.1.E Offers dual credit, articulated concurrent enrollment, AP or IB courses so that all students will graduate with 12-30 college credit hours. (**MS- Provides foundation for these offerings in HS**)
5.1.F Establishes curriculum expectations, monitoring, and accountability mechanisms that are reflectively revised to ensure a constancy of mission purpose (aligned resource allocation, integrated STEM curriculum development, teacher professional growth, and student results).

5.2 Program Requirement: STEM-focused Curriculum

5.2.A Delivers innovative STEM programs that are well-defined, embed critical thinking and problem solving, innovation, and invention, and are aligned to state, and/or national standards, and industry expectations.
5.2.B Supports and encourages students to complete three years of STEM electives at middle school and four years of STEM electives at high school.
5.2.C Develops performance-based and project-based assessments aligned to these innovative programs and state/national/industry standards.
5.2.D Develops and implements a plan for supporting accelerated student achievement for students with demonstrated deficiencies or proficiencies in mathematics and science, to promote all students graduating ready for enrollment in credit-bearing postsecondary courses (e.g. Algebra I enrollment by 8th grade).
5.2.E Incorporates into the curriculum work-based, contextual learning with a global perspective.
5.2.F Participates in extra-curricular academic activities centered on science, technology, engineering, and mathematics; i.e. STEM field experiences, clubs, and competitions.
5.2.G Develops 6th – 8th students' portfolios of interest in: STEM capstone projects, STEM extracurricular opportunities, and global STEM college, degree, and career explorations.

5.3 Program Requirements: Instructional Practices

5.3.A Incorporates data-driven instruction.
5.3.B Creates an environment for shared teacher responsibility and accountability for student learning across programs, content areas, and classrooms.
5.3.C Organizes instruction expectations around problem-based and project-based learning with clearly defined learning outcomes for students and teachers that address state and national performance standards, college and career readiness standards, and industry expectations.
5.3.D Ensures teachers' use of the aligned scope and sequence and integration across the disciplines.
5.3.E Ensures teachers' use of high-quality curricular materials aligned with state and national standards, college and career readiness standards, and industry standards.
5.3.F Provides opportunities for students to exercise choice and voice within a relevant and rigorous context.

5.4 Program Requirements: STEM Education Integration

5.4.A Promotes instructional strategies that challenge students to think critically, innovate, and invent to solve real-world, contextual problems.
5.4.B Exposes students to critical readings in STEM related fields and requires students to demonstrate their understanding of STEM disciplines in a work-based, contextual environment.
5.4.C Offers standards-based STEM programs that incorporate integrative STEM literacy and innovative instructional tools.
5.4.D Promotes applied and collaborative learning, and provides students with opportunities to present/defend their work to peers, community, industry, and university leaders.
5.4.E Promotes a technology rich culture of natural use of current technologies to enhance instruction, curriculum, teaching, and learning, and STEM literacy.

5.5 Program Requirements: Literacy

5.5.A Promotes technologically proficient and scientifically literate students with highly developed academic vocabulary and STEM technical vocabulary.
5.5.B Graduates 21st Century literate students proficient in: English, reading, speaking, writing, numeracy, arts, health, sciences, and world languages; government, civics, history, and geography; environmental science; global awareness; information, communications, and media technology; financial, economic, business, and entrepreneurship.
5.5.C Selects appropriate STEM curriculum and culturally relevant instructional materials that foster widespread use of literacy strategies within the STEM curriculum.

5.5.D Provides opportunities for students to demonstrate the relevancy of the content through reading, writing, speaking, and presenting.

5.6 Program Requirements: Assessment

5.6.A Uses diagnostic, ongoing, and vertically and horizontally aligned formative and summative assessments for all students to drive instructional decisions.
5.6.B Uses state and national standards, college and career readiness standards, industry standards, and STEM program requirements to develop common benchmark assessments.
5.6.C Employs student readiness assessments or diagnostics to identify and address gaps in learning.
5.6.D Tracks and reports student progress using student information systems.
5.6.E Uses performance-based assessments that allow students to demonstrate their understandings of STEM concepts.

Student Support

School is not simply academics. Students must also receive significant support to be successful. In the area of student support, the blueprint also provides the following guidance:

1. The T-STEM academy shall provide layered academic support to the students by personalizing the learning environment in the following ways:

a. Developing individualized, STEM focused student plans with specific graduation plan for ongoing academic support

b. Providing academic support for intervention, remediation, and acceleration

c. Providing tutoring and/or Saturday school for identified students in need of academic support

d. Providing advisory and/or college readiness and support time built into the program of study for all students

e. Providing students with college/career counseling

f. Providing bridge programs (an intensive academic preparation program that provides opportunities to strengthen academic skills necessary for high school and college readiness) and to support student transition from middle school to the T-STEM program (as well as elementary to middle school)

g. Establishing a mentorship program available to all students

h. Providing resources for career support including career exploration

2. The T-STEM academy shall provide layered social and emotional support to the students as needed such as:

a. Connections to social services

b. Parent outreach and involvement opportunities

c. A structured program of community service to promote community involvement

d. Skill building instruction for students, such as time management, study skills, collaboration and interpersonal relationship skills

e. The T-STEM academy shall provide enrichment and extra-curricular opportunities such as clubs, Career and Technical Student Organizations, competitions, and special initiatives

3. The T-STEM academy shall provide enrichment and extra-curricular opportunities such as clubs, Career and Technical Student Organizations, competitions, and special initiatives

The goal of the STEM Academy is to develop the whole student, not simply focus on test results.

Staffing Plans, Hiring, Management, and Evaluation (1000 word limit)

1. Describe the strategy, plans, and timeline for recruiting and hiring administrative and/or teaching staff. Explain required qualifications for instructional staff, key selection criteria, and any special considerations relevant to your school design.
2. Describe how teachers will be employed, assigned, and reassigned at the campus.
3. Explain how the school leader will be supported, developed, and evaluated.
4. Explain how the teachers will be supported, developed, and evaluated.

1. Staffing and Management Plan

It is our view that Mendez Middle School is an Austin ISD School. Our goal is to turn around the school while maintaining the AISD identity. It is our belief that there are a number of committed educators working at Mendez Middle School. The operating partners enter into this process with the understanding that many of the current staff may choose to stay at Mendez. All teachers, counselors, support staff, and administrators will remain Austin ISD employees.

The process for staffing includes:

1. Meet with personnel and explain the T-STEM Academy model and the commitment needed to implement the model successfully (group setting).
2. Meet with personnel individually and discuss the model, PD requirements, outside requirements, etc.
3. Provide commitment letters to personnel who elect to remain. This will include an addendum (TBD) that must be signed to show commitment.
4. Once personnel staying are identified, we will immediately post announcements for needed administrative, education, and support positions.

Qualifications:

We will work to hire personnel with the appropriate state certifications at all levels. We will also work with current personnel to add additional endorsements as needed by the school to support students. We will commit to teachers in tested subjects will be certified with the appreciate state certification.

2. Teacher Assignment

Teachers in core subjects will be deployed in grade level teams initially. Teachers will also belong to a vertical team to assure rigor and alignment. Elective Teachers and Support Teachers will be assigned across grades.

3. **School Leader Selection**

Plan for the selection of a campus leader, and plan for their authority over assignment of district staff at the campus

The T-STEM Coalition will appoint an Executive Director to meet individually with the existing administrative team to determine if they possess dispositions and skills to lead.

1.2 Program Requirement: Leadership and Governance

1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy.
1.2.B Develops an Academy Leadership Team and identifies the internal role each member will play in the design, governance, operations, accountability, curriculum development, professional development, etc.,
1.2.C Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support the academy.
1.2.D Incorporates into Annual Action Plan goals for participation and leadership of students, teachers, parents, business and community partners, institutions of higher education, and T-STEM Coaches and Centers.
1.2.E Delineates a mission-driven decision-making structure and organization chart.
1.2.F Defines the academy leader's level of autonomy in supervising the Academy.
1.2.G Uses data to inform all leadership.

Mendez will be reorganized to include a semi-autonomous curriculum, instruction, and assessment (CIA) team that will work with the principal to assure that teacher and student interventions are provided. The CIA team will develop the Professional Learning Community, provide coaching, and recommend additional professional development. The CIA Team will also work with the principal to analyze data to develop interventions for teachers and students. The campus leader will work with school administration to make staffing assignments.

Personnel Evaluation

The Executive Director will be evaluated by the governing board.

School Administration will be evaluated by the Executive Director. The ED can designate evaluators of non-instructional staff.

Teachers will be evaluated by the School Administration with input from the Curriculum, Instruction, and Assessment team.

In addition, stakeholders will have the opportunity to provide feedback at all levels as to the performance of school personnel similar to evaluation practices in higher education.

Austin ISD, utilizes a value added evaluation approach. We are working with Austin ISD to meet employee contractual requirements with a more meaningful evaluation system. Our proposed system will utilize PPfT and UTOP instruments. In addition, teachers will develop a portfolio that demonstrates their impact on the academy. Elements will include:

- Impact on Student Learning
- Pedagogical Content Knowledge
- Technology Proficiency
- Blueprint Alignment
- Impact on School Culture

Support for Administrative Team

School Administration will attend and participate in all teacher professional development. This is essential if the Blueprint is to be implemented with fidelity. The administrative team will also meet weekly with the Executive Director to examine progress on Blueprint implementation.

Teacher Professional Development
4. BENCHMARK: Teacher Selection, Development, and Retention
4.1 Program Requirement: Highly Qualified Teachers

4.1.A Recruits and selects highly qualified faculty who possess extensive subject knowledge, are willing to incorporate project based learning (PBL), and integrative STEM pedagogy.
4.1.B Recruits and selects highly qualified faculty who utilize relational knowledge in developing culturally responsive classrooms that successfully build self- efficacy with traditionally underrepresented students.
4.1.C Develops teacher job descriptions and requirements that incorporate integrative content practice and research-based actions/strategies that demonstrate commitment to success for underrepresented students.
4.1.D Uses a collaborative recruitment and selection process that includes Academy leaders, teachers, key stakeholders, T-STEM Centers, and T-STEM Coaches.
4.1.E Designs or employs innovative programs to support the recruitment and selection of highly qualified STEM teachers.

4.2 Program Requirement: Teacher Support and Development

4.2.A Develops a PD plan for a sustained professional development model of continuous learning based on student results, teacher development,
4.2.B Adopts a systemic professional development model of continuous learning that addresses prioritized needs as informed and evaluated by multiple sets of quantitative and qualitative data
4.2.C Sustains a Professional Learning Community (PLC)
4.2.D Provides ongoing PD for personnel and parents on strategies that support students to ensure success in a rigorous course of study
4.2.E Ensures that STEM coaches are available and accessible to support both teachers and students.
4.2.F Collaboratively builds 6th – 12th teacher and administrator expertise in developing, teaching, learning, and assessing STEM cross-content curriculum.

4.3 Program Requirement: Teacher Retention

4.3.A Provides for flexibility (within PBL model) in instructional practices to promote creativity and innovation while maintaining accountability.
4.3.B Provides a common planning time for teachers to support results-driven, team-focused professional learning, and cross-curricular collaboration.
4.3.C Adopts and implements a plan for new teachers to include orientation, induction, acculturation, mentoring, professional development, and administrative support.
4.3.D Provides opportunities for ongoing professional development
4.3.E Annual Action Plan includes a creative teacher incentive plan

School Culture (1000 word limit)

1. Describe the culture or ethos of the proposed school.
2. Explain the plan to create and implement this culture for students, teachers, administrators, and parents, starting from the first day of school.

Mendez Middle School will be redesigned to facilitate a college going culture. Classrooms will be reconfigured to support PBL. Because Mendez currently has extra space we will develop collaboration and maker spaces to facilitate the culture transition to a T-STEM Academy. The Blueprint (2015) outlines the changes that must occur to develop a new school culture.

2. BENCHMARK: STEM Academy Culture and Design
2.1 Program Requirement: Personalization

2.1.A Addresses in Annual Action Plan and strategic plan the details for remaining small, allowing for personalization, and maintaining collaborative learning communities of students.
2.1.B Plans and implements a non-graded student advisory program that is regularly scheduled, noted in the master calendar/schedule, and focuses on personalizing the student experience, (builds relationships with students and parents, develops character, and fosters global literacy).
2.1.C Develops a process for hearing and responding to student voice.
2.1.D Arranges for a flexible school day with blocks of time that support student learning (tutorials, collaboration, meetings).
2.1.E Celebrates high quality student work through student exhibits on-site, web-based, and/or in state and national forums.
2.1.F Provides every 6th – 8th student with an individualized STEM-focused high school graduation plan that addresses: four years of math and science; an Endorsement in STEM, Business and Industry, Public Service, or Arts and Humanities; identifies target areas for Performance Acknowledgements; and is at least annually reviewed and revised with the counselor, student, and family.

2.2 Program Requirement: Culture

2.2.A Collaborates with stakeholders to develop a new handbook or modify the existing handbook with clear procedures, policies, and consequences that support the development of a strong T-STEM culture.
2.2.B Involves all stakeholders in developing a culture of respect, responsibility, trust, and meaningful adult and peer relationships throughout the Academy in order to foster positive student identities.
2.2.C Creates a professional learning community environment of collaboration, teaming, and high expectations among administrators, teachers, and stakeholders, with a focus on and a commitment to the learning of each student.

2.3 Program Requirement: Postsecondary Success (College and Career)

2.3.A Prepares students (to enter High School) who graduate for post-secondary coursework and careers in science, technology, engineering, and mathematics through the integration of the Governor's economic workforce clusters and Achieve Texas STEM cluster: semiconductor industry, information and computer technology, micro-electromechanical systems, manufactured energy systems, nanotechnology, biotechnology, chemist, and engineering: aerospace, electronic, mechanical, environmental, and biomedical.
2.3.B Regularly engages 6th – 8th students and parents in high school and college transition planning, STEM Career Exploration, College Exploration, and College Readiness preparation.
2.3.C Develops a plan for student success on post-secondary entrance exams.
2.3.D Creates higher education partnerships to provide mentoring, college-level courses/dual credit, professional development and technical assistance, and to foster a college-going culture

Special Populations and At-Risk Students (2000 word limit)

1. Describe the plan to serve students with special needs, including but not limited to: students with Individualized Education Programs (IEPs) or Section 504 plans, English Language Learners (ELLs), students identified as intellectually gifted, and students at risk of academic failure or dropping out. Identify the special populations that the school expects to serve, and the basis for these assumptions, whether through data related to a specific school or district, or a more generalized analysis of the population to be served. Discuss

how the course scope and sequence, daily schedule, staffing plans, and support strategies and resources will meet or be adjusted for the diverse needs of students.

2. Specifically describe the plan to identify and meet the learning needs of students with mild, moderate, and severe disabilities in the least restrictive environment possible. Specify the programs, strategies, and supports you will provide, including the following:
   a. Methods for identifying students with special education needs (and avoiding misidentification);
   b. specific instructional programs, practices, and strategies the school will employ to provide a continuum of services, ensure access to the general education curriculum, and ensure academic success for students with special education needs;
   c. plans for monitoring and evaluating the progress and success of special education students with mild, moderate, and severe needs to ensure the attainment of each student's goals as set forth in the IEP; and
   d. plans for promoting graduation for students with special education needs *(high schools only)*.
3. Explain how the school will meet the needs of ELL students, including the following:
   a. Methods for identifying ELL students (and avoiding misidentification);
   b. specific instructional programs, practices, and strategies the school will employ to ensure academic success and equitable access to the core academic program for these students; and
   c. plans for monitoring and evaluating the progress and success of ELL students, including exiting students from ELL services.

Special Populations Summary
The school will follow all applicable state and federal laws for Special Education, 504, Gifted and Talented, and ESL/Bilingual students to ensure a meaningful education in an inclusive environment.

It is also our understanding that there may be a community wish to maintain a dual language approach. The partnership team is open to this approach. If this is a community priority, students could receive instruction in both English and Spanish. Courses taught in Spanish would be limited to non-tested subjects.

Special Education & Section 504 Services

In a district where 10% of students receive special education services, 14.8% of Mendez's students have been identified as students in need of an IEP. The disproportionality of the special education, and gifted and talented, data raise concerns about the identification practices at Mendez M.S. As part of the needs assessment process, the Ingenuity Center staff will interview the special education personnel and review the nomination, identification and dismissal practices being used by Mendez M.S. staff to identify students for special education and Section 504 services. Section 504 plans, Behavior Intervention Plans (BIPs) and IEPs will be reviewed to determine if students are receiving services in the least restrictive environments possible. When needed, Admission, Review and Dismissal (ARD) or Section 504 meetings will be convened to modify the students' IEPs or 504 plans to ensure students are being served through the least restrictive environment and the accommodations are adequate for the new learning instructional model (PBL). Mendez's students with special needs will be pulled-out only when strictly necessary. Based on the individual students' needs, and when appropriate, the primary support will be provided through inclusion. Special education teachers will work with general education teachers to plan for accommodations and modifications of the curriculum that meet the needs of the individual students. Special education teachers and general education teachers will receive co-teaching training and coaching to better support students with special needs. Through co-teaching, core subject teachers and special education teachers maximize their expertise to deliver rigorous instruction. Through the PBL model, co-teachers will be able to work with special needs students in small groups while promoting collaboration among peers with and without IEPs.

The team understands that students might have disabilities other than specific learning disabilities. In those cases, Mendez M.S. personnel will provide students with the needed services, when possible through inclusion support, and when needed through pull-out services. The individual needs of the students and their IEPs will dictate the services provided for special needs students. Through inclusion support, students with IEPs will be able to participate in projects and small group instruction to ensure they have full access to the on-level curriculum with the appropriate accommodations. When instructional modifications are needed to meet the individual needs of students with IEPs, the special education teacher will work with the core teacher to design workshops (mini lesson throughout a project) that will allow students to access the curriculum at the appropriate level. The PBL model will facilitate differentiation. If needed, differentiation professional development will also be provided.

During the needs assessment, the team will also seek to understand the professional development special education and general education teachers at Mendez M.S. have received related to differentiation, behavior management, the needs of students with moderate to severe needs, and specific content area strategies. Teachers will receive professional development to address any gaps in their knowledge of differentiation, the needs of students with moderate to serve needs, and appropriate services and strategies to better serve the students with IEPs, Section 504 plans and/or BIPs at Mendez M.S.

The development of the schedule of students with special needs, and their special education teachers will take priority when developing the master schedule, to ensure students with IEPs, Section 504 plans and/or BIPs receive adequate services throughout all core subjects.

Given the demographics of students at Mendez M.S., it will be important that special education and core subjects' teachers have learning opportunities to expand their understanding of literacy and numeracy teaching strategies, not only to meet the needs of students with IEPs but all students. Professional development focused on balanced literacy, reading and writing across the curriculum will support the implementation of PBL in all content areas.

English Learners & At-Risk Students

Nearly 50% of students at Mendez M.S. are English Learners and over 84% are at-risk of dropping out of school, which requires immediate attention and targeted professional development and coaching. The ELs will be served through content-based ESL instruction. Content-based ESL provides the ELs with language and instructional support to ensure they can fully access the curriculum regardless of their language needs.

Upon acquiring access to the students' records, the academic records of ELs at Mendez M.S. will be reviewed to identify recent immigrants and long-term ELs. Furthermore, identification and exit criteria will be reviewed to ensure the identification and exit criteria are in alignment with the Texas Education Code Chapter 89. Per the TEC 89.1225, students whose language survey indicates a language other than English must be assessed for classification. We will assess these students with a TEA approved language proficiency test and a TEA-approved reading and language arts norm-referenced assessment. The records of all ELs will be reviewed to determine the exit criteria the long term ELs have struggled to meet, and develop intervention plans for ELs.

In order to enhance the services provided for EL students and facilitate the integration of ESL instructional strategies into the PBL lessons, core content area teachers will receive sheltered instruction and culturally responsive teaching professional development. **Sheltered instruction training** will equip teachers with instructional strategies that promote the development of on-level content knowledge and skills while increasing English language proficiency. Through content-based ESL instruction, and the use of sheltered instruction strategies, teachers will plan and implement activities within the PBL model that help ELs connect prior knowledge while collaborating with their classmates. The scaffolding strategies used to ensure teachers provide clear, direct English instruction that results in meaningful input about the content area.

Culturally responsive teaching will be critical to the success of Mendez M.S. students. Through culturally responsive teaching, teachers will acquire an understanding of cultural learning styles that will support all diverse students' – ELs, students of color, economically disadvantaged students as well as at-risk students – learning. Culturally responsive teaching, including an understanding of the cultural layers our students bring to the classroom, strategies for facilitating a student-centered classroom, ways to break through the mental and emotional walls students have built up inside them, and intentional scaffolds to bring students up to the level of rigor necessary to master the state standards, is the answer to guiding these students to academic success. Culturally responsive teaching values learning that requires students to be social, to collaborate, to use stories to make sense of their world. Culturally responsive coaching will walk teachers through sets of "checklists" to guide them into creating a culturally responsive classroom, differentiated, rigorous lessons, and an awareness and deeper understanding of language acquisition. Culturally responsive teaching directly aligns to project-based learning, where students work collaboratively to solve real world problems.

All teachers will receive training and coaching on how to integrate the **Texas' English Language Proficiency Standards (ELPS)** into all their lessons. While the ELPS are designed for ELs, the standards provide descriptors and student expectations to promote language development, which would benefit not only the ELs at Mendez but all at-risk and economically disadvantaged students, as well as students with IEPs. Teachers will learn and be coached to analyze all lessons an identify the ELPS that are naturally connected to the TEKS covered within each project. Using sheltered instruction strategies and language accommodations, teachers will modify instruction and instructional resources to address the language needs of the individual student. Project-based instruction is the ideal model to develop the students' language proficiency while teachers integrate opportunities for students to read, write, listen and speak. Through professional development and coaching, teachers will understand how to accommodate instruction to address the varied language proficiency levels of the ELs at Mendez.

As reported by the current school administration, Mendez's ELs students are served by 1.5 ESL teachers. The lack of ESL teachers at Mendez M.S. is an area of concern that the team plans to address immediately. When nearly 50% of the students are ELs and 84% are at-risk, 1.5 ESL teachers cannot effectively serve all students. The administrative team will actively recruit ESL-certified core content teachers. Furthermore, current core content teachers, particularly English Language Arts teachers, will be strongly encouraged to become ESL certified to facilitate the schedule of services for ELs.

The community of Mendez M.S. has expressed an interest in a dual language program. A dual language program at the middle school level requires that students have a strong foundation in Spanish to ensure they can access the curriculum when instruction is 100% in Spanish. Native Spanish-speakers that possess the academic language to participate in the dual language program would receive core subject instruction, for STAAR-tested subjects in English, and Spanish instruction for a non-tested core subjects. Given that 6th through 8th grade STAAR tests are only available in English, dual language students in 6th and 7th grade will receive reading/language arts and mathematics instruction in English, while 8th graders will receive reading/language arts, mathematics, science and social studies instruction in English. Dual language teachers will be required to hold a Texas teaching certificate in the content area they teach and demonstrate a high level of proficiency in Spanish. Dual language teachers will attend all required professional development and will also use PBL as the primary instructional model.

Gifted and Talented Services

8.3% of Austin ISD students have been identified as gifted and talented, while only 2.8% of Mendez's students are gifted and talented. There seems to be the students of Mendez M.S. are being under identified as gifted. We will put nomination, screening and identification procedures in place. We will use non-verbal achievement and ability instruments to adequately measure the achievement and abilities of ELs, economically disadvantaged children, and students of color, to avoid the students' limited language proficiency to interfering with the identification process. All core teachers will receive differentiated learning professional development to ensure they develop projects that address the need for cognitively challenging needs of all students. The T-STEM model will facilitate a creative, cognitively rigorous learning environment for all students.

Monitoring and Evaluation of Progress

In order to monitor and evaluate the progress of all Mendez's students, particularly those with special needs, data-driven meetings will be held at least every 6 weeks. A multidisciplinary team consisting of administrators, special education personnel, interventionists, counselors, and general education teacher will review individual student progress. Through this process, the team will not only monitor the effectiveness of the services special needs students are receiving, but also look at struggling students to identify interventions to accelerate the students' learning. Teachers considering a special education or Section 504 referral will have to request that the team reviews the student's records, including the student's prior schooling, English proficiency, performance on daily work, achievement on common assessment and standardized assessments, and response to intervention. Only when all other instructional interventions have been proven ineffective will the team consider a special education referral to avoid over-identification of special education students. The students of Mendez M.S. face many obstacles that require special attention, such as their limited English proficiency, recent immigrants might lack prior school, while the majority of students come from economically disadvantaged homes. These circumstances will impact their learning; however, most of the students at Mendez M.S. need strong Tier 1 instruction, not special education services. While the team does not intend to limit the number of students that receive special services; however, the team is committed to providing strong instructional support before labeling students.

Student Recruitment and Enrollment (1000 word limit)

1. Explain the plan for student recruitment and marketing that will provide equal access to interested students and families. Specifically, describe the plans for outreach to families in poverty, academically low-achieving students, students with disabilities, and other youth at risk of academic failure.
2. Provide, as **Attachment 1**, the school's Enrollment Policy, which should include the following:
   a. A statement that admission will not be based on national origin, ethnicity, race, or disability;
   b. tentative dates for application period, and enrollment deadlines and procedures, including explanation of how the school will receive and process applications;
   c. description of how the school will comply with TEC §12.065 which states that the school must give priority on the basis of geographical and residency considerations, then, if there is still available space, consider age, grade level, or academic credentials, generally or specifically depending on the type of program offered;

d. description of how the school will comply with TEC §12.0521 which states that enrollment in a Subchapter C charter school must be voluntary; and
e. policies and procedures for waiting lists, withdrawals, re-enrollment, and transfers.

The MOU for operating Mendez states the following:

The term “Eligible Student” shall mean, in the following priority for secondary students in Grades 6 – 8: First, students in the Mendez Middle School attendance area; secondly, by lottery if necessary, students from the District at-large; finally, from students outside the district wishing to transfer into the district through AISD Policy FDA (Local). No student will be ineligible for admission for failure to sign a pledge. Additionally, no student shall be involuntarily removed from the T-STEM COALITION Mendez Middle School without the review and approval of AISD’s Superintendent or designee. Enrollment will be based upon Texas Education Code, age and grade eligibility, and other state law requirements. In addition, T-STEM COALITION shall prohibit discrimination in accordance with Section 12.059 of Texas Education Code (TEC).

The above policy reflects TEC 12.065. As with any Subchapter C School, enrollment is voluntary (TEC 12.0521).

It is our goal to reestablish Mendez as the school of choice for the Dove Springs community. Over the past five years, a significant number of students have transferred to other middle schools. We will implement the Blueprint for student recruitment and marketing. Students in the Mendez attendance zone will be a priority. Over time, we hope to establish Mendez Middle School as the model other schools in AISD want to emulate.

We will work with Austin ISD to grow enrollments. Anticipated enrollment for Fall 2018 is approximately 550 students. The building capacity is 1,100.

The primary recruitment zone is Dove Springs neighborhood. Mendez is the school that serves this area of Austin. The district will maintain current bus routes. The 2018 blueprint is specific concerning admissions and enrollment.

All T-STEM academies must implement and meet the following requirements:

1. The T-STEM recruitment and enrollment processes shall identify, recruit, and enroll the subpopulations of at-risk students (as defined by PEIMS), including, but not limited to, students who are of limited English proficiency, students with disabilities, or students who have failed a state administered assessment. Enrollment decisions shall not be based on state assessment scores, discipline history, teacher recommendation, parent or student essays, minimum grade point average (GPA), or other criteria that create barriers for student enrollment

2. The T-STEM shall identify, recruit, and enroll subpopulations (in addition to those who are at risk as defined by PEIMS) that are historically underrepresented in college courses (e.g., first generation college goers, students of low socioeconomic status, African American, Hispanic, Native American)

3. The T-STEM academy shall clearly document recruitment and enrollment policies and practices; refining and improving them annually based on data reviews (Attachment 1)

4. Recruitment and enrollment processes (including marketing and recruitment plans, materials, and timelines) shall include input from key stakeholders (e.g., parents and community members; postsecondary partners); target student populations as described in 1 and 2 above; and include regular activities to educate students, counselors, principals, parents, and school board and community members

5. If the T-STEM academy has more applicants than available space, they shall use either a performance-blind, open-access lottery system for admissions that encourages and considers

applications from all students (all students have an equal opportunity for acceptance, regardless of background or academic performance) or a weighted lottery that favors students who are at-risk or who are part of the targeted subpopulations for the T-STEM The 2015 Blueprint offers addition practices that will be adopted: **3. BENCHMARK: Student Outreach, Recruitment, and Retention** **3.1 Program Requirement: Recruitment** 3.1.A Develops structures and processes for marketing and recruitment to encourage participation from underserved students and families (transportation or plans for transportation to the school, child care for family events, and translation of all recruitment and marketing materials). 3.1.B Actively partners with feeder elementary schools to develop student interest in STEM education and to increase advancement rates from middle school STEM to high school STEM. 3.1.C Develops a systemic recruitment plan that includes students, parents, counselors, teachers, district, and community. **3.2 Program Requirement: Open Access** 3.2.A Develops an admission policy to include an open-access, lottery-based selection process that encourages applications from all students. The application will not be based on state assessment scores, discipline history, teacher recommendation, minimum GPA, or other requirements that would be used to limit selection. 3.2.B Consists of a population that is 50% or greater economically disadvantaged and underrepresented students. **3.3 Program Requirement: Student Support and Retention** 3.3.A Develops and implements systemic, tiered strategies for student support and retention (outreach, early intervention strategies, mentoring, tutoring, counseling, and other supports for academic and socio-emotional growth). 3.3.B Hosts 5th – 6th and 8th – 9th orientation session(s) and summer bridge program(s) to facilitate successful student transitions and retention into a STEM-focused, college preparatory, project-based learning environment. 3.3.C Provides all students with opportunities and the expectation to assume roles of responsibility within the classroom, Academy, and community. 3.3.D Supports and monitors 6th – 8th student participation in STEM activities both within and outside the classroom to ensure that all students engage in STEM clubs, STEM competitions, and STEM field experiences. 3.3.E Hosts parent seminars to develop deep understanding and commitment to the rigor of college readiness and the high expectations of a STEM Academy.

Student Discipline (1000 word limit)

1. If already developed, provide the proposed discipline policy as **Attachment 2.** If a proposed discipline policy is not available, describe in detail the school's approach to student discipline. Taken together, the narrative description and/or discipline policy should:
   a. Explain the practices the school will use to promote discipline, including both penalties for infractions and incentives for positive behavior;
   b. list and define the offenses for which students must (where non-discretionary) and may (where discretionary) be suspended or expelled;
   c. explain how the school will take into account the rights of students with disabilities, including students with Behavior Support Plans in disciplinary actions and proceedings; and

d. explain procedures for due process when a student is suspended or expelled as a result of a violation, including a description of the appeal process that the school will employ for students facing expulsion and a plan for providing services to students who are expelled or out of school for more than 10 days.

1. Attachment 2 provides a sample template for the student discipline policy. This is not a completed policy because the T-STEM Academy Blueprint provides the opportunity for stakeholder input on the final product. Also, Austin ISD received a grant to implement Restorative Discipline and we plan to participate in that initiative.
    a. The T-STEM Academy Culture is designed to reduce discipline issues. Where PBL has been implemented with fidelity, there typically follows a reduction in discipline issues due to increased student engagement and student self-accountability.
    b. We defer to Austin ISD policy until we can convene stakeholders.
    c. We defer to Austin ISD policy until we can convene stakeholders.
    d. We defer to Austin ISD policy until we can convene stakeholders.

Performance Measures (500 word limit)

1. Describe the annual performance goals outlined in the performance contract for which the school will be held accountable, such as student progress and achievement levels, closing achievement gaps, post-secondary readiness, and community/student engagement.

Annual Performance Goals

It is our goal for Mendez to become a high performing school. Austin ISD has developed the annual performance goals for Mendez. Many of the goals are TBD because baseline data is not yet available.

Addendum 1: School Performance Goals provides AISD performance expectations for Mendez MS. For 2018 -19 the following goals have been set.

Campus Rating: Met Standard (Currently IR)

TEA Accountability Domain 2: met or exceed target for comprehensive middle schools

Literacy Measure: I Station results % students reading at or above grade level: maintain or increase current percentage.

Percentage of Students that “Meets” Grade Level Standard on STAAR/EOC: maintain or increase current percentage.

Attendance: Baseline is 91.1: maintain or increase current rate.

Number of Home School Suspensions: maintain or decrease

Percent of Students who feel safe in their school: maintain or increase current rating

Percent of Campus Staff who feel their school is a good place to work and learn. (Current 76%): maintain or increase current rating.

Percent of Parents/Guardians who feel their involvement is welcomed by teachers: maintain or increase current rating.

Success Action Plan

Once the T-STEM Coalition has access to student data, we will analyze data to create a baseline metrics for students, teachers and administrators. . Based on the diagnostic report, the Coalition will develop an action plan that addresses the following:

- ◻ Student success: Accelerating all students to be at grade level or meet STAAR/EOC Indices.
- ◻ Specific scope and sequence
- ◻ School leadership: Plan for ensuring that the school has an effective principal who buys into the model and assist in developing processes to support teacher leaders; continuing support for the principal's leadership development.
- ◻ Teacher-led professional learning communities (PLCs): Time and support for grade- or subject-based PLCs that focus on data analysis to support effective Tier I instruction aligned with standards.
- ◻ Annual performance targets for student outcomes and leading indicators of progress aligned with meeting state standards under the accountability system.

The Action Plan will include the specific actions and steps the partnership team will take to support the improvements.

Student Success

In the T-STEM Model all students receive an Individualized Plan. Each plan is designed to accelerate students to not only "Approach" standard, but ultimately Meet or Exceed Standard. In the current Accountability System, we focus on Domain 2 (growth). We have found that focusing on Domain 2 creates a growth mindset for students and teachers. Focusing on growth also tends to have positive results in the remaining domains.

Community/Student Engagement

The Blueprint provides guidance for Community/Student Engagement. School Stakeholders can serve on "Design Teams" and have input on most aspects of the school.

Assessment & Evaluation (1000 word limit)

1. Explain the plan for using internal and external assessments to measure and report student progress on performance measures.
2. Explain how the school will measure and evaluate academic progress – of individual students, student cohorts, and the school as a whole – throughout the school year, at the end of each academic year, and for the term of the charter contract. Explain how the school will collect and analyze student academic achievement data, use the data to refine and improve instruction, and report the data to the school community. Identify the person(s), position(s), and/or entities that will be responsible and involved in the collection and analysis of assessment data.
3. Describe the corrective actions the school will take if it falls short of student academic achievement expectations or goals at the schoolwide, classroom, or individual student level. Explain what would trigger such corrective actions and who would be responsible for implementing them.

Elements of the school diagnostic process

The IC diagnostic team will implement the following activities as soon as this partnership is selected and data access is granted:

- □ Review of student performance data (disaggregated)
- □ Observations and assessment of classroom instruction
- □ Observation of collaborative teacher planning of instruction, i.e., PLCs
- □ Assessment of principal and teacher leadership
- □ Assessment of school culture
- □ Interviews with district leadership regarding turnaround conditions, finance and budget, and school governance
- □ Assessment of the level of social trust based on a survey of teachers, parents, administrators, and students
- □ Focus groups with teachers, parents, community members, and (in high schools) students
- □ Assess the assessments of data driven practices and define the process

The team will produce a report that includes findings, recommendations, and areas for strategic intervention with the goal of meeting standard and working towards recommended performance. Communities in Schools will closely partner on the last two indicators.

Action Plan

Based on the diagnostic report, the Ingenuity Center will develop an action plan that addresses the following:

- □ Student success: Accelerating all students to be at grade level or meet STAAR/EOC Indices.
- □ Specific scope and sequence
- □ School leadership: Plan for ensuring that the school has an effective principal who buys into the model and assist in developing processes to support teacher leaders; continuing support for the principal's leadership development.
- □ Teacher-led professional learning communities (PLCs): Time and support for grade- or subject-based PLCs that focus on data analysis to support effective Tier I instruction aligned with standards.
- □ Annual performance targets for student outcomes and leading indicators of progress aligned with meeting state standards under the accountability system.

The Action Plan will include the specific actions and steps the partnership team will take to support the improvements.

Explain the plan for using internal and external assessments to measure and report student progress on performance measures

Mendez will implement a monitoring system designed to provide snapshots of student progress as well as diagnostic information. We will retain DMAC as the data tool for Mendez. In addition, teachers will be trained on how to embed assessment items in projects to monitor students. In addition, we will implement a student artifact protocol to assure that projects are implemented at appropriate rigor.

The 2015 Blueprint provides guidance on use of assessments.

5.6 Program Requirements: Assessment

5.6.A Uses diagnostic, ongoing, and vertically and horizontally aligned formative and summative assessments for all students to drive instructional decisions.

5.6.B Uses state and national standards, college and career readiness standards, industry standards, and STEM program requirements to develop common benchmark assessments.

5.6.C Employs student readiness assessments or diagnostics to identify and address gaps in learning.

5.6.D Tracks and reports student progress using student information systems.

5.6.E Uses performance-based assessments that allow students to demonstrate their understandings of STEM concepts.

The primary external assessments that will be used are the STAAR and EOC results,

We will have two Benchmark Exams each year (Fall and Spring). These will be fully released STAAR/EOC exams. The Spring Benchmark will be conducted under STAAR/EOC testing conditions.

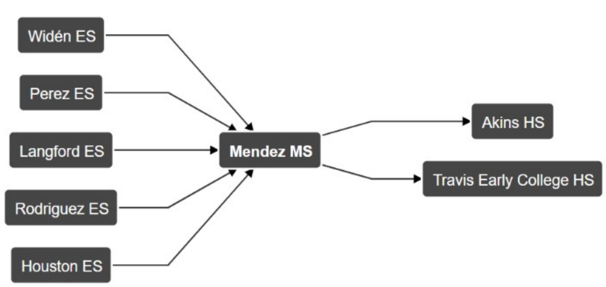
In addition to the Benchmarks, we will provide teachers with common assessment items to be embedded in Projects and Assignments. These common items will be entered into DMAC to analyze students progress in particular subjects and domains. This will not be simply test prep workbooks that we see utilized in many schools. The items will be ubiquitous to the students.

We will also work with teachers and students on how to monitor progress and use data to improve performance. Once again, this approach is embedded in PBL. Students will be trained in the "Critical Friends" process so they can learn to evaluate their own performance.

We strongly believe that teachers have the biggest impact on student learning.

Teacher-led Processes
The project team will develop a detailed plan for engaging teachers in the process of improving Tier 1 instruction through the use of professional learning communities facilitated by coaches. The Coalition has developed a model for PLCs that includes intensive instructional coaching. The coaching model can be implemented with minimal expense. Campuses must provide for the time, training, and support needed to build robust professional learning communities for teachers in the school. The coaching includes use of the UTeach Teaching Observation Protocol (U-TOP) instrument to assist teachers and administrators on focusing instruction utilizing research-based instructional strategies, TEKS coverage, College and Career Readiness Standards (CCRS) alignment, and content at the appropriate rigor/depth of knowledge. Teachers also learn to use the protocol to evaluate videos of their own teaching.

Plan for the inclusion of the elementary feeder campuses in data review, gap analysis, and alignment of curriculum and instructional programming



The figure at left shows the Mendez feeder pattern. We have examined the STAAR results from each of the feeder elementary schools. All five campuses meet standard. That said three campuses struggle with meeting Index 1. This will be problematic moving forward as the new A-F accountability system is more rigorous.

We will utilize DMAC from ESC Region 7 to analyze student data. Mendez staff are already familiar with this product. In the T-STEM Academy model each student receives a personalized learning plan. Students are assigned a success coach to work on meeting STAAR/EOC as well as their pathway to the High School.

Student Cohorts are evaluated and STAAR Scores are analyzed by individual TEKS and if standards are not met those TEKS are re-taught.

Mendez MS is already IR. We have a plan to analyze individuals, sub-populations, and grade level data to assure that students meet the accountability targets. As part of the Blueprint there is ongoing review of school data. If students are not being successful as measured by

Benchmarks and local assessments the CIA and Administrative Teams will develop interventions to address shortcomings. This occurs during PLC time for teachers and at the end of each grading period for administration. The Executive Director will meet monthly to go over progress with the Administration and CIA Team.

Section 2 — Leadership Capacity

Organization Chart

1. Submit, as **Attachment 3**, an organization chart that operating partner's school governance, management, and staffing structure in the first year of school operations. The organization chart should clearly delineate the roles and responsibilities of, and lines of authority and reporting among, the governing board, staff, any related bodies The organization chart should also specifically identify the operating partner's dedicated capacity to manage the campus(es).

Governing Board (1000 word limit)

1. Describe the governance structure of the proposed partnership, including the primary roles, powers, and duties of the governing board and how it will interact with the principal/head of school and its independence from the Board (authorizer) and other entities.
2. Describe the current and desired size and composition of the governing board. Identify key skills, areas of expertise, and constituencies that are and/or will be represented on the governing board.
3. List all current and prospective governing board members and their intended roles. For each individual identified, summarize interest in and qualifications to serve on the board.
4. If this partnership proposal included an operating partner who is a pre-existing non-profit organization respond to the following:
   a. Was the pre-existing non-profit formed for a purpose other than operating schools? If so, please provide the mission of the organization and explain how operating charter schools serves that mission.
   b. Will the pre-existing non-profit board govern the new school, or will a new non-profit corporation governed by a separate board hold the charter?
   c. If the non-profit's current board will govern the charter school, what steps have been taken to transform its board membership, mission, and bylaws to assume its new duties? Describe the plan and timeline for completing the transition and orienting the board to its new duties.
   d. If a new board has been or will be formed, describe what, if anything, its ongoing relationship to the existing non-profit's board will be.

Governance Structure:
Plan for the management of a governing board, including your vision and plan for the appointments and makeup of this board in partnership with the District

The governance structure will be tailored to the school's vision, mission, and goals. The Board has the responsibility to develop its own structure, policies, and procedures consistent with applicable laws, requirements of the Academy's authorizing body, and the governance philosophy of the academy school leaders. The Board will commit to the following:

- Adopt a structure that reflects the school's mission, goals, and objectives
- Design a structure that reflects the state charter law
- Provide ongoing communication with all stakeholders
- Establish shared decision making
- Support the involvement of a variety of stakeholders in the governing board or in committees/councils
- Provide board training seminars, conferences, and/or retreats
- Focus on generating a vision and plan for school improvement

Development of an effective governing board is an essential component of building an effective T-STEM Academy. The steps in the development of an effective governing board include:

- Nominations and recruitment — the process of identifying the right individuals to meet the needs of the school, helping them understand their roles and responsibilities, and attracting them to become part of the board.
- Orientation — the steps taken to give new board directors the information they need to carry out their roles and responsibilities effectively.
- Training — the regular, ongoing efforts to build new skills and knowledge among the existing board directors to enhance performance.

The Academy will be managed by the T-STEM Coalition, a 501c3 non-profit. The T-STEM Coalition will create a Governance Board. The Board is responsible for governing the school, having a personal fiduciary duty to look out for the long-term well being of the school. The Board is not involved in handling the day-to-day details of running the school, dealing with specific personnel issues, or addressing individual student needs. The Board delegates the responsibility for running the charter school and implementing the Board's policies to the school leader (Executive Director).

The governing board is intended to be large enough to provide representation to stakeholders, and small enough to efficiently make decisions. CISCT will assist the coalition for establishing, convening and record keeping for the Governing Board, which will include the following:

1. **Governance Board Structure**
   The Governance Board will function similar to a school board. The Board will Approve Policy, …..
   The Executive Director will function similar to a Superintendent…..
   Austin ISD will have an Ex-Officio Seat on the Governance Board to assure communication.

2. **The Governance Board for Mendez will consist of the following voting representatives.**
   Seat 1: T-STEM Coalition
   Seat 2: T-STEM Coalition
   Seat 3: Communities in Schools
   Seat 4: UTeach Austin
   Seat 5: Parent
   Seat 6: Parent
   Seta 7: Parent

The non-parent seats will be selected by that organization. The parent seats will filled through a vote.

In addition to the voting members there will Ex-Officio Members including:

- Executive Director
- PTO President
- Community Partners (TBD)

The final structure will be determined based on community feedback. The only impact would be the potential addition of seats.

3. **Prospective Board Members:**
   T-STEM Coalition: Dr. Michael Odell
   T-STEM Coalition: Dr. Jo Ann Simmons
   Communities in School: Suki Steinhauser
   UTeach Austin: Kim Hughes

Parent 1:TBD
Parent 2: TBD
Parent 3: TBD

Board Member Qualifications and Interest

Dr. Michael Odell is currently on the Board of the Texas STEM Coalition. He has been wirking to support STEM Academies through Texas. He is the co-founder of the successful charter schools, the Innovation Academy at UT Tyler which serves as the T-STEM model for Mendez. He is a curriculum and assessment specialist.

Dr. Jo Ann Simmons is the Executive Director of the Innovation Academy and serves as a TEA PSP. She is very familiar with turning schools around.

Suki Steinhauser is the CEO of Communities in Schools Central Texas. CIS has a presence on the Mendez campus and has been working with the school for over 20 years.

Kim Hughes is the Director of the UTeach Institute. She works to develop high quality PBL Teachers for schools like Mendez.

Parent Board members will be elected from the academy to provide a voice for parents and students.

In addition to the governing board T-STEM Academies implement Design Teams to maximize stakeholder participation.

Design Teams
As outlined in the Blueprint, stakeholders have the opportunity to serve on Design Teams. The Design Teams will be established upon contract being initiated. These teams are intended and employed for a high degree of engagement in various topics to come to recommendations/decisions on a wide variety of topics. In addition to teachers, students, parents, and CISCT staff, Design Teams may include Austin Interfaith representatives or staff, other community members or City/County staff with interest or expertise in the topic area. Examples of topics tackled by Design Teams are: School Culture and Climate; Out of School Time; Calendar and Bell Schedule., Student Health.

1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.
In addition, the Blueprint requires an advisory board from the community.
1.2.C. Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support and guide facility requirements, resource acquisition, curriculum development, internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.As outlined in the Blueprint, all stakeholders have the opportunity to serve on the Design Teams. The Design Teams will be established upon contract being initiated.
1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.

In addition, the Blueprint requires an advisory board from the community.

1.2.C. Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support and guide facility requirements, resource acquisition, curriculum development, internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.

Partner/provider capacity, including other partners who will be part of this partnership
The Texas STEM Coalition is a 501c3 non-profit. The coalition was established by the T-STEM Centers that were designated by the Texas Education Agency to support T-STEM Academies across Texas. The Texas Science, Technology, Engineering and Mathematics (STEM) Centers address the challenges of tomorrow's technology-driven economy by researching, developing, and supporting best practices in STEM education for K-12 schools.The Texas STEM Coalition, comprised of T-STEM Centers and other members, work with T-STEM Academies as well as all Texas schools to transform teaching and learning methods, improve achievement in STEM education, and ensure all students are college-ready, career-ready, and life-ready.

Mission

The Mission of the Texas STEM Coalition is to work with educators to ultimately prepare all Texas students to thrive in the 21st Century global economy by leveraging its extensive network of expertise, partnerships, resources and experience to:

- transform teaching and learning,
- promote the implementation of innovative, research- and standards-based STEM practices that align with College and Career Readiness objectives, and
- facilitate its dissemination through an effective state-wide alliance.

T-STEM Coalition members have experience in managing schools and implementing the T-STEM Blueprint. For example, the Ingenuity Center (T-STEM Center) has significant expertise in managing schools and in school turnaround.

Communities in Schools Central Texas (CIS) has a 32 year history of working with schools in AISD to support students and families with more than 20 years serving Mendez M.S.An affiliate in good standing of Communities In Schools' national organization, CISCT is considered among the best in the country in delivering student supports, integrated into the school environment so that all children may learn at their potential.

The UTeach Institute

UTeach's mission is to increase the number, diversity, and academic achievement of students pursuing STEM disciplines and careers. UTeach is well known as a highly successful secondary STEM teacher preparation program, begun at UT Austin in 1997 and currently operating at 45 universities nationwide. The UTeach Institute was created 11 years ago to expand the UTeach program nationwide and serves as the hub of this national network of UTeach programs. As a result of this work, the Institute has developed a comprehensive approach to the development, implementation, evaluation, and scaling of educational programs. The Institute's work to strengthen STEM education is informed by both the fundamental UTeach approach to STEM teaching and learning as well as our experience developing and managing educational programs at scale.

UTeach brings decades of experience in effective STEM teaching and learning, including: teacher development; effective STEM instructional design and curriculum development; STEM programming for K–12 students; assessing STEM teaching and learning; educational program design, implementation, and support; development of professional learning and networked improvement communities; sophisticated educational data analysis; and program evaluation.

The Texas STEM Coalition was not originally created to manage a school. It was developed to support T-STEM Academies and continue the work of the T-STEM Centers once TEA funded ended in 2015. That work has continued and the coalition provides an annual STEM Conference for Texas. The coalition members also provide technical assistance and PD for T-STEM Academies across Texas.

Will the pre-existing non-profit board govern the new school, or will a new non-profit corporation governed by a separate board hold the charter?

The Coalition plans to oversee the school. The current board will delegate authority for managing the school to a more inclusive school governing board described previously.

If a new board has been or will be formed, describe what, if anything, its ongoing relationship to the existing non-profit's board will be.

The new board includes two T-STEM Board Members to assure that interest of the school and the coalition are represented. This arrangement is under review by our legal team and will be adjusted if warranted.

Application Team Capacity – District Leadership (1000 word limit)

1. District Capacity - Identify the key members of the district's leadership team and describe individual and collective qualifications for authorizing, monitoring, and evaluating the campus charter.

   – OR –

   If this responsibility will be managed by a new role, discuss the process and timeline for recruiting, selecting, and hiring this individual. Describe the criteria to be used in selecting this leader.

The District's plan is to hire a new executive level officer who will oversee District work through 1882, transformation zones, and other transformational work in the District. This position will report directly to the Superintendent. The position, tentatively titled Chief Innovation Officer, will oversee charter authorizing process, work with the partner organizations in monitoring and support, oversee future selection process, in addition to other job duties. The current plan is to post, evaluate and hire for this position for the start of the 2018-19 school year.

The Chief of Staff is currently running the process for 1882 and transformation zone selection.

Application Team Capacity – Operating Partner (1000 word limit)

1. Operating Partner Capacity - Identify the key operating partner personnel responsible for the outcomes at the campus (ex: executive director/school leader candidate and/or role). Explain why this individual or role is well-qualified to manage the proposed partnership in achieving its mission. Summarize the proposed leader's academic and organizational leadership record. Provide specific evidence that demonstrates capacity to design, launch, and manage a high-performing charter school.

– OR –

If no candidate has been identified, discuss the process and timeline for recruiting, selecting, and hiring the school leader. Describe the criteria to be used in selecting this leader.

Operating Partner Capacity:

The Governing Board includes two members that have launched and operated charter schools. Dr. Jo Ann Simmons and Dr, Michael Odell oversee the UT Tyler Innovation Academy at UT Tyler. Dr. Jo Ann Simmons is the Superintendent and Dr. Odell is the Faculty Member in Charge of Curriculum and Academy design. Because this is an In District Charter, we believe we need a string leader that can work with AISD.

Dr. David Simmons will serve as the Executive Director of the School. David is a former superintendent and has managed large school districts such as Tyler ISD and Richardson ISD. He is also a TEA Monitor, Conservator, and a PSP. Dr. Simmons Resume is attached.

The following bullets highlight Dr. Simon's Expertise.

Professional Service Provider (PSP)

- Serve as a liaison between the Texas Center for District and School Support (TCDSS), Texas Education Agency (TEA), local education service center (ESC), and district/campus
- Assist in building the capacity of campus/district leaders, teachers, and staff to understand the Texas Accountability Intervention System (TAIS) continuous improvement process
- Identify opportunities for continuous improvement at the district and campus level
- Utilize research-based practices and interventions to address the identified campus needs
- Monitor the progress of activities and strategies contained within the targeted improvement plan and facilitates the on-going refinement of the plan

Texas Education Agency (TEA) Monitor/Conservator Texas

- Coordinate with the regional Education Service Center to develop improvement plans and strategies
- Report the district's progress to the appropriate divisions
- Advise the Commissioner on any additional sanctions for consideration
- Draft preliminary quarterly reports detailing activities during the reporting period, the findings, progress on the LEA's corrective action plans, and any recommendations to the agency for further actions

Richardson, Texas Superintendent (35,000 Students)

- Maintained TEA Recognized status for 3 consecutive years. Largest and most diverse district in Texas to accomplish this goal
- RISD selected as outstanding school district in Texas by HEB corporation in 2007
- Increased the number of exemplary campuses and recognized campuses each year

- Expanded career and technology programs

August, 2002-December 2006 Tyler I.S.D. Tyler, Texas
Superintendent (18,000 Students)

- Improved relations with community and civic organization including Smith County Association of Taxpayers, the City of Tyler, and Tyler Area Chamber of Commerce
- Restructured central administration to improve efficiency and increase accountability
- Posted consistent gains in student achievement as measure by TAKS

Application Team Capacity – School Leadership (1000 word limit)

1. School Leadership Capacity - Identify the key members of the school's leadership team and describe the other team members' individual and collective qualifications for implementing the school design successfully, including capacity in areas such as: administration, financial management, , curriculum, instruction, and assessment; performance management; and parent and community engagement. If known, identify the individuals who will fill these positions, explain why each is well-qualified for a specific role, and summarize their relevant track record of success.

School Leadership

In addition to the Executive Director the T-STEM Coalition will implement a new coaching model to work with the Leadership Team at Mendez. The coaches will be TSTEM/UTeach employees and embedded in each of the sub schools (see organization chart). There will be one TSTEM/PBL coach per sub-school that works hand-in-hand with the Assistant Principal that manages the sub-school. This allows us to meet the Blueprint intent of the small learning community model. The coaches will also have content expertise to assist in developing interventions, PD, and PLC's.

The T-STEM Coalition is committed to providing the opportunity for current Mendez leadership personnel to remain on campus if they choose to commit to the T-STEM Blueprint and School Model. The process is outlined below.

The process for staffing includes:

- Meet with personnel and explain the T-STEM Academy model and the commitment needed to implement the model successfully (group setting).
- Meet with personnel individually and discuss the model, PD requirements, outside requirements, etc.
- Provide commitment letters to personnel who elect to remain. This will include an addendum (TBD) that must be signed to show commitment.
- Once personnel staying are identified, we will immediately post announcements for needed administrative, education, and support positions.

Mendez Middle School Turnaround:

Introduction

The Texas STEM Coalition proposes to serve as the Lead Partnering Entity to manage and create a successful and sustainable program at Consuelo Mendez Middle School to meet and ultimately exceed state accountability standards in partnership with the Mendez community, Communities in Schools Central Texas, and UTeach Institute. The Partnership proposes to implement the research-based T-STEM Academy model at Mendez. Communities in Schools (CISCT) will enhance its Integrated Student Supports at Mendez, including parent engagement, teacher supports and training, partnerships development, and community mentor coordination. The Mendez community needs and deserves to be a part of the turnaround of their school, which is situated in the heart of Dove Springs and is the only AISD middle school in southeast Austin east of I-35. The school governing body to be formed will most certainly include parent and community voices.

Section 1: Educational Program Design

It is our intention to transition Mendez Middle School (MMS) from a low-performing campus to a high performing Texas STEM Academy (T-STEM). The T-STEM Academy is one of several turnaround models promoted by the Texas Education Agency over the past decade. The T-STEM program is focused on developing college- and career-ready students. Austin has become the Silicon Valley of Texas and students completing a STEM program will be better prepared to take advantage of many thousands of career opportunities available here. Transitioning to a T-STEM Academy goes beyond simply trying to "Meet Standard." Too often, turnaround programs simply provide supports that only focus on passing the STAAR and EOC. These programs are problematic since they do not take into account future changes in the accountability system. They are often reactive, focusing on

attendance, tutoring, and test preparation. These programs do not build teacher and student capacity to become self-led learners and productive team members and often create a negative school culture.

At schools implementing the T-STEM model, students do not only focus on STEM. Rather, the goal of the STEM Academy model is to prepare students in STEM in at a deeper level, as well as prepare them well in the traditional core subjects, to maximize their future learning and earning opportunities. This model also builds a school learning culture that mirrors the workplace to build students' 21st century skills, including collaboration, communication, creativity, and critical thinking. This approach is in stark contrast to turnaround models that focus primarily on test preparation. Another rationale for using the T-STEM Model is its alignment with the two high schools that Mendez students will attend. Travis High School is an Early College High School and Akins High School includes a T-STEM Academy. The T-STEM model aligns to both the these established programs.

The T-STEM model follows a Blueprint. The T-STEM Blueprint (TEA, 2015), is similar to the Early College High School model (ECHS). T-STEM Academies focus on preparing economically disadvantaged students for college and career. Unlike the ECHS model, there is a strong focus on STEM. The T-STEM Blueprint includes seven research-based benchmarks that help guide a school to becoming high achieving. The following is an excerpt from TEA concerning the T-STEM Academy approach.

> *The Texas Education Agency (TEA) and Educate Texas support T-STEM Academies in order to concentrate state and local efforts for improving math and science achievement among Texas students. The T-STEM initiative ensures Texas students thrive in the 21st Century economy by studying and entering into STEM fields. The cornerstone of T-STEM Academy learning is student engagement and exposure to innovation and design in STEM-focused instruction and learning that models real-world contexts. T-STEM Academies serve as demonstration sites to inform math and science teaching and learning statewide. The T-STEM initiative aims to closely align high school curriculum with admission requirements of competitive colleges and the STEM qualifications for 21st century jobs. The Academies use the T-STEM Design Blueprint, Rubric, and Glossary as a guidepost to build and sustain T-STEM schools that address the seven benchmarks:*
> *1) Mission driven leadership*
> *2) School culture and design*
> *3) Student outreach, recruitment, and retention*
> *4) Teacher selection, development and retention*
> *5) Curriculum, instruction, and assessment*
> *6) Strategic alliances*
> *7) Academy advancement and sustainability*

T-STEM Academies are demonstration schools and learning labs that develop innovative methods to improve STEM-related instruction. TAC §102.1093 also instituted the requirement for an annual application and designation process for any school wishing to become/retain T-STEM designation in the State of Texas. In early 2015, the T-STEM Blueprint underwent a third revision to include language specific to middle school T-STEM Academies and House Bill 5 graduation requirements.

Achievement data from students in 2011 showed T-STEM Academies outperform peer schools, meeting college-readiness benchmarks at a 12 percent higher rate and achieving a 21 percent higher completion rate in dual credit and advanced placement courses (Fitzpatrick, 2012). Another study concluded that participation in a STEM academic program positively impacted eighth grade students' academic achievement in mathematics, science, and reading (Olivarez, 2012). The T-STEM Blueprint has also proven effective as a school turnaround model (Odell, 2017; Odell & Pedersen, 2018). Excerpts from the T-STEM Academy Design Blueprint are highlighted in blue throughout this document. In addition, the complete Blueprint is included in the appendices.

Educational Plan

Mendez Middle School will adopt the T-STEM Academy Blueprint. T-STEM Academies are implemented at the middle school and high school. The Blueprint provides design criteria for the entire school enterprise. The TEKS serve as the basis for curriculum in every class. Projects will be developed around the TEKS. A scope and sequence will be developed that covers the TEKS and is aligned to the STAAR, EOC, and the Career and College Readiness Standards.

A. Curriculum & Delivery Methods of Core Instruction

Mendez will implement the Blueprint as designed. The Blueprint includes high school language that aligns to high school programming. We chose to leave in those elements for the proposal readers as the Mendez curriculum will prepare students for those pathways if they choose STEM or ECHS in high school. We will also maintain the Project Lead the Way (PLTW) Gateway program and expand PLTW. Benchmark 5 of the T-STEM Blueprint focuses on Curriculum, Instruction and Assessment.

