BOARD BOOK OF
February 11, 2021

Texas Department of Housing and Community Affairs

PROGRAMMATIC IMPACT

Fiscal Year 2020 (September 1, 2019, through August 31, 2020)

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: $2,355,288,592
Total Households Served: 12,248

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 Funds: $167,521,193
Total Households Served: 169,228

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: $121,701,677
Total Households Served: 8,051

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: $13,487,806
Total Individuals Served: 43,731

Multifamily Rehab Construction

- Affordable rental units financed and rehabilitated

Programs:

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

Expended Funds: $76,517,729
Total Households Served: 2,757

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: $38,799,675
Total Individuals Served: 396,783

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: $14,950,041
Total Households Served: 293

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: $16,933,085
Total Households Served: 2,371

Single Family Development

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

Programs:

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

Expended Funds: $3,914,257
Total Households Served: 66

Total Expended Funds: **$2,809,114,055**
Total Households Served: **635,528**

All FY2020 data as reported in TDHCA's 2021 State Low Income Housing Plan and Annual Report (SLIHP).

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

* Administered through the federally funded HOME Investment Partnerships Program

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
GOVERNING BOARD MEETING

A G E N D A
9:00 AM
February 11, 2021

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

Governing Board Webinar registration:
https://attendee.gotowebinar.com/register/4744235856122216718

Dial-in number: +1 (415) 655-0060, access code 621-331-290 (persons who use the dial-in number and access code without registering online will only be able to hear the Board meeting and will not be able to ask questions or provide comments). Note, this meeting will be proceeding as a videoconference under Tex. Gov't Code §551.127, as modified by waiver.

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

CALL TO ORDER
ROLL CALL **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.***

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

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 December 10, 2020

Beau Eccles
General Counsel

ASSET MANAGEMENT

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

Rosalio Banuelos
Director of Asset Management

94063	Corona Del Valle	El Paso

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

19057	SilverLeaf at Chandler III	Chandler
18422	Elysium Grand	Austin

MULTIFAMILY FINANCE

d) Presentation, discussion, and possible action regarding the approval for publication in the Texas Register of the 2021-2 Multifamily Direct Loan Special Purpose Notice of Funding Availability (NOFA): Predevelopment

Marni Holloway
Director of Multifamily Finance

e) Presentation, discussion, and possible action on penalties for failure to meet deadlines under 10 TAC 11.9(c)(8) Readiness to Proceed for Application 20114, 3300 Caroline Street

RULES

f) Presentation, discussion, and possible action on an order adopting an amendment to 10 TAC §1.15, Integrated Housing Rule

Brooke Boston
Deputy Director of Programs

g) Presentation, discussion, and possible action on the adoption of the repeal and new 10 TAC Chapter 2 Enforcement, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202, Sanctions and Contract Closeout

h) Presentation, discussion, and possible action on the adoption of the 2021 State of Texas Low Income Housing Plan and Annual Report, and an order adopting the repeal and new 10 TAC §1.23 concerning State of Texas Low Income Housing Plan and Annual Report, and directing their publication in the Texas Register

Elizabeth Yevich
Director of Housing Resource Center

SINGLE FAMILY & HOMELESS PROGRAMS

i) Presentation, Discussion, and Possible Action regarding the transfer of Neighborhood Stabilization Program (NSP) land bank properties from Texas State Affordable Housing Corporation

Abigail Versyp
Director of Single Family & Homeless Programs

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) Outreach and Media Report (December 2020 – January 2021)

Michael Lyttle
Director of External Affairs

b) Report on Activities Related to the Department's Response to COVID-19 Pandemic — **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

e) Report on Education and Outreach Activities related to the HUD Fair Housing Initiatives Program Grant — **Cate Tracz**, Manager of Fair Housing, Data Management & Reporting

ACTION ITEMS

ITEM 3: COMPLIANCE

Report on the status of Sandpiper Cove in Galveston — **Cody Campbell**, Manager of Physical Inspections

ITEM 4: BOND FINANCE

Teresa Morales, Director of Multifamily Bonds

a) Presentation, discussion, and possible action regarding the Issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Bella Vista Apartments) Series 2021, Resolution No. 21-011, and a Determination Notice of Housing Tax Credits

b) Presentation, discussion, and possible action regarding the Issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Crystal Falls Crossing) Series 2021, Resolution No. 21-012, and a Determination Notice of Housing Tax Credits

c) Presentation, discussion, and possible action regarding the Issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Shiloh Village Apartments) Series 2021, Resolution No. 21-013, and a Determination Notice of Housing Tax Credits

d) Presentation, discussion, and possible action on Inducement Resolution No. 21-014 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

21603	Park at Kirkstall	Dallas
21608	Fiji Lofts	Dallas
21609	Throckmorton Villas	McKinney

e) Presentation, discussion, and possible action on a waiver relating to 10 TAC §11.101(b)(2) of the Qualified Allocation Plan (QAP) concerning Development Size Limitations and Inducement Resolution No. 21-015 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

21611	Reserve at Vineyard Oaks	Fredericksburg

f) Presentation, discussion, and possible action on Inducement Resolution No. 21-016 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

21612	Villas at Shriner's Point	San Angelo

ITEM 5: MULTIFAMILY FINANCE

a) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(1) of the Qualified Allocation Plan (QAP) and the issuance of a Determination Notice for 4% Housing Tax Credits for 2100 Memorial in Houston (#21419) — **Teresa Morales**, Director of Multifamily Bonds

b) Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(1) of the Qualified Allocation Plan (QAP), 10 TAC §11.101(b)(8)(B)(iii) of the QAP and the issuance of a Determination Notice for 4% Housing Tax Credits for The Oleanders at Broadway (#21418)

c) Presentation, discussion, and possible action regarding the re-issuance of a Determination Notice for 4% Housing Tax Credits for Villas del San Xavier in San Marcos (#21420)

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

20499	Legacy Senior Residences II	Round Rock
20701	City Heights	Austin
20704	Applewood Ranch	San Antonio ETJ
20707	Kallison Ranch	San Antonio ETJ

e) Presentation, discussion and possible action regarding pre-determination of eligibility under 10 TAC §11.101(a)(2) related to Undesirable Site Features for 21147 (formerly 20318), Cypress Creek Apartment Homes at La Porte

Marni Holloway
Director of
Multifamily Finance

ITEM 6: COMMUNITY AFFAIRS

a) Presentation, discussion, and possible action on awards for 2021 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 on the reprogramming of Program Year 2020 Community Services Block Grant Administrative and Discretionary funds

ITEM 7: BOARD

Presentation, discussion, and possible action on the election of Governing Board Officers for the upcoming biennium pursuant to Tex. Gov't Code §2306.030

Leo Vasquez
Chair

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

EXECUTIVE SESSION

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

Leo Vasquez
Chair

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

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

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

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

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

OPEN SESSION

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

ADJOURN

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

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

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

1a

BOARD ACTION REQUEST

BOARD SECRETARY

FEBRUARY 11, 2021

Presentation, discussion, and possible action on Board meeting minutes summary for December 10, 2020

RECOMMENDED ACTION

Approve the Board meeting minutes summary for December 10, 2020

RESOLVED, that the Board meeting minutes summary for December 10, 2020, is hereby approved as presented.

Texas Department of Housing and Community Affairs Governing Board
Board Meeting Minutes Summary
December 10, 2020

On Thursday, the tenth of December 2020, at 9:00 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 online via telephone and web link.

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

- Leslie Bingham
- Paul A. Braden
- Ajay Thomas
- Sharon Thomason
- Leo Vasquez

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

1) The Board unanimously approved the Consent Agenda as presented

2) Action Item 3 – Presentation, discussion, and possible action regarding the Issuance of a Multifamily Note (Legacy Riverside Senior Living Community) Series 2020 Resolution No. 21-007, and a Determination Notice of Housing Tax Credits – was presented by Teresa Morales, TDHCA Director of Multifamily Bonds. Following public comment (listed below), the Board unanimously approved staff recommendation to issue the 4% housing tax credits and approve the bond resolution.

- Cindy Hannon, Bellwhether Enterprise, provided information on the item

3) Action Item 4(a) – Presentation, discussion, and possible action regarding the issuance of Determination Notices for 4% Housing Tax Credit Applications: 20491 Ridgecrest Terrace, Dallas; 20498 Gala at Waxahachie, Waxahachie; 20495 Fawn Ridge Apartments, The Woodlands; 20494 La Cima, Austin; and 20496 Marshall Apartments, Austin – was presented by Ms. Morales. The Board unanimously approved staff recommendation to award the 4% housing tax credits for the aforementioned transactions.

4) Action Item 4(b) – Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(b)(1)(A)(ii) of the Qualified Allocation Plan (QAP) and the issuance of a Determination Notice for 4% Housing Tax Credits for Wildhorse Flats (#20488) – was presented by Ms. Morales. The Board unanimously approved staff recommendation to grant the waiver.

5) Action Item 4(c) – Presentation, discussion, and possible action on a Determination Notice for 4% Housing Tax Credits and an Award of Direct Loan Funds (#20464, Pine Terrace, Mount Pleasant) – was presented by Ms. Morales. The Board unanimously approved staff recommendation to award the 4% housing tax credits and Direct Loan funds.

6) Action Item 4(d) – Presentation, discussion and possible action regarding an Award of Direct Loan Funds from the 2020-1 Multifamily Direct Loan Notice of Funding Availability for 20329 Fishpond at Huntsville, Huntsville; 20501 Samano, Brownsville; and 20504 Burnet Place, Austin – was presented by Marni Holloway, TDHCA Director of Multifamily Finance. The Board unanimously approved staff recommendation to make the award of Direct Loan funds for the aforementioned transactions.

7) Action Item 4(e) – Presentation, discussion, and possible action regarding the approval for publication in the *Texas Register* of the 2021-1 Multifamily Direct Loan Notice of Funding Availability – was presented by Ms. Holloway. The Board unanimously approved staff recommendation to publish the NOFA.

8) Action Item 4(f) – Presentation, discussion and possible action on a request for return and reallocation of tax credits under 10 TAC §11.6(5) related to Credit Returns Resulting from Force Majeure Events for Application 19315, Hammack Creek – was presented by Ms. Holloway. The Board unanimously approved staff recommendation that the applicant's request for treatment under the force majeure rule be approved with the 2019 QAP and multifamily rules applying to the extent allowed by federal laws and regulations and state law, but the 2020 program calendar will be applicable to the development.

9) Action Item 5(a) – Report on the meeting of the Internal Audit and Finance Committee – was presented by Sharon Thomason, Chair of the TDHCA Board Audit and Finance Committee. The Board accepted the report and took no further action on the item.

10) Action Item 5(b) – Presentation, discussion, and possible approval of the Annual Internal Audit Plan for Fiscal Year 2021 – was presented by Mark Scott, TDHCA Director of Internal Audit. The Board unanimously approved staff recommendation to approve the audit plan.

11) Action Item 6 – Presentation, discussion, and possible action on the draft 2021 State of Texas Low Income Housing Plan and Annual Report; proposed repeal of 10 TAC Chapter 1, Subchapter A, General Policies and Procedures, §1.23 concerning State of Texas Low Income Housing Plan and Annual Report; 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 directing their publication for public comment in the *Texas Register* – was presented by Elizabeth Yevich, TDHCA Director of the Housing Resource Center. The Board unanimously approved staff recommendation to publish the draft plan for public comment.

12) Action Item 7 – Presentation, discussion, and possible action on the Participating Lender List for the Single Family Mortgage Loan and Mortgage Credit Certificate Programs – was presented by Cathy Gutierrez, TDHCA Director of Texas Homeownership Programs, with additional information from Bobby Wilkinson, TDHCA Executive Director. The Board unanimously approved staff recommendation to approve the lender list.

13) Action Item 8(a) – Presentation, discussion, and possible action regarding authorization to release a Notice of Funding Availability for 2021 Community Services Block Grant Discretionary funds for education and employment initiatives for Native American and migrant seasonal farm worker populations – was presented by Michael DeYoung, TDHCA Director of Community Affairs. The Board unanimously approved staff recommendation to release the NOFA.

14) The following items were pulled from the agenda:

- Action Item 8(b) – Presentation, discussion, and possible action regarding termination of Galveston County Community Action Council, Inc.'s Low Income Home Energy Assistance Program Comprehensive Energy Assistance Program contracts and future funding; award of 24.99% of the 2020 Comprehensive Energy Assistance Program awards for the service area covered by Galveston County Community Action Council, Inc., to alternate provider(s); and the authorization of staff to identify a provider(s), through release and subsequent award of a Request for Application or through a direct designation, to temporarily and permanently administer the Comprehensive Energy Assistance Program in Brazoria, Fort Bend, Galveston, and Wharton counties (the areas served by Galveston County Community Action Council, Inc.)

- Action Item 8(c) – Presentation, discussion, and possible action on initiation of proceedings to remove the eligible entity status of Galveston County Community Action Council, Inc. and terminate Community Services Block Grant contracts and future funding

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 10:19 a.m. The next meeting is set for Thursday, January 14, 2021.

____
Secretary

Approved:

____
Chair

1b

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Land Use Restriction Agreement for Corona Del Valle (HTC #94063)

RECOMMENDED ACTION

WHEREAS, Corona Del Valle (the Development) received a 9% Housing Tax Credit (HTC) award in 1994 for the new construction of 100 multifamily units in the City of El Paso, El Paso County;

WHEREAS, the HTC application for the Development received points and/or other preferences for agreeing to provide a Right of First Refusal (ROFR) to purchase the Development over a 90-day ROFR period, and this provision is reflected in the Land Use Restriction Agreement (LURA) for the Development;

WHEREAS, in 2015, the 84th Texas Legislature, Regular Session, amended Tex. Gov't Code §2306.6725 and §2306.6726 to allow, among other things, for a 180-day ROFR period and to permit a Qualified Entity to purchase a property under ROFR, and defined a Qualified Entity to mean an entity described by, or as amended, an entity controlled by an entity described by, 26 U.S.C. §42(i)(7)(A), Internal Revenue Code of 1986;

WHEREAS, Corona Del Valle Limited Partnership (the Development Owner or Owner) requests to amend the LURA for the Development to incorporate changes made to Tex. Gov't Code §2306.6725 and §2306.6726 in 2015; and

WHEREAS, amendment to the ROFR period in the LURA is a material change requiring Board approval under 10 TAC §10.405(b)(2)(E), and the Development Owner has complied with the procedural amendment requirements in 10 TAC §10.405(b) to place this request before the Board, including holding a public hearing;

NOW, therefore, it is hereby

RESOLVED, that the material LURA amendment for Corona Del Valle is approved as presented to this meeting, and the Executive Director and his designees are hereby, authorized, empowered, and directed to take all necessary action to effectuate the foregoing.

BACKGROUND

Corona Del Valle received a 9% HTC award in 1994 for the new construction of 100 multifamily units in El Paso, El Paso County. In a letter dated December 22, 2020, Calvin C. Jones, representative for the Development Owner, requested approval to amend the HTC LURA related to the ROFR provision.

In 1994, the Housing Tax Credit application allotted one point to the Owner in exchange for a 90-day ROFR period. Upon completion of the Development, the Owner entered into a Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Tax Credits recorded in El Paso County on December 29, 1997.

The additional use restrictions in the current HTC LURA would require, among other things, a 90-day ROFR to sell the Development to a qualified nonprofit organization (as defined in Internal Revenue Code §42(h)(5)(C)) or a tenant organization, if at any time after the 15th year of the Compliance Period the Owner decides to sell the property. The Development is currently in the 25th year of the 30-year Extended Use Period specified in the LURA. However, the Owner desires to exercise its rights under Tex. Gov't Code §2306.6726 to amend the LURA to allow for a 180-day ROFR period.

In 2015, the Texas Legislature, regular session, passed HB 3576, which amended Tex. Gov't Code §2306.6725 to allow for a 180-day ROFR period and Tex. Gov't Code §2306.6726 to allow for a Qualified Entity to purchase a development under a ROFR provision of the LURA and satisfy the ROFR requirement. Additionally, Tex. Gov't Code §2306.6726, as amended by HB 3576, defines Qualified Entity to mean an entity described by, or an entity controlled by an entity described by, §42(i)(7)(A) of the Internal Revenue Code of 1986. The Department's Uniform Multifamily Rules, Subchapter E, include administrative procedures to allow a Development Owner to conform to the new ROFR provisions described in the amended statute.

The Development Owner has complied with the amendment and notification requirements under 10 TAC §10.405(b). The Development Owner held a telephonic public hearing on the matter on January 12, 2021. No public comment was received regarding the requested amendment.

Staff recommends approval of the material LURA amendment as presented herein.

CORONA DEL VALLE LIMITED PARTNERSHIP
5802 Pecanwood Lane
Austin, Texas 78749

December 22, 2020

VIA HAND DELIVERY
Ms. Karen Treadwell
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: TDHCA File No. 94063; Corona Del Valle Apartments (the "**Property**")

Dear Ms. Treadwell:

The undersigned, being the General Partner (herein so called) of Corona Del Valle Limited Partnership, a Texas limited partnership (the "**Partnership**") and the current owner of the Property. This letter constitutes request for a material LURA amendment in order to modify the 90-day Right of First Refusal ("**ROFR**") period.

Request to Amend ROFR Period

In 2015, Texas Government Code Section 2306.6726 was amended to allow for a 180-day ROFR period. Currently, the LURA for this Property requires a 90-day ROFR period. Section 10.405(b)(2)(E) of the Rules allows for a LURA amendment in order to conform a ROFR to the provisions in Section 2306.6726. Therefore the General Partner, acting on behalf of the Partnership, requests a LURA amendment to eliminate the 90-day ROFR period and replace it with the 180-day ROFR period.

LURA Amendment

In accordance with Section 10.405(b) of the Rules, the Partnership, is delivering a fee in the amount of $2500. In addition, the Partnership commits to hold a public hearing, as required by the Rules, and to notify all residents, investors, and lenders as to these proposed amendments. The Partnership will proceed to set a date and time for the public hearing and will provide TDHCA with evidence that the notice has been delivered and the hearing has been conducted. With that, the Partnership requests staff recommendation in support of this request to be considered at the next available TDHCA Board meeting.

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

Sincerely,

CORONA DEL VALLE LIMITED PARTNERSHIP,
a Texas limited partnership

By: THFC Corona GP LLC,
a Texas limited liability company,
its General Partner

By: Calvin C Jones
Name: Colvin C Jones
Title: Chief operating officer & Secretary

1c

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for SilverLeaf at Chandler III (HTC #19057)

RECOMMENDED ACTION

WHEREAS, SilverLeaf at Chandler III (the Development) received an award of 9% Housing Tax Credits (HTCs) in 2019 for the construction of 60 units of multifamily housing in Chandler, Henderson County;

WHEREAS, SilverLeaf at Chandler III, L.P. (the Development Owner or Owner) is requesting approval for an increase of the development site area from 8.0 acres at the time of Application to 9.78 acres to stay out of a power line easement, which resulted in a decrease of the residential density of the Development of 18.2%;

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 SilverLeaf at Chandler III 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

SilverLeaf at Chandler III was awarded 9% Housing Tax Credits in 2019 for the construction of 60 multifamily housing units in Chandler, Henderson County. Construction of the Development is on-going, with completion expected by the end of the first quarter 2021. However, in a letter dated December 16, 2020, J. Michael Sugrue, representative of the Development Owner, requested approval for a change in the Development site area from what was represented at the time of Application.

At Application, the site area was identified as 8.0 acres, but ultimately, 9.78 acres were platted and allocated for the Development. The original land acquisition was for 16 acres, which was expected to be split into two 8-acre tracts: one tract for the Development and the other tract to be donated to the Chandler EDC. Included in the 8-acre Development tract was a power line easement that would require crossing. During final site planning, it was determined that a larger development tract of 9.78 acres would allow the Development to stay out of the easement with all vertical development and abandon the planned crossing of the easement. This change in acreage decreased the residential density of the Development by 18.2%. 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). The Chandler EDC agreed to take the remaining 6.21 acres, which is planned park land and soccer fields.

The Owner reports all of the buildings, parking areas, driveways, and all other improvements utilized in connection with the operation of the Development are located on the 9.78 acre site. The Owner also states this change was not foreseeable until final plans were developed.

Staff has reviewed the Application against this amendment request and has concluded that the change described above would not have affected the award.

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

SilverLeaf at Chandler III

December 16, 2020

Rene Ruiz
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Rene:

This amendment for Silverleaf at Chandler III has been made necessary due to the land actually being used has changed from 8.0 acres to 9.78 acres. This has caused the residential density to change.

The change in usable acreage was required due to the power line easement and our ability to stay out of the easement with all vertical development. This includes abandoning a planned crossing of the easement.

The total acreage was 16 acres and the remaining acreage after development was to be donated to the Chandler EDC. It is our understanding that the donated land is to be used as soccer fields or park land or a combination. The EDC agreed to take the remaining 6.21 acres for such use.

The change in acreage is actually better for Silverleaf at Chandler III since all development is on one side of the power line easement.

This was not immediately foreseeable until plans were developed. The above change has no financial impact on the property.

Thank you for your consideration.

Sincerely,

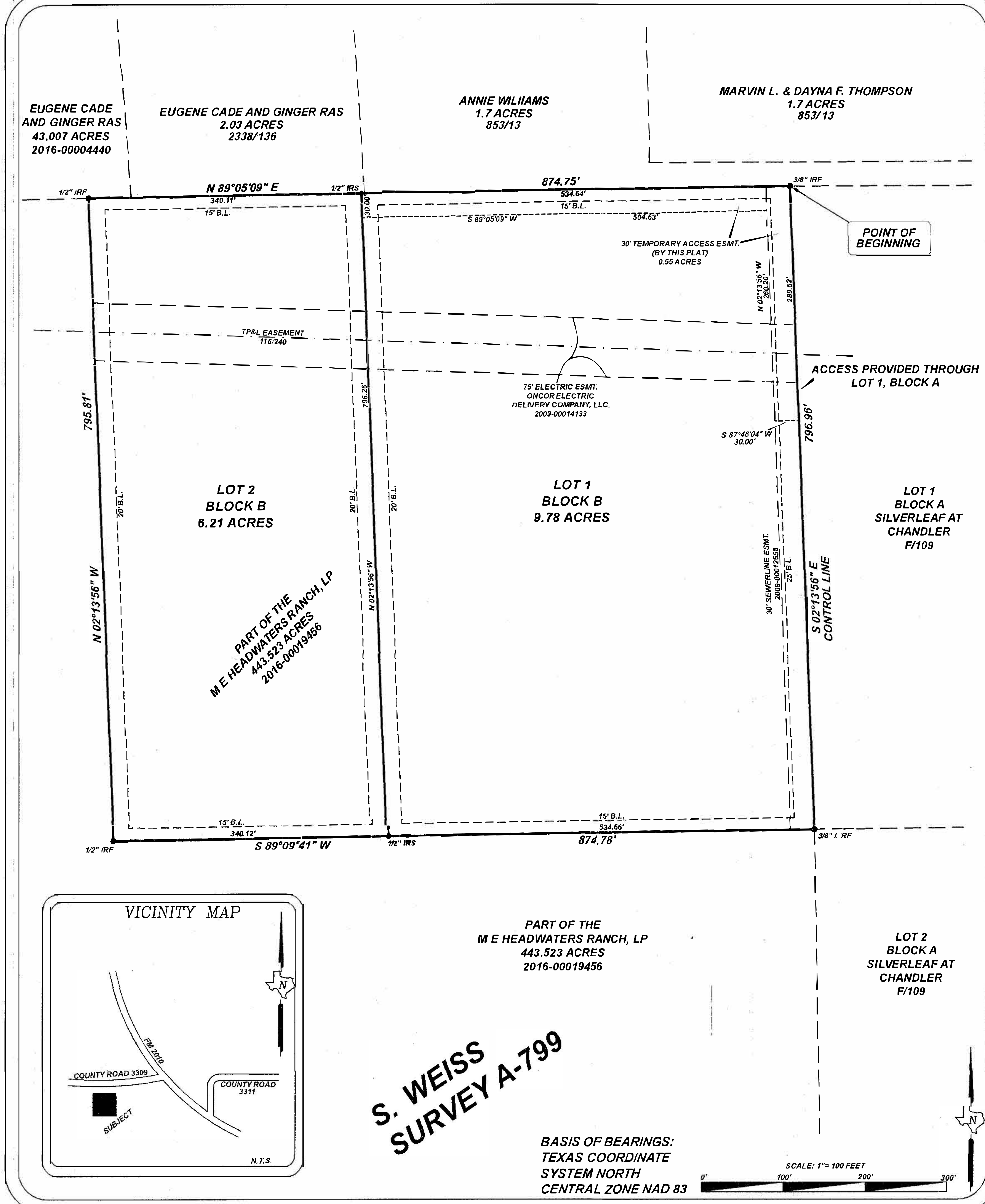
J. Michael Sugrue

CC: Rosalio Banuelo

1920 South 3rd Street / Mabank,TX 75147 / (903)887-4344 / Fax(903)713-4366

FILED FOR RECORD
2020 FEB 12 AM 8:38
MARY MARGARET WRIGHT
COUNTY CLERK
HENDERSON COUNTY, TEXAS

Inst. 2020-00001927
Cab. G, Slide 187



NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

I, MARK EARLEY, OWNER OF M E HEADWATERS RANCH, LP., DO HEREBYCERTIFYTHAT I AM THE OWNER OF THE PROPERTY SHOWN AND HEREBY ADOPT THIS FINAL PLAT, DESIGNATING THE HEREIN ABOVE DESCRIBED PROPERTY AS SILVERLEAF AT CHANDLER ADDITION, PHASE III, A FINAL PLAT OF A 15.99 ACRE TRACT AND HEREBY DEDICATE TO THE PUBLIC THE USE OF ALL STREETS, ALLEYS AND PARKS SHOWN HEREON. ALL WATERCOURSES, DRAINS AND EASEMENTS ARE FOR THE PURPOSES AND CONSIDERATIONS HEREIN EXPRESSED.

MARK EARLEY
OWNER OF M E HEADWATERS RANCH, LP.

STATE OF TEXAS
COUNTY OF

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC INAND FOR THE STATE OF TEXAS ON THIS DAY PERSONALLY APPEARED MARK EARLEY, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT, AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 27th DAY OF Jan 2020.

Sheila Waters
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

SHEILA WATERS
Notary Public
State of Texas
ID # 12816349-5
My Comm. Expires 01-28-2022

APPROVED BY THE PLANNING COMMISSION OF THE CITY OF CHANDLER

CHAIRPERSON

SECRETARY

ACCEPTED BY THE CITY COUNCIL OF THE CITY OF CHANDLER, TEXAS.

MAYOR

DATE: 2/11/2020

THE UNDERSIGNED, THE CITY SECRETARY OF THE CITYOF CHANDLER, TEXAS, HEREBY CERTIFIES THAT THE FOREGOING FINAL PLAT OF SILVERLEAF AT CHANDLER ADDITION, PAHSE III TO THE CITY OF CHANDLER WAS SUBMITTED TO THE CITY OF COUNCIL OF THE 10th DAY OF February, 2020. AND THE CITY COUNCIL BY FORMAL ACTION ACCEPTED THE DEDICATION OF STREETS, ALLEYS, EASEMENTS, AND PUBLIC PLACES AS SHOWN AND SET FORTH IN AND UPON SAID MAYOR PLAT AND SAID CITY COUNCIL FURTHER AUTHORIZED THE MAYOR TO NOTE THE ACCEPTANCE THEREOF BY SIGNING HIS NAME AS HEREIN ABOVE SUBSCRIBED

WITNESS MY HAND THIS 11th DAY February 2020.

CITY SECRETARY, CITY OF CHANDLER.

CITY OF CHANDLER * CHANDLER, TEXAS *

OWNER'S CERTIFICATION STATE OF TEXAS :

COUNTY OF HENDERSON:

BEING ALL THAT CERTAIN LOT TRACT OR PARCEL OF LAND LOCATED IN THE S. WEISS SURVEY, A-799, HENDERSON COUNTY, TEXAS, BEING DESCRIBED AS PART OF A CALLED 443.523ACRE TRACT OF LAND DESCRIBED IN DEED TO M E HEADWATERS RANCH, LP., RECORDED IN DOCUMENT # 2016-00019456 OF THE REAL PROPERTY RECORDS HENDERSON COUNTY, TEXAS (RPRHCT). SAID LOT, TRACT OR PARCEL OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING, AT A 3/8" IRON ROD FOUND IN THE SOUTH LINE OF THE ANNIE WILLIAMS 1.70 ACRE TRACT AS DESCRIBED IN DEED RECORDED IN VOLUME 853, PAGE 13 OF THE RPRHCT, AT THE NORTHWEST CORNER OF LOT 1, BLOCK A OF SILVERLEAF AT CHANDLER AS SHOWN IN PLAT RECORDED IN CABINET F, SLIDE 109 OF THE PLAT RECORDS HENDERSON COUNTY, TEXAS, BEING THE NORTHEAST CORNER OF THE ABOVE MENTIONED M E HEADWATERS RANCH, LP., TRACT AND THIS TRACT;

THENCE, S 02°13'56" E (CONTROL LINE), 796.96 FEET ALONG THE COMMON LINE OF LOT 1 AND THIS TRACT TO A 3/8" IRON ROD FOUND AT THE NORTHWEST CORNER OF LOT 2, BLOCK A OF SILVERLEAF AT CHANDLER, IN THE EAST LINE OF THE M E HEADWATERS RANCH, LP., TRACT, AT THE SOUTHEAST CORNER OF THIS TRACT;

THENCE, THROUGH THE M E HEADWATERS RANCH, LP., TRACT AS FOLLOWS; S 89°09'41" W, 874.78 FEET TO A 1/2" IRON ROD FOUND; N 02°13'56" W, 795.81 FEET TO A 1/2" IRON ROD FOUND IN THE SOUTH LINE OF THE EUGENE CADE AND GINGER RAS 43.007 ACRE TRACT AS DESCRIBED IN DEED RECORDED IN DOCUMENT # 2006-00004440 OF THE RPRHCT, AT THE NORTHWEST CORNER OF THIS TRACT;

THENCE, N 89°05'09" E, 874.75 FEET ALONG THE COMMON LINE OF THE CADE AND RAS 43.007 ACRE TRACT AND THIS TRACT, PASSING THE SOUTHWEST CORNER OF THE EUGENE CADE AND GINGER RAS 2.03 ACRE TRACT AS DESCRIBED IN DEED RECORDED IN VOLUME 2338, PAGE 136 OF THE RPRHCT, PASSING THE SOUTHWEST CORNER OF THE WILLIAMS TRACT TO THE POINT OF BEGINNING CONTAINING 15.99 ACRES OF LAND MORE OR LESS.

FINAL PLAT SILVERLEAF AT CHANDLER ADDITION PHASE III

2 LOTS

PART OF
M E HEADWATERS RANCH, LP
15.99 ACRES
S. WEISS SURVEY, A-799
CITY OF CHANDLER
HENDERSON COUNTY, TEXAS

SURVEYOR'S CERTIFICATE

I, GARY L. HARDIN, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4207, DO HEREBY CERTIFY THAT THE PLAT HEREON REPRESENTS THE RESULTS OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION, THE LINES AND DIMENSIONS OF SAID PROPERTY BEING AS INDICATED.

GARY L. HARDIN, RPLS NO. 4207

FIRM REGISTRATION NO. 10114700

STATE OF TEXAS
REGISTERED
GARY L. HARDIN
4207
PROFESSIONAL
LAND SURVEYOR

OWNERS/DEVELOPER
MARK EARLEY
M E HEADWATERS RANCH, LP.
5530 ELLSWORTH
DALLAS, TEXAS 75206
(214) 632-9324
jmarkearley@gmail.com

HARDIN SURVEYING
PO BOX 587
MABANK, TEXAS 75147
(903) 887-5674

DATE PERFORMED: OCTOBER 9, 2019
SCALE: 1"= 100 FEET
WORK ORDER # 1910014
FIELDED BY: GF
DRAWN BY: JH
CHECKED BY: TP

BOARD ACTION REQUEST

ASSET MANAGEMENT DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Elysium Grand (HTC #18422)

RECOMMENDED ACTION

WHEREAS, Elysium Grand (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2018 for the new construction of 90 units of multifamily housing in Austin, Travis County;

WHEREAS, Elysium Grand, LP (the Development Owner or Owner) requests approval to designate all 21 of its originally proposed Market Units as up to 80% AMI Low Income Units, which will require a change in the Owner's set aside election to Average Income and increase the Development's overall number of Low Income Units from what was proposed at Application;

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 Owner has submitted the updated information, exhibits, and written acknowledgements required under 10 TAC §10.405(a)(7)(A)(i);

WHEREAS, if the Board approves the requested amendment, the amount of tax credits currently forecasted by the Owner (based on total costs and eligible basis not yet fully reviewed by a CPA) will be greater than 110% of the amount reflected in the Determination Notice, which will require Board approval under 10 TAC §10.402(c); and

WHEREAS, the requested changes do 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 Elysium Grand 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;

FURTHER RESOLVED, that following staff's review of the cost certification, if the amount of tax credits determined to be necessary as required by §42(m)(2)(D) exceeds 110% of the amount of tax credits reflected in the Determination Notice (as forecasted at the time of this amendment), the increase not to exceed 131% is hereby approved under 10 TAC §10.402(c), and will require no further Board action but will require the Owner to pay the fee under 10 TAC §11.901(8).

BACKGROUND

Elysium Grand was originally approved in 2018 for a 4% HTC award as a new construction, 90-unit, development with 69 Low Income Units (12 at 30%, 40 at 50%, and 17 at 60%), electing the 40% at 60% Qualified Low Income Housing Development Election, and 21 units at market rate.

In a letter dated November 22, 2020, Ron Kowal, representative of Elysium Grand GP, LLC (the General Partner of the Development Owner), requested approval for a material amendment to the Qualified Low Income Housing Development Election in the Application from 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 (40% at 60% minimum set aside election) to the new election of Average Income allowed under IRC §42(g)(1)(C) as adopted by the Federal Consolidated Appropriations Act of 2018. Elysium Grand was approved in 2018, yet the Average Income election was not an option at the time of Application submission, and therefore, the proposed amendment was not reasonably foreseeable or preventable by the Applicant at the time of Application.

According to the request, the existing unit restrictions for the Veteran Affairs Supportive Housing (VASH) units will remain the same, but the Owner is seeking to make the 21 originally proposed market rate units into Low Income Units that will be restricted at up to 80% AMI. There will be no change in the original unit mix, square footage, or total unit count. The Owner Representative states that due to COVID, it has been more difficult leasing market rate units, yet the need for affordable units has not changed.

A review of the updated financial exhibits submitted show an increase of $3,250,331 (18.6%) in total development costs compared to the most recent underwriting report. This cost increase, coupled with the increase in building applicable fraction from 76.16% at application to 100%, resulted in an increase to the requested annual credit amount from $391,757 to $509,429. However, the final credit amount is pending upon CPA and TDHCA review at cost certification. In the event the full level of proposed credits is justified following CPA review of total costs and TDHCA's acceptance of the cost certification package, the credits requested will have increased by 30.04% from the amount in the Determination Notice, which exceeds the 10% increase requiring Board approval by rule in 10 TAC §10.402(c).

The Development will meet the IRS requirement that the average of the imputed income limitations not exceed 60% AMI. The Development does not yet have a recorded HTC Land Use Restriction Agreement (LURA), but the LURA is anticipated to state that the Development shall lease 100% of the units in the Development to low-income individuals or families whose imputed incomes do not exceed an average of 60% of the area median gross income (including adjustments for family size).

As required by 10 TAC §10.405(a)(7)(A)(i), letters were provided from LDG Investment Fund #1, LLC (the equity provider), Red Stone Tax Exempt Funding (the lender/servicer for the Bonds), and Austin Housing Finance Corporation (a subordinate lender) acknowledging the Owner's request to implement a revised election under §42(g)(1)(C). LDG Investment Fund #1, LLC confirmed the projected revised credit amount of $509,429, with a credit price of $0.90, a slight decrease from the $0.92 during the last underwriting analysis. Red Stone Tax Exempt Funding confirmed it was aware of the request. Austin Housing Finance Corporation stated they approve the conversion to income averaging, and do not expect any impact to the loan terms.

Staff recommends approval of the material amendment request. Staff further recommends that, following staff's review of the cost certification, if the amount of tax credits determined to be necessary as required by §42(m)(2)(D) exceeds 110% of the amount of tax credits reflected in the Determination Notice under 10 TAC §10.402(c), as forecasted at the time of this amendment, that the Board approve such request up to an increase of 131%, as part of this amendment, subject to review and approval of the final cost certification and the payment of the applicable fee under 10 TAC §11.901(8).

November 22, 2020

Mr. Rosalio Banuelos
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, TX 78701

Re: 18422 Elysium Grand – Conversion to Income Averaging

Mr. Banuelos:

Elysium Grand, LP (TDHCA #18422) is hereby requesting to modify its development set-aside from 40% at 60% to income averaging. Included with this request are the following:

- The Amendment Request Form
- Revised application finance exhibits
- Lender approval email
- Signed letter from the syndicator agreeing to purchase the additional credits that would be generated by this change.

This request, if approved, will change the 21 Market Rate units to 80% AMI units. There will not be any change in the original unit mix, square footage, or total unit count. Given the uncertainly in this economic environment, we believe it is in the best interest of the property to be 100% affordable rather than mixed income. The additional credits will be used to pay a portion of the fees that were previously deferred, cover increased marketing costs due to slower lease up related to COVID and pay additional construction interest until stabilization. The increased tax credit equity creates additional financial stability for the transaction and decreases financial risk.

Our experience in leasing market rate units in the Austin market since March 2020 has been that demand for these units is much slower than normal. Many folks in the market rate income bracket are choosing not to relocate. At the same time, demand for workforce and affordable units continues to increase in light of the current unemployment levels, reduced work hours and multiple rounds of layoffs. These circumstances, primarily related to market conditions, could not have been foreseen at the time of application.

	Efficiency	One Bedroom	Two Bedroom	Three Bedroom
Total at Application	0	19	53	18
Total at Amendment	0	19	53	18

	Efficiency	One Bedroom	Two Bedroom	Three Bedroom
Affordable Units at Application	0	17	38	14
Affordable Units at Amendment	0	19	53	18

	Efficiency	One Bedroom	Two Bedroom	Three Bedroom
Market Units at Application	0	2	15	4
Market Units at Amendment	0	0	0	0

The property is currently 99% complete with two of three TCO's received and the third TCO is expected prior to year-end with final completion expected in the following 60 days.

The applicable amendment fee of $2,500 will be delivered to TDHCA offices via fed ex. A copy of the check and tracking information will be provided subsequent to this submission. If you need any additional information on the above request, please contact Jason Trevino at 512-578-8488 or via email at jtrevino@ldgdevelopment.com

Sincerely,

Ron Kowal
Elysium Grand GP, LLC

Cc:
Mark Fugina, Associate Asset manager
Teresa Morales, Director of Multifamily Bonds

1d

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding the approval for publication in the *Texas Register* of the 2021-2 Multifamily Direct Loan Special Purpose Notice of Funding Availability (NOFA): Predevelopment.

RECOMMENDED ACTION

WHEREAS, the Department issued a Special Purpose NOFA last year for Predevelopment activities funded with Tax Credit Assistance Program Repayment Funds (TCAP RF) that resulted in two nonprofit organizations receiving Predevelopment grants;

WHEREAS, staff believes that there are other nonprofits in the state that may be able to utilize this funding as they pursue development opportunities that may ultimately result in the use of the Department's HOME and/or National Housing Trust Fund;

WHEREAS, the Department has $200,000 in undedicated TCAP RF available;

WHEREAS, staff recommends making these available funds in this 2021-2 Special Purpose NOFA for predevelopment activities only; and

WHEREAS, the Department will limit eligible applicants for these funds to private nonprofits that have not received funding for a multifamily development from the Department since January 1, 2011;

NOW, therefore, it is hereby

RESOLVED, that $200,000 in TCAP Repayment Funds will be made available for Applicants through this 2021-2 Special Purpose NOFA: Predevelopment; and

FURTHER RESOLVED, the Executive Director and staff as designated by the Executive Director are authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

BACKGROUND

The 2021-2 Special Purpose NOFA announces the availability of Multifamily Direct Loan funds for predevelopment Applications received between March 1, 2021, and August 31, 2021. Awards under this

NOFA will be made as grants subject to the restrictions in this NOFA and its fund source. The funds in the NOFA are composed of $200,000 of the interest portion of TCAP RF accumulated.

This Special Purpose NOFA has been created for those Applicants seeking grant-based assistance to fund eligible activities related to preparing an application to develop affordable multifamily rental housing with Department funds. Eligible Applicants are limited to private nonprofit organizations that have not received an award of funds from TDHCA for a multifamily development since January 1, 2011, and did not receive an award of funds under the 2019-2 or 2020-4 Special Purpose Notice of Funding Availability (NOFA): Predevelopment. Such Applicants may only be awarded one predevelopment grant in an amount not to exceed $50,000.

Unless otherwise indicated, applications awarded under this Special Purpose NOFA will be subject to the applicable requirements of 10 TAC Chapter 13, the Multifamily Direct Loan Rule, and applicable sections of 10 TAC Chapter 11, the Qualified Allocation Plan. If any provisions of this NOFA are in conflict with provisions in 10 TAC Chapters 11 and 13, then the rule shall control except as specifically outlined in the NOFA. Additionally, Applicants under this NOFA will be required to submit an Application using the 2021 Predevelopment Application, as well as submit required documentation referenced in the 2021 Predevelopment Application.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY FINANCE DIVISION
2021-2 SPECIAL PURPOSE NOTICE OF FUNDING AVAILABILITY (NOFA):
PREDEVELOPMENT

1) **Summary.** The Texas Department of Housing and Community Affairs (the Department) announces the availability of $200,000.00 in Multifamily Tax Credit Assistance Program Repayment Funds (TCAP RF) funding for eligible predevelopment activities for Applications to finance affordable multifamily rental housing for low-income Texans through the Department. Additional funds may be added in order to completely fund awards. Applications under this Special Purpose NOFA will be accepted starting at 8:00 a.m. Austin local time on March 1, 2021, through August 31, 2021, at 5:00 p.m. Austin local time (unless ended sooner by Board Action).

2) **Eligible Applicants.** Each eligible Applicant (a private 501(c)3 or 501(c)4 nonprofit organization), including any staff or Board members of the organization, Affiliate entity, or any individual with Control of the proposed Development[1], that has not received an award of funds from the Department for a multifamily development after January 1, 2011), and did not receive an award under the 2019-2 or 2020-4 Special Purpose Notice of Funding Availability: Predevelopment, may apply for a predevelopment grant in an amount of up to $50,000.00. A nonprofit organization (inclusive of any Affiliate organization) may receive only one award under this NOFA.

3) **Availability and Use of Funds.** Except as noted herein, if any provisions of this NOFA are in conflict with provisions of the following rules, as applicable, for which the use of these TCAP RF grant funds are subject to, the applicable rule will control, as further described in <u>Addendum A</u>.
   a. **<u>Texas Administrative Code</u>.**
      10 TAC Chapter 1 (Administration)
      10 TAC Chapter 2 (Enforcement)
      10 TAC Chapter 10 (Uniform Multifamily Rules)
      10 TAC Chapter 11 (Qualified Allocation Plan)
      10 TAC Chapter 13 (Multifamily Direct Loan Rule)

[1] A private nonprofit corporation that does not share a Principal with the Applicant and will not have an Ownership interest in the proposed Development, will not be deemed to have control for this eligibility determination, but may still have Control in accordance with other rules listed in this NOFA.

b. **Texas Government Code.**
Tex. Gov't Code Chapter 2306 (State Act)

c. **Federal Cross-Cutting Standards.**
Federal Fair Housing Act, 42 U.S.C. 3601-19

4) **Eligible Costs.**

a. **Eligible for Reimbursement.** Costs eligible for reimbursement under this NOFA are limited to those which are necessary in order to ultimately submit an Application for Development Funding in accordance with the applicable sections of 10 TAC Chapter 11 or Chapter 13. All costs must be supported by a contract or similar agreement with the third party. Examples of eligible costs include, but are not limited to: costs for Third-Party Reports, accounting fees, architectural and engineering fees, zoning change fees, land surveys, legal fees unrelated to Application preparation, fees related to obtaining site control (e.g. earnest money fees, extension fees), etc.

b. **Ineligible for Reimbursement.** The Applicant's internal costs of operation are not eligible for reimbursement. Costs for consultants and similar entities to prepare an Application are not eligible. Costs incurred prior to Application Acceptance Period are not eligible.

i. **Costs related to Ineligible Development Site.** Additionally, costs related to a Development Site that is ineligible under 10 TAC §11.101 related to Site and Development Requirements and Restrictions are ineligible costs, unless the Department's Governing Board has made a determination of eligibility , or ineligibility is the result of information gained from Third-Party Reports or other work completed under this NOFA. For Neighborhood Risk Factors (10 TAC 11.101(a)(3)) and any other site requirement or restriction impacting eligibility that an Applicant knows at Application, an Applicant must submit a request for pre-determination prior to or with its Application under this NOFA. If a site requirement or restriction that would make the site or development ineligible is discovered as a result of information gained from Third-Party Reports or other work completed under this NOFA, an Applicant must submit a request for determination before incurring other costs under its award.

ii. **Costs related to Non-Conforming Existing Development.** Costs related to an Existing Development that is not able to meet the minimum Development size identified in 10 TAC §11.101(b)(2) are ineligible costs, unless the Department's Governing Board has made a determination of eligibility. An Applicant must submit a waiver request outlining conformance with the Development's Underwriting Rules and Guidelines as described in 10 TAC Chapter 11, Subchapter D.

5) **Restrictions on Third-Party Reports.** Awardees under this NOFA will be required to receive the Department's explicit written consent to allow Third-Party Reports paid for with funds awarded under this NOFA to be shared with any other public or private financing entities.

6) **Application Submission Requirements.**

a. **Summary.** Applications under this Special Purpose NOFA will be accepted starting at 8:00 a.m. Austin local time on March 1, 2021, through August 31, 2021, at 5:00 p.m. Austin local time (unless ended sooner by Board Action), subject to the availability of funds.

b. **Date of Receipt.** All Applications under this NOFA will be prioritized based on the business day of receipt until 5:00 pm, Austin local time on August 31, 2021 (unless earlier closed by Board action). The earliest date of receipt will be March 1, 2021.

c. **Tie Breaker.** All Applications with the same date of receipt will be ranked based on the greatest linear distance from the nearest Housing Tax Credit assisted Development that was awarded less than 15 years ago according to the Department's property inventory tab of the Site Demographic Characteristics Report.

d. **Fees.** Applicants are **not** required to remit a Predevelopment Application fee.

e. **Required Materials for all Applications under this Special Purpose NOFA.** All Application materials including manuals, NOFAs, program guidelines, and rules will be available on the Department's website at https://www.tdhca.state.tx.us/multifamily/nofas-rules.htm and https://www.tdhca.state.tx.us/multifamily/apply-for-funds.htm. An Application must be on forms provided by the Department, and cannot be altered or modified and must be in final form before submitting them to the Department. Applicant must submit the Application materials as detailed in the Multifamily Predevelopment Procedures Manual (Manual) in effect at the time the Application is submitted. An Application must be uploaded to the Department's secure web transfer server in accordance with 10 TAC §11.201(1)(C). Access to the ServU system is available with this request: https://www.tdhca.state.tx.us/multifamily/docs/19-ElectronicFilingAgreement.xls.

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

a. **Grant Agreement.** An Applicant awarded under this Special Purpose NOFA will be required to fully execute and adhere to any and all requirements under the 2021 Multifamily Predevelopment Contract and related Certifications. The Contract will have up to an 18 month period to pay for eligible predevelopment costs, and up to an additional six month period to submit draw requests for reimbursement of eligible predevelopment costs. The Contract performance period will be five years (unless extended). If the Applicant (or any Affiliate or assignee) receives an award of credits, bonds, grants, or loan funds for the Site identified in the Contract before the end of the performance period, Applicant will agree to put one HOME Match eligible TCAP-RF unit on the Development, in addition to any other restricted units. That TCAP-RF Unit must meet the requirements for a HOME Match Unit, as identified 24 CFR Part 92 and the Department's rules.

b. **Draw Funds.** Awarded Applicants may be required to meet additional documentation requirements in order to draw funds, in accordance with Previous Participation results and Contractual conditions.

8) **Miscellaneous.**

a. This NOFA does not include text of the various applicable regulatory provisions pertinent to the TCAP RF Program. For proper completion of the Application, the Department strongly encourages potential Applicants to review all State and Federal regulations.

b. An award under this NOFA does not constitute a finding of eligibility with regard to Site and Development Requirements and Restrictions under future Department rules.

c. The Board may on a case-by-case basis, or in whole, waive procedural provisions of this NOFA where such waiver or exception to the provision(s) are warranted and documented, and where such exception is not in violation with any state or federal requirement(s) and the NOFA is open.

d. For questions regarding this Special Purpose NOFA, please contact Charlotte Flickinger, Multifamily Direct Loan Manager, at charlotte.flickinger@tdhca.state.tx.us or 512-475-0538.

ADDENDUM A

Unless otherwise specified, the following is a list of relevant provisions of the Texas Administrative Code (TAC) applicable to Applications proposing Predevelopment under this Special Purpose NOFA, as cited and enforceable by the TDHCA Governing Board:

<u>10 TAC Chapter 1 (Administration)</u>

<u>10 TAC Chapter 2 (Enforcement)</u>

<u>10 TAC Chapter 11 (Housing Tax Credit Program Qualified Allocation Plan)</u>
Subchapter A – Pre-Application, Definitions, Threshold Requirements, and Competitive Scoring
§11.1 (General)
Subchapter B – Site and Development Requirements and Restrictions
§11.101(a) Site and Development Requirements and Restrictions
Subchapter C – Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules
§11.201(1)(General Requirements)
§11.201(6)(Order of Review of Applications under Various Programs)
§11.201(7)(Deficiency Process)
§11.201(8)(Limited Reviews)
§11.202(Ineligible Applicants and Applications)
§11.204(1)(Certification)
§11.204(2)(Applicant Eligibility Certification)
§11.204(10)(Site Control)
§11.204(13)(Ownership Structure and Previous Participation)
§11.204(14)(Nonprofit Ownership)
§11.206(Board Decisions)
§11.207(Waiver of Rules)
Subchapter D – Underwriting and Loan Policy
§11.303 Market Analysis Rules and Guidelines
§11.304 Appraisal Rules and Guidelines
§11.305 Environmental Site Assessment Rules and Guidelines
§11.306 Scope and Cost Review Guidelines
Subchapter E – Fee Schedule, Appeals, and Other Provisions
§11.903 (Adherence to Obligations)
§11.904 (Alternative Dispute Resolution Policy)

<u>10 TAC Chapter 13 (Multifamily Direct Loan Rule)</u>
§13.1(Purpose)
§13.2(Definitions)
§13.3(Loan Requirements)
§13.4(d)(Other Priorities)
§13.5(Award Process)
§13.11(b)(e) (Contract execution)
§13.11(b)(13)(A)(B)(D) and (H), (Disbursement of Funds)

1e

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on penalties for failure to meet deadlines under 10 TAC 11.9(c)(8) Readiness to Proceed for Application 20114, 3300 Caroline Street, in Houston

RECOMMENDED ACTION

WHEREAS, an award of 2020 Competitive (9%) Housing Tax Credits was approved for Application 20114, 3300 Caroline Street, by the Board on July 23, 2020;

WHEREAS, the Applicant was awarded points under 10 TAC §11.9(c)(8) of the 2020 Qualified Allocation Plan (QAP), related to Readiness to Proceed in Disaster Impacted Counties (RTP), which requires that the Development close all financing and fully execute a construction contract on or before the last business day of November 2020, or as otherwise permitted under 10 TAC §11.9(c)(8)(C) of the 2020 QAP;

WHEREAS, the Applicant's Readiness to Proceed deadline was automatically extended to February 20, 2021, pursuant to 10 TAC §11.9(c)(8)(C) of the 2020 QAP;

WHEREAS, per 10 TAC §11.9(c)(8), failure to close all financing and provide evidence of an executed construction contract by the deadline may result in penalty under 10 TAC §11.9(f), which authorizes the Board to find that an Applicant or Affiliate be ineligible to compete in the 2021 Application Round or that it should be assigned a penalty deduction, to be determined solely by the Board;

WHEREAS, the Applicant informed the Department that due to circumstances outside of the Applicant's control, including circumstances related to delays in closing financing provided by the City of Houston and County of Harris, the Development would fail to close all financing by its extended deadline, February 20, 2021;

WHEREAS, 10 TAC§11.9(f) does not require that staff recommend ineligibility or penalty to the Board, if the delay in closing financing was caused by something the Development could not have anticipated or prevented; and

WHEREAS, staff has reviewed the documentation provided by the Applicant, and has affirmatively found that the failure to close all financing and provide evidence of an executed construction contract by the extended deadline could not have been anticipated or prevented, and therefore recommends that no penalties be imposed;

NOW, therefore, it is hereby

RESOLVED, the Board affirmatively finds that the inability to meet the Readiness to Proceed deadline was beyond the reasonable control of the Applicant and could not have been reasonably anticipated, and imposes no penalty under 10 TAC §11.9(f) on this Applicant, for failure to close all financing and provide evidence of an executed construction contract by the extended deadline as required under 10 TAC §11.9(c)(8), related to Readiness to Proceed in Disaster Impacted Counties; and

FURTHER RESOLVED, that the Board's penalty determination regarding Readiness to Proceed on this application is unrelated to any application amendment request that may be presented to the Board on this application in the future.

BACKGROUND

The Board approved an award of 2020 Competitive Housing Tax Credits to Application 20114, 3300 Caroline Street, on July 23, 2020. Application 20114 was awarded points under 10 TAC §11.9(c)(8) of the 2020 Qualified Allocation Plan (QAP) related to Readiness to Proceed in Disaster Impacted Counties, which states in pertinent part:

> "An Application for a proposed Development that is located in a county declared by the Federal Emergency Management Agency to be eligible for individual assistance within three years preceding December 1, 2019, that provides a certification that they will close all financing and fully execute the construction contract on or before the last business day of November or as otherwise permitted under subparagraph (C) of this paragraph. For the purposes of this paragraph only, an Application may be designated as 'priority.' (5 points)
>
> (A) Applications must include evidence that appropriate zoning will be in place at award and acknowledgement from all lenders and the syndicator of the required closing date.
>
> (B) The Board cannot and will not waive the deadline and will not consider waiver under its general rule regarding waivers. Failure to close all financing and provide evidence of an executed construction contract by the November deadline will result in penalty under 10 TAC §11.9(f), as determined solely by the Board.
>
> (C) Applications seeking points under this paragraph will receive an extension of the November deadline equivalent to the period of time they were not indicated as a priority Application, if they ultimately receive an award. The period of the extension begins on the date the Department publishes a list or log showing an Application without a priority designation, and ends on the earlier of the date a log is posted that shows the Application with a priority designation, or the date of award."

Applicant's counsel notified the Department that due to unanticipated circumstances outside its control, the Development Owner will not meet its readiness to proceed deadline on February 20, 2021.

Applicant requested an exception to the penalty, whereby Staff notified Applicant that the matter would be presented to the Board at this meeting.

Pursuant to 10 TAC §11.9(c)(8), the Applicant is subject to penalty under 10 TAC §11.9(f), as determined solely by the Board. Nevertheless, 10 TAC §11.9(f) related to Factors Affecting Scoring and Eligibility in current and future Applicant Rounds, relevantly states:

> "For those items pertaining to non-statutory deadlines, an exception to the penalty may be made if the Board or Executive Director, as applicable, makes an affirmative finding setting forth that the need for an extension of the deadline was beyond the reasonable control of the Applicant and could not have been reasonably anticipated."

Similar to the Applicants considered by the Board in January, Applicant 20114 detailed circumstances related to ongoing delays with its U.S. Department of Housing and Urban Development (HUD)'s Community Development Block Grant Disaster Recovery (CDBG-DR) award from the City of Houston (City). The Applicant explained that due to delays related to a new walkable places ordinance passed by the City, delays within the Houston Housing Authority's Section 8 approval process, as well as the ongoing negotiations between the City and General Land Office (GLO) for CDBG-DR funds, the Development would fail to close all financing by its respective deadline.

Overall, staff determined the delays in the Development Owner's ability to meet its readiness to proceed deadline were not reasonably foreseeable nor within the Owner's control. Staff recommend Application 20114 not be subject to penalty under 10 TAC §11.9(f) of the 2020 QAP.

20114
3300 Caroline Street

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February 1, 2021

VIA EMAIL DELIVERY

Marni Holloway
Alena Morgan
Lucy Trevino
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: 3300 Caroline Street (the "**Property**")
TDHCA File No. 20114

Ladies:

We represent Magnificat Permanent Affordable, LLC, a Texas limited liability company ("**Owner**"), which received a commitment of low-income housing tax credits ("**Tax Credits**") in the 2020 9% competitive cycle. Pursuant to 10 TAC §10.405(a), Owner seeks to amend its Tax Credit application (the "**Application**"), as a result of circumstances that were unanticipated and outside Owner's control. The changes proposed will not have a material adverse effect on the Property; nor would the changes have impacted the award of Tax Credits to the Property, if they had been made during the competitive cycle. In addition, some of the circumstances that have led to the requirement for an amendment also impact Owner's timeline for closing. Owner took points in the Application for "readiness to proceed," and has a deadline of February 20, 2021. Owner will be unable to meet that deadline and seeks a waiver of any penalties that would otherwise be imposed on it for the 2021 application cycle.

On January 25, 2021, you received an email from Owner, with updated exhibits to its Application and an updated site plan. Please note the following:

Tab 17 - The submission should have included a revised Development Narrative for Tab 17. That is now attached.

Tabs 24, 25, and 29 - Despite an indication in the email that these exhibits changed, they did not.

Tab 31 - The email should have noted changes to Tab 31.

Tab 35 - With the receipt of CDBG-DR funds from Harris County, the Application should be updated to include the County's funding commitment. At the current time no funding commitment is available. The only documentation for the commitment is found on Harris County's website, with a screen shot attached.

Amendment Request

Two primary factors influenced the need for this amendment: (1) the need to comply with Houston's newly enacted walkable places ordinance and (2) the availability of Harris County CDBG-DR funds.

***Walkable Places Ordinance*.** In August 2020, after Owner had received its Tax Credit award, the Houston City Council approved a walkable places ordinance to be effective as of October 1, 2020. The ordinance requires buildings to be closer to the streets, with parking spaces moved to the interior. The neighborhood for the Property was designated as one of three areas for the pilot program. The impact of the ordinance is to change Owner's site plan to move the parking that was originally located off San Jacinto to be located off Francis. Owner could not simply "flip" the parking and building or rotate the building to comply with the ordinance. Instead, a complete redesign was required, and took two (2) months. Despite the redesign, Owner was able to maintain the unit count, the unit size, and all common area amenities.

The redesign also required Owner to focus on development costs. Owner repriced the revised drawings with Block Construction, and the total construction contract has decreased by $1,210,321.

***Harris County CDBG-DR Funding*.** Owner applied for CDBG-DR funds in Harris County's second round RFP, prior to submitting its Application. Without knowing whether those funds would be available, Owner presented the Application without the County's funds. This required Owner to assume it would have permanent debt, a seller loan from Magnificat Homes, a contribution from Magnificat Homes, and a substantial deferred developer fee. Owner received notice of its receipt of the CDBG-DR funds from Harris County in August 2020, after the Tax Credits had been awarded. The award was subject to GLO approval, so Owner did not address it at the time the Commitment Notice was returned, because the nature of the funds was too uncertain at the time. While the award is still subject to GLO approval, Owner feels it is prudent to submit this information about the increase in funding before it gets too late in TDHCA's process to timely amend the Application. With the CDBG-DR funds, Owner is able to present a project without any permanent debt and with the developer fee fully paid. In addition, rather than asking Magnificat Homes to cobble together the funds to provide supportive services, Owner determined it would be best to establish a reserve for the provision of supportive services throughout the Compliance Period. Magnificat Homes is an experienced provider of supportive housing; and current costs for running similar properties are approximately $5,600 per unit per year. Thus, Owner has chosen to set aside $5,726,654 as a reserve for supportive services, which calculates as approximately 42% of the funds that will be needed for supportive services during the Compliance Period. Magnificat Homes has committed to fund approximately $2,410,000 for such reserve[1]. The remainder of the reserve will be funded with Housing Tax Credit equity proceeds.

Combining the changes in Development Costs derived from the redesign process and the changes in financing sources, Owner presents an updated Sources and Uses. We trust TDHCA will see that the Property itself has changed very little and the Application scoring has not changed at all. The changes to financing, while substantial, provide stability and feasibility for the long term, ensuring that the maintenance and services required for this Property will be available in the long term.

Waiver Request

Owner took points on its Application for "readiness to proceed," with a deadline that was automatically extended to February 20, 2021, per 10 TAC §11.9(c)(8)(C). Owner will be unable to meet that deadline and seeks TDHCA's waiver of any penalty for its applications in the 2021 competitive cycle. Owner's inability to close by February 20, 2021 is beyond Owner's reasonable control, could not have been reasonably anticipated, and is based upon the following:

Walkable Places Ordinance. When Owner applied for Tax Credits in early 2020, it could not have anticipated that the Houston City Council would pass the walkable places ordinance to be effective October 1, 2020, nor could Owner have anticipated the impact the ordinance would have on its design and development process. As noted above, redesigning the site delayed the development of the Property by about two (2) months.

Funding Delays with City of Houston and Harris County. As noted at TDHCA's January Board meeting for agenda item 1(d), nine applicants that had received funding commitments from the City of Houston experienced delays in the process because of ongoing issues between the City and the General Land Office. As of today's date, Owner has not received draft funding documents from the City.

---

[1] Owner will make an up-front ground lease payment to Magnificat to acquire the land upon which the Property will be constructed. Magnificat will make $2,410,000 of those proceeds available to Owner to bridge any delays in funding on the draws from the City and County CDBG loans. After construction, Magnificat will contribute the $2,410,000 to the supportive services reserve. Another portion of the ground lease payment will be used by Magnificat to pay Owner for the cost of constructing office space in the Property, which will be utilized by Magnificat.

Additionally, even though Owner applied for the Harris County CDBG-DR funds in January 2020, the funds were not awarded until August 2020. At this time, GLO approval for the County's award has not been confirmed, so no commitment letter has been received.

***Delays with Houston Housing Authority for Section 8 Contract*.** Although the Houston Housing Authority approved Owner for a project-based Section 8 Contract in April 2020, the Houston Housing Authority has yet to finalize the process or provide documents for this critical subsidy. Once the housing authority commences the process, Owner expects it will take approximately two (2) months to conclude.

We believe the staff and Board will conclude that delays in Owner's ability to close were not reasonably foreseeable or within Owner's control, as was concluded for other similarly situated applicants in Region 6.

Please approve both the amendment request and the waiver request and let us know if any additional information is required.

Sincerely,

Cynthia L. Bast

cc: NHP Foundation

3300 Caroline Street

9% Tax Credit Application Tab 17
Development Narrative - Attachment
Supportive Housing Program

NHP Foundation (NHPF) and Magnificat Houses, Inc. (MHI) will jointly develop 3300 Caroline Street, as a new-construction 149-unit Supportive Housing Program development in Midtown Houston. The following information is intended to address each of the questions raised in Tab 17 Development Narrative regarding the Supportive Housing Program.

MHI is a local 501(c)(3) service organization serving homeless residents in the Houston area for the past 52 years. Their programs address many needs in the community including: Meals, Housing Mental Health & Wellness, Training for Employment, Community Building and Personal Guidance. Their current housing programs include both emergency and permanent supportive housing for up to 140 men and women in 16 homes. The transformational residential program helps those struggling with poverty, chronic homelessness, addictions, re-entry after incarceration and mental illness.

MHI will provide the supportive services for 3300 Caroline Street for the 149 residents to meet all of the requirements of the Qualified Allocation Plan (as certified in the application) which will address, other things, case management, skills in keeping housing, mental health and addiction services. The target residents will include: Residents in need of specialized and specific non-medical services in order to maintain housing or transition into independent living and will include:

a. Homeless or Persons at-risk of homelessness
b. Persons with physical, intellectual, and/or development disabilities
c. Persons unable to secure permanent housing elsewhere due to high barriers
d. Persons with Special Housing Needs (alcohol and/or drug additions, VAWA protections, HIV/AIDS, Veterans with Disabilities)

In addition to services provided by MHI, there will be some services by referral linkages, as described in the Comprehensive Services Plan. A Plan will be posted in the community's office and accessible to residents.

The development will include the following amenities to serve the residents:

1. Training Room
2. Business Center
3. Reading Room
4. Meeting Room
5. Dining Room
6. Kitchen
7. Theater
8. 3 offices
9. Social Service Open Area

TAB 17

In addition to the general supportive services offered by MHI, the development will provide:

1. Weekly substance abuse meetings
2. Career Training
3. Twice Monthly arts, crafts and other recreational activity
4. Twice Monthly social events
5. Onsite Notary
6. Annual Tax Preparation Program
7. Annual Health Fair
8. Part-time resident services coordinator with a dedicated office

MHI maintains an annual budget of $1.2 million and will expand their operations with the new facility. Their programs are currently funded through several sources including:

1.	Corporate Donations	4%
2.	Faith Based Donations	20%
3.	Foundations and Government Donations	32%
4.	Individual Donations	44%

MHI has consistently maintained its funding base and typically has a minimum of one year's operating budget on hand as a reserve. Some of the government and foundation supporters have been Al Clay Foundation, Ferrell Foundation, Stirling Turner Foundation, Brown Foundation, Scanlan Foundation, Harris County Jail Diversion, TDHCA ESG grants and HUD Continuum of Care (CoC) grants. Two current grants include the ESG grant from TDHCA for $85,000 and the CoC grant for $350,000.

With a 15-year Tax Credit Compliance Period and a commitment to fill 80% of the building with Tier 1 homeless residents, the Applicant carefully considered available sources to provide the level of services necessary. The Coalition for the Homeless was not in a position to make a 15-year commitment to fund this property, and ongoing funding from HUD is uncertain. Therefore, it was determined that it would be in the best interest of NHP, MHI, the investors, and the residents, for the property to establish a healthy reserve for the costs of the supportive services. Based on other properties serving a Tier 1 population which are being funded through the Houston/HUD Continuum of Care, MHI has estimated that the total cost for complete supportive services on the property will be approximately $5600 per unit per year, with inflationary adjusters. The reserve is sized to equal approximately 46% of the current anticipated cost of providing full social services at this property. We anticipate the balance will be made up from higher section 8 rents and CoC grants. In addition, NHP, as a Controlling party in the transaction, will honor its commitment to services by ensuring that every resident has access to an onsite case manager and access to needed services.

Magnificat		
Cost Per Unit	$ 5,600	
Units	149	
Annual	**$ 834,400**	
15 years	**12,516,000**	
SocS Reseves	5,726,654	46%

TAB 17

In order to fund this reserve, the Applicant will use the following sources: MHI will receive funds at closing in the form of an up-front ground lease payment for the property in the amount of $6,960,000. MHI will use $2,410,000 of the ground lease payment to bridge delays in funding the construction draws under the City and County CDBG loan and approximately $1,443,285 of the payment to pay Applicant to build out office space on the site, which will be used by MHI. After the need for bridge funds has concluded, MHI will use $2,410,000 of the ground lease payment to fund the supportive services reserve. The balance of the reserve will be funded by Housing Tax Credit equity capital.

The property will have a long-term Section 8 Project Based Housing Assistance Payment contract through the Housing Authority for 100% of the units (see letter from the Housing Authority). Resident feedback has been obtained at the community meeting held on January 18, 2020 (see attached sign-in sheet). In addition, the site is located less than ½ mile from regularly scheduled public transportation (see attached map) and at least 10% of the units meet the 2010 ADA standards.

Residents will be able to provide feedback through their case manager who reports to MHI or to the Property Manager who reports to NHPF. Anonymous surveys and focus groups will be taken annually, and a suggestion box will always be available.

There will be Tennant Selection Criteria in accordance with section 11.1(d)(122)(E)(VI) as well as written eviction policy and appeal process.

There is a resident on the applicant's Board and it commits to continuing having a resident on its board.

TAB 35

Harris County Affordable Rental Housing Program - Recommended Second Round RFA Projects as of 12/28/2020

#	Project Number	Project Name	Project Organization	Pct.	Project Type	Population Served	Location	Total Units	Harris County CDBG-DR Assisted Units	Recommended CDBG-DR Funds	Total Project Cost	Date Commissioner Court Approved Application Submission to GLO	Date of GLO Affirmatively Furthering Fair Housing (AFFH) Approval	Date Project Awarded by GLO	Date of Commissioners Court Contract Approval
1	D2017-086	HAY Campus	The HAY Center Foundation	1	New Construction	Homeless Youth / Young Adults Aging Out of Foster Care	3131 Gulf Freeway, Houston, Texas 77003	50	50	$20,000,000	$29,717,884	7/14/2020	11/6/2020	Pending	Pending
2	D2017-087	Temenos IV	Temenos Permanent Affordable, LLC	1	New Construction	Homeless	1703-1711 Gray Street, Houston, Texas 77003	95	49	$11,000,000	$31,361,298	7/14/2020	11/6/2020	Pending	Pending
3	D2017-088	The Residences at Arbor Oaks	The Residences at Arbor Oaks, LP	3	New Construction	Families	Southwest Corner of Grant Road and Jones Road, Harris County, Texas 77429	192	98	$12,000,000	$37,310,476	7/14/2020	10/26/2020	11/6/2020	Pending
4	D2017-089	3300 Caroline	Magnificat Permanent Affordable, LLC	1	New Construction	Homeless	3300 Caroline St., Houston, Texas	149	149	$8,538,278	$36,368,758	8/11/2020	Pending	Pending	Pending
5	D2017-090	First Met Apartments	HCHA Redevelopment Authority, Inc.	4	New Construction	Seniors	29°53'56.11"N 95°32'51.68"W	157	85	$18,368,382	$36,162,647	8/11/2020	11/6/2020	12/26/2020	Pending
							Totals	**643**	**431**	**$69,906,660**	**$170,921,063**				

1f

BOARD ACTION REQUEST

EXECUTIVE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on an order adopting an amendment to 10 TAC §1.15, Integrated Housing Rule

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, the provision of integrated housing through the Department's programs is authorized by Tex. Gov't Code §2306.111(g), which directs that the Department's funding priorities should provide that funds are awarded, when feasible, based on a project's ability to provide integrated affordable housing;

WHEREAS, the rule regarding this statutory provision (10 TAC §1.15; the Integrated Housing Rule) has a reference within it that warrants clarification and reflection of other Department rule changes; and

WHEREAS, the proposed rule was submitted to the Texas Register for public comment, which was accepted from December 28, 2020, through January 29, 2021, and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the amendment to 10 TAC §1.15, Integrated Housing Rule, is hereby adopted; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to submit such adoption to the Texas Register, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

Tex. Gov't Code §2306.111(g) directs that the Department's funding priorities should provide that funds be awarded, when feasible, based on a project's ability to provide integrated affordable housing. The related rule at 10 TAC §1.15 ensures that housing developments that are subject to the rule do not restrict occupancy solely to households with disabilities, with a maximum integration limit dependent on the size of the housing development. Based on changes made to 10 TAC Chapter 23, one reference within this rule is now in need of revision. Additionally, the Department wishes to incorporate the homelessness programs to this rule (as applicable). The Department has not had any recent subrecipients request to use state funds in this manner and no activity currently allowed by the federal rules would trigger this rule. A clarification to the definition of Unit is also adopted as a result of adding the additional funding sources. No other changes were proposed.

The proposed rule was submitted to the Texas Register for public comment, which was accepted from December 28, 2020, through January 29, 2021. No public comment was received.

Behind the preamble for the amendment the rule is shown in final form.

Attachment 1: Preamble, including required analysis, for adoption of an amendment to 10 TAC §1.15, Integrated Housing Rule

The Texas Department of Housing and Community Affairs (the Department) adopts an amendment to 10 TAC §1.15, Integrated Housing Rule. The purpose of the revision is to correct an incorrect citation to a regulation.

Tex. Gov't Code §2001.0045(b) does apply to the rule being adopted and no exceptions are applicable. However, the rule already exists and the correction is only administrative in nature. There are no costs associated with this rule action, therefore no costs or impacts warrant a need to be offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson, Executive Director, has determined that, for the first five years the amendment will be in effect:

1. The amended rule does not create or eliminate a government program, but relates to the activity of the Department to ensure that Developments voluntarily participating in programs funded by the Department offer an integrated housing opportunity for Households with Disabilities.

2. The amended rule does not require a change in work that will require the creation of new employee positions, nor is the amendment significant enough to reduce work load to a degree that any existing employee positions are eliminated.

3. The amended rule does not require additional future legislative appropriations.

4. The amended rule does not result in an increase in fees paid to the Department or in a decrease in fees paid to the Department

5. The amendment is creating a new regulation, which is being created to ensure that rental housing developed with state funding is subject to integrated housing requirements.

6. The amended rule will not limit or repeal an existing regulation, but can be considered to "expand" the existing regulations related to development of rental housing with state funds; however, this addition to the rule is necessary to conform to the requirements of Tex. Gov't Code §2306.111(g).

7. The amended rule will increase the number of individuals subject to the rule's applicability as described in item 6 above.

8. The amended rule 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, 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 §2306.111(g).

1. The Department has evaluated this adopted action and determined that none of the adverse effect strategies outlined in Tex. Gov't Code §2006.002(b) are applicable.

2. This rule relates to the Department ensuring that Developments voluntarily participating in programs funded by the Department offer an integrated housing opportunity for Households with Disabilities. Other than in the case of a small or micro-business that is voluntarily participating in one of the Department's multifamily

programs, no small or micro-businesses are subject to the rule. However, if a small or micro-business is pursuing a multifamily activity with the Department, this rule action merely clarifies a citation.

3. The Department has determined that because the amendment merely corrects a citation, 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 amended 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 amended rule has no economic effect on local employment because the rule relates only to a correction to an incorrect citation.

Texas Gov't Code §2001.022(a) states that this "impact statement must describe in detail the probable effect of the rule on employment in each geographic region affected by this rule…" Considering that this rule merely provides a minor technical change, 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 amended section is in effect, the public benefit anticipated as a result of the amended section will be a rule with correct references. There will not be any economic cost to any individuals subject to the amended rule as the processes described by the rule have already been in existence.

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 amended 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.

g. SUMMARY OF COMMENT AND REASPONED RESPONSE. The public comment period was held December 28, 2020, through January 29, 2021, to receive input on the proposed amendment. No comment was received.

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

§1.15 Integrated Housing Rule

(a) Purpose. It is the purpose of this section to provide a standard by which Developments funded by the Department offer an integrated housing opportunity for Households with Disabilities. This rule is authorized by Tex. Gov't Code, §2306.111(g) that promotes projects that provide integrated affordable housing.
(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.
(1) Capitalized words used herein have the meaning assigned in the specific Chapters and Rules of this Part that govern the program associated with the funded or awarded Development, or assigned by federal or state law.
(2) Integrated Housing--Living arrangements typical of the general population. Integration is achieved when Households with Disabilities have the option to choose housing units that are located among units that are not reserved or set aside for Households with Disabilities. Integrated Housing is distinctly different from assisted living facilities/arrangements.

(3) Households with Disabilities--A Household composed of one or more persons, at least one of whom is an individual who is determined to have a physical or mental impairment that substantially limits one or more major life activities; or having a record of such an impairment; or being regarded as having such an impairment. Included in this meaning is the term handicap as defined in the Fair Housing Act or disability as defined by other applicable federal or state law.

(4) Unit--has the meaning in Chapter 11 of this title, or of Single Family Dwelling Unit in Chapter 20 of this title, or Dwelling Unit in Chapter 7 of this title, as determined by the applicable funding source.

(c) Applicability. This rule applies to:

(1) All Multifamily Developments subject to Chapter 11 of this title (relating to Qualified Allocation Plan (QAP)), Chapter 12 of this title (relating to Multifamily Housing Revenue Bond Rules), and Chapter 13 of this title (relating to Multifamily Direct Loan Rule), with the exclusion of Transitional Housing Developments;

(2) Single Family Developments subject to Chapter 23, Subchapter F, of this title, relating to HOME Program Single Family Developments, §7.3 of this title relating to Construction Activities, or done with Neighborhood Stabilization Program funds, with the exclusion of Shelters, Transitional Housing, and Scattered-site developments, meaning one to four family dwellings located on sites that are on non-adjacent lots, with no more than four units on any one site; and

(3) Only the restrictions or set asides placed on Units through a Contract, LURA, or financing source that limits occupancy to Persons with Disabilities. This rule does not prohibit a Development from having a higher percentage of actual occupants who are Persons with Disabilities.

(4) Previously awarded Multifamily Developments that would no longer be compliant with this rule are not considered to be in violation of the percentages described in subsection (d)(2) or subsection (d)(3) of this section if the award is made prior to September 1, 2018, and the restrictions or set asides were already on the Development or adopted in the Application for the Development.

(d) Integrated Housing Standard. Units exclusively set aside or containing a preference for Households with Disabilities must be dispersed throughout a Development.

(1) A Development may not market or restrict occupancy solely to Households with Disabilities unless required by a federal funding source.

(2) Developments with 50 or more Units shall not exclusively set aside more than 25% of the total Units in the Development for Households with Disabilities.

(3) Developments with fewer than 50 Units shall not exclusively set aside more than 36% of the Units in the Development for Households with Disabilities.

(e) Board Waiver. The Board may waive the requirements of this rule if the Board can affirm that the waiver of the rule is necessary to serve a population or subpopulation that would not be adequately served without the waiver, and that the Development, even with the waiver, does not substantially deviate from the principle of Integrated Housing.

1g

BOARD ACTION REQUEST

EXECUTIVE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on the adoption of the repeal and new 10 TAC Chapter 2 Enforcement, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202, Sanctions and Contract Closeout

RECOMMENDED ACTION

WHEREAS, pursuant to Tex. Gov't Code §2306.053, the Texas Department of Housing and Community Affairs (the Department) is authorized to adopt rules governing the administration of the Department and its programs;

WHEREAS, 10 TAC Chapter 2, Subchapter B deals specifically with Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, which are the Community Affairs and Homelessness Programs;

WHEREAS, 10 TAC §§2.201 and 2.202 relating to Cost Reimbursement and Sanctions and Contract Closeout, respectively, have not been updated in the prior four years and Department staff has recognized the need for revisions to be consistent with changes to Program Rules and 10 TAC Chapter 1 Subchapter D; and

WHEREAS, such proposed rulemaking was published in the Texas Register for public comment from December 28, 2020 through January 29, 2021, and no public comment was received;

NOW, therefore, it is hereby

RESOLVED, that the rule action is hereby adopted; and

FURTHER RESOLVED, that the Executive Director and his designees be and each of them are hereby authorized, empowered and directed, for and on behalf of the Department, to submit such adoption to the Texas Register, and in connection therewith, make such non-substantive technical corrections as they may deem necessary to effectuate the foregoing.

BACKGROUND

10 TAC Chapter 2, Subchapter B deals specifically with Enforcement for Noncompliance with Program Requirements for the Community Affairs and Homelessness Programs. 10 TAC §§2.201 and 2.202 relating to Cost Reimbursement and Sanctions and Contract Closeout, respectively, have not been updated in the prior four years and Department staff has recognized the need for revisions to be consistent with changes to Program Rules and Chapter 1 Subchapter 6.

The changes relate to removing an example and adding clarification relating to how voluntarily relinquishment relates to contract termination steps.

The proposed rule was submitted to the Texas Register for public comment, which was accepted from December 28, 2020, through January 29, 2021. No public comment was received.

Behind the preamble for the amendment the rule is shown in its final form.

Attachment 1: Preamble, including required analysis, for adoption of the repeal of 10 TAC Chapter 2 Enforcement, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202, Sanctions and Contract Closeout

The Texas Department of Housing and Community Affairs (the Department) adopts the repeal of 10 TAC Chapter 2 Enforcement, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202, Sanctions and Contract Closeout. The purpose of the repeal is to clarify requirements for participants of the Department's program.

Tex. Gov't Code §2001.0045(b) does not apply to the rule 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, Executive Director of the Department, 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 existing guidance for program subrecipients.

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 an updated and more germane rule. There will not be economic costs to individuals required to comply with the repealed section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. 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.

PUBLIC COMMENT AND REASONED RESPONSE. The public comment period was held from December 28, 2020, through January 29, 2021, to receive input on the proposed action. No comment was received.

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 amended sections affect no other code, article, or statute.

§2.201, Cost Reimbursement
§2.202, Sanctions and Contract Closeout

Attachment 2: Preamble for adoption of new 10 TAC Chapter 2 Enforcement, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202, Sanctions and Contract Closeout

The Texas Department of Housing and Community Affairs (the Department) adopts new 10 TAC Chapter 2 Enforcement, Subchapter B, Enforcement for Noncompliance with Program Requirements of Chapters 6 and 7, §2.201, Cost Reimbursement, and §2.202, Sanctions and Contract Closeout. The purpose of the new sections is to provide clarity in these sections.

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, Executive Director of the Department, has determined that, for the first five years the new rule would be in effect:
1. The rule does not create or eliminate a government program.
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 rule changes do not require additional future legislative appropriations.
4. The 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 rule is not creating a new regulation, except that it is replacing a rule being repealed simultaneously to provide for revisions.
6. The rule will not expand, limit, or repeal an existing regulation.
7. The rule will not increase or decrease the number of individuals subject to the rule's applicability; and
8. The 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 §2306.041 and §2306.0504.
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. Other than in the case of a small or micro-business that participates in the Department's programs covered by this rule, no small or microbusinesses are subject to the rule. If a small or micro-business does participate in the program, the rule provides a clear set of regulations for doing so.
3. The Department has determined that 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 rule does not contemplate nor authorize a taking by the Department; therefore, no Takings Impact Assessment is required.
d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the rule as to its possible effects on local economies and has determined that for the first five years the rule will be in effect the proposed rule has no economic effect on local employment 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 has no economic impact on local employment 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 sections are in effect, the public benefit anticipated as a result of the new sections will be an updated and more germane rule. There will not be any economic cost, other than that described above, to any individuals required to comply with the new section because the processes described by the rule have 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.
PUBLIC COMMENT AND REASONED RESPONSE. The public comment period was held from December 28, 2020, through January 29, 2021, to receive input on the proposed action. No comment was 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.

§2.201 Cost Reimbursement
(a) The Department may place on Cost Reimbursement any contract, other than non-Discretionary CSBG. Cost reimbursement requires Subrecipients to submit supporting documentation and back up for Expenditures or Obligations prior to the Department releasing funds. The Department staff shall establish appropriate review protocols for each party placed on cost reimbursement status, indicating whether all expenses will be reviewed or a sample, and the nature of any additional documentation that will be required in connection therewith. Approving the release of funds in a cost review situation does not constitute final approval of the expenditure. Funds so advanced remain subject to future reviews, monitorings, and audits and in no way serve to constrain or limit them..
(b) In addition to the reporting requirements outlined in §6.7 of this Title (relating to Subrecipient Reporting Requirements) an entity on Cost Reimbursement must submit, at a minimum, their expanded general ledger, chart of accounts, cost allocation plan, and bank reconciliations for the previous three months. Upon review of those items the Department will request submission of back up for some or all of the reported Expenditures.
(c) The budget caps for each budget category will be enforced each month the entity is on Cost Reimbursement.
(d) An entity will be removed from Cost Reimbursement when the Department determines that identified risks or concerns have been sufficiently mitigated.
(e) An entity on Cost Reimbursement remains subject to monitoring.
(f) The Department reserves the right to outsource some or all of its work associated with the Cost Reimbursement process to a third party.

§2.202 Sanctions and Contract Closeout
(a) Subrecipients that enter into a Contract with the Department to administer programs are required to follow all Legal Requirements governing these programs.
(b) If a Subrecipient fails to comply with program and Contract requirements, rules, or regulations and in the event monitoring or other reliable sources reveal material Deficiencies or Findings in performance, or if the Subrecipient fails to correct any Deficiency or Finding within the time allowed by federal or state law, the Department, in order to protect state or federal funds, may take reasonable and appropriate actions, including but not limited to one or more of the items described in paragraphs (1) - (6) of this subsection. In so doing, the Department will not take any action that exceeds what it is permitted to do under applicable state and federal law. The Department, as appropriate, may provide written notice of its actions and the rights of a Subrecipient to appeal.
(1) Place it on Cost Reimbursement.
(2) With the exception of non-Discretionary CSBG, withhold all payments from the Subrecipient (both reimbursements and advances) until acceptable confirmation of compliance with the rules and regulations are received by the Department;
(3) Reduce the allocation of funds to Subrecipients as described in §2.203 of this subchapter (relating to Termination and Reduction of Funding for CSBG Eligible Entities) and as limited for LIHEAP funds as outlined in Tex. Gov't Code, Chapter 2105;
(4) With the exception of non-Discretionary CSBG, suspend performance of the Contract or reduce funds until proof of compliance with the rules and regulations are received by the Department or a decision is made by the Department to initiate proceedings for Contract termination;

(5) If permitted by applicable state and federal statute and regulations, elect not to provide future grant funds to the Subrecipient, either prospectively in general or until appropriate actions are taken to ensure compliance; or

(6) Terminate the Contract. Adhering to the requirements governing each specific program administered by the Department, as needed, the Department may determine to proceed with the termination of a Contract, in whole or in part, at any time the Department establishes there is good cause for termination. Such cause may include, but is not limited to: fraud; waste; abuse; fiscal mismanagement; not providing services to clients, or failing to expend Contract funds to serve clients, as contemplated under the Contract; or other serious Findings in the Subrecipient's performance. For CSBG contract termination procedures, refer to §2.203 of this subchapter.

