BOARD BOOK
OF
February 10, 2022

Leo Vasquez III, Chair

Paul Braden, Vice-Chair

Sharon Thomason, Member

Ajay Thomas, Member

Brandon Batch, Member

Kenny Marchant, Member

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT

Fiscal Year 2022 (1st quarter data below for 9/1/21 – 11/30/21)

Owner Financing and Down Payment

- 30-year, fixed interest rate mortgage loans
- Mortgage credit certificates
- Down payment, closing cost assistance
- Homebuyer education

Programs:

- Single Family Homeownership

Expended Funds: $397,915,921
Total Households Served: 1,892

Energy Related Assistance

- Utility bill payment assistance
- Energy consumption education
- Weatherization for energy efficiency

Programs:

- Comprehensive Energy Assistance Program (CEAP)
- Weatherization Assistance Program (WAP)

Expended CEAP Funds: $57,324,877
Total Households Served: 56,799

Multifamily New Construction

- Affordable rental units financed and developed

Programs:

- 9% Housing Tax Credits (HTC)
- 4% Housing Tax Credits (HTC)
- Multifamily Bonds
- Multifamily Direct Loan Program*

Expended Funds: $64,681,657
Total Households Served: 938

Homelessness Services

- Shelter building rehabilitation, conversion, operations
- Essential services e.g., health services, transportation, job training, employment services

Programs:

- Emergency Solutions Grant Program (ESG)
- Homeless Housing and Services Program (HHSP)

Expended Funds: $8,583,233
Total Individuals Served: 11,117

Multifamily Rehab Construction

- Affordable rental units financed and rehabilitated

Programs:

- 9% Housing Tax Credits (HTC)
- 4% Housing Tax Credits (HTC)
- Multifamily Bonds

Expended Funds: $7,321,230
Total Households Served: 1,419

Supportive Services

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

Program:

- Community Services Block Grant Program (CSBG)

Expended Funds: $9,916,358
Total Individuals Served: 89,189

Owner Rehabilitation Assistance

- Home rehabilitation, reconstruction
- Manufactured housing unit replacement
- Accessibility modifications e.g., ramp, grab bar installation

Programs:

- Homeowner Reconstruction Assistance Program (HRA)*
- Amy Young Barrier Removal Program

Expended Funds: $2,241,710
Total Households Served: 33

Rental Assistance

- Short, long term rent payment help
- Assistance linked with services, Transitional assistance
- Security, utility deposits

Programs:

- Tenant-Based Rental Assistance (TBRA)*
- Section 8 Housing Choice Vouchers
- Section 811

Expended Funds: $2,777,463
Total Households Served: 3,856

Single Family Development

- Single family development, reconstruction, rehabilitation
- NSP, Do-it-yourself, "sweat equity" construction (bootstrap), rehabilitation, Contract for Deed refinance

Programs:

- Single Family Development Program (SFD)*
- Contract for Deed (CFD)

Expended Funds: $594,000
Total Households Served: 12

Total Expended Funds: $556,130,673
Total Households Served: 165,970

All FY2022 data as reported in TDHCA's 2022 performance measures.

Note: Some households may have been served by more than one TDHCA program. For some programs, allocation is used as a proxy for expenditures. Because of timing of funds request, the funds expended for the quarter may be readjusted substantially by year end.

* Administered through the federally funded HOME Investment Partnerships Program

**TBRA Funds are reported on an annual basis and are not included in the rental assistance total

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
10:00 AM
February 10, 2022

John H. Reagan Building, JHR 140
1400 Congress Ave
Austin, Texas 78701

CALL TO ORDER
ROLL CALL **Leo Vasquez, Chair**
CERTIFICATION OF QUORUM

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

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

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

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

EXECUTIVE

a) Presentation, discussion, and possible action on Board meeting minutes summary for January 13, 2022 — **Beau Eccles**, Board Secretary

ASSET MANAGEMENT

b) Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application — **Rosalio Banuelos**, Director of Asset Management

20082	Connect South	Houston
20408	Vi Collina	Austin

BOND FINANCE

c) Presentation, discussion, and possible action on Inducement Resolution No. 22-015 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority — **Teresa Morales**, Director of Multifamily Bonds

22606	West Houston Senior Living	Houston

RULES

This will be an open, public meeting conducted under Tex. Gov't Code, chapter 551, without COVID-19 emergency waivers. There will not be a remote online or telephone option for public participation. The meeting, however, will be streamed online for public viewing. Masks will be available for members of the public who wish to attend this public meeting.

d) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.1 Reasonable Accommodation Requests to the Department, and an order directing their publication for public comment in the Texas Register

Brooke Boston
Deputy Director of Programs

e) Presentation, discussion, and possible action on an order proposing the repeal of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.2 Department Complaint System to the Department, an order proposing new §1.2 Department Complaint Process, and an order directing their publication for public comment in the Texas Register

f) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.4, Protest Procedures for Contractors, and directing its publication for public comment in the Texas Register

g) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.6, Historically Underutilized Businesses, and directing its publication for public comment in the Texas Register

h) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.12, Negotiated Rulemaking, and directing its publication for public comment in the Texas Register

i) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.13 Contested Case Hearing Procedures, and an order directing their publication for public comment in the Texas Register

j) Presentation, discussion, and possible action on the statutory four-year rule review and order of proposed readoption for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.17, Alternative Dispute Resolution, and directing its publication for public comment in the Texas Register

k) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.19 Reallocation of Financial Assistance, and an order directing their publication for public comment in the Texas Register

l) Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.22 Providing Contact Information to the Department, and an order directing their publication for public comment in the Texas Register

m) Presentation, discussion, and possible action on the adoption of the 2022 State of Texas Low Income Housing Plan and Annual Report; and an order adopting the repeal and new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report and directing their submission to the Texas Register

Elizabeth Yevich
Director of Housing Resource Center

n) Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; the adoption of new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; and directing their submission for adoption to the Texas Register

Monica Galuski
Director of Bond Finance

o) Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 28, Taxable Mortgage Program; the adoption of new 10 TAC Chapter 28, Taxable Mortgage Program; and directing their submission for adoption to the Texas Register

FINANCIAL ADMINISTRATION

p) Presentation, discussion, and possible action to adopt a resolution regarding designating signature authority and superseding previous resolutions — **Joe Guevara**, Director of Financial Administration

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) Media Analysis and Outreach Report (December 2021) — **Michael Lyttle**, Director of External Affairs

b) Report on TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives — **Brooke Boston**, Deputy Director of Programs

c) Report on the Department's 1st Quarter Investment Report in accordance with the Public Funds Investment Act — **Joe Guevara**, Director of Financial Administration

d) Report on the Department's 1st Quarter Investment Report relating to funds held under Bond Trust Indentures — **Monica Galuski**, Director of Bond Finance

ACTION ITEMS

Executive Session: the Chair may call an Executive Session at this point in the agenda in accordance with the below-cited provisions[1] — **Leo Vasquez**, Chair

ITEM 3: EXECUTIVE

Executive Director's Report — **Bobby Wilkinson**, Executive Director, TDHCA

ITEM 4: HOUSING STABILITY SERVICES

Presentation, Discussion and Possible Approval granting authority for Emergency Rental Assistance 2 Housing Stability Service Funds to be awarded to the Texas Veterans Commission for the provision of housing stability services — **Cate Tracz**, Director of Housing Stability Services

ITEM 5: COMMUNITY AFFAIRS

a) Presentation, discussion, and possible action on awards for 2022 Community Services Block Grant discretionary funds for education and employment services to Native American and Migrant Seasonal Farmworker populations — **Michael De Young**, Director of Community Affairs

b) Presentation, discussion, and possible action to effectuate the use of non-federal funds to repay the U.S. Department of Health and Human Services Administration for Children and Families for costs disallowed as a result of the 2014 LIHEAP monitoring

ITEM 6: ASSET MANAGEMENT

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application — **Rosalio Banuelos**, Director of Asset Management

20186 The Residence at Ridgehill Kerrville

ITEM 7: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(2)(C) for The Landing at Spears (#22184) — **Cody Campbell**, Director of Multifamily Programs

b) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1(e) for Wellington Frost Town (#22295)

c) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Pathways at Chalmers Courts West (#20202) in Austin

[1] Note: the Chair is not restricted by this item, and may call for an Executive Session at any time during the posted meeting.

d) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Telephone Road Elderly (#19077) in Houston
e) Presentation, discussion, and possible action regarding waivers of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Supplemental Housing Tax Credit Requests from the 2022 Competitive Housing Tax Credit Ceiling
f) Presentation, discussion, and possible action regarding approval of Supplemental Housing Tax Credit requests for the 2022 Competitive Housing Tax Credit Application Round
g) Presentation, discussion, and possible action regarding an award from the Multifamily Direct Loan (MFDL) 2021-3 Notice of Funding Availability (NOFA), as amended
h) Presentation, discussion, and possible action on an award of a Predevelopment Grant from the Multifamily 2021-2 Special Purpose Notice of Funding Availability: Predevelopment

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

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 Nancy Dennis, at 512-475-3959 or Relay Texas at 1-800-735-2989, at least five days before the meeting so that appropriate arrangements can be made. Non-English speaking individuals who require interpreters for this meeting should contact Kathleen Vale Castillo, 512-475-4144, at least five days before the meeting so that appropriate arrangements can be made.

Personas que hablan español y requieren un intérprete, favor de llamar a Kathleen Vale Castillo, al siguiente número 512-475-4144 por lo menos cinco días antes de la junta para hacer los preparativos apropiados.

CONSENT AGENDA

1a

BOARD ACTION REQUEST

BOARD SECRETARY

FEBRUARY 10, 2022

Presentation, discussion, and possible action on the Board meeting minutes summary for January 13, 2022

RECOMMENDED ACTION

Approve the Board meeting minutes summary for January 13, 2022

RESOLVED, that the Board meeting minutes summary for January 13, 2022, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
January 13, 2022

On Wednesday, the thirteenth day of January 2022, at 9:05 a.m., the regular meeting of the Governing Board (Board) of the Texas Department of Housing and Community Affairs (TDHCA or the Department) was held in Room JHR 140 of the John H. Reagan Building, 1400 Congress Avenue, Austin, Texas.

The following members, constituting a quorum, were present and voting:

- Leo Vasquez, III, Chair
- Paul Braden, Vice Chair
- Kenny Marchant
- Ajay Thomas

Mr. Vasquez served as Chair, and James "Beau" Eccles, TDHCA General Counsel, served as Secretary.

1) The Board unanimously approved the Consent Agenda and Consent Agenda Report Items as presented.

2) Action Item 3(a) – Executive Director's Report – was presented by Bobby Wilkinson, TDHCA Executive Director. The Board heard the report and took no action.

3) Action Item 3(b) – Report on the 2023 QAP Development Plan – was presented by Brooke Boston, TDHCA Deputy Executive Director, with additional information from Mr. Wilkinson. The Board heard the report and took no action.

4) Action Item 4 – Presentation, discussion, and possible action on an order proposing the repeal, and proposed new rule, for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.5 Waiver Applicability in the Case of Federally Declared Disasters, and an order directing their publication for public comment in the Texas Register – was presented by Ms. Boston. The Board unanimously adopted staff recommendation to approve the repeal and proposed new rule for 10 TAC Section 1.5 for publication and public comment, as described in the Board action item.

5) Action Item 5 – Presentation, discussion and possible action on approval of a Draft HOME ARP Plan to be released for public comment and to release Notices of Funding Availability after Plan acceptance – was presented by Naomi Cantu, TDHCA Director of HOME-ARP, with additional information from Mr. Eccles. The Board unanimously approved staff recommendation to approve the draft HOME-ARP plan to be published for public comment and that notices of funding availability be released after the plan's acceptance by HUD, all as expressed in the action item.

6) Action Item 6 – Presentation, discussion, and possible action on delegation of authority to the Department's Executive Director or designee to make up to $10,000,000 in awards to HUD Approved Housing Counseling Agencies to provide housing counseling and homebuyer education services for the Homeowner Assistance Fund – was presented by Tanya Birks, TDHCA Director of the Homeowner Assistance Fund, with additional information from Mr. Wilkinson. The Board unanimously approved staff recommendation to grant the executive director and his designees to make up to $10 million in awards to HUD-approved housing counseling agencies, and to provide housing counseling and homebuyer education services for the Homeowner Assistance Fund, all as expressed in the Board action item.

7) Action Item 7(a) – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for The Villas at Pine Grove (#19364) in Lufkin – was presented by Cody Campbell, TDHCA Director of Multifamily Finance, with additional information from Mr. Wilkinson; Mr. Eccles; and Homero Cabello, TDHCA Deputy Executive Director. Following public comment (listed below), in opposition to staff recommendation, the Board unanimously approved the waiver of 10 TAC Section 11.1003(b) of the 2022 QAP relating to the maximum amount of supplemental credits that may be requested, as submitted specifically by the Villas of Pine Grove; capped the amount at 15%; and made it subject to approval by TDHCA's Real Estate Analysis division.

- Rick Deyoe, Realtex Development Corporation and developer of #19364, testified in opposition to staff recommendation
- Hunter Botts, Affordable Housing Partners and an equity investor in #19364, testified in opposition to staff recommendation
- Michelle Snedden, Shackelford, Bowen, McKinley & Norton law firm representing the developer, testified in opposition to staff recommendation
- Bobby Bowling, Tropicana Properties, provided comments on the item

8) Action Item 7(b) – Presentation, Discussion, and Possible Action regarding a Request for Rural Designation under 10 TAC §11.204(5) – was withdrawn from the agenda by the applicant and was not heard.

9) Action Item 7(c) – Presentation, discussion, and possible action regarding awards from the Multifamily Direct Loan (MFDL) 2021-3 Notice of Funding Availability (NOFA), as amended – was presented by Mr. Campbell. The Board unanimously adopted staff recommendation to approve the 2021-3 NOFA application as recommended in the Board action item, subject to conditions and adoption of previous participation reviews, as described therein.

10) During the general public comment portion of the meeting where persons may make comments on matters other than items for which there were posted agenda items, the following persons and comments were made:

- John Flowers, Galveston County Community Action Council, made comments about the organization's administration of federal funds provided through TDHCA.
- Glenn Shankle, lobbyist, made comments about the organization's administration of federal funds provided through TDHCA

Except as noted otherwise, all materials presented to and reports made to the Board were approved, adopted, and accepted. These minutes constitute a summary of actions taken. The full transcript of the meeting, reflecting who made motions, offered seconds, etc., questions and responses, and details of comments, is retained by TDHCA as an official record of the meeting.

There being no further business to come before the Board, the meeting adjourned at 11:34 a.m. The next meeting is set for Thursday, February 10, 2022.

____
Secretary

Approved:

____
Chair

1b

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Connect South (HTC #20082)

RECOMMENDED ACTION

WHEREAS, Connect South (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2020 for the new construction of 77 units, of which 70 units are designated as low-income, of multifamily housing in Houston, Harris County;

WHEREAS, Connect South Apts, LP (Applicant) requests approval to change the Qualified Low Income Housing Development Election from Average Income to the set-aside requirement that specifies that at least 40% or more of the residential units must be both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election);

WHEREAS, the revised election proposed by the Applicant does not affect the seven market rate units, but does change the set-asides for the 70 affordable units to seven units at 30% Area Median Income (AMI), 30 units at 50% AMI, and 33 units at 60% AMI;

WHEREAS, Board approval is required for a request to implement a revised election under §42(g) of the Code prior to filing of IRS Form(s) 8609 as directed by 10 TAC §10.405(a)(4)(G), and the Applicant has complied with the amendment requirements under 10 TAC §10.405(a); and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, or impact the selection of the application for an award;

NOW, therefore, it is hereby

RESOLVED, that the requested material amendment for Connect South is approved as presented at this meeting, and the Executive Director and his designees are each authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

Connect South was approved for a 9% HTC award in 2020 for the construction of 77 units, of which 70 are designated as low-income units, of multifamily housing in Houston, Harris County. The Applicant originally elected Average Income as the Qualified Low Income Housing Development Election for the Development. The Development was underwritten based on the Rent Schedule provided by the Applicant that originally identified the set-asides for the 70 affordable units as seven units at 30% AMI, 28 units at 50% AMI, 32 units at 60% AMI, and three units at 80% AMI. The remaining seven units for the Development were designated at market rate.

In a letter dated January 18, 2022, Sarah Andre, the representative for the Applicant, requested approval for a material amendment to the Application. The request is to revise the Qualified Low Income Housing Development Election from Average Income to maintaining at least 40% or more of the residential units as both rent restricted and occupied by individuals whose income is 60% or less of the median gross income (i.e., 40% at 60% minimum set-aside election). The Applicant states that lenders and syndicators are not inclined to finance developments that use income averaging. Therefore, their investor prefers that the Applicant switch to the traditional 40% at 60% minimum set-aside election because it is an election that the industry is accustomed to implementing without the level of risk associated with income averaging. In accordance with 10 TAC §10.405(a)(7)(A)(i), the Applicant has provided a letter from Capital One Bank, N.A, the lender and the upper tier investor for the Development, and a letter and emails from Hudson Housing Capital, the equity provider, stating that they will remain committed to the project, provided that the election is changed from Average Income to 40% at 60% minimum set-aside election. With the revised election, the proposed changes the set-asides for the 70 affordable units are to designate seven units at 30% AMI, 30 units at 50% AMI, and 33 units at 60% AMI. This results in changing two units previously designated as 80% AMI units to 50% AMI units and changing one 80% AMI unit to a 60% AMI unit. Staff has confirmed that there would be no change to Application's score based on this revision.

The Development was re-underwritten based on the proposed set-asides and revised financials submitted with an Application for a Multifamily Direct Loan (MFDL). The results of the analysis indicate that there was 50.56% increase, or $5,031,780, in the building costs, from $9,951,680 to $14,983,460. Additionally, there was a 16.7% increase, or $4,376,697, in the total development costs, from $26,214,574 to $30,591,271, with no change to the original Developer Fee. To address these increases, the Applicant has changed lenders, and their first lien debt will decrease 20.83%, or $848,303, from $4,072,000 to $3,223,697. The interest rate will increase 0.13%, from 5% to 5.13%. The cash flow loan from the City of Houston CDBG-DR will increase 28.57%, from $7M to $9M. The Development will also be considered for a $3,000,000 MFDL that is proposed by the Applicant to be in a second lien position, with a 0% interest rate, and a deferred repayment 18-year term. The request for the MFDL will be considered separate from this amendment request. With these changes, the analysis supports no change to the original tax credit allocation and demonstrates the Development is feasible with the changes to the costs and financing structure.

Staff recommends approval of the requested material amendment.

Real Estate Analysis Division
January 25, 2022

Addendum to Underwriting Report

TDHCA Application #: **21503/20082** Program(s): **9% HTC/MDL**

Connect South Apartments

Address/Location: 6440 Hillcroft Avenue

City: Houston County: Harris Zip: 77074

	APPLICATION HISTORY
Report Date	**PURPOSE**
01/25/22	**MDL Application and Amendment**
09/03/20	Original Underwriting Report

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
Multifamily Direct Loan (Deferred Payable)					**$3,000,000**	**0.00%**	**0**	**18**	**2**
LIHTC (9% 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 by Direct Loan Closing:

a: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders

d: Substantially final draft of limited partnership agreement.

3 Receipt and acceptance by Carryover:

a: Formal approval from the City of Houston to provide a loan in the amount of $7,000,000, identifying the source of the funds, and a detailed term sheet specifying all terms and conditions, and income restrictions.

Status: Will be cleared at Direct Loan Closing.

b: Confirmation from the City of Houston that the site plan satisfies minimum parking requirements for the residential tenants and for the retail space.

Status: Satisfied

c: Executed design contract with architect (Alley Poyner Macchietto) supporting the architectural and engineering estimates provided in the application.

Status: Satisfied

4 Documentation at Cost Certification clearing environmental issues identified in the ESA report,

a: 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.

b: Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

c: Attorney opinion validating federally sourced funds can be considered bona fide debt with a reasonable expectation that it will be repaid in full and further stating that the funds should not be deducted from eligible basis.

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	7
50% of AMI	50% of AMI	30
60% of AMI	60% of AMI	33

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
50% of AMFI	Low HOME	7
60% of AMFI	High HOME	25

ANALYSIS

The Development received a 9% HTC allocation in 2020. The Applicant has applied for Multifamily Direct Loan funding under the 2021-3 NOFA from HOME funds.

The requested Direct Loan funding requires the restriction of 32 units by TDHCA MDL Set-Asides.

The Applicant is also requesting an amendment to the application to change election from income averaging to 40% of the units restricted at 60% AMI. The property income average was 54% and is now 53%.

Operating Pro Forma

Rents have been updated to the 2021 Program Rents. Applicant assumed $250-$350 market premiums over gross 60% rents. Per REA rule, Underwriter limited these to gross 60% HTC rents since market units make up less than 15% of unit mix.

Property Insurance expense increased over 200% as substantiated by insurance letter. Underwriter assumes a smaller cash flow payment on the Houston CDBG loan to meet the 1.15 DCR, 15 year positive cash flow after deferred fee, and MDL requirements.

Development Cost

Building Costs increased $5.03M

Total Development Costs increased $4.38M

Sources of Funds

The Applicant has applied for a Multifamily Direct Loan consistent with the requirements of NOFA 2021-3.

The Underwriter recommends approval of an MFDL as a second lien in the amount of $3,000,000 at 0%, structured as Deferred Payable with an 18-year term (to match the senior debt).

Director of Real Estate Analysis: *Jeanna Adams*

UNIT MIX/RENT SCHEDULE

Connect South Apartments, Houston, 9% HTC #21503/20082

LOCATION DATA	
CITY:	Houston
COUNTY:	Harris
Area Median Income	$76,300
PROGRAM REGION:	6
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	27	35.1%	0	11
2	38	49.4%	0	16
3	12	15.6%	0	5
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	77	100.0%	-	32

53%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	7	9.1%
40%	-	0.0%
50%	30	39.0%
60%	33	42.9%
70%	-	0.0%
80%	-	0.0%
MR	7	9.1%
TOTAL	77	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	88.73%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	900 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		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%	$445	HH/60%	$946	2	1	1	652	$445	$82	$363	$0	$0.56	$363	$726	$726	$363	$0.56	$0	$1,127	$1.73	$1,127
TC 50%	$743	HH/60%	$946	1	1	1	652	$743	$82	$661	$0	$1.01	$661	$661	$661	$661	$1.01	$0	$1,127	$1.73	$1,127
TC 60%	$891			2	1	1	652	$891	$82	$809	$0	$1.24	$809	$1,618	$1,618	$809	$1.24	$0	$1,127	$1.73	$1,127
MR				1	1	1	652	$0	$82		NA	$1.37	$891	$891	$1,127	$1,127	$1.73	NA	$1,127	$1.73	$1,127
TC 30%	$445	LH/50%	$743	1	1	1	703	$445	$82	$363	$0	$0.52	$363	$363	$363	$363	$0.52	$0	$1,127	$1.60	$1,127
TC 50%	$743	HH/60%	$946	6	1	1	703	$743	$82	$661	$0	$0.94	$661	$3,966	$3,966	$661	$0.94	$0	$1,127	$1.60	$1,127
TC 50%	$743			8	1	1	703	$743	$82	$661	$0	$0.94	$661	$5,288	$5,288	$661	$0.94	$0	$1,127	$1.60	$1,127
TC 30%	$445	LH/50%	$743	1	1	1	734	$445	$82	$363	$0	$0.49	$363	$363	$363	$363	$0.49	$0	$1,127	$1.54	$1,127
TC 50%	$743			2	1	1	734	$743	$82	$661	$0	$0.90	$661	$1,322	$1,322	$661	$0.90	$0	$1,127	$1.54	$1,127
TC 30%	$445			1	1	1	650	$445	$82	$363	$0	$0.56	$363	$363	$363	$363	$0.56	$0	$1,127	$1.73	$1,127
TC 50%	$743			2	1	1	650	$743	$82	$661	$0	$1.02	$661	$1,322	$1,322	$661	$1.02	$0	$1,127	$1.73	$1,127
TC 30%	$534	HH/60%	$1,137	1	2	2	888	$534	$105	$429	($89)	$0.38	$340	$340	$429	$429	$0.48	$0	$1,308	$1.47	$1,308
TC 50%	$891	HH/60%	$1,137	1	2	2	888	$891	$105	$786	$0	$0.89	$786	$786	$786	$786	$0.89	$0	$1,308	$1.47	$1,308
TC 60%	$1,069	HH/60%	$1,137	1	2	2	888	$1,069	$105	$964	$0	$1.09	$964	$964	$964	$964	$1.09	$0	$1,308	$1.47	$1,308
TC 50%	$891	HH/60%	$1,137	1	2	1	899	$891	$105	$786	$0	$0.87	$786	$786	$786	$786	$0.87	$0	$1,308	$1.45	$1,308
TC 60%	$1,069	HH/60%	$1,137	2	2	1	899	$1,069	$105	$964	$0	$1.07	$964	$1,928	$1,928	$964	$1.07	$0	$1,308	$1.45	$1,308
TC 50%	$891	HH/60%	$1,137	1	2	2	915	$891	$105	$786	$0	$0.86	$786	$786	$786	$786	$0.86	$0	$1,308	$1.43	$1,308
TC 60%	$1,069			2	2	2	915	$1,069	$105	$964	$0	$1.05	$964	$1,928	$1,928	$964	$1.05	$0	$1,308	$1.43	$1,308
TC 50%	$891	HH/60%	$1,137	1	2	2	919	$891	$105	$786	$0	$0.86	$786	$786	$786	$786	$0.86	$0	$1,308	$1.42	$1,308
TC 60%	$1,069			2	2	2	919	$1,069	$105	$964	$0	$1.05	$964	$1,928	$1,928	$964	$1.05	$0	$1,308	$1.42	$1,308
TC 50%	$891	LH/50%	$891	4	2	2	947	$891	$105	$786	$0	$0.83	$786	$3,144	$3,144	$786	$0.83	$0	$1,308	$1.38	$1,308
TC 60%	$1,069			17	2	2	947	$1,069	$105	$964	$0	$1.02	$964	$16,388	$16,388	$964	$1.02	$0	$1,308	$1.38	$1,308
TC 60%	$1,069	HH/60%	$1,137	2	2	2	996	$1,069	$105	$964	$0	$0.97	$964	$1,928	$1,928	$964	$0.97	$0	$1,308	$1.31	$1,308
TC 60%	$1,069	HH/60%	$1,137	2	2	2	1,032	$1,069	$105	$964	$0	$0.93	$964	$1,928	$1,928	$964	$0.93	$0	$1,308	$1.27	$1,308
MR				1	2	2	1,032	$0	$105		NA	$1.04	$1,069	$1,069	$1,308	$1,308	$1.27	NA	$1,308	$1.27	$1,308
TC 30%	$618	LH/50%	$1,030	1	3	2	1,154	$618	$128	$490	$0	$0.42	$490	$490	$490	$490	$0.42	$0	$1,236	$1.07	$1,606
TC 50%	$1,030	HH/60%	$1,305	1	3	2	1,154	$1,030	$128	$902	$0	$0.78	$902	$902	$902	$902	$0.78	$0	$1,236	$1.07	$1,606
TC 60%	$1,236			1	3	2	1,154	$1,236	$128	$1,108	$0	$0.96	$1,108	$1,108	$1,108	$1,108	$0.96	$0	$1,236	$1.07	$1,606
TC 50%	$1,030	HH/60%	$1,305	2	3	2	1,166	$1,030	$128	$902	$206	$0.95	$1,108	$2,216	$1,804	$902	$0.77	$0	$1,236	$1.06	$1,606
MR				4	3	2	1,166	$0	$128		NA	$1.06	$1,236	$4,944	$4,944	$1,236	$1.06	NA	$1,236	$1.06	$1,606
TC 60%	$1,236	HH/60%	$1,305	1	3	2	1,462	$1,236	$128	$1,108	$0	$0.76	$1,108	$1,108	$1,108	$1,108	$0.76	$0	$1,236	$0.85	$1,606
TC 60%	$1,236			1	3	2	1,462	$1,236	$128	$1,108	$0	$0.76	$1,108	$1,108	$1,108	$1,108	$0.76	$0	$1,236	$0.85	$1,606
MR				1	3	2	1,462	$0	$128		NA	$0.85	$1,236	$1,236	$1,236	$1,236	$0.85	NA	$1,236	$0.85	$1,606
TOTALS/AVERAGES:				**77**			**69,291**				**$4**	**$0.93**	**$840**	**$64,684**	**$64,836**	**$842**	**$0.94**	**$0**	**$1,233**	**$1.37**	**$1,291**
ANNUAL POTENTIAL GROSS RENT:														**$776,208**	**$778,032**						

STABILIZED PRO FORMA

Connect South Apartments, Houston, 9% HTC #21503/20082

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Other		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.93	$840	$776,208	$779,712	$778,692	$778,032	$842	$0.94		-0.2%	($1,824)
late fees							$20.00	$18,480	18,480							
Total Secondary Income							$20.00			18,480	$18,480	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$794,688	$798,192	$797,172	$796,512				-0.2%	($1,824)
Vacancy & Collection Loss							7.5% PGI	(59,602)	(59,864)	(59,788)	(59,738)	7.5% PGI			-0.2%	137
EFFECTIVE GROSS INCOME								$735,086	$738,328	$737,384	$736,774				-0.2%	($1,687)
General & Administrative	$33,200	$431/Unit	$56,420	$733	4.12%	$0.44	$394	$30,300	$30,300	$33,200	$33,200	$431	$0.48	4.51%	-8.7%	(2,900)
Management	$33,049	4.5% EGI	$34,713	$451	5.18%	$0.55	$494	$38,042	$36,527	$36,869	$36,839	$478	$0.53	5.00%	3.3%	1,203
Payroll & Payroll Tax	$104,255	$1,354/Unit	$88,568	$1,150	13.09%	$1.39	$1,250	$96,250	$96,250	$104,255	$96,250	$1,250	$1.39	13.06%	0.0%	-
Repairs & Maintenance	$56,830	$738/Unit	$45,118	$586	6.28%	$0.67	$600	$46,200	$46,200	$46,200	$46,200	$600	$0.67	6.27%	0.0%	-
Electric/Gas	$17,284	$224/Unit	$17,270	$224	0.73%	$0.08	$70	$5,390	$5,390	$17,284	$17,284	$224	$0.25	2.35%	-68.8%	(11,894)
Water, Sewer, & Trash	$48,334	$628/Unit	$50,060	$650	6.60%	$0.70	$630	$48,510	$48,510	$50,060	$50,060	$650	$0.72	6.79%	-3.1%	(1,550)
Property Insurance	$30,713	$0.44 /sf	$46,782	$608	11.05%	$1.17	$1,055	$81,223	$28,875	$30,713	$81,223	$1,055	$1.17	11.02%	0.0%	-
Property Tax (@ 100%) 2.5016	$61,618	$800/Unit	$79,563	$1,033	11.42%	$1.21	$1,090	$83,944	$96,187	$78,976	$79,023	$1,026	$1.14	10.73%	6.2%	4,921
Reserve for Replacements				$0	3.14%	$0.33	$300	$23,100	$19,250	$19,250	$23,100	$300	$0.33	3.14%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.38%	$0.04	$36	$2,800	$2,800	$2,800	$2,800	$36	$0.04	0.38%	0.0%	-
City of Houston Fees				$0	0.16%	$0.02	$16	$1,200	$2,070	$2,070	$1,200	$16	$0.02	0.16%	0.0%	-
TOTAL EXPENSES					**62.23%**	**$6.60**	**$5,941**	**$ 457,469**	$412,359	$421,678	**$468,267**	**$6,081**	**$6.76**	**63.56%**	**-2.3%**	**$ (10,798)**
NET OPERATING INCOME ("NOI")					**37.77%**	**$4.01**	**$3,605**	**$277,617**	$325,969	$315,706	**$268,507**	**$3,487**	**$3.88**	**36.44%**	**3.4%**	**$ 9,110**
CONTROLLABLE EXPENSES							$2,944/Unit					$3,156/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Connect South Apartments, Houston, 9% HTC #21503/20082

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**
Capital One		1.35	1.40	198,454	5.13%	35	18	$3,223,697	$4,072,000	$4,072,000	$3,223,697	18	35	5.13%	$198,454	1.40	10.7%
TDHCA Deferred Payable		1.35	1.40		0.00%	35	18	$3,000,000			$3,000,000	18		0.00%		1.40	10.0%
CASH FLOW DEBT / GRANTS																	
City of Houston CDBG-DR		1.07	1.11	$52,458	1.00%	na	40	$9,000,000	$7,000,000	$3,600,000	$9,000,000	40	na	1.00%	$23,000	1.25	29.9%
Cadence McShane (GC) MDL Match		1.07	1.11		0.00%	0	0	$175,000	$0	$0	$175,000	0	0	0.00%		1.25	0.6%
APMA (Architect) MDL Match		1.07	1.11		0.00%	0	0	$50,000	$0	$0	$50,000	0	0	0.00%		1.25	0.2%
				$250,912	**TOTAL DEBT / GRANT SOURCES**			**$15,448,697**	**$11,072,000**	**$11,072,000**	**$15,448,697**			**TOTAL DEBT SERVICE**	**$221,454**	**1.25**	51.3%
NET CASH FLOW		$17,595	$26,705								**APPLICANT**	**NET OPERATING INCOME**		**$277,617**	**$56,163**	**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**	
Hudson Housing Capital	LIHTC Equity	46.4%	$1,500,000	0.93	$13,948,605	$13,948,605	$13,948,605	$13,948,605	$0.93	$1,500,000	46.4%	$19,481	Previous Allocation	
Connect South Development, LLC	Deferred Developer Fees	4.0%	(45% Deferred)		$1,193,969	$1,193,969	$693,969	$693,969	(26% Deferred)		2.3%	**Total Developer Fee:**		**$2,672,513**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%			
TOTAL EQUITY SOURCES		50.3%			$15,142,574	$15,142,574	$14,642,574	$14,642,574			48.7%			
TOTAL CAPITALIZATION					**$30,591,271**	$26,214,574	$25,714,574	**$30,091,271**			**15-Yr Cash Flow after Deferred Fee:**			**$237,610**

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				$45,455 / Unit	$3,500,000	$3,500,000	$3,000,000	$3,000,000	$38,961 / Unit				16.7%	$500,000
Closing costs & acq. legal fees					$0	$15,000	$15,000	$0						$0
Site Work		$864,202		$14,333 / Unit	$1,103,673	$1,131,900	$1,131,900	$1,085,198	$14,093 / Unit		$864,202		1.7%	$18,475
Site Amenities		$192,500		$2,500 / Unit	$192,500	$500,000	$500,000	$242,500	$3,149 / Unit		$192,500		-20.6%	($50,000)
Commercial Space				$8,517 / Unit	$655,830	$600,000	$600,000	$655,830	$8,517 / Unit		$0		0.0%	$0
Podium Parking		$2,500,000		$32,468 / Unit	$2,500,000	$2,000,000	$2,000,000	$2,500,000	$32,468 / Unit		$2,500,000		0.0%	$0
Building Cost		$12,483,460	$180.16 /sf	$162,123/Unit	$12,483,460	$7,951,680	$7,054,473	$12,451,935	$161,713/Unit	$179.70 /sf	$12,451,935		0.3%	$31,525
Contingency		$819,849	5.11%	4.93%	$835,523	$609,178	$609,178	$835,523	4.93%	5.12%	$819,849		0.0%	$0
Contractor Fees		$2,339,465	13.88%	13.16%	$2,339,465	$1,705,702	$1,665,377	$2,339,465	13.16%	13.90%	$2,339,465		0.0%	$0
Soft Costs	0	$2,213,170		$30,366 / Unit	$2,338,170	$2,878,712	$2,878,712	$2,338,170	$30,366 / Unit		$2,213,170	$0	0.0%	$0
Financing	0	$914,103		$21,085 / Unit	$1,623,510	$2,321,627	$2,321,627	$1,623,510	$21,085 / Unit		$914,103	$0	0.0%	$0
Developer Fee	$0	$2,672,513	11.97%	11.50%	$2,672,513	$2,672,513	$2,537,932	$2,672,513	11.50%	11.99%	$2,672,513	$0	0.0%	$0
Reserves				6 Months	$346,627	$328,262	$328,262	$346,627	6 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$24,999,262**		$397,289 / Unit	**$30,591,271**	$26,214,574	$24,642,461	**$30,091,271**	$390,796 / Unit		**$24,967,737**	**$0**	**1.7%**	**$500,000**
Acquisition Cost	$0				($500,000)	($500,000)								
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**	**$24,999,262**		$390,796/unit	**$30,091,271**	$25,714,574	$24,642,461	**$30,091,271**	$390,796/unit		**$24,967,737**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$30,091,271**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Connect South Apartments, Houston, 9% HTC #20082

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$24,999,262	$0	$24,967,737
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$24,999,262	$0	$24,967,737
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$32,499,041	$0	$32,458,058
Applicable Fraction	88.73%	88.73%	88.73%	88.73%
TOTAL QUALIFIED BASIS	$0	$28,835,975	$0	$28,799,611
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$2,595,238	$0	$2,591,965
CREDITS ON QUALIFIED BASIS	$2,595,238		$2,591,965	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		**FINAL ANNUAL LIHTC ALLOCATION**		
			Credit Price $0.9299	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$2,595,238	$24,133,297	----	----	----
Needed to Fill Gap	$1,574,628	$14,642,574	----	----	----
Previous Allocation	$1,500,000	$13,948,605	**$1,500,000**	**$0**	**$0**

Long-Term Pro Forma

Connect South Apartments, Houston, 9% HTC #21503/20082

	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%	$735,086	$749,788	$764,784	$780,080	$795,681	$878,496	$969,931	$1,070,882	$1,182,340	$1,305,399	$1,441,266
TOTAL EXPENSES	3.00%	$457,469	$470,813	$484,549	$498,690	$513,247	$592,721	$684,617	$790,888	$913,797	$1,055,964	$1,220,423
NET OPERATING INCOME ("NOI")		**$277,617**	**$278,975**	**$280,235**	**$281,390**	**$282,434**	**$285,775**	**$285,314**	**$279,994**	**$268,543**	**$249,435**	**$220,843**
EXPENSE/INCOME RATIO		62.2%	62.8%	63.4%	63.9%	64.5%	67.5%	70.6%	73.9%	77.3%	80.9%	84.7%
MUST -PAY DEBT SERVICE												
Capital One		$198,454	$198,454	$198,454	$198,454	$198,454	$198,454	$198,454	$198,454	$198,454	$198,454	$198,454
City of Houston CDBG-DR		$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000	$23,000
TOTAL DEBT SERVICE		**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**	**$221,454**
DEBT COVERAGE RATIO		1.25	1.26	1.27	1.27	1.28	1.29	1.29	1.26	1.21	1.13	1.00
ANNUAL CASH FLOW		**$56,163**	**$57,521**	**$58,781**	**$59,936**	**$60,980**	**$64,321**	**$63,860**	**$58,540**	**$47,089**	**$27,981**	**($611)**
Deferred Developer Fee Balance		$637,806	$580,285	$521,504	$461,568	$400,588	$84,330	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$237,610	$543,132	$804,217	$985,743	$1,044,074

January 18, 2022

Ms. Lee Ann Chance
Interim Asset Manager, Region 6
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: Amendment Request, Connect South Apartments #20082

Dear Ms. Chance:

We would like to request an amendment for application #20082 Connect South Apartments, located in Houston, Texas.

At application, the Applicant selected income averaging on Tab 17, Section 8 "Qualified Low Income Housing Development Election." At this time, the Applicant would like to change this election to the "40% at 60%" set aside.

At application, Connect South designated 3 of its 70 low-income units as 80% AMFI and had 7 Market Rate units, for a total of 77 units. We propose to change these 80% AMFI designated units to 50% (2 units) and 60% units (1 unit). This change would not impact the score under the 9% Tax Credit rules. All the exhibits impacted by this change are enclosed.

Reason the Change is Necessary/Good Cause
As the development has progressed, it has become increasingly clear that the lenders and syndicators working with the Applicant are not at all inclined to provide financing to a development with income averaging. To move forward with the development and attract debt and equity, the Applicant believes the change is necessary. A letter from our lender and syndicator regarding this request is attached.

Unforeseen Nature of Change
The marketplace has changed dramatically since application leading to a variety of constraints on developments, one of which is investors being reluctant to accept projects with income-averaging. This change could not have been foreseen by the Developer.

Please let us know if you have any further questions or require further documentation by contacting me at (512) 698-3369.

Sincerely,

Sarah Andre,
Consultant to the Project

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a material amendment to the Housing Tax Credit Application for Vi Collina (HTC #20408)

RECOMMENDED ACTION

WHEREAS, Vi Collina (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2020 for the construction of 170 units of multifamily housing in Austin, Travis County;

WHEREAS, Vi Collina, LLC (the Development Owner or Owner) is requesting approval for a change in the Development site acreage from 4.558 to 4.283 acres, a reduction of 0.275 acres, which results in a 6.42% change in residential density, going from 37.297 to 39.692 units per acre;

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

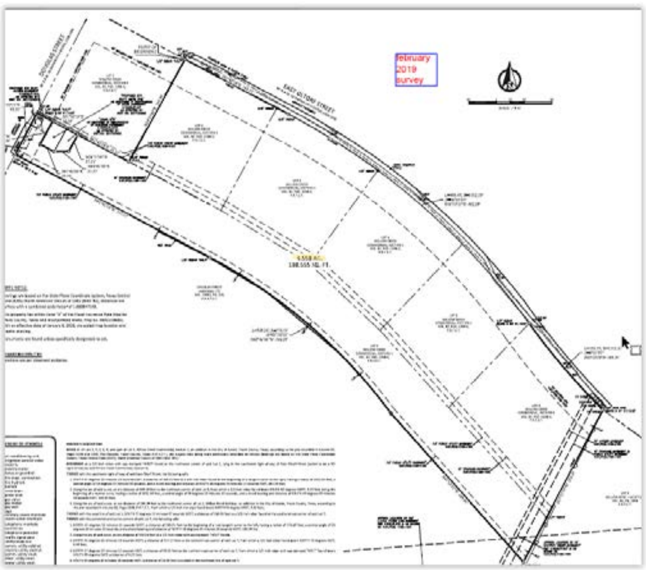
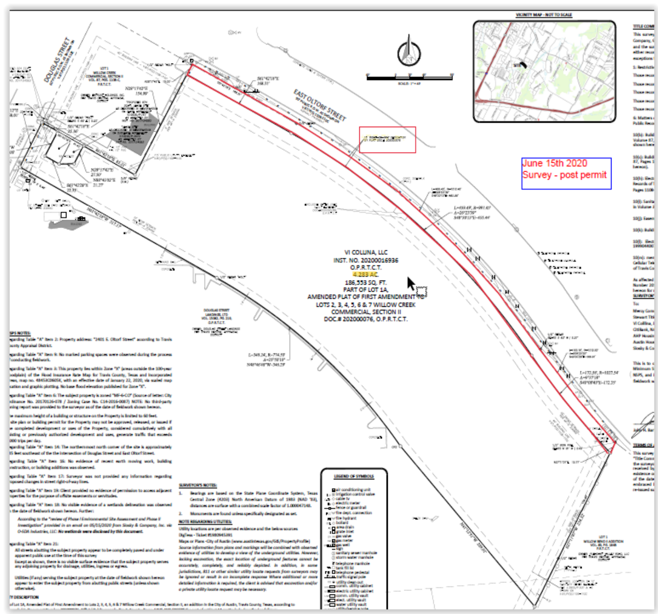
WHEREAS, the requested change does not materially alter the Development in a negative manner, was not reasonably foreseeable or preventable by the Owner at the time of Application, and would not have adversely affected the selection of the Application;

NOW, therefore, it is hereby

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

BACKGROUND

Vi Collina received an award of 4% Housing Tax Credits in 2020 for the new construction of 170 multifamily units in Austin, Travis County. In a letter received as of December 7, 2021, Megan Lasch, the authorized representative for the Development Owner, submitted a request for a material amendment to the Application. The amendment is for a 6.42% increase in the residential density from 37.297 to 39.692 units per acre, which requires Board approval under Tex. Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F). The change is a result of a required decrease in the Development site acreage from 4.558 to 4.283 acres, a reduction of 0.275 acres. The City of Austin required a 15-foot right-of-way dedication along East Oltorf Street. The City of Austin Transportation Planning Department required that 60 feet of right-of-way from the existing centerline in accordance with The Austin Strategic Mobility Plan LDC 25-6-55 be provided. This resulted in the need for the 15-foot right-of-way along the entire frontage of the Development along East Oltorf Street and created the 0.275 acre difference. Excerpts from the pre-transfer and post-transfer surveys are in the table below.

Material Alterations as defined in Texas Gov't Code §2306.6712(d)(6) and 10 TAC §10.405(a)(4)(F)	
Application	**Amendment**
Density: 37.297 units per acre (170 units constructed on 4.558 acres before a 0.275-acre dedication to the City of Austin) 	Density: 39.692 units per acre (170 units on 4.283 acres) 

The Owner explained that no financial information has changed as a result of this amendment. Additionally, this amendment was not foreseeable at the time of application, as the project had not been submitted to the City of Austin for site plan review at that time. The comment from the City of Austin requiring this right-of-way dedication was received after the initial submittal to the City of Austin Development Services Department.

The requested amendment does not materially alter the Development in a negative manner and would not have affected the HTC award.

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

TDHCA

Asset Management

221 East 11th Street

Austin TX

RE: Vi Collina #20408 Application Amendment Request

To Whom It May Concern,

Application #20408, Vi Collina, located at 2401 E Oltorf St Austin TX, has a change in acreage from the original survey at application with 4.558 acres to the ALTA survey post construction loan closing of 4.283 acres. This change in acreage results in a 6.03% change to the site area/density.

The reason this change was necessary is because during the City of Austin site plan permitting process the City of Austin required a 15’ Right of Way dedication along E Oltorf Street. The comment received from the City of Austin Transportation Planning Department on 1/17/2020 required that “60 feet of right-of-way from the existing centerline in accordance with The Austin Strategic Mobility Plan LDC 25-6-55” Must be provided. This 15’ ROW is the entire frontage our property along Oltorf and created the 0.275 acre difference.

The good cause for this change is that without this dedication of 0.275 acres to the City of Austin ROW the site plan permit for this development would not have been approved. It is the City’s policy to have ROW dedicated as a way to plan for future expansions and ensure that the city’s transportation plans do not result in a loss or significant alteration of recently created developments.

No financial information has changed and this amendment will have no financial impact on the development.

This amendment was not foreseeable at the time of application as the project had not been submitted to the City of Austin for site plan review at that time. This comment was received on 1/17/2020 after our initial submittal to the City of Austin Development Services Department.

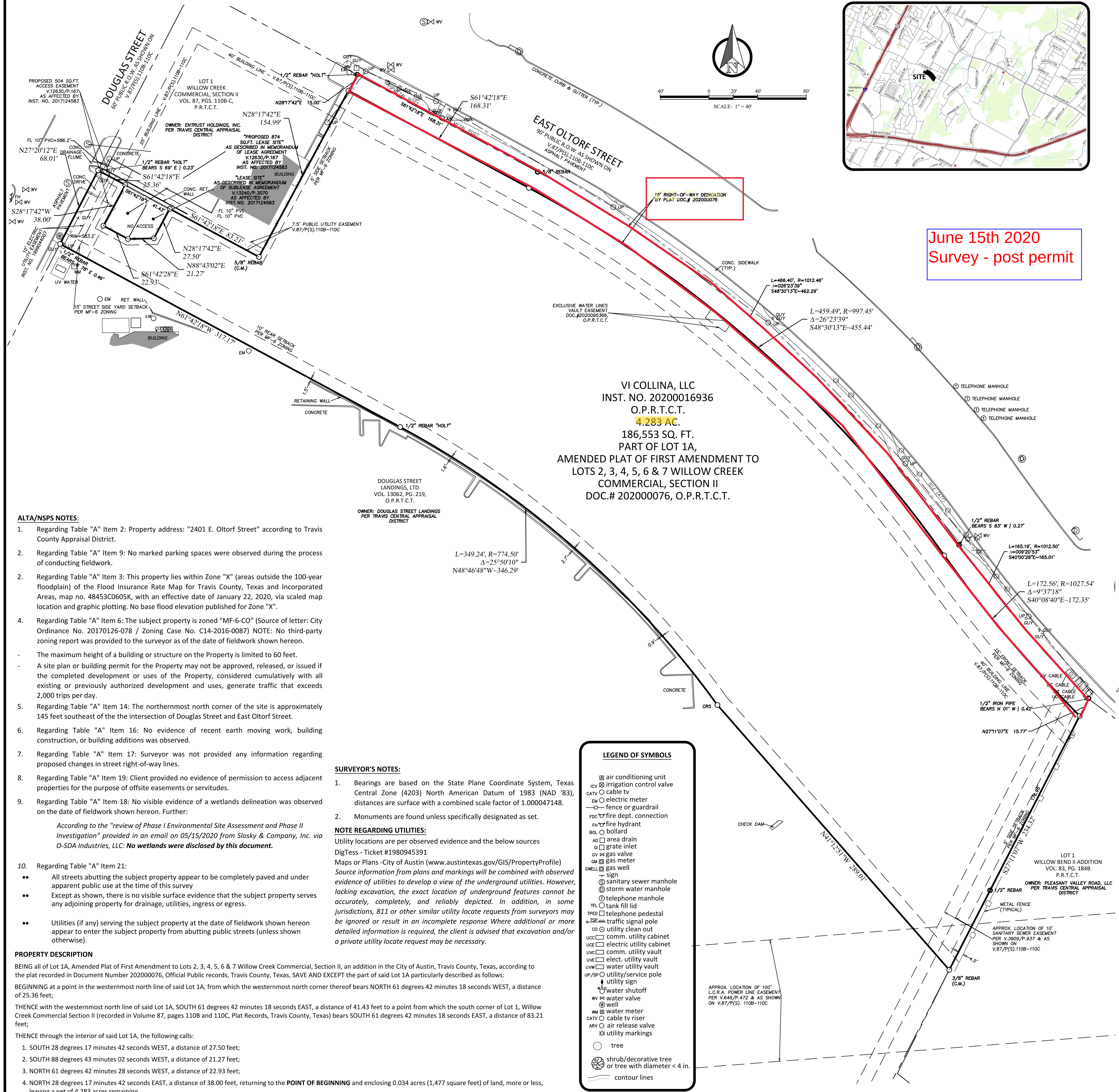
Thank you for your favorable consideration of this amendment request and please contact me with any further questions.

Sincerely,

Megan D Lasch

O-SDA Industries LLC, President

Vi Collina LLC



TITLE COMMITMENT NOTES

This survey was prepared with the benefit of a commitment for title insurance provided by Stewart Title Guaranty Company, G.F. Number 733922, Effective Date May 22, 2020 This commitment was relied upon for encumbrance research, and the surveyor has performed no independent title search. Therefore, easements, agreements, or other documents, either recorded, or unrecorded may exist that affect the subject property that are not shown on this survey. The following exceptions from Schedule "B" were addressed as follows:

1: Restrictive Covenants below:

Those recorded in Volume 87, Pages 110b-110c (document contains a description which includes the subject tract).