BLUEPRINT: BENCHMARK 5: Curriculum, Instruction, and Assessment

5.1 Program Requirement: Rigor

5.1.A Aligns curriculum, instruction, and assessment (such as, but not limited to, THECB CCRS, national and state standards, content, context, culture, cognitive level, competencies, skills, processes, 21st century skills, and STEM synthesis).

5.1.B Develops a scope, sequence, and pacing guide for a vertically and horizontally aligned curriculum centered on state standards, career and college readiness standards, STEM integration, and industry expectations.

5.1.C Develops an assessment and intervention plan to address gaps in student achievement and areas for extension.

5.1.D Supports and encourages all students to be ready to successfully complete four years of mathematics, four years of science, four years of STEM electives, and at least one Endorsement in STEM, Business and Industry, Public Services, or Arts and Humanities, with a primary focus on a STEM Endorsement; and earn a Distinguished Level of Achievement as well as a Performance Acknowledgement in order to graduate college ready.

5.1.E Offers dual credit, articulated concurrent enrollment, AP or IB courses so that all students will graduate with 12-30 college credit hours. (**MS- Provides foundation for these offerings in HS**)

5.1.F Establishes curriculum expectations, monitoring, and accountability mechanisms that are reflectively revised to ensure a constancy of mission purpose (aligned resource allocation, integrated STEM curriculum development, teacher professional growth, and student results).

5.2 Program Requirement: STEM-focused Curriculum

5.2.A Delivers innovative STEM programs that are well-defined, embed critical thinking and problem solving, innovation, and invention, and are aligned to state, and/or national standards, and industry expectations.

5.2.B Supports and encourages students to complete three years of STEM electives at middle school and four years of STEM electives at high school.
5.2.C Develops performance-based and project-based assessments aligned to these innovative programs and state/national/industry standards.
5.2.D Develops and implements a plan for supporting accelerated student achievement for students with demonstrated deficiencies or proficiencies in mathematics and science, to promote all students graduating ready for enrollment in credit-bearing postsecondary courses (e.g. Algebra I enrollment by 8th grade).
5.2.E Incorporates into the curriculum work-based, contextual learning with a global perspective.
5.2.F Participates in extra-curricular academic activities centered on science, technology, engineering, and mathematics; i.e. STEM field experiences, clubs, and competitions.
5.2.G Develops 6th – 8th students' portfolios of interest in: STEM capstone projects, STEM extracurricular opportunities, and global STEM college, degree, and career explorations.

5.3 Program Requirements: Instructional Practices

5.3.A Incorporates data-driven instruction.
5.3.B Creates an environment for shared teacher responsibility and accountability for student learning across programs, content areas, and classrooms.
5.3.C Organizes instruction expectations around problem-based and project-based learning with clearly defined learning outcomes for students and teachers that address state and national performance standards, college and career readiness standards, and industry expectations.
5.3.D Ensures teachers' use of the aligned scope and sequence and integration across the disciplines.
5.3.E Ensures teachers' use of high-quality curricular materials aligned with state and national standards, college and career readiness standards, and industry standards.
5.3.F Provides opportunities for students to exercise choice and voice within a relevant and rigorous context.

5.4 Program Requirements: STEM Education Integration

5.4.A Promotes instructional strategies that challenge students to think critically, innovate, and invent to solve real-world, contextual problems.
5.4.B Exposes students to critical readings in STEM related fields and requires students to demonstrate their understanding of STEM disciplines in a work-based, contextual environment.
5.4.C Offers standards-based STEM programs that incorporate integrative STEM literacy and innovative instructional tools.
5.4.D Promotes applied and collaborative learning, and provides students with opportunities to present/defend their work to peers, community, industry, and university leaders.
5.4.E Promotes a technology rich culture of natural use of current technologies to enhance instruction, curriculum, teaching, and learning, and STEM literacy.

5.5 Program Requirements: Literacy

5.5.A Promotes technologically proficient and scientifically literate students with highly developed academic vocabulary and STEM technical vocabulary.
5.5.B Graduates 21st Century literate students proficient in: English, reading, speaking, writing, numeracy, arts, health, sciences, and world languages; government, civics, history, and geography; environmental science; global awareness; information, communications, and media technology; financial, economic, business, and entrepreneurship.
5.5.C Selects appropriate STEM curriculum and culturally relevant instructional materials that foster widespread use of literacy strategies within the STEM curriculum.

5.5.D Provides opportunities for students to demonstrate the relevancy of the content through reading, writing, speaking, and presenting.

5.6 Program Requirements: Assessment

5.6.A Uses diagnostic, ongoing, and vertically and horizontally aligned formative and summative assessments for all students to drive instructional decisions.
5.6.B Uses state and national standards, college and career readiness standards, industry standards, and STEM program requirements to develop common benchmark assessments.
5.6.C Employs student readiness assessments or diagnostics to identify and address gaps in learning.
5.6.D Tracks and reports student progress using student information systems.
5.6.E Uses performance-based assessments that allow students to demonstrate their understandings of STEM concepts.

B. School Culture and Climate

The T-STEM Academy Blueprint provides guidance on building a school culture that supports learning at a high level. Mendez will meet the following benchmarks for School Culture and Climate. Mendez will be decorated to reflect a PBL School that promotes high academic standards and a positive school culture. College pennants will be placed in every hall. Displays for student products will be created throughout the building. Personalization is a major factor in building a positive school culture and leads to relationships that build trust between students and teachers.

Communities in Schools (CIS) will play a greater role in enhancing a healthy school climate, particularly in the area of student voice and developing a positive school culture through trust building activities and teacher training on recognizing and responding to signs of trauma as well as the Search Institute Developmental Relationships model.

2. BENCHMARK: STEM Academy Culture and Design
2.1 Program Requirement: Personalization

2.1.A Addresses in Annual Action Plan and strategic plan the details for remaining small, allowing for personalization, and maintaining collaborative learning communities of students.
2.1.B Plans and implements a non-graded student advisory program that is regularly scheduled, noted in the master calendar/schedule, and focuses on personalizing the student experience, (builds relationships with students and parents, develops character, and fosters global literacy).
2.1.C Develops a process for hearing and responding to student voice.
2.1.D Arranges for a flexible school day with blocks of time that support student learning (tutorials, collaboration, meetings).

2.1.E Celebrates high quality student work through student exhibits on-site, web-based, and/or in state and national forums.
2.1.F Provides every 6th – 8th student with an individualized STEM-focused high school graduation plan that addresses: four years of math and science; an Endorsement in STEM, Business and Industry, Public Service, or Arts and Humanities; identifies target areas for Performance Acknowledgements; and is at least annually reviewed and revised with the counselor, student, and family.

2.2 Program Requirement: Culture

2.2.A Collaborates with stakeholders to develop a new handbook or modify the existing handbook with clear procedures, policies, and consequences that support the development of a strong T-STEM culture.
2.2.B Involves all stakeholders in developing a culture of respect, responsibility, trust, and meaningful adult and peer relationships throughout the Academy in order to foster positive student identities.
2.2.C Creates a professional learning community environment of collaboration, teaming, and high expectations among administrators, teachers, and stakeholders, with a focus on and a commitment to the learning of each student.

2.3 Program Requirement: Postsecondary Success (College and Career)

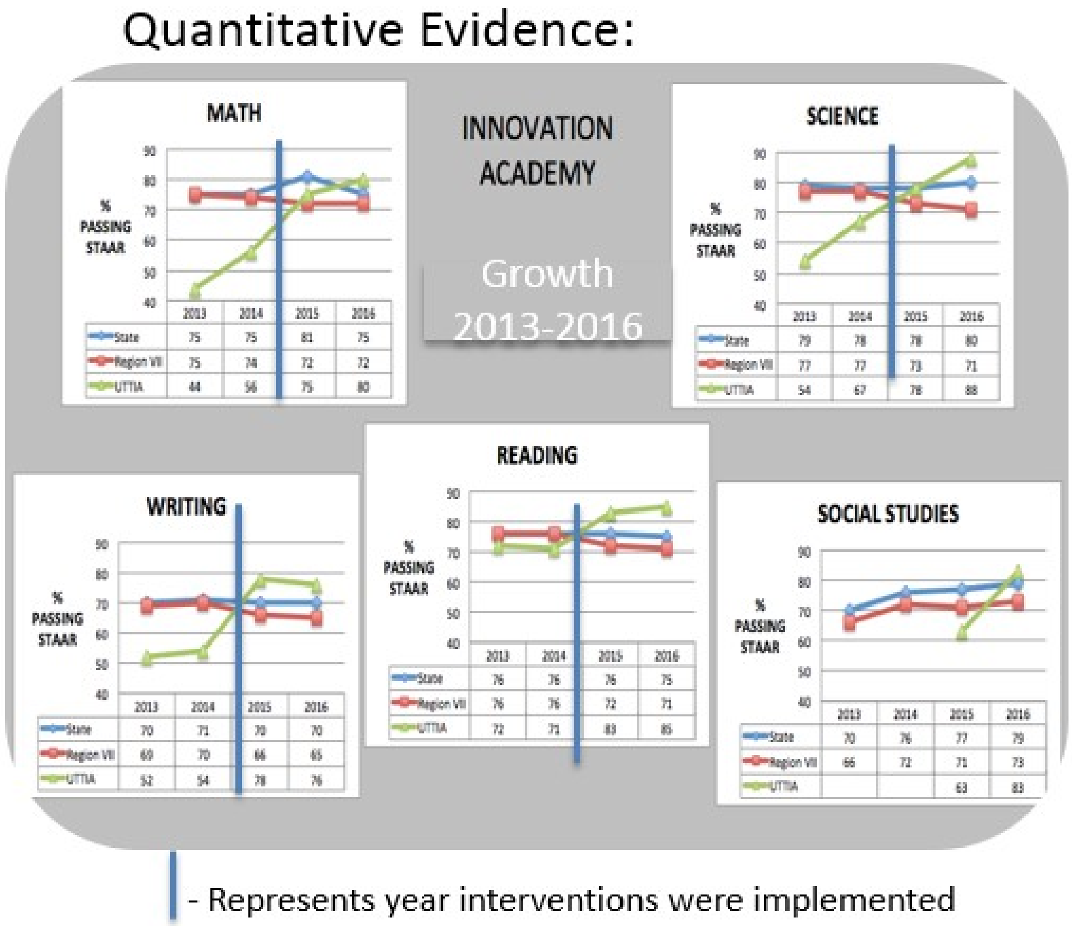
2.3.A Prepares students (to enter High School) who graduate for post-secondary coursework and careers in science, technology, engineering, and mathematics through the integration of the Governor's economic workforce clusters and Achieve Texas STEM cluster: semiconductor industry, information and computer technology, micro-electromechanical systems, manufactured energy systems, nanotechnology, biotechnology, chemist, and engineering: aerospace, electronic, mechanical, environmental, and biomedical.
2.3.B Regularly engages 6th – 8th students and parents in high school and college transition planning, STEM Career Exploration, College Exploration, and College Readiness preparation.
2.3.C Develops a plan for student success on post-secondary entrance exams.
2.3.D Creates higher education partnerships to provide mentoring, college-level courses/dual credit, professional development and technical assistance, and to foster a college-going culture.

C. Performance Assessments and School Wide Monitoring

Diagnostic Review

In addition to meeting Benchmark 5.6 on assessment described in the education plan above, the Texas STEM Coalition Partnership team will conduct an ongoing diagnostic/planning process, which will produce a meaningful and actionable document that drives the school's work and resource allocation. In addition to focused interventions, T-STEM Coalition staff are well versed in the Texas Accountability Intervention System to create sustainable transformation. We know from our own experience in managing charter schools the importance of developing a data-driven school culture that is student centered. The diagnostic review and planning efforts focus on school leadership, the turnaround conditions, current level of social trust, the alignment of instruction and assessment to standards, and processes for teachers to work together to improve instruction and encourage the sense of urgency required for turnaround. It is also imperative that leadership work well with community stakeholders and students. Personnel have experience in turning around schools. Figure 1 provides data from an IR district. **The IC intervention model not only transformed the schools from IR to Met Standard, but they have continued to increase scores even though state and regional scores have remained flat or decreased. It should also be noted that significant growth occurred in ALL subjects, not just STEM.**

Figure 1: Turnaround Data for IR School



Elements of the school diagnostic process

The IC diagnostic team will implement the following activities as soon as this partnership is selected and data access is granted:

- Review of student performance data (disaggregated along many lines)
- Observations and assessment of classroom instruction (TTESS and UTOP observations)
- Observation of collaborative teacher planning of instruction, i.e., PLCs
- Assessment of principal and teacher leadership
- Assessment of school culture
- Interviews with district leadership regarding turnaround conditions, finance and budget, and school governance
- Assessment of the level of social trust based on a survey of teachers, parents, administrators, and students
- Focus groups with teachers, parents, community members, and (in high schools) students
- Assess the assessments of data driven practices and define the process

The team will produce a report that includes findings, recommendations, and areas for strategic intervention with the goal of meeting standard and working towards recommended performance. Communities in Schools will closely partner on the last three indicators.

Action Plan

Based on the diagnostic report, the T-STEM Coalitionwill develop an action plan that addresses the following:

- □ Student success: Accelerating all students to be at grade level or meet STAAR/EOC Indices.
- □ Specific scope and sequence
- □ School leadership: Plan for ensuring that the school has an effective principal who buys into the model and assist in developing processes to support teacher leaders; continuing support for the principal's leadership development.
- □ Teacher-led professional learning communities (PLCs): Time and support for grade- or subject-based PLCs that focus on data analysis to support effective Tier I instruction aligned with standards.
- □ Annual performance targets for student outcomes and leading indicators of progress aligned with meeting state standards under the accountability system.

The Action Plan will include the specific actions and steps the partnership team will take to support the improvements.

Teacher-led Processes to Continually Improve Tier 1 Instruction

The project team will develop a detailed plan for engaging teachers in the process of continually improving Tier 1 instruction through the use of grade- or subject-level professional learning communities facilitated by instructional coaches. The IC has developed a model for PLCs that includes intensive instructional coaching. The coaching model can be implemented with minimal expense. Campuses must provide for the time, training, and support needed to build robust professional learning communities for teachers in the school. The coaching includes use of the UTeach Teaching Observation Protocol (U-TOP) instrument to assist teachers and administrators on focusing instruction utilizing research-based instructional strategies, TEKS coverage, College and Career Readiness Standards (CCRS) alignment, and content at the appropriate rigor/depth of knowledge. Teachers also learn to use the protocol to evaluate videos of their own teaching.

Based on the data and monitoring plan, the project team utilizes a rubric modified from the T-STEM Blueprint Rubric of research-based interventions in helping schools meet acceptable ratings that include but are not limited to:

- □ Maximizing leadership and staff capacity through the establishment of collaborative leadership designs and professional learning communities
- □ Strategies and practices for personalizing the school environment that result in improved student performance
- □ Instructional strategies that promote high levels of student engagement in meaningful classroom activities
- □ Ongoing monitoring of student progress toward mastery of state standards
- □ Instructional coaching for teachers
- □ Coaching of administrators to recognize and document meaningful instruction and student learning
- □ Creation of a climate conducive to learning in both the classroom and the building
- □ Delivery of a guaranteed and viable curriculum that includes a logical scope and sequence
- □ Resource alignment and utilization for whole school improvement

- Strategies to address safety, discipline and engagement
- Rigorous school curriculum delivered with the goal of meeting higher standards
- Communicating and working with a wide variety of education stakeholders including the board of trustees, superintendent, central office, principals, teachers, community members, and parents in a coordinated effort to provide whole school reform
- On-site delivery of individualized coaching with teachers, students, and leaders directly through formal professional development programs and individual coaching
- Robust diagnostic reviews utilizing student data in both aggregated and disaggregated reports to not only identify student performance but provide insight into teacher performance
- Creation of plans noting specific action steps to support improvements
- Support for the key improvement areas within the school, including:
  - Development of strong leaders
  - Teacher-led processes to continually improve instruction aligned to standards and supporting student engagement
- Effective PLCs with a focus on data analysis to inform instruction
- Monitoring progress through adherence to plan implementation with a focus on its impact on student achievement and student outcomes.

D. Professional Development

We view teacher professional development in terms of recruitment and retention. We go beyond typical district requirements for PD. Teachers must commit to 3-4 weeks of paid PD each summer so that the model can be implemented effectively and with fidelity. The Blueprint also provides guidance on the hiring of new teachers (including retraining veteran teachers), their professional development, and their retention.

4. BENCHMARK: Teacher Selection, Development, and Retention

4.1 Program Requirement: Highly Qualified Teachers

4.1.A Recruits and selects highly qualified faculty who possess extensive subject knowledge, are willing to incorporate project based learning (PBL), and integrative STEM pedagogy.

4.1.B Recruits and selects highly qualified faculty who utilize relational knowledge in developing culturally responsive classrooms that successfully build self- efficacy with traditionally underrepresented students.

4.1.C Develops teacher job descriptions and requirements that incorporate integrative content practice and research-based actions/strategies that demonstrate commitment to success for underrepresented students.

4.1.D Uses a collaborative recruitment and selection process that includes Academy leaders, teachers, key stakeholders, T-STEM Centers, and T-STEM Coaches.

4.1.E Designs or employs innovative programs to support the recruitment and selection of highly qualified STEM teachers. Note: we plan to take advantage of the UTeach to recruit and prepare high quality teachers. We also plan to host clinical students from UTeach to help support Mendez students.

4.2 Program Requirement: Teacher Support and Development

4.2.A Develops a PD plan for a sustained professional development model of continuous learning based on student results, teacher development, and the short- and long-term goals of the Academy.

4.2.B Adopts a systemic professional development model of continuous learning that addresses prioritized needs as informed and evaluated by multiple sets of quantitative and qualitative data

(student assessment data, instructional/classroom evaluations, technological developments, workforce demands, demographic changes, and community/societal expectations and needs).
4.2.C Sustains a Professional Learning Community (PLC) by instituting job-embedded ongoing opportunities for continuous learning, peer coaching/mentoring, STEM externships, and participation in STEM Teacher and Leader cadres for teachers and administrators (research-based practices, content competence, new instructional strategies, project-based learning, technology integration, reflective inquiry, and student artifact analysis).
4.2.D Provides ongoing professional development for counselors, teachers, staff, and parents on strategies that support students to ensure success in a rigorous course of study, such as: IGP, interventions, and interpersonal and academic success strategies.
4.2.E Ensures that on-staff, integrative STEM coaches are available and accessible to support both teachers and students in research-based practices, content competence, interdisciplinary STEM teaching and learning, reflective inquiry, college readiness standards, and state standards integrated with STEM industry expectations.
4.2.F Collaboratively builds 6th – 12th teacher and administrator expertise in developing, teaching, learning, and assessing STEM cross-content curriculum.

4.3 Program Requirement: Teacher Retention

4.3.A Provides for flexibility (within PBL model) in instructional practices to promote creativity and innovation while maintaining accountability.
4.3.B Provides a common planning time, within the structure of the school day, for teachers to support results-driven, team-focused professional learning, and cross-curricular collaboration.
4.3.C Adopts and implements a plan for new teachers to include orientation, induction, acculturation, mentoring, professional development, and administrative support.
4.3.D Provides opportunities for ongoing professional development to improve teachers' content knowledge, technology embedded instruction, integrative STEM pedagogy, college and career readiness standards, instructional strategies for ensuring a successful P-20 pipeline, and leadership capacity.
4.3.E Annual Action Plan includes a creative teacher incentive plan that provides release time and other incentives, such as stipends or bonuses, for teachers to contribute to and lead T-STEM education efforts (journal articles, conference presentations, attend T-STEM trainings and regional meetings, contribute to T-STEM newsletter, and populate Academy press releases).

E. Student Recruiting and Marketing

It is our goal to reestablish Mendez as the school of choice for the Dove Springs community. Over the past five years, a significant number of students have transferred to other middle schools. We will implement the Blueprint for student recruitment and marketing. Students in the Mendez attendance zone will be a priority. Over time, we hope to establish Mendez Middle School as the model other schools in AISD want to emulate.

3. BENCHMARK: Student Outreach, Recruitment, and Retention

3.1 Program Requirement: Recruitment

3.1.A Develops structures and processes for marketing and recruitment to encourage participation from underserved students and families (transportation or plans for transportation to the school, child care for family events, and translation of all recruitment and marketing materials).

3.1.B Actively partners with feeder elementary schools to develop student interest in STEM education and to increase advancement rates from middle school STEM to high school STEM.

3.1.C Develops a systemic recruitment plan that includes students, parents, counselors, teachers, district, and community.

3.2 Program Requirement: Open Access

3.2.A Develops an admission policy to include an open-access, lottery-based selection process that encourages applications from all students. The application will not be based on state assessment scores, discipline history, teacher recommendation, minimum GPA, or other requirements that would be used to limit selection.

3.2.B Consists of a population that is 50% or greater economically disadvantaged and underrepresented students.

3.3 Program Requirement: Student Support and Retention

3.3.A Develops and implements systemic, tiered strategies for student support and retention (outreach, early intervention strategies, mentoring, tutoring, counseling, and other supports for academic and socio-emotional growth).

3.3.B Hosts 5th – 6th and 8th – 9th orientation session(s) and summer bridge program(s) to facilitate successful student transitions and retention into a STEM-focused, college preparatory, project-based learning environment.

3.3.C Provides all students with opportunities and the expectation to assume roles of responsibility within the classroom, Academy, and community.

3.3.D Supports and monitors 6th – 8th student participation in STEM activities both within and outside

the classroom to ensure that all students engage in STEM clubs, STEM competitions, and STEM field experiences.

3.3.E Hosts parent seminars to develop deep understanding and commitment to the rigor of college readiness and the high expectations of a STEM Academy.

F. Special Populations

The school will follow all applicable state and federal laws for Special Education, 504, Gifted and Talented, and ESL/Bilingual students to ensure a meaningful education in an inclusive environment. It is our belief that students should be in the classroom and pull-out interventions should be minimized so students do not miss instruction.

Special Education:

We plan to contract with AISD for Special Education services. This is in the best interest of the students to avoid any disruption of services.

Gifted and Talented:

The Project-based Learning (PBL) approach to instruction allows for significant differentiation. It is our intention to integrate GT approaches for all students, supporting a creative learning environment for all, not just a select few.

ESL/Bilingual Students
The partnership will provide supports to ESL/Bilingual students. We have significant experience in TESOL. Our ESL approach is Sheltered Instruction. Our ELL Model is **content-based ESL.** In the content-based approach, ELLs are served by a full-time ESL certified teacher who provides supplementary instruction for all content areas. Content-based ESL programs focus on the learning of a second language (English) while using the language as a medium to learn core academic subjects.

It is also our understanding that there may be a community wish to maintain a dual language approach. The partnership team is open to this approach. If this is a community priority, students could receive instruction in both English and Spanish. Courses taught in Spanish would be limited to non-tested subjects since the STAAR and EOC at the middle school level are written in English. The following classes would be in English since they are tested. Other subjects would be possible candidates for Spanish instruction.

- 6^{th} Grade: English Language Arts and Mathematics
- 7^{th} Grade: English Language Arts and Mathematics
- 8^{th} Grade: English Language Arts, Mathematics, Social Studies, and Science

G. Plan for 5^{th}-6^{th} Grade and 8^{th}-9^{th} Grade Transition

The Blueprint also provides guidance on transitions.

33.3.B Hosts 5^{th}-6th and 8^{th}-9th orientation session(s) and summer bridge program(s) to facilitate successful student transitions and retention into a STEM-focused, college preparatory, project-based learning environment.
3.3.E Hosts parent seminars to develop deep understanding and commitment to the rigor of college readiness and the high expectations of a STEM Academy.

Summer Bridge: Each summer we will work with our feeder elementary schools and our high schools to develop summer bridge programs.

5^{th}-6^{th} grade will include a STEM day camp facilitated by UTeach Outreach, which has been providing camps for students in Austin for several years. Length of camps will vary based on camp focus and available resources.

We will work with the two high schools to ensure Mendez students are ready to transition to high school. 8^{th}-9^{th} grade will include bridge programs and Texas Success Initiative (TSI) readiness preparation. These bridge programs will also assist students in choosing HS pathways in collaboration with HS counselors.

School Year Feeder Collaborations: As a project-based school, we will work with Mendez students to provide meaningful programming to elementary students at the feeder campuses. This programming will be designed in collaboration with elementary administration and provide "buddies" and projects that enhance the educational experience of all involved. In addition, we will work with the two high schools to allow 8th graders to participate in HS programming. This could be extracurricular such as HS mentors for Mendez Students for robotics.

Section 2 – Governance, Operations Plan, & Capacity

A. Partner/provider capacity, including other partners who will be part of this partnership

The Texas STEM Coalition is a 501c3 non-profit. The coalition was established by the T-STEM Centers that were designated by the Texas Education Agency to support T-STEM Academies across Texas.

The Texas Science, Technology, Engineering and Mathematics (STEM) Centers address the challenges of tomorrow's technology-driven economy by researching, developing, and supporting best practices in STEM education for K-12 schools. The Texas STEM Coalition, comprised of the T-STEM Centers and other members, work with 105 T-STEM Academies as well as all Texas schools to transform teaching and learning methods, improve achievement in STEM education, and ensure all students are college-ready, career-ready, and life-ready.

Mission

TEXAS STEM COALITION

The Mission of the Texas STEM Coalition is to work with educators to ultimately prepare all Texas students to thrive in the 21st Century global economy by leveraging its extensive network of expertise, partnerships, resources and experience to:

- transform teaching and learning,
- promote the implementation of innovative, research- and standards-based STEM practices that align with College and Career Readiness objectives, and
- facilitate its dissemination through an effective state-wide alliance.

The T-STEM Coalition Current Center Members includes:

- **The Ingenuity Center**
- **Institute of Instructional Excellence**
- **Transformation Central Texas STEM Center in Austin, TX**
- **STEM@ESC20 in San Antonio, TX**
- **Southeast Regional TSTEM Center in Galveston, TX**
- **STEM Center of South Texas in the Rio Grande Valley**

The T-STEM Coalition will provide personnel on-site to oversee the school and its transformation into a STEM Academy.

T-STEM Coalition members have experience in managing schools and implementing the T-STEM Blueprint. For example, the Ingenuity Center (T-STEM Center) has significant expertise in managing schools and in school turnaround. Texas T-STEM Centers provide technical assistance, professional development, and other support to academies statewide. TSTEM is affiliated with Project Lead the Way (a current Mendez STEM program) and provider of extracurricular programs that would be available to support Mendez. The Innovation Academies (UTTIA) will serve as the T-STEM model for Mendez. TSTEM personnel will assist in implementing the model and provide technical assistance in managing the school. We are aware that the T-STEM Blueprint has been streamlined and recently updated. That said, we plan to go beyond the new blueprint and continue implementing aspects of the 2015 Blueprint that have proven effective.

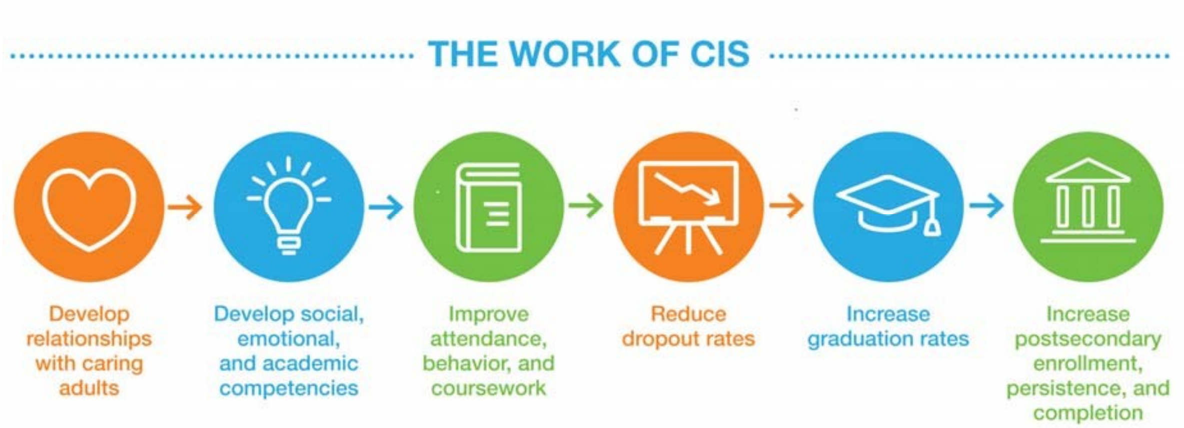
It is our goal that Mendez will also become a demonstration site in the future. It is our mission that students will leave Mendez TSI-ready within three years of academy implementation. Mendez already implements PLTW, a proven STEM program. This program will be strengthened to support Mendez students. Through world-class K–12 curriculum, PLTW helps students develop the skills needed to succeed in the global economy. Mendez currently implements **PLTW Gateway**, providing STEM curriculum for middle school students that challenges, inspires, and offers schools variety and flexibility. Students get rigorous and relevant experiences through activity-, project-, and problem-based learning. They use industry-leading technology to solve problems while gaining skills in communication, collaboration, critical thinking, and creativity. Mendez will implement a rigorous teacher professional learning community model that includes a comprehensive coaching model to support teachers and students to be successful.

Members from the TSTEM Coalition Center (IC) have experience in school turnaround and the Teacher and Student Support Model mirrors the CIS Model. We follow best practices as outlined by TEA Turnaround guidance. There is no “silver bullet” approach. It is important to be immersed in the community and school to understand the unique needs of the school. This requires the following process for the school including teachers and students. 1) Needs assessment (data driven); 2) Planning based on data; and 3) Integrated student and teacher supports; 4) Monitor, coach, and adjust, and 5) Evaluate and Process Outcomes.

Our Partners

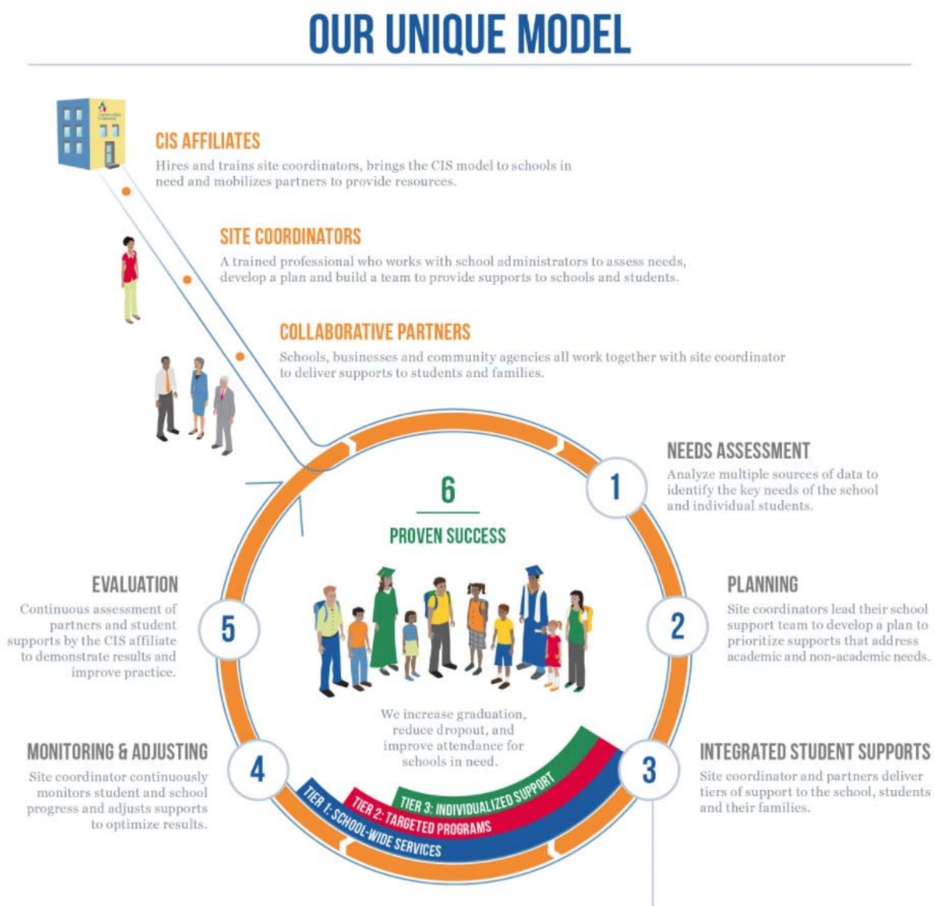
Communities In Schools
Central Texas

CIS has a 32 year history of working with schools in AISD to support students and families with more than 20 years serving Mendez M.S. The graphic below illustrates the work of CIS.



An affiliate in good standing of Communities In Schools' national organization, CISCT is considered among the best in the country in delivering student supports, integrated into the school environment so that all children may learn at their potential.

Research shows that kids who stay in school are more likely to achieve in life, so CISCT surrounds students with a community of support proven to decrease dropout rates and increase high school graduation for students who face a variety of barriers to their education. This is accomplished through programs that support individual students, targeted populations, and the schools as a whole, creating a measurable impact on student success. In just the last three years, the percentage of students in our programs who are on track to graduate has increased by almost 20 percent.



Our Mission:
Communities In Schools of Central Texas surrounds students with a community of support, empowering them to stay in school and achieve in life. At Communities In Schools, we work directly in schools to identify and address the immediate needs of our students, from basic needs such as food and clothing, to more complex needs like counseling, mentoring, and navigating complex healthcare and other systems. We're inside schools and in students' lives, because when students have caring adults supporting them, they see new possibilities. We surround students with a support system that fosters health, builds confidence, and empowers students to succeed. By partnering with the community, we bring relationships to the school campus that make a meaningful difference in children's lives, and help get them the services that they need. CIS also provides services to four of the five feeder elementary schools and Travis High School, where many Mendez students will enroll upon leaving 8th grade.

Communities In Schools of Central Texas currently provides the full CIS model at 66 schools in six school districts, 43 of which are in Austin ISD (including Mendez). Our long history with the Austin district is characterized by trusting relationships, active supports for students and faculty, and measurement of impact through pre-and post-data on student academics, behavior, and attendance as well as promotion or graduation. Believing that student and family needs should be met as early as possible, CIS serves many elementary schools so that students may progress to middle school ready for a new level of rigor, organization, and behavioral expectations.

Communities In Schools has received a number of awards over the years—Best Place to Work (Austin Business Journal), Wellness Workplace (City of Austin), Large Nonprofit of the Year (Mission Capital) and Mid-sized Business Best Executive Leader (Austin Chamber of Commerce).

The Board of Directors of CIS of Central Texas includes education, business, and nonprofit leaders. Christopher Kennedy, Executive Director of Leadership Austin, is our Board Chair, and highly dedicated individuals fill out our governing and oversight committees. The CIS board includes a former staff member, a former CIS student, and a school administrator who has had CIS on his campus. Alongside the leadership of CEO Suki Steinhauser, MBA, the board is highly dedicated to the success of students of all backgrounds throughout Central Texas. This partnership for a T-STEM Academy would be the first of its kind for our organization and it is exciting to think that we will be part of a bright new future for Mendez Middle School.

UTeach
UTeach Institute
WE PREPARE TEACHERS. THEY CHANGE THE WORLD.

The UTeach Institute
As part of this initiative, the UTeach Institute will provide instructional coaching, professional development, data collection, and program evaluation, and STEM programming for student camps

In addition, Mendez will become a natural school for UTeach to pilot the middle school lessons used in its early field experience courses, and to place student teachers interested in pursuing middle school teaching. UTeach will also facilitate a Maker program for Mendez.

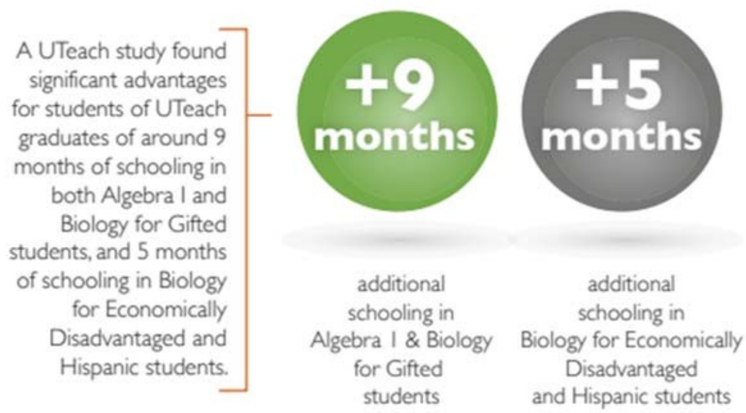
UTeach's mission is to increase the number, diversity, and academic achievement of students pursuing STEM disciplines and careers. UTeach is well known as a highly successful secondary STEM teacher preparation program, begun at UT Austin in 1997 and currently operating at 45 universities nationwide. The UTeach Institute was created 11 years ago to expand the UTeach program nationwide and serves as the hub of this national network of UTeach programs. As a result of this work, the Institute has developed a comprehensive approach to the development, implementation, evaluation, and scaling of educational programs. The Institute's work to strengthen STEM education is informed by both the fundamental UTeach approach to STEM teaching and learning as well as our experience developing and managing educational programs at scale.

UTeach brings decades of experience in effective STEM teaching and learning, including: teacher development; effective STEM instructional design and curriculum development; STEM programming for K–12 students; assessing STEM teaching and learning; educational program design, implementation, and support; development of professional learning and networked improvement communities; sophisticated educational data analysis; and program evaluation.

UTeach's approach to preparing highly effective STEM teachers (Figure 2) has proven to be effective as demonstrated by two recent studies. Backes et al. (2016) found that secondary students of UTeach graduates gain an additional four months of learning in math and 5.7 months in science over the course of one academic year. Marder and Hamrock (2016) found significant advantages for students of UTeach graduates of nine months (Figure 3) of schooling in both Algebra I and Biology for Gifted students and five months of learning in Biology for economically disadvantaged and Hispanic students. These studies supply clear evidence that UTeach prepares teachers to successfully design learning environments that respect and acknowledge cultural and individual student learning differences while raising achievement for all students.

Figure 2: Student Gains in STEM when taught by UTeach Graduates

Figure 3: Economically Disadvantaged Student Gains



Hallmarks of the UTeach program include an emphasis on the development of deep content knowledge and developing inquiry- and project-based approaches to learning that engage ALL students in STEM.

UTeach also provides an array of professional development programs, customized to meet the needs of local schools and districts. UTeach Professional Development programs draw upon current research to promote the use of:

- inquiry-based learning methods,
- content-specific instructional practices that recognize the diverse resources learners bring to the learning experience,
- personalizing student learning,
- the meaningful integration of technology, and
- a variety of authentic assessment methods to inform instructional decisions and adjustments.

UTeach has significant experience providing professional development to middle school teachers, including teachers from Mendez M.S.

UTeach employs a team of evaluators, data specialists, and educational researchers. Dr. Michael Marder, in particular, devotes a significant amount of his time to educational data analysis.

UTeach's approach to teacher professional development and to program development and implementation support relies heavily on the role that professional learning and networked improvement communities play in program improvement. We have extensive experience coordinating professional learning communities for a variety of improvement purposes, from local groups of teachers at a single school to a nationwide network of more than 700 university faculty.

Potential Partner Austin Interfaith

Communities In Schools and Austin Interfaith are exploring ways to collaborate to engage and support the Mendez community. That group has deep experience in engaging communities through community walks, evening meetings, and other information sharing and empowerment opportunities. CIS has served a number of schools that were also Interfaith Alliance members, always working cooperatively. Alliance Schools, studied by Rand Foundation and Annenberg Institute, have been shown to increase student outcomes.

Communities In Schools' Many Community Partners

In addition to the UT academic partners, Communities In Schools will continue to partner with other social service agencies to serve students directly; community mentors; corporations that provide materials, donations, and time; and with the School of Social Work and other university departments to engage interns to work with students who need additional supports (emotional, academic, etc). Through the partnership for Mendez, CIS will hire additional staff to coordinate partnerships of value to the Mendez STEM goals as well as to meet the great variety of needs our students present.

CIS has worked with the following corporations recently or currently: IBM, Silicon Labs, Apple Computers, Samsung, UShip, the GAP, Target, 3M, Compass Learning, Seton Hospitals, HEB, and AMD.

CIS works closely with LifeWorks, SAFE, Girl Scouts, YWCA, Austin Center for Grief & Loss, Amala Foundation, Goodwill, OutYouth, GenAustin, Seedling Foundation, 100 Black Men, and several UT service organizations and multiple university departments who provide interns to work with our case managed students.

B. Plan to meet requirements set by TEA in 19 TAC Chapter 97, including the role of the governance board, the school community, and the district in this process

The partnership includes personnel with experience from the Ingenuity Center. Ingenuity Center personnel founded three T-STEM Academies, the Innovation Academies in Tyler, Longview, and Palestine. Ingenuity Center personnel have experience in managing three successful academies. The partners understand the requirements set by TEA in 19 TAC Chapter 97. The team includes the superintendent of the Innovation Academies along with other members who have expertise in school governance. Select individuals will closely monitor and provide guidance, ensuring the academy remains accredited. In addition, the academy will obtain membership with The Texas Charter School Association. This membership provides access to resources, materials, and legal specialists to support compliance with all TEA policies and mandates.

C. Plan to include current staff, leadership, and community in operational and managerial decisions on the campus

The T-STEM Blueprint specifies how AISD personnel and community members are involved in school decision making. We believe effective school leaders must work collaboratively with stakeholders to support the success of the school. The model described supports ongoing collaborative decision making from all stakeholders. Stakeholders will be regularly included in the decision-making process. One of the most beneficial aspects of involving stakeholders is to gain different perspectives. Stakeholders have unique points of view based on their individual experiences. When a group comes together with a common goal, they are able to explore all the options more in-depth. Shared decisions are not rushed and allow enough time for personal and group reflection that allows full consideration of the pros and cons of each option thoroughly, and ultimately make a decision that will produce the greatest outcomes with the least resistance. Better decisions yield better results: a top priority for every school is to maximize student potential.

We enter into this project fully expecting to retain current high performing staff at Mendez who are willing to embrace and commit to the T-STEM model and the non-negotiable components. Some of the non-negotiable requirements include attending additional, extensive professional development, implementing the T-STEM Blueprint through a project-based learning model with fidelity, and involvement in campus and community activities and events. Staff should anticipate additional work hours and compensation in order to implement the new model. While we hope all eligible staff will choose to make this commitment, we understand it may not be the best fit for some. We have been informed that any current staff member eligible for reemployment with AISD who does not desire to remain at Mendez, or is not selected to stay, will be offered a position on a different AISD campus. It is important to note that any current Mendez employees who are currently on a professional growth plan or have received any other warnings related to performance or conduct during the 2017–2018 school year will not be eligible to remain at Mendez in the future. If we are serious about Mendez becoming a high performing school, the team must be “all in”.

All personnel, with the exception of the Executive Director for Mendez, will remain AISD employees. However, we will maintain final authority in making decisions over the hiring, dismissal, reassignment, and evaluation of all Mendez staff in accordance with AISD employment practices.

The leadership plan is outlined in the T-STEM Blueprint:

1. BENCHMARK: Mission-Driven Leadership
1.1 Program Requirement: Mission and Vision

1.1.A Develops a shared mission and vision, which is aligned with the T-STEM mission and vision, and which reflects a consensus among Charter provider, board members, design team, staff, students, parents, and community/business partners on how the Academy promotes STEM-literate graduates to support the Texas Science Technology Engineering and Mathematics Initiative.

1.1.B Develops an *Annual Action Plan* (AAP) of goals and resources aligned to the Academy’s mission and vision, the T-STEM Blueprint, and STEM-literacy; with the AAP regularly monitored and assessed.

1.2 Program Requirement: Leadership and Governance

1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.

1.2.B Develops an Academy Leadership Team and identifies the internal role each member will play in the design, governance, operations, accountability, curriculum development, professional development, etc., as well as their external role in collaborating with the design team, outreach, and other key interest groups for continuous monitoring and improvement of the T-STEM Academy plan.

1.2.C Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support and guide facility requirements, resource acquisition, curriculum development, internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.

1.2.D Incorporates into Annual Action Plan goals for participation and leadership of students, teachers, parents, business and community partners, institutions of higher education, and T-STEM Coaches and Centers.

1.2.E Delineates a mission-driven decision-making structure and organization chart that is clear and understood by all stakeholders.

1.2.F Defines the academy leader's level of autonomy in supervising the Academy.

1.2.G Uses data to inform all leadership decisions and to annually review and revise the mission-driven T-STEM Academy Annual Action Plan.

1.3 Program Requirement: Program Review and Evaluation

1.3.A Integrates and assesses the level of mission-driven and data-driven decision making evident in the daily work of the Academy.

1.3.B Implements a process for program review and formative evaluation to achieve mission goals that includes metrics such as attendance, demographics, and student achievement.

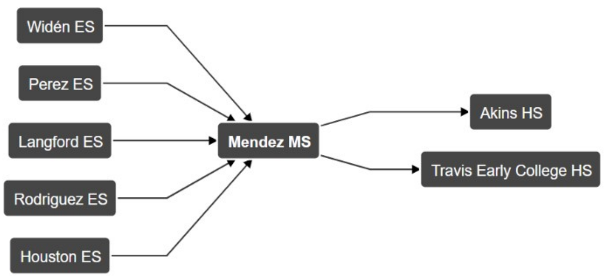
1.4 Program Requirement: Leadership Development and Collaboration

1.4.A For 6th – 12th campuses, middle school and high school leadership teams regularly collaborate to advance 6-12 alignment and student retention in STEM.

1.4.B Participates and collaborates with the T-STEM Centers and T-STEM Coaches to support the transformation of STEM teaching methods, teacher preparation, and instruction to support continuous development and the achievement of long-term T-STEM goals.

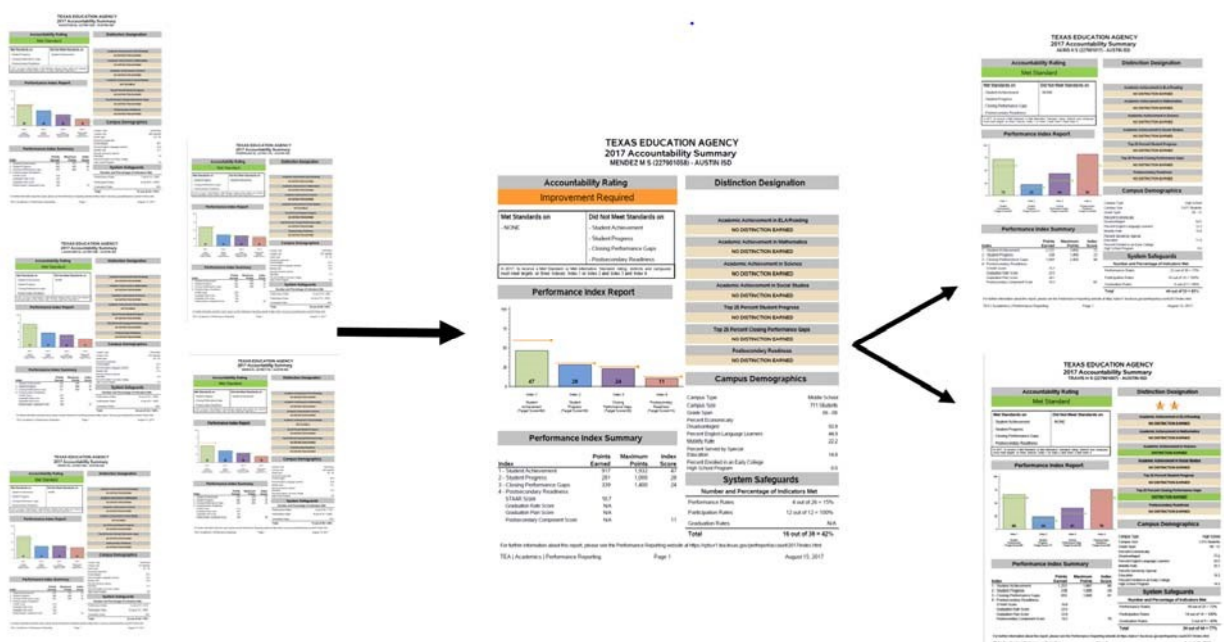
1.4.C Actively participates in the T-STEM Network by collaborating with other T-STEM Academies, engaging in leadership development opportunities, utilizing T-STEM Centers' resources, and promoting broad dissemination of promising practices to improve student achievement.

D. Plan for the inclusion of the elementary feeder campuses in data review, gap analysis, and alignment of curriculum and instructional programming



The figure at left shows the feeder pattern from elementary to high school. Mendez has five elementary feeder schools. We have already examined the STAAR results from each of the feeder elementary schools. All five campuses meet standard. That said, three campuses struggle with meeting Index 1. This will be problematic moving forward as the new A-F accountability is more rigorous. CIS already serves all of the feeder elementary schools except Houston. We will work with administration at each campus to develop vertical alignment. Where feasible we will provide data workshops and professional development to the feeder elementary schools to address gaps and assure smooth transitions, including summer bridge camps for fifth graders transitioning to Mendez in sixth grade.

Mendez Student Pathways with Accountability Reports



Analysis:
Mendez misses meeting Standard by two points in Indexes 2, 3, and 4. The gap is much higher in Index 1 but we will develop strategies that focus on Index 2. To Meet Standard, we must meet the state minimum on Indexes 2, 3, and 4. Focusing on Index 2 (Student Growth) should bring Index 3 and 4 up as well, allowing Mendez to Meet Standard. A targeted plan will be developed for each individual student and teacher based on benchmark data, previous STAAR scores, and classroom student artifacts. Until we have access to the data, a specific plan is not possible for the purposes of this document. We believe if the feeder elementary schools also focus on growth, they will continue to Meet Standard as the accountability system becomes more rigorous.

E. Plan for the management of a governing board, including your vision and plan for the appointments and makeup of this board in partnership with the District

The governance structure will be tailored to the school's vision, mission, and goals. The Board has the responsibility to develop its own structure, policies, and procedures consistent with applicable laws, requirements of the Academy's authorizing body, and the governance philosophy of the academy school leaders. The Board will commit to the following:

- Adopt a structure that reflects the school's mission, goals, and objectives
- Design a structure that reflects the state charter law
- Provide ongoing communication with all stakeholders
- Establish shared decision making
- Support the involvement of a variety of stakeholders in the governing board or in committees/councils
- Provide board training seminars, conferences, and/or retreats
- Focus on generating a vision and plan for school improvement

Development of an effective governing board is an essential component of building an effective T-STEM Academy. The steps in the development of an effective governing board include:

- Nominations and recruitment — the process of identifying the right individuals to meet the needs of the school, helping them understand their roles and responsibilities, and attracting them to become part of the board.
- Orientation — the steps taken to give new board directors the information they need to carry out their roles and responsibilities effectively.
- Training — the regular, ongoing efforts to build new skills and knowledge among the existing board directors to enhance performance.

The Academy will be legally incorporated entity governed by state statutes and IRS regulations governing nonprofit, tax-exempt organizations. The Board is responsible for governing the school, having a personal fiduciary duty to look out for the long-term well-being of the school. The Board is not involved in handling the day-to-day details of running the school, dealing with specific personnel issues, or addressing individual student needs. The Board delegates the responsibility for running the charter school and implementing the Board's policies to the school leader.

The governing board is intended to be large enough to provide representation to stakeholders, and small enough to efficiently make decisions. CISCT will assist the coalition for establishing, convening and record keeping for the Governing Board, which will include the following:

- Two TSTEM Coalition representative
- One representative from CIS
- One representative from UTeach Institute
- Three parents, one representing each of the three grade levels.
- A corporate/industry partner

In addition, there will be ex-officio members including but not limited to the following:

- AISD Representative
- Two students
- Teacher leader
- Principal
- PTA/PTO President

Design Teams

As outlined in the Blueprint, stakeholders have the opportunity to serve on Design Teams. The Design Teams will be established upon contract being initiated. These teams are intended and employed for a high degree of engagement in various topics to come to recommendations/decisions on a wide variety of topics. In addition to teachers, students, parents, and CISCT staff, Design Teams may include Austin Interfaith representatives or staff, other community members or City/County staff with interest or expertise in the topic area. Examples of topics tackled by Design Teams are: School Culture and Climate; Out of School Time; Calendar and Bell Schedule; Student Health.

> ***1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.***
>
> ***In addition, the Blueprint requires an advisory board from the community.***
>
> ***1.2.C. Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support and guide facility requirements, resource acquisition, curriculum development, internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.As outlined in the Blueprint, all stakeholders have the opportunity to serve on the Design Teams. The Design Teams will be established upon contract being initiated.***
>
> ***1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.***

In addition, the Blueprint requires an advisory board from the community.

> ***1.2.C. Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support and guide facility requirements, resource acquisition, curriculum development, internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.***

F. Staffing and management plan for the campus

The operating partners enter into this process with the understanding that many of the current staff will be choose to stay at Mendez. We will also conduct a curriculum and program audit for alignment to the model and cost-benefit analyses. We are eager to work with current teachers, staff, and administrators who wish to remain at Mendez.

The process for staffing includes:

1. Meet with all personnel and explain the T-STEM Academy model and the commitment needed to implement the model successfully.
2. Meet with all personnel individually and discuss the model, PD requirements, outside requirements, etc.
3. Provide commitment letters to personnel who are selected to remain. It is our understanding that personnel who do not want to stay will work with AISD to be placed in positions elsewhere in the district.
4. Once personnel staying at Mendez STEM Academy are identified, we will post announcements for needed faculty and support positions.
5. In addition to school funded positions, we will work with the UTeach Austin program to place preservice teachers at Mendez. This will increase the number of adults that can assist individual students in meeting their learning needs.

CIS and its partners will provide a process for staffing the school, which supports opportunities for current staff to remain on the campus. We will also conduct a curriculum and program audit for alignment to the model and cost-benefit analyses.

G. Plan for the selection of a campus leader, and plan for their authority over assignment of district staff at the campus

The T-STEM Coalition will appoint an Executive Director for the school turnaround to meet individually with the existing administrative team to determine if they possess the institutional knowledge, academic capacity, interpersonal communications skills, commitment to students, command and respect of teachers and staff by exhibiting a servant leadership style, and perhaps most importantly, exhibit a “no excuses” approach and tireless work ethic to drive the T-STEM Academy work on a daily basis. While full consideration will be given to the existing administrative team and community input is always valued, the Executive Director will retain final hiring and assignment authority for the campus leadership team. The administrative skills referenced above are consistent with the T-STEM leadership model..

1.2 Program Requirement: Leadership and Governance

1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.

1.2.B Develops an Academy Leadership Team and identifies the internal role each member will play in the design, governance, operations, accountability, curriculum development, professional development, etc., as well as their external role in collaborating with the design team, outreach,
and other key interest groups for continuous monitoring and improvement of the T-STEM Academy plan.

1.2.C Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to

support and guide facility requirements, resource acquisition, curriculum development, internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.
1.2.D Incorporates into Annual Action Plan goals for participation and leadership of students, teachers, parents, business and community partners, institutions of higher education, and T-STEM
Coaches and Centers.
1.2.E Delineates a mission-driven decision-making structure and organization chart that is clear and understood by all stakeholders.
1.2.F Defines the academy leader's level of autonomy in supervising the Academy.
1.2.G Uses data to inform all leadership decisions and to annually review and revise the mission-driven T-STEM Academy Annual Action Plan.

The school will be reorganized to include a semi-autonomous curriculum, instruction, and assessment (CIA) that will work with the principal to assure that teacher and student interventions are provided. The CIA team will develop Professional Learning Communities, provide coaching, and recommend additional professional development. The CIA Team will also work with the principal to analyze data to develop interventions for teachers and students. The campus leader will work with school administration to make staffing assignments.

List of programs, functions, job duties, services, or similar that the partner would propose to contract with or buy back from the district

The operator would like to explore contracting the following services with AISD. Final decisions will be determined once campus needs are identified and services are further explained. Designated staff will meet with AISD to further discuss scope of services.

1. Responsive Ed Contacts – Finance, Academics, and Facilities
2. Billing / Invoicing / General Treasury Information
3. Building Use
4. Custodial Services (After Hours)
5. Dyslexia/504 Services
6. Evaluation (Dept Evaluation & Research) 32-33
7. Homebound Services 35
8. Instructional Materials (Textbooks)
9. Materials (Purchased through Warehouse)
10. Maintenance and Ongoing Repairs
11. Printing Services
12. Special Education Services
13. Student Resource Officers
14. Technology Services
15. Transportation

Section 3 – Financial Plan

a. Proposed Expenditures

The Executive Director will develop a campus budget designed to fund the instructional program of the campus. Prior to the development of the budget, a thorough audit of the previous two years' expenditures will be conducted. The results of the audit will assist the operator in evaluating the effectiveness of existing programs and services to determine if future funding should be modified or discontinued. The Executive Director will present the budget to the Board, seeking approval. Amendments will be made as needed to support the financial needs of the campus.

AISD indicated we would have the opportunity to meet with the AISD Budget Office prior to the submission of a budget. It is our understanding that could not be arranged prior to the submission of this document.

b. Additional resources required (if applicable)

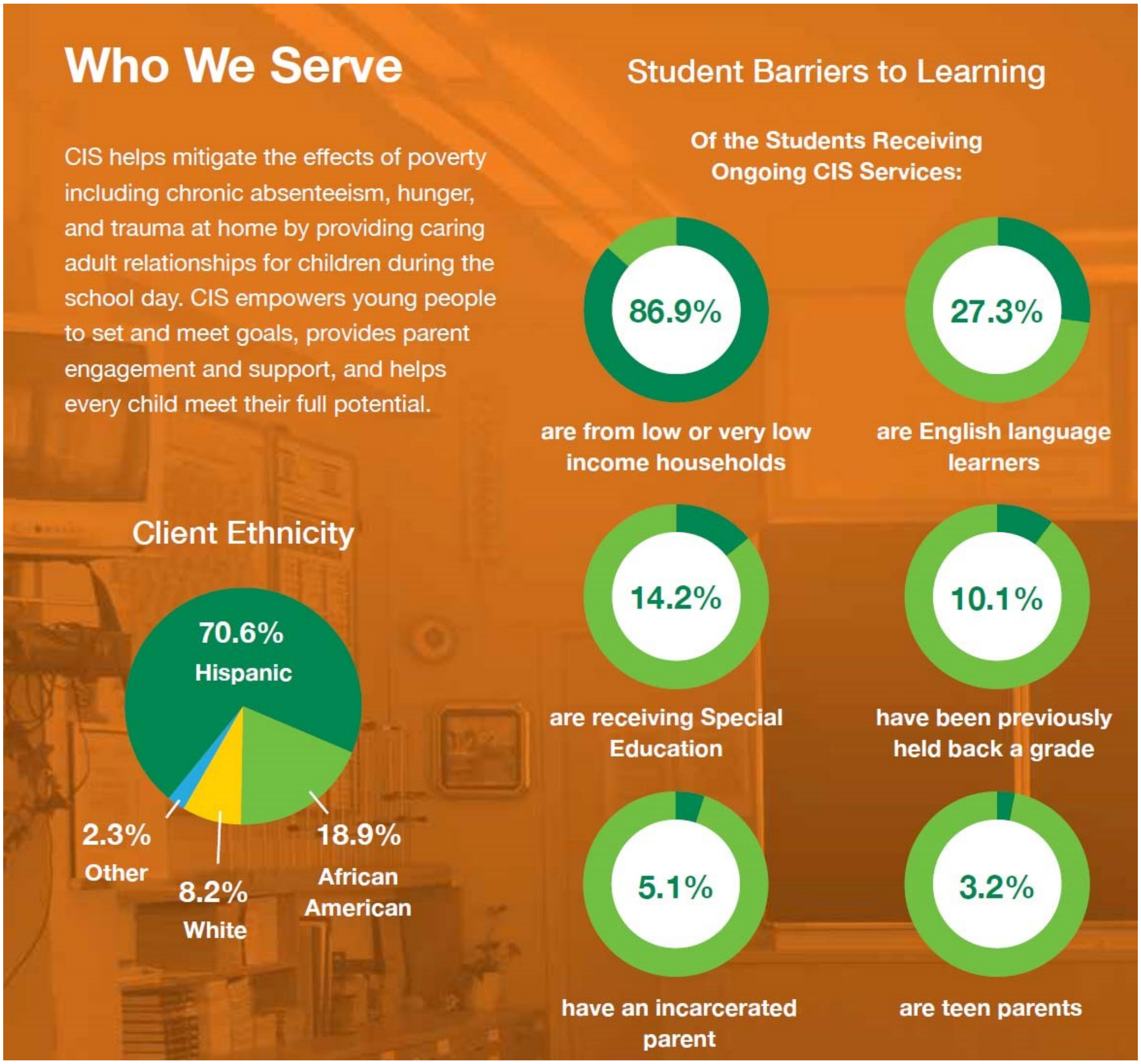
In order to start the school year ready to implement PBL, it will be necessary to have funds available for four weeks of summer training for core teachers and two weeks for non-core teachers. Typically, we would use the AISD rate for teacher summer professional development.