(c) Contract Closeout. When a Contract is terminated, or voluntarily relinquished, the procedures described in paragraphs (1) - (12) of this subsection will be implemented. The terminology of a "terminated" Subrecipient below is intended to include a Subrecipient that is voluntarily terminating the Contract.

(1) The Department will issue a termination letter to the Subrecipient no less than 30 days prior to terminating the Contract; in the case of a Subrecipient that has notified the Department in writing of voluntarily relinquishment, the Department will acknowledge that termination in writing. If the entity is an Eligible Entity the Department, following the CSBG Act, will simultaneously initiate proceedings to terminate the Eligible Entity status and the effectiveness of the contractual termination will be stayed automatically pending the outcome of those proceedings. The Department may determine to take one of the following actions: suspend funds immediately or allow a temporary transfer to another provider; require Cost Reimbursement for closeout proceedings, or provide instructions to the Subrecipient to prepare a proposed budget and written plan of action that supports the closeout of the Contract. The plan must identify the name and current job titles of staff that will perform the closeout and an estimated dollar amount to be incurred. The plan must identify the CPA or firm which will perform the Single Audit. The Department will issue an official termination date to allow all parties to calculate deadlines which are based on such date.

(2) If the Department determines that Cost Reimbursement is appropriate to accomplish closeout, the Subrecipient will submit backup documentation for all current Expenditures associated with the closeout. The required documentation will include, but not be limited to, the chart of accounts, detailed general ledger, revenue and expenditure statements, time sheets, payment vouchers and/or receipts, and bank reconciliations.

(3) No later than 30 calendar days after the Contract is terminated, the Subrecipient will take a physical inventory of client files, including case management files.

(4) The terminated Subrecipient will have 30 calendar days from the date of the physical inventory to make available all current client files, which must be boxed by county of origin. Current and active case management files also must be inventoried, and boxed by county of origin.

(5) Within 60 calendar days following the Subrecipient due date for preparing and boxing client files, Department staff will retrieve the client files.

(6) The terminated Subrecipient will prepare and submit no later than 30 calendar days from the date the Department retrieves the client files, a final report containing a full accounting of all funds expended under the contract.

(7) A final monthly expenditure report and a final monthly performance report for all remaining expenditures incurred during the closeout period must be received by the Department no later than 45 calendar days from the date the Department determines that the closeout of the program and the period of transition are complete.

(8) The Subrecipient will submit to the Department no later than 45 calendar days after the termination of the Contract, an inventory of the non-expendable personal property acquired in whole or in part with funds received under the Contract.

(9) The Department may require transfer of title to Equipment to the Department or to any other entity receiving funds under the program in question. The Department will make arrangements to remove Equipment covered by this paragraph within 90 calendar days following termination of the Contract.

(10) Upon selection of a new service provider, the Department will transfer to the new provider client files and, as appropriate, Equipment.

(11) A current year Single Audit must be performed for all entities that have exceeded the federal expenditure threshold under 2 CFR Part 200, Subpart F or the State expenditure threshold under UGMS, as applicable. The Department will allow a proportionate share of program funds to pay for accrued audit costs, when an audit is required, for a Single Audit that covers the date up to the closeout of the contract. The terminated Subrecipient must have a binding contract with a CPA firm on or before the termination date of the contract. The actual costs of the Single Audit and accrued audit costs including support documentation must be submitted to the Department no later than 45 calendar days from the date the Department determines the closeout is complete.

(12) Subrecipients shall submit within 45 calendar days after the date of the closeout process all financial, performance, and other applicable reports to the Department. The Department may approve extensions when requested by the Subrecipient. However, unless the Department authorizes an extension, the Subrecipient must abide by the 45 calendar day requirement of submitting all referenced reports and documentation to the Department.

1h

BOARD ACTION REQUEST

HOUSING RESOURCE CENTER

FEBRUARY 11, 2021

Presentation, discussion, and possible action on the adoption of the 2021 State of Texas Low Income Housing Plan and Annual Report, and an order adopting the repeal and new 10 TAC §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 report to be a rule;

WHEREAS, at the board meeting of December 10, 2020, 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 one entity, for which the reasoned response is provided herein;

NOW, therefore, it is hereby

RESOLVED, that 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, are hereby adopted in the form presented at this meeting; and

FURTHER RESOLVED, that the 2021 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 the Executive Director or his designees 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, 2019, through August 31, 2020).

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 10, 2020, the Board approved the release of a draft 2021 SLIHP for public comment. The public comment period for the SLIHP was held from Monday, December 21, 2020, through Tuesday, January 19, 2021. A virtual public hearing was held on Wednesday, January 6, 2021. The Department received one public comment on the draft 2021 SLIHP.

The full text of the 2021 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 2021 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3976. It should be noted that Section 7: Texas State Affordable Housing Corporation Annual Action Plan is expected to be approved by its Board of Directors on February 10, 2021, and will be included in the final version of the 2021 SLIHP.

Also at the Board meeting of December 10, 2020, 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 21, 2020, through Monday, January 11, 2021, and no public comment on the rule was received.

The Department received comment for the 2021 SLIHP from one source: The Hogg Foundation for Mental Health which is summarized below. This summary is also provided in the Public Participation section of the SLIHP.

Comment 1: The Hogg Foundation for Mental Health commented that TDHCA should "Implement a flexible continuum of housing that works to provide individuals with mental health/substance use conditions with less-restrictive housing options. Utilizing recommendations included in the HHSC Housing Choice Plan, the continuum should encompass:

- increased staff support in group homes,
- transitional/recovery/permanent housing options,
- supports for persons exiting psychiatric institutions,
- continuous assessments of appropriate housing models, and
- housing supports for tribal communities."

Department Response: The Department does provide a continuum of housing options that range from homelessness prevention and supports, through rental assistance, rental development, homebuyer assistance, and home rehabilitation / accessibility modification. The Department's state and federal program regulations do not allow for the funding of staff support in group homes. The Department's Housing Tax Credit program does fund permanent housing options and the multifamily loan program also provides funds for supportive housing. The Department's Project Access program is an effective tool in assisting those exiting from institutions and continues to have a portion of units set-aside specifically for those exiting psychiatric institutions. Lastly, it should be noted that all of the Department's programs are open and eligible for tribal communities to apply, to the extent allowable under federal and state laws and regulations.

No changes have been made to the SLIHP in response to this public comment. The Department recommends that the Hogg Foundation participate in Department roundtables on its various programs and rules, and make specific public comment on program rules for the Emergency Solutions Grant, Homeless Housing and Services Program, and HOME Tenant Based Rental Assistance Program, as well as the Qualified Action Plan for Low Income Housing Tax Credit properties. Rules for the Department's programs can be found at https://www.tdhca.state.tx.us/rules.htm. The public comment center for TDHCA's programs can be found at https://www.tdhca.state.tx.us/public-comment.htm. Updates on when rules for each program will open for public comment can be found by signing up for Department listserv announcements at http://maillist.tdhca.state.tx.us.

Comment 2: The Hogg Foundation for Mental Health commented that TDHCA should "Provide funding for local mental health authorities and local behavioral health authorities to hire staff focused on administration of supportive housing rental assistance. This would better serve individuals with mental health conditions who also have affordability barriers."

Department Response:. ESG and HOME TBRA potentially would allow an application by a local mental health authority or local behavioral health authority to be reimbursed for staff costs for administering a tenant-based supportive housing rental assistance program. While these programs allow focusing on households with disabilities, generally these federal regulations do not permit serving only households with a specific type of disability. No changes have been made to the SLIHP in response.

Summary of changes in the 2021 SLIHP
Item in bold italics below is the only item for which a change was made between the draft and the final SLIHP.

- Section 1: Introduction
  - Added information about TDHCA's Community Development Block Grant (CDBG) CARES Division under Institutional Structure and Administrative Structure headings
  - Updated Administrative Structure section to reflect merger of Home and Homelessness Programs Division and the OCI, HTF, and NSP Division into the Single Family and Homeless Programs Division.
- Section 2: Housing Analysis
  - Updated statewide and regional housing analysis.
  - Edited Data Sources and Limitations section to explain data limitations in tracking the effects of the COVID-19 pandemic.
  - Simplified racial and poverty demographic analysis to more adequately explain the importance of in-group poverty rates.
  - Updated Urban-Rural Regions Map to reflect that Aransas County is now rural and Harrison County is now urban.
  - Updated special populations sections to be consistent with the most recent data available for each special population.
  - Added COVID-19 information to special populations, including elderly persons, migrant farmworkers, persons experiencing homelessness, persons with substance abuse disorders, persons with disabilities, and persons in poverty.
  - Updated housing needs section data to align with most recent CHAS data from HUD.
  - Edited foreclosure data narrative to reference decreases in foreclosures due to COVID-19
  - Updated Subsidized Housing Inventory and Public Assistance Requests Sections.
- Section 3: Annual Report
  - Updated to reflect FY 2020 program performance by households/individuals and income group.
- Section 4: Action Plan
  - Added CDBG CARES Division to Program Descriptions section.
  - Updated for program descriptions, including for the Single Family and Homeless Programs Division
  - Updated RAF examples for SFY 2021.
  - Addition of CARES Act information for ESG CARES, CSBG, and Section 8.
- Section 5: Public Participation
  - Updated descriptions for workgroup activities.
  - Added reference to virtual meeting use during the COVID-19 pandemic.
  - Updated time and date of SLIHP public hearing.
  - ***Responded to Public Comment.***
- Section 6: Colonia Action Plan
  - Updated to reflect the 2021-2022 biennium which includes data updates.
- Section 8: Appendices
  - Updated bibliography to reflect changes in references
  - Updated regional breakouts for demographic and special populations data

Attachment A – Adopted repeal 10 TAC §1.23.

Attachment B – Adopted new 10 TAC §1.23.

Attachment C – 2021 SLIHP, as presented to the Board on February 11, 2021.
Please see TDHCA's Board Meeting page for February 11, 2021 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 2021 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 2021 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 2021 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 2021 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 21, 2020, and January 11, 2021. The public comment period for the draft 2021 SLIHP was held between December 21, 2020 and January 19, 2021. A virtual public hearing for the draft 2021 SLIHP was held on January 6, 2021, in Austin, TX. Written comments were accepted by mail, email, and facsimile. While the Department received one public comment on the draft 2021 SLIHP, no comments were received specifically on the proposed repeal and proposed new rule.

The TDHCA Governing Board approved the 2021 SLIHP and the final order adopting the repeal on February 11, 2021.

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.

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

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 25, 2020 issue of the *Texas Register* (45 TexReg 9377). The purpose of the new section is to provide compliance with Tex. Gov't Code §2306.0723 and to adopt by reference the 2021 SLIHP, which offers a comprehensive reference on statewide housing needs, housing resources, and strategies for funding allocations. The 2021 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, 2019, through August 31, 2020).

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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 SLIHP.

SUMMARY OF PUBLIC COMMENTS AND STAFF REASONED RESPONSE. The public comment period for the proposed new rule was held between December 21, 2020, and January 11, 2021. The public comment period for the draft 2021 SLIHP was held between December 21, 2020, and January 19, 2021. A virtual public hearing for the draft 2021 SLIHP was held on January 6, 2021, in Austin, TX. Written comments were accepted by mail, email, and facsimile. While the Department received one public comment on the draft 2021 SLIHP, no comments were received specifically on the proposed repeal and proposed new rule.

The TDHCA Governing Board approved the 2021 SLIHP and the final order adopting the new rule on February 11, 2021.

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 2021 State of Texas Low Income Housing Plan and Annual Report (SLIHP). The full text of the 2021 SLIHP may be viewed at the Department's website: www.tdhca.state.tx.us. The public may also receive a copy of the 2021 SLIHP by contacting the Department's Housing Resource Center at (512) 475-3800.

Attachment C – 2021 SLIHP, as presented to the Board on February 11, 2021.
Please see TDHCA's Board Meeting page for February 11, 2021 to view this attachment:
https://www.tdhca.state.tx.us/board/meetings.htm

1i

BOARD ACTION REQUEST

SINGLE FAMILY AND HOMELESS PROGRAMS DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding the transfer of Neighborhood Stabilization Program land bank properties from Texas State Affordable Housing Corporation

RECOMMENDED ACTION

WHEREAS, the Texas Department of Housing and Community Affairs (the Department or TDHCA) entered into a Neighborhood Stabilization Program 1 (NSP1) contract with Texas State Affordable Housing Corporation (TSAHC) on September 1, 2009, for the creation of a land bank to acquire, hold, maintain and ultimately transfer into final eligible use 281 foreclosed homes or residential properties in Angelina, Bastrop, Brazos, Cameron, Dallas, Hidalgo, McLennan, Nacogdoches, Tarrant, and Travis counties by August 31, 2019;

WHEREAS, TSAHC and the Department have executed multiple amendments to the NSP contract in order to modify budget and performance statements, and extend contract dates such that the current contract end date is August 31, 2021;

WHEREAS, TSAHC and the Department mutually wish to terminate the existing contract and transfer the remaining approximately 141 undeveloped land bank properties in Brazos, Cameron, Dallas and Hidalgo counties 1) to local nonprofit entities in Cameron and Hidalgo counties who have their own existing NSP land bank contracts, 2) to a local nonprofit entity in Brazos County with previous experience putting land bank properties into final eligible use, and 3) the remaining properties back to the Department;

WHEREAS, staff has specifically consulted with Community Development Corporation of Brownsville (CDCB), Affordable Homes of South Texas, Inc. (AHSTI), and Brazos Valley Affordable Housing Corporation (BVAHC), and each are willing to develop the majority of TSAHC's remaining land bank properties for final eligible use of homeownership for households at 120% of Area Median Income (AMI) or 50% AMI, as required by the NSP regulations; and

WHEREAS, staff will continue to work closely with TSAHC and the respective entities who will be developing TSAHC's remaining land bank properties, and provide technical assistance and actively monitor progress toward contract completion;

NOW, therefore, it is hereby

RESOLVED, that the Department grants permission to and assist TSAHC with the transfer of certain land bank properties in Cameron and Hidalgo counties to CDCB and AHSTI, respectively, and make corresponding amendments to CDCB and AHSTI's existing NSP land bank contracts, NSP program income agreements, Land Use Restriction Agreements (LURAs), and other associated loan documents with TDHCA to facilitate transfer and future development;

FURTHER RESOLVED, that the Department grant permission to and assist TSAHC with the transfer of certain remaining land bank properties in Brazos County to BVAHC, and authorize the issuance or assignment of an NSP contract, NSP program income agreement, LURA, and other associated loan documents between TDHCA and BVAHC to facilitate transfer and future development;

FURTHER RESOLVED, that the Department grant permission to and assist TSAHC with the transfer of certain remaining land bank properties in Dallas and Hidalgo counties back to the Department for potential removal from the NSP program, if applicable; and

FURTHER RESOLVED, that the Executive Director or his designee are hereby authorized, empowered, and directed, for and on behalf of this Board to amend agreements, and associated loan documents to enable full, timely, and compliant contract completion and in connection therewith to execute, deliver, and cause to be performed such amendments, documents, and other writings as they or any of them may deem necessary or advisable to effectuate the foregoing.

BACKGROUND

The Neighborhood Stabilization Program (NSP) is a HUD-funded program authorized by H.R. 3221, the Housing and Economic Recovery Act (HERA) of 2008, as a supplemental allocation to the Community Development Block Grant (CDBG) Program through an amendment to the existing State of Texas 2008 CDBG Action Plan. The purpose of the program is to redevelop, or acquire and hold, abandoned and foreclosed properties in areas with declining property values resulting from excessive foreclosures.

On September 1, 2009, the Department awarded TSAHC a 10-year contract and $5,024,100 from the TDHCA NSP1 allocation for the creation of a land bank of approximately 281 properties in 10 Texas counties. Over the course of 12 years, TSAHC developed or identified for cancelation approximately half of the inventory. TSAHC and the Department executed the seventh and final contract amendment in November 2020, to extend the NSP contract to August 31, 2021. Before this amended end date, TSAHC would like to transfer the remaining land bank inventory of approximately 141 properties to other NSP subgrantees or back to the Department.

The Department has identified CDCB and AHSTI as the existing NSP subgrantees who are appropriate to receive the majority of Cameron County and Hidalgo County properties directly from TSAHC. CDCB and AHSTI currently assist with the local implementation of TSAHC's statewide land bank contract and are additionally implementing their own individual NSP land bank contracts with TDHCA. The Department has identified BVAHC as an eligible nonprofit organization appropriate to receive the remaining Brazos County properties directly from TSHAC because BVAHC also assists with the local implementation of TSAHC's statewide land bank contract. All three organizations are working closely with staff on the transition, have identified the specific properties that they intend to place into final eligible use consistent with the NSP guidelines, and are ready to facilitate execution of amendments to existing contracts, agreements and LURAs with the Department, or in the case of BVAHC, execution of a new or assigned contract and loan documents. The properties to be transferred to a local partner are identified in Attachment A to this item.

Certain properties in Dallas and Hidalgo counties will not be transferred to a local partner. The properties in Dallas County are not within the service area of a developer that has demonstrated success in the development of land bank properties working with TSAHC. The properties in Hidalgo County that will be returned have been identified by the local partner as more difficult to develop or are not suitable for development. Staff recommends that TSAHC transfer these properties directly to the Department, who will pursue removal of these lots from the program in accordance with HUD requirements. The properties to be transferred to TDHCA and considered for removal from the NSP land bank inventory are identified in Attachment B to this item.

Attachment A

Properties to Transfer to Brazos Valley Affordable Housing Corporation		
Falls Creek Ranch Subdivision, Brazos County		
Description	Street Address	NSP Investment
Block 1, Lot 2	984 Keystone Drive	$12,142.85
Block 1, Lot 3	4044 Vail Lane	$12,142.85
Block 1, Lot 4	4092 Vail Lane	$12,142.85
Block 1, Lot 5	4140 Vail Lane	$12,142.85
Block 1, Lot 6	4188 Vail Lane	$12,142.85
Block 2, Lot 1	901 Keystone Drive	$12,142.85
Block 2, Lot 8	4045 Vail Lane	$12,142.85
Block 2, Lot 9	4093 Vail Lane	$12,142.85
Block 2, Lot 10	4141 Vail Lane	$12,142.85
Block 2, Lot 11	4189 Vail Lane	$12,142.85
Block 3, Lot 1	900 Steamboat Run	$12,142.85
Block 3, Lot 2	942 Steamboat Run	$12,142.85
Block 3, Lot 3	984 Steamboat Run	$12,142.85
Block 3, Lot 5	1068 Steamboat Run	$12,142.85
Block 4, Lot 1	1027 Steamboat Run	$12,142.85
Block 4, Lot 2	4188 Telluride Way	$12,142.85
Block 4, Lot 3	4140 Telluride Way	$12,142.85
Block 5, Lot 3	4141 Telluride Way	$12,142.85
Block 5, Lot 4	4093 Telluride Way	$12,142.85
Common Areas (Park)	3948 Telluride Way	$00.01
	Total:	**$230,714.16**

Properties to Transfer to Community Development Corporation of Brownsville, dba come dream come build		
California Crossing Subdivision, Cameron County		
Description	Street Address	NSP Investment
Block 1 Lot 1	1989 Baja Cir	$12,820.51
Block 1 Lot 14	1849 Cisco Dr	$12,820.51
Block 1 Lot 18	2139 Baja Cir	$12,820.51
Block 1 Lot 20	1833 Cisco Dr	$12,820.51
Block 2 Lot 3	1892 Cisco Dr	$12,820.51
Block 4 Lot 2	1980 Baja Cir	$12,820.51
Block 4 Lot 10	1948 Baja Cir	$12,820.51
Block 4 Lot 12	1940 Baja Cir	$12,820.51
Block 4 Lot 13	2227 Cabo Dr	$12,820.51
Block 5 Lot 1	1932 Baja Cir	$12,820.51

Block 5 Lot 6	2223 Cabo Dr	$12,820.51
Block 5 Lot 7	1912 Baja Cir	$12,820.51
Block 5 Lot 8	1908 Baja Cir	$12,820.51
Block 5 Lot 12	2203 Cabo Dr	$12,820.51
	Subtotal:	**$179,487.25**

Olmito Estates Subdivision, Cameron County		
Description	Street Address	NSP Investment
Block 11 Lot 24	7292 Yellow Wood Street	$11,971.28
Block 11 Lot 25	7296 Yellow Wood Street	$11,971.44
Block 11 Lot 26	7300 Yellow Wood Street	$11,971.44
Block 11 Lot 28	7308 Yellow Wood Street	$11,971.44
Block 11 Lot 29	7312 Yellow Wood	$11,971.44
Block 12 Lot 10	7582 Arrowwood Ave	$11,971.44
Block 12 Lot 11	7586 Arrowwood Ave	$11,971.44
Block 12 Lot 12	7590 Arrowwood Ave	$11,971.44
Block 12 Lot 13	7594 Arrowwood	$11,971.44
Block 12 Lot 14	7598 Arrowwood Ave	$11,971.44
Block 13 Lot 12	7558 Arrowwood Ave	$11,971.44
Block 13 Lot 13	7562 Arrowwood Ave	$11,971.44
Block 13 Lot 14	7566 Arrowwood Ave	$11,971.44
Block 13 Lot 16	7574 Arrowwood Ave	$11,971.44
Block 14 Lot 1	7613 Arrowwood Ave	$11,971.44
Block 14 Lot 3	7605 Arrowwood Ave	$11,971.44
Block 14 Lot 4	7601 Arrowwood Ave	$11,971.44
Block 14 Lot 5	7597 Arrowwood Ave	$11,971.44
Block 14 Lot 6	7593 Arrowwood Ave	$11,971.44
Block 14 Lot 7	7589 Arrowwood Ave	$11,971.44
Block 14 Lot 9	7581 Arrowwood Ave	$11,971.44
Block 15 Lot 1	7573 Arrowwood Ave	$11,971.44
Block 15 Lot 3	7565 Arrowwood Ave	$11,971.44
Block 15 Lot 4	7561 Arrowwood Ave	$11,971.44
Block 15 Lot 7	7549 Arrowwood	$11,971.44
	Subtotal:	$299,285.84
	Total:	**$478,772.98**

Properties to Transfer to Affordable Homes of South Texas, Inc.		
Tiger Crossing Subdivision, Hidalgo County		
Description	Street Address	NSP Investment
Lot 43	909 6th St	$8,000.00

Lot 44	913 6th St	$8,000.00
Lot 47	925 6th St	$8,000.00
Lot 63	834 Santos Ave	$8,000.00
Lot 65	840 Santos Ave	$8,000.00
Lot 66	902 Santos Ave	$8,000.00
Lot 68	910 Santos Ave	$8,000.00
Lot 94	806 David Ave	$8,000.00
Lot 95	810 David Ave	$8,000.00
Lot 97	816 David Ave	$8,000.00
Lot 98	820 David Ave	$8,000.00
Lot 99	824 David Ave	$8,000.00
Lot 100	828 David Ave	$8,000.00
Lot 101	822 David Ave	$8,000.00
Lot 102	836 David Ave	$8,000.00
Lot 103	840 David Ave	$8,000.00
Lot 111	825 David Ave	$8,000.00
Lot 113	817 David Ave	$8,000.00
Lot 114	813 David Ave	$8,000.00
Lot 115	809 David Ave	$8,000.00
	Subtotal:	$160,000.00
Crockett Estates Subdivision, Hidalgo County		
Description	Street Address	NSP Investment
Lot 8	414 Serg Loop	$8,500.00
Lot 9	416 Serg Loop	$8,500.00
Lot 10	418 Serg Loop	$8,500.00
Lot 14	428 Serg Loop	$8,500.00
Lot 39	483 Serg Loop	$8,500.00
Lot 40	485 Serg Loop	$8,500.00
Lot 41	487 Serg Loop	$8,500.00
Lot 42	489 Serg Loop	$8,500.00
Lot 43	491 Serg Loop	$8,500.00
Lot 55	484 Serg Loop	$8,500.00
Lot 56	482 Serg Loop	$8,500.00
Lot 57	480 Serg Loop	$8,500.00
Lot 58	478 Serg Loop	$8,500.00
Lot 60	474 Serg Loop	$8,500.00
Lot 73	435 Serg Loop	$8,500.00
Lot 74	433 Serg Loop	$8,500.00
Lot 75	431 Serg Loop	$8,500.00
Lot 76	429 Serg Loop	$8,500.00

Lot 77	427 Serg Loop	$8,500.00
Lot 78	425 Serg Loop	$8,500.00
	Subtotal:	$170,000.00
	Total:	**$330,000.00**

Attachment B

Dallas County Properties to Transfer to TDHCA		
Creekside at Carter Square Subdivision		
Description	Street Address	NSP Investment
Block 1/7566 Lot 4	2016 Algebra Dr	$15,000.00
Block 1/7566 Lot 14	2007 Oak Garden Ct	$15,000.00
Block 1/7566 Lot 17	2006 Oak Garden Ct	$15,000.00
Block 1/7566 Lot 25	7703 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 9	7739 Indian Ridge Trl	$15,000.00
Block 3/7566 Lot 10	7733 Indian Ridge Trl	$15,000.00
Block 3/7566 Lot 13	7713 Indian Ridge Trl	$15,000.00
Block 3/7566 Lot 14	7707 Indian Ridge Trl	$15,000.00
Block 3/7566 Lot 15	7701 Indian Ridge Trl	$15,000.00
Block 3/7566 Lot 16	7702 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 18	7710 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 19	7714 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 20	7718 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 21	7722 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 22	7726 Oak Garden Trl	$15,000.00
Block 3/7566 Lot 33	7828 Oak Garden Trl	$15,000.00
1/7566 Common Area	N/A	$15,000.00
Hidalgo County Properties to Transfer to TDHCA		
Tiger Crossing Subdivision		
Description	Street Address	NSP Investment
Lot 83	837 Santos Ave	$8,000.00
Lot 86	825 Santos Ave	$8,000.00
Crockett Estates Subdivision		
Description	Street Address	NSP Investment
Lot 1	400 Serg Loop	$8,500.00
Lot 2	402 Serg Loop	$8,500.00
Lot 3	404 Serg Loop	$8,500.00
Lot 4	406 Serg Loop	$8,500.00
Lot 5	408 Serg Loop	$8,500.00
Lot 7	412 Serg Loop	$8,500.00
Lot 44	493 Serg Loop	$8,500.00
Lot 45	495 Serg Loop	$8,500.00
Lot 46	497 Serg Loop	$8,500.00
Lot 50	494 Serg Loop	$8,500.00
Lot 51	492 Serg Loop	$8,500.00
Lot 52	490 Serg Loop	$8,500.00
Lot 53	488 Serg Loop	$8,500.00
Lot 54	486 Serg Loop	$8,500.00
Lot 80	421 Serg Loop	$8,500.00
Lot 81	419 Serg Loop	$8,500.00
Lot 82	417 Serg Loop	$8,500.00

Lot 83	415 Serg Loop	$8,500.00
Lot 85	411 Serg Loop	$8,500.00
Lot 86	409 Serg Loop	$8,500.00
Lot 87	407 Serg Loop	$8,500.00
Lot 88	405 Serg Loop	$8,500.00
Lot 89	403 Serg Loop	$8,500.00
	Total:	**$466,500.00**

2a

TDHCA Outreach and Media Analysis, December 2020 – January 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, 2020 (news articles specifically mentioned the Department).

Total number of articles referencing TDHCA: 53
Breakdown by Medium:[1]

- Print: 23 (Editorials/Columnists = 0)
- Broadcast: 17
- Trade, Government or Internet-Based Publications: 13

Figure 1 News Tone

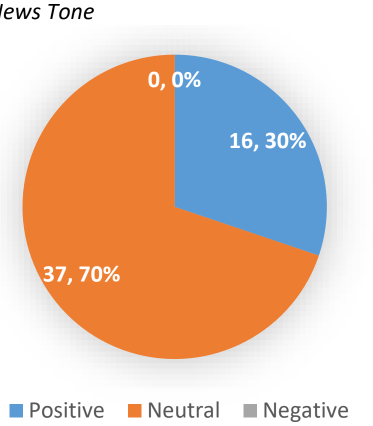
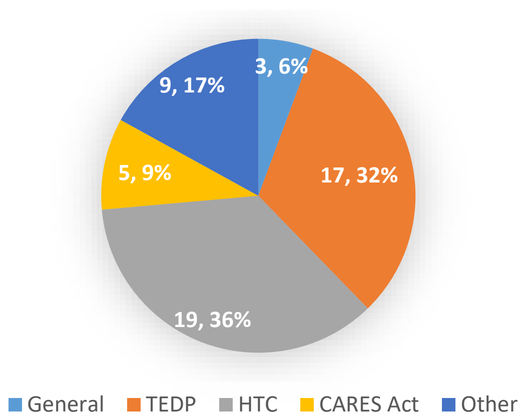
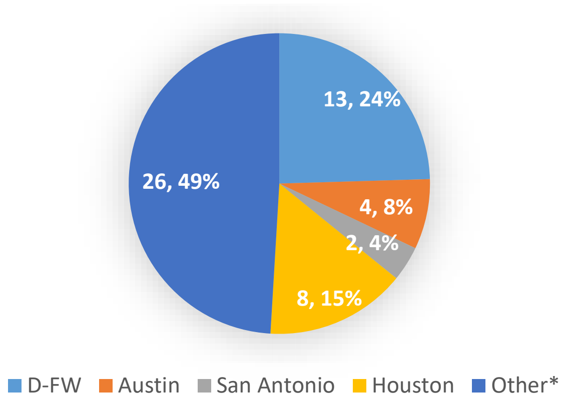


Figure 2 News Topic



[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*

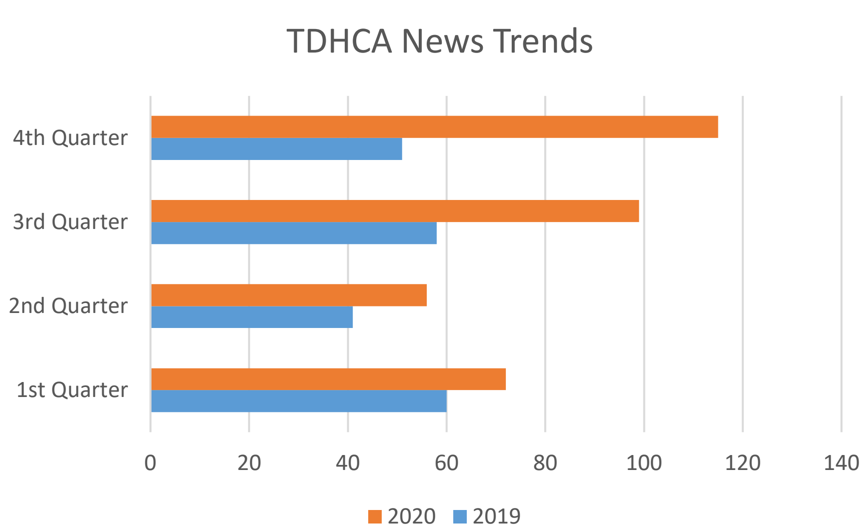
Figure 3 Media Market



Summary:

Reporting on Department activities by the news media totaled 53 references in December 2020. News mentions largely reflected TDHCA oversight for the Texas Eviction Diversion Program and multiple articles related to housing tax credit awardees (groundbreakings and grand openings) or a Dallas-area developer indicted on bribery charges stemming from the 2013 application cycle. The submitted application did not receive a HTC award.

There were 0 perceived negative articles related to TDHCA in December; however there were 16 perceived negative articles in the fourth quarter (October 1 through December 31) of 2020 related to the Draft 2021 QAP tenant selection criteria for supportive housing, including several opinion articles from newspaper editorial boards. A number of positive news articles in the fourth quarter were related to TDHCA administering CDBG CARES Act funds for rental assistance, the Texas Eviction Diversion Program pilot, and groundbreakings or grand openings of Housing Tax Credit properties. The following table illustrates the number of news mentions during each quarter of 2020 compared to 2019, showing an upward trend of total news mentions.



Social media:

TDHCA outreach through its social media channels, Facebook and Twitter, continues to grow. Ending 2020, TDHCA's Twitter account had 1,800 followers and its Facebook account had approximately 2,500 fans. Through the fourth quarter of 2020, TDHCA's social media channels growth can be attributed to the increasing number of Texas residents negatively affected by the COVID-19 pandemic and seeking resources for rent and/or utility bill assistance. The following is a summary analysis of TDHCA's efforts to engage stakeholders and the public on federal and state resources, initiatives and programs. In Fall 2020, TDHCA also began posting video recordings to its YouTube channel, with more than 400 views in December.

Month/Yr	Posts	Clicks	Engagements	Shared posts	Liked posts
December 2020	53	27	21	13	8

* 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
December 2020	56	161	12	4	8

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

YouTube

Video	Views		Watch time (hours)		Impressions
Total	**408**		**69.5**		**56,153**
TERAP Application Workshop	200	49.0%	27.4	39.4%	53,669
Cost Certification Roundtable - November 18, 2020	27	6.6%	5.2	7.5%	478
Overview of Updates to Compliance, Affirmative Marketing and Writ...	26	6.4%	2.5	3.6%	135
Average Income Webinar - Sept. 2, 2020	26	6.4%	13.2	19.0%	199
20 IncomeDeterminationTraining	21	5.2%	3.2	4.6%	114
TDHCA's Multifamily Direct Loan Training - Sept. 24, 2020	21	5.2%	7.7	11.1%	126
Section 811 PRA Updates for Referral Agents	17	4.2%	4.2	6.0%	268
Digital Outreach Webinar	14	3.4%	2.0	2.9%	116
Accessing Texas Department of Aging and Disability Services	12	2.9%	0.7	1.0%	190
Rental Assistance	7	1.7%	0.5	0.7%	224
TDHCA Utility Allowance Roundtable - Oct. 13, 2020	7	1.7%	1.2	1.7%	164
Virtual Roundtable - TDHCA's Enforcement Rule	4	1.0%	0.1	0.2%	68
2020 04 14 10 00 Fair Housing Month 2020 Assistance Animals	3	0.7%	0.6	0.8%	25
For Sec. 811 Referral Agents - PRA Barrier Busting Funds	3	0.7%	0.1	0.2%	64
Accessing Texas Department of State Health Services	3	0.7%	0.1	0.1%	39
Energy Assistance	1	0.3%	0.0	0.1%	25
Previous Participation Review 2016	–	–	–	–	20

TDHCA Outreach December 2020

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

Online Webinars and Trainings December 2020				
Summary				
Organizers	**Total Meetings**			
16	100			
Details				
Program	**Program Name**	**Meeting Date**	**Meeting Title**	**Attendees (includes organizer)**
CAPL	Training	Dec 01	CCGD Biweekly call	8
CAPL	Training	Dec 01	CEAP Training	7
CAPL	Training	Dec 01	SDP and Cares Benchmarks for STDC	4
CAPL	Training	Dec 01	SDP Review-Pecos-VZ	2
CAPL	Training	Dec 01	SDP Review with EOAC-VZ	3
CAPL	Training	Dec 01	CAICT Training with intake staff	11
FAAC	Financial Administration	Dec 01	FA_Grant	5
FAAC	Financial Administration	Dec 01	FA_Grant	4
PS	Program Services	Dec 01	Loan Closing Weekly Meeting	4
CAPL	Training	Dec 02	SDP Review with Ft Worth-VZ	2
CAPL	Training	Dec 02	SDP with BBCAC	1
CAPL	Training	Dec 02	SDP with BBCAC	2
FAAC	Financial Administration	Dec 02	FA_Grant	4
FHDMR	Fair Housing	Dec 02	Current Disability/Accessibility/Health & Services Issues	18
IAIA	Internal Audit	Dec 02	Audit Committee	1
IAIA	Internal Audit	Dec 02	Audit Committee	3
LDLD	Legal	Dec 02	Rincon Point / Foundation of Hope - Status Call	10
MFMU	Multifamily	Dec 02	MFDL Weekly	6

PS	Program Services	Dec 02	QA Meeting - Weekly	4
PS	Program Services	Dec 02	MF/PS Loan Closing	5
CA	Community Affairs	Dec 03	TVC Funding With DOE/LIHEAP WAP	8
CAPL	Training	Dec 03	SDP and Space Heaters with WTO-VZ	3
CAPL	Training	Dec 03	BVCAP SDP Review-VZ	2
MFMU	Multifamily	Dec 03	MFDL Prelim Review	2
MFMU	Multifamily	Dec 03	Burnet Place HOME Match Units	2
MFMU	Multifamily	Dec 03	Burnet Place HOME Match Units	4
PS	Program Services	Dec 03	MF Closing Meeting	1
PS	Program Services	Dec 03	Weekly Env Meeting	2
CAPL	Training	Dec 04	Nueces SDP Review-VZ	3
CAPL	Training	Dec 04	Nueces SDP Review Continued-VZ	2
ISIS	Information Systems	Dec 04	SAO FY20 Audit Meeting	9
CAPL	Training	Dec 07	CSI CNA	6
CAPL	Training	Dec 07	TNS SDP Review-VZ	4
HPHP	Home Ownership	Dec 07	Meet Now	1
MFMU	Multifamily	Dec 07	Meet Now	1
CA	Community Affairs	Dec 08	New Meeting	1
CAPL	Training	Dec 08	SDP Convo with GETCAP	2
CAPL	Training	Dec 08	Nueces SDP and CEAP Overview	11
CAPL	Training	Dec 08	Webb SDP Review-VZ	5
MFMU	Multifamily	Dec 08	Meet Now	1
HMHM	Home Ownership	Dec 08	Realtor CE Class	12
HMHM	Home Ownership	Dec 08	Lender Lunch & Learn	125
PS	Program Services	Dec 08	Loan Closing Weekly Meeting	4
CAPL	Training	Dec 09	Galveston SDP Review-VZ	2
MFMU	Multifamily	Dec 09	Meet Now	1

MFMU	Multifamily	Dec 09	Meet Now	1
MFMU	Multifamily	Dec 09	Meet Now	1
MFMU	Multifamily	Dec 09	Meet Now	1
MFMU	Multifamily	Dec 09	Re-Recording Session	1
PS	Program Services	Dec 09	QA Meeting - Weekly	4
PS	Program Services	Dec 09	MF/PS Loan Closing	7
SFHP	Single Family - Homeless	Dec 09	HOME Fund Balance	5
CA	Community Affairs	Dec 10	GETCAP Unit Discussion	2
CA	Community Affairs	Dec 10	TCOG NEAT Insulation Input Review	2
LDLD	Legal	Dec 10	Informal Conference - Emerald Run #2320	1
PS	Program Services	Dec 10	Weekly Env Meeting	3
EXEX	Executive	Dec 10	January Board Meeting	137
CAPL	Training	Dec 11	Conversation with CAICT agency divisions to discuss MPR reporting requirements	
ISIS	Information Systems	Dec 11	PeopleSoft Biweekly Meeting	7
LDLD	Legal	Dec 11	Informal Conference - Emerald Run #2320	12
SFHP	Single Family - Homeless	Dec 11	ESG CARES Legal Aid Providers Reporting	15
CAPL	Training	Dec 15	ROMA Support Group	20
FHDMR	Fair Housing	Dec 15	Fiscal Note Training Session Option 1 of 2	12
PS	Program Services	Dec 15	Loan Closing Weekly Meeting	2
SFHP2	Single Family - Homeless	Dec 15	Homeless Updates3	21
CAPL	Training	Dec 16	Nueces SDP TTA	3
CDBG	Community Development Block Grant	Dec 16	CDBG-CV Providers for Persons with Disabilities Follow-Up	5
LDLD	Legal	Dec 16	NF8 Meeting	13
MFMU	Multifamily	Dec 16	MFDL Weekly	1
PS	Program Services	Dec 16	MF/PS Loan Closing	7

PS	Program Services	Dec 16	PS Staff Meeting	8
CA	Community Affairs	Dec 17	New Meeting	1
CA	Community Affairs	Dec 17	CEAP Tracking	114
CAPL	Training	Dec 17	Conversation with CAICT case mangement staff	6
S811	Section 811	Dec 17	811 PRA Housing Meeting	13
PS	Programs	Dec 17	ESC CARES and HUD Notice 20-08	86
SFHP	Single Family - Homeless	Dec 17	Tiny Hope Village	2
CDBG	Community Development Block Grant	Dec 18	IDIS for CDBG-CV setup	6
FHDMR	Fair Housing	Dec 18	BB Management Team Meeting	17
ISIS	Information Systems	Dec 18	TDHCA/GLO GCPD Accessibility Request	6
FAAC	Financial Administration	Dec 21	FA_Grant	3
FAAC	Financial Administration	Dec 21	FA_Grant	2
FAAC	Financial Administration	Dec 21	FA_Grant	3
CAPL	Training	Dec 22	CCGC Bi-weekly Call	5
FAAC	Financial Administration	Dec 22	FA_Grant	1
FAAC	Financial Administration	Dec 22	FA_Grant	4
FAAC	Financial Administration	Dec 22	FA_Grant	3
CAPL	Training	Dec 29	Agencies using SHAH software to discuss reporting and share ideas	27
PS	Program Services	Dec 30	QA Meeting - Weekly	4
PS	Program Services	Dec 30	MF/PS Loan Closing	9

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

Update on TDHCA Programs Addressing COVID-19 Pandemic Response
As of February 11, 2021

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

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Drawn (%)	Other Notes
HOME Program Tenant Based Rental Assistance (TBRA) for COVID-19 DR	NA: Reservation Agreements	3-6 months of rental assistance made available through existing or new HOME subrecipients. Geography: Available where subrecipients apply. Income Eligibility: Households at or below 80% AMFI based on current circumstances.	All necessary waivers for this activity were authorized by the OOG and HUD via HUD's mega-waiver of April 10, 2020. The HUD waivers were extended by HUD in December 2020 to expire September 30, 2021.	23 contracted administrators representing 120 counties. Recently notified by HUD that arrears is also allowable, administrators were notified, and we are now getting a handful of arrears requests.	No added TDHCA staffing. No added admin funds.	1,493* Includes active, pending PCR, and closed activ-ities	Up to $11,290,076 $5,808,093* 51.44% $3,386,792 58.31%	1,932 (households) activities submitted. Includes total served. * Amount Reserved
Reprogram 2019 and 2020 CSBG Discretionary and Admin. Funds	• Board approval March 2020. • Recipients contracts effective: 3/26/20 • Expenditure Deadline: 8/31/20	Uses the existing network of Community Action Agencies to provide direct client assistance to low income households economically impacted by COVID-19. Geography: Available statewide (excluding CWCCP and CSI[1]) Income Eligibility: 200% poverty (normally is 125%)	None	Program completed 8/31/20. Final close out reports from 2 subrecipients are still outstanding.	No added TDHCA staffing. No added admin funds.	9,468 persons	$1,447,993 1,447,993 100% $1,430,827 98.9%	38 CAA subs

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

Program	Timelines / Contract Periods	Planned Activities	Waivers and Initial Approvals Needed	Program Status	Staffing Admin Funds	Served to Date	Total Program Funding Obligated (%) Expended (%)	Other Notes
Recaptured 2018/2019 HHSP	• Board approval March 2020. • Spend by 8/31/20 for 2018 HHSP funds, and extensions on some 2019 HHSP funds through 12/31/20.	To 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.	9 of the 9 contracts have been executed by subs. 100% of $88,547 in 2018 funds expended. Remaining funds are 2019 HHSP funds.	No added TDHCA staffing. No added admin funds.	462 persons	$239,884 $239,884 100% $188,608.08 79%	9 subs
CSBG CARES	• Board approved April 2020. • On 9/3/20 Board programmed 7% in reserve for eviction diversion pilot. • Expend 90% by 8/31/22* • 45 day closeout	90% to CAAs using regular formula for households affected by COVID-19; 2% ($949,120) to Texas Homeless Network[2]; 7% for an eviction diversion pilot program; and 1% for state admin. Geography: Available statewide Income Eligibility: 200% of poverty (normally is 125%)	The flexibilities allowed by USHHS have been accepted. 40 out of 40 contracts have been executed. THN and 8 Eviction Diversion contracts have been executed.	The CSBG CARES Plan was submitted on 9/18/20.	1 Art. IX FTE for CSBG reporting 1% admin ($474,560)	53,441 persons	$48,102,282 $48,102,282 100% $22,895,040 48%	40 CAA subs * CSBG-CV Discretionary has various deadlines.
LIHEAP CARES	• Board approved April 2020 • By 4/30/21 need to decide on the 9% reserve • Expend by 8/30/21 • 45 day closeout	90% to CEAP subs using regular formula for households affected by COVID-19; 9% to be held in reserve for future emergency use or for subs; and 1% for state admin. Geography: Available statewide Income Eligibility: 150% of poverty	The flexibilities allowed by USHHS have been accepted. Told HHS no WAP w/ CARES. Sent waiver request 5/13/20 to HHS about performance measures for billing history. As of 1/6/21, no response. No 10% Carry Forward applies.	37 out of 37 contracts have been executed.	1 Art. IX FTE for CEAP TA/capacity (Filled) 1% admin ($892,670)	49,157p ersons	$94,023,896 $85,561,744 91% $18,347,017 21%	37 subs. No subs declined funds.

[2] 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 Amendment in October 2020. A second Plan Amendment was approved by the Board in January 2021. 80% of funds must be expended within 3 years of the grant agreement date; remaining 20% by 6 years from the grant agreement date. 90-day closeout	Planned Usage: rental assistance with eviction diversion in some areas; mortgage payment assistance statewide; food distribution activities; broadband planning; legal services; assistance for providers of persons with disability; and possible HMIS data warehouse funds. Geography: $36.3 million for rental assistance in entitlement areas. $40,000,886 to be allocated in non-entitlement areas for mortgage assistance. $29.7 million in mortgage assistance funds also to be regionally allocated to cover the state.	Office of the Governor designated TDHCA as the state agency recipient for all CDBG CARES on June 15, 2020. Plan Amendment reflecting use of these funds was approved by HUD on October 27, 2020. HUD agreement executed. A second Plan Amendment was accepted by HUD on January 15, 2021.	Rental assistance contracts with 45 cities/counties are being executed with a January 15, 2021 start date. A NOFA for mortgage assistance was published on January 29, 2021. TDHCA is drafting contracts and program documents to implement food distribution, legal services, and assistance for disability provider activities.	CDBG Director position filled. 6 positions filled. Currently hiring 2 additional positions. All FTES are Art. IX Up to 7% admin and TA budget ($9,929,238)	0	1st allocation: $40,000,886 2nd Allocation: $63,546,200 3rd Allocation: $38,299,172 Total: $141,846,258 $29,276,167* 20.6% $0 0%	Income Eligibility: For households at or below 80% of AMI for rental assistance. * Figure represents 34 of the 45 rental assistance contracts.
ESG CARES – Phase I	• Board approved programming plan on April 2020, and conditional awards on July 23, 2020. • Expend by 9/30/22 • 90 day closeout	Four streams: • Existing subs were offered 100% to 200% of current contract amount (~$12.5M) • ESG Coordinators decided via local process for their CoC, and awards made in three areas without ESG Coordinators by offering funds to CoC awardees (~$17.2M) • Legal/HMIS ($1.9M) Geography: Locations of all funded grantees Income Eligibility: 50% AMI for homeless prevention.	• HUD mega-waivers accepted. • An updated waiver request to HUD was submitted on August 31, 2020. One-Year Plan/ Con Plan amendment to HUD on May 8. • Signed HUD grant agreement sent to HUD 5/15/20. • Funds live in HUD system 5/22/20.	• 49 contracts signed for existing ESG subs • 42 out of 42 contracts generated for new ESG subs • 3 legal service providers awarded.	3 Art. IX FTE (for all phases of ESG as well) 5% admin ($1,662,734)	16,202 persons	$33,254,679 31,156,960 94% $5,032,503.34 15%	This is the first $1B of national ESG. HMIS/Coordination funds totaling $365,826 will go to the 8 ESG Coordinators.

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
ESG CARES – Phase II	Federal award amounts announced 6/9/2020.	Two streams: • $61,031,041 for Homelessness Prevention and Rapid Rehousing. • $274,649 for ESG CARES and HMIS Coordination through each Continuum of Care.	ESG Guidance issued by HUD on 9/1/20. Plan Amendment submitted to HUD 10/21/20. HUD signed grant agreement on 10/27/2020.	• 48 out of 51 contracts generated for ESG CARES 2 Subrecipients and HMIS lead agencies. Subs are in process of signing.	FTEs noted under ESG CARES Phase I will be utilized for both phases. 5% admin ($3,232,247)	0	$64,537,937 $25,431,236 39.4% $0 0%	This is the state's share of the second (final) allocation of $2.96 billion.
Housing Choice Voucher Program Admin	HUD has clarified that expenditure must occur by 6/30/20 (this is an update from a previous noted deadline of 12/31/20). (PIH 2020-08) 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. • Possible damage assistance, PPE expenses, tablets • 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. $11,260 obligated for the system purchase. $58,000 offered to 60 households for landlord incentives. $12,500 offered to 30 households for landlord retention payments.	Purchases of Housing Pro upgrades complete. Training underway. Materials for landlord incentives completed.	No added TDHCA staffing.	17 Land-lords	$258,139 $38,012 32.4% $11,827 (Landlord Payment) 31.1%	$380M nationally
Housing Choice Voucher Program MVP	12 months of assistance, start date begins whenever we designate with HUD. Orig. Alloc: $105,034 Supp. Alloc.: $5,268	15 additional MVP vouchers consistent with our award of MVP, which for us is for the Project Access List. A quarterly supplemental allocation from HUD in the amount of $5,268 was received on 8/10/2020 to support the 15 vouchers.	None needed.	Received award from HUD. Issued the 15 vouchers on 5/22/20.	No added TDHCA staffing. No added admin funds.	3 families leased	$110,302 $1,275 1.2% $0 0%	Of the 12 households still searching for units, 3 were newly issued the voucher.

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 Rental Assistance (CRBRA)	Signed by the President on December 27, 2020, the bill, tied to the appropriation bill, dedicated funds through Treasury specifically for rental assistance. Need Treasury guidance. Must obligate funds by 9/30/21 Must expend funds by 12/31/21	Program provides up to 15 months of rental and utility assistance including arrears. Households must reapply every 3 months. Anticipated to be run by the state directly with no subrecipients. 10% of funds may be used for Housing Stability services. A 10% set-aside of funds for eviction diversion has been established. Geography: Available statewide. Income Eligibility: For households at or below 80% of AMI.	Treasury is in the process of revising previously issued informal guidance.	The program will be run by TDHCA; tenants and landlords will apply directly to TDHCA through a web portal. A vendor to provide the system, and business process outsourcing for the staffing of the program, has been selected. It is estimated that the program will "go live" in mid to late February.	Temporary positions will need to be filled. All FTES are Art. IX Up to 10% admin budget ($130,811,062)	0	$1,308,110,629 $0 0% $0 0%	

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

2c

BOARD REPORT ITEM

FINANCIAL ADMINISTRATION DIVISION

FEBRUARY 11, 2021

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 $1,445,053,835 of which $1,408,613,188 is not subject to the PFIA. This report addresses the remaining $36,440,647 (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, 2020, with an effective interest rate of 0.04%. These investments safeguard principal while maintaining liquidity. The overnight repurchase agreements, subject to the PFIA, earned $2,748 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 decreased by $2,332,005 (see page 1) for an ending balance of $36,440,647. The change is described below by fund groups.

General Fund: The General Fund decreased by $380,463. This consists primarily of $693,382 received in multifamily bond fees, $410,850 in MCC Fees and $1,000,000 transferred from the Taxable Mortgage Program, offset by disbursements including $2,359,121 to fund the operating budget.

The State Housing Trust Fund: The Housing Trust Fund increased by $763,118. This consists primarily of $1,272,191 received in loan repayments and $1,504,372 from General Revenue Appropriations, offset by disbursements including $2,017,000 for loans, grants, and escrow payments.

Compliance: Compliance funds decreased by $2,624,513. This consists primarily of $929,201 received in compliance fees offset by disbursements of $3,538,681 transferred to fund the operating budget.

Housing Initiative: Housing Initiative funds decreased by $129,344. This consists primarily of $2,307,280 received in fees related to tax credit activities offset by disbursements of $2,466,566 transferred to fund the operating budget.

Ending Homelessness Fund: Ending Homelessness funds increased by $39,197. This consists primarily of $65,153 in donations and interest earnings on current investment balances, offset by disbursements of $25,924 for grants.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
HOUSING FINANCE DIVISION

PUBLIC FUNDS INVESTMENT ACT
INTERNAL MANAGEMENT REPORT (SEC. 2256.023)
QUARTER ENDING November 30, 2020

Texas Department of Housing and Community Affairs
Non-Indenture Related Investment Summary
For Period Ending November 30, 2020

Investment Type	Issue	Current Interest Rate	Current Purchase Date	Current Maturity Date	Beginning Carrying Value 08/31/20	Beginning Market Value 08/31/20	Accretions/ Purchases	Amortizations/ Sales	Maturities	Transfers	Ending Carrying Value 11/30/20	Ending Market Value 11/30/20	Change In Market Value	Recognized Gain
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	766,130.72	766,130.72		(9,915.79)			756,214.93	756,214.93	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	31,091.75	31,091.75		(18.31)			31,073.44	31,073.44	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	639,370.30	639,370.30		(239,656.68)			399,713.62	399,713.62	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	775,287.67	775,287.67	101,858.26				877,145.93	877,145.93	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	1,472,255.92	1,472,255.92		(240,091.87)			1,232,164.05	1,232,164.05	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	653,258.83	653,258.83	7,015.37				660,274.20	660,274.20	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	239,743.53	239,743.53		(4.84)			239,738.69	239,738.69	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	802,040.95	802,040.95	76.59				802,117.54	802,117.54	-	0.00
Repo Agmt	General Fund	0.04	11/30/2020	12/1/2020	0.02	0.02	274.19				274.21	274.21	-	0.00
	General Fund Total				5,379,179.69	5,379,179.69	109,224.41	(489,687.49)	0.00	0.00	4,998,716.61	4,998,716.61	0.00	0.00
Repo Agmt	Housing Trust Fund	0.04	11/30/2020	12/1/2020	178,230.70	178,230.70		(125,547.67)			52,683.03	52,683.03	-	0.00
Repo Agmt	Housing Trust Fund	0.04	11/30/2020	12/1/2020	3,769.88	3,769.88	0.70				3,770.58	3,770.58	-	0.00
Repo Agmt	Housing Trust Fund	0.04	11/30/2020	12/1/2020	953,054.52	953,054.52		(577,134.72)			375,919.80	375,919.80	-	0.00
Repo Agmt	General Revenue Appn	0.04	11/30/2020	12/1/2020	54,357.39	54,357.39	121.87				54,479.26	54,479.26	-	0.00
Repo Agmt	General Revenue Appn	0.04	11/30/2020	12/1/2020	302,669.91	302,669.91	468,385.82				771,055.73	771,055.73	-	0.00
Repo Agmt	General Revenue Appn	0.04	11/30/2020	12/1/2020	489,822.36	489,822.36	617,038.37				1,106,860.73	1,106,860.73	-	0.00
Repo Agmt	General Revenue Appn	0.04	11/30/2020	12/1/2020	69,248.44	69,248.44	78.39				69,326.83	69,326.83	-	0.00
Repo Agmt	General Revenue Appn	0.04	11/30/2020	12/1/2020	228,497.90	228,497.90					228,497.90	228,497.90	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.04	11/30/2020	12/1/2020	302,326.80	302,326.80		(108,093.48)			194,233.32	194,233.32	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.04	11/30/2020	12/1/2020	708,602.14	708,602.14		(331,239.56)			377,362.58	377,362.58	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.04	11/30/2020	12/1/2020	1,463,855.86	1,463,855.86		(502,400.65)			961,455.21	961,455.21	-	0.00
Repo Agmt	Housing Trust Fund-GR	0.04	11/30/2020	12/1/2020			1,099,532.22				1,099,532.22	1,099,532.22	-	0.00
Repo Agmt	Boostrap -GR	0.04	11/30/2020	12/1/2020	3,243,198.87	3,243,198.87		(742,500.00)			2,500,698.87	2,500,698.87	-	0.00
Repo Agmt	Boostrap -GR	0.04	11/30/2020	12/1/2020	466,531.42	466,531.42		(235,125.00)			231,406.42	231,406.42	-	0.00
Repo Agmt	Boostrap -GR	0.04	11/30/2020	12/1/2020			1,200,001.33				1,200,001.33	1,200,001.33	-	0.00
	Housing Trust Fund Total				8,464,166.19	8,464,166.19	3,385,158.70	(2,622,041.08)	0.00	0.00	9,227,283.81	9,227,283.81	0.00	0.00
Repo Agmt	Multi Family	0.04	11/30/2020	12/1/2020	981,576.80	981,576.80		(142,973.96)			838,602.84	838,602.84	-	0.00
Repo Agmt	Multi Family	0.04	11/30/2020	12/1/2020	1,038,081.90	1,038,081.90		(315,297.25)			722,784.65	722,784.65	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.04	11/30/2020	12/1/2020	7,531,453.85	7,531,453.85		(2,166,241.71)			5,365,212.14	5,365,212.14	-	0.00
	Compliance Total				9,551,112.55	9,551,112.55	0.00	(2,624,512.92)	0.00	0.00	6,926,599.63	6,926,599.63	0.00	0.00
Repo Agmt	Asset Management	0.04	11/30/2020	12/1/2020	1,570,140.66	1,570,140.66	73,465.50				1,643,606.16	1,643,606.16	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.04	11/30/2020	12/1/2020	1,754,031.04	1,754,031.04		(198,000.85)			1,556,030.19	1,556,030.19	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.04	11/30/2020	12/1/2020	11,263,707.47	11,263,707.47	31,809.52				11,295,516.99	11,295,516.99	-	0.00
Repo Agmt	Low Income Tax Credit Prog.	0.04	11/30/2020	12/1/2020	414,764.24	414,764.24		(36,618.08)			378,146.16	378,146.16	-	0.00
	Housing Initiatives Total				15,002,643.41	15,002,643.41	105,275.02	(234,618.93)	0.00	0.00	14,873,299.50	14,873,299.50	0.00	0.00
Repo Agmt	Homelessness - HB4102	0.04	8/31/2020	9/1/2020	375,550.02	375,550.02	39,197.43				414,747.45	414,747.45	-	0.00
	Homelessness - HB4102 Total				375,550.02	375,550.02	39,197.43	0.00	0.00	0.00	414,747.45	414,747.45	0.00	0.00
	Total Non-Indenture Related Investment Summary				38,772,651.86	38,772,651.86	3,638,855.56	(5,970,860.42)	0.00	0.00	36,440,647.00	36,440,647.00	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, 2020

	Investment Type	FAIR VALUE (MARKET) @ 08/31/20	CARRYING VALUE @ 08/31/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 11/30/20	FAIR VALUE (MARKET) @ 11/30/20	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 11/30/20	RECOGNIZED GAIN
NON-INDENTURE RELATED:												
General Fund	Repurchase Agreements	5,379,179.69	5,379,179.69	109,224.41	(489,687.49)			4,998,716.61	4,998,716.61	-	5.56	-
Housing Trust Fund	Repurchase Agreements	8,464,166.19	8,464,166.19	3,385,158.70	(2,622,041.08)			9,227,283.81	9,227,283.81	-	9.30	-
Compliance	Repurchase Agreements	9,551,112.55	9,551,112.55		(2,624,512.92)			6,926,599.63	6,926,599.63	-	7.69	-
Housing Initiatives	Repurchase Agreements	15,002,643.41	15,002,643.41	105,275.02	(234,618.93)			14,873,299.50	14,873,299.50	-	16.73	-
Ending Homelessness Trust Fund	Repurchase Agreements	375,550.02	375,550.02	39,197.43				414,747.45	414,747.45	-	0.46	-
NON-INDENTURE RELATED TOTAL		**38,772,651.86**	**38,772,651.86**	**3,638,855.56**	**(5,970,860.42)**	**0.00**	**0.00**	**36,440,647.00**	**36,440,647.00**	**0.00**	**39.74**	**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 5.0 hrs. of training on the Texas Public Funds Investment Act on August 9, 2019
Monica Galuski completed 5.0 hrs. of training on the Texas Public Funds Investment Act on February 8, 2019

Date 2/2/21
David Cervantes
Director of Administration

Date 2/2/2021
Monica Galuski
Director of Bond Finance/Chief Investment Officer

2d

BOARD REPORT ITEM

BOND FINANCE DIVISION

FEBRUARY 11, 2021

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 decreased by approximately $34.4 million (see page 3), resulting in an end of quarter balance of $1,408,613,188.

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

	Beginning Quarter	Ending Quarter
Mortgage Backed Securities (MBS)	73%	81%
Guaranteed Investment Contracts/Investment Agreements	2%	3%
Repurchase Agreements (Cash Equivalents)	16%	8%
Account Control Agreements (Cash Equivalents)	0%	2%
Treasury Backed Mutual Funds	6%	5%
Treasury Notes / Bonds	3%	1%

The increase in percentage of MBS is due to the pooling of mortgage loans under the single family bond indenture. The increase in Investment Contracts/Agreements, and Account Control Agreements is due to the issuance of multifamily bonds. The decrease of Repurchase Agreements, Treasury Backed Mutual Funds, and Notes/Bonds is due to the redemption of bonds and payment of interest.

Portfolio activity for the quarter:

- The MBS purchases this quarter were approximately $110 million, due to the issuance of single family bonds and the investment of proceeds in MBS.
- The maturities in MBS were approximately $27.7 million, which represent loan repayments or payoffs.

  The table below shows the trend in MBS activity.

	1st Qtr FY 20	2nd Qtr FY 20	3rd Qtr FY 20	4th Qtr FY 20	1st Qtr FY 21	Total
Purchases	$ 99,520,103	$ 75,233,628	$ 746,799	$ 76,319,543	$ 110,008,836	$ 361,828,909
Sales						$ -
Maturities	$ 16,188,430	$ 14,887,354	$ 16,039,041	$ 29,627,468	$ 27,743,500	$ 104,485,793
Transfers						$ -

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

- The fair market value (the amount at which a financial instrument could be exchanged in a current transaction between willing parties) increased $3 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, 2020, was 2.72%, down from 2.91% at the end of August 2020. 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 104.65% to 114.12%, 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, 2020

	FAIR VALUE (MARKET) @ 08/31/20	CARRYING VALUE @ 08/31/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 11/30/20	FAIR VALUE (MARKET) @ 11/30/20	CHANGE IN FAIR VALUE (MARKET)	ACCRUED INT RECVBL @ 11/30/20	RECOGNIZED GAIN
INDENTURE RELATED:											
Single Family	842,876,844	795,400,344	129,541,662	(130,685,903)	(19,376,757)		774,879,345	829,941,114	7,585,268	2,561,008	-
RMRB	277,792,893	255,475,531	8,042,354	(258,537)	(7,544,097)		255,715,251	278,344,626	312,013	870,578	-
Taxable Mortgage Prog	3,696,813	3,696,813	256	(972,478)			2,724,591	2,724,591	-	879,991	-
Multi Family	423,721,078	388,441,391	42,773,958	(55,098,703)	(822,646)		375,294,000	405,768,073	(4,805,613)	641,790	-
	1,548,087,627	**1,443,014,078**	**180,358,230**	**(187,015,621)**	**(27,743,500)**	-	**1,408,613,188**	**1,516,778,405**	**3,091,669**	**4,953,366**	-

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

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Date 2/2/21
David Cervantes
Director of Administration

Monica Galuski
Date 2/2/21
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, 2020

INVESTMENT TYPE	FAIR VALUE (MARKET) @ 08/31/20	CARRYING VALUE @ 08/31/20	ACCRETION / PURCHASES	AMORTIZATION/ SALES	MATURITIES	TRANSFERS	CARRYING VALUE @ 11/30/20	FAIR VALUE (MARKET) @ 11/30/20	CHANGE IN FAIR VALUE (MARKET)	RECOGNIZED GAIN
INDENTURE RELATED:										
Mortgage-Backed Securities	1,161,676,946	1,056,655,524	110,008,836	-	(27,743,500)	-	1,138,920,860	1,247,086,078	3,143,796	-
Guaranteed Inv Contracts	34,569,839	34,569,839	12,319,108	(2,590,231)	-	-	44,298,716	44,298,716	-	-
Investment Agreements	2,297,730	2,297,730	-	(1,639,120)	-	-	658,610	658,610	-	-
Treasury-Backed Mutual Funds	93,792,135	93,792,135	20,605,367	(46,862,306)	-	-	67,535,195	67,535,195	-	-
Account Control Agreements			22,023,077				22,023,077	22,023,077	-	-
Repurchase Agreements	230,672,458	230,672,458	15,399,390	(127,904,280)	-	-	118,167,567	118,167,567	-	-
Treasury Notes / Bonds	25,078,520	25,026,393	2,451	(8,019,683)	-	-	17,009,162	17,009,162	(52,127)	-
	1,548,087,627	**1,443,014,078**	**180,358,230**	**(187,015,621)**	**(27,743,500)**	**-**	**1,408,613,188**	**1,516,778,405**	**3,091,669**	**-**

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

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Date 2/2/21
David Cervantes
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Date 2/2/21
Monica Galuski
Director of Bond Finance/Chief Investment Officer

Texas Department of Housing and Community Affairs
Bond Finance Division
Executive Summary
As of November 30, 2020

		Single Family Indenture Funds		Residential Mortgage Revenue Bond Indenture Funds		Multi-Family Indenture Funds		Combined Totals
PARITY COMPARISON:								
PARITY ASSETS								
Cash	$	205,571	$	63,545	$	34,180,321	$	34,449,437
Investments[1]	$	124,535,975	$	21,979,770	$	370,300,888	$	516,816,634
Mortgage Backed Securities[1]	$	649,846,915	$	233,735,481			$	883,582,396
Loans Receivable[2]	$	18,265	$	-	$	795,981,915	$	796,000,180
Accrued Interest Receivable	$	2,561,008	$	870,577	$	3,633,850	$	7,065,435
TOTAL PARITY ASSETS	$	777,167,734	$	256,649,373	$	1,204,096,974	$	2,237,914,081
PARITY LIABILITIES								
Notes Payable	$	-	$	10,000,000	$	197,996,233	$	207,996,233
Bonds Payable[1]	$	731,351,029	$	231,115,000	$	853,446,326	$	1,815,912,355
Accrued Interest Payable	$	5,512,898	$	4,123,100	$	3,674,706	$	13,310,704
Other Non-Current Liabilities[3]							$	-
TOTAL PARITY LIABILITIES	$	736,863,927	$	245,238,100	$	1,055,117,265	$	2,037,219,292
PARITY DIFFERENCE	$	40,303,807	$	11,411,273	$	148,979,709	$	200,694,789
PARITY		**105.47%**		**104.65%**		**114.12%**		**109.85%**

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

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

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

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

2e

BOARD REPORT ITEM

FAIR HOUSING, DATA MANAGEMENT AND REPORTING

FEBRUARY 11, 2021

Report on Education and Outreach Activities related to the HUD Fair Housing Initiatives Program Grant

BACKGROUND

On December 19, 2019, the U.S. Department of Housing and Urban Development (HUD) released a Notice of Funding Availability (NOFA) for the Fair Housing Initiative Program – Education and Outreach Initiative. This initiative sought to increase compliance with the Fair Housing Act by developing, implementing, carrying out, and coordinating education and outreach programs designed to inform members of the public concerning their rights and obligations under the provisions of the Fair Housing Act. At the Board meeting of January 6, 2020, the Department received authorization to submit an application in response to the NOFA and to operate the program when successfully awarded.

Fair Housing, Data Management, and Reporting (FHDMR) staff and Housing Resource Center (HRC) staff coordinated on the submission of an application by the deadline of February 6, 2020. As highlighted in the application, FHDMR staff provides training, education, and outreach on Fair Housing related issues and had recently completed its 2019 Analysis of Impediments to Fair Housing Choice, which identified the need for greater outreach and education. Proposed activities in the application included expanding the number of fair housing webinars that the Department hosts, offering in-person trainings in all 13 of TDHCA's Uniform State Service Regions, and producing fair housing brochures that focus on the needs of low-income households.

GRANT ACTIVITIES

In March 2020, the Department received notification that its application had been selected to receive an award. In late May 2020, TDHCA's award letter and grant agreement, effective June 1, 2020, was received from HUD for a one-year grant in the amount of $124,867. FHDMR assumed the lead for administration of this new grant, and employed one new temporary staff member dedicated solely to the efforts of the grant.

While the timeline from application to award had been unfolding, TDHCA staff began telecommuting and pivoting some operations to COVID-19 pandemic relief and recovery programs. Consistent with the disaster proclamation issued on March 13, 2020, by Texas Governor Greg Abbott, that COVID-19 poses an imminent threat of disaster, FHDMR staff deferred the scheduling of any in-person trainings under this grant until it is safe and permissible to do so. Many of the conferences that were originally targeted for Fair Housing Education and Outreach opportunities had either been postponed, cancelled, or reformatted to address immediate COVID-19 response needs.

Many of the TDHCA subrecipients, partners, and grantees initially identified in the Fair Housing Education and Outreach Plan had also indicated in the summer of 2020 that they were not in a position to receive virtual fair housing training, as they were acutely focused on emergency housing assistance, eviction diversion activities, and community support related to COVID-19 relief. Outreach to gather additional input on training needs was conducted with partners including the Texas Association of Community Action Agencies, the Governor's Committee on People with Disabilities, Colonia Self Help Center staff, TDHCA's Disability Advisory Workgroup, and the Housing and Health Services Coordination Council.

With HUD's concurrence, in lieu of pursuing in-person trainings as originally contemplated, TDHCA Fair Housing staff has focused on creating a library of training presentations, designing a Fair Housing rights brochure, and creating short form webinar videos, based on the longer presentations. The short form videos will be posted on the TDHCA website and YouTube channel, available to all Texans. The videos will be made for TDHCA's target audiences, will have closed captioning and will be translated into nine languages in accordance with the Department's Language Access Plan and a statewide 4-factor analysis for Limited English Proficiency. These videos will serve as a readily-accessible resource for our targeted audiences, from housing developers to tenants in TDHCA's portfolio of properties. These short form videos will supplement our curriculum of webinars, and provide a more flexible format for our participants to access important fair housing information.

Webinar Trainings Completed to date:

- Fair Housing 101 – delivered on November 11, 2020, to a general statewide audience of 207 attendees
- Assistance Animals – delivered on November 13, 2020, to a general statewide audience of 196 attendees
- Reasonable Accommodations and Modifications – delivered on November 17, 2020, to a general statewide audience of 170 attendees
- Fair Housing Overview for Multifamily Properties – delivered on December 8, 2020, to a targeted group of staff at a Multifamily Property in the TDHCA portfolio
- Affirmative Marketing for Colonias – delivered on January 12, 2020, to a targeted group of 21 Colonia Self Help Center staff

Targeted Trainings planned for Spring/Summer 2021:

- Fair Housing for Homelessness Assistance Providers
- Fair Housing for Habitat for Humanity Affiliates in Texas
- Affirmative Marketing for Single Family programs
- Affirmative Marketing for Multifamily programs
- Language Assistance Plans and Limited English Proficiency

- Fair Housing Complaints & TDHCA Complaint Process
- Tenant Selection Criteria/Written Policies and Procedures

Trainings to be presented as part of TDHCA's celebration of Fair Housing Month in April:

- Fair Housing 101
- Assistance Animals
- Reasonable Accommodations and Modifications
- Fair Housing and the Violence Against Women's Reauthorization Act of 2013

As of this report, FHDMR staff is just over half way through the grant period and is proud to report that all grant deliverables to date have been met and approved by HUD. FHDMR staff looks forward to providing continued trainings to meet the need for greater outreach and education of Fair Housing in Texas. Organizations interested in fair housing training may contact FHEOI@tdhca.state.tx.us for more information.

FHDMR staff plans to provide additional updates to the Board when we recognize April as Fair Housing Month and at the successful completion of the grant.

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

4a

BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding the Issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Bella Vista Apartments) Series 2021, Resolution No. 21-011, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for the Bella Vista Apartments, formerly known as Pleasant Hill, at the Board meeting of July 23, 2020;

WHEREAS, an application for Bella Vista Apartments requesting 4% Housing Tax Credits, sponsored by Rainbow Housing and The Related Companies, was submitted to the Department on November 9, 2020;

WHEREAS, a Certification of Reservation was issued in the amount of $20,000,000 on October 16, 2020, with a bond delivery deadline of April 14, 2021;

WHEREAS, the applicant has requested a waiver, in accordance with 10 TAC §11.207 of the Qualified Allocation Plan (QAP) of certain provisions contained in 10 TAC §11.302 of the QAP related to Underwriting and Loan Policy due to the unique circumstances associated with the proposed development;

WHEREAS, staff recommends the waivers for the following provisions be granted: §11.302(e)(1)(C) to allow determination of the building acquisition value based on the "as is" value as established by an appraisal; and §11.302(e)(7)(C)(ii) to allow an adjusted developer fee on the acquisition value, both of which are explained in more detail in the Real Estate Analysis Report included with this item;

WHEREAS, granting the waiver better serves the purposes articulated in Tex. Gov't Code §§2306.001 and 2306.002 based on the unique circumstances surrounding the competitive bidding and acquisition process of a portfolio of properties across the country and the closing timeline of those properties that was not within the control of the applicant; and

WHEREAS, EARAC recommends approval of the issuance of Multifamily Green Tax-Exempt Bonds (Series 2021) for the Bella Vista Apartments and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, the waivers of §11.302(e)(1)(C) and §11.302(e)(7)(C)(ii) of the Underwriting and Loan Policy Rules are hereby granted;

FURTHER RESOLVED, that the issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Bella Vista Apartments) Series 2021, in an amount not to exceed $20,000,000, Resolution No. 21-011, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $1,092,201 in 4% Housing Tax Credits for Bella Vista Apartments, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

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

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: Bella Vista is located at 2501 Anken Drive in Austin, Travis County, and proposes the acquisition and rehabilitation of 100 units that will continue to serve the general population. The property was originally built in 1981, and received an award of 4% Housing Tax Credits in 2004. There is an existing Section 8 HAP contract covering all 100 units that is expected to be renewed at closing for an additional 20-year term. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. This application indicates that 15 of the units will be rent and income restricted at 40% of AMFI, 25 of the units will be rent and income restricted at 50% of AMFI, and 60 of the units will be rent and income restricted at 60% of AMFI. These restrictions comply with the underlying restrictions. Rehabilitation cost, which includes building costs and site work, is approximately $51k per unit.

Waiver Request: The applicant has requested waivers of 10 TAC §11.302(e)(1)(C) to allow determination of the building acquisition value based on the "as is" value as established by an appraisal, and §11.302(e)(7)(C)(ii) to allow an adjusted developer fee on the acquisition value. The Real Estate Analysis Report included herein goes into more detail on the request for each of these waivers and the unique circumstances associated with them. Staff believes that granting the waivers better serves the purposes articulated in Tex. Gov't Code, §§2306.001 and 2306.002 based on the unique circumstances surrounding the competitive bidding and acquisition process of a portfolio of properties across the country and the closing timeline of those properties that was not within the control of the applicant. Staff also notes that these provisions were modified in the 2021 QAP to allow for the developer fee on the acquisition and required the appraisal to be reviewed by a third party appraiser on an approved list by the Department. Moreover, staff notes that this application was originally intended to be submitted in 2021, which would have put it under the new rules; however, additional bond volume cap became available in late 2020, and the Department received bond reservations out of the 2020 ceiling so that more applications on its 2021 list could receive bond reservations. The process for the third party appraisal review has not yet been established, and underwriting staff has continued to review application appraisals.

Organizational Structure and Previous Participation: The Borrower is Bella Vista Preservation, L.P. and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 without further review and discussion by EARAC.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on January 27, 2021. There was no public comment made at the hearing. A copy of the hearing transcript is included herein. The Department has received no letters of support or opposition for the proposed development.

Summary of Financial Structure

This transaction utilizes a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security (MBS). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Wells Fargo Multifamily Capital) and the funds used by the lender to acquire the loan will be deposited into the collateral account to secure the bonds. The project will be 100% cash collateralized at all times, which offers protection for the bondholders. Approximately 10-15 days from the closing date, Wells Fargo Multifamily Capital will assign the loan to Fannie Mae and, in exchange, Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Wells Fargo) in the collateral account to purchase the MBS which will be used to secure the bonds from that point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed $20,000,000 which will be initially placed with Wells Fargo Multifamily Capital. The interest rate on the bonds is currently estimated to be 3.75%, which is 1.80% over the estimated pass-through bond rate. The loan will have a term of 17 years and a 35-year amortization. The bonds will have a maximum maturity date of March 1, 2041.

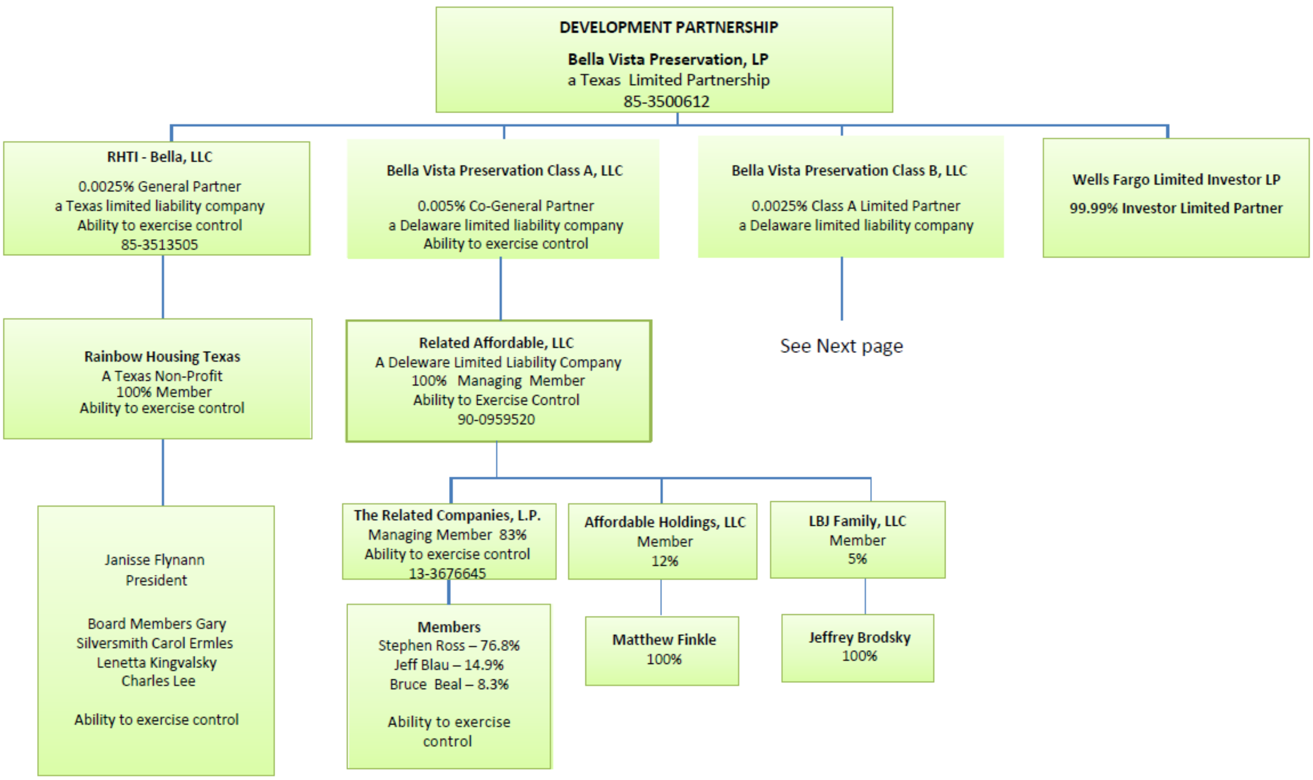
Additionally, unique to this transaction is that it is utilizing a product from Fannie under their Green Building Program. The name of the issuance reflects that they are Multifamily Green Tax-Exempt Bonds. Fannie Mae offers incentives (preferential pricing and a free energy and water audit paid by Fannie) for owners who commit to property improvements that are projected to reduce the property's annual energy and/or water consumption by at least 30%. As a result of these features it will disclose the Green Loan as a Green MBS and will presumably be able to access a broader MBS investor market.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 21-011 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm.

EXHIBIT A

Bella Vista

Ownership Structure



RESOLUTION NO. 21-011

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY GREEN TAX-EXEMPT BONDS (GREEN M-TEBS – BELLA VISTA APARTMENTS) SERIES 2021; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Green Tax-Exempt Bonds (GREEN M-TEBS – BELLA VISTA APARTMENTS) Series 2021 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") between the Department and BOKF, NA, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Bella Vista Preservation, L.P., a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, equipping and rehabilitation of a qualified residential rental development described in <u>Exhibit A</u> attached hereto (the "Development") located within the

State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by a resolution adopted on July 23, 2020, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, it is anticipated that the Department, the Trustee, the Lender (defined below) and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the "Loan Agreement") by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the "Subordinate Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from, Wells Fargo Bank, National Association, as lender (the "Lender"), and the Lender will deposit the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in connection with the loan from the Lender, it is anticipated that the Department will assign to the Lender all of its rights (except for certain reserved rights) under the Loan Agreement, the Mortgage and certain other collateral loan documents pursuant to those certain (i) Assignment of Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Assignment of Deed of Trust"), and (ii) Assignment of Collateral Agreements and Other Loan Documents (the "Assignment of Collateral Documents," and together with the Assignment of Deed of Trust, the "Assignments"); and

WHEREAS, the Board has determined that the Department, the Trustee, and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption

Agreement") to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Development and to establish the expectations of the Department, the Trustee, and the Borrower as to future events regarding the Bonds, the Development, and the use and investment of proceeds of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower, will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Travis County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (Affordable) (the "Subordination Agreement") among the Lender, the Department, the Trustee and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the Authorized Representatives (as defined herein) of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with Wells Fargo Bank, National Association (the "Underwriter"), and the Borrower, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Loan Agreement, the Assignment of Deed of Trust, the Assignment of Collateral Documents, the Subordination Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative (as defined below) of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the interest rate set forth in the Bond Purchase Agreement in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00% (ii) the aggregate principal amount of the Bonds shall not exceed $20,000,000; (iii) the final maturity of the Bonds shall occur not later than March 1, 2041; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives (as defined below) are each hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby

approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Travis County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives are each hereby authorized to endorse and deliver the Note without recourse.

Section 1.9 Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignment of Deed of Trust and the Assignment of Collateral Documents, are hereby approved, and that the Authorized Representatives each are hereby authorized to execute each Assignment, and to deliver each Assignment to the Lender.

Section 1.10 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Subordination Agreement, and to deliver the Subordination Agreement to the Lender, the Trustee and the Borrower and to cause the Subordination Agreement to be filed of record in the real property records of Travis County, Texas.

Section 1.11 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution are each authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution

are each authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.12 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.13 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.14 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Loan Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Regulatory Agreement
Exhibit G	-	Bond Purchase Agreement
Exhibit H	-	Note
Exhibit I	-	Mortgage
Exhibit J	-	Subordinate Mortgage
Exhibit K	-	Assignment of Deed of Trust
Exhibit L	-	Assignment of Collateral Documents
Exhibit M	-	Subordination Agreement
Exhibit N	-	Official Statement

Section 1.15 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the

other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc., and its successors and assigns, is approved, ratified and confirmed hereby.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Wells Fargo Bank, National Association, or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply

with the Bond Purchase Agreement and the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts

with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low, very low and extremely low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low, very low and extremely low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low, very low and extremely low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the

Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Governing Board.

PASSED AND APPROVED this 11th day of February, 2021.

EXHIBIT A

Description of Development

Borrower: Bella Vista Preservation, L.P., a Texas limited partnership

Development: The Development is a 100-unit affordable, multifamily housing development known as Bella Vista Apartments, located at 2501 Anken Drive, Austin, Travis County, TX 78741. It consists of twenty (20) residential apartment buildings and one (1) community building with approximately 78,992 net rentable square feet. The unit mix will consist of:

36	one-bedroom/one-bath units
44	two-bedroom/one-bath units
20	three-bedroom/one-and-one-half-bath units
100	Total Units

Unit sizes will range from approximately 573 square feet to approximately 1,084 square feet.