Those recorded in Volume 10409, Page 651 (document contains a description which includes the subject tract).

Those recorded in Volume 10495, Page 934 (document contains a description which includes the subject tract).

Those recorded in Volume 11219, Page 615 (document does not contain a description which includes the subject tract).

Those recorded in Document No. 2020016938 (document contains a description which includes the subject tract).

6: Matters contained in Environmental Indemnity Agreement as recorded under Document Number 2020017004, Official Public Records of Travis County, Texas. (document contains a description which includes the subject property)

10(b): Building setback line, 40 feet in width, along the property line abutting East Oltorf Street, as recorded in/under Volume 87, Pages 110B and 110C of the Plat Records of Travis County, Texas. (setback line crosses the subject property, shown hereon)

10(c): Building setback line, 25 feet in width, along the property line abutting Douglas Street, as recorded in/under Volume 87, Pages 110B and 110C of the Plat Records of Travis County, Texas. (setback line crosses the subject property, shown hereon).

10(h): Electric transmission easement granted to the City of Austin by instrument recorded in Volume 649, Page 472, Deed Records of Travis County, Texas. Said easement also shown on plat recorded in Volume 87, Pages 110B-110C, Plat Records of Travis County, Texas. (easement crosses the subject property, shown hereon)

10(i): Sanitary sewer easement granted to the owners of Lot 3, Block A, Willow Creek Section One by instrument recorded in Volume 3909, Page 937, Deed Records of Travis County, Texas. (easement crosses the subject property, shown hereon)

10(j): Easements shown on plat recorded in document number 202000076, O.P.R.T.C.T. (shown hereon).

10(k): Building setback lines shown on plat recorded in document number 202000076, O.P.R.T.C.T. (none shown).

10(l): Electric utility easement granted to the City of Austin by instrument recorded under Document Number 1999044007,Official Public Records of Travis County, Texas. (easement crosses the subject property, shown hereon)

10(m): memorandum of Lease by and between Cedar Willow Creek, Ltd. and ACC McCaw Celllar of Fresno dba Austin Cellular Telephone Company dated 2/12/1996, recorded in/under Volume 12630, Page 167 of the Real Property Records of Travis County, Texas , (easement crosses subject property, shown hereon for reference).

As affected by that Memorandum of Second Amendment to Option and Site Lease Agreement recorded under Document Number 2017124583,Official Public Records of Travis County, Texas. (lease area not situated on subject property, shown hereon for reference)

SURVEYOR'S CERTIFICATE

To:
Mercy Community Capital, a Colorado nonprofit corporation
Stewart Title Guaranty Company (G.F. No.: 733922)
Vi Colllina, LLC
CitiBank, NA
AHP Housing Fund 261, LLC, a Delaware limited liability company
Austin Housing Finance Corporation
Slosky & Company, Inc.

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes Items 1, 2, 3, 4, 6(a,b), 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21 of Table A thereof. The fieldwork was completed on April 22, 2020 Date of Plat or Map: **June 15, 2020**

STATE OF TEXAS REGISTERED JOHN HOMER BARTON III 6737 PROFESSIONAL LAND SURVEYOR

John H. Barton III, RPLS# 6737

TERMS OF ACCEPTANCE OF SURVEY

This survey is issued pursuant to a real estate transaction and is appurtenant to the title commitment referenced in the "Title Commitment Notes" This survey is issued for use in such transaction. Notwithstanding any of the above statements, the surveyor has a contractual relationship with one client or entity. Review/requested revisions by other parties must be received by or through such entity. Client is responsible for reviewing survey (including, but not limited to: notations; existence or lack of spelling/grammatical/typographical errors; certified parties; dates; instruments) within thirty (30) days of the date of plat or map. After such time has passed, client accepts survey as issued, and further revisions are not embraced by the above certification. Additional or altered commitments for title insurance will require an new or re-issued survey. Please feel free to request pricing for this at info@bcsdfw.com, or call (817) 864-1957.

ALTA/NSPS NOTES:

1. Regarding Table "A" Item 2: Property address: "2401 E. Oltorf Street" according to Travis County Appraisal District.
2. Regarding Table "A" Item 9: No marked parking spaces were observed during the process of conducting fieldwork.
2. Regarding Table "A" Item 3: This property lies within Zone "X" (areas outside the 100-year floodplain) of the Flood Insurance Rate Map for Travis County, Texas and Incorporated Areas, map no. 48453C0605K, with an effective date of January 22, 2020, via scaled map location and graphic plotting. No base flood elevation published for Zone "X".
4. Regarding Table "A" Item 6: The subject property is zoned "MF-6-CO" (Source of letter: City Ordinance No. 20170126-078 / Zoning Case No. C14-2016-0087) NOTE: No third-party zoning report was provided to the surveyor as of the date of fieldwork shown hereon.
- The maximum height of a building or structure on the Property is limited to 60 feet.
- A site plan or building permit for the Property may not be approved, released, or issued if the completed development or uses of the Property, considered cumulatively with all existing or previously authorized development and uses, generate traffic that exceeds 2,000 trips per day.
5. Regarding Table "A" Item 14: The northernmost north corner of the site is approximately 145 feet southeast of the the intersection of Douglas Street and East Oltorf Street.
6. Regarding Table "A" Item 16: No evidence of recent earth moving work, building construction, or building additions was observed.
7. Regarding Table "A" Item 17: Surveyor was not provided any information regarding proposed changes in street right-of-way lines.
8. Regarding Table "A" Item 19: Client provided no evidence of permission to access adjacent properties for the purpose of offsite easements or servitudes.
9. Regarding Table "A" Item 18: No visible evidence of a wetlands delineation was observed on the date of fieldwork shown hereon. Further:

   According to the "review of Phase I Environmental Site Assessment and Phase II Investigation" provided in an email on 05/15/2020 from Slosky & Company, Inc. via O-SDA Industries, LLC: ***No wetlands were disclosed by this document.***

10. Regarding Table "A" Item 21:
- •• All streets abutting the subject property appear to be completely paved and under apparent public use at the time of this survey
- •• Except as shown, there is no visible surface evidence that the subject property serves any adjoining property for drainage, utilities, ingress or egress.
- •• Utilities (if any) serving the subject property at the date of fieldwork shown hereon appear to enter the subject property from abutting public streets (unless shown otherwise).

SURVEYOR'S NOTES:

1. Bearings are based on the State Plane Coordinate System, Texas Central Zone (4203) North American Datum of 1983 (NAD '83), distances are surface with a combined scale factor of 1.000047148.
2. Monuments are found unless specifically designated as set.

NOTE REGARDING UTILITIES:

Utility locations are per observed evidence and the below sources
DigTess - Ticket #1980945391
Maps or Plans -City of Austin (www.austintexas.gov/GIS/PropertyProfile)
Source information from plans and markings will be combined with observed evidence of utilities to develop a view of the underground utilities. However, lacking excavation, the exact location of underground features cannot be accurately, completely, and reliably depicted. In addition, in some jurisdictions, 811 or other similar utility locate requests from surveyors may be ignored or result in an incomplete response Where additional or more detailed information is required, the client is advised that excavation and/or a private utility locate request may be necessary.

LEGEND OF SYMBOLS

air conditioning unit
ICV irrigation control valve
CATV cable tv
EM electric meter
fence or guardrail
FDC fire dept. connection
FH fire hydrant
BOL bollard
AD area drain
GI grate inlet
GV gas valve
GM gas meter
GWELL gas well
sign
sanitary sewer manhole
storm water manhole
telephone manhole
TFL tank fill lid
TPED telephone pedestal
TSP traffic signal pole
CO utility clean out
UCC comm. utility cabinet
UCE electric utility cabinet
UVC comm. utility vault
UVE elect. utility vault
UVW water utility vault
UP/SP utility/service pole
utility sign
WSO water shutoff
WV water valve
well
WM water meter
CATV cable tv riser
ARV air release valve
utility markings
tree
shrub/decorative tree or tree with diameter < 4 in.
contour lines

PROPERTY DESCRIPTION

BEING all of Lot 1A, Amended Plat of First Amendment to Lots 2, 3, 4, 5, 6 & 7 Willow Creek Commercial, Section II, an addition in the City of Austin, Travis County, Texas, according to the plat recorded in Document Number 202000076, Official Public records, Travis County, Texas, SAVE AND EXCEPT the part of said Lot 1A particularly described as follows:

BEGINNING at a point in the westernmost north line of said Lot 1A, from which the westernmost north corner thereof bears NORTH 61 degrees 42 minutes 18 seconds WEST, a distance of 25.36 feet;

THENCE with the westernmost north line of said Lot 1A, SOUTH 61 degrees 42 minutes 18 seconds EAST, a distance of 41.43 feet to a point from which the south corner of Lot 1, Willow Creek Commercial Section II (recorded in Volume 87, pages 110B and 110C, Plat Records, Travis County, Texas) bears SOUTH 61 degrees 42 minutes 18 seconds EAST, a distance of 83.21 feet;

THENCE through the interior of said Lot 1A, the following calls:

1. SOUTH 28 degrees 17 minutes 42 seconds WEST, a distance of 27.50 feet;
2. SOUTH 88 degrees 43 minutes 02 seconds WEST, a distance of 21.27 feet;
3. NORTH 61 degrees 42 minutes 28 seconds WEST, a distance of 22.93 feet;
4. NORTH 28 degrees 17 minutes 42 seconds EAST, a distance of 38.00 feet, returning to the **POINT OF BEGINNING** and enclosing 0.034 acres (1,477 square feet) of land, more or less, leaving a net of 4.283 acres remaining.

SURVEY PREPARED BY BARTON CHAPA SURVEYING, LLC: 5200 STATE HIGHWAY 121, COLLEYVILLE, TX 76034, TBPLS FIRM# 10194474

LEGEND OF ABBREVIATIONS

D.R.T.C.T.	DEED RECORDS, TRAVIS COUNTY, TEXAS
P.R.T.C.T.	PLAT RECORDS, TRAVIS COUNTY, TEXAS
O.P.R.T.C.T.	OFFICIAL PUBLIC RECORDS, TRAVIS, COUNTY, TEXAS
DOC. NO.	DOCUMENT NUMBER
C.M.	CONTROLLING MONUMENT
SQ. FT.	SQUARE FEET
ROW	RIGHT OF WAY
CRS	CAPPED REBAR SET

ALTA/NSPS LAND TITLE SURVEY

PART OF LOT 1A
AMENDED PLAT OF FIRST AMENDMENT TO
LOTS 2, 3, 4, 5, 6, & 7 WILLOW CREEK COMMERCIAL, SECTION II
CITY OF AUSTIN, TRAVIS COUNTY, TEXAS

kirkman ENGINEERING
5200 State Highway 121
Colleyville, TX 76034
Phone: 817-488-4960

JOB NUMBER:	2019.001.037
DRAWN BY:	BCS
CHECKED BY:	JHB
KE PROJECT:	OSD19002

VI COLLINA

AUSTIN, TEXAS

ALTA/NSPS LAND TITLE SURVEY

SHEET:

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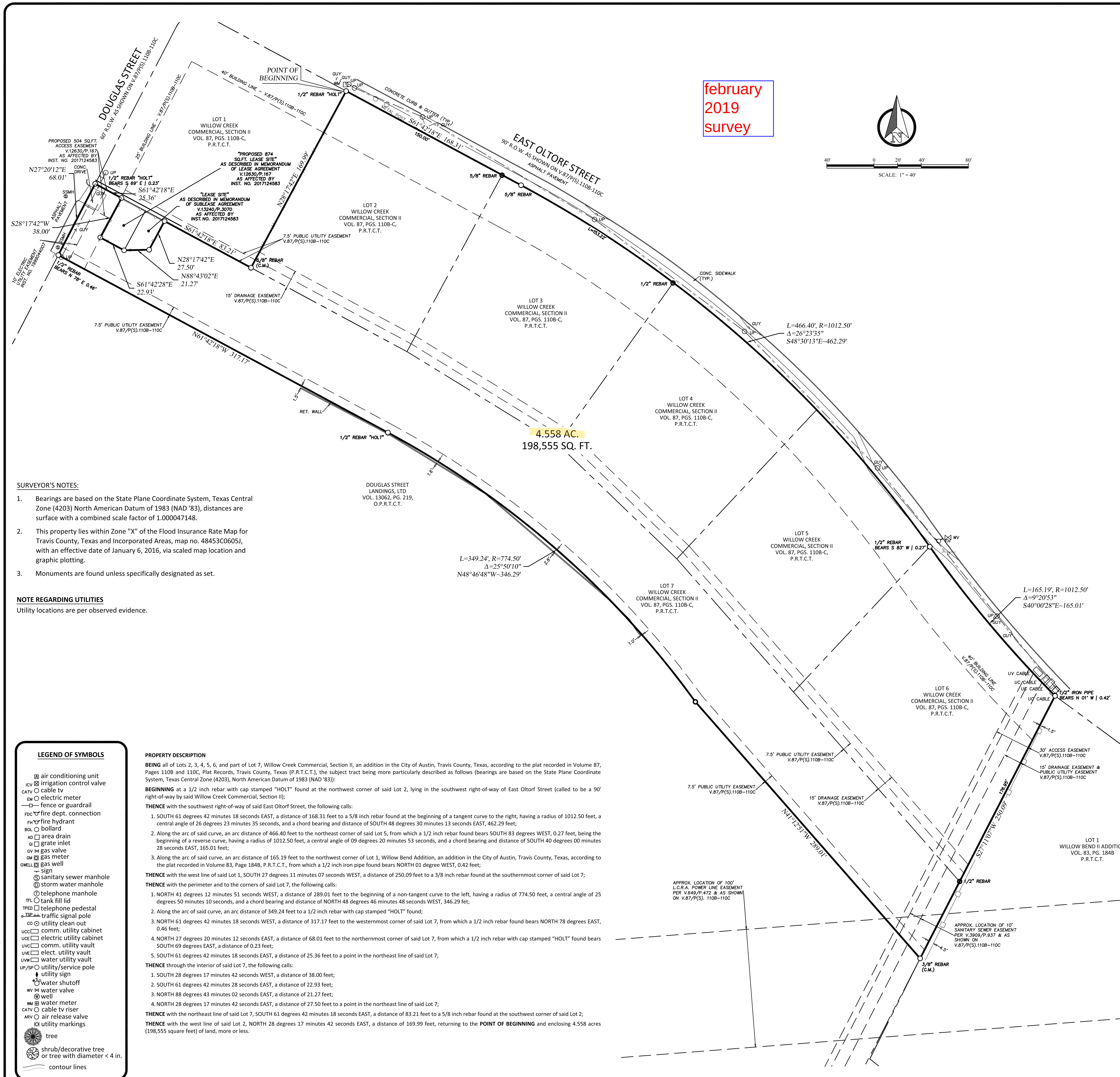

SURVEYOR'S NOTES:

1. Bearings are based on the State Plane Coordinate System, Texas Central Zone (4203) North American Datum of 1983 (NAD '83), distances are surface with a combined scale factor of 1.000047148.
2. This property lies within Zone "X" of the Flood Insurance Rate Map for Travis County, Texas and Incorporated Areas, map no. 48453C0605J, with an effective date of January 6, 2016, via scaled map location and graphic plotting.
3. Monuments are found unless specifically designated as set.

NOTE REGARDING UTILITIES

Utility locations are per observed evidence.

LEGEND OF SYMBOLS

- air conditioning unit
- ICV irrigation control valve
- CATV cable tv
- EM electric meter
- fence or guardrail
- FDC fire dept. connection
- FH fire hydrant
- BOL bollard
- AD area drain
- GI grate inlet
- GV gas valve
- GM gas meter
- GWELL gas well
- sign
- sanitary sewer manhole
- storm water manhole
- telephone manhole
- TFL tank fill lid
- TPED telephone pedestal
- TSP traffic signal pole
- CO utility clean out
- UCC comm. utility cabinet
- UCE electric utility cabinet
- UVC comm. utility vault
- UVE elect. utility vault
- UVW water utility vault
- UP/SP utility/service pole
- utility sign
- WSO water shutoff
- WV water valve
- well
- WM water meter
- CATV cable tv riser
- ARV air release valve
- utility markings
- tree
- shrub/decorative tree or tree with diameter < 4 in.
- contour lines

SURVEY PREPARED BY BARTON CHAPA SURVEYING, LLC: 4821 MERLOT AVENUE, SUITE 210, GRAPEVINE, TX, TBPLS FIRM# 10194474

PROPERTY DESCRIPTION

BEING all of Lots 2, 3, 4, 5, 6, and part of Lot 7, Willow Creek Commercial, Section II, an addition in the City of Austin, Travis County, Texas, according to the plat recorded in Volume 87, Pages 110B and 110C, Plat Records, Travis County, Texas (P.R.T.C.T.), the subject tract being more particularly described as follows (bearings are based on the State Plane Coordinate System, Texas Central Zone (4203), North American Datum of 1983 (NAD '83)):

BEGINNING at a 1/2 inch rebar with cap stamped "HOLT" found at the northwest corner of said Lot 2, lying in the southwest right-of-way of East Oltorf Street (called to be a 90' right-of-way by said Willow Creek Commercial, Section II);

THENCE with the southwest right-of-way of said East Oltorf Street, the following calls:

1. SOUTH 61 degrees 42 minutes 18 seconds EAST, a distance of 168.31 feet to a 5/8 inch rebar found at the beginning of a tangent curve to the right, having a radius of 1012.50 feet, a central angle of 26 degrees 23 minutes 35 seconds, and a chord bearing and distance of SOUTH 48 degrees 30 minutes 13 seconds EAST, 462.29 feet;
2. Along the arc of said curve, an arc distance of 466.40 feet to the northeast corner of said Lot 5, from which a 1/2 inch rebar found bears SOUTH 83 degrees WEST, 0.27 feet, being the beginning of a reverse curve, having a radius of 1012.50 feet, a central angle of 09 degrees 20 minutes 53 seconds, and a chord bearing and distance of SOUTH 40 degrees 00 minutes 28 seconds EAST, 165.01 feet;
3. Along the arc of said curve, an arc distance of 165.19 feet to the northwest corner of Lot 1, Willow Bend Addition, an addition in the City of Austin, Travis County, Texas, according to the plat recorded in Volume 83, Page 184B, P.R.T.C.T., from which a 1/2 inch iron pipe found bears NORTH 01 degree WEST, 0.42 feet;

THENCE with the west line of said Lot 1, SOUTH 27 degrees 11 minutes 07 seconds WEST, a distance of 250.09 feet to a 3/8 inch rebar found at the southernmost corner of said Lot 7;

THENCE with the perimeter and to the corners of said Lot 7, the following calls:

1. NORTH 41 degrees 12 minutes 51 seconds WEST, a distance of 289.01 feet to the beginning of a non-tangent curve to the left, having a radius of 774.50 feet, a central angle of 25 degrees 50 minutes 10 seconds, and a chord bearing and distance of NORTH 48 degrees 46 minutes 48 seconds WEST, 346.29 fet;
2. Along the arc of said curve, an arc distance of 349.24 feet to a 1/2 inch rebar with cap stamped "HOLT" found;
3. NORTH 61 degrees 42 minutes 18 seconds WEST, a distance of 317.17 feet to the westernmost corner of said Lot 7, from which a 1/2 inch rebar found bears NORTH 78 degrees EAST, 0.46 feet;
4. NORTH 27 degrees 20 minutes 12 seconds EAST, a distance of 68.01 feet to the northernmost corner of said Lot 7, from which a 1/2 inch rebar with cap stamped "HOLT" found bears SOUTH 69 degrees EAST, a distance of 0.23 feet;
5. SOUTH 61 degrees 42 minutes 18 seconds EAST, a distance of 25.36 feet to a point in the northeast line of said Lot 7;

THENCE through the interior of said Lot 7, the following calls:

1. SOUTH 28 degrees 17 minutes 42 seconds WEST, a distance of 38.00 feet;
2. SOUTH 61 degrees 42 minutes 28 seconds EAST, a distance of 22.93 feet;
3. NORTH 88 degrees 43 minutes 02 seconds EAST, a distance of 21.27 feet;
4. NORTH 28 degrees 17 minutes 42 seconds EAST, a distance of 27.50 feet to a point in the northeast line of said Lot 7;

THENCE with the northeast line of said Lot 7, SOUTH 61 degrees 42 minutes 18 seconds EAST, a distance of 83.21 feet to a 5/8 inch rebar found at the southwest corner of said Lot 2;

THENCE with the west line of said Lot 2, NORTH 28 degrees 17 minutes 42 seconds EAST, a distance of 169.99 feet, returning to the **POINT OF BEGINNING** and enclosing 4.558 acres (198,555 square feet) of land, more or less.

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TITLE COMMITMENT NOTES

This survey was prepared with the benefit of a commitment for title insurance provided by Stewart Title Guaranty Company, G.F. Number 156049, Effective Date December 18, 2017. This commitment was relied upon for encumbrance research, and the surveyor has performed no independent title search. Therefore, easements, agreements, or other documents, either recorded, or unrecorded may exist that affect the subject property that are not shown on this survey. The following exceptions from Schedule "B" were addressed as follows:

10(b): Building setback line, 40 feet in width, along the property line abutting East Oltorf Street, as recorded in/under Volume 87, Pages 110B and 110C of the Plat Records of Travis County, Texas. (setback line crosses the subject property, shown hereon)(Lots 2-6)

10(c): Building setback line, 25 feet in width, along the property line abutting Douglas Street, as recorded in/under Volume 87, Pages 110B and 110C of the Plat Records of Travis County, Texas. (setback line crosses the subject property, shown hereon)(Lot 7)

10(d): 7.5' public utility easement reserved along the rear property line, as shown on plat recorded in Volume 87, Pages 110B and 110C, Plat Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lots 2-6)

10(e): 15' drainage easement reserved along the rear property line, as shown on plat recorded in Volume 87, Pages 110B and 110C, Plat Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lots 2-6)

10(f): 7.5' public utility easement reserved along the southerly property line, as shown on plat recorded in Volume 87, Pages 110B and 110C, Plat Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lot 7)

10(g): 15' drainage and public utility easement reserved along the easterly property line, as shown on plat recorded in Volume 87, Pages 110B and 110C, Plat Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lots 6, and 7)

10(h): Electric transmission easement granted to the City of Austin by instrument recorded in Volume 649, Page 472, Deed Records of Travis County, Texas. Said easement also shown on plat recorded in Volume 87, Pages 110B-110C, Plat Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lot 7)

10(i): Sanitary sewer easement granted to the City of Austin by instrument recorded in Volume 2524, Page 102, Deed Records of Travis County, Texas. Said easement also shown on plat recorded in Volume 87, Pages 110B-110C, Plat Records of Travis County, Texas. (easement does not cross or is not situated in the subject property)

10(j): Sanitary sewer easement granted to the City of Austin by instrument recorded in Volume 2753, Page 308, Deed Records of Travis County, Texas. Said easement also shown on plat recorded in Volume 87, Pages 110B-110C, Plat Records of Travis County, Texas. (easement does not cross or is not situated in the subject property)

10(k): Sanitary sewer easement granted to the owners of Lot 3, Block A, Willow Creek Section One by instrument recorded in Volume 3909, Page 937, Deed Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lots 6 & 7)

10(l): Electric utility easement granted to the City of Austin by instrument recorded under Document Number 1999044007,Official Public Records of Travis County, Texas. (easement crosses the subject property, shown hereon)(Lot 7)

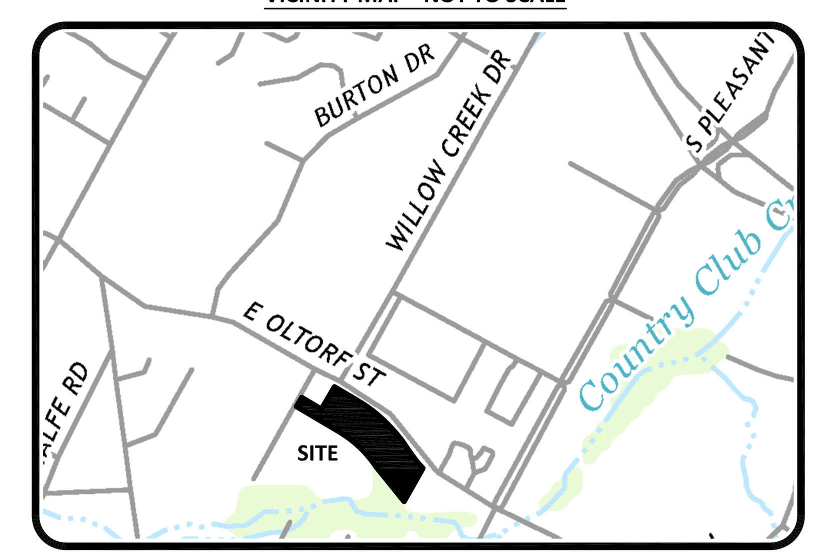
10(m): Memorandum of Sublease Agreement by and between Texas Cellular Telephone Company, LP (successor in interest to AT&T Wireless Services of Austin, Inc., successor in interest ACC/McCaw Cellular of Fresno dba Austin Cellular Telephone Company) and Dallas MTA, LP dated 5/5/1998, recorded in/under Volume 13240, Page 3070 of the Real Property Records of Travis County, Texas. (document contains a description which includes the subject property, area shown hereon for reference)(Lot 7)

10(n): Unrecorded Lease Agreement as evidenced by that Memorandum of Lease by and between Cedar Willow Creek, Ltd. and ACC McCaw Celllar of Fresno dba Austin Cellular Telephone Company dated 2/12/1996, recorded in/under Volume 12630, Page 167 of the Real Property Records of Travis County, Texas (document contains a description which includes the subject property, with an easement that crosses the subject property, shown hereon for reference)(Lot 7). As affected by that Memorandum of Second Amendment to Option and Site Lease Agreement recorded under Document Number 2017124583,Official Public Records of Travis County, Texas. (document contains a description which includes the subject property, area shown hereon for reference)(Lot 7)

LEGEND OF ABBREVIATIONS

- D.R.T.C.T. DEED RECORDS, TRAVIS COUNTY, TEXAS
- P.R.T.C.T. PLAT RECORDS, TRAVIS COUNTY, TEXAS
- O.P.R.T.C.T. OFFICIAL PUBLIC RECORDS, TRAVIS, COUNTY, TEXAS
- DOC. NO. DOCUMENT NUMBER
- C.M. CONTROLLING MONUMENT
- SQ. FT. SQUARE FEET
- ROW RIGHT OF WAY
- CRS CAPPED REBAR SET

VICINITY MAP - NOT TO SCALE



SURVEYOR'S CERTIFICATE

This is to certify that I, John H. Barton III, a Registered Professional Land Surveyor of the State of Texas, have prepared this map from an actual survey on the ground, and that this map correctly represents that survey made by me or under my direction and supervision. This survey meets the minimum requirements for a Category 1A, Condition II Land Title Survey. Fieldwork was completed on February 2, 2019

Date of Plat/Map: **February 21, 2019**

John H. Barton III, RPLS# 6737

STATE OF TEXAS REGISTERED JOHN HOMER BARTON III 6737 PROFESSIONAL LAND SURVEYOR

CATEGORY 1A, CONDITION II
LAND TITLE SURVEY

LOTS 2, 3, 4, 5, 6, & PART OF LOT 7
WILLOW CREEK COMMERCIAL, SECTION II
CITY OF AUSTIN, TRAVIS COUNTY, TEXAS

kirkman ENGINEERING
4821 Merlot Avenue, Suite 210
Grapevine, Texas 76051
Phone: 817-488-4960

JOB NUMBER:	2019.001.037
DRAWN BY:	BCS
CHECKED BY:	JHB
KE PROJECT:	OSD19002
REV:	

VI
COLLINA

AUSTIN,
TEXAS

CATEGORY 1A,
CONDITION II
LAND TITLE
SURVEY

SHEET:

1c

BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action on Inducement Resolution No. 22-015 for Multifamily Housing Revenue Bonds regarding authorization for filing applications for private activity bond authority

RECOMMENDED ACTION

WHEREAS, two bond pre-applications, as further detailed below, were submitted to the Department for consideration of an inducement resolution;

WHEREAS, Board approval of the inducement resolution is the first step in the application process for a multifamily bond issuance by the Department; and

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

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 22-015 to proceed with the application submission to the BRB for possible receipt of State Volume Cap issuance authority under the Private Activity Bond Program for the pre-applications listed herein, is hereby approved in the form presented to this meeting.

BACKGROUND

General Information: The BRB administers the annual private activity bond authority for the State of Texas. The Department is an issuer of Private Activity Bonds and is required to induce an application for bonds prior to the submission to the BRB. Approval of the inducement resolution does not constitute approval of the development but merely allows the Applicant the opportunity to move into the full application phase of the process. Once the application receives a Certificate of Reservation, the Applicant has 180 days to close on the private activity bonds.

During the 180-day process, the Department will review the complete application for compliance with the Department's Rules, including, but not limited to, site eligibility and threshold, as well as previous participation as it relates to developments previously funded through the Department. During the review of the full application, staff will also underwrite the transaction and determine financial feasibility in accordance with the Real Estate Analysis Rules. The Department will schedule and conduct a public hearing, and the complete application, including a transcript from the hearing, will then be presented to the Board for a decision on the issuance of bonds as well as a determination on the amount of housing tax credits anticipated to be allocated to the development.

This inducement resolution would reserve approximately $10 million in private activity bond volume cap. Staff notes that the Department's set-aside for the 2022 program year is $170,523,859 and has been reserved with applications submitted as part of the 2022 Lottery. The pre-applications listed below will be added to the Department's waiting list for a bond reservation.

22606 – West Houston Senior Living

New construction of 70 units is proposed for this multifamily development to be located at approximately the northeast corner of Esther Drive and James Franklin Street, Houston, Harris County. This transaction is proposed to be Priority 2, and will serve the elderly population. The development proposes 70 units, 21 of which will be rent and income restricted at 50% of Area Median Family Income (AMFI), with the remaining 49 units being rent and income restricted at 60% of AMFI. The Department has received no letters of support or opposition for the proposed development.

Bond Inducement Amount: $10,000,000

RESOLUTION NO. 22-015

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

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

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

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

WHEREAS, the Owners have made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of the Developments and expect to make additional payments in the future and desire that they be reimbursed for such payments and other costs associated with the Developments from the proceeds of tax-exempt and taxable, as applicable, obligations to be issued by the Department subsequent to the date hereof; and

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

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

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

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

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

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

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

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

Section 1.3. Reimbursement. The Department reasonably expects to reimburse the Owners for all or a portion of the costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition of real property and construction, reconstruction or renovation, as applicable, of its Development and listed on Exhibit A attached hereto ("Costs of the Developments") from the proceeds of the Bonds, in an amount which is reasonably estimated to be sufficient: (a) to fund a loan to provide financing for the acquisition and construction or rehabilitation and equipping of its Development, including reimbursing the applicable Owner for all costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof in connection with the acquisition and construction or rehabilitation of the Developments; (b) to fund certain reserves that may be required for the benefit of the holders of the Bonds; and (c) to pay certain costs incurred in connection with the issuance of the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

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

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

(c) the Owners are financially responsible;

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

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

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

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

ARTICLE 3

GENERAL PROVISIONS

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

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the 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.

PASSED AND APPROVED this 10th day of February, 2022.

EXHIBIT "A"

Descriptions of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
West Houston Senior Living	West Houston Senior Living LLC, a to-be-formed Texas limited liability company	Managing Member: Mountain Top Development, a Texas non-profit corporation (or other affiliate thereof)	$10,000,000
Costs: Acquisition/construction of a 70-unit affordable, multifamily housing development to be known as West Houston Senior Living, to be located at approximately the northeast corner of Esther Drive and James Franklin Street, Houston, Harris County, Texas 77088			

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

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

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

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

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BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

FEBRUARY 10, 2022

Presentation, discussion, and possible action on the adoption of the 2022 State of Texas Low Income Housing Plan and Annual Report; and an order adopting the repeal and new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report and directing their submission to the *Texas Register*

RECOMMENDED ACTION

WHEREAS, Tex. Gov't Code §2306.0721 requires that the Department produce a state low income housing plan, and Tex. Gov't Code §2306.0722 requires that the Department produce an annual low income housing report;

WHEREAS, Tex. Gov't Code §2306.0723 requires that the Department consider the annual low income housing plan and report to be a rule;

WHEREAS, at the board meeting of December 9, 2021, the Board approved the proposed repeal and proposed new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures §1.23 concerning State of Texas Low Income Housing Plan and Annual Report, and directed their publication for public comment in the *Texas Register*; and

WHEREAS, public comment was received on the plan from two entities, for which the reasoned response is provided herein;

NOW, therefore, it is hereby

RESOLVED, that staff is hereby directed to cause the 2022 State of Texas Low Income Housing Plan and Annual Report, in the form presented to this meeting, together with such grammatical and non-substantive technical corrections as they may deem necessary or advisable is approved and adopted.

BACKGROUND

The Texas Department of Housing and Community Affairs (TDHCA or the Department) is required by Tex. Gov't Code §2306.072 to prepare and submit to the Board not later than March 18 of each year an annual report of the Department's housing activities for the preceding year. This State of Texas Low Income Housing Plan and Annual Report (SLIHP) must be submitted annually to the Governor, Lieutenant Governor, Speaker of the House, and legislative oversight committee members not later than 30 days after the Board receives and approves the final SLIHP. The document offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. It reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on performance during the preceding state fiscal year (September 1, 2020, through August 31, 2021).

Tex. Gov't Code §2306.0723 requires that the Department consider the SLIHP to be a rule, and in developing the SLIHP, the Department is required to follow rulemaking procedures required by Texas Government Code, Chapter 2001.

At the Board meeting of December 9, 2021, the Board approved the release of a draft 2022 SLIHP for public comment. The public comment period for the SLIHP was held from Monday, December 20, 2021, through Tuesday, January 18, 2022. A virtual public hearing was held on Wednesday, January 12, 2022. The Department received public comment on the draft 2022 SLIHP.

The full text of the 2022 SLIHP may be viewed at the Department's website:https://www.tdhca.state.tx.us/board/meetings.htm. The public may also receive a copy of the 2022 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3976. It should be noted that Section 8: Texas State Affordable Housing Corporation Annual Action Plan is expected to be approved by its Board of Directors on February 15, 2022, and will be included in the final version of the 2022 SLIHP.

Also at the TDHCA Board meeting of December 9, 2021, the Board approved the proposed repeal and proposed new 10 TAC §1.23, concerning State of Texas Low Income Housing Plan and Annual Report, and directed their publication in the *Texas Register* for public comment. The public comment period for the proposed new 10 TAC §1.23 was open from Monday, December 20, 2021, through Monday, January 10, 2022, and no public comment on the rule was received.

The Department received comment for the 2022 SLIHP from two commenters: Disability Rights Texas and Sheri King representing herself. This summary is also provided in the Public Participation section of the SLIHP.

Comment 1: Disability Rights Texas commented that TDHCA should not use the CDC's definition of disability and instead use, "an appropriate definition of disability."

Department Response: The Department included a 2020 citation to the CDC in Section 2, Housing Analysis chapter. The Department acknowledges that the citation is outdated and has removed this citation. The Department has used the American Disabilities Act (ADA) definition, and other definitions of disability from multiple government sources throughout the SLIHP.

Comment 2: Disability Rights Texas commented that TDHCA should update the Texas Rent Relief's available funding amounts.

Department Response: While the SLIHP traditionally covers the previous state fiscal year the Department included the first two months of the current SFY 2022 for Texas Rent Relief funding information as a courtesy due to how quickly that program's funds have been utilized. While the Department has not updated dollar amounts in the plan, staff has revised this section to include additional language that the Texas Rent Relief stopped accepting new applications on November 5, 2021, but will continue to process applications and appeals until its funding is exhausted.

Comment 3: Disability Rights Texas commented that TDHCA should, "emphasize that both the 'Emergency Assistance' and 'Rental Assistance' categories describe similar needs, and that the SLIHP reflect the true need for rental assistance for low income Texans."

Department Response: The Commenter is referencing the Public Assistance Requests chart in the Local Assessment of Need subsection in Section 2, Housing Analysis chapter. The information in this chart derives from two different sources. The “Personal Requests for Assistance” column represents assistance requests directly handled by TDHCA Housing Resource Center staff. The “Automated Online Assistance Searches” column represents selections made on the Help for Texans section available off TDHCA’s website. These are not unique individual requests. These could include multiple selections made by the public or TDHCA staff. The Public Assistance Requests Inventory section includes a listing which explains types of requests received by TDHCA. As noted in the Emergency Assistance description, it includes rental payments. No changes will be made to the SLIHP as a result of this comment.

Comment 4: Ms. King made comment asking that the plan give more specific information as to who can help homeless individuals find help.

Department Response: TDHCA provides funding to local subrecipients across the state who assist individuals experiencing homelessness. Those subrecipients can be found through several outlets: online through the Help for Texans feature available off TDHCA’s website, email via the info@tdhca.state.tx.us email address, and by phone at 1-800-525-0657. These outlets are featured prominently several times in the SLIHP. No changes will be made to the SLIHP as a result of this comment.

The following is a brief summary of the substantial changes from the 2021 SLIHP.
Items in ***bold italics*** below are the only items for which a change was made between the draft and the final 2022 SLIHP.

- **General updates**
  - Section 5 Pandemic Response was added.
  - Addition of the TRR, HSS, HOME-ARP, and HAF divisions to the Introduction and Action Plan.
- **Introduction** chapter:
  - Updates to division descriptions per division director/manager edits.
- **Housing Analysis** chapter:
  - Updated statewide and regional housing analysis (not specific to TDHCA programs).
  - Simplified racial and poverty demographic analysis to reduce jargon and increase clarity.
  - Minor updates and data updates to each special population category.
  - Updated housing needs section data.
  - Updated foreclosure data and included COVID-19 information.
  - ***Updated Department of Public Safety statistics.***
  - ***Removed outdated CDC reference.***
- **Annual Report** chapter:
  - Updated to reflect FY 2021 program performance by households/individuals and income group.
- **Action Plan** chapter:
  - Updates made to program descriptions and activities per program area edits.
  - Added TRR, HSS, HOME-ARP, and HAF all include brief descriptions and refer to Section 5.
  - Added EHV and LIHWAP to Community Affairs (redirects to Section 5).
  - CDBG CARES Act was moved to Section 5.
  - ESG CARES Act detailed description was moved from SFHPD to Section 5.
  - Updated RAF Examples for SFY 2022.
  - Added Homeless Individual Camping (HIC) under Policy Initiatives.
- **Pandemic Response** chapter:
  - Included an entirely new section that discusses TDHCA pandemic response funding and programs.
  - Included Census Pulse data that shows the impact of the pandemic on Texas homeowners and renters.
  - Included a breakdown of federal funding received by TDHCA.
  - Included a section that shows each division’s pandemic response programs.
  - Included racial and income data at the household and individual level provided by each division when possible.
  - ***Included additional language that TRRP is no longer receiving applications.***
- **Public Participation** chapter:
  - Small changes made to introduction to improve grammar and flow.
  - Made several small changes to reference telecommuting and use of GoToWebinar.
  - Removed Texas Health Improvement Network from ‘Community Involvement’ section.
  - Updated time and date of SLIHP Hearing.
  - ***Responded to Public Comment.***

- **Colonia Action Plan** chapter:
  - Minor updates to data per staff recommendation.
- **Appendices:**
  - Updated to reflect bibliographical information.
  - Updated to reflect most recent federal housing data for each state service region.

Attachment A – Adopted repeal 10 TAC §1.23.

Attachment B – Adopted new 10 TAC §1.23.

Attachment C – 2022 SLIHP, as presented to the Board on February 10, 2022.
Please see TDHCA's Board Meeting page for February 10, 2022 to view this attachment:
https://www.tdhca.state.tx.us/board/meetings.htm

Attachment A: Preamble, including required analysis, for adopting the repeal of 10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (the Department) adopts without changes the repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23, State of Texas Low Income Housing Plan and Annual Report (SLIHP). The purpose of the repeal is to eliminate an outdated rule while adopting a new updated rule under separate action, in order to adopt by reference the 2022 SLIHP.

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. Bobby Wilkinson, Executive Director, has determined that, for the first five years the repeal would be in effect, the repeal does not create or eliminate a government program, but relates to the repeal, and simultaneous adoption by reference the 2022 SLIHP, as required by Tex. Gov't Code 2306.0723.

2. The repeal does not require a change in work that would 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 in order to adopt by reference the 2022 SLIHP.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or 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 or 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 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). Mr. Wilkinson 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 updated rule under separate action, in order to adopt by reference the 2022 SLIHP. 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. Wilkinson 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.

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The public comment period for the proposed repeal and proposed new rule was held between December 20, 2021, and January 10, 2022. The public comment period for the draft 2022 SLIHP was held between December 20, 2021 and January 18, 2022. A virtual public hearing for the draft 2022 SLIHP was held on January 12, 2022, in Austin, TX. Written comments were accepted by mail or email. While the Department received public comment on the draft 2022 SLIHP, no comments were received specifically on the proposed repeal and proposed new rule.

The TDHCA Governing Board approved the 2022 SLIHP and the final order adopting the repeal on February 10, 2022.

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 repealed section affects no other code, article, or statute.

Attachment B: Preamble for adopting new 10 TAC §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP) without changes to the proposed text as published in the December 24, 2021 issue of the *Texas Register* (46 TexReg 8868-8870). The purpose of the new section is to provide compliance with Tex. Gov't Code §2306.0723 and to adopt by reference the 2022 SLIHP, which offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. The 2022 SLIHP reviews TDHCA's housing programs, current and future policies, resource allocation plans to meet state housing needs, and reports on performance during the preceding state fiscal year (September 1, 2020, through August 31, 2021).

Tex. Gov't Code §2001.0045(b) does not apply to the adopted rule because it was determined that no costs are associated with this action, and therefore no costs warrant being 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. Bobby Wilkinson, Executive Director, has determined that, for the first five years the new rule would be in effect:

1. The new rule does not create or eliminate a government program, but relates to the adoption, by reference, of the 2022 SLIHP, as required by Tex. Gov't Code 2306.0723.

2. The new rule does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to 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 new 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 new rule will not expand, limit, or repeal an existing regulation.

7. The new rule will not increase or decrease the number of individuals subject to the rule's applicability.

8. The new rule will not negatively or 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. 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 §2306.0723.

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 new rule for which the economic impact of the rule is projected to be null. There are no rural communities subject to the rule for which the economic impact of the rule is projected to be null.

3. The Department has determined that because the new rule will adopt by reference the 2022 SLIHP, 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 or 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 because the new rule will adopt by reference the 2022 SLIHP; therefore, no local employment impact statement is required to be prepared for the rule.

Tex. 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 will adopt by reference the 2022 SLIHP 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). Mr. Wilkinson 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 an updated and more germane rule that will adopt by reference the 2022 SLIHP, as required by Tex. Gov't Code §2306.0723. There will not be any economic cost to any individuals required to comply with the new section because the adoption by reference of prior year SLIHP documents has already been in place through the rule found at this section being repealed.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson 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 the new rule will adopt by reference the 2022 SLIHP.

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The public comment period for the proposed new rule was held between December 20, 2021, and January 10, 2022. The public comment period for the draft 2022 SLIHP was held between December 20, 2021, and January 18, 2022. A virtual public hearing for the draft 2022 SLIHP was held on January 12, 2022, in Austin, TX. Written comments were accepted by mail and email. While the Department received public comment on the draft 2022 SLIHP, no comments were received specifically on the proposed repeal and proposed new rule.

The TDHCA Governing Board approved the 2022 SLIHP and the final order adopting the new rule on February 10, 2022.

STATUTORY AUTHORITY. The new section is proposed pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new section affects no other code, article, or statute.

§1.23 State of Texas Low Income Housing Plan and Annual Report (SLIHP)

The Texas Department of Housing and Community Affairs (TDHCA or the Department) adopts by reference the 2022 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The full text of the 2022 SLIHP may be viewed at the Department's website: www.tdhca.state.tx.us. The public may also receive a copy of the 2022 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3800.

Attachment C – 2022 SLIHP, as presented to the Board on February 10, 2022.

Please see TDHCA's Board Meeting page for February 10, 2022 to view this attachment: *https://www.tdhca.state.tx.us/board/meetings.htm*

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BOARD ACTION REQUEST

TEXAS HOMEOWNERSHIP DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; the adoption of new 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule; and directing their submission for adoption to 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 its meeting of December 9, 2021, the Board approved for public comment and publication in the *Texas Register* the proposed repeal and replacement of 10 TAC Chapter 27, Texas First Time Homebuyer Program Rule (the FTHB Rule); and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment from December 24, 2021, through January 24, 2022, no comment was received, and the rule is now being recommended for adoption without changes;

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 an on behalf of the Department, to cause the repeal of 10 TAC Chapter 27, Texas First Time Homebuyer Rule, and the new adopted 10 TAC Chapter 27, Texas First Time Homebuyer Rule, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, and 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

Tex. Gov't Code §2306.053 authorizes the Department to adopt rules governing the administration of the Department and its programs. The FTHB Rule sets forth the parameters for administration of the First Time Homebuyer Program, and was proposed for revision to facilitate the inclusion of forgivable second mortgage loans for down payment and closing cost assistance. The rule changes being adopted include:

- Addition, removal, and modification of definitions for clean-up and clarification;
- Modification of 10 TAC §27.4 to eliminate the requirement for repayment of down payment assistance to facilitate the inclusion of forgivable second mortgage loans for down payment and closing cost assistance; and
- Other minor technical corrections.

The rule was released for public comment from December 24, 2021, through January 24, 2022, and no comments were received. Staff is recommending adoption without changes.

Following Board approval of this item, staff will modify the First Time Homebuyer Program to conform to the rules as adopted.

Attachment 1: Preamble, including required analysis, for the adoption of repeal of 10 TAC Chapter 27, First Time Homebuyer Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 27, First Time Homebuyer Program Rule. The purpose of the repeal is to allow the Department to make forgivable second mortgage loans for down payment assistance through the First Time Homebuyer Program.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because it was determined that no costs are associated with this action, and therefore no costs warrant being 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. Bobby Wilkinson 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 changes to minimally expand the pool of households eligible to participate in the Project Access program.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The repeal does not require additional future legislative appropriations.

4. The repeal will 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 repeal will not expand, limit, or repeal an existing regulation.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or 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.

The Department has evaluated the 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 or 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 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). Mr. Wilkinson 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 changed sections would be the availability of forgivable second mortgage loans for down payment assistance. 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. Wilkinson 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 was held December 24, 2021, to January 24, 2022, to receive input on the rule. No comment was received.

STATUTORY AUTHORITY. The repeal is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the repealed sections affect no other code, article, or statute.

10 TAC Chapter 27, First Time Homebuyer Program Rule

§27.1. Purpose.
§27.2. Definitions.
§27.3. Restrictions on Residences Financed and Applicant.
§27.4. Occupancy and Use Requirements.
§27.5. Application Procedure and Requirements for Commitments by Mortgage Lenders.
§27.6. Criteria for Approving Participating Mortgage Lenders.
§27.7. Resale of the Residence.
§27.8. Conflicts with Bond Indentures and Applicable Law.
§27.9. Waiver.

Attachment 2: Preamble, including required analysis, for adoption of new 10 TAC Chapter 27, First Time Homebuyer Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts without changes new 10 TAC Chapter 27, First Time Homebuyer Program Rule.

The purpose of the rule is to set forth parameters for administration of the First Time Homebuyer Program and to expand loan options to eligible homebuyers to include forgivable second mortgage loans for down payment assistance.

Tex. Gov't Code §2001.0045(b) does not apply to the rule for action because it was determined that no costs are associated with this action, and therefore no costs warrant being 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. Bobby Wilkinson has determined that, for the first five years the new sections would be in effect:

1. The new sections do not create or eliminate a government program but relate to changes to existing regulations applicable to household eligibility for the Project Access program.

2. The new sections do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The new sections do not require additional future legislative appropriations.

4. The new sections 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 sections are not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.

6. The new sections will not expand, limit, or repeal an existing regulation.

7. The new sections will not increase or decrease the number of individuals subject to the rule's applicability.

8. The new sections will not negatively or 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.

The Department has evaluated the new sections and determined that the actions 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 new sections do not contemplate or 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 new sections as to their possible effects on local economies and has determined that for the first five years the new sections 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). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the new sections would be the availability of forgivable second mortgage loans for down payment assistance. There will not be economic costs to individuals required to comply with the new sections.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new sections are in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held December 24, 2021, to January 24, 2022, to receive input on the proposed action. No comments were received.

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 sections affect no other code, article, or statute. The rule has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

CHAPTER 27 TEXAS FIRST TIME HOMEBUYER PROGRAM RULE

§27.1 Purpose

(a) The purpose of the Texas First Time Homebuyer Program is to facilitate the origination of single-family Mortgage Loans for eligible first time Homebuyers, and to make available down payment and closing cost assistance to eligible Homebuyers. The Texas First Time Homebuyer Program is administered in accordance with Texas Government Code, Chapter 2306. Chapter 20 of this title (relating to the Single Family Programs Umbrella Rule) does not apply to the activities under this chapter, except if these activities are combined with activities subject to Chapter 20 of this title.

(b) Assistance under this Program is dependent, in part, on the availability of funds. The Department may cease offering all or a part of the assistance available under the program at any time and in its sole discretion.

§27.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Participation Packet indicates otherwise. Other definitions may be found in Texas Government Code, Chapter 2306; Chapter 1 of this title (relating to Administration); and Chapter 2 of this title (relating to Enforcement).

(1) Applicable Median Family Income--The Department's determination, as permitted by Texas Government Code, §2306.123, of the median income of an individual or family for an area using a source or methodology acceptable under federal law or rule. The Applicable Median Family Income, as updated from time to time, may be found on the Department's website in the "Combined Income and Purchase Price Limits Table."

(2) Applicant--A person or persons applying for financing of a Mortgage Loan under the Program.

(3) Areas of Chronic Economic Distress--Those areas in the state, whether one or more, designated from time to time as areas of chronic economic distress by the state and approved by the U.S. Secretaries of Treasury and Housing and Urban Development, respectively, pursuant to §143(j) of the Code.

(4) Average Area Purchase Price--With respect to a Residence financed under the Program, the average purchase price of single-family residences in the statistical area in which the Residence is located which were purchased during the most recent twelve (12) month period for which statistical information is available, as determined in accordance with §143(e) of the Code.

(5) Code--The Internal Revenue Code of 1986, as amended from time to time.

(6) Contract for Deed Exception--The exception for certain Mortgage Loan eligibility requirements, as provided in the Master Mortgage Origination Agreement, available with respect to a principal residence owned under a contract for deed by a person whose family income is not more than 50% of the area's Applicable Median Family Income.

(7) Federal Housing Administration--A division of the U.S. Department of Housing and Urban Development, also known as FHA.