We also plan to have summer bridge camp for all Mendez students to introduce them to the academy model in August. This will be an opportunity to set the stage for the changes and build excitement for the academy approach.

c. Evidence of financial health of partner (if lead partner is an existing organization)
The T-STEM Coalition is a recently established 501c3. If awarded the charter from Austin ISD we will need to revise the by-laws to expand the mission of the coalition to manage schools. The 501c3 organization is less a year old and we have initiated an audit by Gollob, Morgan, and Peddy to provide the necessary financial health documents. We anticipate receiving those in the next few weeks.

Section 4 – Community and Parental Involvement

Introduction
CIS has a long history of working in the community and over 20 years at Mendez Middle School as the Integrated Student Supports Provider. CIS provides supports to students and families. The following graphic illustrates students case management services.

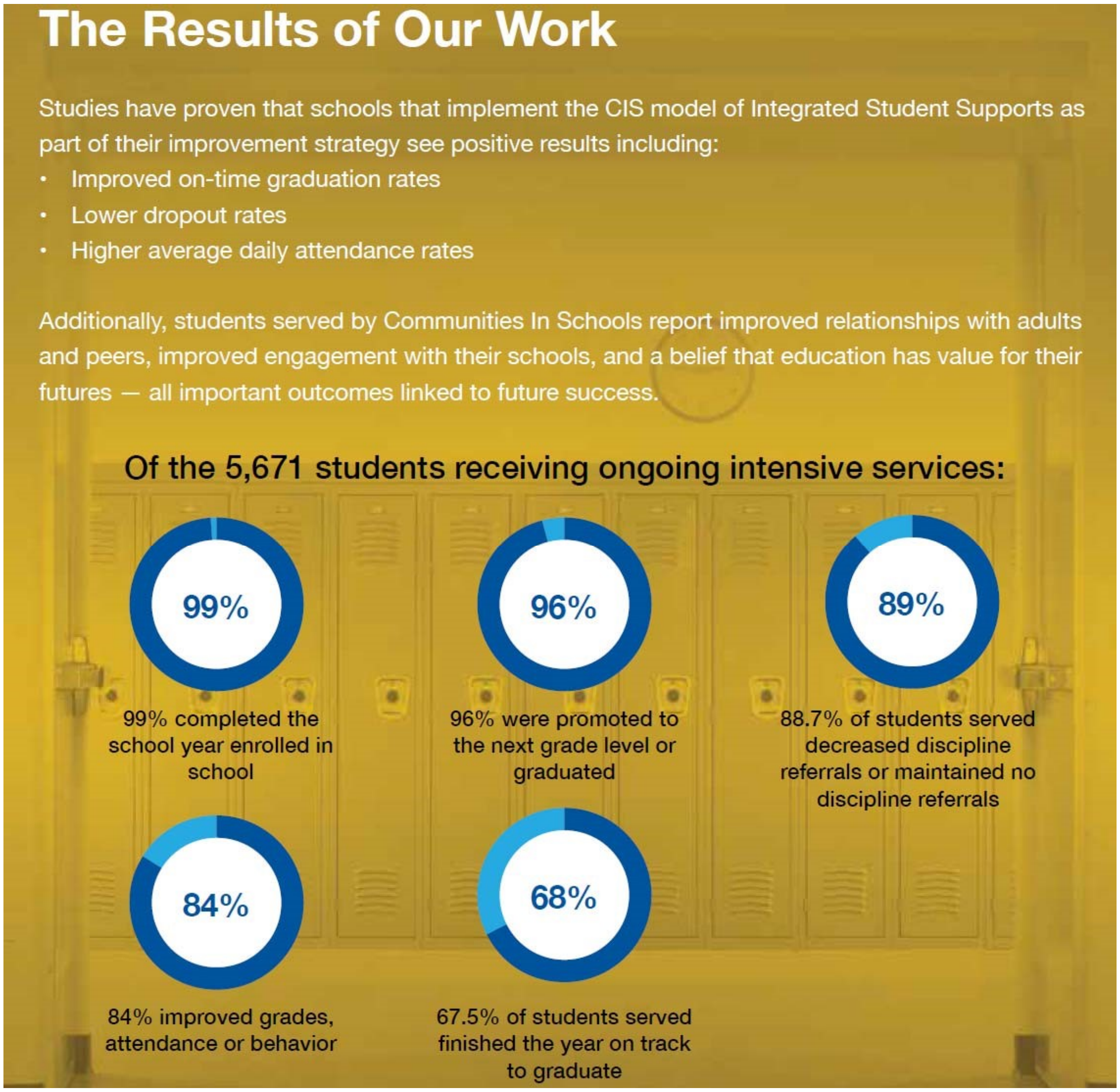


The T-STEM Blueprint requires community and parental involvement. These indicators can be found throughout the document and are presented below:

1.1.A Develops a shared mission and vision, which is aligned with the T-STEM mission and vision, and which reflects a consensus among superintendent, board members, design team, staff, students, parents, and community/business partners on how the Academy promotes STEM-literate graduates to support the Texas Science Technology Engineering and Mathematics Initiative.
1.2.A Establishes a Design Team and defines the role the team plays in the planning and development of the T-STEM Academy prior to implementation.
1.2.C Develops and demonstrates support from an Advisory Board consisting of representatives from the Academy, school board, district, community, higher education, and STEM businesses to support and guide facility requirements, resource acquisition, curriculum development,

internships, externships, and student/community outreach to ensure a successful 6th-20th STEM academic and career pipeline.
2.2.B Involves all stakeholders in developing a culture of respect, responsibility, trust, and meaningful adult and peer relationships throughout the Academy in order to foster positive student identities.
3.1.A Develops structures and processes for marketing and recruitment to encourage participation from underserved students and families (transportation or plans for transportation to the school, child care for family events, and translation of all recruitment and marketing materials).
3.1.B Actively partners with feeder middle and/or elementary schools to develop student interest in STEM education and to increase advancement rates from middle school STEM to high school STEM.
3.1.C Develops a systemic recruitment plan that includes students, parents, counselors, teachers, district, and community.
3.3.E Hosts parent seminars to develop deep understanding and commitment to the rigor of college readiness and the high expectations of a STEM Academy.
6.1.A Includes in the Annual Action Plan a school/family/student partnership plan that is culturally responsive in reflecting the needs and demographics of the student population.
6.1.B Provides opportunities to educate students/parents on STEM Academy expectations such as parental engagement, college connections, scholarship opportunities, mentorships, etc.
6.1.C Establishes multiple pathways of parental communication with the Academy such as regularly scheduled parent conferences, newsletters, websites, campus visits, etc.
6.1.D Provides opportunities for parents to share responsibility for high student performance and school decision making.
6.2.A Identifies and secures key business, industry, and community partners to support STEM Academy efforts (mentorships, service learning projects, etc.).
6.2.B Develops, implements, monitors, evaluates, and revises Annual Action Plan to introduce, inform, and engage business and community partners.
6.2.C Identifies and secures key business and industry partners to provide STEM-related job shadowing, internships, and externships for students and teachers.
6.3.C Develops crosswalk partnerships to support a college going culture and to provide STEM graduates access to college support services (college trips, college entrance aid, and P-20 initiatives).
7.1.B Develops strategic plan in collaboration with design team, T-STEM Centers, T-STEM Network, T-STEM Coach, district personnel, etc.
7.1.C Provides annual analysis, review, and revision of strategic plan and Annual Action Plan with key stakeholders
7.3.D Preserves the components of the small learning community (student voice, PLC for staff, parent/community/industry/higher education involvement, etc.).

Results of CIS Initiatives
Students and families are the overwhelming beneficiary of CIS services.



Examples of the supports CIS provides to students across Central Texas are:

- Academic Assistance
- Basic Needs
- Behavioral Interventions
- College & Career Prep
- Community and Service Learning Projects
- Learning Enrichment
- Family Engagement
- Life Skills
- Emotional and Mental Health
- Physical Health

Austin Interfaith has deep experience in engaging communities through community walks, evening meetings, and other information sharing and empowerment opportunities. The CIS Model is grounded in leveraging high impact partners for the community. CIS has served a number of schools that were also Interfaith Alliance members. Communities In Schools and **Austin Interfaith** are exploring ways in which we can collaborate to engage and support the Mendez community at a higher impact level.

Some of their most successful initiatives are:

1. ***Alliance School Initiative***
   A partnership with the Austin Independent School District and individual schools to restructure relationships among staff, parents, and community in order to build a more relational culture as well as a constituency to support public education

2. ***ESL Program***
   An adult English as a Second Language program funding by the City of Austin and administered through Austin ISD

3. ***Prime Time After School Program***
   Austin lSD's after-school enrichment program funded by the City of Austin and Travis County.

4. ***Summer Youth Employment Program***
   A summer job-training and placement program funded and administered by Travis County.

Section 5 – Experience and Qualifications

A. Current data from previous experiences and evidence in success in serving populations similar to Mendez

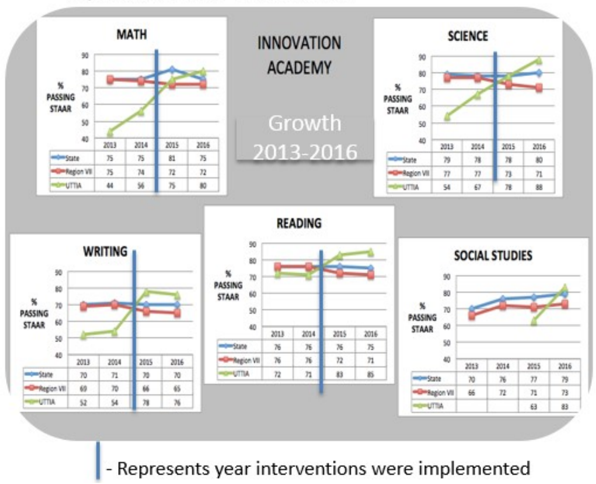
The T-STEM Coalition Partnership team has significant experience in school turnaround.

Dr. Jo Ann Simmons is the Innovation Academy Superintendent, a TEA approved Professional Service Provider (PSP), and Charter School Mentor. Dr. Simmons also served as Principal of James S. Hogg Middle School in Tyler ISD. The make-up of the school is very similar to Mendez Middle School. The school did not meet accountability standards in prior years. Under her leadership, James S. Hogg M.S. met accountability standards, removing all state sanctions. These improvements have been maintained, even since her departure. Hogg MS is 92.1% ECD and serves 30% ELL. Mendez is 92.8% ECD and 44.9% ELL. Hogg has a higher African American population than Mendez. Mendez has a higher Special Education population. In addition, several of the schools that Dr. Simmons has supported as a Professional Service Provider (PSP) have similar populations as Mendez.

Dr. David Simmons is a veteran school leader with 36 years of experience as a teacher, principal, assistant superintendent, and superintendent of five Texas school districts including Presidio ISD, Wimberley ISD, Texas City ISD, Tyler ISD, and Richardson ISD. During his tenure as superintendent, each of the five school districts increased their accountability ratings and reduced the number of low performing campus while increasing the number of high performing campuses. He is currently serving as a TEA assigned Conservator, a Professional Service Provider (PSP) in three school districts and serves as interim superintendent for a school district in East Texas. Dr. Simmons has a proven track record in school improvement and turnaround by increasing student performance in schools with similar student populations to Mendez.

Dr. Michael Odell is the Executive Director of the Ingenuity Center, a T-STEM Center that supports T-STEM Academies. He has provided instructional coaching, professional development, and technical assistance to more than 50 T-STEM Academies. He sits on the board of the T-STEM Coalition that provides support to all T-STEM Academies.

Quantitative Evidence:



- Represents year interventions were implemented

Dr. J. Simmons and Dr. Odell worked collaboratively to turn around the Innovation Academy, taking the district from IR to one of the highest achieving districts in East Texas. The Longview IA is one of the top achieving T-STEM Academies in the state and is being studied as a model school by TEA. Not only did the IA meet standard within two years of intervention, a process of continuous improvement based on the T-STEM Blueprint and research-based practices was implemented. Almost all school districts provide some level of instructional coaching. The IC/IA coaching model provides supports to teachers and students to increase accountability scores that exceed the state averages in ***all*** subject areas. The coaching model combined with high quality PLC and dedicated teacher planning supported by coaches and administration has created a learning environment rarely experienced by most teachers and students. The model is designed to be high-touch and collaborative. 80% of eighth graders leave TSI ready in Reading and Writing.

Mendez Middle School has the potential to become a strong STEM Academy. The school has a number of elements already in place. These include an outdoor science program and the PLTW Gateway Curriculum. PLTW Gateway is also utilized by the Innovation Academies as well close to 50% of all T-STEM Academies statewide. The partnership team has experience with these established STEM programs. These programs can serve as established anchors to build upon.

B. Vision, Mission, & Core Values

The T-STEM Blueprint outlines the process for developing a vision and mission for the Academy.

1.1 Program Requirement: Mission and Vision
1.1.A Develops a shared mission and vision, which is aligned with the T-STEM mission and vision, and which reflects a consensus among superintendent, board members, design team, staff, students, parents, and community/business partners on how the Academy promotes STEM-literate graduates to support the Texas Science Technology Engineering and Mathematics Initiative.
1.1.B Develops an *Annual Action Plan* (AAP) of goals and resources aligned to the Academy's mission and vision, the T-STEM Blueprint, and STEM-literacy; with the AAP regularly monitored and assessed.

As outlined in the Blueprint, we will work with stakeholders to develop a shared mission and vision for the academy that aligns to T-STEM.

As a partnership, we hold a number of core values. These include:
CIS's Five Basics, which state that each child deserves:

- **A one-on-one relationship with a caring adult**
- **A safe place to learn and grow**
- **A healthy start and a healthy future**
- **A marketable skill to use upon graduation**
- **A chance to give back to peers and the community**

In addition, this Partnership aims for

- **All students to have the opportunity to learn high quality curriculum that opens doors to college and careers.** Unfortunately, high quality curriculum is often only offered in affluent schools.

c. Leadership Team résumés
Resumes and Vitae can be found in the Appendices.

D. Qualifications
The T-STEM Coalition Partnership Leadership Team is highly qualified to support Mendez Middle School as an AISD In-District Charter T-STEM Academy. Each partner brings unique expertise that will help Mendez Middle School Meet Standard and work toward becoming a high performing Austin ISD school.

Partner Organization Expertise:
Partnership organization expertise has been addressed throughout the document. Below is some additional expertise information that may be useful to the review committee.

CIS staff are trained in restorative practices, Trauma -informed care, Relationship development, social emotional learning, and a wide variety of social work topics.

UTeach brings expertise in Teacher Preparation and professional development and can provide a pool of future PBL trained teachers as the school grows and needs additional personnel.

TSTEM Coalition: The Coalition expertise in STEM (Specifically implementing the Blueprint) Bilingual/ESL in the traditional context and in the context of STEM. The T-STEM Coalition works with T-STEM Academies statewide to facilitate implementation of the T-STEM Blueprint. The coalition has been engaged in this work since 2005.

E. Past clients

SB 1882 is a new program. Turnaround programs in the past did not require a school takeover

Client	Provider	Service	Outcome
Tyler ISD Jones Elementary Ramey Elementary Bonner Elementary	J. Simmons	Professional Service Provider(PSP)	Schools Improved to “Met Standard”
Tyler ISD Boulter MS	Ingenuity Center	TTIPS	School Improved to “Met Standard”
Laneville ISD Laneville HS	J. Simmons D. Simmons	Professional Service Provider(PSP)	School Improved to “Met Standard”
Mt. Enterprise ISD Mt. Enterprise Elementary	J. Simmons	Professional Service Provider(PSP)	School Improved to “Met Standard”
Marshall ISD Crockett Elementary G.W. Carver Elementary J. H. Moore Elementary Robert E. Lee Elementary	J. Simmons	Professional Service Provider(PSP)	Schools Improved to “Met Standard”
Ft. Worth ISD Stripling MS	Ingenuity Center	Math Intervention	School Improved to “Met Standard”
Bullard ISD Bullard Intermediate	J. Simmons	Professional Service Provider(PSP)	School Improved to “Met Standard”
Eustace ISD Eustace HS Eustace MS	Ingenuity Center	Math Intervention	School Improved to “Met Standard”
Greenville ISD Greenville HS Greenville MS	Ingenuity Center	Math Intervention	School Improved to “Met Standard”
Innovation Academy Longview IA Palestine IA Tyler IA	J. Simmons, Ingenuity Center	Superintendent	Schools Improved to “Met Standard”
Pineywoods Community Academy Pineywoods Community Academy High School	D. Simmons	Professional Service Provider	School Improved to “Met Standard”
Timpson Independent School District	D. Simmons	Professional Service Provider	School Improved to “Met Standard”
Nacogdoches Independent School District Thomas J Rusk Academy of Fine Arts Emeline Carpenter Academy of Technology and Science Fredonia Elementary School McMichael Middle School	D. Simmons	Professional Service Provider	Schools Improved to “Met Standard”
Union Hill Independent School District Union Hill Elementary School	D. Simmons	Professional Service Provider	School Improved to “Met Standard”
Etoile Independent School District Etoile School K-8	D. Simmons	Professional Service Provider	2018 STAAR Data Pending
Cumberland Charter School District	D. Simmons	TEA Monitor	Improved, Released from Sanctions
Sam Houston State University Charter School	J. Simmons	Charter School Mentor	
Trivium Academy Charter	J. Simmons	Charter School Mentor	2018 STAAR Data Pending
The Lawson Academy Charter	J. Simmons	Charter School Mentor	2018 STAAR Data Pending
Trinity Environmental Academy	J. Simmons	Charter School Mentor	2018 STAAR Data Pending

f. References

Name	Organization	Email
Communities in Schools		
John Fitzpatrick	Educate Texas	jfitz@cftexas.org
Virginia Potter, Program Officer	Michael & Susan Dell Foundation	Virginia.potter@msdf.org
Betsy Abell, Foundation Executive	Buena Vista Foundation, Initiator of Social Emotional Learning program of Austin ISD	bgabell@aol.com
Lucio Calzada, CIST board member	Hays CISD, Mentoring Director, Texas Association of Latino Administrators and Superintendents (TALAS)	Lucio.calzada@hayscisd.net
Dave Holody, CIST board Treasurer	Internal Audit, AMD Finance Committee United Way for Greater Austin	David.holody@amd.com
Mark Williams, CIST board member	Accountant, former AISD President board of trustees, current trustee Austin Community College	Mark.williams@austincc.org
Ingenuity Center		
Dr. Carol Fletcher	UT Austin Center for STEM Education (Pflugerville School Board Member)	P: 512-471-7354
John Fitzpatrick	Educate Texas	jfitz@cftexas.org
Reo Pruitt	Educate Texas	P: 214-750-4222
David Simmons References		
Dr. Mike Moses	School Executive Consulting 500 North Central Expressway, Suite 175 Plano, Texas 75074	214-859-9372
The Honorable Kevin Eltife (Former) State Senator District	Tyler, Texas	903-596-9122
Jo Ann Simmons References		
Dr. Marty Crawford, Superintendent	Tyler ISD	903-262-1001
Dr. Christy Hanson Chief Academic Officer	Tyler ISD	903-262-1011
Yanira Oliveras Reference		
Dr. Steven Wurtz COO Arlington ISD	Arlington ISD	swurtz@aisd.net

G. How would you measure success of the Partnership

Communities In Schools measures academics, behavior, and attendance before and after our interventions with all of our case managed students – well over 5,000 students across the six districts we serve. In addition, we monitor students' "on track indicators" based on the Everyone Graduates Center at Johns Hopkins. The on-track indicators are: passing all four core classes, attending school 90% of the time or more and student is engaged in learning. If all three are met, these indicators predict high school graduation. We utilize an instrument measuring engagement in learning that has been validated and was provided by the research division of the CIS National Office. At intake, only 5% of CISCT students are "on track" to graduation, but by the time they are exited at the end of the school year, 67% are "on track." We have data tracking capacity and will examine our outcomes at Mendez separately.
The Blueprint provides guidance for evaluating the school and includes a rubric for evaluating success of the academy.

7.2 Program Requirements: Continuous Improvement and Evaluation
7.2.A Annually reviews strategic plan and Annual Action Plan to ensure Academy meets high expectations across a broad range of performance measures as indicated by Academy mission and vision, and STEM Blueprint Program Requirements.
7.2.B Annually reviews instructional and intervention plan to ensure continual growth on all of the required state accountability measures.
7.2.C Develops internal indicators and checklists unique to the Academy to measure continuous improvement towards student performance goals and the state of the Academy.

The partnership will base success on a number of metrics. These include:

- Success as measured by the Texas Education Agency Accountability Performance
- Percent of students meeting TSI at the end of 8th grade
- Percent of students who achieve "meets" or "masters" on accountability
- Student engagement (attendance, referral rates, etc.)
- Students enrolled in Algebra and other HS Courses in 8th grade
- Enrollment and retention
- Student-led climate survey and/or focus groups
- Growth of student population

Resumes of Partner Personnel
CISCT
Suki Steinhauser, MBA, CEO
Sharon Vigil, MA, COO
Tony Aguilar, BSW, Program Manager Mendez Middle School
TSTEM Coalition
Michael Odell, PhD Executive Director of Ingenuity Center and Professor of STEM Education, Co-Founder of Innovation Academies
Joanne Simmons, PhD Superintendent of UTT School System
David Simmons, PhD Director of School Turnaround
Teresa Kennedy, PhD Professor of Bilingual STEM Education
Yanira Oliveras, PhD ESL, Dual Language and former Principal
UTeach Institute
Michael Marder , PhD. Physics Professor, Co-Founder of UTeach
Kim Hughes Director, UTeach Institute

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Enrollment Policy

The MOU for operating Mendez states the following:

The term "Eligible Student" shall mean, in the following priority for secondary students in Grades 6 – 8: First, students in the Mendez Middle School attendance area; secondly, by lottery if necessary, students from the District at-large; finally, from students outside the district wishing to transfer into the district through AISD Policy FDA (Local). No student will be ineligible for admission for failure to sign a pledge. Additionally, no student shall be involuntarily removed from the T-STEM COALITION Mendez Middle School without the review and approval of AISD's Superintendent or designee. Enrollment will be based upon Texas Education Code, age and grade eligibility, and other state law requirements. In addition, T-STEM COALITION shall prohibit discrimination in accordance with Section 12.059 of Texas Education Code (TEC).

The above policy reflects TEC 12.065. As with any Subchapter C School, enrollment is voluntary (TEC 12.0521). The Blueprint provides the following:

All T-STEM academies must implement and meet the following requirements: 1. The T-STEM recruitment and enrollment processes shall identify, recruit, and enroll the subpopulations of at-risk students (as defined by PEIMS), including, but not limited to, students who are of limited English proficiency, students with disabilities, or students who have failed a state administered assessment. Enrollment decisions shall not be based on state assessment scores, discipline history, teacher recommendation, parent or student essays, minimum grade point average (GPA), or other criteria that create barriers for student enrollment 2. The T-STEM shall identify, recruit, and enroll subpopulations (in addition to those who are at risk as defined by PEIMS) that are historically underrepresented in college courses (e.g., first generation college goers, students of low socioeconomic status, African American, Hispanic, Native American) 3. The T-STEM academy shall clearly document recruitment and enrollment policies and practices; refining and improving them annually based on data reviews 4. Recruitment and enrollment processes (including marketing and recruitment plans, materials, and timelines) shall include input from key stakeholders (e.g., parents and community members; postsecondary partners); target student populations as described in 1 and 2 above; and include regular activities to educate students, counselors, principals, parents, and school board and community members 5. If the T-STEM academy has more applicants than available space, they shall use either a performance-blind, open-access lottery system for admissions that encourages and considers applications from all students (all students have an equal opportunity for acceptance, regardless of background or academic performance) or a weighted lottery that favors students who are at-risk or who are part of the targeted subpopulations for the T-STEM

Products a. Written admission policy and enrollment application b. Written recruitment plan including a timeline of recruitment and enrollment events, and recruitment materials for distribution at feeder schools and other appropriate locations in the community c. Brochures and marketing in Spanish, English, and/or other relevant language(s) d. Written communication plan for targeting identified audiences, parents, community members, school board, higher education personnel, etc.

Attachment 2: Discipline

STUDENT CODE OF CONDUCT

ENTER SCHOOL YEAR

TABLE OF CONTENTS

APPLICATION OF THE CODE

The **board of trustees** of the **SCHOOL NAME** has adopted this Student Code of Conduct (the "Code") in accordance with Section 12.131 of the Texas Education Code, in order to clearly communicate standards for expected student conduct, the disciplinary consequences which may be applied to students who violate those standards, and the applicable procedures for the implementation of disciplinary consequences. All students must comply with the Code. Definitions of words and phrases used throughout this Code are provided at the end of the Code.

Parents and students are encouraged to contact campus administration with any questions or concerns regarding the requirements and provisions of the Code. Parents and students are expected to review and be familiar with the provisions of the Code. Lack of knowledge or awareness about any School rules, including this Code, will not excuse violations of the Code. Parents and students will be required to sign a statement acknowledging receipt and understanding of the Code. A copy of this Code is available **on the district's Web site at WEBSITE ADDRESS.**

The School has the authority to create and enforce rules related to student conduct and behavior while on school property, traveling to or in attendance at a school-sponsored or school-related event or activity, whether on or off campus. The School has the authority to issue disciplinary consequences for certain other student conduct that relates to, affects, or shares a nexus with the School, its students, or its employees regardless of when or where the conduct occurs. The School may also issue discipline based on a student's use of electronic media, whether on or off campus.

Other School rules, codes or policies may apply to a student's misconduct, and may result in multiple disciplinary consequences issued for the same conduct.

The school will exclude from admission students with documented history of a criminal offense(s), juvenile court adjudication(s), or disciplinary problems under subchapter A, Chapter 37 of the Education Code, as evidenced by records received from schools previously attended by the student, law enforcement, or any other relevant documentation, and may exclude the student from admission on this basis.

If a student who would otherwise be ineligible for admission to the School provides false information on an admissions application or other enrollment document and as a result of the false information is admitted to the School, the student shall be immediately withdrawn from enrollment from the School upon discovery of the falsification. Falsification of information for the purpose of gaining enrollment in a public school is a criminal offense under § 37.10 of the Texas Penal Code. The School may elect to report the falsification to law enforcement or take any other action permitted by law.

EXPECTATIONS FOR STUDENT CONDUCT

To achieve our mission, the School must be an environment safe, secure and free from disruption. Students are expected to demonstrate behavior appropriate to the School's learning environment, to treat other students, School personnel, and visitors to the School with respect. As such, each student is expected to:

- Behave in a responsible and respectful manner, always exercising self-discipline;
- Demonstrate courtesy and respect for others, especially other students and School personnel;
- Attend classes and required School activities and events regularly and on time;
- Prepare for each class, take appropriate materials and assignments to class, and complete assignments on time;
- Respect the rights and privileges of other students and school personnel in person and online;
- Respect and care for School property and facilities;
- Follow policies related to use of technology;
- Cooperate with School personnel in maintaining safety, order and discipline;
- Dress appropriately in accordance with the School's dress code;
- Review and comply with the Student Handbook and other School and campus rules;
- Obey classroom rules and classroom expectations for behavior;
- Refrain from verbal or written acts of bullying whether in person or online;
- Avoid violations of this Code.

Students are expected to comply with the school's technology and electronic media use policies and procedures. Students are also expected to demonstrate the same behavior online or while using electronic media as is expected in the classroom, on school property, or at school-related events. Sending, posting, or possessing electronic messages that are disrespectful, disruptive, abusive, obscene, illegal, threatening, harassing or damaging to another person disrupts the learning environment and will not be tolerated.

Parent cooperation is essential to achieving the School's mission and ensuring that students learn in a safe, secure and positive environment. Parental involvement and cooperation is vital in the discipline process. Parents should understand and be familiar with the Code, ensure that his or her child understands and seeks to comply with this Code, and assist the school in counseling students regarding appropriate behavior.

PROHIBITED CONDUCT

The following conduct constitutes a violation of the Code. Any student found to have engaged in such conduct shall be subject to one or more disciplinary consequences as identified within the Code.

General Student Behavior

1. Violate dress and grooming standards as communicated in the student handbook;
2. Cursing, using offensive language, name calling, ethnic, racial or gender slurs, other derogatory statements, or yelling;
3. Disrespectful behavior towards adults;
4. Refuse to accept discipline management techniques assigned by a teacher or principal;
5. Failure to follow directives (insubordination);
6. Disruption of instruction or other school activities or operations;
7. Unexcused or excessive tardiness;
8. False statements or false accusations;
9. Bullying (*including cyber bullying*), teasing, or targeting other students;
10. Inappropriate cell phone or electronic media use;

Violation of School Rules and Policies

11. Failure to comply with the Student Handbook, or other School or campus rules;
12. Leaving the classroom, school building, mandatory school activities or events, or adult supervision without permission;
13. Skipping a class period or other mandatory activity, in whole or in part, without permission;
14. Violation of School or campus policies or rules related to the use of electronic media, including personal or School-owned electronic devices (*e.g.*, cell phones, tablets, game systems, computers, cameras), or the School's network or Internet connection;
15. Engaging in actions or demonstrations that substantially disrupt or materially interfere with school activities;
16. Truancy or other failure to attend school without excuse;
17. Defacing, destroying or otherwise modifying School property without authorization;
18. Steal from students, staff, or the school;
19. Taking photographs or making video or audio recordings of students, employees, or other persons without the consent of the other person;
20. Commit extortion or blackmail (obtaining money or an object of value from an unwilling person);
21. Soliciting or attempting to solicit another student to violate the Code, School policies and rules, or the law;
22. Taking steps toward violation of the Code even if the act is not completed, as determined by appropriate School administrator;
23. Failing to follow school directives and classroom rules and expectations;
24. Disobeying rules and expectations regarding school transportation;
25. Inappropriate or unauthorized use of School property, including posting or distributing literature or materials without School authorization;

Violent, Illegal, and Other Serious Offenses

26. Possession of prohibited items
    - Fireworks of any kind, smoke or stink bombs, or any other pyrotechnic device;
    - A razor, box cutter, chain, or any other object used in a way that threatens or inflicts bodily injury to another person.
    - A “look-alike” weapon;
    - An air gun or BB gun;
    - Ammunition;
    - A stun gun; A pocket knife or any other small knife;
    - Mace or pepper spray;
    - Matches or a lighter;
    - A laser pointer for other than an approved use;
    - Any articles not generally considered to be weapons, including school supplies, when the principal or designee determines that a danger exits;
27. Conduct which meets the elements of a criminal offense, as determined by the School;
28. Physical, verbal or sexual harassment of others;
29. Inappropriate physical or sexual behavior, including jokes, comments, gestures or unwelcome physical conduct or contact;
30. Using the Internet or other electronic communications to threaten district students, employees, or volunteers, including off school property if the conduct causes a substantial disruption to the educational environment;
31. False statements, false accusations, or perpetrate hoaxes regarding school safety;
32. Hazing or initiations;
33. Participation in a gang, soliciting or attempt to solicit participation in a gang;
34. Possessing, distributing, using or being under the influence of tobacco products, electronic cigarettes, drugs, alcohol, or controlled substances, including prescription drugs if the student has not been prescribed the drugs or is taking the drugs in excess of the dosage specified by the prescription;
35. Have or take prescription drugs or over-the-counter drugs at school other than as provided by district policy;
36. Possessing or selling look-alike drugs or attempt to pass items off as drugs or contraband;
37. Possessing, using, giving, or selling paraphernalia related to any prohibited substance;
38. Stealing, lying, cheating, or copying the work of another without authorization (plagiarism);
39. Commit or assist in a robbery or theft even if it does not constitute a felony according to the Texas Penal Code;
40. Deliberately, and without School authorization, accessing, damaging, or altering School data and records, including but not limited to confidential records, electronic data, networks or systems;
41. Violence of any kind, including dating violence;
42. Throwing objects that can cause bodily injury or property damage;
43. Fighting;
44. Gambling;
45. Setting or attempting to set a fire;
46. Discharging a fire extinguisher without valid cause;

47. Inappropriate or indecent exposure of body parts;
48. Retaliation of any form against other students or School personnel;
49. Conduct which requires the student's registration as a sex offender;
50. Possession or distribution of pictures, text messages, electronic messages or other material of a sexual, obscene, abusive, threatening, harassing, damaging to another's reputation or illegal nature;
51. Endangering the health or safety of others;
52. Other conduct as identified within this Code.

The district may impose campus or classroom rules in addition to those found in the Code. These rules may be posted in classrooms or given to the student and may or may not constitute violations of the Code.

DETERMINING APPROPRIATE DISCIPLINE

Depending on the nature and severity of the offense, discipline may be issued by the student's classroom teacher, campus administrator, or administrator's designee, in accordance with this Code. In order to make a determination of misconduct or issue disciplinary consequences under this Code, the authorized School employee must have a reasonable belief that the student engaged in the suspected conduct. The employee's conclusion may be based on any relevant evidence including, but not limited to, observation, other personal knowledge, verbal or written witness statements, other forms of documentation, or information received from law enforcement.

In reaching a decision regarding a student discipline matter, the School may consider the specific facts and circumstances of the situation, including but not limited to:

- The student's intent;
- The student's age and grade level;
- The student's past disciplinary history;
- Whether the student's conduct may have been the manifestation of a disability;
- The extent of the student's cooperation during the investigation of the matter;
- The nature and severity of the alleged conduct;
- Whether the student has previously engaged in similar conduct;
- Whether self-defense was involved;
- The student's remorsefulness for the conduct;
- The severity of the effect or harm of the conduct on other persons or property;
- The frequency of the conduct.

The School may issue discipline based on a determination that a student has engaged in conduct which meets the elements of a criminal offense. The School has the authority to make such a determination without regard for whether the student is arrested, charged, or otherwise processed by the criminal justice system for the criminal offense. The School may consider information received from law enforcement or other entities within the criminal justice system in issuing discipline under this Code.

Since the district's primary responsibility in transporting students in district vehicles is to do so as safely as possible, the operator of the vehicle must focus on driving and not have his or her attention distracted by student misbehavior. Therefore, when appropriate disciplinary management techniques fail to improve student behavior or when specific misconduct warrants immediate removal, the principal may restrict or revoke a student's transportation privileges, in accordance with the law.

Actions will not be based on a student's race, ethnicity, national origin, gender, sex, religion, disability, or any other unlawful consideration.

INVESTIGATION OF DISCIPLINE ISSUES

In order to determine whether a violation of the Code has occurred, campus administrators or other authorized individuals may conduct an investigation. Investigations of student misconduct may involve, but are not limited to, interviews of other students, employees and adults, review of school surveillance footage, review of relevant documents, review of information on School-owned computers, verification of tips received from other individuals, gathering of physical evidence, contact of or cooperation with law enforcement agencies and officials. Law enforcement may be contacted and informed of student conduct which may constitute a criminal offense.

Students should have no expectation of privacy with respect to School-owned property. Lockers, desks, and other items provided for student use remains School property, and students do not have a reasonable expectation of privacy in School property or in personal items placed inside School property. School administrators or other authorized personnel may monitor and search student desks and lockers for any reason. School officials may search any School property, including School property that is within a student's possession or otherwise being used by a student, at any time, with or without notice to the student and without consent. School officials may confiscate any items found during a search, including prohibited items, dangerous items or other items that violate School policy.

Authorized school officials may search a student's person or property if the official has a reasonable belief that the search will result in the discovery of evidence of a violation of the Code or of the law. Any personal property that is brought onto school property or to a school-sponsored or school-related activity or event, on or off school property, may be subject to search (*e.g.*, student cell phone, backpack, personal computer, purse, car, etc.).

DISCIPLINE OF STUDENTS WITH SPECIAL NEEDS

Students eligible for services under the Individuals with Disabilities in Education Act (IDEA) or Section 504 of the Rehabilitation Act of 1973 (Section 504) are subject to discipline under those laws and in accordance with the provisions of this Code.

The School may take disciplinary action pertaining to the use or possession of illegal drugs or alcohol against any student with a disability under Section 504 who is currently engaging in the illegal use of drugs or in the use of alcohol to the same extent that the School would take disciplinary action against nondisabled students. The due process procedures afforded under Section 504 do not apply to disciplinary action for the use or possession of illegal drugs or alcohol. However, a student who is eligible for special education under the IDEA should have a manifestation determination review conducted to address any use or possession of illegal drugs or alcohol if such conduct could result in a change of placement.

Any disciplinary action that would constitute a "change in the placement" of a student receiving special education services may be taken only after the student's Admission, Review, and Dismissal (ARD) committee conducts a manifestation determination review in order to determine whether the student's conduct was a manifestation of his or her disability.

A change in placement occurs if a student is:

1. Removed from the student's current educational placement for more than ten consecutive school days; or

2. Subjected to a series of removals that constitute a pattern because:
    a. The series of removals total more than ten school days in a school year;
    b. The student's behavior is substantially similar to the student's behavior in the previous incidents that resulted in the series of removals; and
    c. Additional factors exist, such as the length of each removal, the total amount of time the student is removed, and the proximity of the removals to one another.

The School will determine, on a case-by-case basis, whether a pattern of removals constitutes a change in placement.

A student who has not been determined eligible for special education services and who has engaged in behavior that violates the Code is entitled to the protections under the IDEA regarding discipline of a student with special needs described above if the school has knowledge that the student was a student with a disability before the behavior that precipitated the disciplinary action occurred. If the school does not have knowledge that a student is a student with a disability prior to taking disciplinary action, the student may be subject to the disciplinary actions applied to students without disabilities. If a request is made for an evaluation of a student during the time period in which the student is subjected to disciplinary action, the evaluation shall be conducted in an expedited manner.

Refer to the **Student Handbook** for more information regarding special education services.

TYPES OF DISCIPLINE

Available disciplinary consequences include:

- Parent conference;
- Verbal correction, oral or written;
- Cooling-off time or "time-out";
- Seating changes within the classroom or vehicles owned or operated by the district;
- Counseling;
- Conference with teacher or administrator;
- Grade reductions for cheating, plagiarism, and as otherwise permitted by policy;
- Education/training;
- Behavior contract;
- Community service;
- School-related assigned tasks or duties;
- Loss or restriction of privileges (*e.g.*, eligibility to hold special positions, exemption from exams, etc.);
- Consequences related to student participation in extracurricular activities, including removal, suspension, or restriction of participation;
- Removal from class to campus office;
- Restriction or revocation of district transportation privileges;
- School-assessed and school-administered probation;
- Issuance of demerits;
- Confiscation of items;
- Detention, including outside regular school hours;
- In-School Suspension;
- Other alternative placement;
- Out-of-School Suspension;
- Referral to an outside agency or legal authority for criminal prosecution in addition to disciplinary measures imposed by the district.
- Expulsion.
- Other strategies and consequences as determined by school officials.

One or more of these disciplinary consequences may be issued to a student found to have violated the Code. If the Code does not specify the appropriate disciplinary consequence for a particular type of student conduct, the School may issue whatever disciplinary consequence is deemed reasonable and appropriate, with the exception of expulsion. A teacher may have additional rules and consequences for student conduct in the classroom, which may result in discipline under this Code or may be enforced in addition to any discipline issued under this Code.

If a student withdraws from the School before completing assigned In-School Suspension, Out-of-School Suspension, or Expulsion, the School shall send documentation of the discipline to the next school that enrolls the student. If a student withdraws from the School before the expulsion process is completed, the School may choose to complete the expulsion process and send documentation of the expulsion decision to the next school that enrolls the student. If the student returns to enroll in the School at a later date and has not been required to complete the disciplinary consequences previously required, the School may require the student to complete the discipline upon return.

The Code shall be applied and enforced consistently and equitably among students, with the understanding that every disciplinary situation will differ and decisions will be made based on the individual facts and circumstances of a given situation.

DETENTION / IN-SCHOOL SUSPENSION

A student may be assigned to one or more sessions of detention or placed in in-school suspension for engaging in prohibited conduct under this Code. The student's parent or guardian will be notified by phone and in writing of the student's conduct and assignment to detention or in-school suspension. Detention will be held outside of the instructional day, either before or after school, during lunch period, or during recess. In-school suspension will require the student to report to the in-school suspension classroom for all or part of one or more school days. While in in-school suspension, the student will be provided the appropriate class assignments and will be expected to complete those assignments as if the student were in the regular classroom.

OUT-OF-SCHOOL SUSPENSION

A student may be suspended for one or more school days for engaging in prohibited conduct under this Code. In deciding whether to order out-of-school suspension, the district shall take into consideration self-defense, intent or lack of intent at the time other student engaged in the conduct, and the student's disciplinary history. Before being suspended a student shall have an informal conference with the appropriate administrator, who shall advise the student of the conduct of which he or she is accused. The student shall be given the opportunity to explain his or her version of the incident before the administrator's decision is made. The student's parent or guardian will be notified by phone and in writing of the student's conduct and the length of the period of suspension. A student may not be suspended for more than three consecutive school days; with no limit on the number of times a student may be suspended in a semester or school year. The appropriate administrator shall determine any restrictions on participation in school-sponsored or school-related extracurricular and cocurricular activities. Student assignments or other class work completed during a period of suspension will be accepted for grading if completed in a timely fashion.

Removal from the School Bus

A bus driver may refer a student to the principal's office to maintain effective discipline on the bus. The principal must employ additional discipline management techniques, as appropriate, which can include restricting or revoking a student's bus riding privileges.

Sexual Assault and Campus Assignments

If a student has been convicted of continuous sexual abuse of a young child or children or convicted of or placed on deferred adjudication for sexual assault or aggravated sexual assault against another student on the same campus, and if the victim's parent or another person with the authority to act on behalf of the victim requests that the board transfer the offending student to another campus, the offending student shall be transferred to another campus in the district.

REASONS FOR EXPULSION

A student **will** be expelled from the School if he or she is found to have committed any of the acts listed below.

1. **Weapons.** The student used, exhibited, or possessed any of the following while on school property or while attending a school-sponsored or school-related activity on or off school property:

    a. A firearm;
        i. Any firearm muffler or firearm weapon.
        ii. A firearm (any device designed, made, or adapted to expel a projectile through a barrel by using the energy generated by an explosion or burning substance or any device readily convertible to that use), unless the use, exhibition, or possession of the firearm occurs at an off-campus approved target range facility while participating in or preparing for a school-sponsored shooting sports competition or a shooting sports educational activity that is sponsored or supported by the Parks and Wildlife Department or a shooting sports sanctioning organization working with the department.
    b. An illegal knife;
        i. An illegal knife, such as a knife with a blade over 5.5 inches; hand instrument, designed to cut or stab another by being thrown; dagger, including but not limited to a dirk, stiletto, and poniard; bowie knife; sword; or spear.
    c. A club; or
        i. A club such as an instrument specially designed, made, or adapted for the purpose of inflicting serious bodily injury or death by striking a person with the instrument, including a blackjack, nightstick, mace, and tomahawk.
    d. A prohibited weapon.
        i. Any weapon (including a starter gun) that will, is designed to, or may readily be converted to expel a projectile by the action of an explosive.
        ii. The frame or receiver of any such weapon.
        iii. Such as an explosive weapon, a machine gun, a short-barrel firearm, a firearm silencer, knuckles, armor-piercing ammunition, a chemical dispensing device, a zip gun, or a tire deflation device.
    e. Any destructive device, such as any explosive, incendiary or poison gas bomb, or grenade.

2. **Violent Conduct.** The student engaged in conduct that contains the elements of the following offenses within the Texas Penal Code, <u>regardless of location, date on which the student's conduct occurred, whether the student was enrolled in the district, or whether the student has successfully completed any court disposition requirements imposed in connection with the conduct</u>:

a. Aggravated assault, sexual assault, aggravated sexual assault, arson, murder, capital murder, criminal attempt to commit murder or capital murder, indecency with a child, aggravated kidnapping, aggravated robbery, manslaughter, criminally negligent homicide, or continuous sexual abuse of a child or children;

b. Assault against another student, an employee, or a volunteer of the School;

c. Deadly conduct;

d. A Title V felony under the Penal Code.

3. **Disruptions.** The student engaged in conduct that contains the elements of the following offenses within the Texas Penal Code, regardless of location:

   a. False alarm or report or terroristic threat involving a public school;

   b. An offense related to an abusable volatile chemical;

   c. Breach of computer security if the conduct involves accessing a computer network, or computer system owned by or operated on behalf of a public school and the student knowingly alters, damages, or deletes school district property or information or commits a breach of any other computer, computer network, or computer system;

   d. Criminal mischief if the conduct is punishable as a felony;

   e. Public lewdness or indecent exposure.

4. **Drugs and Alcohol.** The student engaged in conduct that contains the elements of the following offenses within the Texas Penal Code:

   a. On school property, at school-sponsored or school-related event, or within 300 feet of school property:

      i. Sells, gives, or delivers to another person or possesses, uses, or is under the influence of any amount of marijuana, dangerous drug, or alcoholic beverage.

   b. Regardless of location:

      i. Sells, gives, delivers to another person or possesses or uses or is under the influence of marijuana or a dangerous drug, as defined by the Health and Safety Code, if the conduct is punishable as a felony.

      ii. Sells, gives, delivers to another person an alcoholic beverage, as defined by the Alcoholic Beverage Code, commits a serious act or offense while under the influence of alcohol or possesses, uses, or is under the influence of an alcoholic beverage, and the conduct is punishable as a felony.

5. **Other.** The student, while on campus or at a school-sponsored or school-related event, on or off campus:

   a. Engages in conduct that constitutes a felony;

   b. Commits an assault;

   c. Commits frequent violations of this Code that cause significant disruption to the School environment or substantial interference with the instructional process.

6. Property of Another District. A student **will** be expelled for committing any offense that is a state-mandated expellable offense if the offense is committed on the property of another district in Texas or while the student is attending a school-sponsored or school-related activity of a school in another district in Texas.

EXPULSION PROCESS

Emergency
In an emergency, the principal or the principal's designee may order the immediate expulsion of a student for any reason for which expulsion may be made on a nonemergency basis. The student shall be given verbal notice of the reason for the action. Within ten days after the date of the emergency expulsion, the student shall be given appropriate due process required for a student facing expulsion.

Written Notice
If the school administrator or administrator's designee determines that the student's conduct warrants expulsion, the administrator shall provide written notice to the parent, guardian, or adult student of the proposed expulsion of the student. The written notice shall also include the reason(s) for the proposed expulsion and the date, time, location and procedure for the expulsion hearing.

Expulsion Hearing
The student is entitled to a hearing with the campus administrator during which the student and/or the student's representative (*e.g.*, parent, guardian, attorney, other) will have the opportunity to review and present evidence and information. Until a hearing can be held, the principal may place the student in another appropriate classroom, in-school suspension, or out-of-school suspension.

The parent, guardian or adult student may choose to **voluntarily** waive the right to an expulsion hearing by signing a hearing waiver form provided with the notice of proposed expulsion. If the hearing is waived, the administrator will review the relevant evidence and issue a written decision to the parent as described above.

The campus administrator may place reasonable restrictions on the conduct of the hearing, including the length of the presentations. At the end of the hearing, the campus administrator may issue a decision immediately or may wait until a later date to communicate a decision. The decision will take into account if the student's presence in the regular classroom threatens the safety of other students or teachers, will be detrimental to the educational process, or is not in the best interest of the district's students. State and federal law require a student to be expelled from the regular classroom for a period of at least one calendar year for bringing a firearm, as defined by federal law, to school. However, the superintendent may modify the length of the expulsion on a case-by case basis. Students who commit offenses that require expulsion at the end of one school year may be expelled into the next school year to complete the term of expulsion.

Expulsion Order
The administrator shall send written communication of the decision to the parent, guardian or adult student. If the administrator determines that expulsion is appropriate, the written decision ("Expulsion Order") shall include the length of the term of expulsion. The length of an expulsion shall be correlated to the seriousness of the offense, the student's age and grade level, the frequency of misbehavior, the student's attitude, and statutory requirement. No later than the second business day after the hearing, the DESIGNEE shall deliver to the juvenile court a copy of the expulsion order and the information required by Section 52.04 of the Family Code. If the length of the expulsion is inconsistent with the guidelines included in the Student Code of Conduct, the expulsion order shall give notice of the inconsistency. The student is subject to the placement until the student graduates from high school,

charges are dismissed or reduced to a misdemeanor offense, or the student completes the term of the placement or is assigned to another program. A student who enrolls in the district before completing a placement under this section from another school district must complete the term of the placement.

The School will notify the independent school district in which the student resides of the student's expulsion within three business days of the Expulsion Order.

Withdrawal during Process
When a student has violated the district's Code in a way that requires or permits expulsion from the district and the student withdraws from the district before the expulsion hearing takes place, the district may conduct the hearing after sending written notice to the parent and student.

If the student then reenrolls in the district during the same or subsequent school year. The district may enforce the expulsion order at that time, less any expulsion period that has been served by the student during enrollment in another district.

If the appropriate administrator or the board fails to issue an expulsion order after the student withdraws, the next district in which the student enrolls may complete the proceedings.

Restrictions during Expulsion
Expelled students are prohibited from being on school grounds or attending school-sponsored or school-related activities during the period of expulsion. Failure to comply with this prohibition will result in the filing of criminal trespass charges against the student.

No district academic credit shall be earned for work missed during the period of expulsion unless the student is enrolled in a JJAEP or another district-approved program. Except as otherwise required by law, students will not receive educational services during a period of expulsion.

Newly Enrolled Students
The district shall continue the expulsion of any newly enrolled student expelled from another district or an open-enrollment charter school until the period of the expulsion is completed.

If a student expelled in another state enrolls in the district, the district may continue the expulsion under the terms of the expulsion order or allow the student to attend regular classes if:

1. The out-of-state district provides the district with a copy of the expulsion order, and
2. The offense resulting in the expulsion is also an expellable offense in the district in which the student is enrolling.

If a student is expelled by a district in another state for a period that exceeds one year and the district continues the expulsion, the district shall reduce the period of the expulsion so that the entire period does not exceed one year, unless after a review it is determined that:

1. The student is a threat to the safety of other students or district employees, or
2. Extended placement is in the best interest of the student.

TERMS OF EXPULSION

The period of expulsion may be determined by many factors, including the severity of the conduct and the existence of a continuing risk of harm to other students and employees if the student were allowed to return. An expulsion may be temporary or permanent. A temporary expulsion may range in length from 4 school days to one calendar year. A permanent expulsion allows the School to deny future admission to the student based on consideration of the student's past disciplinary history. In each instance, the Expulsion Order must explain the circumstances that justify the length of the expulsion.

A student expelled from the School for any length of time is not eligible for readmission to the school at any time based on the district's admission/enrollment policies as they relate to discipline.

DISCIPLINE APPEAL PROCESS

Questions from parents regarding disciplinary measures should be addressed to the teacher or campus administration, as appropriate.

Consequences shall not be deferred pending the outcome of a grievance.

A parent, legal guardian, or adult student may appeal an expulsion decision by filing a written appeal with the Superintendent within 5 business days of the date of the Expulsion Order. The Superintendent or Superintendent's designee will review the record of the expulsion proceedings at the campus level, along with any other relevant information, and will issue a written decision to the appealing party within 10 business days of receiving the request for review.

If the appealing party is not satisfied with the decision of the Superintendent or Superintendent's designee, he or she may appeal that decision to the **school board** by filing a request for review with the Superintendent's office within 5 business days of the date of the decision. The Superintendent shall notify the **School Board President** and arrange for the **school board** to hear the complaints of the appealing party at the next available board meeting. The Superintendent shall notify the appealing party of the location, date and time of the hearing in front of the **school board.** The decision of the governing body is final and not appealable. An expulsion action will not be delayed during the appeal process.

DEFINITIONS

The following definitions are provided to further detail and define the terms of this Code. The **school board** shall have final authority to interpret or amend any terms or provisions within this Code.

Abusable volatile chemicals: Those substances as defined in Texas Health and Safety Code § 485.001.

Alcoholic Beverage: Those substances as defined in Texas Alcoholic Beverage Code § 1.04.

Assault: Intentionally, knowingly, or recklessly causing bodily injury to another.

Bullying: Written or verbal expression or physical conduct that (1) has the effect of physically harming a student, damaging a student's property, or placing a student in reasonable fear of harm to the student's person or of damage to the student's property; or (2) is sufficiently severe, persistent, or pervasive enough that the action or threat creates an intimidating, threatening, or abusive educational environment for a student.

Club: An instrument specially designed, made, or adapted for the purpose of inflicting serious bodily injury or death by striking a person with the instrument, including a blackjack, nightstick, mace, and tomahawk.

Controlled substance: Substances as defined in Chapter 481 of the Texas Health & Safety Code or 21 U.S.C. § 801 et seq.

Deadly conduct: Recklessly engaging in conduct that places another in imminent danger of serious bodily injury or knowingly discharging a firearm in the direction of an individual, habitation, building, or vehicle.

Electronic media: Refers to all forms, kinds and types of electronic devices, communication systems, networks, software, websites, and any other technology resources including, but not limited to, social media, text messaging, instant messaging, electronic mail (e-mail), Web logs (blogs), electronic forums (chat rooms), video-sharing or file sharing Web sites, cellular telephones, portable electronic devices, computers.

False alarm or report: Knowingly initiating, communicating, or circulating a report of a present, past, or future bombing, fire, offense, or other emergency that is known to be false or baseless and that would ordinarily: (1) cause action by an official or volunteer agency organized to deal with emergencies; (2) place a person in fear of imminent serious bodily injury; or (3) prevent or interrupt the occupation of a building, room, or place of assembly.

Firearm (federal): (1) any weapon, including a starter gun that will, is designed to, or may readily be converted to expel a projectile by the action of an explosive; (2) the frame or receiver of any such weapon; (3) any firearm muffler or firearm weapon; or (4) any destructive device, such as an explosive, incendiary, or poison gas bomb, or grenade.

Firearm (state): Any device designed, made, or adapted to expel a projectile through a barrel by using the energy generated by an explosion or burning substance or any device readily convertible to that use.

Gang: An organization, combination, or association of persons composed wholly or in part of students that: (1) seeks to perpetuate itself by taking in additional members on the basis of the decision of the membership rather than on the free choice of the individual, or (2) that engages in illegal and/or violent activities. In identifying gangs and associated gang attire, signs, or symbols, the School will consult with law enforcement authorities.

Harassment: Threatening to cause harm or bodily injury to another, engaging in sexually intimidating conduct, causing physical damage to the property of another, subjecting another to physical confinement or restraint, maliciously taking any action that substantially harms another's physical or emotional health or safety, alone or in combination with other conduct prohibited by School policy, rules or the Code.

Hazing: Any act, occurring on or off campus, by one person alone or acting with others, directed against a student, that endangers the mental or physical health or safety of a student for the purposes of pledging, initiation into, affiliation with, holding office in, or maintaining membership in an organization or group. Consent to or acquiescence in the hazing activity does not excuse the student of responsibility for the misconduct.

Illegal knife: A knife with a blade over 5 ½ inches; hand instrument designed to cut or stab another by being thrown; dagger, including but not limited to a dirk, stiletto, and poniard; bowie knife; sword; or spear.

Paraphernalia: Any article or device used or intended for use to inject, ingest, inhale, or otherwise introduce marijuana, a controlled substance, or a dangerous drug into the human body, including but not limited to roach clips, rolling papers, needles, baggies with residue, razor blades, bongs and pipes.

Possession: Regardless of the student's knowledge or intent to possess the item, to have in or on: (1) a student's person or in the student's personal property, such as the student's clothing, purse, or backpack; (2) in any vehicle used by the student for transportation to or from school or school-related activities, such as an automobile, truck, motorcycle, or bicycle; or (3) any other school property used by the student, such as a locker or desk.

Prohibited item: Includes but is not limited to (1) alcoholic beverages, marijuana, controlled substances, or dangerous drugs; (2) paraphernalia; (3) prohibited weapons; (4) any other item prohibited by this Code.

Prohibited weapons: Includes the following items: armor-piercing ammunition, chemical dispensing device, explosive weapon, firearm silencer, knuckles, machine gun, short-barrel firearm, switchblade knife, or zip gun, taser gun.

Retaliation: Harming or threatening to harm another: (1) on account of their service as a School employee or volunteer, (2) to prevent or delay another's service to the School, or (3) because the person intends to report a crime or violation of this Code.

Self-defense: When the person who is not the aggressor in an encounter uses the minimum force required to remove himself or herself from immediate danger of harm. Actions that escalate or continue the encounter will not be considered self-defense.

Sexual harassment: Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature that has the purpose or effect of unreasonably interfering with a student's performance or creates an intimidating, hostile, or offensive educational environment.

Soliciting: Requesting, commanding, or attempting to induce another student to engage in specific conduct that would constitute a violation of the Code, and with the intent that a violation of the Code be committed.

Short-barrel firearm: A rifle with a barrel length of less than 16 inches or a shotgun with a barrel length of less than 18 inches, or any weapon made from a rifle or shotgun if, as altered, it has an overall length of less than 26 inches.

Switchblade knife: Any knife with a blade that folds, closes, or retracts into the handle or sheath and that opens automatically by pressing a button or other device located on the handle or opens or releases a blade from the handle or sheath by the force of gravity or centrifugal force.

Terroristic threat: Threats to commit an offense involving violence to any person or property with intent to: (1) cause a reaction by an official or volunteer agency organized to deal with emergencies; (2) place any person in fear of imminent serious bodily injury; (3) prevent or interrupt the occupation or use of a building, room, place of assembly, place to which the public has access, place of employment or occupation, aircraft, automobile, or other form of conveyance, or other public place; (4) cause impairment or interruption of public communications, public transportation, public water, gas, or power supply or other public service; (5) place the public or a substantial group of the public in fear of serious bodily injury; or (6) influence the conduct or activities of a branch or agency of the federal government, the state, or a political subdivision of the state (including the School).