20623 Bella Vista (fka Pleasant Hill Apartments) - Application Summ

REAL ESTATE ANALYSIS DIVISION
February 3, 2021

PROPERTY IDENTIFICATION	
Application #	20623
Development	Bella Vista (fka Pleasant Hill Apartments
City / County	Austin / Travis
Region/Area	7 / Urban
Population	General
Set-Aside	General
Activity	Acquisition/Rehab (Built in 1981)

RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (4% Credit)	$1,095,248	$1,092,201	$10,922/Unit	$0.97	
Private Activity Bonds	$15,000,000	3.65%	35	17	1

KEY PRINCIPALS / SPONSOR

Related Affordable, LLC: LP; Developer

Rainbow Housing Texas, Inc.: GP

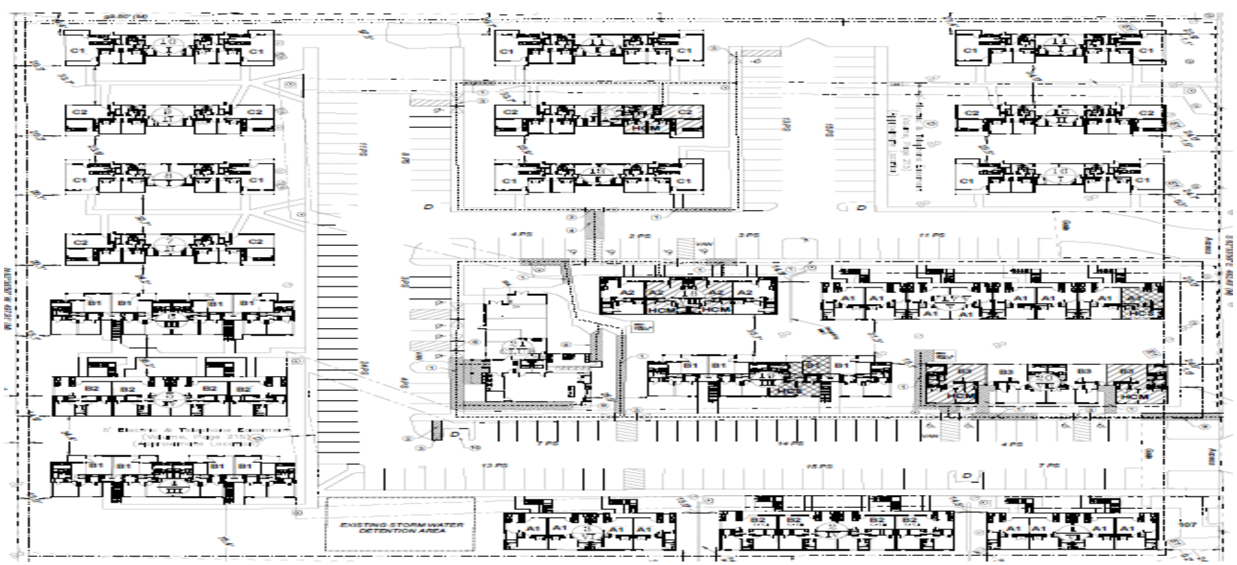
Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	36	36%	40%	15	15%
2	44	44%	50%	25	25%
3	20	20%	60%	60	60%
4	-	0%	MR	-	
TOTAL	100	100%	TOTAL	100	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.23	Expense Ratio	40.6%
Breakeven Occ.	84.6%	Breakeven Rent	$1,229
Average Rent	$1,383	B/E Rent Margin	$154
Property Taxes	$1,000/unit	Exemption/PILOT	50%
Total Expense	$6,489/unit	Controllable	$3,845/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (0% Maximum)			#DIV/0!
Highest Unit Capture Rate	0%	#N/A	###
Dominant Unit Cap. Rate		0 BR/20%	0
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	100	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	790 SF	Density	16.1/acre
Acquisition		$135K/unit	$13,500K
Building Cost	$55.25/SF	$44K/unit	$4,364K
Hard Cost		$56K/unit	$5,567K
Total Cost		$265K/unit	$26,476K
Developer Fee	$3,180K	(28% Deferred)	Paid Year: 5
Contractor Fee	$779K	30% Boost	Yes

REHABILITATION COSTS / UNIT					
Site Work	$6K	10%	Finishes/Fixture	$15K	27%
Building Shell	$21K	37%	Amenities	$1K	2%
HVAC	$6K	10%	Total Exterior	$28K	55%
Appliances	$2K	4%	Total Interior	$23K	45%

DEBT (Must Pay)				
Source	**Term**	**Rate**	**Amount**	**DCR**
Wells Fargo	17/35	3.65%	$15,000,000	1.23
TOTAL DEBT (Must Pay)			**$15,000,000**	

CASH FLOW DEBT / GRANT FUNDS				
Source	**Term**	**Rate**	**Amount**	**DCR**
CASH FLOW DEBT / GRANTS			**$0**	

EQUITY / DEFERRED FEES	
Source	**Amount**
Well Fargo	$10,593,293
Developer	$882,978
TOTAL EQUITY SOURCES	**$11,476,271**
TOTAL DEBT SOURCES	**$15,000,000**
TOTAL CAPITALIZATION	**$26,476,271**

CONDITIONS

- Receipt and acceptance before Determination Notice:
  a: Approval of the Recommended Credit Allocation requires Board approval of the requested waivers as recommended.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	4/14/2021
Bond Amount	$20,000,000
BRB Priority	Priority 3
Bond Structure	Fannie M.TEB
% Financed with Tax-Exempt Bonds	**67.5%**

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- 100% Section 8 HAP Assisted
- Developer's Experience with TDHCA Programs
- Strong Cash-Flow Potential
- Low Expense-Ratio

WEAKNESSES/RISKS

- High Controllable Expenses

AREA MAP

AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
February 3, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **20623** Program(s): **TDHCA Bonds/4% HTC**

Bella Vista (fka Pleasant Hill Apartments)

Address/Location: 2501 Anken Drive

City: Austin County: Travis Zip: 78741

Population: General Program Set-Aside: General Area: Urban

Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds	$15,000,000	3.75%	35	17	**$15,000,000**	**3.65%**	**35**	**17**	**1**
LIHTC (4% Credit)	$1,095,248				**$1,092,201**				

* Bond resolution reflects an amount not to exceed $20,000,000; for underwriting purposes it has been sized at $15,000,000

Based on the unique circumstances of the acquisition as described in the Report, Staff recommends Board approval of waivers of the

a) 11.302(e)(1)(C) - to allow determination of the building acquisition value based on the "as is" value as established by an appraisal; and

b) 11.302(e)(7)(C)(ii) - to allow a Developer Fee on the acquisition value.

CONDITIONS

- Receipt and acceptance before Determination Notice:
  - a: Approval of the Recommended Credit Allocation requires Board approval of the requested waivers as recommended.

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
40% of AMI	40% of AMI	15
50% of AMI	50% of AMI	25
60% of AMI	60% of AMI	60

DEVELOPMENT SUMMARY

Bella Vista is an existing Project-Based Section 8 community located in Austin TX. This application is for the acquisition and rehab of the property. Rehab will include $50K/unit of improvements.

In addition to an existing HAP Contract, all units will have HTC income restrictions at 40%, 50%, and 60% AMI.

Applicant intends to renew the Section 8 HAP contract under Mark-Up-To-Market (MUTM) rent increases for the 100 HAP units.

RISK PROFILE

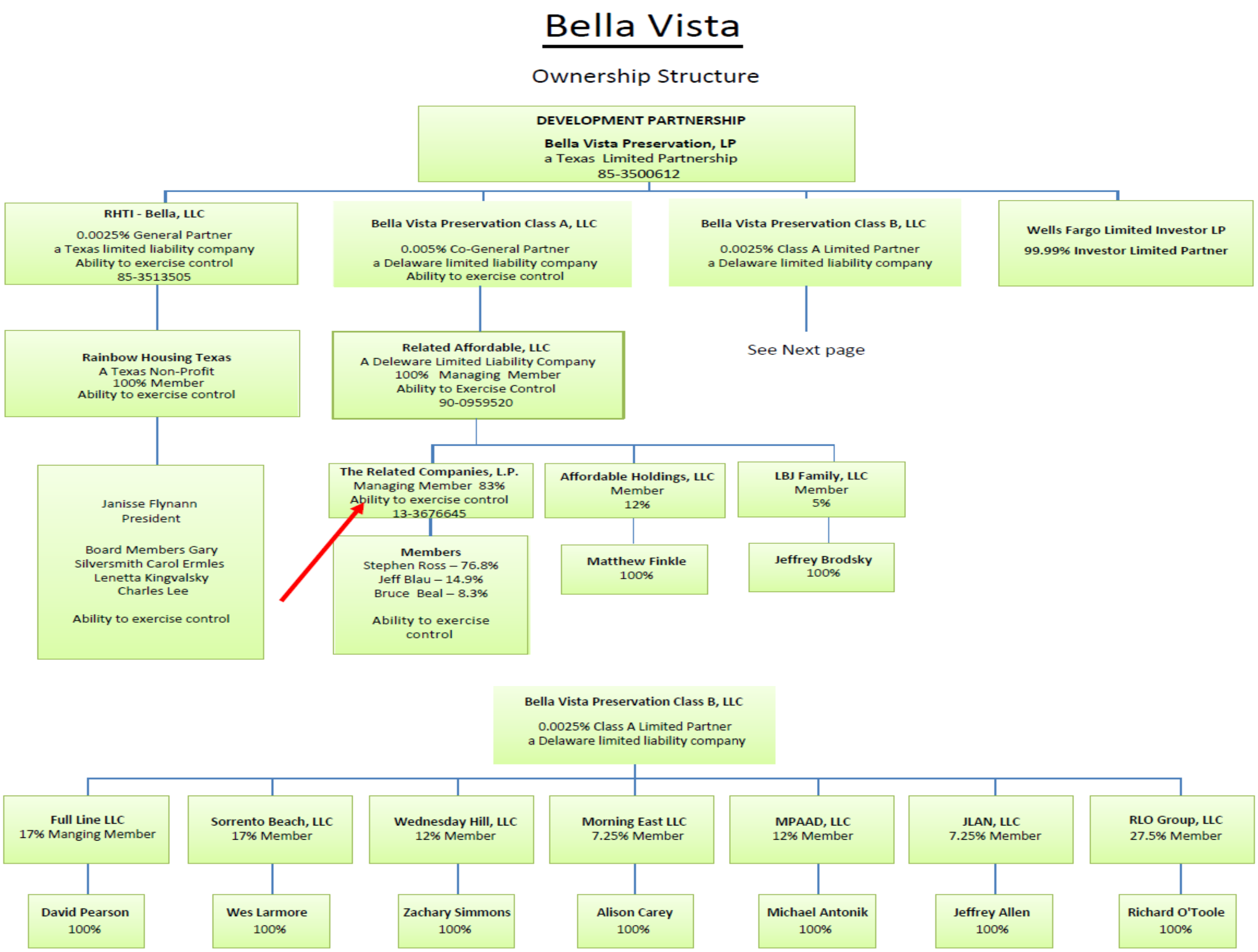
STRENGTHS/MITIGATING FACTORS	
▫	100% Section 8 HAP Assisted
▫	Developer's Experience with TDHCA Programs
▫	Strong Cash-Flow Potential
▫	Low Expense-Ratio

WEAKNESSES/RISKS	
▫	High Controllable Expenses
▫	
▫	
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Wes Larmore	Name:	Ean Dubrowsky
Phone:	(213) 634-1566	Phone:	(213) 254-2021
Relationship:	Developer	Relationship:	Developer

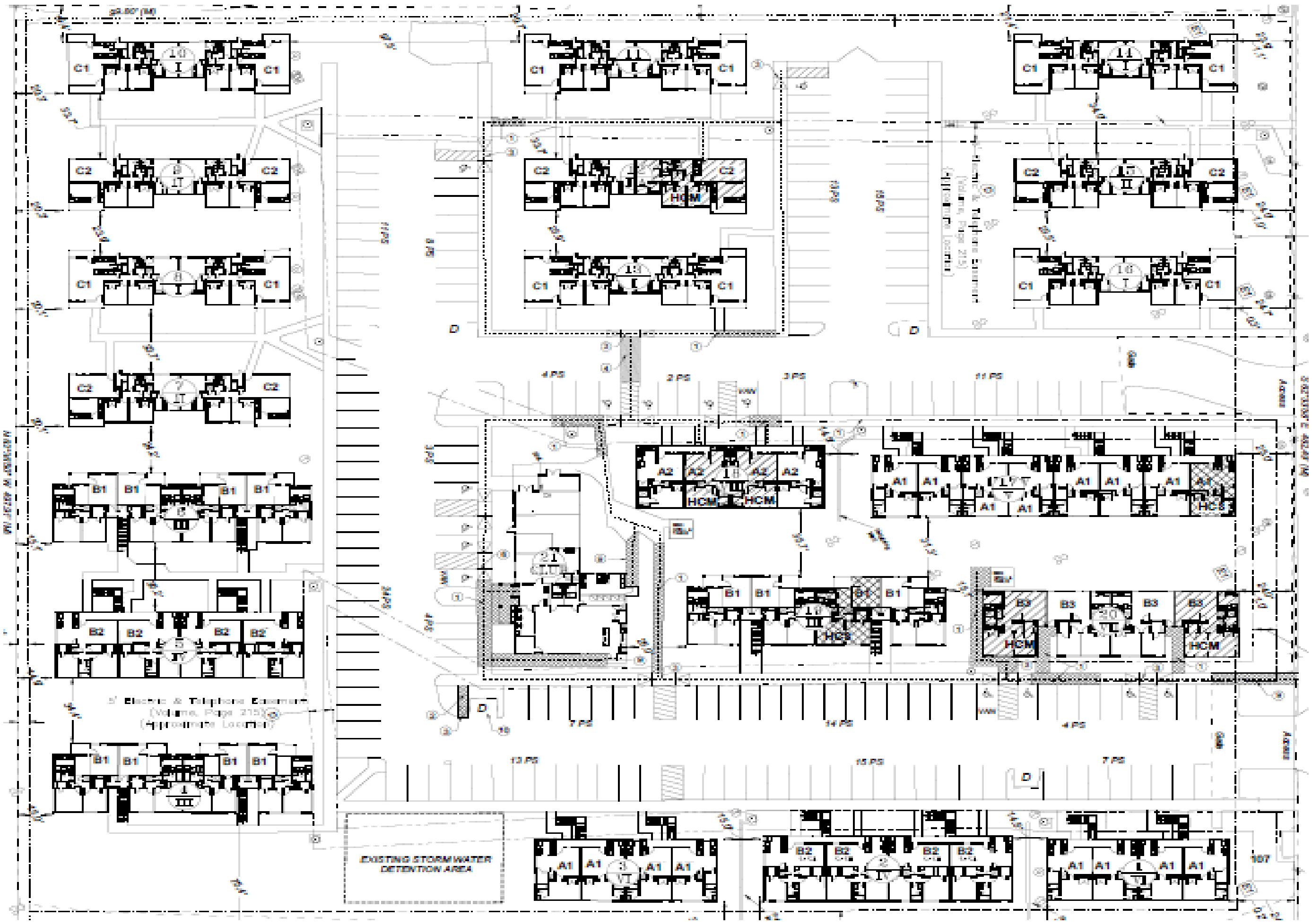


- The Related Companies organization owns and operates a portfolio of assets valued at over $60 billion, which includes luxury, affordable and workforce apartments, commercial, retail and mixed-use developments. Related Affordable, LLC is a subsidiary of The Related Companies, L.P. They have built, renovated and managed over 60,000 affordable and workforce housing units, including the development of over 30 HTC properties in Texas. For more information go to www.related.com.

  Rainbow Housing Texas, Inc. is sole member of the GP. The non-profit organization has participated in a number TDHCA programs.

DEVELOPMENT SUMMARY

SITE PLAN



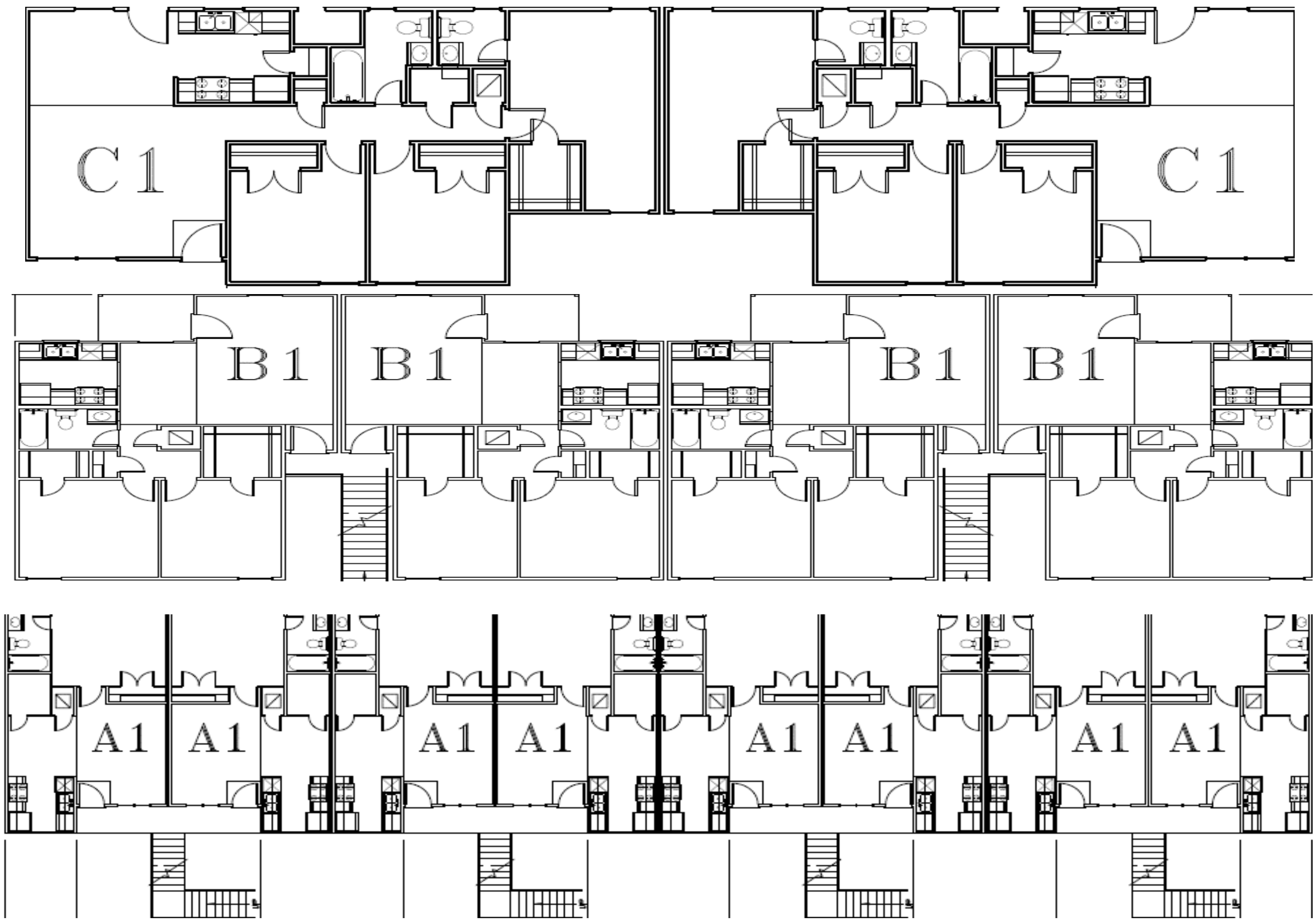
Comments:

The subject has gently rolling topography. The 6.23-acre site slopes moderately toward the southeast where groundwater flows to an on-site detention pond. One access point is provided to the subject property from Anken Drive.

The project will provide 170 total parking spaces, which represents 1.7 spaces/ unit. The project is located within an urban core, allowing for a 20% parking reduction. Parking spaces provided will exceed the 153.6 requirement based on this reduction.

Site amenities include a children's playground and outdoor BBQ/ picnic areas.

BUILDING PLAN (Typical)



Comments:

The building plan consists of 20, one and two-story garden walk-up buildings, along with an accessary building. All units have 8-ft ceilings, no washer and dryer hook-ups, and no walk-in closets. Three bedroom units include balconies/ patios and feature half baths.

BUILDING ELEVATION

Comments:
Building exteriors are wood-framed with both brick and stucco walls. There is little articulation. Flat TPO roof.

Tenant Relocation Plan

Applicant provided a tenant relocation plan, which will require residents to be out of their units between 10 and 20 days. Certain units being converted to full accessibility may have an extended timeline beyond 20 days. The plan calls for work on two units to start every Monday and Tuesday with allowable breaks for catch up.

Residents will move out on the week day prior to work starting on their unit. Temporary on-site vacant units will be used to house tenants while their units is being renovated. Off-site housing also may be required for one or more households with possible lodging at nearby hotels listed on the relocation plan. Assistance to residents may include moving assistance, relocation coordination, and potential per diem to cover any out of pocket expenses.

$200k of relocation costs are included in the development cost budget.

BUILDING CONFIGURATION

Building Type	1	2	2A	3	4	5	6	7	8	Club			**Total Buildings**
Floors/Stories	1	1	1	2	2	2	2	1	1	1			
Number of Bldgs	6	3	1	3	2	1	2	1	1	1			**21**
Units per Bldg	2	2	2	8	8	16	8	4	4				
Total Units	12	6	2	24	16	16	16	4	4				**100**

Avg. Unit Size (SF)	**790 sf**	**Total NRA (SF)**	**78,992**	**Common Area (SF)***	**3,177**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 6.23 acres | Density: 16.1 units/acre

Site Control: 6.23 **Site Plan:** 6.23 **Appraisal:** 6.23 **ESA:** 6.23

Control Type: Commercial Contract | Contract Expiration: 9/15/2020

Total Acquisition: 6.23 acres | Cost: $13,500,000

Seller: Pleasant Hill Preservation, LP

Buyer: Related Affordable, LLC

Assignee: Bella Vista Preservation, LP

Comments:

In July 2018 affiliates of the Related Companies ("Related") acquired all of the ownership interests held by AIMCO in 52 affordable housing properties across the country; six are located in Texas of which Bella Vista is one. Related subsequently acquired the remaining tax credit investor held interests in these properties. The intent of acquisition was to renovate and preserve the affordability for the entire portfolio using a combination of tax-exempt bonds and 4% tax credits. This requires Related to hold the various interest positions until the properties come off of their initial compliance periods which range from 2019 to 2026. Financing for the transaction was provided by a combination of Deutsche Bank and affiliates of Related.

The proposed acquisition of Bella Vista from Pleasant Hill Preservation, LP (an affiliate of Related) is considered an identity of interest transaction under the 2020 Rules. Applicant is requesting a waiver to have the transfer be considered under the 2021 Rules, which were approved prior to the submission of the Application. This would allow a purchase price equal to the "as is" value as established by an appraisal and developer fee on the acquisition price. The Application was going to be submitted under the 2021 QAP but when additional volume cap became available late in 2020 the Applicant received a bond reservation in 2020. The underwriting assumes approval of the requested waiver.

The 2021 QAP requires the appraisal to be reviewed in accordance with USPAP Standards. At the time of this underwriting, the process to implement this requirement is not yet in place. Until a process is established and a list of approved review appraisers has been identified, REA Staff will continue to review application appraisals to insure compliance with the QAP.

APPRAISED VALUE

Appraiser: Gill Group | Date: 11/2/2020

Land as Vacant: 6.23 acres	$780,000	Per Unit:	$7,800
Existing Buildings: (as-is)	$13,010,000	Per Unit:	$130,100
Total Development: (as-is)	**$13,790,000**	Per Unit:	**$137,900**

Comments:

The Appraisal indicates the value of the land as if vacant at $780,000.

The Appraisal indicates the value of the total development as-is, as-restricted at $13,790,000. Valuation is based on capitalization of income using the existing HAP Contract Rents.

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	MF-2	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1981	Title Issues?	No

Current Uses of Subject Site:

100 unit apartment complex built in 1981

Surrounding Uses:

North: Multifamily - Metropolis Apartments & South Shore Apartments
South: Multifamily - Trio Apartments
East: Multifamily - Arbor Pointe Apartments
West: Multifamily - Forest Hill Apartments; Commercial - Strip Center, American Cleaners

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Partner Engineering and Science, Inc. Date: 7/10/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

Comments:

ESA points out that the adjacent strip center has had a suite occupied by a dry cleaning business since 1994. A dental office also is located adjacent to the subject property. Provider found that no releases have been identified from either property to date.

Per ESA, an asbestos evaluation was not required due to the property being constructed in 1981. ESA also mentions that it is unlikely that lead-based paint is present due to the property's age.

ESA Provider notes that Radon is not considered to be a significant environmental concern since the property is located in Radon Zone 3, according to the US EPA Map, which has low potential for the presence of the element.

MARKET ANALYSIS

Provider: Gill Group

Date: 1/14/2021

Market Analyst calculates a Gross Capture Rate of 0.7%, which is below the 10% maximum. Underwriter reviewed the market study for compliance.

Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants. The Subject property is covered by a Housing Assistance Program contract, meaning that all households below the maximum income level are eligible.

Subject is currently 98% occupied.

ELIGIBLE HOUSEHOLDS BY INCOME								
Travis County Income Limits								
HH Size		1	2	3	4	5	6	7+
40% AMGI	Min	$1	$1	$1	$1	$1	$1	---
	Max	$27,360	$31,240	$35,160	$39,040	$42,200	$45,320	---
50% AMGI	Min	$1	$1	$1	$1	$1	$1	---
	Max	$34,200	$39,050	$43,950	$48,800	$52,750	$56,650	---
60% AMGI	Min	$1	$1	$1	$1	$1	$1	---
	Max	$41,040	$46,860	$52,740	$58,560	$63,300	$67,980	---

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$950,045	Avg. Rent:	$1,383	Expense Ratio:	40.6%
Debt Service:	$774,651	B/E Rent:	$1,229	Controllable Expenses:	$3,845
Net Cash Flow:	$175,394	UW Occupancy:	95.0%	Property Taxes/Unit:	$1,000
Aggregate DCR:	1.23	B/E Occupancy:	84.6%	Program Rent Year:	2020

100% of the units are supported by Section 8 HAP Rental Assistance. Applicant has provided approval of Mark-up-to-Market HAP Rent increase. Underwritten HAP Rents represent ~40% increase over current contract rents.

Unit Type	Current Net HAP Rent	Net HAP Rent	Increase	Variance
1BR	$794	$1,140	**$346**	44%
1BR (H)	$809	$1,150	**$341**	42%
2BR	$1,014	$1,420	**$406**	40%
2BR (H)	$1,030	$1,430	**$400**	39%
3BR	$1,272	$1,735	**$463**	36%

Average rent is $154 above breakeven rent. Project is underwritten at 5 units vacant; Break even vacancy is 15 units. Vacancy is assumed at 5% instead of the standard 7.5% due to the HAP contract.

Applicant is using HUD's Management Fee Schedule, which limits management fee between $45-$50 per unit, per month. The management fee is projected at $42 per unit, per month, which results in a 3.15% fee. If we assume standard 5% management fee, DCR would fall to 1.19, remaining within the required limit.

Underwriting assumes 50% property tax exemption due to the participation of Rainbow Housing Texas, Inc. Applicant plans to provide an attorney letter identifying the statutory bases for the exemption and indicating that the exemption is reasonably achievable as part of their closing package. If we assume property was taxed at 100% of value, DCR would fall to 1.12, and we would need to assume a reduction in debt of $402K. This could be absorbed in the developer fee and still cash flow.

Supportive services show an expense of $30K and will be underwritten at cost certification regardless if incurred. Per Applicant, these services will include programs related to youth enrichment, financial literacy/ home stabilization, employment readiness, health and nutrition, personal development, computer workshops, crisis intervention, and parenting workshops.

Applicant's operating expenses of $6,489/unit are within 5% of Underwriter's estimate of $6,548/unit. Expense ratio is low at 40.6% due to the high HAP Rents ($1,383 per unit / $1.75 psf) and tax exemption.

Deferred fee pays off in year 5; 15-year cash flow is $3.17M.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	0	Revisions to Annual Operating Expenses:	1

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$125,201/ac	$135,000/unit	**$13,500,000**	Contractor Fee	**$779,424**
Off-site + Site Work		$6,970/unit	**$696,991**	Soft Cost + Financing	**$3,090,791**
Building Cost	$55.25/sf	$43,642/unit	**$4,364,201**	Developer Fee	**$3,179,942**
Contingency	10.00%	$5,061/unit	**$506,119**	Reserves	**$358,802**
Total Development Cost	$264,763/unit	**$26,476,271**		**Rehabilitation Cost**	**$50,612/unit**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Acquisition:

The Contract Purchase Price is $13,500,000. The Applicant allocated the $780K appraised value of the land as ineligible, and the remaining $12.72M as eligible building acquisition basis.

Site Work:

Site work of $6,970/unit includes on-site paving ($185K) and fine grading ($150K), along with on-site concrete($125K). Site work will also involve landscaping, decorative masonry, and bumper stops, stripping, and signage.

Building Cost:

Applicant's Cost Schedule indicates $5,099,736 combined cost for site work, site amenities, and building cost. This is consistent with the Third Party Scope and Cost Review (SCR) Supplement Schedule.

Planned capital improvements include: •Building exterior work (exterior maintenance/painting; unit entry door replacement; roofing gutters and downspouts; window replacements; concrete landing waterproofing) •Unit interior renovation (appliance package replacement, HVAC system replacements, water heater replacements, bathroom fixture and finish replacement, flooring replacements, sheetrock repairs associated with HVAC upgrades and relocation, and accessible unit conversions.) •Common area renovations (upgrades to common area leasing office, laundry rooms, mailboxes and the exterior lighting).

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$575,241	$5,752/unit	10%	Finishes/Fixtures	$1,485,318	$14,853/unit	27%
Building Shell	$2,076,414	$20,764/unit	37%	HVAC	$564,483	$5,645/unit	10%
Amenities	$121,750	$1,218/unit	2%	Appliances	$237,986	$2,380/unit	4%
Total Exterior	**$2,773,405**	**$27,734/unit**	**55%**	**Total Interior**	**$2,287,788**	**$22,878/unit**	**45%**

SCOPE & COST REVIEW

Provider: Partner Engineering & Science, Inc. Date: 10/28/2020

Contingency:

Eligible Contingency was overstated and adjusted by $1,033.

Contractor Fee:

Eligible Contractor Fee was overstated and adjusted by $1,591.

Ineligible Costs:

$200K Tenant Relocation is excluded from eligible basis.

Developer Fee:

As a result of adjustments made to Contingency and Contractor Fee, Applicant's Eligible Developer Fee was overstated and adjusted by $394.

Reserves:

Reserves equal 3 months of operating expenses and debt service.

Comments:

Total estimated costs for tenant relocation is $200K, which includes a relocation coordinator, movers/ storage, supplies, accommodations/ per diem.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$26,476,271	**$24,379,557**	**$1,092,201**

Related-Party Contractor: TBD

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	1

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$20,000,000	10/16/2020	Priority 3
Closing Deadline	**Bond Structure**		
4/14/2021	Fannie M.TEB		

Percent of Cost Financed by Tax-Exempt Bonds	**67.5%**

Comments:

The project will be financed with $15M in tax-exempt bonds, backed by a $15M permanent loan from Wells Fargo Bank. TDHCA will issue the bonds and receive an on-going issuer fee of 10bps throughout loan term.

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Wells Fargo	Tax Exempt Loan	$15,000,000	3.65%	57%
Well Fargo	HTC	$9,029,419	$0.97	34%
Developer	Deferred Developer Fee	$2,515,785	0.00%	9%
		$26,545,204	**Total Sources**	

PERMANENT SOURCES

Debt Source	PROPOSED Amount	Interest Rate	Amort	Term	UNDERWRITTEN Amount	Interest Rate	Amort	Term	LTC
Wells Fargo	$15,000,000	3.65%	35	17	$15,000,000	3.65%	35	17	57%
Total	**$15,000,000**				**$15,000,000**				

Equity & Deferred Fees	PROPOSED Amount	Rate	% Def	UNDERWRITTEN Amount	Rate	% TC	% Def
Well Fargo	$10,622,846	$0.97		$10,593,293	$0.97	40%	
Developer	$922,358		29%	$882,978		3%	28%
Total	**$11,545,204**			**$11,476,271**			
				$26,476,271	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.048	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.757	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Wells Fargo will provide a $15M permanent loan with a 17-year term and 35-year amortization schedule. Debt term sheet indicates an estimated interest rate of 3.75%, which is 1.80% over the current estimated Pass-Through Bond Rate and inclusive of an ongoing 10bps Issuer Fee. Underwritten debt service assumes 3.65% interest rate for the permanent loan and a TDHCA Bond Issuer Fee of 10bps. The loan will be provided by Fannie Mae under their MBS Tax-Exempt Bond Collateral (M.TEB) Program.

Wells Fargo will contribute equity financing at a $0.97 credit price. 28% of Developer Fee will be deferred.

Revisions to Sources Schedule:	1

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$26,476,271
Permanent Sources (debt + non-HTC equity)	$15,000,000
Gap in Permanent Financing	$11,476,271

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$10,593,293	$1,092,201
Needed to Balance Sources & Uses	$11,476,271	$1,183,239
Requested by Applicant	$10,622,846	$1,095,248

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$10,593,293**	**$1,092,201**

	Amount	Interest Rate	Amort	Term	Lien
TDHCA-Issued Bonds	**$15,000,000**	**3.75%**	**35**	**17**	**1**

Deferred Developer Fee	**$882,978**	**(28% deferred)**
Repayable in	**5 years**	

Comments:

Underwriter recommends $1,092,201 in annual tax credits as determined by eligible basis. This amount is $3,047 less than Applicant's request as a result of adjustments to Eligible Contingency, Contractor Fee and Developer Fee.

The Applicant's request for credits was revised to reflect the 4.00% applicable percentage set by federal legislation passed at the end of 2020.

Underwriter:	*Curtis Wilkins*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Bella Vista (fka Pleasant Hill Apartments), Austin, TDHCA Bonds/4% HTC #20623

LOCATION DATA

CITY:	Austin
COUNTY:	Travis
Area Median Income	$97,600
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION

# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	36	36.0%	36	0
2	44	44.0%	44	0
3	20	20.0%	20	0
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	**100**	**100.0%**	**100**	**-**

55%	Average Income	
Income	**# Units**	**% Total**
20%	-	0.0%
30%	-	0.0%
40%	15	15.0%
50%	25	25.0%
60%	60	60.0%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	**100**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	790 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MRB		RENT ASSISTED UNIT		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	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 40%	$732	MRB 60%	$732	S8 HAP	$1,201	4	1	1.00	573	$1,201	$61	$1,140	$0	$1.99	$1,140	**$4,560**	**$4,560**	$1,140	$1.99	$0	$1,170	$2.04	$1,170
TC 50%	$915	MRB 60%	$915	S8 HAP	$1,201	8	1	1.00	573	$1,201	$61	$1,140	$0	$1.99	$1,140	**$9,120**	**$9,120**	$1,140	$1.99	$0	$1,170	$2.04	$1,170
TC 60%	$1,098	MRB 60%	$1,098	S8 HAP	$1,201	20	1	1.00	573	$1,201	$61	$1,140	$0	$1.99	$1,140	**$22,800**	**$22,800**	$1,140	$1.99	$0	$1,170	$2.04	$1,170
TC 40%	$732	MRB 60%	$732	S8 HAP	$1,240	1	1	1.00	603	$1,240	$90	$1,150	$0	$1.91	$1,150	**$1,150**	**$1,150**	$1,150	$1.91	$0	$1,180	$1.96	$1,180
TC 50%	$915	MRB 60%	$915	S8 HAP	$1,240	1	1	1.00	603	$1,240	$90	$1,150	$0	$1.91	$1,150	**$1,150**	**$1,150**	$1,150	$1.91	$0	$1,180	$1.96	$1,180
TC 60%	$1,098	MRB 60%	$1,098	S8 HAP	$1,240	2	1	1.00	603	$1,240	$90	$1,150	$0	$1.91	$1,150	**$2,300**	**$2,300**	$1,150	$1.91	$0	$1,180	$1.96	$1,180
TC 40%	$879	MRB 60%	$879	S8 HAP	$1,505	4	2	1.00	820	$1,505	$85	$1,420	$0	$1.73	$1,420	**$5,680**	**$5,680**	$1,420	$1.73	$0	$1,450	$1.77	$1,450
TC 50%	$1,098	MRB 60%	$1,098	S8 HAP	$1,505	6	2	1.00	820	$1,505	$85	$1,420	$0	$1.73	$1,420	**$8,520**	**$8,520**	$1,420	$1.73	$0	$1,450	$1.77	$1,450
TC 60%	$1,318	MRB 60%	$1,318	S8 HAP	$1,505	14	2	1.00	820	$1,505	$85	$1,420	$0	$1.73	$1,420	**$19,880**	**$19,880**	$1,420	$1.73	$0	$1,450	$1.77	$1,450
TC 40%	$879	MRB 60%	$879	S8 HAP	$1,505	2	2	1.00	839	$1,505	$85	$1,420	$0	$1.69	$1,420	**$2,840**	**$2,840**	$1,420	$1.69	$0	$1,450	$1.73	$1,450
TC 50%	$1,098	MRB 60%	$1,098	S8 HAP	$1,505	4	2	1.00	839	$1,505	$85	$1,420	$0	$1.69	$1,420	**$5,680**	**$5,680**	$1,420	$1.69	$0	$1,450	$1.73	$1,450
TC 60%	$1,318	MRB 60%	$1,318	S8 HAP	$1,505	10	2	1.00	839	$1,505	$85	$1,420	$0	$1.69	$1,420	**$14,200**	**$14,200**	$1,420	$1.69	$0	$1,450	$1.73	$1,450
TC 40%	$879	MRB 60%	$879	S8 HAP	$1,529	1	2	1.00	865	$1,529	$99	$1,430	$0	$1.65	$1,430	**$1,430**	**$1,430**	$1,430	$1.65	$0	$1,460	$1.69	$1,460
TC 50%	$1,098	MRB 60%	$1,098	S8 HAP	$1,529	1	2	1.00	865	$1,529	$99	$1,430	$0	$1.65	$1,430	**$1,430**	**$1,430**	$1,430	$1.65	$0	$1,460	$1.69	$1,460
TC 60%	$1,318	MRB 60%	$1,318	S8 HAP	$1,529	2	2	1.00	865	$1,529	$99	$1,430	$0	$1.65	$1,430	**$2,860**	**$2,860**	$1,430	$1.65	$0	$1,460	$1.69	$1,460
TC 40%	$1,015	MRB 60%	$1,015	S8 HAP	$1,865	3	3	1.50	1,084	$1,865	$130	$1,735	$0	$1.60	$1,735	**$5,205**	**$5,205**	$1,735	$1.60	$0	$1,765	$1.63	$1,765
TC 50%	$1,269	MRB 60%	$1,269	S8 HAP	$1,865	5	3	1.50	1,084	$1,865	$130	$1,735	$0	$1.60	$1,735	**$8,675**	**$8,675**	$1,735	$1.60	$0	$1,765	$1.63	$1,765
TC 60%	$1,523	MRB 60%	$1,523	S8 HAP	$1,865	12	3	1.50	1,084	$1,865	$130	$1,735	$0	$1.60	$1,735	**$20,820**	**$20,820**	$1,735	$1.60	$0	$1,765	$1.63	$1,765
TOTALS/AVERAGES:						**100**			**78,992**				**$0**	**$1.75**	**$1,383**	**$138,300**	**$138,300**	**$1,383**	**$1.75**	**$0**	**$1,413**	**$1.79**	**$1,413**

ANNUAL POTENTIAL GROSS RENT:	**$1,659,600**	**$1,659,600**

STABILIZED PRO FORMA

Bella Vista (fka Pleasant Hill Apartments), Austin, TDHCA Bonds/4% HTC #20623

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES						APPLICANT				TDHCA				VARIANCE	
	Database		T-12		COMPS		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT								$1.75	$1,383	$1,659,600	$1,659,600	$1,383	$1.75		0.0%	$0
Laundry									$5.42	$6,500						
Tenant Charges									$14.17	$17,000						
0									$0.00	$0						
Total Secondary Income									$19.58		$23,500	$19.58			0.0%	$0
POTENTIAL GROSS INCOME										$1,683,100	$1,683,100				0.0%	$0
Vacancy & Collection Loss									5.0% PGI	(84,155)	(84,155)	5.0% PGI			0.0%	-
Rental Concessions										-	-				0.0%	-
EFFECTIVE GROSS INCOME										$1,598,945	$1,598,945				0.0%	$0
General & Administrative	$42,370	$424/Unit	$69,464	$695	$42,510	$425	3.75%	$0.76	$600	$60,000	$69,464	$695	$0.88	4.34%	-13.6%	(9,464)
Management	$42,791	4.0% EGI	$50,368	$504	$50,253	$503	3.15%	$0.64	$504	$50,400	$50,400	$504	$0.64	3.15%	0.0%	-
Payroll & Payroll Tax	$133,166	$1,332/Unit	$144,308	$1,443	$195,677	$1,957	8.47%	$1.72	$1,355	$135,500	$132,500	$1,325	$1.68	8.29%	2.3%	3,000
Repairs & Maintenance	$68,141	$681/Unit	$108,662	$1,087	$94,268	$943	3.91%	$0.79	$625	$62,500	$65,000	$650	$0.82	4.07%	-3.8%	(2,500)
Electric/Gas	$27,334	$273/Unit	$25,568	$256	$33,201	$332	1.91%	$0.39	$305	$30,500	$25,568	$256	$0.32	1.60%	19.3%	4,932
Water, Sewer, & Trash	$72,439	$724/Unit	$108,093	$1,081	$93,715	$937	6.00%	$1.22	$960	$96,000	$108,093	$1,081	$1.37	6.76%	-11.2%	(12,093)
Property Insurance	$29,918	$0.38 /sf	$18,343	$183	$58,351	$584	1.25%	$0.25	$200	$20,000	$18,343	$183	$0.23	1.15%	9.0%	1,657
Property Tax (@ 50%) 2.1449	$64,541	$645/Unit	$139,171	$1,392	$115,300	$1,153	6.25%	$1.27	$1,000	$100,000	$91,445	$914	$1.16	5.72%	9.4%	8,555
Reserve for Replacements				$0			1.88%	$0.38	$300	$30,000	$30,000	$300	$0.38	1.88%	0.0%	-
Supportive Services				$0			1.88%	$0.38	$300	$30,000	$30,000	$300	$0.38	1.88%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0			0.25%	$0.05	$40	$4,000	$4,000	$40	$0.05	0.25%	0.0%	-
TDHCA Bond Compliance Fee				$0			0.16%	$0.03	$25	$2,500	$2,500	$25	$0.03	0.16%	0.0%	-
Bond Trustee Fees				$0			0.16%	$0.03	$25	$2,500	$2,500	$25	$0.03	0.16%	0.0%	-
Security				$0			1.56%	$0.32	$250	$25,000	$25,000	$250	$0.32	1.56%	0.0%	-
TOTAL EXPENSES							**40.58%**	**$8.21**	**$6,489**	**$ 648,900**	**$654,813**	**$6,548**	**$8.29**	**40.95%**	**-0.9%**	**$ (5,913)**
NET OPERATING INCOME ("NOI")							**59.42%**	**$12.03**	**$9,500**	**$950,045**	**$944,132**	**$9,441**	**$11.95**	**59.05%**	**0.6%**	**$ 5,913**

CONTROLLABLE EXPENSES	$3,845/Unit		$4,006/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Bella Vista (fka Pleasant Hill Apartments), Austin, TDHCA Bonds/4% HTC #20623

DEBT / GRANT SOURCES

DEBT (Must Pay)	Fee	APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE: Cumulative DCR UW	Cumulative DCR App	Pmt	Rate	Amort	Term	Principal	AS UNDERWRITTEN DEBT/GRANT STRUCTURE: Principal	Term	Amort	Rate	Pmt	Cumulative DCR	Cumulative LTC
Wells Fargo	0.10%	1.22	1.23	774,651	3.65%	35	17	$15,000,000	$15,000,000	17	35	3.65%	$774,651	1.23	56.7%
				$774,651	TOTAL DEBT / GRANT SOURCES			$15,000,000	$15,000,000		TOTAL DEBT SERVICE		$774,651	1.23	56.7%
NET CASH FLOW		$169,481	$175,394						APPLICANT	NET OPERATING INCOME		$950,045	$175,394	NET CASH FLOW	

EQUITY SOURCES

EQUITY / DEFERRED FEES	APPLICANT'S PROPOSED EQUITY STRUCTURE: DESCRIPTION	% Cost	Annual Credit	Credit Price	Amount	AS UNDERWRITTEN EQUITY STRUCTURE: Amount	Credit Price	Annual Credit	% Cost	Annual Credits per Unit	Allocation Method
Well Fargo	LIHTC Equity	40.1%	$1,095,248	0.97	$10,622,846	$10,593,293	$0.97	$1,092,201	40.0%	$10,922	Eligible Basis
Developer	Deferred Developer Fees	3.5%	(29% Deferred)		$922,358	$882,978	(28% Deferred)		3.3%	Total Developer Fee:	$3,187,586
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		43.6%			$11,545,204	$11,476,271			43.3%		
TOTAL CAPITALIZATION					$26,545,204	$26,476,271				15-Yr Cash Flow after Deferred Fee:	$3,172,179

DEVELOPMENT COST / ITEMIZED BASIS

	APPLICANT COST / BASIS ITEMS: Eligible Basis Acquisition	Eligible Basis New Const. Rehab			Total Costs	TDHCA COST / BASIS ITEMS: Total Costs			Eligible Basis New Const. Rehab	Eligible Basis Acquisition	COST VARIANCE %	COST VARIANCE $
Land Acquisition				$7,800 / Unit	$780,000	$780,000	$7,800 / Unit				0.0%	$0
Building Acquisition	$12,720,000			$127,200 / Unit	$12,720,000	$12,720,000	$127,200 / Unit			$12,720,000	0.0%	$0
					$0	$0						$0
Off-Sites				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$484,910		$4,952 / Unit	$495,241	$575,241	$5,752 / Unit		$575,241		-13.9%	($80,000)
Site Amenities		$100,000		$1,000 / Unit	$100,000	$121,750	$1,218 / Unit		$121,750		-17.9%	($21,750)
Building Cost		$4,514,826	$57.16 /sf	$45,148/Unit	$4,514,826	$4,364,201	$43,642/Unit	$55.25 /sf	$4,364,201		3.5%	$150,625
Contingency		$511,007	10.02%	10.00%	$511,007	$506,119	10.00%	10.00%	$506,119		1.0%	$4,887
Contractor Fees		$786,950	14.03%	14.00%	$786,950	$779,424	14.00%	14.00%	$779,424		1.0%	$7,527
Soft Costs	0	$1,079,000		$13,240 / Unit	$1,324,000	$1,324,000	$13,240 / Unit		$1,079,000	$0	0.0%	$0
Financing	0	$1,053,880		$17,668 / Unit	$1,766,791	$1,766,791	$17,668 / Unit		$1,053,880	$0	0.0%	$0
Developer Fee	$1,908,000	$1,279,586	15.00%	14.99%	$3,187,586	$3,179,942	15.00%	15.00%	$1,271,942	$1,908,000	0.2%	$7,644
Reserves				3 Months	$358,802	$358,802	3 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$14,628,000**	**$9,810,159**		$265,452 / Unit	**$26,545,204**	**$26,476,271**	$264,763 / Unit		**$9,751,557**	**$14,628,000**	**0.3%**	**$68,933**
Acquisition Cost	$0				$0							
Contingency		($1,033)			$0							
Contractor's Fee		($1,591)			$0							
Financing Cost		$0										
Developer Fee	$0	($394)			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$14,628,000**	**$9,807,141**		$265,452/unit	**$26,545,204**	**$26,476,271**	$264,763/unit		**$9,751,557**	**$14,628,000**	**0.3%**	**$68,933**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA					**$26,476,271**							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Bella Vista (fka Pleasant Hill Apartments), Austin, TDHCA Bonds/4% HTC #20623

CREDIT CALCULATION ON QUALIFIED BASIS	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$14,628,000	$9,807,141	$14,628,000	$9,751,557
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$14,628,000	$9,807,141	$14,628,000	$9,751,557
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$14,628,000	$12,749,284	$14,628,000	$12,677,025
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$14,628,000	$12,749,284	$14,628,000	$12,677,025
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$585,120	$509,971	$585,120	$507,081
CREDITS ON QUALIFIED BASIS	$1,095,091		$1,092,201	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9699	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,092,201	$10,593,293	**$1,092,201**	**($3,047)**	**($29,553)**
Needed to Fill Gap	$1,183,239	$11,476,271	**----**	----	----
Applicant Request	$1,095,248	$10,622,846	**----**	----	----

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$15,000,000**	
	Applicant	**TDHCA**
Land Cost	$780,000	$780,000
Depreciable Bldg Cost	$21,495,573	$21,434,284
Aggregate Basis for 50% Test	**$22,275,573**	**$22,214,284**

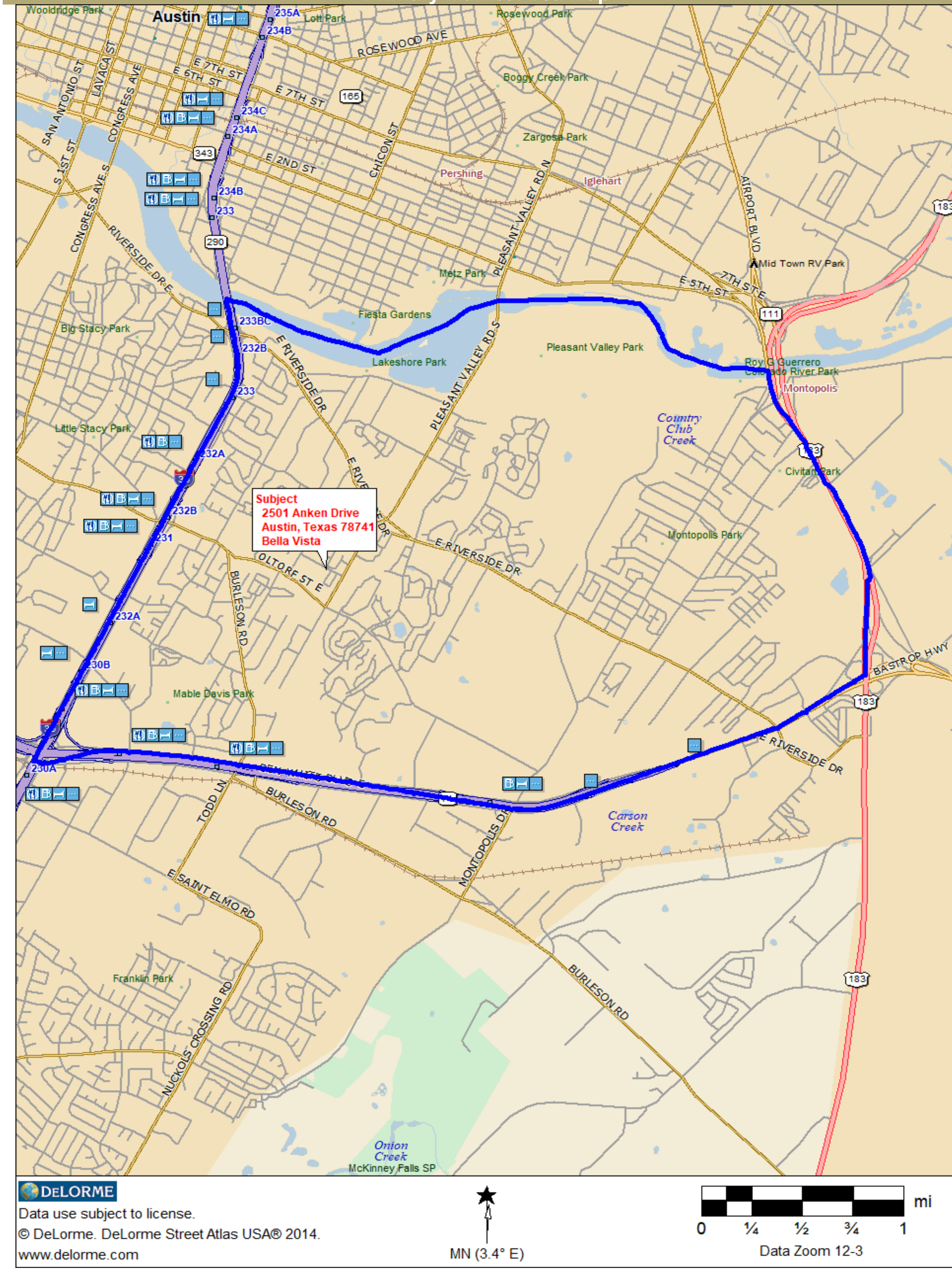
	Applicant	**TDHCA**
Percent Financed by Tax-Exempt Bonds	**67.3%**	**67.5%**
amount aggregate basis can increase before 50% test fails	$7,724,427 34.7%	$7,785,716 35.0%

Long-Term Pro Forma

Bella Vista (fka Pleasant Hill Apartments), Austin, TDHCA Bonds/4% HTC #20623

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,598,945	$1,630,924	$1,663,542	$1,696,813	$1,730,749	$1,910,887	$2,109,774	$2,329,361	$2,571,803	$2,839,478	$3,135,013
TOTAL EXPENSES	3.00%	$648,900	$667,863	$687,385	$707,482	$728,172	$841,139	$971,787	$1,122,897	$1,297,693	$1,499,907	$1,733,863
NET OPERATING INCOME ("NOI")		**$950,045**	**$963,061**	**$976,158**	**$989,331**	**$1,002,578**	**$1,069,748**	**$1,137,987**	**$1,206,464**	**$1,274,110**	**$1,339,571**	**$1,401,150**
EXPENSE/INCOME RATIO		40.6%	40.9%	41.3%	41.7%	42.1%	44.0%	46.1%	48.2%	50.5%	52.8%	55.3%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$774,651	$774,435	$774,211	$773,979	$773,739	$772,395	$770,782	$768,847	$766,525	$763,739	$760,396
DEBT COVERAGE RATIO		1.23	1.24	1.26	1.28	1.30	1.38	1.48	1.57	1.66	1.75	1.84
ANNUAL CASH FLOW		**$175,394**	**$188,626**	**$201,946**	**$215,352**	**$228,839**	**$297,353**	**$367,205**	**$437,618**	**$507,585**	**$575,832**	**$640,754**
Deferred Developer Fee Balance		$707,584	$518,958	$317,012	$101,660	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$127,179	$1,476,251	$3,172,179	$5,219,402	$7,617,804	$10,361,455	$13,437,079

Primary Market Area Map



Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS: Multi Family Bond Hearing

January 27, 2021/10:00 a.m. CST

SPEAKERS

Teresa Morales

PRESENTATION

Teresa Good morning. This is Teresa Morales. We are going to go ahead and get started with the TEFRA public hearing for the proposed Bella Vista Apartments. To get folks on the line some idea as to how it's going to proceed, there is a brief speech that I have to read for purposes of meeting the Internal Revenue Code, and then it'll be at the conclusion of that speech where I will open up the lines for public comments.

If there are any individuals on the line who would like to make public comment with respect to this proposed development, that will be your opportunity to do so. With that, I'm going to go ahead and get started and read the speech.

Good morning, my name is Teresa Morales and I would like to proceed with the public hearing. Let the record show that it is 10:02 a.m. on Wednesday, January 27, 2021 and we are conducting a public hearing on behalf of the Texas Department of Housing & Community Affairs with respect to an issue of tax exempt multi-family revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The Department's Board is scheduled to meet to consider the transaction on February 11, 2021. In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the Board at any of their meetings.

The bonds will be issued at tax exempt multi-family revenue bonds and the aggregate principle amount not to exceed $20 million and taxable bonds if necessary in an amount to be determined and issued in one or more series by the Texas Department of Housing & Community Affairs, the issuer.

The proceeds of the bonds will be loaned to Bella Vista Preservation LP, or a related person or affiliate entity thereof to finance a portion of the cost of acquiring, rehabbing, and equipping a multi-family rental housing community described as follows: A 100-unit multi-family residential rental development to be located on approximately 6.23 acres of land located at 2501 Anken Drive in Austin, Travis County, Texas, 78741.

The proposed multi-family rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof. I would now like to open the floor for public comment, so I will unmute the line.

The lines have been opened.

Audio Recording — Broadcast mode is now off. All participants are now in interactive talk mode.

Teresa — Hearing none, this public hearing is now adjourned and the time is 10:06 a.m. Thank you.

4b

BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding the Issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Crystal Falls Crossing) Series 2021, Resolution No. 21-012, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for Crystal Falls Crossing, formerly known as Cedar Ridge, at the Board meeting of July 23, 2020;

WHEREAS, an application for Crystal Falls Crossing requesting 4% Housing Tax Credits, sponsored by Texas Housing Foundation and The Related Companies was submitted to the Department on November 9, 2020;

WHEREAS, a Certification of Reservation was issued in the amount of $18,000,000 on October 16, 2020, with a bond delivery deadline of April 14, 2021;

WHEREAS, in accordance with 10 TAC §1.301(f), the compliance history is designated as a Category 2 and deemed acceptable by the Executive Award and Review Advisory Committee (EARAC); and

WHEREAS, EARAC recommends approval of the issuance of Multifamily Green Tax-Exempt Bonds (Series 2021) for Crystal Falls Crossing and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, that the issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Crystal Falls Crossing) Series 2021, in an amount not to exceed $18,000,000, Resolution No. 21-012, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $702,435 in 4% Housing Tax Credits for Crystal Falls Crossing, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

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

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: Crystal Falls Crossing is located at 2702 South Bagdad Road in Leander, Williamson County, and proposes the acquisition and rehabilitation of 152 units that will continue to serve the general population. The property was built in two phases using the Department's HOME funds; Phase 1 (80 units) was built in 1996, while Phase II (72 units) was built in 2000. The site is currently encumbered by two existing TDHCA LURAs. The first LURA restricts 16 of the Phase I units to households at 50% Area Median Income (AMI) or below and Low HOME rents, and the remaining 64 to households at 80% AMI to High HOME rents. Forty-two units in Phase I also have a preference for Special Needs households. The second LURA restricts 100% of the Phase II units to households at 40% AMI or below with low HOME rents. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. This application proposes to implement the Income Averaging set-aside where 17 of the units will be rent and income restricted at 40% of AMFI, 62 of the units will be rent and income restricted at 50% of AMFI, 29 of the units will be rent and income restricted at 60% of AMFI, and 44 of the units will be rent and income restricted at 80% of AMFI. Rehabilitation costs, which includes building costs and site work, are approximately $34k per unit.

Organizational Structure and Previous Participation: The Borrower is THF Crystal Falls Preservation, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation was deemed acceptable by EARAC.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on January 27, 2021. There was no public comment made. A copy of the hearing transcript is included herein. The Department has received no letters of support or opposition for the proposed development.

Summary of Financial Structure

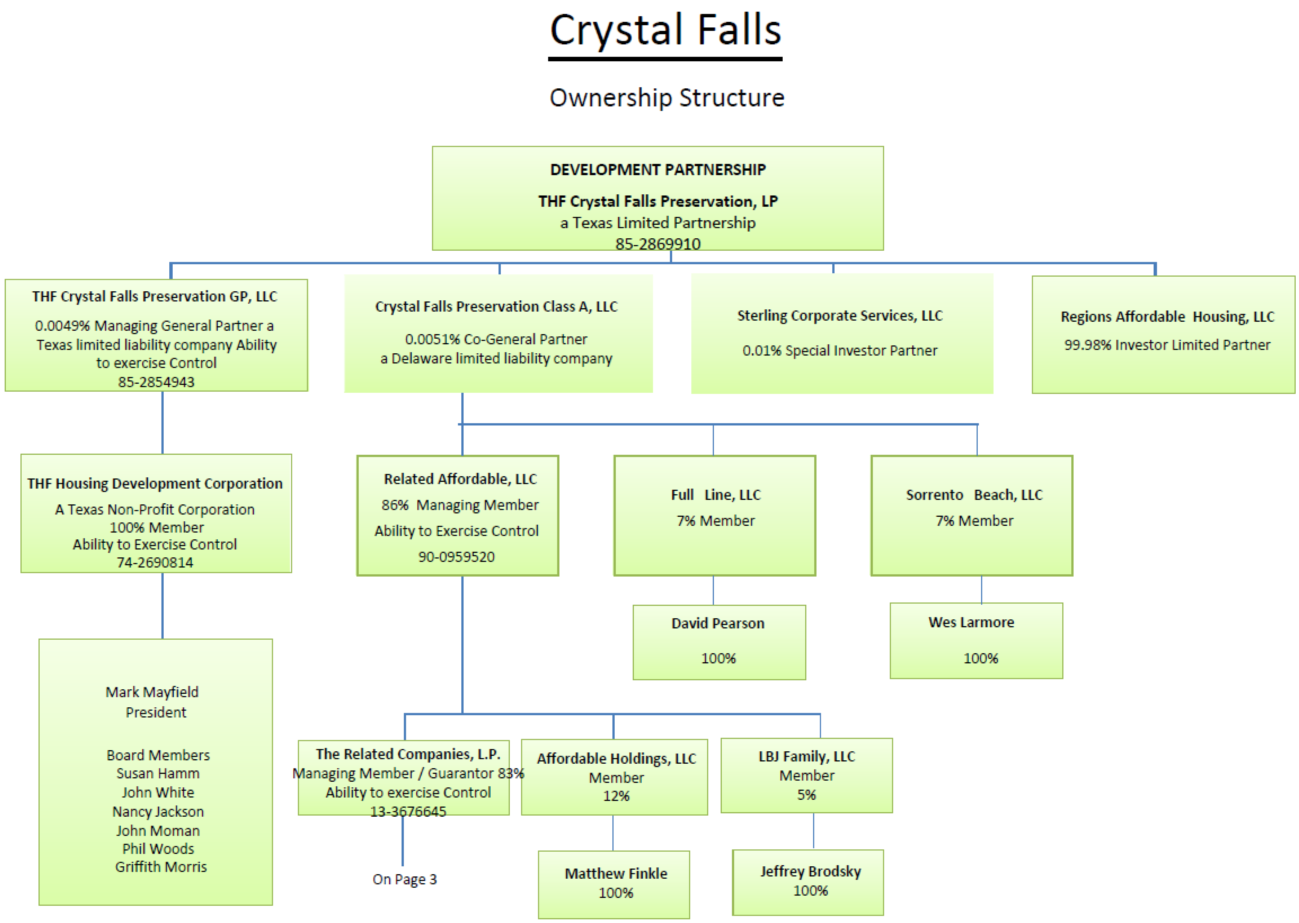
This transaction utilizes a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security (MBS). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Regions Bank) and the funds used by the lender to acquire the loan will be deposited into the collateral account to secure the bonds. The project will be 100% cash collateralized at all times, which offers protection for the bondholders. Approximately 10-15 days from the closing date, Regions Bank will assign the loan to Fannie Mae and in exchange, Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Regions) in the collateral account to purchase the MBS which will be used to secure the bonds from that point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed $18,000,000, that will be initially placed with Regions Bank. The interest rate on the bonds is currently estimated to be 3.50%, which is 1.25% over the estimated pass-through bond rate. The loan will have a term of 17 years and a 35-year amortization. The bonds will have a maximum maturity date of March 1, 2041.

Additionally, unique to this transaction is that it is utilizing a product from Fannie under their Green Building Program. The name of the issuance reflects that they are Multifamily Green Tax-Exempt Bonds. Fannie Mae offers incentives (preferential pricing and a free energy and water audit paid by Fannie) for owners who commit to property improvements that are projected to reduce the property's annual energy and/or water consumption by at least 30%. As a result of these features it will disclose the Green Loan as a Green MBS and will presumably be able to access a broader MBS investor market.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 21-012 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm.

EXHIBIT A


Crystal Falls
Ownership Structure
DEVELOPMENT PARTNERSHIP
THF Crystal Falls Preservation, LP
a Texas Limited Partnership
85-2869910
THF Crystal Falls Preservation GP, LLC
0.0049% Managing General Partner a Texas limited liability company Ability to exercise Control
85-2854943
Crystal Falls Preservation Class A, LLC
0.0051% Co-General Partner
a Delaware limited liability company
Sterling Corporate Services, LLC
0.01% Special Investor Partner
Regions Affordable Housing, LLC
99.98% Investor Limited Partner
THF Housing Development Corporation
A Texas Non-Profit Corporation
100% Member
Ability to Exercise Control
74-2690814
Related Affordable, LLC
86% Managing Member
Ability to Exercise Control
90-0959520
Full Line, LLC
7% Member
Sorrento Beach, LLC
7% Member
David Pearson
100%
Wes Larmore
100%
Mark Mayfield
President
Board Members
Susan Hamm
John White
Nancy Jackson
John Moman
Phil Woods
Griffith Morris
The Related Companies, L.P.
Managing Member / Guarantor 83%
Ability to exercise Control
13-3676645
On Page 3
Affordable Holdings, LLC
Member
12%
LBJ Family, LLC
Member
5%
Matthew Finkle
100%
Jeffrey Brodsky
100%

RESOLUTION NO. 21-012

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY GREEN TAX-EXEMPT BONDS (GREEN M-TEBS – CRYSTAL FALLS CROSSING APARTMENTS) SERIES 2021; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Green Tax-Exempt Bonds (GREEN M-TEBS – CRYSTAL FALLS CROSSING APARTMENTS) Series 2021 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") between the Department and BOKF, NA, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to THF Crystal Falls Preservation, LP, a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition of a leasehold interest in, equipping and rehabilitation of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by a resolution adopted on July 23, 2020, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, it is anticipated that the Department, the Trustee, the Lender (defined below) and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition of a leasehold interest in, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the "Loan Agreement") by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower and the Texas Housing Foundation ("THF"), as ground lessor, for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Leasehold Deed of Trust, Security Agreement and Fixture Filing (the "Subordinate Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from Regions Bank, as lender (the "Lender"), and the Lender will deposit the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in connection with the loan from the Lender, it is anticipated that the Department will assign to the Lender all of its rights (except for certain reserved rights) under the Loan Agreement, the Mortgage and certain other collateral loan documents pursuant to those certain (i) Assignment of Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Assignment of Deed of Trust"), and (ii) Assignment of Collateral Agreements and Other Loan Documents (the "Assignment of Collateral Documents," and together with the Assignment of Deed of Trust, the "Assignments"); and

WHEREAS, the Board has determined that the Department, the Trustee, and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement") to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Development and to establish the expectations of the Department, the Trustee, and the Borrower as to future events regarding the Bonds, the Development, and the use and investment of proceeds of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee, THF, as fee owner, and the Borrower, will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Williamson County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (Affordable) (the "Subordination Agreement") among the Lender, the Department, the Trustee and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the Authorized Representatives (as defined herein) of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with Jefferies LLC (the "Underwriter"), and the Borrower, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Loan Agreement, the Assignment of Deed of Trust, the Assignment of Collateral Documents, the Subordination Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative (as defined below) of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the interest rate set forth in the Bond Purchase Agreement in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00% (ii) the aggregate principal amount of the Bonds shall not exceed $18,000,000; (iii) the final maturity of the Bonds shall occur not later than March 1, 2041; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives (as defined below) are each hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby

approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower, the Fee Owner and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Williamson County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives are each hereby authorized to endorse and deliver the Note without recourse.

Section 1.9 Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignment of Deed of Trust and the Assignment of Collateral Documents, are hereby approved, and that the Authorized Representatives each are hereby authorized to execute each Assignment, and to deliver each Assignment to the Lender.

Section 1.10 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Subordination Agreement, and to deliver the Subordination Agreement to the Lender, the Trustee and the Borrower and to cause the Subordination Agreement to be filed of record in the real property records of Williamson County, Texas.

Section 1.11 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution are each authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution

are each authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.12 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.13 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.14 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Loan Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Regulatory Agreement
Exhibit G	-	Bond Purchase Agreement
Exhibit H	-	Note
Exhibit I	-	Mortgage
Exhibit J	-	Subordinate Mortgage
Exhibit K	-	Assignment of Deed of Trust
Exhibit L	-	Assignment of Collateral Documents
Exhibit M		Subordination Agreement
Exhibit N	-	Official Statement

Section 1.15 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the

other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc., and its successors and assigns, is approved, ratified and confirmed hereby.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Jefferies LLC, or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply

with the Bond Purchase Agreement and the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts

with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low, very low and extremely low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low, very low and extremely low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low, very low and extremely low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the

Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Governing Board.

PASSED AND APPROVED this 11th day of February, 2021.

EXHIBIT A

Description of Development

Borrower: THF Crystal Falls Preservation, LP, a Texas limited partnership

Development: The Development is a 152-unit affordable, multifamily housing development known as Crystal Falls Crossing Apartments, to be located at 2702 South Bagdad Rd., Leander, Williamson County, TX 78641. It consists of thirteen (13) residential apartment buildings and 1 common/office building with approximately 147,176 net rentable square feet. The unit mix will consist of:

96	two-bedroom/two-bath units
56	three-bedroom/two-bath units
152	Total Units

Unit sizes will range from approximately 892 square feet to approximately 1,099 square feet.

20624 Crystal Falls Crossing (fka Cedar Ridge) - Application Summa

REAL ESTATE ANALYSIS DIVISION
February 3, 2021

PROPERTY IDENTIFICATION		
Application #	20624	
Development	Crystal Falls Crossing (fka Cedar Ridge)	
City / County	Leander / Williamson	
Region/Area	7 / Urban	
Population	General	
Set-Aside	General	
Activity	Acquisition/Rehab	(Built in 2000)

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$702,435	$702,435	$4,621/Unit	$0.92
Private Activity Bonds	$13,500,000	3.50%	35	17	1

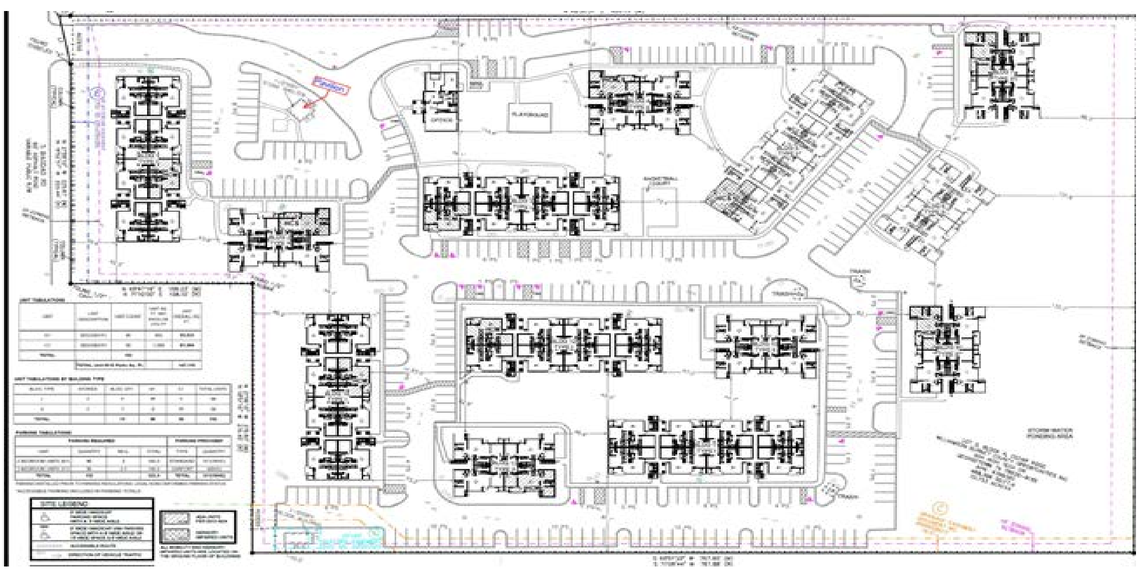
KEY PRINCIPALS / SPONSOR		
Related Affordable, LLC: LP; Developer		
Rainbow Housing Texas, Inc.: GP		
Related Parties	Contractor - TBD	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	40%	17	11%
1	-	0%	50%	62	41%
2	96	63%	60%	29	19%
3	56	37%	80%	44	29%
4	-	0%	MR	-	
TOTAL	152	100%	TOTAL	152	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.23	Expense Ratio	49.1%
Breakeven Occ.	83.5%	Breakeven Rent	$878
Average Rent	$973	B/E Rent Margin	$95
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	$5,355/unit	Controllable	$3,792/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (0% Maximum)			#DIV/0!
Highest Unit Capture Rate	0%	#N/A	###
Dominant Unit Cap. Rate		0 BR/20%	0
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	968 SF	Density	14.1/acre
Acquisition		$53K/unit	$8,000K
Building Cost	$33.76/SF	$33K/unit	$4,968K
Hard Cost		$38K/unit	$5,783K
Total Cost		$132K/unit	$20,092K
Developer Fee	$2,293K	(5% Deferred)	Paid Year: 1
Contractor Fee	$807K	30% Boost	No

REHABILITATION COSTS / UNIT					
Site Work	$2K	4%	Finishes/Fixture:	$15K	40%
Building Shell	$10K	25%	Amenities	$K	1%
HVAC	$5K	14%	Total Exterior	$12K	33%
Appliances	$3K	7%	Total Interior	$23K	67%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Regions	17/35	3.50%	$13,500,000	1.23
TOTAL DEBT (Must Pay)			$13,500,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$0	

EQUITY / DEFERRED FEES	
Source	Amount
Regions Affordable	$6,479,312
Developer	$113,151
TOTAL EQUITY SOURCES	$6,592,463
TOTAL DEBT SOURCES	$13,500,000
TOTAL CAPITALIZATION	$20,092,463

CONDITIONS

1 Receipt and acceptance by Cost Certification:

- Executed ground lease with THF Housing Development Corp. clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

2 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:

a: Certification of comprehensive testing for mold, and that any appropriate abatement procedures were implemented by a qualified abatement company.

b: Certification of comprehensive testing for asbestos; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	4/14/2021
Bond Amount	$18,000,000
BRB Priority	Priority 3
Bond Structure	Fannie M.TEB
% Financed with Tax-Exempt Bonds	80.6%

RISK PROFILE

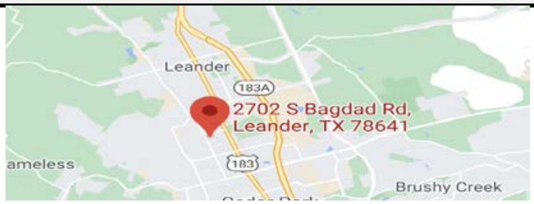
STRENGTHS/MITIGATING FACTORS

- Developer's Experience with TDHCA Programs
- Strong Cash-Flow Potential
- Low Expense-Ratio

WEAKNESSES/RISKS

- High Controllable Expenses

AREA MAP



AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
February 3, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **20624** Program(s): **TDHCA Bonds/4% HTC**

Crystal Falls Crossing (fka Cedar Ridge)

Address/Location: 2702 South Bagdad Rd.

City: Leander County: Williamson Zip: 78641

Population: General Program Set-Aside: General Area: Urban

Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds	$13,500,000	3.50%	35	17	$13,500,000	**3.50%**	**35**	**17**	**1**
LIHTC (4% Credit)	$702,435				**$702,435**				

* Bond resolution reflects an amount not to exceed $18,000,000; for underwriting purposes it has been sized at $13,500,000.

CONDITIONS

1 Receipt and acceptance by Cost Certification:

- Executed ground lease with THF Housing Development Corp. clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

2 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:

a: Certification of comprehensive testing for mold, and that any appropriate abatement procedures were implemented by a qualified abatement company.

b: Certification of comprehensive testing for asbestos; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

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
40% of AMI	40% of AMI	17
50% of AMI	50% of AMI	62
60% of AMI	60% of AMI	29
80% of AMI	80% of AMI	44

DEVELOPMENT SUMMARY

Crystal Falls Crossing is an existing affordable housing property located in Leander, TX. This application is for the acquisition and rehab of the property. Rehab will include $34K/unit of improvements.

The 152-unit community will serve the general population at 59% Area Median Income (AMI). The property was built using HOME funds from TDHCA, which require that 42 units give preference to Special Needs Individuals or Families.

RISK PROFILE

STRENGTHS/MITIGATING FACTORS	
▫	Developer's Experience with TDHCA Programs
▫	Strong Cash-Flow Potential
▫	Low Expense-Ratio

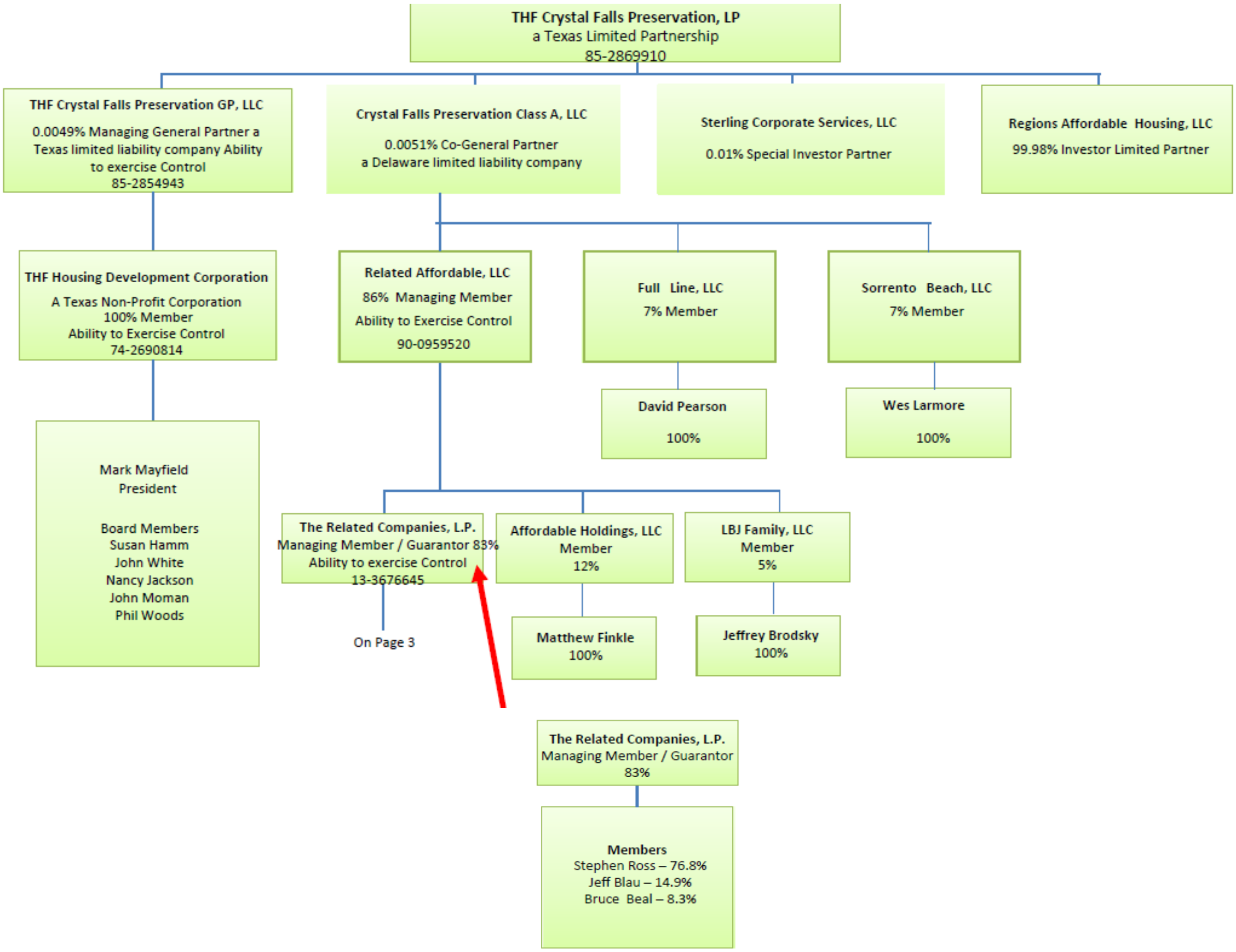
WEAKNESSES/RISKS	
▫	High Controllable Expenses
▫	
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Wes Larmore	Name:	Ean Dubrowsky
Phone:	(213) 634-1566	Phone:	(213) 984-2021
Relationship:	Developer	Relationship:	Developer

OWNERSHIP STRUCTURE



- The Related Companies organization owns and operates a portfolio of assets valued at over $60 billion, which includes luxury, affordable and workforce apartments, commercial, retail and mixed-use developments. Related Affordable, LLC is a subsidiary of The Related Companies, L.P. They have built, renovated and managed over 60,000 affordable and workforce housing units, including the development of over 30 HTC properties in Texas. For more information go to www.related.com.

  Texas Housing Foundation (THF) Housing Development Corporation is sole member of the GP. The non-profit organization and its principals have vast experience working with Texas HTC & Bond programs.

DEVELOPMENT SUMMARY

SITE PLAN

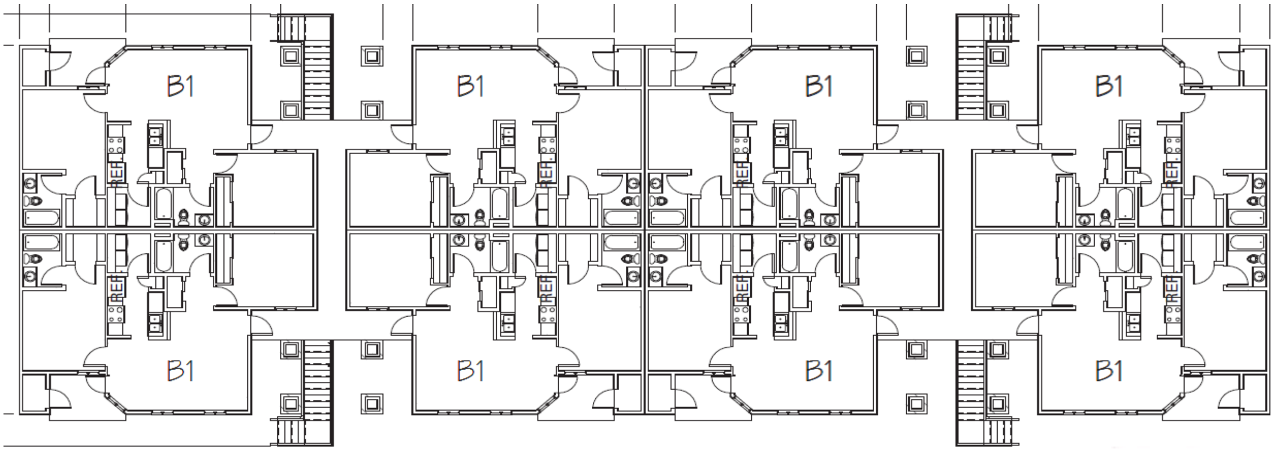
Comments:

The 10.75-acre site slopes moderately toward the southeast. Groundwater at the subject property flows toward the eastern portion of the site, where two storm water detention ponds are located. The property has one access point along South Bagdad Road.

The site has 311 parking spaces, which represent 2.05 spaces/unit. This is 21 parking spaces short of the 332 spaces required for a new development; however, the community has a legally nonconforming status as it pertain to parking regulations due to being constructed prior to these regulations being established.

Site amenities include a community pavilion, a playground, and a basketball court.

BUILDING PLAN (Typical)



Comments:

The building plan consists of 13 residential, two-story buildings and one office building. All units have 8-foot ceilings, two full bathrooms, and a patio/ balcony with a storage closet. Washer and dryer hook-ups are provided for each unit. Three-bedroom units feature plumbed kitchen islands.

BUILDING ELEVATION

Comments:

Building elevation has wood-framed, fiber cement lap siding, and stone veneer exteriors. Peaked roof with 5/12 pitch.

Tenant Relocation Plan

Applicant provided a tenant relocation plan, which will require residents to be out of their units between 10 and 20 days. Certain units being converted to full accessibility may have an extended timeline beyond 20 days. The plan calls for work on two units to start every Monday and Tuesday with allowable breaks for catch up.

Residents will move out on the week day prior to work starting on their unit. Temporary on-site vacant units will be used to house tenants while their units is being renovated. Should off-site housing be required, lodging will be provide within 2-miles of the property and transportation needs will be discussed by the relocation coordinator. Assistance to residents may include moving assistance, relocation coordination, and potential per diem to cover any out of pocket expenses.

$304K of relocation costs are included in the development cost budget.

BUILDING CONFIGURATION

Building Type	1	2										**Total Buildings**
Floors/Stories	2	2										
Number of Bldgs	6	7										**13**
Units per Bldg	16	8										
Total Units	96	56										**152**

Avg. Unit Size (SF)	**968 sf**	**Total NRA (SF)**	**147,176**	**Common Area (SF)***	**1,755**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 10.75 acres Density: 14.1 units/acre

Site Control: 10.75 **Site Plan:** 10.75 **Appraisal:** 10.76 **ESA:** 10.76

Control Type: Commercial Contract

Contract Expiration: 10 Days After Agency Approval, Subject to Extension

Total Acquisition: 10.75 acres Cost: $8,000,000

Seller: Williamson-Burnet County Opportunities, Inc.

Buyer: Related Affordable, LLC

Assignee: The Crystal Falls Preservation, LP

Related-Party Seller/Identity of Interest: No

Comments:

Applicant provided a copy of the Assignment of Purchase and Sale Agreement between Related Affordable, LLC and The Crystal Falls Preservation, LP.

Upon closing, the partnership will enter into a ground lease with Texas Housing Foundation as the ground lessor. There are no ongoing payments associated with the ground lease.

There are two existing LURA's that encumber the site, restricting 20% of Phase I units to Low Home Rents and the remaining 80% to High Home Rents. The Phase II LURA restricts 100% to Low Home Rents.

APPRAISED VALUE

Appraiser: Novogradic — Date: 11/5/2020

Land as Vacant:	10.76 acres	$1,100,000	Per Unit:	$7,237
Existing Buildings: (as-is)		$7,900,000	Per Unit:	$51,974
Total Development: (as-is)		**$9,000,000**	Per Unit:	**$59,211**

Comments:

The Appraisal indicates the value of the land as if vacant at $1.1M.

The Appraisal indicates the value of the total development as-is, assuming restricted HOME rents, at $9.0M. Valuation is based on capitalization of income using the existing restricted rents.

SITE INFORMATION

Flood Zone:	X	Scattered Site?	No
Zoning:	MF Multi-Family	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	2000	Title Issues?	No

Current Uses of Subject Site:

152 unit apartment complex

Surrounding Uses:

North: Single-Family Residences
South: Vacant Land & Retail (Dollar General)
East: Single-Family Residences
West: Multi-Tenant Retail Center,

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Partner Engineering & Science, Inc. Date: 7/7/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

Comments:

Per ESA, visual evidence of mold and/ or water damage was identified at subject property within the laundry room and one of unit bedrooms. ESA Provider recommends this environmental issue be thoroughly investigated and repaired, suggesting that damaged materials be replaced and microbial growth be remediated. In addition, Provider recommends that a Mold, Moisture & Minimization Plan be implemented at the subject property.