(8) First Time Homebuyer--A person who has not owned a home during the three (3) years preceding the date on which an application under this program is filed. A person will be considered to have owned a home if the person had a present ownership interest in a home during the three (3) years preceding the date on which the application was filed. In the event there is more than one person applying with respect to a home, each Applicant must separately meet this three year requirement.

(9) Homebuyer--An Applicant that is approved by the Program and purchases a Residence.

(10) Master Mortgage Origination Agreement--The contract between the Department and a Mortgage Lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of Mortgage Loans by the Mortgage Lender and the financing of such Mortgage Loans by the Department.

(11) Mortgage Lender--the entity, as defined in §2306.004 of the Tex. Gov't Code, that is participating in the Program and signatory to the Master Mortgage Origination Agreement.

(12) Participation Packet--The application submitted to the Department by the proposed Mortgage Lender to participate in the Program.

(13) Program--The Texas First Time Homebuyer Program.

(14) Purchase Price Limit--The Purchase Price Limits published and updated from time to time in the "Combined Income and Purchase Price Limits Table" found on the Department's website equal to 90% of the Average Area Purchase Price, subject to certain exceptions for Targeted Area Loans.

(15) Qualified Veteran Exemption to First Time Homebuyer Requirement--A qualified veteran who has not previously received financing as a First Time Homebuyer through a single family mortgage revenue bond program is exempt from the requirement to be a First Time Homebuyer. The veteran must certify that he or she has not previously obtained a Mortgage Loan financed by single family mortgage revenue bonds, and is utilizing the veteran exception set forth in §143(d)(2)(D) of the IRS Code. Qualified veterans must also complete a worksheet evidencing qualification as a veteran and provide copies of discharge papers.

(16) Regulations--The applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

(17) Residence--A dwelling in Texas in which an Applicant intends to reside as the Applicant's principal living space. This is intended to have the same meaning as Home as defined in §2306.1071 of the Tex. Gov't Code.

(18) Rural Housing Service--A division of the United States Department of Agriculture, also known as RHS.

(19) Targeted Area--A qualified census tract, as determined in accordance with §6(a)103A-(2)(b)(4) of the Regulations or any successor regulations thereto, or an Area of Chronic Economic Distress. Applicants purchasing in Targeted Areas may have higher income and purchase price limits as set forth in the "Combined Income and Purchase Price Limits Table" found on the Department's website.

(20) Targeted area exemption to First time Homebuyer Requirement--Applicants purchasing homes in targeted areas financed through the program are exempt from the requirement to be a First Time Homebuyer and income and purchase price limits may be higher as found in the "Combined Income and Purchase Price Limits Table" located on the Department's website.

(21) United States Department of Veterans Affairs--Also known as VA.

§27.3 Restrictions on Residences Financed and Applicant

(a) Type of Residence and Number of Units. To be eligible for assistance under the Program an Applicant must apply with respect to a Residence that is either a new or existing single family residence, new or existing condominium or townhome, or manufactured housing that has been converted to real property in accordance with the Texas Occupations Code, Chapter 1201 or FHA guidelines, as required by the Department. A duplex may be financed under the Program as long as one unit of the duplex is occupied by the Applicant as his or her Residence, and the duplex was first occupied for residential purposes at least five years prior to the closing of the Mortgage Loan.

(b) Homebuyer Education. Each Applicant must complete a Department approved pre-purchase homebuyer education course.

(c) Income Limits. An Applicant applying for a Mortgage Loan must meet Applicable Median Family Income requirements.

(d) Down Payment Assistance. An Applicant meeting the Applicable Median Family Income requirements in subsection (c) of this section may qualify for down payment and closing cost assistance in connection with the Mortgage Loan on a first come, first served basis, subject to availability of funds.

(e) Residential Property Standards. The Residence must meet all standards required by the State of Texas, local jurisdiction, and as required by the Federal Mortgage Lender.

§27.4 Occupancy and Use Requirements

(a) Occupancy requirement. The Homebuyer must occupy the property within a reasonable time (not to exceed 60 days) after the date of closing as his or her Residence.

(b) Use for a business. Homebuyer may not use more than 15% of the Residence in a trade or business (including childcare services) on a regular basis for compensation. If the Residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided.

(c) Homebuyer may not use the Residence, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home, and shall continue to occupy the Residence as Homebuyer's principal living space, unless waived by the Executive Director or their designee, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Homebuyer's control.

§27.5 Application Procedure and Requirements for Commitments by Mortgage Lenders

(a) An Applicant seeking assistance under the Program must first contact a participating Mortgage Lender. A list of participating Mortgage Lenders may be obtained on the Department's website or by contacting the Department.

(b) Applicant shall complete an application with a participating Mortgage Lender.

(c) Application Fees. Fees that may be collected by the Mortgage Lender from the Applicant relating to a Mortgage Loan include:

(1) an appropriate, as determined by the Department, origination fee and/or buyer/seller points; and

(2) all usual and reasonable settlement or financing costs that are permitted to be so collected by FHA , RHS, VA, Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the Residence is located. Such usual and reasonable settlement or financing costs shall include an application fee as determined by the Department, the total estimated costs of a credit report on the Applicants and an appraisal of the property to be financed with the Mortgage Loan, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, private Mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, and file preparation fees.

(d) The Department will determine from time to time, a schedule of fees and charges necessary for expenses and reserves of the housing finance division as set forth in a Board resolution.

(e) The Mortgage Lender must register the Mortgage Loan in accordance with the Department's published procedures.

§27.6 Criteria for Approving Participating Mortgage Lenders

(a) To be approved by the Department for participation in the program, a Mortgage Lender must meet the requirements in the Participation Packet to be a qualified Mortgage Lender as specified by:

(1) FHA;

(2) RHS;

(3) VA; or

(4) be a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae's and/or Freddie Mac's requirements.

(b) As a condition for participation in the Program, a qualified Mortgage Lender must:

(1) agree to originate Mortgage Loans and assign those loans and related Mortgages and servicing to the Department's master servicer;

(2) originate, process, underwrite, close and fund originated loans; and

(3) be an approved Mortgage Lender with the Program's master servicer.

§27.7 Resale of the Residence

Mortgage Loans that are financed with the proceeds of tax-exempt bonds, or for which a Mortgage Credit Certificate has been or will be issued, will be subject to federal income tax recapture provisions. Assumption of a Mortgage Loan is allowed under the Program if the new owner meets the Program requirements at the time of the sale of the Residence.

§27.8 Conflicts with Bond Indentures and Applicable Law

All assistance provided under the Program is funded through or facilitated by the Department's mortgage revenue bond indentures and is subject to changes in the mortgage revenue bond indentures and applicable law. If there is a conflict between this chapter and any bond indenture or applicable law regarding the use of the funds from mortgage revenue bonds, the mortgage revenue bond indenture or applicable law shall control.

§27.9 Waiver

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the rules governing this Program, except 10 TAC §27.8, if the Board finds that waiver is appropriate to fulfill the purposes or polices of Texas Government Code, Chapter 2306.

10

BOARD ACTION REQUEST

TEXAS HOMEOWNERSHIP DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action on the adoption of the repeal of 10 TAC Chapter 28, Taxable Mortgage Program; the adoption of new 10 TAC Chapter 28, Taxable Mortgage Program; and directing their submission for adoption to 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 its meeting of December 9, 2021, the Board approved for public comment and publication in the *Texas Register* the proposed repeal and replacement of 10 TAC Chapter 28, Taxable Mortgage Program (the TMP Rule); and

WHEREAS, such proposed rulemaking was published in the *Texas Register* for public comment from December 24, 2021, through January 24, 2022, no comment was received, and the rule is recommended for adoption without changes;

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 an on behalf of the Department, to cause the repeal of 10 TAC Chapter 28, Taxable Mortgage Program, and the new adopted 10 TAC Chapter 28, Taxable Mortgage Program, in the form presented to this meeting, to be published in the *Texas Register* and in connection therewith, and 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

Tex. Gov't Code §2306.053 authorizes the Department to adopt rules governing the administration of the Department and its programs. The TMP Rule sets forth the parameters for administration of the Taxable Mortgage Program, and was proposed for revision to facilitate the inclusion of forgivable second mortgage loans for down payment and closing cost assistance, and to remove purchase price limits for loans originated under the program. The rule changes being adopted include:

- Removal of the definitions of Average Area Purchase Price and Purchase Price Limits;
- Addition, removal, and modification of definitions for clean-up and clarification;
- Modification of 10 TAC §28.4 to eliminate the requirement for repayment of down payment assistance to facilitate the inclusion of forgivable second mortgage loans for down payment and closing cost assistance; and
- Other minor technical corrections.

The rule was released for public comment from December 24, 2021, through January 24, 2022, and no comments were received. Staff is recommending adoption without changes.

Following Board approval of this item, staff will modify the Taxable Mortgage Program to conform to the rules as adopted.

Attachment 1: Preamble, including required analysis, for the adoption of repeal of 10 TAC Chapter 28, Taxable Mortgage Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 28, Taxable Mortgage Program. The purpose of the repeal is to allow the Department to make forgivable second mortgage loans for down payment assistance, and to remove purchase price limits, both as relate to the Taxable Mortgage Program.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because it was determined that no costs are associated with this action, and therefore no costs warrant being 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. Bobby Wilkinson 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 changes to minimally expand the pool of households eligible to participate in the Project Access program.

2. The repeal does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The repeal does not require additional future legislative appropriations.

4. The repeal will 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 repeal will not expand, limit, or repeal an existing regulation.

7. The repeal will not increase or decrease the number of individuals subject to the rule's applicability.

8. The repeal will not negatively or 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.

The Department has evaluated the 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 or 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 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). Mr. Wilkinson 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 changed sections would be the availability of forgivable second mortgage loans for down payment assistance and increased access to the program through the removal of purchase price limits. There will not be economic costs to individuals required to comply with the repealed sections.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson 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 was held December 24, 2021, to January 24, 2022, to receive input on the amended rule. No comment was received.

STATUTORY AUTHORITY. The repeal is made 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 Chapter 28, Taxable Mortgage Program

§28.1. Purpose.
§28.2. Definitions.
§28.3. Restrictions on Residences Financed and Applicant.
§28.4. Occupancy and Use Requirements.
§28.5. Application Procedure and Requirements for Commitments by Mortgage Lenders.
§28.6. Criteria for Approving Participating Mortgage Lenders.
§28.7. Resale of the Residence.
§28.8. Conflicts with Bond Indentures and Applicable Law.
§28.9. Waiver.

Attachment 2: Preamble, including required analysis, for adoption of new 10 TAC Chapter 28, Taxable Mortgage Program Rule

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 28, Taxable Mortgage Program Rule.

The purpose of the rule is to set forth parameters for administration of the Taxable Mortgage Program, to expand loan options to eligible homebuyers to include forgivable second mortgage loans for down payment assistance, and to remove Purchase Price Limits for the Taxable Mortgage Program.

Tex. Gov't Code §2001.0045(b) does not apply to the rule because it was determined that no costs are associated with this action, and therefore no costs warrant being 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. Bobby Wilkinson has determined that, for the first five years the new sections would be in effect:

1. The new sections do not create or eliminate a government program but relate to changes to existing regulations applicable to household eligibility for the Taxable Mortgage Program.

2. The new sections do not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.

3. The new sections do not require additional future legislative appropriations.

4. The new sections 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 sections are not creating a new regulation, except that they are replacing sections being repealed simultaneously to provide for revisions.

6. The new sections will not expand, limit, or repeal an existing regulation.

7. The new sections will not increase or decrease the number of individuals subject to the rule's applicability.

8. The new sections will not negatively or 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.

The Department has evaluated the new sections and determined that the actions 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 new sections do not contemplate or 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 new sections as to their possible effects on local economies and has determined that for the first five years the new sections 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). Mr. Wilkinson has determined that, for each year of the first five years the new sections are in effect, the public benefit anticipated as a result of the new sections would be the availability of forgivable second mortgage loans for down payment assistance and increased access to the program through the removal of purchase price limits. There will not be economic costs to individuals required to comply with the new sections.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the new sections are in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

SUMMARY OF PUBLIC COMMENT. The public comment period was held December 24, 2021, to January 24, 2022, to receive input on the proposed action. No comments were received.

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 sections affect no other code, article, or statute. The rule has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority.

CHAPTER 28 TAXABLE MORTGAGE PROGRAM

§28.1 Purpose

(a) The purpose of the Taxable Mortgage Program is to facilitate the origination of single-family mortgage loans and to refinance existing Mortgage Loans for eligible Homebuyers and in both cases to make down payment and closing cost assistance available to eligible Homebuyers. Chapter 20 of this title (relating to the Single Family Programs Umbrella Rule) does not apply to the activities under this chapter, except if these activities are combined with activities subject to Chapter 20 of this title.

(b) Assistance under this program is dependent, in part, on the availability of funds. The Department may cease offering all or a part of the assistance available under the program at any time and in its sole discretion.

§28.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings unless the context or the Participation Packet indicates otherwise. Other definitions may be found in Texas Government Code, Chapter 2306; Chapter 1 of this title (relating to Administration); and Chapter 2 of this title (relating to Enforcement).

(1) Applicable Median Family Income--The Department's determination, as permitted by Texas Government Code, §2306.123, of the median income of an individual or family for an area using a source or methodology acceptable under federal law or rule. The Applicable Median Family Income, as updated from time to time, may be found on the Department's website in the "Combined Income and Purchase Price Limits Table."

(2) Applicant--A person or persons applying for financing of a Mortgage Loan under the Program.

(3) Areas of Chronic Economic Distress--Those areas in the state, whether one or more, designated from time to time as areas of chronic economic distress by the state and approved by the U.S. Secretaries of Treasury and Housing and Urban Development, respectively, pursuant to §143(j) of the Code.

(4) Code--The Internal Revenue Code of 1986, as amended from time to time.

(5) Department Designated Areas of Special Need--Geographic areas designated by the Department from time to time as areas of special need.

(6) Federal Housing Administration--A division of the U.S. Department of Housing and Urban Development, also known as FHA.

(7) Homebuyer--An Applicant that is approved by the Program and purchases a Residence.

(8) Master Mortgage Origination Agreement--The contract between the Department and a Mortgage Lender, together with any amendments thereto, setting forth certain terms and conditions relating to the origination and sale of Mortgage Loans by the Mortgage Lender and the financing of such Mortgage Loans by the Department.

(9) Mortgage Lender--The entity, as defined in §2306.004 of the Texas Government Code, participating in the Program and signatory to the Master Mortgage Origination Agreement.

(10) Participation Packet--The application submitted to the Department by the proposed Mortgage Lender to participate in the Program.

(11) Program--The Taxable Mortgage Program.

(12) Regulations--The applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

(13) Residence--A dwelling in Texas in which an Applicant intends to reside as the Applicant's principal living space. Has the same meaning as Home in Chapter 2306 of the Texas Government Code.

(14) Rural Housing Service--A division of the United States Department of Agriculture, also known as RHS.

(15) Targeted Area--A qualified census tract, as determined in accordance with §6(a)103A-(2)(b)(4) of the Regulations or any successor regulations thereto, or an Area of Chronic Economic Distress, or a Department Designated Area of Special Need. Applicants purchasing in Targeted Areas may have higher income limits as set forth in the "Combined Income and Purchase Price Limits Table" found on the Department's website.

(16) United States Department of Veterans Affairs--Also known as VA.

§28.3 Restrictions on Residences Financed and Applicant

(a) Type of Residence and Number of Units. To be eligible for assistance under the Program an Applicant must apply with respect to a Residence that is either a new or existing single family residence, new or existing condominium or townhome, or manufactured housing that has been converted to real property in accordance with the Texas Occupations Code, Chapter 1201 or FHA guidelines, as required by the Department. A duplex may be financed under the Program as long as one unit of the duplex is occupied by the Applicant as his or her Residence, and the duplex was first occupied for residential purposes at least five years prior to the closing of the Mortgage Loan.

(b) Homebuyer Education. Each Applicant must complete a Department approved pre-purchase homebuyer education course.

(c) Income Limits. An Applicant applying for a Mortgage Loan must meet Applicable Median Family Income requirements.

(d) Down Payment Assistance. An Applicant meeting the Applicable Median Family Income requirements in subsection (c) of this section may qualify for down payment and closing cost assistance in connection with the Mortgage Loan on a first come, first served basis, subject to availability of funds.

(e) Residential Property Standards. The Residence must meet all standards required by the State of Texas, local jurisdiction, and as required by the Mortgage Lender.

§28.4 Occupancy and Use Requirements

(a) Occupancy requirement. The Homebuyer must occupy the property within a reasonable time (not to exceed 60 days) after the date of closing as his or her Residence.

(b) Use for a business. Homebuyer may not use more than 15% of the Residence in a trade or business (including childcare services) on a regular basis for compensation. If the Residence is to be used, in part, for a trade or business, a schematic drawing from an appraiser must be provided.

(c) Homebuyer may not use the Residence, or any part thereof, as an investment property, rental property, vacation or second home, or recreational home, and shall continue to occupy the Residence as Homebuyer's principal living space, unless waived by the Executive Director or their designee, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Homebuyer's control.

§28.5 Application Procedure and Requirements for Commitments by Mortgage Lenders

(a) An Applicant seeking assistance under the Program must first contact a participating Mortgage Lender. A list of participating Mortgage Lenders may be obtained on the Department's website or by contacting the Department.

(b) Applicant shall complete an application with a participating Mortgage Lender.

(c) Application Fees. Fees that may be collected by the Mortgage Lender from the Applicant relating to a Mortgage Loan include:

(1) an appropriate, as determined by the Department, origination fee and/or buyer/seller points; and

(2) all usual and reasonable settlement or financing costs that are permitted to be so collected by FHA, RHS, VA, Freddie Mac or Fannie Mae, as applicable, and other applicable laws, but only to the extent such charges do not exceed the usual and reasonable amounts charged in the area in which the Residence is located. Such usual and reasonable settlement or financing costs shall include an application fee as determined by the Department, the total estimated costs of a credit report on the Applicants and an appraisal of the property to be financed with the Mortgage Loan, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and expenses, credit report fees, FHA insurance premiums, private Mortgage guaranty insurance premiums, VA guaranty fees, VA funding fees, RHS guaranty fees, hazard or flood insurance premiums, abstract fees, tax service fees, recording or registration fees, escrow fees, and file preparation fees.

(d) The Department will determine from time to time, a schedule of fees and charges necessary for expenses and reserves of the housing finance division as set forth in a Board resolution.

(e) The Mortgage Lender must register the Mortgage Loan in accordance with the Department's published procedures.

§28.6 Criteria for Approving Participating Mortgage Lenders

(a) To be approved by the Department for participation in the program, a Mortgage Lender must meet the requirements in the Participation Packet to be a qualified Mortgage Lender as specified by:

(1) FHA;

(2) RHS;

(3) VA; or

(4) be a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae's and/or Freddie Mac's requirements.

(b) As a condition for participation in the Program, a qualified Mortgage Lender must:

(1) agree to originate Mortgage Loans and assign those loans and related Mortgages and servicing to the Department's master servicer;

(2) originate, process, underwrite, close and fund originated loans; and

(3) be an approved Mortgage Lender with the Program's master servicer.

§28.7 Resale of the Residence

Mortgage Loans that are financed with the proceeds of tax-exempt bonds, or for which a Mortgage Credit Certificate has been or will be issued, will be subject to federal income tax recapture provisions. Assumption of a Mortgage Loan is allowed under the Program if the new owner meets the Program requirements at the time of the sale of the Residence.

§28.8 Conflicts with Bond Indentures and Applicable Law

All assistance provided under the Program is funded through or facilitated by the Department's mortgage revenue bond indentures and is subject to changes in the mortgage revenue bond indentures and applicable law. If there is a conflict between this chapter and any bond indenture or applicable law regarding the use of the funds from mortgage revenue bonds, the mortgage revenue bond indenture or applicable law shall control.

§28.9 Waiver

The Board, in its discretion and within the limits of federal and state law, may waive any one or more of the rules governing this Program, except 10 TAC §28.8, if the Board finds that waiver is appropriate to fulfill the purposes or polices of Texas Government Code, Chapter 2306, or for good cause, as determined by the Board.

1p

BOARD ACTION REQUEST

FINANCIAL ADMINISTRATION DIVISION

FEBRUARY 10, 2022

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

RECOMMENDED ACTION

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

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

WHEREAS, on October 14, 2021, the Governing Board adopted a resolution designating signature authority to reflect the structure of the Department; and

WHEREAS, organizational changes have occurred to include Cate Tracz as Director of Housing Stability Services, Naomi Cantu as Director of the HOME-ARP Program and Tanya Birks as Director of Texas Homeowner Assistance Fund, such that the Governing Board has now determined that its resolution adopted October 14, 2021, designating signature authority, should be superseded by a new resolution designating signature authority in order to conform to the Department's current organizational structure, working titles, and operations;

NOW, THEREFORE, it is hereby

RESOLVED that the Governing Board makes changes to its resolution adopted October 14, 2021, as shown below.

SECTION 1 – Supersession of the Prior Signature Authority. The Governing Board hereby supersedes its prior resolution, adopted October 14, 2021, designating signature authority by adopting this new resolution.

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

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

(a) Executive Director, Deputy Executive Director of Programs, Deputy Executive Director of Program Controls and Oversight, Director of Administration, Board Secretary, and Assistant Board Secretary: All real estate or real estate related transactions;
(b) Director of Financial Administration: All real estate or real estate-related transactions administered by the Financial Administration Division;
(c) Director of Multifamily Programs: All real estate or real estate-related transactions administered by the Multifamily Programs Division;
(d) Director of Multifamily Asset Management: All real estate or real estate-related transactions administered by the Multifamily Asset Management Division;
(e) Director of Bond Finance and Chief Investment Officer: All real estate or real estate-related transactions administered by the Bond Finance and Texas Homeownership Divisions;
(f) Director of Multifamily Bonds: All real estate or real estate-related transactions administered by the Multifamily Bonds, Bond Finance and Texas Homeownership Divisions, and 4% Housing Tax Credit transactions;
(g) Director of Texas Homeownership Program: All real estate or real estate-related transactions administered by the Texas Home Ownership Division;
(h) Director of Single Family and Homeless Programs: All real estate or real estate-related transactions administered by the Single Family and Homeless Programs, which includes

HOME, Housing Trust Fund (HTF); Office of Colonia Initiatives (OCI); and Neighborhood Specialization Program (NSP);

(i) Director of Section 811 Program: All transactions administered by the Section 811 Program;

(j) CDBG CARES Director: All transactions administered by the Community Development Block Grant CARES Program;

(k) Director of Texas Rent Relief Program: All transactions administered by the Texas Rent Relief Program;

(l) Director of Housing Stability Services: All transactions administered by the Housing Stability Services Program;

(m) Director of the HOME-ARP Program: All transactions administered by the HOME-ARP Program;

(n) Director of Texas Homeowner Assistance Fund: All transactions administered by the Texas Homeowner Assistance Fund Program;

(o) Signatory authority on deposits and disbursements on agency bank accounts is limited to those persons designated on the applicable signature cards, as specified by the Executive Director; provided however, that no person may be so designated other than the Executive Director, Director of Administration, or a Director.

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

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

(a) Director of Administration, or Director of Financial Administration; and

(b) Executive Director, Deputy Executive Director of Program Controls and Oversight, or Deputy Executive Director of Programs.

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

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

BACKGROUND

This Resolution updates and designates signature authority to reflect the current organizational structure of the Department and the current working titles for the positions designated. The update allows for the Director of Housing Stability Services to sign documents related to the Housing Stability Services Program, the Director of the HOME-ARP Program to sign for documents related to the HOME-ARP Program, the Director of Texas Homeowner Assistance Fund to sign documents related to the Texas Homeowner Assistance Fund Program, and keeping previous authorizations the same.

Incumbency Certificate

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

Bobby Wilkinson ________________________________

Executed and seal of the Department affixed this ____ day of _________, 2022 at Austin, Texas.

____

James "Beau" Eccles

(S E A L)

Certificate

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

Board Secretary	____________________ James "Beau" Eccles
Assistant Board Secretary	____________________ Michael Lyttle
Director of Administration	____________________ David Cervantes
Director of Financial Administration	____________________ Jose Guevara
Director of Bond Finance/Chief Investment Officer	____________________ Monica Galuski
Director of Multifamily Bonds	____________________ Teresa W. Morales
Director of Multifamily Programs	____________________ Cody Campbell
Director of Texas Homeownership Program	____________________ Cathy Gutierrez
Deputy Executive Director of Programs	____________________ Brooke Boston
Director of Multifamily Asset Management	____________________ Rosalio Banuelos
Director of Single Family and Homeless Programs	____________________ Abigail Versyp
Director of Section 811 Program	____________________ Spencer Duran
CDBG CARES Director	____________________ Rudy Bentancourt
Director of Texas Rent Relief Program	____________________ Mariana Salazar
Director of Housing Stability Services	____________________ Cate Tracz
Director of the HOME-ARP Program	____________________ Naomi Cantu
Director of Texas Homeowner Assistance Fund	____________________ Tanya Birks
Deputy Executive Director of Program Controls and Oversight	____________________ Homero V. Cabello, Jr.

Executed this ____ day of _____________, 2022 at Austin, Texas.

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

REPORT ITEMS

2a

TDHCA Outreach and Media Analysis, December 2021

A compilation of TDHCA media analysis designed to enhance the awareness of TDHCA programs and services among key stakeholder groups and the general public, and outreach activities, such as trainings and webinars. The following is an analysis of print and broadcast news, and social media reporting for the time period of December 1 through December 31, 2021 (news articles specifically mentioned the Department and/or Texas Rent Relief Program).

Total number of articles referencing TDHCA: 68
Breakdown by Medium:[1]

- Print: 3 (Editorials/Columnists = 1)
- Broadcast: 32
- Trade, Government or Internet-Based Publications: 33

Figure 1 News Tone

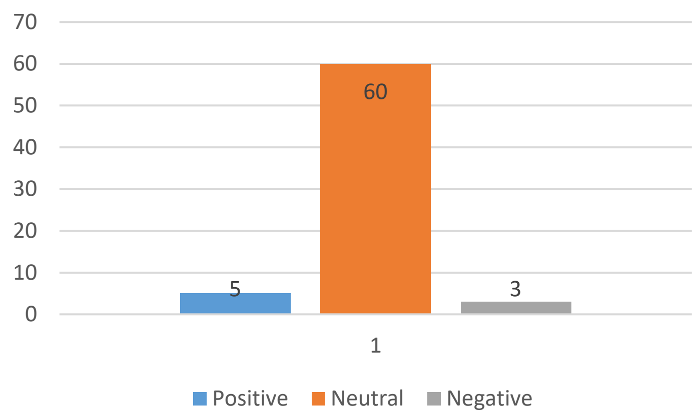
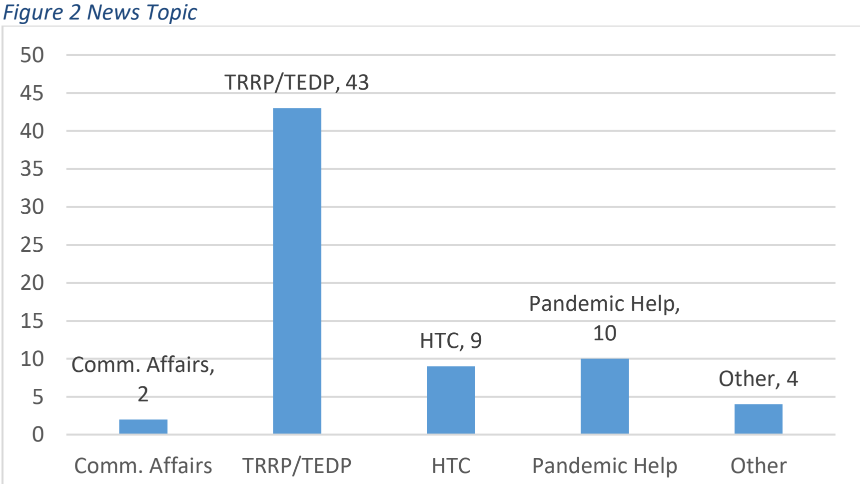
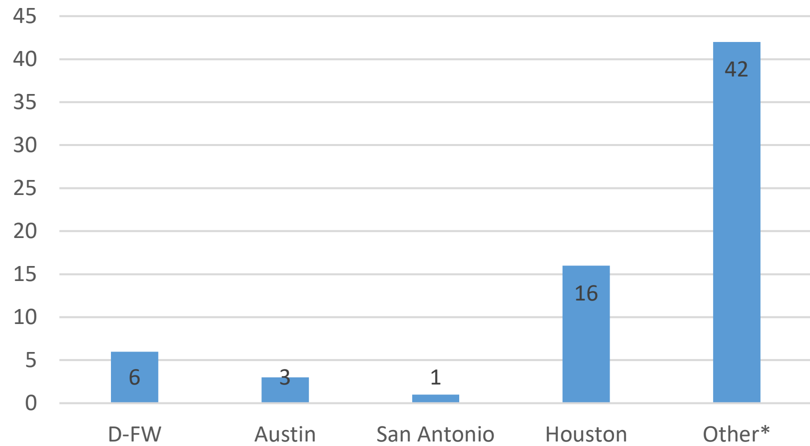


Figure 2 News Topic



[1] *Broadcast numbers may represent instances in which TDHCA was referenced on a television or radio station's website, rather than in a specific broadcast news segment*

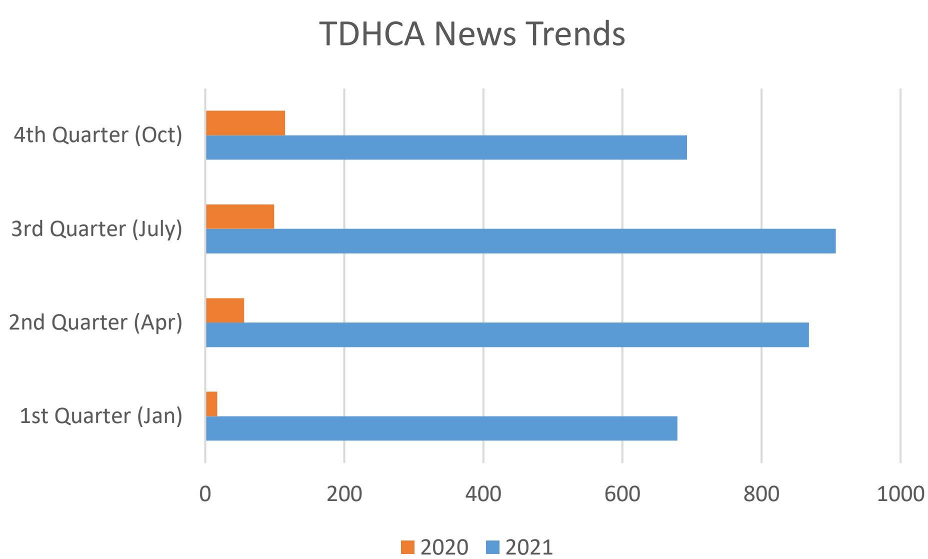
Figure 3 Media Market



Summary:

Reporting on Department activities by the news media totaled 68 references in December 2021. Several news articles (neutral tone) referenced the Texas Community Resiliency Program to help local governments fund rehabilitation of city-owned community facilities. Emergency Rental Assistance funds continue to represent a majority of all news articles.

The following table illustrates the number of news mentions during each quarter of 2021 compared to 2020. With the addition of 68 news articles mentioning TDHCA and/or the Texas Rent Relief Program in December, the collective total of news articles in the final quarter of 2021 equaled 693.



Social media:

Through December 2021, TDHCA has gained more than 3,100 followers to its Twitter account and more than 6,400 followers to its Facebook account. TDHCA's YouTube views totaled more than 7,000 views in December. The following is a summary analysis of TDHCA's efforts to engage stakeholders and the public on federal and state resources, initiatives and programs.

Month/Yr	**Posts**	**Clicks**	**Engagements**	**Shared posts**	**Liked posts**
January 2021	50	20	56	20	18
February 2021	52	193	2,609	1,163	18
March 2021	71	322	355	144	55
April 2021	57	70	4,155	1,152	30
May 2021	60	211	2,861	766	39
June 2021	80	224	10,688	3,303	45
July 2021	101	649	8,443	2,440	62
August 2021	54	650	9,292	2,345	707
Sept. 2021	58	144	4,316	1,105	50
Oct. 2021	46	216	4,526	1,039	124
November 2021	43	17	882	239	106
December 2021	46	18	137	14	80

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

Month/Yr	**Tweets**	**Clicks**	**Engagements**	**Retweets**	**Liked posts**
January 2021	52	224	13	4	7
February 2021	61	186	92	38	39
March 2021	80	313	77	20	37
April 2021	95	144	418	159	218
May 2021	64	282	72	24	30
June 2021	97	352	79	33	34
July 2021	102	520	46	15	24
August 2021	53	818	44	12	27
Sept. 2021	61	105	81	12	30
Oct. 2021	45	89	68	11	47
November 2021	47	189	29	5	12
December 2021	46	154	17	1	12

* Clicks = number of times an individual clicked on a link provided in a post. Engagements = any action a person takes on our post

YouTube

Month	Views	Watch time (hours)	Avg. view duration	Impressions	Impressions click-through rate
January 2021	684	105.8	9:16	7,760	2.2%
Feb. 2021	11,479	1,174	6:08	91,326	1.8%
March 2021	34,663	990.5	1:42	53,853	5.6%
April 2021	29,652	623.6	1:15	41,923	6.3%
May 2021	25,522	617.7	2:14	44,358	6.1%
June 2021	32,719	833.2	1:31	47,805	5.5%
July 2021	37,996	864.4	1:21	54,038	5.9%
August 2021	45,140	1,044.4	1:23	71,161	5.6%
Sept. 2021	18,200	658.4	2:09	63,000	5.5%
October 2021	18,280	734.9	2:24	66,979	5.5%
Nov. 2021	15,032	514.9	2:03	57,178	4.9%
Dec. 2021	7,022	291.9	2:29	26,884	4.4%

December 2021

Video	Views ↓		Watch time (hours)		Subscribers		Impressions	Impressions click-through rate
Total	**7,022**		**291.9**		**78**		**26,884**	**4.4%**
Texas Rent Relief Program Tutorial – Setting Up Bill.com Account f...	3,298	47.0%	56.3	19.3%	40	51.3%	1,833	8.5%
Texas Rent Relief Program Completing Application Tutorial	1,543	22.0%	16.2	5.5%	8	10.3%	3,535	6.6%
Texas Rent Relief Program Landlord Tips	369	5.3%	7.4	2.5%	1	1.3%	3,261	4.0%
Texas Rent Relief Program Registration Tutorial	335	4.8%	2.4	0.8%	7	9.0%	747	2.4%
Texas Rent Relief Program Landlord Application Tutorial	305	4.3%	9.4	3.2%	3	3.9%	2,163	4.5%
ERA2 Housing Stability Services NOFA Application Webinar	213	3.0%	46.4	15.9%	3	3.9%	1,440	6.1%
Low Income Household Water/Wastewater Assistance Program (LI...	118	1.7%	14.9	5.1%	0	0.0%	2,529	3.2%
Housing Stability Services Contract Implementation Webinar	110	1.6%	24.9	8.5%	1	1.3%	1,067	5.7%
Texas Eviction Diversion Program Overview – September 9, 2021	109	1.6%	8.6	3.0%	2	2.6%	1,237	4.0%
Introduction to the Low Income Water/Wastewater Assistance Pro...	65	0.9%	19.4	6.6%	0	0.0%	1,076	2.2%
Texas Emergency Mortgage Assistance Program TEMAP Webinar -...	54	0.8%	5.4	1.9%	4	5.1%	740	2.2%
Texas Community Resiliency Program (CRP) NOFA & Application W...	39	0.6%	4.9	1.7%	0	0.0%	424	2.8%
Fair Housing 101: The Basics of Fair Housing in Texas	37	0.5%	13.0	4.5%	1	1.3%	239	8.8%
20 IncomeDeterminationTraining	35	0.5%	7.8	2.7%	0	0.0%	35	0%
Housing Stability Services Reporting and Housing Contract System...	33	0.5%	4.2	1.4%	1	1.3%	611	3.0%
TEMAP Implementation Workshop - June 8, 2021	30	0.4%	4.2	1.4%	0	0.0%	290	2.4%
Housing Contract System and TEMAP Monthly Reporting Webinar ...	28	0.4%	2.8	1.0%	0	0.0%	237	2.5%
Fair Housing Special Topics: Assistance Animals, Service Animals, ...	26	0.4%	6.7	2.3%	2	2.6%	291	6.9%
Fair Housing Special Topics: How to Create an Affirmative Marketin...	23	0.3%	4.3	1.5%	0	0.0%	255	3.1%
Utility Allowance Training - May 5, 2021	23	0.3%	3.4	1.2%	0	0.0%	168	6.0%
TERAP Webinar on Monthly Reporting and Duplication of Benefits	21	0.3%	1.0	0.3%	1	1.3%	313	2.6%
Accessing Texas Department of Aging and Disability Services	21	0.3%	1.2	0.4%	1	1.3%	266	5.3%
Overview of Updates to Compliance, Affirmative Marketing and Writ...	16	0.2%	2.9	1.0%	0	0.0%	95	1.1%
TEMAP NOFA 2 Implementation Workshop	15	0.2%	1.6	0.5%	0	0.0%	228	4.0%

TERAP Application Workshop	15	0.2%	0.9	0.3%	2	2.6%	350	3.4%
TEMAP Monthly Reporting Webinar for Part C Programs - October ...	15	0.2%	0.7	0.3%	0	0.0%	233	2.6%
TERAP Implementation Workshop	13	0.2%	2.8	1.0%	0	0.0%	119	2.5%
Fair Housing Special Topics: The Violence Against Women Act in F...	12	0.2%	1.9	0.6%	0	0.0%	203	4.9%
Fair Housing Special Topics: Reasonable Accommodations, Modifi...	11	0.2%	3.9	1.3%	0	0.0%	302	3.0%
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	10	0.1%	1.8	0.6%	0	0.0%	151	5.3%
Como Completar Su Aplicación para el Programa de Asistencia de ...	9	0.1%	0.1	0.0%	0	0.0%	157	3.8%
Como Registrarse Para el Programa de Asistencia de Pago de Rent...	9	0.1%	0.1	0.0%	1	1.3%	144	3.5%
TERAP Demographics Reporting Update Workshop	7	0.1%	1.6	0.6%	0	0.0%	233	2.2%
TEMAP Reporting Webinar	6	0.1%	1.5	0.5%	0	0.0%	146	2.1%
Digital Outreach Webinar	6	0.1%	0.9	0.3%	0	0.0%	83	2.4%
Cost Certification Roundtable - November 18, 2020	5	0.1%	1.0	0.4%	1	1.3%	38	2.6%
Consejos para la solicitud del propietario	5	0.1%	0.0	0.0%	0	0.0%	140	2.1%
TDHCA Utility Allowance Roundtable - Oct. 13, 2020	4	0.1%	0.4	0.2%	0	0.0%	102	1.0%
For Sec. 811 Referral Agents - PRA Barrier Busting Funds	4	0.1%	0.4	0.2%	0	0.0%	48	6.3%
Consejos para la solicitud de inquilinos	4	0.1%	0.0	0.0%	0	0.0%	143	2.1%
Texas Rent Relief Program - Managing Fraud Risk and Case Review...	3	0.0%	0.4	0.1%	0	0.0%	0	–
TDHCA Governing Board meeting - July 22, 2021	2	0.0%	0.1	0.0%	0	0.0%	207	0%
Section 811 PRA Updates for Referral Agents	2	0.0%	0.0	0.0%	0	0.0%	55	1.8%
Energy Assistance	2	0.0%	0.0	0.0%	0	0.0%	22	9.1%
TDHCA Board Audit & Finance Committee - June 17, 2021	1	0.0%	0.0	0.0%	0	0.0%	60	0%
2020 04 14 10 00 Fair Housing Month 2020 Assistance Animals	1	0.0%	0.7	0.2%	0	0.0%	20	5.0%
Rental Assistance	1	0.0%	0.0	0.0%	0	0.0%	35	2.9%
TDHCA Governing Board meeting - June 17, 2021	1	0.0%	0.0	0.0%	0	0.0%	169	0.6%
2020 04 14 10 00 Fair Housing Month 2020 Assistance Animals	1	0.0%	0.7	0.2%	0	0.0%	20	5.0%
Rental Assistance	1	0.0%	0.0	0.0%	0	0.0%	35	2.9%
TDHCA Governing Board meeting - June 17, 2021	1	0.0%	0.0	0.0%	0	0.0%	169	0.6%
Compliance Round Table - April 21, 2021	1	0.0%	0.0	0.0%	0	0.0%	89	0%
Fair Housing Special Topics: Limited English Proficiency and Langu...	1	0.0%	0.0	0.0%	0	0.0%	68	1.5%

TDHCA Outreach December 2021

A compilation of outreach activities such as meetings, trainings and webinars.

Last Name	Meeting Date	Meeting Title	Attendees (includes organizer)
Coronavirus Relief Bill Rental Assistance (CRBRA); Texas Rent Relief	Dec 01, 2021	Bi-Monthly TAJF Open Office Hours for Q&A	8
ERA Housing Stability	Dec 01, 2021	ERA 2 HSS NOFA Application Webinar	201
Compliance	Dec 02, 2021	Income Determination Class	5

CRBRA	Dec 15, 2021	Bi-Monthly TAJF Open Office Hours for Q&A	8
ESG CARES	Dec 08, 2021	CARES Conversation	71
Community Affairs	Dec 08, 2021	CEAP Rule Changes	133
ESG CARES	Dec 20, 2021	Eligible Costs Training, Project Vida	2

2b

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TDHCA One-Time or Temporary Allocations – Pandemic Response and Other Initiatives
Report for February 10, 2022

This report has now been updated to include other one-time or temporary federally awarded allocations of funds, in addition to those funds reflected in this report in the past that were focused specifically on the programs TDHCA has targeted to assist with Texas' response to COVID-19. Programs reflected include those that were reprogramming of existing funds and those awarded through the administration of federal bills.

Shaded rows reflect completed programs for which assistance is no longer available.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
EARLY REPROGRAMMING OF EXISTING TDHCA PROGRAM FUNDS								
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	3-6 months of rental assistance made available through existing or new HOME subrecipients *Geography:* Was available where subrecipients applied. 23 administrators covered 120 counties *Income Eligibility:* Households at or below 80% AMFI based on current circumstances	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020. The HUD waivers were extended by HUD in December 2020 to expire September 30, 2021.	Amount obligated is less than original program funding; obligations are reduced to match expenditures as part of final reconciliation. Expenditures are trending slightly below the original budgeted amounts.	No added TDHCA staffing No added admin funds	2,612 house-holds	Up to $11,290,076 $11,244,878 99.6% $11,026,220 97.66%	Program in process of final reconciliation.
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020 • Recipients contracts were effective March 26, 2020 • Expenditure Deadline was August 31, 2020	Used the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19 *Geography*: Available statewide (excluding CWCCP and CSI) *Income Eligibility*: 200% poverty (normally is 125%)	None	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	9,468 persons	$1,434,352 1,434,352 **100%** $1,434,352 **100%**	38 CAA subs

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Recaptured 2018/2019 HHSP	• Board approval March 2020 • 2018 had to be spent by August 31, 2020; 2019 had to be spent by December 31, 2020	Allow subrecipients to perform HHSP eligible activities in addressing homelessness and those at risk of homelessness *Geography*: Available 9 largest metro areas *Income Eligibility*: Generally 30% AMFI if applicable	Approval from Comptroller granted	**COMPLETED** 100% expended	No added TDHCA staffing No added admin funds	462 persons	$191,939.53 $191,939.53 100% $191,939.53 100%	9 subs
CARES ACT FUNDS								
CSBG CARES	• Board approved April 2020 • Must expend 90% by August 31, 2022 • 45 day closeout period	90% to CAAs using regular CSBG formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network[1]; 7% for an eviction diversion pilot program; 1% for state admin *Geography*: Available statewide *Income Eligibility*: 200% of poverty (normally is 125%)	The flexibilities allowed by USHHS have been accepted.	All contracts are in progress. The Eviction Diversion program has been completed.	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	125,542 persons	$48,102,282 $48,102,282 100% $41,816,556 87%	40 CAA subs Note: Persons assisted decreased by 1,084 from the prior month report due to adjustments from several subrecipients
LIHEAP CARES	• Board approved April 2020 • Must expend by September 30, 2021 • 45 day closeout period	99% to CEAP subs for households affected by COVID-19; 1% for state admin (no weatherization) *Geography*: Available statewide *Income Eligibility*: 150% of poverty	The flexibilities allowed by USHHS have been accepted	Approximately $30,341,506 is expected to be unexpended by subrecipients and was not able to be absorbed by others subrecipients. Remaining funds will be returned to HHS. Amount is still pending final close-out.	1 Art. IX FTE for CEAP TA/capacity (1 Filled) 1% admin ($892,670)	181,215 persons	$94,023,896 $93,483,658 99% $64,350,649 69%	37 subrecipients. Expenditures are still not final, and have gone down minimally from the prior month report, due to refunds still being received.

[1] The award to THN is to address homelessness and those at risk of homelessness as a result of COVID-19.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CDBG CARES – Phases I, II and III	Board approved general use of the funds for CDBG Phase I in April 2020 and Plan Amendments in October 2020, January 2021, and July 2021 80% of funds must be expended by November 3, 2023; remaining 20% by November 3, 2026 90-day closeout period	Planned Usage: rental assistance in 40 cities/counties; mortgage payment assistance in 40 counties; legal services; assistance for providers of persons with disabilities; food expenses; community resiliency activities; and possible HMIS data warehouse funds. *See Also Attached Report.* *Geography:* Varies by activity type.	HUD agreement executed November 3, 2020. All Plan Amendments approved.	*See Attached Report.* Staff has been receiving technical assistance from HUD's TA provider.	CDBG Director position filled. 7 other positions filled. All FTES are Art. IX Up to 7% admin and TA budget ($9,929,238)	9,497 house-holds	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $101,034,321* 71% $42,009,395* 29.62%	*Income Eligibility:* For households at or below 80% of AMI. * Figure includes TDHCA admin funds.
ESG CARES – Phase I & 2	• Board approved programming plan for ESG1 on April 2020. ESG1 awards made July 23, 2020 and ESG2 awards made January 14, 2021. • Expend by September 30, 2022 • 90 day closeout period	• ESG1: 1) Existing subs were offered 100% to 200% of current contract amount; 2) ESG Coordinators decided via local process for their CoC, and awards made in three areas without ESG Coordinators by offering funds to CoC awardees; and 3) Legal/HMIS. • ESG2: 1) Homelessness Prevention and Rapid Rehousing and 2) HMIS* • *Geography:* Locations of all funded grantees • *Income Eligibility*: 50% AMI for homeless prevention	• HUD mega-waivers accepted • HUD signed grant 1st agreement in May 2020 and 2nd agreement in October 2020. • Plan amendments to HUD in May 2020 and October 2020.	• 152 contracts executed • Actively evaluating providers for contract performance • Obligated balance updates ongoing due to reallocation of funds	4 Art. IX FTE (for all phases of ESG) Up to 5 % admin ($4,894,961). This number may shift over time if unused funds are shifted to subrecipient contracts.	67,987 persons	$97,792,616 $97,084,473** 99.28% $49,195,579** 50.31% **Includes TDHCA admin	Note that this row now reflects ESG CARES 1 <u>and</u> 2; HUD reporting combines these two programs. * May be amended to include Street Outreach and Emergency Shelter.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Housing Choice Voucher Program Admin	Expend by December 31, 2021 1st Award: $117,268 2nd Award: $140,871 (8/10/2020)	• Software upgrades with Housing Pro to allow more efficient remote interface • Landlord incentive payments • Ordered 3 tablets for inspections • October 2020 Board approved use of funds for retention payments to existing owners to ensure their ongoing participation in the program	Received HUD interpretation that using funds for software upgrades are acceptable. $11,620 was paid for the system purchase.	The full amount of these admin funds was not utilized. An estimated $174,439 will be returned to HUD as it is not allowed to be used for household assistance. Amount still being finalized.	No added TDHCA staffing.	142 Land-lord renewals 17 new landlord s added	$258,139 $83,700 32.42% $83,700 32.42%	$380M nationally. Purchases of Housing Pro upgrades complete. Materials for landlord incentives completed.
Housing Choice Voucher Program MVP	Have to issue vouchers by December 31, 2021. Orig. Alloc.: $105,034*	15 additional MVP vouchers consistent with our award of MVP, which for TDHCA is for Project Access households. Received award from HUD. Issued the 15 vouchers on May 22, 2020. All 15 were leased.	None needed.	**COMPLETED** 100% of vouchers utilized	No added TDHCA staffing. No added admin funds.	15 families in current leases	$110,302 HAP Paid* $53,664 48.65%	Effective December 31, 2021, the funding authority for the 15 housed families has now been rolled into TDHCA's regular yearly HAP authority. While not all allotted HAP was used, all vouchers will continue to be funded.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
CORONAVIRUS RELIEF BILL – PART OF THE CONSOLIDATED APPROPRIATIONS ACT OF 2021								
Texas Rent Relief (TRR) Program (Funded with ERA1 and ERA2)	The program dedicates funds through Treasury specifically for rental and utility assistance. The first allocation through the Consolidated Appropriations Act is called ERA1. The second allocation from the American Rescue Plan Act, Section 3201, is called ERA2. ERA1: Required to expend all funds by September 30, 2022. ERA2: Required to expend all funds by September 30, 2025.	Program provides up to 15 months of rental and utility assistance including arrears for ERA1 (up to 18 months for ERA2). Households must reapply every 3 months. Program is run by the state with no subrecipients. 10% of funds are for Housing Stability Services (see following row). Established a 10% set-aside for eviction diversion; households facing eviction and utility disconnections are prioritized for processing. Treasury has provided periodic updated FAQs as informal guidance – most recently August 25, 2021. *Geography:* Statewide. *Income Eligibility:* For households at or <80% AMI.	*Treasury Reallocation*: Based on performance, TRR is eligible to receive additional funds recaptured from other ERA grantees. To date, TRR has received $31M in reallocated funds from Combined Collin & Montgomery Counties & Frisco City. Awaiting additional reallocation decisions.	Due to the total requests for assistance now exceeding all funds available, the program has closed its application portal to new applications and additional funding requests. As of January 13, 2022, TRR has committed over 99% of its total funding available. Staff continues to process assistance payments, primarily awarded through appeals.	Positions filled include Director and 20 positions. Staffing now includes a team for the Housing Stability Services activity. All FTES are Art. IX *Admin Allowed*: 10% ERA1 15% ERA2 $274,285,279	310,520 house-holds served (As of 02/01/22)	Allocations ERA1: $1,308,110,629 ERA2: $1,079,786,857 Reallocated: $31,135,178 Interest*: $2,652,665 Available for Rent/Utility Payments** $1,998,235,278 Expended*** $ 1,972,252,695 98.7% Admin. Expended**** $113,948,314 41%	* Interest was Allocated on 12/2/21 ** Amount is total allocation less funds for HSS and Adm. ***Expended and per Internal Report Feb. 1, reflect all payments made, plus payments in process. **** Figure is per Internal Report as of 02/02/22.
Housing Stability Services (HSS) Program (funded by ERA1 and 2)	These funds are a subset of the ERA funds in the row above. Up to 10% of the funds from ERA1 and ERA2 are authorized for housing stability. ERA1: Expend funds by September 30, 2022 ERA2: Must expend funds by September 30, 2025	Program provides funds to local communities or nonprofits for them to provide eligible Texans with a variety of services that help household maintain or obtain stable housing including legal services, outreach services, shelter services, community services, and services offered at permanent supportive housing properties *Geography:* Available where Subrecipients are located. *Income Eligibility:* For households at or below 80% AMI.	Treasury has provided periodic updated FAQs as informal guidance – most recently August 25, 2021. As they are released, HSS policies are adjusted.	All ERA1 contracts are executed with Subrecipient service providers. MOU with TVC executed. ERA2 contract with the Texas Homelessness Network executed to support work on EHV program. NOFA for ERA2 HSS released November 12, 2021, making $84,000,000 available to eligible organizations. Applications were due January 7, 2022, and awards will be presented at the March Board meeting.	See above	10,208 house-holds served 189,765 meals served	Total (est) $163,552,903 HSS ERA1 Avail: $71,552,903 Obligated: $71,363,823 99.7% Expended: $9,090,065.22 12.75% HSS ERA2 Avail: $105,328,160 Obligated: $750,000 0.7% Expended: $0 0	

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Low-Income Household Water Assistance Program (LIHWAP1)	Part of the appropriation bill; provides dedicated funds through HHS for the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program Must obligate and expend funds by: September 30, 2023	Program provides funds to assist low-income households by providing funds to owners/operators of public water and treatment systems to reduce arrearages charged. HHS has encouraged that grantees model the LIHEAP program and utilize their LIHEAP networks of subs. *Geography:* Statewide *Income Eligibility:* TBD	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021.	Contracts have not been released as of December 30th. CA Contract System is under revisions to accommodate for the new program.	3 Art. IX FTEs Admin 15% Any FTES will be Art. IX	0	$51,801,876 $0 0% $0 0%	$638M Nationally
				AMERICAN RESCUE PLAN (ARPA) – Public Law 117-2				
HOME ARP Program	Passed as Section 3205 of the American Rescue Plan, the program dedicates funds through HUD allowing flexible uses that can include typical HOME activities as well as homeless services and non-congregate shelter Must expend funds by September 30, 2030	Funds can be used for tenant based rental assistance, development of supportive rental housing, supportive services, non-congregate shelter, and operating costs/capacity building for eligible nonprofit organizations. *Geography:* Available where Subrecipients are located *Households Eligibility: (See Other Notes)*	The existing waiver from the Governor relating to limits on using the funds in rural areas will be utilized to allow the funds to assist homeless persons in urban and rural areas.	HUD released guidance September 13, 2021. Grant agreement signed on September 23, 2021 and program has access to an initial 5% of funds. Draft plan approved by Board in January 2022 for public comment. Comments were received by 15 commenters. Plan expected to be presented to Board for final approval March 2022.	A HOME-ARP Division has been established and positions are being filled. All FTES are Art. IX Up to 15% for admin/planning ($19,945,372)	0	$132,969,147 $0 0% $0 0%	$5B nationally Eligibility: homeless, at risk of homelessness with incomes up to 50% AMI, those fleeing Domestic Violence, populations with housing instability
LIHEAP	Passed as Section 2911 of the American Rescue Plan, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2022	99% of funds were programmed in April 2021 to CEAP subs using a modified formula; 1% for state admin. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	None needed.	Contracts have now been executed.	FTEs noted under CARES LIHEAP will be utilized for both allocations. 1% admin (TBD)	31,082	$134,407,308 $134,407,308 **100%** $9,466,934 7.04%	$4.5B nationally.