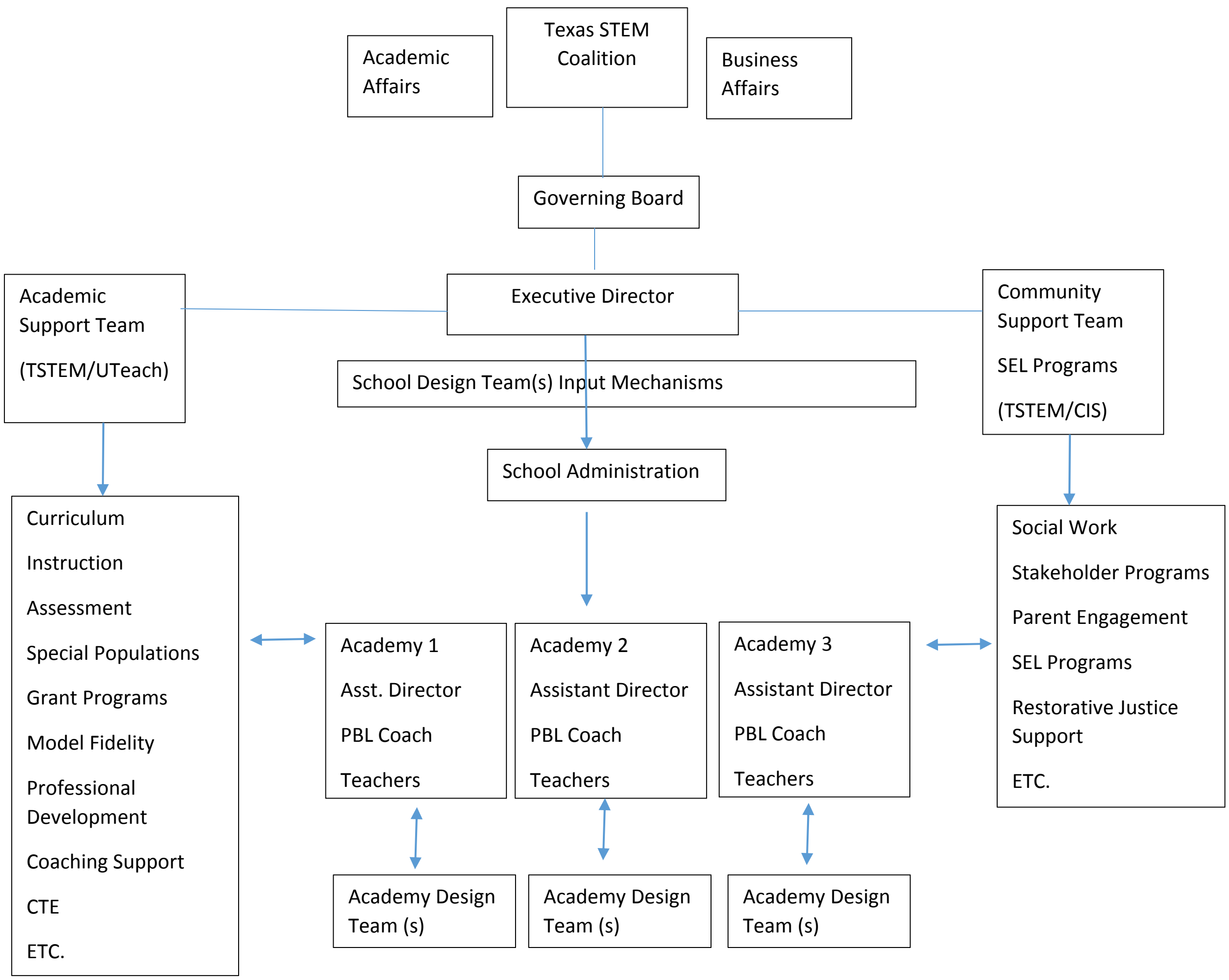
Title 5 felony offenses: Offenses against the person that, depending on the circumstances, may include the following offenses under the Penal Code: murder; capital murder; transport; assault; aggravated assault; sexual assault; aggravated sexual assault; improper relationship between educator and student; indecency with a child; injury to a child, an elderly person, or a disabled person; abandoning or endangering a child; improper photography or visual recording; coercing, soliciting, or inducing gang membership; deadly conduct; terroristic threat; aiding a person to commit suicide; harassment by a person in a correctional facility; continuous sexual abuse of a young child or children; and tampering with a consumer product.

Under the influence: When in an employee's professional judgment, the student does not have the normal use of mental or physical faculties likely attributable to the student's use of marijuana, a controlled substance, dangerous drug or alcoholic beverage. Such impairment may be evidenced by the symptoms typically associated with drug or alcohol use or other abnormal or erratic behavior. The student need not be legally intoxicated.

Use: With respect to substances, voluntarily injecting, ingesting, inhaling, or otherwise introducing a prohibited substance into the body. With respect to objects or devices, putting into action or service or carrying out an action or purpose with the object or device.

Zip gun: A device or combination of devices that was not originally a firearm and is adapted to expel a projectile through a smooth-bore or rifled-bore barrel by using the energy generated by an explosion or burning substance.

Attachment 3



Charter Board Members (Initial)

As described in the proposal. This is the initial board. Because we want to include all stakeholders some positions will be filled once the contract is approved.

Resumes are Attached following this page.

Board Members

Michael Odell, Ph.D. (T-STEM Representative)

Jo Ann Simmons, Ed.D. (T-STEM Representative)

Kim Hughes (UTeach)

Suki Steinhauser (CISCT)

Patent 1 TBD

Parent 2 TBD

Parent 3 TBD

Ex-Officio Members TBD

CURRICULUM VITAE
University of Texas at Tyler

NAME:	Odell, Michael Robert Linley	**DATE:**	December 15, 2017
E-MAIL:	mrlodell@gmail.com	**OFFICE:**	(903) 566-7132
	modell@uttyler.edu	**CELL:**	(208) 301-0542

CURRENT POSITION(s): University of Texas at Tyler
Sam and Celia Roosth Chair in Education

RANK: Professor (STEM Education)
APPOINTMENT: College of Education and Psychology (Tenured)/College of Engineering

EDUCATION BEYOND HIGH SCHOOL:
Degrees:

Ph.D.	Curriculum and Instruction	August 1993	Indiana University
M.A.T.	Science Education	August 1989	University of Texas-Dallas
B.A.	Geosciences	May 1984	University of Texas-Dallas

CURRENT CONTEXT:
Michael R.L. Odell, Ph.D. is a Professor of STEM Education and holds the endowed Roosth Chair in Education. He also is the Executive Director of the Ingenuity Center, a UT System approved Research and Development Center. Dr. Odell holds a joint appointment in the College of Education and Psychology and the College of Engineering. Dr. Odell began his career in education as an Earth Science teacher in Irving, Texas (1984-1990). After six years in K-12 education, Dr. Odell pursued his doctorate and transitioned to higher education. He has been instrumental in implementing innovative programs that have resulted in increased enrollments, extramural research grants, and gifts from alumni and industry. Programs initiated by Dr. Odell include the UTeach Replication, which has doubled the number of STEM teachers produced by the university. The establishment of two Core Research facilities for UT System at UT Tyler, one in Education and one in Engineering. He also established the UT Tyler Innovation Academy charter schools and the UT Tyler Virtual Dual Credit Senior High School (opens Fall 2018). Dr. Odell oversees the curriculum and culture for the open enrollment charters which serve as Laboratory Schools for the School of Education located at the UT Tyler main campus (Tyler, TX) and extension campuses in Longview and Palestine. He also established the Ingenuity Center, the largest of seven designated STEM Centers in Texas that has an annual budget of $11 million dollars (revenue) including grants, contracts, and fee for service projects. Dr. Odell oversees the management of the Discovery Science Place, a Family STEM Museum and associated Mobile STEM Outreach. Dr. Odell currently serves on the Discovery Science Place Board, the Innovation Academy School Board, UTeach STEM Education Association Board, and the Texas STEM Center Coalition Board of Directors.

EXPERIENCE:
University of Texas at Tyler (2006-Present)
Sam and Celia Roosth Chair in Education (Endowed Chair 2006-Present)
School of Education.

Vice President, Office of Research and Technology Transfer (ORTT) (2013-2017)
Director, Federal Relations (2013-2017)

Other Duties
Advancement: I work with the Office of University Advancement to raise private dollars to support research and education outreach.
Research Center Support: I initiated new research center development that added over 60,000 sq. ft. of facilities on campus.

State Government Relations: During the 2017 Texas Legislative Session, I worked with the State Government Relations Office to address three Education Bills that passed concerning the High School Math Sequence, Instructional Minutes in Schools, and Financial Reporting for University Charter Schools.

Associate Vice President, Office of Sponsored Research and Director, Federal Relations (2010-13)

Innovation Academy (UTTIA): I co-founded the UTTIA in 2012 and serve as the chief architect of the Charter School Model that functions as a Laboratory School and model T-STEM Academy. There are three academies managed by UT Tyler and a replication site at UT Permian Basin in Odessa, Texas. In 2016, the Innovation Academy Longview was the top achieving school district in Gregg County and recognized as one of the top schools in Texas. The Innovation Academy in Palestine is a Title 1 School and is the top performing school in Anderson County. The Innovation Academy in Tyler is currently the second top achieving school district in Smith County. The Academies are host sites for educator preparation programs including the UTeach Replication and Teacher Residency Program. The Innovation Academy serves grades K-12 and is currently the only University Open Enrollment Charter School in Texas to include High School grades.

Discovery Science Place (DSP): I oversee the management of the DSP, a local Children's Science Museum. I negotiated an MOU in 2010 (renewed in 2017) to manage the museum and have since created three mobile museums that serve Texas and beyond. The DSP serves over 60,000 attendees annually and the mobile museums host over 100,000 attendees annually. The DSP is also the host of the Tyler Maker Fair. Oversight includes the retail enterprise as well as the non-profit outreach enterprise. The DSP provides internship opportunities for UT Tyler students in Education, Business, and Engineering.

Executive Director, Ingenuity Center: A Texas STEM Center (2006-2013; 2017-Present)
As Roosth Chair, I established the Ingenuity Center (IC), an R&D Center approved by the UT System. The IC has become the umbrella organization for the UT Tyler Education Core Research Facility that is available to all system institutions for research purposes. I have brought in over $40 million in external funds to UT Tyler through the IC. The Ingenuity Center is the largest unit on campus (see appendix) employing over 500 staff, including 200 students annually. The Ingenuity Center is one of seven Texas Education Agency designated STEM Centers. The center manages multiple externally funded programs and has a current annual budget of approximately $11 million dollars. The center also provides technical assistance services to schools, non-profits, and universities.

Director, School of Education (Interim), 2008-2009

Professor, Science, Technology, Engineering, and Mathematics Education (2006-Present)
As a Professor of STEM Education I teach one class each semester, recruit students, and maintain an active externally funded research agenda in the area of STEM Education. I am a member of the Graduate Research Faculty. I hold faculty appointments in Education and in Engineering. I also on occasion teach Earth Science courses for the College of Arts and Sciences.

Illinois State University (2005-06)
Assistant Dean (Interim)**,** College of Education (2006)
Chair, Curriculum and Instruction (2005)
University of Idaho (1993-2005)
Indiana University (1990-93) Associate Instructor
Irving Independent School District (1984-90)

Certificates and Licenses:
Secondary Level (6-12) Earth Science/Secondary Level (7-12) English, Texas
Teaching Accomplishments:
I have taught at the K-12 and University levels. As a Middle School teacher, I taught Earth Science. At the High School level, I taught Environmental Science and English. At the university level, I have taught a range of courses including Geoscience courses for undergraduates and Education and Research courses at the undergraduate and graduate levels. I am committed to developing new strategies and integrating new technologies to improve student learning and provide access to a broader population of students. A list of courses taught is located in the appendices.

Co-Director, University of Texas at Tyler UTeach Program:
Co-Director, University of Texas at Tyler GLOBE Partnership:
***Affiliate Director, Texas Project Lead the Way* (PLTW**
Director, Advanced Placement Summer Institutes (APSI):

Scholarship:
In Print: Odell, M.R.L. & Pedersen, J.L. (2018). Project and Problem-Based Teaching and Learning. In B. Akpan & T.J. Kennedy (Eds.), *Science Education in Theory and Practice.* (Chapter 23, pp. xxx). Switzerland: Springer International Publishing. Expected publication date: 30 September 2018.

Crow, J.E., Kennedy, T.J., Odell, M.R.L., Ophus, J.D. & Abbitt, J.T. (2013). "Using Just-in-Time PD to Technologically Prepare High School STEM Teachers." In M.M. Capraro, R.M. Capraro, & C.W. Lewis, (Eds.), Improving Urban Schools: Equity and Access in K-16 STEM Education, Chapter 9, 143-157. Information Age Publishing. http://www.infoagepub.com/products/Improving-Urban-Schools

Kennedy, T.J., Abbitt, J.T., & Odell, M.R.L. (2010). "Pre-service ELL Science Teacher Preparation in the Southeast United States." In D.W. Sunal, C.V. Sunal, & E. L. Wright (Eds.), Research in Science Education: Teaching Science with Hispanic ELLs in K-16 Classrooms, Chapter 8, 183-199. Information Age Publishing.

Kennedy, T.J. and Odell, M.R.L. (2014). "Engaging Students in STEM Education." *Science Education International* 25 (3), 246-258.

Odell, M.R.L. and Kennedy, T.J., 2008, Texas STEM Centers (T-STEM): Working to Improve STEM Education across Texas, *Insights,* summer 2008, pp. 25-31.

Jo Ann Simmons, Ed.D.

3820 Brighton Creek Circle
Tyler, Texas 75707
903-456-7832

Formal Preparation

Doctorate
Education Leadership (August 2011)
Stephen F. Austin State University
Nacogdoches, Texas

Superintendent Certification (Dec. 2003)
Educational Administration
University of Texas at Tyler
Tyler, Texas

Master of Education (July, 2003)
Educational Administration
University of Texas at Tyler
Tyler, Texas

Bachelor of Science (May 2000)
Education
University of Texas at Tyler
Tyler, Texas

General Studies (May 2000)
Tyler Junior College
Tyler, Texas

Professional Experiences

Innovation Academy, Superintendent
University of Texas at Tyler (October 2014-present)
Tyler, Texas

Professional Service Provider
Texas Center for District & School Support (September 2014-present)
Austin, Texas

University of Texas at Tyler Innovation Academy
Assistant Superintendent for Operations and Student Services (June 2013-October 2014)
Tyler, Texas

James S. Hogg Middle School
Principal (May, 2006 – June 2013)
Tyler, Texas

Texas A&M -Texarkana
Adjunct Professor (May, 2011- present)
Texarkana, Texas

University of Texas at Tyler
Adjunct Professor (August 2012-present)
Tyler, Texas

Robert E. Lee High School
Teacher/ Coach (August, 2003 - May, 2004)
Tyler, Texas

A. T. Stewart Middle School
Teacher/Coach (July, 2004 - May, 2006)
Tyler, Texas

Hubbard Middle School
Teacher/Coach (August, 2000 - May, 2004)
Tyler, Texas

Professional Experience Detailed

Innovation Academy, Superintendent
University of Texas at Tyler

Innovation Academy, Assistant Superintendent for Operations and Student Services
University of Texas at Tyler

MAJOR ACCOMPLISHMENTS

- Improved campus and district ratings from needs improvement to met standard with distinctions
- Improved District "Frist Report" rating to "Superior Rating"
- Received T-STEM Designation for District/Campuses
- Started a University Charter School
- Started a University Charter School High School
- Completed a district audit identifying Special Education, 504, At-Risk, Etc.
- Completed an audit on PEIMS
- Served as the District Coordinator of School Improvement (DCIS)
- Assisted the Professional Service Provider (PSP)

Professional Service Provider (PSP)
Texas

MAJOR ACCOMPLISHMENTS

- Serve as a liaison between the Texas Center for District and School Support (TCDSS), Texas Education Agency (TEA), local education service center (ESC), and district/campus
- Assist in building the capacity of campus/district leaders, teachers, and staff to understand the Texas Accountability Intervention System (TAIS) continuous improvement process
- Identify opportunities for continuous improvement at the district and campus level
- Utilize research-based practices and interventions to address the identified campus needs
- Monitor the progress of activities and strategies contained within the targeted improvement plan and facilitates the on-going refinement of the plan

The University of Texas at Tyler, Visiting Professor of Educational Leadership

Tyler, Texas

MAJOR ACCOMPLISHMENTS

- Taught EDLR 5270 *Practicum in the Principalship* through Blackboard
- Taught EDLR 5311 *Developmental Supervision* through Blackboard
- Completed a Chapter Review for Interim Department Chair
- Presenting at Learning Forward Conference on Professional Learning Communities

The University of Texas at Tyler, Adjunct Professor
Tyler, Texas

MAJOR ACCOMPLISHMENTS

- Taught EDLR 5360 *The Superintendent*
- Taught EDLR 5350 *Personnel Administration*
- Mentored students EDLR 5330 *The Principalship*
- Mentored students EDLR 5337 *School Building Operations*

James S. Hogg Middle School, Principal
Tyler Independent School District

MAJOR ACCOMPLISHMENTS

- Received the district's highest secondary attendance during 2010-2011 School Year
- Gold Performance Acknowledgements from TEA in Math and Reading
- High Performing School from National Center for Education Achievement
- TEA Best Practices Clearinghouse Recognition in Algebra Readiness
- Moved from Academically Unacceptable status to Recognized status in one year
- Implemented Positive Behavior Intervention Support (PBIS)
- Developed Professional Learning Communities
- Implemented an Intervention Program in the master schedule.
- Implemented the Advancement Via Individual Determination (AVID) program that encourages students to take Advanced Placement classes.
- Implemented campus-wide student agenda system improving discipline and safety
- Organized professional development that addressed the specific needs of the campus
- Organized TAKS Camps for identified students

- Implemented an Awards Ceremony designed to recognize student effort and achievement
- Implemented student incentives rewarding character, attendance, and academics.
- Created Teacher and Student Handbook
- Organized Razorback Newsletter
- Implemented National Junior Honor Society, Student Council, Student Leadership Advisory Team, Yearbook Team, Fellowship of Christian Athletes, Chess Club, Cheerleaders, Math Counts, and Academic UIL Teams
- Hosted Razorback Back-to-School Bash and Second Semester Kick-Off Bash
- Hosted TAKS motivational breakfast for parents, teachers, and students
- Assisted in the International Baccalaureate Middle Years Program accreditation visit
- Mentored students through principal internship through The University of Texas at Tyler

Texas A&M -Texarkana, Adjunct Professor
Texarkana, Texas

- Taught ED557 *Innovative Learner-Centered Teaching Strategies* through Blackboard
- Taught ED520 *Education Research and Literature Techniques* through Blackboard
- Taught ED590 *Curriculum Alignment for School Improvement* through Blackboard
- Taught ED573 *Leadership Mentoring in Education* through Blackboard
- Taught ED547 *Evaluating Learning* through Blackboard
- Taught ED577 *Public School Law* through Blackboard
- Taught RDG562 *Prescriptive Reading* through Blackboard
- Taught ED506 *Classroom Management and Law for Teachers* through INACT

Trainings

Teacher Evaluation Support System T-TESS

Principal Evaluation Support System T-PESS

Annual Board Governance Training

Site-Based Decision Making Training

Instructional Leadership Training

Texas Essential Knowledge Skills (TEKS) for Leaders Training

International Baccalaureate Certification Training

Documentation Done Right Training with John Hardy

Project Based Learning

Professional Learning Communities with Richard DuFour

Creating Classroom-Based Assessment Training

Advancement Via Individual Determination (AVID) Training

Professional Associations

Texas Charter School Association

Texas Association of School Administrators

Texas Association of Supervision and Curriculum Development (ASCD)

Community Affiliations

Green Acres Baptist Church

Served as Summer Camp Coordinator at Salvation Army Tyler, Texas

References

Dr. Marty Crawford, Superintendent
Tyler Independent School District
1319 Earl Campbell Parkway
Tyler, Texas 75701
903-262-1001

Dr. Christy Hanson, Chief Academic Officer
Tyler Independent School District
1319 Earl Campbell Parkway
Tyler, Texas 75701
903-262-1011

Dr. Karen Raney, Former Supervisor
Tyler Independent School District
1319 Earl Campbell Parkway
Tyler, Texas 75701
903-262-3142

Dr. Teri Fowler, Professor
Texas A&M University-Texarkana
7101 University Avenue
Texarkana, Texas 75503
903-280-4334

Dr. Michael Odell, Professor
The University of Texas at Tyler
3900 University Boulevard
Tyler, Texas 75799
903-566-7132

Kim Tunnell, Superintendent
Mineola Independent School District
1000 West Loop 564
Mineola, Texas 75733
903-780-0250

Kimberly Hughes

Current Position

Director
The UTeach Institute
The University of Texas at Austin

Office Address

UTeach – College of Natural Sciences
120 Inner Campus Drive – Stop G2550
The University of Texas at Austin
Austin, TX 78712-0549
(512) 232-5850

Professional Preparation

Indiana University	Bloomington, IN	Education	B.S.	1992
The University of Texas	Austin, TX	Curriculum & Instruction	M.Ed.	1997

Appointments

2011– Present	Director, The UTeach Institute, The University of Texas at Austin
2007-2011	Manager, Knowledge Development, The UTeach Institute
2005-2007	Manager, System Implementation, TaskStream
2001-2005	Program Associate, Southwest Educational Development Laboratory, Austin, TX
2001-2002	Online Course Facilitator, Teachscape (www.teachscape.com)
1998-2001	Technology Coordinator, Lake Travis ISD, Austin, TX
1997-1998	Instructional Technology Specialist, Texas Education Network, The University of Texas at Austin
1996-1997	Graduate Research Assistant, The University of Texas at Austin
1995-1996	Editor/Writer, Publisher's Resource Group, Austin, TX
1993-1995	Science Teacher, Austin Independent School District, Austin, TX
1992-1993	Science Teacher, School City of Hammond, Hammond, IN

Related Products

Hughes, K. (2013). *The UTeach Secondary STEM Teacher Preparation Model and Current Standards Reform Initiatives* (rep.). The UTeach Institute. http://www.uteach-institute.org/files/uploads/uteach-and-standards-reform.pdf

Beth, A. D., **Hughes, K.,** Romero, P., Walker, M. H., & Dodson, M. M. (2011). *Replication as a strategy for expanding educational programs that work: The UTeach Institute's approach to program replication*. Paper presented at the annual meeting of the American Association of Colleges for Teacher Education, San Diego, CA. The UTeach Institute. http://www.uteach-institute.org/files/uploads/AACTE2011.pdf

Other Products

Hughes, K. (2014). Teaching the teachers. *Texas CEO*, 5(3), pp.12 - 13 May/June. http://texasceomagazine.com/departments/teaching-the-teachers/

Hughes, K., Romero, P., Welch, A., Beth, A.D., Walker, M., & Chavez, A. (2014). *The UTeach Operations Manual*. (A. Winters, Ed.). The UTeach Institute. https://members.uteach.utexas.edu/publications/detail/category/program-implementation/

Synergistic Activities

- Co-creator of The UTeach Institute's approach to national expansion of the UTeach secondary STEM teacher preparation progam (currently 45 university partner programs). (2008)
- Instructional designer and developer of the complete UTeach secondary STEM teacher preparation curriculum for national expansion, consisting of nine courses: *Step 1: Inquiry Approaches to Teaching; Step 2: Inquiry-Based Lesson Design; Knowing and Learning in Mathematics and Science; Classroom Interactions; Project-Based Instruction; Functions and Modeling; Research Methods; Perspectives on Mathematics and Science; Apprentice Teaching*. (2008-2010)
- Instructional designer and developer of the UTeach Institute's instructional support program consisting of a series of nine faculty course workshops for university UTeach partner programs. (2008-2010)
- Producer and director of a series of UTeach course companion videos: *Perspectives on Science and Mathematics: A UTeach Course* (2013); *Functions and Modeling: A UTeach Course* (2011); *Research Methods: A UTeach Course* (2011); *Trying Out Teaching: Next Steps - Introduction to the Step 2 Course* (2010); *Trying Out Teaching* (2010)
- Founder of the UTeach STEM Educators Association, an organization that unites UTeach program faculty, staff, alumni, and affiliated organizations, and whose mission is to develop STEM literacy for all students through innovation and excellence in university-based teacher education. (2014)

Attachment 3

Suki Steinhauser

4003 Rosedale Ave.

Austin, Texas 78756

(512) 619-4683

EDUCATION

The University of Texas at Austin Austi n, Texas

Master of Business Administration, 1990. Coursework in all areas of this Generalist M.B.A. program

Syracuse University Syracuse, New York

Bachelor of Arts, 1982. Magna cum laude. Major: International Relations and South Asian Studies. Phi Beta Kappa. Vice President of Student Government Association.

EXPERIENCE

Communities In Schools of Central Texas Austi n, Texas

Chief Executive Officer
Overall leadership of sustainable growth and consistent high quality for local affiliate of a national non-profit dedicated to helping kids succeed in school. February 2006 to present.

- Set goals for the organization and impart vision to the staff and community.
- Stewardship of $9.3 million in revenues to carry out programs on 66 public school campuses.
- Support volunteer board to set vision and policy and raise funds to best meet the mission.
- Build agency profile in the community and advance the cause of keeping kids in school.
- Supervise multiple department heads – operations, resource development, communications - ensuring excellence
- Consistently build quality of program services through oversight of evaluation and management of staff.
- Raise funds from private sources including corporations, foundations and individuals.
- Maintain relationships with funding and program partners in school districts, multiple public entities, and the state and national offices of Communities In Schools.
- Ensure ethical relationships and actions at all levels of organization.

Director of Projects

Responsible for the coordination and management of 20 special projects that prepare at-risk students for success. Major projects included AmeriCorps program, providing tutoring, mentoring and service learning projects within the schools; the XY-Zone, a positive fraternity for 300 young men on their journey to manhood; case management and after-school programming for students residing in public housing. Worked in partnership with the Executive Director and Management Council. February 1998 – February 2006.

- Managed projects to secure resources, oversee service delivery, and ensure contract compliance.
- Managed complex budgeting in competitive funding environment.
- Evaluated, supervised and supported personnel on special projects.
- Developed and maintained relationships with businesses, local and state government representatives and other nonprofit organizations.
- Overall responsibility for one hundred staff members.

Even Start Coordinator

Responsible for coordinating a team which delivered the ASPIRE Even Start Family Literacy Program, including parenting education, early childhood education, and adult education, for three elementary schools. Expanded HIPPY school-readiness program from one to nine elementary schools. October 1994-February 1998.

- Coordinated Even Start contract planning and implementation and coordinated team of thirty staff.
- Managed $450,000 Even Start and HIPPY budgets.
- Collaborated with multiple community partners.
- Implemented research and evaluation tools.

Texas Development Institute
Austin, Texas

Director of Administration

Responsible for development of administrative and financial systems, ongoing personnel management and fundraising coordination for this not-for-profit focused on community economic development. October 1992 - May 1994.

- Supervised administrative staff; recruited and supervised university student interns.
- Wrote chapters on risk and financial management for TDHCA's non-profit organization operating manual.
- Planned and coordinated seminars and conferences.
- Developed project, program, and consolidated budgets.
- Developed chart of accounts for complex fund accounting requirements.

Peterson & Associates
Austin, Texas

Staff Consultant

Developed and implemented strategic planning and team building sessions for Boards of not-for-profits. Managed recruitment process, jointly facilitated, analyzed and reported findings of multiple focus groups for the Texas Commissioner of Health and Human Services. June 1991-1992.

Austin Habitat for Humanity Austin, Texas

President of the Board of Directors

Head of policy making body overseeing $440,000 annual budget for affordable housing program. Also, Chair of Land Acquisition Committee, Board Vice President and Secretary. 1986-1994.

American Institute for Learning Austin, Texas

Fiscal Manager

Maintained AP, voucher and record systems. Computerized and prepared payroll for 120 employees. 1986-1988.

U.S. Peace Corps Swaziland, Africa

Secondary School Mathematics Instructor

Taught mathematics to 7th and 8th graders. Established, raised funds for and staffed school library. Conceived and scheduled work team system for 240 laborers who built ferro-cement water storage facility. 1982-1986.

OTHER ACTIVITIES

Former: Public school volunteer 1993 to present. Hosted exchange student 2004-2005. Co-Chair Public Policy Committee and President One Voice Central Texas social services advocacy group, Communities In Schools' Best of Texas Executive Director of the Year 2011. Board member of Basic Transportation Needs Fund, Member of Seedling Foundation Advisory Council, Graduate of Leadership Austin Essential Class of 2007. Member Mentoring Advisory Committee to Joint Subcommittee AISD/City of Austin/Travis County 2015-2017.

Current: Volunteer mentor with Communities In Schools, Executive Committee member of CIS of Texas E.D. Association, Trained in Beyond Diversity, CIS' Racial Equity framework. Member of Early Childhood Results Count – Mental Health workgroup, Member of ACC's Truth, Racial Healing and Transformation Center Steering Committee. 2017 Winner of the Greater Austin Business Leadership Award (mid-size company).

Operating Partners Staff

David Simmons (Executive Director)

Michael Odell (Curriculum, Instruction, Assessment, Blueprint Fidelity, PLTW)

Jo Ann Simmons (Policy, Operations)

Yanira Oliveras (Academic Coaching, Bilingual ESL)

Teresa Kennedy (PLC, Bilingual/ESL, STEM)

Suki Steinhauser (SEL, Community Engagement)

Kim Hughs (PD, Academic Coaching)

Once we have determined what personnel are remaining at Mendez MS we will update the above list.

3820 Brighton Creek Circle

Tyler, Texas 75707
903-780-8323 (cell)
dsimmons816@gmail.com

David E. Simmons, Ph.D.

Experience

August, 2016-Present Martinsville ISD Martinsville, Texas
Interim Superintendent (385 Students)

- Responsible for managing district finances
- Responsible for organizing and conducting monthly board meetings
- Responsible for monitoring district personnel and assisting in personnel decisions
- Serve as a support for campus administrators
- Serve as the district athletic director
- Assist in developing school and community relationships

August, 2015-Present Professional Service Provider (PSP) Texas

- Serve as a liaison between the Texas Center for District and School Support (TCDSS), Texas Education Agency (TEA), local education service center (ESC), and district/campus
- Assist in building the capacity of campus/district leaders, teachers, and staff to understand the Texas Accountability Intervention System (TAIS) continuous improvement process
- Identify opportunities for continuous improvement at the district and campus level
- Utilize research-based practices and interventions to address the identified campus needs
- Monitor the progress of activities and strategies contained within the targeted improvement plan and facilitates the on-going refinement of the plan

August, 2015-Present Texas Education Agency (TEA) Monitor/Conservator Texas

- Coordinate with the regional Education Service Center to develop improvement plans and strategies

- Report the district's progress to the appropriate divisions

- Advise the Commissioner on any additional sanctions for consideration

- Draft preliminary quarterly reports detailing activities during the reporting period, the findings, progress on the LEA's corrective action plans, and any recommendations to the agency for further actions

March, 2011 – May, 2015 Louisiana Department of Education Baton Rouge, LA
Deputy Network Leader

- Responsible for supporting 13 school districts in NW Louisiana to improve student achievement

- Responsible for serving as the primary contact person for school district superintendents in NW Louisiana with the Louisiana Department of Education in Baton Rouge

- Responsible for assisting districts with the implementation of multiple educational reforms including increased student learning standards and a new performance based evaluation system for teachers and administrators

May, 2011 – August, 2013 Texas A&M-Texarkana Texarkana, Texas
Adjunct Professor

- Responsible for teaching education leadership classes

Retired under Teacher Retirement System of Texas in November, 2010 at age 51.

February, 2010-October, 2010 Houston I.S.D. Houston, Texas
Chief School Officer of High Schools

- Responsible for the leadership and support of 46 high schools serving 75,000 students.

- Responsible for closing achievement gaps within all student populations.

January, 2007-August 2009 Richardson I.S.D. Richardson, Texas
Superintendent (35,000 Students)

- Maintained TEA Recognized status for 3 consecutive years. Largest and most diverse district in Texas to accomplish this goal

- RISD selected as outstanding school district in Texas by HEB corporation in 2007

- Increased the number of exemplary campuses and recognized campuses each year
- Expanded career and technology programs

August, 2002-December 2006 Tyler I.S.D. Tyler, Texas
Superintendent (18,000 Students)

- Improved relations with community and civic organization including Smith County Association of Taxpayers, the City of Tyler, and Tyler Area Chamber of Commerce
- Restructured central administration to improve efficiency and increase accountability
- Posted consistent gains in student achievement as measure by TAKS
- Tyler ISD Board of Trustees Selected as Outstanding School Board Of The Year in 2006
- Worked with the TISD Board and community groups for successful passage for a $96 million school construction bond

August, 1999-August 2002 Texas City ISD Texas, City TX
Superintendent (6,000 Students)

- Raised district accountability rating from Academically Acceptable to Recognized
- Implemented cost-reduction program to remedy problems incumbent to Chapter 41 school districts

January, 1997 – August, 1999 Wimberley I.S.D. Wimberley, TX
Superintendent (1,800 Students)

- Raised district accountability rating from Recognized to Exemplary
- Actively participated in all phased of the state comptroller's Texas School Performance Review
- Developed re-organization plan to increase effectiveness of expenditures by directing funding toward instruction

October, 1995 – January, 1997 Presidio I.S.D. Presidio, TX
Superintendent (1,500 Students)

- Raised district accountability rating from Academically Unacceptable to Academically Acceptable

1994-1995 **Monahans-Wickett-Pyote I.S.D.** **Monahans, TX**
Assistant Superintendent

1993-1994 **Jacksonville I.S.D.** **Jacksonville, TX**
High School Principal

1992-1993 **Region VII Education Service Center** **Kilgore, TX**
Field Service Agent

1990-1992 **Martinsville I.S.D.** **Martinsville, TX**
Principal K-12

1987-1989 **Pleasant Grove I.S.D.** **Texarkana, TX**
High School Teacher/Coach

1985-1987 **Gary I.S.D.** **Gary, TX**
Elementary and High School Teacher/Coach

1982-1985 **Deer Park I.S.D.** **Deer Park, TX**
Middle School Teacher/Coach

Education

August, 2001 Texas A & M University College Station, TX

- Doctor of Philosophy in Educational Administration
- Dissertation: *The Effectiveness of Wealth Recapture Legislation on Achieving Financial Equity Among the Public School Districts in Texas*

May, 1987 Stephen F. Austin State University Nacogdoches, TX

- Master of Education
- Major: Educational Administration
- Mid-Management Certification
- Superintendence Certification

May, 1982 Stephen F. Austin State University Nacogdoches, TX

- Bachelor of Science

Trainings

Teacher Evaluation Support System T-TESS

Annual Board Governance Training

Affiliations

Texas Association of School Administrators

American Association of School Administrators

Board of Directors of the Equity Center

Texas School Alliance

Civic & Community

Member Green Acres Baptist Church Tyler, Texas

CURRICULUM VITAE
University of Texas at Tyler

NAME: Odell, Michael Robert Linley | **DATE:** December 15, 2017
E-MAIL: mrlodell@gmail.com | **OFFICE:** (903) 566-7132
modell@uttyler.edu | **CELL**: (208) 301-0542

CURRENT POSITION(s): University of Texas at Tyler
Sam and Celia Roosth Chair in Education

RANK: Professor (STEM Education)
APPOINTMENT: College of Education and Psychology (Tenured)/College of Engineering

EDUCATION BEYOND HIGH SCHOOL:
Degrees:

Ph.D.	Curriculum and Instruction	August 1993	Indiana University
M.A.T.	Science Education	August 1989	University of Texas-Dallas
B.A.	Geosciences	May 1984	University of Texas-Dallas

CURRENT CONTEXT:
Michael R.L. Odell, Ph.D. is a Professor of STEM Education and holds the endowed Roosth Chair in Education. He also is the Executive Director of the Ingenuity Center, a UT System approved Research and Development Center. Dr. Odell holds a joint appointment in the College of Education and Psychology and the College of Engineering. Dr. Odell began his career in education as an Earth Science teacher in Irving, Texas (1984-1990). After six years in K-12 education, Dr. Odell pursued his doctorate and transitioned to higher education. He has been instrumental in implementing innovative programs that have resulted in increased enrollments, extramural research grants, and gifts from alumni and industry. Programs initiated by Dr. Odell include the UTeach Replication, which has doubled the number of STEM teachers produced by the university. The establishment of two Core Research facilities for UT System at UT Tyler, one in Education and one in Engineering. He also established the UT Tyler Innovation Academy charter schools and the UT Tyler Virtual Dual Credit Senior High School (opens Fall 2018). Dr. Odell oversees the curriculum and culture for the open enrollment charters which serve as Laboratory Schools for the School of Education located at the UT Tyler main campus (Tyler, TX) and extension campuses in Longview and Palestine. He also established the Ingenuity Center, the largest of seven designated STEM Centers in Texas that has an annual budget of $11 million dollars (revenue) including grants, contracts, and fee for service projects. Dr. Odell oversees the management of the Discovery Science Place, a Family STEM Museum and associated Mobile STEM Outreach. Dr. Odell currently serves on the Discovery Science Place Board, the Innovation Academy School Board, UTeach STEM Education Association Board, and the Texas STEM Center Coalition Board of Directors.

EXPERIENCE:
University of Texas at Tyler (2006-Present)
Sam and Celia Roosth Chair in Education (Endowed Chair 2006-Present)
School of Education.

Vice President, Office of Research and Technology Transfer (ORTT) (2013-2017)
Director, Federal Relations (2013-2017)

Other Duties
Advancement: I work with the Office of University Advancement to raise private dollars to support research and education outreach.
Research Center Support: I initiated new research center development that added over 60,000 sq. ft. of facilities on campus.

State Government Relations: During the 2017 Texas Legislative Session, I worked with the State Government Relations Office to address three Education Bills that passed concerning the High School Math Sequence, Instructional Minutes in Schools, and Financial Reporting for University Charter Schools.

Associate Vice President, Office of Sponsored Research and Director, Federal Relations (2010-13)

Innovation Academy (UTTIA): I co-founded the UTTIA in 2012 and serve as the chief architect of the Charter School Model that functions as a Laboratory School and model T-STEM Academy. There are three academies managed by UT Tyler and a replication site at UT Permian Basin in Odessa, Texas. In 2016, the Innovation Academy Longview was the top achieving school district in Gregg County and recognized as one of the top schools in Texas. The Innovation Academy in Palestine is a Title 1 School and is the top performing school in Anderson County. The Innovation Academy in Tyler is currently the second top achieving school district in Smith County. The Academies are host sites for educator preparation programs including the UTeach Replication and Teacher Residency Program. The Innovation Academy serves grades K-12 and is currently the only University Open Enrollment Charter School in Texas to include High School grades.

Discovery Science Place (DSP): I oversee the management of the DSP, a local Children's Science Museum. I negotiated an MOU in 2010 (renewed in 2017) to manage the museum and have since created three mobile museums that serve Texas and beyond. The DSP serves over 60,000 attendees annually and the mobile museums host over 100,000 attendees annually. The DSP is also the host of the Tyler Maker Fair. Oversight includes the retail enterprise as well as the non-profit outreach enterprise. The DSP provides internship opportunities for UT Tyler students in Education, Business, and Engineering.

Executive Director, Ingenuity Center: A Texas STEM Center (2006-2013; 2017-Present)
As Roosth Chair, I established the Ingenuity Center (IC), an R&D Center approved by the UT System. The IC has become the umbrella organization for the UT Tyler Education Core Research Facility that is available to all system institutions for research purposes. I have brought in over $40 million in external funds to UT Tyler through the IC. The Ingenuity Center is the largest unit on campus (see appendix) employing over 500 staff, including 200 students annually. The Ingenuity Center is one of seven Texas Education Agency designated STEM Centers. The center manages multiple externally funded programs and has a current annual budget of approximately $11 million dollars. The center also provides technical assistance services to schools, non-profits, and universities.

Director, School of Education (Interim), 2008-2009

Professor, Science, Technology, Engineering, and Mathematics Education (2006-Present)
As a Professor of STEM Education I teach one class each semester, recruit students, and maintain an active externally funded research agenda in the area of STEM Education. I am a member of the Graduate

Research Faculty. I hold faculty appointments in Education and in Engineering. I also on occasion teach Earth Science courses for the College of Arts and Sciences.

Illinois State University (2005-06)

Assistant Dean (Interim)**,** College of Education (2006)

Chair, Curriculum and Instruction (2005)

University of Idaho (1993-2005)

Indiana University (1990-93) Associate Instructor

Irving Independent School District (1984-90)

Certificates and Licenses:

Secondary Level (6-12) Earth Science/Secondary Level (7-12) English, Texas

Teaching Accomplishments:

I have taught at the K-12 and University levels. As a Middle School teacher, I taught Earth Science. At the High School level, I taught Environmental Science and English. At the university level, I have taught a range of courses including Geoscience courses for undergraduates and Education and Research courses at the undergraduate and graduate levels. I am committed to developing new strategies and integrating new technologies to improve student learning and provide access to a broader population of students. A list of courses taught is located in the appendices.

Co-Director, University of Texas at Tyler UTeach Program:

Co-Director, University of Texas at Tyler GLOBE Partnership:

***Affiliate Director, Texas Project Lead the Way* (PLTW**

Director, Advanced Placement Summer Institutes (APSI):

Scholarship:

In Print: Odell, M.R.L. & Pedersen, J.L. (2018). Project and Problem-Based Teaching and Learning. In B. Akpan & T.J. Kennedy (Eds.), *Science Education in Theory and Practice.* (Chapter 23, pp. xxx). Switzerland: Springer International Publishing. Expected publication date: 30 September 2018.

Crow, J.E., Kennedy, T.J., Odell, M.R.L., Ophus, J.D. & Abbitt, J.T. (2013). “Using Just-in-Time PD to Technologically Prepare High School STEM Teachers.” In M.M. Capraro, R.M. Capraro, & C.W. Lewis, (Eds.), Improving Urban Schools: Equity and Access in K-16 STEM Education, Chapter 9, 143-157. Information Age Publishing. http://www.infoagepub.com/products/Improving-Urban-Schools

Kennedy, T.J., Abbitt, J.T., & Odell, M.R.L. (2010). “Pre-service ELL Science Teacher Preparation in the Southeast United States.” In D.W. Sunal, C.V. Sunal, & E. L. Wright (Eds.), Research in Science Education: Teaching Science with Hispanic ELLs in K-16 Classrooms, Chapter 8, 183-199. Information Age Publishing.

Kennedy, T.J. and Odell, M.R.L. (2014). “Engaging Students in STEM Education.” *Science Education International* 25 (3), 246-258.

Odell, M.R.L. and Kennedy, T.J., 2008, Texas STEM Centers (T-STEM): Working to Improve STEM Education across Texas, *Insights,* summer 2008, pp. 25-31.

Jo Ann Simmons, Ed.D.

3820 Brighton Creek Circle
Tyler, Texas 75707
903-456-7832

Formal Preparation

Doctorate
Education Leadership (August 2011)
Stephen F. Austin State University
Nacogdoches, Texas

Superintendent Certification (Dec. 2003)
Educational Administration
University of Texas at Tyler
Tyler, Texas

Master of Education (July, 2003)
Educational Administration
University of Texas at Tyler
Tyler, Texas

Bachelor of Science (May 2000)
Education
University of Texas at Tyler
Tyler, Texas

General Studies (May 2000)
Tyler Junior College
Tyler, Texas

Professional Experiences

Innovation Academy, Superintendent
University of Texas at Tyler (October 2014-present)
Tyler, Texas

Professional Service Provider
Texas Center for District & School Support (September 2014-present)
Austin, Texas

University of Texas at Tyler Innovation Academy
Assistant Superintendent for Operations and Student Services (June 2013-October 2014)
Tyler, Texas

James S. Hogg Middle School
Principal (May, 2006 – June 2013)
Tyler, Texas

Texas A&M -Texarkana
Adjunct Professor (May, 2011- present)
Texarkana, Texas

University of Texas at Tyler
Adjunct Professor (August 2012-present)
Tyler, Texas

Robert E. Lee High School
Teacher/ Coach (August, 2003 - May, 2004)
Tyler, Texas

A. T. Stewart Middle School
Teacher/Coach (July, 2004 - May, 2006)
Tyler, Texas

Hubbard Middle School
Teacher/Coach (August, 2000 - May, 2004)
Tyler, Texas

Professional Experience Detailed

Innovation Academy, Superintendent
University of Texas at Tyler

Innovation Academy, Assistant Superintendent for Operations and Student Services
University of Texas at Tyler

MAJOR ACCOMPLISHMENTS

- Improved campus and district ratings from needs improvement to met standard with distinctions
- Improved District "Frist Report" rating to "Superior Rating"
- Received T-STEM Designation for District/Campuses
- Started a University Charter School
- Started a University Charter School High School
- Completed a district audit identifying Special Education, 504, At-Risk, Etc.
- Completed an audit on PEIMS
- Served as the District Coordinator of School Improvement (DCIS)
- Assisted the Professional Service Provider (PSP)

Professional Service Provider (PSP)
Texas

MAJOR ACCOMPLISHMENTS

- Serve as a liaison between the Texas Center for District and School Support (TCDSS), Texas Education Agency (TEA), local education service center (ESC), and district/campus
- Assist in building the capacity of campus/district leaders, teachers, and staff to understand the Texas Accountability Intervention System (TAIS) continuous improvement process
- Identify opportunities for continuous improvement at the district and campus level
- Utilize research-based practices and interventions to address the identified campus needs
- Monitor the progress of activities and strategies contained within the targeted improvement plan and facilitates the on-going refinement of the plan

The University of Texas at Tyler, Visiting Professor of Educational Leadership
Tyler, Texas

MAJOR ACCOMPLISHMENTS

- Taught EDLR 5270 *Practicum in the Principalship* through Blackboard
- Taught EDLR 5311 *Developmental Supervision* through Blackboard
- Completed a Chapter Review for Interim Department Chair
- Presenting at Learning Forward Conference on Professional Learning Communities

The University of Texas at Tyler, Adjunct Professor
Tyler, Texas

MAJOR ACCOMPLISHMENTS

- Taught EDLR 5360 *The Superintendent*
- Taught EDLR 5350 *Personnel Administration*
- Mentored students EDLR 5330 *The Principalship*
- Mentored students EDLR 5337 *School Building Operations*

James S. Hogg Middle School, Principal
Tyler Independent School District

MAJOR ACCOMPLISHMENTS

- Received the district's highest secondary attendance during 2010-2011 School Year
- Gold Performance Acknowledgements from TEA in Math and Reading
- High Performing School from National Center for Education Achievement
- TEA Best Practices Clearinghouse Recognition in Algebra Readiness
- Moved from Academically Unacceptable status to Recognized status in one year
- Implemented Positive Behavior Intervention Support (PBIS)
- Developed Professional Learning Communities
- Implemented an Intervention Program in the master schedule.
- Implemented the Advancement Via Individual Determination (AVID) program that encourages students to take Advanced Placement classes.
- Implemented campus-wide student agenda system improving discipline and safety
- Organized professional development that addressed the specific needs of the campus

- Organized TAKS Camps for identified students
- Implemented an Awards Ceremony designed to recognize student effort and achievement
- Implemented student incentives rewarding character, attendance, and academics.
- Created Teacher and Student Handbook
- Organized Razorback Newsletter
- Implemented National Junior Honor Society, Student Council, Student Leadership Advisory Team, Yearbook Team, Fellowship of Christian Athletes, Chess Club, Cheerleaders, Math Counts, and Academic UIL Teams
- Hosted Razorback Back-to-School Bash and Second Semester Kick-Off Bash
- Hosted TAKS motivational breakfast for parents, teachers, and students
- Assisted in the International Baccalaureate Middle Years Program accreditation visit
- Mentored students through principal internship through The University of Texas at Tyler

Texas A&M -Texarkana, Adjunct Professor
Texarkana, Texas

- Taught ED557 *Innovative Learner-Centered Teaching Strategies* through Blackboard
- Taught ED520 *Education Research and Literature Techniques* through Blackboard
- Taught ED590 *Curriculum Alignment for School Improvement* through Blackboard
- Taught ED573 *Leadership Mentoring in Education* through Blackboard
- Taught ED547 *Evaluating Learning* through Blackboard
- Taught ED577 *Public School Law* through Blackboard
- Taught RDG562 *Prescriptive Reading* through Blackboard
- Taught ED506 *Classroom Management and Law for Teachers* through INACT

Trainings

Teacher Evaluation Support System T-TESS

Principal Evaluation Support System T-PESS

Annual Board Governance Training

Site-Based Decision Making Training

Instructional Leadership Training

Texas Essential Knowledge Skills (TEKS) for Leaders Training

International Baccalaureate Certification Training

Documentation Done Right Training with John Hardy

Project Based Learning

Professional Learning Communities with Richard DuFour

Creating Classroom-Based Assessment Training

Advancement Via Individual Determination (AVID) Training

Professional Associations

Texas Charter School Association

Texas Association of School Administrators

Texas Association of Supervision and Curriculum Development (ASCD)

Community Affiliations

Green Acres Baptist Church

Served as Summer Camp Coordinator at Salvation Army Tyler, Texas

References

Dr. Marty Crawford, Superintendent
Tyler Independent School District
1319 Earl Campbell Parkway
Tyler, Texas 75701
903-262-1001

Dr. Christy Hanson, Chief Academic Officer
Tyler Independent School District
1319 Earl Campbell Parkway
Tyler, Texas 75701
903-262-1011

Dr. Karen Raney, Former Supervisor
Tyler Independent School District
1319 Earl Campbell Parkway
Tyler, Texas 75701
903-262-3142

Dr. Teri Fowler, Professor
Texas A&M University-Texarkana
7101 University Avenue
Texarkana, Texas 75503
903-280-4334

Dr. Michael Odell, Professor
The University of Texas at Tyler
3900 University Boulevard
Tyler, Texas 75799
903-566-7132

Kim Tunnell, Superintendent
Mineola Independent School District
1000 West Loop 564
Mineola, Texas 75733
903-780-0250

Kimberly Hughes

Current Position	**Office Address**
Director The UTeach Institute The University of Texas at Austin	UTeach – College of Natural Sciences 120 Inner Campus Drive – Stop G2550 The University of Texas at Austin Austin, TX 78712-0549 (512) 232-5850

Professional Preparation

Indiana University	Bloomington, IN	Education	B.S.	1992
The University of Texas	Austin, TX	Curriculum & Instruction	M.Ed.	1997

Appointments

2011– Present	Director, The UTeach Institute, The University of Texas at Austin
2007-2011	Manager, Knowledge Development, The UTeach Institute
2005-2007	Manager, System Implementation, TaskStream
2001-2005	Program Associate, Southwest Educational Development Laboratory, Austin, TX
2001-2002	Online Course Facilitator, Teachscape (www.teachscape.com)
1998-2001	Technology Coordinator, Lake Travis ISD, Austin, TX
1997-1998	Instructional Technology Specialist, Texas Education Network, The University of Texas at Austin
1996-1997	Graduate Research Assistant, The University of Texas at Austin
1995-1996	Editor/Writer, Publisher's Resource Group, Austin, TX
1993-1995	Science Teacher, Austin Independent School District, Austin, TX
1992-1993	Science Teacher, School City of Hammond, Hammond, IN

Related Products

Hughes, K. (2013). *The UTeach Secondary STEM Teacher Preparation Model and Current Standards Reform Initiatives* (rep.). The UTeach Institute. http://www.uteach-institute.org/files/uploads/uteach-and-standards-reform.pdf

Beth, A. D., **Hughes, K.,** Romero, P., Walker, M. H., & Dodson, M. M. (2011). *Replication as a strategy for expanding educational programs that work: The UTeach Institute's approach to program replication*. Paper presented at the annual meeting of the American Association of Colleges for Teacher Education, San Diego, CA. The UTeach Institute. http://www.uteach-institute.org/files/uploads/AACTE2011.pdf

Other Products

Hughes, K. (2014). Teaching the teachers. *Texas CEO*, 5(3), pp.12 - 13 May/June. http://texasceomagazine.com/departments/teaching-the-teachers/

Hughes, K., Romero, P., Welch, A., Beth, A.D., Walker, M., & Chavez, A. (2014). *The UTeach Operations Manual*. (A. Winters, Ed.). The UTeach Institute. https://members.uteach.utexas.edu/publications/detail/category/program-implementation/

Synergistic Activities

- Co-creator of The UTeach Institute's approach to national expansion of the UTeach secondary STEM teacher preparation progam (currently 45 university partner programs). (2008)
- Instructional designer and developer of the complete UTeach secondary STEM teacher preparation curriculum for national expansion, consisting of nine courses: *Step 1: Inquiry Approaches to Teaching; Step 2: Inquiry-Based Lesson Design; Knowing and Learning in Mathematics and Science; Classroom Interactions; Project-Based Instruction; Functions and Modeling; Research Methods; Perspectives on Mathematics and Science; Apprentice Teaching*. (2008-2010)
- Instructional designer and developer of the UTeach Institute's instructional support program consisting of a series of nine faculty course workshops for university UTeach partner programs. (2008-2010)
- Producer and director of a series of UTeach course companion videos: *Perspectives on Science and Mathematics: A UTeach Course* (2013); *Functions and Modeling: A UTeach Course* (2011); *Research Methods: A UTeach Course* (2011); *Trying Out Teaching: Next Steps - Introduction to the Step 2 Course* (2010); *Trying Out Teaching* (2010)
- Founder of the UTeach STEM Educators Association, an organization that unites UTeach program faculty, staff, alumni, and affiliated organizations, and whose mission is to develop STEM literacy for all students through innovation and excellence in university-based teacher education. (2014)

Suki Steinhauser

4003 Rosedale Ave.

Austin, Texas 78756

(512) 619-4683

EDUCATION

The University of Texas at Austin Austin, Texas

Master of Business Administration, 1990. Coursework in all areas of this Generalist M.B.A. program

Syracuse University Syracuse, New York

Bachelor of Arts, 1982. Magna cum laude. Major: International Relations and South Asian Studies. Phi Beta Kappa. Vice President of Student Government Association.

EXPERIENCE

Communities In Schools of Central Texas Austin, Texas

Chief Executive Officer
Overall leadership of sustainable growth and consistent high quality for local affiliate of a national non-profit dedicated to helping kids succeed in school. February 2006 to present.

- Set goals for the organization and impart vision to the staff and community.
- Stewardship of $9.3 million in revenues to carry out programs on 66 public school campuses.
- Support volunteer board to set vision and policy and raise funds to best meet the mission.
- Build agency profile in the community and advance the cause of keeping kids in school.
- Supervise multiple department heads – operations, resource development, communications - ensuring excellence
- Consistently build quality of program services through oversight of evaluation and management of staff.
- Raise funds from private sources including corporations, foundations and individuals.
- Maintain relationships with funding and program partners in school districts, multiple public entities, and the state and national offices of Communities In Schools.
- Ensure ethical relationships and actions at all levels of organization.

Director of Projects
Responsible for the coordination and management of 20 special projects that prepare at-risk students for success. Major projects included AmeriCorps program, providing tutoring, mentoring and service learning projects within the schools; the XY-Zone, a positive fraternity for 300 young men on their journey to manhood; case management and after-school programming for students residing in public housing. Worked in partnership with the Executive Director and Management Council. February 1998 – February 2006.

- Managed projects to secure resources, oversee service delivery, and ensure contract compliance.
- Managed complex budgeting in competitive funding environment.
- Evaluated, supervised and supported personnel on special projects.
- Developed and maintained relationships with businesses, local and state government representatives and other nonprofit organizations.
- Overall responsibility for one hundred staff members.

Even Start Coordinator
Responsible for coordinating a team which delivered the ASPIRE Even Start Family Literacy Program, including parenting education, early childhood education, and adult education, for three elementary schools. Expanded HIPPY school-readiness program from one to nine elementary schools. October 1994-February 1998.

- Coordinated Even Start contract planning and implementation and coordinated team of thirty staff.
- Managed $450,000 Even Start and HIPPY budgets.
- Collaborated with multiple community partners.
- Implemented research and evaluation tools.

Texas Development Institute Austin, Texas
Director of Administration
Responsible for development of administrative and financial systems, ongoing personnel management and fundraising coordination for this not-for-profit focused on community economic development. October 1992 - May 1994.

- Supervised administrative staff; recruited and supervised university student interns.
- Wrote chapters on risk and financial management for TDHCA's non-profit organization operating manual.
- Planned and coordinated seminars and conferences.
- Developed project, program, and consolidated budgets.
- Developed chart of accounts for complex fund accounting requirements.

Peterson & Associates Austin, Texas
Staff Consultant
Developed and implemented strategic planning and team building sessions for Boards of not-for-profits. Managed recruitment process, jointly facilitated, analyzed and reported findings of multiple focus groups for the Texas Commissioner of Health and Human Services. June 1991-1992.

Austin Habitat for Humanity
Austi
n, Texas
President of the Board of Directors
Head of policy making body overseeing $440,000 annual budget for affordable housing program. Also, Chair of Land Acquisition Committee, Board Vice President and Secretary. 1986-1994.

American Institute for Learning
Austi
n, Texas
Fiscal Manager
Maintained AP, voucher and record systems. Computerized and prepared payroll for 120 employees. 1986-1988.

U.S. Peace Corps
Swazilan
d, Africa
Secondary School Mathematics Instructor
Taught mathematics to 7th and 8th graders. Established, raised funds for and staffed school library. Conceived and scheduled work team system for 240 laborers who built ferro-cement water storage facility. 1982-1986.

OTHER ACTIVITIES

Former: Public school volunteer 1993 to present. Hosted exchange student 2004-2005. Co-Chair Public Policy Committee and President One Voice Central Texas social services advocacy group, Communities In Schools' Best of Texas Executive Director of the Year 2011. Board member of Basic Transportation Needs Fund, Member of Seedling Foundation Advisory Council, Graduate of Leadership Austin Essential Class of 2007. Member Mentoring Advisory Committee to Joint Subcommittee AISD/City of Austin/Travis County 2015-2017.

Current: Volunteer mentor with Communities In Schools, Executive Committee member of CIS of Texas E.D. Association, Trained in Beyond Diversity, CIS' Racial Equity framework. Member of Early Childhood Results Count – Mental Health workgroup, Member of ACC's Truth, Racial Healing and Transformation Center Steering Committee. 2017 Winner of the Greater Austin Business Leadership Award (mid-size company).

Yanira Oliveras-Ortiz, Ph.D.

817.706.9056 yoliveras@aol.com

EDUCATION

Ph. D. in Curriculum & Instruction
Emphasis: Language & Literacy and Curriculum & Supervision
The Pennsylvania State University. University Park, PA, May 2014
Topic: The Empirical Relationship Between Administrator Ratings of Teacher Effectiveness and Student Achievement on the State of Texas Assessments of Academic Readiness.

Educational Leadership
18 semester doctoral credit hours: Educational Leadership Dallas Baptist University. Dallas, TX

Principal Certification
University of Texas at Arlington. Arlington, TX, 2002 & 2006

Master of Education in Curriculum and Instruction
Emphasis: Language and Literacy
The Pennsylvania State University. University Park, PA, 1997

Bachelor of Science in Elementary & Kindergarten Education
The Pennsylvania State University. University Park, PA, 1994

EXPERIENCE

The University of Texas at Tyler 2014-Present
Assistant Professor of Educational Leadership
School of Education
- Curriculum & Instruction Graduate Degree and Post-Baccalaureate Initial Teacher Certification Program Coordinator (January 2018 – Present)

Irving Independent School District, Irving, Texas
Principal, Brandenburg Elementary 2011 – 2014
- Title I Two-Way Dual Language PBL School

Principal, John R. Good Elementary 2007 – 2010
- Title I One-Way Dual Language School

Assistant Principal, John R. Good Elementary 2002 – 2007
Elementary Math Curriculum Coordinator 2001 – 2002
Bilingual Teacher 1997 – 2001

Colegio San Agustin, Cabo Rojo, Puerto Rico
Bilingual Teacher 1994 – 1995

SELECTED PUBLICATIONS

Oliveras-Ortiz, Y., Bouillion, D. E., & Asbury, L. (2018). Learning spaces matter: Student engagement in new learning environments. *Submitted for publication.*

Hickey, W. & Oliveras-Ortiz, Y. (2017). *Proficient to Distinguished: Mastering the T-TESS.* Dubuque, IA: Kendall Hunt.

Oliveras-Ortiz, Y. (2017). School administrators as instructional coaches: Teachers' trust and perceptions of administrators' capacity. *School Leadership Review, 12*(1), 38-45.

Oliveras-Ortiz, Y. (2015). The impact of high-stakes testing on school leadership. *School Leadership Review, 10 (2)*, 7-19.

Oliveras-Ortiz, Y. (2015). Teacher effectiveness and student achievement on STAAR: Implications for school leaders. *Journal of Texas Women School Executives, 4*(1), 103-109.