ESA Provider noted the presence of suspected Asbestos-Containing Materials (ACM) in drywall systems, floor tiles, and floor tile mastic during a limited visual survey. Per ESA, a comprehensive ACM survey is recommended. Provider also notes that suspected ACM is in good physical condition and, in general, can be managed safely under an Operations and Maintenance Program until removal is dictated by renovation, demolition, or deteriorating conditions.

ESA points out that it is unlikely that lead-based paint is present in buildings due to the subject property being built after 1978. Provider also mentions that Radon is not considered to be a significant environmental concern since the property is located in Radon Zone 3, according to the US EPA Map, which has low potential for the presence of the element.

MARKET ANALYSIS

Provider: Novogradac & Company, LLP Date: 11/5/2020

Market Analyst calculates a Gross Capture Rate of 7.3%, which is below the 10% maximum. Underwriter reviewed the market study for compliance. Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants. The Subject is 94% occupied.

ELIGIBLE HOUSEHOLDS BY INCOME

Williamson County Income Limits

HH Size		1	2	3	4	5	6	7+
40% AMGI	Min	$26,370	$26,370	$26,370	$26,370	$30,450	$30,450	---
	Max	$27,360	$31,240	$35,160	$39,040	$42,200	$45,320	---
50% AMGI	Min	$32,940	$32,940	$32,940	$32,940	$38,070	$38,070	---
	Max	$34,200	$39,050	$43,950	$48,800	$52,750	$56,650	---
60% AMGI	Min	$39,540	$39,540	$39,540	$39,540	$45,690	$45,690	---
	Max	$41,040	$46,860	$52,740	$58,560	$63,300	$67,980	---
80% AMGI	Min	$40,680	$40,680	$40,680	$40,680	$48,480	$48,480	---
	Max	$54,720	$62,480	$70,320	$78,080	$84,400	$90,640	---

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (Applicant's Pro Forma)					
NOI:	$843,503	Avg. Rent:	$973	Expense Ratio:	49.1%
Debt Service:	$683,031	B/E Rent:	$878	Controllable Expenses:	$3,792
Net Cash Flow:	$160,472	UW Occupancy:	92.5%	Property Taxes/Unit:	$0
Aggregate DCR:	1.23	B/E Occupancy:	83.5%	Program Rent Year:	2020

All units will be restricted at 40%, 50% 60%, and 80% AMI levels. Only 40% units are underwritten at maximum Program Rents. Existing LURA's restrict rents based on HOME regulatory agreements. Applicant is underwriting 50%-80% units at discounts to Program Rents, due to keeping rent levels at in-place amounts. The average proposed rents for 2-bdrm units in phase I ($884) and phase II ($831) are $53 and $5 below the average of existing rents, respectively. Average proposed rents for 3-bdrm units in phase I ($1,083) and phase II ($980) are $32 below and -$31 above the average of existing rents, respectively.

Phase 1 Existing Rents

Unit	Low	Average	High
2Bdrms	$770	$937	$1,096
3Bdrms	$934	$1,115	$1,446

Phase 2 Existing Rents

Unit	Low	Average	High
2Bdrms	$770	$836	$875
3Bdrms	$799	$949	$999

If Underwriter assumes Max Program Rents for all units, the debt coverage would increase well above the maximum 1.35 times, allowing the Development to support additional debt and possibly reducing the credit award. Debt coverage at Cost Certification can be as high as 1.50, reducing the potential impact of any increase in achieved rents. At Cost Certification, analysis will be based on actual rents at the time.

Average rent is $122 above breakeven rent. Project is underwritten at 11 units vacant; Break even vacancy is 29 units.

Applicant projects management fee at 4.95%, based on preliminary discussions with management company. Underwriter assumes standard 5% management fee.

Underwriting assumes 100% property tax exemption due to participation of THF Housing Development Corporation. Applicant provided documentation indicating non-profit's status as a Texas Public Facility Corporation. If we assume property was taxed at 100% of value, DCR would fall to 1.04 and we would have to assume an additional $1.31M reduction in debt. This could be absorbed in deferred fee and still cash flow.

Supportive services show an expense of $40K and will be underwritten at cost certification regardless if incurred. Per Applicant, these services will include online services, working with Comp-U to provide laptops to school-aged residents, and other classes/ activities.

Controllable expenses are relatively high at $3,593/unit, mostly attributed to payroll and utilities. Applicant provided a detailed staffing plan to support payroll expense. Applicant expects water, sewer, and trash expense to increase as a result of making water/ energy efficient upgrades.

Applicant's operating expenses of $5,355/unit are within 5% of Underwriter's estimate of $5,342/unit; therefore, Underwriter's pro forma is used for analysis. Expense ratio is low at 46.3% due to tax exemption. Underwriter's property insurance assumption is based on the existing property's T-12 operating statement.

Deferred fee pays off in year 1; 15-year cash flow is $4.15M.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	0	Revisions to Annual Operating Expenses:	1

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$102,297/ac	$52,632/unit	**$8,000,000**	Contractor Fee	**$806,657**
Off-site + Site Work		$1,917/unit	**$291,418**	Soft Cost + Financing	**$2,831,948**
Building Cost	$33.76/sf	$32,684/unit	**$4,967,943**	Developer Fee	**$2,293,173**
Contingency	9.96%	$3,446/unit	**$523,804**	Reserves	**$377,520**
Total Development Cost	$132,187/unit	**$20,092,463**		**Rehabilitation Cost**	**$34,601/unit**

Qualified for 30% Basis Boost?	Not Qualified

Acquisition:

The Contract Purchase Price is $8M. The Applicant allocated the $1.1M appraised value of the land as ineligible, and the remaining $6.9M as eligible building acquisition basis.

Site Work:

Site work of $1,917/unit includes on-site concrete ($201K) and on-site paving ($13K). Site work will also involve landscaping, fencing, and bumper stops, stripping, and signage.

Building Cost:

Applicant's Cost Schedule indicates $5,238,035 combined cost for site work, site amenities, and building cost. This is $21K less than the Third Party Scope and Cost Review (SCR) Supplement Schedule.

Planned capital improvements include: •General Interior: painting, flooring, energy efficient lighting, new energy efficient heating and cooling systems, electrical panel upgrades, new doors as needed and new window treatments, washer and dryer hookups •Bathrooms: new vanities, sinks, and faucets, medicine cabinets, tub surrounds as needed, toilets, and painting •Kitchens: new cabinets, counters, sinks, faucets, appliances, new dishwashers, microwaves •Community Building: completely refurbished with a community room, computer room, and a fitness room •Exterior: new windows and roofs and siding repairs as needed
Site: new landscaping, site lighting, and fencing

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$254,618	$1,675/unit	4%	Finishes/Fixtures	$2,297,640	$15,116/unit	40%
Building Shell	$1,468,885	$9,664/unit	25%	HVAC	$814,568	$5,359/unit	14%
Amenities	$36,800	$242/unit	1%	Appliances	$386,850	$2,545/unit	7%
Total Exterior	**$1,760,303**	**$11,581/unit**	**33%**	**Total Interior**	**$3,499,058**	**$23,020/unit**	**67%**

SCOPE & COST REVIEW

Provider: Partner Engineering and Science, Inc. Date: 6/25/2020

Ineligible Costs:

$304K Tenant Relocation is excluded from eligible basis.

Reserves:

Reserves equal 3 months of operating expenses and debt service.

Comments:

Total estimated costs for tenant relocation includes a relocation coordinator, movers/ storage, supplies, accommodations/ per diem.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$20,092,463	**$17,602,318**	**$704,093**

Related-Party Contractor: TBD

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	1

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$18,000,000	10/16/2020	Priority 3
Closing Deadline	**Bond Structure**		
4/14/2021	Fannie M.TEB		

Percent of Cost Financed by Tax-Exempt Bonds	**80.6%**

Comments:

The project will be financed with $13.5M in tax-exempt bonds, backed by a $13.5M permanent loan from Regions Bank. TDHCA will issue the bonds and receive an on-going issuer fee of 10bps throughout loan term.

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Regions	Tax Exempt Bond Loan	$13,500,000	3.50%	67%
Regions Affordable	HTC	$5,183,450	$0.92	26%
Developer	deferred fee	$1,364,739		7%
		$20,048,189	**Total Sources**	

PERMANENT SOURCES

Debt Source	PROPOSED Amount	Interest Rate	Amort	Term	UNDERWRITTEN Amount	Interest Rate	Amort	Term	LTC
Regions	$13,500,000	3.50%	35	17	$13,500,000	3.50%	35	17	67%
Total	**$13,500,000**				**$13,500,000**				

Equity & Deferred Fees	PROPOSED Amount	Rate	% Def	UNDERWRITTEN Amount	Rate	% TC	% Def
Regions Affordable	$6,479,312	$0.92		$6,479,312	$0.92	32%	
Developer	$68,876		3%	$113,151		1%	5%
Total	**$6,548,188**			**$6,592,463**			
				$20,092,463	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.939	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.612	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Regions will provide a $13.5M permanent loan with a 17-year term and 35-year amortization schedule. Debt term sheet indicates an estimated interest rate of 3.50%, which is 1.25% over the estimated Pass-Through Bond Rate. The loan will be provided by Fannie Mae under their MBS Tax-Exempt Bond Collateral (M.TEB) Program. Underwritten debt service also include a 10bps TDHCA Bond Issuer fee.

Per term sheet, permanent loan includes 2-years of interest only payments. Underwriting assumes full amortization of the senior loan, which produces a first year DCR of 1.30.

Total Capital Contribution of $6,479,312 from Regions Affordable Housing is being provided at a $0.9225 credit price. 5% of Developer Fee will be deferred.

Revisions to Sources Schedule:	1

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$20,092,463
Permanent Sources (debt + non-HTC equity)	$13,500,000
Gap in Permanent Financing	$6,592,463

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$6,494,603	$704,093
Needed to Balance Sources & Uses	$6,592,463	$714,702
Requested by Applicant	$6,479,312	$702,435

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$6,479,312**	**$702,435**

	Amount	Interest Rate	Amort	Term	Lien
TDHCA-Issued Bonds	**$13,500,000**	**3.50%**	**35**	**17**	**1**

Deferred Developer Fee	**$113,151**	**(5% deferred)**
Repayable in	**1 years**	

Comments:

Underwriter recommends $702,435 in annual tax credits as requested by Applicant.

The Applicant's request for credits was revised to reflect the 4.00% applicable percentage set by federal legislation passed at the end of 2020.

Underwriter:	*Curtis Wilkins*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Crystal Falls Crossing (fka Cedar Ridge), Leander, TDHCA Bonds/4% HTC #20624

LOCATION DATA	
CITY:	Leander
COUNTY:	Williamson
Area Median Income	$97,600
PROGRAM REGION:	7
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	-	0.0%	0	0
2	96	63.2%	0	96
3	56	36.8%	0	56
4	-	0.0%	0	0
5	-	0.0%	0	0
TOTAL	152	100.0%	-	152

59%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	-	0.0%
40%	17	11.2%
50%	62	40.8%
60%	29	19.1%
70%	-	0.0%
80%	44	28.9%
MR	-	0.0%
TOTAL	152	100.0%

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	100%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	968 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		TDHCA Direct Loan Program		MRB		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	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 40%	$879	LH/50%	$1,098	MRB 60%	$879	1	2	2	892	$879	$88	$791	$0	$0.89	$791	**$791**	**$791**	$791	$0.89	$0	$1,350	$1.51	$1,350
TC 50%	$1,098	LH/50%	$1,098	MRB 60%	$1,098	2	2	2	892	$1,098	$88	$1,010	($140)	$0.98	$870	**$1,740**	**$1,740**	$870	$0.98	($140)	$1,350	$1.51	$1,350
TC 60%	$1,318	HH/80%	$1,356	MRB 60%	$1,318	18	2	2	892	$1,318	$88	$1,230	($330)	$1.01	$900	**$16,200**	**$16,200**	$900	$1.01	($330)	$1,350	$1.51	$1,350
TC 80%	$1,758	HH/80%	$1,356	MRB 80%	$1,758	27	2	2	892	$1,356	$88	$1,268	($293)	$1.09	$975	**$26,325**	**$26,325**	$975	$1.09	($293)	$1,350	$1.51	$1,350
TC 40%	$1,015	LH/50%	$1,269	MRB 60%	$1,015	1	3	2	1,099	$1,015	$105	$910	$5	$0.83	$915	**$915**	**$910**	$910	$0.83	$0	$1,650	$1.50	$1,650
TC 50%	$1,269	LH/50%	$1,269	MRB 60%	$1,269	3	3	2	1,099	$1,269	$105	$1,164	($114)	$0.96	$1,050	**$3,150**	**$3,150**	$1,050	$0.96	($114)	$1,650	$1.50	$1,650
TC 60%	$1,523	HH/80%	$1,616	MRB 60%	$1,523	11	3	2	1,099	$1,523	$105	$1,418	($268)	$1.05	$1,150	**$12,650**	**$12,650**	$1,150	$1.05	($268)	$1,650	$1.50	$1,650
TC 80%	$2,031	HH/80%	$1,616	MRB 80%	$2,031	17	3	2	1,099	$1,616	$105	$1,511	($296)	$1.11	$1,215	**$20,655**	**$20,655**	$1,215	$1.11	($296)	$1,650	$1.50	$1,650
TC 40%	$879	LH/50%	$1,098	MRB 60%	$879	10	2	2	892	$879	$88	$791	$0	$0.89	$791	**$7,910**	**$7,910**	$791	$0.89	$0	$1,350	$1.51	$1,350
TC 50%	$1,098	LH/50%	$1,098	MRB 60%	$1,098	38	2	2	892	$1,098	$88	$1,010	($140)	$0.98	$870	**$33,060**	**$33,060**	$870	$0.98	($140)	$1,350	$1.51	$1,350
TC 40%	$1,015	LH/50%	$1,269	MRB 60%	$1,015	5	3	2	1,099	$1,015	$105	$910	$0	$0.83	$910	**$4,550**	**$4,550**	$910	$0.83	$0	$1,650	$1.50	$1,650
TC 50%	$1,269	LH/50%	$1,269	MRB 60%	$1,269	19	3	2	1,099	$1,269	$105	$1,164	($114)	$0.96	$1,050	**$19,950**	**$19,950**	$1,050	$0.96	($114)	$1,650	$1.50	$1,650
TOTALS/AVERAGES:						**152**			**147,176**				**($197)**	**$1.00**	**$973**	**$147,896**	**$147,891**	**$973**	**$1.00**	**($197)**	**$1,461**	**$1.51**	**$1,461**
ANNUAL POTENTIAL GROSS RENT:																**$1,774,752**	**$1,774,692**						

STABILIZED PRO FORMA

Crystal Falls Crossing (fka Cedar Ridge), Leander, TDHCA Bonds/4% HTC #20624

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES						APPLICANT				TDHCA				VARIANCE	
	Database		T-12		COMPS		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT								$1.00	$973	$1,774,752	$1,774,692	$973	$1.00		0.0%	$60
Laundry									$0.30	$545						
Tenant Charges									$9.04	$16,486						
0									$0.00	$0						
Total Secondary Income									$9.34		$17,031	$9.34			0.0%	$0
POTENTIAL GROSS INCOME										$1,791,783	$1,791,723				0.0%	$60
Vacancy & Collection Loss									7.5% PGI	(134,384)	(134,379)	7.5% PGI			0.0%	(5)
Rental Concessions										-	-				0.0%	-
EFFECTIVE GROSS INCOME										$1,657,399	$1,657,344				0.0%	$56
General & Administrative	$71,588	$471/Unit	$37,579	$247	$55,884	$368	1.73%	$0.19	$189	$28,660	$37,579	$247	$0.26	2.27%	-23.7%	(8,919)
Management	$72,472	4.0% EGI	$79,725	$525	$79,976	$526	4.95%	$0.56	$540	$82,080	$82,867	$545	$0.56	5.00%	-0.9%	(787)
Payroll & Payroll Tax	$202,413	$1,332/Unit	$192,533	$1,267	$217,923	$1,434	11.23%	$1.27	$1,225	$186,200	$186,200	$1,225	$1.27	11.23%	0.0%	-
Repairs & Maintenance	$103,574	$681/Unit	$85,126	$560	$107,376	$706	8.15%	$0.92	$888	$135,000	$98,800	$650	$0.67	5.96%	36.6%	36,200
Electric/Gas	$46,619	$307/Unit	$24,387	$160	$26,885	$177	1.16%	$0.13	$127	$19,294	$24,387	$160	$0.17	1.47%	-20.9%	(5,093)
Water, Sewer, & Trash	$110,107	$724/Unit	$227,968	$1,500	$99,982	$658	12.50%	$1.41	$1,363	$207,183	$207,183	$1,363	$1.41	12.50%	0.0%	-
Property Insurance	$45,476	$0.31 /sf	$71,882	$473	$58,284	$383	3.47%	$0.39	$378	$57,500	$71,882	$473	$0.49	4.34%	-20.0%	(14,382)
Property Tax (@ 0%) 2.54	$109,011	$717/Unit	$532	$4	$101,881	$670	0.00%	$0.00	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Reserve for Replacements				$0			2.75%	$0.31	$300	$45,600	$45,600	$300	$0.31	2.75%	0.0%	-
Supportive Services				$0			2.41%	$0.27	$263	$40,000	$40,000	$263	$0.27	2.41%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0			0.37%	$0.04	$40	$6,080	$6,080	$40	$0.04	0.37%	0.0%	-
TDHCA Bond Compliance Fee				$0			0.23%	$0.03	$25	$3,800	$3,800	$25	$0.03	0.23%	0.0%	-
Bond Trustee Fees				$0			0.15%	$0.02	$16	$2,500	$2,500	$16	$0.02	0.15%	0.0%	-
TOTAL EXPENSES							**49.11%**	**$5.53**	**$5,355**	**$ 813,897**	**$812,046**	**$5,342**	**$5.52**	**49.00%**	**0.2%**	**$ 1,850**
NET OPERATING INCOME ("NOI")							**50.89%**	**$5.73**	**$5,549**	**$843,503**	**$845,297**	**$5,561**	**$5.74**	**51.00%**	**-0.2%**	**$ (1,795)**
CONTROLLABLE EXPENSES									$3,792/Unit			$3,646/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Crystal Falls Crossing (fka Cedar Ridge), Leander, TDHCA Bonds/4% HTC #20624

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
Regions	0.10%	1.24	1.23	683,031	3.50%	35	17	$13,500,000	$13,500,000	17	35	3.50%	$683,031	1.23	67.2%
				$683,031	**TOTAL DEBT / GRANT SOURCES**			**$13,500,000**	**$13,500,000**		**TOTAL DEBT SERVICE**		**$683,031**	**1.23**	67.2%
NET CASH FLOW		$162,266	$160,472						**APPLICANT**	**NET OPERATING INCOME**		**$843,503**	**$160,472**	**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
Regions Affordable	LIHTC Equity	32.2%	$702,435	0.92	$6,479,312	$6,479,312	$0.92	$702,435	32.2%	$4,621	Applicant Request
Developer	Deferred Developer Fees	0.3%	(3% Deferred)		$68,876	$113,151	(5% Deferred)		0.6%	**Total Developer Fee:**	**$2,293,173**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		32.6%			$6,548,188	$6,592,463			32.8%		
TOTAL CAPITALIZATION					**$20,048,188**	**$20,092,463**				**15-Yr Cash Flow after Deferred Fee:**	**$3,297,684**

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				$7,237 / Unit	$1,100,000	$1,100,000	$7,237 / Unit				0.0%	$0
Building Acquisition	$6,900,000			$45,395 / Unit	$6,900,000	$6,900,000	$45,395 / Unit			$6,900,000	0.0%	$0
					$0	$0						$0
Off-Sites				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$218,299		$1,436 / Unit	$218,299	$254,618	$1,675 / Unit		$254,618		-14.3%	($36,319)
Site Amenities		$48,330		$318 / Unit	$48,330	$36,800	$242 / Unit		$36,800		31.3%	$11,530
Building Cost		$4,971,406	$33.78 /sf	$32,707/Unit	$4,971,406	$4,967,943	$32,684/Unit	$33.76 /sf	$4,967,943		0.1%	$3,463
Contingency		$523,804	10.00%	10.00%	$523,804	$523,804	9.96%	9.96%	$523,804		0.0%	$0
Contractor Fees		$806,657	14.00%	14.00%	$806,657	$806,657	13.95%	13.95%	$806,657		0.0%	$0
Soft Costs	0	$896,600		$8,195 / Unit	$1,245,600	$1,245,600	$8,195 / Unit		$896,600	$0	0.0%	$0
Financing	0	$922,724		$10,437 / Unit	$1,586,348	$1,586,348	$10,437 / Unit		$922,724	$0	0.0%	$0
Developer Fee	$1,035,000	$1,258,173	15.00%	15.00%	$2,293,173	$2,293,173	14.98%	14.98%	$1,258,173	$1,035,000	0.0%	$0
Reserves				3 Months	$377,520	$377,520	3 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$7,935,000**	**$9,645,993**		$132,047 / Unit	**$20,071,138**	**$20,092,463**	$132,187 / Unit		**$9,667,318**	**$7,935,000**	**-0.1%**	**($21,325)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	$0	$0			($0)							
Reserves					$0							
ADJUSTED BASIS / COST	**$7,935,000**	**$9,645,993**		$132,047/unit	**$20,071,138**	**$20,092,463**	$132,187/unit		**$9,667,318**	**$7,935,000**	**-0.1%**	**($21,325)**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA					**$20,092,463**							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Crystal Falls Crossing (fka Cedar Ridge), Leander, TDHCA Bonds/4% HTC #20624

	CREDIT CALCULATION ON QUALIFIED BASIS			
	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$7,935,000	$9,645,993	$7,935,000	$9,667,318
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$7,935,000	$9,645,993	$7,935,000	$9,667,318
High Cost Area Adjustment		100%		100%
TOTAL ADJUSTED BASIS	$7,935,000	$9,645,993	$7,935,000	$9,667,318
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$7,935,000	$9,645,993	$7,935,000	$9,667,318
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$317,400	$385,840	$317,400	$386,693
CREDITS ON QUALIFIED BASIS	$703,240		$704,093	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9224	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$704,093	$6,494,603	**----**	----	----
Needed to Fill Gap	$714,702	$6,592,463	**----**	----	----
Applicant Request	$702,435	$6,479,312	**$702,435**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$13,500,000**	
	Applicant	**TDHCA**
Land Cost	$1,100,000	$1,100,000
Depreciable Bldg Cost	$15,636,820	$15,658,145
Aggregate Basis for 50% Test	$16,736,820	$16,758,145

	Applicant	**TDHCA**
Percent Financed by Tax-Exempt Bonds	**80.7%**	**80.6%**
amount aggregate basis can increase before 50% test fails	$10,263,180 61.3%	$10,241,855 61.1%

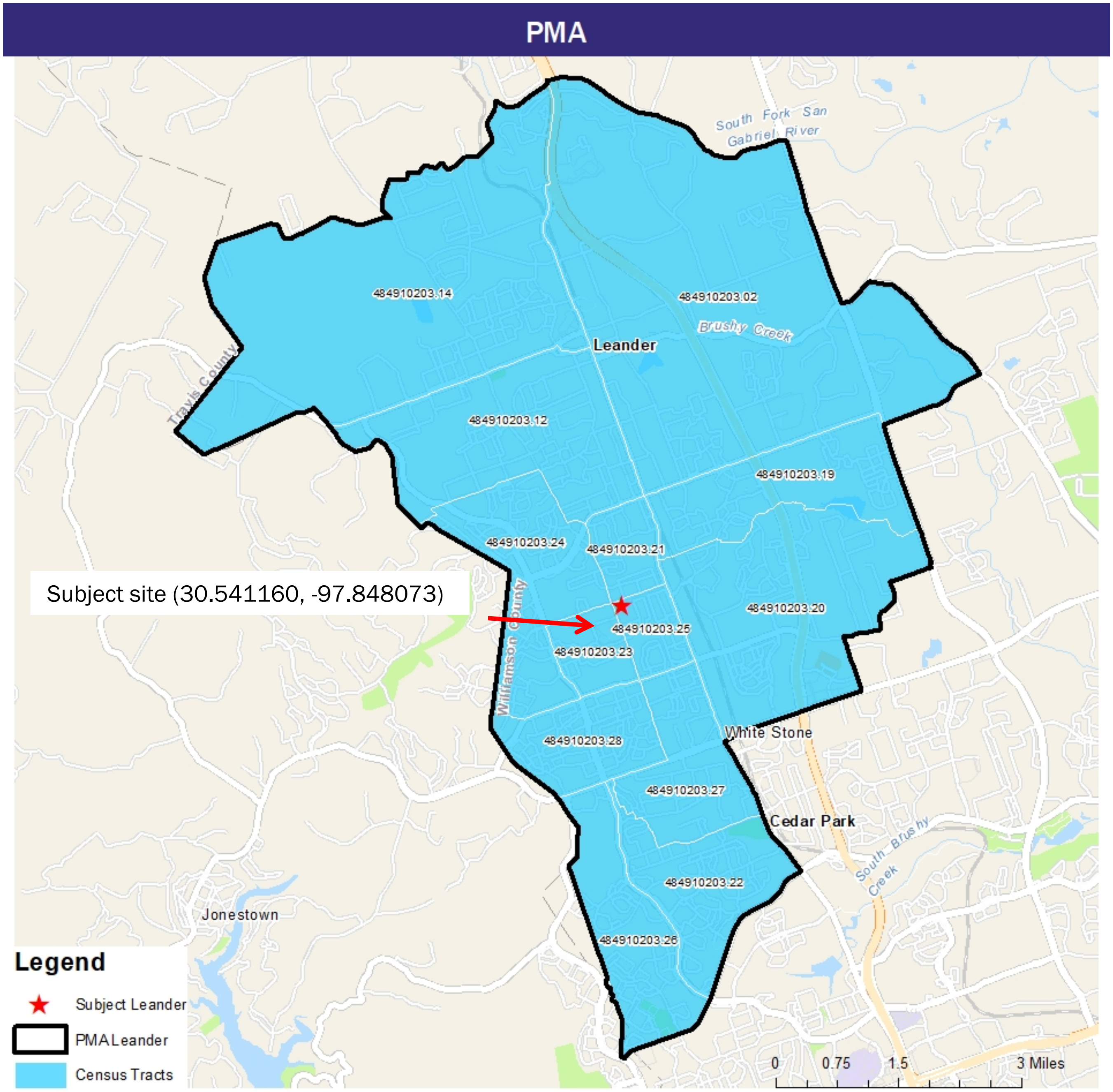
Long-Term Pro Forma

Crystal Falls Crossing (fka Cedar Ridge), Leander, TDHCA Bonds/4% HTC #20624

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30	Year 35
EFFECTIVE GROSS INCOME	2.00%	$1,657,399	$1,690,547	$1,724,358	$1,758,845	$1,794,022	$1,980,746	$2,186,903	$2,414,518	$2,665,823	$2,943,284	$3,249,623
TOTAL EXPENSES	3.00%	$813,897	$837,493	$861,780	$886,780	$912,512	$1,052,948	$1,215,241	$1,402,820	$1,619,653	$1,870,335	$2,160,186
NET OPERATING INCOME ("NOI")		**$843,503**	**$853,055**	**$862,578**	**$872,066**	**$881,510**	**$927,798**	**$971,662**	**$1,011,698**	**$1,046,170**	**$1,072,949**	**$1,089,437**
EXPENSE/INCOME RATIO		49.1%	49.5%	50.0%	50.4%	50.9%	53.2%	55.6%	58.1%	60.8%	63.5%	66.5%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$683,031	$682,831	$682,623	$682,409	$682,186	$680,950	$679,478	$677,724	$675,636	$673,150	$670,188
DEBT COVERAGE RATIO		1.23	1.25	1.26	1.28	1.29	1.36	1.43	1.49	1.55	1.59	1.63
ANNUAL CASH FLOW		**$160,472**	**$170,224**	**$179,955**	**$189,657**	**$199,324**	**$246,848**	**$292,184**	**$333,973**	**$370,533**	**$399,799**	**$419,249**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$47,321	$217,545	$397,499	$587,157	$786,481	$1,926,310	$3,297,684	$4,885,702	$6,667,724	$8,611,573	$10,673,415

PMA Map – Census Tracts

The PMA encompasses approximately 40 square miles.



Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS: Multi Family Bond Hearing

January 27, 2021/2:00 p.m. CST

SPEAKERS

Teresa Morales

PRESENTATION

Teresa	Good afternoon. This is Teresa Morales with the Texas Department of Housing & Community Affairs. The purpose of this phone call is to conduct a public hearing with respect to the proposed Crystal Falls Crossing Apartments proposed transaction. To give folks an idea of how we're going to proceed with respect to this hearing, there is a brief speech that I have to read for purposes of meeting the Internal Revenue Code requirements. It'll be at the conclusion of that speech when I'll open the lines up, and if there are any individuals who wish to make public comment, that will be your opportunity to do so. We'll go ahead and get started.

Good afternoon. My name is Teresa Morales, and I would like to proceed with a public hearing. Let the record show that it is 2:03 p.m. on Wednesday, January 27, 2021. We are conducting a public hearing on behalf of the Texas Department of Housing & Community Affairs, with respect to an issue of tax exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The Department's board is scheduled to meet to consider the transaction on February 11, 2021.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings. The bonds will be issued as tax exempt multifamily revenue bonds in the aggregate principal amount not to exceed $18 million, and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing & Community Affairs, the issuer.

The proceeds of the bonds will be loaned to THF Crystal Falls Preservation LP, or a related person or affiliate entity thereof, to finance a portion of the cost of acquiring, rehabbing, and equipping a multifamily rental housing community described as follows: A 152-unit multifamily residential rental development to be located on approximately 10.753 acres of land, located at 2702 South Bagdad Road in Leander, Williamson County, Texas 78641. The proposed multifamily rental housing community will be initially owned and operated by the borrower or a related person or affiliate thereof.

At this time, I am going to open up the lines for anyone who is wishing to make public comment. Hold on just a second. [Operator instructions].

The lines are now open. Are there any individuals who would like to make public comment? [Operator instructions]. Again, are there any individuals who would like to make public comment with respect to the proposed Crystal Falls Crossing Apartments? Now would be an opportunity to do so.

Let the record show that there are no attendees, and therefore, the meeting is now adjourned. The time is 2:06 p.m. Thank you.

4c

BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding the Issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Shiloh Village Apartments) Series 2021, Resolution No. 21-013, and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted an inducement resolution for the Shiloh Village Apartments at the Board meeting of July 23, 2020;

WHEREAS, an application for Shiloh Village Apartments requesting 4% Housing Tax Credits, sponsored by The Related Companies, was submitted to the Department on November 9, 2020;

WHEREAS, a Certification of Reservation was issued in the amount of $25,000,000 on October 16, 2020, with a bond delivery deadline of April 14, 2021;

WHEREAS, the applicant has requested a waiver, in accordance with 10 TAC §11.207 of the Qualified Allocation Plan (QAP) of certain provisions contained in 10 TAC §11.302 of the QAP related to Underwriting and Loan Policy due to the unique circumstances associated with the proposed development;

WHEREAS, staff recommends the waivers for the following provisions be granted, §11.302(e)(1)(C) to allow determination of the building acquisition value based on the "as is" value as established by an appraisal and §11.302(e)(7)(C)(ii) to allow an adjusted developer fee on the acquisition value, both of which are explained in more detail in the Real Estate Analysis Report included with this item;

WHEREAS, granting the waiver better serves the purposes articulated in Tex. Gov't Code, §§2306.001 and 2306.002 based on the unique circumstances surrounding the competitive bidding and acquisition process of a portfolio of properties across the country and the closing timeline of those properties that was not within the control of the applicant; and

WHEREAS, EARAC recommends approval of the issuance of Multifamily Green Tax-Exempt Bonds (Series 2021) for Shiloh Village Apartments and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, the waivers of §11.302(e)(1)(C) and §11.302(e)(7)(C)(ii) of the Underwriting and Loan Policy Rules are hereby granted;

FURTHER RESOLVED, that the issuance of Multifamily Green Tax-Exempt Bonds (Green M-TEBS – Shiloh Village Apartments) Series 2021 in an amount not to exceed $25,000,000, Resolution No. 21-013, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of $1,485,284 in 4% Housing Tax Credits for the Shiloh Village Apartments, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website, is hereby approved in the form presented to this meeting; and

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

BACKGROUND

General Information: The Bonds will be issued in accordance with Tex. Gov't Code §2306.353 *et seq*., which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. Tex. Gov't Code §2306.472 provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Development Information: Shiloh Village is located at 8702 Shiloh Road in Dallas, Dallas County, and proposes the acquisition and rehabilitation of 168 units that will continue to serve the general population. The property was originally built in 1982, and received an award of 4% Housing Tax Credits in 2004. There is an existing Section 8 HAP contract covering all 168 units that is expected to be renewed at closing for an additional 20-year term. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income (AMFI) that must be served. This application indicates that 67 of the units will be rent and income restricted at 50% of AMFI, while the remaining 101 units will be rent and income restricted at 60% of AMFI. These restrictions comply with the underlying restrictions. Rehabilitation cost, which includes building costs and site work, are approximately $50k per unit.

Waiver Request: The applicant has requested waivers of 10 TAC §11.302(e)(1)(C) to allow determination of the building acquisition value based on the "as is" value as established by an appraisal, and §11.302(e)(7)(C)(ii) to allow an adjusted developer fee on the acquisition value. The Real Estate Analysis Report included herein goes into more detail on the request for each of these waivers and the unique circumstances associated with them. Staff believes that the amount available in the collapse was outside the applicant's control, and granting the waivers better serves the purposes articulated in Tex. Gov't Code §§2306.001 and 2306.002 based on the unique circumstances surrounding the competitive bidding and acquisition process of a portfolio of properties across the country and the closing timeline of those properties that was not within the control of the applicant. Staff also notes that these provisions were modified in the 2021 QAP to allow for the developer fee on the acquisition and required the appraisal to be reviewed by a third party appraiser on an approved list by the Department. Moreover, staff notes that this application was originally intended to be submitted in 2021 which would have put it under the new rules; however, additional bond volume cap became available in late 2020 and the Department received bond reservations out of the 2020 ceiling so that more applications on its 2021 list could receive bond reservations. The process for the third party appraisal review has not yet been established, and underwriting staff has continued to review application appraisals.

Organizational Structure and Previous Participation: The Borrower is Shiloh Village Preservation, L.P. and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1 without further review and discussion.

Tax Equity and Fiscal Responsibility Act (TEFRA) Public Hearing/Public Comment: In light of COVID-19 and the inability for an in-person TEFRA hearing to be held, staff conducted a telephonic hearing, in accordance with IRS guidance, for the proposed development on January 27, 2021. There was no public comment made at the hearing. The Department received one letter of opposition to the proposed development from the Ferguson Road Initiative. Subsequently, the developer made contact with the Ferguson Road Initiative, who then rescinded their opposition and are now in support of the proposed development. Both the original opposition letter, and succeeding support letter are included herein.

Summary of Financial Structure

This transaction utilizes a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security (MBS). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Regions Bank) and the funds used by the lender to acquire the loan will be deposited into the collateral account to secure the bonds. The project will be 100% cash collateralized at all times, which offers protection for the bondholders. Approximately 10-15 days from the closing date Regions Bank will assign the loan to Fannie Mae and in exchange, Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Regions) in the collateral account to purchase the MBS which will be used to secure the bonds from that point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed $21,500,000 that will be initially placed with Regions Bank. The interest rate on the bonds is currently estimated to be 3.80%, which is 1.35% over the estimated pass-through bond rate. The loan will have a term of 17 years and a 35-year amortization. The bonds will have a maximum maturity date of March 1, 2041.

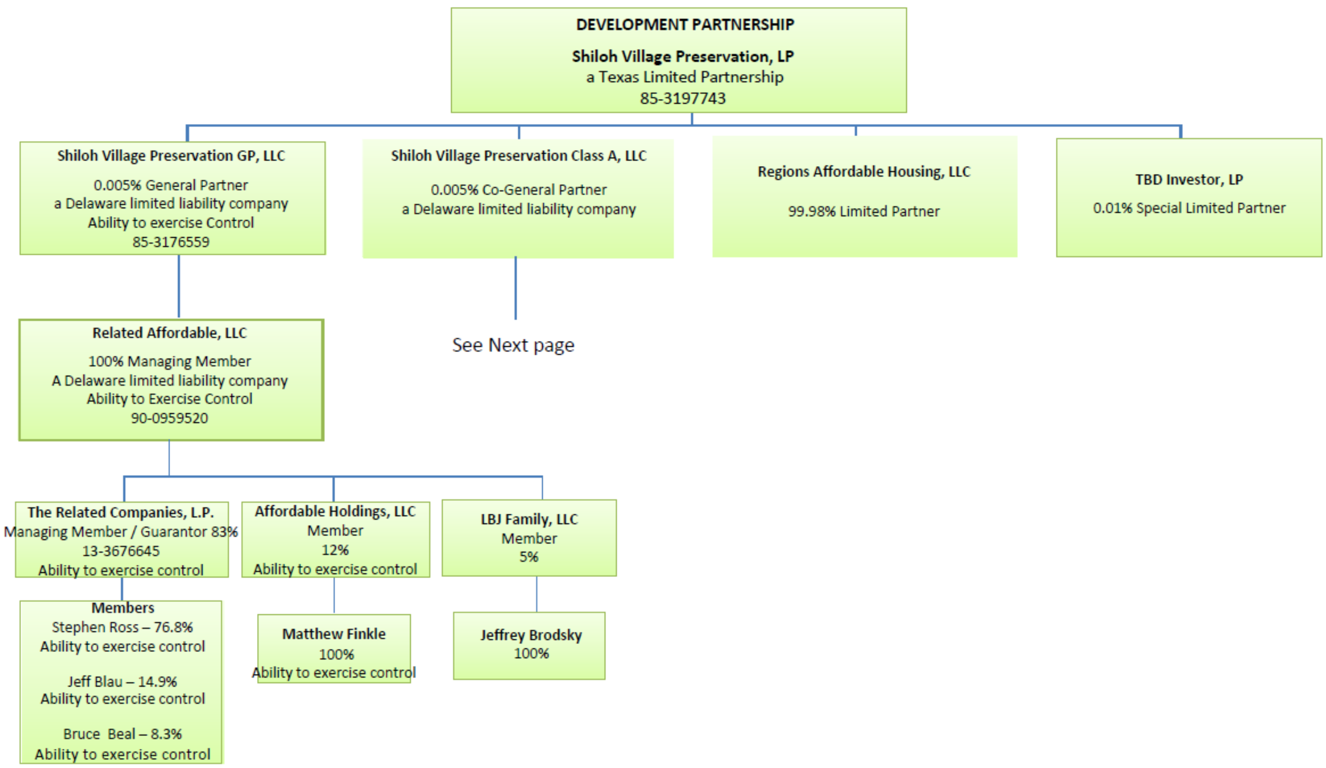
Additionally, unique to this transaction is that it is utilizing a product from Fannie under their Green Building Program. The name of the issuance reflects that they are Multifamily Green Tax-Exempt Bonds. Fannie Mae offers incentives (preferential pricing and a free energy and water audit paid by Fannie) for owners who commit to property improvements that are projected to reduce the property's annual energy and/or water consumption by at least 30%. As a result of these features it will disclose the Green Loan as a Green MBS and will presumably be able to access a broader MBS investor market.

A copy of the Exhibits recommended to be approved by the Board as referenced in Resolution No. 21-013 can be found online at TDHCA's Board Meeting Information Center website at http://www.tdhca.state.tx.us/board/meetings.htm.

EXHIBIT A

Shiloh Village

Ownership Structure



RESOLUTION NO. 21-013

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY GREEN TAX-EXEMPT BONDS (GREEN M-TEBS – SHILOH VILLAGE APARTMENTS) SERIES 2021; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

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

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

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Green Tax-Exempt Bonds (GREEN M-TEBS – SHILOH VILLAGE APARTMENTS) Series 2021 (the "Bonds") pursuant to and in accordance with the terms of an Indenture of Trust (the "Indenture") between the Department and BOKF, NA, as trustee (the "Trustee"), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Shiloh Village Preservation, L.P., a Texas limited partnership (the "Borrower") in order to finance the cost of acquisition, equipping and rehabilitation of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the

State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by a resolution adopted on July 23, 2020, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and

WHEREAS, it is anticipated that the Department, the Trustee, the Lender (defined below) and the Borrower will execute and deliver a Financing Agreement (the "Financing Agreement") pursuant to which (i) the Department will agree to make a mortgage loan (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the "Loan Agreement") by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the "Subordinate Mortgage") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from Regions Bank, as lender (the "Lender"), and the Lender will deposit the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in connection with the loan from the Lender, it is anticipated that the Department will assign to the Lender all of its rights (except for certain reserved rights) under the Loan Agreement, the Mortgage and certain other collateral loan documents pursuant to those certain (i) Assignment of Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Assignment of Deed of Trust"), and (ii) Assignment of Collateral Agreements and Other Loan Documents (the "Assignment of Collateral Documents," and together with the Assignment of Deed of Trust, the "Assignments"); and

WHEREAS, the Board has determined that the Department, the Trustee, and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement") to set forth various facts, certifications, covenants, representations, and warranties regarding the Bonds and the Development and to establish the expectations of the Department, the Trustee, and the Borrower as to future events regarding the Bonds, the Development, and the use and investment of proceeds of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower, will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (Affordable) (the "Subordination Agreement") among the Lender, the Department, the Trustee and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the "Official Statement") and to authorize the Authorized Representatives (as defined herein) of the Department to deem the Official Statement "final" for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the "Bond Purchase Agreement") with Jefferies LLC (the "Underwriter"), and the Borrower, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Tax Exemption Agreement, the Regulatory Agreement, the Loan Agreement, the Assignment of Deed of Trust, the Assignment of Collateral Documents, the Subordination Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

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

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by an Authorized Representative (as defined below) of the Department of the Indenture and the Bond Purchase Agreement; provided, however, that (i) the Bonds shall bear interest at the interest rate set forth in the Bond Purchase Agreement in accordance with the provisions of the Indenture; provided that in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; and provided further that the initial interest rate on the Bonds shall not exceed 6.00% (ii) the aggregate principal amount of the Bonds shall not exceed $25,000,000; (iii) the final maturity of the Bonds shall occur not later than March 1, 2041; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives (as defined below) are each hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby

approved and the Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives are each hereby authorized to endorse and deliver the Note without recourse.

Section 1.9 Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignment of Deed of Trust and the Assignment of Collateral Documents, are hereby approved, and that the Authorized Representatives each are hereby authorized to execute each Assignment, and to deliver each Assignment to the Lender.

Section 1.10 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Subordination Agreement, and to deliver the Subordination Agreement to the Lender, the Trustee and the Borrower and to cause the Subordination Agreement to be filed of record in the real property records of Dallas County, Texas.

Section 1.11 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution are each authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution

are each authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.12 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.13 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.14 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

Exhibit B	-	Indenture
Exhibit C	-	Financing Agreement
Exhibit D	-	Loan Agreement
Exhibit E	-	Tax Exemption Agreement
Exhibit F	-	Regulatory Agreement
Exhibit G	-	Bond Purchase Agreement
Exhibit H	-	Note
Exhibit I	-	Mortgage
Exhibit J	-	Subordinate Mortgage
Exhibit K	-	Assignment of Deed of Trust
Exhibit L	-	Assignment of Collateral Documents
Exhibit M	-	Subordination Agreement
Exhibit N	-	Official Statement

Section 1.15 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the

other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Approval of Requests for Rating from Rating Agency. That the action of the Executive Director of the Department or any successor and the Department's consultants in seeking a rating from Moody's Investors Service, Inc., and its successors and assigns, is approved, ratified and confirmed hereby.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Jefferies LLC, or any other party identified in the Bond Purchase Agreement.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply

with the Bond Purchase Agreement and the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts

with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low, very low and extremely low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low, very low and extremely low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low, very low and extremely low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the

Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act, regarding meetings of the Governing Board.

PASSED AND APPROVED this 11th day of February, 2021.

EXHIBIT A

Description of Development

Borrower:	Shiloh Village Preservation, L.P., a Texas limited partnership
Development:	The Development is a 168-unit affordable, multifamily housing development known as Shiloh Village Apartments, to be located at 8702 Shiloh Rd., Dallas, Dallas County, TX 75228. It consists of fifteen (15) residential apartment buildings with approximately 178,536 net rentable square feet. The unit mix will consist of:

16	two-bedroom/one-bath units
80	three-bedroom/one-and-one-half-bath units
72	four-bedroom/two-bath units
168	Total Units

Unit sizes will range from approximately 802 square feet to approximately 1,157 square feet.

20625 Shiloh Village - Application Summary

REAL ESTATE ANALYSIS DIVISION
February 3, 2021

PROPERTY IDENTIFICATION	
Application #	**20625**
Development	**Shiloh Village**
City / County	**Dallas / Dallas**
Region/Area	**3 / Urban**
Population	**General**
Set-Aside	**General**
Activity	**Acquisition/Rehab** (Built in 1982)

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$1,485,284	**$1,485,284**	**$8,841/Unit**	**$0.93**
Private Activity Bonds	$21,500,000	3.80%	35	17	1

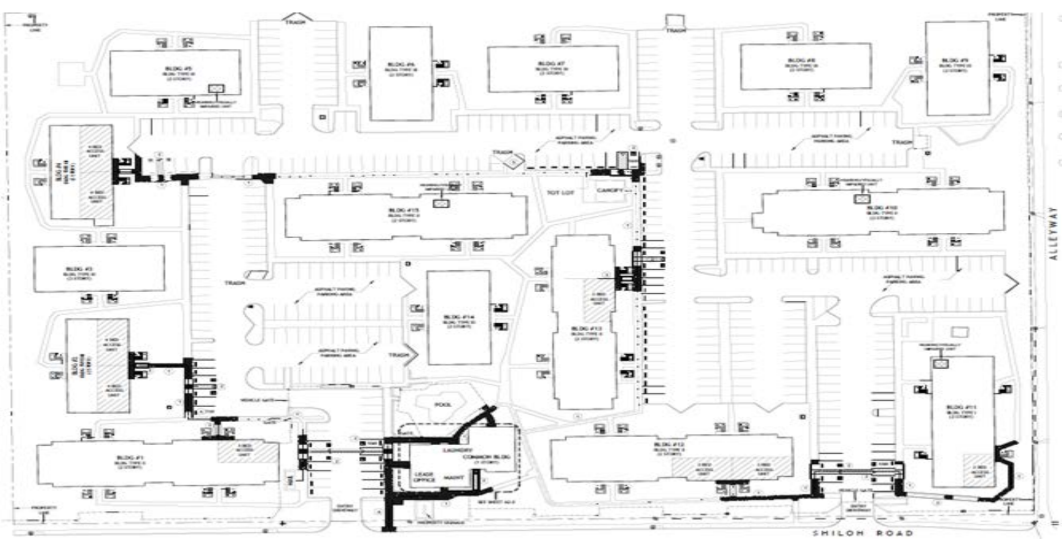
KEY PRINCIPALS / SPONSOR		
Related Affordable, LLC: LP; Developer		
Related Parties	Contractor - TBD	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	-	0%	40%	-	0%
2	16	10%	50%	67	40%
3	80	48%	60%	101	60%
4	72	43%	MR	-	
TOTAL	168	100%	TOTAL	168	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.35	Expense Ratio	40.3%
Breakeven Occ.	80.2%	Breakeven Rent	$1,179
Average Rent	$1,399	B/E Rent Margin	$220
Property Taxes	$1,581/unit	Exemption/PILOT	0%
Total Expense	$6,473/unit	Controllable	$3,194/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (0% Maximum)			#DIV/0!
Highest Unit Capture Rate	0%	#N/A	###
Dominant Unit Cap. Rate		0 BR/20%	0
Premiums (↑60% Rents)	#DIV/0!		#DIV/0!
Rent Assisted Units	168	100% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	1,063 SF	Density	16.8/acre
Acquisition		$101K/unit	$17,000K
Building Cost	$44.30/SF	$47K/unit	$7,908K
Hard Cost		$56K/unit	$9,457K
Total Cost		$217K/unit	$36,429K
Developer Fee	$4,242K	(0% Deferred)	Paid Year: 1
Contractor Fee	$1,310K	30% Boost	Yes

REHABILITATION COSTS / UNIT					
Site Work	$3K	6%	Finishes/Fixtures	$12K	21%
Building Shell	$30K	53%	Amenities	$1K	2%
HVAC	$4K	8%	Total Exterior	$34K	66%
Appliances	$2K	3%	Total Interior	$17K	34%

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Regions	17/35	3.80%	$21,500,000	1.42
Adjustment to Debt Per §11.302(c)(2)	17/35	3.80%	$1,100,000	1.35
TOTAL DEBT (Must Pay)			$22,600,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$0	

EQUITY / DEFERRED FEES	
Source	Amount
Regions Affordable Housing	$13,811,756
Developer	$16,747
TOTAL EQUITY SOURCES	$13,828,503
TOTAL DEBT SOURCES	$22,600,000
TOTAL CAPITALIZATION	$36,428,503

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Approval of the Recommended Credit Allocation requires Board approval of the requested waivers as recommended.

b: Documentation of approval of the proposed HAP Rents.

2 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:

a: Certification of comprehensive testing for asbestos; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

b: Certification of comprehensive testing for mold, and that any appropriate abatement procedures were implemented by a qualified abatement company.

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

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	4/14/2021
Bond Amount	$25,000,000
BRB Priority	Priority 3
Bond Structure	Fannie M.TEB
% Financed with Tax-Exempt Bonds	70.0%

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

- 100% Section 8 HAP Assisted
- Developer's Experience with TDHCA Programs
- Strong Cash-Flow Potential
- Low Expense-Ratio

WEAKNESSES/RISKS

- High Controllable Expenses

AREA MAP

AERIAL PHOTOGRAPH(s)

Real Estate Analysis Division
Underwriting Report
February 3, 2021

DEVELOPMENT IDENTIFICATION

TDHCA Application #: **20625** Program(s): **TDHCA Bonds/4% HTC**

Shiloh Village

Address/Location: 8702 Shiloh Road

City: Dallas County: Dallas Zip: 75228

Population: General Program Set-Aside: General Area: Urban
Activity: Acquisition/Rehab Building Type: Garden (Up to 4-story) Region: 3

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	**Amount**	**Interest Rate**	**Amort**	**Term**	**Amount**	**Interest Rate**	**Amort**	**Term**	**Lien**
Private Activity Bonds	$21,500,000	3.80%	35	17	**$21,500,000**	**3.80%**	**35**	**17**	**1**
LIHTC (4% Credit)	$1,485,284				**$1,485,284**				

* Bond resolution reflects an amount not to exceed $25,000,000; for underwriting purposes it has been sized at $21,500,000

Based on the unique circumstances of the acquisition as described in the Report, Staff recommends Board approval of waivers of the

a) 11.302(e)(1)(C) - to allow determination of the building acquisition value based on the "as is" value as established by an

b) 11.302(e)(7)(C)(ii) - to allow a Developer Fee on the acquisition value.

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Approval of the Recommended Credit Allocation requires Board approval of the requested waivers as recommended.

b: Documentation of approval of the proposed HAP Rents.

2 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:

a: Certification of comprehensive testing for asbestos; that any appropriate abatement procedures were implemented; and that any remaining asbestos-containing materials are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.

b: Certification of comprehensive testing for mold, and that any appropriate abatement procedures were implemented by a qualified abatement company.

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
50% of AMI	50% of AMI	67
60% of AMI	60% of AMI	101

DEVELOPMENT SUMMARY

Shiloh Village is an existing Project-Based Section 8 community located in Austin TX. This application is for the acquisition and rehab of the property. Rehab will include $51K/unit of improvements.

The community will serve the general population at 50% and 60% Area Median Income (AMI) levels. 100% of the units are covered by a HAP contract.

Applicant intends to renew the Section 8 HAP contract under Mark-Up-To-Market (MUTM) rent increases for the 100 HAP units.

RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	100% Section 8 HAP Assisted
▫	Developer's Experience with TDHCA Programs
▫	Strong Cash-Flow Potential
▫	Low Expense-Ratio

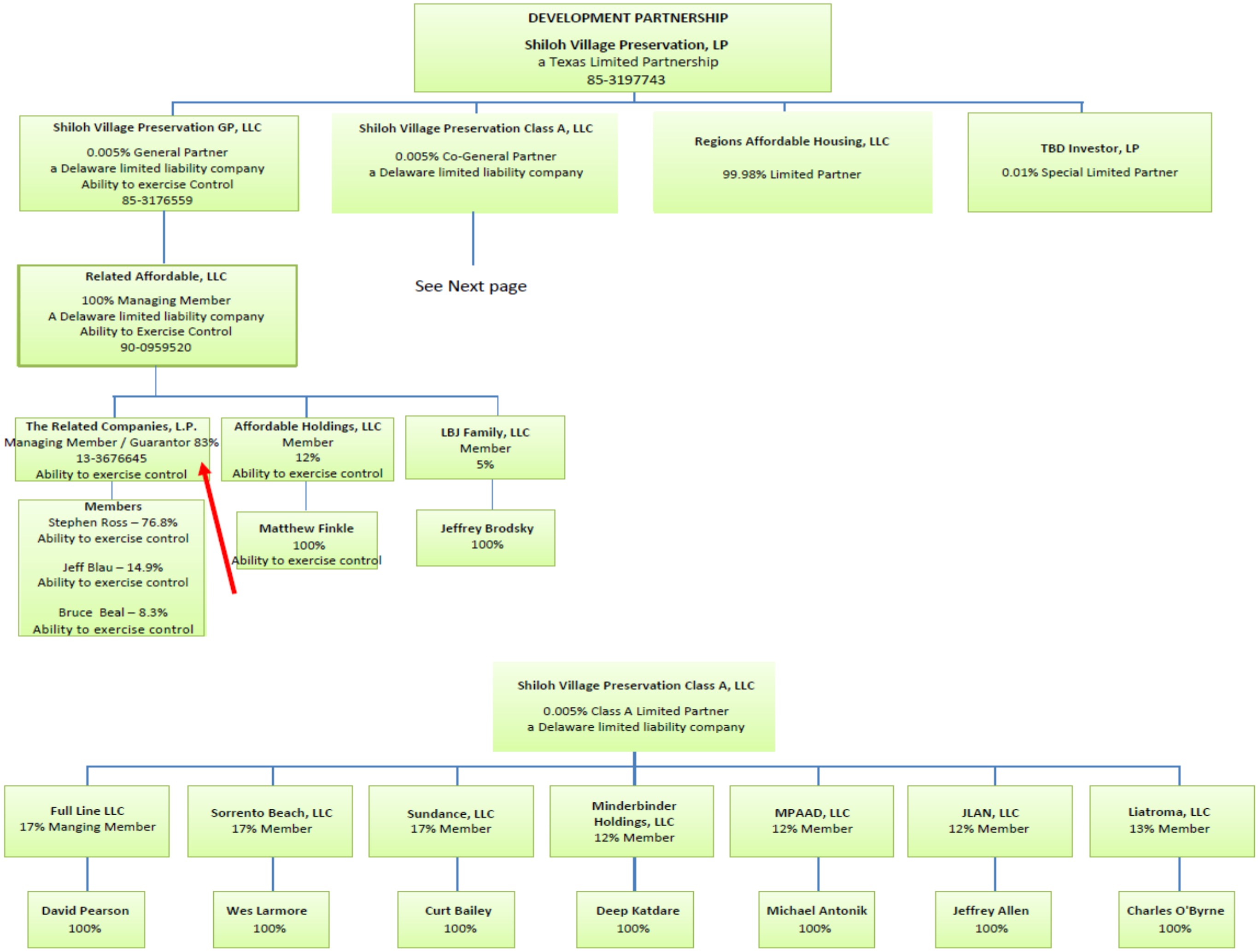
	WEAKNESSES/RISKS
▫	High Controllable Expenses
▫	
▫	
▫	

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Wes Larmore	Name:	Ean Dubrowsky
Phone:	(213) 634-1566	Phone:	(213) 984-2021
Relationship:	Developer	Relationship:	Developer

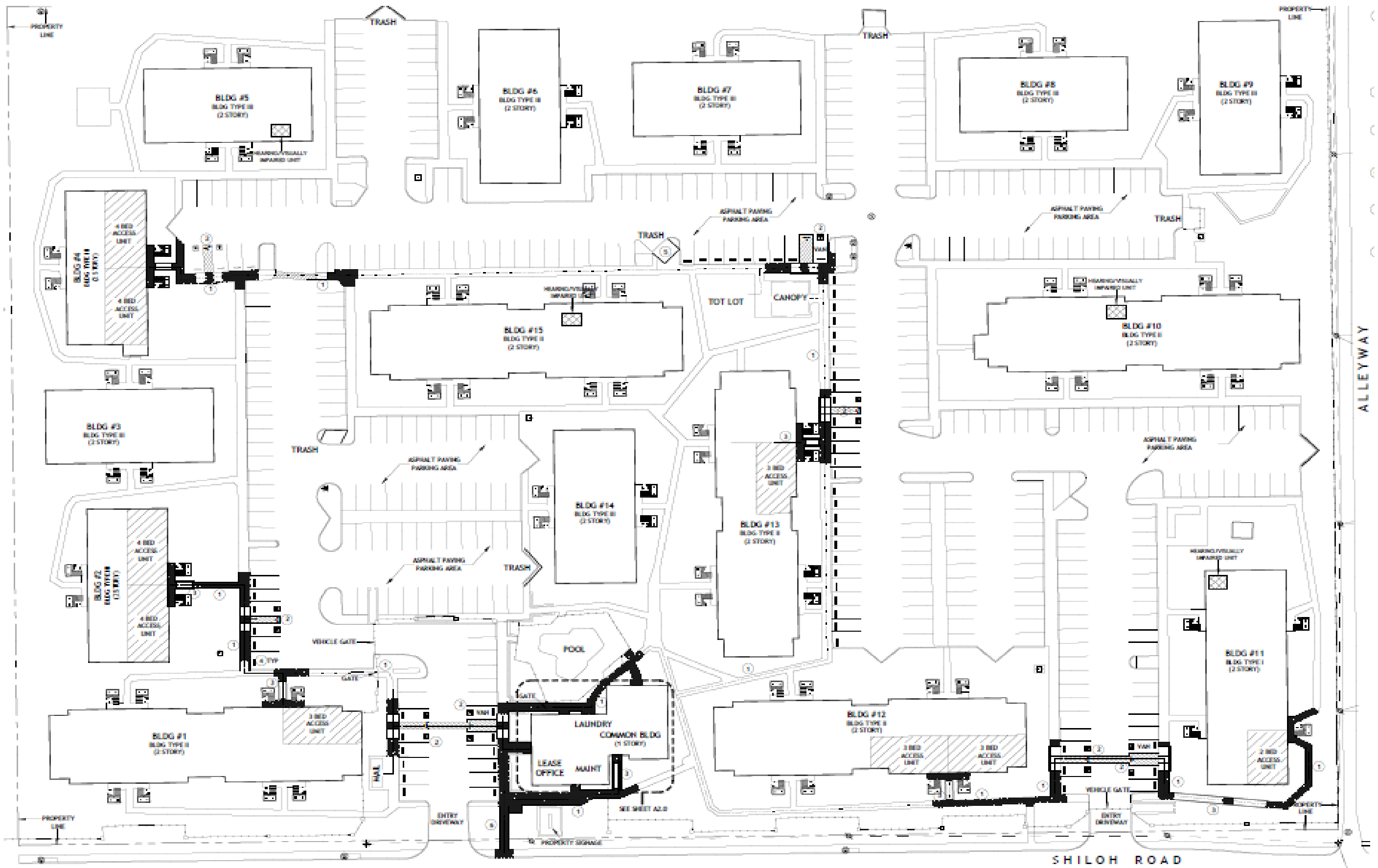
Ownership Structure

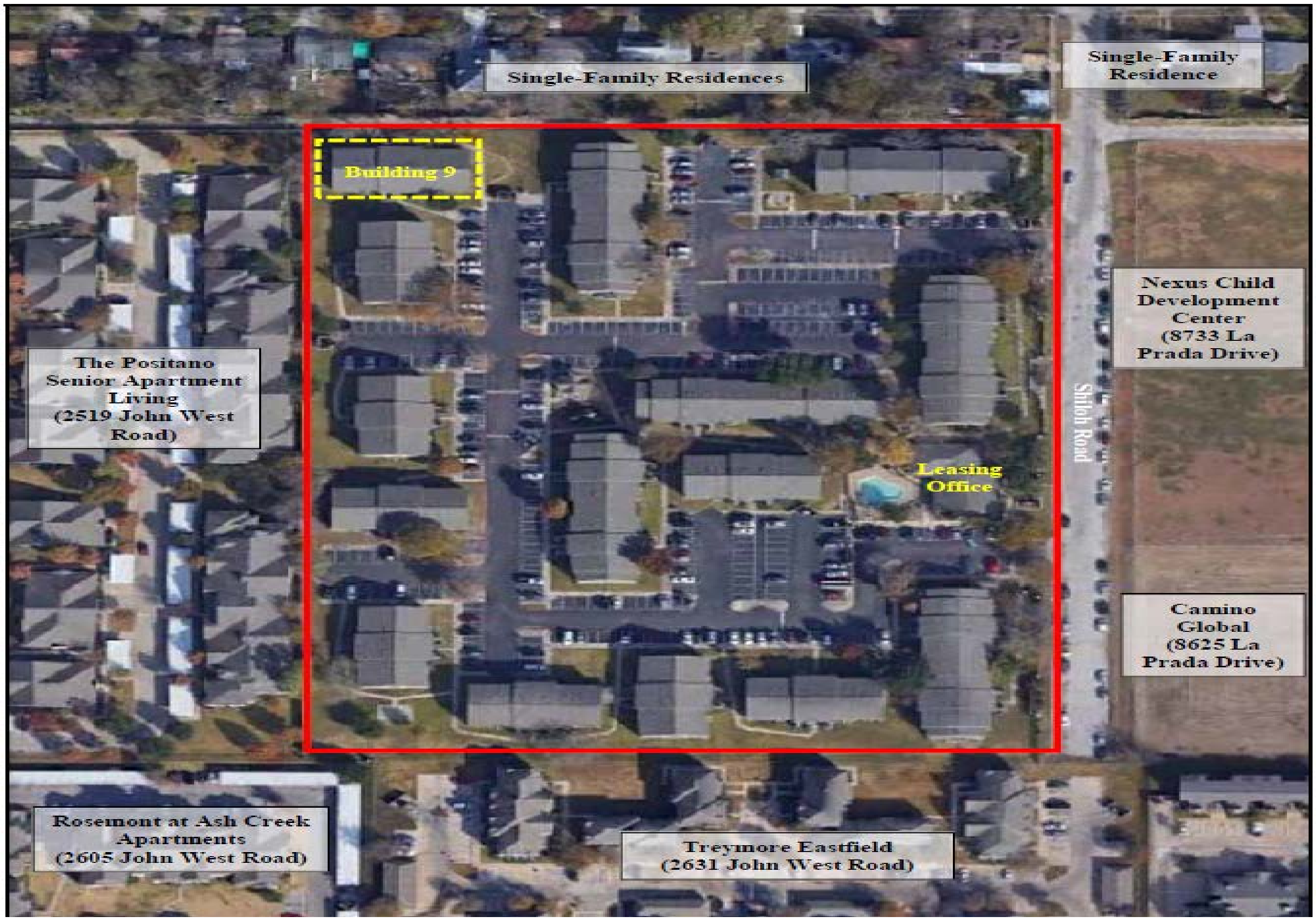


- The Related Companies organization owns and operates a portfolio of assets valued at over $60 billion, which includes luxury, affordable and workforce apartments, commercial, retail and mixed-use developments. Related Affordable, LLC is a subsidiary of The Related Companies, L.P. They have built, renovated and managed over 60,000 affordable and workforce housing units, including the development of over 30 HTC properties in Texas. For more information go to www.related.com.

DEVELOPMENT SUMMARY

SITE PLAN





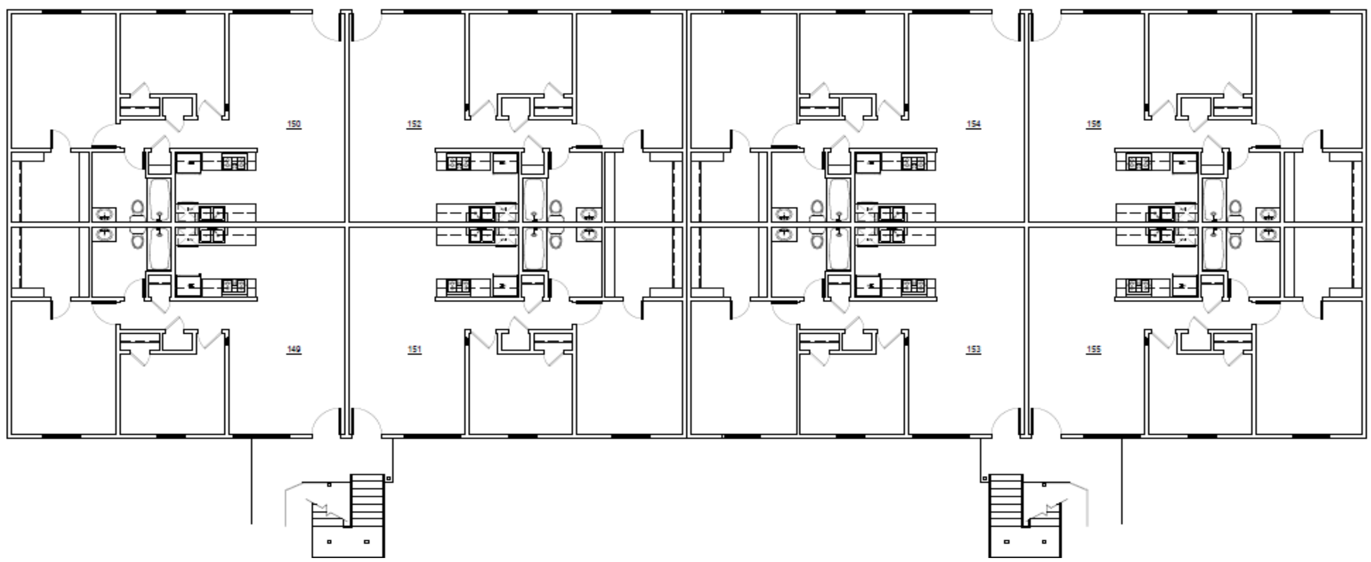
Comments:

The site has mostly level topography, with moderate sloping toward the southwest. A detention basin area is located at the southeast corner of the subject property. Access to the site is located along Shiloh Road.

The project will provide 370 total parking spaces, which represents 2.2 spaces/ unit. This falls short of the total spaces required for a new development; however, the site has legal nonconforming status as the result of the original construction year.

Site amenities include a pool and playground.

BUILDING PLAN (Typical)



Comments:

Building plan consists of 15, two-story residential buildings and a one-story office building. All three-bedroom units have 1.5 baths and four-bedrooms units have two full baths. Units feature 8-foot ceilings, patios/ balconies, and washer /dryer hook-ups.

BUILDING ELEVATION

Comments:

Building exteriors are wood-framed with painted stucco walls and hardboard siding. There is little articulation. Flat TPO roof.

Tenant Relocation Plan

Applicant provided a tenant relocation plan, which will require residents to be out of their units between 20 and 30 days. There are nine units being converted to full accessibility that may have an extended timeline beyond 30 days. The plan calls for work on two units to start every Monday and Tuesday with allowable breaks for catch up.

Residents will move out on the week day prior to work starting on their unit. Temporary on-site vacant units will be used to house tenants while their units is being renovated. Off-site housing also may be required for one or more households with possible lodging at nearby hotels listed on the relocation plan. Assistance to residents may include moving assistance, relocation coordination, and potential per diem to cover any out of pocket expenses.

$252k of relocation costs are included in the development cost budget.

BUILDING CONFIGURATION

Building Type	1	2	3										**Total Buildings**
Floors/Stories	2	2	2										
Number of Bldgs	1	5	9										**15**
Units per Bldg	16	16	8										
Total Units	16	80	72										**168**

Avg. Unit Size (SF)	**1,063 sf**	**Total NRA (SF)**	**178,536**	**Common Area (SF)***	**3,676**

*Common Area Square Footage as specified on Architect Certification

SITE CONTROL INFO

Site Acreage: Development Site: 10.00 acres   Density: 16.8 units/acre

Site Control: 10   **Site Plan:** 10.01   **Appraisal:** 10   **ESA:** 10.01

Control Type: Commercial Contract   Contract Expiration: April 2021

Total Acquisition: 10.00 acres   Cost: $17,000,000

Seller: Shiloh Village Associates, LP

Buyer: Related Affordable, LLC

Comments:

In July 2018 affiliates of the Related Companies ("Related") acquired all of the ownership interests held by AIMCO in 52 affordable housing properties across the country; six are located in Texas of which Shiloh Village is one. Related subsequently acquired the remaining tax credit investor held interests in these properties. The intent of acquisition was to renovate and preserve the affordability for the entire portfolio using a combination of tax exempt bonds and 4% tax credits. This requires Related to hold the various interest positions until the properties come off of their initial compliance periods which range from 2019 to 2026. Financing for the transaction was provided by a combination of Deutsche Bank and affiliates of Related.

The proposed acquisition of Shiloh Village from Shiloh Village Associates, LP (an affiliate of Related) is considered an identity of interest transaction under the 2020 Rules. Applicant is requesting a waiver to have the transfer be considered under the 2021 Rules, which were approved prior to the submission of the Application. This would allow a purchase price equal to the "as is" value as established by an appraisal and developer fee on the acquisition price. The Application was going to be submitted under the 2021 QAP but when additional volume cap became available late in 2020 the Applicant received a bond reservation in 2020. The underwriting assumes approval of the requested waiver.

The 2021 QAP requires the appraisal to be reviewed in accordance with USPAP Standards. At the time of this underwriting, the process to implement this requirement is not yet in place. Until a process is established and a list of approved review appraisers has been identified, REA Staff will continue to review application appraisals to insure compliance with the QAP.

APPRAISED VALUE

Appraiser: Starmark Appraisals   Date: 9/11/2021

Land as Vacant:	10 acres	$2,080,000	Per Unit:	$12,381
Existing Buildings: (as-is)		$16,520,000	Per Unit:	$98,333
Total Development: (as-is)		**$18,600,000**	Per Unit:	**$110,714**

Comments:

The Appraisal indicates the market value of the vacant land at $2,080,000.

The Appraisal indicates the value of the total development as-is, as restricted, at $18.6M. Valuation is based on capitalization of income using the existing contract rents.

SITE INFORMATION

Flood Zone:	Zone X	Scattered Site?	No
Zoning:	MF-1(A)	Within 100-yr floodplain?	No
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	1982	Title Issues?	No

Current Uses of Subject Site:

168 unit apartment complex built in 1982

Surrounding Uses:

North: Single-Family Residences
South: Multi-Family Apartments
East: Nexus Child Development Center and Camino Global
West: The Positano Senior Apartment Living

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Partner Engineering and Science, Inc. Date: 7/23/2020

Recognized Environmental Conditions (RECs) and Other Concerns:

- None

Comments:

Per ESA, asbestos-containing materials (ACMs) were present on-site and observed on building materials, including four units within one building. ESA Provider recommends a comprehensive survey for the ACMs be conducted prior to planned renovation or demolition activities, and that a licensed asbestos abatement contractor and/ or consultant perform removal of identified ACMs in accordance with applicable regulation.

Provider identified evidence of microbial growth within two units, as well as a water leak in another unit. It is suggested that an Operations and Maintenance Program be implemented. Provider also recommends remediation of suspect microbial growth by a licensed contractor, along with the implementation of a Microbial Growth, Moisture & Minimization Plan.

Per ESA, it is unlikely that Lead-Based Paint is present in buildings due to the building being constructed after 1977. Provider also mentions that Radon is not considered to be a significant environmental concern since the property is located in Radon Zone 3, according to the US EPA Map of Randon Zones.

MARKET ANALYSIS

Provider: Gill Group

Date: 1/14/2021

Market Analyst calculates a Gross Capture Rate of 1.3%, which is below the 10% maximum. Underwriter reviewed the market study for compliance.

Capture rate limits do not apply to existing affordable housing that is at least 50% occupied and that provides a leasing preference to existing tenants. The Subject property is covered by a Housing Assistance Program contract, meaning that all households below the maximum income level are eligible.

Subject is currently 93% occupied.

ELIGIBLE HOUSEHOLDS BY INCOME								
Dallas County Income Limits								
HH Size		1	2	3	4	5	6	7+
50% AMGI	Min	$1	$1	$1	$1	$1	$1	$1
	Max	$30,200	$34,500	$38,800	$43,100	$46,550	$50,000	$56,900
60% AMGI	Min	$1	$1	$1	$1	$1	$1	$1
	Max	$36,240	$41,400	$46,560	$51,720	$55,860	$60,000	$68,280

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (TDHCA Pro Forma)					
NOI:	$1,612,295	Avg. Rent:	$1,399	Expense Ratio:	40.3%
Debt Service:	$1,191,089	B/E Rent:	$1,179	Controllable Expenses:	$3,194
Net Cash Flow:	$421,206	UW Occupancy:	95.0%	Property Taxes/Unit:	$1,581
Aggregate DCR:	1.35	B/E Occupancy:	80.2%	Program Rent Year:	2020

100% of the units are supported by Section 8 HAP Rental Assistance. Applicant has requested HUD approval for the early termination of the existing HAP contract in order to replace it with a 20-year Mark-up-to-Market form of contract with post-rehabilitation rent increases. Underwritten Contract Rents represent ~23% increase over current contract rents.

Unit Type	Current Net HAP Rent	Anticipated Net HAP Rent	Increase	Variance
2BR	$937	$1,190	**$253**	27%
3BR	$1,146	$1,350	**$204**	18%
4BR	$1,218	$1,500	**$282**	23%

Average rent is $200 above break-even rent. Project is underwritten at 8 units vacant; Break-even vacancy is 31 units. Vacancy is assumed at 5% instead of the standard 7.5% due to the HAP contract.

Per Applicant, management fee is restricted by HUD due to Mark-up-to-Market submission. Applicant is assuming 4.12% management fee. If we assume standard 5% management fee, DCR would fall to 1.34, remaining within the required limit.

Applicant's pro forma includes $2,095 per unit per year property tax, which is twice the actual current expense of $1,054. Underwriter assumes a 50% increase to the current property tax expense following the rehab.

Supportive services show an expense of $65K and will be underwritten at cost certification regardless if incurred. Per Applicant, these services will include programs related to youth enrichment, financial literacy/ home stabilization, employment readiness, health and nutrition, personal development, computer workshops crisis intervention, and parenting workshops.

Controllable expenses are relatively high at $3,091/unit, mainly attributed to payroll. Applicant provided a detailed staffing plan to support this expense.

Applicant's operating expenses of $7,043/unit are within 5% of Underwriter's estimate of $6,473/unit. Expense ratio is low at 40.28% due to the high HAP Rents ($1,399 per unit / $1.32 psf).

Deferred fee pays off in year 1; 15-year cash flow is $8.8M.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	0	Revisions to Annual Operating Expenses:	1

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (TDHCA's Costs- Based on SCR)					
Acquisition	$208,000/ac	$101,190/unit	**$17,000,000**	Contractor Fee	**$1,310,161**
Off-site + Site Work		$4,156/unit	**$698,154**	Soft Cost + Financing	**$3,839,789**
Building Cost	$44.30/sf	$47,074/unit	**$7,908,421**	Developer Fee	**$4,242,089**
Contingency	9.88%	$5,064/unit	**$850,754**	Reserves	**$579,135**
Total Development Cost	$216,836/unit	**$36,428,503**		**Rehabilitation Cost**	**$51,230/unit**

Qualified for 30% Basis Boost?	Located in QCT with > 20% HTC units/HH with local Resolution

Acquisition:

The Contract Purchase Price is $17M. The Applicant allocated the $2.08M appraised value of the land as ineligible, and the remaining $14.92M as eligible building acquisition basis.

Site Work:

Site work of $4,156/unit includes on-site paving ($250K) and on-site concrete ($104K), along with on-site utilities($50K). Site work will also involve landscaping, fencing, pool and decking, rough and fine grading, on-site electrical, and bumper stops, stripping, and signage.

Building Cost:

Planned capital improvements include: •General Interior: painting, flooring, energy efficient lighting, new energy efficient HVAC systems, new entrance doors, and new window treatments •Bathrooms: new vanities, sinks, and faucets, medicine cabinets, tub surrounds, toilets, painting, plumbing (shower heads / valves and venting), and exhaust fans •Common Areas and Amenities: a redesigned community room that will include an expanded business center and a new fitness room, upgraded security systems, management and leasing office renovations, laundry room improvements, and a community wide WIFI network that will be free to the residents •Building Exterior: aesthetic improvements, siding repairs, exterior stair replacement, and new energy efficient windows (in additional to the roof and foundation repairs) •Site Improvements: fencing upgrades, exterior lighting upgrades (LED), courtyard improvements, landscaping, site signage, parking lot, and concrete walk repairs / replacement

REHABILITATION COSTS / UNIT / % HARD COST							
Site Work	$550,154	$3,275/unit	6%	Finishes/Fixtures	$1,941,359	$11,556/unit	21%
Building Shell	$4,973,402	$29,604/unit	53%	HVAC	$713,100	$4,245/unit	8%
Amenities	$148,000	$881/unit	2%	Appliances	$280,560	$1,670/unit	3%
Total Exterior	**$5,671,556**	**$33,759/unit**	**66%**	**Total Interior**	**$2,935,019**	**$17,470/unit**	**34%**

SCOPE & COST REVIEW

Provider: Partner Engineering and Science, Inc. Date: 9/10/2020

Ineligible Costs:

$250K Tenant Relocation is excluded from eligible basis.

Reserves:

Reserves equal 3 months of operating expenses and debt service.

Comments:

Total estimated costs for tenant relocation is $252K, which includes a relocation coordinator, movers/ storage, supplies, off-site accommodations and per diem.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$36,428,503	$32,593,484	$1,488,965

Related-Party Contractor: TBD

Related-Party Cost Estimator: Yes

Revisions to Development Cost Schedule:	1

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
TDHCA	$25,000,000	10/16/2020	Priority 3
Closing Deadline	**Bond Structure**		
4/14/2021	Fannie M.TEB		

Percent of Cost Financed by Tax-Exempt Bonds	70.0%

Comments:

The project will be financed with $21.5M in tax-exempt bonds, backed by a $21.5M permanent loan from Regions Bank. TDHCA will issue the bonds and receive an on-going issuer fee of 10bps throughout loan term.

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
Regions	Tax Exempt Loan	$21,500,000	3.80%	59%
Regions Affordable Housing	HTC	$11,049,405	$0.93	30%
Developer	Deferred Developer Fee	$3,780,064		10%
		$36,329,469	**Total Sources**	

PERMANENT SOURCES

Debt Source	PROPOSED Amount	Interest Rate	Amort	Term	UNDERWRITTEN Amount	Interest Rate	Amort	Term	LTC
Regions	$21,500,000	3.80%	35	17	$21,500,000	3.80%	35	17	59%
Total	**$21,500,000**				**$22,600,000**				

Equity & Deferred Fees	PROPOSED Amount	Rate	% Def	UNDERWRITTEN Amount	Rate	% TC	% Def
Regions Affordable Housing	$13,811,756	$0.93		$13,811,756	$0.93	38%	
Developer	$1,017,712		24%	$16,747		0%	0%
Total	**$14,829,468**			**$13,828,503**			
				$36,428,503	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$0.931	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.645	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Regions will provide a $21.5M permanent loan with a 17-year term and 35-year amortization schedule. Debt term sheet indicates an estimated interest rate of 3.80%, which is 1.35% over the estimated Pass-Through Bond Rate. The loan will be provided by Fannie Mae under their MBS Tax-Exempt Bond Collateral (M.TEB) Program.

Based on the Underwriter's NOI, debt coverage on the proposed permanent debt is 1.42 times. Underwriting assumes the Development could service an additional $1,100,000 of debt to maintain the maximum 1.35 Debt Coverage Ratio. This reduces the required deferred Developer Fee to $16,747.

The adjustment to the debt amount is not a requirement. It is simply an assumption to demonstrate the project can operate within the underwriting guidelines. At Cost Certification, the DCR can be as high as 1.50 times. So all else equal, there wouild be no adjustment to the proposed capital structure.

Total Capital Contribution of $13,811,756 from Regions Affordable Housing is being provided at a $0.93 credit price. 26% of Developer Fee will be deferred.

Revisions to Sources Schedule:	1

CONCLUSIONS

Gap Analysis:	
Total Development Cost	$36,428,503
Permanent Sources (debt + non-HTC equity)	$22,600,000
Gap in Permanent Financing	$13,828,503

Possible Tax Credit Allocations:	Equity Proceeds	Annual Credits
Determined by Eligible Basis	$13,845,988	$1,488,965
Needed to Balance Sources & Uses	$13,828,503	$1,487,085
Requested by Applicant	$13,811,756	$1,485,284

	RECOMMENDATION	
	Equity Proceeds	Annual Credits
Tax Credit Allocation	**$13,811,756**	**$1,485,284**

	Amount	Interest Rate	Amort	Term	Lien
TDHCA-Issued Bonds	**$21,500,000**	**3.800%**	**35**	**17**	**1**

Deferred Developer Fee	**$16,747**	**(% deferred)**
Repayable in	**1 years**	

Comments:

Underwriter recommends $1,485,284 in annual tax credits as requested by Applicant.

The Applicant's request for credits was revised to reflect the 4.00% applicable percentage set by federal legislation passed at the end of 2020.