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Homeowner Assistance Fund (HAF)	Passed as section 3206 of the American Rescue Plan, dedicates funds through Treasury specifically for preventing mortgage delinquencies, defaults, foreclosures, loss of utilities and displacement. Must expend funds by September 30, 2026	The HAF Plan includes: 1) a Reinstatement Program to reinstate delinquent mortgage loans, including principal and interest, as well amounts advanced by the servicer for property charges (taxes, insurance, condo and homeowner association fees, and other related expenses advanced to protect lien position, 2) a Loan Modification with HAF Contribution Program to reduce the monthly PITI for delinquent mortgage loans, and 3) a Property Charge Default Resolution Program, to bring current delinquent property charges, including past due property taxes, insurance premiums, condo and homeowner association fees, and cooperative maintenance or common charges, including up to 90 days of upcoming property charges.	Treasury approved the HAF Plan on January 28, 2022. *Geography:* Statewide *Income Eligibility:* Household income at or below greater of 100% AMI or 100% of national median income.	All funding has been received. Two program pilots are currently underway, and the program will be available statewide beginning February 21, 2022.	4 positions filled including the Director, 2 program managers, and the outreach manager. Additional hires are in process. All FTES are Art. IX Up to 15% ($126,332,101) for admin, planning, community engagement and needs assessment	57 *(Pilot Phase in Process)*	$842,214,006 Expended $1,011,082 0%	$9.9B nationally. Treasury encourages states to use initial disbursement of 10% of funds for creating or funding pilot programs to serve targeted populations, and focus on rapid assistance options such as mortgage reinstatement programs.
LIHWAP2	Passed as Section 2912 of the American Rescue Plan, dedicates funds through HHS for home water costs Must obligate and expend funds by: September 30, 2023	See LIHWAP1 above. HHS will administer LIHWAP1 and 2 under one LIHWAP Plan. Because of the different funding sources, separate contracts will be required *Geography:* Statewide *Income Eligibility:* TBD	Executed agreement for funds on April 22, 2021. HHS approved TDHCA's LIHWAP Plan on October 22, 2021	Plan approval from HHS received on October 22, 2021. Contracts with providers approved by the Board in June 2021. Contracts to be released based on Subrecipient performance on LIHWAP1.	FTEs noted under Appropriation Act LIHWAP will be utilized for both allocations. Admin % not yet known	0	$40,597,082 $0 0% $0 0%	$500M Nationally

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Emergency Housing Vouchers (EHV)	Passed as Section 3202 of the American Rescue Plan, dedicates vouchers through HUD for emergency rental assistance. HUD Authority to Recapture May Occur as Early As: 1 Year from Funding (if vouchers are unissued) Initial Funding Term Expires: Dec. 31, 2022 Can Reissue EHV until: Sept. 30, 2023 Renewal Funds Available for 'Occupied Units' through: Sept. 30, 2030	TDHCA was allocated 798 vouchers by HUD. The award includes funds for the vouchers ($7,933,560) plus funds to provide services ($2,793,000) and funds for admin ($763,788). Vouchers are for households who are: (1) homeless, (2) at risk of homelessness, (3) fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or (4) recently homeless. *Geography*: TDHCA is working with CoC partners and HUD to make a final service area determination based on the number of vouchers allocated to the Department and input from CoC partners *Income Eligibility*: Not to exceed 50% of AMI	Significant waivers have been authorized by HUD. TDHCA will seek to maximize its use of these waivers, however the waivers are time-limited so TDHCA will be cautious not to authorize households based on waivers that, when expired, would make the household ineligible at renewal. TDHCA is required to update its PHA Admin Plan to reflect our plan for the service fee (see last column) and other program elements.	HUD-required MOUs and contracts have now been executed with CoC partners, the Heart of Texas Homeless Coalition and Texas Homeless Network (the Balance of State CoC). THN started making referrals in January 2022.	Program is being administered jointly by the Section 8 and Section 811 areas due to the unique nature of the program. 3-4 positions to be filled. To be paid for by EHV Admin and CSBG Admin. FTES are Art. IX Admin fee structure is complex, variable and tied to timing of household having found a unit, hence the use of CSBG Admin to support the positions.	0	Total $11,490,348 Rent Payments Avail: $7,933,560 Obligated: $0 0% Expended: $0 0% Service Contracts Avail: $2,793,000 Obligated: $1,504,868 53.88% Expended: $0 0%	$5 billion Nationally A service fee of $3,500 per unit is authorized separate from the rental assistance payment. The fee total is not tied to each voucher, but is a combined total of funds for services. Services may include: housing search assistance; deposits, holding fees, and application fees; owner-related uses; and other eligible uses.
INFRASTRUCTURE INVESTMENT AND JOBS ACT – Public Law 117-58								
LIHEAP	Passed as Section 501 of the Infrastructure Investment and Jobs Act, dedicates funds through HHS for home energy costs. Must expend funds by: September 30, 2026	Funds nationally to be released in annual increments of $100 million each year for the next 5 years. These funds will be made available to each state as part of its annual LIHEAP allocation; the Department therefore will handle these as part of our annual allocation. *Geography*: Available statewide *Income Eligibility*: 150% of poverty	Not yet known.	Not yet available.	No FTEs will be added as these funds will be part of a regular annual administration of the LIHEAP. 1% admin (TBD)	0	TBD	$500 million nationally

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
DOE WAP	Passed as Section 40551 of the Infrastructure Investment and Jobs Act, dedicates funds through Department of Energy for home weatherization. Law has no date by which funds must be expended; DOE may proscribe this, but has not yet	Formula by which DOE will release the funds is still to be determined. Staff's rough estimate is that the Texas allocation may be around $200 million, which is 25 times our typical allocation of roughly $8 million. In anticipation of this significant increase staff obtained Board authority in December 2021 to procure a statewide DOE WAP administrator to augment the work of the network. *Geography*: Available statewide *Income Eligibility*: 200% of poverty	Not yet known.	Not yet available.	FTEs will be added once further guidance and information is available from DOE Admin. TBD	0	$ TBD (amount per state not yet determined by DOE)	$3.5 billion nationally

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BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

FEBRUARY 10, 2022

Report on the Department's 1st Quarter Investment Report in accordance with the Public Funds Investment Act

BACKGROUND

The Department's investment portfolio consists of two distinct parts. One part is related to bond funds under trust indentures that are not subject to the Public Funds Investment Act (PFIA), and the remaining portion is related to accounts excluded from the indentures but covered by the PFIA. The Department's total investment portfolio is $1,829,632,043 of which $1,780,968,643 is not subject to the PFIA. This report addresses the remaining $48,663,400 (see page 1 of the Internal Management Report) in investments covered by the PFIA. These investments are deposited in the General Fund, Housing Trust Fund, Compliance, and Housing Initiative accounts, which are all held at the Texas Treasury Safekeeping Trust Company (TTSTC), primarily in the form of overnight repurchase agreements. These investments are fully collateralized and secured by U.S. Government Securities. A repurchase agreement is the daily purchase of a security with an agreement to repurchase that security at a specific price and date, which in this case was December 1, 2021, with an effective interest rate of 0.02%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned $1,994 in interest during the quarter.

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

- The General Fund accounts maintain funds for administrative purposes to fund expenses related to the Department's ongoing operations. These accounts contain balances related to bond residuals, fee income generated from the Mortgage Credit Certificate (MCC) Program, escrow funds, single family and multifamily bond administration fees, and balances associated with the Below Market Interest Rate (BMIR) Program.

- The State Housing Trust Fund accounts maintain funds related to programs set forth by the Housing Trust Fund funding plan. The Housing Trust Fund provides loans and grants to finance, acquire, rehabilitate, and develop decent and safe affordable housing.

- The Compliance accounts maintain funds from compliance monitoring fees and asset management fees collected from multifamily developers. The number of low income units and authority to collect these fees is outlined in the individual Land Use Restriction Agreements (LURAs) that are issued to each Developer. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the monitoring and administration of these properties.

- The Housing Initiative accounts maintain funds from fees collected from Developers in connection with the Department's Tax Credit Program. The majority of fees collected are application fees and commitment fees. The authority for the collection of these fees is outlined in the Department's Multifamily Rules. These fees are generated for the purpose of offsetting expenses incurred by the Department related to the administration of the Tax Credit Program.

- The Ending Homelessness Trust Fund account maintains funds from donations collected from individuals through the Texas Department of Motor Vehicles in connection with the Department's Ending Homelessness Program. The authority for the collection of these donations is outlined in House Bill 4102, 85th Texas Legislature, Regular Session. These donations are collected and disbursed for the purpose of providing grants to counties and municipalities to combat homelessness.

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

During the 1st Quarter, as it relates to the investments covered by the PFIA, the carrying value increased by $4,567,678 (see page 1) for an ending balance of $48,663,400. The change is described below by fund groups.

General Fund: The General Fund increased by $18,018. This consists primarily of $501,901 received in multifamily bond fees, $132,650 in MCC Fees and $640,000 transferred from the Residential Mortgage Revenue Bond Program, offset by disbursements including $1,221,173 to fund the operating budget.

The State Housing Trust Fund: The Housing Trust Fund increased by $1,544,769. This consists primarily of $668,450 received in loan repayments and $1,966,618 from General Revenue Appropriations, offset by disbursements including $1,155,085 for loans, grants, and escrow payments.

Compliance: Compliance funds decreased by $290,456. This consists primarily of $1,579,020 received in compliance fees offset by disbursements of $1,903,052 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds increased by $3,253,135. This consists primarily of $4,507,713 received in fees related to tax credit activities offset by disbursements of $1,259,119 transferred to fund the operating budget.

Ending Homelessness Fund: Ending Homelessness funds increased by $42,212. This consists of $42,212 in donations and interest earnings on current investment balances.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING NOVEMBER 30, 2021

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending November 30, 2021

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/21	Beginning Market Value 08/31/21	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 11/30/21	Ending Market Value 11/30/21	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	417,751.03	417,751.03		(32,398.32)			385,352.71	385,352.71	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	0.02	0.02					0.02	0.02	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	190,689.02	190,689.02		(52,245.45)			138,443.57	138,443.57	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	978,988.05	978,988.05	66,095.14				1,045,083.19	1,045,083.19	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	3,121,254.43	3,121,254.43	39,718.13				3,160,972.56	3,160,972.56	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	653,635.50	653,635.50		(1,831.51)			651,803.99	651,803.99	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	239,754.51	239,754.51	10.63				239,765.14	239,765.14	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	750,042.86	750,042.86	34.02				750,076.88	750,076.88	-	0.00
Repo Agmt	General Fund	0.02	11/30/21	12/01/21	1,440.45	1,440.45		(1,365.00)			75.45	75.45	-	0.00
	General Fund Total				6,353,555.87	6,353,555.87	105,857.92	(87,840.28)	0.00	0.00	6,371,573.51	6,371,573.51	0.00	0.00
Repo Agmt	Housing Trust Fund	0.02	11/30/21	12/01/21	183,855.94	183,855.94	32,130.15				215,986.09	215,986.09	-	0.00
Repo Agmt	Housing Trust Fund	0.02	11/30/21	12/01/21	3,645.44	3,645.44		(14.44)			3,631.00	3,631.00	-	0.00
Repo Agmt	Housing Trust Fund	0.02	11/30/21	12/01/21	505,382.13	505,382.13	35,366.49				540,748.62	540,748.62	-	0.00
Repo Agmt	General Revenue Appn	0.02	11/30/21	12/01/21	53,394.32	53,394.32		(130.53)			53,263.79	53,263.79	-	0.00
Repo Agmt	General Revenue Appn	0.02	11/30/21	12/01/21	1,134,767.23	1,134,767.23	83,690.17				1,218,457.40	1,218,457.40	-	0.00
Repo Agmt	General Revenue Appn	0.02	11/30/21	12/01/21	1,423,566.53	1,423,566.53	434,251.22				1,857,817.75	1,857,817.75	-	0.00
Repo Agmt	General Revenue Appn	0.02	11/30/21	12/01/21	231,117.57	231,117.57		(55.61)			231,061.96	231,061.96	-	0.00
Repo Agmt	General Revenue Appn	0.02	11/30/21	12/01/21	228,497.90	228,497.90					228,497.90	228,497.90	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.02	11/30/21	12/01/21	166,392.52	166,392.52		(24,750.00)			141,642.52	141,642.52	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.02	11/30/21	12/01/21	313,416.12	313,416.12		(97,627.20)			215,788.92	215,788.92	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.02	11/30/21	12/01/21	802,393.76	802,393.76		(290,708.72)			511,685.04	511,685.04	-	0.00
Repo Agmt	Boostrap -GR	0.02	11/30/21	12/01/21	181,906.42	181,906.42					181,906.42	181,906.42	-	0.00
Repo Agmt	Boostrap -GR	0.02	11/30/21	12/01/21	1,214,798.87	1,214,798.87		(396,000.00)			818,798.87	818,798.87	-	0.00
Repo Agmt	Boostrap -GR	0.02	11/30/21	12/01/21	3,000,000.00	3,000,000.00		(198,000.00)			2,802,000.00	2,802,000.00	-	0.00
Repo Agmt	Boostrap -GR	0.02	11/30/21	12/01/21			1,000,000.00				1,000,000.00	1,000,000.00	-	0.00
Repo Agmt	Boostrap -GR	0.02	11/30/21	12/01/21			966,618.00				966,618.00	966,618.00	-	0.00
	Housing Trust Fund Total				9,443,134.75	9,443,134.75	2,552,056.03	(1,007,286.50)	0.00	0.00	10,987,904.28	10,987,904.28	0.00	0.00
Repo Agmt	Multi Family	0.02	11/30/21	12/01/21	1,023,571.47	1,023,571.47	20,732.54				1,044,304.01	1,044,304.01	-	0.00
Repo Agmt	Multi Family	0.02	11/30/21	12/01/21	1,089,415.95	1,089,415.95		(155,217.47)			934,198.48	934,198.48	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.02	11/30/21	12/01/21	8,065,041.44	8,065,041.44		(155,971.36)			7,909,070.08	7,909,070.08	-	0.00
	Compliance Total				10,178,028.86	10,178,028.86	20,732.54	(311,188.83)	0.00	0.00	9,887,572.57	9,887,572.57	0.00	0.00
Repo Agmt	Asset Management	0.02	11/30/21	12/01/21	1,867,440.74	1,867,440.74	98,359.09				1,965,799.83	1,965,799.83	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.02	11/30/21	12/01/21			5,625.00				5,625.00	5,625.00	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.02	11/30/21	12/01/21	2,038,567.01	2,038,567.01		(127,822.00)			1,910,745.01	1,910,745.01	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.02	11/30/21	12/01/21	13,306,356.47	13,306,356.47	3,276,957.51				16,583,313.98	16,583,313.98	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.02	11/30/21	12/01/21	340,787.60	340,787.60	15.29				340,802.89	340,802.89	-	0.00
	Housing Inititatives Total				17,553,151.82	17,553,151.82	3,380,956.89	(127,822.00)	0.00	0.00	20,806,286.71	20,806,286.71	0.00	0.00
Repo Agmt	Homelessness - HB4102	0.04	08/31/20	09/01/20	567,850.35	567,850.35	42,212.52				610,062.87	610,062.87	-	0.00
	Homelessness - HB4102 Total				567,850.35	567,850.35	42,212.52	0.00	0.00	0.00	610,062.87	610,062.87	0.00	0.00
	Total Non-Indenture Related Investment Summary				44,095,721.65	44,095,721.65	6,101,815.90	(1,534,137.61)	0.00	0.00	48,663,399.94	48,663,399.94	0.00	0.00

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION
PUBLIC FUNDS INVESTMENT ACT
Internal Management Report (Sec. 2256.023)
Quarter Ending November 30, 2021

	Investment Type	FAIR VALUE (MARKET) @ 08/31/21	CARRYING VALUE @ 08/31/21	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 11/30/21	FAIR VALUE (MARKET) @ 11/30/21	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 11/30/21	RECOGNIZED GAIN
NON-INDENTURE RELATED:												
General Fund	Repurchase Agreements	6,353,555.87	6,353,555.87	105,857.92	(87,840.28)			6,371,573.51	6,371,573.51	-	3.56	-
Housing Trust Fund	Repurchase Agreements	9,443,134.75	9,443,134.75	2,552,056.03	(1,007,286.50)			10,987,904.28	10,987,904.28	-	6.42	-
Compliance	Repurchase Agreements	10,178,028.86	10,178,028.86	20,732.54	(311,188.83)			9,887,572.57	9,887,572.57	-	5.49	-
Housing Initiatives	Repurchase Agreements	17,553,151.82	17,553,151.82	3,380,956.89	(127,822.00)			20,806,286.71	20,806,286.71	-	11.75	-
Ending Homelessness Trust Fund	Repurchase Agreements	567,850.35	567,850.35	42,212.52				610,062.87	610,062.87	-	0.68	-
NON-INDENTURE RELATED TOTAL		44,095,721.65	44,095,721.65	6,101,815.90	(1,534,137.61)	0.00	0.00	48,663,399.94	48,663,399.94	0.00	27.90	0.00

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

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 8.0 hrs. of training on the Texas Public Funds Investment Act on October 18 and 19, 2021
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 5, 2021

DocuSigned by:
David Cervantes
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David Cervantes
Director of Administration
Date: 1/28/2022

DocuSigned by:
Monica Galuski
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Monica Galuski
Director of Bond Finance/Chief Investment Officer
Date: 1/28/2022

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BOARD REPORT ITEM

BOND FINANCE DIVISION

FEBRUARY 10, 2022

Report on the Department's 1st Quarter Investment Report relating to funds held under Bond Trust Indentures

BACKGROUND

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

- Overall, the portfolio carrying value increased by approximately $136.3 million (see page 3), resulting in an end of quarter balance of $1,780,968,643.

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

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	78%	74%
Guaranteed Investment Contracts/Investment Agreements	2%	2%
Repurchase Agreements (Cash Equivalents)	6%	11%
Account Control Agreements (Cash Equivalents)	1%	1%
Municipal Bonds	4%	4%
Treasury Backed Mutual Funds	6%	6%
Treasury Notes / Bonds / SLGs	2%	2%

The decrease in percentage of MBS and increase in Repurchase Agreements is due to the issuance of single family bond proceeds deposited in overnight repurchase agreements.

Portfolio activity for the quarter:

- The MBS purchases this quarter were approximately $67.2 million, due to the issuance of single family and multifamily bonds and the investment of proceeds in MBS.
- The maturities in MBS were approximately $39.7 million, which represent loan repayments or payoffs.

  The table below shows the trend in MBS activity.

	1st Qtr FY 21	2nd Qtr FY 21	3rd Qtr FY 21	4th Qtr FY 21	1st Qtr FY 22	Total
Purchases	$ 110,008,836	$ 38,099,830	$ 127,225,566	$ 77,639,238	$ 67,227,078	$ 420,200,548
Sales						$ -
Maturities	$ 27,743,500	$ 35,950,129	$ 30,205,496	$ 40,977,810	$ 39,701,230	$ 174,578,166
Transfers						$ -

- The process of valuing investments at fair market value identifies unrealized gains and losses. These gains or losses do not impact the overall portfolio because the Department typically holds MBS investments until maturity.

- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) decreased $12.1 million (see pages 3 and 4), with fair market value being greater than the carrying value. The national average for a 30-year fixed rate mortgage, as reported by the Freddie Mac Primary Mortgage Market Survey as of November 30, 2021, was 3.10%, up from 2.87% at the end of August 2021. Various factors affect the fair market value of these investments, but there is a correlation between the prevailing mortgage interest rates and the change in market value.

- Given the current financial environment, this change in market value is to be expected. However, the change is cyclical and is reflective of a general movement toward higher yields in the bond market as a whole.

- The ability of the Department's investments to provide the appropriate cash flow to pay debt service and eventually retire the related bond debt is of more importance than the assessed relative value in the bond market as a whole.

- The more relevant measures of indenture parity are reported on page 5 in the Bond Trust Indenture Parity Comparison. This report shows parity (ratio of assets to liabilities) by indenture with assets greater than liabilities in a range from 105.97% to 125.29%, which would indicate the Department has sufficient assets to meet its obligations.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending November 30, 2021

	FAIR VALUE (MARKET) @ 08/31/21	CARRYING VALUE @ 08/31/21	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 11/30/21	FAIR VALUE (MARKET) @ 11/30/21	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 11/30/21	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	772,086,011	721,862,921	169,740,060	(14,187,963)	(28,665,091)		848,749,927	895,439,606	(3,533,411)	2,721,866	-
RMRB	359,809,274	336,570,249	25,978,285	(18,005,866)	(9,854,559)		334,688,109	356,694,893	(1,232,241)	1,174,575	-
Taxable Mortgage Program	2,501,217	2,501,217	113	(422)			2,500,907	2,500,907	-	888,318	-
Multi Family	612,775,594	583,704,658	46,001,892	(33,495,269)	(1,181,581)		595,029,700	616,713,062	(7,387,574)	801,843	-
	1,747,172,096	1,644,639,044	241,720,350	(65,689,520)	(39,701,230)	-	1,780,968,643	1,871,348,468	(12,153,227)	5,586,602	-

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

Per Section 2256.007(d) of the Texas Government Code, the Public Funds Investment Act:
David Cervantes completed 8.0 hrs. of training on the Texas Public Funds Investment Act on October 18 and 19, 2021
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 5, 2021

DocuSigned by:
David Cervantes
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David Cervantes
Director of Administration

DocuSigned by:
Monica Galuski
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Monica Galuski
Director of Bond Finance/Chief Investment Officer

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS
BOND FINANCE DIVISION
BOND TRUST INDENTURES
Supplemental Management Report
Quarter Ending November 30, 2021

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 08/31/21	CARRYING VALUE @ 08/31/21	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 11/30/21	FAIR VALUE (MARKET) @ 11/30/21	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	1,376,440,865	1,274,752,058	67,227,078	-	(39,701,230)	-	1,302,277,906	1,392,526,361	(11,440,352)	-
Guaranteed Inv Contracts	31,550,130	31,550,130	1,967,931	(487,622)	-	-	33,030,439	33,030,439	-	-
Investment Agreements	148,737	148,737	655,000	-	-	-	803,737	803,737	-	-
Treasury-Backed Mutual Funds	102,907,715	102,907,715	39,450,361	(26,268,034)	-	-	116,090,042	116,090,042	-	-
Account Control Agreements	13,538,629	13,538,629	12	(505,595)			13,033,046	13,033,046	-	-
Municpal Bonds	68,901,587	68,057,342	3,554,315	(3,707,010)			67,904,647	68,036,016	(712,875)	
Repurchase Agreements	100,212,640	100,212,640	125,868,449	(31,706,629)	-	-	194,374,460	194,374,460	-	-
SLG Securities	14,045,782	14,045,782		(17,426)			14,028,356	14,028,356	-	
Treasury Notes / Bonds	39,426,012	39,426,012	2,997,204	(2,997,204)	-	-	39,426,012	39,426,012	-	-
	1,747,172,096	1,644,639,044	241,720,350	(65,689,520)	(39,701,230)	-	1,780,968,643	1,871,348,468	(12,153,227)	-

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

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David Cervantes
Date 1/28/2022
David Cervantes
Director of Administration

DocuSigned by:
Monica Galuski
Date 1/28/2022
Monica Galuski
Director of Bond Finance/Chief Inv Officer

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of November 30, 2021

	Single Family Indenture Funds	Residential Mortgage Revenue Bond Indenture Funds	Multi-Family Indenture Funds	Combined Totals
PARITY COMPARISON:				
PARITY ASSETS				
Cash	$ 175,839	$ -	$ 40,546,860	$ 40,722,699
Investments[1]	$ 182,552,656	$ 42,178,709	$ 633,064,316	$ 857,795,681
Mortgage Backed Securities[1]	$ 665,346,366	$ 292,509,400		$ 957,855,766
Loans Receivable[2]	$ -		$ 953,567,950	$ 953,567,950
Accrued Interest Receivable	$ 2,721,866	$ 1,174,575	$ 3,635,693	$ 7,532,134
TOTAL PARITY ASSETS	$ 850,796,727	$ 335,862,684	$ 1,630,814,819	$ 2,817,474,230
PARITY LIABILITIES				
Notes Payable	$ -	$ 10,000,000	$ 306,713,894	$ 316,713,894
Bonds Payable[1]	$ 798,093,189	$ 294,018,416	$ 991,256,903	$ 2,083,368,508
Accrued Interest Payable	$ 4,744,053	$ 4,077,729	$ 3,684,123	$ 12,505,905
Other Non-Current Liabilities[3]				$ -
TOTAL PARITY LIABILITIES	$ 802,837,242	$ 308,096,145	$ 1,301,654,920	$ 2,412,588,307
PARITY DIFFERENCE	$ 47,959,485	$ 27,766,539	$ 329,159,898	$ 404,885,922
PARITY	**105.97%**	**109.01%**	**125.29%**	**116.78%**

(1) Investments, Mortgage Backed Securities and Bonds Payable reported at par value not fair value. This adjustment is consistent with indenture cashflows prepared for
Also, the CHMRB Bonds were redeemed in full in January 2019.

(2) Loans Receivable include whole loans only. Special mortgage loans are excluded.

(3) Other Non-Current Liabilities include "Due to Developers" (for insurance, taxes and other operating expenses) and "Earning Due to Developers" (on investments).

Note: Based on preliminary and unaudited financial statements, subject to change in audited financial statements.

ACTION ITEMS

3

Oral Presentation

4

BOARD ACTION REQUEST

HOUSING STABILITY SERVICES

FEBRUARY 10, 2022

Presentation, Discussion and Possible Approval granting authority for Emergency Rental Assistance 2 Housing Stability Service Funds to be awarded to the Texas Veterans Commission for the provision of housing stability services

RECOMMENDED ACTION

WHEREAS, in January 2021, the Department accepted Emergency Rental Assistance (ERA1) funds totaling $1,308,110,629 from the U.S. Treasury Department authorized under the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, with an obligation deadline of September 30, 2021, and expenditure deadline of September 30, 2022, to be used to provide emergency rental and utility assistance and housing stability services;

WHEREAS, in May 2021, the Department accepted a second allocation of Emergency Rental Assistance (ERA2) totaling $1,079,786,857 from the U.S. Treasury Department authorized under the American Rescue Plan Act, 2021 (ARPA), Pub. L. No. 117-2, with an obligation deadline of March 31, 2022, and expenditure deadline of September 30, 2025, to be used to provide emergency rental and utility assistance and housing stability services;

WHEREAS, the enabling legislation provides that up to 10% of the funds from both allocations may be utilized for housing stabilization services that enable eligible households to maintain or obtain housing;

WHEREAS, effective September 1, 2021, the Department entered into a Memorandum of Understanding with the Texas Veterans Commission (TVC), contracting $189,080 in ERA1 HSS Administrative funds to support two full-time Homeless Veteran Coordinator positions in the Veterans Mental Health Department to help reduce the number of veterans experiencing homelessness or at risk of homelessness in Texas;

WHEREAS, TVC has been successfully performing under the current MOU to deliver eligible housing stabilization assistance and staff is recommending that additional funds be provided using ERA2 HSS funds, with this agreement to begin the earlier of TVC's full expenditure of ERA1 HSS funds but no later than the day after the ERA1 expenditure deadline of September 30, 2022; and

WHEREAS, staff is recommending that the Board authorize the Executive Director to enter into an MOU with TVC, providing $378,160 in ERA2 HSS Administrative funds, so that TVC may continue to provide housing stabilization support services;

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 enter into an MOU with TVC, providing $378,160 of ERA2 HSS Administrative funds, to continue the support of eligible housing stabilization services.

BACKGROUND

In January 2021, the Department accepted Emergency Rental Assistance (ERA1) funds totaling $1,308,110,629 from the U.S. Treasury Department authorized under the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260. These ERA 1 funds have an obligation deadline of September 30, 2021, and expenditure deadline of September 30, 2022. In May 2021, the Department accepted a second allocation of Emergency Rental Assistance (ERA2) totaling $1,079,786,857 from the U.S. Treasury Department authorized under the American Rescue Plan Act, 2021 (ARPA), Pub. L. No. 117-2. These ERA 2 funds have an obligation deadline of March 31, 2022, and expenditure deadline of September 30, 2025.

Under each of the grants, up to 10% of the funds may be used for housing stabilization services; funds not used for stabilization services may revert to use for rental or utility assistance. Housing Stabilization services may include, but are not limited to: housing counseling, fair housing counseling, case management related to housing stability, housing navigation, attorney's fees related to eviction proceedings, and specialized services for individuals with disabilities, seniors, and other eligible populations that supports their ability to access or maintain housing.

Effective September 1, 2021, the Department entered into a Memorandum of Understanding with the Texas Veterans Commission (TVC), contracting $189,080 in ERA1 HSS Administrative funds to support two full-time Homeless Veteran Coordinator positions dedicated to the Homelessness Veterans Initiative housed within the Veterans Mental Health Department. The mission of the Homeless Veterans Initiative is to improve the accessibility of resources and services for military veterans and their loved ones in Texas that are experiencing homelessness or are at-risk of becoming homeless. The Initiative works to identify and highlight services aimed at preventing veterans from entering homelessness and provide trainings to direct service providers. Additionally, resource clinics will be provided directly to veteran families. In November 2021, staff began discussions with TVC to determine their interest in entering into an ERA 2 HSS MOU to further fund the Homeless Veteran Coordinator positions, and TVC was eager and committed to proceeding.

The current MOU with TVC will expire on August 31, 2022. Staff is recommending that the Board authorize the Executive Director to enter into an MOU with TVC, providing $378,160 in ERA2 HSS Administrative funds, so that TVC may continue to provide housing stabilization support services pending the EARAC review and approval or approval with conditions. This MOU for ERA2 funds will commence on the earlier of the full expenditure of ERA1 funds or September 1, 2022, so there will not be a gap in support for this initiative.

5a

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action on awards for 2022 Community Services Block Grant discretionary funds for education and employment services to Native American and Migrant Seasonal Farmworker populations

RECOMMENDED ACTION

WHEREAS, Community Services Block Grant (CSBG) funds are awarded annually to the Texas Department of Housing and Community Affairs (the Department) by the U.S. Department of Health and Human Services (USHHS);

WHEREAS, the Department reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; up to 5% for state administration expenses; and the remaining amount for state discretionary use;

WHEREAS, at the Board meeting of June 17, 2021, the Department established a set-aside of approximately $1,750,000 for CSBG discretionary projects, of which $300,000 was programmed for Native American and Migrant Seasonal Farmworker (MSFW) population education and employment initiatives;

WHEREAS, a Notice of Funding Availability (NOFA) was released on December 10, 2021, for education and employment services to Native American and MSFW populations;

WHEREAS, staff has reviewed and evaluated the applications received under the NOFA targeting education and employment services to Native American and MSFW populations and recommends Board approval of awards totaling $300,000 to three eligible applicants that applied and met the requirements for funding; and

WHEREAS, the Executive Award Review Advisory Committee (EARAC) met on January 31, 2022, and recommended the approval of three awards;

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 take any and all such actions as they or any of them may deem necessary or advisable to effectuate the awards, as represented herein, of

$300,000 for education and employment services to Native American and MSFW populations.

BACKGROUND

The Department set aside $300,000 for education and employment services to Native American and MSFW populations as approved at the Board meeting of June 17, 2021.

On December 10, 2021, the Department released a NOFA to make available $300,000 for education and employment initiatives for Native American and MSFW populations. The NOFA encouraged applicant organizations to apply for either the Native American or MSFW award, or both; however, applicants applying for both categories were limited to receiving an award in only one category (unless no other eligible applications under either category were recommended). Only the two highest scoring applications for assistance to the MSFW population and the one highest scoring application for assistance to the Native American population would be funded.

In response to the NOFA, staff received five applications – four applications for the MSFW award and one application for the Native American award. The applicants for the MSFW award were Tricounty Community Corporation, Transcend STEM Education, Opportunity Center for the Homeless, and Family Service Association of San Antonio. The single applicant for the Native American award was Adult and Youth Development Association (AYUDA). Initially, staff reviewed the applications for threshold requirements. The applications submitted by Tricounty Community Corporation and Transcend STEM Education did not satisfy threshold requirements. These two organizations were notified of their threshold deficiencies and were given the opportunity to correct the deficiencies, but were unable to do so within the time period granted by the NOFA. They were then given the opportunity to appeal the decision to terminate their applications and they chose not to appeal. The three remaining applications were found to satisfy threshold requirements and were scored accordingly. Scoring notices were sent to each applicant on January 24, 2022, and appeal periods have concluded. Therefore, staff is recommending that these three applications be funded. Please refer to Attachment A.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) includes a review of CSBG discretionary awards prior to contract execution. These awards are subject to this review. The review has been performed and the three applicants have been recommended by EARAC for award as listed in Attachment A.

Attachment A

Recommendations for 2022 CSBG Discretionary Funds for Education and Employment Services to MSFW Populations Contract Date: March 1, 2022-February 28, 2023

#	Applicant	Application Score (Average)	Award Recommendation	Project
1	Opportunity Center for the Homeless	976	$100,000	Employment and education project and supportive services for 150 MSFWs in the El Paso area.
2	Family Service Association of San Antonio, Inc.	596	$100,000	Employment and education project and supportive services for 40 MSFWs in the San Antonio area.
3	Transcend STEM Education	NA	NA	NA
4	Tricounty Community Corporation	NA	NA	NA
	TOTAL		**$200,000**	

Note: In the event that any of these funds remain unexpended by March 1, 2023, the Department may reprogram the funds among the eligible activities previously approved by the Board for any active CSBG state plan.

Recommendations for 2022 CSBG Discretionary Funds for Education and Employment Services to Native American Populations Contract Date: March 1, 2022-February 28, 2023

#	Applicant	Application Score	Award Recommendation	Project
1	Adult and Youth Development Association	736	$100,000	Employment and education project and supportive services for 100 Native Americans in the El Paso area.
	TOTAL		**$100,000**	

Note: In the event that any of these funds remain unexpended by March 1, 2023, the Department may reprogram the funds among the eligible activities previously approved by the Board for any active CSBG state plan.

5b

BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action to effectuate the use of non-federal funds to repay the U.S. Department of Health and Human Services Administration for Children and Families for costs disallowed as a result of the 2014 LIHEAP monitoring

RECOMMENDED ACTION

WHEREAS, the U.S. Department of Health and Human Services Administration for Children and Families (USHHS-ACF) has determined that a 2014 monitoring of the Low Income Home Energy Assistance Program (LIHEAP) requires repayment to USHHS-ACF, and that such repayment may only be made from sources that were originally non-federal in nature;

WHEREAS, the Texas Department of Housing and Community Affairs (TDHCA) currently has limited non-federal funds that also are not derived from Texas General Revenue;

WHEREAS, TDHCA has non-federal funds dedicated for use in below market interest rate (BMIR) and Bond Programs/Administration accounts, some of which may be used for the repayment of the costs disallowed by USHHS-ACF; and

WHEREAS, staff has pursued actions to recapture funds from the applicable subrecipients responsible for said disallowed costs, and any funds received through those efforts will be applied to this repayment, but are not sufficient and further repayments are unlikely;

NOW, therefore, it is hereby

RESOLVED, that the Executive Director or his designee be authorized, empowered, and directed, for and on behalf of this Board, to take such actions as they may deem necessary to effectuate the use of non-federal funds to repay USHHS-ACF for the costs disallowed as a result of the 2014 LIHEAP monitoring.

BACKGROUND

In a final audit letter dated December 15, 2021, USHHS-ACF informed TDHCA of the final results of its audit regarding 2014 LIHEAP monitoring. USHHS-ACF determined that $488,516.78 in disallowed costs will need to now be repaid by TDHCA, although principally arising out of the independent, criminal actions of a now-bankrupt and prosecuted subrecipient that relinquished its federal grant contracts nearly seven years ago.[1]

History

In a letter dated December 27, 2013, TDHCA informed the (former) Northeast Texas Opportunities Inc. (NETO) of the status of its on-site monitoring visit from December 18-20, 2013. In that letter TDHCA stated that on November 30, 2012, NETO charged $151,752.38 in salaries and administrative charges to the 2012 Comprehensive Energy Assistance Program (CEAP) grant under the category elderly or disabled component. While some portion of salaries and administrative expenses are allowable under CEAP, the records indicated that the $151,752.38 exceeds the allowable amount for salaries and administrative expenses. NETO was required to provide evidence that the amount was for direct assistance or reimburse TDHCA that amount. NETO did not provide this information, but this questioned cost was agreed to as a disallowed cost by NETO, and a payment agreement was entered into in January 2015 to repay this amount. On July 27, 2015, NETO's Board of Directors informed TDHCA that it voluntarily relinquished its contracts for CSBG, CEAP, and LIHEAP.

On August 3, 2015, TDHCA informed NETO that it conducted a desk review of NETO's single audit report for Fiscal Year 2014. The notes of the Financial Statements indicated that NETO now owed TDHCA $466,364.98. The additional $314,612.60 included in this larger figure came from a 2014 Single Audit conclusion regarding a misbalance in NETO's financial statements. Request for payment was sent to NETO, but no payment was received.

In an effort to pursue repayment from NETO, TDHCA referred this case to the Office of the Texas Attorney General. The Assistant Attorney General assigned to this matter diligently investigated TDHCA's theory of questioned LIHEAP costs. However, because NETO had declared bankruptcy, and the TDHCA desk review conclusion had been based on an extrapolation from a monitoring sample (rather than direct evidence), the Assistant Attorney General informally determined that the amount and age, and unavailability, of the evidence required to fully support recovery of costs as disallowed, the burden of proof, and the lack of demonstrably recoverable assets, rendered these matters not sufficient to recommend pursuing recovery of the costs as being legally due to TDHCA. Separately, it was brought to the Assistant Attorney General's attention that a federal criminal prosecution had been brought against NETO and a number of its officers. Any criminal restitution that has been recovered and remitted to the Comptroller of the State of Texas will be sought to reimburse TDHCA for the sums it must now remit to USHHS-ACF.

[1] The total amount of disallowed funds are attributed to two subrecipients – one further described herein (NETO) and a separate former subrecipient of Comprehensive Energy Assistance Program (CEAP) that was found to be responsible for $22,151.80 of the total disallowed costs, and from which these funds were already recovered by TDHCA and will be applied to the total amount disallowed by ACF.

6

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for The Residence at Ridgehill (HTC #20186)

RECOMMENDED ACTION

WHEREAS, The Residence at Ridgehill (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2020 for the new construction of 60 multifamily units with an elderly population in Kerrville, Kerr County;

WHEREAS, OPG Ridgehill Partners, LLC (the Development Owner or Owner) requests approval for a reduction in the number of units from 60 to 43 with the elimination of the 17 market rate units, without affecting the number or size of the affordable units;

WHEREAS, these changes result in a modification of the building configuration, elevations, and heights, as well as a reduction in the Net Rentable Area, parking spaces, and the residential density;

WHEREAS, Board approval is required for a significant modification of the site plan and for a significant modification of the architectural design of the Development, as directed in Tex. Gov't Code §2306.6712(d)(1), (2), (5) and (6) and 10 TAC §10.405(a)(4)(A), (B), (E) and (F), and the Owner has complied with the amendment requirements therein;

WHEREAS, Board approval of this amendment does not constitute a waiver of any of the rules or statutes applicable to the 2020 9% HTC Application, including but not limited to the accessibility requirements stated in Chapter 1, Subchapter B; and

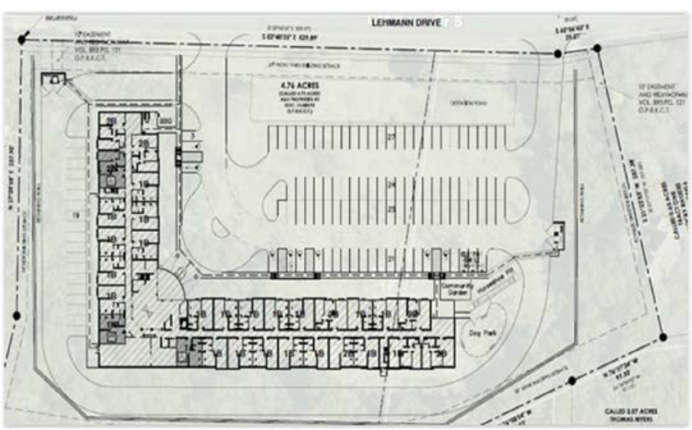
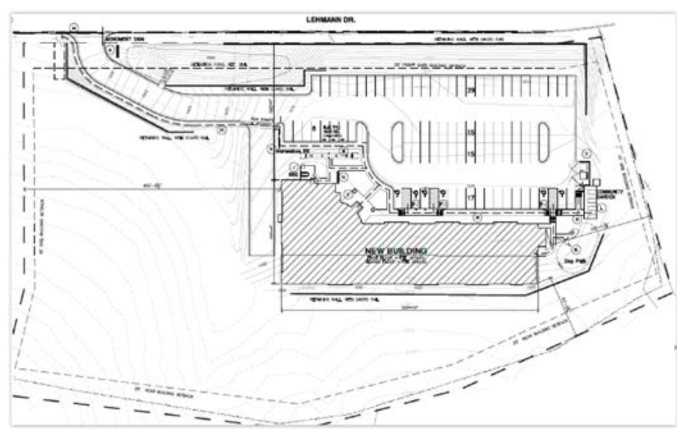
WHEREAS, the requested changes do not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the amount of the tax credits awarded;

NOW, therefore, it is hereby

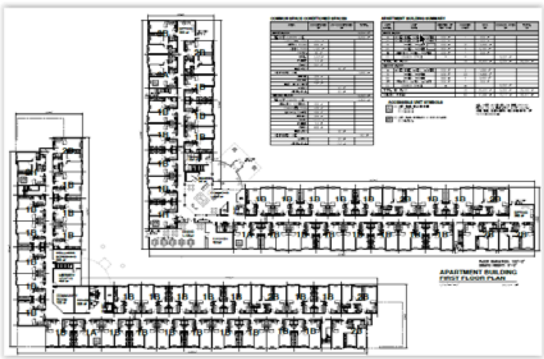
RESOLVED, that the requested amendment for The Residence at Ridgehill is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

BACKGROUND

The Residence at Ridgehill received a 9% HTC award in 2020 for the new construction of 60 multifamily units with an elderly population in Kerrville, Kerr County. In a letter dated September 2, 2021, Matt Gillam, the representative for the Development Owner, requested approval for a material amendment to reduce the number of units from 60 to 43 by eliminating the 17 market rate units originally proposed in their Application. Mr. Gillam stated that, due to unforeseen circumstances resulting from the impact of the COVID-19 pandemic, the costs of materials such as lumber, concrete, and appliances have increased significantly over the past several months. To address the significant cost increases, the design plans were revised to remove the 17 market rate units without affecting the number or size of the affordable units. The revised plans include a reconfiguration of the Development's single building from a two-story to a three-story building. Additional revisions to the plans result in a 29.59% reduction in the Net Rental Area, from 41,000 to 29,150 square feet; a 28.33% reduction in the residential density, from 12.6 to 9 units per acre; and a reduction of 34 open parking spaces, from 118 to 84 spaces. Staff confirmed that the parking identified on the revised site plan will continue to meet accessibility requirements. These changes represent material alterations to the site and architectural design plans. The tables below compare the changes between the original and amended site and architectural design plans.

Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(1), (2), (5) and (6) and 10 TAC §10.405(a)(4)(A), (B), (E) and (F)	
Application	**Amendment**
Original Site Plan  	**Revised Site Plan** 
Original Building Elevation 	**Revised Building Elevation** 

Material Alterations as defined in Tex. Gov't Code §2306.6712(d)(1), (2), (5) and (6) and 10 TAC §10.405(a)(4)(A), (B), (E) and (F)

Original Building Configuration		**Revised Building Configuration**		
				
Design Plans		**Design Plans**		**Change**
Number of Stories	2	Number of Stories	3	50%
Elevators	1	Elevators	1	0%
Acreage	4.76	Acreage	4.76	0%
Residential Density	12.6 units/acre	Residential Density	9 units/acre	28.33%
Open Parking Spaces	118	Open Parking Spaces	84	34
Number of Stories	2	Number of Stories	3	50%
Elevators	1	Elevators	1	0%
Unit Mix		**Unit Mix**		
1BR/1BA	48	1BR/1BA	37	-23%
2BR/1BA	12	2BR/1BA	6	-50%
Total Units	60	Total Units	43	-28%
Set-Asides		**Set-Asides**		
30% of AMI	3	30% of AMI	3	0%
50% of AMI	5	50% of AMI	5	0%
60% of AMI	35	60% of AMI	35	0%
Market Rate	17	Market Rate	0	100%
MFDL Units	0	MFDL Units	6	100%
Net Rentable Area	41,400 s.f.	Net Rentable Area	29,150 s.f.	-29.59%
Common Area	15,117 s.f.	Common Area	15,439 s.f.	2.13%
Acreage	4.76	Acreage	4.76	0%
Residential Density	12.6 units/acre	Residential Density	9.0 units/acre	-28.33%
Open Parking Spaces	118	Open Parking Spaces	84	-28.81%

The Development was re-underwritten based on the proposed amendment and revised financial exhibits submitted with an Application for supplemental credits consistent with Subchapter F of the 2022 QAP and a Multifamily Direct Loan (MFDL) consistent with the requirements of NOFA 2021-3. The results of the analysis indicate the Development is still feasible with the changes to the costs and financing structure. The requests for additional funding will be considered separately from this amendment 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 selection of the Application in the competitive round.

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

Real Estate Analysis Division
January 25, 2022

Addendum to Underwriting Report

TDHCA Application #: **22977_21520_20186** Program(s): **9% HTC/ MDL**

The Residence at Ridgehill

Address/Location: 160-170 Lehmann Dr

City: Kerrville County: Kerr Zip: 78020

	APPLICATION HISTORY
Report Date	**PURPOSE**
01/25/22	**2022 Supplemental Credit/ MFDL / Amendment Request Memo**
07/24/20	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TDHCA (Deferred Payable)					$492,558	0.00%	35	15	2
LIHTC (9% Credit)	$897,273				$960,082				

* 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: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

2 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.