CONFERENCE PAPER PRESENTATIONS

Oliveras-Ortiz, Y. (2018). Teacher Evaluations for Instructional Supervision: Lessons Learned from a Practicing Principal. Invited Supervision & Instructional Leadership SIG Teacher Evaluation Panel. 2018 American Educational Research Association Annual Meeting. New York, NY.

Oliveras-Ortiz, Y., Bouillion, D., & Asbury, L. (2018). Panel: The Impact of Learning Environments on Student Engagement. SXSW Edu. Austin, TX.

Oliveras-Ortiz, Y. (2016). School Principals as Instructional Leaders: Factors That Impact Their Practices. Council of Professors of Instructional Supervision Fall Conference. Tampa, FL, October.

Oliveras-Ortiz, Y. (2015). Instructional leadership amidst the accountability frenzy. Council of Professors of Instructional Supervision (COPIS) Fall Conference. Ft. Worth, TX, October.

K-12 SERVICE

Midland ISD Bilingual/ESL Program Evaluation and Program Model & Implementation Proposal. October 2017 – March 2018.

Hereford ISD Middle School Instructional Coaching focused on Student Language Development in collaboration with EL Saber Enterprises. November 2017 – January 2018.

Dalhart ISD Bilingual Curriculum Development and Teacher Coaching in collaboration with EL Saber Enterprises. May 2017 – January 2018.

Dalhart ISD Bilingual Program Implementation. Developed the program model and implementation timeline in collaboration with EL Saber Enterprises. April, 2017.

STAAR Reading and Math Intervention Plan. Prepared for Gladewater ISD and Dr. Wes Hickey. May, 2016.

Bilingual/ESL Program Evaluation. Conducted for Wichita Falls ISD contracted by EL Saber Enterprises. January – May, 2016

Instructional Coaching: Increasing Rigor through Depth of Knowledge. Services provided for CHISD Ninth Grade Center, Cedar Hill, TX. September, 2015.

STAAR Reading Intervention Plan. Prepared for Ore City Middle School and Dr. Wes Hickey. May, 2015

CONDUCTED PROFESSIONAL DEVELOPMENT

Oliveras-Ortiz, Y. (2017). *Instructional coaching for school administrators.* Nederland Independent School District, Nederland. TX.

Oliveras-Ortiz, Y. (2017). *Differentiate Instruction*. Gilmer Elementary, Gilmer, TX.

Oliveras-Ortiz, Y. (2017). *Student Learning Objectives as a Measure of Student Growth.* Tyler, TX. Richardson, TX. Melissa, TX.

Oliveras-Ortiz, Y. (2017, February). *Teaching with rigor through Depth of Knowledge.* Presented at Veteran's Hill Elementary, Hutto ISD, Round Rock, TX.

Oliveras-Ortiz, Y. (2016). *Texas Teacher Evaluation and Support System Appraiser Training.* Tyler, TX. Richardson, TX. Garland, TX. Grand Prairie, TX.

Oliveras-Ortiz, Y. (2016, January). *Stra-tiques: Strategies and Techniques for All Students Part I.* Presented in collaboration with EL Saber at Garland ISD English Language Learners Department, Garland, TX.

Oliveras-Ortiz, Y. & Garza, T. (2015, August). *Sheltered Instruction: Language Acquisition and Comprehensible Input.* Presented at McAuliffe Elementary, Tulsa, OK.

CERTIFICATES

Texas Principal – Grades EC-12

Texas Elementary Self-Contained – Grades 1-8 Texas Bilingual/ESL-Spanish – Grades 1-8

Teresa J. Kennedy, Ph.D.

a. Professional Preparation

Institution	Major	Degree	Year
University of Idaho	Spanish Language & Literature	B.A.	1983
University of Idaho	Sec. Education: Bilingual/ESL; Earth/Natural Science	B.S.	1984
University of Idaho	Spanish Language & Literature	M.A.	1985
University of Idaho	Curriculum & Instruction/Bilingual Science Education	Ph.D.	1998

b. Appointments

2009-Present Professor, University of Texas at Tyler, Tyler, TX. www.uttyler.edu/oip/staff/kennedy.php
-Bilingual/ELL/STEM Education, School of Education, College of Education (2009)
-Engineering Education, College of Engineering (2014)
-GLOBE Program U.S. Partner Co-Director at the University of Texas at Tyler (2013).

1996-2012 The GLOBE Program, NASA/UCAR. Positions during this time included: GLOBE Program Office (GPO) International Division Director (2009-2012); GPO Deputy Director (2007-2009); GPO International and U.S Partners Director (2003-2006); GPO Deputy Chief Educator/Assistant Director of U.S. Partners (2001-2003); Co-Director Idaho GLOBE Partnership/Spanish Master Trainer (1996-2001). Assignments in Washington D.C.; Boulder, CO; Tyler, TX; and Moscow, ID.

2002-2003 Affiliate Associate Research Professor, College of Education, University of Idaho, ID.

1997-2002 Director, Center for Evaluation, Research and Public Service (CERPS) and Adjunct Assistant Research Professor, Teaching, Learning and Leadership. Instructor, methods courses in general education: Curriculum/design, science/technology education, ESL, bilingual and second/foreign language education, University of Idaho, Moscow, ID.

1989-1990 Washington State University, Assist to Director, International Programs, Pullman, WA.

1988-1989 Tillamook Bay Community College, Faculty, ESL/Bilingual/Spanish, Tillamook, OR.

1982-2003 K-12 Teaching: 8 years Secondary/7 year middle/elementary bilingual/ESL focus on Earth/Natural Science/Social Studies/Spanish, ID, OR, and WA.

c. Products

PRODUCTS MOST CLOSELY RELATED

1. Kennedy, T.J. & Sundberg, C. (2016-in print). "International Perspectives and Recommendations on Equity and Gender: Development Studies in Science Education". In B. Akpan (Ed.), Science Education: A Global Perspective: International Addition, Chapter 15, pages TBD. Springer Publishing.
2. Kennedy, T.J. and Odell, M.R.L. (2014). "Engaging Students in STEM Education." *Science Education International* 25 (3), 246-258.
3. Crow, J.E., Kennedy, T.J., Odell, M.R.L., Ophus, J.D. & Abbitt, J.T. (2013). "Using Just-in-Time PD to Technologically Prepare High School STEM Teachers." In M.M. Capraro, R.M. Capraro, & C.W. Lewis, (Eds.), Improving Urban Schools: Equity and Access in K-16 STEM Education, Chapter 9, 143-157. Information Age Publishing. www.infoagepub.com/products/Improving-Urban-Schools
4. Kennedy, T.J., Abbitt, J.T., & Odell, M.R.L. (2010). "Pre-service ELL Science Teacher Preparation in the Southeast United States." In D.W. Sunal, C.V. Sunal, & E. L. Wright (Eds.), Research in Science Education: Teaching Science with Hispanic ELLs in K-16 Classrooms, Chapter 8, 183-199. Information Age Publishing.
5. Odell, M.R.L. and Kennedy, T.J., 2008, Texas STEM Centers (T-STEM): Working to Improve STEM Education across Texas, *Insights,* summer 2008, pp. 25-31.

FIVE OTHER SIGNIFICANT PRODUCTS

1. Kennedy, T.J. & Charlevoix, D.J. (2011). "Student research for an informed generation." World Meteorological Organization Magazine. *The Bulletin, 60*(1), 44-47.
2. Riddaway R., Flemming, G., Jayanthi, N., Kennedy, T.J., Kootval, H., Kwong, H.L., Sponberg, K. & Zyncencko, N. (2006). "Public Weather Services Strategy for Developing Public Education and Outreach." World Meteorological Organization. PWS-14; WMO/TD No. 1354.
3. Center for Economic Development. (2006). "Education for Global Leadership: The Importance of International Studies and Foreign Language Education for U.S. Economic and National Security." ED502294, Eric Resources Information Center.
4. Cantrell, C., Kennedy, T.J., Morss, R., Moser, S., Poulos, G., & Wesley, D. (2005). Advocacy in the Atmospheric Sciences: Summary of Findings from the UCAR Leadership Academy "Advocacy" Project. University Corporation for Atmospheric Research (UCAR Presidents Council).
5. Michael Padilla, M., Anderson, H., Arndt, L., Dawson, G., Forbes, D., Kennedy, T.J., Penick, J., Shugrue, S., Turina, P., & Tweed, A. (2005). Developing a World View for Science Education: In North America and Across the Globe. Final Report of the International Task Force, National Science Teachers Association (NSTA) www.nsta.org/international/

d. Synergistic Activities

1. International/National Committees:
   -President, International Council of Associations for Science Education (ICASE), 2014-17. www.icaseoline.net/index/html
   -International Advisory Board, National Science Teachers Association (NSTA), 2014-2016. http://www.nsta.org/international/
   -Co-Chair, ACTFL LLC SIG (America Council of Teachers of Foreign Language, Language Learning for Children Special Interest Group), 2014-2016; 2009-2013. www.actfl.org
   -Southwest Regional Representative (2015-2017) and Texas State Representative (2010-2015), National Network for Early Language Learning (NNELL), Texas Representative. www.nnell.org

2. Fulbright Scholar:
   -Specialist, Neuquén, Argentina, *National University of Comahue*, July 2014-August 2015.
   -Educator, Quito, Ecuador, *Universidad Tecnológica Equinoccial*, June-August 1993.

School Leaders

Executive Director

Dr. David Simmons

As described in the proposal, the rest of the leadership will be determined after meeting with current Mendez personnel.

3820 Brighton Creek Circle
Tyler, Texas 75707
903-780-8323 (cell)
dsimmons816@gmail.com

David E. Simmons, Ph.D.

Experience

August, 2016-Present Martinsville ISD Martinsville, Texas
Interim Superintendent (385 Students)

- Responsible for managing district finances
- Responsible for organizing and conducting monthly board meetings
- Responsible for monitoring district personnel and assisting in personnel decisions
- Serve as a support for campus administrators
- Serve as the district athletic director
- Assist in developing school and community relationships

August, 2015-Present Professional Service Provider (PSP) Texas

- Serve as a liaison between the Texas Center for District and School Support (TCDSS), Texas Education Agency (TEA), local education service center (ESC), and district/campus
- Assist in building the capacity of campus/district leaders, teachers, and staff to understand the Texas Accountability Intervention System (TAIS) continuous improvement process
- Identify opportunities for continuous improvement at the district and campus level
- Utilize research-based practices and interventions to address the identified campus needs
- Monitor the progress of activities and strategies contained within the targeted improvement plan and facilitates the on-going refinement of the plan

August, 2015-Present Texas Education Agency (TEA) Monitor/Conservator Texas

- Coordinate with the regional Education Service Center to develop improvement plans and strategies
- Report the district's progress to the appropriate divisions
- Advise the Commissioner on any additional sanctions for consideration
- Draft preliminary quarterly reports detailing activities during the reporting period, the findings, progress on the LEA's corrective action plans, and any recommendations to the agency for further actions

March, 2011 – May, 2015 Louisiana Department of Education Baton Rouge, LA
Deputy Network Leader

- Responsible for supporting 13 school districts in NW Louisiana to improve student achievement
- Responsible for serving as the primary contact person for school district superintendents in NW Louisiana with the Louisiana Department of Education in Baton Rouge
- Responsible for assisting districts with the implementation of multiple educational reforms including increased student learning standards and a new performance based evaluation system for teachers and administrators

May, 2011 – August, 2013 Texas A&M-Texarkana Texarkana, Texas
Adjunct Professor

- Responsible for teaching education leadership classes

Retired under Teacher Retirement System of Texas in November, 2010 at age 51.

February, 2010-October, 2010 Houston I.S.D. Houston, Texas
Chief School Officer of High Schools

- Responsible for the leadership and support of 46 high schools serving 75,000 students.
- Responsible for closing achievement gaps within all student populations.

January, 2007-August 2009 Richardson I.S.D. Richardson, Texas
Superintendent (35,000 Students)

- Maintained TEA Recognized status for 3 consecutive years. Largest and most diverse district in Texas to accomplish this goal
- RISD selected as outstanding school district in Texas by HEB corporation in 2007

- Increased the number of exemplary campuses and recognized campuses each year
- Expanded career and technology programs

August, 2002-December 2006 Tyler I.S.D. Tyler, Texas
Superintendent (18,000 Students)

- Improved relations with community and civic organization including Smith County Association of Taxpayers, the City of Tyler, and Tyler Area Chamber of Commerce
- Restructured central administration to improve efficiency and increase accountability
- Posted consistent gains in student achievement as measure by TAKS
- Tyler ISD Board of Trustees Selected as Outstanding School Board Of The Year in 2006
- Worked with the TISD Board and community groups for successful passage for a $96 million school construction bond

August, 1999-August 2002 Texas City ISD Texas, City TX
Superintendent (6,000 Students)

- Raised district accountability rating from Academically Acceptable to Recognized
- Implemented cost-reduction program to remedy problems incumbent to Chapter 41 school districts

January, 1997 – August, 1999 Wimberley I.S.D. Wimberley, TX
Superintendent (1,800 Students)

- Raised district accountability rating from Recognized to Exemplary
- Actively participated in all phased of the state comptroller's Texas School Performance Review
- Developed re-organization plan to increase effectiveness of expenditures by directing funding toward instruction

October, 1995 – January, 1997 Presidio I.S.D. Presidio, TX
Superintendent (1,500 Students)

- Raised district accountability rating from Academically Unacceptable to Academically Acceptable

1994-1995 **Monahans-Wickett-Pyote I.S.D.** **Monahans, TX**
Assistant Superintendent

1993-1994 **Jacksonville I.S.D.** **Jacksonville, TX**
High School Principal

1992-1993 **Region VII Education Service Center** **Kilgore, TX**
Field Service Agent

1990-1992 **Martinsville I.S.D.** **Martinsville, TX**
Principal K-12

1987-1989 **Pleasant Grove I.S.D.** **Texarkana, TX**
High School Teacher/Coach

1985-1987 **Gary I.S.D.** **Gary, TX**
Elementary and High School Teacher/Coach

1982-1985 **Deer Park I.S.D.** **Deer Park, TX**
Middle School Teacher/Coach

Education

August, 2001 Texas A & M University College Station, TX

- Doctor of Philosophy in Educational Administration
- Dissertation: *The Effectiveness of Wealth Recapture Legislation on Achieving Financial Equity Among the Public School Districts in Texas*

May, 1987 Stephen F. Austin State University Nacogdoches, TX

- Master of Education
- Major: Educational Administration
- Mid-Management Certification
- Superintendence Certification

May, 1982 Stephen F. Austin State University Nacogdoches, TX

- Bachelor of Science

Trainings

Teacher Evaluation Support System T-TESS

Annual Board Governance Training

Affiliations

Texas Association of School Administrators

American Association of School Administrators

Board of Directors of the Equity Center

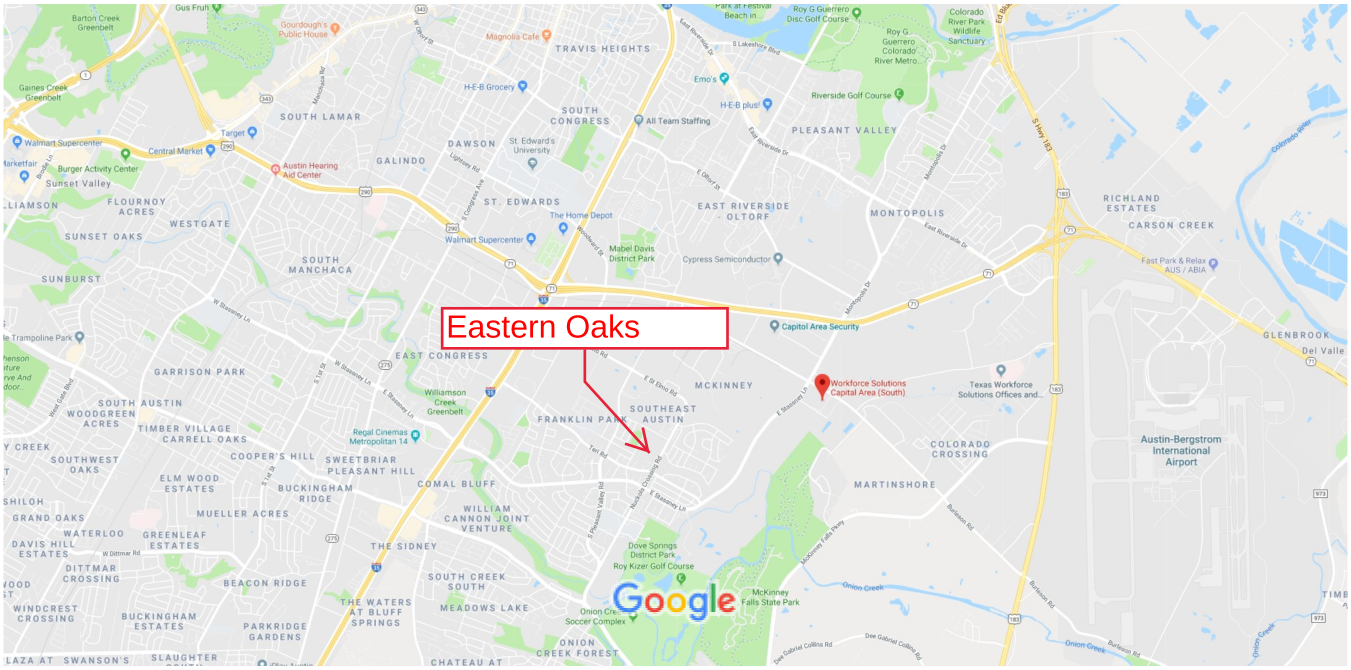
Texas School Alliance

Civic & Community

Member Green Acres Baptist Church Tyler, Texas

Exhibit J:
Workforce Solutions Back-Up

Google Maps Workforce Solutions Capital Area (South)



Map data ©2018 Google 2000 ft

Workforce Solutions Capital Area (South)

2.3 ★ ★ ★ · 4 reviews

Employment Center

6505 Burleson Rd, Austin, TX 78744

wfscapitalarea.com

(512) 381-4200

Open now: 8AM–5PM

Job Seekers

A group of proud workers

Job Seekers

Workforce Solutions Capital Area helps Central Texans prepare for the workforce and get back to work.

How Can You Help Me?

WFS Capital Area is your go-to source for job search assistance and employment-related services in Travis County. Named as the "Best Place to Look for a Job" by The Austin Chronicle, our Career Centers can help you:

- Find a Job
- Build Your Resume
- Prepare for Interviews
- Earn a GED
- Gain Occupational Skills

How Do I Get Started?

If you are ready to find your next job opportunity, we have three convenient locations that are open to the general public and offer services for job seekers at no cost.

Step One:

Register for WorkInTexas.com.

For more information view WorkInTexas.com

Step Two:

Attend one of our free Career Center Orientations. Orientations are offered several times a week at all three of our career centers. Please check our Calendar of Events for a full schedule.

Step Three:

Email, fax or drop off your Universal Services Application at one of the Career Centers.

Exhibit K:
Realtor Listings for Neighborhood

Dove Springs

Navigation

Only 6 miles from Downtown Austin, Dove Springs desirable location and generally large lot sizes may make it the next neighborhood to be transformed by eager buyers looking for a deal on a property that's "close-in" and ready to rehab.

McKinney Falls State Park is nearby, and The City of Austin operates an 18,000-square-foot recreation center, the Dove Springs Recreation Center, located along the eastern part of the neighborhood.

With the City Council's new 10-1 representation model, it's possible we'll to hear more from this community as well – and perhaps see an increase in City services, etc.

A typical Dove Springs home was built in the 70s or 80s, is one story, 3-4 bedrooms, around 1,350 sf, and sits on a comparatively large lot (in comparison with other central-ish Austin neighborhoods).

Dove Springs IDX

Franklin Park Homes for Sale

Franklin Park Real Estate Listings

Realty Austin Agent

Ex: Neighborhood, Address, City, Zip, School, MLS#, etc.

- Type/Status
  Source
  Pocket Listing Austin MLS
  Open House
  Property Status
  Coming Soon Active Active - Contingent Contract Pending - Taking Backups
  Pending (Unlock) Sold (Unlock)
  Property Type
  Home Condo Townhome Lot Farm/Ranch Multi-Family Commercial
  Only Show Distressed
  Unlock Pending & Sold Listings Verify Email to view!
- Price
  Price Range
  to
  Year Built
  to
  Days on Website
  Last Reduced
- Size
  Bedrooms
  to
  Bathrooms
  to
  Bedrooms Downstairs
  Lot Size (Acres)
  to

Square Feet
to
Living Rooms
Stories
Garage Spaces
Dining Rooms

- Features

House Features
Master on Main Guest Quarters Fireplace Disability Features Historic Design Green Designation Exercise Room Game Room Media Room Office/Study Wine Room Workshop

---

Property Features
Fenced Yard
Pool
City View Hill Country View Panoramic View Golf Course View Waterfront (Select) Water View Backs To Golf Course Backs To Greenbelt Greenbelt View Private Dock

---

Community Features
HOA
Gated Community Community Pool Playground Dog Park Fitness Center Golf Course Tennis Courts Horses Allowed Airplane Facilities Lake Access Boat Dock

- Status-ActiveRemove
- Status-Contingent ContractRemove
- Status-Coming SoonRemove
- Status-Taking BackupsRemove

Reset SearchSave Search

There are currently no listings available in Franklin Park. **Save this Search** to be notified by email as soon as new Franklin Park listings hit the market.

Displaying 0 out of 0 results. Listings updated 9 minutes ago.

- Show Map

Polygon Search

Click on the map to draw your polygon search.

Radius Search

Click on the map to draw your radius search.

Our Listings First

Price, High to Low

What is Drivetime?

ToFrom

Arriving at

in

Search by Drivetime

Franklin Park Housing Market Trends

	# Listings	Average DOM	Average Price	Average $/SqFt	Median Price	Median $/SqFt	Average % Reduced
Active Listings	0	0	$0	$0	$0	$0	0%
Pending Listings	0	0	$0	$0	$0	$0	0%
Sold Last 6 Months (Unlock Sold Listings)	12	15	$204,865	$142	$200,000	$131	1%

*Franklin Park Market Stats are based on Austin MLS data as of August 2nd, 2018 at 12:25pm CDT.

Franklin Park Austin

This established neighborhood in the up-and-coming 78744 zip code of Travis County is an excellent option for buyers looking for proximity to Downtown Austin in a quiet setting close to parks, schools, and major highways for easy commutes.

Franklin Park homes for sale are in a large area that includes a wide variety of architectural styles, mostly mid-century one-story homes built in the 1970s, with brick, stone, and siding facades. Homes feature 3 and 4 bedrooms, 2 to 3 baths, and fenced back yards with shade and ornamental trees. Some have fireplaces or covered porches for entertaining, and many have updated interiors with tile floors, granite countertops, and open kitchens.

Where is Franklin Park Austin TX?

Franklin Park homes for sale are in Southeast Austin, in the 78744 zip code of Travis County, bordered by East St. Elmo Road, Interstate 35, Nuckols Crossing Road, and the Williamson Creek Greenbelt. I-35 and Hwy 71 offer easy access to most parts of the city. Downtown Austin is 5 miles north and Austin-Bergstrom International Airport 8.6 miles east.

Things to do near Franklin Park

This neighborhood offers convenience to everything that makes Austin such a great place to live. Outdoor enthusiasts love its proximity to the Roy Kizer Golf Course, McKinney Falls State Park, and the Onion Creek Soccer Complex and Metropolitan Park. Music lovers are less than 5 miles from many of the city's prestigious music venues. Franklin Park homes for sale are just 4 miles from the cool shops and restaurants of South Congress Avenue and 5 miles from Southpark Meadows, a large shopping center that's home to major retailers, restaurants, and a movie theater.

Franklin Park Schools

Franklin Park is part of the Austin ISD. Students attend Rodriguez Elementary (PK -5), Mendez Middle (6-8), and Travis High School (9-12). There are private schools nearby, including Austin Montessori School (PK-9), which is just 4 miles away. These homes are roughly 6 miles from The University of Texas at Austin, 5.5 miles from an Austin Community College campus, and 2.5 miles from St. Edwards University.

Click any link below to see listings that are aligned with Franklin Park school boundaries:

Austin ISD

- Elementary
  - Hermelinda Rodriguez
  - Widen
- Middle
  - Mendez
- High
  - Akins
  - Johnston
  - Travis

Contact Franklin Park REALTOR® ***Mary Jane Moran*** *today.*

Interested in Buying in the Franklin Park area?
Have a home to Sell in the Franklin Park area?

Fill out the form below, email **mj@realtyaustin.com** or call/text **(512) 656-7600**.

Exhibit L:
Community Articles and Back-Up

Austin launches Anti-Displacement Task Force to combat gentrification

The city of Austin is kicking off its latest task force to tackle gentrification with a public forum Saturday, which proponents hope will offer more substantial action to combat the displacement of minorities than previous efforts.

The latest effort is the city's new Anti-Displacement Task Force, a 17-member group of appointees who will have until October to deliver action items to the City Council.

The city has a long history of creating task forces and resolutions to address the systematic racism that has plagued the city and which many believe is now contributing to gentrification in East Austin.

OPINION: How an environmental deal led to Austin's gentrification

Since 2000, the city has created 541 recommendations and resolutions related to gentrification and displacement, according to a recent city audit. Of those, 133 were found to be actionable items related to displacement, and 56 have been reported as implemented, the audit said.

"There have been numerous task forces, there have been numerous resolutions and recommendations, and yet we find in our community that as our economy continues to grow, the problem with displacement and gentrification is not getting better," Mayor Steve Adler said. "It is getting worse. The challenges continue to grow."

While the city has struggled to slow down the redevelopment of East Austin and other minority strongholds, officials are placing their hopes on this group to come back with solutions in October.

"We must come up with concrete action items that the city can pursue along with appropriate funding mechanisms to finance each initiative we propose," said Nefertitti Jackmon, the vice chair of the task force and the executive director of the nonprofit Six Square. "We do not have the luxury of waiting."

READ: Gentrification, rising rents put squeeze on more Austin households

The task force will work in conjunction with University of Texas professors who are also studying gentrification and displacement in Austin.

The group will return to the Austin City Council with a preliminary report in April.

If you go

The public can meet with the Anti-Displacement Task Force from 1-4 p.m. Saturday at the Conley-Guerrero Senior Center, 808 Nile St. Topics up for discussion include affordable housing, land development, small businesses and cultural assets.

ANTI-DISPLACEMENT TASK FORCE

Review and recommend the specific strategies in five categories of action, which include:
1. Preserving and expanding the supply of affordable housing;
2. Controlling land for community development;
3. Preserving and growing small businesses and cultural assets;
4. Income and asset creation by providing needed services - childcare, transportation, a basic retail sector, access to health care, and employment opportunities - as a precondition for success; and
5. Financing strategies to provide community- specific ways to fund the other four categories of action. The task force will commit to a 10-month process that will culminate in identifying sources of information that will reveal the depth of the problem in our communities, set metrics and goals, and give preliminary recommendations for displacement prevention.

Resolution No. 20170817-053

Members:

Jose Velasquez - Mayor Adler

Raul Alvarez - Mayor Adler

Nefertiti Jackmon - Mayor Adler

John Henneberger - Mayor Adler

Bree Williams - Mayor Adler

Yvette Crawford-Lee - Mayor Adler

Diana Zuniga - Mayor Adler

Ruby Roa - Mayor Pro Tem Tovo

Sharon Mays - CM Houston

Jonathan Mays - CM Garza

Vincent Limon-Viteritt - CM Renteria

Shoshana Krieger - CM Casar

Juliana Gonzales - CM Kitchen

Solveij Rosa Praxis - CM Flannigan

Ann Teich - CM Pool

J.D. Rimman - CM Troxclair

Ed Wendler, Jr. - CM Alter

Meetings:

- Meetings begin at 9 a.m. unless otherwise specified.
- Street-Jones Building, 1000 East 11th St., Ste. 400A, Austin, TX 78702.

2018 Meeting Schedule:

- January 5, 2018
- February 2, 2018
- March 2, 2018
- March 16, 2018 - Special Called
- April 6, 2018
- May 4, 2018
- June1, 2018
- July 6, 2018
- August 3, 2018

Meeting Documents:

View Agendas, Approved Minutes and Supporting Documents

Staff:

Erica Leak, Neighborhood Housing and Community Development, 512-974-9375

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Thursday, March 8, 2018 by Jack Craver (https://www.austinmonitor.com/stories/author/jack-craver/)

AUSTIN (HTTPS://WWW.AUSTINMONITOR.COM/STORIES/CATEGORY/AUSTIN/)

Council considers gentrification and 'right to return' policy

On Tuesday, City Council members got their first glimpse at a study they voted to authorize that examines gentrification in Austin.

The first phase of the study (http://www.austintexas.gov/edims/document.cfm?id=294216), conducted by three University of Texas professors, analyzed the demographic profile of nearly every census tract in the city. The analysis sought to highlight areas that have experienced significant gentrification as well as neighborhoods that are most likely to gentrify in the coming years.

For the most part, the study's findings aligned with popular perceptions of what's going on in the city, said professor Heather Way, who is the director of the Entrepreneurship and Community Development Clinic at UT Law School and helped lead the study.

Areas of the city south and east of downtown that used to have large populations of low-income and minority residents have experienced significant demographic change as a result of rising housing costs.

"Many of the neighborhoods in Central-East Austin are in the late stages of gentrification," she said. "But it's threading into neighborhoods farther away from downtown."

In recent years, the subject of gentrification in Austin has largely focused on the major changes to neighborhoods just east of Interstate 35, such as the Holly, Chestnut, MLK and Montopolis neighborhoods. The study confirmed the perception that those areas have changed significantly as residents who are wealthier and whiter have moved in and lower-income and minority residents have moved out.

The study also showed, however, that between 2000 and 2016 significant demographic change occurred throughout a large swath of South-Central Austin, the area bordered by Lady Bird Lake to the north, State Highway 71 to the south, I-35 to the east and MoPac Expressway to the west.

The research also highlighted parts of the city where residents are the most vulnerable to displacement in the future. For the most part, those are neighborhoods on the outer edges of the urban core: east, north and south.

"Oftentimes where the gentrification is about to happen is ahead of where the political conversation may be," said Council Member Greg Casar, whose district includes large portions of North-Central Austin located to the north of U.S. Highway 183.

Casar added that it was important for Council to not simply respond to gentrification taking place but to also anticipate the areas where it will come next so that it can try to prevent displacement.

He also suggested that examining policies that have prevented the construction of housing in wealthier parts of the city may help explain the effects of gentrification in poorer areas.

Council Member Delia Garza similarly noted that some parts of Central Austin have actually seen a population decrease in recent years.

In a clear contrast with Casar and Garza's focus on building more housing, Council Member Alison Alter suggested that the researchers examine whether allowing certain types of development can lead to displacement.

“There are a lot of things we can do in zoning that can exacerbate this,” she said.

The study authors so far have not suggested any policies that could help people stay in their neighborhoods amid rising property values. They plan to develop a set of proposals and present them to Council in August, said Way.

Mayor Pro Tem Kathie Tovo has proposed establishing a “right to return” policy that would offer current or former residents of gentrifying areas preference for income-restricted housing. A resolution she authored asks city staff to examine how such a policy could be crafted and whether there are any legal barriers.

The resolution, which Council will take up Thursday, references a recently implemented policy in Portland, Oregon, which helps those who have been displaced or are at risk of displacement to pay for a down payment on a house. Currently, the city only has enough money to help 65 families, *The Guardian* reported (https://www.theguardian.com/cities/2018/mar/01/portland-anti-gentrification-housing-scheme-right-return), out of 1,100 who have applied.

The only skepticism of the resolution came from Garza, who took issue with the resolution’s focus on census tracts that are gentrifying.

“Why are we focusing on tracts as opposed to need?” she asked.

She also suggested that Council should not only focus on helping people return to areas that have been gentrified, but also on opening up housing opportunities for them in wealthy areas, to “promote economic integration.”

Tovo replied that her intention was not to “preclude looking at other areas,” but, “We absolutely want them to consider a policy that does look to those (gentrifying) census tracts.”

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Grand Opening of Largest, Most Modern Community Health Center in Central Texas Offers Innovative Approach to Better Health for Low-Income Residents

(Austin, TX) – The long-awaited completion of the Central Health Southeast Health & Wellness Center (the Center) means residents from nearby Dove Springs, Montopolis and Del Valle neighborhoods now have easy access to "one-stop" care and wellness opportunities.

From an educational garden and teaching kitchen for healthy cooking classes to primary care and specialty doctors and an on-site pharmacy, the Center focuses on the whole person by offering a vast array of health, social and wellness services and resources all at one location.

"This center was conceived and created by local residents and numerous community groups," said Central Health Board Chair Katrina Daniel. "They told us they wanted more than a medical clinic. They wanted a center of health and wellness that would care for the whole person and whole family. Central Health and our Board of Managers listened, and we leaned on a core group of dedicated leaders who met regularly to make this community vision a reality."

Community members created a checklist of the services and programs they wished to see at the Center. Of the 70 priority items, 68 have been implemented or are in progress. Input for the project was received from organizations such as: Austin Interfaith, Alliance of African American Health in Central Texas, Dove Springs Neighborhood Association, Latino HealthCare Forum, Montopolis Neighborhood Association, Wat Buddhananachat of Austin, and League of United Latin American Citizens (LULAC).

The Central Health Southeast Health & Wellness Center houses one of the largest Federally Qualified Health Centers in Texas, CommUnityCare, which operates more than 20 locations throughout Travis County. The clinic is expecting 80,000 visits in 2016, and will offer an array of services for low-income and uninsured residents including:

- Primary care and specialty care; including endocrinology (diabetes care), gastroenterology, and pulmonology (respiratory diseases)
- Walk-in, same-day appointments
- Radiology and mammography
- Behavioral health care including individual counseling and group therapy
- Dental services
- On-site pharmacy
- Prenatal education and care

Other features and services at the Center go beyond medical care and include:

- A teaching kitchen for healthy cooking classes
- A community educational garden
- Free exercise classes
- A "Centering Pregnancy Program" where expecting and new mothers participate in group visits and learn from one another
- Diabetes support and education classes
- A WIC (Women, Infants and Children) office with expanded services
- Ample public meeting and gathering spaces including an outdoor plaza, playground, and community rooms
- Community Resource Center to assist with eligibility and enrollment for health care coverage, screening for the federal Supplemental Nutrition Assistance Program (SNAP) and Central Health's Medical Access Program (MAP).

"Central Health Southeast Health & Wellness Center represents our innovative model in which we focus on health outcomes instead of just more care," said Patricia Young Brown, President and CEO of Central Health. "Here under one roof, an expectant mom with diabetes can fill her prescriptions, attend prenatal classes, healthy cooking classes or a Zumba class. After she delivers her baby, she continues to see her doctor here then relax outside on the plaza, watch her child play on the play scape, and even learn how and when to plant tomatoes in our educational garden. It really is a one-stop destination for healthier living."

Central Health Southeast Health & Wellness Center opened in phases beginning in October 2014, and was fully completed in February. It is part of Central Health's vision of making Central Texas a model healthy community by creating access to health care for those who need it most.

"Almost five years ago, I laid out 10 goals in 10 years to create a model healthy community in Central Texas," said Texas State Sen. Kirk Watson. "Those goals included a medical school, modern 21st century teaching hospital, and uniquely Austin, patient-centered clinics throughout the community that keep people well. Central Health Southeast Health & Wellness Center is the embodiment of that promise."

Austin City Council Member Delia Garza, District 2

Biography

Council Member Delia Garza comes from a very civically engaged family. Her parents – a firefighter and a stay-at-home mom – were actively involved in their community and encouraged their three daughters to give back and pursue higher education. Council Member Garza's upbringing inspired her to dedicate her career to public service and advocating for working families.

Following in her father's footsteps, she became a firefighter, serving as one of the first Mexican-American female firefighters in the Austin Fire Department. Her entire career was spent in fire stations that serve the South Austin community – most notably, fire station 17 at South 1st and Ben White, one of the busiest in the city (an assignment she requested). Council Member Garza lived in Dove Springs while a fire cadet, and in 2003 she purchased a home in her responding territory near the Sweetbriar neighborhood.

As a firefighter and member of the Austin Firefighter Association, Local 975, Council Member Garza worked tirelessly for her union advocating for fair wages and safe working conditions. She represented firefighters during two contract negotiating cycles, was elected to the local's executive board, and was the first female appointed to chair the local's political action committee.

Remaining committed to public service, Council Member Garza left the Austin Fire Department in 2007 after six years of service to pursue a law degree and extend the reach of her advocacy. She served as an Assistant Attorney General where she advocated for Texas families in the Child Support Division. Council Member Garza has also been involved in numerous community-based efforts surrounding affordable housing, education, and fair and equitable district representation.

Currently, Council Member Garza is the Chair of the Regional Affordability Committee and the Vice Chair for the Health and Human Services Committee. In addition, she serves on the Capital Metropolitan Transportation Authority (CapMetro) Board, Austin Energy Utility Oversight Committee, and Mobility Committee.

In the past, she has served as a mentor at Rodriguez Elementary in Dove Springs through the Seedling Foundation, and has served on several boards and committees including Hermanos de East Austin, the Dove Springs Recreation Center Advisory Board, the Capital City A&M Club Scholarship Committee, and the City's Charter Revision Committee. She has a bachelor's degree from Texas A&M University and a law degree from Gonzaga University School of Law.

Council Member Garza's years of work as a firefighter, community advocate, and attorney for social services has afforded her extensive experience in addressing injustices, mediating competing groups and interests, and solving complex problems. She will continue to fight for working families struggling to stay in Austin and is committed to improving the lives of all Austinites.

She is married to Ramiro Martinez, Jr. and they are the proud parents of their daughter, Lourdes.

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Council moves forward on largest bond in Austin history

City Council took a crucial first step late Thursday toward presenting voters with the largest bond package in the city's history.

Just before 11 p.m., Council endorsed a $925 million general obligation bond that will include major pots of money for housing, transportation, parks, stormwater infrastructure and cultural facilities.

The vote only instructed city staff to put together the bond. Council will have another chance to either change the amount of money in the bond or reject it entirely when staff presents the final package in August.

A majority of Council members, however, appear committed to the large measure and are already making the case to the public to support it at the ballot box despite the tax increase of roughly 2 cents per $100 of property valuation that it will lead to.

"This is a bond I will be proud to support and promote because I think it reflects where our city is right now," said Mayor Steve Adler shortly before the vote.

"We need to ask the community to vote on this," said Council Member Ann Kitchen. "This is such a critical need in our community."

The biggest piece of the bond is the $250 million for affordable housing, a major change from the initial bond proposal submitted by city staff more than a year ago, which for housing included only $85 million. The proposal released this spring by the Bond Election Advisory Task Force included $161 million.

An intense advocacy effort by a coalition of progressive groups to allocate $300 million for housing, including a rally in front of City Hall attended by five Council members, appeared to have an effect. On Thursday, Kitchen (who had not attended the rally) offered an amendment to increase the funding for housing to $250 million.

Scores of activists, including a large contingent of members of the Democratic Socialists of America, showed up to voice their support for the housing measure.

Council Member Greg Casar, an outspoken supporter of increased subsidized housing, celebrated the news on Twitter: "Together, we can truly confront our housing crisis, our gentrification and segregation. We'll need your support for this bond come November!"

The housing funding includes $100 million for the city to buy land to provide affordable housing, either directly or more likely through a partnership with for-profit or nonprofit developers.

The rest of the housing funds are directed toward rental assistance ($94 million), home repair for low-income homeowners ($28 million) and a program that provides financial assistance to developers to create homes that will be owned by low- or moderate-income people ($28 million).

In addition, the proposed bond package includes the following categories, all of which voters can vote to approve or reject separately:

- **Parks and Recreation, $149 million**: $40 million to build a new pool at Colony Park and renovate existing pools; $45 million to acquire more parkland; $17.5 million to build new trails, playscapes and other park infrastructure; $25 million for general park improvements; and $21.5 million for building improvements.

- **Transportation, $160 million**: $50 million to replace the Redbud Trail Bridge over Lady Bird Lake, $66.5 million for street reconstruction, $20 million for sidewalk repairs, $4.5 million for new traffic signals and other technology, $15 million for safety projects associated with Vision Zero, $3 million for urban trails and $1 million for the Neighborhood Partnering Program.
- **Flood Mitigation, $184 million**: $112 million for drainage improvement projects and to continue buyouts of properties in flood-prone areas; $72 million to acquire land for water quality protection.
- **Libraries and Cultural Centers, $128 million**: $34.5 million for renovations of branch libraries and converting the old Faulk Central Library into an archive for the Austin History Center; $56.5 million for improvements and expansions to the Mexican American Cultural Center, the Asian American Resource Center, George Washington Carver Museum and Mexic-Arte Museum; $25 million to replace the Dougherty Arts Center; and $12 million to acquire property to turn into public creative spaces for local artists.
- **Health and Human Services, $16 million**: for a new Dove Springs Health Center.
- **Public Safety, $38 million**: $13 million to renovate fire stations and $25 million to renovate EMS stations.

Transportation was the category that ended up with less funding than recommended by staff and the Bond Election Advisory Task Force.

Assistant City Manager Robert Goode warned Council that Austin roads are in desperate need of repairs and that even the amount of spending recommended by staff would not be enough to keep the current percentage of streets rated at least at a "satisfactory" level: 74 percent.

Council Member Ora Houston acknowledged the passion of the scores of people who showed up in support of various bond priorities, notably housing, but said that she needed to keep in mind the many people who didn't show up at City Hall but were "hurting" due to rising property taxes. She therefore offered an alternative bond package worth $647.5 million. It included $200 million for housing as well as far less funding for transportation (including no funds for street reconstruction) and no funding for the renovations of police and fire stations.

Houston's proposal failed, with only Council members Ellen Troxclair, Alison Alter and Leslie Pool joining her in support.

Council Member Jimmy Flannigan, who had abstained from all of the votes regarding amendments to the bond package, said that he supported the big investment in housing but that he wasn't convinced that the bond reflected a willingness to make tough choices about where to spend.

Flannigan also said that the impact of the housing bond would not be as great unless the city was willing to embrace meaningful reforms through CodeNEXT that will allow more housing to be built.

Troxclair predicted that the measure would have a hard time gaining support in her district due to the prospect of the tax increase and what Troxclair viewed as too much money for housing and too little for street repairs.

The bond was approved 8-3, with Troxclair, Flannigan and Houston in opposition.

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Gentrification or a Renaissance in Austin's Dove Springs Neighborhood?

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  The new Arbor Ridge development located on Nuckols Crossing Road has some homes finished and some under construction.
  Ilana Panich-Linsman/KUT

Dove Springs in Southeast Austin is just six miles from downtown – what many real estate agents consider a prime location. But the area is also one of the poorest parts of Austin. And for decades, it's had a less than desirable reputation.

Despite all that, change is coming to Dove Springs – with some believing they're witnessing the beginning of gentrification.

The area has traditionally been filled with low-income renters, many who are recent immigrants and don't speak English. Data may still point to those facts. But on the ground, the neighborhood is going through what many believe is a fast transformation.

Is this what gentrification looks like? Margaret Valenti, a senior planner with the City of Austin, doesn't think so.

"There's no grocery store, there's no movie theater too terribly close. I don't think there are any coffee shops," she says. "So, those types of things that make a neighborhood desirable – in terms of gentrification – are not existing in Dove Springs."

The bulk of the housing stock in Dove Springs is old, with many homes from the 1940s. But there is a brand new subdivision being built right in the heart of Dove Springs – and it can barely keep up with sales.

Visitors at McKinney State Park's Lower Falls.
Credit Ilana Panich-Linsman/KUT

Luis Montejano is one of the salespeople for the Arbor Ridge development. In his office, he's surrounded by glossy pictures of nearby McKinney Falls.

"There's 725 acres back there. There is a trail that actually leads you back there. So, there are upper falls and lower falls. So, it's kind of like a mini-Niagara Falls back there," Montejano says.

Homes in the new development are going quickly – an interesting fact considering this particular lot sat vacant for years.

"We had the advantage of being able to build in a very reduced cost lot because it sat vacant for so long," Milestone Community Builders CEO Garrett Martin says.

A home under construction in the Arbor Ridge development.
Credit Ilana Panich-Linsman/KUT

The homes with high living room ceilings, sitting in walkable neighborhoods start at $140,000.

The gated community that Martin is building does not clash with the neighborhood the way "McMansions" do in East Austin. And that is just one of the – some would say – positive changes the community has experienced recently.

“What I see happening here is a renaissance – people are coming out, they are getting engaged," Valenti says. "Instead of the G word I would talk about the R word for this particular neighborhood, because it’s a groundswell of interest and input from the community and that puts pressures and shines a light on the need for the community from city programs and city decisions – and that’s a great thing."

Tina Domino walks her dog in the Arbor Ridge subdivision.
Credit Ilana Panich-Linsman/KUT

Just six miles away from downtown Austin, new parks are being developed near bodies of water in a part of town that is still fairly affordable. And the longtime residents are getting to enjoy it – because they haven't been pushed out yet.

Land Use Goals (1-8) and Action Items (1-21)

Residential Areas

The Franklin Park NPA is home to the majority of residences to be found within the three planning areas, with McKinney coming in second and the Southeast Area a distant third. A large portion of the housing units in the Franklin Park NPA consists of duplexes, which over the years has added considerably to the large number of renters in this part of Austin. Absentee ownership of single-family homes seems to be a fairly common reality, and concerns the community. In the SCPA, residents are eager to see levels of home ownership rise, with the hope that pride of ownership will engender a spirit of commitment, and participation in neighborhood improvement efforts will increase.

The community is supportive of providing housing options to accommodate the residential needs of all members of the community. At the time this plan is being written, there are several multi-family, single-family, and duplex construction projects going on that will add approximately 1,000 living units to the supply of housing. A common theme expressed by the community was the desire for quality multi-family developments. Ideal characteristics of a multi-family project include: building construction that is unobtrusive and doesn't dominate the natural surroundings; a site plan that respects the presence of natural features and the environmental sensitivity in parts of the area; attractive landscaping; well-maintained grounds; amenities for youth; and good access points to ensure the comfortable flow of automobile traffic. Area residents have cited the County-sponsored public housing project, Eastern Oaks Apartments, as an example of an ideal type of development because it is "friendly to the eye," blends well with the natural and built environment, boasts a style that is durable, and incorporates some infrastructure for children. The future Woodway Village is also touted by the Southeast community as an example of a positive multi-family development. Its proactive site plan takes measures to protect and preserve the environmental features on and around the project site. The developer was very committed to working with the community on this project and discussions centered on such things as setting the appropriate density, setbacks from the creek, site amenities, masonry, and the location of buildings.

Eastern Oaks Apartments
4922 Nuckols Crossing

City council looks to turn the tide of gentrification in east Austin

The view of an east Austin street from Givens Park. (KXAN Photo/ Alyssa Goard.) [+ -]

prev
next

Video

AUSTIN (KXAN) - Thursday, the Austin City Council amended and approved a resolution to give the city manager the green light to explore a policy to reverse gentrification in east Austin.

The city's Institutional Racism and Systemic Inequities Task Force recommends that Austin adopt their own version of Portland, Oregon's policy for bringing former residents back to gentrified areas. Austin's policy hasn't been finalized yet, but it would give priority status to people applying for affordable housing in east Austin who are part of families who have lived in the area for years or who have been forced out by gentrification.

According to city council documents, generational ties to the city wouldn't be the sole factor in determining eligibility, but they will be given more consideration under this policy. It would only apply in areas that have experienced displacement, a city policy adviser explained.

The city's efforts here lean on a partnership with researchers at UT Austin who have been documenting and calculating displacement in east Austin. This research will be used to map vulnerable neighborhoods and craft a "right to return" policy.

Their findings show that both families who have been in the area for generations and people of color are being pushed out by changes there. The displacement of these residents is especially complicated in east Austin, which at one point was the part of the city designated for people of color by Jim Crow laws. Many residents who once felt strong communities in the area, now feel that sense of community disappearing, the UT researchers reported.

Those researchers with the Institute for Urban Policy Research and Analysis reported that Austin is the only fast-growing major city in the U.S. to show a decline of African Americans between 2000 and 2010. Within a decade, they found that East Austin's white population increased by 442%, the black population decreased by 66%, and the latino population decreased by 33%.

"African Americans who were previously so singularly confined to East Austin became singularly displaced by gentrification," said IUPRA researcher Eric Tang, UT Austin associate professor of African and African diaspora studies. "Few people have been able to hang on, and they aren't hanging on because the changes are beneficial. Rather, they're hanging on because they feel a responsibility to black and brown East Austin, a right to the city."

The researchers also noted a decline in the number of children in east Austin, their findings show that while children once made up 30% of the neighborhood's population, they now make up less than 12%. While 93% of long-term East Austin residents surveyed for this research said they were concerned about rising property taxes, the researchers said the largest neighborhood concern was that the sense neighborhood community had been shaken.

"The community blended with each other," said Devren Balancier in regards to what his neighborhood off of Martin Luther King Jr. Blvd. used to be like. Balancier lives in East Austin, as have his parents and grandparents. "Because most of the community was family --cousins and offsets and they were married into each other's families -- and they were with each other for a long time."

Balancier has noticed construction and gentrification going on all around him. But he's also seen services around the neighborhood improve and change.

"Now it's just more frequency with strangers, with people who are basically touring, if you can call it that," Balancier said. "Walking through here, I'm amazed at the things you see and [people] taking advantage of opportunities I never thought I'd see in my lifetime."

While there are parts of all the change he sees as positive, Balancier believes it's important that the people who shaped East Austin's history don't feel pushed out.

"A lot of the things that people have went through and experienced in this area, those are memories you can't replace by moving somewhere else with a dollar value, these are memories and life long friendships with people," Balancier said.

Kay Green, who has lived in east Austin since 2000, believes her neighborhood needs more affordable housing.

"There's just so much construction going on, you just go by a street and two months later it's totally different, it's just all the houses are gone, and you just wonder where all those people went," she said.

Green was able to afford her house back when she bought it thanks to affordable housing assistance from the city at the time. But she's seen many of her neighbors move away because they can't afford the taxes, housing, and cost of living.

She can sense that the market for housing developers is active in her area, she said people offering to buy her home contact her at least once a week. Green declines their offers because she doesn't want to move and she believes those people are not offering her what her home is actually worth.

According to the UT researchers, more than 70% of their survey respondents had been routinely asked to sell their homes to prospective buyers, saying that the offers had been aggressive and "insultingly low compared to market value."

Instead, Green has gone on her own to get a degree in construction. Her dream is to build an affordable housing community for her neighbors, especially the single moms and seniors who might otherwise be displaced.

Austin City Manager Spencer Cronk has been directed to look at the policy for operational and legal issues, then report back to the council by May 25, 2018.

Continue Reading

The University of Texas at Austin
Institute for Urban Policy Research & Analysis
College of Liberal Arts

THOSE WHO STAYED

ARE THERE MORE DOGS THAN CHILDREN IN EAST AUSTIN? ADDENDUM TO THE MARCH 2018 REPORT

MAY 2018
ERIC TANG, PHD, AMAHREE ARCHIE, KATHERINE DAFFIN, NAVEED PEJMAN, ADERIUS ROSS, JAVONTE STARLING, OLIVIA SULLINGS

OVERVIEW

In March 2018, the University of Texas at Austin's Institute for Urban Policy Research and Analysis (IUPRA) released a report titled "Those Who Stayed: The Impact of Gentrification on Longstanding Residents of East Austin."[1] The goals of the report were twofold: 1) To collect data on how longstanding residents perceive of the changes brought about by gentrification; 2) To understand why these longstanding residents continue to stay in heavily gentrified neighborhoods when so many of their peers have left.

This is a follow-up to the report that answers a question some have asked since its publication: *Do dogs now outnumber children in this gentrified East Austin neighborhood?*[2] The question was prompted by the longstanding residents themselves. The original survey did not ask about pets or children, but in its qualitative section respondents commented on how dogs appeared to outnumber children in the neighborhood. In their view, this shift epitomized the drastic changes brought about by gentrification.

Longstanding residents are correct in their perceptions. Dogs now outnumber children in the neighborhood nearly two to one. A profound absence of children, not an abundance of dogs, explains the disparity. Dog ownership rates in the neighborhood appear to be on par with national averages. However, the seventeen-and-under population in the neighborhood falls well below the city and regional averages. Moreover, one can assume that the majority of these losses were among children of color. Between 2000 and 2010 the neighborhood's Black population decreased by 60 percent, its Latino population decreased by 33 percent and its white population increased by 442 percent.

The loss of children is perhaps the clearest indicator that a neighborhood has been thoroughly gentrified, and it could also serve as a bellwether for economic and racial disparities in other communities throughout Austin.

On the Absence of Children and the Prevalence of Dogs: A sample of quotes from the "Those Who Stayed" report:

"Most people are white. They spend the whole day walking the dogs. They don't have kids… they have dogs."

– African-American female, 87

"A lot of people who move here have no kids, so a lot of elementary schools talking about tearing them down. Then going to build them up for the people who can afford it. When I was growing up there used to be a lot of kids. Now a lot more dogs and cats around."

– African-American male, 55

"[There are] no kids in the neighborhood… They need to put children back in neighborhood."

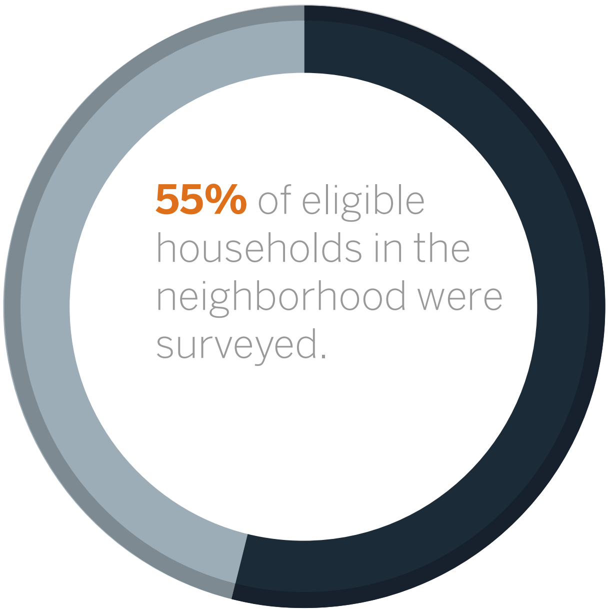
– African American female, 61

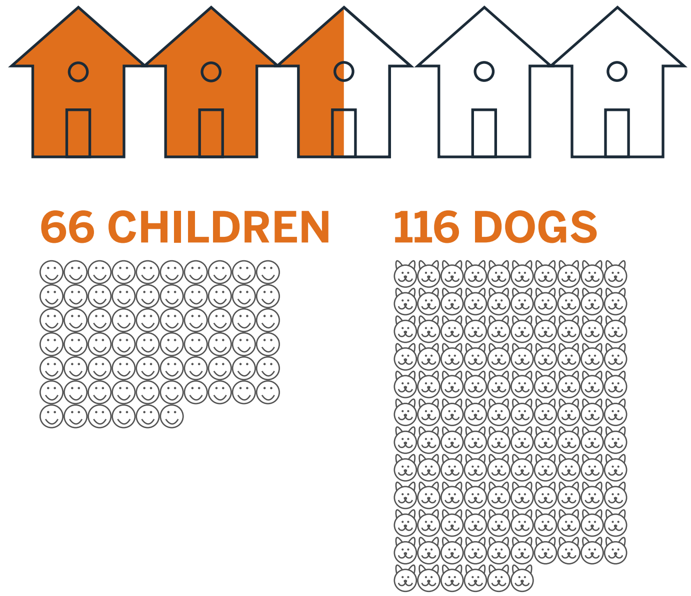
[1] Tang, E., & Falola, B. (2018). *Those who stayed: The impact of gentrification on longstanding residents of East Austin*. Retrieved from https://liberalarts.utexas.edu/iupra/_files/Those-Who-Stayed.pdf

[2] Findell, E. (2018, April 22). In gentrifying East Austin, are dogs replacing children? *Austin American-Statesman*.

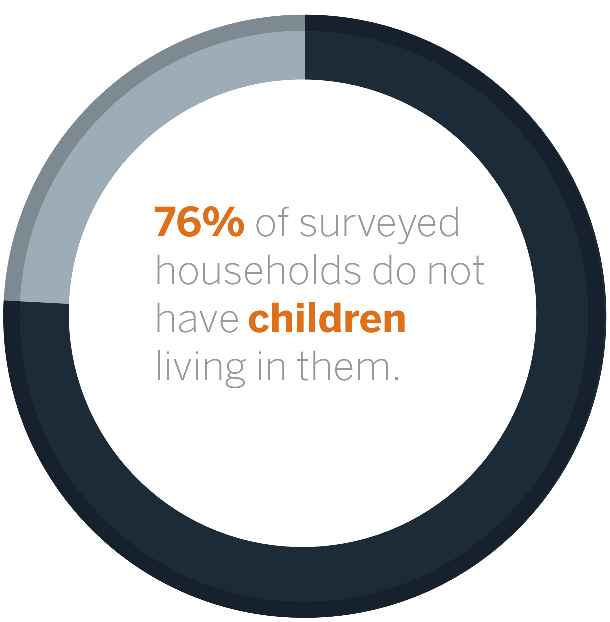
KEY FINDINGS

After surveying 55 percent of eligible households in the neighborhood, we counted 116 dogs and 66 children.

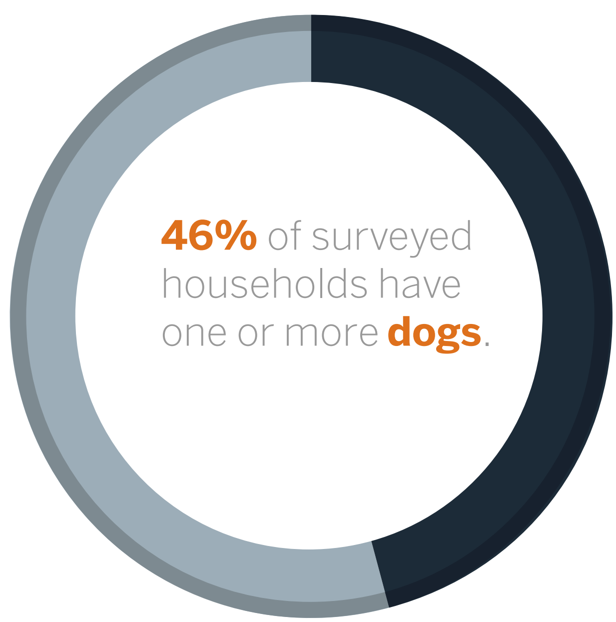




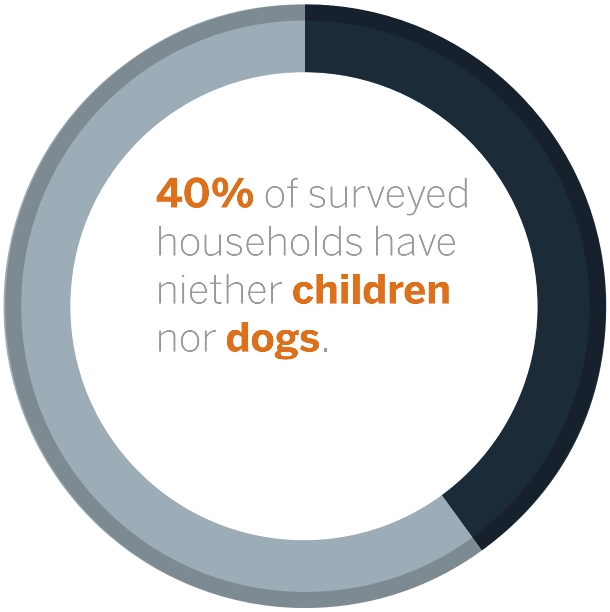
Seventy-six percent of the surveyed households (130 out of 171) do not have children living in them.