Underwriter:	*Curtis Wilkins*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

Shiloh Village, Dallas, TDHCA Bonds/4% HTC #20625

LOCATION DATA	
CITY:	Dallas
COUNTY:	Dallas
Area Median Income	$86,200
PROGRAM REGION:	3
PROGRAM RENT YEAR:	2020

UNIT DISTRIBUTION				
# Beds	# Units	% Total	Assisted	MDL
Eff	-	0.0%	0	0
1	-	0.0%	0	0
2	16	9.5%	16	0
3	80	47.6%	80	0
4	72	42.9%	72	0
5	-	0.0%	0	0
TOTAL	**168**	**100.0%**	**168**	**-**

56%	Average Income	
Income	# Units	% Total
20%	-	0.0%
30%	-	0.0%
40%	-	0.0%
50%	67	39.9%
60%	101	60.1%
70%	-	0.0%
80%	-	0.0%
MR	-	0.0%
TOTAL	**168**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	1,063 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		MRB		RENT ASSISTED UNIT			UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	Type	Gross Rent	Type	Keep Hidden - DN NOT DELETE	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 50%	$970	MRB 60%	$970	S8 HAP	6	$1,276	6	2	1	802	$1,276	$86	$1,190	$0	$1.48	$1,190	**$7,140**	**$7,140**	$1,190	$1.48	$0	$1,190	$1.48	$1,190
TC 60%	$1,164	MRB 60%	$1,164	S8 HAP	10	$1,276	10	2	1	802	$1,276	$86	$1,190	$0	$1.48	$1,190	**$11,900**	**$11,900**	$1,190	$1.48	$0	$1,190	$1.48	$1,190
TC 50%	$1,120	MRB 60%	$1,120	S8 HAP	32	$1,434	32	3	1.5	1,030	$1,434	$84	$1,350	$0	$1.31	$1,350	**$43,200**	**$43,200**	$1,350	$1.31	$0	$1,350	$1.31	$1,350
TC 60%	$1,344	MRB 60%	$1,344	S8 HAP	48	$1,434	48	3	1.5	1,030	$1,434	$84	$1,350	$0	$1.31	$1,350	**$64,800**	**$64,800**	$1,350	$1.31	$0	$1,350	$1.31	$1,350
TC 50%	$1,250	MRB 60%	$1,250	S8 HAP	29	$1,613	29	4	2	1,157	$1,613	$113	$1,500	$0	$1.30	$1,500	**$43,500**	**$43,500**	$1,500	$1.30	$0	$1,500	$1.30	$1,500
TC 60%	$1,500	MRB 60%	$1,500	S8 HAP	43	$1,613	43	4	2	1,157	$1,613	$113	$1,500	$0	$1.30	$1,500	**$64,500**	**$64,500**	$1,500	$1.30	$0	$1,500	$1.30	$1,500
TOTALS/AVERAGES:							**168**			**178,536**				**$0**	**$1.32**	**$1,399**	**$235,040**	**$235,040**	**$1,399**	**$1.32**	**$0**	**$1,399**	**$1.32**	**$1,399**

ANNUAL POTENTIAL GROSS RENT:	**$2,820,480**	**$2,820,480**	

STABILIZED PRO FORMA

Shiloh Village, Dallas, TDHCA Bonds/4% HTC #20625

	STABILIZED FIRST YEAR PRO FORMA															
	COMPARABLES						APPLICANT				TDHCA				VARIANCE	
	Database		T-12		COMPS		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT								$1.32	$1,399	$2,820,480	$2,820,480	$1,399	$1.32		0.0%	$0
Laundry									$10.57	$21,300						
0									$0.00	$0						
0									$0.00	$0						
Total Secondary Income									$10.57		$21,300	$10.57			0.0%	$0
POTENTIAL GROSS INCOME										$2,841,780	$2,841,780				0.0%	$0
Vacancy & Collection Loss									5.0% PGI	(142,089)	(142,089)	5.0% PGI			0.0%	-
Rental Concessions										-	-				0.0%	-
EFFECTIVE GROSS INCOME										$2,699,691	$2,699,691				0.0%	$0
General & Administrative	$79,590	$474/Unit	$47,430	$282	$65,833	$392	1.78%	$0.27	$286	$48,047	$47,430	$282	$0.27	1.76%	1.3%	617
Management	$79,157	4.2% EGI	$111,706	$665	$76,300	$454	4.19%	$0.63	$673	$113,071	$113,071	$673	$0.63	4.19%	0.0%	-
Payroll & Payroll Tax	$216,693	$1,290/Unit	$301,542	$1,795	$235,121	$1,400	8.38%	$1.27	$1,347	$226,239	$226,239	$1,347	$1.27	8.38%	0.0%	-
Repairs & Maintenance	$121,829	$725/Unit	$100,603	$599	$100,479	$598	3.17%	$0.48	$510	$85,649	$100,800	$600	$0.56	3.73%	-15.0%	(15,151)
Electric/Gas	$45,209	$269/Unit	$38,206	$227	$28,857	$172	1.47%	$0.22	$236	$39,721	$38,206	$227	$0.21	1.42%	4.0%	1,515
Water, Sewer, & Trash	$123,756	$737/Unit	$123,932	$738	$198,310	$1,180	4.43%	$0.67	$712	$119,636	$123,932	$738	$0.69	4.59%	-3.5%	(4,296)
Property Insurance	$52,184	$0.29 /sf	$43,264	$258	$107,816	$642	2.59%	$0.39	$417	$70,000	$43,264	$258	$0.24	1.60%	61.8%	26,736
Property Tax (@ 100%) 2.7100	$160,828	$957/Unit	$177,089	$1,054	$128,392	$764	13.04%	$1.97	$2,095	$352,000	$265,634	$1,581	$1.49	9.84%	32.5%	86,367
Reserve for Replacements				$0			1.87%	$0.28	$300	$50,400	$50,400	$300	$0.28	1.87%	0.0%	-
Supportive Services				$0			2.41%	$0.36	$387	$65,000	$65,000	$387	$0.36	2.41%	0.0%	-
TDHCA Compliance fees ($40/HTC unit)				$0			0.25%	$0.04	$40	$6,720	$6,720	$40	$0.04	0.25%	0.0%	-
TDHCA Bond Compliance Fee				$0			0.16%	$0.02	$25	$4,200	$4,200	$25.00	$0.02	0.16%	0.0%	-
Bond Trustee Fees				$0			0.09%	$0.01	$15	$2,500	$2,500	$15	$0.01	0.09%	0.0%	-
TOTAL EXPENSES							**43.83%**	**$6.63**	**$7,043**	**$1,183,184**	**$1,087,396**	**$6,473**	**$6.09**	**40.28%**	**8.8%**	**$ 95,788**
NET OPERATING INCOME ("NOI")							**56.17%**	**$8.49**	**$9,027**	**$1,516,507**	**$1,612,295**	**$9,597**	**$9.03**	**59.72%**	**-5.9%**	**$ (95,788)**

CONTROLLABLE EXPENSES	$3,091/Unit		$3,194/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

Shiloh Village, Dallas, TDHCA Bonds/4% HTC #20625

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
Regions	0.10%	1.42	1.34	1,133,115	3.80%	35	17	$21,500,000	$21,500,000	17	35	3.80%	$1,133,115	1.42	59.0%
Adjustment to Debt Per §11.302(c)(2)	0.10%								$1,100,000	17	35	3.80%	$57,973	1.35	3.0%
				$1,133,115	**TOTAL DEBT / GRANT SOURCES**			**$21,500,000**	**$22,600,000**	**TOTAL DEBT SERVICE**			**$1,191,089**	**1.35**	62.0%
NET CASH FLOW		$479,180	$383,392						**TDHCA**	**NET OPERATING INCOME**			**$1,612,295**	**$421,206**	**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
Regions Affordable Housing	LIHTC Equity	37.9%	$1,485,284	0.93	$13,811,756	$13,811,756	$0.93	$1,485,284	37.9%	$8,841	Applicant Request
Developer	Deferred Developer Fees	2.8%	(24% Deferred)		$1,017,712	$16,747	(0% Deferred)		0.0%	**Total Developer Fee:**	**$4,242,089**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		40.7%			$14,829,468	$13,828,503			38.0%		
TOTAL CAPITALIZATION					**$36,329,468**	**$36,428,503**				**15-Yr Cash Flow after Deferred Fee:**	**$8,764,453**

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				$12,381 / Unit	$2,080,000	$2,080,000	$12,381 / Unit				0.0%	$0
Building Acquisition	$14,920,000			$88,810 / Unit	$14,920,000	$14,920,000	$88,810 / Unit			$14,920,000	0.0%	$0
					$0	$0						$0
Off-Sites				$ / Unit	$0	$0	$ / Unit				0.0%	$0
Site Work		$524,354		$3,121 / Unit	$524,354	$550,154	$3,275 / Unit		$550,154		-4.7%	($25,800)
Site Amenities		$103,000		$613 / Unit	$103,000	$148,000	$881 / Unit		$148,000		-30.4%	($45,000)
Building Cost		$7,880,186	$44.14 /sf	$46,906/Unit	$7,880,186	$7,908,421	$47,074/Unit	$44.30 /sf	$7,880,186		-0.4%	($28,235)
Contingency		$850,754	10.00%	10.00%	$850,754	$850,754	9.88%	9.92%	$850,754		0.0%	$0
Contractor Fees		$1,310,161	14.00%	14.00%	$1,310,161	$1,310,161	13.85%	13.89%	$1,310,161		0.0%	$0
Soft Costs	0	$1,179,000		$8,518 / Unit	$1,431,000	$1,431,000	$8,518 / Unit		$1,179,000	$0	0.0%	$0
Financing	0	$1,513,140		$14,338 / Unit	$2,408,789	$2,408,789	$14,338 / Unit		$1,513,140	$0	0.0%	$0
Developer Fee	$2,238,000	$2,004,089	15.00%	15.00%	$4,242,089	$4,242,089	14.95%	14.96%	$2,004,089	$2,238,000	0.0%	$0
Reserves				3 Months	$579,135	$579,135	3 Months				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$17,158,000**	**$15,364,684**		$216,247 / Unit	**$36,329,468**	**$36,428,503**	$216,836 / Unit		**$15,435,485**	**$17,158,000**	**-0.3%**	**($99,035)**
Acquisition Cost	$0				$0							
Contingency		$0			$0							
Contractor's Fee		$0			$0							
Financing Cost		$0										
Developer Fee	($0)	$0			$0							
Reserves					$0							
ADJUSTED BASIS / COST	**$17,158,000**	**$15,364,684**		$216,247/unit	**$36,329,468**	**$36,428,503**	$216,836/unit		**$15,435,485**	**$17,158,000**	**-0.3%**	**($99,035)**
TOTAL HOUSING DEVELOPMENT COSTS BASED ON 3RD PARTY SCR/CNA					**$36,428,503**							

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

Shiloh Village, Dallas, TDHCA Bonds/4% HTC #20625

CREDIT CALCULATION ON QUALIFIED BASIS	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$17,158,000	$15,364,684	$17,158,000	$15,435,485
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$17,158,000	$15,364,684	$17,158,000	$15,435,485
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$17,158,000	$19,974,090	$17,158,000	$20,066,130
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$17,158,000	$19,974,090	$17,158,000	$20,066,130
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$686,320	$798,964	$686,320	$802,645
CREDITS ON QUALIFIED BASIS	$1,485,284		$1,488,965	

	ANNUAL CREDIT CALCULATION BASED ON TDHCA BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.9299	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	Credits	Proceeds
Eligible Basis	$1,488,965	$13,845,988	----	----	----
Needed to Fill Gap	$1,487,085	$13,828,503	----	----	----
Applicant Request	$1,485,284	$13,811,756	**$1,485,284**	**$0**	**$0**

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	$21,500,000	
	Applicant	TDHCA
Land Cost	$2,080,000	$2,080,000
Depreciable Bldg Cost	$28,532,595	$28,631,630
Aggregate Basis for 50% Test	$30,612,595	$30,711,630

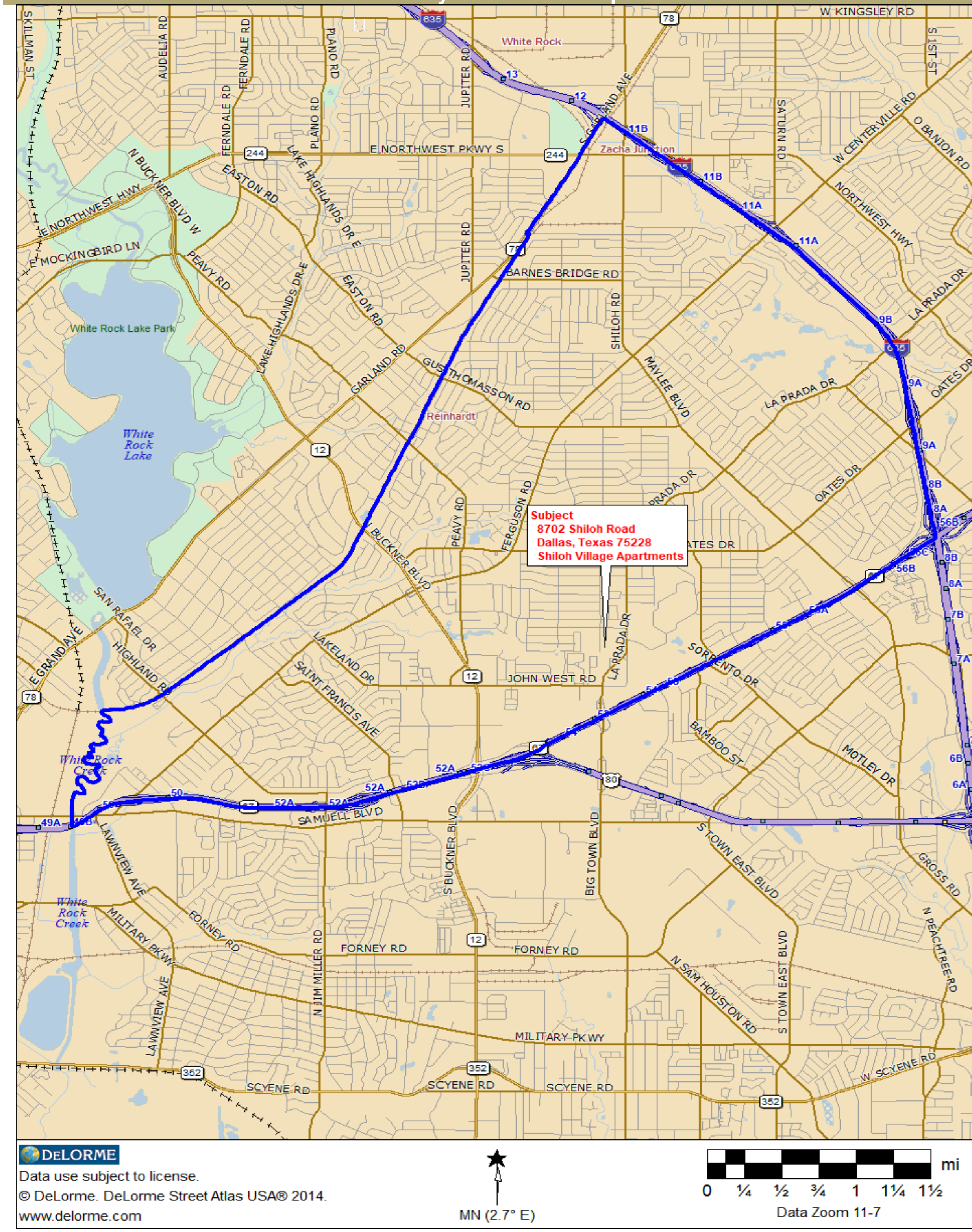
	Applicant	TDHCA
Percent Financed by Tax-Exempt Bonds	**70.2%**	**70.0%**
amount aggregate basis can increase before 50% test fails	$12,387,405 40.5%	$12,288,370 40.0%

Long-Term Pro Forma

Shiloh Village, Dallas, TDHCA Bonds/4% HTC #20625

	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%	$2,699,691	$2,753,685	$2,808,759	$2,864,934	$2,922,232	$3,226,381	$3,562,185	$3,932,940	$4,342,284	$4,794,232	$5,293,219
TOTAL EXPENSES	3.00%	$1,087,396	$1,118,887	$1,151,301	$1,184,663	$1,219,003	$1,406,403	$1,622,949	$1,873,208	$2,162,470	$2,496,857	$2,883,459
NET OPERATING INCOME ("NOI")		**$1,612,295**	**$1,634,798**	**$1,657,458**	**$1,680,271**	**$1,703,229**	**$1,819,977**	**$1,939,236**	**$2,059,732**	**$2,179,814**	**$2,297,375**	**$2,409,760**
EXPENSE/INCOME RATIO		40.3%	40.6%	41.0%	41.4%	41.7%	43.6%	45.6%	47.6%	49.8%	52.1%	54.5%
MUST -PAY DEBT SERVICE												
TOTAL DEBT SERVICE		$1,191,089	$1,190,789	$1,190,478	$1,190,154	$1,189,818	$1,187,933	$1,185,655	$1,182,900	$1,179,570	$1,175,544	$1,170,678
DEBT COVERAGE RATIO		1.35	1.37	1.39	1.41	1.43	1.53	1.64	1.74	1.85	1.95	2.06
ANNUAL CASH FLOW		**$421,206**	**$444,009**	**$466,980**	**$490,116**	**$513,411**	**$632,044**	**$753,581**	**$876,832**	**$1,000,244**	**$1,121,830**	**$1,239,082**
Deferred Developer Fee Balance		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$404,459	$848,467	$1,315,448	$1,805,564	$2,318,975	$5,240,568	$8,764,453	$12,901,708	$17,656,401	$23,023,570	$28,986,789

Primary Market Area Map



Final Transcript

TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS: Multi Family Bond Hearing

January 27, 2021/3:00 p.m. CST

SPEAKERS

Teresa Morales

PRESENTATION

Teresa Good afternoon. This is Teresa Morales with the Texas Department of Housing & Community Affairs. The purpose of this call is to conduct a public hearing with respect to the Shiloh Village Apartments affordable transaction. To give folks an opportunity to dial in, we'll get started in about another minute or so.

We'll go ahead and get started. The purpose of this call is to conduct a public hearing with respect to the Shiloh Village Apartments transaction. To give folks an idea of how we'll proceed, there is a brief speech that I need to read for purposes of meeting the requirements of the Internal

Revenue Code. And then, it'll be at the conclusion of that speech when I'll open up the lines, and if there are individuals who wish to make public comment, then that would be your opportunity to do so. With that, we'll go ahead and get started.

Good afternoon. My name is Teresa Morales, and I would like to proceed with the public hearing. Let the record show that it is 3:02 p.m. on Wednesday, January 27, 2021. We are conducting a public hearing on behalf of the Texas Department of Housing & Community Affairs, with respect to an issue of tax exempt multifamily revenue bonds for a residential rental community. This hearing is required by the Internal Revenue Code.

The sole purpose of this hearing is to provide a reasonable opportunity for interested individuals to express their views regarding the development and the proposed bond issue. No decisions regarding the development will be made at this hearing. The Department's board is scheduled to meet to consider the transaction on February 11, 2021.

In addition to providing your comments at this hearing, the public is also invited to provide comment directly to the board at any of their meetings.

The bonds will be issued as tax exempt multifamily revenue bonds in the aggregate principal amount not to exceed $25 million, and taxable bonds, if necessary, in an amount to be determined and issued in one or more series by the Texas Department of Housing & Community Affairs, the issuer.

The proceeds of the bonds will be loaned to Shiloh Village Preservation LP, or a related person or affiliate entity thereof, to finance a portion of the cost of acquiring, rehabbing, and equipping a multifamily rental housing community described as follows: A 168-unit multifamily residential rental development to be located on approximately 10 acres of land, located at 8702 Shiloh Road, Dallas, Dallas County, Texas 75228. The proposed multifamily rental housing community will be initially owned and operated by the borrower, or a related person or affiliate thereof.

I would now like to open up the lines for public comment. [Operator instructions].

The lines have been opened. If there are any individuals on the call who would like to express public comment with respect to the Shiloh Village Apartments, now would be your opportunity to do so. Again, all of the lines have been opened. If there are any individuals who would like to make public comment, this would be the time to do so.

Let the record show that there are no individuals who wish to provide public comment, and therefore, the meeting is now adjourned. The time is 3:05 p.m. Thank you.

From:	Elena Peinado
To:	Teresa Morales
Cc:	Jonathan Galvan; Shannon Roth
Subject:	FW: Shiloh Village, 8702 Shiloh Road, Dallas, TX 75228, Region 3
Date:	Thursday, December 3, 2020 11:00:11 AM
Attachments:	2020_FRI__At_A_Glance_FINAL.pdf FRIdays Fall Layout 2020 File_FINAL.pdf

Teresa,

Attached and below please find public comment from Ferguson Road Initiative on the Shiloh Village application.

Elena

From: Vikki Martin <vikki@fergusonroad.org>
Sent: Thursday, December 3, 2020 8:16 AM
To: Elena Peinado <elena.peinado@tdhca.state.tx.us>
Cc: tannerd994@gmail.com; Carl Johnson (cleejohn77@gmail.com) <cleejohn77@gmail.com>; Administration <Administration@lightchurch.com>; hormand@nexusrecovery.org; Adam Bazaldua <adam.bazaldua@dallascityhall.com>; Cernius, Ariana <ACernius@Related.com>; wlamore@related.com; sross@related.com
Subject: Shiloh Village, 8702 Shiloh Road, Dallas, TX 75228, Region 3

Dear Ms. Peinado,

I am writing in response to an notification our organization received regarding the application to the TDHCA for the HTC program in the target community we represent.

The Ferguson Road Initiative (FRI) has a 20+ track record of working collaboratively with all apartment owners, including those receiving tax credits.

The Shiloh Village Apartments sit near the eastern boundary of our geographic area and have a chronic history of being a crime-magnet and a record for code violations.

It is imperative that a company interested in purchasing and rehabilitating this property (in a community already saturated with affordable housing) understand the challenges of this area and that they support and understand the mission of organizations like FRI that are committed to ensuring all people live in safe, decent and sanitary housing.

I’ve done my research on Related and their website indicates they are committed to quality housing.

However, I have concerns regarding a company wanting to make a significant investment in Far East Dallas and yet they make no effort to know more about the work this mobilized community has done to protect this fragile area. In short, Related will not return my phone call nor my emails.

I reached out last summer when I originally received your notification to the contact listed, Wes Lamore. I emailed him and I called and left a message. No response.

Likewise, I received an email from Ariana Cernius on November 25 notifying me that Related has submitted an application for TDHCA Tax Exempt Bonds. I responded to her on the same date and shared a one page fact sheet about the Ferguson Road Initiative (FRI) and a copy of our last news magazine. Likewise I briefly shared the status of our work to combat the COVID-19 virus that is rampant in zip code 75228, the zone Shiloh Village is located in. Zip 75228 reports the second highest number of COVID-19 cases in Dallas County. FRI is involved with a national PSA campaign to help stop the pandemic in Black, Brown, and Native American communities.

I am dismayed that Related seems to not be interested in knowing more about the community in which they have decided to invest.

I am writing to let you know that at this time the Ferguson Road Initiative is opposing the application for Related to receive HTC tax credits.

Likewise, I am copying the CrimeWatch coordinators for the Truett Community, the leadership at LightChurch and Nexus Recovery Center (they sit in very close proximity to this property) as well as my City Councilmember Adam Bazaldua to ask him NOT to support this company's application.

Sincerely,

Vikki J. Martin
P.S. I have taken the liberty of sharing a one page fact sheet about FRI and our last news magazine.

Vikki J. Martin, Executive Director
Ferguson Road Initiative
469.939.9631 cell 214.324.5116 office
www.fergusonroad.org

From: Vikki Martin
To: Teresa Morales; Elena Peinado
Cc: Larmore, Wes; tannerd994@gmail.com; Administration; hormand@nexusrecovery.org; Cernius, Ariana; Adam Bazaldua
Subject: RE: Shiloh Village, 8702 Shiloh Road, Dallas, TX 75228, Region 3
Date: Friday, December 18, 2020 9:04:55 AM

Dear Ms. Peinado and Morales:

I am writing to inform you that the Ferguson Road Initiative was able to connect with Mr. Wes Larmore, the key representative from Related, in regards to the TDHCA application made on behalf of Shiloh Village Apartments.

After speaking with him to learn more about their rehabilitation investment plan for the apartments at Shiloh Village, *FRI is now in support of their application*.

Related and the Ferguson Road Initiative have connected and it is our hope over the next 6 months to strengthen this connection.

It is our hope to make Related a key partner with the Ferguson Road Initiative.

Thank you.

Sincerely,

Vikki J. Martin

Vikki J. Martin, Executive Director
Ferguson Road Initiative
469.939.9631 cell 214.324.5116 office
www.fergusonroad.org

4d

BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on Inducement Resolution No. 21-014 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

RECOMMENDED ACTION

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

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

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

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 21-014 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 $82M in private activity bond volume cap. Staff notes that the Department's set-aside for the 2021 program year is $169,558,383. Reservations for those applications that participated in the 2021 Private Activity Bond Lottery total $158,000,000, reducing the Department's available set-aside to $11,558,383. The pre-applications listed below will be placed on the Department's waiting list to receive a Reservation, bringing the total of pre-applications on the waiting list to approximately $143M, which is inclusive of the other bond inducements also on the Board agenda today, as well as a bond inducement approved by the Board in January, 2021.

21603 – Park at Kirkstall

New construction of 240 units is proposed for this multifamily development to be located at 300 Kirkstall Drive in Houston, Harris County. This transaction is proposed to be Priority 2, and will serve the general population. Applicant disclosed a Neighborhood Risk Factor (NRF) involving the violent crime rate associated with the census tract containing the proposed development, specifically, a violent crime rate of 22.10 per 1,000 persons annually. The applicant provided mitigation for the violent crime NRF in the form of a Neighborhoodscout report and supplemental information, which evidences the downward crime trend of the areas surrounding the proposed development site. Staff pulled an updated Neighborhoodscout report which reflected a violent crime rate of 14.24 per 1,000 persons annually; therefore, no further action is needed. Staff notes that clearance of any NRF is not a requirement at the time of pre-application and Board action today is to approve the inducement resolution to allow the applicant the ability to move forward with a full application. Should facts and circumstances surrounding the violent crime rate change at the time the full application is submitted, staff will re-evaluate. All 240 of the units will be rent and income restricted at 60% of Area Median Family Income. The Department has received no letters of support or opposition for the proposed development.

Bond Inducement Amount: $28,000,000

21608 – Fiji Lofts

New construction of 204 units is proposed for this multifamily development to be located at 301 South Corinth St. Road in Dallas, Dallas County. This transaction is proposed to be Priority 2, and will serve the general population. Applicant has disclosed Neighborhood Risk Factors (NRF) related to the poverty rate associated with the census tract containing the proposed development site, as well as the underperformance of Cedar Crest Elementary. Applicant has indicated that they intend to submit a resolution at the time of full application from the appropriate governing body acknowledging the poverty rate, and allowing the development to move forward. Pursuant to §11.101(a)(3)(C) of the 2021 QAP, mitigation is not required for the underperforming school NRF. Of the total units, 184 units will be rent and income restricted at 60% of AMFI, and the remaining 20 units will be market rate. The Department has received one letter of support for the proposed development from Dallas City Council Member for District 4, Carolyn King Arnold. A copy of the letter is included herein.

Bond Inducement Amount: $25,000,000

21609 – Throckmorton Villas

New construction of 220 units is proposed for this multifamily development to be located at 1003 Throckmorton Street in Mckinney, Collin County. This transaction is proposed to be Priority 2, and will serve the general population. Of the total units, 216 units will be rent and income restricted at 60% of Area Median Family Income (AMFI), and the remaining 4 units will be market rate. The Department has received no letters of support or opposition for the proposed development.

Bond Inducement Amount: $29,000,000

RESOLUTION NO. 21-014

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the

Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

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

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

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

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the

applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

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

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

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

Section 1.9. No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or

damages of any nature. Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

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

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

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

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

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers,

whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

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

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

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

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

(c) the Owners are financially responsible;

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

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

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any

officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

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

ARTICLE 3

GENERAL PROVISIONS

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

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

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

PASSED AND APPROVED this 11th day of February, 2021.

EXHIBIT “A”

Descriptions of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
Fiji Lofts	SDC Corinth III, LP, a Texas limited partnership	General Partner/Member: Fiji Mixed Development, LLC, a Texas limited liability company	$25,000,000
Costs: Acquisition/construction of a 204-unit affordable, multifamily housing development to be known as Fiji Lofts, located on 301 S Corinth Street. Rd., Dallas, Dallas County, Texas 75203			

Project Name	Owner	Principals	Amount Not to Exceed
Park at Kirkstall Apartments	Park at Kirkstall Apartments, LP, a to be formed Texas Limited Partnership	General Partner/Member: Park at Kirkstall Apartments GP, LLC, a Texas limited liability company	$28,000,000
Costs: Acquisition/rehabilitation of a 240-unit affordable, multifamily housing development to be known as Park at Kirkstall Apartments, located on 300 Kirkstall Drive, Houston, Harris County, Texas 77090			

Project Name	Owner	Principals	Amount Not to Exceed
Throckmorton Villas	SDC Throckmorton Villas, LP, a Texas limited partnership	General Partner/Member: Throckmorton Villas Development, GP, LLC, a Texas limited liability company	$29,000,000
Costs: Acquisition/construction of a 220-unit affordable, multifamily housing development to be known as Throckmorton Villas, located on 1003 Throckmorton Street, McKinney, Collin County, Texas 75069			

CAROLYN KING ARNOLD
COUNCILMEMBER
DISTRICT 4

February 2, 2021

Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, Texas 78701
Attention: Teresa Morales

Re: MF #21608 – Fiji Lofts

Dear Ms. Morales:

I am writing this letter to indicate my support for the private activity/tax exempt bond application submitted to the Texas Department of Community Affairs with Application #21608 for Fiji Lofts to be located at 301 South Corinth Street, Dallas TX 75203.

I am of the opinion that Fiji Lofts, a mixed-income multifamily project is much needed in the City of Dallas and the metroplex. The development will assist in meeting the housing needs of residents of modest means by providing affordable housing for these residents.

Sincerely,

Carolyn King Arnold

Carolyn King Arnold

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BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on a waiver relating to 10 TAC §11.101(b)(2) of the Qualified Allocation Plan (QAP) concerning Development Size Limitations and Inducement Resolution No. 21-015 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

RECOMMENDED ACTION

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

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

WHEREAS, the applicant has requested a waiver of 10 TAC §11.101(b)(2) of the QAP relating to Development Size Limitations, whereby new construction developments in a rural area are limited to 120 total units;

WHEREAS, after a preliminary evaluation of the proposed primary market area, demand calculations, number of units proposed, and drive times to major employers in the area, staff believes granting this waiver supports the requirements articulated in 10 TAC §11.207 relating to waivers granted by the Board;

WHEREAS, the granting of the waiver is specific to the facts and circumstances relating to this request and information provided by the applicant; should those change at the time the housing tax credit application is submitted or should the application be submitted in a subsequent program year, a re-evaluation of the request may be warranted; 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 the waiver relating to 10 TAC §11.101(b)(2) of the QAP concerning Development Size Limitations for the proposed development, as discussed herein, is hereby granted, but could be re-evaluated based on information contained in the full application once submitted to the Department; and

FURTHER RESOLVED, that based on the foregoing, Inducement Resolution No. 21-015 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-application 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 $17M in private activity bond volume cap. Staff notes that the Department's set-aside for the 2021 program year is $169,558,383. Reservations for those applications that participated in the 2021 Private Activity Bond Lottery total $158,000,000, reducing the Department's available set-aside to $11,558,383. The pre-application listed below will be placed on the Department's waiting list to receive a Reservation, bringing the total of pre-applications on the waiting list to approximately $143M, which is inclusive of the other bond inducements also on the Board agenda today, as well as a bond inducement approved by the Board in January 2021.

21611 – Reserve at Vineyard Oaks

New construction of 152 units is proposed for this multifamily development to be located at South Eagle Street and Friendship Lane in Fredericksburg, Gillespie County. This transaction is proposed to be Priority 3, and will serve the general population. The Department has received no letters of support or opposition for the proposed development.

The proposed development site is within an area that is considered rural pursuant to the 2021 Site Demographics Characteristics Report published by the Department, and pursuant to 10 TAC §11.101(b)(2), "*Tax-Exempt Bond Developments involving New Construction or Adaptive Reuse in a Rural Area are limited to a maximum of 120 total Units*." This requirement stems, in part, from the definition of a Rural Development as found in Tex. Gov't Code §2306.004(28-b), which reads "*a development or proposed development that is located in a rural area, other than rural new construction developments with more than 80 units*." Staff believes that the definition represents a characterization of a development that would have greater implication under the Competitive 9% HTC program considering the Rural Set-Aside and other provisions that relate to the scoring of a rural application. Under the Non-competitive 4% HTC program, set-aside, and scoring provisions do not exist. Moreover, staff modified the maximum number of units under the 4% HTC program from 80 to 120 units starting with the 2019 QAP. The requirement in the rule that limits the size of multifamily developments in rural areas, regardless of funding source, albeit somewhat different, is representative of Department policy in preventing the over-burdening of units in a rural area.

The applicant submitted preliminary, supplemental market information to constitute a request for waiver of the maximum size in a rural area. The bond pre-application reflected a total of 152 units, 120 of which will be rent and income restricted at 60% of Area Median Family Income, and the remaining 32 units will be market rate.

Fredericksburg has a population of approximately 11,100 and is not located within a metropolitan statistical area (MSA). Other cities near Fredericksburg, for example, Kerrville and Stonewall, are also considered rural. According to the applicant, Fredericksburg has a high number of qualified employees, a constant flow of tourism and the expansion of the city has left many of the employers in need of affordable and market rate housing for their employees. Large retail employers and medical facilities in proximity of the proposed development are growing. Moreover, the Fredericksburg Independent School District, who employs approximately 500 people, have many employees who live outside of the immediate zip code. Information provided by the applicant has the city reporting over 100 employees who would like to move closer to their employer instead of commuting longer distances. Current housing in the area is too expensive, with data submitted by the applicant reflecting an average single family home selling price of over $650,000 during the third quarter of 2020.

According to the Department's property inventory, there are four affordable properties in Fredericksburg, three of which serve a senior population. The only general population development, Friendship Place, includes 76 units and is over 15 years old (awarded in 2004). This property is owned by the applicant and the most recent Unit Status Report provided indicated there was only one vacant unit (recent move out on 12/20/2020). There are also five market rate multifamily properties, three of which are owned by the applicant. These properties are either 100% occupied or have waiting lists of households.

From a market standpoint, the preliminary market data provided by the applicant reflected a primary market area of approximately 662 square miles and included four census tracts. Taking into account the above-mentioned supply of existing units and those proposed, the analysis yielded a gross capture rate of 13.4%. Pursuant to the Underwriting and Loan Policy Rules, the maximum gross capture rate in a rural area is 30%, the maximum in an urban area is 10% and the maximum in an urban area that is part of a high occupancy MSA is 15%, provided the MSA has a population greater than one million if the average physical occupancy is 92.5% or greater. Staff notes that the 15% rate would not be applicable since Fredericksburg is not part of an MSA. While previous waivers of the development size limitations were making the case that such area should be considered urban, all of the previous requests were in areas that were part of an MSA and had characteristics of an urban area. Staff does not believe that is the case here and that Fredericksburg and the surrounding area should still be considered rural. That being said, the gross capture rate of 30% for a rural area would be applicable here and the capture rate indicated by the applicant is within that limit. Moreover, for purposes of the capture rate calculation, only the 120 affordable units would be included. Based on the preliminary information submitted, staff does not believe the primary market area proposed would be over-burdened and could support the units proposed.

The general process for a waiver granted by the Board, as articulated under 10 TAC §11.207 of the QAP, requires the applicant to demonstrate that such waiver is beyond the applicant's control and also requires an applicant to demonstrate how, by not granting the waiver, the Department would not be meeting its policies and purposes under Tex. Gov't Code §2306. As it relates to the first point, 4% HTC transactions are financially feasible only on a larger scale in order for the development to be able to absorb the costs associated with issuing bonds. The applicant cannot control these costs and this application is not part of a portfolio of other transactions where such costs could be absorbed. Moreover, the inclusion of market rate units helps the financial feasibility overall. As it relates to the second point that furthers the Department's mission under the Texas Government Code; there has not been any new affordable housing built in Fredericksburg in 15 years and the majority of the affordable units are restricted for a senior population. Moreover, all of these developments were awarded under the 9% Competitive HTC program; none were created under the 4% HTC program. Based on this, the need for affordable housing in the community will go unmet, which speaks to Tex. Gov't Code §2306.001(2). The proposed development would also serve to stimulate economic development in Fredericksburg as articulated under Tex. Gov't Code §2306.002 and would maximize the number of affordable units added to the state's housing supply as identified under Tex. Gov't Code §2306.6701. Considering all of the aforementioned facts, staff believes Fredericksburg could support the number of units proposed by the applicant based on the preliminary information received and recommends the waiver be granted.

Bond Inducement Amount: $16,730,000

RESOLUTION NO. 21-015

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

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

PASSED AND APPROVED this 11th day of February, 2021.

EXHIBIT "A"

Descriptions of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
The Reserve at Vineyard Oaks Apartments	FBG Reserve at Vineyard Oaks, L.P., a to be formed Texas limited partnership	General Partner/Member: FBG Reserve at Vineyard Oaks GP, L.L.C., a to be formed Texas limited liability company (or other affiliate of MacDonald Companies, Inc.)	$16,730,000
Costs: Acquisition/construction of a 152-unit affordable, multifamily housing development to be known as The Reserve at Vineyard Oaks Apartments, located at S. Eagle Street and Friendship Lane, Fredericksburg, Gillespie County, Texas, 78624			

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BOARD ACTION REQUEST

BOND FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on Inducement Resolution No. 21-016 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority

RECOMMENDED ACTION

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

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

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

NOW, therefore, it is hereby

RESOLVED, that based on the foregoing, Inducement Resolution No. 21-016 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-application 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 $14M in private activity bond volume cap. Staff notes that the Department's set-aside for the 2021 program year is $169,558,383. Reservations for those applications that participated in the 2021 Private Activity Bond Lottery total $158,000,000, reducing the Department's available set-aside to $11,558,383. The pre-application listed below will be placed on the Department's waiting list to receive a Reservation, bringing the total of pre-applications on the waiting list to approximately $143M, which is inclusive of the other bond inducements also on the Board agenda today, as well as a bond inducement approved by the Board in January 2021.

21612 – Villas at Shriner's Point

New construction of 156 units is proposed for this multifamily development to be located on 1000 Block E 40th Street in San Angelo, Tom Green County. This transaction is proposed to be Priority 2, and will serve the general population. The proposed development site is served by two schools (Goliad Elementary and Lincoln Middle School) whose most recent available TEA ratings would render the site ineligible, pursuant to §11.101(b)(1)(C) of the 2021 QAP. Specifically, both schools were rated "F" in 2019 and Improvement Required in 2018. As a result, the applicant intends to pursue a waiver request for 10 TAC §11.101(b)(1)(C), which will be presented to the Board at a subsequent meeting. Staff notes that the adoption of the inducement resolution today does not also assume approval of the forthcoming waiver request. Rather, the adoption of the inducement resolution is the first step in the process that will allow the Department to submit an application to the Bond Review Board for a Reservation of private activity bonds. A determination of eligibility, housing tax credits and a final bond resolution will all need to be determined by the Board at a later date. All 156 units will be rent and income restricted at 60% of Area Median Family Income. The Department has received no letters of support or opposition for the proposed development.

Bond Inducement Amount: $13,730,000

RESOLUTION NO. 21-016

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 1

OFFICIAL INTENT; APPROVAL OF CERTAIN ACTIONS

Section 1.1. Authorization of Issue. The Department declares its intent to issue its Multifamily Housing Revenue Bonds or Notes (the "Bonds") in one or more series and in amounts estimated to be sufficient to (a) fund a loan or loans to the Owners to provide financing for the respective Developments in an aggregate principal amount not to exceed those amounts, corresponding to the Developments, set forth in Exhibit A; (b) fund a reserve fund with respect to the Bonds if needed; and (c) pay certain costs incurred in connection with the issuance of the

Bonds. Such Bonds will be issued as qualified residential rental development bonds. Final approval of the Department to issue the Bonds shall be subject to: (i) the review by the Department's credit underwriters for financial feasibility; (ii) review by the Department's staff and legal counsel of compliance with federal income tax regulations and State law requirements regarding tenancy in the respective Development; (iii) approval by the Bond Review Board, if required; (iv) approval by the Attorney General of the State of Texas (the "Attorney General"); (v) satisfaction of the Board that the respective Development meets the Department's public policy criteria; and (vi) the ability of the Department to issue such Bonds in compliance with all federal and State laws applicable to the issuance of such Bonds.

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

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

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

Section 1.5. Limited Obligations. The Owners may commence with the acquisition and construction or rehabilitation of the Developments, which Developments will be in furtherance of the public purposes of the Department as aforesaid. On or prior to the issuance of the Bonds, each Owner will enter into a loan agreement, on terms agreed to by the parties, on an installment payment basis with the Department under which the Department will make a loan to the

applicable Owner for the purpose of reimbursing the Owner for the Costs of the Development and the Owner will make installment payments sufficient to pay the principal of and any premium and interest on the applicable Bonds. The proposed Bonds shall be special, limited obligations of the Department payable solely by the Department from or in connection with its loan or loans to the Owner to provide financing for its Development, and from such other revenues, receipts and resources of the Department as may be expressly pledged by the Department to secure the payment of the Bonds.

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

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

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

Section 1.9. No Commitment to Issue Bonds. Neither the Owners nor any other party is entitled to rely on this Resolution as a commitment to issue the Bonds and to loan funds, and the Department reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Department shall not be subject to any liability or

damages of any nature. Neither the Owners nor any one claiming by, through or under the Owners shall have any claim against the Department whatsoever as a result of any decision by the Department not to issue the Bonds.

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

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

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

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

Section 1.14. Execution and Delivery of Documents. The Authorized Representatives named in this Resolution are each hereby authorized to execute and deliver all Applications, certificates, documents, instruments, letters, notices, written requests and other papers,

whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

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

ARTICLE 2

CERTAIN FINDINGS AND DETERMINATIONS

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

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

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

(c) the Owners are financially responsible;

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

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

Section 2.2. No Indebtedness of Certain Entities. The Board hereby finds, determines, recites and declares that the Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or pledge or loan of the faith or credit or taxing power of the State, the Department or any other political subdivision or municipal or political corporation or governmental unit, nor shall the Bonds ever be deemed to be an obligation or agreement of any

officer, director, agent or employee of the Department in his or her individual capacity, and none of such persons shall be subject to any personal liability by reason of the issuance of the Bonds. The Bonds will be a special limited obligation of the Department payable solely from amounts pledged for that purpose under the financing documents.

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

ARTICLE 3

GENERAL PROVISIONS

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

Section 3.2. Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, and the March 16, 2020 action by the Governor of the State of Texas under Section 418.016, Texas Government Code, suspending certain provisions of the Texas Open Meetings Act regarding meetings of the Governing Board.

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

PASSED AND APPROVED this 11th day of February, 2021.

EXHIBIT "A"

Descriptions of the Owners and the Developments

Project Name	Owner	Principals	Amount Not to Exceed
Villas at Shriner's Point	SA Villas at Shriner's Point, L.P., a to be formed Texas limited partnership	General Partner/Member: SA Villas at Shriner's Point GP, LLC, a to be formed Texas limited liability company	$13,730,000
Costs: Acquisition/construction of a 156-unit affordable, multifamily housing development to be known as Villas at Shriner's Point, located on 1000 Block E 40th Street, San Angelo, Tom Green County, Texas 76903			

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BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(1) of the Qualified Allocation Plan (QAP) and the issuance of a Determination Notice for 4% Housing Tax Credits for 2100 Memorial in Houston (#21419)

RECOMMENDED ACTION

WHEREAS, an application for 2100 Memorial Drive, sponsored by Columbia Memorial, LLC, 2100 Memorial Redevelopment GP, LLC, and APV Redevelopment Corporation, requesting 4% Housing Tax Credits (HTC) was submitted to the Department on August 5, 2020;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on January 28, 2021, and will expire on July 27, 2021;

WHEREAS, the proposed issuer of the bonds is the Victory Street Public Facility Corporation;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated a Category 2 and deemed acceptable by Executive Award and Review Advisory Committee (EARAC);

WHEREAS, the applicant has requested a waiver of 10 TAC §11.101(a)(1) of the QAP relating to floodplain requirements, specifically, that the parking and drive areas are no lower than six inches below the floodplain;

WHEREAS, the application reflects parking and drive areas to be four feet below the floodplain;

WHEREAS, applicant contends that the reconstruction of the development cannot comply with the QAP requirement due to constraints of the property, detrimental impact on evacuating residents in case of emergency, environmental concerns affecting Buffalo Bayou, having to eliminate an ADA accessible exit to a bus stop, a vehicular exit, and a trash compactor, along with the cost associated with building underground floodwater mitigation, all of which are more fully discussed herein;

WHEREAS, staff recommends a waiver be granted pursuant to 10 TAC §11.207 based on specific factors as noted herein that are not within the control of the applicant, based on the preservation of the units currently subject to a LURA on this site and on the basis that granting the waiver better serves the policies and purposes articulated in Tex. Gov't Code §2306.001 and 2306.002 by preserving the 197 affordable units in this neighborhood that has been home to a senior population and assisting local governments in meeting the needs of their communities;

WHEREAS, the applicant has applied for 40 Project Based Vouchers (PBV) from the Houston Housing Authority and because these vouchers are on more than 20% of the units, it would require the development to be categorized as an Elderly Preference Development which conflicts with the existing LURA;

WHEREAS, should the applicant move forward with the 40 PBV, it would require a material amendment to the existing LURA which currently reflects an Elderly Limitation;

WHEREAS, the issuance of a Determination Notice is conditioned upon the Houston Housing Authority going through the material amendment process, Board approval of the material amendment, and execution of such material amendment, and execution of the material amendment approved by the Board on September 5, 2019; and

WHEREAS, EARAC recommends the issuance of a Determination Notice for 2100 Memorial Drive;

NOW, therefore, it is hereby

RESOLVED, that a waiver of 10 TAC §11.101(a)(7) of the QAP relating to floodplain requirements for parking and drive areas is granted; and

FURTHER RESOLVED, that the issuance of a Determination Notice of $2,074,355 in 4% HTC, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for 2100 Memorial Drive and subject to execution of a material amendment prior to the issuance a Determination Notice should the applicant move forward with the 40 PBV, and execution of the material amendment approved by the Board on September 5, 2019, is hereby approved as presented to this meeting.

BACKGROUND

General Information: The project involves the reconstruction of 197 units located at 2100 Memorial Drive in Houston, Harris County. The existing 13-story multifamily development was originally constructed in 1969 and was rehabilitated utilizing an award of 9% HTC in 1996 (#96038). The property sustained severe damage from Hurricane Harvey in 2017 and the Applicant plans to demolish and redevelop the building with a flood-resilient design. The applicant has applied for 40 Project Based Vouchers from the Houston Housing Authority. Because these vouchers are on more than 20% of the units, it would require the development to be categorized as an Elderly Preference Development. As a result, it would require a material amendment to the existing LURA which reflects an Elderly Limitation.

In lieu of pursuing a material amendment, the applicant could choose to reduce the voucher total to 39 Project Based Vouchers and the development could continue to be categorized as Elderly Limitation. As of the date of this posting, the applicant has not confirmed with staff which option they will pursue. That being said, the underwriting analysis contemplates a reduction in the total number of vouchers should that be the final outcome and this award is conditioned upon a material amendment (if needed) being executed prior to the issuance of the Determination Notice. The rental restriction is also consistent with the existing LURA, as the application reflects that 10 units will be rent and income restricted at 30% of AMFI, 30 units will be rent and income restricted at 50% of AMFI, 120 units will be rent and income restricted at 60% of AMFI, and 37 units will be leased at market rate.

The transaction involves $25M in CDBG-DR as a funding source from the City of Houston. Given the recent termination of the contract with the City of Houston by the General Land Office for these funds, it has yet to be determined whether the City of Houston will ultimately be able to provide the funds to this development as negotiations are still underway. As that situation continues to develop, staff believes it could still proceed with consideration of the 4% HTC award with a condition that the Department be provided with a term sheet from the entity controlling the CDBG-DR funds at the time of closing. The term sheet will need to be consistent with the terms provided in the Department's underwriting before staff can issue the Determination Notice. This underwriting condition is a standard condition used in transactions that involve CDBG funding.

Waiver Request: Pursuant to §11.101(a)(1) of the QAP, "*all new construction or reconstruction developments located within a 100 year floodplain as identified by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps must develop the site in full compliance with the National Flood Protection Act and all applicable federal and state statutory and regulatory requirements. The Applicant will have to use floodplain maps and comply with regulation as they exist at the time of commencement of construction. Even if not required by such provisions, the Site must be developed so that all finished ground floor elevations are at least one foot above the floodplain and parking and drive areas are no lower than six inches below the floodplain*."

A major portion of the existing building lies within the 100-year flood plain along the Buffalo Bayou and the applicant plans to demolish and reconstruct the building above the flood plain. Inhabitable floors are proposed to be elevated two feet above the 500-year flood plain; however, the parking area will be built four feet below the floodplain. According to the applicant the inability to comply with the requirement that is beyond their control include the following: constraints of the property, detrimental impact on evacuating residents in case of emergency, environmental concerns affecting Buffalo Bayou, having to eliminate an ADA accessible exit to a bus stop, a vehicular exit, and a trash compactor, along with the cost associated with building underground floodwater mitigation.

As it relates to the constraints of the property, the site is irregularly shaped and the design flexibility is limited. The additional height required would impact life-safety, Buffalo Bayou conveyance and flood impact, along with the impact on the surrounding neighborhood, according to the applicant. The applicant has also indicated that complying with the design requirement would have a detrimental impact on evacuating residents in case of an emergency in that the property only has one corner that is not within the 100-year floodplain and thus the only place that allows emergency vehicles access during a flood event. The applicant states that emergency vehicle access was one of the major issues during the Harvey flooding and a primary reason that demolition of the existing building and construction of a new building is the primary solution to being able to preserve affordable housing on the site. Furthermore, the architect has represented that the current design has an elevated porte cochere, with a ramp from outside the 100-year floodplain allowing emergency vehicles direct access to the first residential floor of the building. The applicant's request asserts that if the building were to be elevated approximately four feet, this ramp would be too steep for vehicles to enter without bottoming out. As a result, the applicant maintains that the only design solution would be to move vehicular access to the parking garage level and use an elevator to provide access to the lobby. In the case of an emergency, with a power outage the project would be reliant upon elevator service to evacuate residents. Moreover, emergency vehicles would not have direct access to the building outside the 100-year floodplain.

The applicant mentioned an environmental concern affecting Buffalo Bayou (Bayou) with respect to elevating parking. The property is on the Bayou and based on the current design, in case of flooding excess water in the Bayou would be allowed to flow unimpeded through the parking garage. The applicant has indicated that elevating the entire garage floor by four feet, and the 100k cubic feet of dirt required, would impede the flow of water in the Bayou, cause floodwaters to move slower through the Bayou and not drain as quickly.

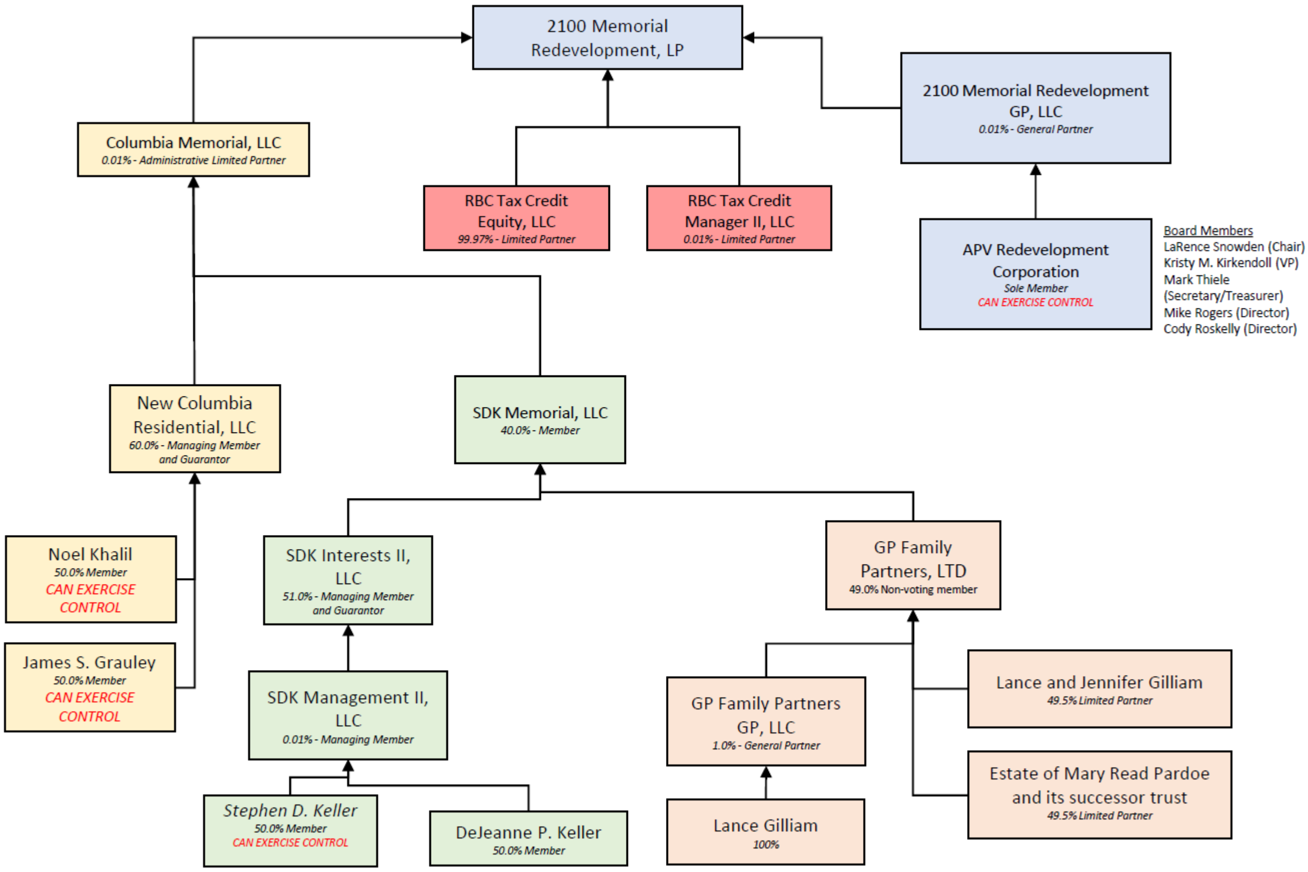
Compliance with the QAP floodplain requirement would also affect certain key functions on the south side of the building at grade level if required to be raised. Specifically, this includes an elimination of an ADA accessible exit to a bus stop, a vehicular exit, and a trash compactor. If the parking were elevated the applicant maintains that there would be no direct access to the bus stop for residents, the amount of vehicular traffic into the residential neighborhood would be increased and the trash pickup would have to be moved from a busy street to a residential street. The applicant has stated that all of these were specific concerns raised by residents in the surrounding neighborhood.

The applicant's waiver request mentioned other reasons to grant the waiver, but the staff did not agree with those arguments. However, based on the aforementioned factors and history of this development, staff believes there are characteristics and limitations on the site that are not within the control of the applicant when trying to restore the number of affordable units currently subject to a LURA by the Department. The applicant and architect have represented that the proposed re-design of the site meets the City of Houston's and CDBG-DR requirements for floodplain mitigation, particularly in light of the damage sustained by Hurricane Harvey. Moreover, staff believes that granting the waiver better serves the policies and purposes articulated in Tex. Gov't Code §2306.001 and 2306.002 by preserving the 197 affordable units in this neighborhood that has been home to an elderly population and assisting local governments in meeting the needs of their communities.

Organizational Structure: The Borrower is 2100 Memorial Redevelopment, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation was deemed acceptable by EARAC.

Public Comment: The Department did not receive any letters of support or opposition for the development.

EXHIBIT A



2100 Memorial Redevelopment, LP
Columbia Memorial, LLC
0.01% - Administrative Limited Partner
RBC Tax Credit Equity, LLC
99.97% - Limited Partner
RBC Tax Credit Manager II, LLC
0.01% - Limited Partner
2100 Memorial Redevelopment GP, LLC
0.01% - General Partner
APV Redevelopment Corporation
Sole Member
CAN EXERCISE CONTROL
Board Members
LaRence Snowden (Chair)
Kristy M. Kirkendoll (VP)
Mark Thiele (Secretary/Treasurer)
Mike Rogers (Director)
Cody Roskelly (Director)
New Columbia Residential, LLC
60.0% - Managing Member and Guarantor
SDK Memorial, LLC
40.0% - Member
Noel Khalil
50.0% Member
CAN EXERCISE CONTROL
James S. Grauley
50.0% Member
CAN EXERCISE CONTROL
SDK Interests II, LLC
51.0% - Managing Member and Guarantor
SDK Management II, LLC
0.01% - Managing Member
Stephen D. Keller
50.0% Member
CAN EXERCISE CONTROL
DeJeanne P. Keller
50.0% Member
GP Family Partners, LTD
49.0% Non-voting member
GP Family Partners GP, LLC
1.0% - General Partner
Lance Gilliam
100%
Lance and Jennifer Gilliam
49.5% Limited Partner
Estate of Mary Read Pardoe and its successor trust
49.5% Limited Partner

20490 2100 Memorial Drive - Application Summary

REAL ESTATE ANALYSIS DIVISION
February 4, 2021

PROPERTY IDENTIFICATION	
Application #	21419
Development	**2100 Memorial Drive**
City / County	**Houston / Harris**
Region/Area	**6 / Urban**
Population	**Elderly Preference**
Set-Aside	**General**
Activity	**Reconstruction**

RECOMMENDATION				
TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$2,091,385	$2,074,355	$10,530/Unit	$0.85

KEY PRINCIPALS / SPONSOR

APV Redevelopment Corp/HHA
(GP and 30% Developer)

New Columbia Residential (60 %ALP)

New Affordable Housing Partners (42% Developer)

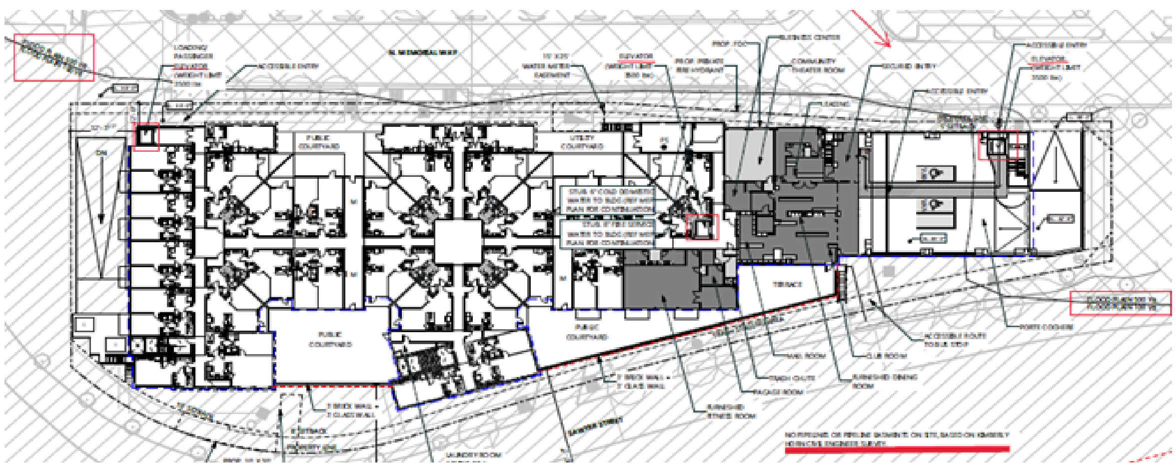
Related Parties	Contractor - Yes	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	39	20%	30%	10	5%
1	138	70%	40%	-	0%
2	20	10%	50%	30	15%
3	-	0%	60%	120	61%
4	-	0%	MR	37	19%
TOTAL	197	100%	TOTAL	197	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten	TDHCA's Pro Forma		
Debt Coverage	1.20	Expense Ratio	52.0%
Breakeven Occ.	85.2%	Breakeven Rent	$819
Average Rent	$891	B/E Rent Margin	$72
Property Taxes	Exempt	Exemption/PILOT	100%
Total Expense	$5,232/unit	Controllable	$3,140/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)			9.1%
Highest Unit Capture Rate	33%	1 BR/60%	83
Dominant Unit Cap. Rate	33%	1 BR/60%	83
Premiums (↑60% Rents)	Yes	$466/Avg.	
Rent Assisted Units	40	20% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	Applicant's Costs		
Avg. Unit Size	734 SF	Density	126.2/acre
Acquisition		$25K/unit	$4,850K
Building Cost	$161.43/SF	$118K/unit	$23,339K
Hard Cost		$139K/unit	$27,355K
Total Cost		$303K/unit	$59,692K
Developer Fee	$6,800K	(10% Deferred)	Paid Year: 5
Contractor Fee	$4,223K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
Citi	15/35	4.25%	$11,600,000	1.49
0	0	x	$0	0.00

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
City of Houston DR-17 Conduit Loan	40/0	0.00%	$25,000,000	1.20
Houston Housing Authority	40/0	3.00%	$4,800,000	1.20

EQUITY / DEFERRED FEES	
Source	Amount
RBC Capital Markets	$17,632,018
0	$0

				Developers	$659,605
				TOTAL EQUITY SOURCES	**$18,291,623**
				TOTAL DEBT SOURCES	**$41,400,000**
TOTAL DEBT (Must Pay)	**$11,600,000**	**CASH FLOW DEBT / GRANTS**	**$29,800,000**	**TOTAL CAPITALIZATION**	**$59,691,623**

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Applicant must receive a waiver of the TDHCA rule §11.101(a)(1) regarding the finished parking elevation in the flood zone.

b: Term sheet from the entity controlling the $25M CDBG-DR funds at the time of closing "with terms consistent with what was used in this underwriting report.

c: Applicant must decide whether the property will have 39 or 40 PBV's. If 39 PBV's will be committed to the development, then updated TDHCA schedules, debt and equity letters, CDBG letter, and HHA letter must acknowledge the change from 40 PBV's at underwritten to 39. The decrease of one voucher unit will not change the feasibility conclusion of this underwriting report, but will change the targeted population to Elderly Limitation.

2 Receipt and acceptance by Cost Certification:

a: Executed ground lease with Houston Housing Authority clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

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

c: Certification that appropriate asbestos and lead-based paint abatement was performed on the existing structures prior to demolition.

d: Architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain or certification (including a Letter of Map Amendment or Revision ("LOMA / LOMR-F") if applicable, documenting that the development is not within the 100 year floodplain.

For any buildings remaining in the floodplain, documentation that flood insurance is in place at the property owner's expense covering both the buildings and the residents' personal property; and certification from the owner that flood insurance for the buildings and for the residents' personal property will remain in force as long as the site remains a designated floodplain.

e: Executed HAP contract with HUD including all terms and conditions for the 40 Project Based Vouchers (PBV's).

f: 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.

BOND RESERVATION / ISSUER

Issuer	Victory Street Public Facilities Corp
Expiration Date	1/31/2021
Bond Amount	$35,000,000
BRB Priority	Priority 3
Bond Structure	Private Placement
% Financed with Tax-Exempt Bonds	**63.9%**

RISK PROFILE

STRENGTHS/MITIGATING FACTORS

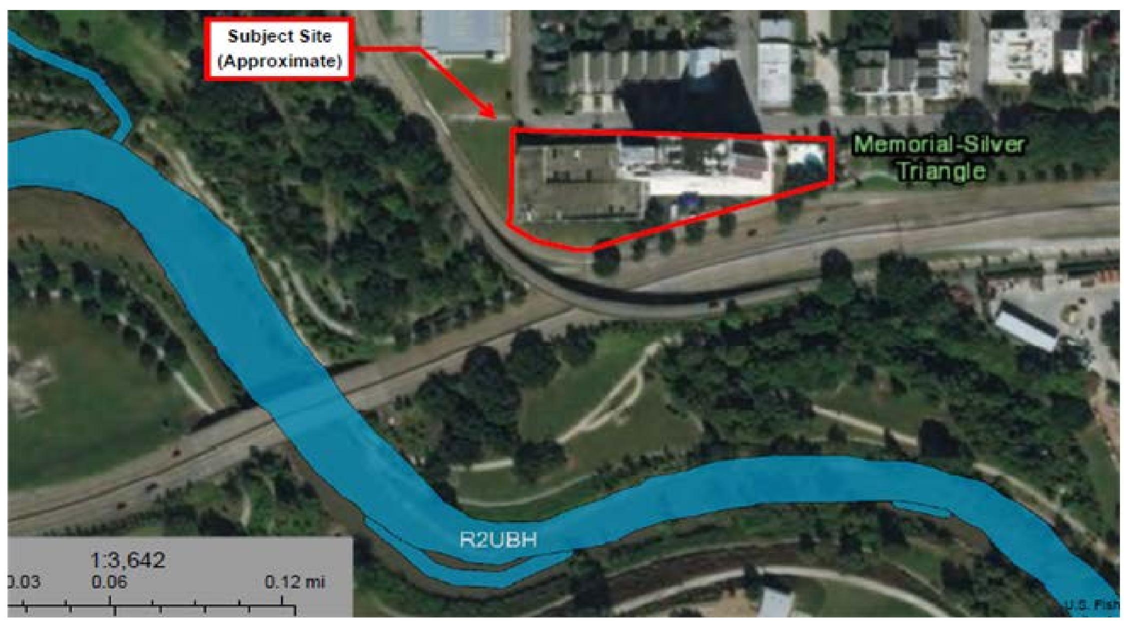
- City and Housing Authority investment
- 20% Project Based Vouchers
- Location

WEAKNESSES/RISKS

- Within 100 year flood plain
- Market rate risk
- Parking ratio of 0.6 spaces/unit
- Garage parking will be 4 ft below flood elevation

AREA MAP

AERIAL PHOTOGRAPH(s)



5b

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding a waiver of 10 TAC §11.101(a)(1) of the Qualified Allocation Plan (QAP), 10 TAC §11.101(b)(8)(B)(iii) of the QAP and the issuance of a Determination Notice for 4% Housing Tax Credits for The Oleanders at Broadway (#21418)

RECOMMENDED ACTION

WHEREAS, a 4% Housing Tax Credit application for The Oleanders at Broadway, sponsored by The Oleanders at Broadway GP, LLC and the Galveston Public Facility Corporation was submitted to the Department on September 8, 2020;

WHEREAS, the Certification of Reservation from the Texas Bond Review Board was issued on January 28, 2021, and will expire on July 27, 2021;

WHEREAS, the proposed issuer of the bonds is the Galveston Public Facility Corporation;

WHEREAS, the application requires a waiver of 10 TAC §11.101(a)(1) relating to parking and drive areas that are no lower than six inches below the floodplain;

WHEREAS, the application requires a waiver of 10 TAC §11.101(b)(8)(B)(iii)(I) relating to visitability requirements, specifically, that the development will include unit types that will not provide at least one zero-step, accessible entrance;

WHEREAS, staff recommends the waivers be granted on the basis that the site is the replacement of public housing units after a disaster and due to the unique flood mitigation requirements in Galveston;

WHEREAS, the applicant requested and received a pre-determination regarding the presence of Undesirable Site Features under 10 TAC §11.101(2)(D) and (F) relating to high-voltage transmission lines and heavy industrial whereby staff determined the site to be found eligible on the basis of mitigation that was provided; and

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 2 and deemed acceptable by Executive Award and Review Advisory Committee (EARAC);

NOW, therefore, it is hereby

RESOLVED, in accordance with 10 TAC §11.207 staff recommends the waiver be granted regarding 10 TAC §11.101(a)(1) and 10 TAC §11.101(b)(8)(B)(iii)(I) of the 2020 QAP based on specific factors as noted herein and that granting the waiver better serves the policies and purposes articulated in Tex. Gov't Code §2306.001 and 2306.002 by preserving the affordable units destroyed by Hurricane Ike and assisting local governments in meeting the needs of their communities;

FURTHER RESOLVED, that the Board affirms staff's assessment of acceptable mitigation provided regarding 10 TAC §11.101(2)(D) and (F) and The Oleanders at Broadway is hereby found to be eligible;

FURTHER RESOLVED, the applicant will provide the Compliance Division a quarterly update on the Department of Justice dispute disclosed in the application until the matter is resolved, as the outcome may impact the design and construction requirements of this property; and

FURTHER RESOLVED, that the issuance of a Determination Notice of $2,074,543 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for The Oleanders at Broadway, is hereby approved as presented to this meeting.

BACKGROUND

General Information: The Oleanders at Broadway proposes the new construction of 348 mixed-income units to be located at 5228 Broadway in Galveston, Galveston County. A number of public housing units in the City of Galveston were once located on the development site but had to be demolished due to damage sustained from Hurricane Ike in 2008. The project will include 174 public housing units to replace units that were lost. The income averaging minimum set-aside has been elected and the general population will be served. The application reflects that 174 units will be rent and income restricted at 50% of AMFI, 52 units will be rent and income restricted at 70% AMFI, 35 units will be rent and income restricted at 80% AMFI, and the remaining 87 units will be leased at market rate. The Galveston Housing Authority will provide a rental subsidy for all of the public housing units.

It is noteworthy that the development design includes a combination of multifamily apartment buildings, containing 306 apartment units, and 42 townhome units. The townhome units were found to be more than 120 square feet larger than the comparable apartment units, and thus should be considered a separate Unit Type as defined in the QAP. The townhomes would also contain amenities that were not available to the majority of the units, such as covered patios and balconies. Staff determined that these differences represented a possible violation of the construction requirements of Section 504 of the Rehabilitation Act of 1973 as further outlined in 10 TAC Chapter 1, Subchapter B. In order to provide an approximation of the townhome unit types, the project has amended its plan to include 42 apartments with similar amenities to the townhomes and the difference in size will be less than 120 square feet.

It is of note that as part of the Application in accordance with 10 TAC §11.202, McCormick Barron Salazar disclosed a Department of Justice dispute in another state surrounding the Fair Housing Act design and construction standards as applicable to development and building designs used by the applicant. While Department staff did not believe the voluntary compliance agreement entered into rose to the level of ineligibility, it did warrant further reporting on its progress and ultimate outcome, as resolution of the matter has the potential to impact the design and construction requirements applicable to this Development. Thus, the resolution should require quarterly reporting to the Compliance Division, until this dispute has been fully resolved.

Waiver: A waiver has been requested regarding 10 TAC §11.101(a)(1) relating to parking areas in a floodplain and 10 TAC §11.101(b)(8)(B)(iii), relating to visitability requirements. The rule requires that parking and drive areas are no lower than six inches below the floodplain. The design of the development will have parking at the ground level and below the base flood elevation. Galveston Island is a barrier island and is either at or slightly above sea level. The Oleander site is approximately six to seven feet throughout and its Base Flood Elevation (BFE) is 12 feet. The natural grade of Galveston Island is below the BFE and elevating the parking to a minimum of six inches below BFE would require a parking structure, with the first level of parking at a height of 11 feet 6 inches. The applicant has indicated that constructing such a structure and connecting it to the existing city roads and/or infrastructure would make the development financially infeasible. The applicant has indicated that all of the habitable spaces including indoor amenities (i.e. fitness room, community room and management office are located above the BFE and begin at 13 feet 6 inches, which is 18 inches above the BFE. The applicant has represented that this design meets the City of Galveston Building Code. Moreover, for the design to meet the building code, outdoor amenities such as the pool, splash pad, children tot lots, and the parking are located at ground level.

As it relates to visitability requirements, the townhomes will not comply with 10 TAC §11.101(b)(8)(B)(iii)(I), which requires that all units accessed by the ground floor or by elevator must contain at least one zero-step, accessible entrance. According to the applicant, the City of Galveston implemented a City Flood Damage Prevention Ordinance after the devastating flooding from Hurricane Ike. New developments are required to build the first habitable floor 18 inches above the development site's base flood elevation. The first habitable floor of the townhomes will exceed the City of Galveston's building code, as the height will be increased above the base requirement to allow for parking underneath. The first habitable floor will be accessible via a staircase located in an enclosed vestibule.

Staff recommends approving the requested waivers because the site is the replacement of public housing units after a disaster, and there are unique flood mitigation requirements in Galveston. Moreover, staff believes that granting the waiver better serves the policies and purposes articulated in Tex. Gov't Code §2306.001 and 2306.002 by re-developing affordable units that were destroyed by Hurricane Ike and assisting the local government in meeting the needs of their community through the conciliation agreement between the General Land Office, the City of Galveston, HUD, and the Galveston Housing Authority.

Undesirable Site Features-High Voltage Line and Heavy Industry: The development site was disclosed as being located within 100 feet of a high voltage transmission line and within 500 feet of two facilities that might be considered heavy industry, which could render the site ineligible pursuant to 10 TAC §11.101(a)(2). The applicant requested a pre-determination regarding the site features from the Department. The QAP will allow the distance of the high voltage transmission line to be less than the minimum noted in the rule where there is a local ordinance that specifies a smaller distance. Staff believes based upon the Galveston Code Ordinances presented by the applicant, that the proposed site plan for the subject development will comply, if not surpass, the distance required by the local ordinance. Staff considered the presence of this site feature mitigated on August 26, 2020. Moreover, the applicant disclosed, out of an abundance of caution, two facilities that might be considered heavy industrial. A fabricating machine shop and storage yard for a marine cargo company are located within 500 feet of the development site. The machine shop is situated to the west of the subject property and is described as a light industrial welding and fabricating facility for sheet metal. The storage yard is located to the north of the subject property and is a general freight and cargo handling company. Staff determined prior to application submission that these businesses did not fit within the classification of heavy industrial as described in the QAP and, therefore, do not represent an Undesirable Site Feature.

Organizational Structure: The Borrower is The Oleanders at Broadway, LP and includes the entities and principals as indicated in the organization chart in Exhibit A. The applicant's portfolio is considered a Category 2 and the previous participation was deemed acceptable by EARAC.

Public Comment: There were no letters of support or opposition received by the Department.

EXHIBIT A

The Oleanders at Broadway
Ownership Organizational Chart - Current

Owner/Applicant (100.00%)
The Oleanders at Broadway, L.P.,
a Texas limited partnership
(TIN:)

Class A Limited Partner (0.01%)
Oleanders at Broadway MBS SLP, Inc.
a Missouri corporation
(TIN: 85-2617475)

DIRECTORS:
Hillary B. Zimmerman
Kimberly A. Hartmann
Vincent R. Bennett

OFFICERS:
Kevin J. McCormack, President
Hillary B. Zimmerman, Sec & VP
Kimberly A Hartmann, Treasurer & VP
Vincent R. Bennett, Vice President
Brock Armstrong, Vice President
Jerry Stone, Vice President

General Partner (0.01%)
The Oleanders at Broadway GP, LLC
(TIN:)

Investor Limited Partner (99.98%)
TBD
TIN:

Manager/Member (100%)
GALVESTON PUBLIC FACILITY CORPORATION
an instrumentality of the Housing Authority of the City of San Antonio
(TIN:)

BOARD OF COMMISIONERS:
William Ansell, President
Betty Massey, Vice President
Raymond Turner
Greg Garrison
Angela Brown
Mona Purgason, Executive Director

Sole Shareholder (100%)
MBA PROPERTIES, INC.,
a Delaware corporation
(TIN: 43-1396798)

Shareholder (100%)
MBA HOLDINGS, LLC,
a Missouri limited liability company
(TIN: 27-2032170)

Richard D. Baron Amended and Restated Irrevocable Trust dated 3/3/2011 (25.58140%)
Richard D. Baron, Beneficiary; Carl C. Lang, Trustee**

Hillary B. Zimmerman Amended and Restated Irrevocable Trust dated 12/21/2010 (11.62780%)
Hillary B. Zimmerman, Beneficiary; Carl C. Lang, Trustee**

Kevin J. McCormack Amended and Restated Irrevocable Trust dated 12/31/2010 (25.58140%)
Kevin J. McCormack, Beneficiary; Carl C. Lang, Trustee**

Daniel Falcon Irrevocable Trust dated 4/24/2012 (5.18400%)
Daniel Falcon, Beneficiary; Carl C. Lang, Trustee**

Kimberly A. Hartmann Amended and Restated Irrevocable Trust dated 04/24/2012 (5.81400%)
Kimberly A. Hartmann, Beneficiary; Carl C. Lang, Trustee**

Vincent R. Bennett Amended and Restated Irrevocable Trust dated 5/20/2011 (25.58140%)
Vincent R. Bennett, Beneficiary; Carl C. Lang, Trustee**

* A publicly traded company involving a non-controlling, non-majority ownership position; directors area listed at www.goldmansachs.com; information and documentation provided within this application is pursuant to the guidance received by TDHCA staff
**named individuals are the only parties with legal authority to control or direct activities of named trust

21418 Oleander Homes - Application Summary

REAL ESTATE ANALYSIS DIVISION
February 4, 2021

PROPERTY IDENTIFICATION

Application #	21418
Development	Oleander Homes
City / County	Galveston / Galveston
Region/Area	6 / Urban
Population	General
Set-Aside	General
Activity	New Construction

RECOMMENDATION

TDHCA Program	Request	Recommended		
LIHTC (4% Credit)	$2,085,677	$2,074,543	$5,961/Unit	$0.92

KEY PRINCIPALS / SPONSOR

McCormack Baron Salazar, Inc/MBA Holdings, Inc
LP/75% Developer/100% Guarantor

Galveston Public Facilties Corp.
GP/25% Developer

Structure Development/Sarah Andre
Consultant

Related Parties	Contractor - No	Seller - Yes

TYPICAL BUILDING ELEVATION/PHOTO

UNIT DISTRIBUTION / INCOME DISTRIBUTION

# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	133	38%	40%	-	0%
2	173	50%	50%	174	50%
3	37	11%	60%	-	0%
4	5	1%	MR	87	25%
TOTAL	348	100%	TOTAL	261	100%

PRO FORMA FEASIBILITY INDICATORS

Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	NA	Expense Ratio	77.6%
Breakeven Occ.	73.7%	Breakeven Rent	$755
Average Rent	$978	B/E Rent Margin	$223
Property Taxes	$738/unit	Exemption/PILOT	0%
Total Expense	$8,835/unit	Controllable	$5,277/unit

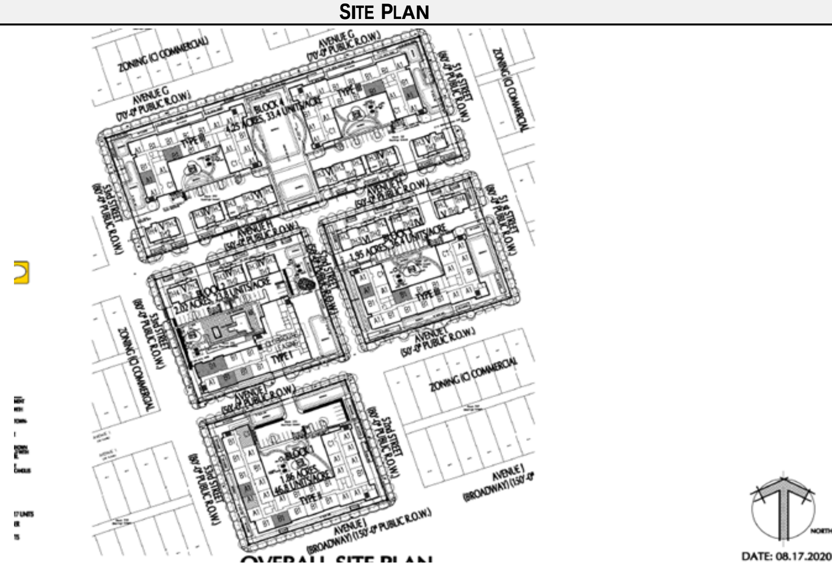
MARKET FEASIBILITY INDICATORS

Gross Capture Rate (0% Maximum)			3.2%
Highest Unit Capture Rate	7%	1 BR/70%	44
Dominant Unit Cap. Rate	7%	1 BR/70%	44
Premiums (↑60% Rents)	Yes		$199/Avg.
Rent Assisted Units	174		50% Total Units

DEVELOPMENT COST SUMMARY

Costs Underwritten		Applicant's Costs	
Avg. Unit Size	943 SF	Density	34.6/acre
Acquisition		$00K/unit	$K
Building Cost	$132.24/SF	$125K/unit	$43,410K
Hard Cost		$158K/unit	$54,864K
Total Cost		$291K/unit	$101,277K
Developer Fee	$11,539K	(0% Deferred)	Paid Year: 1
Contractor Fee	$8,697K	30% Boost	No

SITE PLAN



DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
TOTAL DEBT (Must Pay)			$0	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
Galveston CDBG-DR Conduit	55/na	0.25%	$82,194,646	0.00
CASH FLOW DEBT / GRANTS			$82,194,646	

EQUITY / DEFERRED FEES	
Source	Amount
Hudson Capital	$19,081,979
TOTAL EQUITY SOURCES	$19,081,979
TOTAL DEBT SOURCES	$82,194,646
TOTAL CAPITALIZATION	$101,276,625

CONDITIONS

1 Receipt and acceptance before Determination Notice:

a: Certification that if the site is in the 100-year floodplain when it places in service, the finished ground floor elevation of the buildings will be at least one foot above the floodplain and that the Owner will provide flood insurance coverage for the buildings and for the residents' personal property as long as the buildings remain in the floodplain.

b: Applicant must receive a waiver of the TDHCA rule §11.101(a)(1) regarding the finished parking elevation and amenities in the flood zone.

2 Receipt and acceptance by Cost Certification:

a: Executed ground lease with Galveston Housing Authority clearly specifying all terms and conditions, including who will retain ownership of land and improvements at the end of the lease.

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

c: Certification that any appropriate abatement procedures for the asbestos and lead-based paint were performed on the existing structure prior to demolition.

d: Certification that a vapor barrier was used in construction as recommended by the Phase II.

e: Architect or engineer certification that the finished ground floor elevation for each building is at least one foot above the floodplain; or certification (including a Letter of Map Amendment or Revision ("LOMA / LOMR-F") if applicable, documenting that the development is not within the 100 year floodplain.
For any buildings remaining in the floodplain, documentation that flood insurance is in place at the property owner's expense covering both the buildings and the residents' personal property; and certification from the owner that flood insurance for the buildings and for the residents' personal property will remain in force as long as the site remains a designated floodplain.

f: Attorney opinion validating that federally sourced funding 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.

BOND RESERVATION / ISSUER	
Issuer	Galveston Public Facility Corp
Expiration Date	2/13/2021
Bond Amount	$51,757,648
BRB Priority	3
Bond Structure	Short Term Tax-Exempt
% Financed with Tax-Exempt Bonds	63.8%

RISK PROFILE

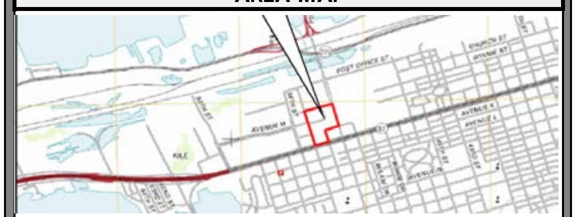
STRENGTHS/MITIGATING FACTORS

- 50% Public Housing Units
- Replacement of PHU's from Hurricane Ike
- Developer experience on island/PHU's

WEAKNESSES/RISKS

- Parking and amenities in floodplain
- High off site costs

AREA MAP



AERIAL PHOTOGRAPH(s)

5c

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action regarding the re-issuance of a Determination Notice for 4% Housing Tax Credits for Villas del San Xavier in San Marcos (#21420)

RECOMMENDED ACTION

WHEREAS, an application for Villas del San Xavier, sponsored by The Villas Del San Xavier GP, LLC, and The Development Corporation of Tarrant County, requesting 4% Housing Tax Credits (HTC) was submitted to the Department on December 21, 2018;

WHEREAS, Villas del San Xavier previously received Board approval on December 12, 2019, however, the applicant experienced delays in the closing of the bond financing;

WHEREAS, multiple Certificates of Reservation (Reservation) were issued subsequent to Board approval in 2019 and pursuant to 10 TAC §11.201(3) staff administratively re-issued the Determination Notice in May 2020;

WHEREAS, given the significant amount of time that has elapsed since the original Board approval and given the recent federal legislation fixing the 4% applicable percentage, staff believes the application warrants re-evaluation and consideration by the Board;

WHEREAS, the most recent Reservation from the Texas Bond Review Board was issued on January 28, 2021, and will expire on July 27, 2021;

WHEREAS, the proposed issuer of the bonds is the New Hope Cultural Education Facilities Finance Corporation; and

WHEREAS, EARAC recommends the issuance of a Determination Notice for Villas del San Xavier;

NOW, therefore, it is hereby

RESOLVED, that the issuance of a Determination Notice of $1,606,175 in 4% Housing Tax Credits, subject to underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department's website for Villas del San Xavier, is hereby approved as presented to this meeting.

BACKGROUND

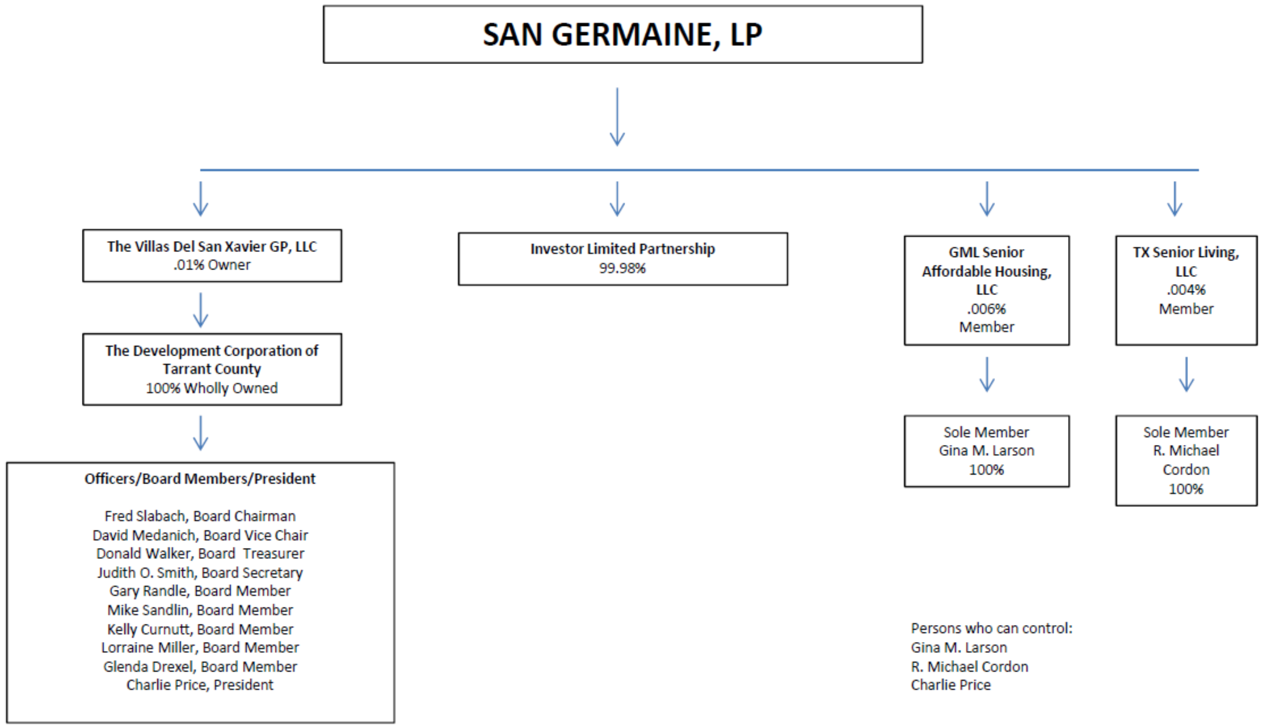
General Information: Villas del San Xavier proposes the new construction of 156 units to be located at 2621 South IH 35 in San Marcos, Hays County. The development will serve the elderly (elderly limitation) population and all of the units will be rent and income restricted at 60% of the Area Median Family Income.

The application was originally submitted to the Department on December 21, 2018, and Board approval was received on December 12, 2019; however, there were delays associated with solidifying the bond purchaser and the nonprofit general partner in the organizational structure such that the Reservation associated with that approval was withdrawn. Upon receipt of a new Reservation staff re-issued the Determination Notice on May 11, 2020, pursuant to §11.201(3) of the QAP. Subsequently, the Reservation associated with the most recent Determination Notice was withdrawn on July 16, 2020. There have been multiple Reservations, with the most recent issued on August 3, 2020, whereby staff made several attempts to reach out to the applicant to confirm whether another Determination Notice would be requested. There was no response by the applicant and the Reservation issued on August 3, 2020, was subsequently withdrawn. Pending the issuance of another Reservation, the applicant requested the re-issuance of the Determination Notice on December 22, 2020. A new reservation from the Texas Bond Review Board was issued on January 28, 2021. Given the length of time since the original underwriting, changes to the financing structure and partners, along with the recent federal legislation that established a minimum 4% applicable percentage for 4% Housing Tax Credit developments, staff believed it prudent to re-evaluate and present this matter to the Board. Some of the changes since the original Board approval include a different lender/bond purchaser, and differences in off-site costs, site work, and building costs. The Real Estate Analysis underwriting report attached hereto goes into greater detail on these changes. Staff recommends the approval of the re-issuance of the Determination Notice in the amount as noted herein.

Organizational Structure: The Borrower is San Germaine, LP, and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 1.