Status: Does not apply, condition removed.

b: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	5
60% of AMI	60% of AMI	35

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	5
80% of AMFI	High HOME	1

ANALYSIS

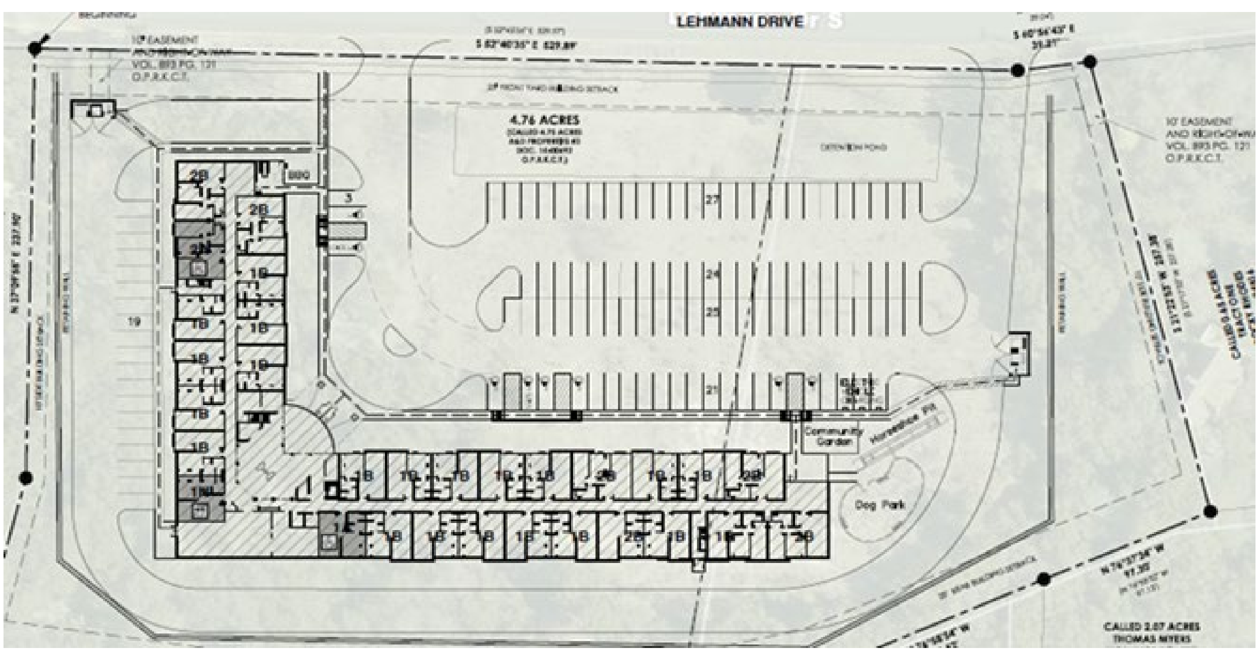
The Development received a 9% HTC allocation in 2020. The Applicant has applied for Multifamily Direct Loan funding under the 2021-3 NOFA from NHTF funds, an Amendment request, and a 7.00% increase in annual tax credit allocation consistent with 2022 QAP Subchapter F, Supplement Housing Tax Credits.

Direct Loan income and rent restrictions are layered with five units that were already subject to HTC restrictions. Two of the 5 units were originally restricted to 50% AMI, will be further restricted to 30% MFDL rent limits.

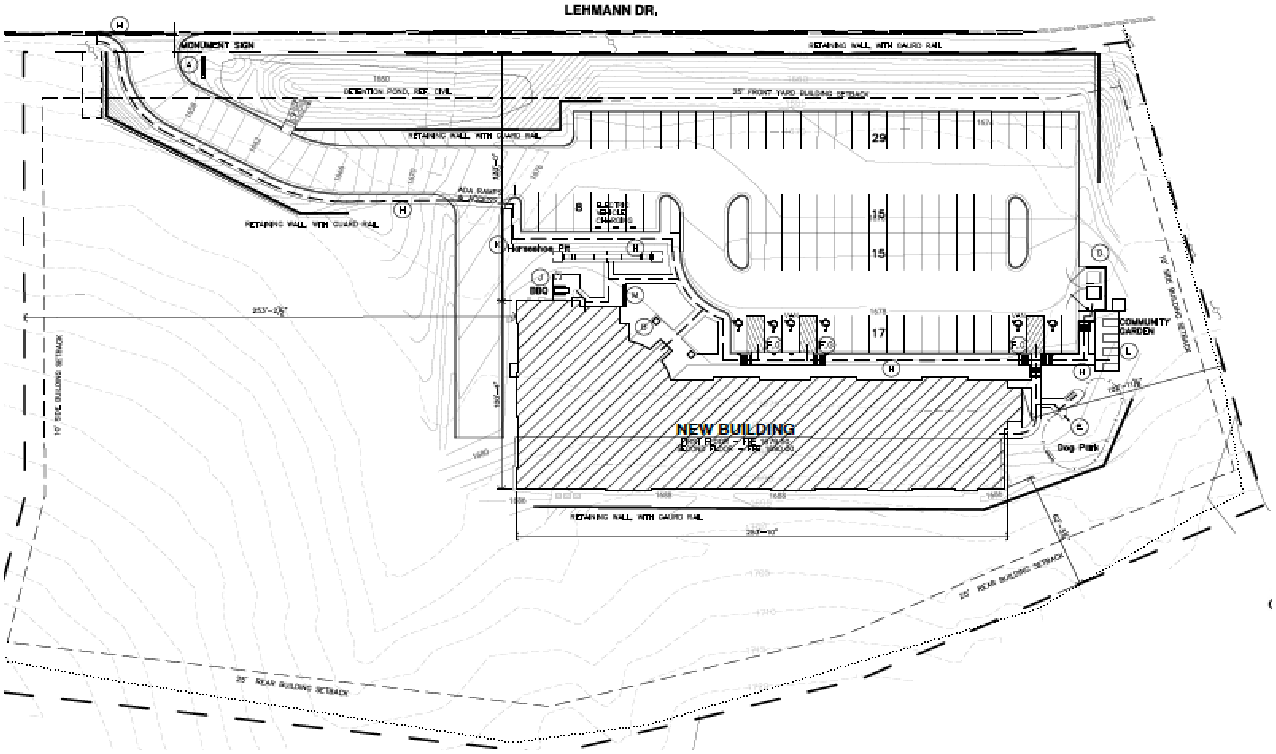
Applicant has also submitted an amendment request for a modification to the development site, design and unit mix. These changes are being requested due to significant increases in costs and in an effort to maintain the development's overall feasibility.

With this amendment request, Applicant proposes a redesign of the building from 2 stories to 3 and the elimination of 17 market rate units, reducing the total number of units to 43. Common amenities remain the same, but have been reconfigured with the redesign. The number of affordable units is unchanged at 43 units.

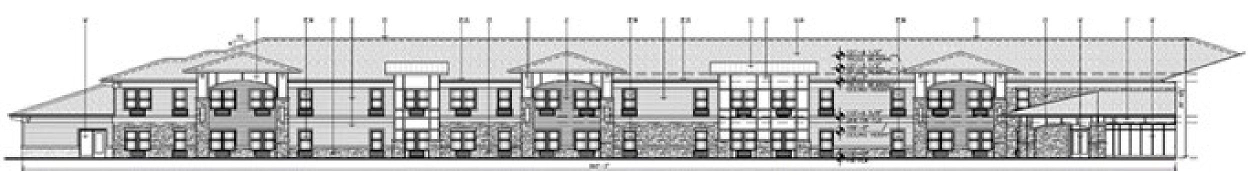
Original Site Plan



Revised Site Plan



Original Building Elevation



Revised Building Elevation

Operating Pro Forma

Rents have been updated to the 2021 Program Rents.

Applicant's rent for the two 50% HTC units are limited to 30% MFDL rent limit.

Development Cost

Since the original credit allocation, Applicant's revised Building Cost have increased by $191K, largely due to lumber and labor price increases throughout 2020 and 2021.

Underwriter's costs for Site Work, Site Amenities and Building Cost based on provided Contractor's G702 schedule of values.

Applicant's proposed Total Housing Development Costs is $11,057,472 (an $858K decrease). This decrease is due to the value engineering re-design, including the reduction of 17 market rate units.

The NOFA states that Developer Fee may not increase, and the Deferred Developer Fee may not decrease from the original Real Estate Analysis report. The applications include $1,442,375 Developer Fee. But at original underwriting, Developer Fee was limited to $1,434,253. Therefore, as determined at original underwriting, Developer Fee will be limited to $1,434,253(an $8,122 adjustment).

Sources of Funds

The Applicant has applied for a MultiFamily Direct Loan consistent with the requirements of NOFA 2021-3.

Legacy Bank and Trust has replaced the FHA 221d(4) financing from PNC as the construction and permanent lender. Redstone has also been replaced by MHEG as equity provider.

The construction loan increases from $3.1M (at 4%) to $9.2M (at 4%).

Senior permanent debt has decreased from $3.1M (at 4%) to $1.625M (at 4.8%). DCR is improved from 1.20 times to 1.34 times.

Decrease in the equity rate from 0.92 to 0.87; however with the additional credits included as part of the original allocation, results in a $98K increase in total equity proceeds.

Applicant has applied for an MFDL under NOFA 2021-3 in the amount of $500K. However, the NOFA requires that Deferred Developer Fee may not decrease. As a result of the adjustment to Developer Fee, the requested Direct Loan amount would reduce the Deferred Developer Fee to $508,847. In order to maintain the original $516K Deferred Fee, the recommended Multifamily Direct Loan is limited to $492,558.

The Underwriter recommends approval of an MFDL in the amount of **$492,558** at 0% interest, structured as Deferred Repayable as a second lien with a 15-year term (to match the senior debt) as requested by Applicant.

The Underwriter also recommends a total annual tax credit allocation of $960,082.

Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

LOCATION DATA	
CITY:	Kerrville
COUNTY:	Kerr
Area Median Income	$66,300
PROGRAM REGION:	9
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	37	86.0%	0	5
2	6	14.0%	0	1
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**43**	**100.0%**	**-**	**6**

57%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	3	7.0%
40%	-	0.0%
50%	5	11.6%
60%	35	81.4%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	**43**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	678 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		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%	$373	30%/30%	$378	2	1	1	650	$373	$78	$295	$0	$0.45	$295	**$590**	**$590**	$295	$0.45	$0	$851	$1.31	$1,000
TC 50%	$622	30%/30%	$378	2	1	1	650	$378	$78	$300	$0	$0.46	$300	**$600**	**$600**	$300	$0.46	$0	$851	$1.31	$1,000
TC 50%	$622	HH/80%	$735	1	1	1	650	$622	$78	$544	$0	$0.84	$544	**$544**	**$544**	$544	$0.84	$0	$851	$1.31	$1,000
TC 60%	$747			32	1	1	650	$747	$78	$669	$0	$1.03	$669	**$21,408**	**$21,408**	$669	$1.03	$0	$851	$1.31	$1,000
TC 30%	$447	30%/30%	$549	1	2	1	850	$447	$101	$346	$0	$0.41	$346	**$346**	**$346**	$346	$0.41	$0	$1,021	$1.20	$1,125
TC 50%	$746			2	2	1	850	$746	$101	$645	$0	$0.76	$645	**$1,290**	**$1,290**	$645	$0.76	$0	$1,021	$1.20	$1,125
TC 60%	$895			3	2	1	850	$895	$101	$794	$0	$0.93	$794	**$2,382**	**$2,382**	$794	$0.93	$0	$1,021	$1.20	$1,125
TOTALS/AVERAGES:				**43**			**29,150**				**$0**	**$0.93**	**$632**	**$27,160**	**$27,160**	**$632**	**$0.93**	**$0**	**$875**	**$1.29**	**$1,017**

ANNUAL POTENTIAL GROSS RENT:	$325,920	$325,920	

STABILIZED PRO FORMA

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.93	$632	$325,920	$484,755	$484,704	$325,920	$632	$0.93		0.0%	$0
retained deposits, interest income							$20.00	$10,320	14,400							
Total Secondary Income							$20.00			14,400	$10,320	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$336,240	$499,155	$499,104	$336,240				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(25,218)	(37,437)	(37,433)	(25,218)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$311,022	$461,718	$461,671	$311,022				0.0%	$0
General & Administrative	$25,872	$602/Unit	$17,542	$408	6.01%	$0.64	$435	$18,705	$24,300	$24,477	$17,542	$408	$0.60	5.64%	6.6%	1,163
Management	$19,203	4.8% EGI	$15,705	$365	5.00%	$0.53	$362	$15,551	$23,086	$23,084	$15,551	$362	$0.53	5.00%	0.0%	(0)
Payroll & Payroll Tax	$51,106	$1,189/Unit	$48,496	$1,128	15.55%	$1.66	$1,125	$48,375	$66,000	$66,000	$48,496	$1,128	$1.66	15.59%	-0.3%	(121)
Repairs & Maintenance	$37,123	$863/Unit	$27,514	$640	8.30%	$0.89	$600	$25,800	$36,000	$36,000	$25,800	$600	$0.89	8.30%	0.0%	-
Electric/Gas	$10,314	$240/Unit	$5,991	$139	3.46%	$0.37	$250	$10,750	$15,000	$14,510	$10,314	$240	$0.35	3.32%	4.2%	436
Water, Sewer, & Trash	$24,915	$579/Unit	$17,014	$396	7.60%	$0.81	$550	$23,650	$33,000	$23,741	$17,014	$396	$0.58	5.47%	39.0%	6,636
Property Insurance	$16,077	$0.55 /sf	$13,204	$307	3.94%	$0.42	$285	$12,243	$17,388	$17,388	$13,204	$307	$0.45	4.25%	-7.3%	(961)
Property Tax (@ 100%) 1.7138	$23,264	$541/Unit	$13,110	$305	4.88%	$0.52	$353	$15,179	$33,683	$35,077	$22,038	$513	$0.76	7.09%	-31.1%	(6,859)
Reserve for Replacements				$0	3.46%	$0.37	$250	$10,750	$15,000	$15,000	$10,750	$250	$0.37	3.46%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.55%	$0.06	$40	$1,720	$1,720	$1,720	$1,720	$40	$0.06	0.55%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)				$0	0.04%	$0.00	$3	$136	$0	$0	$0	$0	$0.00	0.00%	0.0%	136
TOTAL EXPENSES					**58.79%**	**$6.27**	**$4,253**	**$ 182,859**	$265,177	$256,996	**$182,430**	**$4,243**	**$6.26**	**58.65%**	**0.2%**	**$ 429**
NET OPERATING INCOME ("NOI")					**41.21%**	**$4.40**	**$2,981**	**$128,163**	$196,541	$204,675	**$128,592**	**$2,991**	**$4.41**	**41.35%**	**-0.3%**	**$ (429)**

CONTROLLABLE EXPENSES	$2,960/Unit		$2,771/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

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
Legacy Bank and Trust		1.34	1.34	95,941	4.80%	35	15	$1,625,000	$3,100,000	$3,100,000	$1,625,000	15	35	4.80%	$95,941	1.34	14.7%
TDHCA MDL Deferred payable		1.34	1.34		0.00%	35	15	$500,000			$492,558	15	35	0.00%	$0	1.34	4.5%
CASH FLOW DEBT / GRANTS																	
City of Kerrville		1.34	1.34		0.00%	0	0	$250	$250	$250	$250	0	0	0.00%		1.34	0.0%
MCP Development, Inc.		1.34	1.34		0.00%	0	0	$63,375			$63,375	0	0	0.00%		1.34	0.6%
				$95,941	**TOTAL DEBT / GRANT SOURCES**			**$2,188,625**	**$3,100,250**	**$3,100,250**	**$2,181,183**	**TOTAL DEBT SERVICE**			**$95,941**	**1.34**	19.7%
NET CASH FLOW		$32,651	$32,222								**APPLICANT**	**NET OPERATING INCOME**		$128,163	$32,222	**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**
MEHG	LIHTC Equity	75.6%	$960,082	0.87	$8,351,879	$8,279,172	$8,254,083	$8,351,878	$0.8699	$960,082	75.6%	$22,327	Applicant Request
Four Corners Development	Deferred Developer Fees	4.7%	(36% Deferred)		$516,968	$536,468	$516,289	$516,289	(36% Deferred)		4.7%	**Total Developer Fee:**	**$1,434,253**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		80.3%			$8,868,847	$8,815,640	$8,770,372	$8,868,167			80.3%		
TOTAL CAPITALIZATION					**$11,057,472**	$11,915,890	$11,870,622	**$11,049,350**				**15-Yr Cash Flow after Deferred Fee:**	**$42,553**

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				$12,056 / Unit	$518,400	$518,400	$518,400	$518,400	$12,056 / Unit				0.0%	$0
Off-Sites				$2,419 / Unit	$104,000	$87,000	$87,000	$104,000	$2,419 / Unit		$0		0.0%	$0
Site Work		$2,319,710		$53,947 / Unit	$2,319,710	$2,302,800	$2,302,800	$2,319,710	$53,947 / Unit		$2,319,710		0.0%	$0
Site Amenities		$68,900		$1,602 / Unit	$68,900	$55,900	$55,900	$68,900	$1,602 / Unit		$68,900		0.0%	$0
Building Cost		$4,224,215	$144.91 /sf	$98,238/Unit	$4,224,215	$4,032,911	$3,896,622	$4,224,215	$98,238/Unit	$144.91 /sf	$4,224,215		0.0%	$0
Contingency		$360,175	5.45%	5.36%	$360,175	$465,333	$443,963	$360,175	5.36%	5.45%	$360,175		0.0%	$0
Contractor Fees		$654,047	9.38%	9.24%	$654,047	$995,812	$950,080	$654,047	9.24%	9.38%	$654,047		0.0%	$0
Soft Costs	0	$664,380		$16,613 / Unit	$714,380	$990,549	$990,549	$714,380	$16,613 / Unit		$664,380	$0	0.0%	$0
Financing	0	$557,145		$15,146 / Unit	$651,270	$810,610	$810,610	$651,270	$15,146 / Unit		$551,500	$0	0.0%	$0
Developer Fee	$0	$1,425,813	16.113%	16.11%	$1,442,375	$1,442,375	$1,409,699	$1,434,253	16.03%	16.07%	$1,420,672	$0	0.6%	$8,122
Reserves				Months	$0	$214,200	$210,110	$0	Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$10,274,385**		$257,151 / Unit	**$11,057,472**	$11,915,890	$11,675,732	**$11,049,350**	$256,962 / Unit		**$10,263,599**	**$0**	**0.1%**	**$8,122**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	($11,830)								
Contractor's Fee		$0			$0	($25,316)								
Financing Cost		($5,645)												
Developer Fee	$0	($5,141)			($8,122)	($8,122)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$10,263,599**		$256,962/unit	**$11,049,350**	$11,870,622	$11,675,732	**$11,049,350**	$256,962/unit		**$10,263,599**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate): $11,049,350

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$10,263,599	$0	$10,263,599
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$10,263,599	$0	$10,263,599
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$13,342,679	$0	$13,342,679
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$13,342,679	$0	$13,342,679
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,200,841	$0	$1,200,841
CREDITS ON QUALIFIED BASIS	$1,200,841		$1,200,841	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8699	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,200,841	$10,446,273	----	----	----
Needed to Fill Gap	$1,019,431	$8,868,167	----	----	----
Applicant Request	$960,082	$8,351,878	**$960,082**	**$0**	**$0**

Long-Term Pro Forma

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

	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%	$311,022	$317,242	$323,587	$330,059	$336,660	$371,700	$410,387	$453,100	$500,259	$552,327	$609,813
TOTAL EXPENSES	3.00%	$182,859	$188,189	$193,676	$199,325	$205,140	$236,884	$273,588	$316,030	$365,116	$421,888	$487,560
NET OPERATING INCOME ("NOI")		**$128,163**	**$129,053**	**$129,911**	**$130,734**	**$131,521**	**$134,816**	**$136,799**	**$137,070**	**$135,144**	**$130,438**	**$122,253**
EXPENSE/INCOME RATIO		58.8%	59.3%	59.9%	60.4%	60.9%	63.7%	66.7%	69.7%	73.0%	76.4%	80.0%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941
DEBT COVERAGE RATIO		1.34	1.35	1.35	1.36	1.37	1.41	1.43	1.43	1.41	1.36	1.27
ANNUAL CASH FLOW		**$32,222**	**$33,112**	**$33,970**	**$34,793**	**$35,580**	**$38,875**	**$40,858**	**$41,129**	**$39,203**	**$34,497**	**$26,312**
Deferred Developer Fee Balance		$484,067	$450,955	$416,985	$382,191	$346,611	$158,372	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$42,553	$248,432	$449,286	$632,427	$781,907

5341 W. 151st Terrace
Leawood, KS 66224
Phone: (913) 396-6310
www.ovpgroup.com

September 2, 2021

Charlotte Flickinger
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, TX 78701

Dear Charlotte:

This letter is in regard to TDHCA application #20186 (The Residence at Ridgehill) located at 160-170 Lehmann Drive, Kerrville, TX 78028. This particular application received the allocation of funding from TDHCA in summer of 2020. Under Part 4 Tab 30 of our complete 2020 HTC application, the total construction contract was listed at $8,108,756.

Due to unforeseen circumstances following the submittal of our application to TDHCA, the cost of lumber, concrete and appliances has increased significantly over the past several months. These unforeseen circumstances are largely attributed to the impact of COVID-19 with material pricing, etc. Because of this, Overland Property Group respectfully requests that the TDHCA Board allows our team to reduce the total number of units from 60 units to 43 units, eliminating 17 market rate units. Please note that the number of affordable units is unchanged at 43 units. We ask the board to consider the substantial benefit to the project

Sincerely,

Matt Gillam, Manager
OPG Ridgehill Partners, LLC

7a

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(2)(C) for The Landing at Spears (#22184)

RECOMMENDED ACTION

WHEREAS, 10 TAC §11.101(a)(2) establishes Undesirable Site Features for development sites, which include being located within 300 feet of a sexually oriented business;

WHEREAS, The Landing at Spears is a proposed 2022 9% Housing Tax Credit development that is located within 300 feet of the boundary of a shopping plaza which contains such a business, and the Applicant has timely filed a waiver request with the Pre-Application requesting a waiver of 10 TAC §11.101(a)(2); and

WHEREAS, aerial maps of the proposed development site demonstrate that the nearest boundary of the proposed development site is approximately 450 feet from the entrance of the specific business in question.

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §11.101(a)(2)(C) for The Landing at Spears is hereby granted.

BACKGROUND

The Landing at Spears is a 2022 9% Housing Tax Credit Pre-Application which proposes the new construction of 120 affordable and 30 market-rate units in Houston, Harris County. Undesirable Site Features for development sites are established under 10 TAC §11.101(a)(2), including the requirement that, "the distances are to be measured from the nearest boundary of the Development Site to the nearest boundary of the property or easement containing the undesirable feature."

The proposed development site for The Landing at Spears is located approximately 150 feet from the nearest boundary of a neighboring shopping center. The center contains numerous businesses, including Diosa Cabaret, which is a sexually oriented business as defined by Texas Local Gov't Code §243.002. A four lane road with a median also separates the shopping center from the proposed development site.

Aerial photographs submitted with the waiver request show that the specific business in question is located approximately 450 feet from the nearest boundary of the development site. Because the distance to the specific business exceeds the requirements established in the Qualified Allocation Plan, and the Undesirable Site Features component of the rule is only triggered in this instance due to the business being located in a commercial shopping plaza, which is within 300 feet of the proposed development site, staff recommends that the waiver be granted. In their waiver request, the applicant addressed, and offered a reasonable explanation as to their satisfaction of, the elements of the waiver rule at 10 TAC §11.207.

GREENSPOINT COTTAGES, LP
9 Greenway Plaza, Suite 1250
Houston, Texas 77046

January 7, 2022

Texas Department of Housing and Community Affairs
Attn: Cody Campbell
Director, Multifamily Division
221 E. 11th Street
Austin, TX 78701
Email: cody.campbell@tdhca.state.tx.us

RE: **Request for Exemption of Undesirable Site Feature**
The Landing at Spears, TDHCA #22184 –SEC Rankin Rd & Spears-Gear Rd, Houston, TX

Dear Mr. Campbell,

Please accept this letter as a request for a waiver under §11.101(a)(2)(C) of the 2022 Qualified Allocation Plan ("QAP") related to an Undesirable Site Feature for TDHCA #22184 The Landing at Spears.

The Landing at Spears, located at Southeast corner of Rankin Road and Spears-Gear Road in Houston, Texas (the "Development") is a proposed new construction development that will serve the elderly population.

The Landing at Spears is located within approximately 150 feet of a commercial strip center that contains a cabaret called Diosa Cabaret. Diosa Cabaret is a sexually oriented business as defined by Local Government Code §243.002. The establishment is operated from a strip center whose property boundary is located within approximately 150 feet from the proposed Development, however the physical entrance to Diosa Cabaret is roughly 450 feet from the proposed Development; please see **Attachment A** for the distance map. Additionally, the strip center features other amenities such as La Moreliana which offers Hispanic cuisine, Saul's Barbershop, La Rosa Hair Studio, Lulus Super Mercado which offers grocery and other home goods.

As required by §11.207(1), the need for the waiver is to continue to strengthen the affordable housing stock in the Greenspoint area that is safe and in close proximity to quality jobs. Per Tex. Gov't Code §§2306.003 the development and diversification of the economy, the elimination of unemployment or underemployment, and the development or expansion of commerce in this state should be encouraged is a charter purpose of TDHCA, The Landing At Spears is surrounded by over 16,000 jobs in a 2-mile radius, please see **Attachment B**, which would help with the elimination of unemployment for families of very low and extremely low income.

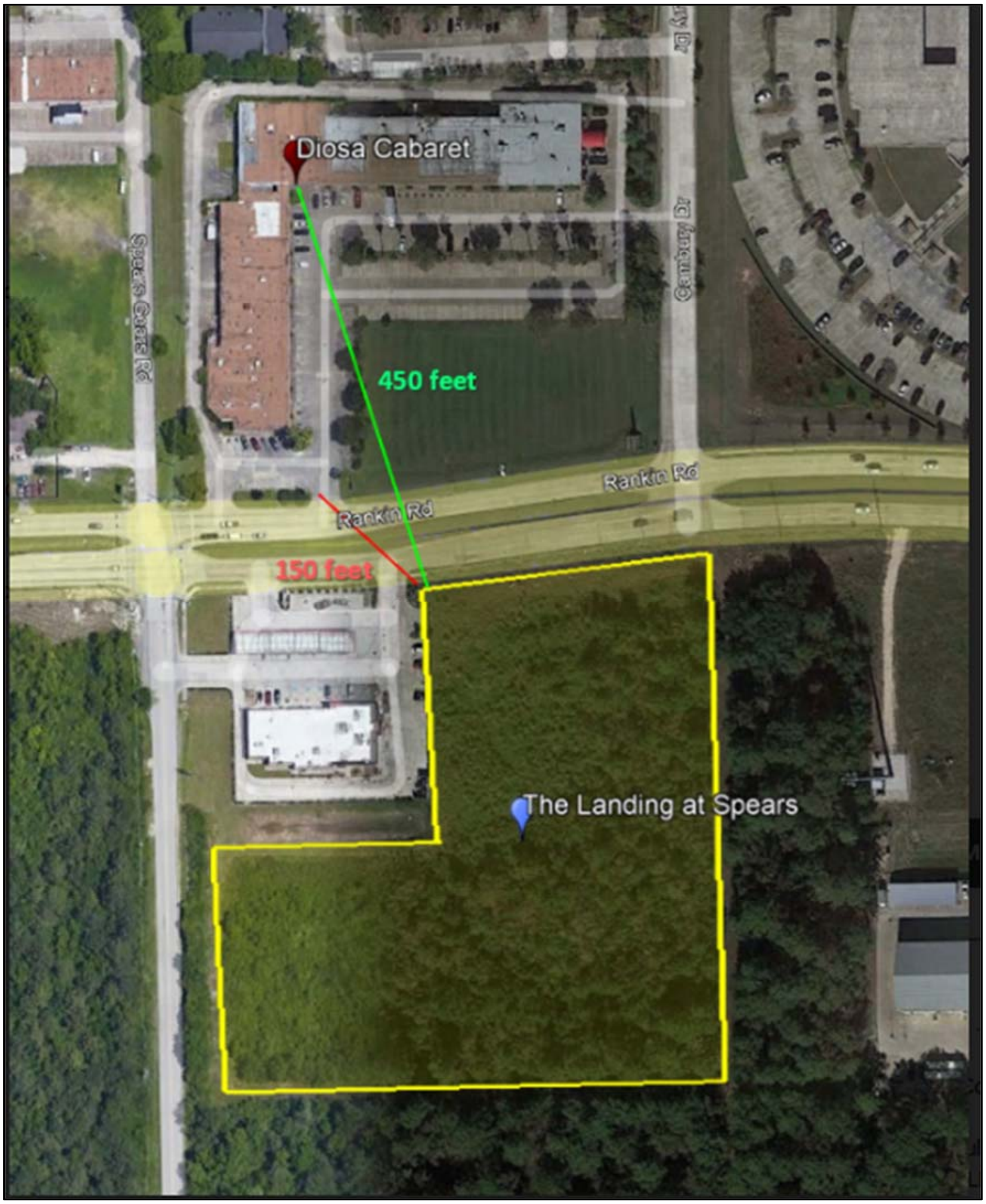
Please do not hesitate to contact me with any questions at 409-853-3681 or Apps@Itexgrp.com.

Sincerely,

Miranda Sprague

Miranda Sprague
Authorized Representative

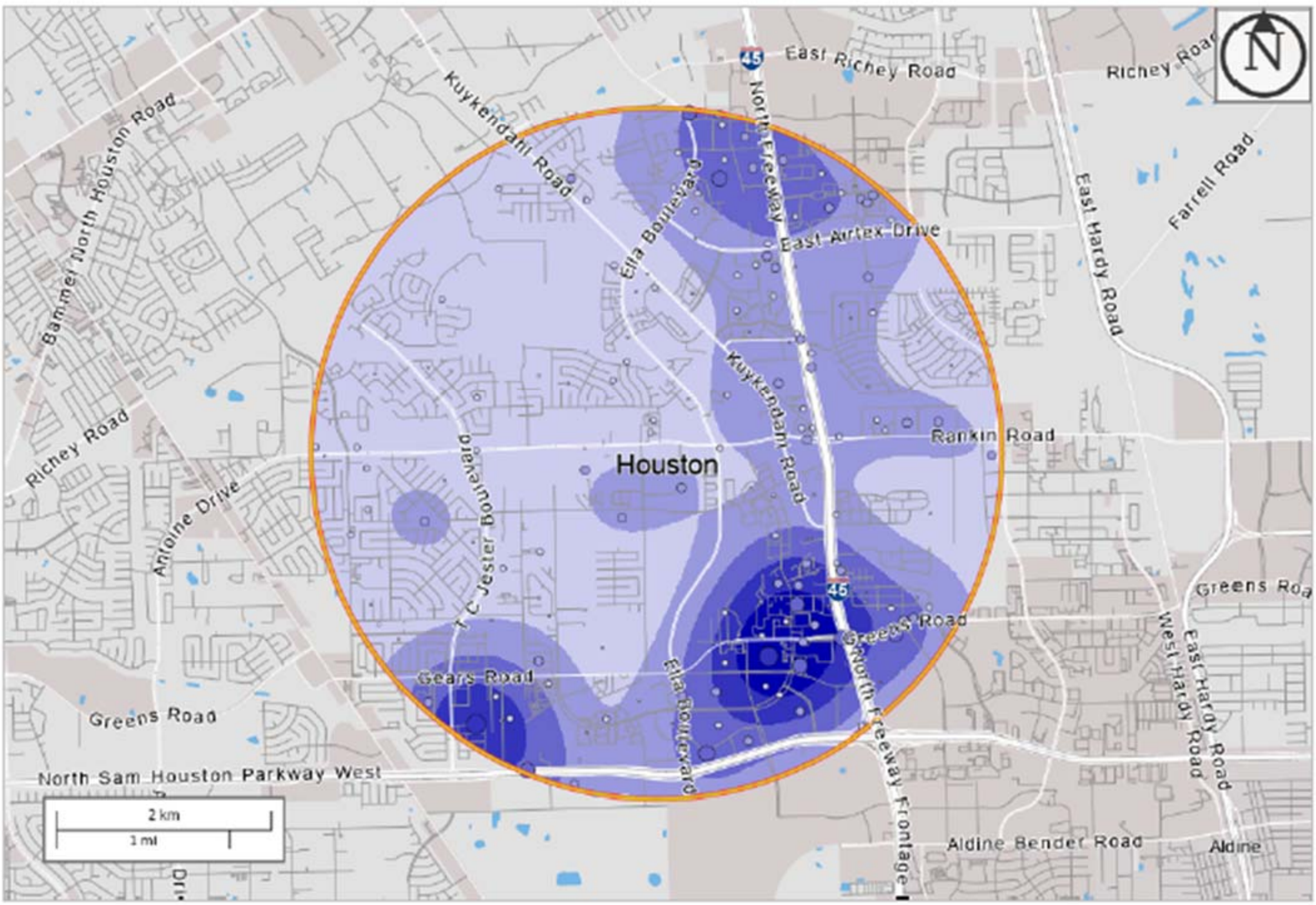
Attachment A
Distance Map



Attachment B
Job Radius Map

Counts and Density of Primary Jobs in Work Selection Area in 2019

All Workers



Total Primary Jobs 22,743

7b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1(e) for Wellington Frost Town (#22295)

RECOMMENDED ACTION

WHEREAS, 10 TAC §11.9(c)(4) of the 2022 Qualified Allocation Plan (QAP) relating to Opportunity Index allows for points to be awarded to Developments which meet certain requirements, which includes being located entirely within a census tract with a median household income rate in the two highest quartiles within the uniform service region;

WHEREAS, the Department annually publishes and revises from time to time the Site Demographics Characteristics Report, which includes median household income for each Census Tract in Texas, taken from the American Community Survey (ACS) five-years estimates, and further includes the income quartile for each tract;

WHEREAS, Wellington Frost Town, a pre-application in the 2022 9% Competitive Housing Tax Credit round, is located entirely within a Census Tract for which no median household income is available in the current ACS five-year estimates, and the Department has confirmed with the U.S. Census Bureau that this data is reported accurately; and

WHEREAS, the Applicant has timely filed a waiver requesting that the Application be reviewed using a different data source for the purposes of 10 TAC §11.9(c)(4).

NOW, therefore, it is hereby

RESOLVED, that this waiver of 10 TAC 11.1(e), to the extent that alternative sources of data beyond the ACS 5-year estimate would be allowed to support the granting of opportunity points for Wellington Frost Town (#22295), is either granted or denied by the determination of the Board.

BACKGROUND

Wellington Frost Town (#22295) is a pre-application in the 2022 Competitive 9% Housing Tax Credit (HTC) round which proposes 100 low-income units in Houston, Harris County, with a funding request of $1,500,000 in tax credits.

The Applicant represented in the pre-application an intention to apply for seven points under 10 TAC §11.9(c)(4) related to Opportunity Index, which awards points for developments located in high opportunity areas. Among the requirements of subparagraph is §11.9(c)(4)(A)(i), which allows points for the following scenario:

> (i) The Development Site is located entirely within a census tract that has a poverty rate of less than the greater of 20% or the median poverty rate for the region and a median household income rate in the two highest quartiles within the uniform service region (2 points)

While this subparagraph does not specify the source of data used for this analysis, 10 TAC §11.1(e) establishes data requirements for the program:

> (e) Data. Where this chapter requires the use of American Community Survey or Housing & Urban Development data, the Department shall use the most current data available as of October 1 of the year prior to Application, unless specifically otherwise provided in federal or state law or in the rules, with the exception of census tract boundaries for which 2010 Census boundaries will continue to be used. All references to census tracts throughout this chapter will mean the 2010 Census tracts. All American Community Survey (ACS) data must be 5-year estimates, unless otherwise specified and it is the ACS data that will be used for population determination. The availability of more current data shall be disregarded.

The Department publishes annually the Site Demographics Characteristics Report, which incorporates median income data from the appropriate ACS five-year estimates and provides analysis on the quartile-ranking of each census tract within its respective uniform service region. This Report is published annually in November, and is revised as needed to correct inaccuracies or improve usability.

The development site for Wellington Frost Town is located entirely within Census Tract 48201210100. The 2015 – 2019 ACS estimates do not list a median income for this Census Tract. Annotations in the data indicate that the estimate could not be computed because there were an insufficient number of sample observations. Department Staff contacted the U.S Census Bureau directly, which confirmed this conclusion.

On January 31, 2022, the Applicant submitted a waiver requesting the allowance of a different data source for determining the income quartile of this Census Tract. The waiver request suggests that the determination of opportunity index points pursuant to §11.9(c)(4) of the QAP does not exclusively require data from the American Community Survey to be applied. The request further provides alternative data sources, such as previous ACS datasets, and data from the Federal Financial Institutions Examinations Council (FFIEC) which estimates the Tract's 2021 median income to be $196,029.

The determination of a Census Tract's income quartile is necessarily a comparative analysis, as the rule requires the Census Tract to have a median income in the two highest quartiles within the uniform service region, not just a median income that appears high with no additional context. It is not possible to look at a single data point and make a determination – the data from a given dataset must be analyzed for the entire subregion to determine which tracts are in the two highest quartiles

10 TAC §11.207 establishes requirements for waiver requests, including that the Applicant must establish how, by granting the waiver, the Department's policies and purposes articulated in Tex. Gov't Code §2306 will be better served. The Applicant's request addresses this by asking that this waiver be considered, "so as to meet the policies of Section 2306 of the Texas Government Code by providing for the housing needs of individuals and families of low income, providing decent, safe, and affordable living, and aiding in the elimination of unemployment and underemployment by placing low-income residents in a census tract with a high median income."

Staff acknowledges that the ACS dataset is not explicitly required by the rule, but questions the appropriateness of an alternative data source in this instance. Because of this, staff's position on this waiver request is neutral.

Shackelford
A LIMITED LIABILITY PARTNERSHIP
ATTORNEYS & COUNSELORS

John C. Shackelford
9201 N. Central Expressway
Fourth Floor
Dallas, Texas 75231
(214) 780-1400 (Main)
(214) 780-1414 (Direct)
(214) 780-1401 (Fax)
jshack@shackelford.law

January 31, 2022

Via Email
Bobby Wilkinson
Executive Director
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78711

RE: Opportunity Index Points; TDHCA #22295, Wellington Frost Town, Houston, Harris County, Texas

Dear Mr. Wilkinson:

This law firm represents Wellington Frost Town USA, L.P. ("***Applicant***"). I have been requested by Applicant, to request either (i) to be put on the Texas Department of Housing and Community Affairs' ("***TDHCA***") Board's February agenda to request a waiver of Section 11.1(e) of the 2022 Qualified Allocation Plan ("***QAP***"), or alternatively (ii) your confirmation that the determination of opportunity index points pursuant to Section 11.9(c)(4) of the QAP does not exclusively require data from the American Community Survey ("***ACS***") to be applied. Applicant has filed a pre-application and will file an application for competitive housing tax credits (the "***Application***") for its proposed Wellington Frost Town development (the "***Project***"). Particularly, the Project is eligible for the maximum of seven (7) opportunity index points.

BACKGROUND: OPPORTUNITY INDEX POINTS REQUIREMENTS.

Section 11.1(e) of the QAP states that where the QAP "requires the use of [ACS] or Housing & Urban Development data, the Department shall use the most current data available as of October 1 of the year prior to Application, unless specifically otherwise provided in federal or state law or in the rules. . . . All [ACS] data must be 5-year estimates, unless otherwise specified and it is the ACS data that will be used for population determination. The availability of more current data shall be disregarded." Applicant and the undersigned have been advised by Cody Campbell that staff's position is that Section 11.1(e) requires staff to apply ACS data to Section 11.9(c)(4). We disagree. Section 11.1(e) requires ACS data to be applied only where specifically indicated in the QAP. The QAP only specifically refers to ACS in Sections 11.7 and 11.9. ACS is not reference in Section 11.9(c)(4).

Section 11.9(c)(4) of the 2022 QAP awards opportunity index points to proposed projects located in areas considered to be "high opportunity" areas. The QAP awards a maximum number of opportunity index points when a project is to be located in a census tract where the median household income is in the two highest quartiles within the uniform service region. The QAP indicates that, once the prerequisites required to satisfy the scoring criteria are provided, points are automatically awarded.

Neither the QAP nor its enabling legislation define what constitutes "median household income" in the "two highest quartiles within the uniform service region". Further, while the QAP sets forth in Section 11.7 and Section 11.9 that the ACS, a survey conducted by the U.S. Census Bureau, should be used in relation to poverty rates, it does not state that the ACS or any other specific source of data should be used by any party—TDHCA or applicants—when evaluating the opportunity index quartiles. For the 2022 competitive application round, TDHCA staff relies on data sourced from the 2015-2019 5-year ACS and compiles that data in its Site Demographics Report (the "***Report***"). This Report purports to contain each census tract's median household income and the associated quartile ranking relative to the larger uniform service region, as such data is found in the ACS. However, TDHCA's Report for the 2022 application round is incomplete. For a small number of census tracts, **no data** is provided for median household income thus providing no information for the associated quartile ranking for the region. See Exhibit A. We believe this information is incomplete because TDHCA's source (i.e., the ACS) itself failed to publish a median household income for this census tract in two of the five years comprising the survey (2018 and 2019).

The Project is located in one of these census tracts with missing information. Applicant was advised that because TDHCA relies on ACS data for this scoring category, TDHCA will deny Applicant's opportunity index points. For the reasons described in the following section, we respectfully request either (i) to be put on the TDHCA Board's February agenda to request a waiver of Section 11.1(e) of the QAP, or alternatively (ii) your confirmation that the determination of opportunity index points pursuant to Section 11.9(c)(4) of the QAP does not exclusively require that data from the ACS be applied.

(i) TDHCA BOARD WAIVER AS TO APPLICATION OF ACS

Assuming, *in arguendo*, Section 11.1(e) of the QAP applies to this opportunity index scoring item, Applicant requests the Board to grant Applicant a waiver of Section 11.1(e). Applicant should not be denied opportunity index points due to a lack of information beyond Applicant's control. Therefore, Applicant respectfully requests that TDHCA evaluate the substitute sources of data provided below so as to meet the policies of Section 2306 of the Texas Government Code by providing for the housing needs of individuals and families of low income, providing decent, safe, and affordable living, and aiding in the elimination of unemployment and underemployment by placing low-income residents in a census tract with a high median income in which jobs are more available. Applicant submits that (a) reliable information is available from other Federal sources, and (b) historical information is readily available with an extreme degree of reliability and raw data from ACS supports awarding full points.

(a) Reliable Median Income Data Available Through Other Federal Bodies. As mentioned above, neither the QAP nor its enabling legislation require a specific source for the information needed to gain opportunity index points. In the absence of adequate information from TDCHA and the ACS, Applicant looked to other sources for this information.

The Federal Financial Institutions Examination Council ("***FFIEC***"), a Federal interagency body, which calculates and publishes its own median household income reports determined that the median household income for the development was $196,029.00 in 2021 (the most current year available). See Exhibit B. The FFEIC's information is reliable and historically tracts to the dollar with ACS data. The FFEIC estimates the Project's census tract median family income to exceed quartile 1 by 150%, which means that the Project should be allocated the maximum opportunity index points. See Exhibit B.

Further, the Department of Housing and Urban Development's 2022 Qualified Census Tract information as posted on its website sets the Applicant's census tract's median income at $175,714, based on 2013-2017 ACS 5-year tabulations, thus showing that HUD finds these tabulations to be sufficient for 2022 finding. HUD, *Qualified Census Tract Table Generator – QCT Designation Data*, OFFICE OF POLICY DEVELOPMENT AND RESEARCH (PD&R), https://www.huduser.gov/portal/qct/data_request.html.

(b) Historical Information is Available with Extreme Degree of Reliability and Raw Data from ACS Supports Awarding Full Points. Historically, the census tract in question has been found to be in the top two quartiles for its uniform service region. As evidence of this, a 2019 application (TDHCA No. 19296) for McKee City Living was awarded the maximum opportunity index points because the development was found to be in the two highest quartiles and the demographics of the census tract have not changed so significantly in the last three years so that the census tract should no longer qualify for these points. See Exhibit C.

The 2015 to 2019 median income for the uniform service region of the Application's census tract was $60,673.50. See Exhibit D. Thus, for the Application to receive the opportunity index points the Applicant only needs to show that the median income for the census tract for 2015 to 2019 was greater than $60,673.50.

According to the ACS, the 2015, 2016, and 2017 ACS Median Household Incomes were $170,000, $171,000, and $175,714, respectively. See Exhibit E. Therefore, even if we assume the median incomes for 2018 and 2019 were $0, it still puts the average median income for 2015 to 2019 at $103,342.80, which is above the median income for the uniform service region by a large margin and puts the Project in the top two quartiles. The Applicant should therefore **automatically** be awarded the opportunity index points.

Finally, it should be pointed out that according to the Report, using ACS data, for 2015 to 2019 the poverty rate for this census tract is zero. See Exhibit A.

(ii) DETERMINATION THAT DATA FOR OPPORTUNITY INDEX POINTS DOES NOT HAVE TO BE DERIVED EXCLUSIVELY FROM ACS.

In the alternative to being on the TDHCA Board's February agenda, we request that you determine that the opportunity index points do not require data from the ACS and therefore allow the Application to be awarded points using data from alternative sources. The QAP sets forth in Section 11.7 that the ACS should be used in the event of a tie between applications and only in relation to poverty rates and in Section 11.9 it provides for the poverty level to be determined based on ACS five-year estimates. However, nowhere else in the QAP does it state that the ACS or any other specific source of data should be used by any party—TDHCA or applicants—when evaluating median household income. Specifically, the QAP states that points will be awarded where "[t]he Development Site is located entirely within a census tract that has a poverty rate of less than the greater of 20% or the median poverty rate for the region and a median household income rate in the two highest quartiles within the uniform service region (2 points)." QAP Section 11.9(c)(4)(A)(i). Nowhere does the QAP say from where the median household income rate information is to be sourced.

Mr. Wilkinson, if you conclude that Section 11.1(e) does not mandate the exclusive use of ACS data for the opportunity index scoring item, then Applicant asserts the same arguments made above to permit the additional information cited above and attached hereto as exhibits be used by Applicant.

SUMMARY

(1) The QAP does not require that any specific source information be used in determining the median household income or the quartile of a census tract.
(2) The 2015 to 2019 median income for uniform service region of the Application's census tract was $60,673.50.
(3) Based on (1) above, to be in top two quartiles the Application's median income only needs to be higher than $60,673.50.
(4) The 2015, 2016, and 2017 ACS Median Household Incomes were $170,000, $171,000, and $175,714, respectively. See Exhibit D.
(5) If we assume the median incomes for 2018 and 2019 were $0 that still puts the average median income for 2015 to 2019 at $103,342.80 which is above the median income for the uniform service region meaning the Application is in the top two quartiles.
(6) The FFIEC data currently contains 2021 median family income information for the census tract related to the Application.

(7) 2013-2017 ACS census tract median income is $175,714 and this data is used by HUD for 2022 Qualified Census Tract (TDHCA commonly uses HUD information).

CONCLUSION

In conclusion, Applicant should not be denied opportunity index points due to a lack of information beyond Applicant's control. Applicant requests either (i) the Board grant Applicant a waiver to Section 11.1(e), or alternatively, (ii) you determine Section 11.1(e) does not exclusively require use of the ACS data for determining what quartile applies to the Project.

Very truly yours,

John C. Shackelford /KH

John C. Shackelford

Schedule of Exhibits:

Exhibit A: 2021 Opportunity Index Table from Application
Exhibit B: FFIEC Census Demographic Data for Application's Census Tract
Exhibit C: 2019 McKee City Living (TDHCA No. 19296) Opportunity Index Data
Exhibit D: 2015-2019 Uniform Service Region Median Household Income
Exhibit E: 2015, 2016, and 2017 Median Household Income for Applications' Census Tract

cc: Cody Campbell (*via email*)
Beau Eccles, Esq. (*via email*)
Rocky Stevens (*via email*)
Patricia Murchison (*via email*)
Fabricio Esquivel (*via email*)
Craig Taylor (*via email*)
Lauren Osterman (*via email*)
Kara Hargrove (*via email*)

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EXHIBIT A

2021 Opportunity Index Table from Application

(See attached.)

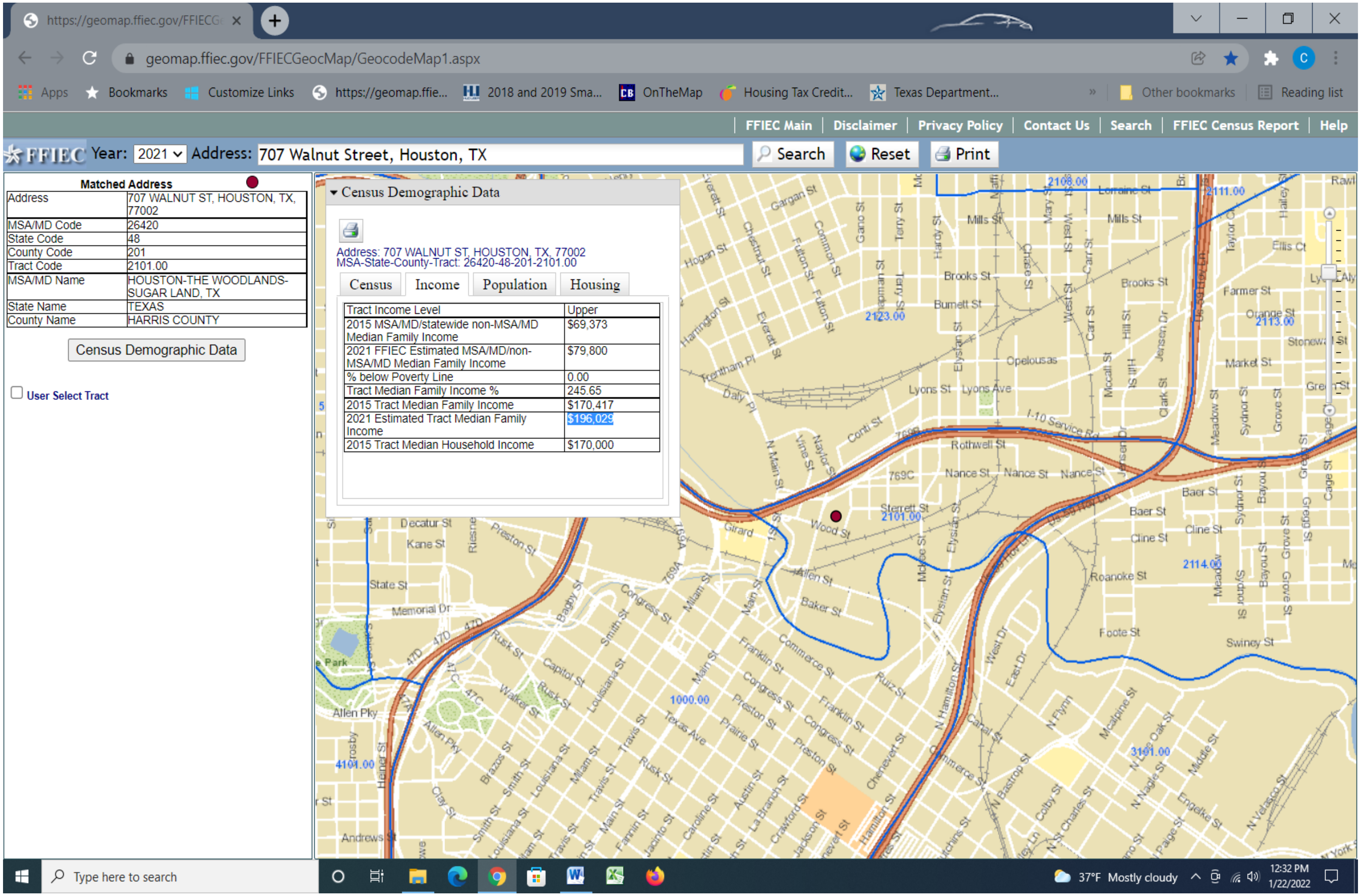
2021 Opportunity Index Table

Census Tract	Geography	County FIPS	County	Region	Median Household Income	Q3 Income	Q2 Income	Q1 income	Median Household Income Quartile	Median Poverty Rate by Region	Poverty Rate Rank*	Poverty Rate
48201210100	Census Tract 2101, Harris County, Texas	48201	Harris	6	-	43282.5	59289.5	86506	NA	13.3	OK	0

EXHIBIT B

FFIEC Census Demographic Data for Application's Census Tract

(See attached.)



geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx

FFIEC Main | Disclaimer | Privacy Policy | Contact Us | Search | FFIEC Census Report | Help

Year: 2021 Address: 707 Walnut Street, Houston, TX

Matched Address

Address	707 WALNUT ST, HOUSTON, TX, 77002
MSA/MD Code	26420
State Code	48
County Code	201
Tract Code	2101.00
MSA/MD Name	HOUSTON-THE WOODLANDS-SUGAR LAND, TX
State Name	TEXAS
County Name	HARRIS COUNTY

Census Demographic Data

User Select Tract

Census Demographic Data

Address: 707 WALNUT ST, HOUSTON, TX, 77002
MSA-State-County-Tract: 26420-48-201-2101.00

Census | Income | Population | Housing

Tract Income Level	Upper
2015 MSA/MD/statewide non-MSA/MD Median Family Income	$69,373
2021 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$79,800
% below Poverty Line	0.00
Tract Median Family Income %	245.65
2015 Tract Median Family Income	$170,417
2021 Estimated Tract Median Family Income	$196,029
2015 Tract Median Household Income	$170,000

EXHIBIT C

2019 McKee City Living (TDHCA No. 19296) Opportunity Index Data

(See attached.)