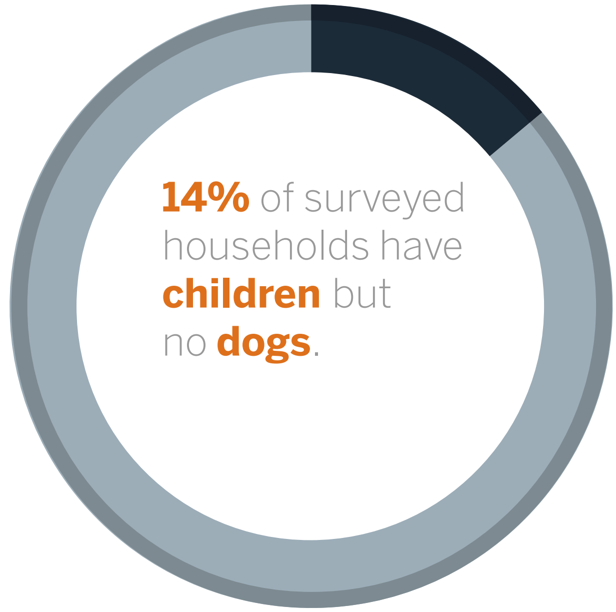
Forty-six percent of the surveyed households (79 out of 171 have one or more dogs).



Forty percent of the surveyed households (68 out of 171) have neither children nor dogs.



Fourteen percent of the surveyed households (24 out of 171) have at least one child and no dogs.



BACKGROUND AND METHODOLOGY

The "Those Who Stayed" report was based on surveys of longstanding residents (those whose residency dates back to at least 1999) who live in Census Tract 9.01, block group 1.

The neighborhood was once the heart of Austin's "Negro District"—a racially segregated part of downtown created by the City of Austin in 1928. Back then, city leaders sought to confine the African-American population to one area of the urban core. Prior to this, African Americans lived in various enclaves throughout the entire city.

The report concluded that most longstanding residents feel negatively about the changes they have witnessed. They are not the beneficiaries of the ostensible "upside" to gentrification. Although gentrification has led to the establishment of new businesses, lower crime, infrastructural improvements, and higher property values, most respondents claimed that they did not see a marked improvement in their own quality of lives.

To the contrary, respondents claimed that their neighborhood had lost its sense of community. Underscoring this loss is the absence of children. Whereas children once served as a bonding force in the neighborhood—they occupied its public spaces and served as a key link between neighborhood families—they were, by 2016, only 15.6 percent of the population, according to census data.

The loss of children led some respondents to seriously question whether or not dogs now outnumbered children in the neighborhood. In April 2018, a group of faculty and students from the University of Texas at Austin returned to the neighborhood to study the question.

Our survey team canvassed the neighborhood, knocking on the doors of all single- family homes. Apartment units were excluded from the survey, owing to possible restrictions on pet ownership imposed by property owners or management.

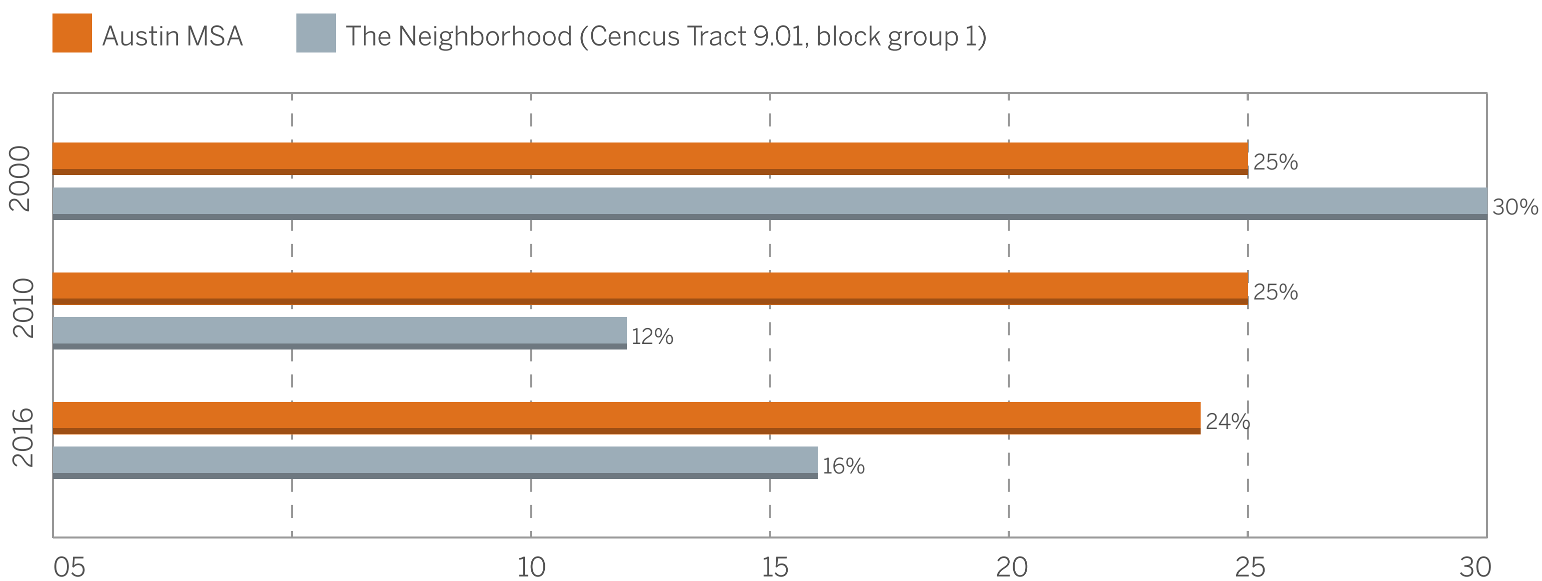
After cross referencing a map of parcels from the Travis County Central Appraisal District with Google Maps satellite images of neighborhood homes, we determined that there were 341 single family homes in the neighborhood. We surveyed 171 of them (55 percent).

The survey consisted of two sets of questions: the first having to do with the type and quantity of household pets, and the second having to do with the total number of children who resided in the home.

DISCUSSION

The number of dogs (116) is nearly double the number of children (66), confirming longstanding neighborhood residents' beliefs about the relative numbers of each. The 66 children were counted among 55 percent of the eligible households in the neighborhood. According to the U.S. Census, there were a total 145 children in the neighborhood in 2016 (55 percent of this equals 79 children). Our findings comport with census data showing that the share of children in the neighborhood is very low when compared to that of the broader Austin metropolitan statistical area (MSA) since 2000:

Percentage of Children: Austin MSA Compared to East Austin



Sources: 2000 and 2010 data based on 2000 and 2010 U.S. Decennial Census; 2016 data based on 2016 American Community Survey, 1-year estimates.

Between 2000 and 2016, the seventeen-and-under population remained consistently between 24 and 30 percent of the Austin MSA population. During this same period, the share of children in East Austin dropped dramatically. The dearth of children in the neighborhood is highly localized, and a sign of gentrification that cannot be attributed to broader social factors such shifting maternity rates.[3]

[3] Stone, L. (2018, February 13). American women are having fewer children than they'd like. *New York Times*.

Forty-six percent of the households we surveyed had one or more dogs. Dog ownership in the neighborhood is not significantly higher than it is throughout the rest of the United States: just under half of all U.S. households have dogs.[4]

As we canvassed the neighborhood, our survey team noted that one or more dogs were present at approximately one-third of the homes where nobody answered. Had we been able to survey these households, our dog count would have increased, but not significantly enough to make this neighborhood stand out when it comes to dog ownership. It is impossible to say whether or not we would have counted more children at these properties.

The displacement of children is the defining characteristic of gentrification in the neighborhood. During our eight canvassing sessions – all of them took place in evening between 6:00pm to 8:00pm—our team encountered children playing in the streets only once. On one other occasion, we noted two children riding bicycles with an adult. We did not spot children in public spaces outside of these two instances.

By contrast, during each of our outings, we noted multiple residents walking their dogs. The absence of children leaves one with the impression that there is an abundance of dogs, but our findings suggest that the former factor, not the latter one, tells the truer story about gentrification.

The residential neighborhoods of East Austin were planned with children in mind. This is reflected not only in zoning regulations that call for single family homes, but in the establishment of neighborhood parks and public schools. Over the past two decades, gentrification has displaced most of these children, and future research should focus on what happened to them: How did they fare socially, economically and educationally after moving out? Considering that gentrification trends move from one neighborhood to the next, how many of these children were subjected to multiple displacements?

The loss of children is conterminous with the rise of incomes in the neighborhood. Between 2000 and 2016, the median family income (MFI) in the neighborhood jumped from $28,929 to $69,570. If this trend continues, then the urban core will become increasingly economically and socially homogeneous (and the MSA as a whole more economically segregated) as families with children and moderate incomes are pushed to outlying areas. Current efforts to rewrite Austin's land development code (i.e. "CodeNext") call for diversifying the type of housing stock that can be built in the urban core, but the question remains whether or not such housing will be appropriate and affordable for families with children. Data from the Austin Independent School District show that a miniscule number of its students live in the thousands of new apartment units that have been created in central Austin over the past five years.[5]

The creation of new affordable housing (as well as the maintenance of existing affordable units) is the key factor that will allow for the repopulation of families with children in the neighborhoods of central East Austin. This requires public intervention—from the public capitalization of new affordable homes, to municipal programs that conduct targeted outreach and marketing to families in need, to city agencies that monitor public-private agreements in which developers are incentivized to create affordable units. In this sense, gentrification is not simply a market issue, but a phenomenon profoundly shaped by the actions taken (and not taken) by city officials.

[4] Findell, E. (2018, April 22). In gentrifying East Austin, are dogs replacing children? *Austin American-Statesman*.
[5] *This is based on cross referencing AISD data with the addresses of new apartment buildings in East Austin neighborhoods. The data show only six AISD students living in the 1,930 new apartment units.*

Exhibit M:
Community Partners at Mendez Middle School

About Our Schools

MENDEZ
MIDDLE SCHOOL
AUSTIN Independent School District

5106 Village Square Drive
Austin, TX 78744
Map
Phone: (512) 414-3284
Fax: (512) 442-5738

CAMPUS WEBSITE

Staff Directory

Trustee District

Bus Finder

Menus

Campus Improvement Plan

Targeted Improvement Plan

School Report Card & TAPR/AEIS Information

Transfer Status

Gifted and Talented

Partners on Campus

Moving? Learn how to transfer within your child's school boundaries.

PARTNERS ON CAMPUS

Through partnerships, we are able to effectively address the holistic needs of AISD students. The following partner organizations offer programs for this campus. Click on any of the names for program information, or go to http://ysm-austin.org for more Advanced Search options (e.g., by demographics, age groups, key words, zip codes, community-based sites, etc.).

Serve at Location:

- Access Dental
- Advancing America, LLC
- Anti-Defamation League Austin
- Any Baby Can Child and Family Resource Center
- Austin Chamber Music Center
- Austin Classical Guitar Society
- Austin Partners in Education
- Austin Shakespeare
- Austin Voices for Education and Youth
- Beyond the Grade
- Breakthrough
- Capital Area Food Bank of Texas
- City of Austin - Austin Public Health
- Colorado River Alliance
- Communities In Schools of Central Texas
- CommUnityCare Health Centers
- Con Mi MADRE
- CYD Enterprises
- Future Doctors of America
- Girls Empowerment Network
- Integral Care
- Kickstart Kids
- Latinitas
- Lettuce Networks
- LifeWorks
- LULAC National Educational Service Center
- Meretz
- Phoenix House
- SAFE Alliance
- Seedling
- St. Edward's University
- The Arc of the Capital Area
- The Edge of Imagination Station
- The Ghisallo Foundation
- Travis County Attorney's Underage Drinking Prevention Program
- United Way for Greater Austin
- UT Division of Diversity and Community Engagement

- Wonders & Worries
- Workers Assistance Program, Inc.

Available Upon Request at Location:

- Athletes Global
- Austin Chamber Music Center
- Austin Community Steelband
- Austin Energy
- Austin Public Library Friends Foundation
- Austin Zoo
- B*Tru Arts
- Beyond the Grade
- Camp Fire USA Balcones Council
- CATCH Global Foundation (Coordinated Approach to Child Health)
- Coding with Kids
- Council on at Risk Youth (CARY)
- Creative Action
- CYD Enterprises
- Dance Another World
- Early Recognition Is Critical
- Girls Empowerment Network
- Keep Austin Beautiful
- LUPE Arte
- SAFE Alliance
- Southwest Key Programs
- Successful Smiles of Texas
- Sylvan Learning of Austin
- Teens in the Driver Seat
- Texas AgriLife Extension Service Expanded Food and Nutrition Education Program
- Texas Music Partners
- The Christi Center
- Total City Sports Volleyball
- Workers Assistance Program, Inc.
- Yellow Bike Project
- YouthLaunch

Exhibit N:
Info on Communities in Schools

Partnerships

At Communities In Schools, we work directly in schools to identify and address the immediate needs of our students, from basic needs such as food and clothing, to more complex needs like counseling and mentoring. We're inside schools and in students' lives, because when students have caring adults supporting them, they see new possibilities. We surround students with a support system that fosters health, builds confidence and empowers students to succeed.

By partnering with the community, we bring relationships to the school campus that make a meaningful difference in children's lives, and help get them the exact services that they need.

Communities In Schools of Central Texas is proud to partner with these organizations:

austintexas★gov
the official website of the City of Austin

CARY
Council on
At-Risk Youth

CENTRAL
TEXAS
FOOD
BANK

DIVINE CANINES®
Ordinary dogs, extraordinary service.

GAP

GIRLS
EMPOWERMENT
NETWORK

GOODWILL CENTRAL TEXAS

HAYS COUNTY FOOD BANK

Integral Care

klru

lifeworks

OutYouth

safe place

Seedling FOUNDATION

COMMUNITIES IN SCHOOLS OVERVIEW

Research shows that kids who stay in school are more likely to achieve in life, so CIS surrounds students with a community of support proven to decrease dropout rates and increase high school graduations for Central Texas' most challenged schools.

We do that through programs that support individual students, targeted populations and schools at large, creating a measurable impact on student success. In just the last three years, the percentage of students in our programs who are on track to graduate has increased by almost 20 percent, and we're not done. With your help, we can empower every Central Texas student to achieve in life, making our community safer and more prosperous for all.

Our mission: Communities In Schools of Central Texas surrounds students with a community of support, empowering them to stay in school and achieve in life.

Communities In Schools

Communities In Schools (CIS) is the nation's largest and most effective dropout prevention organization. For 40 years, Communities In Schools has been helping students achieve in school, graduate and go on to bright futures.

CIS Reunion Video from CIS of Central TX on Vimeo.

THE COMMUNITIES IN SCHOOLS MODEL

Our model is unique. Most communities have resources available to help students succeed in school and prepare for life – but they may be in the wrong place. Children and families must first locate and then travel to agencies scattered all over town, usually during school hours and with no way to coordinate the various services.

CIS reverses this process, bringing resources and relationships to where children already spend their days – the public school. These resources are delivered in a caring, coordinated manner.

Our evidence-based approach, adapted to meet the unique needs of Central Texas children, is the basis for our success. 99% of the students intensively served by Communities In Schools of Central Texas stay in school.

OUR UNIQUE MODEL

CIS AFFILIATES

Hires and trains site coordinators, brings the CIS model to schools in need and mobilizes partners to provide resources.

SITE COORDINATORS

A trained professional who works with school administrators to assess needs, develop a plan and build a team to provide supports to schools and students.

COLLABORATIVE PARTNERS

Schools, businesses and community agencies all work together with site coordinator to deliver supports to students and families.

1 NEEDS ASSESSMENT

Analyze multiple sources of data to identify the key needs of the school and individual students.

2 PLANNING

Site coordinators lead their school support team to develop a plan to prioritize supports that address academic and non-academic needs.

3 INTEGRATED STUDENT SUPPORTS

Site coordinator and partners deliver tiers of support to the school, students and their families.

TIER 1: SCHOOL-WIDE SERVICES

TIER 2: TARGETED PROGRAMS

TIER 3: INDIVIDUALIZED SUPPORT

4 MONITORING & ADJUSTING

Site coordinator continuously monitors student and school progress and adjusts supports to optimize results.

5 EVALUATION

Continuous assessment of partners and student supports by the CIS affiliate to demonstrate results and improve practice.

6 PROVEN SUCCESS

We increase graduation, reduce dropout, and improve attendance for schools in need.

- ACADEMIC ASSISTANCE
- BASIC NEEDS
- BEHAVIORAL INTERVENTIONS
- COLLEGE & CAREER PREP
- COMMUNITY & SERVICE LEARNING
- ENRICHMENT
- FAMILY ENGAGEMENT
- LIFE SKILLS
- MENTAL HEALTH
- PHYSICAL HEALTH

6

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

OCTOBER 11, 2018

Presentation, discussion, and possible action on an order adopting the repeal of 10 TAC §2.203 Termination and Reduction of Funding for CSBG Eligible Entities; an order adopting new 10 TAC §2.203 Termination and Reduction of Funding for CSBG Eligible Entities; an order adopting the repeal of 10 TAC §2.204, Contents of a Quality Improvement Plan; an order adopting new 10 TAC §2.204, Contents of a Quality Improvement Plan; an order adopting the repeal of 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights; §6.205 Limitations on Use of Funds, §6.206 CSBG Needs Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements; §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors; §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units and §6.415 Health and Safety and Unit Deferral; and an order adopting new 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights; §6.205 Limitations on Use of Funds, §6.206 CSBG Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements; §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors; §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units and §6.415 Health and Safety and Unit Deferral; and directing that they be published for adoption in the Texas Register

RECOMMENDED ACTION

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

WHEREAS, at the Board meeting of May 24, 2018, the Board approved the publication of proposed amendments for public comment to 10 TAC Chapter 2, Enforcement, and Chapter 6, Community Affairs Programs, and they were published for public comment in the Texas Register on June 8, 2018; and

WHEREAS, public comment was accepted from June 8, 2018, through July 9, 2018, with comments received from seven organizations and reasoned responses have been provided to those comments;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director and his designees be and each of them hereby are authorized, empowered, and directed, for and on behalf of the Department, to cause the adoption of the actions herein in the form presented to this meeting, to be published in the *Texas Register* for adoption, and in connection therewith, make such non-substantive technical corrections, including changes to the preambles, as they may deem necessary to effectuate the foregoing.

BACKGROUND

At the Board meeting of May 24, 2018, the Board approved proposed revisions within 10 TAC Chapters 2 and 6 to improve clarity, to remedy discrepancies between rules, to correct identified areas of concern, and to provide changes needed to address findings and concerns identified by the one of the Department's federal oversight entities, the U.S. Department of Health and Human Services ("HHS"). It should be noted that not all sections of Chapters 2 and 6 were proposed for repeal and replacement. Only those sections shown in this item were proposed for repeal and subsequent replacement reflecting changes. While the rules attached reflect changes as blackline revisions to the current rules, the changes will be submitted to the *Texas Register* as adopted repeals and adopted new rules if approved by the Board.

The proposed rules were published for public comment in the *Texas Register* on June 8, 2018. Public comment was accepted from June 8, 2018, through July 9, 2018. In keeping with the requirements of the Administrative Procedures Act, staff has reviewed all comments received and has provided a reasoned response to those comments within the preamble to the adoption of the rule that follows below. Comment was received from seven organizations. The full set of rules being repealed and adopted, including the *Texas Register* preambles, are provided in Attachments A and B.

An interesting issue exists as it relates to the LIHEAP program that is addressed in this rule. Federal law provides that:

1) CSBG has a preference for nonprofits.
2) LIHEAP has a preference to be assigned to CSBG providers.
3) Nonprofits cannot be required to verify lawful status of persons assisted.
4) LIHEAP benefits may not be given to non-Qualified Aliens and therefore the legal status of any member of a household must be determined and assistance adjusted accordingly.

The result is that 27 of the 37 LIHEAP providers cannot be required to determine lawful status but are running the Department's largest grant program, which requires a determination of lawful status for most activities. HHS has indicated that it is therefore a requirement of the state to ensure verification, which does not include delegation to the nonprofit subrecipients. In effect, federal law drives the Departments policy to do business with nonprofits using a program that requires a determination of lawful status - and a proportionate adjusting of benefits for Unqualified Aliens - which the Department cannot in turn require the nonprofits to perform. In a state such as Texas, in which data is decentralized (kept at the local level), and the volume of persons assisted is very large, options are limited. As HHS is looking to the Department, on behalf of the state, to assure compliance the Department must either:

- Provide the verifications itself, or through a third party contractor, which to have the information to do so, must require the nonprofit subrecipients to gather and transmit the appropriate client level information and documentation; or

- Consider the rebidding of the network of LIHEAP (CEAP and WAP) providers and ensuring respondents are in a position to perform such verifications.

It should be noted that having the state permanently handle the verifications would be a very inefficient approach, as it would not only significantly slow down the approval process for clients, but would require additional FTEs and would direct funding to additional administrative costs that could otherwise be used for assistance to clients. Further, the Department is still awaiting affirmation from HHS that to have private nonprofit organizations gather information and transmit it, so that verification can be performed by the state or a third party, is in fact consistent with the Interim Guidance issued by the Department of Justice on the requirement to verify lawful status.

Because this issue is still under discussion with HHS, and the state is working to identify the most reasonable, efficient and fiscally responsible solution, and be compliant with the federal requirement, several rule changes have been made to the proposed draft. First, references in the rule requiring that private nonprofit subrecipients verify status have been removed and while initially contemplated, no language is being added that would require that subrecipients gather and transmit whatever documentation may be needed for the state, or a contractor of the state, to perform the verification. At this time the Community Affairs rule will be silent on this issue of how verification will be performed. Because this issue of how to handle verification for programs that are required to secure that verification, but for which local nonprofits may be subrecipients, is not limited to LIHEAP, the Department expects to bring a draft rule for proposal to a future Board meeting that will address how the Department will handle verification for any clients served by nonprofits under applicable programs.

Because subrecipients that are public organizations will have verified household members themselves and subrecipients that are private nonprofit organizations will have a process put in place through the rule to be proposed later this year, it is important that this Community Affairs rule provide one consistent guideline for household benefit determinations. Therefore, the rule continues to retain the provisions that relate to how to determine the number of household members, household income, and Vulnerable Household status as it relates to Unqualified alien household members. This provides consistent guidance for how all subrecipients will handle such households, regardless of method of verification used.

Staff estimates this rule becoming effective in early November 2018. Below is a general description of the changes that have been recommended to the Board for adoption.

Summarized List of Rule Changes

- §2.203, Termination and Reduction of Funding
  - In subsection (e), spells out QIP into Quality Improvement Plan, changes the QIP submittal and review periods to 25 calendar days each, provides more precise language regarding the point in time at which an eligible entity must submit a QIP, and distinguishes a QIP as proposed prior to final approval by the Department.
  - In subsection (f), makes non-substantive changes in wording regarding the 60 day period for the Quality Improvement Plan ("QIP") process.
  - In subsection (g), adds language indicating that a QIP may not be appropriate in some instances (for example, in the case of fraud) and adds language that before the Department will request a hearing with the State Office of Administrative Hearings ("SOAH") when initiating proceedings to terminate under the Community Services Block Grant ("CSBG") Information Memorandum ("IM")-116 process, staff will first

have the Department's Governing Board authorize the SOAH referral. This makes the rule more clear on the timing of when in the IM-116 process the Subrecipient will have the issue heard by the Department's Governing Board.
  - In subsections (h) and (i), adds the term Governing regarding the Board and adds the word "calendar" to distinguish calendar days from days.

- §2.204, Contents of a Quality Improvement Plan
  - Revises an incorrect citation and revises an incorrect reference to the location of another cite.

- §6.1, Purposes and Goals
  - Adds a new subsection (d) to allow the Department programmatic flexibility in the case of a disaster, as authorized by CSBG IM-154.

- §6.2, Definitions
  - Adds definitions for Qualified Alien, Unqualified Alien, and Mixed Status Household to provide terms needed to support revisions added in §6.307(f) and §6.309(d), as requested by HHS.
  - Revises the definition for Expenditure in response to feedback from HHS' recent monitoring of the Department's Low Income Home Energy Assistance Program ("LIHEAP").
  - Revises the definition of Household to address live-in aides or renters with separate leases.
  - Adds a definition for Obligation in response to feedback from HHS' recent monitoring of the Department's LIHEAP program.
  - Subsequent renumbering of definitions.

- §6.3, Subrecipient Contract
  - In subsection (e), removes two clauses that restricted when contract amendments could be executed. They were removed because they limit effective solutions for achieving greater funding expenditure. The two clauses - proposed below for removal - said that amendments would not be granted if certain situations applied.

- §6.7, Subrecipient Reporting Requirements
  - In subsection (a), adds that Subrecipients are responsible for uploading information into the Department's designated database.
  - Adds new subsection (h) to provide that a Subrecipient is able to refer a contractor to the Department for debarment. This is moved from §6.407(b) because this ability is not limited to only DOE, but pertains to all programs.

- §6.8, Potential Applicant/Applicant/Customer Denials and Appeals Rights
  - Adds "Potential Applicant" to the title to reflect added language in 6.8(a).
  - In subsection (a) adds language to require Subrecipients to have a procedure for the handling of client denials when the client is behaving in a threatening or abusive manner.
  - In subsection (e) (as renumbered), adds a reference to §1.13 as it provides additional information on SOAH hearings.

- §6.205, Limitations on Use of Funds
  - o In subsections (b) and (c) deletes a redundancy related to voter registration, adds several more specific examples from CSBG Act, and specifies days as "calendar" days.

- §6.206, CSBG Community Assessment, Community Action Plan, and Strategic Plan
  - o In subsection (c) removes the word "Need" now calling the assessment the Community Assessment; this change is made in the title and throughout the section.
  - o Adds language to establish the specific process to be used when a Subrecipient wants to amend their Community Assessment or Community Action Plan.
- §6.207, Subrecipient Requirements
  - o In subsection (i)(3), clarifies that the required case management evaluation system and survey are not part of the provision of case management, but are requirements of the program assessing case management. Also reorders the listed items.

- §6.213, Board Responsibility
  - o In subsection (d) removes language allowing a waiver to the requirement that Board members reside within the CSBG area because the CSBG Act does not allow for such a waiver.

- §6.214, Board Meeting Requirements
  - o In subsection (a) adds language that Eligible Entities must have a quorum for their board meetings to count for purposes of meeting the rule requirements relating to frequency of meetings. Conceivably an agency could have five meetings per annum but not have quorum at those meetings.

- §6.301, Background and Definitions
  - o Adds a definition for "Nearly Out of Fuel" in response to feedback from HHS' recent monitoring of the Department's LIHEAP program.
  - o Adds a definition for Vendor Refund in response to feedback from HHS' recent monitoring of the Department's LIHEAP program.

- §6.304, Deobligation and Reobligation of CEAP Funds
  - o In subsections (a) and (b), in consultation with a group of Subrecipients the Department has revised the deobligation process for CEAP. As requested by Subrecipients, a clause has been removed that limited deobligations to only the bottom 10% of Subrecipients not meeting identified benchmarks, meaning that now all Subrecipients who miss the benchmark will be prompted for the deobligation process. Revisions also now split out the deobligation "test" into two phases: a test to obligate 45% of funds by the May reporting deadline, and a test to obligate 70% of funds by the July reporting deadline. An opportunity to also avoid deobligation in the initial May test was added that requires training/technical assistance and submission of a plan to improve obligations.

- §6.307, Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households
  - o In response to feedback from HHS' recent monitoring of the Department's LIHEAP program, the draft rule had added new subsection (f) which relayed the federal requirement that Unqualified Aliens are not eligible to receive CEAP benefits and that Mixed Status Households should not be denied CEAP assistance based solely on the

presence of a non-qualified member. While the rule proposed for adoption will retain the language relaying the federal requirement, the section relating to methods for how private nonprofit Subrecipients can address this has been deleted. The Department is continuing to confer with HHS on possible solutions to the implementation of this requirement and a rule relating to this topic will be proposed at a future Board meeting.

- §6.309, Types of Assistance and Benefit Levels
  - In subsections (c) and (d), adds whether a Household has Unqualified Aliens to the list of what items are considered in determining benefit calculation, provides the method of calculation for Mixed Status Households, clarifies how Vulnerable Population and priority designation should be established in Mixed Status Households, and specifies the reporting requirements for Mixed Status Households. Renumbers appropriately.
  - In subsection (g) adds language to indicate that water, waste water, and solid waste shall not be paid for using LIHEAP funds. This revision is made in response to feedback from HHS' recent monitoring of the Department's LIHEAP program. In this subsection edits also revised i.e. to e.g.

- §6.312 Payment to Subcontractors and Vendors
  - In subsection (f) revises to address the proper process for handling the refund of utility deposits as program income.
  - In subsection (g) revises to address the proper process for the handling of vendor refunds. This revision is made in response to feedback from HHS' recent monitoring of the Department's LIHEAP program.

- §6.403, Definitions
  - Adds definition of "Significant Energy Savings" to correlate with the Department of Energy ("DOE") State Plan and DOE Weatherization Program Notice ("WPN") 16-5. A Savings to Investment Ratio ("SIR") of 1.0 is used as that is generally accepted standard among states.

- §6.405, Deobligation and Reobligation of Awarded Funds
  - In subsection (b), revises the timing of the Notice of Possible Deobligation being sent to the subrecipient board of directors from within seven business days to within ten calendar days.
  - In subsection (l)(2), revises to apply the rule of having at least one unit weatherized by the third reporting deadline to both LIHEAP WAP and DOE WAP.

- §6.406, Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria
  - In response to feedback from HHS' recent monitoring of the Department's LIHEAP program, the draft rule had added new subsection (e) which relayed the federal requirement that Unqualified Aliens are not eligible to receive weatherization benefits and that Mixed Status Households should not be denied assistance based solely on the presence of a non-qualified member. While the rule proposed for adoption will retain the language relaying the federal requirement, and how the household eligibility determinations will be made, the section relating to methods for how Subrecipients can address this has been deleted. The section also had added whether a Household has Unqualified Aliens to the list of what items are considered in determining benefit calculation, provides the method of calculation for Mixed Status Households, clarifies

how Vulnerable Population and priority designation should be established in Mixed Status Households, and specifies the reporting requirements for Mixed Status Households. This revision is made in response to feedback from HHS' recent monitoring of the Department's LIHEAP program, and to ensure compliance with DOE Guidance WPN 00-1.

- §6.407, Program Requirements
  - In subsection (e) removes the clause regarding referring contractors for debarment as it has been moved to Chapter 1 because this rule is not only pertinent to WAP, but to all Community Affairs programs.

- §6.412, Mold-Like Substances
  - In subsections (a) and (c) revises the name of the state agency which manages the Mold Program.
  - In subsection (b) revises language to require Subrecipients to relay in writing the proper state agency for a Household to contact about the discovery of the presence of mold-like substances in one's house.

- §6.414, Eligibility for Multifamily Dwellings
  - Revises language regarding the weatherization of multifamily buildings to reflect the latest DOE Guidance in WPN 16-5.

- §6.415, Health and Safety and Unit Deferral
  - In subsection (a) changes the DOE WAP Health and Safety expenditure cap from 20% to 15% at the direction of DOE.
  - In subsection (c) removes the maximum acceptable Carbon Monoxide parameters from the rules referring instead to the Standard Work Specifications.

- General: Other minor technical corrections are made throughout the rules including revising the plural use of Subrecipient in instances, renumbering, ensuring referential accuracy, etc.

Attachment 1: Preamble, including required analysis, for adopting the repeal of 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities

The Texas Department of Housing and Community Affairs ("the Department") adopts the repeal of 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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

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

   Mr. Irvine has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, of the rules governing the administration of Community Affairs programs.

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

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

4. The repeal does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.

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

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, of the rules governing the administration of Community Affairs programs.

7. The repeal will not increase nor decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

   The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section will be unaffected as the repealed rule will be replaced with a similar rule. There will not be economic costs to individuals required to comply with the repealed section.

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

g. SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between June 8, 2018, and July 9, 2018. There were no comments submitted regarding the repeal of 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities.

The Board adopted the final order adopting the repeal on October 11, 2018.

h. STATUTORY AUTHORITY. The repeal is adopted pursuant to TEX GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities

Attachment 2: Preamble for adopting new 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC §2.203, Termination and Reduction of Funding for CSBG Eligible Entities with changes to the proposed text as published in the June 8, 2018 issue of the Texas Register (43 TexReg 3694). The purpose of the new section is to provide compliance with Tex. Gov't Code Chapter 2306, Subchapter E, and to update the rule to make non-substantive changes in wording regarding the 60 day period for the Quality Improvement Plan ("QIP") process, to spell out QIP, to add the term Governing regarding the Board, to specify days as calendar days, to change the number of calendar days from 20 to 30 for the time period in which an entity must submit a proposed QIP to the Department, to add language indicating that a QIP may not be appropriate in some instances, and to add language that before the Department will request a hearing with the State Office of Administrative Hearings ("SOAH") when initiating proceedings to terminate under the Community Services Block Grant ("CSBG") Information Memorandum ("IM")-116 process, staff will first have the Department's Governing Board authorize the SOAH referral.

Tex. Gov't Code §2001.0045(b) does not apply to the new rule because it is exempt under §2001.0045(c)(4), which exempts rule changes necessary to receive a source of federal funds or to comply with federal law. Compliance with the new rule is intended to ensure adherence to federal law. Tex. Gov't Code Chapter 2306, Subchapter E, and provides for the implementation of this activity.

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

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

   Mr. Irvine has determined that, for the first five years the new rule will be in effect:

   1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, to provide greater clarity of the process described in the rule.
   2. The new rule does not require a change in work that will require the creation of new employee positions, nor is the new rule significant enough to reduce work load to a degree that any existing employee positions are eliminated.
   3. The new rule does not require additional future legislative appropriations.
   4. The new rule does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
   5. The new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
   6. The new rule will not expand, limit, or repeal an existing regulation.
   7. The new rule will not increase nor decrease the number of individuals subject to the rule's applicability.
   8. The new rule will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code Chapter 2306, Subchapter E.

1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.
2. There are no small or micro-businesses subject to the rule for which the economic impact of the rule is projected to impact. There are no rural communities subject to the rule for which the economic impact of the rule is projected to impact.
3. The Department has determined that because this rule is only applicable to nonprofits and local governments that are designated as community action agencies there will be no economic effect on small or micro-business or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that this rule has largely been in effect for several years, there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section will be greater clarity of the process described in the rule. There will not be economic cost to individuals required to comply with the new section because the rule has largely been in effect for several years and only clarifications to the rule have been added.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Irvine also has determined that for each year of the first five years the new section is in effect, enforcing or administering the new section does not have any foreseeable implications related to costs or revenues of the state or local governments because this rule only provides greater clarity to a process that has been largely in effect for several years.

g. SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between June 8, 2018, and July 9, 2018. Comments regarding the new section were accepted in writing from: (1) Stella Rodriguez, Executive Director, Texas Association of Community Action Agencies (represents 31 of 37 CEAP subrecipients, 34 of 40 CSBG subrecipients, and 21 of 22 WAP subrecipients); (2) Kelly Franke, Executive Director, Combined Community Action, Inc.; and (3) Adan Estrada, Executive Director, Big Bend Community Action, Inc.

1. Chapter 2, Subchapter B, §2.203(c)
COMMENT SUMMARY (1, 2, 3): For consistency, commenters requested the renaming of "corrective action or a plan for correction" to "Quality Improvement Plan (QIP)".

STAFF RESPONSE: "Corrective action or a plan for correction" is a term used to describe a response to issues identified in onsite monitoring reviews or single audits. A Quality Improvement Plan (QIP) is used to describe a document which is created after the non-resolution of findings within onsite monitoring reviews or single audits provided that there is still a reasonable basis for permitting a QIP. Because they are different terms used in different processes, the naming convention will remain as originally presented in the draft rule; however, the acronym QIP will be spelled out the first time it is used in subsection (e). The Department appreciates the comment.

2. Chapter 2, Subchapter B, §2.203(e)
COMMENT SUMMARY (1, 2, 3): Commenters requested that 30 calendar days be given to submit a QIP rather than the current 20 calendar days so that the subrecipient is allowed an equal amount of time to prepare the QIP as the Department is allowed to review it. Additionally, in many cases, a subrecipient's Board will have to review the QIP and a 20 day turnaround does not allow enough time as many Board's do not meet but once a month or less. Factoring in holidays can further complicate the ability of a subrecipient to develop a QIP within 20 calendar days.

Commenters also requested clarifying the date at which time the calendar day countdown begins by adding "from the date the final determination letter is received by the Subrecipient". Finally, commenters requested that "acceptable QIP" be changed to "proposed QIP" to maintain consistency with the subsequent sentence wherein "proposed QIP" is used. Using "proposed" rather than "acceptable" is also more accurate because the subrecipient will not know if the QIP they submit is "acceptable" or not until after the Department reviews it.

STAFF RESPONSE: To ensure parity in submittal and review time periods for both the subrecipient and the Department, the amount of calendar days required for the subrecipient to submit a QIP as well as the amount of calendar days required for the Department to review the QIP will each be changed to 25 calendar days as long as it does not exceed the statutory requirements. The Department concurs with all other comments pertaining to this subsection and will make changes to the rule as suggested.

3. Chapter 2, Subchapter B, §2.203(f)
COMMENT SUMMARY (1, 2, 3): Commenters requested that the term "sufficiently early" be clarified so that the subrecipient understands more clearly how to avoid the commencement of formal legal proceedings to terminate Eligible Entity status.

STAFF RESPONSE: The Department understands the commenters' rationale; however, QIPs will vary in the length of time they take to develop and review depending on the scope of the issues required to be addressed in the QIP. The Department chooses not to restrict this process by specifying a date, but rather chooses to relate in the language that the earlier a QIP is submitted, the higher the likelihood of it being reviewed and implemented thus avoiding the commencement of formal legal proceedings. The Department appreciates the comment, but will make no changes.

h. STATUTORY AUTHORITY. The new section is adopted pursuant to TEX GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects no other code, article, or statute.

The Board adopted the final order adopting the new rule on October 11, 2018.

[Note that this rule is shown in blackline form below for the purpose of the posting of Board materials but will be shown as clean new language when submitted to the Texas Register.]

§2.203. Termination and Reduction of Funding for CSBG Eligible Entities

(a) This section describes the Department's process for implementing HHS Information Memorandum 116 (Corrective Action, Termination, or Reduction of Funding) ("IM 116") and 42 U.S.C. 9915.

(b) Deficiencies may be identified through failure to resolve issues identified in an onsite monitoring review, a review of the Subrecipient's Single Audit, a review prompted by a complaint, through the Department's procedures for reviewing performance and expenditure reports, or in any other review under 42 U.S.C. §9914(a)(1)-(4).

(c) If a Deficiency is identified, the Department will review the training and technical assistance that has been provided to the Eligible Entity and determine if further training and technical assistance is warranted. If so, concurrent with the notification of the Deficiency, the Eligible Entity will be offered additional training and technical assistance that specifically focuses on the Deficiencies. After training and technical assistance has been delivered, the Eligible Entity will be provided the opportunity to submit corrective action or a plan for correction.

(d) If an entity does not respond, does not resolve the Deficiency, or does not propose a reasonable corrective action plan, the uncorrected Deficiency (or Deficiencies) will be considered a final decision in a review pursuant to the CSBG Act and cause for proceedings to terminate Eligible Entity status or reduce funding in accordance with IM 116 and 42 U.S.C. §§9908(b)(8) and 9915; such a determination will be issued in a final determination letter from the Department.

(e) If the Department determines that the development and implementation of a Quality Improvement Plan (QIP) is an appropriate requirement and/or that additional training and technical assistance are needed, that requirement will be stated in the final determination letter. The Eligible Entity will be provided 25~~20~~ calendar days from the date the final determination letter is received by the Subrecipient to submit a~~n~~ proposed~~acceptable~~ QIP compliant with §2.204 of this Subchapter, indicating that steps are under way and identifying dates for correction. Within 25~~30~~ calendar days from the date it receives the proposed QIP, the Department will review the QIP and either approve it or specify the reasons it cannot be approved.

(f) The CSBG Act requires that a QIP be implemented not later than 60 calendar days following the notification in the final determination letter. That requirement precludes a process of extended review and feedback and iterative QIP submissions (unless the QIP has been submitted sufficiently early to allow time for such Department review); a QIP that cannot be approved within the timeframe that allows for the implementation not later than the 60 calendar day deadline will generally serve to trigger the commencement of formal legal proceedings to terminate Eligible Entity status.

(g) If it is determined and/or documented that training and technical assistance is not appropriate, that ~~the~~a QIP is not appropriate, the QIP has not been approved, or the processes described in subsection (d) of this section have failed to resolve the Deficiency, the Department will contact all members of the Subrecipient's Board, and request that the Department's Governing Board at the next scheduled meeting authorize staff to pursue a hearing with ~~and the Department will arrange and set a date for a hearing with~~ the State Office of Administrative Hearings ("SOAH"). If approved by the Department's Governing Board, the Department will arrange and set a date for a hearing with SOAH. If the Eligible Entity does not respond or appear for the SOAH hearing, the consideration of termination of the Eligible Entity's status will be heard at the next regularly scheduled meeting of the Department's Governing Board. An entity receiving notice of the initiation of a contested case before SOAH is reminded that they will need to read and comply with SOAH's requirements in the way they handle and respond to the matter.

(h) SOAH will issue a proposal for decision to the TDHCA Governing Board recommending whether there is cause, as defined by the CSBG Act, 42 U.S.C. §9908(c), to terminate or reduce funding to the Subrecipient. The TDHCA Governing Board will be provided the proposal for decision and it will be considered as part of any final order by the Board in the matter.

(i) If the TDHCA Governing Board determines that there is cause to terminate or reduce funding, pursuant to 42 U.S.C. §9915, the Department will notify the Subrecipient that it has the right under 42 U.S.C. §9915 to seek review of the decision by the HHS. If HHS does not overturn the decision, or if the Subrecipient does not seek HHS review, the entity's status as an Eligible Entity under the CSBG Act, and all active CSBG Contracts will be terminated on the 90th calendar day after the Board decision.

(j) Any right or remedy given to the Department by this Chapter does not preclude the existence of any other right or remedy, nor shall any action or lack of action by the Department in the exercise of any right or remedy be deemed a waiver of any other right or remedy.

Attachment 3: Preamble, including required analysis, for adopting the repeal of 10 TAC §2.204, Contents of a Quality Improvement Plan

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC §2.204, Contents of a Quality Improvement Plan. The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action.

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

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

Mr. Irvine has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, of the rules governing the administration of Community Affairs programs.
2. The repeal does not require a change in work that will require the creation of new employee positions, nor is the repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.
3. The repeal does not require additional future legislative appropriations.
4. The repeal does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.
6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, of the rules governing the administration of Community Affairs programs.
7. The repeal will not increase nor decrease the number of individuals subject to the rule's applicability.
8. The repeal will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section will be unaffected as the repealed rule will be replaced with a similar rule. There will not be economic costs to individuals required to comply with the repealed section.

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

g. SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between June 8, 2018, and July 9, 2018. There were no comments submitted regarding the repeal of 10 TAC §2.204, Contents of a Quality Improvement Plan.

The Board adopted the final order adopting the repeal on October 11, 2018.

h. STATUTORY AUTHORITY. The repeal is adopted pursuant to TEX GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

10 TAC §2.204, Contents of a Quality Improvement Plan

Attachment 4: Preamble for adopting new 10 TAC §2.204, Contents of a Quality Improvement Plan

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC §2.204, Contents of a Quality Improvement Plan without changes to the proposed text as published in the June 8, 2018, issue of the *Texas Register* (43 TexReg 3696). The purpose of the new section is to provide compliance with Tex. Gov't Code Chapter 2306, Subchapter E, and to update the rule to make revisions to citations within the rule.

Tex. Gov't Code §2001.0045(b) does not apply to the new rule because it is exempt under §2001.0045(c)(4), which exempts rule changes necessary to receive a source of federal funds or to comply with federal law. Compliance with the new rule is intended to ensure adherence to federal law. Tex. Gov't Code Chapter 2306, Subchapter E, and provides for the implementation of this activity.

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

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

Mr. Irvine has determined that, for the first five years the new rule will be in effect:

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, to revise citations within the rule.
2. The new rule does not require a change in work that will require the creation of new employee positions, nor is the new rule significant enough to reduce work load to a degree that any existing employee positions are eliminated.
3. The new rule does not require additional future legislative appropriations.
4. The new rule does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The new rule will not expand, limit, or repeal an existing regulation.
7. The new rule will not increase nor decrease the number of individuals subject to the rule's applicability.
8. The new rule will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code Chapter 2306, Subchapter E.

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

   2. There are no small or micro-businesses subject to the rule for which the economic impact of the rule is projected to impact. There are no rural communities subject to the rule for which the economic impact of the rule is projected to impact.

3. The Department has determined that because this rule is only applicable to nonprofits and local governments that are designated as community action agencies there will be no economic effect on small or micro-business or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that this rule has been in effect for several years, there are no "probable" effects of the new rule on particular geographic regions.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section will be greater clarity of the process described in the rule. There will not be economic cost to individuals required to comply with the new section because the rule has largely been in effect for several years and only citations within the rule have been updated.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Irvine also has determined that for each year of the first five years the new section is in effect, enforcing or administering the new section does not have any foreseeable implications related to costs or revenues of the state or local governments because this rule only provides citation revisions to a rule that has been in effect for several years.

g. SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between June 8, 2018, and July 9, 2018. There were no comments submitted regarding new 10 TAC §2.204, Contents of a Quality Improvement Plan.

The Board adopted the final order adopting the new rule on October 11, 2018.

h. STATUTORY AUTHORITY. The new section is adopted pursuant to TEX GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects no other code, article, or statute.

[Note that this rule is shown in blackline form below for the purpose of the posting of Board materials but will be shown as clean new language when submitted to the Texas Register.]

§2.204, Contents of a Quality Improvement Plan

If a QIP is required of a Subrecipient under §2.203(e~~d~~) of this Subchapter, it must be developed compliant with the guidance in this section. While each QIP developed by a Subrecipient is unique and must be responsive to the specific Deficiencies identified, all of the items below, at a minimum, must be addressed.

(1) A QIP must initially provide a clear and explicit acknowledgement of each of the Deficiencies that have prompted the need for such a plan, and must be described in sufficient detail to affirm that the Subrecipient's board and management have a solid grasp of the needed improvement.

(2) Although commencement of the implementation of a QIP is specified in statute (42 USC §9915(a)(4)) the timeline for completion is important. The QIP must set forth an aggressive but achievable timeline that plans for implementation of the planned remedies to be actively underway not later than the sixtieth day after the day on which the Department notified the Subrecipient of a final determination consistent with §2.203(c) of this Subchapter~~above~~. The timeline should take into account the possible impact on achievement of benchmarks, plans, and other objectives. As a general rule the Subrecipient should not expect to receive an extension of any timeframes described herein.

(3) The QIP must be specific. A general statement, such as "the Subrecipient will ensure it has a compliant tripartite board" or "the Subrecipient will obtain a compliant Single Audit" will not suffice. Many such matters involve multiple steps from analysis and planning at the management level, to board presentation and approval, to procurement, to contracting, to execution under the Contract, often with follow-on requirements. If any of the steps will also require expenditure of funds, it may also be necessary to review and update the budget and possibly other matters, such as plans. Specificity must include at a minimum addressing the following questions:

(A) Whom within the Subrecipient's staff will do what specific steps/tasks, when will they do it, and what resources will they need?

(B) If staff is to be redirected or released from existing duties, how will those duties be covered?

(C) How will the agency ensure the Deficiency does not reoccur?

Attachment 5: Preamble, including required analysis, for adopting the repeal of 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights, §6.205 Limitations on Use of Funds, §6.206 CSBG Needs Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements, §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors, §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units, and §6.415 Health and Safety and Unit Deferral

The Texas Department of Housing and Community Affairs (the "Department") adopts the repeal of 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights, §6.205 Limitations on Use of Funds, §6.206 CSBG Needs Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements, §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors, §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units, and §6.415 Health and Safety and Unit Deferral. The purpose of the repeal is to eliminate outdated rules while adopting new updated rules under separate action.

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

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

Mr. Irvine has determined that, for the first five years the repeal would be in effect:

1. The repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous readoption making changes to an existing activity, of the rules governing the administration of Community Affairs programs.
2. The repeal does not require a change in work that will require the creation of new employee positions, nor is the repeal significant enough to reduce work load to a degree that any existing employee positions are eliminated.
3. The repeal does not require additional future legislative appropriations.
4. The repeal does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The repeal is not creating a new regulation, except that it is being replaced by a new rule simultaneously to provide for revisions.

6. The action will repeal an existing regulation, but is associated with a simultaneous readoption making changes to an existing activity, of the rules governing the administration of Community Affairs programs.
7. The repeal will not increase nor decrease the number of individuals subject to the rule's applicability.
8. The repeal will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

   The Department has evaluated this repeal and determined that the repeal will not create an economic effect on small or micro-businesses or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

   The Department has evaluated the repeal as to its possible effects on local economies and has determined that for the first five years the repeal will be in effect there will be no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the repeal is in effect, the public benefit anticipated as a result of the repealed section will be unaffected as the repealed rule will be replaced with a similar rule. There will not be economic costs to individuals required to comply with the repealed section.

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

g. SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between June 8, 2018, and July 9, 2018. There were no comments submitted regarding the repeal of 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights, §6.205 Limitations on Use of Funds, §6.206 CSBG Needs Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements, §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors, §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for

Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units, and §6.415 Health and Safety and Unit Deferral.

The Board adopted the final order adopting the repeal on October 11, 2018.

h. STATUTORY AUTHORITY. The repeal is adopted pursuant to TEX GOV'T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the repeal affects no other code, article, or statute.

10 TAC §6.1 Purpose and Goals
10 TAC §6.2 Definitions
10 TAC §6.3 Subrecipient Contract
10 TAC §6.7 Subrecipient Reporting Requirements
10 TAC §6.8 Applicant/Customer Denials and Appeal Rights
10 TAC §6.205 Limitations on Use of Funds
10 TAC §6.206 CSBG Needs Assessment, Community Action Plan, and Strategic Plan
10 TAC §6.207 Subrecipient Requirements
10 TAC §6.213 Board Responsibility
10 TAC §6.214 Board Meeting Requirements
10 TAC §6.301 Background and Definitions
10 TAC §6.304 Deobligation and Reobligation of CEAP Funds
10 TAC §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households
10 TAC §6.309 Types of Assistance and Benefit Levels
10 TAC §6.312 Payments to Subcontractors and Vendors
10 TAC §6.403 Definitions
10 TAC §6.405 Deobligation and Reobligation of Awarded Funds
10 TAC §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria
10 TAC §6.407 Program Requirements
10 TAC §6.412 Mold-Like Substances
10 TAC §6.414 Eligibility for Multifamily Dwelling Units
10 TAC §6.415 Health and Safety and Unit Deferral

Attachment 6: Preamble for adopting new 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights, §6.205 Limitations on Use of Funds, §6.206 CSBG Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements, §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors, §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units, and §6.415 Health and Safety and Unit Deferral

The Texas Department of Housing and Community Affairs (the "Department") adopts new 10 TAC Chapter 6 Community Affairs Programs: §6.1 Purpose and Goals, §6.2 Definitions, §6.3 Subrecipient Contract, §6.7 Subrecipient Reporting Requirements, §6.8 Applicant/Customer Denials and Appeal Rights, §6.205 Limitations on Use of Funds, §6.206 CSBG Assessment, Community Action Plan, and Strategic Plan, §6.207 Subrecipient Requirements, §6.213 Board Responsibility, §6.214 Board Meeting Requirements, §6.301 Background and Definitions, §6.304 Deobligation and Reobligation of CEAP Funds, §6.307 Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households, §6.309 Types of Assistance and Benefit Levels, §6.312 Payments to Subcontractors and Vendors, §6.403 Definitions, §6.405 Deobligation and Reobligation of Awarded Funds, §6.406 Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria, §6.407 Program Requirements, §6.412 Mold-Like Substances, §6.414 Eligibility for Multifamily Dwelling Units, and §6.415 Health and Safety and Unit Deferral, with changes to the proposed text as published in the June 8, 2018 issue of the Texas Register (43 TexReg 3699). The purpose of the new sections is to provide compliance with Tex. Gov't Code Chapter 2306, Subchapter E, to make changes to the rules that address findings identified by the U.S. Department of Health and Human Services ("HHS") in a recent monitoring of the Department, to update the rule to improve clarity, to remedy discrepancies between rules, and to correct identified areas of concern.

Tex. Gov't Code §2001.0045(b) does not apply to the new rule because it is exempt under §2001.0045(c)(4), which exempts rule changes necessary to receive a source of federal funds or to comply with federal law. Compliance with the new rule is intended to ensure adherence to federal law. Tex. Gov't Code Chapter 2306, Subchapter E, and provides for the implementation of this activity.

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

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

Mr. Irvine has determined that, for the first five years the new rule will be in effect:

1. The new rule does not create or eliminate a government program, but relates to the readoption of this rule which makes changes to an existing activity, of the rules governing the administration of Community Affairs programs.

2. The new rule does not require a change in work that will require the creation of new employee positions, nor is the new rule significant enough to reduce work load to a degree that any existing employee positions are eliminated.
3. The new rule changes do not require additional future legislative appropriations.
4. The new rule does not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The new rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The new rule will not expand or repeal an existing regulation, but can be considered to "limit" the existing regulations on this activity because the new rule will limit eligibility of certain programs only to those applicants who are United States Citizens, United States Nationals, or Qualified Aliens. Applicants not able to provide auditable evidence of United States legal status (i.e., Unqualified Aliens) will not receive assistance and households containing Unqualified Aliens may receive a lesser amount of assistance, or be denied assistance altogether depending on the income level of the household. This potentially limiting clarification to the rule is necessary to ensure compliance with §2605(b)(2) of the Low Income Home Energy Assistance Act (42 U.S.C. § 8624(b)(2)) which was identified by HHS in a recent monitoring of the Department.
7. The new rule will potentially decrease the number of individuals subject to the rule as described in 6 above.
8. The new rule will not negatively nor positively affect this state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002. The Department, in drafting this rule, has attempted to reduce any adverse economic effect on small or micro-business or rural communities while remaining consistent with the statutory requirements of Tex. Gov't Code Chapter 2306, Subchapter E.

1. The Department has evaluated this rule and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.
2. There are no small or micro-businesses subject to the rule for which the economic impact of the rule is projected to impact. There are no rural communities subject to the rule for which the economic impact of the rule is projected to impact.
3. The Department has determined that because this rule is only applicable to nonprofits and local governments that are designated as community action agencies there will be no economic effect on small or micro-business or rural communities.

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

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).
The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the new rule has no economic effect on local employment; therefore no local employment impact statement is required to be prepared for the rule.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…"

Considering that this rule has largely been in effect for several years and that the changes to the rule do not change issues affecting employment, there are no "probable" effects of the new rule on particular geographic regions.

PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX GOV'T CODE §2001.024(a)(5). Timothy K. Irvine, Executive Director, has determined that, for each year of the first five years the new section is in effect, the public benefit anticipated as a result of the new section will be improved clarity of processes described in the new rules, resolution of discrepancies between rules, correction of identified areas of concern, and changes needed to address findings and concerns identified by the U.S. Department of Health and Human Services ("HHS") in a recent monitoring.

e. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Irvine also has determined that for each year of the first five years the new section is in effect, enforcing or administering the new section does not have any foreseeable implications related to costs or revenues of the state or local governments because any such costs related to this rule will be paid for with federal funds.

i. SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The Department accepted public comment between June 8, 2018, and July 9, 2018. Comments regarding the new section were accepted in writing from seven commenters: (1) Stella Rodriguez, Executive Director, Texas Association of Community Action Agencies (represents 31 of 37 CEAP subrecipients, 34 of 40 CSBG subrecipients, and 21 of 22 WAP subrecipients); (2) Kelly Franke, Executive Director, Combined Community Action, Inc.; and (3) Adan Estrada, Executive Director, Big Bend Community Action, Inc.; (4) Dan Boyd, Executive Director, Community Services of Northeast Texas, Inc.; (5) Hanna Adams, Executive Director, Central Texas Opportunities, Inc.; (6) Gabriella Reed, Senior Division Chief, El Paso County Attorney's Office; and (7) Laura Ponce, Executive Director, El Paso Community Action Program Project Bravo, Inc.

1. Chapter 6, Subchapter C, §6.307(f) and Chapter 6, Subchapter D, §6.406(e)

COMMENT SUMMARY (1, 4, 5, 7):

Comments made for §6.307(f), relating to CEAP and §6.406(d) relating to WAP were repeated for both sections. Rather than repeat all comments again, this section addresses the comments and staff response as it relates to both CEAP and WAP.

- Commenter 1 requests removing the new proposed section which states that subrecipients other than public organizations may utilize a method of their choosing for verifying household eligibility, and may opt to use the SAVE program to verify status of applicants for CEAP and WAP services. In place of that language, commenter requests adding language that states subrecipients who are nonprofit charitable organizations are not required to determine, verify, or otherwise require proof of eligibility of any applicant for CEAP or WAP benefits or to have a separate entity verify an applicant's status before providing benefits. Commenter believes the proposed language should contain an exemption for nonprofit charitable organizations which they suggest is required by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The commenter also provides other legal citations that they believe provide precedent and justification of the requested exemption (including, 42 U.S.C. §§8621-8630 (LIHEAP Statute), §§42 U.S.C. 6861-6873 (WAP Statute), and §8 U.S.C. 1642 (PRWORA) in addition to LIHEAP Information Memorandums).

Commenter 1 also states that they believe nonprofit charitable organizations are not permitted to use SAVE. Direct access to the federal government's SAVE program is limited to federal, state, and local government agencies. The "Register for SAVE" webpage on the U.S. Citizenship and Immigration Services (USCIS) of the U.S. Department of Homeland Security (DHS) specifically states that "Private organizations, companies and individuals may not register for the SAVE Program"; therefore, nonprofit charitable organizations cannot be required to verify immigrant eligibility for federal public benefits through SAVE.

- Commenter 4 suggests that the proposed rule allows for a "method of its choosing" for non-profits and that self-declaration of status would be acceptable as it is acceptable to self-declare for income and disability. Commenter 4 also suggests that private organizations cannot be allowed or given access to the SAVE system and therefore should not be required to verify status of household members. By allowing or forcing access, the commenter suggests that civil or criminal liability could follow. The commenter suggests that applicants should be allowed to self-declare their legal status in the same way that they already do with income and disability.

- Commenter 5 requests that their interpretation of the federal law be upheld, which they believe indicates that nonprofit charitable organizations do not have to determine eligibility status for unqualified aliens.

- Commenter 7 recommends not adopting the proposed language requiring all members of a household applying for LIHEAP services to produce documents showing citizenship or alien status. Commenter suggests that the adoption of the proposed language will negatively affect households with vulnerable and protected populations to include those with foster children, the elderly and persons with disabilities. The reasons given are that these populations are unable to obtain proper citizenship records to be verified in the SAVE system due to mobility and poverty issues in the case of the disabled and elderly or due to foster parents not having rights to obtain birth certificates or visas for the foster children under their care. Without being able to count these populations within the household, many households would not qualify for assistance.

STAFF RESPONSE: The Department as the pass-through recipient of federal funds must abide by and ensure adherence to the laws prescribed for the programs the Department administers. While the Department is generally eager to support the network of subrecipients and strives to be responsive to comment, in this case the Department is also obligated to ensure the benefits provided under LIHEAP are in fact eligibly disseminated. The Department has requested assistance from HHS in determining how to best address the issue of nonprofit subrecipients who may not be required to verify legal status while also ensuring the federal requirement that LIHEAP benefits may not be given to non-Qualified Aliens is satisfied. Because this issue is still under discussion with HHS, the references in the rule to how subrecipients will verify has been removed. The Department expects to bring a draft rule for proposal to the Board in the future that will address this topic. Language in the rule that relates to how to determine the number of household members and income – as it relates to Unqualified alien household members – has been left in the rule.