Public Comment: The Department did not receive any letters of support or opposition for the development.

EXHIBIT A


SAN GERMAINE, LP
The Villas Del San Xavier GP, LLC
.01% Owner
The Development Corporation of Tarrant County
100% Wholly Owned
Officers/Board Members/President
Fred Slabach, Board Chairman
David Medanich, Board Vice Chair
Donald Walker, Board Treasurer
Judith O. Smith, Board Secretary
Gary Randle, Board Member
Mike Sandlin, Board Member
Kelly Curnutt, Board Member
Lorraine Miller, Board Member
Glenda Drexel, Board Member
Charlie Price, President
Investor Limited Partnership
99.98%
GML Senior Affordable Housing, LLC
.006%
Member
Sole Member
Gina M. Larson
100%
TX Senior Living, LLC
.004%
Member
Sole Member
R. Michael Cordon
100%
Persons who can control:
Gina M. Larson
R. Michael Cordon
Charlie Price

Real Estate Analysis Division
February 4, 2021

Addendum to Underwriting Report

TDHCA Application #: **21420** Program(s): **4% HTC**

The Villas Del San Xavier

Address/Location: 2621 So. IH 35

City: San Marcos County: Hays Zip: 78666

	APPLICATION HISTORY
Report Date	**PURPOSE**
02/04/21	**Re-Issue Determination Notice**
12/11/19	Original Underwriting - Application Number 19400

ALLOCATION

	Previous Allocation				RECOMMENDATION				
TDHCA Program	**Amount**	**Rate**	**Amort**	**Term**	**Amount**	**Rate**	**Amort**	**Term**	**Lien**
LIHTC (0% Credit)	$1,059,750				**$1,606,175**				

CONDITIONS STATUS

- Receipt and acceptance by Cost Certification:
  - Documentation that a noise study has been completed, and Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
60% of AMI	60% of AMI	156

ANALYSIS

A Determination Notice was issued in December 2019 for a tax credit allocation of $1,059,750, but the transaction never closed. The Applicant has requested the Determination Notice be re-issued based on updated application information.

Operating Pro Forma

Rents are updated to 2020 HTC Program Rents. Utility Allowance from San Marcos Housing Authority dated January 2019 (most recent available) was submitted. However, utility allowance applied on the rent schedule omits a monthly flat fee for electricity. As a result, Applicant's collected rents are over-stated by $18 per month.

Applicant increased secondary income from $34 per unit per month at original underwriting to $70 per unit per month. Underwriter limits secondary income to $30.

Applicant's pro forma allows for 5.00% loss to vacancy and collection. Underwriter assumes 7.50% vacancy and collection.

Underwritten Effective Gross Income is $1,969,362, an increase of $60,739 (3.2%).

Applicant's total operating expenses increased 38%, from $633K to $871K. The most significant change is a doubling of the property tax expense, from $87K to $175K. At original underwriting Applicant anticipated a 50% property tax exemption based on the role of the Development Corp of Tarrant County in the ownership. Applicant subsequently provided an attorney statement in support of the expected exemption. The Underwriter's pro forma continues to reflect the expected exemption.

Other significant changes to proposed operating expenses include increases to G&A, payroll, maintenance, water/sewer/trash, reserve for replacement, supportive services, and the inclusion of a $56K expense for wi-fi.

The Underwriter's expenses are generally unchanged with the exception of the increased reserves as required by the equity investor and the Applicant's increased supportive services.

Underwritten Net operating Income is $1,227,939, an increase of $34,717 (2.9%).

Development Cost

Applicant's Hard Construction Cost (site work, site amenities, and building cost) has increased $2.8M (18.6%), from $15.3M to $18.1M. The increased cost is supported by the General Contractor's Construction Budget and other construction cost agreements.

Applicant's Contingency Cost exceeds 8% of Hard Cost. The Underwriter has made adjustments of $211,787 to Total Contingency and $218,787 to Eligible Contingency meet the 7.00% limit.

As a result of the adjustment to Contingency, Contractor Fees and Developer Fee are overstated. The Underwriter has limited Contractor Fee and Developer Fee to the maximum amounts.

Applicant's Total Development Cost has increased $6.2M (20.25%), from $30.4M to $36.6M. Other than the increases in hard costs, the most significant increase is for interim interest. Total interim interest remains within the underwriting guidelines.

As a result of the adjustments to Contingency, Contractor Fees, and Developer Fee, the credit allocation will be limited by the Eligible Basis.

Sources of Funds

The original application included $19,500,000 permanent debt from America First Multifamily Investors. The Applicant's current financing structure proposes $21,575,000 permanent debt from Align Finance Partners for 30 years at 4.25% interest.

The Align term sheet states the loan will not amortize, and that payments are interest-only for the full term. Underwriting assumes full amortization over 30 years at 4.25%, resulting in a Debt Coverage Ratio of 0.96 times. In order to meet the minimum 1.15 times DCR, the debt amount would need to be reduced by $3,485,000. This would be offset by increasing the deferred Developer Fee to $4,080,437 (100% deferred). The deferred fee can be repaid within 15 years.

The adjustment to the debt is not a requirement. It is for analytical purposes only, to demonstrate that the development can be considered feasible based on conventional financing terms.

The original application included $9,217,891 of tax credit equity from CREA at a $0.87 credit price.

The Applicant's current financing structure includes tax credit equity from Affordable Housing Partners at $0.85. The credit determination is based on the 4.00% applicable percentage set by federal legislation passed at the end of 2020.

The Underwriter recommends a credit allocation of $1,606,175 as determined by the Development's Eligible Basis. This provides $13,646,109 in equity proceeds.

Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

The Villas Del San Xavier, San Marcos, 4% HTC #21420

LOCATION DATA	
CITY:	San Marcos
COUNTY:	Hays
Area Median Income	$97,600
PROGRAM REGION:	7

UNIT DISTRIBUTION							
# Beds	# Units	% Total	Assisted	MDL	Income	# Units	% Total
Eff	-	0.0%	0	0	30%	-	0.0%
1	96	61.5%	0	0	40%	-	0.0%
2	60	38.5%	0	0	50%	-	0.0%
3	-	0.0%	0	0	60%	156	100.0%
4	-	0.0%	0	0	MR	-	0.0%
TOTAL	**156**	**100.0%**	**-**	**-**	**TOTAL**	**156**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	4.00%
APP % Construction	4.00%
Average Unit Size	815 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 60%	$1,098	48	1	1	710	$1,098	$68	$1,030	$18	$1.48	$1,048	**$50,304**	**$49,440**	$1,030	$1.45	$0	$1,140	$1.61	$1,140
TC 60%	$1,098	48	1	1	735	$1,098	$68	$1,030	$18	$1.43	$1,048	**$50,304**	**$49,440**	$1,030	$1.40	$0	$1,140	$1.55	$1,140
TC 60%	$1,318	60	2	2	964	$1,318	$87	$1,231	$18	$1.30	$1,249	**$74,940**	**$73,860**	$1,231	$1.28	$0	$1,450	$1.50	$1,450
TOTALS/AVERAGES:		**156**			**127,200**				**$18**	**$1.38**	**$1,125**	**$175,548**	**$172,740**	**$1,107**	**$1.36**	**$0**	**$1,259**	**$1.54**	**$1,259**

ANNUAL POTENTIAL GROSS RENT:	**$2,106,576**	**$2,072,880**	

STABILIZED PRO FORMA

The Villas Del San Xavier, San Marcos, 4% HTC #21420

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				PRIOR REPORT		TDHCA				VARIANCE	
	Database		Elderly San Marcos		% EGI	Per SF	Per Unit	Amount	Applicant	TDHCA	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.38	$1,125	$2,106,576	$1,972,656	$2,025,936	$2,072,880	$1,107	$1.36		1.6%	$33,696
Laundry, Garages, Car Ports, Cable							$70.51	$132,000	63,648							
							$70.51			37,440	$56,160	$30.00			135.0%	$75,840
POTENTIAL GROSS INCOME								$2,238,576	$2,036,304	$2,063,376	$2,129,040				5.1%	$109,536
Vacancy & Collection Loss							7.5% PGI	(167,893)	(152,723)	(154,753)	(159,678)	7.5% PGI			5.1%	(8,215)
EFFECTIVE GROSS INCOME								$1,938,083	$1,883,581	$1,908,623	$1,969,362				-1.6%	($31,279)
General & Administrative	$63,692	$408/Unit	$58,780	$377	1.95%	$0.30	$242	$37,800	$21,800	$58,780	$58,780	$377	$0.46	2.98%	-35.7%	(20,980)
Management	$68,238	4.0% EGI	$65,522	$420	3.35%	$0.51	$417	$65,000	$60,270	$57,259	$59,081	$379	$0.46	3.00%	10.0%	5,919
Payroll & Payroll Tax	$204,753	$1,313/Unit	$244,337	$1,566	10.81%	$1.65	$1,343	$209,500	$196,500	$204,753	$204,753	$1,313	$1.61	10.40%	2.3%	4,747
Repairs & Maintenance	$105,548	$677/Unit	$84,175	$540	4.01%	$0.61	$498	$77,665	$63,400	$93,600	$93,600	$600	$0.74	4.75%	-17.0%	(15,935)
Electric/Gas	$39,120	$251/Unit	$34,376	$220	0.83%	$0.13	$103	$16,000	$16,000	$34,376	$34,376	$220	$0.27	1.75%	-53.5%	(18,376)
Water, Sewer, & Trash	$125,722	$806/Unit	$99,021	$635	5.73%	$0.87	$712	$111,000	$87,000	$99,021	$99,021	$635	$0.78	5.03%	12.1%	11,979
Property Insurance	$45,594	$0.36 /sf	$43,855	$281	2.32%	$0.35	$288	$45,000	$42,000	$43,855	$43,855	$281	$0.34	2.23%	2.6%	1,145
Property Tax (@ 50%) 2.4043	$111,774	$716/Unit	$65,118	$417	9.03%	$1.38	$1,122	$175,000	$87,000	$65,118	$65,118	$417	$0.51	3.31%	168.7%	109,882
Reserve for Replacements	$56,857	$364/Unit		$0	2.82%	$0.43	$350	$54,600	$39,000	$39,000	$54,600	$350	$0.43	2.77%	0.0%	-
WIFI				$0	2.90%	$0.44	$360	$56,150	$0	$0	$0	$0	$0.00	0.00%	0.0%	56,150
Supportive Services			-	$0	0.88%	$0.13	$109	$17,000	$8,400	$8,400	$17,000	$109	$0.13	0.86%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.32%	$0.05	$40	$6,240	$6,240	$6,240	$6,240	$40	$0.05	0.32%	0.0%	-
TDHCA Bond Compliance Fee			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Security			-	$0	0.00%	$0.00	$0	$0	$0	$0	$0	$0	$0.00	0.00%	0.0%	-
Bond Trustee Fee			-	$0	0.00%	$0.00	$0	$0	$5,000	$5,000	$5,000	$32	$0.04	0.25%	-100.0%	(5,000)
TOTAL EXPENSES					**44.94%**	**$6.85**	**$5,583**	**$ 870,955**	$632,610	$715,401	**$741,423**	**$4,753**	**$5.83**	**37.65%**	**17.5%**	**$ 129,532**
NET OPERATING INCOME ("NOI")					**55.06%**	**$8.39**	**$6,841**	**$1,067,128**	$1,250,971	$1,193,222	**$1,227,939**	**$7,871**	**$9.65**	**62.35%**	**-13.1%**	**$ (160,811)**
CONTROLLABLE EXPENSES							$2,897/Unit					$3,144/Unit				

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Villas Del San Xavier, San Marcos, 4% HTC #21420

DEBT / GRANT SOURCES

		APPLICANT'S PROPOSED DEBT/GRANT STRUCTURE							Prior Underwriting		AS UNDERWRITTEN DEBT/GRANT STRUCTURE					Cumulative	
		Cumulative DCR															
DEBT (Must Pay)	**Fee**	**UW**	**App**	**Pmt**	**Rate**	**Amort**	**Term**	**Principal**	**Applicant**	**TDHCA**	**Principal**	**Term**	**Amort**	**Rate**	**Pmt**	**DCR**	**LTC**
Align Finance Partners		#DIV/0!	#DIV/0!	-	4.25%	30	18	$21,575,000	$19,500,000	$19,500,000	$21,575,000	18	30	4.250%	$1,273,632	0.96	60.2%
Adjustment to Debt Per REA Rules										($1,000,000)	($3,485,000)	18	30	4.25%	($205,729)	1.15	-9.7%
				$0	**TOTAL DEBT / GRANT SOURCES**			**$21,575,000**			**$18,090,000**			**TOTAL DEBT SERVICE**	**$1,067,903**	1.15	50.5%
NET CASH FLOW		$1,227,939	$1,067,128								**TDHCA**	**NET OPERATING INCOME**		**$1,227,939**	**$160,036**	**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**
Affordable Housing Partners, Inc	LIHTC Equity	38.4%	$1,619,521	$0.85	$13,759,495	$9,217,891	$9,217,891	$13,646,109	$0.85	$1,606,175	38.1%	$10,296	Eligible Basis
Deferred Developer Fees	Deferred Developer Fees	3.1%	(27% Deferred)		$1,109,536	$1,109,536	$2,035,824	$4,080,437	(100% Deferred)		11.4%	**Total Developer Fee:**	**$4,083,759**
Additional (Excess) Funds Req'd		0.0%					$0	$0			0.0%		
TOTAL EQUITY SOURCES		41.5%			$14,869,031	$10,327,427	$11,253,715	$17,726,546			49.5%		
TOTAL CAPITALIZATION					**$36,444,031**			**$35,816,546**			**15-Yr Cash Flow after Deferred Fee:**		**$245,477**

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				$12,754 / Unit	$1,989,646	$1,989,646	$1,437,146	$1,437,146	$9,212 / Unit				38.4%	$552,500
Acquisition Holding Costs	$0			$6,156 / Unit	$960,354	$960,354	$960,354	$960,354	$6,156 / Unit			$0	0.0%	$0
Off-Sites				$641 / Unit	$100,000	$100,000	$100,000	$100,000	$641 / Unit				0.0%	$0
Site Work		$3,542,318		$22,707 / Unit	$3,542,318	$2,696,786	$2,696,786	$3,457,782	$22,165 / Unit		$3,457,782		2.4%	$84,536
Site Amenities		$755,000		$4,840 / Unit	$755,000	$770,000	$770,000	$770,700	$4,940 / Unit		$770,700		-2.0%	($15,700)
Building Cost		$13,670,943	$109.05 /sf	$88,916/Unit	$13,870,943	$11,851,000	$11,726,136	$13,428,320	$86,079/Unit	$105.57 /sf	$13,228,320		3.3%	$442,623
Contingency		$1,476,565	8.22%	8.16%	$1,490,565	$1,077,100	$1,070,505	$1,242,976	7.00%	7.00%	$1,221,976		19.9%	$247,589
Contractor Fees		$2,696,384	13.87%	13.85%	$2,736,844	$2,319,084	$2,290,880	$2,659,969	14.00%	14.00%	$2,615,029		2.9%	$76,875
Soft Costs	0	$1,801,218		$11,546 / Unit	$1,801,218	$1,489,500	$1,489,500	$1,801,218	$11,546 / Unit		$1,801,218	$0	0.0%	$0
Financing	0	$3,140,215		$26,766 / Unit	$4,175,445	$2,976,620	$2,976,620	$4,175,445	$26,766 / Unit		$3,140,215	$0	0.0%	$0
Developer Fee	$0	$4,062,000	15.00%	15.00%	$4,110,000	$3,488,000	$3,325,678	$3,983,436	15.00%	15.00%	$3,935,286	$0	3.2%	$126,564
Reserves				$6,891 / Unit	$1,075,000	$725,000	$725,000	$904,663	$5,799 / Unit				18.8%	$170,337
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$31,144,643**		$234,662 / Unit	**$36,607,333**	$30,443,090	$29,568,604	**$34,922,008**	$223,859 / Unit		**$30,170,526**	**$0**	**4.8%**	**$1,685,325**
Acquisition Cost	$0				($552,500)	($552,500)								
Contingency		($218,787)			($211,787)	$0								
Contractor's Fee		($4,738)			($258)	($9,800)								
Financing Cost		$0												
Developer Fee	$0	($33,132)			($26,241)	($127,074)								
Reserves					$0	$0								
ADJUSTED BASIS / COST	**$0**	**$30,887,985**		$229,593/unit	**$35,816,546**	**$29,753,715**	**$29,568,604**	**$34,922,008**	$223,859/unit		**$30,170,526**	**$0**	**2.6%**	**$894,538**
TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):						**$35,816,546**								

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Villas Del San Xavier, San Marcos, 4% HTC #21420

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$30,887,985	$0	$30,170,526
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$30,887,985	$0	$30,170,526
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$40,154,381	$0	$39,221,683
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$40,154,381	$0	$39,221,683
Applicable Percentage	4.00%	4.00%	4.00%	4.00%
ANNUAL CREDIT ON BASIS	$0	$1,606,175	$0	$1,568,867
CREDITS ON QUALIFIED BASIS	$1,606,175		$1,568,867	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8496	**Variance to Request**	
Method	Annual Credits	Proceeds	**Credit Allocation**	**Credits**	**Proceeds**
Eligible Basis	$1,606,175	$13,646,109	**$1,606,175**	**($13,346)**	**($113,390)**
Needed to Fill Gap	$2,086,451	$17,726,546	----	----	----
Applicant Request	$1,619,521	$13,759,499	----	----	----

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$21,575,000**	
Aggregate Basis Limit for 50% Test	$43,150,000	
	Applicant	**TDHCA**
Land Cost	$1,989,646	$1,437,146
Depreciable Bldg Cost	$28,397,457	$27,561,534
Aggregate Basis for 50% Test	**$30,387,103**	**$28,998,679**

	Applicant	TDHCA
Percent Financed by Tax-Exempt Bonds	**71.0%**	**74.4%**
amount aggregate basis can increase before 50% test fails	$12,762,897	$14,151,321
	42.0%	48.8%

Long-Term Pro Forma

The Villas Del San Xavier, San Marcos, 4% HTC #21420

	Growth Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	Year 25	Year 30
EFFECTIVE GROSS INCOME	2.00%	$1,969,362	$2,008,749	$2,048,924	$2,089,903	$2,131,701	$2,353,570	$2,598,531	$2,868,989	$3,167,595	$3,497,281
TOTAL EXPENSES	3.00%	$741,423	$763,075	$785,365	$808,311	$831,933	$960,909	$1,110,060	$1,282,561	$1,482,089	$1,712,903
NET OPERATING INCOME ("NOI")		**$1,227,939**	**$1,245,674**	**$1,263,559**	**$1,281,592**	**$1,299,767**	**$1,392,661**	**$1,488,471**	**$1,586,427**	**$1,685,506**	**$1,784,378**
EXPENSE/INCOME RATIO		37.6%	38.0%	38.3%	38.7%	39.0%	40.8%	42.7%	44.7%	46.8%	49.0%
MUST -PAY DEBT SERVICE											
TOTAL DEBT SERVICE		$1,067,903	$1,067,903	$1,067,903	$1,067,903	$1,067,903	$1,067,903	$1,067,903	$1,067,903	$1,067,903	$1,067,903
DEBT COVERAGE RATIO		1.15	1.17	1.18	1.20	1.22	1.30	1.39	1.49	1.58	1.67
ANNUAL CASH FLOW		**$160,036**	**$177,771**	**$195,656**	**$213,689**	**$231,864**	**$324,758**	**$420,568**	**$518,524**	**$617,603**	**$716,475**
Deferred Developer Fee Balance		$3,920,401	$3,742,630	$3,546,974	$3,333,285	$3,101,421	$1,664,713	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$0	$245,477	$2,641,512	$5,531,161	$8,916,183

19400 The Villas Del San Xavier - Application Summary

REAL ESTATE ANALYSIS DIVISION
December 11, 2019

PROPERTY IDENTIFICATION	
Application #	19400
Development	The Villas Del San Xavier
City / County	San Marcos / Hays
Region/Area	7 / Urban
Population	Elderly Limitation
Set-Aside	General
Activity	New Construction

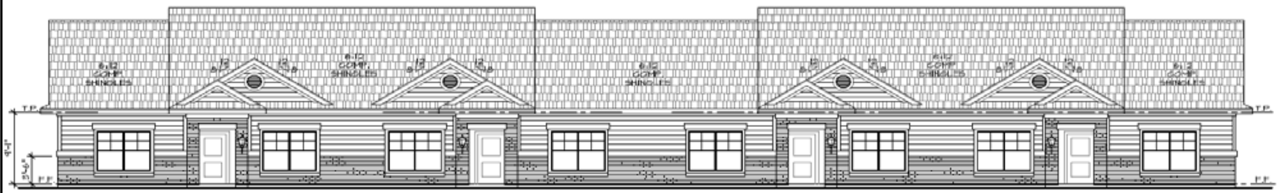
RECOMMENDATION					
TDHCA Program	Request	Recommended			
LIHTC (4% Credit)	$1,059,750	$1,059,750	$6,793/Unit	$0.87	

KEY PRINCIPAL / SPONSOR

Gina Marie Larson / Principle
GML-Senior Affordable Housing, LLC
&
Charlie Price / President
Development Corporation of Tarrant County

Related Parties	Contractor - No	Seller - No

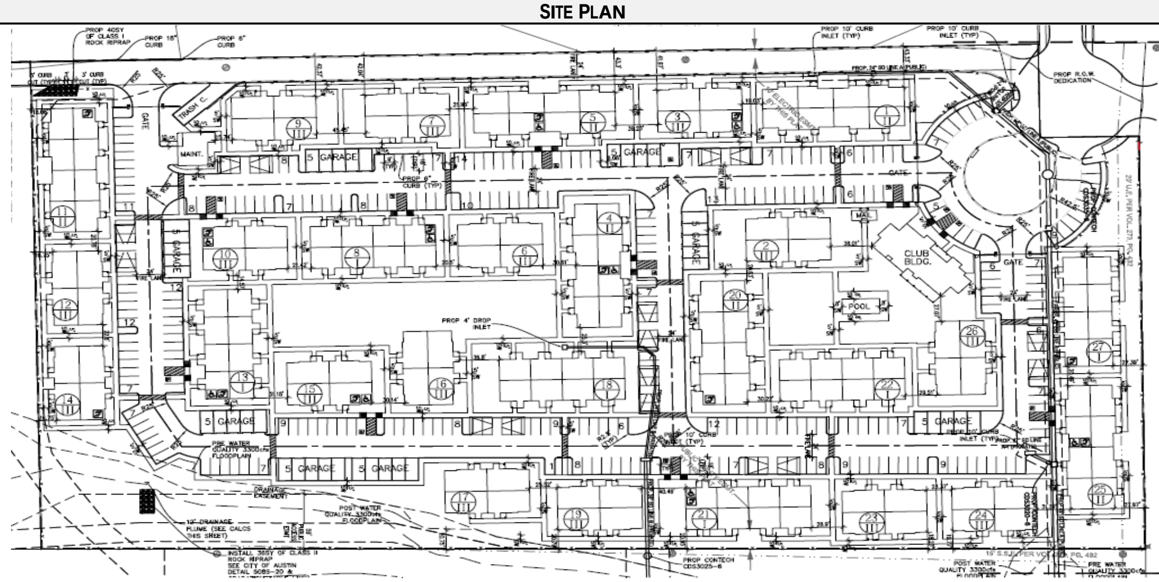
TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	96	62%	40%	-	0%
2	60	38%	50%	-	0%
3	-	0%	60%	156	100%
4	-	0%	MR	-	
TOTAL	156	100%	TOTAL	156	100%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		TDHCA's Pro Forma	
Debt Coverage	1.15	Expense Ratio	37.5%
Breakeven Occ.	84.9%	Breakeven Rent	$991
Average Rent	$1,082	B/E Rent Margin	$91
Property Taxes	$417/unit	Exemption/PILOT	50%
Total Expense	$4,586/unit	Controllable	$3,144/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	4.6%		
Highest Unit Capture Rate	8%	1 BR/60%	96
Dominant Unit Cap. Rate	8%	1 BR/60%	96
Premiums (↑60% Rents)	N/A		N/A
Rent Assisted Units	N/A		

DEVELOPMENT COST SUMMARY			
Costs Underwritten	Applicant's Costs		
Avg. Unit Size	815 SF	Density	12.8/acre
Acquisition		$15K/unit	$2,397K
Building Cost	$93.17/SF	$76K/unit	$11,851K
Hard Cost		$106K/unit	$16,495K
Total Cost		$191K/unit	$29,764K
Developer Fee	$3,361K	(61% Deferred)	Paid Year: 9
Contractor Fee	$2,319K	30% Boost	Yes

DEBT (Must Pay)				
Source	Term	Rate	Amount	DCR
America First Multifamily Investors	15/40	4.76%	$19,500,000	1.09
Adjustment to Debt Per REA Rules	15/40	4.76%	($1,000,000)	1.15
TOTAL DEBT (Must Pay)			$18,500,000	

CASH FLOW DEBT / GRANT FUNDS				
Source	Term	Rate	Amount	DCR
CASH FLOW DEBT / GRANTS			$0	

EQUITY / DEFERRED FEES	
Source	Amount
CREA	$9,217,891
Deferred Developer Fees	$2,035,824
TOTAL EQUITY SOURCES	**$11,253,715**
TOTAL DEBT SOURCES	**$18,500,000**
TOTAL CAPITALIZATION	**$29,753,715**

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Documentation that a noise study has been completed, and Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

BOND RESERVATION / ISSUER	
Issuer	New Hope CEFFC
Expiration Date	2/17/2020
Bond Amount	$25,000,000
BRB Priority	Priority 3
Close Date	TBD
Bond Structure	2019 Series A (Senior) Bonds
% Financed with Tax-Exempt Bonds	76.3%

RISK PROFILE

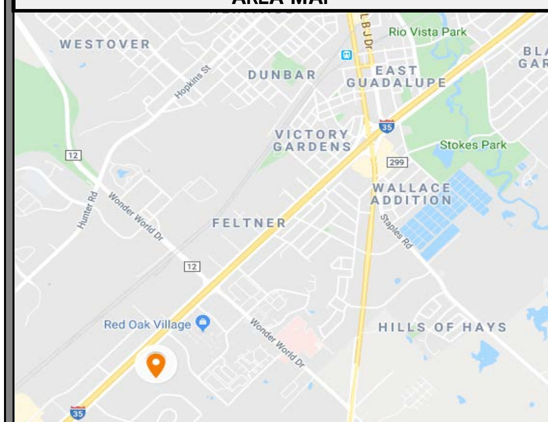
STRENGTHS/MITIGATING FACTORS

- Master-planned senior community.
- Plat has been recorded.

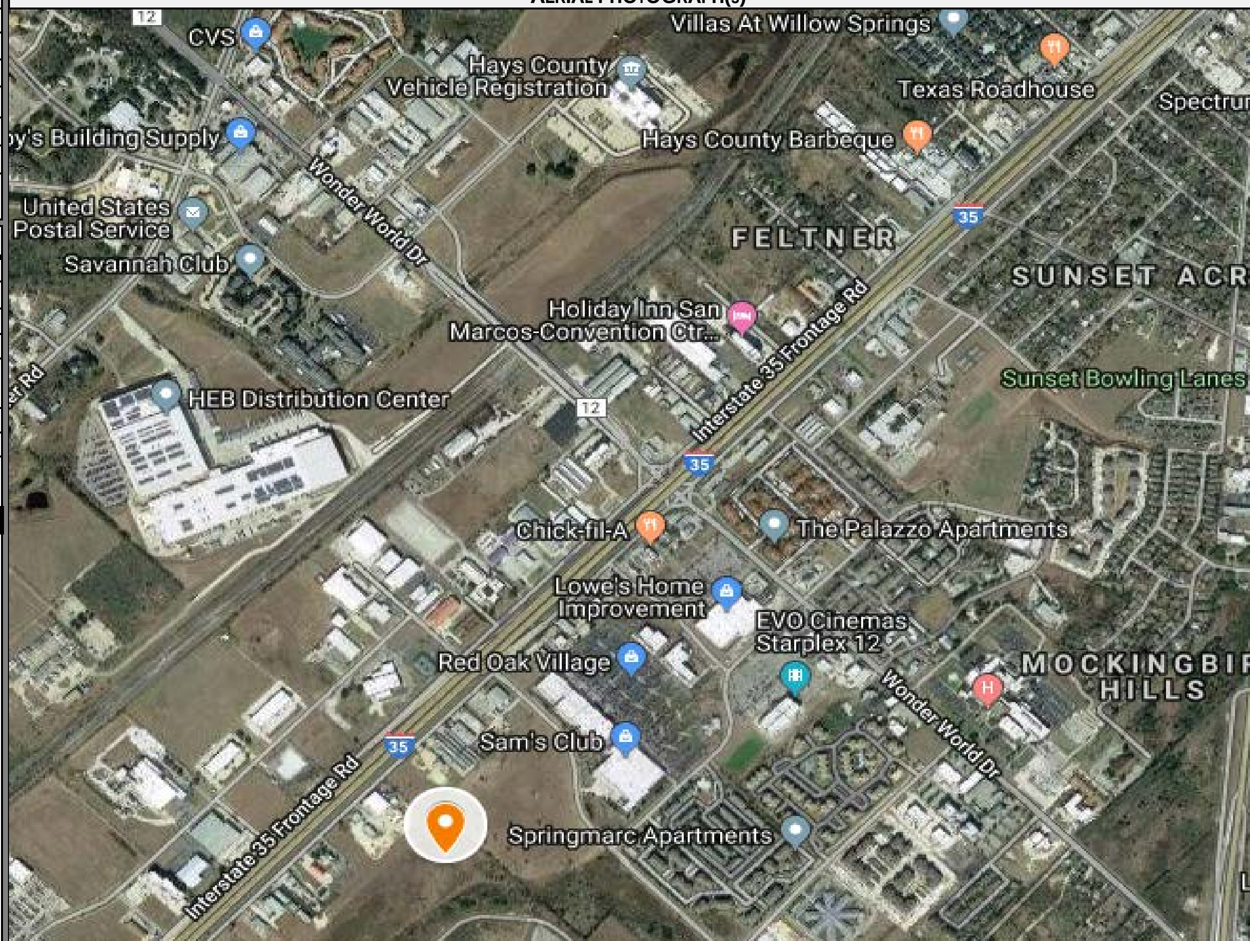
WEAKNESSES/RISKS

- Low walkability score for the site could be a marketing detriment.
- Noise mitigation required due to adjacent roads.
- Watershed Protection Plan required by city.
- Gross Capture Rate increases to 25% if unstabilized General Population developments are included.

AREA MAP



AERIAL PHOTOGRAPH(s)



DEVELOPMENT IDENTIFICATION

TDHCA Application #: 19400 Program(s): 4% HTC

The Villas Del San Xavier

Address/Location: 2621 So. IH 35

City: San Marcos County: Hays Zip: 78666

Population: Elderly Limitation Program Set-Aside: General Area: Urban

Activity: New Construction Building Type: Garden/Townhome Region: 7

Analysis Purpose: New Application - Initial Underwriting

ALLOCATION

	REQUEST				RECOMMENDATION				
TDHCA Program	Amount	Interest Rate	Amort	Term	Amount	Interest Rate	Amort	Term	Lien
LIHTC (4% Credit)	$1,059,750				**$1,059,750**				

CONDITIONS

1 Receipt and acceptance by Cost Certification:

a: Documentation that a noise study has been completed, and Architect certification that all noise assessment recommendations were implemented and the Development is compliant with HUD noise guidelines.

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

SET-ASIDES

TDHCA SET-ASIDES for HTC LURA		
Income Limit	Rent Limit	Number of Units
60% of AMI	60% of AMI	156

DEVELOPMENT SUMMARY

The Villas Del San Xavier ("The Villas") will be the low income portion of Plaza Royale Senior Community in San Marcos, Texas. The Villas will consist of 156 one and two bedroom apartments, all reserved for seniors having incomes of 60% of the area median incomes or less. All buildings will be single story with no stairs or elevators. The property will have a swimming pool and a Clubhouse for activities and entertainment and the subject's residents will also have access to the Plaza Royale community center with facilities to serve evening meals, a movie theater, exercise facility, beauty salon, library, game rooms, and coffee bar. Also included in this 10,000 square foot facility is a health center. The entire planned community will be fenced and gated. Most costs utilized in underwriting have been prorated to include only the portion that will benefit this LIHTC development.

The units will be finished with vinyl wood floors, faux wood 2 inch blinds, granite counter tops, individual washer/dryer connections, wood cabinets and large walk-in closets. Each apartment will have a full kitchen and private patio. Detached garages are available for a fee.

RISK PROFILE

	STRENGTHS/MITIGATING FACTORS
▫	Master-planned senior community.
▫	Plat has been recorded.
▫	
▫	

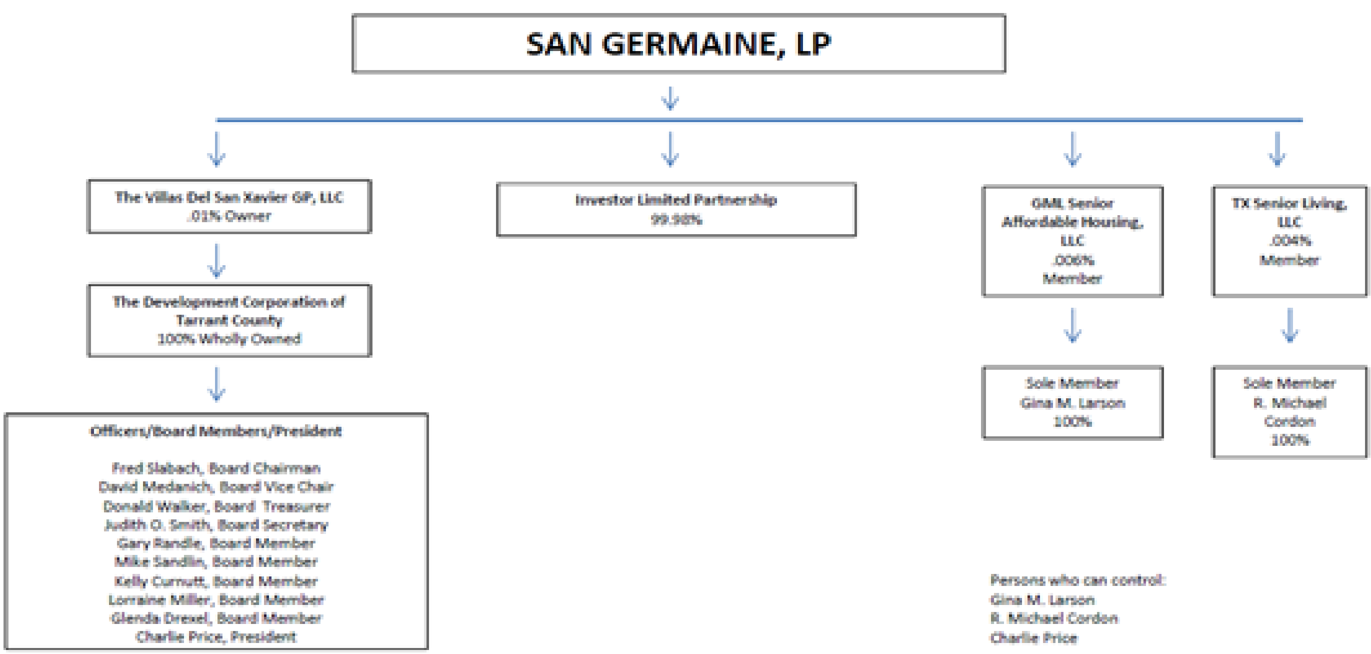
	WEAKNESSES/RISKS
▫	Low walkability score for the site could be a marketing detriment.
▫	Noise mitigation required due to adjacent roads.
▫	Watershed Protection Plan required by city.
▫	Gross Capture Rate increases to 25% if unstabilized General Population developments are included.

DEVELOPMENT TEAM

PRIMARY CONTACTS

Name:	Gina Marie Larson	Name:	Charlie Price
Phone:	(214) 212-6472	Phone:	(817) 870-9008
Relationship:	Developer & Owner	Relationship:	Dev Corp of Tarrant County

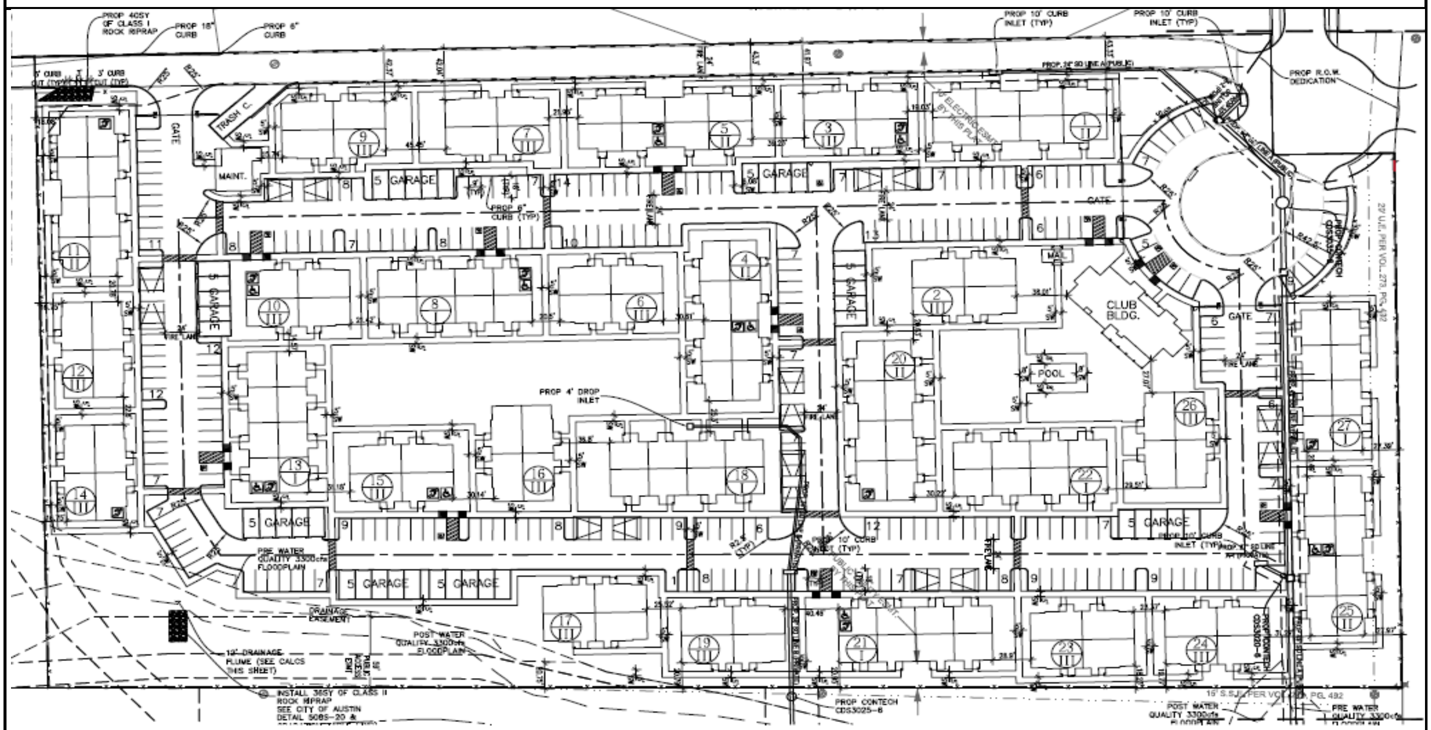
OWNERSHIP STRUCTURE



- Applicant indicates that they sought several CHDO partners statewide, and eventually partnered with The Development Corporation of Tarrant County as the result of ideal terms despite the subject development located in Hayes County.

DEVELOPMENT SUMMARY

SITE PLAN



Comments:

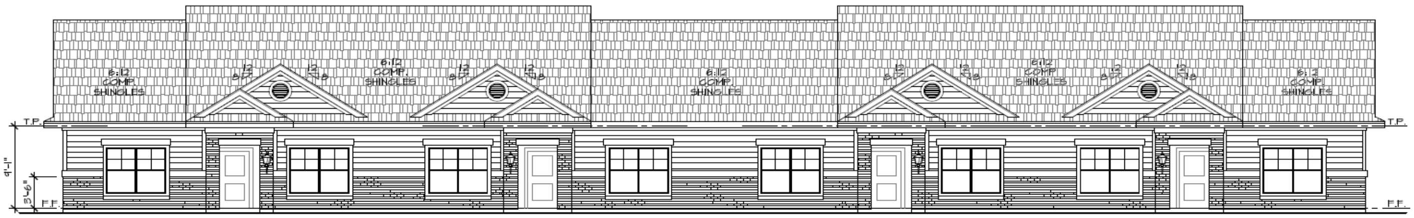
Primary access to this development will be via a 50 ft access easement shared with the market rate community under development to the north. The southwestern corner includes a portion of the floodplain, which will be left as open space.

Parking	No Fee		Tenant-Paid		Total	
Open Surface	257	*1.6/unit*	0	--	257	*1.6/unit*
Carport	0	--	39	*0.3/unit*	39	*0.3/unit*
Garage	0	--	40	*0.3/unit*	40	*0.3/unit*
Total Parking	**257**	*1.6/unit*	**79**	*0.5/unit*	**336**	*2.2/unit*

Comments:

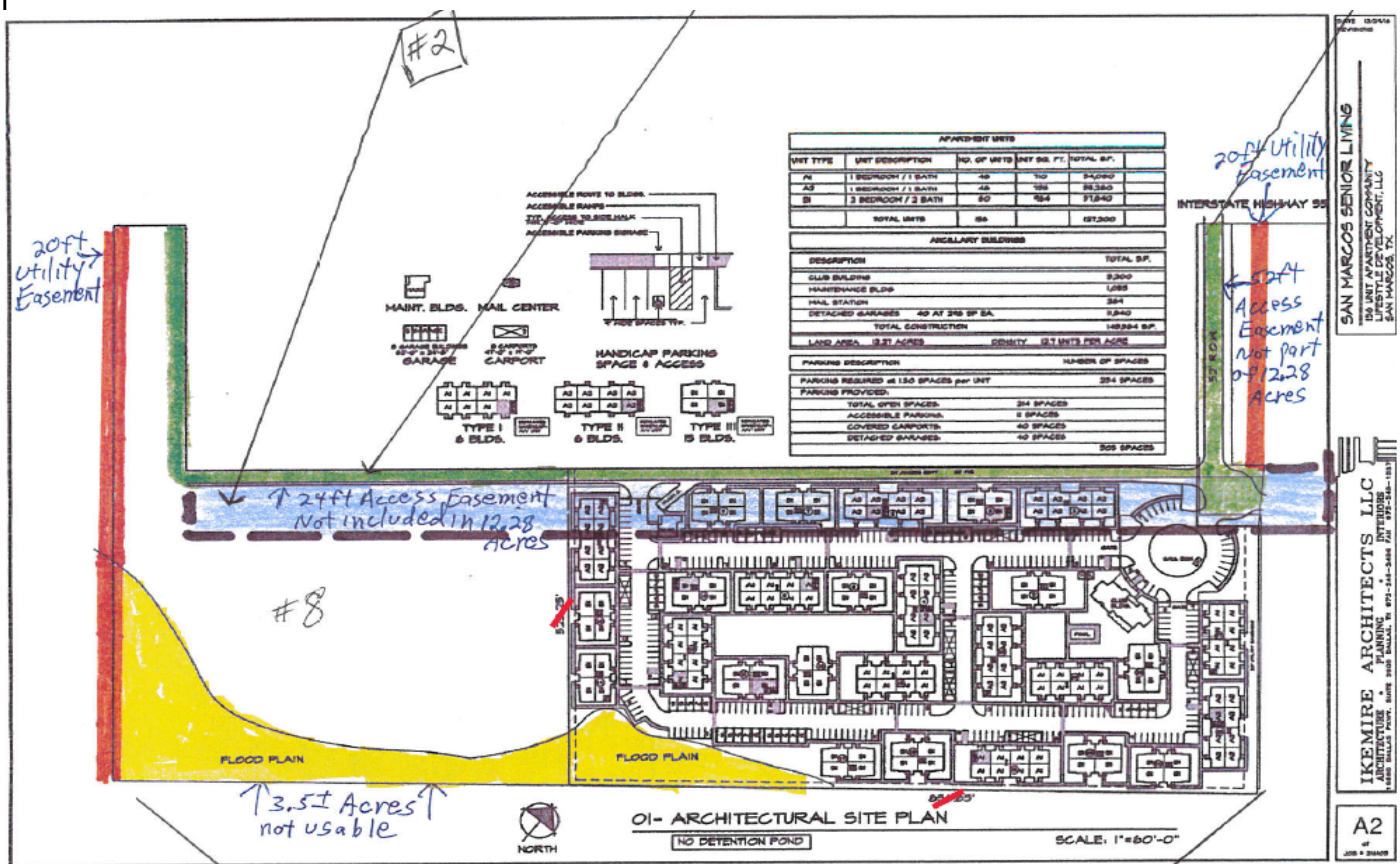
Covered parking is available to tenants for a fee in addition to the unit rent. The construction cost for carports and garages has been deducted from eligible basis.
The Underwriter has not increased the ancillary income assumption. If the applicant's pro forma materializes, the underwritten Adjustment to Debt would drop to $600,000 and the DCR would remain at 1.15.

BUILDING ELEVATION



Comments:

One of three comparable building types, averaging 46% Nichiha Cement Board and 54% Siding.
Primary roof pitch is 6/12, although 8/12 for each of the dormers.



Comments:

The primary ingress / egress of the subject will be an entrance in the northeastern corner shared with the Plaza Royale Senior Center. Applicant states that the majority of the nine acres at the southwest end of the tract is unusable, and has not indicated any intended use. There will be an emergency access easement at the southern end along the unused portion of the tract.

No improvements will be located in the flood plain.

BUILDING CONFIGURATION

Building Type	Type 1	Type 2	Type 3										Total Buildings
Floors/Stories	1	1	1										
Number of Bldgs	6	6	15										**27**
Units per Bldg	8	8	4										
Total Units	48	48	60										**156**

Avg. Unit Size (SF)	**815 sf**	**Total NRA (SF)**	**127,200**	**Common Area (SF)**	**3,200**

SITE AND ACQUISITION

Site Acreage:	Development Site:	12.20	acres			Density:	12.8	units/acre
	Site Control:	12.28	**Site Plan:**	12.2	**Appraisal:**	n/a	**ESA:**	47.96

Control Type: Settlement Statements — Settlement Dates: 9/25/18 & 12/28/18

Tract 1:	17.79	acres	Cost:	$2,131,064	Seller:	Dennis Davee
Tract 2:	28.97	acres	Cost:	$3,114,317	Seller:	City of San Marcos
Total Acquisition:	**46.76**	**acres**	**Cost:**	**$5,245,381**		
Davee tract:	17.79	acres	Cost:	$2,131,064		
City tract:	3.44	acres	Cost:	$369,805		
Pro Rata Development Site:	**12.20**	**acres**	**Cost:**	**$1,437,146**	**$9,212**	**per unit**

Seller: Dennis G Davee and The City of San Marcos

Buyer: DRE Senior Living San Marcos LLC and subsidiaries, Senior Living San Marcos LLC and subsidiaries

Assignee: San Germaine, LP

Related-Party Seller/Identity of Interest: No

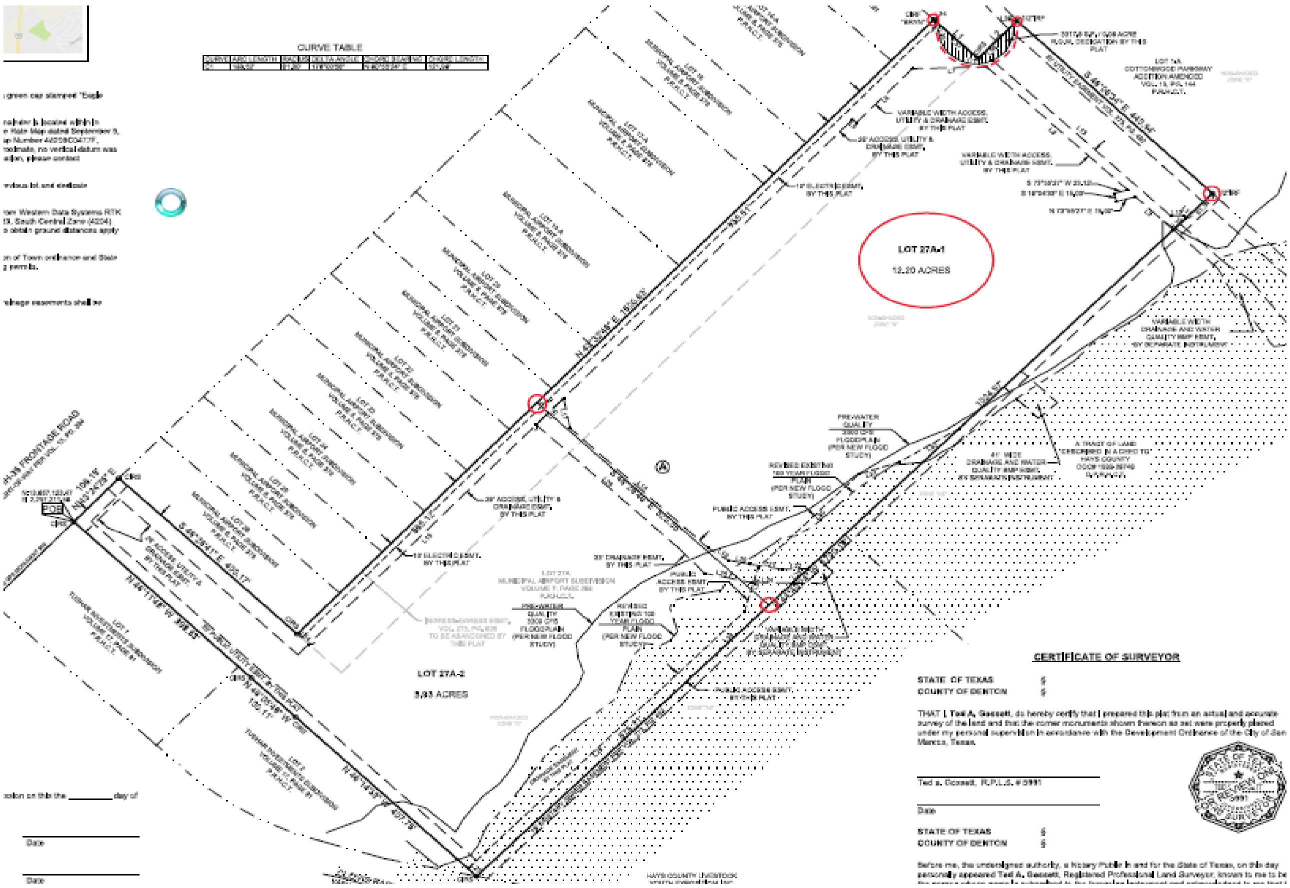
Comments:

Dennis Davee and the City of San Marcos were the most recent owners of the land containing the development site. Life Style Development, LLC secured site control of this land from Dennis Davee and the City of San Marcos as part of a larger master plan entailing other residential developments for seniors. Life Style carved out the land for the tax credit site and assigned its interest in the site control to one of the taxpayer's member/developer/guarantor, Michael Cordon (via several 1031 entities that Michael controls). Michael Cordon has since executed an arm's length acquisition (through the 1031 exchange entities) of all land pertaining to the tax credit development site, and conveyed to the Applicant (San Germaine, LP).

The land for ingress and egress is owned by the City of San Marcos. The site control for these pieces of land is shown in an agreement between the City of San Marcos and Lifestyles Development. This agreement has been assigned to a holding group of which one of the developers has control.

The approximately 29 acres acquired from the City of San Marcos includes a 3.44-acre tract adjacent to the 17.79-acre Davee tract, for a combined total 21.23 acres. From that combined tract, 12.20 acres will be used for the Subject Development.

The Applicant's cost schedule indicates $2,950,000 acquisition cost, including $960K of estimated holding costs that will need to be verified at Cost Certification. The Underwriter's pro rata cost for the subject land is $1,437,146, with those same holding costs added to the Development Cost Schedule.



GENERAL INFORMATION

Flood Zone:	AE	Scattered Site?	No
Zoning:	General Commercial	Within 100-yr floodplain?	Yes
Re-Zoning Required?	No	Utilities at Site?	Yes
Year Constructed:	N/A	Title Issues?	No

Surrounding Uses:

The Villas Del San Xavier is part of a larger master-planned senior community called Plaza Royale Senior Community which will include the subject and an adjacent market rate seniors apartment complex (also proposed) the Aldea Extravagante.
All adjacent sides are zoned General Commercial (GC), except East which is Heavy Industrial (HI).

Other Observations:

Senior Housing is a new permitted use in General Commercial zoning provided in a new San Marcos ordinance. Delineation of the 100-year flood plain has been revised showing a smaller amount of floodplain. Site has a variable-width drainage easement along a portion of the northeastern boundary of the property and a 26" access utility and drainage easement along the northwestern and north property boundary.

HIGHLIGHTS of ENVIRONMENTAL REPORTS

Provider: Phase Engineering, Inc. Date: June 19,2018

Recognized Environmental Conditions (RECs) and Other Concerns:

- "One of the calculated noise values fall within the range of 65-75 dB and considered 'Normally Unacceptable' and another falls within the range over 75 dB, 'Unacceptable' based on the HUD guidelines."(p. 60) As a result, conditions regarding noise mitigation have been placed on this award.

Comments:

Noise mitigation measures may be required due to IH-35 within 1,000 feet, one railroad within 3,000 feet, and two airports within 15 miles of the subject property. Projected DNL (dB) on the Northwest boundary is an unacceptable 76.68, largely the result of proximity to I-35. Noise mitigation will be required.

MARKET ANALYSIS

Provider: Jack Poe Company Incorporated Date: 11/29/2019

Contact: Jack Poe Phone: (214) 720-9898

Primary Market Area (PMA): 193 sq. miles 8 mile equivalent radius

The PMA is an irregularly shaped block of 13 census tracts surrounding San Marcos, including the City of Kyle.

ELIGIBLE HOUSEHOLDS BY INCOME								
Hays County Income Limits								
HH size	30% of AMI		40% of AMI		50% of AMI		60% of AMI	
	min	max	min	max	min	max	min	max
1	---	---	---	---	---	---	$25,560	$39,780
2	---	---	---	---	---	---	$25,560	$45,420
3	---	---	---	---	---	---	$30,672	$51,120
4	---	---	---	---	---	---	$30,672	$56,760

AFFORDABLE HOUSING INVENTORY						
Competitive Supply (Proposed, Under Construction, and Unstabilized)						
File #	Development	In PMA?	Type	Target Population	Comp Units	Total Units
	None					
Other Affordable Developments in PMA since 2014						
16146	Fairway Landings at Plum Creek		New	General	n/a	216
19408	Mission Trails at Camino Creek		New	General	n/a	352
19428	Riverstone Apartments		New	General	n/a	336
Stabilized Affordable Developments in PMA (pre-2014)					Total Units	1,767
					Total Developments	12

Proposed, Under Construction, and Unstabilized Comparable Supply:

Despite the 1,767 total LIHTC units in the PMA, the only development since 2014 is just outside of the PMA.

OVERALL DEMAND ANALYSIS				
	Market Analyst		Underwriter	
Total Households in the Primary Market Area	44,019		40,103	
Senior Households in the Primary Market Area	13,072		10,928	
Potential Demand from the Primary Market Area	2,994		3,072	
10% External Demand	299		307	
Potential Demand from Other Sources	0		0	
GROSS DEMAND	3,293		3,380	
Subject Affordable Units	156		156	
Unstabilized Comparable Units	0		0	
RELEVANT SUPPLY	156		156	
Relevant Supply ÷ Gross Demand = GROSS CAPTURE RATE	**4.7%**		**4.6%**	

Population:	Elderly Limitation	Market Area:	Urban	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
60% AMGI	2,994	299	156	0	4.7%	3,072	307	156	0	4.6%

Demand Analysis:

Minimum eligible income is calculated at 50% rent to income for Elderly developments. Gross demand includes all household sizes of both renter and owner households. Elderly is assumed age 55 and up.

Site is part of a Master Planned Senior Community and alongside a proposed market rate seniors apartment, which should increase prospective tenant awareness of the subject.

Although there are no comparable Senior properties within the PMA, seniors could optionally pursue either of the two other new 2019 developments within 2 miles targeting General Population. If those other General deals were underwritten as comparable, the Gross Capture Rate would increase to 25%.

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/60%	859	86	96	0	10%	1,043	104	96	0	8%
2 BR/60%	2,410	241	60	0	2%	910	91	60	0	6%

Market Analyst Comments:

"ESRI forecasts 3.47% per annum growth in renter households by 2024 and we suspect this to be an understatement based on history instead of job growth expectations." (p. 28)

"The age 55+ population in the PMA increased 7.65% per annum from 2010 to 2019. ESRI forecasts population growth of 3.63% per annum by 2024." (p. 27)

Underwriter Comments:

Affordable properties still monitored in the PMA average 96% occupancy.

Revisions to Market Study:	1

OPERATING PRO FORMA

SUMMARY- AS UNDERWRITTEN (TDHCA Pro Forma)					
NOI:	$1,193,222	Avg. Rent:	$1,082	Expense Ratio:	37.5%
Debt Service:	$1,035,432	B/E Rent:	$991	Controllable Expenses:	$3,144
Net Cash Flow:	$157,790	UW Occupancy:	92.5%	Property Taxes/Unit:	$417
Aggregate DCR:	1.15	B/E Occupancy:	84.9%	Program Rent Year:	2019

Applicant's pro forma includes $34 per unit per month secondary income, a large portion of which is from garage and carport rentals. Underwriter's pro forma limits secondary income to $20 per unit.

Applicant uses near the maximum 60% Program Rent for one-bedroom units, but understates the two-bedroom rent by $66. Underwriter uses the full two-bedroom rent. As a result, despite the limited secondary income, the Underwriter's Effective Gross Income (EGI) is $25K higher.

Proposed property management fee is 3.0% of EGI, as confirmed by a related party Property Management contract. All else equal, if the fee was a more typical 5.0%, debt coverage would drop to 1.12; the underwritten debt would need to be reduced by $290,000, requiring an offset by increased Deferred Developer fee to maintain feasibility.

Applicants General & Administrative expenses, as well as Repair & Maintenance expectations, are well below the Underwriters database of comparable local deals. TDHCA is using select Elderly Hays County comparables for G&A, and has kept the fixed $600/unit for R&M. The Applicant's estimates for Electric/Gas reflect their own portfolio combined with reduced expenses due to a new Green senior development, however their expectations are far below the TDHCA database values and Underwriting has chosen to use select comparables.

Applicant anticipates a 50% property tax exemption because the Owner of the General Partner (Development Corporation of Tarrant County) is a Community Housing Development Organization (CHDO). Without the tax exemption the development would be infeasible.

Applicant's total operating expenses ($4,055 per unit) and controllable expenses ($2,466) are significantly lower than comparable properties in the region. Underwriter's estimates ($4,586 total / $3,144 controllable) are based on expenses at six similar elderly properties in the San Marcos / Hays County area.

Applicant's total expenses are 11.6% lower than Underwriter's estimates, and NOI is 4.8% higher. As a result, feasibility conclusion is determined based on the Underwriter's pro forma.

Related-Party Property Management Company: Yes

Revisions to Rent Schedule:	1	Revisions to Annual Operating Expenses:	3

DEVELOPMENT COST EVALUATION

SUMMARY- AS UNDERWRITTEN (Applicant's Costs)					
Acquisition	$163,086/ac	$15,369/unit	**$2,397,500**	Contractor Fee	**$2,319,084**
Off-site + Site Work		$22,864/unit	**$3,566,786**	Soft Cost + Financing	**$4,466,120**
Building Cost	$93.17/sf	$75,968/unit	**$11,851,000**	Developer Fee	**$3,360,926**
Contingency	6.99%	$6,904/unit	**$1,077,100**	Reserves	**$725,000**
Total Development Cost	$190,792/unit	**$29,763,515**		**Rehabilitation Cost**	**N/A**

Qualified for 30% Basis Boost?	Located in QCT with < 20% HTC units/HH

Acquisition:

Acquisition cost reflects the arms-length land purchase in September 2018 plus $960K in of holding cost listed as cost of zoned and engineered land, as well as interest, insurance, and taxes. Land cost has been reduced by $552K to reflect Underwriter’s calculation of the pro rata cost for the subject 12.20 acres.

Off-site:

$100,000 for access roads leading to the site.

Site Work:

Site Work estimates include $450,000 for Excavation and $1.45M in Concrete. Applicant claims Site Work increased costs are primarily due to unexpected drainage requirements required by the city.

Building Cost:

Single-story multifamily construction. Underwriter's typical cost estimate based on Marshall & Swift average quality cost model is $85.28 psf / $10,847 per unit, about 8% lower than the Applicant's stated cost. For analysis purposes, the Underwriter relied on executed construction contract cost for several recent similar developments. Applicant's cost is within 1%.

Units include 8' ceiling height, vinyl wood floors, granite counter tops, individual washer/dryer connections, wood cabinets and large walk-in closets. Each apartment will have a full kitchen and private patio.

Ineligible Costs:

Carports and garages are not eligible basis since they are optional tenant-paid expenses.

Soft Costs:

Architecture & Engineering totals $2,179/unit; $110,000 is allocated for Building permits and related costs.

Contingency and Fees:

Underwriter limited developer fee, contingency, and contractor fee to the maximum amounts.

Credit Allocation Supported by Costs:

Total Development Cost	Adjusted Eligible Cost	Credit Allocation Supported by Eligible Basis
$29,753,715	**$25,328,035**	**$1,093,158**

Related-Party Contractor: No

Related-Party Cost Estimator: No

Revisions to Development Cost Schedule:	2

UNDERWRITTEN CAPITALIZATION

BOND RESERVATION			
Issuer	**Amount**	**Reservation Date**	**Priority**
New Hope Cultural Education Facilities Finance Corp.	$25,000,000	9/20/2019	Priority 3

Closing Deadline	Expected Closing	Bond Structure
2/17/2020	TBD	2019 Series A (Senior) Bonds

Percent of Cost Financed by Tax-Exempt Bonds	76.3%

Comments:

This project is a Senior Housing Development and applies under Chapter 221 of the Texas Health and Safety code. Additionally, this Educational Facilities Corporation has jurisdiction to issue Bonds throughout the State of Texas under Chapter 221 of the Texas Health and Safety code.

INTERIM SOURCES				
Funding Source	**Description**	**Amount**	**Rate**	**LTC**
America First Multifamily Investors	Bond Purchaser	$20,500,000	4.76%	67%
CREA	HTC Equity	$8,065,655	$0.87	26%
GML-Senior Affordable Housing, LLC	Deferred Developer Fee	$2,000,000		7%
		$30,565,655	**Total Sources**	

Comments:

The lender has committed to using the same interest rate for both the Construction and Permanent loans.

PERMANENT SOURCES

Debt Source	PROPOSED Amount	Interest Rate	Amort	Term	UNDERWRITTEN Amount	Interest Rate	Amort	Term	LTC
America First Multifamily Inv.	$19,500,000	4.76%	40	15	$19,500,000	4.76%	40	15	66%
Adjustment to Debt	$0	0.00%	0	0	($1,000,000)	4.76%	40	15	-3%
Total	**$19,500,000**				**$18,500,000**				

Comments:

Debt coverage on the proposed $19.5M permanent debt amount is 1.09 times. The Development is considered feasible by assuming the debt could be reduced by $1.0M to achieve the minimum 1.15 DCR.

In this case, the Tax Credit Award has not been affected by the Adjustment to Debt. Additional Developer Fee has been underwritten as deferred, and the deal remains feasible.

Permanent debt is underwritten at 4.76%, a rate that applies to both the Construction and the Permanent Loan Terms. The rate could increase to 5.26% and the Development could remain feasible with $1,000,000 less debt and 100% deferred developer fee.

Equity & Deferred Fees	PROPOSED Amount	Rate	% Def	UNDERWRITTEN Amount	Rate	% TC	% Def
CREA	$9,217,891	$0.87		$9,217,891	$0.87	31%	
Deferred Developer Fees	$1,109,536		33%	$2,035,824		7%	61%
Total	**$10,327,427**			**$11,253,715**			
				$29,753,715	**Total Sources**		

Credit Price Sensitivity based on current capital structure	
$1.062	Maximum Credit Price before the Development is oversourced and allocation is limited
$0.745	Minimum Credit Price below which the Development would be characterized as infeasible

Comments:

Credit Price is well below the average Austin MSA credit prices in 2019, due partially to a front-loaded pay-in schedule with 87.5% of Limited Party Equity received by "placed in service" of Section 42 of the Code.

Revisions to Sources Schedule:	0

CONCLUSIONS

Recommended Financing Structure:

Gap Analysis:	
Total Development Cost	$29,753,715
Permanent Sources	$18,500,000
Gap in Permanent Financing	$11,253,715

Possible Tax Credit Allocations:	**Equity Proceeds**	**Annual Credits**
Determined by Eligible Basis	$9,508,480	$1,093,158
Needed to Balance Sources & Uses	$11,253,715	$1,293,802
Requested by Applicant	$9,217,891	$1,059,750

	RECOMMENDATION	
	Equity Proceeds	**Annual Credits**
Tax Credit Allocation	**$9,217,891**	**$1,059,750**

Deferred Developer Fee	**$2,035,824**	**(61% deferred)**
Repayable in	**9 years**	

Comments:

Recommended credit allocation is $1,059,750 as requested by the Applicant.

Underwriter:	*Greg Stoll*
Manager of Real Estate Analysis:	*Thomas Cavanagh*
Director of Real Estate Analysis:	*Brent Stewart*

UNIT MIX/RENT SCHEDULE

The Villas Del San Xavier, San Marcos, 4% HTC #19400

LOCATION DATA	
CITY:	San Marcos
COUNTY:	Hays
Area Median Income	$95,900
PROGRAM REGION:	7

UNIT DISTRIBUTION							
# Beds	# Units	% Total	Assisted	MDL	Income	# Units	% Total
Eff	-	0.0%	0	0	30%	-	0.0%
1	96	61.5%	0	0	40%	-	0.0%
2	60	38.5%	0	0	50%	-	0.0%
3	-	0.0%	0	0	60%	156	100.0%
4	-	0.0%	0	0	MR	-	0.0%
TOTAL	**156**	**100.0%**	**-**	**-**	**TOTAL**	**156**	**100.0%**

Pro Forma ASSUMPTIONS	
Revenue Growth	2.00%
Expense Growth	3.00%
Basis Adjust	130%
Applicable Fraction	100%
APP % Acquisition	3.32%
APP % Construction	3.32%
Average Unit Size	815 sf

UNIT MIX / MONTHLY RENT SCHEDULE

HTC		UNIT MIX				APPLICABLE PROGRAM RENT			APPLICANT'S PRO FORMA RENTS				TDHCA PRO FORMA RENTS				MARKET RENTS		
Type	Gross Rent	# Units	# Beds	# Baths	NRA	Gross Rent	Utility Allow	Max Net Program Rent	Delta to Max	Rent psf	Net Rent per Unit	Total Monthly Rent	Total Monthly Rent	Rent per Unit	Rent psf	Delta to Max	Underwritten		Mrkt Analyst
TC 60%	$1,065	48	1	1	710	$1,065	$62	$1,003	($5)	$1.41	$998	**$47,904**	**$48,144**	$1,003	$1.41	$0	$1,140	$1.61	$1,140
TC 60%	$1,065	48	1	1	735	$1,065	$62	$1,003	($5)	$1.36	$998	**$47,904**	**$48,144**	$1,003	$1.36	$0	$1,140	$1.55	$1,140
TC 60%	$1,278	60	2	2	964	$1,278	$69	$1,209	($66)	$1.19	$1,143	**$68,580**	**$72,540**	$1,209	$1.25	$0	$1,450	$1.50	$1,450
TOTALS/AVERAGES:		**156**			**127,200**				**($28)**	**$1.29**	**$1,054**	**$164,388**	**$168,828**	**$1,082**	**$1.33**	**$0**	**$1,259**	**$1.54**	**$1,259**

ANNUAL POTENTIAL GROSS RENT:	$1,972,656	$2,025,936

STABILIZED PRO FORMA

The Villas Del San Xavier, San Marcos, 4% HTC #19400

STABILIZED FIRST YEAR PRO FORMA

	COMPARABLES				APPLICANT				TDHCA				VARIANCE	
	Database		Elderly San Marcos		% EGI	Per SF	Per Unit	Amount	Amount	Per Unit	Per SF	% EGI	%	$
POTENTIAL GROSS RENT						$1.29	$1,054	$1,972,656	$2,025,936	$1,082	$1.33		-2.6%	($53,280)
Laundry,Garages, Car Ports, Pet fee, Cable							$34.00	$63,648						
							$34.00		$37,440	$20.00			70.0%	$26,208
POTENTIAL GROSS INCOME								$2,036,304	$2,063,376				-1.3%	($27,072)
Vacancy & Collection Loss							7.5% PGI	(152,723)	(154,753)	7.5% PGI			-1.3%	2,030
EFFECTIVE GROSS INCOME								$1,883,581	$1,908,623				-1.3%	($25,042)

General & Administrative	$63,692	$408/Unit	$58,780	$377	1.16%	$0.17	$140	$21,800	$58,780	$377	$0.46	3.08%	-62.9%	(36,980)
Management	$68,238	4.0% EGI	$65,522	$420	3.20%	$0.47	$386	$60,270	$57,259	$367	$0.45	3.00%	5.3%	3,011
Payroll & Payroll Tax	$204,753	$1,313/Unit	$244,337	$1,566	10.43%	$1.54	$1,260	$196,500	$204,753	$1,313	$1.61	10.73%	-4.0%	(8,253)
Repairs & Maintenance	$105,548	$677/Unit	$84,175	$540	3.37%	$0.50	$406	$63,400	$93,600	$600	$0.74	4.90%	-32.3%	(30,200)
Electric/Gas	$39,120	$251/Unit	$34,376	$220	0.85%	$0.13	$103	$16,000	$34,376	$220	$0.27	1.80%	-53.5%	(18,376)
Water, Sewer, & Trash	$125,722	$806/Unit	$99,021	$635	4.62%	$0.68	$558	$87,000	$99,021	$635	$0.78	5.19%	-12.1%	(12,021)
Property Insurance	$45,594	$0.36 /sf	$43,855	$281	2.23%	$0.33	$269	$42,000	$43,855	$281	$0.34	2.30%	-4.2%	(1,855)
Property Tax (@ 50%) 2.4043	$111,774	$716/Unit	$65,118	$417	4.62%	$0.68	$558	$87,000	$65,118	$417	$0.51	3.41%	33.6%	21,882
Reserve for Replacements	$56,857	$364/Unit		$0	2.07%	$0.31	$250	$39,000	$39,000	$250	$0.31	2.04%	0.0%	-
Supportive Services			-	$0	0.45%	$0.07	$54	$8,400	$8,400	$54	$0.07	0.44%	0.0%	-
TDHCA LIHTC/HOME Compliance Fees			-	$0	0.33%	$0.05	$40	$6,240	$6,240	$40	$0.05	0.33%	0.0%	-
Trustee fee			-	$0	0.27%	$0.04	$32	$5,000	$5,000	$32	$0.04	0.26%	0.0%	-
TOTAL EXPENSES					**33.59%**	**$4.97**	**$4,055**	**$ 632,610**	**$715,401**	**$4,586**	**$5.62**	**37.48%**	**-11.6%**	**$ (82,791)**
NET OPERATING INCOME ("NOI")					**66.41%**	**$9.83**	**$8,019**	**$1,250,971**	**$1,193,222**	**$7,649**	**$9.38**	**62.52%**	**4.8%**	**$ 57,749**

CONTROLLABLE EXPENSES	$2,466/Unit		$3,144/Unit	

CAPITALIZATION / TOTAL DEVELOPMENT BUDGET / ITEMIZED BASIS

The Villas Del San Xavier, San Marcos, 4% HTC #19400

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
America First Multifamily Investors		1.09	1.15	1,091,401	4.76%	40	15	$19,500,000	$19,500,000	15	40	4.76%	$1,091,401	1.09	65.5%
Adjustment to Debt Per REA Rules									($1,000,000)	15	40	4.76%	($55,969)	1.15	-3.4%
				$1,091,401	**TOTAL DEBT / GRANT SOURCES**			**$19,500,000**	**$18,500,000**			**TOTAL DEBT SERVICE**	**$1,035,432**	1.15	62.2%
NET CASH FLOW		$101,821	$159,570						**TDHCA**	**NET OPERATING INCOME**		**$1,193,222**	**$157,790**	**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
CREA	LIHTC Equity	31.0%	$1,059,750	$0.87	$9,217,891	$9,217,891	$0.87	$1,059,750	31.0%	$6,793	Applicant Request
Deferred Developer Fees	Deferred Developer Fees	3.7%	(32% Deferred)		$1,109,536	$2,035,824	(61% Deferred)		6.8%	**Total Developer Fee:**	**$3,360,926**
Additional (Excess) Funds Req'd		0.0%				$0			0.0%		
TOTAL EQUITY SOURCES		34.7%			$10,327,427	$11,253,715			37.8%		
TOTAL CAPITALIZATION					**$29,827,427**	**$29,753,715**				**15-Yr Cash Flow after Deferred Fee:**	**$2,208,375**

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				$12,754 / Unit	$1,989,646	$1,437,146	$9,212 / Unit				38.4%	$552,500
Acquisition Holding Costs	$0			$6,156 / Unit	$960,354	$960,354	$6,156 / Unit			$0	0.0%	$0
Off-Sites				$641 / Unit	$100,000	$100,000	$641 / Unit				0.0%	$0
Site Work		$2,696,786		$17,287 / Unit	$2,696,786	$2,696,786	$17,287 / Unit		$2,696,786		0.0%	$0
Site Amenities		$770,000		$4,936 / Unit	$770,000	$770,000	$4,936 / Unit		$770,000		0.0%	$0
Building Cost		$11,636,000	$93.17 /sf	$75,968/Unit	$11,851,000	$11,726,136	$75,168/Unit	$92.19 /sf	$11,257,899		1.1%	$124,864
Contingency		$1,062,095	7.03%	6.99%	$1,077,100	$1,070,505	7.00%	7.00%	$1,030,728		0.6%	$6,595
Contractor Fees		$2,272,884	14.06%	14.06%	$2,319,084	$2,290,880	14.00%	14.00%	$2,205,758		1.2%	$28,204
Soft Costs	0	$1,314,500		$9,548 / Unit	$1,489,500	$1,489,500	$9,548 / Unit		$1,314,500	$0	0.0%	$0
Financing	0	$2,287,500		$19,081 / Unit	$2,976,620	$2,976,620	$19,081 / Unit		$2,287,500	$0	0.0%	$0
Developer Fee	$0	$3,435,000	15.59%	15.59%	$3,488,000	$3,325,678	15.00%	15.00%	$3,234,476	$0	4.9%	$162,322
Reserves				$4,647 / Unit	$725,000	$725,000	$4,647 / Unit				0.0%	$0
TOTAL HOUSING DEVELOPMENT COST (UNADJUSTED BASIS)	**$0**	**$25,474,765**		$195,148 / Unit	**$30,443,090**	**$29,568,604**	$189,542 / Unit		**$24,797,646**	**$0**	**3.0%**	**$874,486**
Acquisition Cost	$0				($552,500)							
Contingency		($4,900)			$0							
Contractor's Fee		($10,487)			($9,800)							
Financing Cost		$0										
Developer Fee	$0	($131,343)			($127,074)							
Reserves					$0							
ADJUSTED BASIS / COST	**$0**	**$25,328,035**		$190,729/unit	**$29,753,715**	**$29,568,604**	$189,542/unit		**$24,797,646**	**$0**	**0.6%**	**$185,111**

TOTAL HOUSING DEVELOPMENT COSTS (Applicant's Uses are within 5% of TDHCA Estimate):	**$29,753,715**

CAPITALIZATION / DEVELOPMENT COST BUDGET / ITEMIZED BASIS ITEMS

The Villas Del San Xavier, San Marcos, 4% HTC #19400

CREDIT CALCULATION ON QUALIFIED BASIS

	Applicant		TDHCA	
	Acquisition	Construction Rehabilitation	Acquisition	Construction Rehabilitation
ADJUSTED BASIS	$0	$25,328,035	$0	$24,797,646
Deduction of Federal Grants	$0	$0	$0	$0
TOTAL ELIGIBLE BASIS	$0	$25,328,035	$0	$24,797,646
High Cost Area Adjustment		130%		130%
TOTAL ADJUSTED BASIS	$0	$32,926,446	$0	$32,236,940
Applicable Fraction	100.00%	100.00%	100.00%	100.00%
TOTAL QUALIFIED BASIS	$0	$32,926,446	$0	$32,236,940
Applicable Percentage	3.32%	3.32%	3.32%	3.32%
ANNUAL CREDIT ON BASIS	$0	$1,093,158	$0	$1,070,266
CREDITS ON QUALIFIED BASIS	$1,093,158		$1,070,266	

	ANNUAL CREDIT CALCULATION BASED ON APPLICANT BASIS		FINAL ANNUAL LIHTC ALLOCATION		
			Credit Price $0.8698	Variance to Request	
Method	Annual Credits	Proceeds	**Credit Allocation**	Credits	Proceeds
Eligible Basis	$1,093,158	$9,508,480	----	----	----
Needed to Fill Gap	$1,293,802	$11,253,715	----	----	----
Applicant Request	$1,059,750	$9,217,891	**$1,059,750**	$0	$0

50% Test for Bond Financing for 4% Tax Credits

Tax-Exempt Bond Amount	**$19,500,000**	
Aggregate Basis Limit for 50% Test	$39,000,000	
	Applicant	**TDHCA**
Land Cost	$1,989,646	$1,437,146
Depreciable Bldg Cost	$23,551,324	$23,391,661
Aggregate Basis for 50% Test	**$25,540,970**	**$24,828,806**

	Applicant	TDHCA
Percent Financed by Tax-Exempt Bonds	**76.3%**	**78.5%**
amount aggregate basis can increase before 50% test fails	$13,459,030	$14,171,194
	52.7%	57.1%

BUILDING COST ESTIMATE

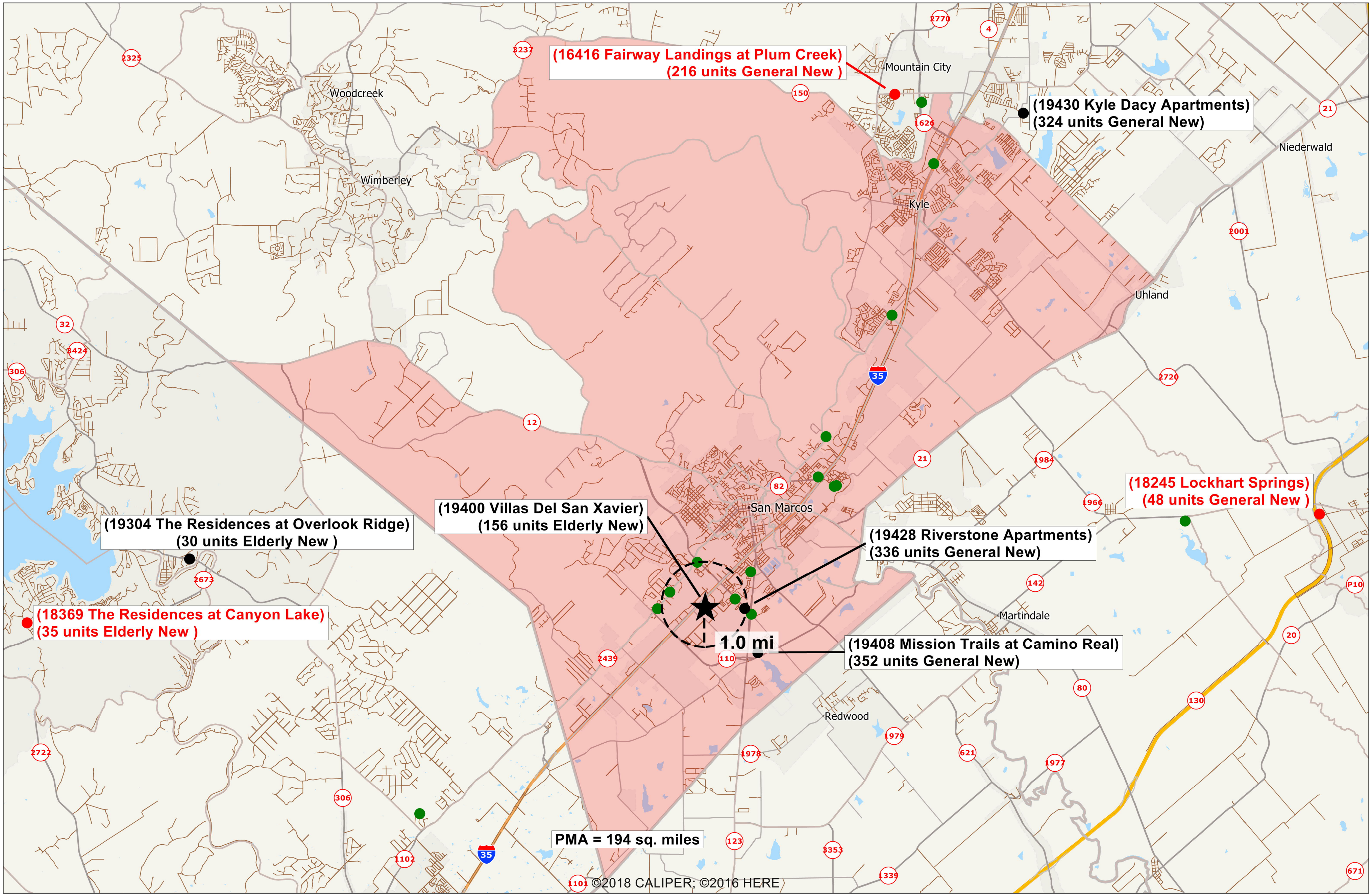
CATEGORY	FACTOR	UNITS/SF	PER SF	
Base Cost: Garden/Townhome		127,200 SF	$86.06	10,946,786
Adjustments				
Exterior Wall Finish	0.00%		0.00	$0
Elderly	3.00%		2.58	328,404
9-Ft. Ceilings	0.00%		0.00	0
Roof Adjustment(s)			4.96	631,092
Subfloor			(2.98)	(379,056)
Floor Cover			2.56	325,632
Breezeways	$0.00	0	0.00	0
Patios	$25.89	574	0.12	14,861
Plumbing Fixtures	$1,020	180	1.44	183,600
Rough-ins	$500	312	1.23	156,000
Built-In Appliances	$1,730	156	2.12	269,880
Exterior Stairs	$2,280	0	0.00	0
Heating/Cooling			2.21	281,112
Storage Space	$0.00	0	0.00	0
Carports	$12.25	9,600	0.92	117,600
Garages	$39.75	12,235	3.82	486,328
Comm &/or Aux Bldgs	$91.12	3,200	2.29	291,584
Elevators		0	0.00	0
Other:			0.00	0
Fire Sprinklers	$2.59	130,400	2.66	337,736
SUBTOTAL			**110.00**	**13,991,559**
Current Cost Multiplier	1.01		1.10	139,916
Local Multiplier	0.90		(11.00)	(1,399,156)
TOTAL BUILDING COSTS			**100.10**	**$12,732,318**
Plans, specs, survey, bldg permits	3.30%		(3.30)	($420,167)
Contractor's OH & Profit	11.50%		(11.51)	(1,464,217)
NET BUILDING COSTS		$69,538/unit	$85.28/sf	$10,847,935

Long-Term Pro Forma

The Villas Del San Xavier, San Marcos, 4% HTC #19400

	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%	$1,908,623	$1,946,795	$1,985,731	$2,025,446	$2,065,955	$2,280,981	$2,518,387	$2,780,503	$3,069,900	$3,389,418	$3,742,191	$4,131,681
TOTAL EXPENSES	3.00%	$715,401	$736,291	$757,795	$779,933	$802,724	$927,156	$1,071,051	$1,237,472	$1,429,965	$1,652,638	$1,914,716	$2,219,681
NET OPERATING INCOME ("NOI")		**$1,193,222**	**$1,210,505**	**$1,227,936**	**$1,245,512**	**$1,263,231**	**$1,353,825**	**$1,447,336**	**$1,543,031**	**$1,639,935**	**$1,736,779**	**$1,827,475**	**$1,912,000**
EXPENSE/INCOME RATIO		37.5%	37.8%	38.2%	38.5%	38.9%	40.6%	42.5%	44.5%	46.6%	48.8%	51.2%	53.7%
MUST -PAY DEBT SERVICE													
TOTAL DEBT SERVICE		$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432	$1,035,432
DEBT COVERAGE RATIO		1.15	1.17	1.19	1.20	1.22	1.31	1.40	1.49	1.58	1.68	1.76	1.85
ANNUAL CASH FLOW		**$157,790**	**$175,073**	**$192,504**	**$210,081**	**$227,799**	**$318,393**	**$411,904**	**$507,599**	**$604,503**	**$701,348**	**$792,043**	**$876,568**
Deferred Developer Fee Balance		$1,878,034	$1,702,962	$1,510,458	$1,300,377	$1,072,578	$0	$0	$0	$0	$0	$0	$0
CUMULATIVE NET CASH FLOW		$0	$0	$0	$0	$0	$336,912	$2,208,375	$4,554,283	$7,382,738	$10,696,106	$14,478,481	$18,694,871

19400 Villas Del San Xavier - PMA Map



Disclaimer: This map is not a survey. Boundaries, distance and scale are approximate only.