Opportunity Index-McKee City Living

Opportunity Index Data (§11.9(c)(4) of the 2019 Qualified Allocation Plan)

The median household income data is from table B19013 and the poverty data is from table S1701 of the 2012 - 2016 5-year American Community Survey (ACS). This data corresponds with the Opportunity Index scoring item at §11.9(c)(4) of the 2019 Qualified Allocation Plan (QAP). The QAP can be found at http://www.tdhca.state.tx.us/multifamily/nofas-rules.htm. Please contact jason.burr@tdhca.state.tx.us with any questions.

Census Tract	Geography	County FIPS	County	Region	Median Household Income	Q3 Income	Q2 Income	Q1 income	Median Household Income Quartile	Median Poverty Rate by Region	Poverty Rate Rank*	Poverty Rate
48201210100	Census Tract 2101, Harris County, Texas	48201	Harris	6	171000	38840	53889	79969.5	1q	14.7	OK	0

EXHIBIT D

2015-2019 Uniform Service Region Median Household Income

(See attached.)

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2019 INFLATION-ADJUSTED DOLLARS)

Note: The table shown may have been modified by user selections. Some information may be missing.

DATA NOTES	
TABLE ID:	B19013
SURVEY/PROGRAM:	American Community Survey
VINTAGE:	2019
DATASET:	ACSDT5Y2019
PRODUCT:	ACS 5-Year Estimates Detailed Tables
UNIVERSE:	Households
FTP URL:	None
API URL:	https://api.census.gov/data/2019/acs/acs5
USER SELECTIONS	
TABLES	B19013
GEOS	Walker County, Texas; Montgomery County, Texas; Liberty County, Texas; Chambers County, Texas; Brazoria County, Texas; Harris County, Texas; Fort Bend County, Texas; Wharton County, Texas; Matagorda County, Texas; Colorado County, Texas; Austin County, Texas; Waller County, Texas
EXCLUDED COLUMNS	None
APPLIED FILTERS	None
APPLIED SORTS	None
PIVOT & GROUPING	None
WEB ADDRESS	https://data.census.gov/cedsci/table?q=B19013&g=0500000US48015,48039,48071,48089,48157,48201,48291,48321,48339,48471,48473,48481&tid=ACSDT5Y2019.B19013

TABLE NOTES	Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities, and towns and estimates of housing units for states and counties.
	Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Technical Documentation section. Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.
	Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates
	Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see ACS Technical Documentation). The effect of nonsampling error is not represented in these tables.
	Between 2018 and 2019 the American Community Survey retirement income question changed. These changes resulted in an increase in both the number of households reporting retirement income and higher aggregate retirement income at the national level. For more information see Changes to the Retirement Income Question .
	The 2015-2019 American Community Survey (ACS) data generally reflect the September 2018 Office of Management and Budget (OMB) delineations of metropolitan and micropolitan statistical areas. In certain instances, the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB delineation lists due to differences in the effective dates of the geographic entities.
	Estimates of urban and rural populations, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

	Explanation of Symbols: * An "**" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate. * An "-" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution, or the margin of error associated with a median was larger than the median itself. * An "-" following a median estimate means the median falls in the lowest interval of an open-ended distribution. * An "+" following a median estimate means the median falls in the upper interval of an open-ended distribution. * An "***" entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate. * An "*****" entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate. * An "N" entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small. * An "(X)" means that the estimate is not applicable or not available.
COLUMN NOTES	None

	Austin County, Texas		Brazoria County, Texas	
Label	**Estimate**	**Margin of Error**	**Estimate**	**Margin of Error**
Median household income in the past 12 months (in 2019 inflation-adjusted dollars)	66,206	±6,488	81,447	±2,049

Table: ACSDT5Y2019.B19013

	Chambers County, Texas		Colorado County, Texas	
Label	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2019 inflation-adjusted dollars)	91,141	±5,497	52,559	±3,644

Table: ACSDT5Y2019.B19013

	Fort Bend County, Texas		Harris County, Texas	
Label	Estimate	Margin of Error	Estimate	Margin of Error
Median household income in the past 12 months (in 2019 inflation-adjusted dollars)	97,743	±2,036	61,705	±415

Table: ACSDT5Y2019.B19013

	Liberty County, Texas		Matagorda County, Texas	
Label	**Estimate**	**Margin of Error**	**Estimate**	**Margin of Error**
Median household income in the past 12 months (in 2019 inflation-adjusted dollars)	51,494	±1,966	48,913	±3,593

	Montgomery County, Texas		Walker County, Texas	
Label	**Estimate**	**Margin of Error**	**Estimate**	**Margin of Error**
Median household income in the past 12 months (in 2019 inflation-adjusted dollars)	80,902	±1,599	43,742	±1,765

Table: ACSDT5Y2019.B19013

	Waller County, Texas		Wharton County, Texas	
Label	**Estimate**	**Margin of Error**	**Estimate**	**Margin of Error**
Median household income in the past 12 months (in 2019 inflation-adjusted dollars)	59,642	±4,433	48,310	±3,139

EXHIBIT E

2015, 2016, and 2017 Median Household Income for Applications' Census Tract

(See attached.)

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2015 INFLATION-ADJUSTED DOLLARS)

United States Census Bureau

Note: This is a modified view of the original table produced by the U.S. Census Bureau. This download or printed version may have missing information from the original table.

	Census Tract 2101, Harris County, Texas
Label	**Estimate**
Median household income in the past 12 months (in 2015 Inflation-adjusted dollars)	170,000

Table Notes

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2015 INFLATION-ADJUSTED DOLLARS)

Survey/Program: American Community Survey
Universe: Households
Year: 2015
Estimates: 5-Year
Table ID: B19013

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Explanation of Symbols:

An "**" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
An "-" entry in the estimate column indicates that either no sample observations or too few sample observations were available to compute an estimate, or a ratio of medians cannot be calculated because one or both of the median estimates falls in the lowest interval or upper interval of an open-ended distribution.
An "-" following a median estimate means the median falls in the lowest interval of an open-ended distribution.
An "+" following a median estimate means the median falls in the upper interval of an open-ended distribution.
An "***" entry in the margin of error column indicates that the median falls in the lowest interval or upper interval of an open-ended distribution. A statistical test is not appropriate.
An "*****" entry in the margin of error column indicates that the estimate is controlled. A statistical test for sampling variability is not appropriate.
An "N" entry in the estimate and margin of error columns indicates that data for this geographic area cannot be displayed because the number of sample cases is too small.
An "(X)" means that the estimate is not applicable or not available.

Estimates of urban and rural population, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.

While the 2011-2015 American Community Survey (ACS) data generally reflect the February 2013 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

Data are based on a sample and are subject to sampling variability. The degree of uncertainty for an estimate arising from sampling variability is represented through the use of a margin of error. The value shown here is the 90 percent margin of error. The margin of error can be interpreted roughly as providing a 90 percent probability that the interval defined by the estimate minus the margin of error and the estimate plus the margin of error (the lower and upper confidence bounds) contains the true value. In addition to sampling variability, the ACS estimates are subject to nonsampling error (for a discussion of nonsampling variability, see Accuracy of the Data). The effect of nonsampling error is not represented in these tables.

Source: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

Tell us what you think.
Provide feedback to help make American Community Survey data more useful for you.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau"s Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2016 INFLATION-ADJUSTED DOLLARS)

United States Census Bureau

Note: This is a modified view of the original table produced by the U.S. Census Bureau. This download or printed version may have missing information from the original table.

	Census Tract 2101, Harris County, Texas
Label	**Estimate**
Median household income in the past 12 months (in 2016 inflation-adjusted dollars)	171,000

Table Notes

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2016 INFLATION-ADJUSTED DOLLARS)

Survey/Program: American Community Survey
Universe: Households
Year: 2016
Estimates: 5-Year
Table ID: B19013

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Data and Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.

Explanation of Symbols:

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While the 2012-2016 American Community Survey (ACS) data generally reflect the February 2013 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.

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Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

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Provide feedback to help make American Community Survey data more useful for you.

Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau"s Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS)

United States Census Bureau

Note: This is a modified view of the original table produced by the U.S. Census Bureau. This download or printed version may have missing information from the original table.

	Census Tract 2101, Harris County, Texas
Label	**Estimate**
Median household income in the past 12 months (in 2017 inflation-adjusted dollars)	175,714

Table Notes

MEDIAN HOUSEHOLD INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS)

Survey/Program: American Community Survey
Universe: Households
Year: 2017
Estimates: 5-Year
Table ID: B19013

Supporting documentation on code lists, subject definitions, data accuracy, and statistical testing can be found on the American Community Survey website in the Technical Documentation section.

Sample size and data quality measures (including coverage rates, allocation rates, and response rates) can be found on the American Community Survey website in the Methodology section.
Explanation of Symbols:

> An "**" entry in the margin of error column indicates that either no sample observations or too few sample observations were available to compute a standard error and thus the margin of error. A statistical test is not appropriate.
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Estimates of urban and rural populations, housing units, and characteristics reflect boundaries of urban areas defined based on Census 2010 data. As a result, data for urban and rural areas from the ACS do not necessarily reflect the results of ongoing urbanization.
While the 2013-2017 American Community Survey (ACS) data generally reflect the February 2013 Office of Management and Budget (OMB) definitions of metropolitan and micropolitan statistical areas; in certain instances the names, codes, and boundaries of the principal cities shown in ACS tables may differ from the OMB definitions due to differences in the effective dates of the geographic entities.
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Although the American Community Survey (ACS) produces population, demographic and housing unit estimates, it is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities, and towns and estimates of housing units for states and counties.
Source: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates

Texas Department of Housing and Community Affairs

Competitive 9% Housing Tax Credit Pre-Application

Application Number: 22295
Submitted Date: 1/7/2022 4:53PM
Submitted By: Patricia Murchison

Contact Information

Primary Contact:	Craig Taylor 235 Ponce de Leon Place Decatur, GA 30030	Phone: Email:	678-232-0015 ctaylor@sfveterans.org
Secondary Contact:	Patricia Murchison	Phone: Email:	713-898-7557 pmmurchison@gmail.com
Consultant Contact:		Phone: Email:	

Development Information

Name of Proposed Entity:	Wellington Frost Town USA, L.P.
Development Name:	Wellington Frost Town
Development Type:	New Construction
Secondary Type:	Adaptive Reuse
Previous TDHCA #:	0
Initial Construction Year:	1925
Units Demolished:	0
Units Reconstructed:	0
# of Non-Contiguous Sites:	0
# of Census Tracts:	1
Target Population:	General
Development Address:	707-717 Walnut Street Houston, TX 77002
Extra-Territorial Extradition (E	N
County:	Harris
Region:	6
Rural/Urban:	Urban
Census Tracts:	48201210100
Total LI Units:	100
Total MR Units:	0
Total Units:	100
HTC Request:	$1,500,000.00
Pre-App Fee Due:	$1,000.00
Has Fee already been submitted?:	Yes
Name on Check:	Stevens-Esquivel Expense Account
Check Number:	1559
Set-Aside Election:	none

Notifications

U.S. Representative:	Sheila Jackson Lee	**District:**	18
State Senator:	Borris L. Miles	**District:**	13
State Representative:	Harold V. Button, Jr.	**District:**	142

School Superintendent: Millard House II
School District: Houston ISD
School District Address: 4400 West 18th Street
Houston, TX 77092

Presiding Officer of Board of Trustees: Patricia Allen
Address: 4400 West 18th Street
Houston, TX 77092

Elected Officials:

Sylvester Turner	Mayor
Mike Know	City Council Member
David W. Robinson	City Council Member
Michael Kubosh	City Council Member
Letitia Plummer	City Council Member
Sallie Alcorn	City Council Member
Amy Peck	City Council Member
Tarsha Jackson	City Council Member
Abbie Kamin	City Council Member
Carolyn Evans-Shabazz	City Council Member
Dave Martin	City Council Member
Tiffany Thomas	City Council Member
Greg Travis	City Council Member
Karla Cisneros	City Council Member
Robert Gallegos	City Council Member
Edward Pollard	City Council Member
Martha Castex-Tatum	City Council Member
Lina Hidalgo	County Judge
Rodney Ellis	County Commissioner
Adrian Garcia	County Commissioner
Tom S. Ramsey	County Commissioner
R. Jack Cagle	County Commissioner

Neighborhood Organizations: None

Competitive Housing Tax Credit Selection Self-Score

Criteria Promoting Development of High Quality Housing

Unit Sizes: 6
Unit Features: 9
Sponsor Characteristics: 2
High Quality Housing Total: 17

Criteria to Serve and Support Texans Most in Need

Income Levels of Residents: 15
Rent Levels of Residents: 11
Resident Services: 11
Opportunity Index: 7
Underserved Area: 0
Resident Populations with Special Housing Needs: 3
Proximity to Jobs: 6
Serve and Support Texans Most in Need Total: 53

Criteria Promoting Community Support and Engagement

Commitment of Development Funding by Local Political Subdivision:	1
Declared Disaster Area:	10
Community Support and Engagement Total:	11

Criteria Promoting Efficient Use of Limited Resources and Applicant Accountability

Financial Feasibility:	26
Cost of Development per Square Foot:	12
Pre-Application Participation:	6
Leveraging Private, State and Federal Resources:	3
Extended Affordability:	4
Historic Preservation:	5
Right of First Refusal:	1
Funding Request Amount:	1
Efficient Use of Limited Resources and Applicant Accountability Total:	58
Point Adjustment:	
Total Applicant Self-Score:	139

Intent to Request Points for Items not Included in the Applicant's Self-Score

Readiness to Proceed:	**Per §11.9(c)(8) of the QAP, scoring for Applicants under this item is suspended due to uncertainty linked to the COVID-19 pandemic (no points may be requested, nor will they be awarded for 2021 HTC Applications). Accordingly, Applications in the At-Risk or USDA Set-asides are not eligible for these points.**
Local Government Support:	17 points
Quantifiable Community Participation:	4 points
Letter from a State Representative:	No
Letter or No Letter from a State Represen	8 points
Input from Community Organizations:	4 points
Concerted Revitalization Plan:	0 points

Attachments and Certifications

Site Control Documentation:	FINAL_Walnut_Contracts.pdf
Census Tract Map:	Census Tract Map.pdf
Neighborhood Risk Factors:	Bruce Elementary School Accountability_Ratings_Overall_Su Schools Serving 707-717 Walnut Street.pdf
Other Pertinent Information:	

7c

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Pathways at Chalmers Courts West (#20202) in Austin

RECOMMENDED ACTION

WHEREAS, an award of competitive 9% housing tax credits (HTC) to an Application for the development of Pathways at Chalmers Courts West (the Development) was approved by the Board in July 2020, for the reconstruction of 156 multifamily units in in Austin, Travis County;

WHEREAS, the Applicant has represented to the Department that increased construction costs as well as complications related to the pandemic and the severe weather experienced in February 2021 have resulted in the completion of the Development being potentially infeasible without additional funding;

WHEREAS, this is an identity of interest transaction in which the seller is an affiliate of, or a related party to, the owner;

WHEREAS, the original Application included a site acquisition cost of $5,000,000, and the supplemental request includes a site acquisition cost of $7,061,910, and sufficient documentation has not been provided to demonstrate that this cost increase is not within the owner's control;

WHEREAS, the 2022 Qualified Allocation Plan (QAP) allows for additional supplemental credit awards to be made to applications from the 2019 and 2020 competitive HTC rounds with a demonstrated need for additional funding, with a limit set at seven percent of the original award amount; and

WHEREAS, the applicant has represented that a supplemental award of 15% of the original award amount is necessary to ensure feasibility, and the waiver request does not demonstrate that this need is not within the owner's control.

NOW, therefore, it is hereby

RESOLVED, that the waiver of 10 TAC §11.1003(b) of the 2022 QAP concerning the Maximum Supplemental Request Limit for Pathways at Chalmers Courts West is approved, excluding the increased acquisition costs represented on the Supplemental Credit Request.

BACKGROUND

Pathways at Chalmers Courts West is a 2020 competitive HTC award of $2,000,000 which proposed the reconstruction of 156 multifamily units serving the general population in Austin, Travis County. Of the 156 units, 16 are market-rate and 140 are affordable, with income and rent restrictions ranging from 30% to 60% of AMFI.

In response to increased construction costs resulting from the ongoing pandemic, the 2022 QAP includes a new Subchapter F which allows for 2019 and 2020 competitive HTC awards to request additional supplemental HTC funding of up to 7% of the initial award. To fund these requests the Department allowed $5,000,000 and received requests totaling $3,962,971. The requests are currently under review, and any remaining funds from the allowed $5,000,000 will be available during the 2022 round for other HTC applications.

On January 26, 2022, the Department received a waiver request from the applicant for Pathways at Chalmers Courts West. The request details the difficulties and cost increases that the applicant has encountered during construction. Specifically:

> The extreme increase in construction costs was due, in part, to the industry wide inflation in pricing, the severe winter storms and also to the Covid-19 pandemic. Together, these circumstances caused extensive construction delays supply chain interruptions, increases in the Scope of Work, cost increases and labor shortages. Additionally, the extent of the cost increase (currently estimated to be $3 million) was so very large that without Supplemental Credits and significant funding from HACA, the Project would struggle greatly and potentially be financially infeasible.

Based on the original award amount of $2,000,000, the allowable limit for the supplemental request is $140,000; however, updated financial documents submitted by the applicant indicate that an additional award of $300,000, or 15% of the initial amount, is necessary to guarantee feasibility.

Pathways at Chalmers Courts West is an identity of interest transaction. The owner of the land, the Housing Authority of the City of Austin (HACA), is an affiliate of the applicant and co-developer, Austin Affordable Housing Corporation (AAHC). The original Application for funding represented site acquisition costs of $5,000,000 to secure a ground lease for the development site, and included a third-party appraisal which valued the land at $12,320,000. The updated Development Cost Schedule submitted with the Supplemental Credit Request shows an increased acquisition cost of $7,061,910. Staff requested additional information from the applicant, which timely responded with the following:

> The acquisition cost was increased after application because the investor wanted the land valued carried at fair market value and thought the $5M used for the application was too low. They did agree that the “as-vacant” appraised value (approx. $12M) was too high given all of the restrictions in place since it was HUD/HACA land. The parties settled on the final value (approx. $7M) as a fair value for closing.

In addition, the applicant provided an executed ground lease for the increased amount. Waiver request requirements are established in 10 TAC §11.207. Among these, waiver requests must establish that the need for the waiver is not within the control of the Applicant. The applicant's request establishes that there are increased costs which meet this standard; however, staff posits that, due to this being an identity of interest transaction, the increased acquisition costs may be within the Applicant's control and thereby not meet the requirements of 10 TAC §11.207. In addition, staff does not find a connection between this cost increase and the COVID-19 pandemic.

Staff recommends that the Board grant the waiver, conditioned on the exclusion of any increased site acquisition costs from the original application, with the final amount of credits to be determined through the underwriting process.

COATS | ROSE

A PROFESSIONAL CORPORATION

SARAH SCOTT

sscott@coatsrose.com
Direct Dial
(512) 684-3841
Direct Fax
(512) 469-9408

January 26, 2022

By Email to bobby.wilkinson@tdhca.state.tx.us
Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: TDHCA #20202; Pathways at Chalmers Courts West, Austin, Texas;
Request for Waiver of Limitation on Supplemental Tax Credits [§11.1003(b)].

Dear Mr. Wilkinson:

This law firm represents the Housing Authority of the City of Austin ("HACA") in connection with its sponsorship of affordable housing developments, and Pathways at Chalmers Courts West, LP, an affiliate of HACA (the "Partnership"), as the owner of the Pathways at Chalmers Courts West (the "Project"). The Project is currently 21% percent complete, but it has experienced extensive cost overruns due to the Covid-19 Pandemic, labor and material shortages and industry wide cost inflation. The Partnership timely applied for Supplemental Credits pursuant to Subchapter F of the 2022 Qualified Allocation Plan. We now apply for a waiver of the limitation on Supplemental Credits to 7% of the Original allocation.

Waiver Request.

We request that the TDHCA grant a waiver of the application of Section 11.1003(b) in Subchapter F which limits requests for Supplemental Credits to 7% of the Original allocation of tax credits. The Partnership requests that the TDHCA waive such limitation in order to permit an allocation of Supplemental Credits to the Project in an amount equal to $300,000 (15% of the original allocation) instead of $140,000 (7% of the original allocation). We understand that this request will be subject to possible reduction through the underwriting process.

This request is being made because the Project has experienced significant cost increases since the original tax credit application and subsequent closing, due in large part to significant industry wide inflation of materials inputs (lumber, concrete, metals, etc.), which were compounded by the impacts of the COVID-19 Pandemic.

The cost increases related to market forces and related unforeseen conditions have been approximately \$3 Million just for building and site work costs:

Site work & related utility materials \$800k
Concrete and Masonry \$500k
Metals \$400k
Lumber/Framing \$1.3MM

A more detailed breakout can be seen in the development cost schedule provided here.

Requirements for Waiver.

Pursuant to §11.207(1) of the QAP, a waiver request must show that the circumstances leading to the request are not within the control of the Applicant, or that the request is due to an overwhelming need. In the case of this Project, both of these criteria apply. The extreme increase in construction costs was due, in part, to the industry wide inflation in pricing, the severe winter storms and also to the Covid-19 pandemic. Together, these circumstances caused extensive construction delays, supply chain interruptions, increases in the Scope of Work, cost increases and labor shortages. Additionally, the extent of the cost increase (currently estimated to be \$3 million) was so very large that without Supplemental Credits and significant funding from HACA, the Project would struggle greatly and potentially be financially infeasible.

Pursuant to §11.207(2) of the QAP, this waiver request must establish how granting the waiver request better serves the policies and purposes articulated in Tex. Gov't Code, §§2306.001, 2306.002, 2306.359, and 2306.6701, than not granting the waiver. In this instance, granting the requested waiver to this project addresses the purposes and policies of TDHCA pursuant to the following governing statutes:

Sec. 2306.001 PURPOSES. The purposes of the department are to:

...

(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income; ...

Sec. 2306.6701. PURPOSE. The department shall administer the low income housing tax credit program to:

...

(3) prevent losses for any reason to the state's supply of suitable, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support under this subchapter; and ...

The Project is the construction of 90% low-income, very low-income and extremely low-income rental housing sponsored by the HACA, which provides governmental assistance in the form of Section 8 project-based assistance. The granting of this waiver will show cooperation with HACA and the Partnership to enable the construction of this existing affordable housing, in fulfillment of the TDHCA's stated purposes.

Attachments Affected by Granting Waiver.

We enclose an updated letter from the equity provider for your review. Also enclosed are those exhibits from the Application for Supplemental Credits that would need to be changed if this request for a waiver is granted.

Thank you very much for your consideration of this request for a waiver. If you have any questions concerning this matter, please feel free to call either Ann Gass of HACA at (512) 767-7719, Audrey Martin of Purple Martin Real Estate at (512) 658-6386, or me at 713-653-7395.

Very truly yours,

Sarah Scott

Enclosures

CC: Cody Campbell cody.campbell@tdhca.state.tx.us
Colin Nickells colin.nickells@tdhca.state.tx.us
Audrey Martin audrey@purplemartinre.com
Will Henderson whenderson@carletoncompanies.com
Barry J. Palmer bpalmer@coatsrose.com

Original Application and Contact Information

Original Application Information

Original Application Number	Year of Award	Development Name	At-Risk	USDA
20202	2020	Pathways at Chalmers Courts West	X	

Mark "X" to select the Set-aside associated with the original Application (if applicable).

Development Site Information

Address	City
NWC of Chalmers Ave. and East 3rd St.	Austin

Region	Zip	County	Urban	Rural
7	78702	Travis	X	

Mark "X" to select the rural/urban designation associated with the original Application.

Supplemental Credit Request Information

Supplemental Credit Request Amount	Original Application Award Amount	Maximum Possible Supplemental Request
$ 300,000.00	$ 2,000,000.00	$ 140,000.00

Supplemental Allocations are limited to the increase in eligible cost. Supplemental Allocations will not apply to costs that were excluded from the basis in the original Application. An Applicant may not request more than 7% more credits than their Original allocation.

Requester Contact Information

Name	Office Phone
Suzanne Schwertner	(512) 767-7796

Email Address	Mobile Phone
suzannes@hacanet.org	

Mailing Address:

Street
1124 South IH 35

City	State	ZIP
Austin	Texas	78704

Consultant Contact Information (if applicable)

Name	Office Phone
Audrey Martin	(512) 658-6386

Email Address	Mobile Phone
audrey@purplemartinre.com	(512) 658-6386

Mailing Address:

Street
2110 W. Slaughter Ln., Suite 107-394

Austin	Texas	78748

Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Supplemental Credit Requests must complete the Total Cost column. Direct Loan Applicants should review costs ineligible for reimbursement with Direct Loan funds in 10 TAC §13.3(e), while all HTC Applicants 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	7,061,910			
Existing building acquisition cost	1,000			
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$7,062,910	$0	$0	
OFF-SITES[2]				
Off-site concrete				**ALL OFF-SITE COSTS REQUIRE DOCUMENTATION. THOSE ENTERED IN BASIS REQUIRE MORE DOCUMENTATION!!! SEE 10 TAC §11.204(8)(E)(ii).**
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	610,266			
Asbestos Abatement (Demolition Only)	0			
Detention	0		0	
Rough grading	291,836		291,836	
Fine grading	0		0	
On-site concrete	0		0	
On-site electrical	0		0	
On-site paving	0		0	
On-site utilities	2,175,099		2,175,099	
Decorative masonry	0		0	
Bumper stops, striping & signs	0		0	
Erosion Control, Staking	75,723		75,723	
Subtotal Site Work Cost	$3,152,924	$0	$2,542,658	
SITE AMENITIES				
Landscaping	347,000		347,000	
Pool and decking	0		0	
Athletic court(s), playground(s)	0		0	
Fencing	61,000		61,000	
Trash Enclosure	25,000		25,000	
Subtotal Site Amenities Cost	$433,000	$0	$433,000	
BUILDING COSTS*:				
Concrete	1,749,436		1,749,436	
Masonry	1,544,000		1,544,000	
Metals	922,000		922,000	
Woods and Plastics	0		0	
Thermal and Moisture Protection	228,500		228,500	
Roof Covering	684,000		684,000	
Doors and Windows	7,272,330		7,272,330	
Finishes	1,020,247		1,020,247	
Specialties	0		0	
Equipment	265,000		265,000	
Furnishings	28,000		28,000	
Special Construction	114,000		114,000	Describe for MFDL
Conveying Systems (Elevators)	0		0	
Mechanical (HVAC; Plumbing)	2,116,815		2,116,815	
Electrical	2,167,000		2,167,000	

Individually itemize costs below:

Detached Community Facilities/Building		425,000		425,000	
Carports and/or Garages					
Lead-Based Paint Abatement					
Asbestos Abatement (Rehabilitation Only)					
Structured Parking					
Commercial Space Costs					
Other (specify) - see footnote 1	e.g. Community spaces not exclusively used by tenants/tenant guests				
Subtotal Building Costs		$18,536,328	$0	$18,536,328	
Before 11.9(e)(2)					
Voluntary Eligible Building Costs (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			$0.00 psf		

If NOT seeking to score points under §11.9(e)(2), E77:E78 should remain BLANK. True eligible building cost should be entered in line items E33:E74. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E77:E78 that produces the target cost per square foot in D77:D78. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$22,122,252	$0	$21,511,986		
Contingency	5.39%	$1,192,755		1,192,755		
TOTAL HARD COSTS		$23,315,007	$0	$22,704,741		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	5.69%	1,327,335		1,327,335	5.85%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.90%	442,445		442,445	1.95%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.69%	1,327,335		1,327,335	5.85%	
TOTAL CONTRACTOR FEES		$3,097,115	$0	$3,097,115		
TOTAL CONSTRUCTION CONTRACT		$26,412,122	$0	$25,801,856		
Before 11.9(e)(2)						
Voluntary Eligible "Hard Costs" (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			$0.00 psf			

If NOT seeking to score points under §11.9(e)(2), E96:E97 should remain BLANK. True eligible cost should be entered in line items E83 and E87:E91. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E96:E97 that produces the target cost per square foot in D96:D97. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

SOFT COSTS[3]

Architectural - Design fees		1,340,000		1,340,000	
Architectural - Supervision fees		0		0	
Engineering fees		255,000		255,000	
Real estate attorney/other legal fees		275,000		275,000	
Accounting fees		25,000		25,000	
Impact Fees		150,000		150,000	
Building permits & related costs		25,000		25,000	
Appraisal		12,000		12,000	
Market analysis		14,000		14,000	
Environmental assessment		100,000		100,000	
Soils report		14,200		14,200	
Survey		0		0	
Marketing		233,000			
Hazard & liability insurance		280,000		280,000	
Real property taxes					
Personal property taxes					
Tenant Relocation		436,636			
FF&E	e.g. Delinquent fees, taxes or changes	250,000		250,000	
Feasibility Report, SNS/TOA		170,142		170,142	
Other (specify) - see footnote 1					
Subtotal Soft Cost		$3,579,978	$0	$2,910,342	

FINANCING:						
CONSTRUCTION LOAN(S)[3]						
Interest		1,235,000		741,000		741000
Loan origination fees		104,000		104,000		
Title & recording fees		175,000		175,000		
Closing costs & legal fees		65,000		65,000		
Inspection fees						
Credit Report						
Discount Points						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
PERMANENT LOAN(S)						
Loan origination fees						
Title & recording fees						
Closing costs & legal						
Bond premium						
Credit report						
Discount points						
Credit enhancement fees						
Prepaid MIP						
Conversion Fee		20,000				
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		44,680				
Tax and/or bond counsel						
Payment bonds						
Performance bonds		226,348		226,348		
Credit enhancement fees						
Mortgage insurance premiums						
Cost of underwriting & issuance						BREAKDOWN MUST BE PROVIDED
Syndication organizational cost		55,000				
Tax opinion						
Refinance (existing loan payoff amt)						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
Subtotal Financing Cost		$1,925,028	$0	$1,311,348		
DEVELOPER FEES[3]						
Housing consultant fees[4]						
General & administrative						
Profit or fee		4,220,141		4,220,141		
Subtotal Developer Fees	13.78%	$4,220,141	$0	$4,220,141	14.06%	
RESERVES						
Rent-up - new funds						
Rent-up - existing reserves*						
Operating - new funds		860,493				
Operating - existing reserves*						
Replacement - new funds		46,800				
Replacement - existing reserves*						
Escrows - new funds						
Escrows - existing reserves*						
Subtotal Reserves		$907,293	$0	$0		
***Any existing reserve amounts should be listed on the Schedule of Sources.**						
TOTAL HOUSING DEVELOPMENT COSTS[5]		$44,107,473	$0	$34,243,688		

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	$34,243,688	
**High Cost Area Adjustment (100% or 130%)			130%	2020 QCT
Total Adjusted Basis		$0	$44,516,794	
Applicable Fraction		90%	90%	
Total Qualified Basis	$39,950,969	$0	$39,950,969	
Applicable Percentage[6]		4.00%	9.00%	
Credits Supported by Eligible Basis	$3,595,587	$0	$3,595,587	
Credit Request	$ 2,300,000			

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that the figure is not rounding down to the maximum dollar figure to support the elected points.**

For TDHCA Issued Bonds Only **Scoring Item per 12.6 (13)**	
50% Test for Bond Financing for 4% Tax Credits	
TDHCA Tax-Exempt Bond Amount	$ -
Land Cost	$ 7,061,910
Depreciable Bldg Cost **	$ 34,854,954
Aggregate Basis for 50% Test	**$ 41,916,864**
Percent Financed by Tax-Exempt Bonds	**0.00%**

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

Name of contact for Cost Estimate: **Will Henderson**
Phone Number for Contact: **(214) 377-6558**

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 §11.1 of the QAP.

Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Supplemental Request Form (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reseravation amount. Bonds do not add into total sources)

Bond Issuer	**Funding Description**	**Construction Period Bonds**	**Permanent Period Bonds**
		Bond Amount	Bond Amount
	Tax Exempt Bonds		
	Taxable Bonds		

Debt

Financing Participants	**Funding Description**	**Construction Period** Loan/Equity Amount	**Construction Period** Interest Rate (%)	**Lien Position**	**Permanent Period** Loan/Equity Amount	**Permanent Period** Interest Rate (%)	**Permanent Period** Amort - ization	**Permanent Period** Term (Yrs)	**Permanent Period** Syndication Rate	**Lien Position**
PNC (formerly BBVA)	Conventional Loan	$26,000,000	2.85%	1	$ 15,000,000	4.50%	35	16		1
Austin Affordable Housing Corp.	Gap Financing Note 1	$6,911,910	5.00%	2	$ 6,911,910	5.00%	0	50		2
Austin Affordable Housing Corp.	Gap Financing Note 2	$1,056,000	5.00%	3	$ 1,056,000	5.00%	0	50		3
Third Party Equity										
National Equity Fund	HTC $ 2,300,000	$ 7,270,546			$ 20,695,860				0.9	0.9998
Grant										
	§11.9(d)(2)LPS Contribution									
Deferred Developer Fee										
AAHC and Carleton	Deferred Developer Fee				$ 443,703					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 41,238,456			$ 44,107,473					
	Total Uses of Funds				$ 44,107,473					

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. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. 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 commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Sources include a construction to permanent loan provided by PNC (formerly BBVA), a gap financing note provided by the sole member of the general partner, AAHC, in the amount of $6,911,910 (payments subject to cash flow), a second gap financing note provided by the sole member of the general partner, AAHC, in the amount of $1,056,000 (payments subject to cash flow), tax credit equity, and deferred developer fee.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There are no existing replacement reserves. The annual deposit to replacement reserve is $300/unit/year.

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.

he development will receive rental assistance both through HUD's RAD program (project-based Section 8), and through project-based vouchers. A HAP contract for the 28 RAD units, and an AHAP for the 100 PBV units is provided herein.

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, Equity Provider	Printed Name	Date
	David M Rouse	1-26-22

Telephone: (502) 303-4744

Email address: ~~[illegible]~~ david.rouse@pnc.com

If a revised form is submitted, date of submission:

Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Supplemental Request Form (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reseravation amount. Bonds do not add into total sources)

Bond Issuer	Funding Description	Construction Period Bonds			Permanent Period Bonds					
		Bond Amount			Bond Amount					
	Tax Exempt Bonds									
	Taxable Bonds									

Debt

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
PNC (formerly BBVA)	Conventional Loan	$26,000,000	2.85%	1	$ 15,000,000	4.50%	35	16		1
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Austin Affordable Housing Corp.	Gap Financing Note 2	$1,056,000	5.00%	3	$ 1,056,000	5.00%	0	50		3
Third Party Equity										
National Equity Fund	HTC $ 2,300,000	$ 7,270,546			$ 20,695,860				0.9	0.9998
Grant										
	§11.9(d)(2)LPS Contribution									
Deferred Developer Fee										
AAHC and Carleton	Deferred Developer Fee				$ 443,703					
Other										
	Direct Loan Match									
	Total Sources of Funds	$ 41,238,456			$ 44,107,473					
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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. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. 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.

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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.

he development will receive rental assistance both through HUD's RAD program (project-based Section 8), and through project-based vouchers. A HAP contract for the 28 RAD units, and an AHAP for the 100 PBV units is provided herein.

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]	Jason Aldridge	1/28/22
Signature, Authorized Representative, ~~Construction or~~ Permanent Lender, Equity Provider	**Printed Name**	**Date**

Telephone: 972.741.5150

Email address: jaldridge@netinc.org

If a revised form is submitted, date of submission: ____________

National Equity Fund INC
an affiliate of LISC

February 25, 2022

Austin Affordable Housing Corporation
1124 S. IH-35
Austin, TX 78704
Attn: Suzanne Schwertner
c/o: Will Henderson – Carleton Development, Ltd

Re: Pathways at Chalmers Courts West (TDHCA #20202)

Dear Ms. Schwertner:

National Equity Fund, Inc. (NEF) acts as the Limited Partner in the above referenced project and acknowledges the intent to apply for supplemental 9% tax credits as outlined in the 2022 QAP. This letter serves as a preliminary equity investment commitment to purchase the $300,000 in additional annual credits for an amount of $0.90 per credit resulting in a total additional investment of $2,699,460 and a grand total investment of $20,695,860. Please note these funds are subject to approval of NEF's Investor Review Committee and the final tax credit investors.

Sincerely,

Jason Aldridge, VP
National Equity Fund

120 South Riverside Plaza, 15th Fl., Chicago, IL 60606-3908 P 312.360.0400 F 312.360.0185 www.nefinc.org

7d

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.1003(b) of the 2022 Qualified Allocation Plan relating to the Maximum Supplemental Request Limit for Telephone Road Elderly (#19077) in Houston

RECOMMENDED ACTION

WHEREAS, an award of competitive 9% housing tax credits (HTC) to an Application for the development of Telephone Road Elderly (the Development) was approved by the Board in July 2019, for the rehabilitation of 200 multifamily units in in Houston, Harris County;

WHEREAS, the Applicant has represented to the Department that increased construction costs as well as complications related to the pandemic and the severe weather experienced in February 2021 have resulted in the completion of the Development being potentially infeasible without additional funding;

WHEREAS, this is an identity of interest transaction in which the seller is an affiliate of, or a related party to, the owner;

WHEREAS, the original Application included an existing building acquisition cost of $751,402, and the supplemental request includes an existing building acquisition cost of $9,830,000, and sufficient documentation has not been provided to demonstrate that this cost increase is not within the owner's control;

WHEREAS, the supplemental request includes costs for mold remediation totaling approximately $3,500,000, and sufficient documentation has not been provided to demonstrate that this cost increase is related to the COVID-19 pandemic;

WHEREAS, the 2022 Qualified Allocation Plan (QAP) allows for additional supplemental credit awards to be made to applications from the 2019 and 2020 competitive HTC rounds with a demonstrated need for additional funding, with a limit set at seven percent of the original award amount; and

WHEREAS, the applicant has represented that a supplemental award of 15% of the original award amount is necessary to ensure feasibility, and the waiver request does not demonstrate that this need is not within the owner's control.

NOW, therefore, it is hereby

> **RESOLVED**, that the waiver of 10 TAC §11.1003(b) of the 2022 QAP concerning the Maximum Supplemental Request Limit for Telephone Road Elderly is approved, excluding the increased acquisition costs and costs associated with mold remediation represented on the Supplemental Credit Request.

BACKGROUND

Telephone Road Elderly is a 2019 competitive HTC award of $1,941,000 which proposed the rehabilitation of 200 multifamily units serving the general population in Houston, Harris County. All 200 units are affordable, with income and rent restrictions ranging from 30% to 60% of AMFI.

In response to increased construction costs resulting from the ongoing pandemic, the 2022 QAP includes a new Subchapter F which allows for 2019 and 2020 competitive HTC awards to request additional supplemental HTC funding of up to seven percent of the initial award. $5,000,000 was allowed from the 2022 HTC ceiling to fund these requests, and the Department received requests totaling $3,962,971. The requests are currently under review, and any remaining funds from the allowed $5,000,000 will be available during the 2022 round for other HTC applications.

On January 26, 2022, the Department received a waiver request from the applicant for Telephone Road Elderly. The request details the difficulties and cost increases that the applicant has encountered during construction. Specifically:

> The extreme increase in construction costs was due, in part, to the undetected presence of a substantial mold problem, the unforeseen mechanical conditions, and also to the COVID-19 pandemic. Together, these circumstances caused extensive construction delays, supply chain interruptions, increases in the Scope of Work, cost increases, labor shortages and ultimately resulted in HHA determining that the Partnership needed to relocate all existing tenants for their safety. Additionally, the extent of the cost increase (currently estimated to be $8.5 million) was so very large that without Supplemental Credits and significant funding from HHA, the Project would be financially infeasible.

Based on the original award amount of $1,941,000, the allowable limit for the supplemental request is $135,870; however, updated financial documents submitted by the applicant indicate that an additional award of $291,150, or 15% of the initial amount, is necessary to guarantee feasibility.

Telephone Road Elderly is an identity of interest transaction. The owner of the land, the Houston Housing Authority (HHA), is an affiliate of the applicant and developer, APV Telephone Road Elderly, LP. The original Application for funding represented site acquisition costs of $2,970,000 and existing building costs of $751,402 to secure a ground lease for the development site. The updated Development Cost Schedule submitted with the Supplemental Credit Request shows an increased existing building acquisition costs of $9,830,000, while site acquisition costs remained the same. Sufficient documentation was not included to demonstrate how these increased costs are not within the owner's control.

The applicant included in its waiver request and associated documentation costs for mold remediation totaling approximately $3,500,000, though these costs are not clearly demonstrated the updated development cost narrative. While mold remediation is allowable for the rehabilitation of existing structures under the Department's underwriting guidelines, sufficient documentation was not included to demonstrate how these increased costs are related to the COVID-19 pandemic.

Waiver request requirements are established in 10 TAC §11.207. Among these, waiver requests must establish that the need for the waiver is not within the control of the Applicant. The request establishes that there are increased costs which meet this standard; however, staff posits that the increased acquisition costs are within the Applicant's control and therefore cannot meet the requirements of 10 TAC §11.207.

Staff recommends that the Board grant the waiver, conditioned on the exclusion of any increased site acquisition costs and costs associated with mold remediation from the original application, with the final amount of credits to be determined through the underwriting process.

BARRY J. PALMER

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

January 26, 2022

By Email to bobby.wilkinson@tdhca.state.tx.us
Bobby Wilkinson, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701

RE: TDHCA #19077; Telephone Road Elderly, Houston, Harris County, Texas; Request for Waiver of Limitation on Supplemental Tax Credits [§11.1003(b)].

Dear Mr. Wilkinson:

This law firm represents Houston Housing Authority ("HHA") in connection with its sponsorship of affordable housing developments, and APV Telephone Road Elderly LP, an affiliate of HHA (the "Partnership"), as the owner of the Telephone Road Elderly, a 200-unit rehabilitation development for the elderly (the "Project"). Per the original contracted scope of work, the Project is currently 65% percent complete, but it has experienced extensive cost overruns due to the Covid-19 Pandemic and previously undetected environmental conditions. The Partnership timely applied for Supplemental Credits pursuant to Subchapter F of the 2022 Qualified Allocation Plan. We now apply for a waiver of the limitation on Supplemental Credits to 7% of the Original allocation.

Waiver Request.

We request that the TDHCA grant a waiver of the application of Section 11.1003(b) in Subchapter F which limits requests for Supplemental Credits to 7% of the Original allocation of tax credits. The Partnership requests that the TDHCA waive such limitation in order to permit an allocation of Supplemental Credits to the Project in an amount equal to $291,150 (15% of the Original allocation) instead of $135,870 (7% of the Original allocation). We understand that this request will be subject to possible reduction through the underwriting process.

This request is being made because the Project has experienced significant cost increases since the original tax credit application, due in large part to mold issues that were discovered when rehabilitation began, and which were compounded by the impacts of the COVID-19 Pandemic. Note, the development was approved for an exchange of tax credits under force majeure in the fall of 2021.

The cost increases related to mold remediation and related unforeseen conditions have been approximately $8.5 Million:

- Mold Remediation – Approximately $3.5 Million – Discovered at the start of rehabilitation, cost increases were incurred due to the mold remediation activities as well as the added cost of new drywall and framing required to completely rid the Project of mold. This scope was first noticed at the start of construction activities and the HHA immediately started remediation activities to allow the planned construction to continue. As of today, the Project has been fully remediated and construction activities continue as planned.

- Unforeseen Conditions – Approximately $5 Million

    - Ensuring a Water-Tight Building Envelope – Associated with the discovery of mold, additional scope of work was required related to the addition of waterproofing on the exterior façade and the replacement of all windows on the Project, as windows were identified as a source of the moisture problem that initially led to mold.

    - Mechanical Condition – Additional work was added to the Scope of Work due to the state of the existing piping discovered after the insulation was removed and/or when the walls were removed during demolition, and the existing conditions not aligning with the as-built drawings.

The unforeseen Mechanical Condition was identified on an ad hoc basis during the demolition and construction process, but the total amount of the unanticipated pipe replacement only became known after the initial application for Supplemental Credits. This change in circumstances is, in part, the reason for filing this waiver request.

Requirements for Waiver.

Pursuant to §11.207(1) of the QAP, a waiver request must show that the circumstances leading to the request are not within the control of the Applicant, or that the request is due to an overwhelming need. In the case of this Project, both of these criteria apply. The extreme increase in construction costs was due, in part, to the undetected presence of a substantial mold problem, the unforeseen mechanical conditions, and also to the Covid-19 pandemic. Together, these circumstances caused extensive construction delays, supply chain interruptions, increases in the Scope of Work, cost increases, labor shortages and ultimately resulted in HHA determining that the Partnership needed to relocate all existing tenants for their safety. Additionally, the extent of the cost increase (currently estimated to be $8.5 million) was so very large that without Supplemental Credits and significant funding from HHA, the Project would be financially infeasible.

Pursuant to §11.207(2) of the QAP, this waiver request must establish how granting the waiver request better serves the policies and purposes articulated in Tex. Gov't Code, §§2306.001, 2306.002, 2306.359, and 2306.6701, than not granting the waiver. In this instance, granting the requested waiver to this rehabilitation project addresses the purposes and policies of TDHCA pursuant to the following governing statutes:

Sec. 2306.001 PURPOSES. The purposes of the department are to:

> ...
>
> *(3) contribute to the preservation, development, and redevelopment of neighborhoods and communities, including cooperation in the preservation of government-assisted housing occupied by individuals and families of very low and extremely low income; ...*

Sec. 2306.6701. PURPOSE. The department shall administer the low income housing tax credit program to:

> ...
>
> *(3) prevent losses for any reason to the state's supply of suitable, affordable residential rental units by enabling the rehabilitation of rental housing or by providing other preventive financial support under this subchapter; and ...*

The Project is the rehabilitation of 100% low-income, very low-income and extremely low-income rental housing sponsored by the HHA, which provides governmental assistance in the form of Section 8 project-based assistance. The granting of this waiver will show cooperation with HHA and the Partnership to enable the rehabilitation of this existing affordable housing, in fulfillment of the TDHCA's stated purposes.

Attachments Affected by Granting Waiver.

We enclose an updated letter from the equity provider for your review. Also enclosed are those exhibits from the Application for Supplemental Credits that would need to be changed if this request for a waiver is granted.

Thank you very much for your consideration of this request for a waiver. If you have any questions concerning this matter, please feel free to call either James R. Williams of HHA at (281) 900-4392, Audrey Martin of Purple Martin Real Estate at (512) 658-6386, or me at 713-653-7395.

Very truly yours,

Barry J. Palmer

Enclosures

cc: Cody Campbell cody.campbell@tdhca.state.tx.us
Colin Nickells colin.nickells@tdhca.state.tx.us
Mark Thiele MThiele@housingforhouston.com
James Williams jwilliams@housingforhouston.com
Audrey Martin audrey@purplemartinre.com
Tamea Dula tdula@coatsrose.com

Original Application and Contact Information

Original Application Information

Original Application Number	Year of Award	Development Name	At-Risk	USDA
19077	2019	Telephone Road	X	

Mark "X" to select the Set-aside associated with the original Application (if applicable).

Development Site Information

Address	City
6000 Telephone Road	Houston

Region	Zip	County	Urban	Rural
6	77087	Harris	X	

Mark "X" to select the rural/urban designation associated with the original Application.

Supplemental Credit Request Information

Supplemental Credit Request Amount	Original Application Award Amount	Maximum Possible Supplemental Request
$ 291,150.00	$ 1,941,000.00	$ 135,870.00

Supplemental Allocations are limited to the increase in eligible cost. Supplemental Allocations will not apply to costs that were excluded from the basis in the original Application. An Applicant may not request more than 7% more credits than their Original allocation.