2. Chapter 6, Subchapter C, §6.309(c)
COMMENT SUMMARY (1, 4, 5, 7):

- Commenters 1, 4, 5 requests that the proposed language be changed to reflect that only the income of eligible household members, not the income of unqualified aliens which is reflected in the rule as proposed, should have their income counted as well as be counted as part of the household. The commenters believes this is appropriate for the following reasons:
    - o Commenter 1 thinks that it makes sense that if a client is determined ineligible, their income should not be counted and not be included as a member of the household.
    - o Commenter 1 indicates that the basis of the proposed language is the HHS monitoring review letter received by the Department in January 2018 and that letter only recommended, but did not require, (i.e., using the word "should") that the Department develop written policies and procedures on how to ensure that unqualified individuals will not receive LIHEAP assistance, except in the case of a mixed status household. Additionally, HHS does not specify that the Department must count income of unqualified aliens while excluding them from eligibility.
    - o Commenters 1 and 5 believe the proposed language is not consistent with §6.307(f) which states mixed status households shall not be denied CEAP assistance based solely on the presence of a non-qualified member. Commenter 5 notes concern that counting households as required by the rule can cause a mixed status household to not qualify for assistance based on unqualified aliens.
    - o Commenter 1 believes the proposed language is unfair to eligible persons in a household who would otherwise qualify if unqualified aliens live within the household possibly leaving vulnerable persons unserved and at risk of worsening health conditions.
    - o Commenters 1 and 4 suggest that the proposed method of calculation could reduce the number of persons served and leave funds unspent. Commenter 4 suggests that it could decrease the number of households assisted with CEAP by 28% and echoed the concern that it may make it more difficult for LIHEAP funds to be fully expended statewide. Commenter 4 suggests that this could be addressed by excluding the income of any adult not counted in household size (those that have been determined ineligible) which would increase spending by as much as 50% and still comply with the rule that unqualified aliens will not receive assistance
    - o Commenters 1 and 4 indicate that current software systems at the local level would have to be upgraded/revised to factor in income of unqualified persons without factoring in their eligibility for assistance. Additionally, the software would have to be upgraded for reporting purposes. Such upgrades would be costly.
    - o Commenter 4 also notes that concern that reporting unduplicated persons served will become a concern as data is skewed and produce other unintended results.

- Commenter 7 recommends not adopting the proposed language requiring all members of a household applying for LIHEAP services to produce documents showing citizenship or alien status. Commenter suggests that the adoption of the proposed language will negatively affect households with vulnerable and protected populations to include those with foster children, the elderly and persons with disabilities. The reasons given are that these populations are unable to obtain proper citizenship records to be verified in the SAVE system due to mobility and poverty issues in the case of the disabled and elderly or due to foster parents not having rights to obtain birth certificates or visas for the foster children under their care. Without being able to count these populations within the household, many households would not qualify for assistance.

STAFF RESPONSE: Unqualified aliens are not authorized by statute (Section 2605 of the Low Income Home Energy Assistance Act (42 U.S.C. § 8624(b)(2))) to receive LIHEAP services, and therefore are considered ineligible and may not be counted as part of the household. However if an unqualified alien lives within a house and earns income, the income earned by the alien can and will be used for living expenses (e.g., rent, utilities, food) and can cause a household to be over the qualified income. If the income is not considered, a household could be considered eligible that is in fact over income. The Information Memorandum from HHS dated December 12, 2014, on this issue specifically indicates that there is no authority to exclude income. This rationale serves as the basis for the proposed language. Because this issue of how to process verification is still under discussion with HHS, private nonprofit subrecipients are not required to verify qualified households. However, a rule relating to this topic will be proposed at a future meeting of the Department's Board. Language in the rule was also retained that relates to how to determine the number of household members and income – as it relates to Unqualified alien household members – so that it can provide consistent guidance for the handling of Unqualified household members.

The Department concurs that the HHS monitoring review letter received by the Department used the term "should." However, the Department believes that the issue suggested is not to be dismissed because of the term "should," but still needs to be implemented to be aligned with the direction of our federal oversight agency and concluded that the Department had to develop rules regarding subrecipient's written criteria concerning eligible households. This has been affirmed verbally to the Department in several calls with HHS.

The intention of §6.309(c) is definitely not to disqualify a household simply because it is mixed status, and is carefully written to indicate that a household can, and should, still be considered eligible for services even though an Unqualified Alien resides within. It is possible that households may not qualify due to income earned by an Unqualified Alien putting the household income above the Federal Poverty Guidelines; however, a household will not be considered ineligible simply because of the presence of an Unqualified Alien.

The Department recognizes that due to the requirement that households must be income eligible and to do so must be within Federal Poverty Guidelines for a given amount of persons in the household, it is possible that certain households with qualified aliens will be ineligible for assistance that might otherwise have been eligible has all the income in the household not been counted. However, in its adherence to federal law, the Department and its subrecipients must follow Federal Poverty Guidelines and only assist those households who do not exceed those limits. When assistance is denied to one household it opens up the possibility that assistance will be given to another lower income household since the CEAP program receives significantly more applications for assistance than it can fund.

From a need perspective there is no reason at all that CEAP funds should go unspent by the end of the year because of this rule, only that more and/or different households may be assisted.

3. Chapter 6, Subchapter C, §6.309(d)

COMMENT SUMMARY (1): Commenter requests that language be added that states only eligible individuals in the Households should be reported. The rationale is that if an individual's income is not counted, then they should not be reported. Commenter also suggests that software systems at the local level would have to be upgraded to factor in the inclusion of an unqualified person's income while excluding those same unqualified persons from the household count. Additionally, the software would have to be upgraded for reporting purposes. Such upgrades could be costly.

STAFF RESPONSE: See comment and response above.

4. General Comment on Chapter 6, Subchapter C, §6.307(f), §6.309(c-d) and, Subchapter D, §6.406(e-f)

COMMENT SUMMARY (6): Commenter remarks that the proposed language will be detrimental to the population served by the El Paso Community Action Program Project Bravo. It is the commenter's opinion that the proposed language could disenfranchise, marginalize and keep people living below the poverty line. Commenter requests that in order to assist people and families in escaping poverty with education and other services, the proposed language must not be adopted. The commenter also couples the proposed changes with the "current political atmosphere" as being inhumane to non-white Americans and immigrants.

STAFF RESPONSE: Because this issue is still under discussion with HHS, private nonprofit subrecipients are not required to verify qualified households. A rule relating to this topic will be proposed at a future meeting of the Department's Board. Language in the rule was retained that relates to how to determine the number of household members and income – as it relates to Unqualified alien household members – so that it can provide consistent guidance for the handling of Unqualified household members.

5. Chapter 6, Subchapter D, §6.403(a)

COMMENT SUMMARY (1): Commenter requests that the Department of Housing and Urban Development (HUD) and its definition be removed from this section and replaced with the funding sources for the Weatherization Assistance Program (WAP).

STAFF RESPONSE: The purpose of naming and defining HUD in this section is not to describe the funding sources for the WAP, but to serve as a reference to §6.413 and §6.414 wherein HUD is listed as an essential part of lead safe practices and multifamily WAP rules. The Department appreciates the comment, but will make no changes.

6. Chapter 6, Subchapter D, §6.405(b)

COMMENT SUMMARY (1): Commenter requests that the insertion of "within" before "seven business days" be removed because it allows the Department to send a Notice of Possible Deobligation to the subrecipient board of directors sooner than seven days after the subrecipient Executive Director has been notified which decreases the likelihood that the Executive Director will be able to notify his or her board of the coming Notice before they are made aware by the Department.

STAFF RESPONSE: The Department will always be considerate of the communication channels within its subrecipient organizations and can work with the Executive Director upon request as to the order and timing of the Notice being sent to his or her board of directors. To address this concern, the term "within" will be revised to "on or after." Additionally, the language is revised from seven business days to ten calendar days. Language will also be added to the Notice template to remind the Executive Director to notify his or her board, and that an impending Notice sent by the Department to the board will be sent within ten days.

7. Chapter 6, Subchapter D, §6.405(c)

COMMENT SUMMARY (1): Commenter requests that "fifteen (15) days" be changed to "fifteen (15) business days" to further specify the amount of time a Mitigation Action Plan must be submitted to the Department by the Subrecipient after the date of the Notification of Possible

Deobligation. Furthermore, commenter suggests that the added language will make the rule consistent with the previous subsection wherein "business days" are also used.

STAFF RESPONSE: The Department appreciates the commenter's concern regarding clarity and consistency within the rule. The Department will change the language in the previous subsection (i.e., §6.405(b)) to reflect "calendar days" rather than "business days" making that subsection consistent with this subsection. The Department appreciates the comment, but will make no changes to this subsection of the rule.

8. Chapter 6, Subchapter D, §6.405(h)
COMMENT SUMMARY (1): Commenter requests that the amount of days a subrecipient has to appeal the Corrective Action Notice be changed from seven calendar days to seven business days because a holiday weekend can significantly reduce the preparation and filing time for an appeal from seven calendar days to four days which is not a reasonable amount of time.

STAFF RESPONSE: Seven calendar days rather than seven business days has been established to be consistent with §1.7 which addresses appeal rights as part of the Department's general policies and procedures. The Department appreciates the comment, but will make no changes.

9. Chapter 6, Subchapter D, §6.405(k)
COMMENT SUMMARY (1): Commenter requests that seven calendar days be changed to seven business days for the amount of time within which a Corrective Action Notice must be appealed to be consistent with the commenter's request in §6.405(h) above.

STAFF RESPONSE: No changes have been made to §6.405(h); therefore, seven (7) calendar days will remain as written in §6.405(k). The Department appreciates the comment, but will make no changes.

10. Chapter 6, Subchapter D, §6.406(e)
See Comments made and Reasoned Response at Item #1 above for Chapter 6, Subchapter C, §6.307(f).

11. Chapter 6, Subchapter D, §6.406(f)
COMMENT SUMMARY (1): Similar to the comments noted in Subchapter C, §6.309(c), the commenter requests language be added that states only eligible individuals in the Household be reported. The rationale is that if an individual's income is not counted, then they should not be reported. Commenter also suggests that software systems at the local level would have to be upgraded to factor in the inclusion an unqualified person's income while excluding those same unqualified persons from the household count. Additionally, the software would have to be upgraded for reporting purposes. Such upgrades would be costly.

STAFF RESPONSE: When individual households have to qualify for benefits, Unqualified Aliens are not authorized to receive WAP services and the Department has determined they may not be counted as part of the household. However, it is generally accepted that if an unqualified alien lives within a house and earns income, that the income earned by the alien can and will be used for living expenses (e.g., rent, utilities, food). If the income is not considered, a household could be considered eligible that is in fact over income. The Information Memorandum from HHS dated December 12, 2014, on this issue specifically indicates that there is no authority to exclude income. This rationale serves as the basis for the proposed language. See the staff response to Item #2 above for a more expanded response on this issue.

12. General Comment on Chapter 6, Subchapter D, §6.406(e-f)
See Comments made and reasoned response under #3 above for Chapter 6, Subchapter C, §6.307(f), §6.309(c-d) and, Subchapter D, §6.406(e-f)

13. Chapter 6, Subchapter D, §6.412(b)
COMMENT SUMMARY (1): Commenter requests the addition of "potential" before presence of mold-like substances because subrecipients do not have the expertise to declare whether or not a mold-like substance is a mold-like substance. Commenter also requests clarification on which state agency is the point of contact for the presence of mold-like substances and to provide contact information for that agency. Finally, commenter requests that a statewide database for tracking previously denied homes due to mold-like substances be provided to subrecipients.

STAFF RESPONSE: The Department concurs with the portion of the comment regarding clarification of the state agency which operates the Mold Program. The Department will remove reference to the Texas Department of State Health Services in §6.412 and replace it with Texas Department of Licensing and Regulation ("TDLR"). Effective November 1, 2017, the Texas Department of State Health Services transferred the Mold Program to TDLR. The subrecipient will be responsible for providing TDLR's contact information to the applicant.

Because the term "mold-like substance" was coined for individuals who do not have expertise in identifying the existence of mold, the Department believes that adding "potential" as requested would be superfluous. Nowhere in the TAC is there an expectation of "mold" identification as that does require certification; however, the Department does expect the subrecipients and their contractors to be able to identify the presence of a "mold-like substance". The Department appreciates the comment, but will make no changes regarding this portion of the comment.

Currently, a statewide database application to track previously denied homes due to mold-like substances does not exist and will not exist in the foreseeable future. Subrecipients must continue to properly document and track all actions regarding the denial or approval of weatherization of an applicant's home to include observation of mold-like substances. The Department appreciates the comment, but will make no changes regarding this portion of the comment.

14. Chapter 6, Subchapter D, §6.412(c)
COMMENT SUMMARY (1): Commenter requests the addition of "potential" before "existence of the mold-like substance" because subrecipients do not have the expertise to declare whether or not a mold-like substance is a mold-like substance. Commenter also requests clarification on which state agency is the point of contact for the presence of mold-like substances.

STAFF RESPONSE: The Department concurs with the portion of the comment regarding clarification of the state agency which operates the Mold Program. The Department will remove reference to the Texas Department of State Health Services in §6.412 and replace it with the Texas Department of Licensing and Regulation (TDLR). Effective November 1, 2017, the Texas Department of State Health Services transferred the Mold Program to TDLR.

Because the term "mold-like substance" was coined for individuals who do not have expertise in identifying the existence of mold, the Department believes that adding "potential" as requested would be superfluous. Nowhere in the TAC is there an expectation of "mold" identification as that does require certification; however, the Department does expect its subrecipients and contractors to be able to identify the presence of a “mold-like substance”. The Department appreciates the comment, but will make no changes regarding this portion of the comment.

The Board adopted the final order adopting the new rule on October 11, 2018.

f. STATUTORY AUTHORITY. The new sections are adopted pursuant to TEX GOV’T CODE, §2306.053, which authorizes the Department to adopt rules. Except as described herein the new section affects no other code, article, or statute.

[Note that this rule is shown in blackline form below for the purpose of the posting of Board materials but will be shown as clean new language when submitted to the Texas Register.]

Chapter 6, Subchapter A

§6.1. Purpose and Goals

(a) The rules established herein are for CSBG, LIHEAP, and DOE-WAP. Additional program specific requirements are contained within each program subchapter and Chapters 1 and 2 of this Title.

(b) Programs administered by the Community Affairs ("CA") Division of the Texas Department of Housing and Community Affairs (the "Department") support the Department's statutorily assigned mission.

(c) The Department accomplishes its mission chiefly by acting as a conduit for federal grant funds and other assistance for housing and community affairs programs. Ensuring program compliance with the state and federal laws that govern the CA programs is another important part of the Department's mission. Oversight and program mandates ensure state and federal resources are expended in an efficient and effective manner.

(d) In instances of a disaster, the Department may pursue waivers or explore flexibilities as addressed in CSBG IM -154 (and any other subsequent guidance or similar guidance for LIHEAP or DOE WAP) through HHS or DOE within the CA programs in order to serve low income Texans.

§6.2. Definitions

(a) To ensure a clear understanding of the terminology used in the context of the CSBG, LIHEAP, and DOE-WAP programs of the Community Affairs Division, a list of terms and definitions has been compiled as a reference.

(b) The words and terms in this chapter shall have the meanings described in this subsection unless the context clearly indicates otherwise. Refer to Subchapters B, C, and D of this chapter for program specific definitions.

(1) Affiliate--An entity related to an Applicant that controls by contract or by operation of law the Applicant or has the power to control the Applicant or a third entity that controls, or has the power to control both the Applicant and the entity. Examples include but are not limited to entities submitting under a common application, or instrumentalities of a unit of government. This term also includes any entity that is required to be reported as a component entity under Generally Accepted Accounting Standards, is required to be part of the same Single Audit as the Applicant, is reported on the same IRS Form 990, or is using the same federally approved indirect cost rate.

(2) Awarded Funds--The amount of funds or proportional share of funds committed by the Department's Board to a Subrecipient or service area.

(3) Categorical Eligible/Eligibility--A method where a Subrecipient must deem a Household to be eligible for benefits if that Household includes at least one member that receives:

(A) SSI payments from the Social Security Administration; or

(B) Means Tested Veterans Program payments. See paragraph (30) of this subsection~~§6.2(b)(30)~~.

(4) Child--Household member not exceeding eighteen (18) years of age.

(5) Code of Federal Regulations ("CFR")--The codification of the general and permanent rules and regulations of the federal government as adopted and published in the Federal Register.

(6) Community Action Agencies ("CAAs")--Private Nonprofit Organizations and Public Organizations that carry out the Community Action Program, which was established by the 1964 Economic Opportunity Act to fight poverty by empowering the poor in the United States.

(7) Community Services Block Grant ("CSBG")--An HHS-funded program which provides funding for CAAs and other Eligible Entities that seek to address poverty at the community level.

(8) Comprehensive Energy Assistance Program ("CEAP")--A LIHEAP-funded program to assist low-income Households, in meeting their immediate home energy needs.

(9) Concern--A policy, practice or procedure that has not yet resulted in a Finding or Deficiency but if not changed will or may result in Findings, Deficiencies and/or disallowed costs.

(10) Contract--The executed written ~~A~~agreement between the Department and a Subrecipient performing an ~~A~~activity related to a program that describes performance requirements and responsibilities assigned by the document,~~;~~ for which the first day of the ~~c~~Contract term ~~period~~ is the point at which program~~s~~ funds may be considered by a Subrecipient for ~~e~~Expenditure, unless otherwise directed in writing by the Department.

(11) Contracted Funds--The gross amount of funds ~~o~~Obligated by the Department to a Subrecipient as reflected in a Contract.

(12) Cost Reimbursement--A Contract sanction whereby reimbursement of costs incurred by the Subrecipient is made only after the Department has conducted such review as it deems appropriate, which may be complete or limited, such as on a sampling basis, and approved backup documentation provided by the Subrecipient to support such costs. Such a review and approval does not serve as a final approval and all uses of advanced funds remain subject to review in connection with future or pending reviews, monitoring, or audits.

(13) Declaration of Income Statement ("DIS")--A Department-approved form used only when it is not possible for an applicant to obtain third party or firsthand verification of income.

(14) Deficiency--Consistent with the CSBG Act, a Deficiency exists when an Eligible Entity has failed to comply with the terms of an agreement or a State plan, or to meet a State requirement. The Departments determination of a Deficiency may be based on the Eligible Entity's failure to provide CSBG services, or to meet appropriate standards, goals, and other requirements established by the State, including performance objectives. A Finding, Observation, or Concern that is not corrected, or is repeated, may become a Deficiency.

(15) Deobligate/Deobligation--The partial or full removal of Contracted Funds from a Subrecipient. Partial Deobligation is the removal of some portion of the full Contracted Funds from a Subrecipient, leaving some remaining balance of Contracted Funds to be administered by the Subrecipient. Full Deobligation is the removal of the full amount of Contracted Funds from a Subrecipient. This definition does not apply to CSBG non-discretionary funds.

(16) Department of Energy ("DOE")--Federal department that provides funding for a weatherization assistance program.

(17) Department of Health and Human Services ("HHS")--Federal department that provides funding for CSBG and LIHEAP energy assistance and weatherization.

(18) Dwelling Unit--A house, including a stationary mobile home, an apartment, a group of rooms, or a single room occupied as separate living quarters.

(19) Elderly Person--

(A) for CSBG, a person who is 55 years of age or older; and

(B) for CEAP and WAP, a person who is 60 years of age or older.

(20) Emergency--defined as:

(A) a natural disaster;

(B) a significant home energy supply shortage or disruption;

(C) significant increase in the cost of home energy, as determined by the Secretary of HHS;

(D) a significant increase in home energy disconnections reported by a utility, a state regulatory agency, or another agency with necessary data;

(E) a significant increase in participation in a public benefit program such as the food stamp program carried out under the Food Stamp Act of 1977 (7 U.S.C. §§2011, et seq.), the national program to provide supplemental security income carried out under Title XVI of the Social Security Act (42 U.S.C. §§1381, et seq.) or the state temporary assistance for needy families program carried out under Part A of Title IV of the Social Security Act (42 U.S.C. §§601, et seq.), as determined by the head of the appropriate federal agency;

(F) a significant increase in unemployment, layoffs, or the number of Households with an individual applying for unemployment benefits, as determined by the Secretary of Labor; or

(G) an event meeting such criteria as the Secretary of HHS, at the discretion of the Secretary of HHS, may determine to be appropriate.

(21) Expenditure--Funds that have been accrued or remitted for purposes of the award, or in the case of CEAP, funds that have been pledged.~~An amount of money spent.~~

(22) Families with Young Children--A Household that includes a Child age five or younger. For LIHEAP WAP only, a Family with Young Children also includes a Household that has a pregnant woman.

(23) Finding--A Subrecipien'ts material failure to comply with rules, regulations, the terms of the Contract or to provide services under each program to meet appropriate standards, goals, and other requirements established by the Department or funding source (including performance objectives). A Finding impacts the organizations ability to achieve the goals of the program and jeopardizes continued operations of the Subrecipient. Findings include the identification of an action or failure to act that results in disallowed costs.

(24) High Energy Burden--Households with energy burden which exceeds 11% of annual gross income (as defined by the applicable program), determined by dividing a Household's annual home energy costs by the Household's annual gross income.

(25) High Energy Consumption--A Household that is billed more than $1000 annually for related fuel costs for heating and cooling their Dwelling Unit.

(26) Household--Any individual or group of individuals, excluding unborn children, who are living together as one economic unit. For DOE WAP this includes all persons living in the Dwelling Unit. For CSBG/LIHEAP these persons customarily purchase residential energy in common or make undesignated payments for energy. In CSBG/LIHEAP a live-in aide, or a Renter with a separate lease that includes a separate bill for utilities would not be considered a Household member.

(27) Inverse Ratio of Population Density Factor--The number of square miles of a county divided by the number of poverty Households of that county.

(28) Low Income Household--defined as:

(A) For DOE WAP, a Household whose total combined annual income is at or below 200% of the HHS Poverty Income guidelines, or a Household who is Categorically Eligible;

(B) For CEAP and LIHEAP WAP, a Household whose total combined annual income is at or below 150% of the HHS Poverty Income guidelines, or a Household who is Categorically Eligible; and

(C) For CSBG, a Household whose total combined annual income is at or below 125% of the HHS Poverty Income guidelines.

(29) Low Income Home Energy Assistance Program ("LIHEAP")--An HHS-funded program which serves low income Households who seek assistance for their home energy bills and/or weatherization services.

(30) Means Tested Veterans Program--A program whereby applicants receive payments under §§415, 521, 541, or 542 of title 38, United States Code, or under §306 of the Veterans' and Survivors' Pension Improvement Act of 1978.

(31) Mixed Status Household--A Household that contains one or more members that are U.S. Citizens, U.S. Nationals, or Qualified Aliens, and one or more members that are Unqualified Aliens.

(32) Obligation--Funds become obligated upon approval of an award to Subrecipient by the Department's Governing Board, unless the Department does not receive sufficient funding from the cognizant federal entity.

(33~~1~~) Observation--A notable policy, practice or procedure observed though the course of monitoring.

(34~~2~~) Office of Management and Budget ("OMB")--Office within the Executive Office of the President of the United States that oversees the performance of federal agencies and administers the federal budget.

(35~~3~~) OMB Circulars--Instructions and information issued by OMB to Federal agencies that set forth principles and standards for determining costs for federal awards and establish consistency in the management of grants for federal funds. Uniform cost principles and administrative requirements for local governments and for nonprofit organizations, as well as audit standards for governmental organizations and other organizations expending federal funds are set forth in 2 CFR Part 200, unless different provisions are required by statute or approved by OMB.

(36~~4~~) Outreach--The method that attempts to identify customers who are in need of services, alerts these customers to service provisions and benefits, and helps them use the services that are available. Outreach is utilized to locate, contact and engage potential customers.

(37~~5~~) Performance Statement--A document which identifies the services to be provided by a Subrecipient.

(38~~6~~) Persons with Disabilities--Any individual who is:

(A) an individual described in 29 U.S.C. §701 or has a disability under 42 U.S.C. §§12131 - 12134;

(B) disabled as defined in 42 U.S.C. 1382(a)(3)(A), 42 U.S.C. §423, or in 42 U.S.C. §15001; or

(C) receiving benefits under 38 U.S.C. Chapter 11 or 15.

(39~~7~~) Population Density--The number of persons residing within a given geographic area of the state.

(40~~38~~) Poverty Income Guidelines--The official poverty income guidelines as issued by HHS annually.

(41~~39~~) Private Nonprofit Organization--An organization described in §501(c) of the Internal Revenue Code (the "Code") of 1986 and which is exempt from taxation under subtitle A of the Code and that is not a Public Organization.

(42~~0~~) Production Schedule--The estimated monthly and quarterly performance targets and expenditures for a Contract period. The Production schedule must be signed by the applicable approved signatory and approved by the Department in writing.

(43~~1~~) Program Year--January 1 through December 31 of each calendar year for CSBG and LIHEAP and July 1 through June 30 of each calendar year for DOE WAP.

(44~~2~~) Public Organization--A unit of government, as established by the Legislature of the State of Texas. Includes, but may not be limited to, cities, counties, and councils of governments.

(45) Qualified Alien--A person that is not a U.S. Citizen or a U.S. National and is described at 8 U.S.C. §1641(b).

(46~~3~~) Referral--The documented process of providing information to a customer Household about an agency, program, or professional person that can provide the service(s) needed by the customer.

(47~~4~~) Reobligation--The reallocation of ~~d~~Deobligated funds to other Subrecipients.

(48~~5~~) Single Audit--The audit required by Office of Management and Budget (OMB), 2 CFR Part 200, Subpart F, or Tex. Gov't Code, Chapter 738, Uniform Grant and Contract Management, as reflected in an audit report.

(49~~6~~) State--The State of Texas or the Department, as indicated by context.

(50~~47~~) Subcontractor--A person or an organization with whom the Subrecipient contracts with to provide services.

(51~~48~~) Subgrant--An award of financial assistance in the form of money, made under a grant by a Subrecipient to an eligible Subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases.

(52~~49~~) Subgrantee--The legal entity to which a Subgrant is awarded and which is accountable to the Subrecipient for the use of the funds provided.

(53~~0~~) Subrecipient--An organization that receives federal funds passed through the Department to operate the CSBG, CEAP, DOE WAP and/or LIHEAP program(s).

(54~~1~~) Supplemental Security Income (SSI)--A means tested program run by the Social Security Administration.

(55~~2~~) System for Award Management ("SAM")--Combined federal database that includes the Excluded Parties List System ("EPLS").

(56~~3~~) Systematic Alien Verification for Entitlements ("SAVE")--Automated intergovernmental database that allows authorized users to verify the immigration status of applicants.

(57~~4~~) Texas Administrative Code ("TAC")--A compilation of all state agency rules in Texas.

(58~~5~~) Uniform Grant Management Standards ("UGMS")--The standardized set of financial management procedures and definitions established by Tex. Gov't Code Chapter 783 to promote the efficient use of public funds by requiring consistency among grantor agencies in their dealings with grantees, and by ensuring accountability for the expenditure of public funds. State agencies are required to adhere to these standards when administering grants and other financial assistance agreements with cities, counties and other political subdivisions of the state. This includes all Public Organizations. In addition, Tex. Gov't Code Chapter 2105, subjects S~~s~~ubrecipients of federal block grants (as defined therein) to the Uniform Grant and Contract Management Standards.

(59~~6~~) United States Code ("U.S.C.")--A consolidation and codification by subject matter of the general and permanent laws of the United States.

(60) Unqualified Alien--A person that is not a U.S. Citizen, U.S. National, or a Qualified Alien.

(61~~57~~) Vendor Agreement--An agreement between the Subrecipient and energy vendors that contains assurances regarding fair billing practices, delivery procedures, and pricing for business transactions involving LIHEAP beneficiaries.

(62~~58~~) Vulnerable Populations--Elderly persons, Persons with a Disability, and Households with a Child at or below the age of five.

(63~~59~~) Weatherization Assistance Program ("WAP")--DOE and LIHEAP funded program designed to reduce the energy cost burden of Low Income Households through the installation of energy efficient weatherization materials and education in energy use.

§6.3. Subrecipient Contract

(a) Subject to prior Board approval, the Department and a Subrecipient shall enter into and execute a Contract for the disbursement of program funds. The Department, acting by and through its Executive Director or his/her designee, may authorize, execute, and deliver authorized modifications and/or amendments to the contract, as allowed by state and federal laws and rules.

(b) The governing body of the Subrecipient must pass a resolution authorizing its Executive Director or his/her designee to have signature authority to enter into contracts, sign amendments, and review and approve reports. All Contract actions including extensions, amendments or revisions must be ratified by the governing body at the next regularly scheduled meeting. Minutes relating to this resolution must be on file at the Subrecipient level.

(c) Within 45 calendar days following the conclusion of a Contract issued by the Department, the Subrecipient shall provide a final expenditure and final performance report regarding funds expended under the terms of the Contract.

(d) A performance statement and budget are attachments to the Contract between the Subrecipient and the Department. Execution of the Contract enables the Subrecipient to access funds through the Department's Community Affairs contract system.

(e) Amendments and Extensions to Contracts.

(1) Except for quarterly amendments to non-discretionary CSBG Contracts to add funds as they are received from HHS, and excluding amendments that move funds within budget categories but do not extend time or add funds, amendments and extension requests must be submitted in writing by the Subrecipient and will not be granted if any of the following circumstances exist:

(A) if the award for the Contract was competitively awarded and the amendment would materially change the scope of Contract performance;

~~(B) if the funds associated with the Contract will reach their federal expiration date within 45 calendar days of the request;~~

(B~~C~~) if the Subrecipient is delinquent in the submission of their Single Audit or the Single Audit Certification form required by §1.403, relating to Single Audit Requirements, in Chapter 1 of this Title;

(C~~D~~) if the Subrecipient owes the Department disallowed amounts in excess of $1,000 and a Department-approved repayment plan is not in place or has been violated;

(D~~E~~) for amendments adding funds (not applicable to amendments for extending time) if the Department has cited the Subrecipient for violations within §6.10 of this Subchapter (related to Compliance Monitoring) and the corrective action period has expired without correction of the issue or a satisfactory plan for correction of the issue; or

~~(F) the Contract has expired; or~~

(E~~G~~) a member of the Subrecipient's board has been debarred and has not been removed.

(2) Within 30 calendar days of a Subrecipient's request for a Contract amendment or extension request the request will be processed or denied in writing. If denied, the applicable reason from this subsection ~~(e)~~ or other applicable reason will be cited. The Subrecipient may appeal the decision to the Executive Director consistent with Chapter 1, §1.7, of this Title.

§6.7. Subrecipient Reporting Requirements

(a) Subrecipient~~s~~ must submit a monthly performance and expenditure report through the Community Affairs Contract System not later than the fifteenth (15th) day of each month following the reported month of the contract period. Reports are required even if a fund reimbursement or advance is not being requested. It is the responsibility of the Subrecipient to upload information into the Department's designated database.

(b) Subrecipient shall reconcile their expenditures with their performance on at least a monthly basis before seeking a request for funds for the following month. If the Subrecipient is unable to reconcile on a month-to-month basis, the Subrecipient must provide at the request of the Department, a written explanation for the variance and take appropriate measures to reconcile the subsequent month. It is the responsibility of a Subrecipient to ensure that it has documented the compliant use of all funds provided prior to receipt of additional funds, or if this cannot be done to address the repayment of such funds.

(c) Subrecipient shall electronically submit to the Department no later than 45 days after the end of the Subrecipient Contract term a final expenditure or reimbursement and programmatic report utilizing the expenditure report and the performance report.

(d) If the Department has provided funds to a Subrecipient in excess of the amount of reported expenditures in the ensuing month's report, no additional funds will be released until those excess funds have been expended. For example, in January a Subrecipient requests and is advanced $50,000. In February, if the Subrecipient reports $10,000 in Expenditures and an anticipated need for $30,000, no funds will be released.

(e) CSBG Annual Report and National Survey. Federal requirements mandate all states to participate in the preparation of an annual performance measurement report. To comply with the requirements of 42 U.S.C. §9917, all CSBG Eligible Entities and other organizations receiving CSBG funds are required to participate.

(f) The Subrecipient shall submit other reports, data, and information on the performance of the DOE and LIHEAP-WAP program activities as required by DOE pursuant to 10 CFR §440.25 or by the Department.

(g) Subrecipient shall submit other reports, data, and information on the performance of the federal program activities as required by the Department.

(h) A Subrecipient may refer a contractor to the Department for debarment consistent with §2.401, regarding Debarment from Participation in Programs Administered by the Department, of this Title.

§6.8. Potential Applicant/Applicant/Customer Denials and Appeal Rights

(a) Subrecipient shall establish a written procedure for the handling of denials of service when the denial involves an individual inquiring or applying for services/assistance whom is communicating or behaving in a threatening or abusive manner.

(~~a~~b) Subrecipient shall establish a denial of service complaint procedure to address written complaints from program applicants/customers. At a minimum, the procedures described in paragraphs (~~a~~b)(1) - (8) of this subsection shall be included:

(1) Subrecipient~~s~~ shall provide a written denial of assistance notice to applicant within ten (10) calendar days of the determination. Such a determination is defined as a denial of assistance, but does not include a level of assistance lower than the possible program limits or a reduction in assistance, as long as such process is in accordance with the Subrecipient's written policy. This notification shall include written notice of the right of a hearing and specific reasons for the denial by program. The applicant wishing to appeal a decision must provide written notice to Subrecipient within twenty (20) calendar days of receipt of the denial notice.

(2) A Subrecipient must establish an appeals committee composed of at least three persons. Subrecipient shall maintain documentation of appeals in their customer files.

(3) Subrecipient~~s~~ shall hold a private appeal hearing (unless otherwise required by law) by phone or in person in an accessible location within ten (10) business days after the Subrecipient received the appeal request from the applicant and must provide the applicant notice in writing of the time/location of the hearing at least seven (7) calendar days before the appeal hearing.

(4) Subrecipient shall record the hearing.

(5) The hearing shall allow time for a statement by Subrecipient staff with knowledge of the case.

(6) The hearing shall allow the applicant at least equal time, if requested, to present relevant information contesting the decision.

(7) Subrecipient shall notify applicant of the decision in writing. The Subrecipient shall mail the notification by close of business on the third calendar day following the decision (three day turn-around).

(8) If the denial is solely based on income eligibility, the provisions described in paragraphs (2) - (7) of this subsection do not apply, and the applicant may request a recertification of income eligibility based on initial documentation provided at the time of the original application. The recertification will be an analysis of the initial calculation based on the documentation received with the initial application for services and will be performed by an individual other than the person who performed the initial determination. If the recertification upholds the denial based on income eligibility documents provided at the initial application, the applicant is notified in writing.

(c~~b~~) If the applicant is not satisfied, the applicant may further appeal the decision in writing to the Department within ten (10) calendar days of notification of an adverse decision.

(d~~c~~) Applicants/customers who allege that the Subrecipient has denied all or part of a service or benefit in a manner that is unjust, violates discrimination laws, or without reasonable basis in law or fact, may request a contested hearing under Tex. Gov't Code, Chapter 2001.

(e~~d~~) The hearing under subsection (d~~c~~) shall be conducted by the State Office of Administrative Hearings on behalf of the Department in the locality served by the Subrecipient, for which the procedures are further described in §1.13, relating to Contested Case Hearing Procedures, of this Title.

(f~~e~~) If the applicant/customer appeals to the Department, the funds should remain encumbered until the Department completes its decision.

§6.205. Limitations on Use of Funds

(a) Construction of Facilities. CSBG funds may not be used for the purchase, construction or improvement of land, or facilities as described in (42 U.S.C. §9918(a)).

(b) The CSBG Act prohibits the use of ~~program~~ funds for partisan or nonpartisan political activity; any political activity associated with a candidate, contending faction, or group in an election for public or party office; transportation to the polls or similar assistance with an election; or voter registration activity , ~~or voter registration~~ (for example, contacting a congressional office to advocate for a change to any law is a prohibited activity).

(c) Utility and rent deposit refunds from ~~V~~vendors must be reimbursed to the Subrecipient and not the customer. Refunds must be treated as program income, and returned to the Department within ten calendar days of receipt.

§6.206. CSBG ~~Needs~~ Community Assessment, Community Action Plan, and Strategic Plan

(a) In accordance with the CSBG Act each Eligible Entity must submit a Community Action Plan on an annual basis. The Community Action Plan is required to be submitted to the Department by a date directed by the Department, for approval prior to execution of a Contract.

(b) Consistent with organizational standards relating to Data Analysis and Performance, the Eligible Entity must present to its governing board for review or action, at least every twelve months, an analysis of the agency's outcomes and any operational or strategic program adjustments and improvements identified as necessary; and the organization must submit its annual CSBG Information Survey data report which reflects customer demographics and organization-wide outcomes.

(c) Every three (3) years each Eligible Entity shall complete a Community ~~Needs~~ Assessment (may also be called "Community Needs Assessment" or "CNA"), upon which the annual Community Action Plan will be based. Guidance on the content and requirements of the Community ~~Needs~~ Assessment will be released by the Department. Information related to the Community ~~Needs~~ Assessment shall be submitted to the Department on or before a date specified by the Department in the previous year's Contract. The ~~Needs~~Community Assessment will require, among other things, that the top five needs of the service area are identified.

(d) Services to Poverty Population. Eligible Entities administering services to customers in one or more CSBG service area counties shall ensure that such services are rendered reasonably and in an equitable manner to ensure fairness among all potential applicants eligible for services. Services rendered must reflect the poverty population ratios in the service area and services should be distributed based on the proportionate representation of the poverty population within a county. A variance of greater than plus or minus 20% may constitute a Deficiency. Eligible Entities with a service area of a single county shall demonstrate marketing and outreach efforts to make available direct services to a reasonable percentage of the county's eligible population based on the most recent census or American Community Survey data, as directed by the Department. Services should also be distributed based on the proportionate representation of the poverty population within a county. Other CSBG-funded organizations shall ensure that services are rendered in accordance with requirements of the CSBG contract.

(e) The Community Action Plan shall be derived from the ~~Needs~~ Community Assessment and at a minimum include a budget, a description of the delivery of case management services, in accordance with the National Performance Indicators, and include a performance statement that describes the services, programs, activities, and planned outcomes to be delivered by the organization.

(f) The Community Action Plan must take into consideration the outcomes expected by previous Community Action Plan(s). If past outcomes were not achieved as reported in the CA contract system, or outcomes exceed the targeted goals, the Subrecipient must assess the reasons for the variance in outcomes, determine what will be done differently if continuing to include those outcome goals, and identify how any of issues or obstacles will be mitigated or addressed. An effective CAP should be constantly monitored and adjusted to optimize achievement of results consistent with CSBG Act goals.

(g) The Community ~~Needs~~ Assessment and the CAP both require Department approval; those that do not meet the Department's requirements as articulated in these rules or in Department actions described and contemplated in these rules will be required to be revised until they meet the Department's satisfaction.

(h) If circumstances warrant amendments to the Community ~~Needs~~ Assessment or the CAP, a Subrecipient must provide a written request to the Department identifying the specific requested change(s) to the document with a justification for each change. ~~t~~The Department will ~~must~~ approve or deny amendment~~s~~ requests in writing.

(i~~h~~) Hearing. In conjunction with the submission of the CAP, the Eligible Entity must submit to the Department a certification from its board that a public hearing was conducted on the proposed use of funds.

(j~~i~~) Every five (5) years each Eligible Entity shall complete a strategic plan, with which the annual Community Action Plan should be consistent. Information related to the strategic plan shall be submitted to the Department on or before a date specified by the Department in the previous year's Contract.

(k~~j~~) Each CSBG Subrecipient must develop a performance statement which identifies the services, programs, and activities to be administered by that organization.

§6.207. Subrecipient Requirements

(a) Eligible Entities shall submit information regarding the planned use of funds as part of the CAP as described in §6.206 of this Subchapter.

(b) HHS issues terms and conditions for receipt of funds under the CSBG. Subrecipients will comply with the requirements of the terms and conditions of the CSBG award.

(c) CSBG Eligible Entities, and other CSBG organizations where applicable, are required to coordinate CSBG funds and form partnerships and other linkages with other public and private resources and coordinate and establish linkages between governmental and other social service programs to assure the effective delivery of services and avoid duplication of services.

(d) CSBG Eligible Entities will provide, on an emergency basis, the provision of supplies and services, nutritious foods, and related services as may be necessary to counteract the conditions of starvation and malnutrition among low-income individuals. The nutritional needs may be met through a referral source that has resources available to meet the immediate needs.

(e) CSBG Eligible Entities and other CSBG organizations are required to coordinate for the provision of employment and training activities through local workforce investment systems under the Workforce Innovation and Opportunity Act, as applicable.

(f) CSBG Eligible Entities are required to inform custodial parents in single-parent families that participate in programs, activities, or services about the resources available through the Texas Attorney General's Office with respect to the collection of child support payments and refer eligible parents to the Texas Attorney General's Office of Child Support Services Division.

(g) Documentation of Services. Subrecipient~~s~~ must maintain a record of referrals and services provided.

(h) Intake Form. To fulfill the requirements of 42 U.S.C. §9917, CSBG Subrecipients must complete and maintain an intake form that screens for income, assesses customer needs, and captures the demographic and household characteristic data required for the monthly performance and expenditure report, referenced in Subchapter A of this chapter (relating to General Provisions), for all Households receiving a community action service. CSBG Subrecipients must complete and maintain a manual or electronic intake form for all customers for each program year.

(i) Case Management.

(1) Subrecipients are required to provide integrated case management services. Subrecipients are required to identify and set goals for households they serve through the case management process. Subrecipients are required to evaluate and assess the effect their case management system has on the short-term (less than three months) and long-term (greater than three months) impact on customers, such as enabling the customer to move from poverty to self-sufficiency, to maintain stability. CSBG funds may be used for short term case management to meet immediate needs. In addition, CSBG funds may be used to provide long-term case management to persons working to transition out of poverty and achieve self-sufficiency.

(2) Subrecipients must have and maintain documentation of case management services provided.

(3) Eligible Entities are each assigned a minimum TOP goal by the Department. Eligible Entities must provide ongoing case management services for these transitioning out of poverty "TOP" households. The case management services must include the components described in subparagraphs (A) - (L~~N~~) of this paragraph. Subrecipients must also provide case management clients with a Customer Satisfaction Survey, subparagraph (M), for the client to complete anonymously. And, at least annually, Subrecipients must evaluate the effectiveness of their case management services, subparagraph (N) of this paragraph. The forms or systems utilized for each component may be manual or electronic forms provided by the Department or manual or electronic forms created by the Eligible Entity that at minimum contain the same information as the Department-issued form, including but not limited to:

(A) Self-Sufficiency Customer Questionnaire to assess a customer's status in the areas of employment, job skills, education, income, housing, food, utilities, child care, child and family development, transportation, healthcare, and health insurance;

(B) Self-Sufficiency Outcomes Matrix to assess the customer's status in the self-sufficiency domains noted in subparagraph (A) of this paragraph;

(C) Case Management Screening Questions to assess the customer's willingness to participate in case management services on an ongoing basis;

(D) For customers who are willing to engage in long term case management services, a Case Management Agreement between Subrecipient and customer;

(E) Release of Information Form;

(F) Case Management Service Plan to document planned goals agreed upon by the case manager and customer along with steps and timeline to achieve goals;

(G) Case management follow-up - A system to document customer progress at completing steps and achieving goals. Case management follow-up should occur, at a minimum, every 30 days, either through a meeting, phone call or e-mail. In person meetings should occur, at a minimum, once a quarter;

(H) A record of referral resources and documentation of the results;

(I) A system to document services received and to collect and report NPI data;

(J) A system to document case closure for persons that have exited case management;

(K) A system to document income for persons that have maintained an income level above 125% of the Poverty Income Guidelines for 90 days;

(L) A system to document and notify customers of termination of case management services~~Customer Satisfaction Survey~~;

(M) Customer Satisfaction Survey~~A system to document and notify customers of termination of case management services~~; and

(N) Evaluation System. On an annual basis, Eligible Entities should determine the effectiveness of their case management services and identify strategies for improvement, including identification of reasons for customer terminations and strategies to limit their occurrence.

(j) Effective January 1, 2016, Eligible Entities shall meet the CSBG Organizational Standards as issued by HHS in Information Memorandum #138 (as revised), except that where the word bylaws is used the Department has modified the standards to read Certificate of Formation/Articles of Incorporation and bylaws; also, Eligible Entities must follow the requirements in UGMS including State of Texas Single Audit Circular. Failure to meet the CSBG Organizational Standards may result in HHS Information Memorandum #116 proceedings as described in Chapter 2 of this Title.

§6.213. Board Responsibility

(a) Tripartite boards have a fiduciary responsibility for the overall operation of the Eligible Entity. Members are expected to carry out their duties as any reasonably prudent person would do.

(b) At a minimum, board members are expected to:

(1) Maintain regular attendance of board and committee meetings;

(2) Develop thorough familiarity with core agency information as appropriate, such as the agency's bylaws, Certificate of Formation/Articles of Incorporation, sources of funding, agency goals and programs, federal and state CSBG statutes;

(3) Exercise careful review of materials provided to the board;

(4) Make decisions based on sufficient information;

(5) Ensure that proper fiscal systems and controls, as well as a legal compliance system, are in place;

(6) Maintain knowledge of all major actions taken by the agency; and

(7) Receive regular reports that include:

(A) Review and approval of all funding requests (including budgets);

(B) Review of reports on the organization's financial situation;

(C) Regular reports on the progress of goals specified in the performance statement or program proposal;

(D) Regular reports addressing the rate of expenditures as compared to those projected in the budget;

(E) Updated modifications to policies and procedures concerning employee's and fiscal operations; and

(F) Updated information on community conditions that affect the programs and services of the organization.

(c) Individuals that agree to participate on a tripartite governing board, accept the responsibility to assure that the agency they represent continues to:

(1) assess and respond to the causes and conditions of poverty in their community;

(2) achieve anticipated family and community outcomes; and

(3) remains administratively and fiscally sound.

(4) Excessive absenteeism of board members compromises the mission and intent of the program.

(d) Residence Requirement. All board members shall reside within the Subrecipient's CSBG service area designated by the CSBG ~~c~~Contract. ~~unless otherwise approved in advance by the Department in writing.~~ Board members must~~should~~ be selected so as to provide representation for all geographic areas within the designated service area; however, greater representation may be given on the board to areas with greater low-income population. Low-income representatives must reside in the area that they represent.

(e) Improperly Constituted Board. If the Department determines that a board of an Eligible Entity is improperly constituted, the Department shall prescribe the necessary remedial action, a timeline for implementation and possible sanctions which may include:

(1) ~~c~~Cost ~~r~~Reimbursement~~ method of payment~~;

(2) withholding of funds;

(3) Contract suspension; or

(4) termination of funding.

§6.214. Board Meeting Requirements

(a) A Board~~s~~ of an Eligible ~~Entities~~ Entity must meet and have a quorum at least once per calendar quarter, and at a minimum five (5) times per year and, must give each Board member a notice of meeting five (5) calendar days in advance of the meeting.

(b) Tex. Gov't Code, Chapter 551, Texas Open Meetings Act, addresses specific requirements regarding meetings and meeting notices. Tex. Gov't Code, §551.001(3)(J), includes in the definition of a governmental body and of a nonprofit corporation that is eligible to receive funds under the federal CSBG program and that is authorized by the state to serve a geographic area of the state. All Eligible Entities must follow the requirements of the Texas Open Meetings Act. As set forth in that law, there is the potential for individual criminal liability for violations.

(c) Tex. Gov't Code, §551.005 requires elected or appointed officials to receive training in Texas Open Government laws. The Department requires that all board members receive training in Texas Open Government laws, according to the requirements of §551.005.

(d) A copy of the attendance roster for all Board trainings shall be maintained at the Subrecipient level.

(e) The minimum number of members required to meet quorum is three unless the Subrecipient's Certification of Formation/Articles of Incorporation, Bylaws, or the Texas Open Meetings Act requires a greater number.

§6.301. Background and Definitions

(a) The Comprehensive Energy Assistance Program ("CEAP") is funded through the Low Income Home Energy Assistance Act of 1981 (Title XXVI of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, as amended). LIHEAP has been in existence since 1982. LIHEAP is a federally funded block grant program that is implemented to serve low income Households who seek assistance for their home energy bills. LIHEAP is not an entitlement program, and there are not sufficient funds to serve all eligible customers or to provide the maximum benefit for which a customer may qualify.

(b) Definitions.

(1) Extreme Weather Conditions--For winter months (November, December, January, and February), extreme weather conditions will exist when the temperature has been at least 2 degrees below the lowest winter month's temperature or below 32 degrees, for at least three days during the client's billing cycle. For summer months (June, July, August, and September), when the temperature is at least 2 degrees above the highest summer month's temperature for at least three days during the client's billing cycle. Extreme weather conditions will be based on either data for "1981-2010 Normals" temperatures recorded by National Centers for Environmental Information of the National Oceanic and Atmospheric Administration ("NOAA") and available at http://www.ncdc.noaa.gov/cdo-web/datatools/normals, or on data determined by the Subrecipient, and approved by the Department in writing. Subrecipient~~s~~ must maintain documentation of local temperatures and reflect their standard for extreme weather conditions in ~~their~~its Service Delivery Plan.

(2) Household Crisis--A bona fide Household Crisis exists when extraordinary events or situations resulting from extreme weather conditions and/or fuel supply shortages have depleted or will deplete Household financial resources and/or have created problems in meeting basic Household expenses, particularly bills for energy so as to constitute a threat to the well-being of the Households, particularly Vulnerable Population Households.

(3) Life Threatening Crisis--A life threatening crisis exists when at least one person in the applicant Household would be adversely affected without the Subrecipient's utility assistance, because there is a shut-off notice or a delivered fuel source is below a ten (10) day supply (by customer report) to the degree that, in the opinion of a reasonable person, the effect could cause loss of life. Examples of life-sustaining equipment include, but are not limited to, kidney dialysis machines, oxygen concentrators, cardiac monitors, and in some cases heating and air conditioning when ambient temperature control is prescribed by a medical professional. Documentation must not be requested about the medical condition of the applicant/customer but must state that such a device is required in the Dwelling Unit to sustain life.

(4) Low on Fuel--A reference to propane tanks which are below 20% supply (according to customer).

(5) Vendor Refund--A sum of money refunded by a utility company or supplier due to a credit on the account or due to a deposit. See §6.312 of this Subchapter for more information.

§6.304. Deobligation and Reobligation of CEAP Funds

(a) The Department may determine to D~~d~~eobligate funds from all budget categories from Subrecipients ~~those Subrecipients who fall within the lowest 10% of Subrecipients based on combined expenditures and obligations~~ whose combined Expenditures and customer Obligations are less than 45% as of the May 15 report~~ and whose combined expenditures and obligations are less than 80%~~, unless an exception is approved by the Department in writing for extenuating circumstances. Subrecipients that request training and/or technical assistance may avoid D~~d~~eobligation at this phase if they request such assistance on or before the filing of the May 15 report. Once such assistance has been delivered, as determined by the Department, the Subrecipient must submit a clear specific plan for improving utility obligations and that plan must be approved by the Department in writing.

(b) The Department may Deobligate funds from all budget categories from a Subrecipient whose combined Expenditures and customer Obligations are less than 70% as of the July 15 report, unless an exception is approved by the Department in writing for extenuating circumstances.

(c) The cumulative amount of ~~d~~Deobligated funds will be allocated proportionally by formula amongst all Subrecipients that did not have any funds ~~d~~Deobligated.

(d~~c~~) A Subrecipient~~s~~ which has~~have~~ had funds ~~d~~Deobligated under subsection~~option~~ (a) or (b) of this section~~above~~ that fully expends the reduced amount of its~~their~~ Contract, will have access to the full amount of the~~ir~~ following Program Year CEAP allocation. A Subrecipient~~s~~ which has~~have~~ had funds D~~d~~eobligated under subsection~~option~~ (a) or (b) of this section~~above~~ that fail to fully expend the reduced amount of its~~their~~ Contract will automatically have the~~ir~~ following Program Year CEAP allocation ~~d~~Deobligated by the lesser of 24.99%, or the proportional amount that had been ~~d~~Deobligated in the prior year.

(e~~d~~) The cumulative balance of the funds made available through subsection (d~~c~~) above will be allocated proportionally by formula to the Subrecipients not having funds reduced under that subsection.

(~~e~~f) In no event will involuntary D~~d~~eobligations that occur through any of the clauses above exceed 24.99% of the Subrecipient's Program Year CEAP ~~formula allocation~~ Contracted Funds, without an opportunity for a hearing as required by Tex. Gov't Code, Chapter 2105.

§6.307. Subrecipient Requirements for Customer Eligibility Criteria and Establishing Priority for Eligible Households

(a) The customer income eligibility level is at or below 150% of the federal poverty level in effect at the time the customer makes an application for services.

(b) A complete application is required for all Households. Subrecipient~~s~~ shall determine customer income using the definition of income and process described in §6.4 (relating to income) of this chapter. Household income documentation must be collected by the Subrecipient for the purposes of determining the Household's benefit level.

(c) Social security numbers are not required for applicants for CEAP.

(d) Subrecipient~~s~~ must establish a written procedure to serve Households that have a Vulnerable Population Household member, Households with High Energy Burden, and Households with High Energy Consumption. High Energy Burden shall be the highest rated item in sliding scale priority determinations. The Subrecipient must maintain documentation of the use of the criteria.

(e) A ~~Household~~ Dwelling ~~u~~Unit cannot be served if the meter is utilized by another Household that is not a part of the application for assistance. In instances where separate structures share a meter and the applicant is otherwise eligible for assistance, Subrecipient must provide services if:

(1) the members of the separate structures that share a meter meet the definition of a Household per §6.2 of this Chapter;

(2) the members of the separate structures that share a meter submit one application as one Household; and

(3) all persons and applicable income from each structure are counted when determining eligibility.

(f) United States Citizen, United States National, or Qualified Alien. Except for items described in 10 TAC §6.310(e)(4) and (6), Unqualified Aliens are not eligible to receive CEAP benefits. Mixed Status Households shall not be denied CEAP assistance based solely on the presence of a non-qualified member, except if the member is the sole member of the Household. A Public Organization must verify U.S. Citizen, U.S. National, or Qualified Alien status of all household members using SAVE.

§6.309. Types of Assistance and Benefit Levels

(a) Allowable CEAP expenditures include customer education, utility payment assistance; repair of existing heating and cooling units, and crisis-related purchase of portable heating and cooling units.

(b) Total maximum possible annual Household benefit (all allowable benefits combined) shall not exceed $5,400 during a Program Year.

(c) Benefit determinations are based on the Household's income (even if the Household is Categorically Eligible), the Household size, Vulnerable Populations in the Household, plus other priority status, whether a Household has one or more Unqualified Aliens for which calculation adjustments must be made as described in paragraphs (1) and (2) of this subsection, and the availability of funds.~~;~~

(1) Count income for all Household members eighteen years of age and older, including Unqualified Aliens; and

(2) Adjust the Household size for determining eligibility and benefit assistance level to exclude all Unqualified Aliens.

(d) For purposes of determining Categorical Eligibility or Vulnerable Populations (i.e. priority status), the Household is not considered to satisfy the definition of having Categorical Eligibility or Vulnerable Population if the only individual(s) in the Household with that Categorical Eligibility or Vulnerable Population status are Unqualified Aliens. For purposes of reporting, all individuals in the Households should be reported.

(e~~d~~) Benefit determinations for the Utility Payment Assistance Component and the Household Crisis Component cannot exceed the sliding scale described in paragraphs (1) - (3) of this subsection~~paragraph~~:

(1) Households with Incomes of 0 to 50% of Federal Poverty Guidelines may receive an amount not to exceed $1,200 per Component;

(2) Households with Incomes of 51% to 75% of Federal Poverty Guidelines may receive an amount not to exceed $1,100 per Component; and

(3) Households with Incomes of 76% to at or below 150% of Federal Poverty Guidelines may receive an amount not to exceed $1,000 per Component; and

(f~~e~~) Service and Repair of existing heating and cooling units: Households may receive up to $3,000 for service and repair of existing heating and cooling units when the Household has an inoperable heating or cooling system based on requirements in §6.310, Relating to Household Crisis Component.

(g~~f~~) Assistance with service and repair or purchase of portable air conditioning/evaporative coolers and heating units not to exceed $3,000 for Households that include a Vulnerable Population member, when the Household does not have an operable or non-existing heating or cooling system, regardless of weather conditions.

(h~~g~~) Subrecipients shall provide only the types of assistance described in paragraphs (1) - (11) of this subsection with funds from CEAP:

(1) Payment to vendors and suppliers of fuel/utilities, goods, and other services, such as past due or current bills related to the procurement of energy for heating and cooling needs of the residence, not to include security lights and other items unrelated to energy assistance as follows:

(A) Subrecipient~~s~~ may make utility payments on behalf of Households based on the previous twelve (12) month's home energy consumption history, including allowances for cost inflation. If a twelve (12) month's home energy consumption history is unavailable, Subrecipient may base payments on current Program Year's bill or utilize a Department-approved alternative method. Subrecipient~~s~~ will note such exceptions in customer files. Benefit amounts exceeding the actual bill shall be treated as a credit for the customer with the utility company.

(B) Vulnerable Households can receive benefits to cover up to the eight highest remaining bills within the Program Year, as long as the cost does not exceed the maximum annual benefit.

(C) Households that do not contain a Vulnerable Population member can receive benefits to cover up to the six highest remaining bills within the Program Year as long as the cost does not exceed the maximum annual benefit.

(2) Payment to vendors--only one energy bill payment per month;

(3) Needs assessment and energy conservation tips, coordination of resources, and referrals to other programs;

(4) Payment of water, ~~bills~~ waste water and solid waste charges are not an allowable LIHEAP expense even in cases where those charges are ~~only when such costs include expenses from operating an evaporative water cooler unit or when the water bill is~~ an inseparable part of a utility bill. ~~and documented in the Vendor Agreement. As a part of the intake process, outreach, and coordination, the Subrecipient shall confirm that a customer owns an operational evaporative cooler and has used it to cool the dwelling within 60 days prior to application. Payment of other utility charges such as wastewater and waste removal are allowable only if these charges are an inseparable part of a utility bill and documented in the Vendor Agreement. Documentation from vendor is required.~~ Whenever possible, Subrecipient shall negotiate with the utility providers to pay only the "home energy" (heating and cooling) portion of the bill or utilize other funds to pay for the water related charges;

(5) Energy bills already paid may not be reimbursed by the program;

(6) Payment of reconnection fees in line with the registered tariff filed with the Public Utility Commission and/or Texas Railroad Commission. Payment cannot exceed that stated tariff cost. Subrecipient shall negotiate to reduce the costs to cover the actual labor and material and to ensure that the utility does not assess a penalty for delinquency in payments;

(7) Payment of security deposits only when state law requires such a payment, or if the Public Utility Commission or Texas Railroad Commission has listed such a payment as an approved cost, and where required by law, tariff, regulation, or a deferred payment agreement includes such a payment. Subrecipient~~s~~ shall not pay such security deposits that the energy provider will eventually return to the customer;

(8) While rates and repair charges may vary from vendor to vendor, Subrecipient shall negotiate for the lowest possible payment. Prior to making any payments to an energy vendor a Subrecipient shall have a signed vendor agreement on file from the energy vendor receiving direct CEAP payments from the Subrecipient;

(9) Subrecipient may make payments to landlords on behalf of eligible renters who pay their utility and/or fuel bills indirectly. Subrecipient shall notify each participating Household of the amount of assistance paid on its behalf. Subrecipient shall document this notification. Subrecipient shall maintain proof of utility or fuel bill payment. Subrecipient shall ensure that amount of assistance paid on behalf of customer is deducted from customer's rent;

(10) In lieu of deposit required by an energy vendor, Subrecipient may make advance payments. The Department does not allow CEAP expenditures to pay deposits, except as noted in paragraph (7) of this subsection. Advance payments may not exceed an estimated two months' billings; and

(11) Funds for the CEAP shall not be used to weatherize dwelling units, for medicine, food, transportation assistance (e.g.~~i.e.~~, vehicle fuel), income assistance, or to pay for penalties or fines assessed to customers.