5d

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

5e

BOARD ACTION REQUEST

MULTIFAMILY FINANCE DIVISION

FEBRUARY 11, 2021

Presentation, discussion and possible action regarding pre-determination of eligibility under 10 TAC §11.101(a)(2) related to Undesirable Site Features for Pre-Application 21147, Cypress Creek at La Porte.

RECOMMENDED ACTION

WHEREAS, the Applicant for Competitive Housing Tax Credit (HTC) Pre-Application 21147, Cypress Creek Apartment Homes at La Porte, has requested a pre-determination of site eligibility under 10 TAC §11.101(a)(2) related to Undesirable Site Features;

WHEREAS, the proposed Development was submitted under Application 20318 of the 2020 Competitive Housing Tax Credit Cycle, and was found to be ineligible by the Board on May 21, 2020, due to multiple Undesirable Site Features; and

WHEREAS, the request for pre-determination for Application 21147 does not present new information such that the previous staff recommendation regarding ineligibility of the site has changed.

NOW, therefore, it is hereby

RESOLVED, that the pre-determination regarding Pre-Application 21147 Cypress Creek Apartment Homes at La Porte is that the proposed site would be ineligible under 10 TAC §11.101(a)(2) related to Undesirable Site Features.

BACKGROUND

HTC Pre-Application 21147 (formerly 20318), Cypress Creek Apartment Homes at La Porte proposes the New Construction of 200 Units for the general population. The Development would be located in La Porte and would include 140 restricted Units and 60 market rate Units.

This proposed Development site was submitted under the 2020 Competitive HTC Cycle as Application 20318, and was terminated by staff due multiple Undesirable Site Features being within threshold distance. The Applicant appealed the termination to the Executive Director and was denied, and further appealed to the Board on May 21, 2020. The Board denied Applicant's appeal and approved staff's recommendation to terminate. The proposed Development is being presented to the Board again for consideration as 2021 Competitive Housing Tax Credit Pre-Application 21147.

10 TAC §11.101(a) related to Site and Development Requirements and Restrictions identifies specific requirements and restrictions related to a Development Site seeking multifamily funding or assistance from the Department. 10 TAC §11.101(a)(2) related to Undesirable Site features identifies those features that must be disclosed by Applicants at the time of Application. Per the rule, relevant Undesirable Site features include:

> (F) Development Sites located within 500 feet of heavy industry (i.e. facilities that require extensive use of land and machinery, produce high levels of external noise such as manufacturing plants, or maintains fuel storage facilities (excluding gas stations);
> (H) Development Sites in which the buildings are located within the accident potential zones or the runway clear zones of any airport;
> (I) Development Sites that contain one or more pipelines, situated underground or aboveground, which carry highly volatile liquids or Development Sites located adjacent to a pipeline easement (for a pipeline carrying highly volatile liquids), the Application must include a plan for developing near the pipeline(s) and mitigation, if any, in accordance with a report conforming to the Pipelines and Informed Planning Alliance (PIPA); [or]
> (K) Any other Site deemed unacceptable, which would include, without limitation, those with exposure to an environmental factor that may adversely affect the health and safety of the residents or render the Site inappropriate for housing use and which cannot be adequately mitigated." 10 TAC §11.101(a)(2)(F), (H), (I), and (K).

The Application previously disclosed that the Development Site is located approximately 430 feet from a 5,000-gallon aviation gasoline aboveground storage tank (AST) that is part of an airplane fueling station; is adjacent to an easement that contains pipelines that carry highly volatile liquids; is within approximately 650 feet of a runway that is part of the La Porte Municipal Airport; and is within the Existing and Ultimate Runway Protection Zone of the airport. Per the disclosure, no buildings will be placed in the zone. The disclosure included pages from the ESA to address proximity to heavy industry, which the report identifies as the fueling station (the Applicant has suggested is a gas station and therefore exempt), and a PIPA report to address the pipelines.

Regarding proximity to the airport and the fueling station, the airplane fueling station is not a gas station, and does not qualify the Application for the exception indicated in the rule. Per the Application none of the buildings will be located within the accident potential zones or the runway clear zones of the airport. The Feasibility Report states:

> "Due to the adjacent airport, the developer has discussed new construction requirements with City staff to obtain approval from City of La Porte's Public Works Director. Based on their discussions with the City engineer, a runway protection zone easement has been imposed on the site plan for compliance."

Review of the Site Plan indicates that the corner of the site that is within both the existing and the ultimate runway protection zones will consist of a storm water detention area and a portion of the parking lot. The runway that is closest to the Development Site is used by landing planes that would approach from southeast of the Development Site. The fueling station and its aboveground storage tank are outside the flight path and both the existing and ultimate zones. Both zones cross the pipeline easement.

The entire western boundary of the Development Site borders the pipeline corridor. Per the site plan, this side of the site will consist of parking and a detention area. Regarding the nearest hazardous liquids pipeline, the report indicates a potential impact radius of 312 feet and states that "[b]ecause flame resistant materials will be used for the construction of the buildings and structures and egress will be provided on the sides of structures opposite the pipeline corridor, a 50-foot setback… should be adequate." Regarding the nearest crude oil pipeline, the report indicates the concept of an impact radius does not apply and that any harm from a leak would be environmental in nature. Regarding the Highly Volatile Liquid (HVL) pipeline, the report states that since HVLs are heavier than the air "they will tend to collect in low-lying areas, displacing the oxygen in those areas…Because of the flat terrain in the vicinity of the pipeline corridor, a small berm along the western edge of the site should be sufficient to prevent the migration of heavier than-air vapors to the proposed CCLP apartments. Absent adverse wind conditions, the vapors would migrate" to the airport, across the highway, or along the pipeline corridor.

As previously addressed by staff and the Board, taken individually, each of these issues and the mitigation offered might be acceptable to allow staff to determine that the issue does not trigger ineligibility on the basis of 10 TAC §11.101(a)(2). However, the Development Site's proximity to the existing and the ultimate runway protection zones, coupled with the proximity to the fueling station is greatly concerning to staff. Further, a landing plane could very well introduce the "adverse wind conditions" the PIPA report suggests could cause HVL vapors to migrate from the pipeline corridor toward the Development should a leak occur. Based on the information provided, staff determined that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2).

The new request points out a safety recommendations from the PIPA report, that the Development employ a minimum 10-foot setback from all easements. The Applicant offers that they will adhere to an 11-foot setback from all easements, as an additional safety measure.

The request also states that Terracon, the Environmental Site Assessment provider, does not believe the fuel storage tank falls into the category of heavy industry, despite the very specific language in the QAP regarding fuel storage facilities. They cite the 11-foot setback as evidence of their efforts to maintain safety at the site.

The letter also describes the proposed Development as allowed under current zoning, although the QAP specifically describes zoning as not meeting the requirement for a local ordinance that could allow a Development to be recommended regardless of a smaller distance to a specific Undesirable Site Feature.

The Applicant claims that the Board meeting of May 21, 2020, was cut short, so that their speakers did not have an opportunity to make their presentations to the Board, implying that they were disadvantaged by the lack of presentations. 10 TAC §11.902 related to the Appeals Process states:

> (d) The Executive Director may respond in writing not later than 14 calendar days after the date of actual receipt of the appeal by the Department. If the Applicant is not satisfied

with the Executive Director's response to the appeal or the Executive Director does not respond, the Applicant may appeal directly in writing to the Board. While information can be provided in accordance with any rules related to public comment before the Board, full and complete explanation of the grounds for appeal and circumstances warranting the granting of an appeal must be disclosed in the appeal documentation filed with the Executive Director. (Emphasis added)

(f) Board review of an Application related appeal will be based on the original Application. A witness in an appeal may not present or refer to any document, instrument, or writing not already contained within the Application as reflected in the Department's records. (Emphasis added)

The Applicant has not made a claim that staff failed to provide any information that was assembled in the course of the appeal process to the Board at the meeting of May 21, 2020. Any information that could have been presented during a Board presentation was included in the meeting materials.

The request for pre-determination for Pre-Application 21147 restates much of the information already reviewed by staff and the Board. None of the information provided in the appeal is adequate to reach a different conclusion than that previously reached by Staff and the Board when the Application was first terminated by Board Action: the Development Site's proximity to the runway protection zones, a fuel storage facility (i.e. a 5000 above-ground airplane fueling station), and the pipeline corridor makes this site an unnecessarily hazardous site to locate a multifamily development under the 2021 Qualified Allocation Plan.

21147

Cypress Creek

(Formerly 20318)

From: Marni Holloway
To: Dillon Shipper
Cc: Alena Morgan; Matthew Griego
Subject: RE: CCLP La Porte (Formerly TDHCA #20318) - 2021 Pre-Determination Request for Site Eligibility
Date: Thursday, January 14, 2021 5:16:55 PM

Hi Dillon –

So that you are aware, this news story will be included in our materials presented to the Board
https://abc13.com/plane-crash-in-la-porte/4007322/

Let me know if there are any questions

Thanks,
Marni

Marni Holloway
Multifamily Finance Director
Texas Department of Housing and Community Affairs
221 E. 11th Street | Austin, TX 78701
(512) 475-1676

Reminder for Direct Loan Borrowers: TDHCA will not close earlier than 30 days after receipt of complete due diligence documents. We will not honor closings scheduled without our confirmation.

Any person receiving guidance from TDHCA staff should be mindful that, as set forth in 10 TAC Section 11.1(b) there are important limitations and caveats.

Small plane crashed after hitting roof of La Porte building

Monday, August 20, 2018

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Small plane crashed after hitting roof of La Porte building

LA PORTE, Texas (KTRK) -- A small plane crash landed in some trees after striking a building near Spencer Highway in La Porte.

SkyEye 13 was above an area in the 11200 block of Spencer Highway where the plane came to rest.

According to Texas DPS, the pilot took off and immediately noticed engine trouble. The pilot tried to put the plane down safely, but glanced off a nearby building, damaging the roof.

"My fan actually shook really bad. I was like, 'Oh my gosh, something just happened,'" neighbor Pricilla Salazar said.

Pilot survives small plane crash in La Porte

Salazar lives near the La Porte Municipal Airport, and only feet away from the crash.

The pilot told investigators that he was looking for an underpopulated area to land the plane, and decided to land across the street from the airport. He was about 1,000 to 2,000 feet away from a neighborhood.

"It's a scary thing to know that it could have crashed into one of our houses," Salazar said.

DPS says the pilot was the only person on board the plane, and was not injured.

Crash investigators with the National Transportation and Safety Board are working to figure out what exactly happened.

Officials give update on small plane crash in La Porte

Report a correction or typo

RELATED TOPICS:

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From CNN Newsource affiliates

December 3, 2020

Texas Department of Housing and Community Affairs
Multifamily Finance
221 East 11th Street
Austin, Texas 78701-2410
Attention: Marni Holloway, Multifamily Finance Director

RE: Predetermination of Site Eligibility for the 2021 Competitive 9% HTC Cycle; Former TDHCA #20318 Cypress Creek Apartment Homes at La Porte.

Dear Marni:

We are formally requesting that TDHCA Multifamily Staff review and make a pre-determination of Site eligibility for Cypress Creek Apartment Homes at La Porte (Formerly TDHCA #20318) with reference to the 2021 Competitive Round. During the 2020 Competitive Round Staff questioned the Development Site's eligibility based upon pipeline safety, airport runway zones, and heavy industry. We are coming back to TDHCA Multifamily Staff to request they take a closer look into this site in view of the mitigation and previous unheard testimony provided by this letter.

To remind you of the background, Cypress Creek La Porte LP appealed a staff recommendation of ineligibility under Section 11.101(a)(2). At the TDHCA Board Meeting on May 21, 2020, the Applicant's opportunity to rebut the Staff's presentation was abruptly cut off and the Board rushed to a vote in order to end the Board meeting. This denial of due process was initially appealed to Bobby Wilkinson on June 5, 2020, but that appeal was denied. We are now requesting that Staff review the material that would otherwise have been presented to the Board and make a pre-determination of Site eligibility under Section 11.101(a)(2) for the 2021 Competitive Round.

Local Airport.

The first item we would like to expand upon is the Development Site's location adjacent to the La Porte Municipal Airport. We believe the mitigation went above and beyond what was required. See Exhibit 1 - According to an email sent by Mathew Griego, Multifamily Policy Research Specialist, on February 5, 2020, we did not need to mitigate for Runway Protection Zones. In anticipation of Staff asking for backup or being challenged by competing developers, we began mitigation. Our team coordinated with Ray Mayo, Public Works Director of La Porte, on the location of the existing and planned future runway protection zones and their relation to our site. Please see Exhibit 2 as we enlisted the assistance of Miller Survey Group to perform new fieldwork and outline the exact location of these zones on our site. After we got the outlines, we made sure that no residential buildings fell into those zones. At the advice of Ray Mayo, Bonner Carrington sought out a Determination Letter of No Hazard to Air Navigation from the FAA. See Exhibit 3 for the determination letter that was issued and is valid through September 25, 2021. See below excerpt from the letter:

This aeronautical study revealed that the structure would have no substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on the operation of air navigation facilities. Therefore, pursuant to the authority delegated to me, it is hereby determined that the structure would not be a hazard to air navigation provided the following condition(s) is(are) met:

As a condition to this Determination, the structure is to be marked/lighted in accordance with FAA Advisory circular 70/7460-1 L Change 2, Obstruction Marking and Lighting, red lights - Chapters 4,5(Red),&12.

We are prepared fully adhere to the requested mitigation by the FAA. Also, per the certification that was provided in the 2020 9% LIHTC Application (the "Full Application") (Exhibit 4), we guarantee that no building will be constructed within either the existing or planned future runway protection zones of the La Porte Municipal Airport.

Pipeline Easement.
In the Full Application, a PIPA Report was also submitted that was performed John A. Jacobi, P.E., J.D. The full report can be found as Exhibit 5 to this letter. His resume is attached to the report to note his experience with both pipeline safety and preparing TDHCA reports.

Overall, in Mr. Jacobi report, he asserts that we exceed HUD MAP Guide requirements and from a pipeline perspective, the Development Site has very few issues compared to other projects he has evaluated. To mitigate for the proximity of this pipeline corridor, we guarantee to incorporate all of Mr. Jacobi's recommendations. This includes what is listed in the report as follows:

Perhaps the single most significant PIPA Recommended practice is ND06 "Require consideration of Pipeline Facilities in Land Development Design." In particular, CCLP will incorporate a minimum setback of at least 50 feet from all pipelines and at least 10 feet from the edge of all easements (whichever is greater). There are no statutory or regulatory setback requirements and PIPA does not prescribe any specific distance. In addition, CCLP will employ flame retardant building materials, appropriate locations of building ingress and egress, and leave all pipeline ROW essentially undisturbed. Hardie Plank siding, brick, stucco, and stone qualify as flame retardant.

While it is not visible in the attached PIPA report, we are committing to have a minimum setback equal to the greater of at least 50 feet from all pipelines and at least **11 feet** from the edge of all easements. The change from 10 feet to 11 feet coincides with HUD's Acceptable Separation Distance tool and more details are noted in the Heavy Industry section of this letter.

We would also like to respond to Staff's conclusion that was provided during the TDHCA's Governing Board Meeting on May 21, 2020. At that meeting, Staff included in the board book that, *"Taken individually, each of these issues and the mitigation offered might be acceptable enough to allow staff to determine that the issue does not trigger ineligibility on the basis of 10 TAC §11.101(a)(2). However, the Development Site's proximity to the existing and the ultimate* *runway protection zones, coupled with the proximity to the fueling station is greatly concerning to staff. Further, a landing plane could very well introduce the "adverse wind conditions" the report suggests could cause HVL vapors to migrate from the pipeline corridor toward the Development should a leak occur. Based on the information provided, staff has determined that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2)."*

Aviation Fuel Tank.
The last item needing attention is the 5000 gallon fuel tank located at the Harvey & Rihn site. Please see Exhibit 5 for an up-close picture of the tank that was taken from the Harvey & Rihn website. Exhibit 6 is the HUD Acceptable Separation Distance (ASD) Electric Assessment Tool. The assessment states that the ASD for buildings is only 106 feet and the ASD for people is 541 feet.

We intend to adhere to these HUD standards. To do so, we commit that the setback from the pipeline corridor will be at least 11 feet instead of 10 feet where the 541-foot ark would intersect so that the tank meets all HUD guidelines.

In addition to HUD standards, we asked our Environmental Consultants, Terracon Consultants, Inc., for an opinion on whether the TDHCA's published rules would qualify this tank as Heavy Industry. On Page ii (Exhibit 7) of the Phase I ESA Report, it is noted that:

Based on the absence of apparent manufacturing and machining, Terracon does not consider this facility, that operates with a single aviation gasoline AST, to be considered a "heavy industry" facility as it pertains to subparagraph F. Based on Terracon's understanding of the 2020 QAP, this facility does not appear to be considered an Undesirable Site Feature. Per HUD Guidelines, Terracon recommends that the only additional testing to be done is a noise study.

While this is just our environmental expert's opinion, we do believe that it holds value given this firm's experience and expertise. As noted, we plan on proceeding with a noise study on the site.

Zoning is in Place.
In conclusion, we also want to note the current zoning of High Density Residential (R-3) on the Development Site. Please see Exhibit 8 to find the Zoning Verification Letter that was submitted in the Full Application. According to the letter:

This Development is permitted under Chapter 106 (Zoning) of the City of La Porte's Code of Ordinances. The R-3 high density residential district is the highest density residential district. Its principal purpose is to provide a wide variety of dwelling types including single-family dwellings, multiple-family dwellings, garden apartments, condominiums and townhouses.

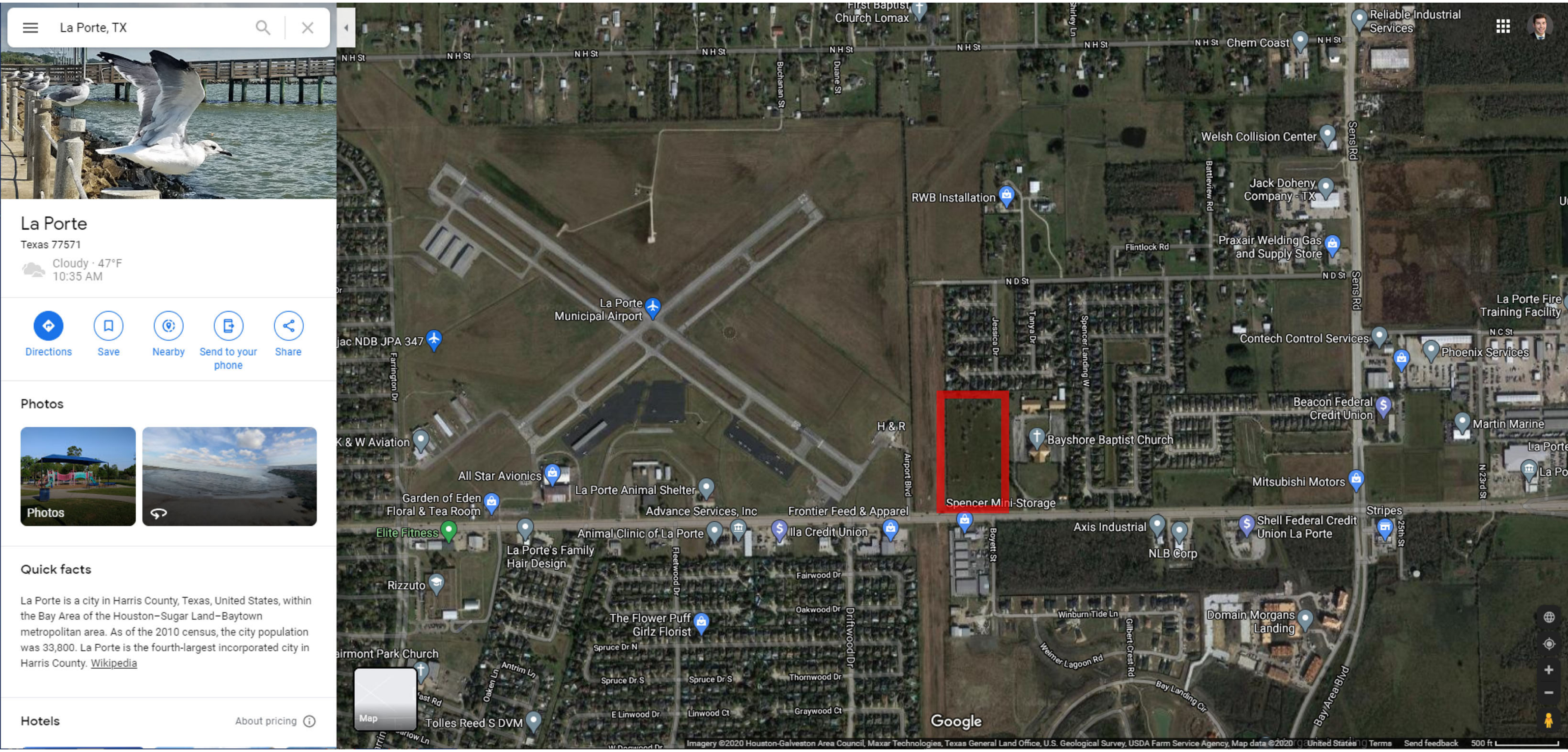
The City of La Porte has deemed this site as acceptable for Bonner Carrington's proposed use and multifamily use in general. We acknowledge that Staff has the right to deem a site undesirable for the program, we just want to reiterate that there is no rezoning process that would need to occur.

Thank you for your consideration of this request. We hope that bringing this new logic into fruition will help ease the initial worry when it came up as an item in the May 21, 2020 Board Meeting. Overall, we do not see these as 3 features working together to make this an undesirable site. Instead, we see these as individual causes for reasonable concern that have been thoughtfully researched and mitigated.

If you have any questions or would like us to expand on any items, please feel free to call me at (512) 505-0602. Again, we appreciate Staff's attention to this matter and are standing by.

Sincerely,

Stuart Shaw


La Porte, TX
La Porte
Texas 77571
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Quick facts
La Porte is a city in Harris County, Texas, United States, within the Bay Area of the Houston–Sugar Land–Baytown metropolitan area. As of the 2010 census, the city population was 33,800. La Porte is the fourth-largest incorporated city in Harris County. Wikipedia
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CCLP La Porte Response to Staff Conclusion May 21, 2020 TDHCA Board Meeting

Staff Conclusion from May 21, 2020 TDHCA Board Meeting:

"Taken individually, each of these issues and the mitigation offered might be acceptable enough to allow staff to determine that the issue does not trigger ineligibility on the basis of 10 TAC §11.101(a)(2). However, the Development Site's proximity to the existing and the ultimate runway protection zones, coupled with the proximity to the fueling station is greatly concerning to staff. Further, a landing plane could very well introduce the "adverse wind conditions" the report suggests could cause HVL vapors to migrate from the pipeline corridor toward the Development should a leak occur. Based on the information provided, staff has determined that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2)."

John Jacobi PIPA Expert Comment :

(Mr. Jacobi has been a licensed private pilot since 1973 and an FAA licensed Airframe and Powerplant Mechanic since early 2019.)

La Porte Municipal is a small airport and has no control tower. According to the most recent FAA data (CY 2018) there is no reported air carrier activity (passenger or cargo) at La Porte Municipal Airport (i.e., is no scheduled air service to or from LA Porte Municipal).

According to Airnav (https://www.airnav.com/airport/T41) Airport Operational Statistics, there are 40 single-engine and 4 multi-engine aircraft currently based at La Porte Municipal. (According to the National Plan of Integrated Airport Systems, 2019-2023, Report to Congress (Appendix A), October 2018, there were 74 planes based at La Porte Municipal. However, general aviation has suffered with the economic downturn associated with the energy industry. That said, it appears that the Airnav data is probably more realistic) There are very few single engine planes that weigh as much as 4000 pounds when taking off or landing. Owner-built aircraft (which probably comprise the majority of the single-engine aircraft based at La Porte Municipal) typically weigh less than 2,000 pounds. Only 4 multi-engine engine planes (commonly known as light twins) are based at La Porte Municipal. Light twins typically weigh less than 6,000 pounds.

According to Airnav Airport Operational Statistics there were an average of 80 aircraft operations per day for calendar year 2016. Note that each takeoff and each landing is considered a separate operation. I could find no information regarding the current number of takeoffs and landing per day, but the vast majority are almost certainly associated in some fashion with training or recreational flights. The airport manager can undoubtedly provide more current and accurate information.

The FAA "pattern altitude" for the planes described above at small airports like La Porte Municipal is 1000 feet above ground level. I.e., planes in the vicinity of La Porte Municipal are required to maintain an altitude of at least 1000 feet above ground level unless taking off or landing.

A plane landing on Runway 30 would be landing into the wind and would tend to enhance the effects of the wind blowing toward the proposed development site. However, during an approach to landing, planes are at low power and essentially gliding to reduce speed and lose altitude in order to land. There is no way that any plane that could land on a 4,165 foot runway could possibly have a significant effect on the wind even if flying “just above the trees” much less at an altitude of 300 feet above ground level over the pipeline corridor (as necessary for a normal approach to land on Runway 12). The approach speeds for such planes would not exceed 60 to 120 knots. The extended runway centerline of Runway 30/12 does not cross the proposed site and the effect of a plane taking off from Runway 30 would be to blow any vapor released from the pipeline corridor south of the proposed site – thus mitigating the effect of any release from the pipeline corridor. Finally, in the unlikely event that the airport was not closed during an emergency associated with the pipeline corridor, the effect of any aircraft operation would most like be to cause mixing of any vapors so that the concentration of vapors released in the atmosphere would be below the lower flammability limit (LFL) and the almost certainly the lower explosive limit (LEL).

On the other hand, a plane taking off from Runway 12 would be at maximum power and climbing into a wind blowing away from the proposed development site and the thrust of the plane would tend to enhance the velocity of the wind. Absent an engine problem, virtually all planes would be at an altitude of at least 500 feet above the ground by the time they reached the pipeline corridor.

Furthermore, in the event of an aviation emergency making it impossible to land on the airport, the pipeline corridor is wide and flat and could serve as an excellent alternative to landing on Spencer Highway or the proposed site.

The presence of a 5,000-gallon aviation fuel tank (100 LL) over 400 feet from the proposed development is apparently also of concern to TDHCA. That is not a pipeline, but it is my assumption that there has never been a significant incident – environmental or otherwise – associated with the tank. Given the low viscosity of 100 LL, the likelihood of any 100 LL reaching the pipeline corridor, much less the proposed development site, seems incredibly small even in the event of a total rupture of a full tank. Note that such tanks are seldom completely full and virtually always fail by leaking as opposed to catastrophically rupturing. The fire school at Texas A&M should be able to confirm this assertion.

La Porte Municipal Airport
Established in 1943; FAA Identifier: T41
Airport elevation: 25 feet MSL
Runway 30/12 Dimensions: 4165 x 75 ft.
There is only one Instrument Approach Procedure: RNAV (GPS) RWY 30

LPV DA = 291 MSL & 1 mile visibility;
LNAV/VNAV DA 454 MSL & 1¼ mile visibility
LNAV MDA 520 MSL & 1 mile visibility
Circling 600 minimum MSL & 1 mile visibility

BOARD ACTION ITEM

MULTIFAMILY FINANCE DIVISION

MAY 21, 2020

Presentation, discussion, and possible action on timely filed appeals under the Department's Multifamily Program Rules. Application 20318 Cypress Creek Apartment Homes at La Porte

RECOMMENDED ACTION

WHEREAS, the appeal relates to Competitive Housing Tax Credit (HTC) application 20318 Cypress Creek Apartment Homes at La Porte, which was submitted to the Department by the Full Application Delivery Date;

WHEREAS, staff determined that the Application should be terminated because the Development Site is located within the threshold distance of Undesirable Site Features enumerated in 10 TAC §11.101(a)(2);

WHEREAS, the Applicant timely filed an appeal; and

WHEREAS, the Executive Director denied the appeal;

NOW, therefore, it is hereby

RESOLVED, that the appeal for 20318 Cypress Creek Apartment Homes at La Porte is hereby denied.

BACKGROUND

HTC Application 20318 Cypress Creek Apartment Homes at La Porte proposes the New Construction of 180 Units for the general population. The Development would be located in La Porte would include 93 restricted Units and 87 market rate Units.

10 TAC §11.101(a) related to Site and Development Requirements and Restrictions identifies specific requirements and restrictions related to a Development Site seeking multifamily funding or assistance from the Department. 10 TAC §11.101(a)(2) related to Undesirable Site features identifies those features that must be disclosed by Applicants at the time of Application. Per the rule, Undesirable Site features include:

(F) Development Sites located within 500 feet of heavy industry (i.e. facilities that require extensive use of land and machinery, produce high levels of external noise such as manufacturing plants, or maintains fuel storage facilities (excluding gas stations);
(H) Development Sites in which the buildings are located within the accident potential zones or the runway clear zones of any airport;

(I) Development Sites that contain one or more pipelines, situated underground or aboveground, which carry highly volatile liquids or Development Sites located adjacent to a pipeline easement (for a pipeline carrying highly volatile liquids), the Application must include a plan for developing near the pipeline(s) and mitigation, if any, in accordance with a report conforming to the Pipelines and Informed Planning Alliance (PIPA);

The Application disclosed that the Development Site is located approximately 430 feet from a 5,000-gallon aviation gasoline aboveground storage tank (AST) that is part of an airplane fueling station; is adjacent to an easement that contains pipelines that carry highly volatile liquids; is within approximately 650 feet of a runway that is part of the La Porte Municipal Airport; and is within the Existing and Ultimate Runway Protection Zone of the airport. Per the disclosure, no buildings will be placed in the zone. The disclosure included pages from the ESA to address proximity to heavy industry, which the report identifies as the fueling station (the Applicant has suggested is a gas station and therefore exempt), and a PIPA report to address the pipelines.

Regarding proximity to the airport and the fueling station, the airplane fueling station is not a gas station, and does not qualify the Application for the exception indicated in the rule. Per the Application none of the buildings will be located within the accident potential zones or the runway clear zones of the airport. The Feasibility Report states:

"Due to the adjacent airport, the developer has discussed new construction requirements with City staff to obtain approval from City of La Porte's Public Works Director. Based on their discussions with the City engineer, a runway protection zone easement has been imposed on the site plan for compliance."

Review of the Site Plan indicates that the corner of the site that is within both the existing and the ultimate runway protection zones will consist of a storm water detention area and a portion of the parking lot. The runway that is closest to the Development Site is used by landing planes that would approach from southeast of the Development Site. The fueling station and its aboveground storage tank are outside the flight path and both the existing and ultimate zones. Both zones cross the pipeline easement.

The entire western boundary of the Development Site borders the pipeline corridor. Per the site plan, this side of the site will consist of parking and a detention area. Regarding the nearest hazardous liquids pipeline, the report indicates a potential impact radius of 312 feet and states that "[b]ecause flame resistant materials will be used for the construction of the buildings and structures and egress will be provided on the sides of structures opposite the pipeline corridor, a 50-foot setback… should be adequate." Regarding the nearest crude oil pipeline, the report indicates the concept of an impact radius does not apply and that any harm from a leak would be environmental in nature. Regarding the Highly Volatile Liquid (HVL) pipeline, the report states that since HVLs are heavier than the air "they will tend to collect in low-lying areas, displacing the oxygen in those areas. … Because of the flat terrain in the vicinity of the pipeline corridor, a small berm along the western edge of the site should be sufficient to prevent the migration of heavier-than-air vapors to the proposed CCLP apartments. Absent adverse wind conditions, the vapors would migrate" to the airport, across the highway, or along the pipeline corridor.

Taken individually, each of these issues and the mitigation offered might be acceptable to allow staff to determine that the issue does not trigger ineligibility on the basis of 10 TAC §11.101(a)(2). However, the Development Site's proximity to the existing and the ultimate runway protection zones, coupled with the proximity to the fueling station is greatly concerning to staff. Further, a landing plane could very well introduce the "adverse wind conditions" the PIPA report suggests could cause HVL vapors to migrate from the pipeline corridor toward the Development should a leak occur. Based on the information provided, staff determined that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2).

The appeal restates much of the information already reviewed by staff, and offers as new information an aeronautical study from the Federal Aviation Administration Southwest Regional Office in Fort Worth, which found that the Development will not be a hazard to air navigation, **expressly conditioned** on the installation of special rooftop markings and lighting on the building nearest to the runway. None of the information provided in the appeal led to a different conclusion than staff: the Development Site's proximity to the runway protection zones, a fuel storage facility (i.e. a 5000 above-ground airplane fueling station), and the pipeline corridor makes this site an unnecessarily hazardous site to locate a multifamily development under the 2020 QAP.

Staff recommends the Board deny the appeal.

20318 Cypress Creek Apartments at La Porte

Termination Letter

April 13, 2020

Writer's direct dial: 512/475-1676
Email: marni.hollaway@tdhca.state.tx.us

Stuart Shaw
Cypress Creek La Porte, LP
901 S. Mopac Expy., Bldg. 5, Ste. 100
Austin, Texas 78746

RE: APPLICATION DISCLOSURE FOR 20318 CYPRESS CREEK APARTMENT HOMES AT LA PORTE, LA PORTE

Dear Mr. Shaw:

The Texas Department of Housing and Community Affairs received your disclosure which indicates that the Development Site is located within 500 feet of heavy industry, and contains or is adjacent to an easement that contains pipelines that carry highly volatile liquids. Per 10 TAC §11.101(a)(2), undesirable site features include:

> (F) Development Sites located within 500 feet of heavy industry (i.e. facilities that require extensive use of land and machinery, produce high levels of external noise such as manufacturing plants, or maintains fuel storage facilities (excluding gas stations);
> (I) Development Sites that contain one or more pipelines, situated underground or aboveground, which carry highly volatile liquids or Development Sites located adjacent to a pipeline easement (for a pipeline carrying highly volatile liquids), the Application must include a plan for developing near the pipeline(s) and mitigation, if any, in accordance with a report conforming to the Pipelines and Informed Planning Alliance (PIPA);

The Development Site boundary is approximately 650 feet from a runway that is part of the La Porte Municipal Airport, and within 300 feet of an aviation fueling station, which the Applicant has referred to as a "gas station." Per the Phase 1 Environmental Site Assessment (ESA), at the fueling station, "a 5,000-gallon aviation gasoline aboveground storage tank (AST) is positioned approximately 430 feet west of the site." Per the ESA, "[d]ue to the absence and/or distance of aboveground stationary containerized hazards of an explosive or fire prone nature a HUD blast zone map and calculation were not deemed necessary at this time." Also, a portion of the Development Site is within the "Existing and Ultimate Runway Protection Zone" of the La Porte Municipal Airport. Per the disclosure, no buildings will be placed in the zone. The disclosure also describes a major pipeline corridor that is west of and adjacent to the Development Site boundary. The disclosure included pages from the ESA to address proximity to heavy industry, which the report identifies as the fueling station, and a PIPA report to address the pipelines.

Regarding proximity to the airport and the fueling station, the airplane fueling station is not a gas station and does not qualify the Application for the exception indicated in the rule. Per the Application none of the buildings will be located within the accident potential zones or the runway clear zones of the airport. The Feasibility Report states:

> "Due to the adjacent airport, the developer has discussed new construction requirements with City staff to obtain approval from City of La Porte's Public Works Director. Based on their discussions with the City engineer, a runway protection zone easement has been imposed on the site plan for compliance."

Review of the Site Plan indicates that the corner of the site that is within both the existing and the ultimate runway protection zones will consist of a storm water detention area and a portion of the parking lot. The runway that is closest to the Development Site is used by landing planes that would approach from southeast of the Development Site. The fueling station and its aboveground storage tank are outside the flight path and both the existing and ultimate zones. Both zones cross the pipeline easement.

Per the PIPA report, the pipeline corridor includes at least 34 active pipelines and all of the pipelines are underground. The pipelines carry hazardous liquids (crude oil) and gas (hydrogen), and two of them were identified as carrying highly volatile liquids (HVLs) ("probably propane"). Per the report:

> "The corridor itself is very well maintained. Gas transmission pipelines must be patrolled at road crossings (Spencer Highway) at least twice each calendar year.... Hazardous liquid pipelines must be patrolled at least 26 times each calendar year.... In essence, the pipeline corridor is under constant surveillance by one or more pipeline operators."

The entire western boundary of the Development Site borders the pipeline corridor. Per the site plan, this side of the site will consist of two rows of parking in one part and a detention area and one row of parking in the rest. Regarding the nearest hazardous liquids pipeline, the report indicates a potential impact radius of 312 feet and states that "[b]ecause flame resistant materials will be used for the construction of the buildings and structures and egress will be provided on the sides of structures opposite the pipeline corridor, a 50-foot setback... should be adequate." Regarding the nearest crude oil pipeline, the report indicates the concept of an impact radius does not apply and that any harm from a leak would be environmental in nature. Regarding the HVL pipeline, the report states that since HVLs are heavier than the air "they will tend to collect in low-lying areas, displacing the oxygen in those areas. ... Because of the flat terrain in the vicinity of the pipeline corridor, a small berm along the western edge of the site should be sufficient to prevent the migration of heavier-than-air vapors to the proposed CCLP apartments." Absent adverse wind conditions, the vapors would migrate" to the airport, across the highway, or along the pipeline corridor.

Taken individually, each of these issues and the mitigation offered might be acceptable enough to allow staff to determine that the issue does not trigger ineligibility on the basis of 10 TAC §11.101(a)(2). However, the Development Site's proximity to the existing and the ultimate runway protection zones, coupled with the proximity to the fueling station is greatly concerning to staff. Further, a landing plane could very well introduce the "adverse wind conditions" the report suggests could cause HVL vapors to migrate from the pipeline corridor toward the Development should a leak occur. Based on the information provided, staff has determined that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2). Please note that this site has not been reviewed for other environmental concerns that may be reflected in the Phase I ESA, and the site has not been reviewed for the site and neighborhood standards of the HOME program.

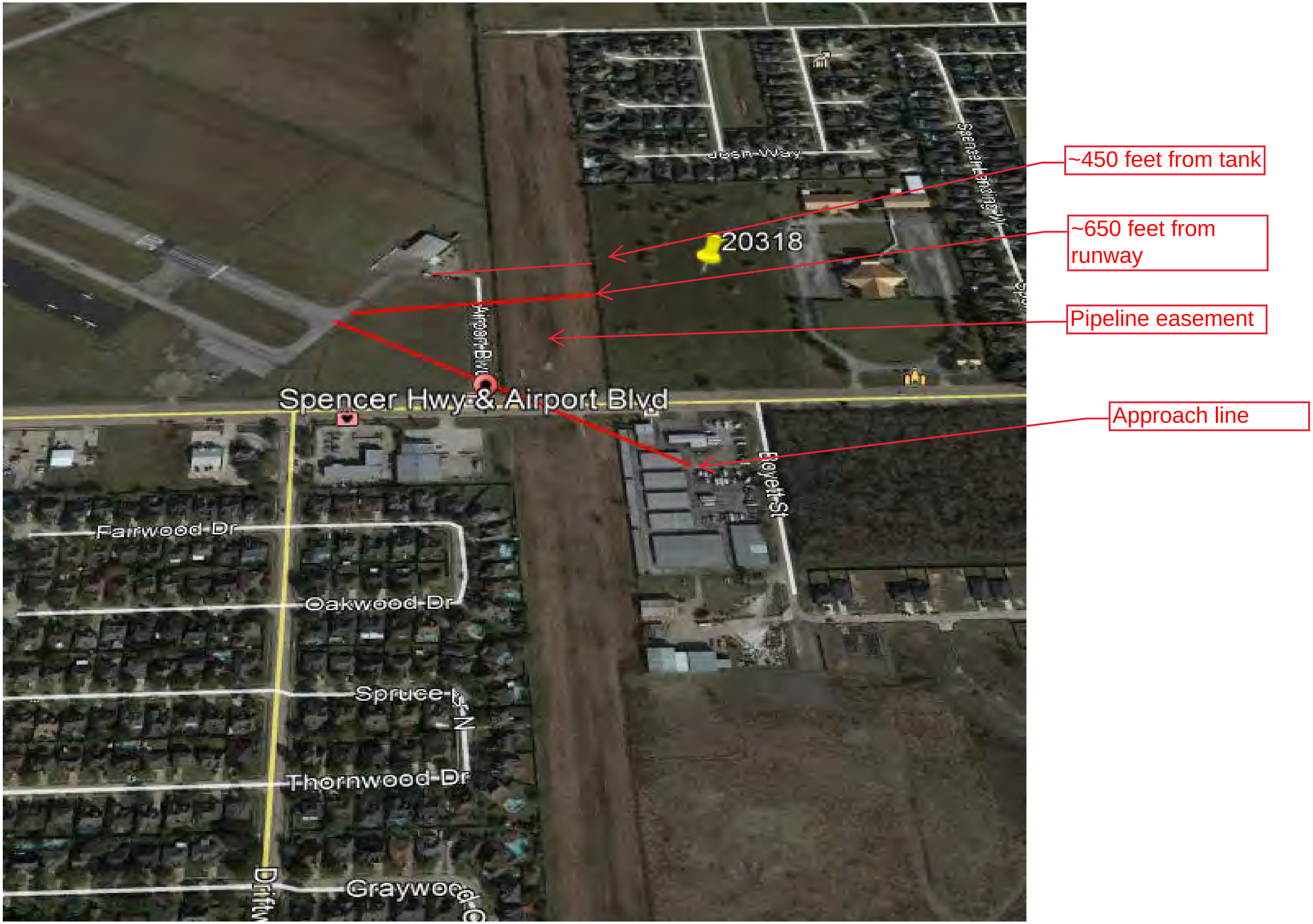
An appeal process exists for the Housing Tax Credit Program. The restrictions and requirements related to the filing of an appeal can be found in 10 TAC §11.902 of the 2020 QAP. Should you choose to appeal this decision to the Executive Director, you must file your appeal, in writing, with the Department not later than seven (7) calendar days after the date of this letter. If you are not satisfied with the decision of the Executive Director or if the Executive Director does not respond, you may file a further appeal with the Board of Directors of the Texas Department of Housing and Community Affairs. Please review §11.902 of the 2020 QAP for full instructions on the appeals process.

Sincerely,

Marni Holloway

Digitally signed by Marni Holloway
Date: 2020.04.13 15:00:49 -05'00'

Marni Holloway
Multifamily Finance Director


~450 feet from tank
~650 feet from runway
Pipeline easement
Approach line
20318
Spencer Hwy & Airport Blvd
Airport Blvd
Josh Way
Fairwood Dr
Oakwood Dr
Spruce Ln
Thornwood Dr
Graywood
Eloyett St

Appeal Documents

Cypress Creek La Porte LP

April 20, 2020

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 78711

RE: #20318 Cypress Creek Apartment Homes at La Porte, La Porte, Texas ("Project"); Appeal of Termination Under 10 TAC §11.101(a)(2) (Undesirable Site Features).

Dear Mr. Wilkinson:

This is an appeal of a Staff determination of ineligibility contained in letter from Marni Holloway, Director of Multifamily Finance, dated April 13, 2020 due to Undesirable Site Features. Ms. Holloway concluded that although each Undesirable Site Feature disclosed and mitigation offered in the 9% Application for the referenced Project might be acceptable on an individual basis, when considered together, the issues make the Development Site ineligible for Housing Tax Credit development under Section 11.101(a)(2) of the 2020 Qualified Allocation Plan (QAP). In considering our response, please take into consideration the portion of Section 11.101(a)(2) of the QAP which provides:

> … Where there is a local ordinance that specifies the proximity of such undesirable feature to a multifamily development that has smaller distances than the minimum distances noted below, then such smaller distances may be used and documentation such as a copy of the local ordinance identifying such distances relative to the Development Site must be included in the Application. Pre-existing zoning does not meet the requirement for a local ordinance. If a state or federal cognizant agency would require a new facility under its jurisdiction to have a minimum separation from housing, the Department will defer to that agency and require the same separation for a new housing facility near an existing regulated or registered facility. …

A. <u>LA PORTE MUNICIPAL AIRPORT.</u> The Project is to be located on approximately 10.78 acres at 11311 Spencer Highway in La Porte. The surrounding area is largely single family residential. The Project site abuts a 200-foot wide pipeline easement on its western boundary, and its southern boundary is Spencer Highway. Across the pipeline easement is the La Porte Municipal Airport ("Airport"), a small city-owned public-use airport. The Development Site boundary is approximately 650 feet from Runway 12/30.

ISSUE: Section 11.101(a)(2)(H) lists as an Undesirable Site Feature Development Sites in which the buildings are located within the accident potential zones or the runway clear zones of any airport;

1. **Runway Protection Zone.** Runway 12/30 is located approximately 650 feet to the west of the Development Site. The City of La Porte has established a Runway Protection Zone at the ends of each of the four runways - a cone-shaped restricted use area which encompasses the land which must be kept clear of structures in order to avoid navigational problems. In the Site Feasibility Study dated February 2020 filed by R. G. Miller Engineers, Inc., the Runway Protection Zone is shown in Exhibit 17 (See Exhibit A attached). The final page of this exhibit shows the extent to which the Runway Protection Zone affects the Development Site. The Existing Runway Protection Zone is depicted in green with black lien cross hatching and yellow, and clips the southwestern corner of the Development Site, which is planned for Stormwater Detention and Parking Spaces. A future "Ultimate" Runway Protection Zone, depicted in green, is intended to reduce the area in which structures are prohibited, but this is not in effect at this time. That area is depicted by the green, and would only encompass the Stormwater Detention area. Again, no structures are planned for this area.

2. **Certification by Applicant.** In the Disclosure Package for the Application, the Applicant provided a certification that no buildings will be located within the Runway Protection Zones. (See Exhibit B attached).

3. **FAA Determination of No Hazard to Air Navigation**. The Project Developer contacted the Federal Aviation Administration and requested a review of the Project's safety in the location near Runway 12/30. The FAA reviewed the preliminary Project plans, and conducted Aeronautical Study No. 2020-ASW-1631-OE. Pursuant to the Aeronautical Study, a "Determination of No Hazard to Air Navigation" was issued on March 25, 2020 (See Exhibit C attached), finding that the proposed apartment buildings would have no substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on the operation of air navigation facilities. This Determination is conditioned upon the structure being marked/lighted in accordance with FAA Advisory circular 70/7460-1 L Change 2, Obstruction Markings and Lighting. The Developer has researched the requisite equipment needed to comply with this condition and is prepared to provide the FAA Approved obstruction lighting on the roof of the apartment building closest to the runway. (See Exhibit D attached).

4. **Development Site is Zoned for Multifamily Residential.** The Development Site is currently zoned for High Density Residential (R-3) development, as evidenced by the Zoning Letter from the City of La Porte Planning and Development Department provided in the Application. (See Exhibit E attached).

5. **Surrounding Neighborhood is Primarily Residential.** North of Spencer Highway the land is primarily developed with single family housing and the Bayshore Baptist Church. South of Spencer Highway is undeveloped land, more single family housing, and some commercial used fronting on Spencer Highway. (See Exhibit F attached).

5. <u>City Resolution of Support for the Project.</u> The Application included a letter from the City Manager of La Porte evidencing that City Council had passed a Resolution of Support for the Project and additionally encouraged the development of the Project by providing a Commitment of Development Funding Letter. (See <u>Exhibit G</u> attached).

Summary: We have demonstrated: (i) the FAA's determination that the proposed Project will not be a hazard to air navigation: (ii) the Applicant's certification that the Project will be developed in compliance with the Runway Protection Zone requirements and that no building will be located in the Runway Protection Zone; (iii) the City of La Porte's approval of the Project as demonstrated by the City's zoning of the Development Site and its Resolution of Support and Commitment for Funding for the Project; and (iv) the existing primarily residential character of the neighborhood. We respectfully request a determination that the Project is not ineligible due to its proximity to an airport.

B. <u>ADJACENT PIPELINE CORRIDOR.</u> The western boundary of the Development Site lies adjacent to a pipeline corridor that is 200 feet wide (the "Corridor"). Multiple underground pipelines lie within the Corridor, but none are above ground and there are no pipelines located on the Development Site.

> ISSUE: Section 11.101(a)(2)(I) lists as an Undesirable Site Feature Development Sites that contain one or more pipelines, situated underground or aboveground, which carry highly volatile liquids or Development Sites located adjacent to a pipeline easement (for a pipeline carrying highly volatile liquids), the Application must include a plan for developing near the pipeline(s) and mitigation, if any, in accordance with a report conforming to the Pipelines and Informed Planning Alliance (PIPA);

The Applicant obtained a PIPA Report dated February 25, 2020 which was included in the Application. (See <u>Exhibit H</u> attached). As you are aware, the TDHCA frequently uses the HUD requirements to establish acceptable living situations. The PIPA Report states that the 2011 HUD Multifamily Accelerated Processing (MAP) Guide had a requirement that all parts of any structure must be at least 10 feet from the outer boundary of an easement for any high pressure gas or liquid petroleum transportation pipeline. The most recent version of the MAP Guide (2016) has replaced the 2011 criteria with a requirement to calculate acceptable separation from high pressure pipelines transferring flammable and combustible liquids and gases in accordance with 24 CFR Part 51 Subpart C, Siting of HUD-Assisted Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature. As noted by the PIPA Report, however, the term "hazard" does not include pipelines for the transmission of hazardous substances, if such pipelines are located underground or comply with applicable Federal, State and local Safety Standards. Because all of the pipelines in the Corridor are underground and the PIPA Report states that they appear to comply with applicable Federal, State and local safety standards. <u>As a result, the pipelines in the Corridor are exempted from the requirement of establishing acceptable separation and none are considered hazards by HUD.</u>

The PIPA Report goes on to assess the three types of pipelines in the Corridor (hazardous liquid pipelines, gas pipelines and Highly Volatile Liquid ("HVL") pipelines). The consultant does acceptable separation analyses of the largest hazardous liquid pipeline in the Corridor, which is a proposed 36" Mobil Pipeline Company crude oil line that will be nearest to the Development Site, and a 20" Air Liquide hydrogen pipeline. Both are determined to be within acceptable limits, given the distance and design of the Project. The PIPA Report also discussed the two existing HVL pipelines which carry products that are heavier than air and tend to collect in low-lying areas. Due to the flat terrain in the vicinity of the Corridor, the inclusion of a small berm on the western edge of the Development Site was determined to be sufficient to prevent migration of heavier-than-air vapors to the apartments.

The PIPA Report states that pipelines are a "fact of life" in La Porte, and it appears that the yet-to-be installed Mobil crude oil pipeline that will be the nearest to the Development Site will be approximately 100 feet from the western boundary. According to the PIPA Report, "In essence, the pipeline corridor is under constant surveillance by one or more pipeline operators." The Corridor crosses Spencer Highway, which requires patrolling at least twice each calendar year to observe surface conditions on and adjacent to the right-of-way for indications of leaks, construction activity or other factors affecting safety and operation, and HVL pipelines require patrolling at least 26 times each calendar year. Because each pipeline operator must document the required patrols for each owned pipeline, the Corridor's 34 different pipelines mean almost constant supervision.

In conclusion, the Report provides a listing of PIPA Recommended Best Practices, most significant of which is that the Project incorporate a minimum setback of at least 50 feet from all pipelines and at least 10 feet from the edge of all easements, whichever is greater. The site plan for the Project incorporates this recommendation. The consultant concluded that this Development Site has very few issues compared to other projects he has evaluated, each of which is being mitigated by the Applicant pursuant to the Applicant's agreement to follow the PIPA Property Developer/Owner Recommended Practices included in the PIPA Report.

Summary: In view of the PIPA Report's determination that the Project, as proposed, will meet PIPA guidelines, we respectfully request that the existence of the Corridor not be held to render the Project ineligible for the Tax Credit Program.

C. EXISTENCE OF ABOVEGROUND STORAGE TANK. Staff noted that there is a 5,000 gallon aviation gasoline aboveground storage tank ("AST") located approximately 430 feet west of the Development Site.

ISSUE: Section 11.101(a)(2)(F) lists as an Undesirable Site Feature Development Sites located within 500 feet of heavy industry (i.e. facilities that require extensive use of land and machinery, produce high levels of external noise such as manufacturing plants, or maintains fuel storage facilities (excluding gas stations);

The AST is owned and operated by Harvey & Rihn Aviation, which has been in business for over 40 years. According to its website, Harvey & Rihn Aviation ("H&R") provides flight training (everything from basic flight training to tail wheel and aerobatic instruction), maintenance and repairs, hangers, and computerized testing of FAA knowledge exams for all categories and classes of Airmen and Aircraft. It also states that H&R is a full-service FBO (fixed-base operator) providing tie-down, hangar space, pilot supplies and 100LL fuel (100 octane Low Lead gasoline specifically designed for piston engine aircraft). The Phase I Environmental Site Assessment review of the Development Site prepared by Terracon Consultants, Inc. dated February 21, 2020, indicated that the AST was installed in 1999. (See Exhibit I attached). Terracon additionally concluded that based upon the distance of operations from the Development Site, the H&R facility does not constitute a Recognized Environmental Condition relative to the Development Site. Additionally, the Phase I considered H&R in the context of Section 11.101(a)(2)(F) and stated:

> Based on the absence of apparent manufacturing and machining, Terracon does not consider this facility, that operates with a single aviation gasoline AST, to be considered a "heavy industry" facility as it pertains to subparagraph F. Based on Terracon's understanding of the 2020 QAP, this facility does not appear to be considered an Undesirable Site Feature. Per HUD Guidelines, Terracon recommends that the only additional testing to be done is a noise study.

(See Exhibit J attached).

SUMMARY.

The Project will be located near La Porte Municipal Airport in an area that is primarily residential, with some commercial businesses on the south side of Spencer Highway. In general, the area surrounding the Airport is overwhelmingly residential, as shown in the high altitude aerial photograph shown in Exhibit F. The professional reports obtained regarding the AST, the Runway Protection Zone and the Corridor all indicate that the Development Site is appropriate for development for its intended use as garden-style apartments. HUD safety requirements for proximity to pipelines are met, as are FAA safety requirements for Runway Protection Zones. As shown in Exhibit I, the AST is effectively a "gas station" for small airplanes, and therefore might arguably be considered exempt from Section 1.101(a)(2)(F). In view of all the mitigating and extenuating factors discussed above, we respectfully request that you exercise your oversight authority and grant this appeal of ineligibility, and therefore termination.

In the event that you do not feel able to grant this appeal, we request that it be considered by the TDHCA Board at the next possible Board Meeting.

Thank you for considering this appeal. If you have any questions or if you need any additional information, please do not hesitate to call me at 512-220-8000, extension 604.

Sincerely,

Stuart Shaw,
Applicant's Representative

Enclosures – Exhibits A – J

cc: Marni Holloway
Sharon Gamble
Stuart Shaw

EXHIBIT A

Site Feasibility Study
For
CYPRESS CREEK APARTMENT HOMES AT LA PORTE

10.81 Acre
NEC Airport Blvd. and Spencer Highway
La Porte, Texas

Prepared for:

Cypress Creek La Porte LP
Bonner Carrington
901 Mopac Expressway South
Building V, Suite 100
Austin, Texas 78746

Prepared by:

r.g. miller engineers
Texas Registered Engineering Firm No. F-487
16340 Park Ten Place, Suite 350, Houston, Texas 77084

February 2020

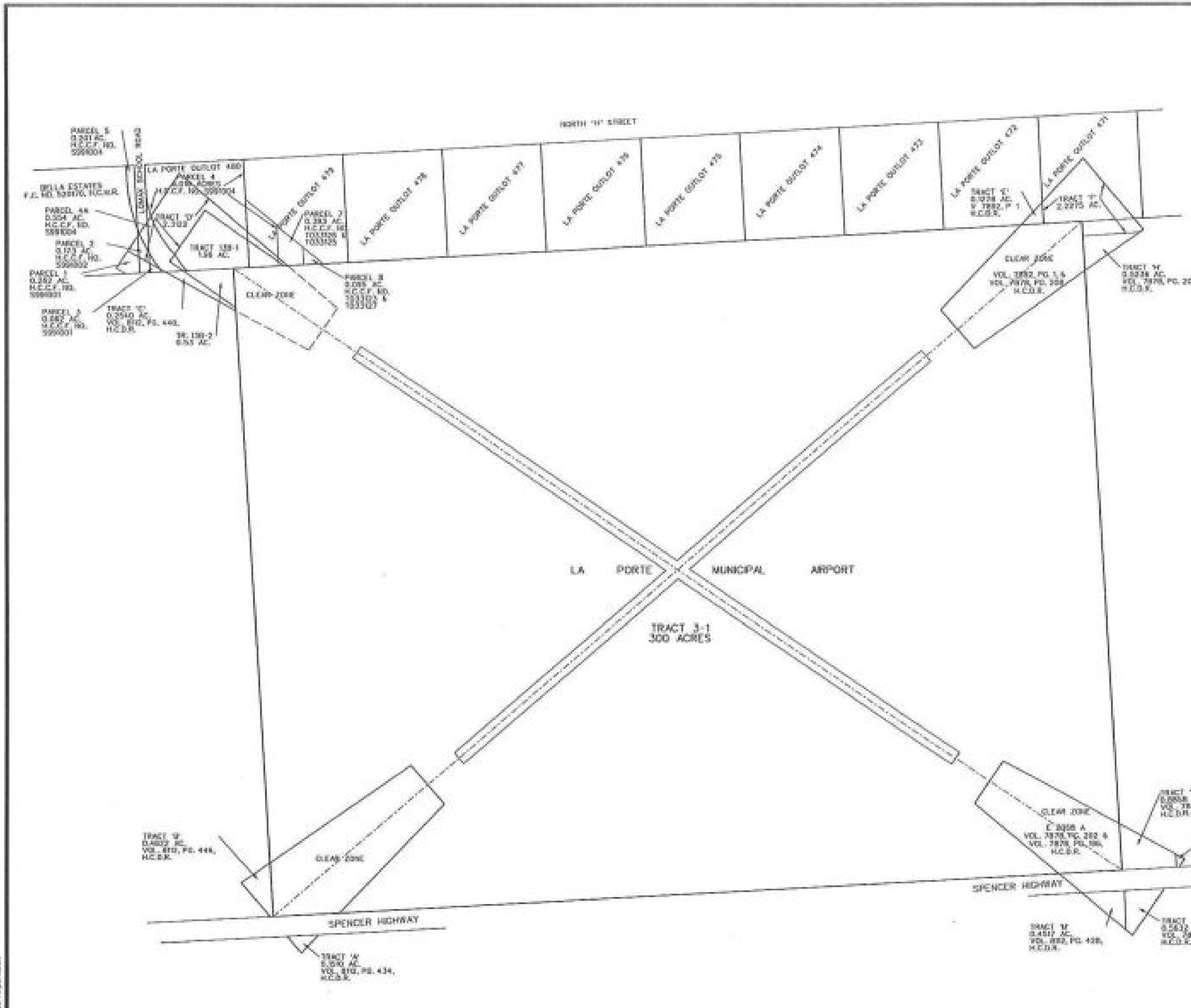
EXHIBIT 17

RUNWAY PROTECTION ZONES

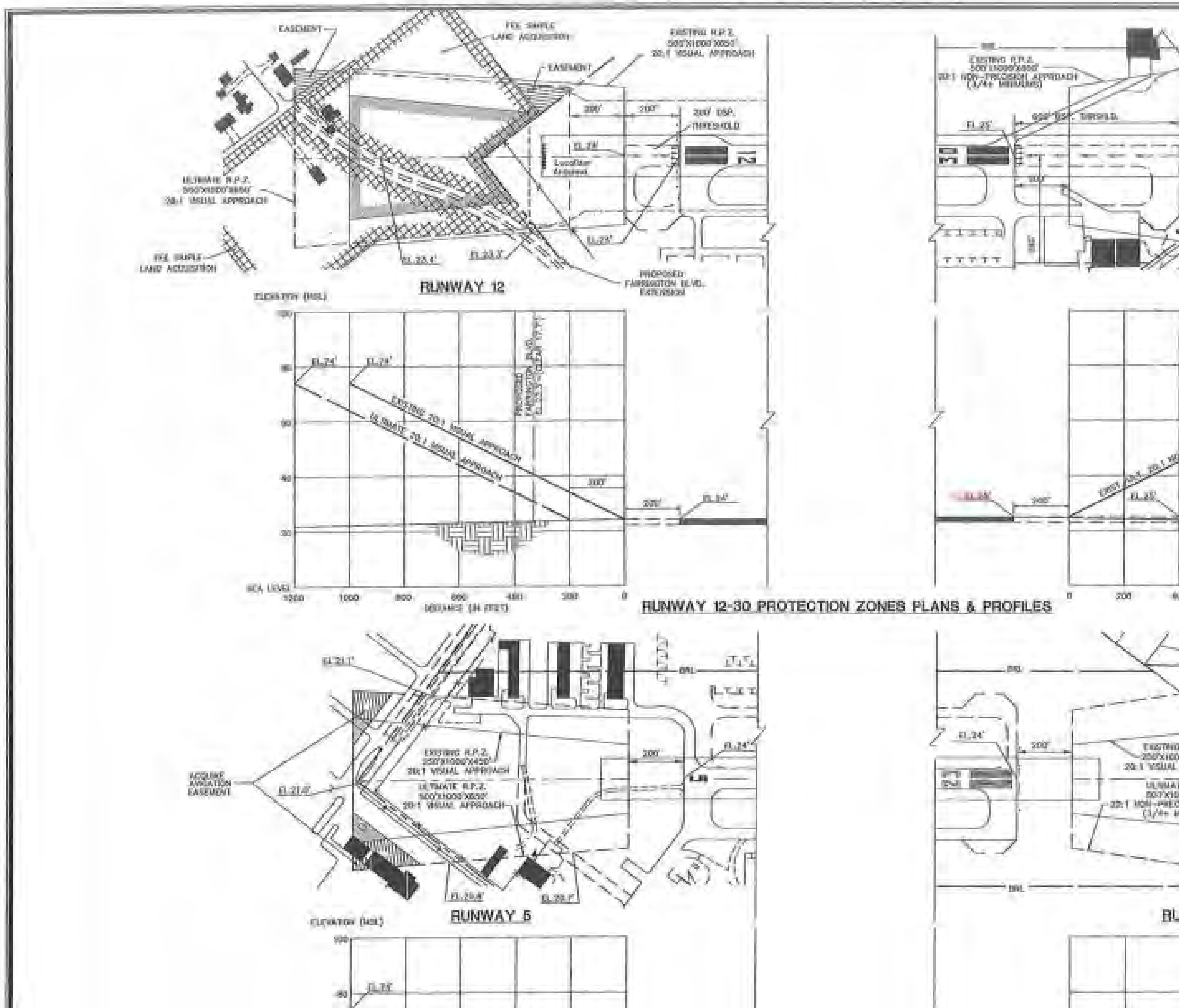
Please see attachments sent to the Applicant from Ray Mayo, Director of Public Works for La Porte. The maps detail both the existing and ultimate Runway Protection Zones (RPZ). A highlighted map is also included to emphasize both zones. No buildings will be placed in these zones.

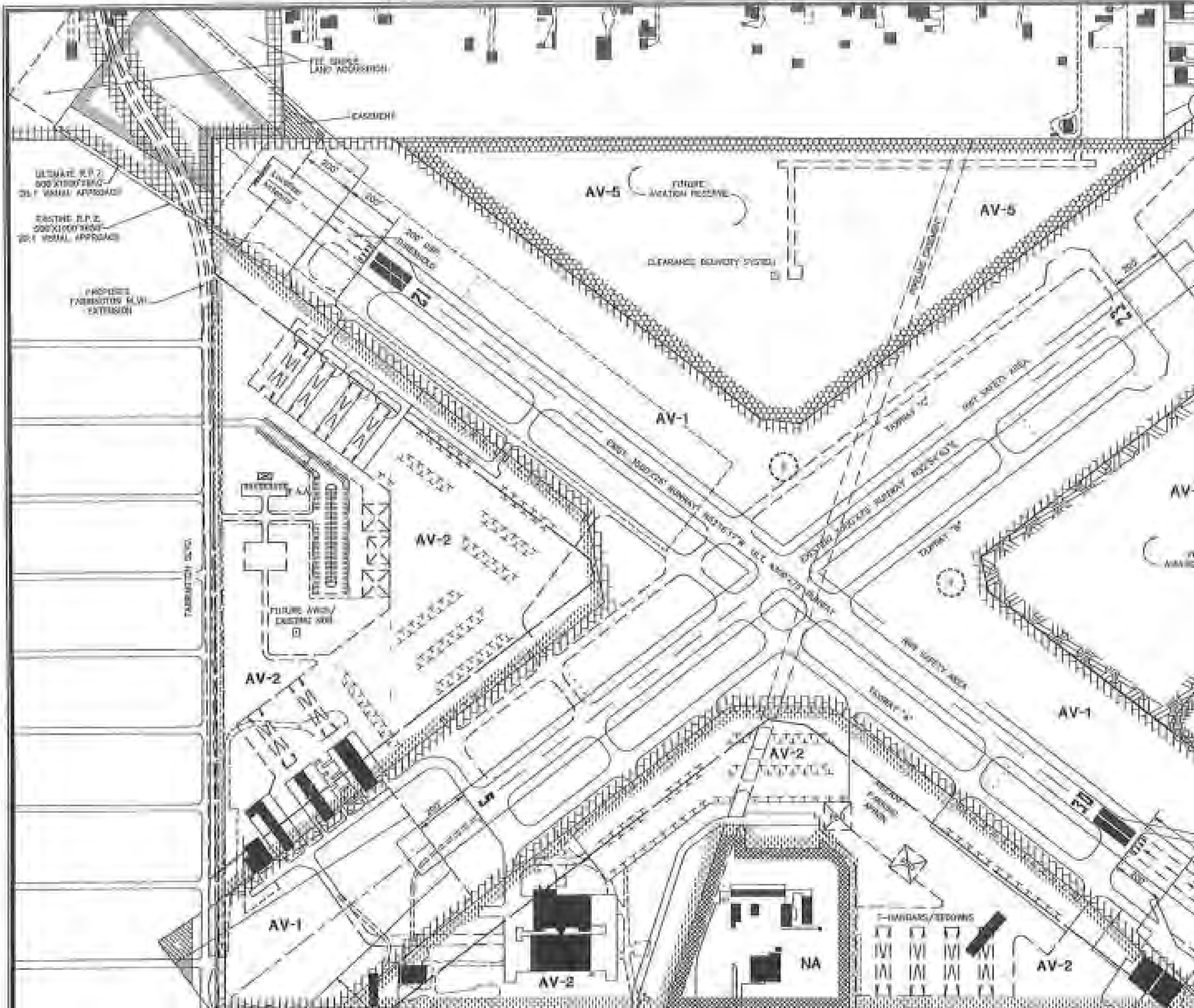
Existing Runway Protection Zone: This is the RPZ that is currently in effect. No buildings can be placed within these borders.

Ultimate Runway Protection Zone: This RPZ is NOT in effect at the moment. According to Ray Mayo, the lengthening of this RPZ is unlikely, but he cannot confirm on his end as it is a decision to be made on the FAA side.



NORTH "H" STREET
LA PORTE OUTLOT 480
LA PORTE OUTLOT 479
LA PORTE OUTLOT 478
LA PORTE OUTLOT 477
LA PORTE OUTLOT 476
LA PORTE OUTLOT 475
LA PORTE OUTLOT 474
LA PORTE OUTLOT 473
LA PORTE OUTLOT 472
LA PORTE OUTLOT 471
LOMAX SCHOOL ROAD
CLEAR ZONE
LA PORTE MUNICIPAL AIRPORT
TRACT 3-1
300 ACRES
SPENCER HIGHWAY


RUNWAY 12-30 PROTECTION ZONES PLANS & PROFILES
RUNWAY 12
RUNWAY 5
EASEMENT
FEE SIMPLE LAND ACQUISITION
EXISTING R.P.Z. 500'X1000'X850' 20:1 VISUAL APPROACH
ULTIMATE R.P.Z. 500'X1000'X850' 20:1 VISUAL APPROACH
200' DSP. THRESHOLD
Localizer Antenna
PROPOSED FARMINGTON BLVD. EXTENSION
ELEVATION (MSL)
DISTANCE (IN FEET)
SEA LEVEL
EXISTING 20:1 VISUAL APPROACH
ULTIMATE 20:1 VISUAL APPROACH
EXISTING R.P.Z. 500'X1000'X850' 20:1 NON-PRECISION APPROACH (3/4+ MINIMUMS)
EXISTING R.P.Z. 250'X1000'X450' 20:1 VISUAL APPROACH
ACQUIRE AVIATION EASEMENT
BRL


EASEMENT
AV-5
FUTURE AVIATION RESERVE
AV-5
21
23
AV-1
AV-2
AV-1
AV-2
AV-1
AV-2
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T-HANGARS/TIEDOWNS
AV-2

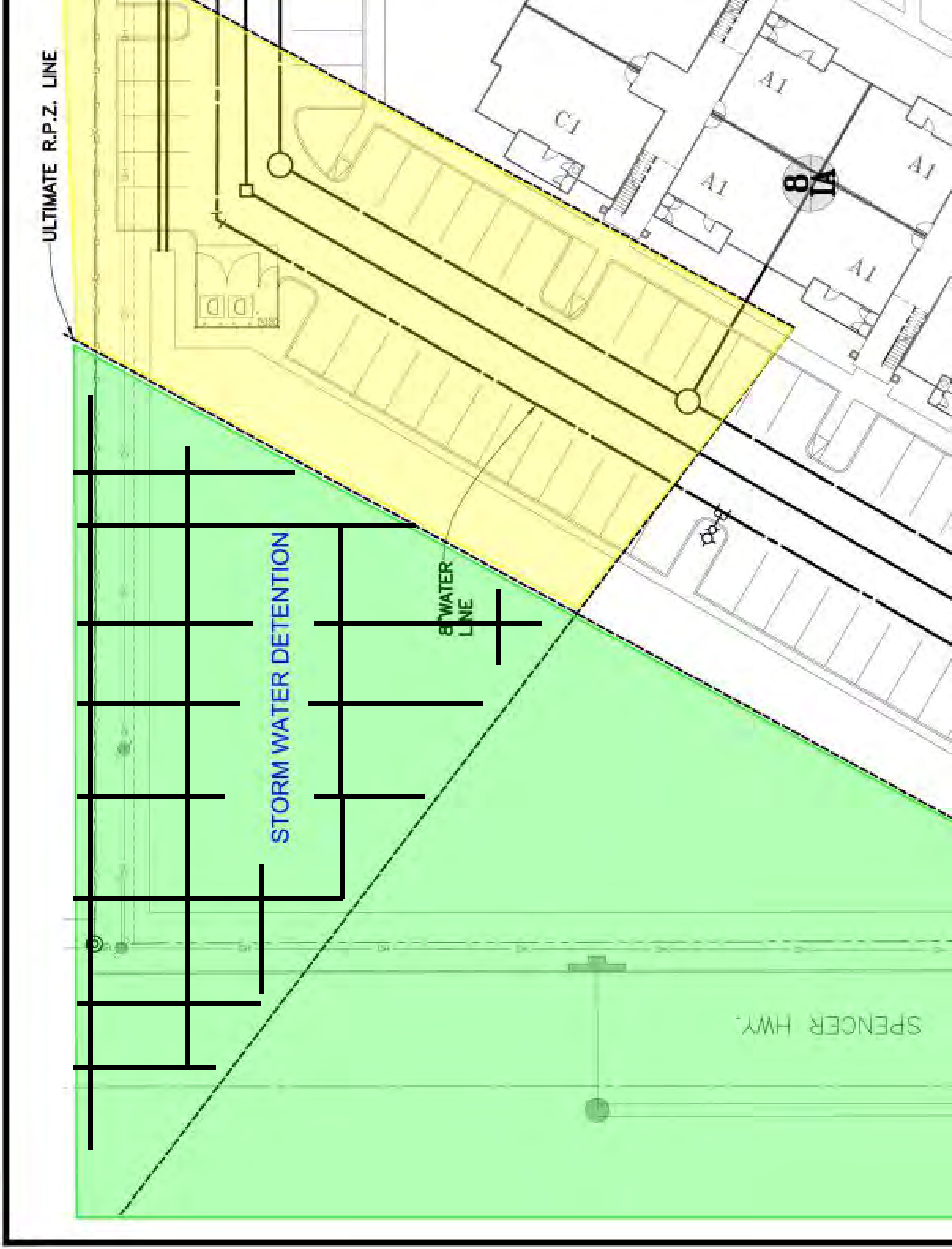

ULTIMATE R.P.Z. LINE
C1
A1
A1
A1
A1
8
IA
STORM WATER DETENTION
8" WATER LINE
SPENCER HWY.

EXHIBIT B

February 28, 2020

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

RE: Runway Protection Zones Certification for Cypress Creek Apartment Homes at La Porte (TDHCA Application No. 20318)

Cypress Creek La Porte LP ("Applicant") is proposing to develop Cypress Creek Apartment Homes at La Porte, an affordable rental housing development that will be located at Northwest of Spencer Highway and Airport Boulevard, Houston, Harris County, TX 77571 ("Development Site"). The Applicant certifies the following:

1. In accordance with §11.101(a)(2)(H) of the QAP, there will be no buildings located in the Runway Protection Zones.

La Porte Municipal Airport has an Existing and Ultimate Runway Protection Zone that encroach onto the Development Site. While these zones are marked in the attached site plan, no buildings will be placed in them.

Feel free to reach out to us with any questions.

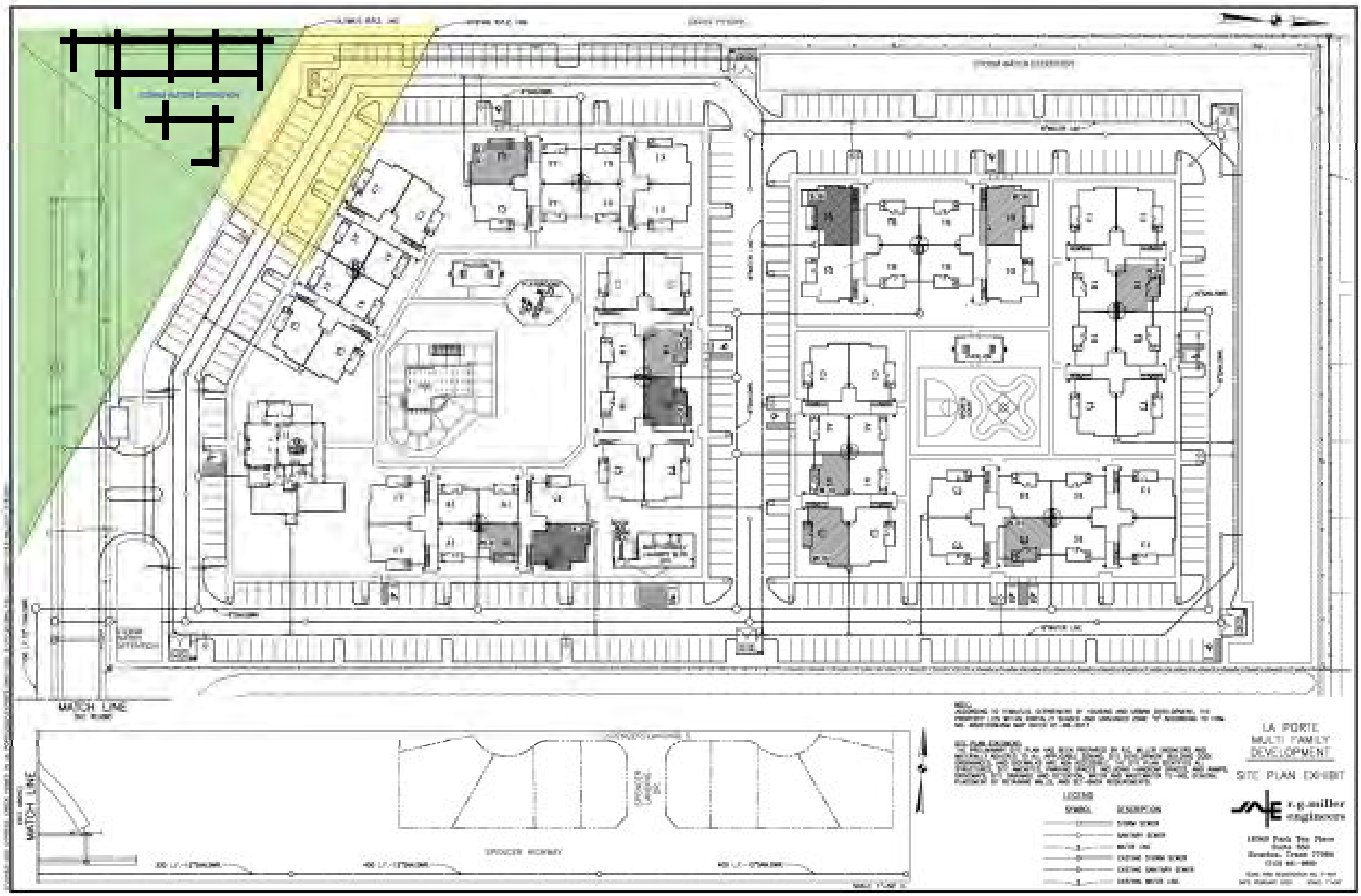
Sincerely,

Cypress Creek La Porte LP

By: ______________________

Name: Stuart Shaw

Title: Applicant's Representative



LA PORTE
MULTI FAMILY
DEVELOPMENT
SITE PLAN EXHIBIT
r.g.miller
engineers
LEGEND
MATCH LINE
SPENCER HIGHWAY

EXHIBIT C

Mail Processing Center
Federal Aviation Administration
Southwest Regional Office
Obstruction Evaluation Group
10101 Hillwood Parkway
Fort Worth, TX 76177

Aeronautical Study No.
2020-ASW-1613-OE

Issued Date: 03/25/2020

Stuart Shaw
Bonner Carrington
901 S. Mopac Expy., Bldg. 5, Ste. 100
Austin, TX 78746

**** DETERMINATION OF NO HAZARD TO AIR NAVIGATION ****

The Federal Aviation Administration has conducted an aeronautical study under the provisions of 49 U.S.C., Section 44718 and if applicable Title 14 of the Code of Federal Regulations, part 77, concerning:

Structure:	Building Apartment Buildings
Location:	La Porte, TX
Latitude:	29-39-57.57N NAD 83
Longitude:	95-03-23.66W
Heights:	22 feet site elevation (SE)
	40 feet above ground level (AGL)
	62 feet above mean sea level (AMSL)

This aeronautical study revealed that the structure would have no substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on the operation of air navigation facilities. Therefore, pursuant to the authority delegated to me, it is hereby determined that the structure would not be a hazard to air navigation provided the following condition(s) is(are) met:

As a condition to this Determination, the structure is to be marked/lighted in accordance with FAA Advisory circular 70/7460-1 L Change 2, Obstruction Marking and Lighting, red lights - Chapters 4,5(Red),&12.

Any failure or malfunction that lasts more than thirty (30) minutes and affects a top light or flashing obstruction light, regardless of its position, should be reported immediately to (877) 487-6867 so a Notice to Airmen (NOTAM) can be issued. As soon as the normal operation is restored, notify the same number.

It is required that FAA Form 7460-2, Notice of Actual Construction or Alteration, be e-filed any time the project is abandoned or:

__X__ At least 10 days prior to start of construction (7460-2, Part 1)
__X__ Within 5 days after the construction reaches its greatest height (7460-2, Part 2)

See attachment for additional condition(s) or information.

This determination expires on 09/25/2021 unless:

(a) the construction is started (not necessarily completed) and FAA Form 7460-2, Notice of Actual Construction or Alteration, is received by this office.
(b) extended, revised, or terminated by the issuing office.
(c) the construction is subject to the licensing authority of the Federal Communications Commission (FCC) and an application for a construction permit has been filed, as required by the FCC, within 6 months of the date of this determination. In such case, the determination expires on the date prescribed by the FCC for completion of construction, or the date the FCC denies the application.

NOTE: REQUEST FOR EXTENSION OF THE EFFECTIVE PERIOD OF THIS DETERMINATION MUST BE E-FILED AT LEAST 15 DAYS PRIOR TO THE EXPIRATION DATE. AFTER RE-EVALUATION OF CURRENT OPERATIONS IN THE AREA OF THE STRUCTURE TO DETERMINE THAT NO SIGNIFICANT AERONAUTICAL CHANGES HAVE OCCURRED, YOUR DETERMINATION MAY BE ELIGIBLE FOR ONE EXTENSION OF THE EFFECTIVE PERIOD.

This determination is subject to review if an interested party files a petition that is received by the FAA on or before April 24, 2020. In the event a petition for review is filed, it must contain a full statement of the basis upon which it is made and be submitted to the Manager of the Airspace Policy Group. Petitions can be submitted via mail to Federal Aviation Administration, 800 Independence Ave, SW, Room 423, Washington, DC 20591, via email at OEPetitions@faa.gov, or via facsimile (202) 267-9328.

This determination becomes final on May 04, 2020 unless a petition is timely filed. In which case, this determination will not become final pending disposition of the petition. Interested parties will be notified of the grant of any review. For any questions regarding your petition, please contact Airspace Policy Group via telephone – 202-267-8783.

This determination is based, in part, on the foregoing description which includes specific coordinates, heights, frequency(ies) and power. Any changes in coordinates, heights and frequencies or use of greater power, except those frequencies specified in the Colo Void Clause Coalition; Antenna System Co-Location; Voluntary Best Practices, effective 21 Nov 2007, will void this determination. Any future construction or alteration, including increase to heights, power or the addition of other transmitters, requires separate notice to the FAA. This determination includes all previously filed frequencies and power for this structure.

If construction or alteration is dismantled or destroyed, you must submit notice to the FAA within 5 days after the construction or alteration is dismantled or destroyed.

This determination does include temporary construction equipment such as cranes, derricks, etc., which may be used during actual construction of the structure. However, this equipment shall not exceed the overall heights as indicated above. Equipment which has a height greater than the studied structure requires separate notice to the FAA.

This determination concerns the effect of this structure on the safe and efficient use of navigable airspace by aircraft and does not relieve the sponsor of compliance responsibilities relating to any law, ordinance, or regulation of any Federal, State, or local government body.

This aeronautical study considered and analyzed the impact on existing and proposed arrival, departure, and en route procedures for aircraft operating under both visual flight rules and instrument flight rules; the impact on all existing and planned public-use airports, military airports and aeronautical facilities; and the cumulative impact resulting from the studied structure when combined with the impact of other existing or proposed structures. The study disclosed that the described structure would have no substantial adverse effect on air navigation.

An account of the study findings, aeronautical objections received by the FAA during the study (if any), and the basis for the FAA's decision in this matter can be found on the following page(s).

If we can be of further assistance, please contact Andrew Hollie, at (817) 222-5933, or andrew.hollie@faa.gov. On any future correspondence concerning this matter, please refer to Aeronautical Study Number 2020-ASW-1613-OE.

Signature Control No: 429873603-434550479 (DNH)
Mike Helvey
Manager, Obstruction Evaluation Group

Attachment(s)
Additional Information
Case Description
Map(s)

Additional information for ASN 2020-ASW-1613-OE

Abbreviations
AGL - Above Ground Level   MSL - Mean Sea Level   nm - nautical mile
DER - Departure end of runway
Part 77 - Title 14 CFR Part 77, Safe, Efficient Use and Preservation of the Navigable Airspace

Our study has disclosed that this proposed project, located approximately .44 nm southeast, is within the protected surfaces at La Porte Municipal Airport (T41), TX.

At the proposed height, this structure will penetrate these protected airport surfaces:

> 77.17 (a)(3) A height within a terminal obstacle clearance area, including an initial approach segment, a departure area, and a circling approach area, which would result in the vertical distance between any point on the object and an established minimum instrument flight altitude within that area or segment to be less than the required obstacle clearance.

AT 62 AMSL, 4D, LA PORTE MUNI (T41), LA PORTE, TX. Obstacle penetrates RWY 12 Initial Climb Area (ICA) 24 feet. Qualifies as low, close-in penetration with climb gradient termination altitude 200 feet or less above DER, requiring TAKE-OFF MINIMUM AND (OBSTACLE) DEPARTURE PROCEDURES, NOTE: RWY 12, Building 583 feet from departure end of runway, 517 feet LEFT of centerline, 40 AGL, 62 AMSL, NEH 39 AMSL (4D/2C). Exceeds by 24 feet.

The proposal was not circularized to the public for comments, as current FAA policy exempts from circularization those proposals which penetrate the 40:1 departure surface and do not raise minima. The penetration to the departure surface in the ICA will require a note in the TAKE-OFF MINIMUM AND (OBSTACLE) DEPARTURE PROCEDURES AND DIVERSE VECTOR AREA (RADAR VECTORS).

> The proposed structure would have no effect on any existing or proposed IFR arrival/departure routes, operations, or procedures. A P-NOTAM will be submitted for the departure note once the 7460-2 Part 1 is received.

> The proposed structure would have no effect on any existing or proposed IFR en route routes, operations, or procedures.

> The proposed structure would have no effect on any existing or proposed IFR minimum flight altitudes.

AERONAUTICAL STUDY FOR POSSIBLE VISUAL FLIGHT RULES (VFR) EFFECT DISCLOSED THE FOLLOWING:

> The proposed structure would have no effect on any existing or proposed VFR arrival or departure routes, operations or procedures.

> The proposed structure would not conflict with airspace required to conduct normal VFR traffic pattern operations at any known public use or military airports.

> The proposed structure would not penetrate those altitudes normally considered available to airmen for VFR en route flight.