Requester Contact Information

Name: James Williams	**Office Phone:** (281) 900-4392
Email Address: jwilliams@housingforhouston.com	**Mobile Phone:** (281) 900-4392

Mailing Address:

Street		
2640 Fountain View Drive		

City	State	ZIP
Houston	Texas	77057

Consultant Contact Information (if applicable)

Name: Audrey Martin	**Office Phone:** (512) 658-6386
Email Address: audrey@purplemartinre.com	**Mobile Phone:** (512) 658-6386

Mailing Address:

Street		
2110 W. Slaughter Ln., Suite 107-394		

Austin	Texas	78748

Development Cost Schedule

This Development Cost Schedule must be consistent with the Summary Sources and Uses of Funds Statement. All Supplemental Credit Requests must complete the Total Cost column. Direct Loan Applicants should review costs ineligible for reimbursement with Direct Loan funds in 10 TAC §13.3(e), while all HTC Applicants 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	Eligible Basis (If Applicable) New/Rehab.	
ACQUISITION				
Site acquisition cost	2,970,000			
Existing building acquisition cost	9,830,000	0		
Closing costs & acq. legal fees				
Other (specify) - see footnote 1				
Other (specify) - see footnote 1				
Subtotal Acquisition Cost	$12,800,000	$0	$0	
OFF-SITES[2]				
Off-site concrete				**ALL OFF-SITE COSTS REQUIRE DOCUMENTATION. THOSE ENTERED IN BASIS REQUIRE MORE DOCUMENTATION!!! SEE 10 TAC §11.204(8)(E)(ii).**
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	792,600			
Asbestos Abatement (Demolition Only)	465,772			
Detention	0		0	
Rough grading	0		0	
Fine grading	0		0	
On-site concrete	3,022		3,022	
On-site electrical	87,621		87,621	
On-site paving	0		0	
On-site utilities	1,700		1,700	
Decorative masonry	0		0	
Bumper stops, striping & signs	60,628		60,628	
Other (specify) - see footnote 1				
Subtotal Site Work Cost	$1,411,343	$0	$152,971	
SITE AMENITIES				
Landscaping				
Pool and decking				
Athletic court(s), playground(s)				
Fencing				
Other (specify) - see footnote 1				
Subtotal Site Amenities Cost	$0	$0	$0	
BUILDING COSTS*:				
Concrete				
Masonry	6,292		6,292	
Metals	151,506		151,506	
Woods and Plastics	829,029		829,029	
Thermal and Moisture Protection	1,506,023		1,506,023	
Roof Covering	572,975		572,975	
Doors and Windows	2,359,327		2,359,327	
Finishes	5,103,709		5,103,709	
Specialties	220,655		220,655	
Equipment	74,923		74,923	
Furnishings	637,119		637,119	
Special Construction	1,093,838		1,093,838	Describe for MFDL
Conveying Systems (Elevators)	523,228		523,228	
Mechanical (HVAC; Plumbing)	7,305,630		7,305,630	
Electrical	3,655,174		3,655,174	

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	e.g. Community spaces not exclusively used by tenants/tenant guests			0		
Subtotal Building Costs Before 11.9(e)(2)		$24,039,428	$0	$24,039,428		
Voluntary Eligible Building Costs (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			$0.00 psf			

If NOT seeking to score points under §11.9(e)(2), E77:E78 should remain BLANK. True eligible building cost should be entered in line items E33:E74. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E77:E78 that produces the target cost per square foot in D77:D78. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

TOTAL BUILDING COSTS & SITE WORK (including site amenities)		$25,450,771	$0	$24,192,399		
Contingency	11.40%	$2,901,388		2,901,388		2835216
						$66,172
TOTAL HARD COSTS		$28,352,159	$0	$27,093,787		
OTHER CONSTRUCTION COSTS	**%THC**				%EHC	
General requirements (<6%)	5.39%	1,527,046		1,527,046	5.64%	
Field supervision (within GR limit)						
Contractor overhead (<2%)	1.80%	509,015		509,015	1.88%	
G & A Field (within overhead limit)						
Contractor profit (<6%)	5.39%	1,527,046		1,527,046	5.64%	
TOTAL CONTRACTOR FEES		$3,563,107	$0	$3,563,107		
TOTAL CONSTRUCTION CONTRACT Before 11.9(e)(2)		$31,915,266	$0	$30,656,894		
Voluntary Eligible "Hard Costs" (After 11.9(e)(2))* Enter amount to be used to achieve desired score.			$0.00 psf			

If NOT seeking to score points under §11.9(e)(2), E96:E97 should remain BLANK. True eligible cost should be entered in line items E83 and E87:E91. If requesting points under §11.9(e)(2) related to Cost of Development per Square Foot, enter the true or voluntarily limited costs in E96:E97 that produces the target cost per square foot in D96:D97. Enter Requested Score for §11.9(e)(2) at the bottom of the schedule in D202.

SOFT COSTS[3]

Architectural - Design fees		849,325		849,325		
Architectural - Supervision fees				0		
Engineering fees				0		
Real estate attorney/other legal fees		254,444		254,444		
Accounting fees		35,000		35,000		
Impact Fees				0		
Building permits & related costs				0		
Appraisal		83,597		83,597		
Market analysis				0		
Environmental assessment		1,358,349		1,358,349		
Soils report				0		
Survey				0		
Marketing						
Hazard & liability insurance		240,441		240,441		
Real property taxes				0		
Personal property taxes				0		
Tenant Relocation		1,303,027				
FFE and Wireless	e.g. Delinquent fees, taxes or changes	200,000		200,000		
Other				0		
Other				0		
Subtotal Soft Cost		$4,324,183	$0	$3,021,156		

FINANCING:						
CONSTRUCTION LOAN(S)[3]						
Interest		1,909,012		895,153		895153.0824
Loan origination fees		273,747		273,747		
Title & recording fees		155,009		155,009		
Closing costs & legal fees		64,950		64,950		
Inspection fees						
Credit Report						
Discount Points						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
PERMANENT LOAN(S)						
Loan origination fees						
Title & recording fees						
Closing costs & legal						
Bond premium						
Credit report						
Discount points						
Credit enhancement fees						
Prepaid MIP						
Freddie Mac Rate Lock		48,750				
Freddie Mac Fees		193,500				
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		90,075				
Tax and/or bond counsel						
Payment bonds						
Performance bonds						
Credit enhancement fees						
Mortgage insurance premiums						
Cost of underwriting & issuance						**BREAKDOWN MUST BE PROVIDED**
Syndication organizational cost		50,000				
Tax opinion						
Refinance (existing loan payoff amt)						
Other (specify) - see footnote 1						
Other (specify) - see footnote 1						
Subtotal Financing Cost		$2,785,043	$0	$1,388,859		
DEVELOPER FEES[3]						
Housing consultant fees[4]		89,274		89,274		
General & administrative						
Profit or fee		2,800,000		2,800,000		
Subtotal Developer Fees	7.95%	$2,889,274	$0	$2,889,274	8.24%	
RESERVES						
Rent-up - new funds						
Rent-up - existing reserves*						
Operating - new funds		937,000				
Operating - existing reserves*						
Replacement - new funds						
Replacement - existing reserves*						
Escrows - new funds						
Escrows - existing reserves*						
Subtotal Reserves		$937,000	$0	$0		
***Any existing reserve amounts should be listed on the Schedule of Sources.**						
TOTAL HOUSING DEVELOPMENT COSTS[5]		$55,650,766	$0	$37,956,183		

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	$37,956,183	
**High Cost Area Adjustment (100% or 130%)			130%	2019 QCT
Total Adjusted Basis		$0	$49,343,038	
Applicable Fraction		100%	100%	
Total Qualified Basis	$49,343,038	$0	$49,343,038	
Applicable Percentage[6]		4.00%	9.00%	
Credits Supported by Eligible Basis	$4,440,873	$0	$4,440,873	
Credit Request	$ 2,232,150			

*11.9(c)(2) Cost Per Square Foot: DO NOT ROUND! **Applicants are advised to ensure that the figure is not rounding down to the maximum dollar figure to support the elected points.**

For TDHCA Issued Bonds Only **Scoring Item per 12.6 (13)**	
50% Test for Bond Financing for 4% Tax Credits	
TDHCA Tax-Exempt Bond Amount	$ -
Land Cost	$ 2,970,000
Depreciable Bldg Cost **	$ 49,044,555
Aggregate Basis for 50% Test	**$ 52,014,555**
Percent Financed by Tax-Exempt Bonds	**0.00%**

**Depreciable building cost includes: Total construction contract, total building acquisition, total developer fee, plus eligible financing and soft costs.

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 §11.1 of the QAP.

Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Supplemental Request Form (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

Bond Financing for Tax Exempt Bond Developments (Include amount of bonds actually used, not bond reseravation amount. Bonds do not add into total sources)

Bond Issuer	Funding Description	Construction Period Bonds			Permanent Period Bonds					
		Bond Amount			Bond Amount					
	Tax Exempt Bonds									
	Taxable Bonds									

Debt

Financing Participants	Funding Description	Construction Period Loan/Equity Amount	Construction Period Interest Rate (%)	Lien Position	Permanent Period Loan/Equity Amount	Permanent Period Interest Rate (%)	Amort - ization	Term (Yrs)	Syndication Rate	Lien Position
Houston HA Seller Note	Seller Note	$11,900,000	2.30%	2	$ 11,900,000	2.30%	0	50		2
Bank of America	Construction Loan	$27,374,712	3.27%	1						
Greystone	Conventional Loan				$ 13,000,000	4.05%	40	18		1
Third Party Equity										
Hudson	HTC $ 2,232,150	$ 3,406,842			$ 21,928,681				0.9825	0.9999
Grant										
City of Houston	§11.9(d)(2)LPS Contribution	$ 500			$ 500					
Deferred Developer Fee										
APV Redevelopment Corp.	Deferred Developer Fee				$ 21,585					
Other										
	Direct Loan Match									
Owner Contribution for Cost Overruns		$ 8,800,000			$ 8,800,000					
	Total Sources of Funds	$ 51,482,054			$ 55,650,766					
	Total Uses of Funds				$ 55,650,766					

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. If cash from operations, interest income, etc is being used as a source, provide a description of how those amounts are calculated. 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 commitments). For Direct Loan or Tax-Exempt Bond Applications that contemplate an FHA-insured loan, this includes the anticipated date that FHA application will be submitted to HUD (if not already submitted).

Financing includes a construction loan provided by Bank of America, a permanent loan provided by Greystone, a seller note provided by the Houston Housing Authority (payments subject to cash flow), tax credit equity, a local political subdivision grant contribution of $500 from the City of Houston, deferred developer fee, and an owner contribution of funds to cover cost overruns.

Describe the replacement reserves. Are there any existing reserve accounts that will transfer with the property? If so, describe what will be done with these funds.

There are no existing reserves that transferred with the property.

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.

A project-based rental assistance contract covers 100% of the units.

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.

Valerie A. Williams

Signature, Authorized Representative, Construction or Permanent Lender, Equity Provider

Valerie A. Williams
Printed Name

Jan. 24, 2022
Date

Telephone: 214-209-3219

Email address: valerie.a.williams@bofa.com

If a revised form is submitted, date of submission:

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Describe all sources of funds. Information must be consistent with the information provided throughout the Supplemental Request Form (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

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	Tax Exempt Bonds									
	Taxable Bonds									

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Other										
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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.

Joshua Lappen

Signature, Authorized Representative, Construction or Permanent Lender, Equity Provider

Joshua Lappen
Printed Name

1/24/2022
Date

Telephone: 212-218-4446

Email address: josh.lappen@hudsonhousing.com

If a revised form is submitted, date of submission:

Schedule of Sources of Funds and Financing Narrative

Describe all sources of funds. Information must be consistent with the information provided throughout the Supplemental Request Form (i.e. Financing Narrative, Term Sheets and Development Cost Schedule).

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Bond Issuer	Funding Description	Construction Period Bonds: Bond Amount	Permanent Period Bonds: Bond Amount
	Tax Exempt Bonds		
	Taxable Bonds		

Debt

Financing Participants	Funding Description	Construction Period: Loan/Equity Amount	Construction Period: Interest Rate (%)	Lien Position	Permanent Period: Loan/Equity Amount	Permanent Period: Interest Rate (%)	Permanent Period: Amort - ization	Permanent Period: Term (Yrs)	Syndication Rate	Lien Position
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A project-based rental assistance contract covers 100% of the units.

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.

Gregory Alcala | Gregory Alcala | 01-26-2022

Signature, Authorized Representative, Construction or Permanent Lender, Equity Provider | **Printed Name** | **Date**

Telephone: 424-223-6207

Email address: gregory.alcala@greyco.com

If a revised form is submitted, date of submission:

HUDSON
HOUSING CAPITAL

January 24, 2022

Mark Thiele
Interim President and CEO
Houston Housing Authority
2640 Fountain View Drive
Houston, TX 77057

Re: **Telephone Road - Houston, TX**

Dear Mark:

It is our understanding that APV Telephone Road Elderly GP, LLC is applying on behalf of APV Telephone Road Elderly, LP (the “Partnership”) for an additional allocation of 9% tax credits from the 2022 tax credit pool in the annual amount of $291,150. Subject to Investor approval, it is anticipated that the Investor will contribute an additional $2,860,263 or approximately $.9825 per total Tax Credit available to the Investor to the Partnership. As a 9% transaction, the existing partnership agreement does not contemplate an upward volume adjuster and, subject to Investor approval, will need to be amended to incorporate the increased credit allocation.

We hope you are successful in securing these additional credits to help offset construction cost increases at Telephone Road.

Please keep us apprised of your progress.

Sincerely,

Hudson Housing Capital LLC

By: ____________________________
Joshua Lappen
Vice President

7e

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

7f

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

7g

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
FEBRUARY 10, 2022

Presentation, discussion, and possible action regarding an award from the Multifamily Direct Loan (MFDL) 2021-3 Notice of Funding Availability (NOFA), as amended

Table 1 2021-3 NOFA Applications Recommended for Action				
App. ID	Application Name	Recommended Award	Fund Source	City
21520	The Residence at Ridgehill	$492,558	NHTF*	Kerrville
*The NHTF Recommendation is sourced from the General Set-Aside.				

RECOMMENDED ACTION

WHEREAS, the Governing Board approved publication of the MFDL 2021-3 NOFA and its first, second, and third, amendments on June 18, 2021; September 2, 2021; and November 2, 2021, respectively, in response to previously approved Applicants' demonstrated need for gap financing caused by increased construction costs resulting from the COVID-19 pandemic;

WHEREAS, the 2021-3 NOFA provides a streamlined review under the Department's administrative rules for reviews approved under the prior application for eligibility and third-party reports, among others;

WHEREAS, as of December 1, 2021, the Department has received 22 Applications for the 2021-3 NOFA requesting a total of $56,094,410 in funding;

WHEREAS, as noted above in Table 1, one 2021-3 NOFA Application requesting $492,558 is being recommended for an award;

WHEREAS, this application was previously approved and has submitted an application in need of gap financing, the original results of Previous Participation Reviews (PPR) performed under 10 TAC §1.301 for the initial awarded application is adopted for the current awards. All of the original PPR for the above recommended award was favorable and there were no additional items to be checked as a result of the federal funding at this time, and will be adopted for these 2021-3 NOFA recommendation;

WHEREAS, the Application has been deemed acceptable by the Executive Award Review Advisory Committee (EARAC); and

WHEREAS, staff recommends approval of the 2021-3 Application referenced in Table 1.

NOW, therefore, it is hereby

RESOLVED, that the 2021-3 NOFA Application Recommended for Action reflected in Table 1 is approved, subject to conditions that may be applicable as found in the Real Estate Analysis Underwriting Report posted to the Department's website and as described within this Board Action Request;

FURTHER RESOLVED, prior Previous Participation Reviews are adopted under federal requirements reflected in 2 CFR Part 180 and 2 CFR Part 2424;

FURTHER RESOLVED, that because the Department has not yet met its 2020 NHTF commitment deadline and in accordance with the 2021-3 NOFA, the latest deadline to sign a contract with the Department is July 29, 2022, despite any other deadline in 10 TAC Chapter 13; and

FURTHER RESOLVED, that the Board's approval is conditioned upon satisfaction of all conditions of EARAC, underwriting, and completion of any other reviews required to assure compliance with the applicable rules and requirements.

BACKGROUND

21510 The Residence at Ridgehill (Ridgehill): $492,558 NHTF

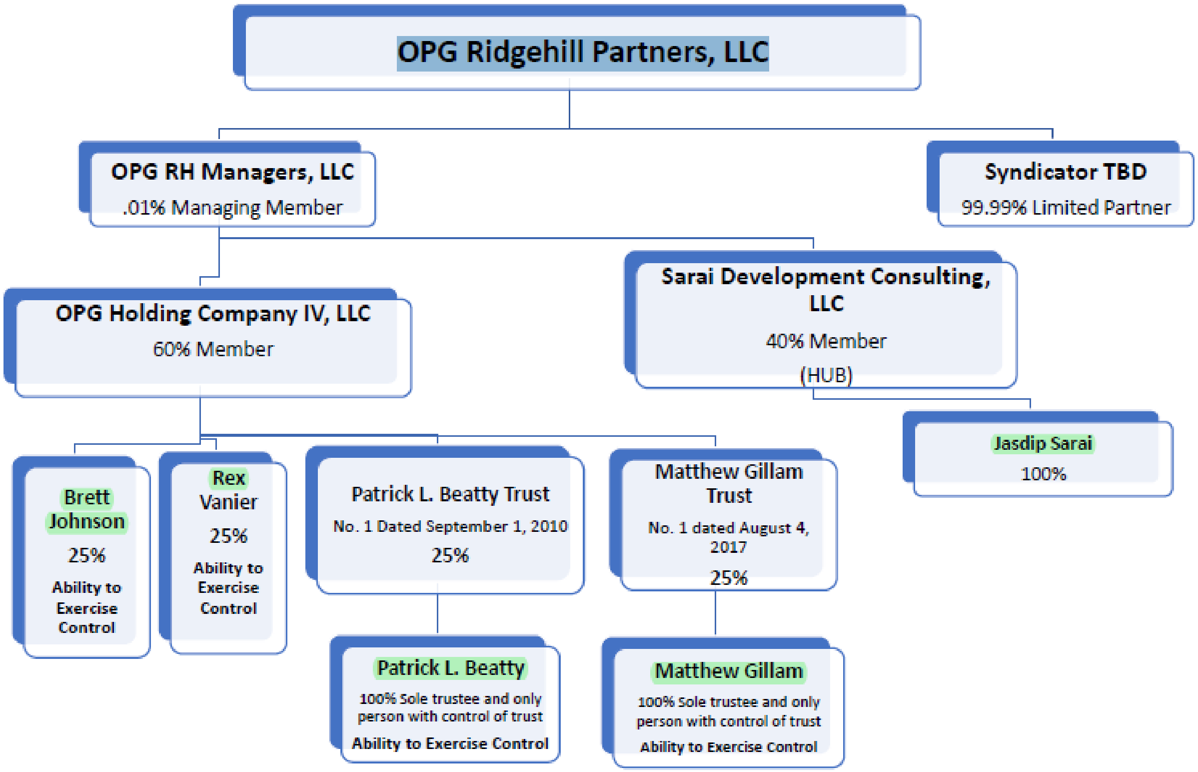
Description: Previously approved for 9% LIHTC on July 23, 2020 (ID 20186), and currently seeking supplementary credits (ID 22977), Ridgehill is the new construction of 43 units that will serve an elderly limitation population in a three-story, elevator served building in Kerrville, located in Kerr County. This development is proposed in a census tract with no LIHTC properties and a lower than average poverty rate in comparison to the County totals. Unit sizes will include one and two-bedroom units with rent/income levels from 30% to 60% of the area median income (AMI), with no market rate units. Out of the total 43 units, five will be NHTF units restricted to 30% AMI. One additional HOME Match-Eligible Unit serving households at or below 80% AMI is required.

Applicant's revised Building Cost have increased by $191,000, largely due to lumber and labor price increases throughout 2020 and 2021. The rising construction costs were partially mitigated by revised site plans, which includes the elimination of 13 market-rate units. This elimination of these units has resulted in decreased annual income of approximately $150,000, which necessitates a decrease in the development's hard payable debt by approximately $1,475,000, as the reduced income cannot support the original debt. This reduction in hard debt is proposed to be replaced by increased MFDL funds and an award of supplemental housing tax credits.

Financing and Regulatory Terms: Subject to final underwriting as further set forth in the following Real Estate Analysis (REA) Report, the $492,558 MFDL NHTF loan will be in second lien position with a 15-year term at 0% interest, 35-year amortization, and structured as a Deferred Repayable loan. The MFDL NHTF loan is in addition to a conventional bank loan in first lien position and Supplemental Housing Tax Credits.[1] The Federal Affordability Period will be 30 years and the State Affordability Period will be 45 years.

Organizational Structure: The proposed borrower is OPG Ridgehill Partners, LLC, and identifies principals with the ability to exercise control as indicated in the organizational chart below.

[1] MFDL awardees under the 2021-3 NOFA that apply for 2022 Supplemental Credits will not be placed under MFDL contract until the results of the 2022 Supplemental Credit application round is complete.



OPG Ridgehill Partners, LLC
OPG RH Managers, LLC
.01% Managing Member
Syndicator TBD
99.99% Limited Partner
OPG Holding Company IV, LLC
60% Member
Sarai Development Consulting, LLC
40% Member
(HUB)
Jasdip Sarai
100%
Brett Johnson
25%
Ability to Exercise Control
Rex Vanier
25%
Ability to Exercise Control
Patrick L. Beatty Trust
No. 1 Dated September 1, 2010
25%
Matthew Gillam Trust
No. 1 dated August 4, 2017
25%
Patrick L. Beatty
100% Sole trustee and only person with control of trust
Ability to Exercise Control
Matthew Gillam
100% Sole trustee and only person with control of trust
Ability to Exercise Control

Real Estate Analysis Division
January 25, 2022

Addendum to Underwriting Report

TDHCA Application #: 22977_21520_20186 Program(s): 9% HTC/ MDL

The Residence at Ridgehill

Address/Location: 160-170 Lehmann Dr

City: Kerrville County: Kerr Zip: 78020

	APPLICATION HISTORY
Report Date	**PURPOSE**
01/25/22	**2022 Supplemental Credit/ MFDL / Amendment Request Memo**
07/24/20	New Application - Initial Underwriting

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
TDHCA (Deferred Payable)					**$492,558**	**0.00%**	**35**	**15**	**2**
LIHTC (9% Credit)	$897,273				**$960,082**				

* 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: Updated application exhibits: Rent Schedule, Utility Allowance, Operating Expenses, Long-Term Pro Forma, Development Cost Schedule, Schedule of Sources; and documentation necessary to support any changes from previous underwriting.

b: Substantially final construction contract with Schedule of Values.

c: Updated term sheets with substantially final terms from all lenders.

d: Substantially final draft of limited partnership agreement.

2 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.

Status: Does not apply, condition removed.

b: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
30% of AMI	30% of AMI	3
50% of AMI	50% of AMI	5
60% of AMI	60% of AMI	35

TDHCA SET-ASIDES for DIRECT LOAN LURA		
Income Limit	Rent Limit	Number of Units
30% of AMFI	30% of AMFI	5
80% of AMFI	High HOME	1

ANALYSIS

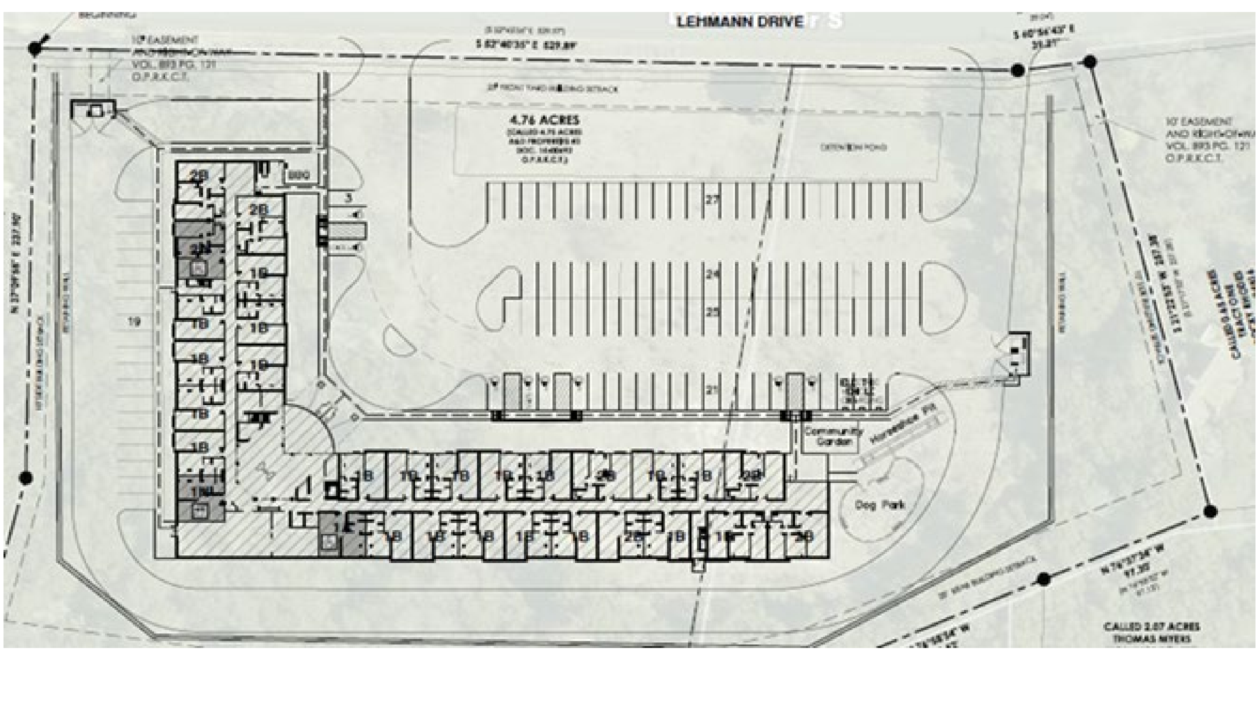
The Development received a 9% HTC allocation in 2020. The Applicant has applied for Multifamily Direct Loan funding under the 2021-3 NOFA from NHTF funds, an Amendment request, and a 7.00% increase in annual tax credit allocation consistent with 2022 QAP Subchapter F, Supplement Housing Tax Credits.

Direct Loan income and rent restrictions are layered with five units that were already subject to HTC restrictions. Two of the 5 units were originally restricted to 50% AMI, will be further restricted to 30% MFDL rent limits.

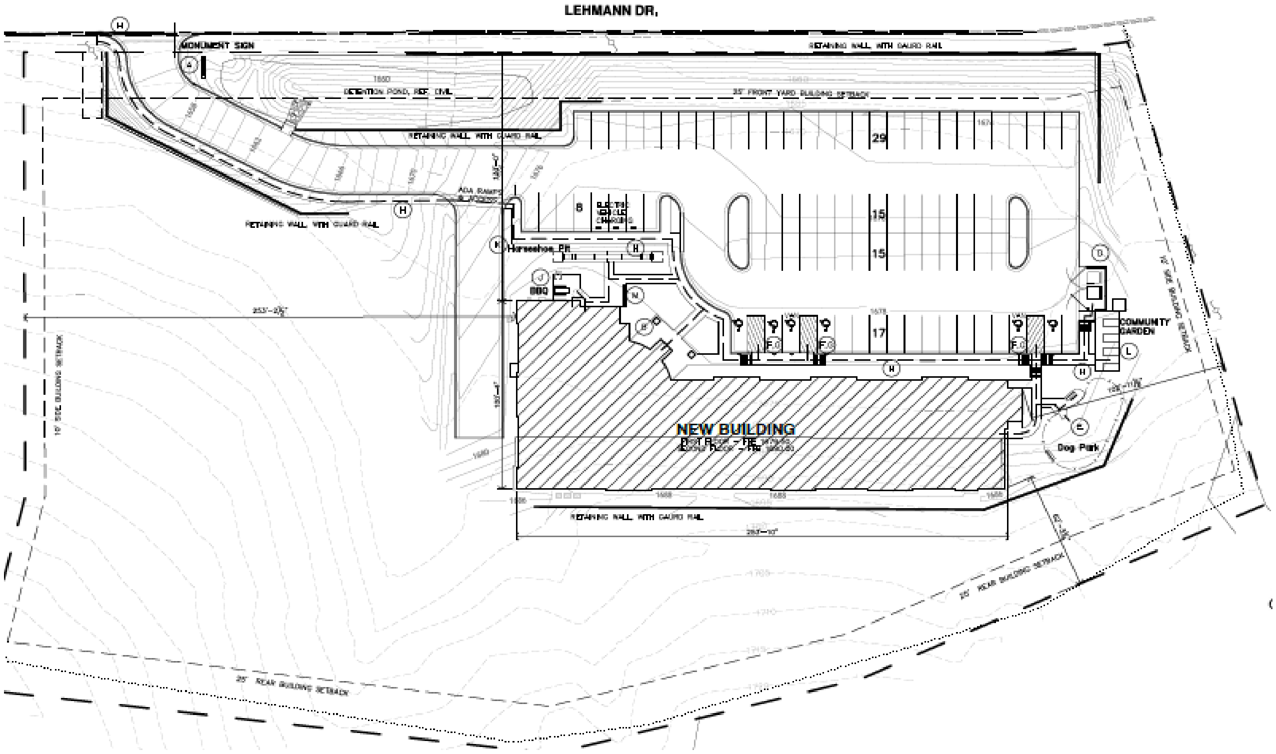
Applicant has also submitted an amendment request for a modification to the development site, design and unit mix. These changes are being requested due to significant increases in costs and in an effort to maintain the development's overall feasibility.

With this amendment request, Applicant proposes a redesign of the building from 2 stories to 3 and the elimination of 17 market rate units, reducing the total number of units to 43. Common amenities remain the same, but have been reconfigured with the redesign. The number of affordable units is unchanged at 43 units.

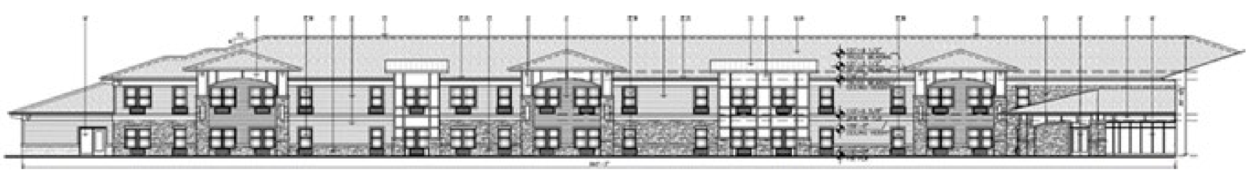
<u>Original Site Plan</u>



Revised Site Plan



Original Building Elevation



Revised Building Elevation

Operating Pro Forma

Rents have been updated to the 2021 Program Rents.

Applicant's rent for the two 50% HTC units are limited to 30% MFDL rent limit.

Development Cost

Since the original credit allocation, Applicant's revised Building Cost have increased by $191K, largely due to lumber and labor price increases throughout 2020 and 2021.

Underwriter's costs for Site Work, Site Amenities and Building Cost based on provided Contractor's G702 schedule of values.

Applicant's proposed Total Housing Development Costs is $11,057,472 (an $858K decrease). This decrease is due to the value engineering re-design, including the reduction of 17 market rate units.

The NOFA states that Developer Fee may not increase, and the Deferred Developer Fee may not decrease from the original Real Estate Analysis report. The applications include $1,442,375 Developer Fee. But at original underwriting, Developer Fee was limited to $1,434,253. Therefore, as determined at original underwriting, Developer Fee will be limited to $1,434,253(an $8,122 adjustment).

Sources of Funds

The Applicant has applied for a MultiFamily Direct Loan consistent with the requirements of NOFA 2021-3.

Legacy Bank and Trust has replaced the FHA 221d(4) financing from PNC as the construction and permanent lender. Redstone has also been replaced by MHEG as equity provider.

The construction loan increases from $3.1M (at 4%) to $9.2M (at 4%).

Senior permanent debt has decreased from $3.1M (at 4%) to $1.625M (at 4.8%). DCR is improved from 1.20 times to 1.34 times.

Decrease in the equity rate from 0.92 to 0.87; however with the additional credits included as part of the original allocation, results in a $98K increase in total equity proceeds.

Applicant has applied for an MFDL under NOFA 2021-3 in the amount of $500K. However, the NOFA requires that Deferred Developer Fee may not decrease. As a result of the adjustment to Developer Fee, the requested Direct Loan amount would reduce the Deferred Developer Fee to $508,847. In order to maintain the original $516K Deferred Fee, the recommended Multifamily Direct Loan is limited to $492,558.

The Underwriter recommends approval of an MFDL in the amount of **$492,558** at 0% interest, structured as Deferred Repayable as a second lien with a 15-year term (to match the senior debt) as requested by Applicant.

The Underwriter also recommends a total annual tax credit allocation of $960,082.

Manager of Real Estate Analysis:	*Diamond Unique Thompson*
Director of Real Estate Analysis:	*Jeanna Adams*

UNIT MIX/RENT SCHEDULE

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

LOCATION DATA	
CITY:	Kerrville
COUNTY:	Kerr
Area Median Income	$66,300
PROGRAM REGION:	9
PROGRAM RENT YEAR:	2021

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	37	86.0%	0	5
2	6	14.0%	0	1
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**43**	**100.0%**	**-**	**6**

57%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	3	7.0%
40%	-	0.0%
50%	5	11.6%
60%	35	81.4%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	**43**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100.00%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	678 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		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%	$373	30%/30%	$378	2	1	1	650	$373	$78	$295	$0	$0.45	$295	**$590**	**$590**	$295	$0.45	$0	$851	$1.31	$1,000
TC 50%	$622	30%/30%	$378	2	1	1	650	$378	$78	$300	$0	$0.46	$300	**$600**	**$600**	$300	$0.46	$0	$851	$1.31	$1,000
TC 50%	$622	HH/80%	$735	1	1	1	650	$622	$78	$544	$0	$0.84	$544	**$544**	**$544**	$544	$0.84	$0	$851	$1.31	$1,000
TC 60%	$747			32	1	1	650	$747	$78	$669	$0	$1.03	$669	**$21,408**	**$21,408**	$669	$1.03	$0	$851	$1.31	$1,000
TC 30%	$447	30%/30%	$549	1	2	1	850	$447	$101	$346	$0	$0.41	$346	**$346**	**$346**	$346	$0.41	$0	$1,021	$1.20	$1,125
TC 50%	$746			2	2	1	850	$746	$101	$645	$0	$0.76	$645	**$1,290**	**$1,290**	$645	$0.76	$0	$1,021	$1.20	$1,125
TC 60%	$895			3	2	1	850	$895	$101	$794	$0	$0.93	$794	**$2,382**	**$2,382**	$794	$0.93	$0	$1,021	$1.20	$1,125
TOTALS/AVERAGES:				**43**			**29,150**				**$0**	**$0.93**	**$632**	**$27,160**	**$27,160**	**$632**	**$0.93**	**$0**	**$875**	**$1.29**	**$1,017**

ANNUAL POTENTIAL GROSS RENT:	**$325,920**	**$325,920**

STABILIZED PRO FORMA

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.93	$632	$325,920	$484,755	$484,704	$325,920	$632	$0.93		0.0%	$0
retained deposits, interest income							$20.00	$10,320	14,400							
Total Secondary Income							$20.00			14,400	$10,320	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$336,240	$499,155	$499,104	$336,240				0.0%	$0
Vacancy & Collection Loss							7.5% PGI	(25,218)	(37,437)	(37,433)	(25,218)	7.5% PGI			0.0%	-
EFFECTIVE GROSS INCOME								$311,022	$461,718	$461,671	$311,022				0.0%	$0
General & Administrative	$25,872	$602/Unit	$17,542	$408	6.01%	$0.64	$435	$18,705	$24,300	$24,477	$17,542	$408	$0.60	5.64%	6.6%	1,163
Management	$19,203	4.8% EGI	$15,705	$365	5.00%	$0.53	$362	$15,551	$23,086	$23,084	$15,551	$362	$0.53	5.00%	0.0%	(0)
Payroll & Payroll Tax	$51,106	$1,189/Unit	$48,496	$1,128	15.55%	$1.66	$1,125	$48,375	$66,000	$66,000	$48,496	$1,128	$1.66	15.59%	-0.3%	(121)
Repairs & Maintenance	$37,123	$863/Unit	$27,514	$640	8.30%	$0.89	$600	$25,800	$36,000	$36,000	$25,800	$600	$0.89	8.30%	0.0%	-
Electric/Gas	$10,314	$240/Unit	$5,991	$139	3.46%	$0.37	$250	$10,750	$15,000	$14,510	$10,314	$240	$0.35	3.32%	4.2%	436
Water, Sewer, & Trash	$24,915	$579/Unit	$17,014	$396	7.60%	$0.81	$550	$23,650	$33,000	$23,741	$17,014	$396	$0.58	5.47%	39.0%	6,636
Property Insurance	$16,077	$0.55 /sf	$13,204	$307	3.94%	$0.42	$285	$12,243	$17,388	$17,388	$13,204	$307	$0.45	4.25%	-7.3%	(961)
Property Tax (@ 100%) 1.7138	$23,264	$541/Unit	$13,110	$305	4.88%	$0.52	$353	$15,179	$33,683	$35,077	$22,038	$513	$0.76	7.09%	-31.1%	(6,859)
Reserve for Replacements				$0	3.46%	$0.37	$250	$10,750	$15,000	$15,000	$10,750	$250	$0.37	3.46%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.55%	$0.06	$40	$1,720	$1,720	$1,720	$1,720	$40	$0.06	0.55%	0.0%	-
TDHCA MDL Compliance ($34/MDL unit)				$0	0.04%	$0.00	$3	$136	$0	$0	$0	$0	$0.00	0.00%	0.0%	136
TOTAL EXPENSES					**58.79%**	**$6.27**	**$4,253**	**$ 182,859**	$265,177	$256,996	**$182,430**	**$4,243**	**$6.26**	**58.65%**	**0.2%**	**$ 429**
NET OPERATING INCOME ("NOI")					**41.21%**	**$4.40**	**$2,981**	**$128,163**	$196,541	$204,675	**$128,592**	**$2,991**	**$4.41**	**41.35%**	**-0.3%**	**$ (429)**

CONTROLLABLE EXPENSES	$2,960/Unit		$2,771/Unit

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

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
Legacy Bank and Trust		1.34	1.34	95,941	4.80%	35	15	$1,625,000	$3,100,000	$3,100,000	$1,625,000	15	35	4.80%	$95,941	1.34	14.7%
TDHCA MDL Deferred payable		1.34	1.34		0.00%	35	15	$500,000			$492,558	15	35	0.00%	$0	1.34	4.5%
CASH FLOW DEBT / GRANTS																	
City of Kerrville		1.34	1.34		0.00%	0	0	$250	$250	$250	$250	0	0	0.00%		1.34	0.0%
MCP Development, Inc.		1.34	1.34		0.00%	0	0	$63,375			$63,375	0	0	0.00%		1.34	0.6%
				$95,941	**TOTAL DEBT / GRANT SOURCES**			**$2,188,625**	**$3,100,250**	**$3,100,250**	**$2,181,183**		**TOTAL DEBT SERVICE**		**$95,941**	**1.34**	19.7%
NET CASH FLOW		$32,651	$32,222								**APPLICANT**	**NET OPERATING INCOME**			**$128,163**	**$32,222**	**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
MEHG	LIHTC Equity	75.6%	$960,082	0.87	$8,351,879	$8,279,172	$8,254,083	$8,351,878	$0.8699	$960,082	75.6%	$22,327	Applicant Request
Four Corners Development	Deferred Developer Fees	4.7%	(36% Deferred)		$516,968	$536,468	$516,289	$516,289	(36% Deferred)		4.7%	**Total Developer Fee:**	**$1,434,253**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		80.3%			$8,868,847	$8,815,640	$8,770,372	$8,868,167			80.3%		
TOTAL CAPITALIZATION					**$11,057,472**	$11,915,890	$11,870,622	**$11,049,350**				**15-Yr Cash Flow after Deferred Fee:**	**$42,553**

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				$12,056 / Unit	$518,400	$518,400	$518,400	$518,400	$12,056 / Unit				0.0%	$0
Off-Sites				$2,419 / Unit	$104,000	$87,000	$87,000	$104,000	$2,419 / Unit		$0		0.0%	$0
Site Work		$2,319,710		$53,947 / Unit	$2,319,710	$2,302,800	$2,302,800	$2,319,710	$53,947 / Unit		$2,319,710		0.0%	$0
Site Amenities		$68,900		$1,602 / Unit	$68,900	$55,900	$55,900	$68,900	$1,602 / Unit		$68,900		0.0%	$0
Building Cost		$4,224,215	$144.91 /sf	$98,238/Unit	$4,224,215	$4,032,911	$3,896,622	$4,224,215	$98,238/Unit	$144.91 /sf	$4,224,215		0.0%	$0
Contingency		$360,175	5.45%	5.36%	$360,175	$465,333	$443,963	$360,175	5.36%	5.45%	$360,175		0.0%	$0
Contractor Fees		$654,047	9.38%	9.24%	$654,047	$995,812	$950,080	$654,047	9.24%	9.38%	$654,047		0.0%	$0
Soft Costs	0	$664,380		$16,613 / Unit	$714,380	$990,549	$990,549	$714,380	$16,613 / Unit		$664,380	$0	0.0%	$0
Financing	0	$557,145		$15,146 / Unit	$651,270	$810,610	$810,610	$651,270	$15,146 / Unit		$551,500	$0	0.0%	$0
Developer Fee	$0	$1,425,813	16.113%	16.11%	$1,442,375	$1,442,375	$1,409,699	$1,434,253	16.03%	16.07%	$1,420,672	$0	0.6%	$8,122
Reserves				Months	$0	$214,200	$210,110	$0	Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$10,274,385**		$257,151 / Unit	**$11,057,472**	$11,915,890	$11,675,732	**$11,049,350**	$256,962 / Unit		**$10,263,599**	**$0**	**0.1%**	**$8,122**
Acquisition Cost	$0				$0	$0								
Contingency		$0			$0	($11,830)								
Contractor's Fee		$0			$0	($25,316)								
Financing Cost		($5,645)												
Developer Fee	$0	($5,141)			($8,122)	($8,122)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$10,263,599**		$256,962/unit	**$11,049,350**	$11,870,622	$11,675,732	**$11,049,350**	$256,962/unit		**$10,263,599**	**$0**	**0.0%**	**$0**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$11,049,350**

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$10,263,599	$0	$10,263,599
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$10,263,599	$0	$10,263,599
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$13,342,679	$0	$13,342,679
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$13,342,679	$0	$13,342,679
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$1,200,841	$0	$1,200,841
CREDITS ON QUALIFIED BASIS	$1,200,841		$1,200,841	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8699	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,200,841	$10,446,273	----	----	----
Needed to Fill Gap	$1,019,431	$8,868,167	----	----	----
Applicant Request	$960,082	$8,351,878	**$960,082**	**$0**	**$0**

Long-Term Pro Forma

The Residence at Ridgehill, Kerrville, 9% HTC #22977_21520_20186

	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%	$311,022	$317,242	$323,587	$330,059	$336,660	$371,700	$410,387	$453,100	$500,259	$552,327	$609,813
TOTAL EXPENSES	3.00%	$182,859	$188,189	$193,676	$199,325	$205,140	$236,884	$273,588	$316,030	$365,116	$421,888	$487,560
NET OPERATING INCOME ("NOI")		**$128,163**	**$129,053**	**$129,911**	**$130,734**	**$131,521**	**$134,816**	**$136,799**	**$137,070**	**$135,144**	**$130,438**	**$122,253**
EXPENSE/INCOME RATIO		58.8%	59.3%	59.9%	60.4%	60.9%	63.7%	66.7%	69.7%	73.0%	76.4%	80.0%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941	$95,941
DEBT COVERAGE RATIO		1.34	1.35	1.35	1.36	1.37	1.41	1.43	1.43	1.41	1.36	1.27
ANNUAL CASH FLOW		**$32,222**	**$33,112**	**$33,970**	**$34,793**	**$35,580**	**$38,875**	**$40,858**	**$41,129**	**$39,203**	**$34,497**	**$26,312**
Deferred Developer Fee Balance		$484,067	$450,955	$416,985	$382,191	$346,611	$158,372	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$42,553	$248,432	$449,286	$632,427	$781,907

20186 The Residence at Ridgehill - Application Summary

REAL ESTATE ANALYSIS DIVISION
July 24, 2020

PROPERTY IDENTIFICATION

Application #	**20186**
Development	**The Residence at Ridgehill**
City / County	**Kerrville / Kerr**
Region/Area	**9 / Rural**
Population	**Elderly Preference**
Set-Aside	**General**
Activity	**New Construction**

RECOMMENDATION

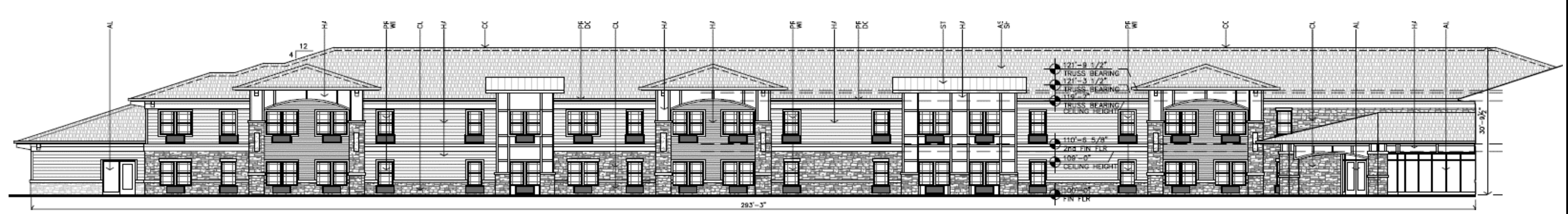
TDHCA Program	Request	Recommended		
LIHTC (9% Credit)	$900,000	**$897,273**	**$14,955/Unit**	**$0.92**

KEY PRINCIPALS / SPONSOR

Overland Property Group, LLC
Pat Beatty
Rex Vanier
Brett Johnson
Kit Sarai

Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



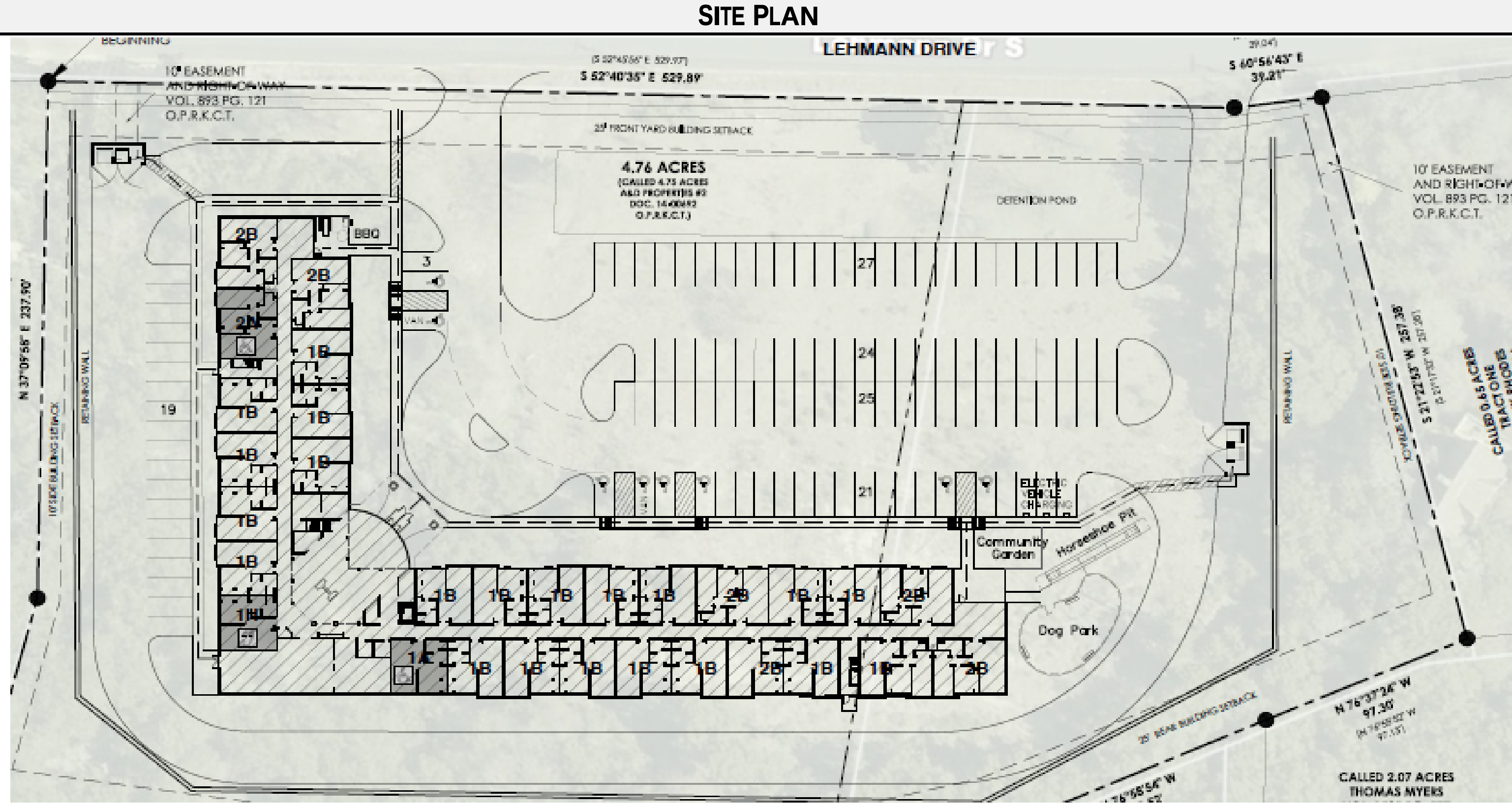
UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	**30%**	3	5%
1	48	80%	**40%**	-	0%
2	12	20%	**50%**	5	8%
3	-	0%	**60%**	35	58%
4	-	0%	**MR**	17	28%
TOTAL	60	100%	**TOTAL**	60	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten	Applicant's Pro Forma		
Debt Coverage	1.20	**Expense Ratio**	57.4%
Breakeven Occ.	85.8%	**Breakeven Rent**	$623
Average Rent	$673	**B/E Rent Margin**	$50
Property Taxes	$561/unit	**Exemption/PILOT**	0%
Total Expense	$4,420/unit	**Controllable**	$2,905/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS

Gross Capture Rate (10% Maximum)			2.7%
Highest Unit Capture Rate	9%	1 BR/60%	32
Dominant Unit Cap. Rate	9%	1 BR/60%	32
Premiums (↑60% Rents)	Yes		$277/Avg.
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY

Costs Underwritten	Applicant's Costs		
Avg. Unit Size	690 SF	**Density**	12.6/acre
Acquisition		$09K/unit	$518K
Building Cost	$97.41/SF	$67K/unit	$4,033K
Hard Cost		$116K/unit	$6,932K
Total Cost		$198K/unit	$11,871K
Developer Fee	$1,434K	(36% Deferred)	Paid Year: 13

DEBT (Must Pay)				
Source	**Term**	**Rate**	**Amount**	**DCR**
PNC FHA 221(d)(4)	40/40	4.00%	$3,100,000	1.20
TOTAL DEBT (Must Pay)			**$3,100,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	**Term**	**Rate**	**Amount**	**DCR**
City of Kerrville	0/0	0.00%	$250	1.20
CASH FLOW DEBT / GRANTS			**$250**	

EQUITY / DEFERRED FEES	
Source	**Amount**
Redstone	$8,254,083
Overland Property Group	$516,289
TOTAL EQUITY SOURCES	**$8,770,372**
TOTAL DEBT SOURCES	**$3,100,250**
TOTAL CAPITALIZATION	**$11,870,622**

CONDITIONS

1 Receipt and acceptance by Commitment:

- Receipt of MAP Invitation Letter for FHA 221(d)(4) loan, or letter from Lender indicating the date that the HUD concept meeting was held, and confirmation that based on that meeting the Lender intends to proceed with submitting the application to HUD.

2 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: Architect certification that buildings were tested for the presence of radon and any recommended mitigation measures were implemented.