§6.312. Payments to Subcontractors and Vendors

(a) A bi-annual ~~v~~Vendor ~~a~~Agreement is required to be implemented by the Subrecipient and shall contain assurances as to fair billing practices, delivery procedures, and pricing procedures for business transactions involving CEAP beneficiaries. The Subrecipient must use the Department's current Vendor Agreement template, found on the CEAP Program Guidance page of the Department's website. These agreements are subject to monitoring procedures performed by the Department staff.

(b) Subrecipient shall maintain proof of payment to Subcontractors and vendors as required by Chapter 1, Subchapter D, of this Title.

(c) Subrecipient shall notify each participating Household of the amount of assistance paid on its behalf. Subrecipient shall document this notification.

(d) Subrecipients shall use the ~~v~~Vendor ~~p~~Payment method for CEAP components. Subrecipient shall not make cash payments directly to eligible Household for any of the CEAP components.

(e) Payments to ~~v~~Vendors for which a valid Vendor Agreement is not in place may be subject to disallowed costs unless prior written approval is obtained from the Department.

(f) A Vendor Refund is program income and must be reimbursed to the Subrecipient, and not the customer.

(g) When a Vendor Refund is issued, Subrecipient shall determine which TDHCA Contract the payment(s) was charged to, the Household associated to the payment and if the Contract remains open.

(1) If the Contract remains open, Subrecipient must enter the amount into the Contract System in the appropriate budget line item into the adjustment column in the next monthly report, and make the appropriate note in the system. This will credit back the Vendor Refund for the Subrecipient to expend on eligible expenses.

(2) If the Contract is closed, Subrecipient must return the Vendor Refund(s) to the Department within ten calendar days of receipt. The payment must contain the Contract number and appropriate budget line item associated with the refund.

§6.403. Definitions
(a) Department of Housing and Urban Development ("HUD")--Federal department that provides funding for certain housing and community development activities.
(b) Electric Base-Load Measure--Weatherization measures which address the energy efficiency and energy usage of lighting and appliances.
(c) Energy Audit--The energy audit software and procedures used to determine the cost effectiveness of Weatherization measures to be installed in a Dwelling Unit. The Energy Audit shall be used for any Dwelling Unit weatherized utilizing DOE funds.
(d) Energy Repairs--Weatherization-related repairs necessary to protect or complete regular Weatherization energy efficiency measures.
(e) Multifamily Dwelling Unit--A structure containing more than one Dwelling Unit.
(f) Rental Unit--A Dwelling Unit occupied by a person who pays rent for the use of the Dwelling Unit.
(g) Renter--A person who pays rent for the use of the Dwelling Unit.
(h) Reweatherization--Consistent with 10 CFR §440.18(e)(2), if a Dwelling Unit has been damaged by fire, flood, or act of God and repair of the damage to Weatherization materials is not paid for by insurance; or if a Dwelling Unit was partially weatherized under a federal program during the period September 30, 1975, through September 30, 1994, the Dwelling Unit may receive further financial assistance for Reweatherization.
(i) Shelter-- a Dwelling Unit or Units whose principal purpose is to house on a temporary basis individuals who may or may not be related to one another and who are not living in nursing homes, prisons, or similar institutional care facilities.
(j) Significant Energy Savings--A Savings to Investment Ratio (SIR) of 1.0 or greater.
(~~j~~k) Single Family Dwelling Unit--A structure containing no more than one Dwelling Unit.
(~~k~~l) Weatherization Assistance Program Policy Advisory Council ("WAP PAC")--The WAP PAC was established by the Department in accordance with 10 CFR §440.17 to provide advisory services in regards to the DOE WAP program.
(~~l~~m) Weatherization Material--The material listed in Appendix A of 10 CFR Part 440.
(~~m~~n) Weatherization --A program conducted to reduce heating and cooling demand of Dwelling Units that are energy inefficient.

§6.405. Deobligation and Reobligation of Awarded Funds
(a) At any time that a Subrecipient believes they may be at risk of meeting one of the criteria noted in subsection (l) of this section relating to criteria for ~~d~~Deobligation of funds, notification must be provided to the Department unless excepted under subsection (m) of this section.
(b) A written ~~'~~'Notification of Possible Deobligation' will be sent to the Executive Director of the Subrecipient by the Department as soon as a criterion listed in subsection (l) of this section is at risk of being met. Written notice will be sent electronically and/or by mail. The notice will include an explanation of the criteria met. A copy of the written notice will be sent to the Board of Directors of the Subrecipient by the Department on or after ten~~seven~~ (10~~7~~) calendar~~business~~ days after the notice to the Executive Director has been released. A Notification will not be sent, and the steps in this section not triggered, if an Amendment increasing funds by at least 20% has been provided to the Subrecipient in the prior 90 calendar days.
(c) Within fifteen (15) calendar days of the date of the 'Notification of Possible Deobligation' referenced in subsection (b) of this section, a Mitigation Action Plan must be submitted to the Department by the Subrecipient in the format prescribed by the Department unless excepted under subsection (m) of this section.
(d) A Mitigation Action Plan is not limited to but must include:

(1) Explanation of why the identified criteria under this section occurred setting out all fully relevant facts.

(2) Explanation of how the criteria will be immediately, permanently, and adequately mitigated such that funds are expended during the Contract Period. For example, if production or expenditures appear insufficient to complete the Contract timely, the explanation would need to address how production or expenditures will be increased in the short- and long-term to restore projected full and timely execution of the contract.

(3) If applicable because of failure to produce Unit Production or Expenditure targets under the existing Production Schedule, a detailed narrative of how the Production Schedule will be adjusted, going forward, to assure achievement of sufficient, achievable Unit Production and Expenditures to ensure timely and compliant full utilization of all funds.

(4) An explanation of how the other criteria under this section will be mitigated. For example, if Unit Production criteria for a time period were not met, then the explanation will need to include how the other criteria will not be triggered.

(5) If relating to a Unit Production or E~~e~~xpenditure criteria, a description of activities currently being undertaken including an accurate description of the number of units in progress, broken down by number of units in each of these categories: units that have been qualified, audited, assessed, contracted, inspected, and invoiced and as reflected in an updated Production Schedule.

(6) Provide any request for a reduction in Contracted Funds, reasons for the request, desired Contracted Funds and revised Production Schedule reflecting the reduced Contracted Funds.

(e) At any time after sending a Notification of Deobligation, the Department or a third-party assigned by the Department may monitor, conduct onsite visits or other assessments or engage in any other oversight of the Subrecipient that is determined appropriate by the Department under the facts and circumstances.

(f) The Department or a third-party assigned by the Department will review the Mitigation Action Plan, and where applicable, assess the Subrecipient's ability to meet the revised Production Schedule or remedy other ~~c~~Concern.

(g) After the Department's receipt of the Mitigation Action Plan, the Department will provide the Subrecipient a written Corrective Action Notice which may include one or more of the criteria identified in this section (relating to deobligation and other mitigating actions) or other acceptable solutions or remedies.

(h) The Subrecipient has seven (7) calendar days from the date of the Corrective Action Notice to appeal the Corrective Action Notice to the Executive Director. Appeals may include:

(1) Request to retain for the full Fund Award if Partial Deobligation was indicated;

(2) Request for only partial Deobligation of the full Contracted Fund if full Deobligation was indicated in the Corrective Action Notice;

(3) Request for other lawful action consistent with the timely and full completion of the contract and Production Schedule for all Contracted Funds.

(i) In the event that an appeal is submitted to the Executive Director, the Executive Director may grant extensions or forbearance of targets included in the Production Schedule, continued operation of a Contract, authorize Deobligation, or take other lawful action that is designed to ensure the timely and full completion of the Contract for all Contracted Funds.

(j) In the event the Executive Director denies an appeal, the Subrecipient will have the opportunity to have their appeal presented at the next meeting of the Department's governing board for which the matter may be posted in accordance with law and submitted for final determination by the Board.

(k) In the event an appeal is not submitted within seven (7) calendar days from the date of the Corrective Action Notice, the Corrective Action Notice will automatically become final without need of any further action or notice by the Department, and the Department will amend/terminate the contract with the Subrecipient to effectuate the Corrective Action Notice.

(l) The criteria noted in this subsection will prompt the Deobligation process under this rule. If the criteria are met, then notification and ensuing processes discussed elsewhere in this subchapter will apply.

(1) Subrecipient fails to provide the Department with a Production Schedule for their current Contract within 30 calendar days of receipt of the draft Contract. The Production Schedule must be signed by the Subrecipient Executive Director/Chief Executive Officer and approved by the Department in writing;

(2) By the third program reporting deadline, ~~for DOE units,~~ Subrecipient must report at least one unit weatherized for each Weatherization contract~~and inspected by a certified Quality Control Inspector ("QCI")~~;

(3) By the fifth program reporting deadline, less than 25% of total expected unit production has occurred based on the Production Schedule, or less than 20% of total Awarded Funds have been expended;

(4) By the seventh program reporting deadline, less than 50% of total expected unit production has occurred based on the Production Schedule, or less than 50% of total Awarded Funds have been expended;

(5) The Subrecipient fails to submit a required monthly report explaining any variances between the Production Schedule and actual results on Production Schedule criteria;

(m) Notification of D~~d~~eobligation will not be required to be sent to a Subrecipient, and a Mitigation Action Plan will not be required to be provided to the Department, if any one or more of the following are satisfied:

(1) The total cumulative unit production for the Subrecipient, based on the monthly report as reported in the Community Affairs contract system, is at least 75% of the total cumulative number of units to be completed as of the end of the month according to the Subrecipient's forecast unit production within the Production Schedule for the time period applicable (i.e. cumulative through the month for which reporting has been made).

(2) The total cumulative expenditures for the Subrecipient, based on the monthly report as reported in the Community Affairs contract system, is at least 75% of the total cumulative estimated expenditures to be expended as of the end of the month according to the Subrecipient's forecast expenditures within the Production Schedule for the time period applicable (i.e., cumulative through the month for which reporting has been made).

(3) The Subrecipient's monthly reports as reported in the Community Affairs contract system, for the prior two months, as required under the Contract, reflects unit production that is 80% or more of the expected unit production amount to be completed as of the end of the month according to the Subrecipient's forecast unit production within the Production Schedule.

(n) ASubrecipient~~s~~ that~~which~~ has~~have~~ funds D~~d~~eobligated under this section but that fully expends the reduced amount of ~~their~~its Contract, will have access to the full amount of the~~ir~~ following Program Year WAP allocation. A Subrecipient~~s~~ which has~~have~~ had funds ~~d~~Deobligated under this section that fails to fully expend the reduced amount of its~~their~~ Contract will automatically have ~~their~~its following Program Year WAP allocation D~~d~~eobligated by the lesser of 24.99% or the proportional amount that had been D~~d~~eobligated in the prior year.

§6.406. Subrecipient Requirements for Establishing Priority for Eligible Households and Customer Eligibility Criteria

(a) Subrecipient~~s~~ shall establish eligibility and priority criteria to increase the energy efficiency of dwellings owned or occupied by Low Income persons who are particularly vulnerable such as the Elderly, Persons with Disabilities, Families with Young Children, Households with High Energy Burden, and Households with High Energy Consumption.

(b) Subrecipient~~s~~ shall follow the Department rules and established state and federal guidelines for determining eligibility for Multifamily Dwelling Units as referenced in §6.414 of this Subchapter (relating to Eligibility for Multifamily Dwelling Units).
(c) Subrecipient shall determine applicant income eligibility in compliance with §6.4 of this C~~c~~hapter (relating to Income Determination).
(d) Social Security numbers are not required for applicants.
(e) U.S. Citizen, U.S. National or Qualified Alien. Unqualified Aliens are not eligible to receive WAP benefits. Mixed Status Households shall not be denied WAP assistance based solely on the presence of a non-qualified member, except if the member is the sole member of the Household. A Public Organization must verify U.S. Citizen, U.S. National, or Qualified Alien status of all household members using SAVE. Assistance shall be determined as follows:
(1) Count income for all Household members eighteen years of age and older, including Unqualified Aliens; and
(2) Adjust the Household size for determining eligibility and benefit assistance level to exclude all Unqualified Aliens.
(f) For purposes of determining Categorical Eligibility or Vulnerable Populations (e.g. priority status) the Household is not considered to satisfy the definition of having Categorical Eligibility or Vulnerable Population if the only individual(s) in the Household with Categorical Eligibility or Vulnerable Population status is an Unqualified Alien. For purposes of reporting, all individuals in the Household should be reported.

§6.407. Program Requirements
(a) Each Dwelling Unit weatherized requires completion of a written whole house assessment. Subrecipient~~s~~ must perform the whole house assessment then let that assessment guide whether the Dwelling Unit is best served through DOE funds using the audit, ~~or~~ through LIHEAP WAP funds using the priority list, or a combination of DOE and LIHEAP funds.
(b) Any Dwelling Unit that is weatherized using DOE funds must use the audit as a guide for installed measures. A Subrecipient~~Subgrantees~~ combining DOE funds with LIHEAP WAP funds may not mix the use of the audit and the priority list.
(c) Any Dwelling Unit that is weatherized using LIHEAP only must be completed using the priority list as a guide for installed measures. Failure to complete a written whole house assessment as indicated in §6.416 of this Subchapter prior to Weatherization may lead to unit failure during quality control inspection.
(d) If a Subrecipient's Weatherization work does not consistently meet DOE Standard Work Specifications Weatherization standards, the Department may proceed with the removal of the programs from the Subrecipient.
~~(e) A Subrecipient may refer a contractor to the Department for debarment consistent with Chapter 1 of this Part.~~

§6.412. Mold-like Substances
(a) If the Subrecipient's energy auditor discovers the presence of mold-like substances that the Weatherization Subcontractor cannot adequately address, then the Dwelling Unit shall be referred to the Texas Department of Licensing and Regulation~~State Health Services~~ or its successor agency.
(b) The Subrecipient shall provide the applicant written notification that their home cannot, at this time, be weatherized and why. Subrecipient~~They~~ shall ~~should~~ also ~~be~~ informed~~ed~~ the applicant in writing that ~~of which agency~~ they should contact the Texas Department of Licensing and Regulation, or successor agency, to report the presence of mold-like substances. The applicant should be advised that when the issue is resolved they may reapply for Weatherization. Should the applicant reapply for Weatherization, the Subrecipient must obtain written documentation of resolution of the issue from the applicant prior to proceeding with any Weatherization work.

(c) If the energy auditor determines that the mold-like substance is treatable and covers less than the 25 contiguous square feet limit allowed to be addressed by the Texas Department of Licensing and Regulation's, or successor agency's~~State Health Services'~~, guidelines, the Subrecipient shall notify the applicant of the existence of the mold-like substance and potential health hazards, the proposed action to eliminate the mold-like substance, and that no guarantee is offered that the mold-like substance will be eliminated and that the mold-like substance may return. The auditor must obtain written approval from the applicant to proceed with the Weatherization work and maintain the documentation in the customer file.

(d) Subrecipient~~s~~ shall be responsible for providing mold training to their employees and Weatherization Subcontractors.

§6.414. Eligibility for Multifamily Dwelling Units

(a) A Subrecipient may weatherize a building containing Rental Units if not less than 66% (50% for duplexes and four-unit buildings) of the Dwelling Units in the building are occupied by Low Income Households, or will become occupied by Low-income Households within 180 days under a Federal, State, or local government program for rehabilitating the building or making similar improvements to the building.

(b) In order to w~~W~~eatherize large multifamily buildings containing twenty-five or more Dwelling Units or those with shared central heating (e~~i~~.eg., boilers) and/or shared cooling plants (~~i~~e.eg., cooling towers that use water as the coolant) regardless of the number of Dwelling Units, Subrecipient~~s~~ shall submit in writing to the Department a request for approval along with evidence which clearly shows that an investment of funds would result in Significant Energy Savings because of upgrades to equipment, energy systems, common space, or the building shell.~~from the Department.~~ When necessary, the Department will seek approval from DOE. Approvals from the Department in writing ~~DOE~~ must be received prior to the installation of any Weatherization measures in this type of structure.

(c) In order to weatherize Shelters, Subrecipient~~s~~ shall submit a written request for approval from the Department. Written approval from the Department must be received prior to the installation of any Weatherization measures.

(d) If roof repair is to be considered as part of repair cost under the Weatherization process, the expenses must be shared equally by all eligible Dwelling Units weatherized under the same roof. If multiple storied buildings are weatherized, eligible ground floor units must be allocated a portion of the roof cost as well as the eligible top floor units. All Weatherization measures installed in multifamily units must meet the standards set in 10 CFR §440.18(d)(9) and (15) and Appendix A-Standards for Weatherization Materials.

(e) WAP Subrecipients shall establish a multifamily master file for each multifamily project in addition to the individual unit requirements found in the record keeping requirement section of the contract. The multifamily master file must include, at a minimum, the forms listed in paragraphs (1) - (6) of this subsection: (Forms available on the Departments website.)

(1) Multifamily Pre-Project Checklist Form;
(2) Multifamily Post-Project Checklist Form;
(3) Permission to Perform an Assessment for Multifamily Project Form;
(4) Landlord Agreement Form;
(5) Landlord Financial Participation Form; and
(6) Significant Data Required in all Multifamily Projects.

(f) For DOE WAP, if a public housing, assisted multi-family or Low Income Housing Tax Credit (LIHTC) building is identified by the HUD and included on a list published by DOE, that building meets certain income eligibility and may meet other WAP requirements without the need for further evaluation or verification. A public housing, assisted housing, and LIHTC building that does not appear on the list using HUD records may still qualify for the WAP. Income eligibility can be made

on an individual basis by the Subrecipient based on information supplied by property owners and the Households in accordance with subsection (a) of this section.
(g) For any Dwelling Unit that is weatherized using funding provided under DOE WAP, all Weatherization measures installed must be entered into an approved Energy Audit. Weatherization measures installed shall begin with repair items, then continue with those measures having the greatest SIR and proceed in descending order to the measures with the smallest SIR or until the maximum allowable per unit expenditures are achieved, and finishing with Health and Safety measures.

§6.415. Health and Safety and Unit Deferral

(a) Health and Safety expenditures with DOE WAP may not exceed 15~~20~~% of total expenditures for Materials, Labor, Program Support, and Health and Safety at the end of the C~~c~~ontract term. Health and Safety expenditures with LIHEAP WAP may not exceed 20% of total expenditures for Materials, Labor, Program Support, and Health and Safety at the end of the Contract term.
(b) Subrecipient~~s~~ shall provide Weatherization services with the primary goal of energy efficiency. The Department considers establishing a healthy and safe home environment to be important to ensuring that energy savings result from Weatherization work.
(c) Subrecipient~~s~~ must test for high carbon monoxide ("CO") levels and bring CO levels to acceptable levels before Weatherization work can start. The Department has defined maximum acceptable CO readings in its Standard Work Specifications.~~as follows:~~
~~(1) if flame impingement exists in cook stove burners, must do clean and tune;~~
~~(2) 200 parts per million for vented combustion appliance;~~
~~(3) 200 parts per million for cook stove ovens;~~
~~(4) Primary Unvented Space Heater must be removed;~~
~~(5) if ambient CO level is 35 ppm, must shut off appliance, open a window and notify customer; and~~
~~(6) if ambient CO level is 70 ppm, open a window, notify customer and request customer exit the unit, must cease work, turn off gas and notify gas provider.~~
(d) A Dwelling Unit shall not be weatherized when there is a potentially harmful situation that may adversely affect the occupants or the Subrecipient's Weatherization crew and staff, or when a Dwelling Unit is found to have structural concerns that render the Dwelling Unit unable to benefit from Weatherization. The Subrecipient must declare their intent to defer Weatherization on an eligible unit on the assessment form. The assessment form should include the customer's name and address, dates of the assessment, and the date on which the customer was informed of the issue in writing. The written notice to the customer must include a clear description of the problem, conditions under which Weatherization could continue, the responsibility of all parties involved, and any rights or options the customer has. A copy of the notice must be given to the customer, and a signed copy placed in the customer application file. Only after the issue has been corrected to the satisfaction of the Subrecipient shall Weatherization work begin.
(e) If structural concerns or health and safety issues identified (which would be exacerbated by any Weatherization work performed) on an individual unit cannot be abated within program rules or within the allowable WAP limits, the Dwelling Unit exceeds the scope of this program.

APPENDIX

Texas Department of Housing and Community Affairs
2018 Competitive (9%) Housing Tax Credit ("HTC") Program
Award and Waiting List

The Application log is organized by region and subregion. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by score rather than by region. The list has been updated to include information regarding underwriting reports completed since the list was last published. Detailed information about each Application and instructions regarding how to interpret the information presented here is included in previously posted logs on the Department's website.

Construction Types:
NC=New Construction
Recon=Reconstruction
Rehab=Rehabilitation
AcR=Acquisition/Rehabilitation

Secondary Types:
ADR=Adaptive Reuse
SS=Scattered Site
AdPh=Additional Phase

Version date: October 1, 2018

Review and Underwriting Status: C=Complete, UR=Under Review

Previous Participation Review (PPR) Status: A=Approved, C=Approved w/conditions, P=Pending

Application Number	Development name	Address	City	ETJ	Zip Code	County	Region	Rural/Urban	At-Risk Set-Aside	USDA Set-Aside	Non-Profit Set-Aside	Construction Type	LI Units	Market Rate Units	Total Units	Target Population (Supp Hsg = Supportive Housing)	Recommended Award / HTC Request	MF Direct Loan	Section 811	Applicant Contact Name	Readiness to Proceed	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Community Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	PPR Status	Census Tract	Recommendation	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance to Closest HTC Development
At-Risk Set-Aside																																					
18249	Sweetwater Apartments	865 TX-105	Sour Lake	x	77659	Hardin	5	Rural		x		AcR	23	1	24	General	266,484		x	Murray Calhoun	5	17	8	8	0	0	155	C	C	C	48199030200	Recommended					
18039	Orchid Circle Homes & Las Palmas	Scattered site locations	Gregory		78359	San Patricio	10	Rural	x			AcR/SS	58	0	58	General	700,000		x	Art Schuldt, Jr.	5	17	4	8	4	7	154	C	C	A	48409010500	Recommended					
18013	Dayton Retirement Center	1900 N Winfree	Dayton		77535	Liberty	6	Rural		x		AcR	48	0	48	Elderly Prefer	279,322		x	Charles Holcomb	5	17	8	8	0	0	154	C	C	A	48291700800	Recommended					
18118	Sandstone Foothills Apartments	402 Brazos Drive	Mineral Wells		76067	Palo Pinto	3	Rural	x			AcR	39	1	40	Elderly Prefer	458,783			Tracey Fine	0	17	8	8	0	7	153	C	C	C	48363000600	Recommended					
18077	Park Forest	200 Cook Rd.	Liberty		77575	Liberty	6	Rural		x		AcR	55	1	56	General	458,047		x	Devin Baker	5	17	4	8	2	6	152	C	C	A	48291701200	Recommended					
18251	Groveton Seniors Apartments	1110 E. 1st Street	Groveton		75845	Trinity	5	Rural		x		AcR	32	0	32	Elderly Prefer	298,953			Murray Calhoun	5	17	4	8	4	0	148	C	C	C	48455950200	Recommended					
18171	Poinsettia Gardens at Boca Chica	341 Oak Street	Brownsville		78521	Cameron	11	Urban	x		x	NC	150	0	150	General	2,000,000		x	Carla Mancha	0	17	4	8	4	0	144	C	C	A	48061013401	Recommended					
18250	Sweetbriar Hills Apartments	668 W Martin Luther Kin	Jasper		75951	Jasper	5	Rural		x		AcR	59	1	60	General	550,735			Murray Calhoun	5	17	8	8	0	0	132	C	C	C	48241950100	Recommended					
18235	Memorial Apartments II	501 E. Jasmine	McAllen		78501	Hidalgo	11	Urban	x	x		AcR	246	0	246	General	1,883,683		x	Melissa Fisher	0	17	4	8	4	0	129	C	C	A	48215021000	Recommended					
Estimated At-Risk Allocation		**$11,530,084**														**Total HTCs Requested**	**6,896,007**																				
	USDA Set-Aside	**$3,867,335**																																			
Region 1/Rural																																					
18040	Farmhouse Row	~15003 FM 400	Slaton	x	79364	Lubbock	1	Rural				NC	48	0	48	General	642,500	x	x	Daniel Sailler, III	0	17	4	8	4	0	153	C	C	A	48303010700	Recommended					
18223	Harvest Park Apartments	1100 Block of E. Harvest	Pampa		79065	Gray	1	Rural				NC	48	12	60	General	777,900		x	Vaughn Zimmerm	0	17	4	8	4	0	152	C	C	A	48179950300	Recommended					
Estimated Allocation Amount		**$761,923**														**Total HTCs Requested**	**1,420,400**																				
Region 1/Urban																																					
18162	Guadalupe Villas	~3rd St. and Buddy Holly	Lubbock		79401	Lubbock	1	Urban				NC	108	20	128	Elderly Limita	1,417,843		x	Kent R. Hance, Sr	0	17	4	8	4	0	157	C	C	A	48303000700	Recommended					
18038	3rd Street Lofts	301 Paris Avenue	Lubbock		79401	Lubbock	1	Urban				NC	72	0	72	General	950,000		x	Daniel Sailler, III	0	17	4	0	4	0	149	C		A	48303000700						
18192	Residences at Stonegate	11000 block of Indiana A	Lubbock		79423	Lubbock	1	Urban				NC	71	13	84	General	1,188,287			Paul Stell	0	17	4	0	4	0	145				48303010510						
Estimated Allocation Amount		**$1,363,269**														**Total HTCs Requested**	**3,556,130**																				
Region 2/Rural																																					
18259	Cannon Courts	808 East Hall St	Bangs		76823	Brown	2	Rural				NC	36	0	36	General	500,000			Britton Jones	0	17	4	8	4	0	153	C	C	A	48049950500	Recommended	0	7	0	8.5	
18036	Clyde Ranch	IH-20 west of N. Hays R	Clyde		79510	Callahan	2	Rural				NC	40	0	40	General	500,000	x	x	Daniel Sailler, III	0	17	4	8	4	0	153	C	C	A	48059030102	Recommended	0	7	0	18.1	
18372	Iowa Park Pioneer Crossing	SEC of 287 at N Bell Roa	Iowa Park		76367	Wichita	2	Rural				NC	44	5	49	General	500,000			Noor Jooma	0	17	4	8	4	0	153	UR		A	48485013100		0	0	0.0038	7.6	
18373	Burkburnett Royal Gardens	350 D W Taylor	Burkburnett		76354	Wichita	2	Rural				NC	44	5	49	Elderly Limita	500,000			Noor Jooma	0	17	4	8	4	0	152			A	48485013501						
Estimated Allocation Amount		**$554,009**														**Total HTCs Requested**	**2,000,000**																				
Region 2/Urban																																					
18314	The Reserves at Maplewood II	Maplewood Ave, E of Mc	Wichita Falls		76308	Wichita	2	Urban				NC/AdPh	36	0	36	General	686,427			Sally Roth	0	17	4	8	4	0	148	C	C	A	48485012600	Recommended					
18374	Wichita Falls Pioneer Crossing	1038 W. Wenonah Blvd.	Wichita Falls		76309	Wichita	2	Urban				NC	40	5	45	General	500,000			Noor Jooma	0	0	4	0	4	0	127	UR		A	48485012800						
Estimated Allocation Amount		**$528,417**														**Total HTCs Requested**	**1,186,427**																				

Application Number	Development name	Address	City	ETJ	Zip Code	County	Region	Rural/Urban	At-Risk Set-Aside	USDA Set-Aside	Non-Profit Set-Aside	Construction Type	LI Units	Market Rate Units	Total Units	Target Population (Supp Hsg = Supportive Housing)	Recommended Award / HTC Request	MF Direct Loan	Section 811	Applicant Contact Name	Readiness to Proceed	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Community Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	PPR Status	Census Tract	Recommendation	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance to Closest HTC Development
Region 3/Rural																																				
18274	Hill Court Villas	1111 Hill Court Blvd	Granbury		76048	Hood	3	Rural				NC	36	12	48	Elderly Limita	570,000		x	Justin Zimmermar	0	17	4	8	4	0	152	C	C	A	48221160206	Recommended					
18069	Palladium Farmersville	W Audie Murphy Pkwy ar	Farmersville		75442	Collin	3	Rural				NC	53	27	80	General	833,805		x	Thomas E. Huth	0	17	4	8	4	0	151	C	C	A	48085031100	Recommended					
18057	Granbury Manor	Meander Rd, S of North I	Granbury	x	76049	Hood	3	Rural			x	NC	48	0	48	Elderly Limita	772,000			David R. Rhodes	0	17	4	8	4	0	144	C		A	48221160209						
Estimated Allocation Amount		**$653,619**														**Total HTCs Requested**	**2,175,805**																				
Region 3/Urban																																				
18018	Columbia Renaissance Square II Se	~2801 Moresby St	Fort Worth		76105	Tarrant	3	Urban				NC	96	24	120	Elderly Limita	1,500,000		x	Ben King	0	17	4	8	4	7	145	C	C	C	48439104604	Recommended					
18361	Canova Palms	NEQ of W Pioneer Dr ar	Irving		75061	Dallas	3	Urban				NC	50	8	58	Elderly Limita	890,850		x	Lisa Stephens	0	17	4	8	4	0	158	C	C	A	48113014501	Recommended	5	7	0.0052	8.6	
18091	Lavon Senior Villas	902 Lavon Dr.	Garland		75040	Dallas	3	Urban				NC	104	16	120	Elderly Limita	1,500,000		x	David Yarden	0	17	4	8	4	7	158	C	C	A	48113018105	Recommended	5	7	0.0055	22.7	
18376	Lakeview Pointe Apartments	IH 30, E of Bass Pro Dr	Garland		75043	Dallas	3	Urban				NC	90	54	144	General	1,500,000		x	Deepak P. Sulakhe	0	17	4	8	4	0	155	C	C	A	48113018137	Recommended	0	7	0.0055	7	
18214	Mariposa Apartment Homes at We	~11 East Polo Rd	Grand Prairie		75052	Dallas	3	Urban				NC	61	32	93	Elderly Limita	1,001,246		x	Stuart Shaw	0	17	4	8	4	0	155	C	C	A	48113016412	Recommended	0	7	0.0077	3	
18096	Patriot Park Family	1306 F Avenue	Plano		75074	Collin	3	Urban			x	NC	111	28	139	General	1,500,000		x	Jean Brown	0	17	8	8	0	5	153	C	C	A	48085031900	Recommended	5	5	0.0043	26.7	
18087	Residences of Long Branch	4217 Rowlett Road	Rowlett		75088	Dallas	3	Urban				NC	76	0	76	General	1,500,000		x	Jean Latsha	0	17	4	8	4	0	153	C	P	A	48113018133	Recommended	0	7	0.0024	6.3	
18024	Palladium Celina Senior Living	E. Sunset Blvd W of Cty I	Celina		75009	Collin	3	Urban				NC	97	23	120	Elderly Limita	1,500,000		x	Thomas E. Huth	0	17	4	8	4	0	153	C		A	48085030305	Elderly Allocation Limit Violation					
18298	Heritage at Wylie	2300 Block of County Lin	Wylie		75098	Rockwall	3	Urban				NC	120	8	128	Elderly Limita	1,500,000		x	Lisa M. Rucker	0	17	4	8	4	0	153				48397040102	Elderly Allocation Limit Violation					
18220	Mariposa Apartment Homes at Wa	~NWQ Post Oak Dr and	Waxahachie		75165	Ellis	3	Urban				NC	107	73	180	Elderly Limita	1,500,000		x	Stuart Shaw	0	17	4	8	4	0	153			A	48139060300	Elderly Allocation Limit Violation					
18000	Evergreen at Garland Senior Comn	~1102 N. Shiloh Road	Garland		75042	Dallas	3	Urban			x	NC	94	11	105	Elderly Limita	1,500,000	x		Brad Forslund	0	17	4	8	4	0	151	C		C	48113018900	Elderly Allocation Limit Violation					
18269	2400 Bryan	2400 Bryan Street	Dallas		75201	Dallas	3	Urban				NC	105	107	212	General	1,500,000		x	D. Scott Galbraith	0	17	4	0	4	0	150	C	C	A	48113001701	Recommended	5	7	0.0158	4.9	
18388	The Park on 14th	SWC 14th Street and G A	Plano		75074	Collin	3	Urban				NC	50	10	60	Elderly Limita	741,387		x	Janine Sisak	0	17	4	0	4	7	147				48085031900	Elderly Allocation Limit Violation					
18221	Cypress Creek Apartment Homes a	~600 block of E Hazelwo	Princeton		75407	Collin	3	Urban				NC	107	81	188	General	1,500,000		x	Donald Sampley	0	17	4	0	4	0	144	C	C	A	48085031004	Recommended					
18067	Palladium Crowley	Crowley Plover Rd E of C	Crowley		76036	Tarrant	3	Urban				NC	90	30	120	General	1,500,000		x	Thomas E. Huth	0	17	4	8	4	0	143	C	C	A	48439111008	Recommended	0	7	0.0037	15.6	
18068	Palladium Teasley Lane	Teasley Ln N of Hickory	Denton		76210	Denton	3	Urban				NC	90	30	120	General	1,500,000		x	Thomas E. Huth	0	17	4	8	4	0	143	C		A	48121021406	$3 million cap violation					
18064	Palladium Fain Street	Fain St W of Kings Highv	Fort Worth		76111	Tarrant	3	Urban				NC	90	30	120	General	1,500,000		x	Thomas E. Huth	0	17	4	0	4	7	140			A	48439101201	$3 million cap violation					
18002	Evergreen at Basswood Senior Con	~1901 State Highway 66	Garland		75040	Dallas	3	Urban			x	NC	104	12	116	Elderly Limita	1,500,000	x		Brad Forslund	0	17	4	8	4	0	155			C	48113018121	2 mile same year conflict with 18091					
18204	Cielo at Mountain Creek	SWQ Camp Wisdom Rd	Dallas		75249	Dallas	3	Urban				NC	100	0	100	Elderly Limita	1,500,000		x	Sara Reidy	0	17	4	8	4	0	155				48113016510	2 mile same year conflict with 18214					
18267	Avenue at Sycamore Park	2601 Avenue J	Fort Worth		76105	Tarrant	3	Urban				NC	82	45	127	General	1,300,491		x	Dan Allgeier	0	17	4	0	4	7	140			A	48439103500	2 mile same year conflict with 18018					
Estimated Allocation Amount		**$15,306,237**	**Elderly Max: $6,266,373**													**Total HTCs Requested**	**27,933,974**																				
Region 4/Rural																																				
18268	Saline Creek Senior Village	CR 168 and S. H. 155	Noonday		75703	Smith	4	Rural			x	NC	50	10	60	Elderly Prefer	662,332			JOT Couch	0	17	4	8	4	0	153	C	C	A	48423001906	Recommended	0	7	0	4	
Estimated Allocation Amount		**$1,650,321**														**Total HTCs Requested**	**662,332**																				
Region 4/Urban																																				
18370	Heritage Tower	208 N Green Street	Longview		75601	Gregg	4	Urban				NC/Adr	36	0	36	Elderly Prefer	573,024			Michael Fogel	0	17	4	8	4	7	154	C	C	A	48183001100	Recommended					
18398	Hickory Trails	NEQ of Page Rd and E I	Longview	x	75605	Harrison	4	Urban				NC	40	5	45	Elderly Limita	557,602			Michael Fogel	0	17	4	8	4	0	153	C	C	A	48203020606	Recommended	0	7	0.0047	9.8	
Estimated Allocation Amount		**$1,160,336**														**Total HTCs Requested**	**1,130,626**																				
Region 5/Rural																																				
18371	Diboll Pioneer Crossing	~SEC of Devereaux and	Diboll		75941	Angelina	5	Rural				NC	75	5	80	General	848,813			Noorallah Jooma	0	17	4	8	4	0	153	C	C	A	48005001002	Recommended					
18283	Pines at Allen Street	NEQ Allen St. and Tubb	Kountze	x	77625	Hardin	5	Rural			x	NC	68	12	80	General	979,220			Miranda Sprague	5	17	4	8	4	0	151	C	C	C	48199030400	Recommended					
Estimated Allocation Amount		**$1,013,151**														**Total HTCs Requested**	**1,828,033**																				
Region 5/Urban																																				
18095	Retreat West Beaumont	SWC College St and Wen	Beaumont		77707	Jefferson	5	Urban				NC	74	24	98	Elderly Limita	1,067,319			Melissa Giacona	5	17	4	8	4	0	152	C	C	C	48245001302	Recommended					
Estimated Allocation Amount		**$816,566**														**Total HTCs Requested**	**1,067,319**																				

Application Number	Development name	Address	City	ETJ	Zip Code	County	Region	Rural/Urban	At-Risk Set-Aside	USDA Set-Aside	Non-Profit Set-Aside	Construction Type	LI Units	Market Rate Units	Total Units	Target Population (Supp Hsg = Supportive Housing)	Recommended Award / HTC Request	MF Direct Loan	Section 811	Applicant Contact Name	Readiness to Proceed	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Community Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	PPR Status	Census Tract	Recommendation	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance to Closest HTC Development
Region 6/Rural																																					
18353	Heritage Seniors	325 Flagship Blvd.	Montgomery		77356	Montgomery	6	Rural			X	NC	64	16	80	Elderly Limita	750,000		x	Nathan Kelley	5	17	4	8	4	0	154	C	C	A	48339694500	Recommended					
18305	Star of Texas Seniors	Lone Star Parkway	Montgomery		77356	Montgomery	6	Rural			0	NC	32	0	32	Elderly Limita	600,327		x	Emanuel H. Glocl	0	17	4	8	4	0	150	C	C	A	48339694600						
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**1,350,327**																				
Region 6/Urban																																					
18243	2222 Cleburne	2222 Cleburne	Houston		77004	Harris	6	Urban			x	NC	112	0	112	Elderly Limita	1,500,000			Ann J. Robison	5	17	4	8	4	7	165	C	C	A	48201312700	Recommended					
18333	Fulton Lofts	5200-5500 Fulton Street	Houston		77009	Harris	6	Urban				NC	76	4	80	General	1,458,549		x	David Mark Koog	5	17	4	8	4	7	163	C	C	A	48201210600	Recommended	5	7	0.0161	19.2	
18306	Campanile on Commerce	2800 Commerce	Houston		77003	Harris	6	Urban				NC	105	15	120	Elderly Limita	1,500,000		x	Les Kilday	5	17	4	8	4	7	161	C	C	A	48201310100	Recommended	5	7	0.0161	42.1	
18137	New Hope Housing Dale Carnegie	SEC Dale Carnegie Ln an	Houston		77036	Harris	6	Urban			x	NC	170	0	170	Supportive H	1,500,000			Joy Horak-Brown	5	17	4	8	4	7	161	C	C	A	48201432801	Recommended	0	7	0.0161	31.8	
18254	Somerset Lofts	8506 Hempstead Rd.	Houston		77008	Harris	6	Urban				NC	120	0	120	General	1,500,000		x	Donna Rickenbacl	5	17	4	8	4	0	160	C	C	A	48201510900	Recommended	0	7	0.0161	17.5	
18138	Lancaster Senior Village	NEC Lancaster St & Bellf	Houston		77087	Harris	6	Urban				NC	115	29	144	Elderly Limita	1,500,000			Doak Brown	5	17	4	8	4	7	160	C	C	A	48201332600	Recommended	0	7	0.0161	34.4	
18320	Seaside Lodge at Chesapeake Bay	NEC Elam St and Larabe	Seabrook		77586	Harris	6	Urban				NC	92	0	92	Elderly Limita	1,500,000		x	David Mark Koog	5	17	4	8	4	0	158	C	C	A	48201341502	Elderly Allocation Limit Violation					
18033	The Miramonte	Moore Rd b/t Court Rd &	Fifth Street	x	77477	Fort Bend	6	Urban				NC	87	37	124	General	1,286,253		x	Mark Musemeche	5	17	4	8	4	0	158	C	C	A	48157671100	Recommended	0	7	0.0036	17.7	0.9799
18047	Miramonte Single Living	Moore Rd b/t Court Rd &	Fifth Street	x	77477	Fort Bend	6	Urban				NC	55	13	68	General	1,500,000		x	Mark Musemeche	5	17	4	8	4	0	158	C	C	A	48157671100	Recommended	0	7	0.0036	17.7	0.9791
18043	Huntington at Miramonte	Moore Rd b/t Court Rd &	Fifth Street	x	77477	Fort Bend	6	Urban				NC	95	29	124	Elderly Limita	1,500,000			Hunter Goodwin	5	17	4	8	4	0	158			A	48157671100	Elderly Allocation Limit Violation					
18159	Rutherford Park	~NWC of Tidwell & C.E.	Houston	x	77044	Harris	6	Urban				NC	91	23	114	General	1,500,000		x	J. Steve Ford	5	17	4	8	4	0	158	C	C	A	48201232302	Recommended	0	7	0.0111	12.3	
18339	Fairmont Seniors	NWC of Fairmont and Re	Pasadena		77505	Harris	6	Urban			x	NC	115	53	168	Elderly Limita	1,500,000		x	Nathan Kelley	5	17	4	8	4	0	158			A	48201342100	Elderly Allocation Limit Violation					
18009	Rosemount Estates	~4800 block of Airport, V	Rosenberg		77471	Fort Bend	6	Urban				NC	112	26	138	Elderly Limita	1,499,877		x	Ryan Hettig	5	17	4	8	4	0	158				48157675200	Elderly Allocation Limit Violation					
18161	Monroe Crossing	NEC Fuqua St and Monr	Houston		77075	Harris	6	Urban				NC	90	24	114	Elderly Limita	1,500,000		x	William D. Henso	5	17	4	8	4	0	158				48201333901	Elderly Allocation Limit Violation					
18355	W. Little York Apartments	W. Little York, W of Holl	Houston		77040	Harris	6	Urban			x	NC	115	35	150	General	1,500,000		x	Nathan Kelley	5	17	4	8	4	0	158	C		A	48201532300		0	7	0.0161	16.3	1.98
18093	Green Oaks Apartments	1475 Gears Road	Houston		77067	Harris	6	Urban				NC	90	36	126	General	1,500,000		x	David Yarden	5	17	4	8	4	0	158			A	48201550500		0	7	0.0161	18.2	
18383	Provision at Lake Houston	Hwy 90 at S. Lake Housto	Houston		77049	Harris	6	Urban				NC	96	24	120	General	1,500,000		x	Ruben Esqueda	5	17	4	8	4	0	158				48201232401		0	7	0.0161	18.4	
18382	Provision at Synott	Synott Rd, N of W. Bellfo	Houston		77498	Fort Bend	6	Urban				NC	96	24	120	General	1,500,000		x	Ruben Esqueda	5	17	4	8	4	0	158				48157672400		0	7	0.0161	19.1	
18338	The Greenery	~18000 blk of Imperial V	Houston		77060	Harris	6	Urban				NC	102	18	120	General	1,500,000		x	Val DeLeon	5	17	4	8	4	7	158				48201240600		0	7	0.0161	43.4	
18218	Cypress Creek Apartment Homes a	~10500 blk of FM 1960 V	Houston	x	77064	Harris	6	Urban				NC	119	101	220	General	1,500,000			Victoria Winters S	0	0	4	8	0	0	130				48201552500						
18327	Scott Street Lofts	1320 Scott Street	Houston		77003	Harris	6	Urban				NC	76	4	80	General	1,500,000		x	David Mark Koog	5	17	4	8	4	0	160			A	48201310200	2 mile same year conflict with 18243, 306					
18354	Flintlock Apartments	SEC W. Little York Rd &	Houston		77040	Harris	6	Urban			x	NC	115	35	150	General	1,500,000		x	Nathan Kelley	5	17	4	8	4	0	158			A	48201532300	2 mile same year conflict with 18355					
18337	Fulton on the Rail	5009 Fulton Street	Houston		77009	Harris	6	Urban				NC	90	56	146	General	1,500,000		x	Miranda Sprague	5	17	4	8	4	0	156			C	48201210600	2 mile same year conflict with 18333					
Estimated Allocation Amount		**$13,587,011**	**Elderly Max: $5,614,153**													**Total HTCs Requested**	**34,244,679**																				
Region 7/Rural																																					
18245	Lockhart Springs	NEC Hwy 130 and Borch	Lockhart		78644	Caldwell	7	Rural				NC	40	8	48	General	500,000		x	Todd Erickson	5	17	4	8	4	0	158	C	C	A	48055960300	Recommended	0	7	0.01344	12.5	2.76
18026	Maple Park Senior Village	Clearfork St W of City Lir	Lockhart		78644	Caldwell	7	Rural				NC	30	18	48	Elderly Limita	500,000		x	Brian Kimes	5	17	4	8	4	0	158	C	C	C	48055960300		0	7	0.01344	12.5	1.95
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**1,000,000**																				
Region 7/Urban																																					
18099	Waters Park Studios	Waters Park Rd and N Mo	Austin		78759	Travis	7	Urban			x	NC	132	0	132	Supportive H	1,500,000	x	x	Walter Moreau	0	17	4	8	4	0	158	C	C	A	48453001829	Recommended					
18015	Cambrian East Riverside	1806 Clubview Avenue	Austin		78741	Travis	7	Urban				NC	55	10	65	General	1,010,620		x	Jason Haskins	0	17	4	8	4	7	157	C	C	A	48453002318	Recommended					
18081	Pathways at Chalmers Courts East	SWC Chicon St. and E. 4t	Austin		78702	Travis	7	Urban			x	NC	135	21	156	General	1,500,000		x	Suzanne Schwertn	0	17	8	8	0	7	155	C	C	C	48453000902	Recommended	5	7	0.0186	26.6	
18335	Travis Flats	5325-5335 Airport Boulva	Austin		78751	Travis	7	Urban			x	NC	122	24	146	General	1,500,000		x	JoEllen Smith	0	17	4	8	4	7	155	C	C	A	48453002105	Recommended	5	7	0.0186	27.7	
18323	Talavera Lofts	SEC E 5th and Navasota	Austin		78702	Travis	7	Urban				NC	90	2	92	General	1,295,300		x	Janine Sisak	0	17	4	8	4	5	153				48453000902	2 mile same year conflict with 18081					
Estimated Allocation Amount		**$4,614,812**	**Elderly Max: $1,624,875**													**Total HTCs Requested**	**6,805,920**																				

Application Number	Development name	Address	City	ETJ	Zip Code	County	Region	Rural/Urban	At-Risk Set-Aside	USDA Set-Aside	Non-Profit Set-Aside	Construction Type	LI Units	Market Rate Units	Total Units	Target Population (Supp Hsg = Supportive Housing)	Recommended Award / HTC Request	MF Direct Loan	Section 811	Applicant Contact Name	Readiness to Proceed	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Community Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	PPR Status	Census Tract	Recommendation	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance to Closest HTC Development
Region 8/Rural																																					
18126	Caldwell Heights	362 MLK Drive	Caldwell	x	77836	Burleson	8	Rural				NC	72	0	72	General	818,762			Butch Richardson	0	17	4	0	4	0	120	C	C	A	48051970200	Recommended					
Estimated Allocation Amount		**$625,027**														**Total HTCs Requested**	**818,762**																				
Region 8/Urban																																					
18058	Huntington at College Station	SEC Lakeway & Midtowr	College Station		77845	Brazos	8	Urban				NC	92	28	120	Elderly Limita	1,500,000			R. Hunter Goodw	0	17	4	8	4	0	139	C	C	A	48041002009	Recommended					
Estimated Allocation Amount		**$1,650,658**														**Total HTCs Requested**	**1,500,000**																				
Region 9/Rural																																					
18369	The Residences at Canyon Lake	1500 Island View	Canyon Lake		78133	Comal	9	Rural				NC	29	6	35	Elderly Limita	500,000	x	x	Sally Roth	0	17	4	8	4	0	153	C	C	A	48091310607	Recommended	0	7	0	6.2	
18019	Highlander Senior Village	Johnson Way, N of FM 1	Bulverde	x	78163	Comal	9	Rural				NC	34	32	66	Elderly Limita	500,000		x	Brian Kimes	0	17	4	8	4	0	153	C	C	C	48091310703	Recommended	0	7	0.0034	9.5	
Estimated Allocation Amount		**$507,742**														**Total HTCs Requested**	**1,000,000**																				
Region 9/Urban																																					
18273	Museum Reach Lofts	SEC N St. Mary's St. and	San Antonio		78215	Bexar	9	Urban			x	NC	86	8	94	General	1,161,298		x	Jennifer Gonzalez	0	17	8	8	0	7	160	C	C	A	48029110900	Recommended	5	7	0.0122	20.4	
18084	Artisan at Ruiz	1507 Ruiz	San Antonio		78207	Bexar	9	Urban			x	NC/SS	102	0	102	General	1,500,000		x	Lucila Diaz	0	17	8	8	0	7	160	C	C	C	48029170401	Recommended	5	7	0.0122	50.1	
18289	Village at Roosevelt	1507 Roosevelt Avenue	San Antonio		78210	Bexar	9	Urban			x	NC	49	8	57	General	975,000		x	Roger Canales	0	17	8	8	0	7	158	C	C	A	48029140300	Recommended					
18142	San Juan Mission Villas	S 9100 blk S Presa Street	San Antonio		78223	Bexar	9	Urban				NC	83	19	102	Elderly Limita	1,140,000		x	Jeremy Mears	0	17	4	8	4	7	155	C	C	A	48029141600	Recommended	0	7	0.0122	11.7	
18052	Nacogdoches Lofts	Nacogdoches Rd N of Sp	San Antonio		78218	Bexar	9	Urban				NC	84	18	102	Elderly Limita	1,467,404	x	x	Jason Arechiga	0	17	4	8	4	0	154	C		P	48029121809	Elderly Allocation Limit Violation					
18086	The Village at Overlook Parkway	Overlook Pkwy and U.S. :	San Antonio		78260	Bexar	9	Urban			x	NC	92	54	146	Elderly Limita	1,490,824		x	Edgar Sandoval	0	17	4	8	4	0	153	C		A	48029191810	Elderly Allocation Limit Violation					
18166	The Legacy at Buena Vista	1409 Buena Vista St.	San Antonio		78207	Bexar	9	Urban				NC	88	8	96	Elderly Limita	1,500,000		x	Dan Wilson	0	17	4	8	4	5	155			A		2 mile same year conflict with 18084, 273					
18054	Piedmont Lofts	826 E Highland Blvd	San Antonio		78210	Bexar	9	Urban			x	NC	46	9	55	General	898,576	x	x	Jason Arechiga	0	17	4	0	4	7	152			A		2 mile same year conflict with 18289					
Estimated Allocation Amount		**$5,441,724**	**Elderly Max: $2,455,850**													**Total HTCs Requested**	**10,133,102**																				
Region 10/Rural																																					
18260	Fish Pond at Cuero	1219 State Hwy 72 West	Cuero	x	77954	DeWitt	10	Rural				NC	44	4	48	Elderly Limita	584,842			David Fournier	5	17	4	8	4	0	158	C	C	A	48123970400	Recommended					
Estimated Allocation Amount		**$668,054**														**Total HTCs Requested**	**584,842**																				
Region 10/Urban																																					
18261	Fish Pond at Portland	SEC of Akins Dr and Mo	Portland		78374	San Patricio	10	Urban				NC	54	6	60	Elderly Limita	762,700			David Fournier	5	17	4	8	4	0	158	C	C	A	48409010601	Recommended	0	7	0.0000	8.9	
18186	Avanti at Greenwood	6102 Greenwood Dr	Corpus Christi		78417	Nueces	10	Urban				NC	73	8	81	General	1,291,158		x	Henry Flores	5	17	4	8	4	0	158	C	C	C	48355001802	Recommended	0	7	0.0099	6.4	2.08
18288	Village at Greenwood	~ 6018 Greenwood Dr ar	Corpus Christi		78417	Nueces	10	Urban			x	NC	69	12	81	General	1,291,158		x	Roger Canales	5	17	4	8	4	0	158	UR		A	48355001802		0	7	0.0099	6.4	2.04
Estimated Allocation Amount		**$1,481,785**														**Total HTCs Requested**	**3,345,016**																				
Region 11/Rural																																					
18230	Las Villas del Rio Hondo	310 E Colorado Street	Rio Hondo		78583	Cameron	11	Rural				NC	52	12	64	General	770,000		x	Melissa Fisher	0	17	4	8	4	0	150	C	C	A	48061010100	Recommended					
18322	Las Casitas de Azucar	20209 FM 506	Santa Rosa		78593	Cameron	11	Rural			x	NC	50	0	50	General	679,000	x	x	Chloe Dotson	0	17	4	8	4	0	143	C	C	A	48061010301	Recommended					
Estimated Allocation Amount		**$909,811**														**Total HTCs Requested**	**1,449,000**																				

Application Number	Development name	Address	City	ETJ	Zip Code	County	Region	Rural/Urban	At-Risk Set-Aside	USDA Set-Aside	Non-Profit Set-Aside	Construction Type	LI Units	Market Rate Units	Total Units	Target Population (Supp Hsg = Supportive Housing)	Recommended Award / HTC Request	MF Direct Loan	Section 811	Applicant Contact Name	Readiness to Proceed	Gov't Support (§11.9(d)(1))	QCP (§11.9(d)(4))	State Rep (§11.9(d)(5))	Community Orgs (§11.9(d)(6))	CRP (§11.9(d)(7))	Best Possible Score	Review Status	Underwriting Status	PPR Status	Census Tract	Recommendation	Scored on Proximity	OI or CRP	HTC per Capita	Poverty Rate (%)	Distance to Closest HTC Development
Region 11/Urban																																					
18357	Capella	SWQ of El Dorado Ave a	Olmito CDP	x	78575	Cameron	11	Urban				NC	101	19	120	General	1,500,000		x	Manish Verma	0	17	4	8	4	0	153	C	C	A	48061012506	Recommended	0	7	0	21.3	4.41
18358	Ovation Senior Living	W Lakeside Blvd, S of El	Olmito CDP	x	78575	Cameron	11	Urban				NC	105	19	124	Elderly Limita	1,500,000		x	Manish Verma	0	17	4	8	4	0	153	C	C	A	48061012506	Recommended	0	7	0	21.3	4.40
18188	Avanti at Sienna Palms Legacy	~NEC Cardinal Dr. & Mi	Midway N CD	x	78596	Hidalgo	11	Urban				NC	95	19	114	Elderly Prefer	1,500,000		x	Henry Flores	0	17	4	8	4	0	153	C	C	C	48215022402	Recommended	0	7	0	24.6	1.97
18208	Midway Villas	~NEC of Mile 6 1/2 W. a	Midway N CD	x	78596	Hidalgo	11	Urban				NC	102	18	120	Elderly Limita	1,315,170		x	Steve Lollis	0	17	4	8	4	0	153	C	C	A	48215022402	Recommended	0	7	0	24.6	0.81
18293	Silver Spur Apartments	Silver Spur Ln S of Expw	Palmview		78572	Hidalgo	11	Urban				NC	100	20	120	General	1,500,000		x	Tim Lang	0	17	4	8	4	0	153	C	C	A	48215024205	Recommended	0	7	0	29.5	2.44
18148	Palmview Village	100 eastside blk Showers	Palmview		78572	Hidalgo	11	Urban				NC	74	18	92	General	1,030,000		x	Jeremy Mears	0	17	4	8	4	0	153	UR		A	48215024205		0	7	0	29.5	2.07
18196	North Alamo Heights	~NEC E. Sioux Rd. and l	N Alamo CDI	x	78589	Hidalgo	11	Urban				NC	119	21	140	General	1,500,000		x	Steve Lollis	0	17	4	8	4	0	153			A	48215021805		0	7	0	30.2	
18206	Ridge Villas	~SWC S Stewart Rd. and	San Juan	x	78589	Hidalgo	11	Urban				NC	119	21	140	General	1,500,000		x	Steve Lollis	0	17	4	8	4	0	153			A	48215022001		0	7	0.0024	25.8	
18255	Pendleton Square	NEC of Doctors Memori	Harlingen		78550	Cameron	11	Urban				NC	47	13	60	General	803,000		x	Justin Zimmermar	0	17	4	8	4	0	153			A	48061011302		0	7	0.0074	5.4	
18239	Casitas Palo Alto	~Sports Park Blvd and O	Brownsville		78520	Cameron	11	Urban			x	NC	80	0	80	General	1,118,000		x	Mark Moseley	0	17	4	8	4	0	150			A	48061014400						
Estimated Allocation Amount		**$6,202,214**														**Total HTCs Requested**	**13,266,170**																				
Region 12/Rural																																					
18347	Avenue Commons	NWC of SE Ave E and S	Andrews		79714	Andrews	12	Rural				NC	50	10	60	General	750,000			Craig Alter	0	17	4	8	4	0	141	C	C	C	48003950300	Recommended					
18345	Westwind of Andrews	NWC NE Mustang Drive	Andrews		79714	Andrews	12	Rural				NC	43	5	48	General	500,000		x	Kelly Garrett	0	14	4	8	4	0	134	C		C	48003950100						
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**1,250,000**																				
Region 12/Urban																																					
18222	Glenn Park Apartments	4001 S. Chadbourne	San Angelo		76904	Tom Green	12	Urban				NC	48	12	60	General	778,700		x	Vaughn Zimmerm	0	17	4	8	4	0	145	C	C	A	48451000801	Recommended					
Estimated Allocation Amount		**$967,308**														**Total HTCs Requested**	**778,700**																				
Region 13/Rural																																					
18130	Skyway Gardens	SEC of S Walker St and I	Alpine	x	79830	Brewster	13	Rural				NC	49	0	49	General	701,300		x	Roy Lopez	0	8.5	4	8	2	0	128	C	C	A	48043950400	Recommended					
Estimated Allocation Amount		**$500,000**														**Total HTCs Requested**	**701,300**																				
Region 13/Urban																																					
18127	Metro 31 Senior Community	SEC of Wren Ave and Ga	El Paso		79924	EL Paso	13	Urban				NC	87	8	95	Elderly Limita	1,149,600		x	Roy Lopez	0	17	4	8	4	0	141	C	C	A	48141000206	Recommended					
18707	Nevarez Palms	NEQ of Alameda and Ne	Socorro		79927	El Paso	13	Urban				NC	104	0	104	General	1,163,300			R.L. "Bobby" Bow	0	17	4	8	4	0	128	C	C	A	48141004002	Recommended					
18012	Jamie O Perez Memorial Apartmen	NWQ Nevarez Rd and Al	Socorro		79927	El Paso	13	Urban				NC	96	0	96	General	1,163,300			R.L. "Bobby" Bow	0	17	4	8	4	0	127	C	C	A	48141004002	Recommended					
18129	Emerald Manor	NEC of Horizon Blvd an	Horizon City		79928	El Paso	13	Urban				NC	90	10	100	General	1,258,450		x	Roy Lopez	0	0	4	8	4	0	122	UR		A	48141010342						
18010	Edgemere Palms	~NWC Edgemere and Za	El Paso		79938	El Paso	13	Urban				NC	82	14	96	General	1,163,300			R.L. "Bobby" Bow	0	0	4	0	4	0	94			A	48141010331						
Estimated Allocation Amount		**$2,683,623**														**Total HTCs Requested**	**5,897,950**																				
Total Amount Requested		**$133,982,821**																																			
Total Amount Recommended		**$76,614,440**																																			
Estimated Total Allocation		**$76,677,700**	**Total Applications**		**118**																																