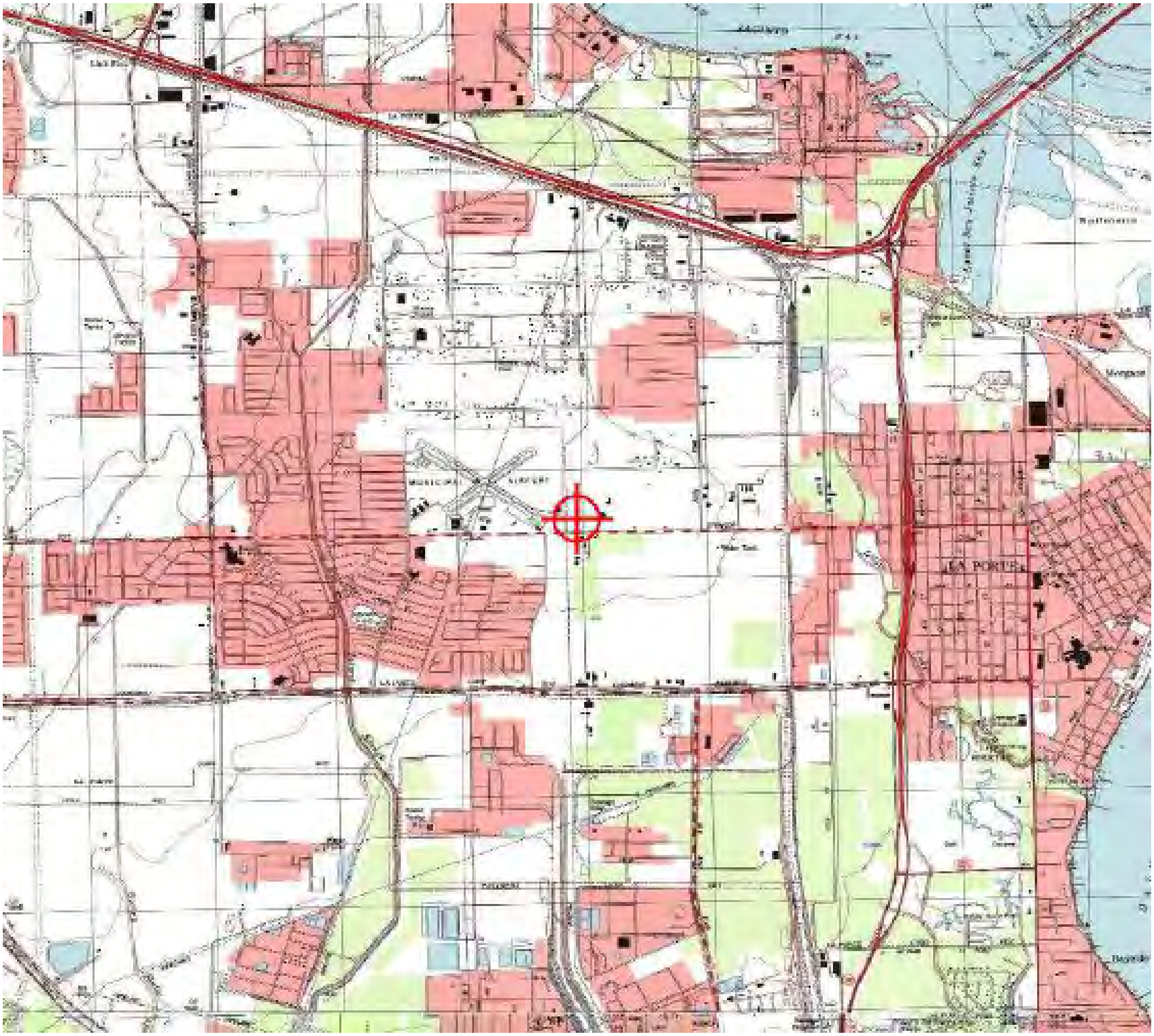
> ABSOLUTELY MANDATORY: The proposed structure will be appropriately obstruction marked and lighted to make it more conspicuous to airmen flying in VFR weather conditions at night.

The cumulative impact of the proposed structure is not considered significant. Study did not disclose any adverse effect on existing or proposed public-use or military airports or navigational facilities. Nor would the proposal affect the capacity of any known existing or planned public-use or military airport.

Therefore, it is determined that the proposed structure would not have a substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on any air navigation facility and would not be a hazard to air navigation.

Aeronautical study

TOPO Map for ASN 2020-ASW-1613-OE



Sectional Map for ASN 2020-ASW-1613-OE

EXHIBIT D

Flight Light Inc.
2708 47th Ave.
Sacramento, California, U.S.A.
95822-3806

PH (916) 394-2800 **FX (916) 394-2809**
TF (800) 806-3548 **EM info@flightlight.com**

MADE IN USA

Obstruction Lights
FAA L-810

Compliance

FAA AC: 150/5345-43H
ETL Certified L-810
ICAO Annex 14, Vol. 1, Type B

Flight Light L-810 obstruction lights are used on buildings, antennas, towers, cranes, and any other kind of obstacle which occupies air-space. Each fixture includes a glass Fresnel globe which is colored red for most applications. The fixtures are either a single or a double lamp housing and made with 3/4" or 1" internally threaded housing. A side-mounted option is also available. These obstruction lights operate on a 120V or 230V circuit. The fixture is illuminated with a 116W, A21 medium screw base lamp.

Double Obstruction Light with Photocell

Features

- FAA approved L-810, certified and tested by ETL with a red lens and 116W lamp #32B.
- Direct installation into existing voltage power circuit.
- Direct mounting to conduit, bottom or side mounting options available.
- Standard configurations come with 3/4" threaded fittings.
- Photocell option for automatic activation at night.
- Optional grounding wire available.

Common Replacement Parts

P/N	Description
13-861R-T	Red globe with tether
61-80001	Clamp band
61-80004	Medium base socket
LA-22483-2	116W, 120V lamp
LA-116W/230V	116W, 230V lamp
61-80002	O-ring

Single Obstruction Light with optional Low Surface Mount (11.25" overall height)

Single Obstruction Light with Riser, Frangible Coupling and Floor Flange (14" overall height)

Ordering Codes

Fixture	Color	Power	Fixture Style	Mounting	Options
FL-810	**R:** Red	**AC1:** 120VAC **AC2:** 230VAC[1]	**S:** Single **D:** Double	**34B:** 3/4" Hub - Bottom **10B:** 1" Hub - Bottom **34S:** 3/4" Hub - Side **10S:** 1" Hub - Side **FF:** Floor Flange **LSM:** Low Surface Mount[2]	**F:** Flasher[3] **MT:** Marine Treated **P:** Photocell (81020 Series) **R:** Red Casting **T:** Transfer Relay

[1] Not FAA Approved. [2] For single option only. [3] Flasher not available for 277VAC.
Shipping Weight: (Single): 4.5 lb./2 kilo., Volume: 0.5 cu. Feet/0.01 cu. Meters; (Double): 10 lb./4.5 kilo., Volume: 1 cu. Feet/0.02 cu. Meters.

Casting Options:

Red *Marine Treated*

Visit our web site: www.flightlight.com

Flight Light Inc.
2708 47th Ave.
Sacramento, California, U.S.A.
95822-3806

PH (916) 394-2800 **FX (916) 394-2809**
TF (800) 806-3548 **EM info@flightlight.com**

MADE IN USA

Obstruction Lighting Controls

Lighting controls are designed for use when multiple obstruction light fixtures are to be controlled with common electronics or when alarms or transfer relay circuits must be switched remotely from the fixture. The electronic control module comes in a cast iron device box with threaded hubs on both top and bottom. Replacement modules (controls without device box) are also available upon request. Photocell options, available for models 81001 and 81002, are built into the cast iron device box.

Flasher

Model 81001 120VAC, 2500W, 30 FPM flasher. Includes circuitry to reduce EMI for sensitive RF locations. Beacon tower flasher. FAA approved.

Model 81002 120-240VAC, 2400W flasher. Adjustable rate flasher, 10-100 FPM.

Model 81001

Lamp Alarm/Transfer Relay

Model 81010 120VAC lamp alarm or transfer relay module. Monitors current for one to four 116W fixtures or one L-864 fixture with two 620W lamps. If any fixtures are detected out, 120VAC (1A) output and a 10A isolated relay (SPDT) are activated. Can be used as a transfer relay with isolated alarm for double obstruction fixtures with one primary and one standby lamp. For Buzzer option, add '-B' to model number.

Model 81011 120VAC lamp alarm for two to nine steady-burning, incandescent lamps. Monitors current for two to nine 116W fixtures. If any fixtures are detected out, 120VAC (1A) output and 10A isolated relay (SPDT) are activated.

Model 81010

Photocell

Model 81020 120VAC, 1000W photocell. FAA style photocells activate at 35 ft-cd and turn off at 58 ft-cd. A 45 second time delay prevents activation and de-activation from momentary light conditions. Does not come with device box, includes 1/2" threaded male fitting.

Model 81020

Model 81021 120VAC, 4800W photocell. Meets FAA/FCC requirements for obstruction lighting. Energized at 35 ft-cd and de-energized at 60 ft-cd. Time delay eliminates contact chatter. Contains dual 20A load contacts. Front plastic housing mounts to cast aluminum junction box (included).

Model 81022 Hazardous Location Photocontrol Unit. Outdoor lighting control for exterior lighting in hazardous locations: explosion proof, dust-ignition proof, and weatherproof. Nominal Voltage 50/60 Hz: 120/208/240/277. Voltage Range: 105-305. Housing: sand cast copper-free aluminum - epoxy powder coated.

Model 81021

Obstruction Lighting Controls

Fixture Type	Model
FL-	**81001:** HP Flasher (120VAC, 2500W) **81002:** MP Flasher (adj. 10 amps) **81010:** 1-4 Lamp Alarm/Transfer Relay (Buzzer option '-B') **81011:** 2-9 Lamp Alarm (steady-burning incandescent) **81020:** Photocell only (120VAC, 1000W max) **81021:** Photocell with aluminum box (120VAC, 4800W max) **81022:** Hazardous Location Photocontrol Unit

Model 81022

Visit our web site: www.flightlight.com

EXHIBIT E

February 19, 2020

Cypress Creek La Porte LP

c/o Bonner Carrington

Attn: Stuart Shaw

901 S. Mopac Expressway

Building V, Suite 100

Austin, TX 78746

Re: Zoning Verification Letter Request for the proposed Cypress Creek Apartment Homes at 11311 Spencer Hwy

To Whom It May Concern,

In response to your requested zoning verification, please be advised of the following:

As shown below as Exhibit A, the subject property and proposed Cypress Creek Apartment Homes at La Porte is zoned High Density Residential (R-3) and is subject to the use and development standards of that zoning district.

This Development is permitted under Chapter 106 (Zoning) of the City of La Porte's Code of Ordinances. The R-3 high density residential district is the highest density residential district. Its principal purpose is to provide a wide variety of dwelling types including single-family dwellings, multiple-family dwellings, garden apartments, condominiums and townhouses.

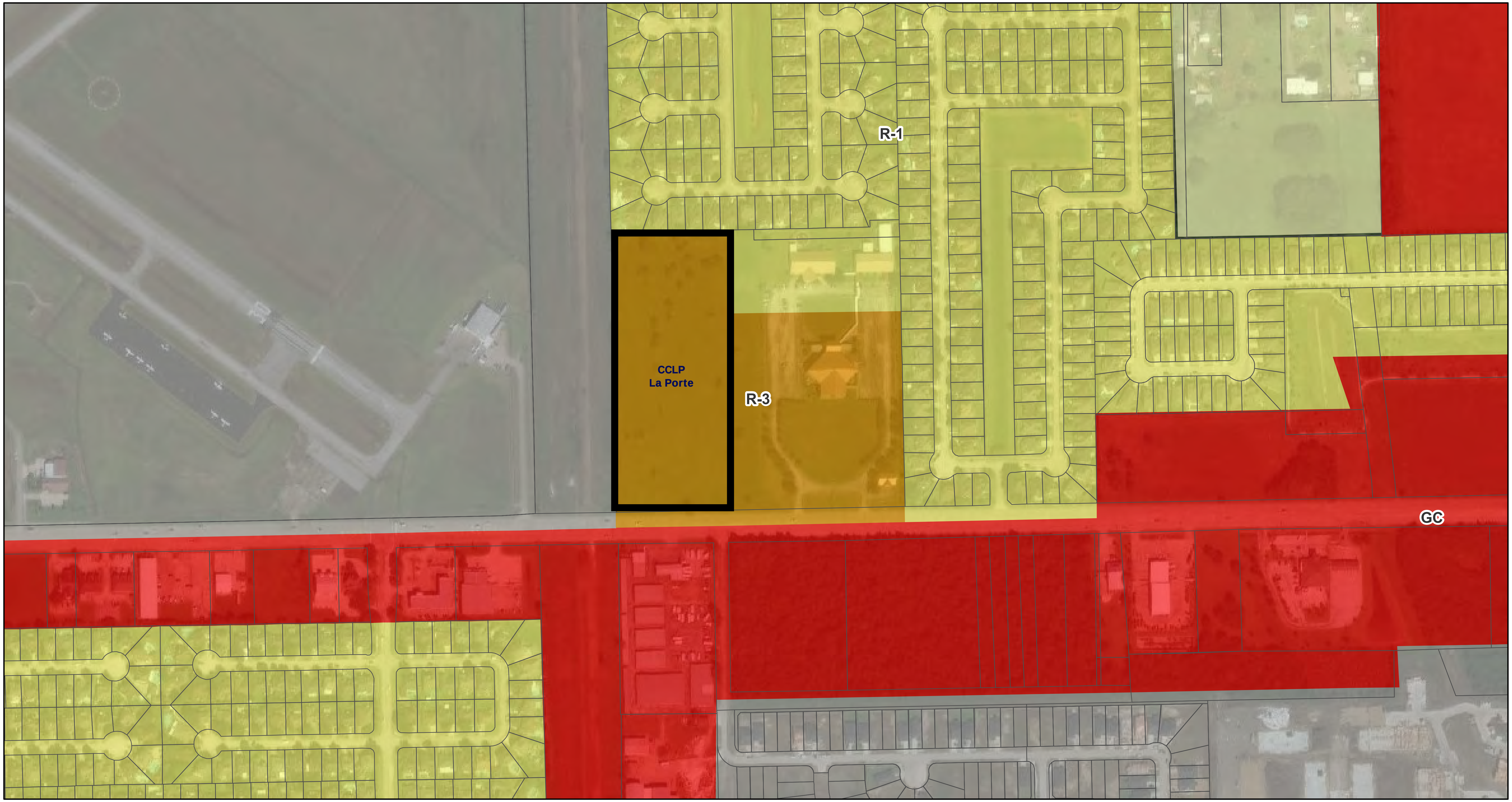
Please be aware that Zoning Verification Letters (ZVL) are intended to provide official documentation of the zoning of a property at the time of correspondence.

I can also confirm that I am a local government official with appropriate jurisdiction over the proposed development. If you have any questions or concerns, please contact me at 281-470-5065 or StewartC@laportetx.gov

Sincerely,

Chase Stewart – Planning Technician

CCLP La Porte Zoning Map



4/19/2020, 7:41:10 PM

Base Map Layer - City Limits

Parcel Layer - City Limits Parcels

Morgan's Landing Lots

Land Use Layer - Zoning

Large Lot Residential

Low Density Residential

High Density Residential

General Commercial

Planned Unit Development

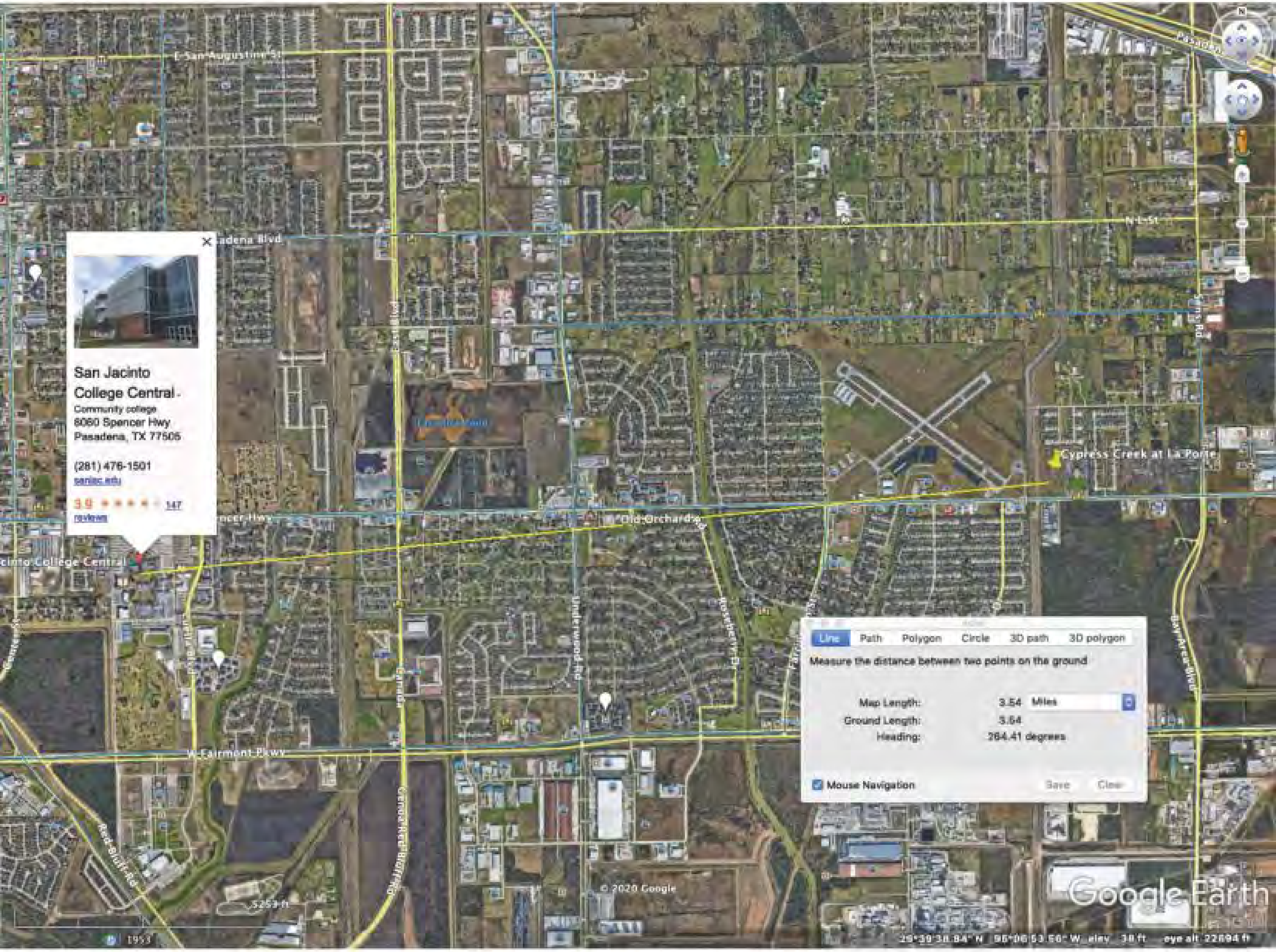
1:4,514

0 0.05 0.1 0.2 mi

0 0.07 0.15 0.3 km

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

EXHIBIT F


E San Augustine St
Pasadena Blvd
N L St
San Jacinto
College Central -
Community college
8060 Spencer Hwy
Pasadena, TX 77505
(281) 476-1501
sanjac.edu
3.9
147
reviews
Spencer Hwy
Old Orchard
San Jacinto College Central
Cypress Creek at La Porte
Underwood Rd
W Fairmont Pkwy
Red Bluff Rd
Bay Area Blvd
Line
Path
Polygon
Circle
3D path
3D polygon
Measure the distance between two points on the ground
Map Length: 3.54 Miles
Ground Length: 3.54
Heading: 264.41 degrees
Mouse Navigation
Save
Clear
© 2020 Google
Google Earth
1953
eye alt 22694 ft


Aerial View
Legend
Aunique Farm and Ranch
Bayshore Baptist Church
Bayshore Learning Center
Feature 1
H & R Aviation
Jacinto Medical Group
Pipeline Corridor
Proposed Site
Spencer Highway
Google Earth
1000 ft
N

EXHIBIT G

February 24, 2020

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

RE: Cypress Creek Apartment Homes at La Porte (TDHCA #20318)

Dear Ms. Holloway,

Please accept this memo as acknowledgement of the name change Cypress Creek Apartment Homes at Spencer Landing (TDHCA #20318) with applicant Cypress Creek Spencer Land LP, as referenced in the following documents, is now referenced as Cypress Creek Apartment Homes at La Porte (TDHCA #20318) with applicant Cypress Creek La Porte LP. The modification was made at the request of the community and is merely an administrative change on our end at this time. There is no change to the location, TDHCA number, etc.

- Resolution of Support Resolution No. 2020-04
- Commitment of Development Funding Letter dated February 24, 2020

If you have any questions please let us know.

Sincerely,

Corby D. Alexander
City Manager

RESOLUTION NO. 2020-04

A RESOLUTION OF THE CITY COUNCIL OF LA PORTE, TEXAS, REGARDING SUPPORT FOR CYPRESS CREEK APARTMENT HOMES AT SPENCER LANDING (TDHCA# 20318).

WHEREAS, Cypress Creek Spencer Landing, LP (the Applicant) has proposed a development for an apartment home community to be located at approximately the northeast quadrant of Spencer Highway and Airport Boulevard, La Porte, Harris County, Texas; to be named Cypress Creek Apartment Homes at Spencer Landing (the Development); and

WHEREAS, the Applicant has advised that it intends to submit an application to the Texas Department of Housing and Community Affairs (TDHCA) in the 2020 competitive 9% application round for Housing Tax Credits and TDHCA HOME Funds for the Development;

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the City of La Porte, Texas, acting through its governing body, hereby confirms that it supports the aforementioned proposed Development, and the related application to the TDHCA (#20318); and

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

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

FURTHER RESOLVED that for and on behalf of the City of La Porte, Mayor Louis Rigby, are hereby authorized, empowered, and directed to certify this resolution to the TDHCA. This formal action has been taken to put on record the opinion expressed by the City of La Porte on February 24, 2020.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS, as follows:

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

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

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

Section 4. All resolutions and agreements or portions of resolution s and agreements in conflict herewith are hereby release d to the extent of the conflict only.

PASSED AND APPROVED by the City Council of the City of La Porte, Texas, on February 24, 2020.

CITY OF LA PORTE, TEXAS

Louis R. Rigby, Mayor

ATTEST:

Lee Woodward, City Secretary

APPROVED AS TO FORM:

Clark T. Askins, City Attorney

EXHIBIT H

February 25, 2020

via e-mail
Hard copy via USPS

Stuart Shaw, Applicant's Representative
Cypress Creek La Porte LP
Building V, Suite 100
901 MoPac Expressway
Austin, TX 78746

Re: Pipelines and Informed Planning Alliance (PIPA) Review
Proposed Cypress Creek Apartment Homes at La Porte (TDHCA #20318)
La Porte (Harris County), Texas 77571

Dear Mr. Shaw:

Per your request, the purpose of this report is to address, from a PIPA perspective, issues regarding pipelines in the vicinity of the site of the proposed development – more specifically the pipelines in the pipeline corridor between the proposed site and the La Porte Municipal Airport. The majority of the pipelines are listed as intrastate lines by the Railroad Commission of Texas (RRC). See the attached list of Pipelines Potentially Affecting the Proposed Cypress Apartment Homes at La Porte (the List), the attached RRC Pipeline Map (RRC Map), and the attached Preliminary Site Plan.

It is my understanding that Cypress Creek La Porte LP (CCLP) is generally familiar with PIPA and you have assured me that CCLP will comply with the relevant PIPA recommended practices. The purpose of this initial report is to clarify the potential impact of the "worst-case scenario" pipelines and to identify mitigating measures consistent with PIPA. Before getting to the worst-case scenario pipelines, the applicable U.S. Department of Housing and Urban Development (HUD) should be addressed.

HUD Requirements

The HUD Multifamily Accelerated Processing (MAP) Guide (November 23, 2011) had a requirement that stated:

> "I. All parts of any structure must be at least 10 feet from the outer boundary of the easement for any high pressure gas or liquid petroleum transportation pipeline (Form HUD-4128, Part B, No. 28)." (Chapter 9, Environmental Review and Requirements, Environmental Report, Chapter page 29 of 30, Document page 289)

The most recent revision of the MAP Guide (January 29, 2016) replaced the foregoing paragraph with:

> "1. Reference for equations and methodology to calculate acceptable separation from high pressure pipelines transferring flammable and combustible liquids and gases is the Final report from ICF International, September 17, 2012, 'Research to Support U.S. Department of Housing and Urban Development Regulation 24 CFR Part 51 Subpart C, Siting of HUD-Assisted Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature.'" (Chapter 9, page 338 of 534)

Under 24 CFR Part 51 Subpart C, "Hazard - means any stationary container which stores, handles or processes hazardous substances of an explosive or fire prone nature. The term 'hazard' does not include pipelines for the transmission of hazardous substances, if such pipelines are located underground **or** comply with applicable Federal, State and local safety standards." (emphasis added, 24 CFR §51.201 Definitions) There are other exclusions that are not relevant to this discussion.

All of the pipelines discussed in this determination are located underground and appear to comply with applicable Federal, State and local safety standards. Therefore, none are considered hazards by HUD for purposes of acceptable separation distance.

Worst-Case Scenario Pipelines

Based on my inspection of the proposed site (January 17, 2020), there are no pipelines actually on the site. That said, there is a major pipeline corridor (easement) immediately west of the proposed site. During my visual inspection of the site, I counted over forty lines with pipeline markers and photographed examples associated with each individual pipeline operator. Subsequent to my site inspection, I reviewed the RRC map and was able to identify 34 different pipelines. I used the 34 pipelines to develop the List. There are both hazardous liquid (49 CFR Part 195) pipelines and gas (49 CFR Part 192) pipelines present in the pipeline corridor. Not all of the lines are subject to regulation. Unregulated lines in the corridor include, for example, at least one pipeline that has been abandoned, one pipeline that is considered "idle" by the operator of that line (still subject to regulation but of relatively little risk), one line is listed as containing oxygen (not subject to Part 192), and one line containing nitrogen (also not subject to Part 192).

The pipeline markers (a marker is required for each individual pipeline), were, with few exceptions, in generally excellent condition. The corridor itself is very well maintained. Gas transmission pipelines must be patrolled at road crossings (Spencer Highway) at least twice each calendar year to observe surface conditions on and adjacent to the right-of-way for indications of leaks, construction activity, and other factors affecting safety and operation (49 CFR §192.705). Hazardous liquid pipelines must be patrolled at least 26 times each calendar year (49 CFR §195.412). Each individual pipeline operator must document that the required patrols have been completed for each pipeline owned by that operator. In essence, the pipeline corridor is under constant surveillance by one or more pipeline operators. Because the pipeline corridor is immediately adjacent to the La Porte Municipal Airport, it is extremely unlikely that a landing or departing pilot could fail to observe or report any unusual events occurring within the corridor.

Pipeline worst-case scenarios are generally catastrophic failures of large-diameter, high-pressure pipelines that catch fire. For gas pipelines, a calculation of distance that could be affected by a fire associated with the rupture of a gas pipeline is typically used. By far the largest diameter gas pipeline (and, coincidentally, the Part 192 pipeline that is nearest to the proposed site), is a 20" hydrogen line with a Maximum Allowable Operating Pressure (MAOP) of 1100 psi. This particular line is owned and operated by Air Liquide (PHMSA OPID 842, Tx RRC T-4 Permit No. 08275). The Potential Impact Radius for this pipeline line will be calculated below.

The largest hazardous liquid pipeline in the corridor is a soon-to-be-installed 36" crude line that will be the pipeline that is nearest to the proposed site when it is completed. This pipeline will be owned and operated by Mobil Pipeline Company (PHMSA OPID 12628, Tx RRC Permit T-4 No. 10153).

Finally, there is a subset of hazardous liquids called Highly Volatile Liquids (HVLs). HVLs will form a vapor cloud when released to the atmosphere. There are two 18" HVL lines in the corridor. The 18" HVL line nearest to the proposed site is owned and operated by Enterprise Products (PHMSA OPID 31618, Tx RRC T-4 Permit No. 07403) and contains HVLs (probably propane). This is the line that will be addressed for the HVL worst-case scenario.

The 20" Air Liquide Hydrogen Pipeline

A key element of the Gas Integrity Management Rule (49 CFR Part 192, Subpart O) is the calculation of the potential impact radius (PIR) of a circle within which the potential failure of a pipeline could have significant impact on people or property due to thermal effects.

The original derivation of the PIR formula referenced in 49 CFR 192 is contained in the Gas Research Institute report by C-FER Technologies (C-FER Report), "*A Model for Sizing High Consequence Areas Associated with Natural Gas Pipelines*" (Stephens 2000). The C-FER Report was based on the premise that high consequence area could be defined as the area within which both the extent of property damage and the chance of serious or fatal injury would be expected to be significant, it follows that this area could be reasonably be defined by a heat intensity contour corresponding to a threshold value below which:

- property, as represented by a typical wooden structure, would not be expected to ignite and burn;
- people located indoors at the time of failure would likely be afforded indefinite protection; and
- people located outdoors at the time of failure would be exposed to a finite but low chance of fatality.

According to the C-FER Report, for a thermal load at or below 5,000 Btu/hr ft^2, a wooden structure would not be expected to burn and would therefore provide indefinite protection to occupants. Furthermore, 5,000 Btu/hr ft^2 corresponds to approximately a 1 percent chance of fatality for persons exposed for a credible period of time before reaching shelter.

The C-FER formula incorporated into 49 CFR Part 192, Subpart O for the calculation of the PIR used for natural gas is:

$$r = 0.69 \cdot \sqrt{p \cdot d^2}$$

where:

r = the PIR in feet,
p = the pipeline maximum operating pressure in pounds per square inch, and
d = the nominal pipeline diameter in inches.

Note that 0.69 is the PIR factor derived for natural gas. This number varies for other gases depending upon their heat of combustion. (49 CFR §192.903). The derived PIR factor for hydrogen (0.47) is provided in Table 7.1, page 47 of the US Department of Transportation's Pipeline and Hazardous Materials Administration's ((PHMSA's) Technical Task Order Number 13, "*Potential Impact Radius Formulae for Flammable Gases Other Than Natural Gas*" (TTO-13, Michael Baker Jr., Inc., June 2005). The PIR for the 20" Air Liquide hydrogen line is therefore 312 feet:

PIR Factor For Hydrogen	Nominal Pipe Diameter (inches)	Pressure (MAOP in psig)	Potential Impact Radius (in feet)
0.47	20	1100	312

Because flame resistant materials will be used for the construction of the buildings and structures and egress will be provided on the sides of structures opposite the pipeline corridor, a 50-foot setback from the nearest 49 CFR Part 192 pipeline (the Air Liquide line) should be adequate.

<u>The 36" Mobil Pipeline Company Crude Pipeline</u>

The concept of Potential Impact Radius does not apply to 49 CFR Part 195 (Hazardous Liquid) Pipelines. 49 CFR Part 194, Response Plans for Onshore Oil Pipelines, applies only to onshore oil pipelines that, because of their location, could reasonably be expected to cause substantial harm, or significant and substantial harm <u>to the environment</u> by discharging oil into or on any navigable waters of the United States or adjoining shorelines. (emphasis added). The most significant such pipeline that could potentially affect the site will be the Mobil Pipeline Company 36" crude transmission line that has been permitted but not yet constructed. This pipeline will use the most current construction techniques and modern materials. This particular pipeline will have a leak detection system as required by 49 CFR §195.452(i)(3): "An operator must have a means to detect leaks on its pipeline system. An operator must evaluate the capability of its leak detection means and modify, as necessary, to protect the high consequence area. An operator's evaluation must, at least, consider, the following factors - length and size of the pipeline, type of product carried, the pipeline's proximity to the high consequence area, the swiftness of leak detection, location of nearest response personnel, leak history, and risk assessment results." The line in question is a new pipeline that is less than 19 miles in total length - it is less difficult to detect leaks in shorter pipelines and 19 miles is relatively short for a 36" diameter pipeline. Because crude is relatively benign and unlikely to catch fire, even if the line were to rupture, the availability of response personnel in or near La Porte, the excellent access to the pipeline corridor, the frequency of pipeline patrols, and the leak detection system combine to suggest that the potential effects of a catastrophic failure of this pipeline (and other similar, but smaller diameter, crude pipelines in the pipeline corridor) would be primarily ecological as opposed to an immediate and acute threat to humans.

The HVL Pipeline

PHMSA's Technical Task Order Number 1, "Consequences of HVL Releases" (TTO-1, Michael Baker Jr., Inc., December 31,2002), addresses the impact of releases of propane, butane, liquefied petroleum gases (LPG), ethylene, propylene, and anhydrous ammonia. TTO-1 was based on data from 1990 to 2001 and suggests that reportable accidents associated with HVLs are relatively infrequent (an average of only 6.2 accidents per year for the entire US for the 10-year study period). I can, however, recall only one major HVL incident since 2001, the rupture of a propane line in Carmichael, Mississippi November 1, 2007. (NTSB Accident Report PAR-09/01, PB2009-916501, October 14, 2009). That pipeline was operated by Dixie Pipeline (owned by Enterprise Products Operating LLC – the same company that operates the HVL line in the pipeline corridor near the proposed CCLP site). The damages were substantial, two people were killed, and seven others were injured. Enterprise and Dixie responded appropriately and, to the best of my knowledge, neither have experienced anything close to the consequences since. The conditions in La Porte are considerably different (and better) than they were in Carmichael when that pipeline ruptured.

From TTO-1, "Since these products [HVLs] are heavier than the air, they will tend to collect in low-lying areas, displacing the oxygen in those areas. Non-motile animals or plant species in the HCA may be detrimentally affected by a released vapor cloud, while larger species may be able to flee the cloud. In the event of the ignition of the vapor cloud and subsequent fire or explosion, damage would likely be restricted to the immediate area. The incidental take or death of a species of concern may only be likely in those areas of high species density, such as nesting, roosting or migration sites. It is anticipated that the actions associated with the response and repair would present the greatest risk of harming an HCA. For example, the immediate mobilization of heavy equipment to extinguish a fire or repair a pipeline would be necessary. The timing of this emergency repair may coincide with species migration, nesting, or mating, thereby creating an unavoidable harassment or incidental take of a species or unavoidable harm to sensitive ecosystems."

Because of the flat terrain in the vicinity of the pipeline corridor, a small berm along the western edge of the site should be sufficient to prevent the migration of heavier-than-air vapors to the proposed CCLP apartments. Absent adverse wind conditions, the vapors would migrate to the La Porte Municipal Airport, south across Spencer Highway or north along the pipeline corridor.

Summary of Pipeline Concerns

Pipelines are a fact of life in La Porte. There are numerous single-family dwellings adjacent to the pipeline corridor as well as adjacent to pipelines in the pipeline corridor. There are no pipelines on the site itself and it appears that the yet-to-be installed Mobil 36" crude pipeline that will be nearest to the site will be approximately 100 feet from the western border of the site. PIPA best practices should mitigate the risks associated with the presence of the pipelines in the pipeline corridor.

Performance Record of the Pipeline Operators

The Texas RRC does not allow public access to enforcement records of intrastate pipeline operators. However, PHMSA has on their web site a report that provides details for significant incidents reported for the state of Texas over the period 2003-2014 ("Texas Significant Incidents Listing"). According to this PHMSA report, there were no reportable pipeline incidents in La Porte from 2010 through 2014.

PIPA Requirements

See attached PIPA Compliance Matrix

Perhaps the single most significant PIPA Recommended practice is ND06 "Require consideration of Pipeline Facilities in Land Development Design." In particular, CCLP will incorporate a minimum setback of at least 50 feet from all pipelines and at least 10 feet from the edge of all easements (whichever is greater). There are no statutory or regulatory setback requirements and PIPA does not prescribe any specific distance. In addition, CCLP will employ flame retardant building materials, appropriate locations of building ingress and egress, and leave all pipeline ROW essentially undisturbed. Hardie Plank siding, brick, stucco, and stone qualify as flame retardant.

Secondary Ingress/Egress

As illustrated on the attached preliminary site plan, in the event of a pipeline incident affecting traffic on Spencer Highway, full access to the site would still be available from the east on Spencer Highway.

Closing

The proposed configuration of the Cypress Creek Apartment Homes exceeds the HUD MAP Guide requirements including the apparently now removed "10 feet from the outer boundary of the easement for any high-pressure gas or liquid petroleum transportation pipeline" requirement.

This particular development has, from a pipeline perspective, very few issues compared to other projects I have evaluated, each has been or will be addressed by CCLP and, assuming everything happens as planned, implementation of the project appears to meet PIPA guidelines.

I would be happy to discuss this matter via e-mail at jjacobi@sbcglobal.net or via cell phone at 832-712-3098 at your convenience.

Thank you very much.

STATE OF TEXAS
JOHN A. JACOBI
44876
LICENSED
PROFESSIONAL ENGINEER

John A. Jacobi, P.E., J.D.
Independent Pipeline Consultant

Attachments: Railroad Commission of Texas Map
Aerial View
Preliminary Site Plan
List of Pipelines Potentially Affecting the Cypress Creek La Porte Apartments
PIPA Compliance Matrix
John A Jacobi, P.E. Bio

February 25, 2020

1:4,514

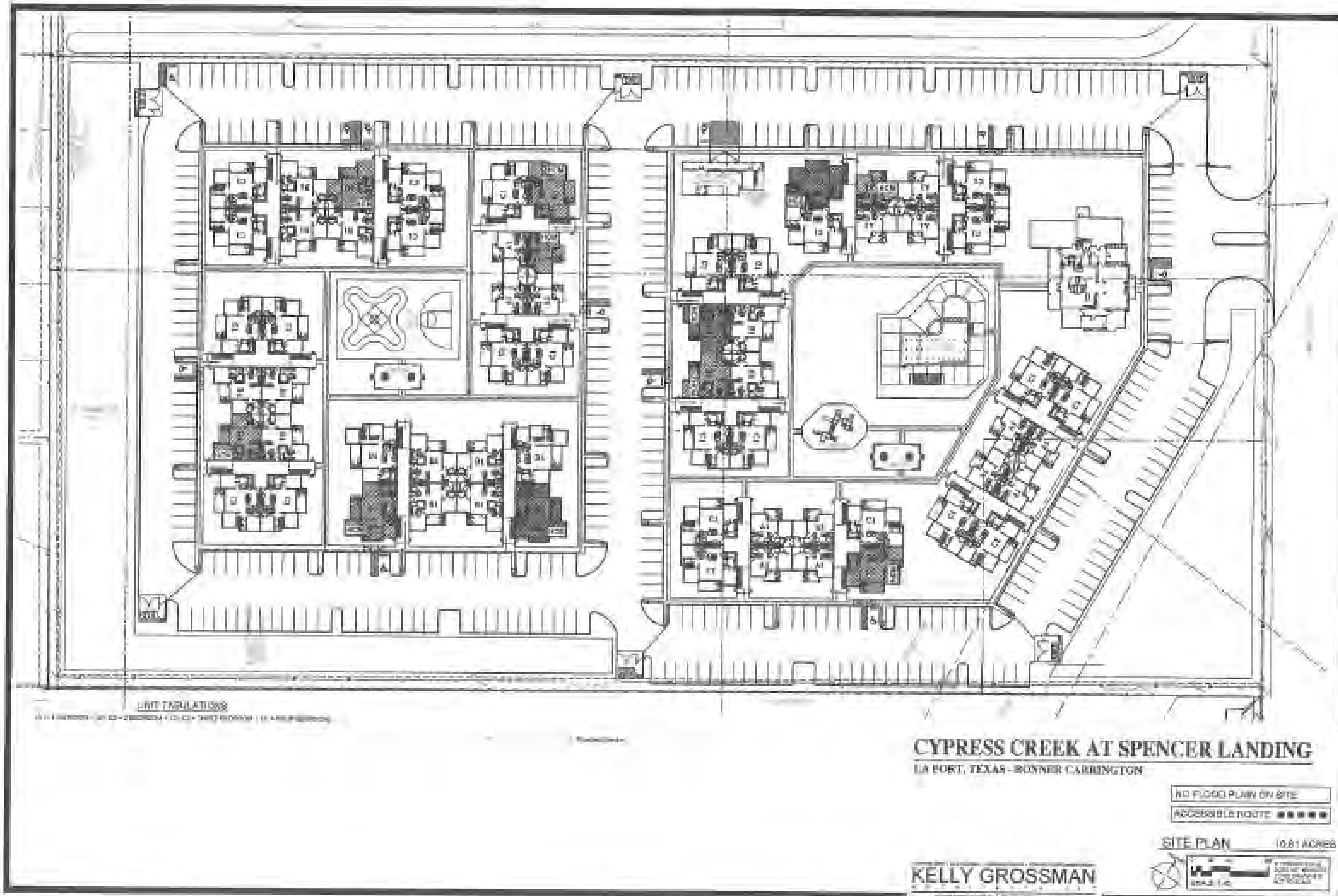
0	0.03	0.07	0.13 mi
0	0.05	0.1	0.2 km

RRC MAP

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Aerial View


Legend
Aunique Farm and Ranch
Bayshore Baptist Church
Bayshore Learning Center
Feature 1
H & R Aviation
Jacinto Medical Group
Pipeline Corridor
Proposed Site
Spencer Highway
Airport Blvd
Boyett St
Driftwood Dr
Google Earth
1000 ft
N



UNIT TABULATIONS
CYPRESS CREEK AT SPENCER LANDING
LA PORT, TEXAS - BONNER CARRINGTON
NO FLOOD PLAIN ON SITE
ACCESSIBLE ROUTE
SITE PLAN
10.81 ACRES
KELLY GROSSMAN

Pipelines Potentially Affecting the Cypress Creek La Porte Apartments
La Porte (Harris County) TX 77571

Operator	Point of Contact	Pipeline
MOBIL PIPE LINE COMPANY (PHMSA OPID 12628) (Tx RRC Permit T-4 No. 10153)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	36" Crude Transmission WEBSTER TO BAYTOWN REFINERY 36 IN CRUDE (new system -T-4 files 12-2-2019, P 48 filed 8-6-2019)
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 06454)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	6.63" propylene transmission CORRIDOR JUNCTION - FAIRMONT JUNCTION
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 06386)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	6.63" butylene transmission(idle) PETROTEX - JUNCTION BPU TX-309A EAST TEXAS HYDROGEN SYSTEM
AIR LIQUIDE LARGE INDUST U.S. LP (PHMSA OPID 842) (Tx RRC T-4 Permit No. 08275)	Bobby Skelton, Regulatory Compliance Manager 9811 Katy Freeway #100 Houston, TX 77024 Phone: (713) 438-6351 Email: Bobby.skelton@airliquide.com	20" Hydrogen transmission EAST TEXAS HYDROGEN SYSTEM MAOP = 1100 psig per RRC T-4 files (PS-8000A filed 8-9-2010)
ENTERPRISE PRODUCTS OPERATINGLLC (PHMSA OPID 31618) (Tx RRC T-4 Permit No. 07403)	Public Awareness Department P.O. Box 4324 Houston, TX 77210 Phone: (713) 438-6351 Email: PublicAwareness@eprod.com	18" HVL transmission ANAHUAC JUNCTION TO MORGANS POINT
ENTERPRISE PRODUCTS OPERATINGLLC (PHMSA OPID 31618) (Tx RRC T-4 Permit No. 04541)	Public Awareness Department P.O. Box 4324 Houston, TX 77210 Phone: (713) 438-6351 Email: PublicAwareness@eprod.com	8.63" HVL transmission MCO - TEXAS CITY #26
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 06457)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	6.63" ethylene transmission CORRIDOR JUNCTION - TOTAL TX-179

Operator	Point of Contact	Pipeline
FLINT HILLS RESOURCES, LC (PHMSA OPID 22855) (Tx RRC Permit T-4 No. 00307)	Public Relations Department 4111 East 37th St. North Wichita, KS 67220 Phone: (316) 828-7082 Email: info@kochpipeline.com	6.63" propylene transmission FHR - HOUSTON CHEMICAL PLANT PROPYLENE
MOTIVA CHEMICALS LLC (Flint Hills Resources?) (PHMSA OPID 22855?) (Tx RRC Permit T-4 No. 00307)	Merle Teeter, Senior Compliance Specialist 3931 Hwy 347 Port Arthur, TX Phone: (409) 273-9482 Email: merle.teeter@fhr.com [See Note 2, below)	8.63" HVL transmission FHR - PORT ARTHUR
PRAXAIR, INC. (Linde) (PHMSA OPID 20044) (Tx RRC Permit T-4 No. 06013)	John Maitino, Pipeline Compliance Manager 100 Strang Road LaPorte, TX 77571 Phone: (281) 478-1944 Email: john_maitino@praxair.com	16" oxygen (abandoned)
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 03970)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	8.63" HVL transmission 170 BDKL - HOUSTON SHIP CHANNEL - B
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 06456)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	6.63" propylene transmission BAYTOWN-SURV-STRANG RD. SCRAPER TRAP ID
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 06454)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	8.63" refined product transmission BAYTOWN "Y" JUNCTION - FAIRMONT JUNCTION
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 07845)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	6.63" HVL transmission CHOCOLATE BAYOU NORTH
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 06455)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email:	10.75" dilute propylene xmission MT BELVIEU - CLEAR LAKE TX-135A

Operator	Point of Contact	Pipeline
	gautam.singh@exxonmobil.com	
DOW PIPELINE COMPANY (PHMSA OPID 3527) (Tx RRC T-4 Permit No. 00495)	Roger Smith, Public Awareness/Security Specialist PO Box 186, Seadrift, TX 77983 Phone: (361) 553-3189 Email: smithrp@dow.com	8.63" ethylene gas transmission GCPL_MB-8 (ETHYLENE)_8IN
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 07845)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	8.63" refined products xmission CHOCOLATE BAYOU NORTH
EXXONMOBIL PIPELINE COMPANY (PHMSA OPID 99329) (Tx RRC Permit T-4 No. 04987)	Gautam Singh, Geospatial Systems and Graphics Supervisor 22777 Springwoods Village Parkway E3 4A 611 Spring, TX 77389 Phone: (832) 625-8965 Email: gautam.singh@exxonmobil.com	8.63" HVL transmission FAIRMONT PARKWAY - BOP 137+90 - 139+22.9
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 03966)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	8.63" HVL transmission 65 MONT BELVIEU TO BAYPORT (65, 59)
AIR PRODUCTS LLC (PHMSA OPID 117) (Tx RRC T-4 Permit No. 08914)	Leticia Bailey, Pipeline Compliance Manager 10202 Strang Road, La Porte, TX 77571 Phone: (281) 478-7579 Email: baileyln@airproducts.com	8.63" refined product (abandoned) (863) 8" N2 BAYPORT - AIR LIQUIDE
AIR PRODUCTS LLC (PHMSA OPID 117) (Tx RRC T-4 Permit No. 06412)	Leticia Bailey, Pipeline Compliance Manager 10202 Strang Road, La Porte, TX 77571 Phone: (281) 478-7579 Email: baileyln@airproducts.com	4.5" carbon monoxide xmission (124) 4" CO LA PORTE - ALTIVIA
PHILLIPS 66 PIPELINE LLC (PHMSA OPID 31684) (Tx RRC T-4 Permit No. 00178)	Todd Tullio, Manager, DOT Compliance 2331 Citywest Blvd HQ-08-S820-05 Houston, TX 77043 Phone: (832) 765-1636 Email: Todd.L.Tullio@p66.com	18" HVL interstate transmission SR71 CLEMENS TO/FROM MT BELVIEU 18IN
AIR PRODUCTS LLC (PHMSA OPID 117) (Tx RRC T-4 Permit No. 00093)	Leticia Bailey, Pipeline Compliance Manager 10202 Strang Road, La Porte, TX 77571 Phone: (281) 478-7579 Email: baileyln@airproducts.com	6.63" interstate hydrogen xmission (247) 8" H2 CLEAR LAKE - AIR LIQUIDE CRO

Operator	Point of Contact	Pipeline
AIR LIQUIDE LARGE INDUST U.S. LP (PHMSA OPID 842) (Tx RRC T-4 Permit No. 04279)	Bobby Skelton, Regulatory Compliance Manager 9811 Katy Freeway #100 Houston, TX 77024 Phone: (713) 438-6351 Email: Bobby.skelton@airliquide.com	6.63" hydrogen xmission SEPCA SYSTEM
MATHESON TRI-GAS, INC. (PHMSA OPID TBD) (Tx RRC T-4 Permit No. 10075)	Terry Phipps, VP HyCO Operations 11603 Strang Road La Porte, TX 77571 Phone: (281) 417-2095 Email: N/A (See Note 2, below)	8.63" hydrogen transmission TEXAS H2 8"
KINDER MORGAN TEJAS PIPELINE LLC (PHMSA OPID 4900) (Tx RRC T-4 Permit No. 00774)	Public Awareness Coordinator 1001 Louisiana Street Suite 1000 Houston, TX 77002 Phone: (800) 276-9927 Email: publicawareness@kindermorgan.com	8.63" natural gas transmission BAYPORT LATERAL
ENTERPRISE PRODUCTS OPERATINGLLC (PHMSA OPID 31618) (Tx RRC T-4 Permit No. 02006)	Public Awareness Department P.O. Box 4324 Houston, TX 77210 Phone: (713) 438-6351 Email: PublicAwareness@eprod.com	4.5" refined product xmission BAYPORT 4"
SHELL PIPELINE COMPANY LP (PHMSA OPID 31174) (Tx RRC T-4 Permit No. 01747)	Pratik Bhakta, Regulatory Engineer P.O. BOX 2648, Houston, TX 77252 Phone: (713) 241-4660 Email: pratik.bhakta@shell.com	8.63" ethylene transmission 209 - 8IN 8-10 JCT TO FAIRMONT
ENTERPRISE PRODUCTS OPERATINGLLC (PHMSA OPID 31618) (Tx RRC T-4 Permit No. 08309)	Public Awareness Department P.O. Box 4324 Houston, TX 77210 Phone: (713) 438-6351 Email: PublicAwareness@eprod.com	20" HVL transmission (EAGLE FORD) ALVIN STATION TO MONT BELVI
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 03970)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	4.5" HVL transmission 196 PM - HIGHWAY 225 TRAPS - MONTELL
OCELOT ENERGY MANAGEMENT LLC (PHMSA OPID TBD) (Tx RRC Permit T-4 No. 10047)	Mr. Donald Gideon, President 8333 Douglas Avenue, Suite 400 Dallas, TX 75225 Phone: (214) 310-1230 Email: N/A (See Note 2, below)	6.63" liquid nitrogen line 805A SOUTH HOUSTON SHIP CHANNEL - BAYPORT
OCELOT ENERGY MANAGEMENT LLC (PHMSA OPID TBD) (Tx RRC Permit T-4 No. 07410)	Mr. Donald Gideon, President 8333 Douglas Avenue, Suite 400 Dallas, TX 75225 Phone: (214) 310-1230 Email: N/A (See Note 2, below)	6.63" HVL transmission CLEAR LAKE GAS PLANT TO TEPPCO BAYTOWN
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 01688)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	6.63" HVL transmission 32_MARKHAM (MKO) TO DEER PARK, 6"

Operator	Point of Contact	Pipeline
EQUISTAR CHEMICALS, LP (PHMSA OPID 25146) (Tx RRC Permit T-4 No. 07725)	Matthew Cesarz, Technical Manager 16055 Space Center Blvd, Ste 350 , Houston, TX 77062 Phone: (281) 709-0626 Email: matthew.cesarz@lyb.com	6.63" HVL transmission MONT BELVIEU - BAYPORT

Notes:

1. All of the lines are listed as intrastate transmission lines by Texas Railroad Commission unless otherwise indicated.
2. Points of contact are from the National Pipeline Mapping System except for Motiva Chemicals (RRC T-4 File); Matheson Tri-Gas, and Ocelot Energy Management (contact info from RRC Operator Address List – not listed by PHMSA as having OPIDs yet).

Cypress Creek at La Porte PIPA Compliance Matrix
TDHCA Application # 20318

PIPA Property Developer/Owner Recommended Practices

(PIPA Final Report of Recommended Practices, Nov. 2010 - no changes to PIPA Recommended Practices as of 2-11-20)

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
Baseline (BL) Recommended Practices			
BL07	*"Understand the Elements of a Transmission Pipeline Easement"* Property developers/owners should have an understanding of the elements of and rights conveyed in a transmission pipeline easement.	The Property Developers have secured/will secure and review copies of the relevant pipeline easements. There are no easements on the proposed site.	
BL08	*"Manage Land Records"* Land use agreements between pipeline operators and property owners should be documented and managed and, when necessary, recorded.	All land use agreements will be in writing and, where appropriate, will be recorded. (None are anticipated)	
BL09	*"Document and Record Easement Amendments"* Easement amendments should be documented, managed and recorded.	No easements are contemplated. However, if any are necessary, they will be recorded.	
BL14	*"Participate to Improve State Excavation Damage Prevention Programs"* All pipeline safety stakeholders should participate in the work of organizations seeking to make improvements to state excavation damage prevention programs, especially efforts to reduce exemptions from participation in one-call systems.	The Property Developers will use "call before you dig" prior to initiation of construction activities and will support the Texas Railroad Commission's Pipeline Damage Prevention Program.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
New Development (ND) Recommended Practices			
ND02	*"Gather Information for Design of Property Development near Transmission Pipelines"* In designing a proposed property development, the property developer/owner should use all reasonable means to obtain information about transmission pipeline facilities in the area of the proposed development	All jurisdictional pipelines in the area of the proposed development have been identified through use of public mapping systems and visual inspection for pipeline markers and ROW. See attached list of pipelines potentially affecting Cypress Creek at La Porte.	
ND03	*"Review Acceptability of Proposed Land Use of Transmission Pipeline Right-of-Way Prior to Design"* The property developer/owner should review preliminary information about acceptable land uses on a transmission pipeline right-of-way prior to the design of a property development.	The Property Developers have reviewed the PIPA materials and retained a "qualified pipeline compliance consultant" to better understand and implement the PIPA process.	
ND04	*"Coordinate Property Development Design and Construction with Transmission Pipeline Operator"* When property development is planned within the consultation zone (reference PIPA Recommended Practice BL05), the property developer/owner and the transmission pipeline operator should communicate to ensure possible impacts of pipeline incidents and maintenance needs are considered during development design and construction.	All pipeline operators on the attached list of pipelines potentially affecting Cypress Creek at La Porte will be contacted to assure that the concerns of the pipeline operators will be addressed. There should be none.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	***New Development (ND) Recommended Practices** (continued)*		
ND10	*"Record Transmission Pipeline Easements on Development Plans and Final Plats"* Local governments should require all recorded development plans and final plats to clearly show the location of transmission pipeline easements and identify the pipeline operators.	The Property Developers will comply with all appropriate recording requirements.	
ND11	*"Reduce Transmission Pipeline Risk through Design and Location of New Parking Lots and Parking Structures"* Parking lots and parking structures should be preferentially located and designed to reduce the consequences that could result from a transmission pipeline incident and to reduce potential interference with transmission pipeline maintenance and inspections.	There are no pipeline easements on the proposed site. Buildings will be at least 50 feet from the nearest pipeline and at least 10 feet from edge of the pipeline corridor (whichever is greatest).	
ND12	*"Reduce Transmission Pipeline Risk through Design and Location of New Roads"* Roads and associated appurtenances should be preferentially located and designed to reduce the consequences that could result from a transmission pipeline incident and reduce the potential of interference with pipeline operations and maintenance.	See ND11, above.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	New Development (ND) Recommended Practices *(continued)*		
ND13	*"Reduce Transmission Pipeline Risk through Design and Location of New Utilities and Related Infrastructure"* Utilities (both above and below ground) and related infrastructure should be preferentially located and designed to reduce the consequences that could result from a transmission pipeline incident and to reduce the potential of interference with transmission pipeline maintenance and inspections.	Any additional off-site utilities and infrastructure will be designed "around" the pipelines in consultation with the pipeline operators. No conflicts are anticipated. See ND11, above.	
ND14	*"Reduce Transmission Pipeline Risk through Design and Location of Aboveground Water Management Infrastructure"* Storm water and irrigation water management facilities, retention ponds, and other above-ground water management infrastructure should be preferentially located and designed to reduce the consequences that could result from a transmission pipeline incident and to reduce the potential of interference with transmission pipeline operations and maintenance.	No storm water management facilities, retention ponds, or other above-ground water management infrastructure is proposed on or near the pipeline corridor.	
ND15	*"Plan and Locate Vegetation to Prevent Interference with Transmission Pipeline Activities"* Trees and other vegetation should be planned and located to reduce the potential of interference with transmission pipeline operations, maintenance, and inspections.	No trees or other deep-rooted vegetation is planned on or near the pipeline corridor.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	***New Development (ND) Recommended Practices** (continued)*		
ND16	*"Locate and Design Water Supply and Sanitary Systems to Prevent Contamination and Excavation Damage"* Individual water supplies (water wells), small public/private water systems and sanitary disposal systems (septic tanks, leach or drain fields) should be designed and located to prevent excavation damage to transmission pipelines, interference with transmission pipeline maintenance and inspections, and environmental contamination in the event of a transmission pipeline incident.	Water systems and sanitary disposal systems will be designed and located to prevent excavation damage to pipelines as well as interference with pipeline maintenance and inspections. Environmental contamination in the event of a pipeline incident is possible because of the nature of the products in the nearby pipelines.	
ND17	*"Reduce Transmission Pipeline Risk in New Development for Residential, Mixed- Use, and Commercial Land Use"* New development within a transmission pipeline planning area (see PIPA Recommended Practice BL06) should be designed and buildings located to reduce the consequences that could result from a transmission pipeline incident and to provide adequate access to the pipeline for operations and maintenance.	See the proposed project layout (copy attached). Consequences of a pipeline incident are minimized by architectural design and building setback. Access to pipelines for maintenance will not be significantly affected by the proposed project.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	***New Development (ND) Recommended Practices** (continued)*		
ND18	*"Consider Transmission Pipeline Operation Noise and Odor in Design and Location of Residential, Mixed- Use, and Commercial Land Use Development"* Consider noise, odor and other issues when planning and locating developments near above-ground transmission pipeline facilities, such as compressor stations, pumping stations, odorant equipment, regulator stations and other pipeline appurtenances.	There are no non-pipeline appurtenances (compressor stations, pump stations, blowdowns, etc.) near enough to the proposed development to cause any noise or odor issues absent a catastrophic pipeline failure.	
ND19	*"Reduce Transmission Pipeline Risk through Design and Location of New Industrial Land Use Development"* New industrial land use development within a transmission pipeline planning area (see PIPA Recommended Practice BL06) should be designed and buildings located to reduce the consequences that could result from a transmission pipeline incident and reduce the potential of interference with transmission pipeline operations and maintenance.	Not applicable. The proposed development is not an industrial development.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	***New Development (ND) Recommended Practices** (continued)*		
ND20	*"Reduce Transmission Pipeline Risk through Location, Design, and Construction of New Institutional Land Use Developments"* New development of institutional facilities that may be difficult to evacuate within a transmission pipeline planning area (see PIPA Recommended Practice BL06) should be designed and the facilities located and constructed to reduce the consequences that could result from a transmission pipeline incident. Such facilities should also be located to reduce the potential of interference with transmission pipeline operations and maintenance activities. Emergency plans for these facilities should consider potential transmission pipeline incidents.	Not applicable. The proposed development is not an institutional facility.	
ND21	*"Reduce Transmission Pipeline Risk through Design and Location of New Public Safety and Enforcement Facilities"* New development of emergency responder facilities within a transmission pipeline planning area (see PIPA Recommended Practice BL06) should be designed and the facilities located and constructed to reduce the consequences that could result from a transmission pipeline incident. Such facilities should also be designed and located to avoid the potential of interference with pipeline operations and maintenance. Planning for these facilities should include emergency plans that consider the effects of a transmission pipeline incident.	Not applicable. No new emergency responder facilities are associated with the proposed development. Secondary ingress/egress will be coordinated with emergency responders.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	***New Development (ND) Recommended Practices** (continued)*		
ND22	*"Reduce Transmission Pipeline Risk through Design and Location of New Places of Mass Public Assembly (Future Identified Sites)"* New development of places of potential mass public assembly within a transmission pipeline planning area (see PIPA Recommended Practice BL06) should be designed and the facilities located and constructed to reduce the consequences of a potential transmission pipeline incident, the risk of excavation damage to the pipeline, and the potential of interference with transmission pipeline operations and maintenance. Planning for these facilities should include emergency plans that consider the effects of a potential pipeline incident	Not applicable. There are no places of potential mass public assembly (stadiums, ball parks, churches, auditoriums, etc.) proposed as part of the proposed development.	
ND23	*"Consider Site Emergency Response Plans in Land Use Development"* Emergency response plan requirements should be considered in new land use development within a planning area (see PIPA Recommended Practice BL06) to reduce the risks of a transmission pipeline incident.	These issues will be coordinated with the pipeline operators and local emergency responders. There appear to be no unique circumstances associated with the proposed development that would require any unusual provisions with respect to site emergency response plans. See ND21, above.	
ND24	*"Install Temporary Markers on Edge of Transmission Pipeline Right-of-Way Prior to Construction Adjacent to Right-of-Way"* The property developer/owner should install temporary right-of- way (ROW) survey markers or fencing on the edge of the transmission pipeline ROW or buffer zone, as determined by the transmission pipeline operator, prior to construction to provide a clearly defined boundary. The property developer/owner should ensure that the temporary markers or fencing are maintained throughout the course of construction.	This will be accomplished during the construction phase of the project.	

No	Title and Practice Statement	Proposed Compliance Actions	Actual Compliance Actions
	New Development (ND) Recommended Practices *(continued)*		
ND25	*"Contact Transmission Pipeline Operator Prior to Excavating or Blasting"* Anyone planning to conduct excavating, blasting and/or seismic activities should consult with affected transmission pipeline operators well in advance of commencing these activities. Excavating and blasting have the potential to affect soil stability or lead to movement or settling of the soil surrounding the transmission pipeline.	The pipeline operators will be notified both as part of the call-before-you-dig process and as a matter of courtesy in appreciation of their cooperation during the planning process. No blasting is contemplated as part of the construction.	
ND26	*"Use, Document, Record and Retain Encroachment Agreements or Permits"* Encroachment agreements should be used, documented, recorded and retained when a transmission pipeline operator agrees to allow a property developer/owner or local government to encroach on the pipeline right-of-way for a long or perpetual duration in a manner that conflicts with the activities allowed on the easement.	Not applicable. No encroachments are contemplated for the proposed development.	
ND27	*"Use, Document and Retain Letters of No Objection and Conditional Approval Letters"* Transmission pipeline operators may use, document and retain "letters of no objection" in agreeing to land use activities on or near a transmission pipeline right-of-way. Such land uses may or may not be temporary.	The Property Developer will maintain an archive of all correspondence with the pipeline operators.	
ND28	*"Document, Record and Retain Partial Releases"* Partial releases may be used to allow some part of the transmission pipeline right-of-way to be released from certain easement conditions, and should be documented, recorded and retained.	Not applicable. No partial releases are anticipated as part of the proposed development.	

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John Jacobi is licensed Professional Engineer and a licensed attorney with over 45 years of energy industry experience. Mr. Jacobi has been involved with the development of pipeline safety regulations and in the communication of those regulations to all stakeholders, including the public, the operators, and government officials. He has been a frequent lecturer at state pipeline safety seminars, as well as at industry organization functions (SGA, TGA, LGA, NMGA, INGAA, API, AGA, the Common Ground Alliance and the Pipeline Safety Trust).

Mr. Jacobi served as Vice President and Principal Regulatory Specialist for G2 Integrated Solutions from November 2012 until he retired in December 2017. During his tenure at G2, Mr. Jacobi focused on the interpretation and application of the pipeline safety regulations, 49 CFR Parts 190 – 199 on behalf of numerous interstate and intrastate pipeline operators. In addition, Mr. Jacobi developed numerous manuals & procedures, conducted numerous mock inspections, facilitated numerous actual regulatory inspections, and assisted real estate developers by evaluating the potential impact of pipelines as required by the Texas Department of Housing and Community Assistance (TDHCA).

Prior to joining G2, Mr. Jacobi served as Community Assistance/Technical Services (CATS) Manager in the USDOT's Office of Pipeline Safety (OPS), Southwest Region for almost a decade. His responsibilities as a CATS Manager included dealing with public inquiries regarding pipeline safety from the public, from Federal state and local elected officials, from pipeline operators and from pipeline consultants. Mr. Jacobi served as a facilitator for the organization of the Pipelines and Informed Planning Alliance (PIPA) and served on the Protecting Communities Committee for the duration of the project. Mr. Jacobi represented OPS on the committee charged with revising API RP 1162 - Public Awareness Programs for Pipeline Operators and OPS at numerous FERC scoping meetings and public hearings regarding LNG facilities and associated pipelines. Mr. Jacobi received a commendation for re-establishing meaningful communications with the City of Austin Texas regarding the Longhorn Pipeline and represented OPS at several US Department of State hearings regarding the Keystone XL Pipeline in Oklahoma and Texas. Mr. Jacobi has been active in the Greater Houston LEPC and NASFM emergency training initiatives.

In the private sector prior to his tenure with OPS, Mr. Jacobi prepared or managed the preparation of the environmental exhibits for FERC 7c and 7b certificates as well blanket certificate reporting and 2.55 replacements-in-kind.

A former Presidential Exchange Executive, Mr. Jacobi received his Bachelor of Science in Mechanical Engineering (with Honors) from Rose-Hulman Institute of Technology, his Master of Science in Industrial Engineering from Texas A & M University, and his Juris Doctorate from the University of Missouri - Kansas City. Mr. Jacobi maintains his status as licensed Professional Engineer and a licensed attorney and counselor at law in the State of Texas.

EXHIBIT I

Photo of 5,000 gallon AST located at Harvey & Rihn Aviation, taken from its website at https://www.harveyrihn.com/maintenance-and-hangars .

EXHIBIT J

Phase I Environmental Site Assessment

Cypress Creek Apartment Homes at La Porte

Northeast Quadrant of Spencer Highway and Airport Boulevard

La Porte, Harris County, Texas

February 21, 2020

Terracon Project No. 92207048

Prepared for:
Stuart Shaw Family Partnership, Ltd.
c/o Cypress Creek La Porte LP
Austin, Texas

Prepared by:
Terracon Consultants, Inc.
Houston, Texas

EXECUTIVE SUMMARY

This Phase I Environmental Site Assessment (ESA) was performed in accordance with Terracon Proposal No. P92207048 dated January 16, 2020, and was consistent with the procedures included in ASTM E 1527-13, *Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process.* The Environmental Professional has read and understands the requirements outlined in Section 11.305 Environmental Site Assessment Rules and Guidelines of the Texas Department of Housing and Community Affairs (TDHCA) 2020 Uniform Multifamily Rules. The purpose of this ESA was to assist the client in developing information to identify Recognized Environmental Conditions (RECs) in connection with the site as reflected by the scope of this report. The ESA was conducted under the supervision or responsible charge of Ms. Jessica Kemp, Environmental Professional, who performed the site reconnaissance on February 7, 2020.

Findings

A summary of findings is provided below. It should be recognized that details were not included or fully developed in this section, and the report must be read in its entirety for a comprehensive understanding of the items contained herein.

<u>Site Description and Use</u>
The site is an approximate 11.5-acre tract of undeveloped land located in the northeast quadrant of Spencer Highway and Airport Boulevard in La Porte, Harris County, Texas.

<u>Historical Information</u>
Based on the review of the historical information, the site has consisted of undeveloped and/or agricultural land since at least the mid-1910s.

The north adjoining property consisted of undeveloped and/or agricultural land from the mid-1910s through the early 2000s when the current residential improvements were constructed. The east adjoining property consisted of undeveloped land from the mid-1910s through the late 1980s when the current church was constructed. The south adjoining property consisted of residential and/or agricultural structures from at least the mid-1910s until commercial development began in the 1970s and continued through the early 2000s. The west adjoining property consisted of undeveloped and/or agricultural land from at least the mid-1910s through the late 1960s when a pipeline easement was constructed.

<u>Records Review</u>
The site was not listed in the current environmental regulatory database obtained by Terracon. A review of federal and state regulatory database information identified several listed facilities within the specified search area.

- <u>Harvey & Rihn Aviation</u>

  Harvey & Rihn Aviation, located approximately 300 feet west of the site, was identified within the regulatory database as a Texas Commission on Environmental Quality (TCEQ) Industrial and Hazardous Waste (IHW) and petroleum storage tank (PST) facility. This facility is listed as an inactive conditionally exempt small quantity generator (CESQG). No information regarding the historical waste streams generated at this facility were readily available. Review of on-line TCEQ records indicate this facility operated an 8,000-gallon underground storage tank (UST) that was installed in 1978 and was permanently filled in place in 1999. No information regarding the exact location of the UST was available; however, the operational area of this facility (most likely location of the UST) is positioned at least 350 feet west of the site. Additionally, on-line TCEQ records indicate this facility currently operates a 5,000-gallon aviation gasoline aboveground storage tank (AST) that was put in place in 1999. Review of aerial photographs indicate the AST is positioned at least 430 feet west of the site. Based on the distance of operations from the site, the Harvey & Rihn Aviation facility does not constitute an REC to the site.

  Terracon has reviewed 10 TAC §11.101(a)(2)(f) - Undesirable Site Features of the 2020 QAP that is detailed below:

  (F) Development Sites located within 500 feet of heavy industry (i.e. facilities that require extensive use of land and machinery, produce high levels of external noise such as manufacturing plants, or maintains fuel storage facilities (excluding gas stations);

  Based on the absence of apparent manufacturing and machining, Terracon does not consider this facility, that operates with a single aviation gasoline AST, to be considered a “heavy industry” facility as it pertains to subparagraph F. Based on Terracon’s understanding of the 2020 QAP, this facility does not appear to be considered an Undesirable Site Feature. Per HUD Guidelines, Terracon recommends that the only additional testing to be done is a noise study.

- The remaining facilities listed in the database report do not appear to represent RECs to the site at this time based upon distance from the site.

Terracon reviewed the on-line Railroad Commission of Texas (RRC) records (available through the RRC public GIS map viewer and related databases) to identify registered pipelines and/or oil/gas wells on or adjacent to the site. Based on the review of RRC on-line records, no registered oil/gas wells were identified on or adjacent to the site. On-line RRC records indicate a pipeline easement is located on the west adjoining property. The pipeline easement contains numerous pipelines that carry various products such as crude oil, highly volatile liquid, refined liquid products, and other gases. Various operators of the referenced pipelines were identified. While it is possible that soil and groundwater at the site have been affected by releases from the pipelines, evidence of a release was not identified. Based on this information and Terracon’s experience investigating pipeline systems, it is our opinion that the likelihood of a release from the pipelines to have impacted the site is considered low enough not to constitute an REC to the site at this time. It should be noted that if a pipeline release were discovered, the owner/operator of the pipeline is typically responsible for associated corrective actions.

Site Reconnaissance
The site currently consists of undeveloped land. Based on the site reconnaissance, RECs were not identified associated with the current site operations.

Adjoining Properties
The site is bound to the north by residential development; to the east by Bayshore Baptist Church; to the south by Spencer Highway followed by Spencer Mini Storage and undeveloped land; and to the west by a pipeline easement. Indications of RECs were not observed with the current uses of adjoining properties.

Additional Services
Based on the authorized scope of work, Terracon conducted Texas Department of Housing and Community Affairs (TDHCA) additional scope items, which included a limited noise review, current survey review, a FEMA Flood Insurance Rate Map review, visual observation for asbestos-containing materials, lead-based paint review, lead in drinking water review, radon records review, oil/gas and chemicals review, and a Vapor Encroachment Screening.

- Limited noise review
  Per the Noise Guidebook, published by the U.S. Department of Housing and Urban Development (HUD), items under consideration include: all airports (civilian and military) within 15 miles of the site, all significant roads within 1,000 feet, and all railroads within 3,000 feet of the site. Spencer Highway is located adjacent south of the site. La Porte Municipal Airport is located less than 500 feet west of the site. Railroads were not identified within 3,000 feet of the site. Based on the proximity of a major roadway and airport to the site, per HUD guidelines, Terracon recommends that a noise study be conducted.

- Current survey review
  A site diagram, which displays the property boundaries, adjacent streets, and/or improvements on the site and surrounding properties, is provided in Appendix A as Exhibit 2.

- FEMA Flood Insurance Map review
  Terracon obtained a copy of the FEMA Flood Insurance Rate Map (FIRM) from the official FEMA website. Review of the FIRM Panel No. 48201C0945M (dated January 6, 2017) indicates that the majority of the site is located within Zone X (outside of the 500-year floodplain). The southwestern and a portion of the western portion of the site are located within Zone X Shaded (0.2% annual chance flood hazard).

- Visual observation for asbestos-containing materials
  The site consists of vacant land; therefore, testing for asbestos-containing materials (ACMs) would be not be required pursuant to local, state, and federal laws.

- Lead-based paint review
  The site consists of vacant land; therefore, testing for lead-based paint materials would not be required pursuant to local, state, and federal laws.

- Lead in drinking water review
  Terracon understands that any future development would rely on the City of La Porte to provide drinking water to the site. Terracon reviewed the most recent water quality report to evaluate if water quality meets the applicable lead standard. Based on the 2018 La Porte Water Quality Report, some contaminants were identified within the drinking water; however, none of the contaminants exceeded the Maximum Contaminant Level (MCL). Lead in drinking water is often associated with lead-soldered plumbing in old structures. Since the site consisted of vacant land, no sampling for lead in drinking water was conducted for this project.

- Radon records review
  Based on a review of the EPA Map of Radon Zones, the site is located in EPA Zone 3, which includes counties which have a predicted average screening level of less than 2 picoCuries per liter (pCi/L). Radon testing was not conducted as part of the scope of services; additionally, Terracon does not consider future radon testing at the site to be warranted because the potential for the presence of radon is considered low (according to EPA standards).

- Oil/gas and chemicals review
  Using current and historical aerial photographs along with state regulatory records, Terracon searched for aboveground storage tanks (ASTs) and/or tank batteries on adjoining and nearby properties. No ASTs were identified on or adjacent to the site. However, a 5,000-gallon aviation gasoline aboveground storage tank (AST) is positioned approximately 430 feet west of the site.

  Due to the absence and/or distance of aboveground stationary containerized hazards of an explosive or fire prone nature a HUD blast zone map and calculation were not deemed necessary at this time.

- Vapor Encroachment Screening
  Based on the physical setting of the site and the current and historical use of the site, Vapor Encroachment Conditions (VECs) are not likely to exist at the site at this time.

Opinions and Conclusions

We have performed a Phase I ESA consistent with the procedures included in ASTM Practice E 1527-13 of the Proposed Cypress Creek Apartment Homes at La Porte located in the northeast quadrant of Spencer Highway and Airport Boulevard in La Porte, Harris County, Texas, the site. RECs or Controlled RECs (CRECs) were not identified in connection with the site.

Significant Data Gaps

No significant data gaps were identified within this report.

Recommendations

Based on the scope of services, limitations, and conclusions of this assessment, Terracon did not identify RECs or CRECs. As such, no additional investigation is warranted at this time.

Per HUD guidelines, Terracon recommends that a noise study be conducted.

TDHCA Response

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

May 4, 2020

Writer's direct dial: (512) 475-3296
Email: bobby.wilkinson@tdhca.state.tx.us

Stuart Shaw
Cypress Creek La Porte, LP
901 S. Mopac Expy., Bldg. 5, Ste. 100
Austin, Texas 78746

RE: APPEAL RESPONSE FOR 20318 CYPRESS CREEK APARTMENT HOMES AT LA PORTE, LA PORTE

Dear Mr. Shaw:

The Texas Department of Housing and Community Affairs received your appeal dated April 20, 2020, regarding the termination of the Application named above. Staff found that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2) because of the Development Site's proximity to the existing and the ultimate runway protection zones, an airplane fueling station, and a pipeline corridor.

The appeal restates much of the information already reviewed by staff, and offers as new information a recently-concluded aeronautical study from the Federal Aviation Administration Southwest Regional Office in Fort Worth, which found that the Development will not be a hazard to air navigation, expressly conditioned on the installation of special rooftop markings and lighting on the building nearest to the runway. None of the information provided in the appeal leads me to conclude differently than staff: that the Development Site's proximity to the runway protection zones, a fuel storage facility (i.e. a 5000 above-ground airplane fueling station), and the pipeline corridor makes it an unnecessarily hazardous site to locate a multifamily development under the 2020 QAP.

I do not find that Staff was incorrect in concluding that the Development Site is ineligible pursuant to 10 TAC §11.101(a)(2). Accordingly, I am denying the appeal. You have indicated that if I do not grant your appeal, you wish to have your appeal heard by the board. Your appeal will be placed on the agenda for the May 23, 2020, meeting of the Department's Governing Board. Please review 10 TAC §11.902 for the appeal process.

If you have any questions or require further information, please contact Marni Holloway, Multifamily Finance Director, at marni.holloway@tdhca.state.tx.us.

Sincerely,

Bobby Wilkinson
Executive Director

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BOARD ACTION REQUEST

COMMUNITY AFFAIRS DIVISION

FEBRUARY 11, 2021

Presentation, discussion, and possible action on awards for 2021 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 July 25, 2019, the Department established a set-aside of approximately $1,700,000 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, 2020, 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 February 1, 2021, 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 July 25, 2019.

On December 10, 2020, 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 three applications – two applications for the MSFW award and one application for the Native American award. The applicants for the MSFW award were Opportunity Center for the Homeless and Family Service Association of San Antonio. The applicant for the Native American award was Adult and Youth Development Association (AYUDA). Staff has reviewed the applications and found the three applications to satisfy threshold and scoring requirements, and is therefore recommending that the three applications be funded. Scoring notices were sent to each applicant on January 19, 2021, and appeal periods have concluded.

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

Attachment A reflects all applicants and the funding recommendation amounts.

Attachment A

Recommendations for 2021 CSBG Discretionary Funds for Education and Employment Services to MSFW Populations
Contract Date: March 1, 2021-February 28, 2022

#	Applicant	Application Score (Average)	Award Recommendation	Project
1	Opportunity Center for the Homeless	710	$100,000	Employment and education project and supportive services for 130 MSFWs in the El Paso area.
2	Family Service Association of San Antonio, Inc.	459	$100,000	Employment and education project and supportive services for 30 MSFWs in the San Antonio area.
	TOTAL		**$200,000**	

Note: In the event that any of these funds remain unexpended by March 1, 2022, the Department may reprogram the funds among the eligible activities previously approved by the Board for any active CSBG state plan.

Recommendations for 2021 CSBG Discretionary Funds for Education and Employment Services to Native American Populations
Contract Date: March 1, 2021-February 28, 2022

#	Applicant	Application Score	Award Recommendation	Project
1	Adult and Youth Development Association	422.5	$100,000	Employment and education project and supportive services for 80 Native Americans in the El Paso area.
	TOTAL		**$100,000**	

Note: In the event that any of these funds remain unexpended by March 1, 2022, the Department may reprogram the funds among the eligible activities previously approved by the Board for any active CSBG state plan.

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BOARD ACTION REQUEST
COMMUNITY AFFAIRS DIVISION
FEBRUARY 11, 2021

Presentation, discussion, and possible action on the reprogramming of Program Year 2020 Community Services Block Grant Administrative and Discretionary funds

RECOMMENDED ACTION

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

WHEREAS, upon the Texas Department of Housing and Community Affairs (the Department) receipt of the State's annual award of CSBG funds, it reserves 90% of the allotment for CSBG eligible entities to provide services/assistance to the low-income population in all 254 counties; 5% for state administration expenses; and the remaining 5% for state discretionary use;

WHEREAS, on July 25, 2019, the Board approved the usage of 2020 CSBG discretionary (CSBG-D) funds for historically based uses and other focus areas designed to support eligible entities in the administration and implementation of the CSBG;

WHEREAS, the funding activities identified in July 25, 2019, have not resulted in the full utilization of CSBG-D funds, and there is also an unused balance of Department administrative funds;

WHEREAS, the Department has determined that there remains $948,776 in unexpended Program Year (PY) 2020 CSBG-D funds and $386,723 in Department administrative funds;

WHEREAS, the Department wishes to expend the funds prior to the expenditure deadline of September 30, 2021, and therefore the funds warrant prompt reprogramming, and staff is recommending that the funds be used for direct client assistance;

WHEREAS, 22 CSBG eligible entities have achieved expenditure rates on their annual CSBG allocation of 90% or above within the original contract term and are therefore in a position to spend additional funds, and are not ineligible under 10 TAC §1.21; and

WHEREAS, 22 CSBG eligible entities are being recommended for an award of these reallocated funds subject to a positive recommendation or a recommendation with conditions from the Executive Award Review Advisory Committee (EARAC) and subject to any EARAC conditions;

NOW, therefore, it is hereby

RESOLVED, that the Board approves of the reprogramming of remaining 2020 CSBG funds totaling $1,335,499 to provide direct client assistance funds to the 22 CSBG eligible entities enumerated in this action for the provision of direct services to low-income individuals;

FURTHER RESOLVED, that the Executive Director and his designees each of them be and they hereby are, authorized, empowered, and directed, for and on behalf of the Department, to issue contracts for these funds, only upon confirmation of previous participation review (PPR) by the Compliance Division, and subject to a positive recommendation from EARAC and subject to any EARAC conditions, consistent with the policy noted herein; and

FURTHER RESOLVED, that should any funds designated for these or other 2020 CSBG-D activities remain unused after August 31, 2021, those funds, along with any additional unused CSBG-D or CSBG Administrative funds from 2020 or prior years, may also be redistributed to these entities at the discretion of the Executive Director or designee, or used for the Department's administrative activities.

BACKGROUND

At the Board meeting of July 25, 2019, the Board approved utilizing approximately $1,700,000 in PY 2020 CSBG-D funds for the activities listed in the table below. The table reflects the adjusted allocated amount ($1,773,430), the amounts that have been committed or contracted, and the amount of CSBG-D available for reobligation. It should be noted that the funds associated with the Direct Client Assistance and Network Operational Investments are typically made available for applications from CSBG network subrecipients. However, in light of the large influxes of CARES Act funds to those subrecipients at the time, the applications were not made available as planned. We alternatively are recommending they be redistributed to those subrecipients successful in expending their funds and not ineligible under 10 TAC §1.21. In addition to the funds reflected in the table below, $386,723 in Department administrative funds is also available for reprogramming.

Use of PY 2020 CSBG-D Funds	Original Plan 2020	Contracted/ Committed	Available for Reobligation
Direct Client Assistance	$500,000	$0	$500,000
Intensive CAA Support Assessments	$150,000	$150,000	$0
Network Transitions Fund	$50,000	$0	$50,000
Network Training and Technical Assistance	$150,000	$62,066	$87,934
Migrant Seasonal Farmworker & Native American Employment and Educational Funds	$300,000	$300,000	$0
Housing Voucher Program Support	$125,000	$61,437	$63,562
Disaster Recovery	$150,000	$150,000	$0
Unobligated	$73,430	$26,150	$47,280
Balance of State Continuum of Care	$75,000	$75,000	$0

Network Operational Investments	$200,000	$0	$200,000
Subtotal	**$1,773,430**	**$824,653**	**$948,776**
Total Balance for Reprogramming:			**$948,776**

* The table above does not include the $386,723 in Department administrative funds

Proposed Use of Unexpended Funds

Staff recommends that these funds be directed only to those entities who have expended the greatest proportion of their existing eligible entity contracts, as they not only have a proven track record for expending the funds, but also have the least remainder of their current contracts to still expend. This approach of identifying the eligible entities with the highest expenditures on their current contracts to receive the reallocated funds has been used consistently in prior years. The Department recommends reprogramming the $1,335,499 to CSBG eligible entities that had expended 90% or greater of their contracted PY2020 CSBG funds by the original end date in contract and that were not ineligible under 10 TAC §1.21. Funds will be directed to be utilized for the provision of direct services to low-income individuals, with the requirement that full expenditure of the funds must be achieved by August 31, 2021. The list of the 22 entities meeting these criteria is in the table below with the approximate amounts, based on their 2020 proportional share among the awarded recipients, to be distributed to each entity.

The Previous Participation Rule (10 TAC, Chapter 1, Subchapter C, §1.302) includes a review of CSBG-D awards prior to contract execution. At the time of Board Book posting, all awards described herein are still in the Previous Participation Review process. To ensure contracts are executed as quickly as possible, staff is requesting authorization of awards contingent upon a positive EARAC recommendation or a recommendation with conditions, and subject to any EARAC conditions. If an entity disagrees with an EARAC recommendation or condition, it should follow the dispute process in 10 TAC §1.303.

PY 2020 CSBG Reprogrammed Discretionary Awards*

Eligible Entity	Amount
Aspermont Small Business Development Center, Inc	$12,361
City of Austin, Austin Public Health	$90,284
Big Bend Community Action Committee, Inc.	$12,361
Community Action Social Services & Education, Inc	$12,361
Combined Community Action, Inc	$16,687
Concho Valley Community Action Agency	$18,814
Community Action Corporation of South Texas	$26,663
Community Services, Inc.	$129,175
Community Services of Northeast Texas, Inc.	$35,529
Central Texas Opportunities, Inc. dba Cornerstone Community Action Agency	$15,119
Economic Action Committee of the Gulf Coast	$12,361
Economic Opportunities Advancement Corporation of Planning Region XI	$40,814
Gulf Coast Community Services Association	$423,286
Hill Country Community Action Association, Inc.	$43,719
City of Lubbock	$33,884
Rolling Plains Management Corporation	$38,905
City of San Antonio, The Department of Human Services	$175,947
Community Council of South Central Texas, Inc.	$61,976
South Plains Community Action Association, Inc.	$21,722
Texas Neighborhood Services	$38,124
Williamson-Burnet County Opportunities, Inc.	$27,552
WTO	$47,854
Total Balance to be Reprogrammed	**1,335,499**

*All awards are conditioned on EARAC recommendation or recommendation with conditions

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ORAL PRESENTATION