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

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

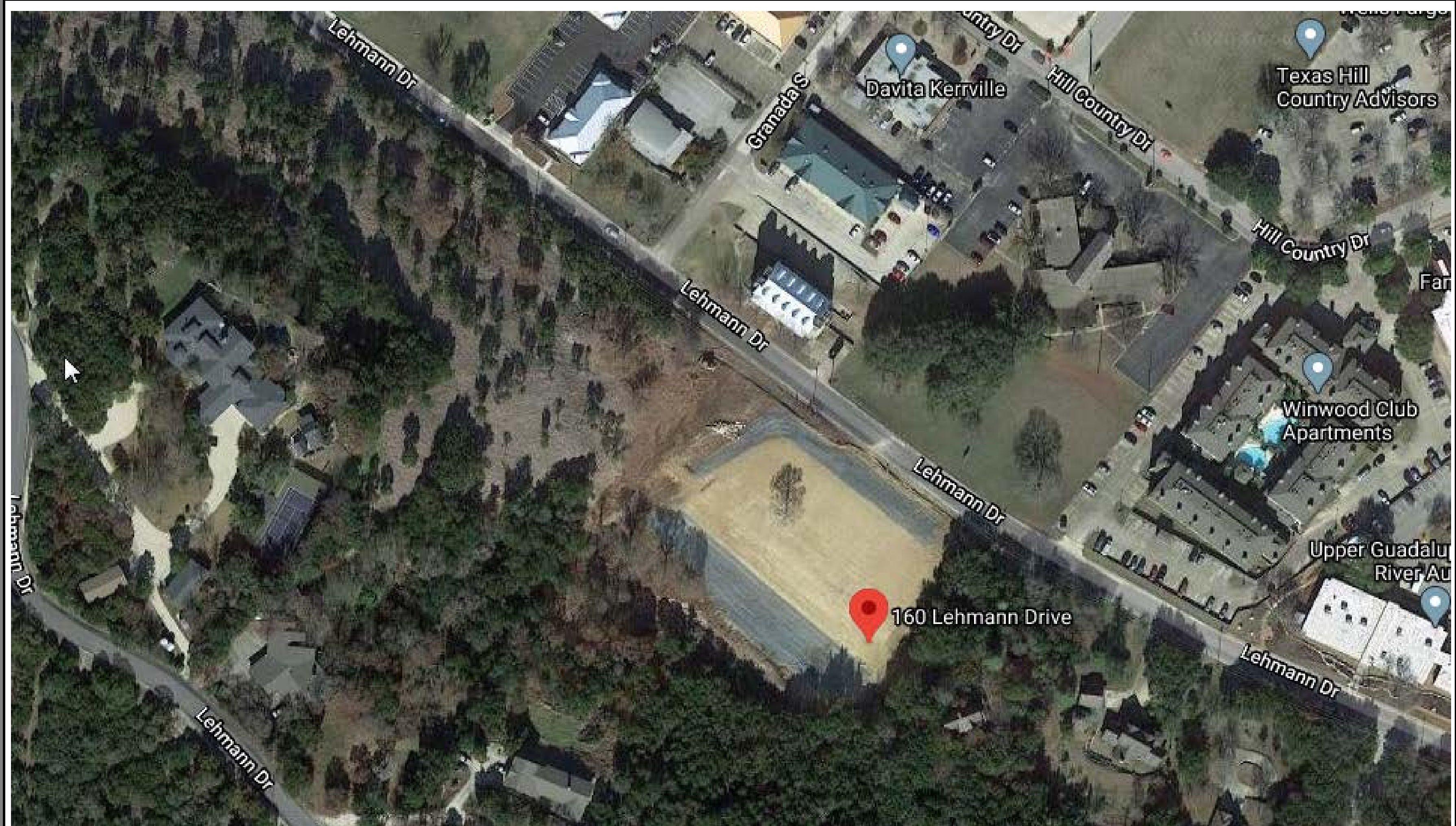
- Developer Experience
- Overall Feasibility Indicators
- Low capture rates/high occupancies in PMA

WEAKNESSES/RISKS

- Market rate exposure on 17 (28%) of the units

AREA MAP

AERIAL PHOTOGRAPH(s)



Real Estate Analysis Division
Underwriting Report
July 24, 2020

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **20186** Program(s): **9% HTC**

The Residence at Ridgehill

Address/Location: 160-170 Lehmann Dr

City: Kerrville County: Kerr Zip: 78020

Population: Elderly Preference Program Set-Aside: General Area: Rural

Activity: New Construction Building Type: Elevator Served Region: 9

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
LIHTC (9% Credit)	$900,000				**$897,273**				

CONDITIONS

1 Receipt and acceptance by Commitment:

- Receipt of MAP Invitation Letter for FHA 221(d)(4) loan, or letter from Lender indicating the date that the HUD concept meeting was held, and confirmation that based on that meeting the Lender intends to proceed with submitting the application to HUD.

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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	3
50% of AMI	50% of AMI	5
60% of AMI	60% of AMI	35

DEVELOPMENT SUMMARY

New construction of 60-unit elderly development in Kerrville, TX . One 2-story, L-shaped, interior corridor, elevator-served building with over 6,500 sf common space. The unit mix is 80% 1-bedroom units with the other 20% being 2-bedrooms, with a average unit size of 690 sf.

The unit mix includes 17 (28% of total) market rate units.

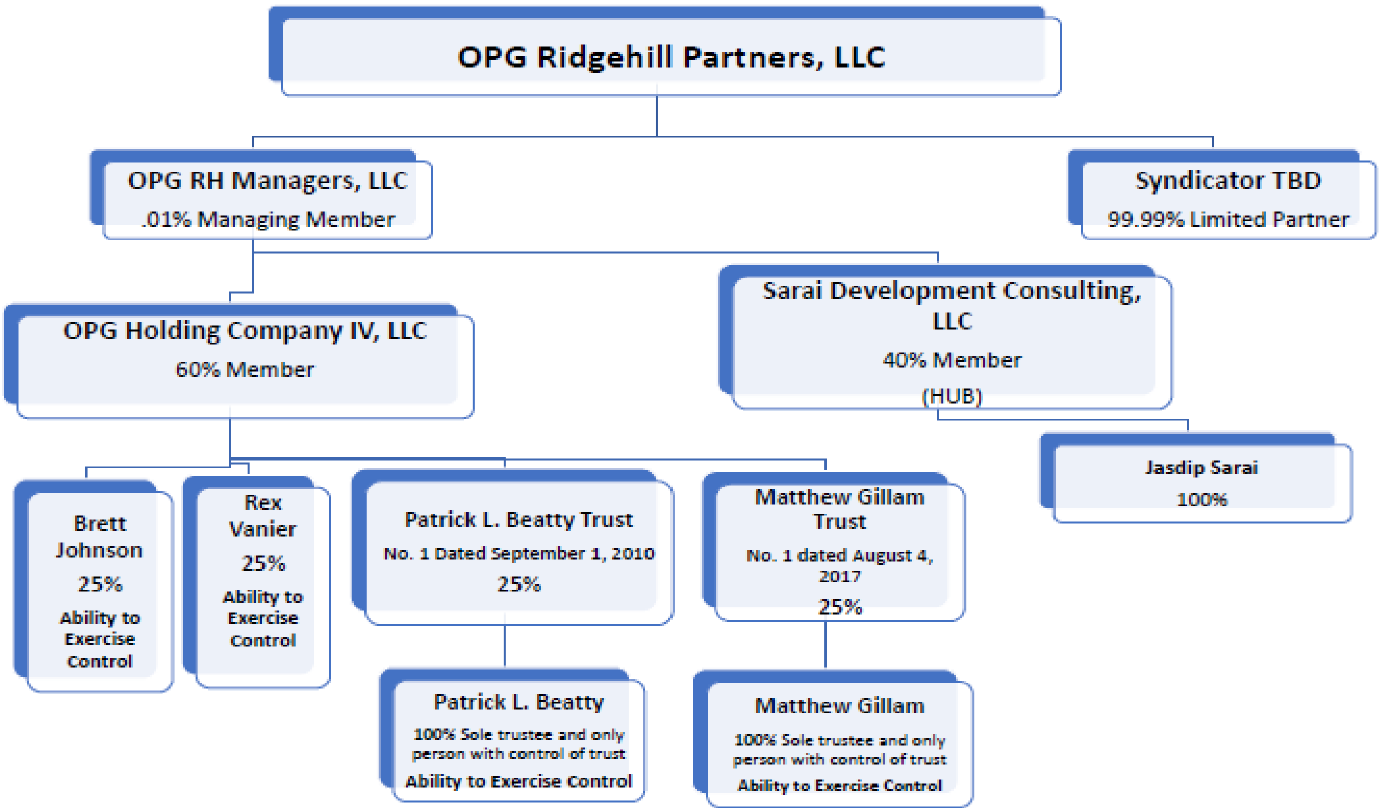
RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	Developer Experience
▫	Overall Feasibility Indicators
▫	Low capture rates/high occupancies in PMA

	WEAKNESSES/RISKS
▫	Market rate exposure on 17 (28%) of the units
▫	
▫	

DEVELOPMENT TEAM			
PRIMARY CONTACTS			
Name:	April Engstrom	Name:	Alyssa Carpenter
Phone:	(785) 212-0810	Phone:	(512) 789-1295
Relationship:	Developer	Relationship:	Consultant

OWNERSHIP STRUCTURE

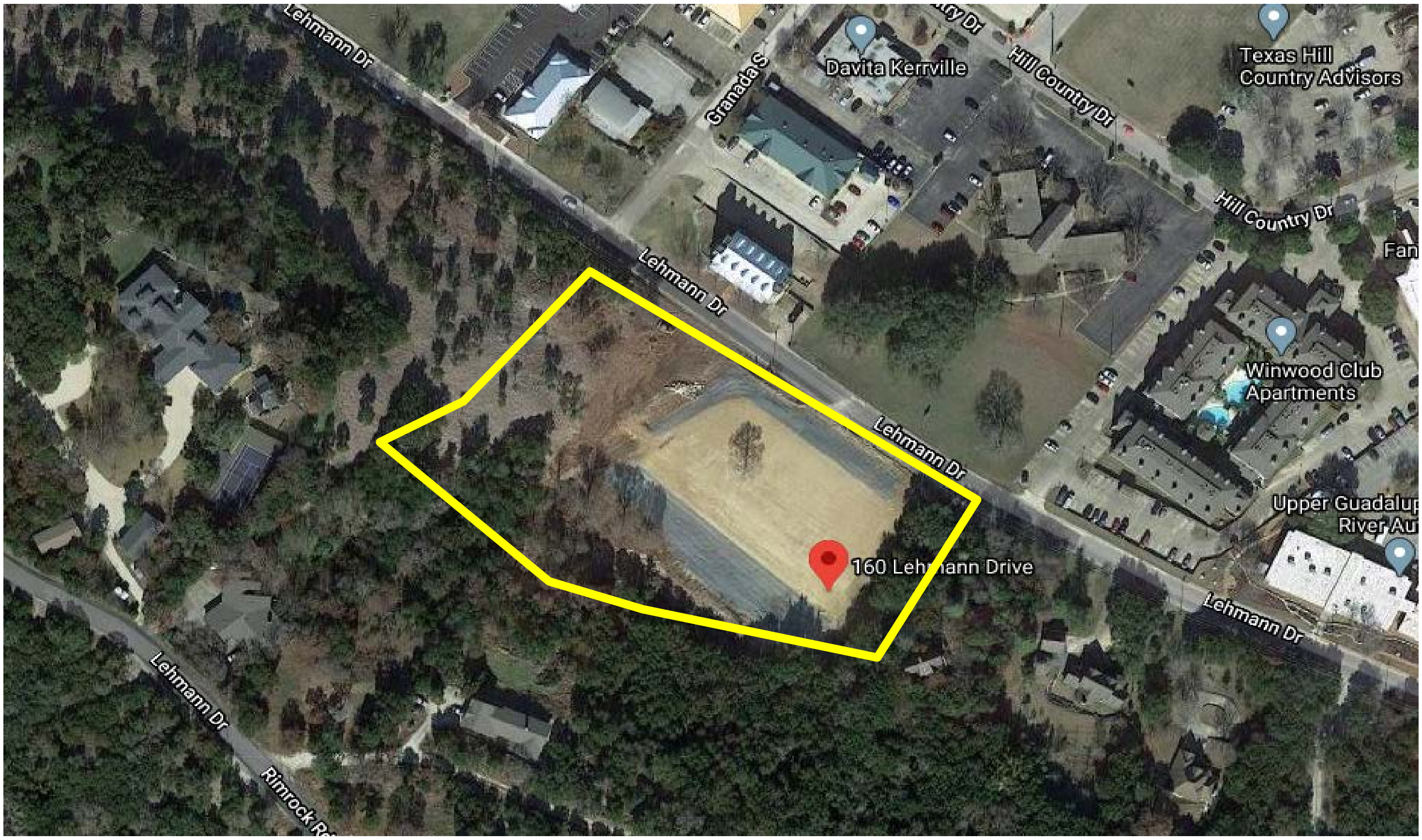


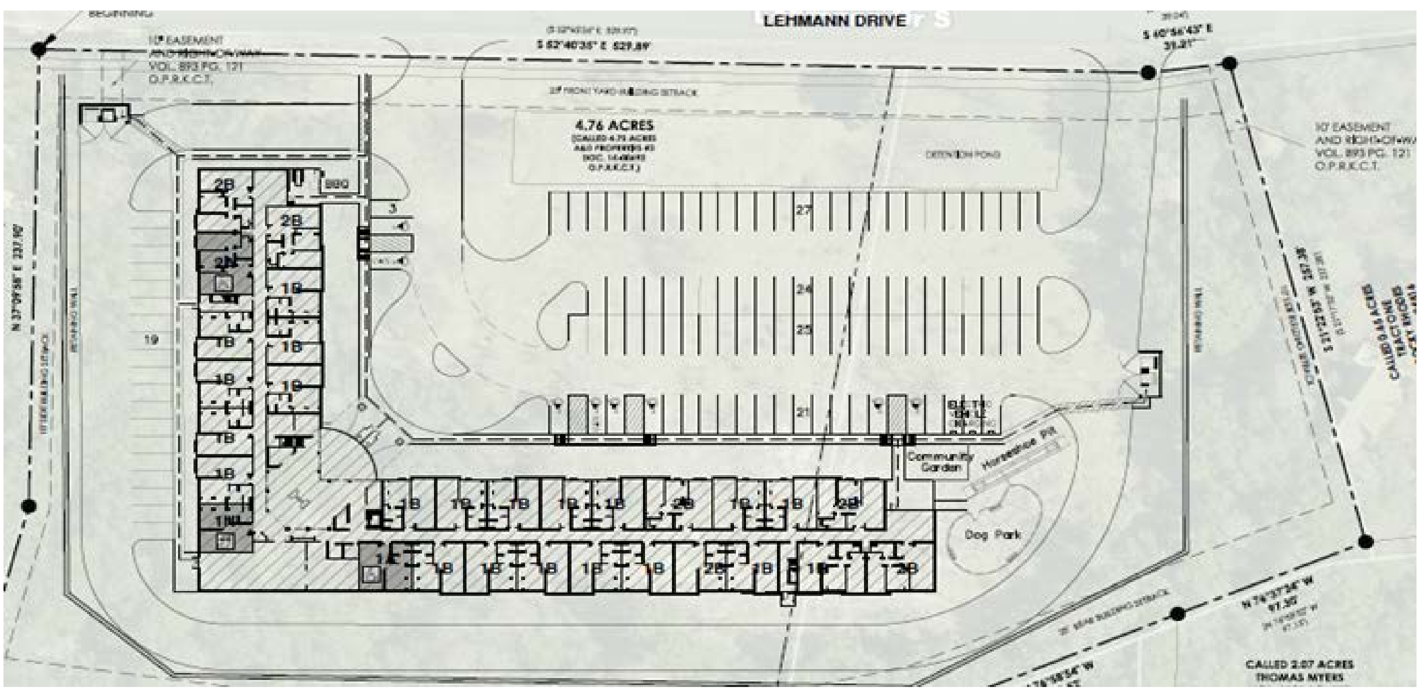
- The Applicant, Developer and Architect are related entities. Applicant has had 17 LIHTC developments awarded in Texas in the last 8 years, totaling over 1000 units.

  In addition to this application, the same principals have one other pending application, 20167 Laurel Flats, with a similar ownership structure. The total credit request for the two applications is $2,024,289

DEVELOPMENT SUMMARY

SITE PLAN

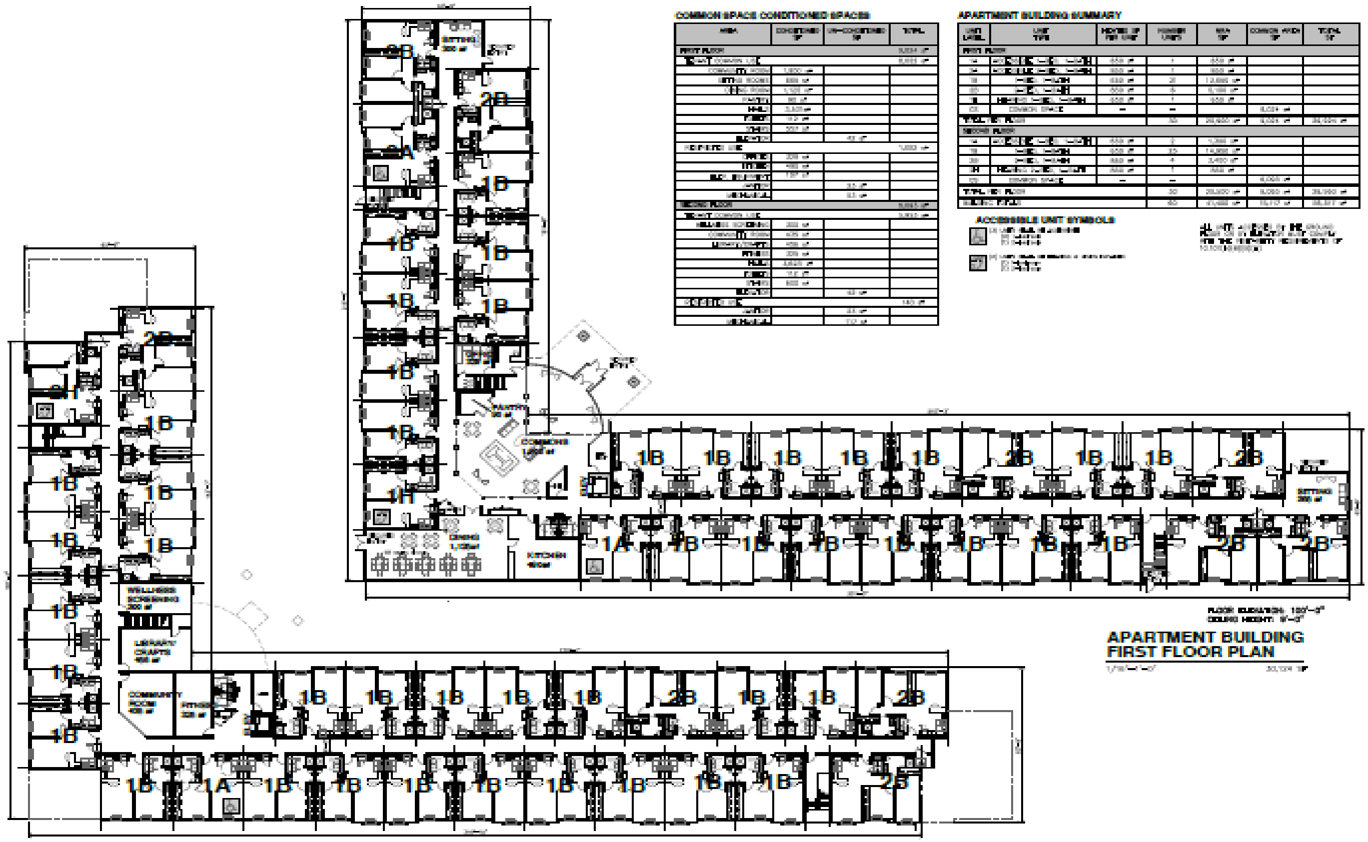




Comments:

Site ingress and egress will be through Lehmann Drive South. The average grade of the site from the southern boundary of the property towards the roadway is approximately -20%. Retaining walls along the rear of the property will be needed to route drainage around the building and proposed amenities. There are three proposed electric vehicle charging stations.

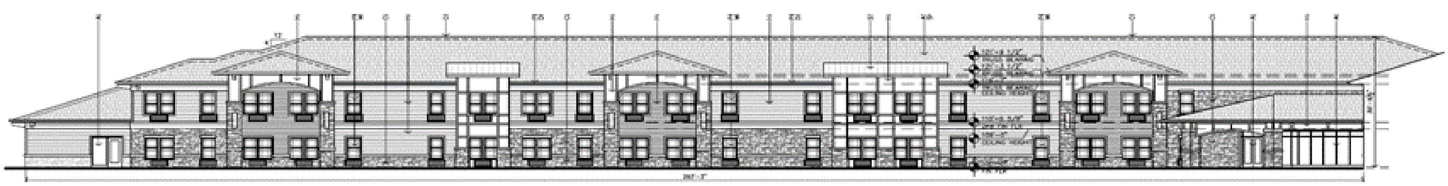
BUILDING PLAN (Typical)



Comments:

Single 2-story, L-shaped, elevator-served building with typical units, 7.2K of conditioned corridors, and multiple plumbing runs throughout.

BUILDING ELEVATION



Comments:

Building has average exterior façade composition and articulation, and 4/12 roof pitch.

BUILDING CONFIGURATION

		Total Buildings
Building Type	1	
Floors/Stories	2	
Number of Bldgs	1	1
Units per Bldg	60	
Total Units	60	**60**

Avg. Unit Size (SF)	**690 sf**	**Total NRA (SF)**	**41,400**	**Common Area (SF)***	**15,117**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 4.76 acres Density: 12.6 units/acre

Site Control: 4.75 **Site Plan:** 4.76 **Appraisal:** NA **ESA:** 4.76

Control Type: Unimproved Commercial Property Contract Contract Expiration: 8/31/2020

Development Site: 4.76 acres Cost: $518,400 $8,640 per unit

Seller: A & D Properties 2

Buyer: OPG Land Development, LLC

Assignee: OPG Ridgehill Partners, LLC

Related-Party Seller/Identity of Interest: No

Comments:

Final site acreage based on survey versus CAD

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	ETJ- no zoning required	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	NA	Title Issues?	No

Current Uses of Subject Site:

undeveloped land

Surrounding Uses:

Northeast: Lehmann Drive, Clinical Pathology Laboratory, J & M Raymond Company, undeveloped land and Winwood Club Apartments
Southeast: Undeveloped land and single family residential property
Southwest: Undeveloped land and single family residential property
Northwest: Undeveloped land and single family residential property

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: 2/14/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- All the calculated noise values fall below the 65 dB threshold, and are considered "Acceptable" based on the HUD guidelines. The results of the assessment found the greatest contributor of noise to the subject property is Sidney Baker Street South, located to the east. Noise mitigation will be required to establish a noise environment below 65 dB in proposed noise sensitive locations of the new development.

- Projects funded by FHA Multifamily Insured mortgage applications must comply with Section 9.5.C of the Multifamily Accelerated Processing (MAP) Guide, which requires post-construction radon testing is required for all new construction projects located within Radon Zone 3. The radon testing must be performed in accordance to the ANSI/AARST protocol for conducting radon and radon decay product measurements in multi-family buildings.

MARKET ANALYSIS

Provider:	Novogradac Consulting	Date:	4/1/2020
Contact:	Will Hoedl	Phone:	913-312-4613

Primary Market Area (PMA): 2,543 sq. miles 28 mile equivalent radius

Per Market Analyst, the PMA encompasses the entirety of Kerr County as well as the majority of Bandera and Kendall Counties, including all of or a portion of the cities or communities of Kerrville, Boerne, Comfort, Bandera, Sisterdale, Center Point, Ingram, Medina, Hunt, Vanderpool, Tarpley, and Kendalia. It should be noted that the PMA generally comprises rural tracts of the surrounding counties and, with the exception of a portion of Boerne located within the PMA, excludes moderate-sized cities in these counties. We believe the size of Kerrville with many amenities would attract tenants from surrounding rural communities, especially seniors. (p. 14)

Kerr County is not part of an MSA, while Bandera and Kendall Counties are both part of the San Antonio-New Braunfels, TX MSA. The AMGI in Kerr County is lower than the AMGI in the San Antonio, TX MSA; as such, the Subject's rents will be below those of comparable located in these surrounding counties, which may further attract tenants to live at the Subject. (p. 14)

Although the size of this PMA is extraordinary, it is found to be acceptable, particularly given the low capture rate and AMGI variances within the PMA.

ELIGIBLE HOUSEHOLDS BY INCOME

Kerr County Income Limits

HH Size		1	2	3	4	5	6	7+
30% AMGI	Min	$8,160	$8,160	$9,792	$9,792	---	---	---
	Max	$12,720	$14,550	$16,350	$18,180	---	---	---
50% AMGI	Min	$13,632	$13,632	$16,344	$16,344	---	---	---
	Max	$21,200	$24,250	$27,250	$30,300	---	---	---
60% AMGI	Min	$16,344	$16,344	$19,608	$19,608	---	---	---
	Max	$25,440	$29,100	$32,700	$36,360	---	---	---

AFFORDABLE HOUSING INVENTORY

Competitive Supply (Proposed, Under Construction, and Unstabilized)

File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
18418	LIV Boerne	Yes	New	Elderly	122	162

Stabilized Affordable Developments in PMA	Total Units	941
	Total Developments	12

Proposed, Under Construction, and Unstabilized Competitive Supply:

LIV Boerne (#18418) is currently leasing up 31 miles southeast of the Subject in Boerne. It is very likely this property will be stabilized when the Subject starts leasing. Also, as mentioned above, Boerne is in the San Antonio MSA and will therefore have higher rents based on the higher AMI.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
	HTC	Assisted	HTC	Assisted
Total Households in the Primary Market Area	40,080		40,151	
Senior Households in the Primary Market Area	23,532		19,151	
Potential Demand from the Primary Market Area	4,794		5,468	
10% External Demand	479		547	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	5,273		6,015	
Subject Affordable Units	43		43	
Unstabilized Competitive Units	152		122	
RELEVANT SUPPLY	195		165	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**3.7%**		**2.7%**	

Population:	Elderly Preference	Market Area:	Rural	Maximum Gross Capture Rate:	10%

UNDERWRITING ANALYSIS of PMA DEMAND by AMGI BAND										
	Market Analyst					Underwriter				
AMGI Band	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate	Demand	10% Ext	Subject Units	Comp Units	AMGI Band Capture Rate
30% AMGI	1,169	117	3	3	0.5%	896	90	3	0	0.3%
50% AMGI	786	79	5	7	1%	551	55	5	0	1%
60% AMGI	2,839	284	35	142	6%	4,021	402	35	122	4%

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes and both renter and owner households. Due to the proposed FHA financing, seniors are considered age 62 and up. Market Analyst qualified seniors at age 55 and up, but did not include all household sizes.

UNDERWRITING ANALYSIS of PMA DEMAND by UNIT TYPE										
	Market Analyst					Underwriter				
Unit Type	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate	Demand	10% Ext	Subject Units	Comp Units	Unit Capture Rate
1 BR/30%	807	81	2	3	1%	535	54	2	0	0.3%
1 BR/50%	566	57	3	6	1%	801	80	3	0	0.3%
1 BR/60%	1,849	185	32	94	6%	1,005	101	32	73	9%
2 BR/30%	363	36	1	0	0.3%	236	24	1	0	0.4%
2 BR/50%	220	22	2	1	1%	308	31	2	0	1%
2 BR/60%	990	99	3	48	5%	611	61	3	49	8%

Market Analyst Comments:

Gardens at Clearwater is the most similar LIHTC comparable relative to the Subject...located approximately 1.7 miles southeast of the Subject...This property was constructed in 2011 and exhibits excellent condition, similar to the Subject upon completion...This property reported LIHTC rents at the maximum allowable LIHTC levels and currently maintains a waiting list approximately six months in length. (p. 114)

Overall, the Subject's proposed affordable rents will offer an advantage to Novoco's estimated achievable market rents of approximately 34.2 to 38.2 percent. (p. 115)

We believe that the Subject would experience an absorption rate of approximately 14 to 19 units per month, and would reach stabilized occupancy of 95 percent within three to four months of opening. (p. 116)

The market rate comparables reported vacancy rates ranging from zero to 5.8 percent, with an average of 3.0 percent. All senior properties, including LIHTC and market rate, have an average vacancy rate of 1.5 percent. We anticipate the Subject will maintain a vacancy rate of five percent or less upon stabilization. (p. 117)

Revisions to Market Study:	0

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$196,541	Avg. Rent:	$673	Expense Ratio:	57.4%
Debt Service:	$163,223	B/E Rent:	$623	Controllable Expenses:	$2,905
Net Cash Flow:	$33,318	UW Occupancy:	92.5%	Property Taxes/Unit:	$561
Aggregate DCR:	1.20	B/E Occupancy:	85.8%	Program Rent Year:	2019

All HTC units are projected at maximum HTC program rents.

The Market Analyst reports market rents that are $308 to $319 higher than the HTC 60% rents (representing market premiums of 42% on average). Applicant assumes market rents that are $170 to $204 higher than the HTC 60% rents (representing market premiums of 28% on average). Applicant's assumptions are consistent with market rents recently underwritten at other developments in the region.

One-month concession on market-rate units (28% of units) produces an average rent $29/unit above breakeven. If the market units only achieve the 60% HTC rents, the DCR decreased to 1.08 times and resulting cashflow is negative.

Underwritten occupancy assumes 4 vacant units (7.5%), while break-even is at 8 units (15.7%).

Related-Party Property Management Company: No

Revisions to Rent Schedule:	0

Revisions to Annual Operating Expenses:	0

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$108,908/ac	$8,640/unit	**$518,400**	Contractor Fee	**$970,496**
Off-site + Site Work		$40,762/unit	**$2,445,700**	Soft Cost + Financing	**$1,801,159**
Building Cost	$97.41/sf	$67,215/unit	**$4,032,911**	Developer Fee	**$1,434,253**
Contingency	7.18%	$7,558/unit	**$453,503**	Reserves	**$214,200**
Total Development Cost	$197,844/unit	**$11,870,622**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Rural [9% only]

Off-site:

Certified $104K in off site costs for access driveway & culvert, and water & sewer extensions.

Site Work:

Certified $2.5M in site work costs for an On-Site Sewage Facility (OSSF), driveway connection to Lehmann Drive, and retaining walls.

Building Cost:

Applicant's building cost estimate of $4.03M ($67.2K/unit - $97.41/sf) is $136K (3.5%) greater than the Underwriter's estimate of $3.9M.

Contingency:

Total and eligible contingency overstated at greater than 7%. Total contingency adjusted $11.8K, eligible contingency adjusted $10.6K.

Contractor Fee:

Total and eligible contractor fee overstated by $25.3K and $22.7K respectively.

Soft Costs:

$17K in A&E costs re-allocated from off-site and $152K re-allocated from site work costs.

Developer Fee:

Total and eligible developer fee overstated by $8.1K and $5.1K respectively.

Comments:

Total housing development costs varies by $240 (2.1%); therefore, the recommended capital structure is based on Applicant's cost schedule.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$11,870,622	**$10,891,818**	**$897,273**

Related-Party Contractor: Yes

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	0

UNDERWRITTEN CAPITALIZATION

INTERIM SOURCES

Funding Source	Description	Amount	Rate	LTC
PNC FHA 221(d)(4)	Conventional/FHA	$3,100,000	4.00%	26%
Horizon Bank	Bridge Loan	$8,000,000	5.50%	67%
Redstone	HTC	$827,917	$0.92	7%
		$11,927,917	Total Sources	

PERMANENT SOURCES

	PROPOSED				UNDERWRITTEN				
Debt Source	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	LTC
PNC FHA 221(d)(4)	$3,100,000	4.00%	40	40	$3,100,000	4.00%	40	40	26%
City of Kerrville	$250	0.00%	0	0	$250	0.00%	0	0	0%
Total	$3,100,250				$3,100,250				

Comments:

Term Sheet from PNC indicates an interest rate of 4%. Interest rate shown does not include the additional 0.25% MIP.

	PROPOSED			UNDERWRITTEN			
Equity & Deferred Fees	Amount	Rate	% Def	Amount	Rate	% TC	% Def
Redstone	$8,279,172	$0.92		$8,254,083	$0.92	70%	
Overland Property Group	$536,468		37%	$516,289		4%	37%
Total	$8,815,640			$8,770,372			
				$11,870,622	Total Sources		

Credit Price Sensitivity based on current capital structure	
$0.974	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.903	Minimum Credit Price below which the Development would be characterized as infeasible

Revisions to Sources Schedule:	0

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$11,870,622
Permanent Sources (debt + non-HTC equity)	$3,100,250
Gap in Permanent Financing	$8,770,372

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$8,254,083	$897,273
Needed to Balance Sources & Uses	$8,770,372	$953,397
Requested by Applicant	$8,279,172	$900,000

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$8,254,083**	**$897,273**

Deferred Developer Fee	**$516,289**	**(37% deferred)**
Repayable in	**13 years**	

Comments:

Recommended credit allocation is $897,273 as determined by eligible basis.

Underwriter:	*Diamond Unique Thompson*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

The Residence at Ridgehill, Kerrville, 9% HTC #20186

LOCATION DATA	
CITY:	Kerrville
COUNTY:	Kerr
Area Median Income	$57,700
PROGRAM REGION:	9
PROGRAM RENT YEAR:	2019

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	48	80.0%	0	0
2	12	20.0%	0	0
3	-	0.0%	0	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	60	100.0%	-	-

57%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	3	5.0%
40%	-	0.0%
50%	5	8.3%
60%	35	58.3%
70%	-	0.0%
80%	-	0.0%
MR	17	28.3%
TOTAL	60	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	70.41%
APP % Acquisition	3.32%
APP % Construction	9.00%
Average Unit Size	690 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%	$340	2	1	1	650	$340	$78	$262	$0	$0.40	$262	**$524**	**$524**	$262	$0.40	$0	$851	$1.31	$1,000
TC 50%	$568	3	1	1	650	$568	$78	$490	$0	$0.75	$490	**$1,470**	**$1,470**	$490	$0.75	$0	$851	$1.31	$1,000
TC 60%	$681	32	1	1	650	$681	$78	$603	$0	$0.93	$603	**$19,296**	**$19,296**	$603	$0.93	$0	$851	$1.31	$1,000
MR		11	1	1	650	$0	$78		NA	$1.31	$851	**$9,364**	**$9,361**	$851	$1.31	NA	$851	$1.31	$1,000
TC 30%	$408	1	2	1	850	$408	$101	$307	$0	$0.36	$307	**$307**	**$307**	$307	$0.36	$0	$1,021	$1.20	$1,125
TC 50%	$681	2	2	1	850	$681	$101	$580	$0	$0.68	$580	**$1,160**	**$1,160**	$580	$0.68	$0	$1,021	$1.20	$1,125
TC 60%	$817	3	2	1	850	$817	$101	$716	$0	$0.84	$716	**$2,148**	**$2,148**	$716	$0.84	$0	$1,021	$1.20	$1,125
MR		6	2	1	850	$0	$101		NA	$1.20	$1,021	**$6,128**	**$6,126**	$1,021	$1.20	NA	$1,021	$1.20	$1,125
TOTALS/AVERAGES:		**60**			**41,400**				**$0**	**$0.98**	**$673**	**$40,396**	**$40,392**	**$673**	**$0.98**	**$0**	**$885**	**$1.28**	**$1,025**

ANNUAL POTENTIAL GROSS RENT:		
ANNUAL POTENTIAL GROSS RENT:	**$484,755**	**$484,704**

STABILIZED PRO FORMA

The Residence at Ridgehill, Kerrville, 9% HTC #20186

	STABILIZED FIRST YEAR PRO FORMA													
	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		County Comps		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$0.98	$673	$484,755	$484,704	$673	$0.98		0.0%	$51
0							$0.00	$0						
retained deposits, interest income							$20.00	$14,400						
late fees, app fees, pet fees							$0.00	$0						
Total Secondary Income							$20.00		$14,400	$20.00			0.0%	$0
POTENTIAL GROSS INCOME								$499,155	$499,104				0.0%	$51
Vacancy & Collection Loss							7.5% PGI	(37,437)	(37,433)	7.5% PGI			0.0%	(4)
Rental Concessions								-	-				0.0%	-
EFFECTIVE GROSS INCOME								$461,718	$461,671				0.0%	$47

General & Administrative	$36,427	$607/Unit	$24,477	$408	5.26%	$0.59	$405	$24,300	$24,477	$408	$0.59	5.30%	-0.7%	(177)
Management	$27,016	4.8% EGI	$21,914	$365	5.00%	$0.56	$385	$23,086	$23,084	$385	$0.56	5.00%	0.0%	2
Payroll & Payroll Tax	$71,311	$1,189/Unit	$67,669	$1,128	14.29%	$1.59	$1,100	$66,000	$66,000	$1,100	$1.59	14.30%	0.0%	-
Repairs & Maintenance	$51,800	$863/Unit	$38,392	$640	7.80%	$0.87	$600	$36,000	$36,000	$600	$0.87	7.80%	0.0%	-
Electric/Gas	$14,510	$242/Unit	$8,360	$139	3.25%	$0.36	$250	$15,000	$14,510	$242	$0.35	3.14%	3.4%	490
Water, Sewer, & Trash	$34,765	$579/Unit	$23,741	$396	7.15%	$0.80	$550	$33,000	$23,741	$396	$0.57	5.14%	39.0%	9,259
Property Insurance	$22,433	$0.54 /sf	$18,425	$307	3.77%	$0.42	$290	$17,388	$17,388	$290	$0.42	3.77%	0.0%	-
Property Tax (@ 100%) 1.7138	$32,718	$545/Unit	$18,293	$305	7.30%	$0.81	$561	$33,683	$35,077	$585	$0.85	7.60%	-4.0%	(1,394)
Reserve for Replacements				$0	3.25%	$0.36	$250	$15,000	$15,000	$250	$0.36	3.25%	0.0%	-
Supportive Services				$0	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0	0.37%	$0.04	$29	$1,720	$1,720	$29	$0.04	0.37%	0.0%	-
TOTAL EXPENSES					**57.43%**	**$6.41**	**$4,420**	**$ 265,177**	**$256,996**	**$4,283**	**$6.21**	**55.67%**	**3.2%**	**$ 8,181**
NET OPERATING INCOME ("NOI")					**42.57%**	**$4.75**	**$3,276**	**$196,541**	**$204,675**	**$3,411**	**$4.94**	**44.33%**	**-4.0%**	**$ (8,134)**

CONTROLLABLE EXPENSES							$2,905/Unit			$2,745/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Residence at Ridgehill, Kerrville, 9% HTC #20186

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							AS UNDERWRITTEN DEBT/GRANT STRUCTURE						
		Cumulative DCR												Cumulative	
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
PNC FHA 221(d)(4)	0.25%	1.25	1.20	163,223	4.00%	40	40	$3,100,000	$3,100,000	40	40	4.00%	$163,223	1.20	26.1%
CASH FLOW DEBT / GRANTS															
City of Kerrville		1.25	1.20		0.00%	0	0	$250	$250	0	0	0.00%		1.20	0.0%
				$163,223	**TOTAL DEBT / GRANT SOURCES**			**$3,100,250**	**$3,100,250**			**TOTAL DEBT SERVICE**	**$163,223**	**1.20**	26.1%
NET CASH FLOW		$41,452	$33,318						**APPLICANT**	**NET OPERATING INCOME**		**$196,541**	**$33,318**	**NET CASH FLOW**	

EQUITY SOURCES

	APPLICANT'S PROPOSED EQUITY STRUCTURE					AS UNDERWRITTEN EQUITY STRUCTURE					
EQUITY / DEFERRED FEES	**DESCRIPTION**	**% Cost**	**Annual Credit**	**Credit Price**	**Amount**	**Amount**	**Credit Price**	**Annual Credit**	**% Cost**	**Annual Credits per Unit**	**Allocation Method**
Redstone	LIHTC Equity	69.7%	$900,000	0.92	$8,279,172	$8,254,083	$0.9199	$897,273	69.5%	$14,955	Eligible Basis
Overland Property Group	Deferred Developer Fees	4.5%	(37% Deferred)		$536,468	$516,289	(36% Deferred)		4.3%	**Total Developer Fee:**	**$1,434,253**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		74.3%			$8,815,640	$8,770,372			73.9%		
TOTAL CAPITALIZATION					**$11,915,890**	**$11,870,622**				**15-Yr Cash Flow after Deferred Fee:**	**$128,288**

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS					TDHCA COST / BASIS ITEMS					COST VARIANCE	
	Eligible Basis								Eligible Basis			
	Acquisition	**New Const. Rehab**	**Total Costs**			**Total Costs**			**New Const. Rehab**	**Acquisition**	**%**	**$**
Land Acquisition				$8,640 / Unit	$518,400	$518,400	$8,640 / Unit				0.0%	$0
Building Acquisition	$0			$ / Unit	$0	$0	$ / Unit			$0	0.0%	$0
					$0	$0						$0
Off-Sites				$1,450 / Unit	$87,000	$87,000	$1,450 / Unit				0.0%	$0
Site Work		$2,302,800		$38,380 / Unit	$2,302,800	$2,302,800	$38,380 / Unit		$2,302,800		0.0%	$0
Site Amenities		$55,900		$932 / Unit	$55,900	$55,900	$932 / Unit		$55,900		0.0%	$0
Building Cost		$4,032,911	$97.41 /sf	$67,215/Unit	$4,032,911	$3,896,622	$64,944/Unit	$94.12 /sf	$3,896,622		3.5%	$136,289
Contingency		$458,053	7.17%	7.18%	$465,333	$443,963	7.00%	7.00%	$437,873		4.8%	$21,370
Contractor Fees		$980,233	14.31%	14.34%	$995,812	$950,080	14.00%	14.00%	$937,047		4.8%	$45,732
Soft Costs	0	$948,549		$16,509 / Unit	$990,549	$990,549	$16,509 / Unit		$948,549	$0	0.0%	$0
Financing	0	$726,110		$13,510 / Unit	$810,610	$810,610	$13,510 / Unit		$726,110	$0	0.0%	$0
Developer Fee	$0	$1,425,813	15.001%	15.03%	$1,442,375	$1,409,699	15.00%	15.00%	$1,395,735	$0	2.3%	$32,677
Reserves				6 Months	$214,200	$210,110	6 Months				1.9%	$4,090
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$10,930,369**		$198,598 / Unit	**$11,915,890**	**$11,675,732**	$194,596 / Unit		**$10,700,636**	**$0**	**2.1%**	**$240,158**
Acquisition Cost	$0				$0							
Contingency		($10,640)			($11,830)							
Contractor's Fee		($22,770)			($25,316)							
Financing Cost		$0										
Developer Fee	$0	($5,141)			($8,122)							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$10,891,818**		$197,844/unit	**$11,870,622**	**$11,675,732**	$194,596/unit		**$10,700,636**	**$0**	**1.7%**	**$194,890**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$11,870,622**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Residence at Ridgehill, Kerrville, 9% HTC #20186

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$10,891,818	$0	$10,700,636
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$10,891,818	$0	$10,700,636
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$14,159,363	$0	$13,910,827
Applicable Fraction	70.41%	70.41%	70.41%	70.41%
TOTAL QUALIFIED BASIS	$0	$9,969,697	$0	$9,794,701
Applicable Percentage	3.32%	9.00%	3.32%	9.00%
ANNUAL CREDIT ON BASIS	$0	$897,273	$0	$881,523
CREDITS ON QUALIFIED BASIS	$897,273		$881,523	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9199	Variance to Request	
Method	Annual Credits	Proceeds	Credit Allocation	Credits	Proceeds
Eligible Basis	$897,273	$8,254,083	**$897,273**	**($2,727)**	**($25,089)**
Needed to Fill Gap	$953,397	$8,770,372	----	----	----
Applicant Request	$900,000	$8,279,172	----	----	----

BUILDING COST ESTIMATE

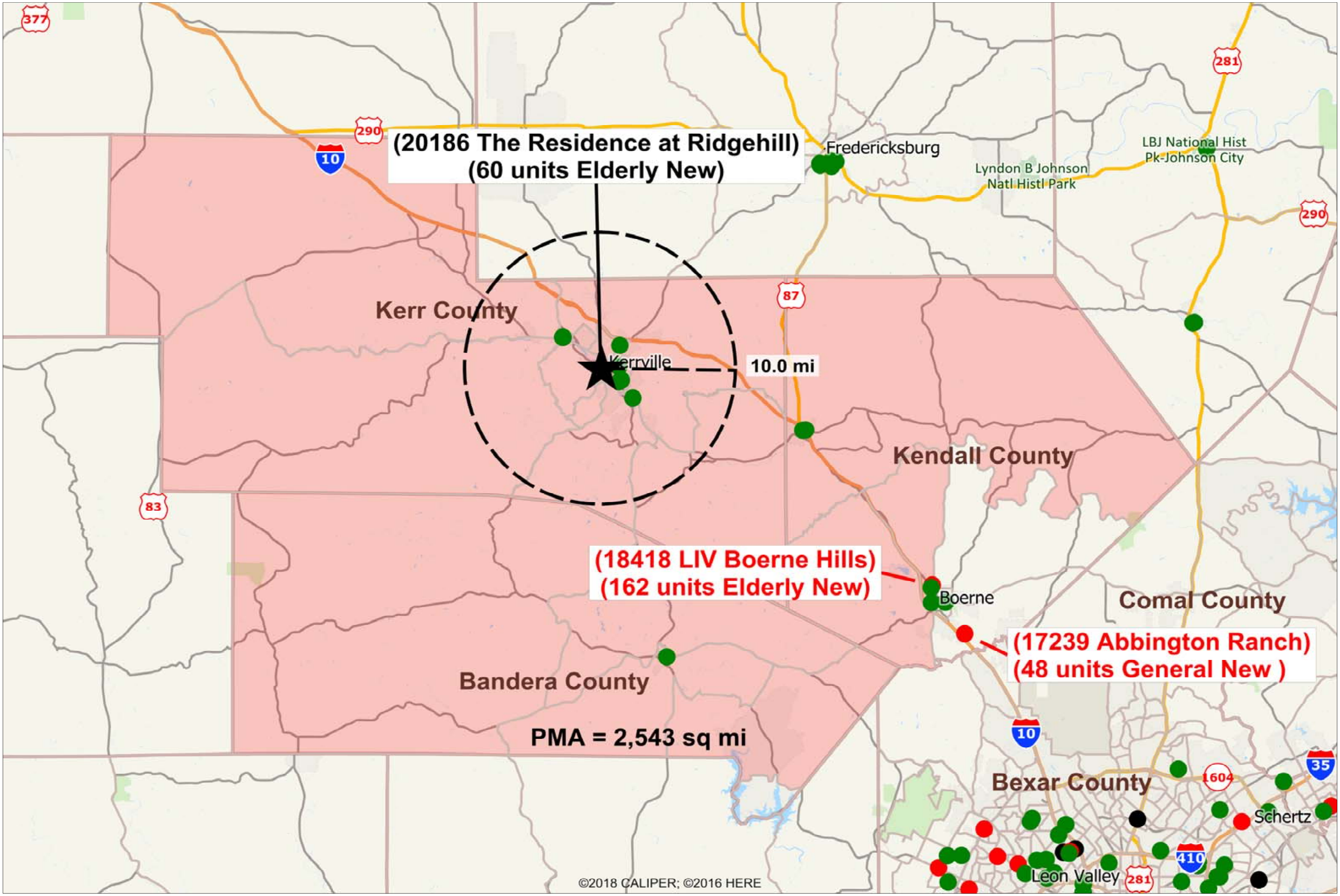
CATEGORY		FACTOR	UNITS/SF	PER SF	
Base Cost:	Elevator Served		41,400 SF	$79.68	3,298,952
Adjustments					
Exterior Wall Finish		2.72%		2.17	$89,732
Elderly		3.00%		2.39	98,969
9-Ft. Ceilings		3.34%		2.66	110,185
Roof Adjustment(s)				(0.25)	(10,350)
Subfloor				(0.93)	(38,295)
Floor Cover				2.66	110,091
Enclosed Corridors		$71.23	7,154	12.31	509,614
Balconies		$0.00	0	0.00	0
Plumbing Fixtures		$1,080	36	0.94	38,880
Rough-ins		$530	120	1.54	63,600
Built-In Appliances		$1,830	60	2.65	109,800
Exterior Stairs		$2,460	3	0.18	7,380
Heating/Cooling				2.34	96,876
Storage Space		$71.23	0	0.00	0
Carports		$12.25	0	0.00	0
Garages			0	0.00	0
Common/Support Area		$83.15	6,586	13.23	547,651
Elevators		$81,000	1	1.96	81,000
Other:				0.00	0
Fire Sprinklers		$2.59	55,140	3.45	142,813
SUBTOTAL				**126.98**	**5,256,897**
Current Cost Multiplier		1.00		0.00	0
Local Multiplier		0.87		(16.51)	(683,397)
Reserved					0
TOTAL BUILDING COSTS				**110.47**	**$4,573,500**
Plans, specs, survey, bldg permits		3.30%		(3.65)	($150,926)
Contractor's OH & Profit		11.50%		(12.70)	(525,953)
NET BUILDING COSTS			$64,944/unit	$94.12/sf	$3,896,622

Long-Term Pro Forma

The Residence at Ridgehill, Kerrville, 9% HTC #20186

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35	Year 40
EFFECTIVE GROSS INCOME	2.00%	$461,718	$470,953	$480,372	$489,979	$499,779	$551,796	$609,228	$672,636	$742,645	$819,940	$905,280	$999,502
TOTAL EXPENSES	3.00%	$265,177	$272,901	$280,853	$289,038	$297,464	$343,464	$396,646	$458,140	$529,253	$611,500	$706,634	$816,684
NET OPERATING INCOME ("NOI")		**$196,541**	**$198,051**	**$199,519**	**$200,941**	**$202,314**	**$208,333**	**$212,582**	**$214,497**	**$213,392**	**$208,440**	**$198,646**	**$182,819**
EXPENSE/INCOME RATIO		57.4%	57.9%	58.5%	59.0%	59.5%	62.2%	65.1%	68.1%	71.3%	74.6%	78.1%	81.7%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$163,223	$163,143	$163,060	$162,973	$162,882	$162,372	$161,750	$160,989	$160,061	$158,927	$157,543	$155,854
DEBT COVERAGE RATIO		1.20	1.21	1.22	1.23	1.24	1.28	1.31	1.33	1.33	1.31	1.26	1.17
ANNUAL CASH FLOW		**$33,318**	**$34,908**	**$36,459**	**$37,968**	**$39,432**	**$45,960**	**$50,832**	**$53,507**	**$53,331**	**$49,512**	**$41,103**	**$26,965**
Deferred Developer Fee Balance		$482,970	$448,062	$411,603	$373,635	$334,203	$116,891	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$128,288	$391,475	$659,769	$916,602	$1,140,984	$1,306,631

20186 The Residence at Ridgehill PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

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